

2033-2101 Virginia Avenue
MERITS FOR LOAN APPLICATION APPROVAL

DEVELOPER:	Community Corporation of Santa Monica (CCSM)
DEVELOPMENT TYPE:	Rehabilitation – 40 residences 24 @ one-bedroom, 16 @ two-bedroom (w/ mgr.)
AFFORDABILITY:	Low-, Very Low-, and Extremely Low-Income
TARGET POPULATION:	Small Families, Large Families
REQUESTED ACQUISITION/ PREDEVELOPMENT LOAN:	\$15,183,670
PROJECTED PERMANENT CITY LOAN:	\$20,581,873 (estimated) ¹

Summary

CCSM submitted a Housing Trust Fund loan application to the City of Santa Monica for the acquisition of an existing 40-unit apartment complex with 24 one-bedroom units and 16 two-bedroom units. CCSM's acquisition of the property will preserve the homes of long-term tenants and ensure existing tenants, almost all of whom are low-income, will not be displaced from the Pico neighborhood due to redevelopment of the property by speculative developers. The occupied apartments have affordable rents, due mostly to the City's Rent Control Law. This loan commitment would use a Loan Agreement to preserve their affordability and ensure the affordability of the currently vacant apartments when rented.

Following CCSM's acquisition, all existing residents will be able to maintain their current residence at the property, excepting temporary relocation to allow for the property's physical renovation. This loan commitment funds only acquisition and predevelopment activities, involving acquisition of the property, as well as design, engineering, permit, and holding costs. During the predevelopment period and prior to submitting a rehabilitation application to the City's Planning Division, the Developer will hold at least one community meeting to provide an opportunity for the community to learn about the plans for the property's renovation. Subsequent to the property's renovation, all new tenancies will be restricted to qualifying low-income residents at affordable rent levels.

Once the proposed rehabilitation plans are more fully refined, the Developer will submit a loan application for additional City housing trust funds needed to fill the gap between the total acquisition and rehabilitation cost and other public and private financing obtained by the Developer (e.g., Low Income Housing Tax Credits and a bank loan). The City's anticipated permanent loan is currently estimated at \$20,581,873 or \$514,547 per residence or \$367,533 per bedroom. The estimated total acquisition and rehabilitation cost is \$26,608,829 or \$665,221 per residence or \$475,158 per bedroom. This cost includes the construction of a new building to create a community room and the replacement of deteriorated carports.

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

¹ Developer anticipates submitting a Housing Trust Fund application for rehabilitation and permanent financing once the rehabilitation scope, other funding, and exact City loan amount are determined. At that time, Housing staff will underwrite the application for the City's consideration.

LOAN REQUEST EVALUATION
2033-2101 Virginia 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 acquisition and subsequent rehabilitation would preserve 40 affordable apartments, 37 of which are currently occupied. The housing will accommodate large and small families. The housing mix includes 24 one-bedroom residences and 16 two-bedroom residences, including one for an onsite manager. A majority of the existing residents have incomes less than 80% of the area median income (AMI). The preservation of these affordable apartments through nonprofit ownership allows existing residents to remain in place at affordable rents.</i></p>
<p>(2) Cost-effective or achieve the lowest possible subsidy per unit for City resources.</p>	<p><i>The proposed City loan would be leveraged by an estimated \$5,039,436 in tax credit equity from the Low Income Housing Tax Credit program and a \$679,646 bank loan. The combined leveraging totals 22% of the estimated total rehabilitation cost. CCSM will continue to explore other funding sources during the predevelopment period to ensure that the proposed acquisition and rehabilitation 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>The exact income targeting for the property has not yet been determined. All 40 residences would target low-income households at or below 80% of AMI. Some will be reserved for households with incomes at or below 30%, 40%, 50%, and 60% of AMI.</i></p>
<p>(4) Located in areas currently underserved by affordable housing developments.</p>	<p><i>The proposed acquisition and rehabilitation project is in the Pico Neighborhood, which is among the City's most rent-burdened neighborhoods. Approximately 52% of renter households pay more than 30% of their income in rent, compared to 47% of renter households Citywide. Attached is a map illustrating the locations 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 acquisition and rehabilitation would preserve affordable housing for low-, very low-, and extremely-low income households with 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 protecting the existing supply of affordable housing (Goal 3.0). The Housing Element also includes the goal of rehabilitating and continuing to maintain the existing housing stock (Goal 4.0) with a focus on low income housing (Objective 4.a), and of providing housing assistance and supportive services to very low-, low-, and moderate-income households and households with special needs (Goal 5.0).</i></p>

