CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM
Meeting Date: November 19, 2008
Request Infill Grant Approval

Prepared by: Chris Nelson, Technical Advisor, National Brownfields Association (NBA) & Deana Carrillo, CPCFA

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Type of Funding Requested: Grant</th>
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<tr>
<td>Global Premier Development, Inc.</td>
<td>Amount Requested: $655,800</td>
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<td>Foundation for Affordable Housing, V. Inc.</td>
<td>Amount Recommended: $546,500</td>
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<td>Project Name: 3rd Street Residential Development</td>
<td>Strategic Partner: NBA</td>
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<td>Project Location: San Jose (Santa Clara County)</td>
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**Summary.** Global Premier Development, Inc. and Foundation for Affordable Housing, V. Inc. (the “Applicants”) request approval of a grant in an amount not to exceed $655,800 to finance the remediation of a brownfield to develop 3rd Street Residential. Staff is recommending an award of $546,500. The development project will create a family housing apartment community consisting of 36 affordable rental units restricted to those earning 60 percent of the Average Median Income (AMI) and below (and one manager’s unit).

**Applicant.** Global Premier Development and its joint venture partners specialize in the development of Low Income Housing, under Section 42 of the Internal Revenue Code, Tax Exempt Bond financing. The corporation was established on April 1, 2004. It is solely owned by Andrew Hannah. The Foundation for Affordable Housing creates safe, comfortable, high-quality, affordable homes for very-low-to moderate-income people. The 501(c)(3) is a public benefit non-profit corporation established in January 1999.

This project is a joint venture of Global Premier (50.04%) and Foundation for Affordable Housing (49.96%).

**Legal Questionnaire.** The NBA CALReUSE Project Team 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 used for brick manufacturing, dry cleaner, clay pipe manufacturing, auto wrecking, and auto body shop. A food product warehousing company currently occupies the infill land. The reported contaminants of concern include: metals (lead, Hexavalent Chromium [Cr-6], and vanadium), chlorinated solvents, TPH and asbestos.

The following table details the activities and costs associated with the brownfield remediation, in addition to the amount of funding to be requested for cleanup from CALReUSE:
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**TOTAL ESTIMATED COST:** **$655,800** *  
**$546,500**  

*Difference in Brownfield Infill Costs and the amount to be financed by CALReUSE is due to staff’s determination that “contingencies” are not an eligible cost under the Program.

**Oversight Agency.** Department of Toxic Substances Control is negotiating a Memorandum of Understanding (MOU) with the San Jose City Fire Department.

**Infill Development Project Description.** The total number of 37 one- to three-bedroom rental units will be constructed on 0.71 acres of land. The project will consist of one three-story building, including a recreational center, which contains the office and a manager’s unit. The units will be income restricted at 10 units between 50-60% AMI, 18 units between 40-50% AMU, and 8 units at or below 40% AMI (and one manager’s unit).

The building will also include a recreation center designed to support families by offering educational programs. Adjacent to the lobby will be a recreation area and computer center. In addition, the community center will include a small kitchen facility. Access to the outdoor picnic and barbeque area will be from the main recreation center area. The computer center will offer the residents full-time computer use and internet access, and will contain ample room to conduct computer training classes.

The site is situated one-quarter mile from a park and public library and one-half mile from a public school and pharmacy. Public transit will be within one-quarter mile from the site, as well as other numerous amenities.

**Permits.** The application for local approval was submitted to the City of San Jose on December 10, 2007, for review and comments. On February 29, 2008, Planned Development Permit, file No. PD07-003 was approved by the Planning Director. Additional permits to be applied for include the grading permit, and building permit.

**Anticipated Timeline**
- Cleanup to Begin: December 2008
- Cleanup to be Completed: February 2009
- Development to Begin: February 2010
• Development to be Completed: December 2010

Local Government Support. There is no letter from the government agencies supporting the project; however, the project does have some government approvals.

Community Support Letter.
• Local resident, Beshoy Demyan (A-1)

Application Score. The project earned a score of 95 out of 120 points in the following categories:

(a) Readiness to Proceed. TOTAL - 20/40.
   (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. The Applicant represents entitlements can be completed within two years. The CEQA and conditional use permits have already been granted for the project as of the time of this report.

   (2) Funding commitments are in place, or financing applications are under review, for the Infill Development Project - 10/10. The Applicant has provided proof of sources of funds, a first year operating budget, rental income analysis and total project budget.

