SUMMARY. National Affordable Communities, Inc., (the “Applicant”) and LINC Housing Corporation (“Joint Applicant”) request approval of a grant in an amount not to exceed $1,028,500 to finance the remediation of a brownfield to develop a 118-unit senior apartment community. The Applicant anticipates the Development Project will create 118 rental housing units, of which 100% meet the Affordability threshold. The project will also include one manager’s unit.

APPLICANT. National Affordable Communities is devoted to building quality and affordable rental unit for low-income families. Tax credit financing and participation by cities and counties allows the Applicant to provide lower than market rents to qualified tenants. The corporation was established on September 23, 2004. LINC Housing Corporation builds, owns, and operates homes for families and seniors across all of California. The corporation was established on August 11, 1993. The project is a joint venture of National Affordable Communities (50.04%) and LINC Housing (49.96%).

LEGAL QUESTIONNAIRE. The Strategic Partner and staff have reviewed the applicant’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

BROWNFIELD PROJECT DESCRIPTION. The subject property was formerly the home of a yeast manufacturing company. The land is currently vacant. The contaminants of concern include: elevated levels of lead and possibly mercury in fill soil across the site as well as low levels of petroleum hydrocarbons in the diesel and oil-ranges. In addition, the shallow groundwater appears to be impacted by dissolved phase hydrocarbons in the diesel and oil range.

The following table outlines the anticipated costs of each activity for the cleanup project as well as the amount to be financed by the proposed CalReUSE Grant:
### Description of Activity

<table>
<thead>
<tr>
<th>Description of Activity</th>
<th>Cost</th>
<th>Amount Financed by Infill Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepare work plan</td>
<td>$8,000</td>
<td>$0</td>
</tr>
<tr>
<td>Liaison with ACDEH, WP amendments</td>
<td>10,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Supply well survey (required by regulatory agency)</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Geophysical survey</td>
<td>8,000</td>
<td>8,000</td>
</tr>
<tr>
<td>Assessment of oil release</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Assessment/characterization of fill soil</td>
<td>35,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Management, excavation, transport, disposal of soil</td>
<td>112,500</td>
<td>112,500</td>
</tr>
<tr>
<td>Soil excavation, transport and disposal</td>
<td>749,000</td>
<td>749,000</td>
</tr>
<tr>
<td>Soil Disposal</td>
<td>75,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Closure reports</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Contingency 25%</td>
<td>260,625</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL ESTIMATED COST:</strong></td>
<td><strong>$1,303,125</strong></td>
<td><strong>$1,028,500</strong></td>
</tr>
</tbody>
</table>

*Difference in Brownfield Infill Costs and the amount to be financed by CALReUSE is due to timing of request or eligibility of the cleanup activity. In addition, staff determined that “contingencies” are not an eligible cost under the Program.*

**Oversight Agency.** Alameda County Department of Environmental Health

**Infill Development Project Description.** The project will consist of one four-story building over an on-grade parking garage on less than one acre of land (0.88 acres). There will also be a recreation building containing the office and recreation center. The 118-unit senior apartment will include one- to two-bedroom units. The project will include 34 units at 50-60% AMI, 60 units at 40-50% AMI and 24 units at less than or equal to 40% AMI.

Parking will allow for 60 spaces. Handicapped and visitors parking will be placed throughout the parking areas. Common area amenities include: entry lobby with designer flooring, seating and décor, recreation room including TV and lounge area, seating and kitchen, computer center, community laundry room, multi-purpose social room, manager’s office, picnic and barbecue areas, and elevators.

The site is situated within one-quarter mile of a transit stop and one-half mile of a public park, full-scale grocery store, and a medical clinic.

**Permits.** The Applicants have received the following permits for the project – Conditional Use, CEQA. The Applicants have submitted the following permit applications for the project: Grading Permit, Building Permit.

**Anticipated Timeline.**
- Cleanup to Begin: July 2009
- Cleanup to be Completed: December 2009
- Development to Begin: January 2010
- Development to be Completed: August 2010
**Local Government Support.** On June 15, 2005, the Oakland City Planning Commission expressed conditional approval for the project. In addition, the CEQA has been approved.

Letters of support have been received for the project including:

**Local Community Support.**

- Jose Martinez, Oakland resident (A-1)

**Government Officials Support.**

- Dan Lindheim, Director, Community and Economic Development Agency, City of Oakland. (A-2)

**Application Score.** The project earned a score of **110** out of **120** points in the following categories:

(a) **Readiness to Proceed.** TOTAL- 35/40.

(1) Applicant has demonstrated that environmental review can be completed and all necessary entitlements can be received from the local jurisdiction within two years if receiving the award- 10/10. Entitlements are complete. A letter from the Applicant has been submitted to support this.

(2) Funding commitments are in place, or financing applications are under review, for the Infill Development Project - 10/10. The Developer identified sources and uses of funds for the project that are obtained or under review.

(3) The Infill Development Project has local community and government support - 10/10. The Applicant received letters of support from the local government and from a community member in support of the project.

