

**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 Diana Michaelson, CPCFA*

Applicant: BRIDGE Housing Ventures, Inc.	Type of Funding Requested: Grant
Developer: BRIDGE Housing Ventures, Inc.	Amount Requested: \$275,000
Project Name: Linden Lofts	Strategic Partner: CCLR
Project Location: Oakland (Alameda County)	

Summary. BRIDGE Housing Ventures, Inc. (the “Applicant,”) requests approval of a grant in the amount not to exceed \$275,000 to finance the remediation of a brownfield to develop Linden Lofts. The Applicant anticipates the Development Project will create 50 for-sale units of which 50% will be Affordable at 51% to 120% Area Median Income (AMI). Through recorded resale restrictions, the Applicant will ensure these units remain affordable for at least 45 years.

Applicant. BRIDGE Housing Ventures, Inc., a non-profit developer in San Francisco, established December 7, 2000, is wholly owned and controlled by BRIDGE Housing Corporation (“BRIDGE”), a nonprofit public benefit corporation. BRIDGE is one of the largest nonprofit housing developers of multifamily housing in the country, carrying out its work both on its own and in partnership with local governments, private-sector companies, and other nonprofits. BRIDGE finds land on its own, works with cities that seek to develop surplus land, and partners with market rate developers who need an expert to develop inclusionary housing within a master planned community. BRIDGE specializes in the development of family and senior affordable apartments, rental and ownership housing, and an array of revitalization, transit-oriented, urban-infill, and mixed-use/mixed-income developments.

Legal Questionnaire. The Applicant’s responses to the questions contained in the Legal Status portion of the Application have been reviewed. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Brownfield Project Description. The site has housed a variety of uses over the years. In 1912, the northern part of the site included wagon and bottling houses, a blacksmith, an electric pump/motor, and residential buildings. In 1951-1952, Sanborn Maps show an ice cream factory, a shop, a boiler room, several hydrants, a print shop, and warehouse storage. The most recent use of the site was as a maintenance and storage yard, and an automobile junkyard and repair facility. Soil and groundwater sampling at the site indicated the presence of petroleum hydrocarbon constituents. TPHd (diesel), TPHmo (motor oil), and TPHg (gasoline-range petroleum) concentrations in some soil samples exceeded residential Environmental Screening Levels (ESLs). TPHg and TPHd concentrations in some groundwater samples exceeded residential ESLs. In addition, soil samples found high concentrations of heavy metals at certain boring locations. Soil vapor analysis detected benzene, and hydrocarbons.

Description of Activity	Amount Financed by Infill Grant
Soil vapor extraction remediation	\$135,000
Legal counsel	5,000
Environmental consulting/project management	10,000
Agency Oversight	10,000
Lead remediation disposal	<u>115,000</u>
TOTAL ESTIMATED COST:	<u>\$275,000</u>

Oversight Agency. California Regional Water Quality Control Board, San Francisco Bay Region

Infill Development Project Description. The Project will include 50 work-live townhouse-style condominium units. Phase I will consist of 25 affordable for-sale units at 51% to 120% AMI, and Phase II will consist of 25 market rate for-sale units; the project will provide ownership opportunities to a range of household types and incomes. Located directly across the street from BRIDGE's Linden Court apartments (completed in 2003), the Project will continue the revitalization of the neighborhood by transforming a currently unused vacant lot into a vital mix of homes and workplaces.

The project will serve the current population of low and moderate income renters in the West Oakland area by providing them with opportunities to become first-time homebuyers. Since the project is in close proximity to employment and retail, residents can either enjoy a short commute to their job, or benefit from a work/live space that fits into a pre-existing industrial district.

Permits. BRIDGE has obtained a conditional use permit, vesting tentative parcel map, and planning approval extensions for Linden Lofts. They intend to apply for building permits April 2009.

Anticipated Timeline.

- Cleanup to Begin: December 2008
- Cleanup to be Completed: First Quarter 2009
- Development to Begin: Spring 2009
- Development to be Completed: October 2011

Local Government Support. Letters of Support have been received for the project including

Local Community Support.

- Janet Patterson, Chairperson, Acorn Residents Council (A-1)

Government Official Support.

- Heather Klein, Planner III, City of Oakland (A-2)

Application Score. The project earned a score of **100** 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 deemed the Project exempt from CEQA on October 7, 2004.
- (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 \$9.8 Million are committed or under review.
- (3) The Infill Development Project has local community and government support—10/10.** The Project has support letters from the local Council of ACORN Resident and from the City of Oakland.
- (4) Cleanup Plan has been approved by Oversight Agency—0/5.** The Cleanup Plan is yet to be approved by the Oversight Agency,
- (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 is located in a community with 10.5% unemployment, well above the state's 9.26%.

(c) Location within a Priority Development of a Local Governmental Entity. TOTAL-10/10. The Project is within Association of Bay Area Governments' Planned Adopted Priority Development Area Map.

(d) Depth of Affordability. TOTAL-0/10. The Project is not eligible for any points under Depth of Affordability because it is a for-sale affordable project.

(e) Percentage of Affordability. TOTAL-15/15. 50% of the Project's 50 units are Affordable for the full 15 points.

