

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

Prepared by: *The Center for Creative Land Recycling (CCLR) and Kamika McGill, CPCFA*

Applicant: Octavia Court, Inc.	Type of Funding Requested: Grant
Project Name: Octavia Court, Inc.	Amount Requested: \$315,000
Developer: Octavia Court	Strategic Partner: CCLR
Project Location San Francisco (San Francisco County)	

Summary. Octavia Court, Inc. (the “Applicant”) requests approval of a grant in an amount not to exceed \$315,000 to finance the remediation of a brownfield to develop Octavia Court. The Applicant anticipates the Development Project will create 15 units of rental housing of which 14 will be supportive rental housing units for people with developmental disabilities restricted at less than or equal to 40% AMI.

Applicant. Octavia Court, Inc. is a Non-Profit Developer in San Francisco, established October 17, 2006.

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 is located at the former east-bound on-ramp for the Central Freeway, which was constructed in the 1950’s; prior to that it was used for residential purposes. While currently vacant, drilling and testing at the site has revealed excess amounts of metals including lead in the upper portions of the soil.

Description of Activity	Cost	Amount Financed by Infill Grant
Site Monitoring	\$ 22,500	\$ 22,500
Excavation Soils Testing	17,500	17,500
Excavation and Hauling	135,000	135,000
Landfill Disposal	140,000	140,000
Phase 1	5,000	0
Site Mitigation Plan	7,500	0
TOTAL ESTIMATED COST:	<u>\$327,500.00*</u>	<u>\$315,000.00</u>

**The difference between cost and amount requested is due to the ineligibility of costs under the Program.*

Oversight Agency. San Francisco Department of Public Health.

Infill Development Project Description. Octavia Court will be a five story, 15-unit apartment building for people with developmental disabilities. There will be 14 housing units affordable to clients at 30% of their income, with HUD Project Rental Assistance Contract (PRAC) rent

subsidies paying for the remainder of costs. One unit will be reserved for the resident manager. On the ground floor there will be a community courtyard, common space, and an art gallery and workshop

Due to the unique nature of the developmentally disabled population, certain employment opportunities are more appropriate than others. Octavia Court residents are anticipated to find jobs, where capable, in local supermarkets, restaurants, and bookstores. The on-site service provider, Toolworks, provides assistance in finding suitable employment.

The Infill Development Project will predominantly serve low income developmentally disabled Heads of Household, some of whom are at-risk of homelessness, who are capable of living independently with appropriate supportive services.

Permits. Octavia Court has several entitlements/permits completed or under review. Building plans were submitted on and have been pending since July 2008.

Anticipated Timeline.

- Cleanup Began: November 2008.
- Cleanup to be Completed: February 2009.
- Development Began: November 2008.
- Development to be Completed: November 2009.

Local Government Support. Several letters of support have been received for the project including:

Local Community Support.

- Steven F. Crabiell, Executive Director, Toolworks (A-1)
- Paul Olsen, President, The Hayes Valley Neighborhood Association, Inc. (A-3)
- Robin F. Levitt, Architect, Member, The Hayes Valley Neighborhood Association, Inc. (A-4)

Government Officials Support.

- Marcia Rosen, Executive Director, San Francisco Redevelopment Agency. (A-5)
- Ross Mirkarimi, Supervisor, District 5, City and County of San Francisco. (A-6)

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

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

- (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 Project received a Negative Declaration for CEQA in November, 2006.

- (2) **Funding commitments are in place, or financing applications are under review, for the Infill Development Project—10/10.** Funding commitments totaling full construction of \$9.1 million are all committed.
 - (3) **The Infill Development Project has local community and government support—10/10.** Local and community support includes Toolworks, Hayes Valley Neighborhood Association, State Council on Development Disabilities, San Francisco Redevelopment Agency, Supervisor Ross Mirkarimi, California Department of Housing and Community Development, and U.S. Department of Housing and Urban Development.
 - (4) **Cleanup Plan has been approved by Oversight Agency—5/5.** The City Department of Public Health approved the cleanup plan on November 1, 2007.
 - (5) **Applicant has building permits, and all other governmental permits (i.e., encroachment, ROW, etc.) in place or under review—5/5.** The Project has secured all discretionary permits and building permits were submitted in July.
- (b) **Location within an Economically Distressed Community. TOTAL - 30/30.** Project is within a redevelopment project area and within an Enterprise Zone.
 - (c) **Location within a Priority Development of a Local Governmental Entity. TOTAL - 10/10.** Project is located in the San Francisco’s Market and Octavia Neighborhood Plan and is in a planned priority development area under ABAG’s FOCUS plan.
 - (d) **Depth of Affordability. TOTAL - 10/10.** 93% of the Project’s 15 units are restricted to residential at or below 40% AMI, well above the Program’s 15% threshold for 10 points.
 - (e) **Percentage of Affordability. TOTAL - 15/15.** The Project is affordable at less than or equal to 40% AMI (14 units and one manager’s unit).
 - (f) **Utilization of Green Building Methods. TOTAL - 5/5.** The preliminary Green Point Checklist indicates that the Project would score 115 points, well above the 60 point threshold for 5 points.
 - (g) **Cleanup Plan for the Brownfield Infill Project does not require Ongoing Operation and Maintenance. TOTAL - 10/10.** The Project does not include any long term operation and maintenance activities.

