

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

Prepared by: *Chris Nelson, NBA CALReUSE Project Team and Robbie Biegler, CPCFA*

Applicant:	UHC LA 29, L.P.	Type of Funding Requested:	Grant
Co-Applicant:	Urban Housing Communities, LLC	Amount Requested:	\$1,183,475
Developer:	UHC Los Angeles, L.P.	Strategic Partner:	NBA
Project Name:	The Crossings at 29 th		
Project Location:	E. 29 th Street and Griffith Ave (Los Angeles County)		

Summary. UHC LA29 LP (the “Applicant”) requests approval of a grant in the amount not to exceed \$1,183,475 to finance the remediation of a brownfield to develop The Crossings at 29th (the “Infill Development Project”) The Applicant anticipates the Infill Development Project will create 34 affordable rental housing units, with 12 units restricted at 50-60% Area Median Income (AMI), 17 units at 40-50% AMI and 4 units at less than or equal to 40% AMI (and one manager’s unit.)

Applicant. UHC LA 29 is a California Limited Partnership. Its Senior Vice President is Bradley Wells, whose office is located in Santa Ana, California. The following management breakdown exists for UHC LA 29, LP:

UHC LA 29 Holdings LLC, Managing General Partner.....	0.1%;
UHC LA 29 Holdings LLC, Development General Partner.....	99.8%;
Urban Housing Communities LLC, Initial Limited Partner.....	0.1%
	<u>100.0%</u>

The entity is a limited liability company.

Legal Questionnaire. The Strategic Partner and CPCFA 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 project site, owned by UHC LA 29, LP, is an assemblage of numerous parcels, of which several are owned by the developer, and one of which is still owned by the current users (a single family residence on E. 29th Street). The development plan calls for a total of 11.57 acres to be acquired, assembled, and built-out over several years. The site is currently occupied by single family residences, non-conforming use car repair and battery recycling facilities, a garment manufacturing warehouse, and a Mexican restaurant. The source of contamination with volatile organic compounds is unknown at this time, but likely is from a very old spill of dry cleaning solvents either on the subject property or a nearby off-site source. Several fuel underground tanks were removed in the 1990s and the closure of those tanks was certified by the County of Los Angeles. The only remaining contaminants at this time appear to be VOCs in soil vapor.

Description of Activity	Cost	Amount Financed by Infill Grant
Finalization of Cleanup document	\$ 29,329	\$ 29,329
Negotiations and Preparation of Property Mitigation and Management Plan (legal fees associated with this activity – not eligible)	18,000	0
Asbestos and Lead Based Paint Abatement of existing buildings	85,000	85,000
Planning for and Demolition Oversight	7,930	7,930
Mass excavation and earthwork oversight	75,495	75,495
Soil Vapor Extraction system (if needed)	74,100	74,100
Waste disposal and/or recycling	358,325	358,325
Closure Report	13,410	13,410
DTSC Oversight	65,561	65,561
Impermeable Vapor Liner and Garage Ventilation System	474,325	474,325
Legal Fees/Oversight	60,000	0
PLL Insurance Policy and Broker Fee	94,000	0
TOTAL ESTIMATED COST	<u>\$1,355,475*</u>	<u>\$1,183,475</u>

**The difference between the cost of the Brownfield Infill Project and the recommended award amount are due to ineligible costs.*

Oversight Agency: Department of Toxic Substances Control

Infill Development Project Description. The Crossings at 29th Street project, located south of downtown Los Angeles, includes construction of 34 rental housing units, one of which is a manager’s unit. The development Project will provide 12 units restricted at 50-60% AMI, 17 units at 40-50% AMI and 4 units at less than or equal to 40% AMI (and one manager’s unit.) The development will consist of 34 surface parking spaces, an open space area, and three separate 10-plex and 12-plex garden apartment three-story structures. The Infill Development Project will serve individuals with incomes ranging between 30% and 60% of the area median income.

The development is the first Phase of a five-phase project that will potentially result in the redevelopment of the entire city block. The Infill Development Project will serve individuals with incomes ranging between 30% and 60% of the area median income.

Permits. The Applicant identified a total of 20 permits and/or required fee payments in order to receive approvals for the project. Of the 20 permits or fees required, 8 (or 40%) have been approved; 5 additional permits have been submitted (or 25%) and 7 have not been submitted for review (35% still to submit and receive approval).

Anticipated Timeline.

- Cleanup to Begin: March 2009
- Cleanup to be Completed: November 2009
- Development to Begin: December 2009
- Development to be Completed/commence lease-up: January 2011

Local Government Support. Numerous letters of support were included with the application materials. There were three letters from City agencies (LA Housing and Community Redevelopment Agency) and representatives (Ninth District Councilmember Jan Perry) and two from community groups – a neighboring school and the organization ACORN.

Local Community Support.

