

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM**

**Meeting Date: May 27, 2009**

***Request to Approve Amendment to Infill Grant Award***

Prepared by: *Center for Creative Land Recycling (CCLR) and Samantha Russell, CPCFA*

<b>Applicant:</b> Sacramento Housing & Redevelopment Agency	<b>Type of Funding Requested:</b> Grant
<b>Project Name:</b> La Valentina	<b>Amount Requested:</b> \$631,000
<b>Project:</b> Sacramento	<b>Application No.:</b> 18R
<b>Location:</b> (Sacramento County)	<b>Strategic Partner:</b> CCLR
	<b>Prior Action:</b> Application No. 18 Approved 11/19/08

**Summary.** Sacramento Housing and Redevelopment Agency (the “Applicant”) requests approval to amend its Infill Grant awarded November 19, 2008 for \$218,150 to include an additional \$412,850 for a total amount of \$631,000. The increase will fund remediation for two additional parcels within the Brownfield Infill Project and create additional housing in an expanded Infill Development Project.

**Background.** Sacramento Housing and Redevelopment Agency received approval of a grant in the amount of \$218,150 to finance the remediation of a Brownfield to develop La Valentina (the “Project”). At that time, the Applicant anticipated the Infill Development Project would create 70 housing units. The Applicant originally proposed to build La Valentina in phases and requested cleanup funding for the first phase of the project only. This initial project became infeasible due to economic conditions. The Applicant has determined that for the Project to remain viable the Project will move forward as a larger one-phase project. To accommodate the larger project, SHRA is requesting two parcels to the north of the originally proposed Brownfield Infill Project be included in the grant award.

The Applicant requests approval of an additional \$412,850 in grant funds, for a total award amount not to exceed \$631,000, to finance the remediation of a Brownfield to develop the La Valentina Project in Sacramento, California. The Applicant anticipates the Project will create 81 units of housing, including 16 units restricted at 60% of the Area Median Income (AMI), 40 units at 50% AMI, and 24 units at 30% AMI. The Project will consist of three and four story buildings, and will include 81 residential units, 1,320 square feet for a café, and an additional 5,327 square feet of commercial space.

**Applicant.** The Sacramento Housing and Redevelopment Agency is a redevelopment agency established in January 1973.

**Legal Questionnaire.** The Applicant answered affirmatively 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.** There is reason to believe a car repair business may have been located on site. Environmental investigations reveal heavy metals in the soil including: arsenic, lead, and mercury.

Description of Activity	Funds Awarded November 2008	Additional Funds Requested	Total
Permitting, Engineering, Approvals and Procurement	\$ 10,000	\$ 5,000	\$ 15,000
Excavation, Hauling, Disposal, Fees, Backfill, Demobilization	155,000	360,000	515,000
Oversight, Sampling, Analysis, Reporting, Closure Request	15,000	10,000	25,000
Board of Equalization Taxes/Fees	<u>38,150</u>	<u>37,850</u>	<u>76,000</u>
<b>TOTAL ESTIMATED COST:</b>	<b><u>\$218,150</u></b>	<b><u>\$412,850</u></b>	<b><u>\$631,000</u></b>

**Oversight Agency.** The lead oversight agency is Sacramento County Environmental Management Department.

**Infill Development Project Description.** This table represents the Applicant’s previously presented and current Infill Development Project.

	Original Infill Development Project	Amended Infill Development Project
Commercial Space	7,000 sq ft	6,647 sq ft
Unrestricted Living Space	7	1 (Managers Unit)
No. of Units 51-120% AMI	23	16
No. of Units 41-50% AMI	22	40
No. of Units ≤ 40% AMI	<u>18</u>	<u>24</u>
<b>Total Residential Units</b>	<b><u>70</u></b>	<b><u>81</u></b>

**Jobs Information.** The Applicant represents that a total of 161 jobs will be created as a result of this project.

Activity	Start	Complete	Duration	No. of Jobs	Type of Job
Brownfield Infill Project (Cleanup)	Nov. 2009	Jan. 2010	2-3 months	8	Oversight, Implementation, Transportation
Infill Development Project (Construction)	Mar. 2010	Dec. 2011	18 months	150	Construction
Infill Project (Upon Completion)	Dec. 2011	Ongoing	Permanent	3	Management

**Permits.** The Applicant has identified all required permits in the application. The California Environmental Quality Act, alley abandonment, lot merger approval, special variances, and design review permits have been granted. The Applicant has yet to apply for grading and building permits.

