

## 1342 Berkeley Street

### MERITS OF LOAN APPLICATION APPROVAL

<u>Developer:</u>	Community Corporation of Santa Monica (CCSM)
<u>Development Type:</u>	New Construction – 8 residences (6 @ 1-bedrooms and 2 @ 2-bedrooms)
<u>Current Requested Loan:</u>	\$467,765 Predevelopment Loan
<u>Target Population:</u>	Young Adult (Age 18-24) At-Risk of Homelessness
<u>Future Projected Total City Loan:</u>	\$3,803,632 Projected Permanent Loan <sup>1</sup>

#### Summary:

The proposed affordable housing development will create eight new affordable housing residences targeted to young adults (age 18-24) at risk of homelessness. This loan commitment funds only predevelopment activities at this time, involving primarily design and engineering. During the predevelopment period and prior to submitting an application to the City's Planning Division, the Developer will hold a community meeting to provide an opportunity for input into the development's design.

During 2018, the Developer will submit an application for the construction and permanent financing once the proposed development obtains the necessary planning approval. At that time, the loan committee will consider and discuss the Developer's application for the total City loan amount necessary to fill the gap between the total development costs and other public and private financing obtained by the developer (e.g., Federal Low Income Housing Tax Credits, and a conventional bank loan).

CRITERIA	MERITS
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 person traditionally served by Single-Room Occupancy housing	<i>The proposed affordable housing development will be targeted to young adults (aged 18-24) at-risk of homelessness, a particularly vulnerable population. The City currently does not have any affordable housing targeted to at-risk youth.</i>
Cost-effective or achieve the lowest possible subsidy per unit for City resources	<i>Community Corporation of Santa Monica will leverage the City's loan with an anticipated bank loan of \$701,992 to ensure cost-effective utilization of City resources.</i>

<sup>1</sup> Developer will submit an 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.

Benefit a high percentage of very low- and low-income households by ensuring deeper affordability	<i>All eight proposed residences will target low-income households at or below 60% of the area median income.</i>
Located in areas currently underserved by affordable housing developments	<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 has been underserved by affordable housing development.</i>
Address an area of need identified in the Housing Element of the City of Santa Monica	<p><i>The proposed development will provide eight permanent housing residences, which will be coupled with supportive services to prevent homelessness in young adults aged 18-24, which addresses an area of need identified in the Santa Monica Housing Element:</i></p> <ul style="list-style-type: none"> <li>• <i>Goal 5.0 - Provision of housing assistance and supportive services to extremely low-, very low-, low-, and moderate-income households and households with special needs.</i></li> </ul>
Addresses a particular need identified in the Council-approved Housing Trust Funds Plan	<p><i>The revised Housing Trust Fund Guidelines were recently amended by the City Council in July 2017 with a new requirement that a Housing Trust Funds Plan be drafted, reviewed by the public and the Housing Commission, and approved by Council. A draft Housing Trust Funds Plan is pending at this time. Although the Housing Trust Funds Plan is pending, the approved loan commitment addresses specific needs identified in the Housing Element, the Consolidated Plan and addresses an identified need in the recent Human Services grant cycle.</i></p> <p><i>The Consolidated Plan identifies supportive housing for persons with special needs as a High Priority Need and the recent Human Services Grant Program (FY2015-19) identifies services to low-income households, youth, and families as target populations with “opportunity youth” as one of the specific areas of focus.</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>The Borrower has been implementing the local preference policy in a manner consistent with guidance from its legal counsel, so as to not violate fair housing law, while also incorporating outreach strategies to increase local preference outcomes. During the two years, the Borrower and City staff have been meeting to discuss how to increase the effectiveness the Borrower's implementation of the local preference policy while also complying with fair housing law. Staff anticipates these efforts will result in improved outcomes regarding the local preference policy.</i></p> <p><i>For this proposed development, the Borrower anticipates applying for Section 8 Project-Based Vouchers from the Santa Monica Housing Authority for 100% of the residences. All Project-Based Vouchers must follow federal regulations and utilize the Housing Authority's waiting list, which implements the City-established local preferences in accordance with the Housing Authority Administrative Plan.</i></p>
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