

**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 Doreen Smith, CPCFA*

Applicant: Cedar Gateway, LP	Type of Funding Requested: Grant
Developer: ROEM Development Corporation & Squier Properties	Amount Recommended: \$94,330
Project Name: Cedar Gateway	Application No.: 00006
Project Location: San Diego (San Diego County)	Strategic Partner: CCLR

Summary. Cedar Gateway, LP (the “Applicant”) requests approval of a grant in an amount not to exceed \$94,330 to finance the remediation of a brownfield to develop Cedar Gateway. The Applicant anticipates the Project will create 65 units of affordable rental housing. This includes 35 units at 40-50% of the area median income (AMI), 5 units at less than or equal to 40% AMI, 23 supportive units for homeless populations at less than or equal to 25% AMI, and two manager’s units.

Applicant. The Applicant is a limited partnership, consisting of the following:

Cedar Squier ROEM, LLC (General Partner).....	0.9%
Pacific Housing, Inc (General Partner).....	0.1%
Squier Properties, LLC (Limited Partner)	49.5%
ROEM Development Corporation (Limited Partner)	49.5%
Total:	<u>100%</u>

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 contaminated with lead in shallow soil. Portions of the site were used as a service station and automobile repair facility from as early as 1921. Other portions of the site were also historically used as a mortuary. The identified contaminant of concern at the site is lead.

Description of Activity	Amount Financed by Infill Grant
Soil profiling with receiving facilities	\$ 2,500
Field oversight and monitoring during remedial excavation	10,000
Analytical confirmation testing	2,500
Excavation and loading of contaminated soil	20,000
Transportation and disposal of waste	35,000
Hazardous waste generator state fee	1,526
Project management, regulatory interface, reporting	7,500
Regulatory oversight of sight remediation	3,000
Project oversight	<u>12,304</u>

TOTAL ESTIMATED COST: \$94,330

Oversight Agency. County of San Diego Department of Environmental Health.

Infill Development Project Description. This project will complement and further the revitalization of downtown San Diego, while addressing a critical need for affordable housing in the community. The project contains a total of 65 apartment units. Of this total, 23 one-bedroom units will be restricted to transitional housing and income-restricted as per Department of Housing and Community Development’s Multifamily Housing Program (MHP) guidelines, offered to households with income levels at or below 25 % AMI. The remaining 42 units are two and three-bedrooms and will be income-restricted as per Low Income Housing Tax Credit (LIHTC) guidelines. 35 units will be offered to households with income levels at 40-50% AMI and five units at or below 40% AMI. The project will include two manager’s units.

The project offers a wide range of amenities including access to transit and downtown job centers. Amenities for residents include: community room, computer room, on-site management, laundry facility, eco deck, picnic area, restricted access, and surveillance cameras. The mixed-use project has an approved development permit for 65 affordable housing units over approximately 4,434 square feet of retail and three levels of subterranean parking. The Project includes a courtyard plaza, an eco-roof, a learning center, and a community room.

Permits. Cedar Gateway has an approved development permit and intends to apply for a subdivision map, construction-grading/R.O.W. permit, and construction-structure (building) permit.

Anticipated Timeline.

- Cleanup to Begin: March 2009
- Cleanup to be Completed: June 2009
- Development to Begin: March 2009
- Development to be Completed: December 2010

Local Government Support. The Cedar Gateway project is in the Cortez Redevelopment District and is consistent with the Centre City Redevelopment Project of the City of San Diego. The project was approved by the Centre City Advisory Committee and Project Area Committee on April 16, 2008, and by the Centre City Development Corporation (CCDC, one of the City of San Diego’s Redevelopment Agencies) Board on April 30, 2008.

Prior to the Agency approval of the design and funding on May 13, 2008, the project proposal was presented to the Cortez Hill community on January 29, 2008 and April 8, 2008.

Letters of support have been received for the project including:

Local Community Support.

- Matthew Packard, Father Joe’s Village (A-1)
- Paul Downey, Senior Community Centers (A-2)

Government Support.

- Barbara A. Kaiser, Centre City Development Corporation (A-3)

Application Score. The project earned a score of **110** 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.** Environmental review was completed on July 20, 2008.
- (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 \$35.2 million are all either committed or under review.
- (3) The Infill Development Project has local community and government support - 10/10.** Project has support letters from the City and from two local community organizations that work with low-income and at-risk communities.
- (4) Cleanup Plan has been approved by Oversight Agency - 0/5.**
- (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. Project is in a census tract with a poverty rate of 25.6%, well above the 14% required to qualify as an Economically Struggling Community.

