

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

Prepared by: *Chris Nelson, National Brownfield Association, and Brian Gorban, CPCFA*

Applicant:	National Affordable Communities, Inc.	Type of Funding Requested::	Loan
		Amount Requested:	\$229,680
Co-Applicant:	LINC Housing Corporation	Amount Recommended:	\$191,400
Project Name:	Plumas Family Apartments	Strategic Partner:	NBA
Project Location:	Yuba City (Sutter County)		

Summary. National Affordable Communities, Inc. (the “Applicant”) requests approval of a loan in an amount not to exceed \$229,680 to finance the remediation of a brownfield to develop a 39-unit family apartment community. Staff is recommending Authority approval of \$191,400. The Applicant anticipates the Development Project will create 38 affordable rental housing units and a manager’s unit.

Applicant. National Affordable Communities is devoted to building quality and affordable rental unit for low-income families. Tax credit financing and participation by cities and counties allow the Applicant to provide lower than market rents to qualified tenants. The corporation was established on September 23, 2004. LINC Housing Corporation builds, owns, and operates homes for families and seniors across all of California. The corporation was established on August 11, 1993. The project is a joint venture of National Affordable Communities as General Partner (0.005%) and Limited Partner (99.99%) and LINC Housing as managing general partner (0.005%).

Legal Questionnaire. The Strategic Partner and CALReUSE 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 subject property was used as an orchard and for farm equipment storage, and contained a domestic well and two small structures. The structure located on the western portion of the property may have stored pesticides and herbicides at one time. The land is currently vacant. The contaminants of concern include: pesticides, arsenic, volatile organic compounds (VOCs), semi volatile organic compounds (SVOCs) and total petroleum hydrocarbons (TPH).

The following table outlines the brownfield cleanup costs and activities requested for the Infill Loan:

Description of Activity	Cost	Amount Financed by Infill Loan
Project management, risk assessment and consulting	\$ 30,400	\$ 30,400
Characterize soil	24,000	24,000
Removal and disposal of non-hazardous soil (1800 tons)	20,000	20,000
One year of ground water monitoring	117,000	117,000
20% Contingency	<u>38,280</u>	<u>0</u>
TOTAL ESTIMATED COST:	<u>\$229,680*</u>	<u>\$191,400</u>

**Difference in Brownfield Infill Costs and the amount to be financed by CALReUSE is due to staff's determination that "contingencies" are not an eligible cost under the Program.*

Oversight Agency. Central Valley Regional Water Quality Control Board

Infill Development Project Description. The subject will be a 39-unit 100% affordable rental apartment complex located in three, two-story walk-up structures on 2.12 acres. The breakdown of the affordability for the project is as follows: 11 units restricted at 50-60% of the Area Median Income ("AMI"), 19 units at 40-50% AMI and 8 units at 40% AMI or less. The site is situated within one-quarter mile of a transit stop.

Permits. The Yuba City Planning Commission approved Development Plan in 2007. The applicant's conditional use permit and CEQA have been approved. The draft work plan was submitted to the Central Valley Regional Water Quality Control Board on October 13, 2008. The applicant's grading and building permits have been submitted to the agencies.

Anticipated Timeline.

- Cleanup to Begin: July 2009
- Cleanup to be Completed: November 2009
- Development to Begin: December 2009
- Development to be Completed: July 2010

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

Local Community Support.

- Timothy Gildea, Resident of Yuba City (A-1)

Government Officials Support.

