

# Park Street Apartments Staff Report

*Prepared for Affordable Housing Finance Committee Review*

## Project Overview

**Project Name:** Park Street Apartments

**Applicant/Sponsor:** Danco Communities

**Location:** 348 Park Street, Moraga, CA 94556

**Consistency with Program Priorities:** Production of Affordable Rental Housing

The Park Street Apartments project proposes the new construction of a 49-unit affordable senior housing community on a vacant 1.26-acre parcel in Moraga. The project is proposed to be affordable to households earning 30%-70% of Area Median Income (AMI). It advances local and regional housing goals by creating walkable, transit-adjacent homes near retail, services, and community amenities.

## Sources of Funds (Permanent Financing)

• <b>FY 2026/27 Measure X funds requested:</b>	<b>\$1,000,000</b>	<b>proposed</b>
• Federal 4% Tax Credit Equity (CTCAC):	\$12,117,407	proposed
• Permanent Loan – Citi Bank:	\$7,847,548	committed
• 4% State Tax Credits:	\$8,553,998	proposed
• <u>Deferred Developer Fee:</u>	<u>\$663,095</u>	committed

Total Permanent Sources: \$30,182,048

The above funding scenario includes applying for 4 percent federal and state tax credit and tax-exempt bonds. Danco Communities has also submitted a financing proforma scenario for the project as a 9 percent tax credit application, totaling \$20,750,000. The permanent loan amount would remain the same, but the deferred developer fee would be reduced to \$435,087. The proposed 9% tie breaker score and tie breaker for this scenario are 52.5 and 27.756%.

## Uses of Funds (Development Budget)

- Land Acquisition: \$2,660,867
- Hard Construction Costs (Structures): \$12,500,000
- Other Construction Costs (Non-Structures): \$3,323,634
- Soft Costs: \$3,991,448

- Construction Interest and Fees: \$1,230,856
- Hard Cost Contingency: \$2,373,545
- Soft Cost Contingency: \$334,977
- Reserves: \$252,868
- Developer Fee: \$3,513,853

Total Uses: \$30,182,048 (balanced with sources)

### Unit and Affordability Mix

The project will help alleviate the need for safe, decent, affordable housing through the new construction of 48 affordable rental units for seniors including:

#### Studio Units

- Number: 1
- Proposed County-Assisted Units: 1
- Affordability Level: 30% AMI

#### 1 Bedroom Units

- Number: 40
- Proposed County-Assisted Units: 40
- Affordability Level: 30-70% AMI

#### 2 Bedroom Units

- Number: 7
- Proposed County-Assisted Units: 7
- Affordability Level: 30–70% AMI

#### Manager’s Unit (1 Bedroom)

- Number: 1
- Affordability Level: Unrestricted

**Total Units – 49**

### Financial Analysis and Underwriting

The estimated per-unit cost is approximately \$628,793, which is on track with other new construction podium parking applications submitted this round. The estimated hard cost to build the project is \$405.84 per unit. Financing includes federal and state tax credits, a permanent loan, Measure X funds, and a deferred developer fee. Projected operating income provides positive cash flow beginning in Year 1 and continues to strengthen over the 20-year projection period. Debt coverage ratios, reserve contributions, and stabilized operations indicate long-term feasibility.

### Scoring Criteria

The Park Street Apartments project has been evaluated based on the following scoring criteria:

- Project Readiness – 33 points  
The Town of Moraga approved the design review and development plan for the

project on March 11, 2025 and has completed the environmental review. The project proposes to apply for tax credits in 2026; it is structured to include both federal and state tax credits (4% tax credits and tax-exempt bonds) or 52.5 points and a 27.756% tie breaker (9% tax credits).

- **Project Location – 10 points**

The project is located within the Town of Moraga. There is a bus stop with multiple routes located within a ¼ mile of the project site. CVS Pharmacy is located in the Rheem Shopping Center.

- **Project Targeting and Characteristics – 20 points**

Nine units are proposed to be occupied by extremely-low-income households (19% of the total project) and is also proposed to be occupied 100% as a senior affordable property. The project is not proposed to be built on the Build it Green – Green Point Rated checklist.

- **Experience and Capacity – 37 points**

Danco Communities has 20 years of experience in affordable housing development throughout California including 1,600 affordable apartment units across 30 projects. Danco Property Management oversees regulated affordable rental properties including tax credit-funded properties.

- **Penalty for Nonperforming Previously Funded Projects – Not Applicable**

The total score for Park Street Apartments is 100 points out of a maximum of 189 points for rental projects.

## **Funding Recommendation Amount**

Staff recommends no funding at this time.

## **Rationale**

The Park Street Apartments project is consistent with the County's priority to develop new, permanent, affordable rental housing. However, compared with other applications submitted during this NOFA cycle, the project is less advanced and scored lower.

Specifically, the project's tax credit score and tie-breaker percentage are lower than those of recent successful applications, reducing the likelihood of a competitive award in the 2026 funding cycle. Additionally, the project has not yet secured planning entitlements, which affects its overall readiness.

Based on considerations of project readiness and relative competitiveness, staff does not recommend a funding award at this time.