

## 2120 Lincoln Boulevard

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### MERITS FOR LOAN APPLICATION APPROVAL

DEVELOPER:	Community Corporation of Santa Monica (CCSM)
DEVELOPMENT TYPE:	New Construction – 37 residences 18 @ one-bedroom, 9 @ two-bedrooms, and 10 @ three-bedrooms
AFFORDABILITY:	Extremely Low- to Low-Income
TARGET POPULATION:	Large Families
REQUESTED ACQUISITION/ PREDEVELOPMENT LOAN:	\$7,419,140
PROJECTED PERMANENT CITY LOAN:	\$9,547,656 <sup>1</sup>

#### Summary:

CCSM submitted an application for a proposed development of 37 new affordable housing residences targeted to extremely low- to low-income large families and 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 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 \$9,547,656 or \$258,045 per residence. The estimated total development cost is \$26,098,938 or \$705,377 per residence.

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 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.

## LOAN REQUEST EVALUATION

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 development would increase affordable housing opportunities for large families in Santa Monica who typically have difficulty finding appropriately-sized housing in the city. The unit mix under the 9% Low Income Housing Tax Credit financing scenario includes 9 two-bedrooms and 10 three-bedrooms, or 51% of the development.</i>
Cost-effective or achieve the lowest possible subsidy per unit for City resources	<i>The proposed City subsidy would be leveraged by approximately \$16,000,000 in tax credit equity or 62% of the total permanent financing from the 9% Low Income Housing Tax Credits from the State of California. The Developer would continue to explore other possible subsidies for the proposed development to ensure the City would provide the lowest possible subsidy per unit.</i>
Benefit a high percentage of very low- and low-income households by ensuring deeper affordability	<i>Thirty-six of the 37 residences would target low-income households at or below 60% of area median income (AMI). The remaining residence would be reserved for an onsite manager. Additionally, the proposed development would provide deeper affordability with four residences at 30% of AMI, nine residences at 40% of AMI, and eleven units at 50% of AMI.</i>
Located in areas currently underserved by affordable housing developments.	<i>The proposed development is located in the Ocean Park neighborhood which has historically been served by affordable housing developments. However, given the proximity to transit (both the Expo Line and bus routes) and services, the proposed development provides increased opportunities for larger households while providing access to transit, schools, grocery stores, and other services.</i>
Address an area of need identified in the Housing Element of the City of Santa Monica.	<i>Santa Monica's Housing Element identifies as a goal the provision of housing assistance and supportive services to extremely low-, very low-, low-, and moderate-income households (Goal 5.0) and the facilitation of the development of special need housing which includes large families (Objective 2.f).</i>

<p>Addresses a particular need identified in the Council-approved Housing Trust Funds Plan</p>	<p><i>The Housing Trust Fund Guidelines Initial Plan was approved by City Council in July 2018 identifying affordable housing for four target populations: seniors, persons living with disabilities, larger families, and small families/individuals. The proposed development addresses the identified need of affordable housing for large families. This is the first Housing Trust Fund loan commitment during the 2014-2011 Housing Trust Fund Plan period for large families.</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 challenge regarding the City's local preference policy has been implementing the policy while also ensuring compliance with fair housing laws. The Developer provided the move-in data for local preference achievement since 2014. In 2014, 46% of the 125 total move-ins were local preference households. In 2015, 60% of the 101 total move-ins were local preference households. In 2016 and 2017, 52% of the total move-ins (79 in 2016 and 33 in 2017) were local preference households.</i></p>