(4) Cleanup Plan has been approved by Oversight Agency - 0/5. The Cleanup Plan has not been approved. Note: The Cleanup Plan was prepared by SCS Engineers (a member of the NBA CALReUSE Team) and was submitted to the Alameda County Department of Environmental Health on October 1, 2008. A third party review of this documentation was conducted by Ninyo & Moore per SCS and the CPCFA’s agreement

(5) Applicant has building permits, and all other governmental permits (i.e. encroachment, ROW, etc.) - 5/5. All permits have either been granted or submitted to the City of Oakland.
(b) **Location within an Economically Distressed Community. TOTAL - 30/30.** The project is in Oakland, California within both an Enterprise Zone and a Redevelopment Project Area (RPA). The RPA is known as the West Oakland Redevelopment Project Area. The latter was confirmed by a Planner with the City of Oakland working on the project.

(c) **Location within a Priority Development of a Local Governmental Entity. TOTAL - 10/10.** The Applicants have submitted a letter from the City of Oakland that indicates the site is within a Neighborhood Revitalization Plan area within the West Oakland RPA. This letter points to several documents that support this designation, including the Redevelopment Plan for the West Oakland Redevelopment Project Area.

(d) **Depth of Affordability. TOTAL - 10/10.** The project includes 84 units at less than or equal to 50% of Area Median Income (AMI) and 24 units at less than or equal to 40% AMI.

(e) **Percentage of Affordability. TOTAL - 15/15.** The project is 100% affordable senior housing with one manager’s unit. A Total of 118 units will be built on four stories on 0.88 acres.

(f) **Utilization of Green Building Methods. TOTAL - 0/5.** The project does not include any green building methods that qualify for the points allowable under CPCFA regulations.

(g) **Cleanup Plan for the Brownfield Infill Project does not require Ongoing Operation and Maintenance. TOTAL 10/10.** The Applicant’s environmental consultant has indicated on-going O&M will not be required at this site due to a lack of significant groundwater contamination (contamination exceeding cleanup levels).

**Tie-Breaker.**

(a) Total Brownfield Infill Project Cleanup Plan Cost: $1,290,000
(b) Total no. residential housing units produced and/or promoted by Infill Development Project: 118
(c) Tie-breaker ratio $1.29 Million/118: $10,498.00 / housing unit

**Financing Details.**

- Amount of Overall Financing to be Leveraged: $25,352,281
- Sources of Financing for Brownfield Infill Project: CALReUSE and developer Equity
- Sources of Financing for Infill Development Project: CitiBank, Construction Loan, Deferred Development Fees, Investor Equity, Tax Credit Allocation

**Staff Recommendation.** Staff recommends approval of the attached Resolution for National Affordable Communities, Inc. and LINC Housing Corporation for an amount not to exceed $1,028,500.
November 19, 2008

WHEREAS, the California Pollution Control Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized by the Regulations adopted to implement and make specific the statutory provisions of the California Recycle Underutilized Sites (CALReUSE) Remediation Program;

WHEREAS, the statutory provisions of the CALReUSE Remediation Program authorize grant and loan funding for the purpose of brownfield cleanup that promotes infill residential and mixed-use development, consistent with regional and local land use plans;

WHEREAS, the Authority solicited applications for the CALReUSE Remediation Program and such applications were evaluated and scored pursuant to the Authority’s Regulations;

WHEREAS, National Affordable Communities, Inc. and LINC Housing Corporation has submitted an application for the CALReUSE Remediation Program for a grant in the amount of $1,028,500 for the Oakland Red Star Apartments Project;

WHEREAS, the Strategic Partner National Brownfield Association has reviewed the application and determined to recommend Oakland Red Star Project to the Authority for funding consideration;

WHEREAS, the Authority staff has reviewed the Strategic Partner’s recommendation and has determined to recommend the Oakland Red Star Project for funding; and

WHEREAS, approval of a grant for National Affordable Communities, Inc. and LINC Housing Corporation (“Applicant” and “Grantee”) by the Authority is now sought;

NOW THEREFORE BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. Pursuant to the Regulations, the Authority hereby finds that the Oakland Red Star Project (the “Project”) is eligible for financing and hereby approves the grant described in the staff summary for the Project described in the Applicant’s CALReUSE Infill Application to the Authority.
Section 2. The Executive Director is hereby authorized for and on behalf of the Authority to take all steps necessary with respect to the Applicant including notifying the Applicant that its Application has been approved for funding, preparing a commitment letter that contains the terms and conditions of funding for the Grantee, preparing and executing the final form of grant agreement and disbursing funds pursuant to the grant agreement and the Authority’s Regulations.

Section 3. The Executive Director is hereby authorized for and on behalf of the Authority to approve any changes in the Project described in Exhibit A of the grant agreement as the Executive Director shall deem appropriate and authorized under the Regulations (provided that the amount of the grant may not be increased above the amount approved by the Authority).

Section 4. The Executive Director is hereby authorized and directed, for and on behalf of the Authority, to draw money from the Proposition 1C (2006) funds allocated to this Program not to exceed those amounts approved by the Authority for the Project approved in Section 1. The Executive Director is further authorized and directed, for and on behalf of the Authority, to execute and deliver for the Project identified in Section 1 any and all documents necessary to complete the transfer of funds. The authority of the Executive Director is limited to payment of claims made by the Grantee in accordance with the Regulations and the grant Agreement.

