

**1413 Michigan Avenue**  
**MERITS FOR LOAN APPLICATION APPROVAL**

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DEVELOPER:	EAH Inc. (EAH)
DEVELOPMENT TYPE:	New Construction – approximately 42 residences 41 @ studios, and 1 @ two-bedroom (mgr.)
AFFORDABILITY:	Very Low-Income
TARGET POPULATION:	Persons Experiencing Homelessness
REQUESTED ACQUISITION/ PREDEVELOPMENT LOAN:	\$8,300,000
PROJECTED PERMANENT CITY LOAN:	\$14,837,000 <sup>1</sup>

**Summary**

EAH submitted a Housing Trust Fund application to the City of Santa Monica for a proposed supportive affordable housing development of approximately 41 new affordable housing residences targeted to very low-income persons experiencing homelessness, with one two-bedroom on-site manager’s residence. This loan commitment funds only acquisition and predevelopment activities, involving acquisition of the property, as well as design, engineering and site work. During the predevelopment period and prior to submitting a development application to the City’s Planning Division, the Developer will hold at least two community meetings to provide an opportunity for input into the development’s design.

Once the proposed development obtains the necessary entitlement approvals, the Developer will submit a loan application for additional City housing trust funds needed to fill the gap between the total development cost and other public and private financing obtained by the Developer (e.g., Low Income Housing Tax Credits and bank loan). The City’s anticipated permanent loan is \$14,837,000 or \$353,262 per residence or \$345,047 per bedroom. The estimated total development cost is \$29,587,000 or \$704,452 per residence or \$688,070 per bedroom. The development cost includes rehabilitating an existing historic building for common area amenities such as community room, laundry room, and private meeting space.

The table on the following page lists the criteria by which the loan request was evaluated and the merits upon which the loan request was granted.

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<sup>1</sup> Developer anticipates submitting a Housing Trust Fund application for construction and permanent financing once the proposed development obtains Planning Approval. At that time, Housing staff will underwrite the application for the Loan Committee’s consideration.

**LOAN REQUEST EVALUATION**  
**1413 Michigan Avenue**

CRITERIA	MERITS
<p>(1) 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 would increase affordable housing opportunities for persons experiencing homelessness in Santa Monica who typically have difficulty finding housing in the city. The proposed housing mix includes 41 Single-Room Occupancy residences and one, two-bedroom residence for the onsite manager.</i></p>
<p>(2) Cost-effective or achieve the lowest possible subsidy per unit for City resources.</p>	<p><i>The proposed City subsidy would be leveraged by approximately \$8,756,000 in tax credit equity from the Low Income Housing Tax Credit program, \$4,486,000 in California Multifamily Housing Program funds, and a \$1,508,000 bank loan. The combined leveraging totals 50% of the estimated development cost. EAH will continue to explore other funding sources during the predevelopment period to ensure that the proposed development is cost-effective and achieves the lowest possible subsidy per unit for City resources.</i></p>
<p>(3) Benefit a high percentage of very low- and low-income households by ensuring deeper affordability.</p>	<p><i>41 of the 42 residences would target very low-income households at or below 50% of the area median income (AMI). The remaining residence would be reserved for an onsite manager.</i></p>
<p>(4) Located in areas currently underserved by affordable housing developments.</p>	<p><i>The proposed development is in the Pico Neighborhood, which does not currently have permanent supportive affordable housing. Existing supportive housing developments are located in the Wilshire/Montana, Sunset Park, Oceanfront District, and downtown areas. Attached is a map illustrating the locations of City-funded affordable housing and further discusses the geographic distribution of City-funded affordable housing. Given the proximity to transit (both the Expo Line and bus routes), bike lanes, schools, supermarkets, parks, and other services, the proposed development would provide new affordable housing opportunities for very low-income households as well as convenient access to valuable community amenities.</i></p>
<p>(5) Address an area of need identified in the Housing Element of the City of Santa Monica.</p>	<p><i>Santa Monica's Housing Element includes the goal of producing housing for all income categories (Goal 2.0), including providing financial assistance to nonprofit housing developers for affordable housing (Objective 2.c) and facilitating the development of special-needs housing (Objective 2.f). The Housing Element also includes the goal of providing housing assistance and supportive services to very low-, low-, and moderate-income households and households with special needs (Goal 5.0), including facilitating the reduction of the number of homeless individuals living on the streets of Santa Monica through the provision of a range of housing options, with an emphasis on affordable, permanent, supportive housing (Objective 5.f).</i></p>