**Anticipated Timeline.**

- Cleanup to Begin: November 2009.
- Cleanup to be Completed: January 2010.
- Development to Begin: March 2010.
- Development to be Completed: December 2011.

**Local Government Support.** La Valentina is consistent with the Sacramento Alkali Flat Redevelopment Strategy. The community has been involved in every step of the negotiation process. SHRA and Domus Development (the “Developer”) have met with the Alkali Flat Redevelopment Advisory Community (RAC) on five separate occasions to discuss and reach consensus on the Project over the last 24 months.

Letters of support for the project has been received, including:

**Local Government Support (Attachment A).**

- Sacramento County Environmental Management Department (A-1)
- Sacramento Housing & Redevelopment Agency (A-2)

**Local Community Support (Attachment B).**

- Alkali Flat Redevelopment Advisory Committee (B-1)

**Application Score.** The project earned a score of 104.3 out of 105 points in the following categories:

(a) **Readiness to Proceed. TOTAL-34.3/40.**

- (1) **Applicant has demonstrated that environmental review can be completed and all necessary entitlements can be received from the local jurisdiction within two years of receiving the award - 10/10.** The Applicant has demonstrated that environmental review can be completed and all necessary entitlements can be received from local jurisdictions within two years of receiving award.
- (2) **Excluding tax credit equity and tax exempts bonds, funding commitments are in place, or financing applications are under review, for the Infill Development Project. - 10/10.** Funding commitments are in place or financing applications are under review for the Infill Development Project.
- (3) **The Infill Development Project has local community and government support - 10/10.** The Project has both community and local government support.
- (4) **Cleanup Plan has been approved by Oversight Agency - 5/5.** The Cleanup Plan has been approved by the Oversight Agency.
- (5) **Applicant has necessary governmental permits in place, including but not limited to grading, encroachment, right of way, demolition, and air quality permits and excluding the building permit. - 4.3/5.** All applicable permits, but one, are either in place or under review. Grading Permit has not been applied for.

(b) **Location within an Economically Distressed Community. TOTAL - 30/30.** The Project is within a redevelopment project area.

- (c) **Depth of Affordability.** **TOTAL - 10/10.** The Project will consist of 40 units (50% of Total) restricted to households earning no more than 50% of the AMI and 24 units (30% of Total) restricted to households earning no more than 30% of AMI.
- (d) **Percentage of Affordability.** **TOTAL - 15/15.** The entire project, with the exception of one unrestricted manager's unit, will provide affordable housing for low income, very low income, and extremely low income households.
- (e) **Utilization of Green Building Methods.** **TOTAL - 5/5.** The Applicant has shown that the Project will be LEED certified.
- (f) **Cleanup Plan for the Brownfield Infill Project does not require Ongoing Operation and Maintenance.** **TOTAL - 5/5.** The Project entails the excavation of contaminated soil from the footprint of the future building parking garage and foundation. Once the soil is removed, it is not anticipated any on-going monitoring, maintenance, or operations of a remedial system will be required.

**Tie-Breaker.**

- (a) Total Brownfield Infill Project Cleanup Plan Cost: \$631,000.
- (b) Total number of residential housing units produced and/or promoted by Infill Development Project: 81.
- (c) Tie-breaker ratio [ $\$631,000/81$ ]: \$7,790.12/housing unit.

**Financing Details.**

- Amount of Overall Financing to be Leveraged:
  - Total Project Cost = \$26,738,000.
  - Total CALReUSE Infill Grant Funding = \$631,000.
  - CALReUSE remediation funding is leveraged 42.3 to 1.
- Sources of Financing for Brownfield Infill Project: CALReUSE grant.
- Sources of Financing for Infill Development Project: Low Income Housing Tax Credit investment, bank loans, Transit-Oriented Development Program financing, loan proceeds from Sacramento Housing and Redevelopment agency, developer equity, sewer fee waivers.