Tie-Breaker.

- (a) Total Brownfield Infill Project Cleanup Plan Cost: \$327,500
- (b) Total number residential housing units produced and/or promoted by Infill Development Project: 15.
- (c) Tie-breaker ratio [(a) / (b)]: \$21,833 / housing unit.

Financing Details.

- Amount of Overall Financing to be Leveraged:
 - Total Project Cost = \$9,077,056.
 - Total CALReUSE Grant = \$315,000.
 - CALReUSE remediation funding is leveraged **29 to 1**.
- Sources of Financing for Brownfield Infill Project: The San Francisco Redevelopment Agency, through pre-development funding, has paid for initial characterization, testing, Phase I plans, proposed remediation and site monitoring plans; and, CalReUSE grant.
- Sources of Financing for Infill Development Project: US Department of Housing and Urban Development Section 811-deferred, San Francisco Redevelopment Agency Tax Increment-deferred. State of CA Housing and Community Development MHP/SHP, Federal Home Loan Bank, AHP grant, Sponsor grant.

Staff Recommendation. Staff recommends approval of the attached Resolution for Octavia Court, Inc. for an amount not to exceed \$315,000.

A RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING
AUTHORITY APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING FOR
OCTAVIA COURT, INC.
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, Octavia Court, Inc. has submitted an application for the CALReUSE Remediation Program for a grant in the amount of \$315,000 for the Octavia Court Project;

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

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

WHEREAS, approval of a grant for the Octavia Court, Inc. (“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 Octavia Court 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: Octavia Court

Maximum Amount of Grant: \$315,000

Strategic Partner: Center for Creative Land Recycling

Grantee: Octavia Court, Inc.

Financing Structure: Grant

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

Oversight Agency: San Francisco Department of Public Health

Project Location: 261 Octavia Boulevard, San Francisco, 94102

Infill Development Description: 15 units of rental housing of which 14, or 93%, will be supportive rental housing units at less than or equal to 40% AMI.

Project: Description of Activity	Estimated Cost
Site Monitoring	\$ 22,500
Excavation Soils Testing	17,500
Excavation and Hauling	135,000
Landfill Disposal	<u>140,000</u>
TOTAL ELIGIBLE BROWNFIELD INFILL COSTS	<u>\$315,000</u>

Attachment A

April 4, 2008

State Council on Developmental Disabilities
Community Development Program Grant/ Cycle 31
1501 21st St, Suite 210
Sacramento, CA 95811

RE: Octavia Court, 261 Octavia Blvd., San Francisco, CA 94102
Application for SCDD Funding for Community Space to promote Consumer Activities and
Enrichment at proposed Octavia Court Section 811 Residential Development for People
living with Developmental Disabilities

To Whom It May Concern:

Toolworks is extremely pleased to support the Octavia Court application for funding from the State
Council on Developmental Disabilities.

Toolworks has over 30 years of experience providing specialized services to individuals with
developmental disabilities in the San Francisco Bay Area. Additionally, Toolworks has experience
providing on-site supportive services to residents living with disabilities in affordable housing. At
Octavia Court, residents will have access to services provided directly by Toolworks' on-site service
coordinator, and will be able to choose from the full array of Toolworks' services funded by the
Golden Gate Regional Center.