- Martha Sanchez, 28th Street Elementary School Parents' Committee President (A-1)
- Peter Kuhns & Martha Sanchez, 28th St. Acorn Chapter (A-2)

Government Officials Support.

- Jan Perry, City Councilmember, Ninth District (A-3)
- Mercedes Marquez, General Manager Los Angeles Housing Department (A-4)

Application Score. The project earned a score of **105** 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 applicants has represented that the environmental review can be completed within two years.
- (2) **Funding commitments are in place, or financing applications are under review, for the Infill Development Project - 10/10. Sources of funding have been committed or are under review.** Four sources of funding have been identified/secured or committed for the project – a loan from the LA CRA, a loan from the LA Affordable Housing Trust Fund, permanent financing via affordable housing tax credit investments and a construction and acquisition loan from US Bank.
- (3) **The Infill Development Project has local community and government support - 10/10.** The application included 5 letters of support from the community and local government as listed above.
- (4) **Cleanup Plan has been approved by Oversight Agency -5/5.** The Cleanup Plan for the project consists currently of a Draft Project Management and Mitigation Plan prepared by The Source Group, Inc. of Thousand Oaks, CA. The document has not been approved, but is under review by DTSC.
- (5) **Applicant has building permits, and all other governmental permits (i.e. encroachment, ROW, etc.) -5/5.** A portion of permits are either approved or under review.

- (b) **Location within an Economically Distressed Community. TOTAL - 30/30.** The project meets the criteria through four means – median family income, poverty rate, a state designated Enterprise Zone and a redevelopment project area.
- (c) **Location within a Priority Development of a Local Governmental Entity. TOTAL - 10/10.** The Project lies within Council District Nine of the City of Los Angeles and is part of the Recovery Redevelopment Plan for the Council District Nine Corridors South of the Santa Monica Freeway.
- (d) **Depth of Affordability. TOTAL -5/10.** Twenty one (21) of the units meet the depth of affordability criteria of less than or equal to 50% AMI and 4 units meet the affordability criteria of less than or equal to 40% AMI.
- (e) **Percentage of Affordability. TOTAL -15/15.** The project will build a total of 34 affordable housing units (including one manager’s unit).
- (f) **Utilization of Green Building Methods. TOTAL - 5/5.** Applicant achieved 100 GreenPoint Rating points, exceeding the minimum 60 needed to achieve the maximum score for this category.
- (g) **Cleanup Plan for the Brownfield Infill Project does not require Ongoing Operation and Maintenance. TOTAL - 10/10.** There are no current plans to install a system that requires operation, maintenance or monitoring of residual or remaining contaminants at the property.

Tie-Breaker.

- (a) Total Brownfield Infill Project Cleanup Plan Cost: \$1,355,475
- (b) Total no. residential housing units produced and/or promoted by Infill Development Project: 34
- (c) Tie-breaker ratio $\$1,355,475 / 34$: $\$39,866 / \text{housing unit}$

Financing Details.

- Amount of Overall Financing to be Leveraged:
 - Total Project Cost = \$18,765,651
 - Total CALReUSE Infill Grant Funding = \$1,183,475
 - CALReUSE remediation funding is leveraged 15.9 to 1
- Sources of Financing for Infill Development Project: CALReUSE and Applicant equity
- Sources of Financing for Infill Development Project: Construction Loans (US Bank) Deferred Developer Fees, investor equity, LAHTF, CRA, tax credit equity.

Staff Recommendation. Staff recommends approval of the attached Resolution for UHC LA 29, LP for an amount not to exceed \$1,183,475.

A RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING
AUTHORITY APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING FOR
UHC LA 29, L.P.
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, UHC LA 29, L.P. has submitted an application for the CALReUSE Remediation Program for a grant/loan in the amount of \$1,183,475 for The Crossings at 29th Project;

WHEREAS, the Strategic Partner National Brownfield’s Associations (NBA) has reviewed the application and determined to recommend The Crossings at 29th Project to the Authority for funding consideration;

WHEREAS, the Authority staff has reviewed the Strategic Partner’s recommendation and has determined to recommend The Crossings at 29th Project for funding; and

WHEREAS, approval of a grant for the UHC LA 29, L.P. (“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 Crossings at 29th 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 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:	The Crossings at 29 th
Maximum Amount of Grant/Loan:	\$1,183,475
Strategic Partner:	National Brownfield Associations CALReUSE Project Team
Grantee:	UHC LA 29, L.P.
Financing Structure:	Grant
Maximum Grant Term:	Not to exceed 6 years from first draw on funds
Oversight Agency:	CA Department of Toxic Substance Control
Project Location:	E. 29 th Street and Griffith Ave. Los Angeles, CA 90011
Infill Development Description:	34 affordable rental housing units, with 12 units restricted at 50-60% Area Median Income (AMI), 17 units at 40-50% AMI and 4 units at less than or equal to 40% AMI (and one manager's unit.)