Section 5. Any notice to the Applicant approved hereunder shall indicate that the Authority shall not be liable to the Applicant in any manner whatsoever should such funding not be completed for any reason whatsoever. Notice to the Applicant shall include a provision making it clear that continued funding under the program is not guaranteed but is entirely dependent upon funds being available to the CALReUSE Program and the Grantee’s continued compliance with the grant agreement and the regulations governing the CALReUSE Program.

Section 6. The Executive Director of the Authority is hereby authorized and directed, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby, and which have heretofore been approved as to form by the Authority.
EXHIBIT A
TERM SHEET

Name of Project: Oakland Red Star Apartments

Maximum Amount of Grant/Loan: $1,028,500

Strategic Partner: National Brownfield Associations

Grantee: National Affordable Communities, Inc. and LINC Housing Corporation

Financing Structure: Grant

Maximum Grant Term: Not to exceed 6 years from first draw on funds

Oversight Agency: Alameda County Department of Environmental Health

Project Location: 1396 5th Street
Oakland, CA 94607

Infill Development Description: Senior apartment community that includes 34 units at 50-60% AMI, 60 units at 40-50% AMI and 24 units at less than or equal to 40% AMI

Project: Description of Activity | Estimated Cost
--- | ---
Liaison with ACDEH, WP amendments | $4,000
Supply well survey (required by regulatory agency) | 5,000
Geophysical survey | 8,000
Assessment of oil release | 20,000
Assessment/characterization of fill soil | 35,000
Management, excavation, transport, disposal of soil | 112,500
Soil excavation, transport and disposal | 749,000
Soil Disposal | 75,000
Closure Reports | 20,000

TOTAL ELIGIBLE BROWNFIELD INFILL COSTS | $1,028,500
RE: RED STAR APARTMENTS

To Whom It May Concern;

This letter is regarding the approved "Red Star Apartments," a 119-unit senior affordable housing project located at 1396 5th Street, Oakland, California.

I, Jose Martinez, am a current resident of the City of Oakland, residing at 1478 5th Street and it is my opinion that the City of Oakland is in dire need of additional affordable housing, and this project would not only help to meet the redevelopment and revitalization goals of the City, but will also help to support community members who otherwise would not be able to afford the rent, amenities and quality that Red Star Apartments will provide.

It is for these reasons that I would like to show our support for this proposed development that will help to grow the City of Oakland into a thriving area, and provide affordable housing that is desperately needed in the community.

If you should require further information, please feel free to contact me.

Sincerely,

Jose Martinez
Attachment A
West Oakland has taken great strides in its efforts towards the revitalization of the City. Financially, the City has projected **$8.6 Million** in funds to be distributed for non-housing improvements and over **$12.5 Million** to be distributed for affordable housing projects and programs throughout the City’s ten Redevelopment Project Areas during the current 5-Year Implementation Plan which ends in 2009. Specifically for the West Oakland Redevelopment Project Area, the Agency has anticipated **$2.99 Million** in expenditures for non-housing improvements and **$1.36 Million** for affordable housing projects and programs.

<table>
<thead>
<tr>
<th>City Project</th>
<th>Anticipated Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raimondi Park Renovation</td>
<td>$2,900,000</td>
</tr>
<tr>
<td>West Oakland Façade Improvement Program</td>
<td>$100,000</td>
</tr>
<tr>
<td>West Oakland Tenant Improvement Program</td>
<td>$125,000</td>
</tr>
<tr>
<td>Mandela Foods Cooperative Tenant Improvement Grant</td>
<td>$200,000</td>
</tr>
<tr>
<td>Willow Park Renovation</td>
<td>$681,640</td>
</tr>
<tr>
<td>Security Cameras for various locations</td>
<td>$200,000</td>
</tr>
<tr>
<td>Oakland Bay Bike Trail: Mandela Parkway</td>
<td>$1,167,000 (non ORA funding)</td>
</tr>
</tbody>
</table>

These listed projects are only a few examples of the many on-going efforts the City of Oakland has developed towards the revitalization of the West Oakland Redevelopment Project Area. The City has also established several projects/programs, ranging from the aesthetic rejuvenation of building facades and streetscapes to EPA approved environmental clean-up efforts.

The City of Oakland supports affordable housing projects that meet the needs and criteria of the West Oakland community. Please call Wendy Simon, Project Manager for the West Oakland Redevelopment Project Area at (510) 238-6439 if you have any questions.

Sincerely,

Don Lindeim, Director
Community and Economic Development Agency

Attachments: (Contained in section 5A)
- Redevelopment Plan for the West Oakland Redevelopment Project Area
- West Oakland Five-Year Implementation Plan 2004-2009
- West Oakland FY 2007/08 Action Plan
- City of Oakland FY 2007-12 Adopted Capital Improvement Program
- Map indicating the location of recent and planned redevelopment projects within the West Oakland Redevelopment Area, as well as, recent projects located outside of the Redevelopment Area as well as recent projects located outside of the Redevelopment Area.