

**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 Ling Tse, CPCFA*

<b>Applicant:</b> Studio 15 Housing Partners, LP	<b>Type of Funding Requested:</b> Grant
<b>Developer:</b> Affirmed Housing Group	<b>Amount Requested:</b> \$244,560
<b>Project Name:</b> Studio 15	<b>Strategic Partner:</b> CCLR
<b>Project Location:</b> San Diego (San Diego County)	

**Summary.** Studio 15 Housing Partners, LP (the “Applicant”) requests approval of a grant in an amount not to exceed \$244,560 to finance remediation of a brownfield to develop the Studio 15 project. The Development Project will create 275 units of rental housing, including 100 units restricted at 50-60% of the Area Median Income (AMI), and 173 units at 40-50% AMI. The project will include two manager’s units.

**Applicant.** Studio 15 Housing Partners, a California limited partnership in San Diego, was established October 3, 2007, and will be the 100% ownership entity of Studio 15. The limited partnership consists of:

Housing Development Partners of San Diego .....	0.01%
Affirmed Housing Group .....	0.01%
James Silverwood .....	0.98%
Boston Capital Corporate Tax Credit Fund XXVII, LP .....	<u>99.00%</u>
<b>Total:</b>	<b>100.00%</b>

**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 was originally developed between 1937 and 1942 and was initially occupied by the San Diego Mill Supply Corporation (a business that generated rags and scrap metal, according to historical Sanborn maps) until sometime between 1959 and 1965. The site was then occupied by a chemical warehouse until sometime between 1979 and 1984 when it was occupied by L & M Tire Shop and Raul’s Towing and Storage. Since approximately 1986, the site was used as a distribution warehouse for shipping and receiving lighting products and for wiring stained glass lighting systems. It is possible that chemical releases may have occurred during the time period that the site was occupied by chemical companies. Releases of hazardous substances including petroleum hydrocarbons were identified as contaminants impacting the property. Soil and groundwater testing identified concentrations of tetrachloroethylene (PCE), trichloroethylene (TCE), chloroform, lead and copper.

**Agenda Item - 4.C.2.**

<b>Description of Activity</b>	<b>Cost</b>	<b>Amount Financed by Infill Grant</b>
Site Cleaning	\$ 23,470	\$ 0
Soil Gas Survey	38,000	0
Groundwater Investigation	92,871	0
Shoring	343,166	0
Excavation	560,586	0
Soil Transportation and Disposal	1,401,400	0
Dewatering	181,151	0
Groundwater Sampling	60,938	0
French Drain Installation	80,954	0
Groundwater Extraction System Installation	52,750	0
Vapor/Groundwater Barrier Installation	287,500	0
Operation and Maintenance Plan Implementation	61,000	61,000
Satisfaction of Future Operation & Maintenance Events	<u>183,560</u>	<u>183,560</u>
<b>TOTAL ESTIMATED COST:</b>	<b><u>\$3,467,346*</u></b>	<b><u>\$244,560</u></b>

*\*Costs not covered by the requested grant amount are ineligible costs as they have already occurred, and majority of the cleanup has occurred on site.*

**Oversight Agency.** Department of Toxic Substances Control (DTSC).

**Infill Development Project Description.** The project will contain a total of 273 studio units and 2 one-bedroom non-revenue generating manager’s units. Twenty-seven units will be restricted to households with income levels at 40% of the area median income (AMI), 146 units will be restricted to households with income levels at 50% of the AMI, and 100 units will be restricted to households with income levels at 60% of the AMI. The project is situated within ¼ mile of the Transit Center, located at 12<sup>th</sup> & Imperial Avenue, with the transit lines 4, 11, 901, 929, servicing every 15– 30 minutes and are accessible to the public. There is also a light trolley rail going from this station: blue and orange lines. All which provide convenient access to other areas of the city.

The target population for the project is primarily service workers with incomes between 40% and 60% of San Diego’s AMI.