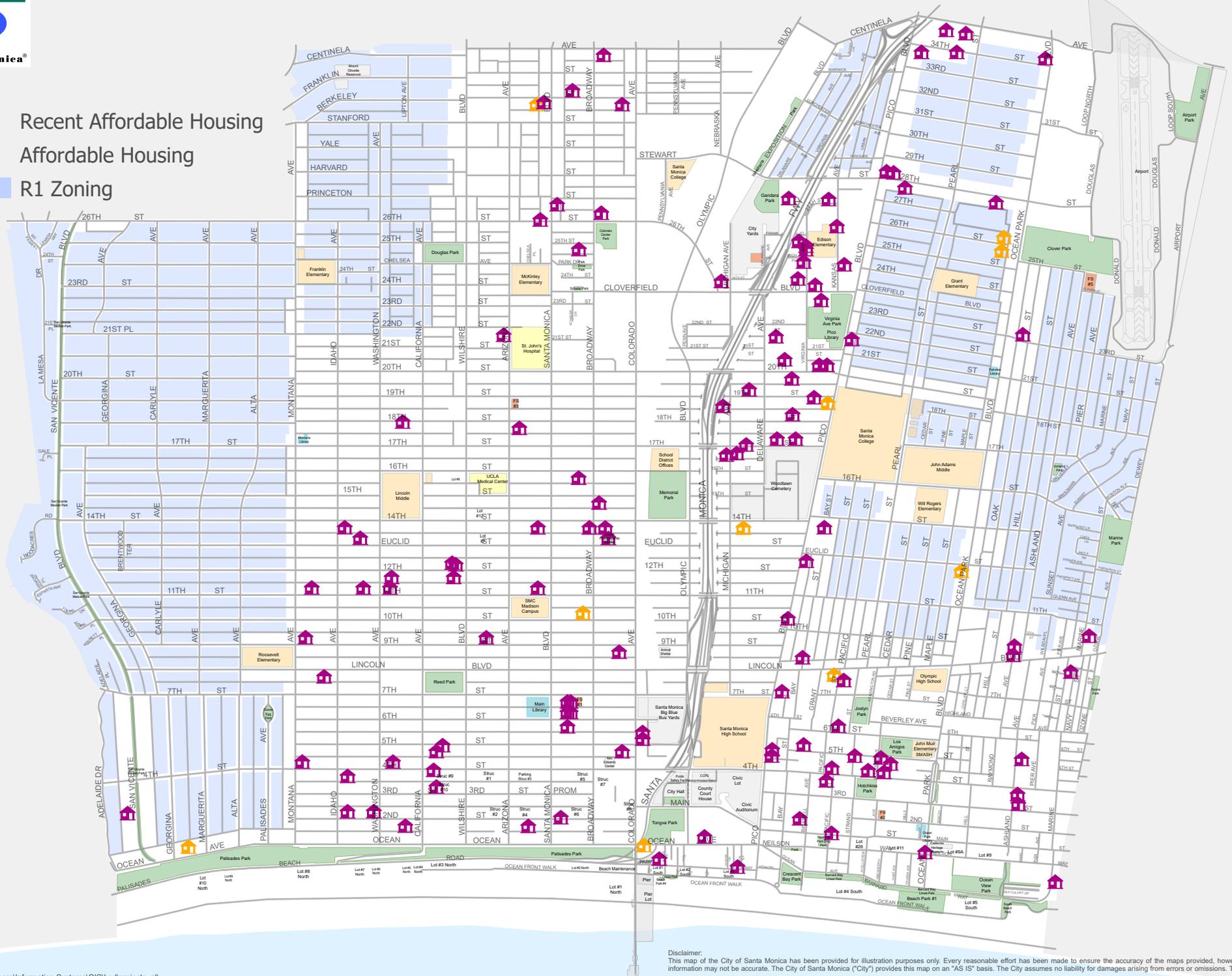
**LOAN REQUEST EVALUATION**  
**1413 Michigan Avenue**

<b>CRITERIA</b>	<b>MERITS</b>
<p>(6) Addresses a particular need identified in the Council-approved Housing Trust Funds Plan.</p>	<p><i>The HTF Guidelines Initial Plan was approved by City Council in July 2018 and establishes that “A priority goal of the Plan is to provide permanent housing in Santa Monica for those among the population of homeless persons that the City Council determines the City should take responsibility to permanently house in the City”. The HTF Plan also identifies affordable housing for four target populations: seniors, persons living with disabilities/persons experiencing homelessness, larger families, and small families/individuals. The proposed development addresses the identified need of affordable housing for persons experiencing homelessness.</i></p>
<p>(7) 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>Although new to Santa Monica, EAH is an experienced affordable housing provider that has implemented live/work priorities in jurisdictions in both California and Hawaii, using a variety of methodologies. EAH understands and accepts that opportunities to occupy the proposed affordable housing will be determined by a City-administered or City-approved waitlist sorted by priority households. The first priority for affordable housing is for households being displaced from housing in Santa Monica as a result of an Ellis Act or owner-occupancy eviction, code enforcement action, or natural disaster, etc. The second highest priority for affordable housing is for households that live or work in Santa Monica.</i></p>



# City-Funded Affordable Housing Developments: 1980 - Present

-  Recent Affordable Housing
-  Affordable Housing
-  R1 Zoning



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