

1342 Berkeley Street

MERITS OF LOAN APPLICATION APPROVAL

<u>Developer:</u>	Community Corporation of Santa Monica (CCSM)
<u>Development Type:</u>	New Construction – 13 residences (13 @ 1-bedroom)
<u>Current Requested Loan:</u>	\$9,703,769 Construction Loan
<u>Target Population:</u>	Young Adults (Age 18-24) and Low-Income Households
<u>Future Projected Total City Loan:</u>	\$8,376,553 Projected Permanent Loan (includes \$467,735 predevelopment loan)

Summary:

The proposed affordable housing development will create 13 new affordable housing residences targeted to young adults (age 18-24) and to low-income households. This loan commitment funds construction activities at this time and will convert to a permanent loan at construction completion.

This loan commitment supersedes the construction and permanent loan commitment dated June 9, 2022, in the amounts of \$5,689,748 (construction period) and \$5,053,720 (permanent). The previous City loan commitment was contingent on the development leveraging \$5,209,767 in non-City funds. However, some of the committed non-City funding sources carry requirements that conflict with the City’s goal of serving young adults that live or work in Santa Monica and are unstably housed. The current loan commitment replaces funds whose requirements conflict with the City’s goal for the development, addresses construction cost increases since the prior commitment, and accommodates appropriate construction cost contingencies. The per-residence permanent loan amount of \$644,350 exceeds the limit set forth in the Housing Trust Fund Guidelines of \$567,085. The City Manager is authorized to approve the current commitment under the Local Emergency on Homelessness declared by the City on February 14, 2023.

The project is anticipated to begin construction in the second quarter of 2023 and complete construction in the second quarter of 2024.

CRITERIA	MERITS
<p>Whether the loan request significantly increases affordable housing opportunities for households who have difficulty finding housing including the homeless, large families, the disabled, seniors, and persons traditionally served by Single-Room Occupancy housing</p>	<p><i>The proposed development will be the first affordable housing development in the City targeting a majority of residences for young adults (aged 18-24) experiencing housing instability, and will also serve low-income households.</i></p>

<p>Cost-effective or achieve the lowest possible subsidy per unit for City resources</p>	<p><i>As a relatively small development (13 residences), the development is not competitive for State or Federal tax credits, which are typically the largest and most commonly-used non-City funding source for affordable housing construction. Therefore, the development is particularly reliant on City loan funds to achieve development feasibility. CCSM will leverage the City’s loan with \$2,890,650 from other funding sources, including a bank loan (mortgage) and a California Community Foundation grant. While the previous City loan commitment was contingent on the development leveraging \$5,209,767 in non-City funds, some of the committed non-City funding sources carry requirements that conflict with the City’s goal of serving young adults that live or work in Santa Monica and are unstably housed. The current loan commitment replaces funds whose requirements conflict with the City’s goal for the development, addresses construction cost increases since the prior commitment, and accommodates appropriate construction cost contingencies.</i></p>
<p>Benefit a high percentage of very low- and low-income households by ensuring deeper affordability</p>	<p><i>All of the 13 residences will target low-income households at or below 50% of the area median income, with three of the residences targeting more narrowly at or below 30% AMI.</i></p>
<p>Located in areas currently underserved by affordable housing developments</p>	<p><i>Although located immediately to the north of an existing affordable housing development, the proposed development is located in the north-eastern part of the City which has historically been underserved by affordable housing development.</i></p>
<p>Address an area of need identified in the Housing Element of the City of Santa Monica</p>	<p><i>The proposed affordable housing development addresses two Housing Element goals and policies:</i></p> <p><i>Goal 1 - Production of new housing that is sustainable, innovative, safe and resilient, appropriate with the surrounding neighborhood, offers opportunities for active and healthy living, including walking and biking, and increases equitable housing opportunities.</i></p> <p><i>Policy 1.2 - Housing Production Incentives. Encourage and provide adequate development standards and incentives for the production of housing, particularly affordable housing.</i></p> <p><i>Goal 2 – Housing production for all income categories including for the community’s workforce and most vulnerable communities.</i></p> <p><i>Policy 2.1 - Affordable Housing Financing. Encourage innovative private sector and governmental programs to promote the financing and development of housing for</i></p>

	<p><i>extremely low-, very low-, and low-income persons and for moderate income families.</i></p> <p><i>Policy 2.2 - Local Assistance for Affordable Housing. Focus available resources (including City-owned land and Housing Trust Funds) to assist for-profit and nonprofit housing providers to develop housing for extremely low-, very low-, and low-income households.</i></p>
<p>Addresses a particular need identified in the Council-approved Housing Trust Funds Plan</p>	<p><i>The Housing Trust Fund Plan was approved by City Council in July 2018. The Plan calls for the City to create new affordable housing for four populations: seniors, physically and mentally challenged individuals, large families, and small families. The proposed development would provide housing for small families and individuals.</i></p>
<p>Loan Applicant's past and projected effectiveness implementing the City-established local preferences (i.e. households which live or work in Santa Monica)</p>	<p><i>This criteria is no longer applicable, as City funding conditions require that residencies will be occupied using a City-administered waitlist.</i></p>