(c) Location within a Priority Development of a Local Governmental Entity. TOTAL - 10/10. Project is within San Diego Association of Governments' Smart Growth Concept Map and considered a priority development area.

(d) Depth of Affordability. TOTAL - 10/10. 43% of the Project's 65 units are restricted to residents at or below 40% AMI, well above the Program's 15% threshold for 10 points.

(e) Percentage of Affordability. TOTAL - 15/15. 97% of the Project's 65 units are Affordable, well above the 50% threshold for the full 15 points.

(f) Utilization of Green Building Methods. TOTAL - 5/5. The Project is designed as a LEED certified building.

(g) Cleanup Plan for the Brownfield Infill Project does not require Ongoing Operation and Maintenance. TOTAL - 10/10. The cleanup plan does not anticipate any Ongoing Operation & Maintenance. The Project requires soil removal only.

Tie-Breaker.

(a) Total Brownfield Infill Project Cleanup Plan Cost: \$94,330

(b) Total no. residential housing units produced and/or promoted by Infill Development Project:
65

(c) Tie-breaker ratio [(a)/(b)]: \$1,451/housing unit

Financing Details.

- Amount of Overall Financing to be Leveraged:
Total Project Cost = \$35,149,742
Total CALReUSE Infill Grant Funding = \$94,330
CALReUSE remediation funding is leveraged **373 to 1**
- Sources of Financing for Brownfield Infill Project: CALReUSE
- Sources of Financing for Infill Development Project: CalHFA, MHP, CCDC, CalHFA Gap Loan, Deferred Dev. Fee, CalHFA/MHSA, CCDC Parking Purchase, Sales Proceeds-Retail Space, Land Value –RDA Ground Lease, Tax Credit Equity

Staff Recommendation. Staff recommends approval of the attached Resolution for Cedar Gateway, LP for an amount not to exceed \$94,330.

A RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING
AUTHORITY APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING FOR
CEDAR GATEWAY, LP
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, Cedar Gateway, LP has submitted an application for the CALReUSE Remediation Program for a grant in the amount of \$94,330 for the Cedar Gateway Project;

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

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

WHEREAS, approval of a grant for Cedar Gateway, LP (“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 Cedar Gateway 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:	Cedar Gateway
Maximum Amount of Grant:	\$94,330
Strategic Partner:	Center for Creative Land Recycling
Grantee:	Cedar Gateway, LP
Financing Structure:	Grant
Maximum Grant Term:	Not to exceed 6 years from first draw on funds
Oversight Agency:	County of San Diego Department of Environmental Health
Project Location:	1601 & 1620 6 th Avenue and Cedar Street San Diego, CA 92101
Infill Development Description:	65 apartment units, including 23 units restricted to transitional housing, income restricted to at or below 25% AMI; 35 units income restricted to 40-50% AMI; 5 units at or below 40% AMI.

Description of Activity	Amount Financed by Infill Grant
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Project oversight	<u>12,304</u>
TOTAL ELIGIBLE BROWNFIELD INFILL COSTS:	<u>\$94,330</u>

Attachment A

www.neighbor.org
3350 E Street, San Diego, California 92102-3332



P: 619.446.2100 • F: 619.446.2129
TDD: 619.446.2196 • Fed Tax ID # 33-0482304

July 17, 2008

REC'D JUL 22 2008

Mr. William Pavão
Executive Director
California Tax Credit Allocation Committee
915 Capitol Mall, Room 485
Sacramento, CA 95814

Development
Tel 619.446.2100
Fax 619.446.2129

RE: Cedar Gateway, 1620 6th Ave. San Diego 92101 - Neighborhood Revitalization

Dear Mr. Pavão:

Mathew Packard
Vice President,
Development
619.446.2126
mathew.packard@neighbor.org

Father Joe's Villages has a long history in the San Diego community of providing housing along with wrap-around supportive services to homeless and low-income adults and children. Currently under construction approximately 1.2 miles from the Cedar Gateway site, is Father Joe's Villages' 16th and Market Workforce/Affordable housing (16th and Market) project which represents a \$73,044,023 investment in the community. Sixteenth and Market was first conceived in August of 2005 and is scheduled to open its doors in January of 2009.

