

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

Prepared by: *Center for Creative Land Recycling (CCLR) and Doreen Smith, CPCFA*

Applicant: COMM 22, LLC	Type of Funding Requested: Grant
Developer: COMM 22, LLC	Amount Requested: \$1,500,000
Project Name: Commercial and 22 nd Street Mixed Use Development	Strategic Partner: CCLR
Project Location: San Diego (San Diego)	

Summary. COMM 22 (the “Applicant”) requests approval of a grant in an amount not to exceed \$1,500,000 to finance the remediation of a mixed use development. The Applicant anticipates the Project will create 252 units of which 81% will be affordable, including seven for-sale units at 50-120% area median income (AMI), 40 rental units at 50-60% AMI, 88 rental units at 40-50% AMI, and 69 units at less than or equal to 40% AMI.

Applicant. COMM 22, LLC was established as a non-profit developer on November 5, 2004 in San Francisco. It is comprised of BRIDGE Economic Development Corporation (BREDCO), Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc. (MAAC), and Bronze Triangle Community Development Corporation (BTCDC).

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 site was previously utilized by the San Diego Unified School District as its Maintenance and Operations Center. Previous District uses included a warehouse with storage, carpenter shop, and stock room; auto repair and auto wash; print shop; welding and repair space; office space; workroom; tool crib; and paint department. A prefabricated metal building was used for piano tuning and equipment repair. Records also indicate that the northern portion of the site was used for material storage sometime prior to 1951. The southern portion of the site was occupied by residential dwellings from at least 1906 through 1963. Portions of the site were ultimately used for building material storage, vehicle and heavy equipment parking, and drum storage.

Based on the historic uses described above, several environmental conditions have been identified on the site and will require mitigation and remediation efforts. Specifically, three underground storage tanks (USTs) and their associated fuel pump island were removed in 1997. Preliminary soil and groundwater investigations have identified petroleum hydrocarbon impacted soils and groundwater beneath the former tank area. Additionally, a layer of fill was encountered throughout the site in areas immediately beneath existing surface grade pavement.

Agenda - 4.C.4.

Description of Activity	Cost	Amount Financed by Infill Grant
Preparation for Fieldwork	\$ 3,800	\$ 0
Export and disposal of RCRA hazardous waste, California hazardous waste, and undocumented fill	2,853,165	1,500,000
Environmental Consulting	444,475	0
Contingency	<u>495,216</u>	<u>0</u>
TOTAL ESTIMATED COST:	<u>\$3,796,656*</u>	<u>\$1,500,000</u>

**The difference in the cost of the Brownfield Infill Project and the requested CALReUSE award amount will be paid for by alternative funding sources, a San Diego Area of Governments (SANDAG) Pilot Grant and a loan from the Department of Housing and Community Development's (HCD) Transit Oriented Development (TOD) Program.*

Oversight Agency. County of San Diego Department of Environmental Health

Infill Development Project Description. COMM 22 is a mixed-use, transit-oriented development which combines affordable family and senior rental housing with child care facilities, office space, live-work lofts, for-sale row homes, and community-serving commercial and retail space. The project is located in Logan Heights, a community which has not witnessed community development in over 30 years. The project includes:

SITE A	SITE B	SITE C
70 Affordable Senior Housing Units 38 Market-rate Live/Work Lofts 10,090 square feet Office Space 5,447 square feet Child Care Facility 4,800 square feet Bank/Retail	127 Affordable Family Housing Units 12,945 square feet Retail	17 For Sale Row Homes

Permits. COMM 22 has the following permits approved: Community plan amendment, public right-of-way vacation, easement vacation, vesting tentative map, planned development permit, conditional use permit and rezone permit. The applicant intends to apply for a final map recordation, grading permit, demolition permit, right-of-way permit for traffic control, and a building permit.

Anticipated Timeline.