   (3) The Infill Development Project has local community and government support - 0/10. The Applicant has a letter reflecting community support and has received local government approval of permits in the planning process, but does not have a specific letter of government support for the project.

   (4) Cleanup Plan has been approved by Oversight Agency - 0/5. The cleanup plan has been submitted but not approved by the Oversight Agency, DTSC.

   (5) Applicant has building permits, and all other governmental permits (i.e. encroachment, ROW, etc.) - 0/5. A number of permits have been granted, the grading and building permit are yet to be submitted.

(b) Location within an Economically Distressed Community. TOTAL - 30/30. The project is within a State Enterprise Zone in the City of San Jose.

(c) Location within a Priority Development of a Local Governmental Entity. TOTAL - 10/10. The area is a Priority Development Area identified in a City of San Jose document, “Strong Neighborhoods Initiative Redevelopment Project Area Five Year Implementation Plan.”

(d) Depth of Affordability. TOTAL - 10/10. The proposed development earns a maximum number of points for depth of affordability, more than 15% of its units are restricted at 40% AMI or lower category.
(e) **Percentage of Affordability.** TOTAL - 15/15. The project is an 100% affordable project (and one manager’s unit).

(f) **Utilization of Green Building Methods.** TOTAL - 0/5. No green building methods are being pursued, or the methods pursued will not score the minimum points via the three rating criteria acceptable to the Authority.

(g) **Cleanup Plan for the Brownfield Infill Project does not require Ongoing Operation and Maintenance.** TOTAL 10/10. The project applicant’s consultant has attested that the project will not require long term ongoing O&M as part of the cleanup. The Strategic Partner finds this argument reasonable, since there are not likely to be any vapor collection systems or groundwater systems required as part of the remedial efforts at the site.

**Tie-Breaker.**
(a) Total Brownfield Infill Project Cleanup Plan Cost: $655,800
(b) Total no. residential housing units produced and/or promoted by Infill Development Project: 37
(c) Tie-breaker ratio $655,800/37: $17,724/housing unit

**Financing Details.**
- Amount of Overall Financing to be Leveraged: $15,694,660
- Sources of Financing for Brownfield Infill Project: CALReUSE
- Sources of Financing for Infill Development Project: SunAmerica construction loan, deferred developer fees, investment equity, tax credit allocation.

**Staff Recommendation.** Staff recommends approval of the attached Resolution for Global Premier Development, Inc. and Foundation for Affordable Housing, V. Inc. for an amount not to exceed $546,500.
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, Global Premier Development, Inc. has submitted an application for the CALReUSE Remediation Program for a grant in the amount of $546,500 for the 3rd Street Residential Development Project;

WHEREAS, the Strategic Partner, National Brownfields Association CALReUSE Project Team has reviewed the application and determined to recommend 3rd Street Residential Development Project to the Authority for funding consideration;

WHEREAS, the Authority staff has reviewed the Strategic Partner’s recommendation and has determined to recommend the 3rd Street Residential Development Project for funding; and

WHEREAS, approval of a grant for the Global Premier Development, Inc. and Foundation for Affordable Housing, V. Inc. (“Applicants” and “Grantees”) 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 3rd Street Residential Development 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 continued compliance with the grant/loan 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:** 3rd Street Residential Development

**Maximum Amount of Grant/Loan:** $546,500

**Strategic Partner:** The National Brownfield Association CALReUSE Team

**Grantees:** Global Premier Development, Inc. S. and Foundation for Affordable Housing, V. Inc.

**Financing Structure:** Grant (or alternatively a Fixed Rate Loan)

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

**Oversight Agency:** CA Department of Toxic Substance Control and the San Jose City Fire Department

**Project Location:** 1010 South 3rd Street
San Jose, (Santa Clara County ) 95112

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**TOTAL ELIGIBLE BROWNFIELD INFILL COSTS:** $546,500
October 16th, 2008

Beshoy Demyan
5 Cov Dr. #2
San Jose, CA 95123

RE: 3rd Street Residential Development

To Whom It May Concern;

This letter is regarding the approved “3rd Street Residential Development,” a 37-unit multi-family affordable housing project located at 1010 South 3rd Street, San Jose, California.

My name is Beshoy Demyan and I live at 5 Cov Dr. #2, San Jose, Ca 95123 and strongly support this wonderful Affordable Housing Development.

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

Sincerely,