Father Joe Carroll
President
619.446.2100
jcarroll@neighbor.org

Sixteenth and Market took an underutilized site and is redeveloping it into 136 units, in a twelve-story concrete framed residential tower, with ground level retail and residential common space. Sixteenth and Market is a perfect example of infill development, replacing a one-story structure with a twelve-story mixed-use facility. There are 40 one-bedroom units (29%), 51 two-bedroom units (38%) and 45 three-bedroom units (33%). The residential units range in size from 553 square feet to 1,275 square feet. Additionally, there are 7 units reserved for families with one or more individual living with HIV or AIDS or mental illness. All 136 units will be marketed to families earning between 30% and 60% of San Diego's (AMI) area median income.

16th and Market is being developed to provide its residents with low cost access to the employment centers that are currently growing as the neighborhood revitalizes. Additionally the residents will have the same access to transportation hubs, grocery stores, shops, parks and schools.

Father Joe's Villages is
Registered trademark of
S.V.D.P. Management, Inc.
3350 E Street
San Diego, CA 92102-3332

Sincerely,

Mathew Packard
Vice President, Development

Members of Father Joe's Villages



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Attachment A



July 22, 2008

Mr. William Pavão
 Executive Director
 California Tax Credit Allocation Committee
 915 Capitol Mall, Room 485
 Sacramento, CA

RE: Cedar Gateway – Neighborhood Revitalization

Dear Mr. Pavão:

For the past 38 years, Senior Community Centers has been committed to the revitalization efforts in downtown San Diego. Our Potiker Family Senior Residence, located at 525 14th Street, is located about a mile from Cedar Gateway. Construction was completed in 2003 at a cost of \$20 million.

Since then, Senior Community Centers has spent approximately \$1 million annually on supportive housing services and operating costs for the facility. More than 200 seniors live in the building and receive two meals daily along with health, mental health, social services and activities.

Senior Community Centers supports the construction of Cedar Gateway and believes it will be a vital addition to the housing stock in downtown San Diego.

Sincerely,

Paul Downey
 President/CEO

Executive Committee

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Kac Engler

Vice Chair: David Lee
Mitch Dobnik, Esq.

Vice Chair: Frances
Witt Denson

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Director Emerita

Ann De Motta Myers

President and CEO
Paul Downey

Attachment A



September 30, 2008

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

SUBJECT: CEDAR GATEWAY

Dear Ms. Shakofsky:

Centre City Development Corporation (CCDC) is the public, non-profit corporation responsible for the downtown redevelopment program on behalf of the Redevelopment Agency of the City of San Diego ("Agency"). CCDC has engaged in redevelopment activities within the Centre City Redevelopment Area since 1975.

This letter is written to express strong support for the Cedar Gateway affordable housing project located within the Cortez Redevelopment District of the Centre City Redevelopment Project (a site map is attached). The project will provide 65 affordable rental units for very low- and extremely low-income families and individuals. Of the 65 units, 23 units will be set aside as supportive housing for the special needs population who are at risk of being homeless.

The Agency approved the design and funding for the project on May 13, 2008. Subsequently, a Disposition and Development Agreement (DDA) was executed between the Agency and Cedar Gateway, L.P. ("Developer"). Per the DDA, the Agency will provide financial assistance in an amount not to exceed \$8,926,000 for the project (\$5,265,000 for acquisition, \$3,661,000 for development). The site is currently owned by the Agency and will be ground leased to the Developer at construction closing.

Prior to the Agency approval, the project proposal was presented to the Cortez Hill community on January 29, 2008 and April 8, 2008. The project was approved by the Centre City Advisory Committee and Project Area Committee on April 16, 2008, and by the CCDC Board on April 30, 2008.

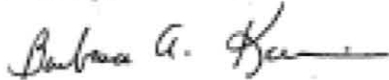
CCDC is committed to creating a community with a range of housing opportunities. The proposed Cedar Gateway project will complement and further the revitalization of Downtown, while addressing a critical need for affordable housing in the community.

Attachment A

Cedar Gateway
September 30, 2008
Page 2

Should you require additional information, please contact Eri Kameyama, Associate Project Manager, at (619) 533-7177 or Kameyama@ccdc.com.

Sincerely,



Barbara A. Kaiser
Vice President, Real Estate Operations

Attachments: Site Map with Centre City Redevelopment Area Boundary and Cortez District Boundary