

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM
Meeting Date: December 16, 2009
Request To Approve Resolution Amending Infill Grant Award**

Prepared by: *Chris Nelson, NBA CALReUSE Project Team and Diana Michaelson, CPCFA*

Applicant: WCH Affordable I, LLC	Type of Funding Requested: N/A
Project Name: The Crossing at 29 th	Amount Requested: N/A
	Application No.: 028
Project: Los Angeles	Strategic Partner: NBA
Location: (Los Angeles County)	Prior Actions: Application No. 028 Approved 11/19/08

Summary. UHC LA 29, L.P., the original Applicant and awardee, and WCH Affordable I, LLC (the “New Applicant” or “WCH”) request approval to re-direct or transfer an Infill Grant award of \$1,183,475 from UHC LA 29, L.P. to WCH for The Crossings at 29th project (the “Project”). The New Applicant also requests approval of an amendment to the Eligible Brownfield Infill Project Costs. In addition, staff is correcting the formal name of the Project to maintain consistency with the original submitted Infill Application.

Background. On November 19, 2008, the Board approved a grant in the amount of \$1,183,475 to UHC LA 29, L.P. to fund Project. The Authority received a request from UHC LA 29, L.P. to redirect the \$1,183,475 grant award to WCH Affordable I, LLC, the managing general partner of the Project. UHC LA 29, L.P. is the owner of the site. The modification was requested to address the Project’s ownership structure and utilization of tax credit allocation.

UHC LA 29 Holdings LLC (Co-General Partner), WCH Affordable I, LLC (Managing General Partner), and UHC H2 Holdings LLC (initial Limited Partner) are all partners in UHC LA 29, L.P., the owner of the property.

The principal stockholders of the property owner UHC LA 29, L.P. are as follows:

UHC LA 29 Holdings LLC.....	0.0055%
WCH Affordable I, LLC.....	0.0045%
UHC H2 Holdings LLC.....	99.9900%
Total:	<u>100.0000%</u>

The New Applicant has also requested a shift of the Eligible Brownfield Infill Project Costs within the overall grant award amount. In addition, staff is correcting the name of the Project from “The Crossings at 29th” to “The Crossings on 29th Street” to be consistent with the Infill Application. No other modifications have been made to the Brownfield Infill Project or the Infill Project as described in the Infill Application.

As part of the necessary due diligence, Authority staff requested that WCH Affordable I, LLC submit 1) an amended application that includes information specific to the New Applicant, 2) a new legal questionnaire, and 3) amended eligible costs.

Applicant. WCH Affordable I, LLC is a California limited liability company established September 28, 2009 in Costa Mesa, California. Its sole member is Western Community Housing, Inc., a California nonprofit public benefit corporation. The members and managers of Western Community Housing, Inc. are Graham P. Espley-Jones (President and Director), Leanne Truofreh (Corporate Secretary and Treasurer), Peter Barker (Director), Vicki Clark (Director), Wing Lam (Director), Jeffrey Meyers (Director), Mark Strutner (Director), and Joe Briganti (Director).

Legal Questionnaire. Staff has reviewed the New 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 New Applicant.

Brownfield Infill Project. The project site 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 and lead and asbestos.

Subsequent to CPCFA’s approval to fund the Brownfield Infill Project in November 2008, the Applicant has been working diligently with the Department of Toxic Substances Control (DTSC) in revising and obtaining approval of the Project’s Cleanup Plan.

The budget modification requested for the Project does not change the total amount that was approved by the Board in 2008. The principal items that changed were related to the completion of the cleanup plan and the planning for and demolition oversight costs. Asbestos and lead based paint abatement tasks increased due to increased scrutiny by the oversight agency (DTSC) and its agreement to provide oversight of these activities due to the project’s proximity to a local school, which is less than 0.1 miles from the site. In addition, a subterranean parking garage was eliminated from the project which reduced the amount of waste disposal and recycling due to the smaller amount of soil removal required; and the costs were lowered for the impermeable vapor barrier liner and garage ventilation system.

The following table compares the amended Eligible Brownfield Infill Project Costs of the Project to the original approved costs.

Agenda Item – 4.B.1.

