



7/30/2024

Housing and Human Services Department
1685 Main Street, Mail Stop 19
Santa Monica, CA 90401

Tara Barauskas, Executive Director
Community Corporation of Santa Monica
1410 2nd Street, Suite 200
Santa Monica, CA 90401

RE: 1342 Berkeley Street, Santa Monica, California
Increase to Construction and Permanent Loan Commitment

Dear Ms. Barauskas:

We are pleased to inform you that the City of Santa Monica ("City") has approved an updated Construction and Permanent Loan Commitment ("Commitment") to Community Corporation of Santa Monica ("Borrower") for the purpose of developing thirteen (13) affordable residences targeting young adults (ages 18-26) and low-income households, to be located at 1342 Berkeley Street, Santa Monica, California ("Development").

On August 14, 2023, City and Borrower executed the following documents in connection with a City Housing Trust Funds loan in the amount of \$9,426,306 for acquisition, predevelopment, and construction of the Development (collectively, the "Original Loan Documents"):

1. Promissory Note Secured by Deed of Trust;
2. Loan Agreement;
3. Deed of Trust, Security Agreement and Fixture Filing with Assignment of Leases and Rents;
4. Regulatory Agreement;
5. Assignment of Contracts and Plans;
6. Option and Purchase Agreement;
7. Substitution of Trustee and Deed of Full Reconveyance;
8. Release of Agreements



By executing this letter, the City commits to increasing the loan amount by \$1,730,153 to bring the total loan amount during construction to \$11,156,459.

The amount of the City loan has been based upon estimated total development costs submitted by Borrower. To the extent that actual development costs are lower, the City loan disbursement shall be lowered accordingly so that the minimum necessary City subsidy is provided to the Development.

Any excess proceeds remaining at completion of construction from the Development's non-City funding sources will be repaid to the City. Upon construction completion, Borrower shall obtain a permanent bank loan of approximately \$1,413,597. The City shall receive a payment in an amount that is the greater of a) \$1,049,753 or b) the sum of the permanent bank loan plus non-City funding sources plus \$11,156,459 for the City's construction period loan minus the total development costs as shown on a cost certification or cost compilation. This payment shall be credited towards the City's outstanding loan balance at the time of permanent loan closing. This payment is anticipated to occur by February 2026 after completion of construction.

This increased Commitment is subject to Borrower and City's execution of amendments to applicable Original Loan Documents. In addition to the increased loan amount, the amendments will reflect the following:

- All outstanding principal and accrued interest shall be due and payable at the expiration of the term of the City's Construction and Permanent Loan, or the extended term, if applicable.
- Nine (9) units shall be occupied by households earning no greater than fifty percent (50%) of Los Angeles County area median income ("LA County AMI"), and the remaining four (4) units shall be occupied by households earning no greater than thirty percent (30%) of LA County AMI, adjusted for household size, and as determined by the U.S. Department of Housing & Urban Development (HUD).
- Rent for nine (9) units shall be based on no greater than fifty percent (50%) of LA County AMI, and the rent for the remaining four (4) units shall be no greater than thirty percent (30%) of LA County AMI as adjusted for number of bedrooms, and minus a utility allowance for any tenant-paid utilities. Notwithstanding the above, this development is anticipated to receive an allocation of Section 8 Project-Based Vouchers from the Santa Monica



Housing Authority, and therefore the amount of rent received by Borrower for each unit with a Project-Based Voucher will be no greater than the payment standard, minus a utility allowance.

- The term of the Regulatory Agreement will be extended to ensure a 99-year affordability duration, commencing from the execution date of the amended loan.
- Language required by the California Department of Housing and Community Development ("HCD") as a condition of use of Local Housing Trust Fund ("LHTF") Program grant funds, including, but not limited to, references to the LHTF Program expenditure requirements and language that provides HCD consent rights for any new financing or refinancing that materially impacts its security interest or any transfer of the Loan Agreement or Regulatory Agreement.

All other terms and conditions of the Original Loan Documents will remain in full force and effect.

SOURCE OF	State 2021 LHTF Program Funds:	\$4,819,485.50
CITY LOAN	City 2021 LHTF Match – Local Funds:	\$5,287,220.50
FUNDS:	Low-Moderate Income Housing Asset Trust Fund:	\$1,049,753

This commitment expires June 30, 2025. Please sign and return this letter to acknowledge acceptance of the terms and conditions contained herein.

Please contact Ayala Scott, Senior Development Analyst, at ayala.scott@santamonica.gov or 310-458-2200 ext. 5116 with questions or comments. We look forward to assisting you with this affordable housing development.

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Sincerely,

DocuSigned by:
David White
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David White
City Manager

ATTEST:

DocuSigned by:
Nikima Newsome
7032664F374E490

Nikima Newsome
Interim City Clerk

APPROVED AS TO FORM:

DocuSigned by:
DOUGLAS SLOAN
81C02D0CAE84432

DOUGLAS SLOAN
City Attorney

APPROVED BY:

DocuSigned by:
Heather Averick
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Heather Averick
Director of Housing and Human Services

DocuSigned by:
Natalie Verlinich
F439D3C465C140C...

Natalie verlinich
Housing Manager

ACKNOWLEDGED AND ACCEPTED:

Community Corporation of Santa Monica:

DocuSigned by:
Tara Barauskas
836606FF00DC49D...

Tara Barauskas
Executive Director

7/31/2024