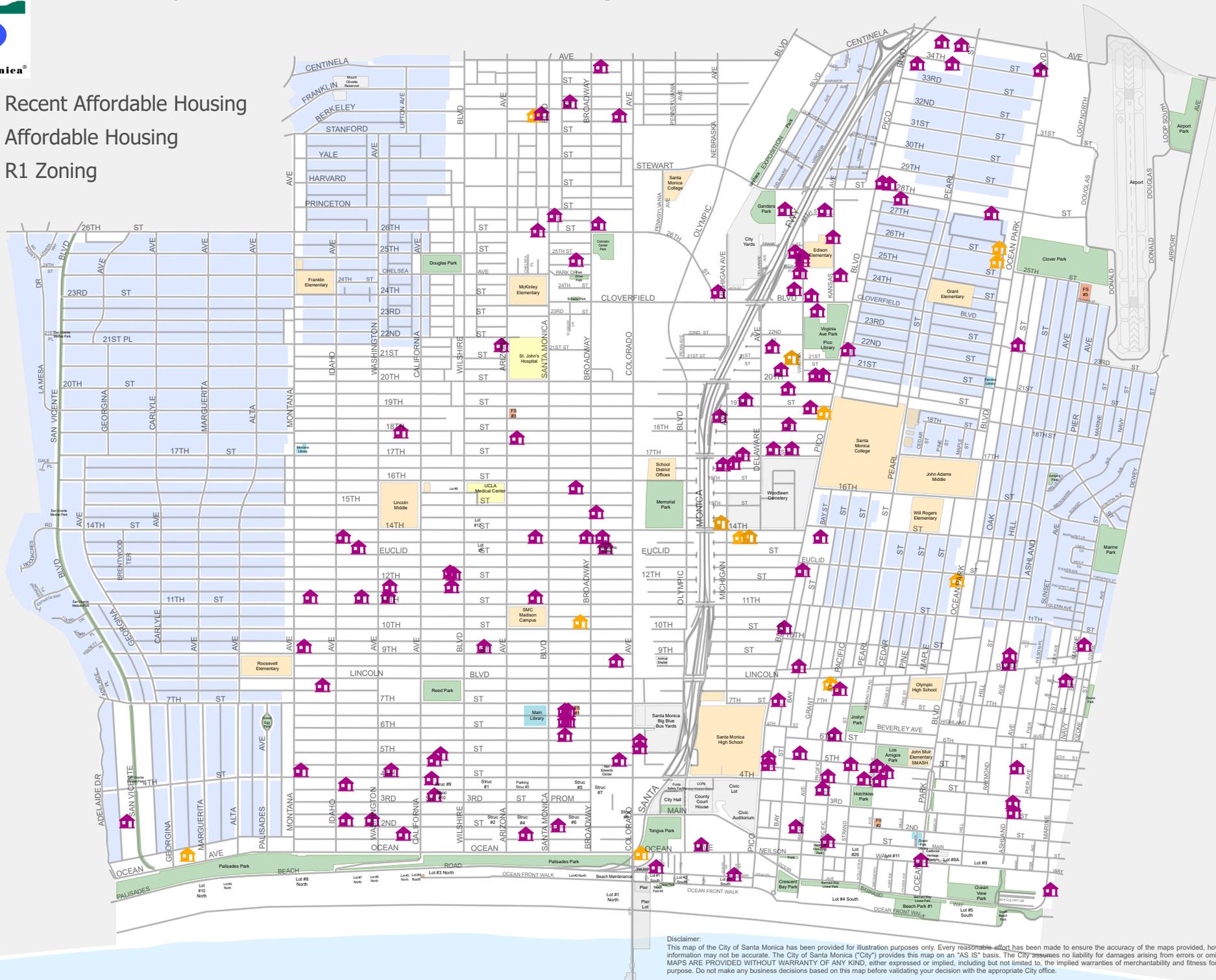
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CRITERIA	MERITS
<p>(6) Addresses a particular need identified in the Council-approved Housing Trust Funds Plan.</p>	<p><i>The Housing Trust Fund Plan was approved by City Council in July 2018 and identifies affordable housing for four target populations: seniors, persons living with disabilities/persons experiencing homelessness, large families, and small families/individuals. The proposed acquisition and rehabilitation project addresses the identified need of affordable housing for large families and small families/individuals.</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>CCSM has achieved moderate success in ensuring that Santa Monica residents and workers are beneficiaries of CCSM's affordable housing through outreach and local marketing strategies. CCSM continues to work with City staff to improve implementation methods to increase the intended outcomes anticipated by the local priority policy. The result will be new local preference implementation activities that are incorporated into the requirements for this loan, which includes utilization of a City-administered or City-approved waitlist.</i></p>

City-Funded Affordable Housing Developments: 1980 - Present



-  Recent Affordable Housing
-  Affordable Housing
-  R1 Zoning



Disclaimer:
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