

**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), Diana Michaelson and Brian Gorban, CPCFA*

Applicant:	MSPDI Turk LLC	Type of Funding Requested:	Grant
Developer:	MSPDI Turk LLC	Amount Requested:	\$625,000
Project Name:	1345 Turk Street Affordable Condominiums	Strategic Partner:	CCLR
Project Location :	San Francisco, (San Francisco County)		

Summary. MSPDI Turk LLC (the “Applicant”) requests approval of a grant in the amount not to exceed \$625,000 to finance the remediation of a brownfield to develop 32 units of for-sale housing affordable restricted to 50% to 120% of the area median income (AMI). Through recorded resale restrictions, the Applicant will ensure these units remain affordable for at least 45 years.

Applicant. The Applicant is a for-profit developer in San Francisco, established May 11, 2007. It is a subsidiary of Michael Simmons Property Development, Inc., a development and development consulting firm wholly owned by Michael Simmons and founded in 1997.

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. Between 1886 and 2004, the site was used for transportation-related services, first by the Market Street Railroad Company and later by the San Francisco Municipal Railway. The environmental concerns that exist today are a potential underground storage tank and residual petroleum hydrocarbons and metals.

Description of Activity	Amount Financed by Infill Grant
Excavation and soil removal	\$525,000
Pay “Hazardous Generator Fees” to State	<u>100,000</u>
TOTAL ESTIMATED COST:	<u>\$625,000</u>

Oversight Agency. San Francisco Department of Public Health.

Infill Development Project Description. The project consists of 32 one, two, and three bedroom condominiums for low- to moderate-income first-time homebuyers. Sponsored by the San Francisco Redevelopment Agency as part of the Mayor’s plan to provide homeownership opportunities to encourage families to stay in the City, the project is income restricted to families and individuals earning 50% to 120% AMI.

The Project is one block from the historic Fillmore Street, which was once home to many jazz venues. Now a vibrant mixed-use street, it includes a Safeway supermarket, weekly farmers market, restaurants, shops, and health services. There are retail, office, and municipal jobs in the neighborhood, and the transit line gives direct access in 15 minutes to the downtown office district. Less than 10 blocks from the site is the Kaiser Hospital and Medical campus, a major employer in the City. The project is adjacent to the Fillmore-Turk mini-park and less than a quarter mile to two other parks – Jefferson Square and Hayward Playground. Two blocks away is the Ella Hill Hutch Community Center, providing recreation, child care, and employment training.

Permits. The following permits are submitted and under review: design development drawings; site permit. Building permits are yet to be submitted.

Anticipated Timeline.

- Cleanup to Begin: March 2009
- Cleanup to be Completed: September 2009
- Development to Begin: March 2009
- Development to be Completed: October 2010

Local Government Support. The 1345 Turk Condominiums project is consistent with the San Francisco Redevelopment Agency Redevelopment Plan for the Western Addition A-2 Development Project. Both the San Francisco Redevelopment Agency and the Western Addition Community Advisory Committee are strong supporters of the remediation and development of the site. Each has submitted a letter of support.

The Western Addition Citizens Advisory Committee (WACAC) is a 15-member local community group comprised of residents, business leaders, church pastors, and heads of community organizations and is charged with working with developers, city agencies, residents, and community organizations around the development and activities in the Western Addition.

Local Community Support:

- Arnold Townsend, Chairperson, Mayor’s Western Addition A-2 Citizens Advisory Committee (A-1)

Local Government Support:

- Olson Lee, Deputy Executive Director, San Francisco Redevelopment Agency (A-2)

Application Score. The project earned a score of **105** 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 if receiving the award—10/10.** The Redevelopment Agency Commission found that the project is consistent with the plan and negative declaration certified on May 18, 2004, and granted full entitlements for the project. Therefore, no further environmental review is required and the project can be built upon receipt of a building Permit.

- (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 \$23.5 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 Citizens Advisory Committee and from the City’s Redevelopment Agency.
- (4) **Cleanup Plan has been approved by Oversight Agency—5/5.** The Project’s Remedial Action Workplan was approved by the City and County of San Francisco Department of Public Health on October 14, 2008.
- (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 within a Redevelopment Project Area.
- (c) **Location within a Priority Development of a Local Governmental Entity. TOTAL - 10/10.** The Project is within ABAG’s Planned Adopted Priority Development Area.
- (d) **Depth of Affordability. TOTAL - 0/10.** The Project it 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.** All of the Project’s 32 units are Affordable, well above the 50% threshold for full 15 points.
- (f) **Utilization of Green Building Methods. TOTAL - 5/5.** The GreenPoint Checklist indicates that the Project would score 129 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: \$625,000
- (b) Total number of residential housing units produced and/or promoted by Infill Development Project: 32
- (c) Tie-breaker ratio [(a) / (b)]: \$19,531/unit

Financing Details.

- Amount of Overall Financing to be Leveraged:
Total Project Cost = \$26,707,512
Total CALReUSE Infill Grant Funding = \$625,000
CALReUSE remediation funding is leveraged **43 to 1**

Agenda Item – 4.C.9.

