

**419 and 1616 OCEAN AVENUE
MERITS FOR LOAN APPLICATION APPROVAL**

| CRITERIA | MERITS |
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| <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 person traditionally served by Single-Room Occupancy housing</p> | <p><i>This loan commitment represents an increase to an existing \$2,997,834 Housing Trust Fund loan awarded in June 2016, paired with affordability covenants preserving both 419 and 1616 Ocean Avenue with a total of 26 residences for low-income households. The loan increase funds an expanded rehabilitation scope that will provide improved accessibility for the disabled, seniors, and persons traditionally served by Single-Room Occupancy housing.</i></p> |
| <p>Cost-effective or achieve the lowest possible subsidy per unit for City resources</p> | <p><i>CCSM expanded their initial affordable housing rehabilitation approach at both properties, while specifically targeting modernization of accessibility, seismic, and Zero Net Energy (ZNE) goals at 1616 Ocean Avenue. The expanded scope warranted a total funding increase of \$628,203. The loan commitment of \$428,225 nets a balance of \$199,978 to be leveraged with other funding sources. CCSM has secured for ZNE \$50,000 in funding from the City Council’s discretionary funds and \$50,112 from the California Multifamily Affordable Solar Housing Program. CCSM commits to source the balance of \$99,866 from non-Housing Trust Fund sources or fund the gap from its own reserves.</i></p> |

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| <p>Benefit a high percentage of very low- and low-income households by ensuring deeper affordability</p> | <p><i>Of the total 26 residences, 5 homes target households at or below 30% of the area median income (AMI), 16 homes target households at or below 60% of AMI, and 5 homes target households at or below 80% of AMI. The proposed ZNE goals at 1616 Ocean would lessen utility cost to individual households and overall cost of operations at the property.</i></p> |
| <p>Located in areas currently underserved by affordable housing developments</p> | <p><i>419 Ocean is located in the North of Montana neighborhood, which has historically been underserved by affordable housing developments. Both 419 and 1616 are located on Ocean Avenue where few affordable housing opportunities have been available.</i></p> |
| <p>Address an area of need identified in the Housing Element of the City of Santa Monica</p> | <p><i>The expanded rehabilitation scope addresses several goals and objectives identified in the Santa Monica Housing Element:</i></p> <ul style="list-style-type: none"> • <i>Goal 1.0 - Construction of new housing that is high quality, sustainable, compatible with the surrounding neighborhood and offers opportunities for active living</i> <ul style="list-style-type: none"> ○ <i>Objective 1.d - Maintain Energy and Water Conservation/Production Programs</i> ○ <i>Objective 1.e - Facilitate Sustainable Housing Development</i> • <i>Goal 4.0 - Rehabilitation and continued maintenance of existing housing stock</i> <ul style="list-style-type: none"> ○ <i>Objective 4.c – Maintain an earthquake retrofitting program</i> |

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| <p>Addresses a particular need identified in the Council-approved Housing Trust Funds Plan</p> | <p><i>The revised Housing Trust Fund Guidelines were recently amended by the City Council in July 2017 with the requirement for a Council-approved Housing Trust Funds Plan. A Housing Trust Funds Plan has yet to be presented to Council for its review and approval. Although the Housing Trust Funds Plan is not available, the approved loan commitment addresses specific needs identified in the Housing Element (Goal 1.0 and 4.0, and Objectives 1.d, 1.e, and 4.c.)</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. The most recent development (completed in 2014) significantly increased the local preference outcome compared to prior developments. During the last year or two, 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> |