(f) Utilization of Green Building Methods. TOTAL-5/5. The GreenPoint Checklist indicates that the Project would score 94 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 Cleanup Plan for the Project does not require any operation & maintenance activities.

Tie-Breaker.

(a) Total Brownfield Infill Project Cleanup Plan Cost: \$474,862

(b) Total number of residential housing units produced and/or promoted by Infill Development Project: 50

(c) Tie-breaker ratio [(a) / (b)]: \$9,497 /housing unit

Financing Details.

- Amount of Overall Financing to be Leveraged:
 - Total Project Costs = \$9,953,963
 - Total CALReUSE Infill Grant Funding = \$275,000
 - CALReUSE Remediation funding leveraged **36 to 1**
- Sources of Financing for Brownfield Infill Project: CALReUSE Infill Grant, BRIDGE Housing Corporation (bridge loan), and the City of Oakland (forgivable permanent loan for for-sale development). In addition, the Brownfield Infill Project already has a CALReUSE Site Assessment loan for the project.
- Sources of Financing for Infill Development Project: City of Oakland (construction to permanent) forgivable construction loan, purchase proceeds from unit sales, and construction lender loan

Staff Recommendation. Staff recommends approval of Resolution for BRIDGE Housing Ventures, Inc. for a grant in an amount not to exceed \$275,000.

A RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING
AUTHORITY APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING FOR
BRIDGE HOUSING VENTURES, 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, BRIDGE Housing Ventures, Inc. has submitted an application for the CALReUSE Remediation Program for a grant in the amount of \$275,000 for the Linden Lofts Project (the “Project”)

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

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

WHEREAS, approval of a grant for BRIDGE Housing Ventures, 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 Linden Lofts 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 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: Linden Lofts

Maximum Amount of Grant: \$275,000

Strategic Partner: Center for Creative Land Recycling

Grantee: BRIDGE Housing Ventures, Inc.

Financing Structure: Grant

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

Oversight Agency: California Regional Water Quality Control Board, San Francisco Bay Region

Project Location: 2501 Chestnut Street, Oakland, Alameda County, CA 94607
May also include:
 1102 26th Street, Oakland, Alameda County, CA 94607
 2425-2499 Chestnut Street, Oakland, Alameda County, CA 94607

Infill Development Description: 50 work-live townhouse-style condominium units. Phase I will consist of 25 affordable for-sale units at 51% to 120% AMI, and Phase II will consist of 25 market rate for-sale units.

Project: Description of Activity	Estimated Cost
Soil vapor extraction remediation	\$135,000
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Environmental consulting/project management	10,000
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Lead remediation disposal	<u>115,000</u>
TOTAL ELIGIBLE BROWNFIELD INFILL COSTS	<u>\$275,000</u>

Attachment A



COUNCIL OF ACORN RESIDENT INC

1156 8TH STREET OAKLAND, CA 94607
510.891-0037 FAX 510.891-0033 WWW.CAWQWVOR.SRC.GLOBAL.NET

September 23, 2008

Carol Galante
President & CEO
BRIDGE Housing Corporation
345 Spear Street, Suite 700
San Francisco, CA 94105

RE: Linden Lofts, 2501 Chestnut Street, Oakland

Dear Ms. Galante:

I am writing in support of the proposed Linden Lofts project located at 25th & Chestnut. I understand that BRIDGE Housing plans to build 50 for-sale work-five units at this location for households with a mix of incomes.

As a long-time West Oakland resident, I can confirm that our community is in dire need of investment and redevelopment. This new project will remediate existing site contamination and redevelop a vacant and blighted parcel in our neighborhood into a project that will support both commercial and residential uses for a range of types of households.

With a solid track record of building successful high-quality housing in Oakland and West Oakland, BRIDGE Housing seems like the right party to take on this important project. I look forward to working closely with BRIDGE on this project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Janet L. Patterson', written over a horizontal line.

Janet L. Patterson
Chairperson
Acorn Residents Council

Attachment A

CITY OF OAKLAND



250 FRANK H. OGAWA PLAZA, SUITE 3315 • OAKLAND, CALIFORNIA 94612-2032

Community and Economic Development Agency
Planning & Zoning Services Division

(510) 238-3941
FAX (510) 238-6538
TDD (510) 238-3254

September 23, 2008



Carol Galante
President & CEO
BRIDGE Housing Corporation
345 Spear Street, Suite 700
San Francisco, CA 94105

RE: Linden Lofts, 2501 Chestnut Street, Oakland

Dear Ms. Galante:

I am writing to let you know that the City of Oakland's Planning Department supports BRIDGE Housing Corporation's request for funds through the CalREUSE Remediation Program.

As the planner for this project, I can confirm that the West Oakland community will benefit from this remediation and redevelopment project. This new development will replace a blighted and vacant parcel with 50 work-live for-sale units that will serve households with a range of incomes and support the continuation of commercial uses in the West Oakland neighborhood.

We appreciate your solid track record of building successful high-quality housing in Oakland and West Oakland, and we are pleased that remediation has already commenced at the site after overcoming many challenges. I strongly support this project's application for remediation assistance in order to make redevelopment of the site viable.

I look forward to continuing to work closely with BRIDGE on this project.

Sincerely,

A handwritten signature in black ink, which appears to read "Heather Klein".

Heather Klein
Planner III
City of Oakland