Description of Activity	Estimated Cost
Complete Cleanup document	\$ 29,329
Asbestos and Lead Based Paint Abatement of existing buildings	85,000
Planning for and Demolition Oversight	7,930.00
Mass excavation and earthwork oversight	75,495
Soil Vapor Extraction system (if needed)	74,100
Waste disposal and/or recycling	358,325
Closure Report	13,410
DTSC Oversight (Ted Yargeau)	65,561
Impermeable Vapor Liner and Garage Ventilation System	474,325
TOTAL ELIGIBLE BROWNFIELD INFILL COST:	<u>\$1,183,475</u>

Attachment A

September 29, 2008

Mr. Douglas Bigley
President and Chief Executive Officer
Urban Housing Communities LLC
2000 E Fourth Street, Suite 205
Santa Ana, CA 92705

Dear Doug:

On behalf of the 28th Street School Site Council, I am pleased to provide this letter of support for The Crossings on 29th Street, the first phase of a five-phase, 11.57 acre development intended to transform an industrial location adjacent to an elementary school in South Los Angeles into a family-friendly residential neighborhood.

The school site council has worked closely with you to obtain city and community support for the project and we are pleased to provide this letter on behalf of your application for CALReUSE funding.

With kind regards,



Martha Sanchez,
28th St Elementary School
Parents' Committees President

Attachment A



September 29, 2008

Mr. Douglas Bigley
President and Chief Executive Officer
Urban Housing Communities LLC
2000 E Fourth Street, Suite 205
Santa Ana, CA 92705

Dear Doug:

On behalf of Acorn, I am pleased to provide this letter of support for The Crossings on 29th Street, the first phase of a five-phase, 11.57 acre development intended to transform an industrial location adjacent to an elementary school in South Los Angeles into a family-friendly residential neighborhood.

ACORN has worked closely with you to obtain city and community support for the project and we are pleased to provide this letter on behalf of your application for CALReUSE funding.

With kind regards,

Peter Kuhns

Martha Sanchez

Chair 28th St. ACORN Chapter

Association of Community Organizations for Reform Now
Asociación de Organizaciones Comunitarias para Reforma Ahora

www.acorn.org

Los Angeles - San Diego - San José - San Francisco - Oakland - Sacramento - San Bernardino - Long Beach
Los Angeles: 3632 E Grand Avenue, Suite 250, Los Angeles, CA 90007 TEL: (213) 747-4211 Fax: (213) 747-4225

UHC LA 29 LP, The Crossings w/ 29th St, Exhibit 27

Attachment A



JAN PERRY
COUNCILWOMAN
NINTH DISTRICT

ASSISTANT PRESIDENT PRO TEMORE

City Council
of the
City of Los Angeles
City Hall

Exhibit 28

ENERGY AND THE ENVIRONMENT
CHAIR

ARTS, PARKS, HEALTH & AGING
MEMBER

HOUSING, COMMUNITY &
ECONOMIC DEVELOPMENT
MEMBER

April 4, 2008

Mr. Tim Elliot
Los Angeles Housing Department
1200 West 7th Street
8th Floor
Los Angeles, CA 90017

Re: *Urban Housing Communities-The Crossings on 29th Street*

Dear Mr. Elliot:

I am writing to express my strong support for "The Crossings on 29th Street" project, located at 814 East 29th Street in Council District Nine.

The proposed project will help transform this South Los Angeles neighborhood and provide much needed affordable housing for working families. The first in a multi-phase project, phase one will create 57 new housing units.

It is an ambitious project however I have full confidence in the developer, Urban Housing Communities, and their commitment to not only this project but this community.

Sincerely,

Jan Perry
Councilmember, Ninth District



Attachment A



May 12, 2008

Ms. Carmen Hernandez, Project Director
 Housing Development & Preservation Division
 Community Development Commission, County of Los Angeles
 2 Coral Circle
 Monterey Park, CA 91755

RE: The Crossings on 29th Street
 814 East 29th Street, Los Angeles, CA 90011
 County of Los Angeles, City of Industry Funds NOFA Round 12

Dear Ms. Hernandez:

The purpose of this letter is to acknowledge that the Los Angeles Housing Department is aware that the Heritage Community Housing, Inc., the developer of The Crossings on 29th Street, will be applying to the Housing Authority of the County of Los Angeles under the current City of Industry Notice of Funding Availability (NOFA). When completed, the project is expected to provide 46 affordable housing units in the City of Los Angeles.

Additionally, LAHD wishes to express support for the development of The Crossings on 29th Street project, and thus supports the Heritage Community Housing, Inc.'s request for funding under the City of Industry NOFA.

If you should have any questions, you may contact Kory Smith of my staff at (213) 804-8958.

Sincerely,


 MERCEDES MÁRQUEZ
 General Manager

MM:SS:KS:EG:eg

c: Tim Elliott