Octavia Court will be designed to promote independent living and opportunities for enhanced social
interaction and community integration for at least 14 people living with developmental disabilities.
We believe that Toolworks' on-site Social Service Coordination and supportive services are most
effective when residents have access to amenity-rich common areas where they live. This grant
from SCDD will help ensure that funds are available to create such spaces at Octavia Court,
including:

- A spacious multi-purpose Community Room with attractive 'living room' area and an area of folding chairs and tables for group activities;
- Accessible Computer Workstations in the Community Room;
- An Accessible Kitchenette in the Community Room;
- A secure Landscaped Interior Courtyard with accessible Community Garden elements;
- A secure, safe rooftop deck; and
- A private Service Coordination Office.



25 Fowrey Street, Suite 400

San Francisco, CA 94108

415.733.0990 voice

415.733.0991 fax

415.733.0992 ty

www.toolworks.org

Attachment A

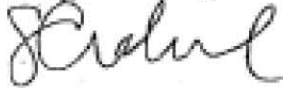
State Council on Developmental Disabilities
April 4, 2008

2

These physical on-site amenities will be essential to service provision and to enhanced opportunities for independent living, socialization, and community integration at Octavia Court. To cite just one example, Toolworks will use the amenity-rich, flexibly designed multipurpose Community Room and Landscaped Courtyard for its “Community Building” service – arranging activities that increase the development of support networks and social relationships for residents within the building and in the community at large. In addition, we can use the on-site Computer Workstations for our computer training programs.

We thank you for your consideration and urge you to support the Octavia Court project.

Sincerely,



Steven F. Crabel
Executive Director

Attachment A

The HAYES VALLEY Neighborhood Association | HVNA

PO Box 412578 // San Francisco, California 94141-2578 // 415 503 1970

www.hayesvalleyf.org

May 11, 2006

Mr. William J. Rogina
U.S. Department of Housing and Urban Development
600 Harrison Street, Third Floor
San Francisco, California 94107

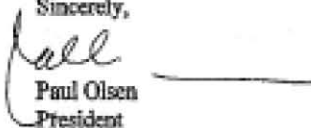
Dear Mr Rogina:

This letter is in support of the proposed development of Octavia Court. This development is in the center of our neighborhood and along the new Octavia Boulevard, which our members were instrumental in planning. As you may know, part of that planning included legislation requiring vacant parcels remaining after the freeway was torn down and the boulevard constructed to be used for housing, and for half of that housing to be affordable housing for a mixture of uses. Hayes Valley Neighborhood Association has been in the forefront of advocating for housing of this type, and we are very pleased that a quality development like Octavia Court is planned in that area.

The developer was chosen in part because of the support received at a well-attended community meeting. In particular, there was a positive response to the design of the building. The fact that there is no parking is perfect for the location and fits beautifully into our neighborhood, which is transit rich. There is a low percentage of vehicle owners in our neighborhood, and we have long advocated for improved pedestrian access, bike paths and public transit services. The Market/Octavia Plan being finalized for this area recognizes this position, and applies a maximum, rather than a minimum, ratio of parking spaces per unit. The Octavia Court development will be one, hopefully of many in this area, which will not be required to have parking.

In short, Octavia Court resonates with many in the community because of the type of housing, the quality of design, the adherence to our position on parking, and the quality of services to be provided. As stated before, neighbors in Hayes Valley welcome this development. Please feel free to contact me with any questions you may have. I can be reached at 415-503-1970 or president@hayesvalleyf.org.

Sincerely,


Paul Olsen
President

cc: John Sedlander , West Bay Housing

West Bay Housing Corp.
DUNS 167725436

Satellite Housing, Inc.
DUNS 424484737

Attachment A

OCTAVIA COURT
Exhibit 3(b) Page 17 of 48

2006 HUD 511 Application
ID #114355575-8243

Robin F. Levitt, Architect
225 Lily Street
San Francisco, California 94102
415-863-5302
rlevitt@prodigy.net

Mr. William J. Rogina
U.S. Department of Housing and Urban Development
600 Harrison Street, Third Floor
San Francisco, California 94107

7 May 2006

Dear Mr. Rogina,

I am writing you in support of the proposed "Octavia Court" project for developmentally disabled by West Bay Housing Corporation in conjunction with the San Francisco Redevelopment Agency.

I live in Hayes Valley directly around the corner from the site of the proposed project at Oak Street and Octavia Boulevard. I also serve on the Board of Directors of Hayes Valley Neighborhood Association. In addition I was the co-chair of the campaigns to build the new Octavia Boulevard and was instrumental in organizing a neighborhood initiated architectural design competition for the development of the vacant parcels along the Boulevard.

I have seen the renderings for "Octavia Court" and think the design is outstanding and exceeds the community's desire for projects of architectural excellence along the Boulevard. The project architect has created a very elegant and transparent building that if built will compliment the new Boulevard.