**Staff Recommendation.** Staff recommends approval of the attached amended resolution for Sacramento Housing and Redevelopment Agency for an additional amount of \$412,850, for a total grant award not to exceed \$631,000.

**A RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING  
AUTHORITY APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING FOR  
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY  
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM**

May 27, 2009

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, a grant in the amount of \$218,150 was initially awarded to Sacramento Housing and Redevelopment Agency for the La Valentina Project in November 2008;

WHEREAS, Sacramento Housing and Redevelopment Agency has submitted an application for the CALReUSE Remediation Program to amend the November 2008 grant for additional grant funding in the amount of \$412,850 for the expansion of the La Valentina Project;

WHEREAS, the Strategic Partner, Center for Creative Land Recycling, has reviewed the application and determined to recommend amendment of 2008 grant for the La Valentina Project to the Authority for funding consideration;

WHEREAS, the Authority staff has reviewed the Strategic Partner’s recommendation and has determined to recommend amendment of the 2008 grant for the La Valentina Project to increase the funding;

WHEREAS, approval the amendment of the 2008 grant for Sacramento Housing and Redevelopment Agency (“Applicant” and “Grantee”) for an additional \$412,850 and a total grant award of \$631,000 by the Authority is now sought; and

WHEREAS, the State of California has been facing an unprecedented cash flow crisis amidst the current national economic conditions which requires the approval of this grant to be contingent on funds becoming available from the Authority’s Proposition 1C (2006) allocation, as determined by the Department of Finance.

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 15<sup>th</sup> and Commercial Project is eligible for financing and hereby contingently 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/loan 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 Grantee approved in Section 1. The Executive Director is further authorized and directed, for and on behalf of the Authority, to execute and deliver to the Grantee 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. The approval of this grant is contingent on funds becoming available from the Authority’s Proposition 1C (2006) allocation, as determined by the Department of Finance. The Executive Director is authorized to determine whether this condition has been met and proceed with executing the award.

Section 6. 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 7. 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:** La Valentina

**Maximum Amount of Grant:** \$631,000

**Strategic Partner:** Center for Creative Land Recycling

**Grantee:** Sacramento Housing and Redevelopment Agency

**Financing Structure:** Grant

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

**Oversight Agency:** Sacramento County Environmental Management Department

**Project Location:** 1209 E Street, 1210 D Street, 317 12<sup>th</sup> Street, 331 12<sup>th</sup> Street, 415 12<sup>th</sup> Street, 417 12<sup>th</sup> Street, 429 12<sup>th</sup> Street Sacramento, CA 95814

**Infill Development Description:** 81 units of housing, including 16 units restricted at 60% of the AMI, 40 units at 50% AMI, and 24 units at 30% AMI, and an additional 5,327 square feet of commercial space.

<b>Project: Description of Activity</b>	<b>Estimated Cost</b>
Permitting, Engineering, Approvals, and Procurement	\$ 15,000
Excavation, Hauling, Disposal, Fees, Backfill, Demobilization	515,000
Oversight, Sampling, Analysis, Reporting, Closure Request	25,000
Board of Equalization Taxes/Fees	<u>76,000</u>
<b>TOTAL ESTIMATED COST:</b>	<b><u>\$631,000</u></b>

Attachment A



EXHIBIT 28b

Countywide Services Agency

Environmental Management  
Department

Water Protection Division  
Cecilia Jensen, Chief

Terry Schutten, County Executive  
Penelope Clarke, Agency Administrator  
Val F. Siebal, Department Director

County of Sacramento

October 1, 2008

Stephanie Shakofsky  
Executive Director  
Center for Creative Land Recycling  
200 Pine Street, Suite 400  
San Francisco, CA 94104

Dear Ms. Shakofsky:

As Acting Chief of the Water Protection Division – Sacramento County Environmental Management Department, I am affirming our commitment to the Sacramento Housing and Redevelopment Agency's (SHRA) application to the California Recycle Underutilized Sites (CALReUSE) Remediation Program for La Valentina. La Valentina, located in the Alkali Flat Redevelopment Area, is characterized by a well-established neighborhood, close proximity to downtown, multi-modal access, and strong community and public commitment.