- Katie Ertmer, Associate Planner, Community Development Department of Yuba City (A-2)

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

(a) Readiness to Proceed. TOTAL - 35/40

- (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 submitted a letter from its development partner attesting to the fact that the project entitlements can be completed within two years of project award.
- (2) Funding commitments are in place, or financing applications are under review, for the Infill Development Project - 10/10.** The Applicant has identified sources of funds that are either committed or under review.
- (3) The Infill Development Project has local community and government support - 10/10.** The Applicant submitted letters of support from both the local community and the local government for this project.
- (4) Cleanup Plan has been approved by Oversight Agency - 0/5.** The Cleanup Plan, prepared by Roken Engineering of Rohnert Park, CA was submitted to the Central Valley Regional Water Quality Control Board on October 13, 2008.
- (5) Applicant has building permits, and all other governmental permits (i.e. encroachment, ROW, etc.) - 5/5.** The Applicant has received CEQA approval and conditional use approval for this project. In addition they have submitted for numerous permits with the city and have submitted evidence of such to the SP (Grading and Building permits have been submitted).

(b) Location within an Economically Distressed Community. TOTAL - 30/30. The project is located in State Designated Enterprise Zone.

(c) Location within a Priority Development of a Local Governmental Entity. TOTAL - 10/10. The Applicant submitted proof of the project area being in a Priority Development area via submission of the City's General Plan Transportation Element.

(d) Depth of Affordability. TOTAL - 10/10. As described above: 11 units at greater than 50% and less than or equal to 60% AMI, 19 units at greater than 40% and less than or equal to 50% AMI and 8 units less than or equal to 40% AMI.

(e) Percentage of Affordability. TOTAL - 15/15. The project will consist of the construction of 39 apartments, of which 38 will be rented and one will be a manager's unit.

(f) Utilization of Green Building Methods. TOTAL - 0/5. The Applicant is not using any green building methods or pursuing any credits or certifications for using green in its building construction for this project.

- (g) **Cleanup Plan for the Brownfield Infill Project does not require Ongoing Operation and Maintenance.** - **TOTAL - 10/10.** The site does not likely include groundwater contamination and the cleanup will entail removal of contaminated soil. The Applicant's consultant has included a letter with the application attesting to the fact that the project will not require a remedial system including operations and maintenance or monitoring of the cleanup action.

Tie-Breaker.

- (a) Total Brownfield Infill Project Cleanup Plan Cost: \$191,400
(b) Total no. residential housing units produced and/or promoted by Infill Development Project: 39
(c) Tie-breaker ratio $\$191,400/39 = \$4,908/\text{housing unit}$

Financing Details.

- Expected Interest Rate on Loan: 3.53% or lower, but not less than two percent (2%). Interest rate (6-month LIBOR) fixed at the time of the execution of the Loan Agreement
- Amount of Overall Financing to be Leveraged:
 - Total Project Cost = \$7,353,607
 - Total CALReUSE Infill Loan Funding = \$191,400.
 - CALReUSE remediation funding is leveraged **38 to 1**
- Sources of Financing for Brownfield Infill Project: CALReUSE
- Sources of Financing for Infill Development Project: US Bank, a deferred development fee, investor equity, tax credit equity and Yuba City

Staff Recommendation. Staff recommends approval of the attached Resolution for National Affordable Communities, Inc. and LINC Housing Corporation for an amount not to exceed \$191,400.

A RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING
AUTHORITY APPROVING EXECUTION AND DELIVERY OF LOAN FUNDING FOR
NATIONAL AFFORDABLE COMMUNITIES, INC. AND LINC HOUSING
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, National Affordable Communities, Inc. and LINC Housing has submitted an application for the CALReUSE Remediation Program for a loan in the amount of \$191,400 for the Plumas Family Apartments Project;

WHEREAS, the Strategic Partner National Brownfield Association has reviewed the application and determined to recommend the Plumas Family Apartments Project to the Authority for funding consideration;