- Cleanup to Begin: January 2010
- Cleanup to be Completed: May 2010
- Development to Begin: January 2010
- Development to be Completed: May 2013

Local Government Support. COMM 22 is consistent with the Southeastern San Diego Community Plan and the Regional Comprehensive Plan of San Diego. The COMM 22 development team has worked closely with the local community of Logan Heights since the inception of the project – through community meetings and a comprehensive public outreach effort, the development has been able to incorporate the needs and values of the local community into the project. For example, the for-sale component was incorporated into the project after local residents voiced a need for home-ownership opportunities in the neighborhood. The COMM 22 development team has also worked closely with staff and public officials from the City of San Diego to incorporate the City’s regulatory requirements and policies into the project design. As a result, COMM 22 was unanimously approved by the Planning Commission and City Council.

The community involvement and local government process for the COMM 22 project included support for the overall development and for the Brownfield remediation efforts.

Several letters of support have been received for the Project including:

Local Community Support.

- Norma Chavez-Peterson, Justice Overcoming Boundaries (JOB) (A-1)

Government Official Support.

- William Anderson, Deputy Chief Operating Officer, The City of San Diego (A-3)

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

(a) Readiness to Proceed. TOTAL- 30/40.

- (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 City adopted a Mitigated Negative Declaration for the project and the project received full entitlements from the City in December 2007.
- (2) Funding commitments are in place, or financing applications are under review, for the Infill Development Project-10/10.** Funding commitments totaling full construction costs of \$49,739,287 are either committed or under review.
- (3) The Infill Development Project has local community and government support-10/10.** The project has community support and support letters from the local interfaith community organization, Justice Overcoming Boundaries, and the City of San Diego.
- (4) Cleanup Plan has been approved by Oversight Agency-0/5.**
- (5) Applicant has building permits, and all other governmental permits (i.e. encroachment, ROW, etc.) in place or under review -0/5.**

- (b) **Location within an Economically Distressed Community. TOTAL-30/30.** The project's census tract has a median family income of \$23,939, well below the threshold of \$42,420 to qualify as an Economically Distressed Community.
- (c) **Location within a Priority Development of a Local Governmental Entity. TOTAL-10/10.** The project has a letter from SANDAG confirming that the project implements the vision for a Mixed Use Transit Corridor area and is a priority for development.
- (d) **Depth of Affordability. TOTAL-10/10-**27% of the Project's 252 units are restricted to residents at or below 40% AMI, well above the Program's 15% threshold for 10 points.
- (e) **Percentage of Affordability. TOTAL-15/15.** 81% of the Projects 252 units are Affordable, well above the 50% threshold for full 15 points.
- (f) **Utilization of Green Building Methods. TOTAL-5/5.** The preliminary GreenPoint Checklist indicates that the Project would score 65 GreenPoints, to earn 5 points.
- (g) **Cleanup Plan for the Brownfield Infill Project does not require Ongoing Operation and Maintenance. TOTAL 10/10.** The cleanup plan does not require any Ongoing Operation & Maintenance.

Tie-Breaker.

- (a) Total Brownfield Infill Project Cleanup Plan Cost: \$3,796,656
- (b) Total no. residential housing units produced and/or promoted by Infill Development Project: 252
- (c) Tie-breaker ratio [(a) / (b)]: \$15,066/unit

Financing Details.

- Amount of Overall Financing to be Leveraged:
 - Total Project Cost = \$49,739,287
 - Total CALReUSE Infill Grant Funding = \$1,500,000
 - CALReUSE remediation funding is leveraged **33 to 1**
- Sources of Financing for Brownfield Infill Project: SANDAG Pilot Grant, TOD Loan, CALReUSE
- Sources of Financing for Infill Development Project: San Diego Housing Commission grant, San Diego Association of Governments grant, HCD TOD loan, HCD Infill Infrastructure grant, San Diego Housing Commission loan, CCDC loan, HCD TOD Infrastructure grant, Wells Fargo Loan

Staff Recommendation. Staff recommends approval of the attached Resolution for COMM 22, LLC for an amount not to exceed \$1,500,000.

A RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING
AUTHORITY APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING FOR
COMM 22, LLC
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM

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, COMM 22, LLC has submitted an application for the CALReUSE Remediation Program for a grant in the amount of \$1,500,000 for the COMM 22 Project;

WHEREAS, the Strategic Partner Center for Creative Land Recycling has reviewed the application and determined to recommend COMM 22 Project to the Authority for funding consideration;

WHEREAS, the Authority staff has reviewed the Strategic Partner’s recommendation and has determined to recommend the COMM 22 Project for funding; and

WHEREAS, approval of a grant for COMM 22, LLC (“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 COMM 22 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: COMM 22

Maximum Amount of Grant/Loan: \$1,500,000

Strategic Partner: Center for Creative Land Recycling

Grantee: COMM 22, LLC

Financing Structure: Grant

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

Oversight Agency: County of San Diego Department of Environmental Health

Project Location: 1803 Irving Avenue
San Diego, CA 92113

Infill Development Description: 252 Housing Units; including 7 for sale units at 50-120% AMI, 40 rental units at 50-60% AMI, 88 rental units at 40-50% AMI, and 69 units at less than or equal to 40% AMI. Mixed-use, transit oriented development. For-sale Affordable units will be restricted for no less than 30 years. Rental Affordable unites will be restricted for a term no less than 55 years.

Project: Description of Activity	Estimated Cost
Export and disposal of RCRA hazardous waste, California hazardous waste, and undocumented fill	<u>\$1,500,000</u>
TOTAL ELIGIBLE BROWNFIELD INFILL COSTS	<u>\$1,500,000</u>

Attachment A



• 631 Cesar E. Chavez Parkway, San Diego, CA. 92113 • 619.696.9474 office • 619.696.9470 fax •
• email: info@justicesandiego.org • www.justicesandiego.org

September 26, 2008

To whom it may concern,

Justice Overcoming Boundaries is a countywide interfaith community organization whose mission is to invest in the development of community leaders so that they may address issues that affect them, their families and their communities. We are currently working with ten congregations throughout various cities in San Diego County including, Chula Vista, National City, San Diego, Escondido, and El Cajon and the UCSD Center for Comparative Immigration Studies, the USD Center for Community Service Learning and MAAC Project to bring people together across racial, economic and geographic boundaries in an effort to make San Diego County a place of change and hope for all of its residents.

We hear hundreds of stories regularly from working families struggling to make ends meet and being in desperate need of affordable housing opportunities. Please accept this letter as our organizational support for the COM22 development project with MAAC Project, Bridge Housing and Bronze Triangle as development partners.

We strongly believe that the COM22 project will fill a major void in the need for more affordable rental and for sale housing in the Logan Heights/Sherman Heights Communities of San Diego. Given the proximity of the project to public transportation lines, it is a perfect location for this type of mixed-use development.

If you have any questions please feel free to contact me at norma@justicesandiego.org or by calling 619.696.9474.

Sincerely,

A handwritten signature in black ink, appearing to read "Norma", written over a horizontal line.

Norma Chavez-Peterson
Director

JOB's Mission is to invest in the development of community leaders so that they may address issues that affect them, their families and their communities.
JOB's is an affiliate of the Gamaliel Foundation an International Organizing Institute (www.gamaliel.org)

Attachment A



THE CITY OF SAN DIEGO

April 3, 2008

Lynn Jacobs
Director, Department of Housing and Community Development
1800 Third Street
Sacramento, CA 95811-6942

Dear Lynn Jacobs,

This letter is to serve as official notification of the City of San Diego's support of the Qualifying Infill Project application for the Comm/22 project. On April 1, 2008 the City Council unanimously supported the application through the attached Council resolution. Comm/22 embodies all the concepts of smart growth planning. It is a mix of market rate and affordable housing, commercial and retail. Additionally, it is on a major light rail corridor. We believe that with this project the currently blighted area will be transformed into a high density livable and walkable community. The City of San Diego believes that Comm/22 is a model of the type of area that the infill infrastructure grants are designed to serve.

The original intent of Proposition 1C was that the Infill Infrastructure Fund was to allow local governments to improve infrastructure to spur infill and densification (especially major urban areas such as the City of San Diego). We believe that the QIP for Comm/22 meets these worthy goals and we urge your support.

Sincerely,

A handwritten signature in black ink, appearing to read "William Anderson".

William Anderson
Deputy Chief Operating Officer, City Planning and Development