We understand that the CALReUSE program is intended to provide cleanup funds for creating housing and mixed use opportunities in infill and economically distressed areas. The goal of the redevelopment area implementation plan also includes providing housing for all families, as well as creating job opportunities and leveraging private investment in the neighborhood. The program proposed by SHRA would eliminate a significant barrier and spur transit-supportive development around the La Valentina light rail station; furthering our goal of revitalizing our community while reducing vehicular emissions.

SHRA works in partnership with residents, property owners, businesses, investors, and other public, private and non-profit community builders as part of the solution for a better Sacramento. The Sacramento County Environmental Management Department is committed to assisting SHRA in reducing uncertainty about environmental contamination in the area, encouraging residential and commercial development.

Sincerely,  
  
Dana W. Booth  
Acting Chief, Water Protection Division  
Sacramento County Environmental Management Department

DWB:ea

Attachment A



October 20, 2008

Stephanie Shakofsky  
Executive Director  
Center for Creative Land Recycling  
200 Pine Street, Suite 400  
San Francisco, CA 94104

Dear Ms. Shakofsky:

As Interim Executive Director of the Sacramento Housing and Redevelopment Agency (SHRA), I am affirming our commitment to the application to the California Recycle Underutilized Sites (CALReUSE) Remediation Program for La Valentina. La Valentina, located in the Alkali Flat Redevelopment Area, is characterized by a well-established neighborhood, close proximity to downtown, multi-modal access, and strong community and public commitment.

We understand that the CALReUSE program is intended to provide cleanup funds for creating housing and mixed use opportunities in infill and economically distressed areas. The goal of the redevelopment area implementation plan also includes providing housing for all families, as well as creating job opportunities and leveraging private investment in the neighborhood. This program would eliminate a significant barrier and spur transit-supportive development around the La Valentina light rail station; furthering our goal of revitalizing our community.

We work in partnership with residents, property owners, businesses, investors, and other public, private and non-profit community builders as part of the solution for a better Sacramento. SHRA is committed to reducing uncertainty about environmental contamination in the area and encouraging residential and commercial development.

Sincerely,

  
LaShelle Dozier  
Interim Executive Director

P.O. Box 1834  
Sacramento, CA 95812-1834  
916.444.9210  
www.shra.org

Attachment B

October 3, 2008

Stephanie Shakofsky  
Executive Director  
Center for Creative Land Recycling  
200 Pine Street, Suite 400  
San Francisco, CA 94104

Dear Ms. Shakofsky:

As the Chair of the Redevelopment Advisory Committee, I am affirming my commitment to the Sacramento Housing and Redevelopment Agency's (SHRA) application to the California Recycle Underutilized Sites (CALReUSE) Remediation Program for La Valentina Development Project ("La Valentina"). La Valentina, located in the Alkali Flat Redevelopment Area, is characterized by a well-established neighborhood, close proximity to downtown, multi-modal access, and strong community and public commitment.

I understand that the CALReUSE program is intended to provide cleanup funds for creating housing and mixed use opportunities in infill and economically distressed areas. The goal of the redevelopment area implementation plan also includes providing housing for all families, as well as creating job opportunities and leveraging private investment in the neighborhood. This program would eliminate a significant barrier and spur transit-supportive development around the La Valentina light rail station; furthering our goal of revitalizing our community.

We work in partnership with residents, property owners, businesses, investors, and other public, private and non-profit community builders as part of the solution for a better Sacramento. The community is committed to assisting SHRA in reducing uncertainty about environmental contamination in the area, encouraging residential and commercial development.

Sincerely,



Fitzgerald Miller, Chair  
Alkali Flat Redevelopment Advisory Committee