The community welcomes the population that will be served by "Octavia Court". We are also particularly excited about the arts program and gallery proposed for the site and think it would be a great addition our neighborhood.

Another attraction is that the project will NOT include parking. Hayes Valley is a very walkable, dense urban neighborhood well served by public transit. Currently the San Francisco Planning Department is finalizing a plan for the area called the Market/Octavia Better Neighborhoods Plan, which was developed with significant community input. An important aspect of the plan is that it calls for less automobile dependence and to that end recommends a reduction of parking requirements in the neighborhood. I am therefore pleased that the "Octavia Court" design is consistent with that planning effort.

Again, I believe the architecture of "Octavia Court" and the community it will serve will be a great addition to my neighborhood and therefore I am pleased to express my support for the project and it's sponsors. Should you have any questions, please feel free to contact me.

Sincerely,



Robin F. Levitt, Architect

West Bay Housing Corp.
DUNS 167729436

Satellite Housing, Inc.
DUNS 626484737

Attachment A

San Francisco
Redevelopment Agency

One South Van Ness Avenue
San Francisco, CA 94103

415.779.2408



DAVID NEWMAN, Mayor

RICHARD E. PATRICKSON, J., President
LONNIE BERRY, Vice President
FRANCES CHANG
LENN KING
RONNIE C. ROMERO
BENJAMIN SINGH
BARRY T. YEE

MARCIA ROSEN, Executive Director

May 18, 2006

118-26906-128

Mr. William Rogina
U.S. Department of Housing and Urban Development
600 Harrison Street, Third Floor
San Francisco, California 94107

Re: Octavia Court, HUD Section 811 Application

Dear Mr. Rogina:

I am writing you as the Executive Director of the Redevelopment Agency of the City and County of San Francisco (the "Agency") to express my support for the Octavia Court application by West Bay Housing Corporation and Satellite Housing, Inc. for U.S. Department of Housing and Urban Development ("HUD") Section 811 Supportive Housing for Persons with Disabilities Capital Advance funding. This is an exciting project that joins public and private efforts to create much needed affordable housing for people with developmental disabilities in the City of San Francisco.

The Agency Commission selected the co-sponsors, West Bay Housing Corporation and Satellite Housing, for their collective expertise with the contemplated funding sources for this project, for the rich array of services they will provide, and for the outstanding design of the building. The Agency has committed \$2,035,691 in permanent financing, and \$1,922,162 in construction financing to this project. In addition, the Agency has committed to a 50-year ground lease for the project site with an option to renew for an additional 25 years.

The Octavia Court project is a crucial element of the Agency's revitalization efforts in the Market Octavia Neighborhood. On behalf of the Agency and the many people in the community who have expressed their support for this project, I urge you to give the greatest possible consideration to this application for Section 811 Program funds.

Sincerely,

A handwritten signature in cursive script that reads "Marcia Rosen".

Marcia Rosen
Executive Director

Attachment A

Member, Board of Supervisors
District 5



City and County of San Francisco

ROSS MIRKARIMI

May 12, 2006

Mr. William J. Rogina
U.S. Department of Housing and Urban Development
600 Harrison Street
San Francisco, California 94107

Dear Mr. Rogina:

The Octavia Court residence for people with developmental disabilities will be located in District 5, the District whose voters I represent on the San Francisco Board of Supervisors. Speaking for the voters of that district, I wish to offer my enthusiastic support for the project and for the application for HUD funds that will make it possible. San Francisco is proud of its diversity, and offering a home for adults with developmental disabilities fits this tradition well. We welcome the future residents of Octavia Court into our neighborhood.

West Bay Housing and Satellite Housing are the right developers for Octavia Court. Between the two organizations, there are many years of experience with affordable housing in general and with HUD financed projects in particular. I have every confidence that they will do an excellent job in construction and management of this property.

The City of San Francisco, through its Redevelopment Agency, is in full support of Octavia Court for this site, which we have referred to as Parcel Q for planning purposes. The San Francisco Redevelopment Agency is providing the land free of cost, which will contribute significantly to reducing the overall cost of the development. This is the kind of partnership that is necessary to develop much-needed affordable housing in our city.

Once again, let me offer my full support for the Octavia Court project and my earnest request that you select it for Section 811 funding.

Sincerely,

A handwritten signature in black ink, appearing to read "Ross Mirkarimi".

Ross Mirkarimi
Supervisor, District 5