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

WHEREAS, approval of a loan for National Affordable Communities, Inc. (“Applicant” and “Borrower”) 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 Plumas Family Apartments Project (the “Project”) is eligible for financing and hereby approves the loan 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 Borrower, preparing and executing the final form of loan agreement and disbursing funds pursuant to the loan 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 loan agreement as the Executive Director shall deem appropriate and authorized under the Regulations (provided that the amount of the loan 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 Borrower in accordance with the Regulations and the loan 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 Borrower continued compliance with the loan 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:	Plumas Family Apartments
Maximum Amount of Loan:	\$191,400
Strategic Partner:	National Brownfield Association
Borrower:	National Affordable Communities, Inc. and LINC Housing Corporation
Financing Structure:	Fixed Rate Loan
Maximum Loan Term:	Not to exceed 6 years from first draw on funds
Maximum Interest Rate:	3.53% or lower, but not less than two percent (2%). Interest rate (6-month LIBOR) fixed at the time of the execution of the Loan Agreement
Oversight Agency:	Central Valley Regional Water Quality Control Board
Project Location:	1247 Live Oak Blvd ,Yuba City, (Sutter County), 95991
Infill Development Description:	A 39-unit 100% affordable rental apartment complex located in three, two-story walk-up structures on 2.12 acres. 11 units at greater than 50% and less than or equal to 60% area median income (“AMI”), 19 units at greater than 40% and less than or equal to 50% AMI and 8 units less than or equal to 40% AMI, and a manager’s unit. Affordability is restricted for at least 55 years.

Description of Activity	Cost
Project management, risk assessment and consulting	\$ 30,400
Characterize soil	24,000
Removal and disposal of non-hazardous soil (1800 tons)	20,000
One year of ground water monitoring	<u>117,000</u>

TOTAL ELIGIBLE INFILL COSTS: \$191,400

Attachment A

October 15, 2008

Timothy Gildea
409 Century Park Drive
Yuba City, CA 95991

RE: Plumas Family Apartments

To Whom It May Concern:

This letter is regarding the approved "Plumas Family Apartments", a 39-unit multi-family affordable housing project located at 1240 Plumas Street, Yuba City, California.

My name is Tim Gildea and I live at 409 Century Park Drive, Yuba City, CA 95991 and strongly support this wonderful affordable housing development.

If you should require further information, please feel free to contact me.

Sincerely,

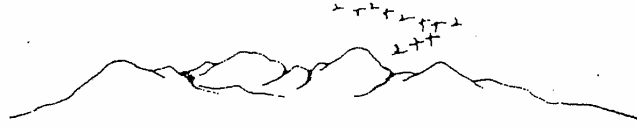


Timothy Gildea

Attachment A

CITY
OF

YUBA CITY COMMUNITY DEVELOPMENT DEPARTMENT



1201 Civic Center Blvd. • Yuba City California 95993 • Phone (530) 822-4629 • Fax (530) 822-7575

Center for Creative Land Recycling
200 Pine Street, Suite 400
San Francisco, CA 94104

October 16, 2008

Re: Plumas Family Apartments
1240 Plumas Street
Yuba City

To Whom It May Concern:

The City of Yuba City supports the above-referenced project, as evidenced by its approval of project entitlements as well as its allocation of Redevelopment Agency Housing Set-Aside funds to the project.

On March 7, 2007, the Yuba City Planning Commission, after a noticed public hearing, approved the applicant's request to construct a 39-unit apartment complex at 1240 Plumas Street. Thirty-eight of the thirty-nine units will be affordable to low- and very low-income residents. On July 2, 2007, the Redevelopment Agency Board adopted a resolution committing \$600,000 in Agency Housing Set-Aside funds to the project. On August 5, 2008, the Agency Board adopted a second resolution reaffirming its commitment of the funds, and the City Council adopted a resolution authorizing submittal of an application to the California State Department of Housing and Community Development for funding under the HOME Investment Partnerships Program.

The City is in support of the Plumas Family Apartments project, as it will provide a quality affordable housing project. If you have any questions, feel free to contact me at (530) 822-3233.

Sincerely,

Katie Ertmer
Associate Planner

Building Division 822-4629 • Planning Division 822-4700 • Code Enforcement 822-4835
website: www.yubacity.net