- Sources of Financing for Brownfield Infill Project: There are currently three financial sources identified to fund the Project: Wells Fargo, the California Department of Housing and Community Development (BEGIN Program), and the San Francisco Redevelopment Agency.
- Sources of Financing for Infill Development Project: California Department of Housing and Community Development BEGIN Program loan, Wells Fargo Bank loan, San Francisco Redevelopment Agency loan.

Staff Recommendation. Staff recommends approval of the attached Resolution for MSPDI Turk LLC for an amount not to exceed \$625,000.

**A RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING
AUTHORITY APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING FOR
MSPDI TURK LLC
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, MSPDI Turk LLC has submitted an application for the CALReUSE Remediation Program for a grant in the amount of \$625,000 for the 1345 Turk Street Affordable Condominiums Project;

WHEREAS, the Strategic Partner Center for Creative Land Recycling has reviewed the application and determined to recommend the 1345 Turk Street Affordable Condominiums Project to the Authority for funding consideration;

WHEREAS, the Authority staff has reviewed the Strategic Partner’s recommendation and has determined to recommend the 1345 Turk Street Affordable Condominiums Project for funding; and

WHEREAS, approval of a grant for MSPDI Turk LLC (“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 1345 Turk Street Affordable Condominiums 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: 1345 Turk Street Affordable Condominiums

Maximum Amount of Grant: \$625,000

Strategic Partner: Creative Center for Land Recycling

Grantee: MSPDI Turk LLC

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: 1345 Turk Street, San Francisco, (San Francisco County), 94115

Infill Development Description: Residential Project: 32 for-sale condominiums; 100% income restricted to 50%-120% AMI for a term of at least 45 years.

Description of Activity	Amount Financed by Infill Grant
Excavation and soil removal	\$525,000
Pay “Hazardous Generator Fees” to State	<u>100,000</u>
TOTAL ELIGIBLE BROWNFIELD INFILL COSTS:	<u>\$625,000</u>

Attachment A

MAYOR'S WESTERN ADDITION A-2
CITIZENS ADVISORY COMMITTEE
WACAC

MEMBERS

Rev. Arnold Townsend
Chair
Barbara Meskunas
Vice Chair**

Sheryl Davis
Secretary**

Estelle Crawford
*Paul Hyams**
*Sandy Mori***
*Noni Rieken**
*Charles Spencer***
*Rev. Floyd Trammell**

Subcommittees:

() Planning &
Development*
*(**) Budget &
Finance*

Executive Committee:

Rev. Arnold Townsend
Barbara Meskunas
Sheryl Davis

Gaynell Armstrong-McCurn
Project Manager
Western Addition A-2
One South Van Ness Avenue
San Francisco, CA 94103
(415) 749-2593
Gaynell.Armstrong@sfgov.org

September 12, 2008

Michael Simmons
Michael Simmons Property Development, Inc.
2370 Market Street, #458
San Francisco, CA 94114

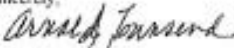
Re: 1345 Turk Affordable Condominiums

Dear Mr. Simmons:

Pursuant to your request for documentation regarding our review of your project at 1345 Turk Street early this year, the Citizen's Advisory Committee received a presentation of the project and schematic design on February 21, 2008. The Committee voted unanimously to support your project and endorse it for approval by the San Francisco Redevelopment Agency Commission.

The Western Addition Citizen's Advisory Committee's membership is appointed by the Mayor and represents a diverse group of citizens in the Western Addition representing constituencies with a special interest in community development and affordable housing in the neighborhood.

Sincerely,



Arnold Townsend
Chairperson

Attachment A

San Francisco
Redevelopment Agency

One South Van Ness Avenue
San Francisco, CA 94103

415.749.2400



DAVID BERSON, Mayor
Francis Coe, President
Linda A. Chan, Vice President
Linda A. Chan
Lancy Kip
Ramon E. Ramirez
Dorinda Singh
Rick Selig
Fred Bladwell, Executive Director

September 19, 2008

118-65808-014

Mr. Michael Simmons
Michael Simmons Property Development, Inc
2370 Market Street, #458
San Francisco, CA 94114

Re: 1345 Turk Condominium Development, San Francisco, CA

Dear Mr. Simmons:

The San Francisco Redevelopment Agency issued an RFP for the development of low- to moderate-income first-time homebuyer condominium units on September 1, 2006. The Evaluation Panel determined that Michael Simmons Property Development, Inc. ("MSPDI") earned the highest cumulative score. MSPDI entered into an Exclusive Negotiations Agreement with the San Francisco Redevelopment Agency on June 8, 2007. (See Exhibit 6.)

The San Francisco Redevelopment supports the development of 1345 Turk Street for the development of 32 affordable ownership units, as it is consistent with the Western Addition A-2 Redevelopment Plan.

Sincerely,

A handwritten signature in black ink, appearing to read 'Olson Lee', written over a horizontal line.

Olson Lee, Deputy
Executive Director