Original Description of Eligible Costs			Amended Description of Eligible Costs	
Description of Activity	Cost	Amount Financed by Grant	Cost	Amount Financed by Grant
Finalization of Cleanup Document	\$ 29,329	\$ 29,329	\$ 64,264	\$ 64,264
Negotiations and Preparation of Property Mitigation and Management Plan (legal fees associated with this activity – not eligible)	18,000	0	18,000	0
Asbestos and Lead Based Paint Abatement of existing buildings	85,000	85,000	125,000	125,000
Planning for and Demolition Oversight	7,930	7,930	39,200	39,200
Mass Excavation and Earthwork Oversight	75,495	75,495	116,295	116,295
Soil Vapor Extraction System (if needed)	74,100	74,100	128,445	128,445
Waste Disposal and/or Recycling	358,325	358,325	200,525	200,525
Closure Report	13,410	13,410	18,850	18,850
DTSC Oversight (Ted Yargeau)	65,561	65,561	71,811	71,811
Impermeable Vapor Liner and Garage Ventilation System	474,325	474,325	419,085	419,085
Legal Fees/Oversight	60,000	0	60,000	0
PLL Insurance Policy and Broker Fee	94,000	0	94,000	0
TOTAL ESTIMATED COST:	\$1,355,475	\$1,183,475	\$1,355,475	\$1,183,475

Staff Recommendation. Staff recommends approval of the attached Resolution correcting the Project name, transferring the previous Infill Grant award for the Project from UHC LA 29, L.P. to WCH Affordable I, LLC, and amending the Term Sheet to reflect updated Eligible Brownfield Infill Project Costs.

A RESOLUTION OF
THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM
APPROVING AN AMENDMENT TO THE RESOLUTION OF NOVEMBER 19, 2008
FOR UHC LA 29, L.P. TO TRANSFER GRANT AWARD TO
WCH AFFORDABLE I, LLC

December 16, 2009

WHEREAS, the California Pollution Control Financing Authority (the “Authority”), a public instrumentality of the State of California, on November 19, 2008 approved a grant in the amount of \$1,183,475 for The Crossings at 29th project (the “Project”); and

WHEREAS, the Infill Development Project has not been modified since the Authority awarded a grant for The Crossings at 29th project in November 2008; and

WHEREAS, the Project name was incorrectly stated in the November 19, 2008 resolution and requires correction; and

WHEREAS, the grant was awarded to UHC LA 29, L.P.; and

WHEREAS, UHC LA 29, L.P. requested the award be transferred to WCH Affordable I, LLC, the managing general partner of UHC LA 29, L.P.; and

WHEREAS, WCH Affordable I, LLC has the authority and responsibility to complete the Brownfield Infill Project and Infill Development Project as described in the Infill Application and amended Infill Application; and

WHEREAS, some of the Brownfield Infill Project Costs of the Project have shifted within the total amount of the grant award; and

WHEREAS, approval for amending the Resolution is sought;

NOW THEREFORE BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The November 19, 2008 UHC LA 29, L.P. Resolution is amended to reflect the correct Project name of The Crossings on 29th Street.

Section 2. The November 19, 2008 UHC LA 29, L.P. Resolution is amended to transfer the award of the CALReUSE grant to WCH Affordable I, LLC for The Crossings on 29th Street Project, and all occurrences of “UHC LA 29, L.P.” are replaced with “WCH Affordable I, LLC.”

Section 3. The November 19, 2008 UHC LA 29, L.P. Resolution is amended to reflect the amended Eligible Brownfield Infill Project Costs as described in Exhibit A, Term Sheet, of this Resolution.

Agenda Item – 4.B.1.

Section 4. Except as specifically amended in Sections 1, 2, and 3 hereof, all provisions and conditions of the November 19, 2008 UHC LA 29, L.P. Resolution shall remain unchanged and in full force and effect. This resolution shall take effect immediately upon its passage.

Exhibit A
TERM SHEET

Name of Project:	The Crossings on 29 th Street
Maximum Amount of Grant:	\$1,183,475
Strategic Partner:	National Brownfield Associations CALReUSE Project Team
Grantee:	WCH Affordable I, LLC
Financing Structure:	Grant
Maximum Grant Term:	Not to exceed 6 years from first draw on funds
Oversight Agency:	California Department of Toxic Substances Control
Brownfield Infill Project Location:	East 29 th Street and Griffith Avenue, Los Angeles, California 90011 Further described as Parcel Numbers: 5128-015-021 and 5128-015-020 (excluding lot 258).
Infill Development Project Description:	The Project will include 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
Finalization of Cleanup Document	\$ 64,264
Asbestos and Lead Based Paint Abatement of existing buildings	125,000
Planning for and Demolition Oversight	39,200
Mass excavation and earthwork oversight	116,295
Soil Vapor Extraction system (if needed)	128,445
Waste disposal and/or recycling	200,525
Closure Report	18,850
DTSC Oversight (Ted Yargeau)	71,811
Impermeable Vapor Liner and Garage Ventilation System	419,085
TOTAL ELIGIBLE BROWNFIELD INFILL COST:	<u>\$1,183,475</u>