**Permits.** The project is in its final construction phase and all discretionary permits are in place.

**Anticipated Timeline.**

- Cleanup Began: December 2007.
- Cleanup to be Completed: Ongoing Operation & Maintenance through February 2014.
- Construction Began: December 2007.
- Development to be Completed: February 2009.

**Local Government Support.** Several letters of support have been received for the project, including:

**Local Community Support.**

- Barbara Kaiser, Vice President (Real Estate Operation, Center City Development Corporation (CCDC) - a local redevelopment agency (A-1)

**Government Officials Support.**

- Maryam Tasnif-Abbasi, Brownfields Coordinator, DTSC (A-3)

**Application Score.** The project earned a score of **105** out of **120** points in the following categories:

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

- (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.** Project is under development.
- (2) **Funding commitments are in place, or financing applications are under review, for the Infill Development Project—10/10.** Project is financed and under development.
- (3) **The Infill Development Project has local community and government support—10/10.** Letters of support have been submitted by DTSC and CCDC.
- (4) **Cleanup Plan has been approved by Oversight Agency—5/5.** Cleanup Plan was approved by DTSC on September 10, 2007.
- (5) **Applicant has building permits, and all other governmental permits (i.e. encroachment, ROW, etc.) in place or under review—5/5.** The project is under construction.

(b) **Location within an Economically Distressed Community.** TOTAL - 30/30. Project is in a redevelopment area.

(c) **Location within a Priority Development of a Local Governmental Entity.** TOTAL—10/10. Letter from the San Diego Association of Governments (SANDAG) states that this project is within a priority development area.

(d) **Depth of Affordability.** TOTAL—5/10. 63% of the 275 units are restricted to residents at or below 50% AMI, well above the Program's 15% threshold for 5 points.

(e) **Percentage of Affordability.** TOTAL—15/15. 99% of the 275 units are affordable, well above the 50% threshold for the full 15 points.

- (f) **Utilization of Green Building Methods. TOTAL—5/5.** The project has 80 GreenPoint Rating 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— 0/10.** Project will require long term groundwater monitoring to protect occupants from risks posed by potential vapor and groundwater contamination.

Tie-Breaker.

- (a) Total Brownfield Infill Project Cleanup Plan Cost: \$3,467,346.  
(b) Total no. residential housing units produced and/or promoted by Infill Development Project: 275.  
(c) Tie-breaker ratio [(a) / (b)]: \$12,609/unit.

**Financing Details.**

- Amount of Overall Financing to be Leveraged: \$45,788,590.
- Sources of Financing for Brownfield Infill Project: CALReUSE.
- Sources of Financing for Infill Development Project: Citibank tax exempt bonds, CCDC residual receipts, Federal Home Loan Bank (AHP) loan, Affirmed Housing Group deferred developer fee, and Boston Capital tax equity credit.

**Staff Recommendation.** Staff recommends approval of the attached Resolution for Studio 15 Housing Partners, LP for a grant in an amount not to exceed \$244,560.

**A RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING  
AUTHORITY APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING FOR  
STUDIO 15 HOUSING PARTNERS, 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, Studio 15 Housing Partners, LP has submitted an application for the CALReUSE Remediation Program for a grant in the amount of \$244,560 for the Studio 15 Project;

WHEREAS, the Strategic Partner, Creative Center for Land Recycling, has reviewed the application and determined to recommend the Studio 15 Project to the Authority for funding consideration;

WHEREAS, the Authority staff has reviewed the Strategic Partner’s recommendation and has determined to recommend the Studio 15 Project for funding; and

WHEREAS, approval of a grant for the Studio 15 Housing Partners, 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 Studio 15 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.

**Agenda Item - 4.C.2.**

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:** Studio 15

**Maximum Amount of Grant:** \$244,560

**Strategic Partner:** Center for Creative Land Recycling

**Grantee:** Studio 15 Housing Partners, LP

**Financing Structure:** Grant

**Maximum Grant Term:** Not to exceed 6 years from first draw on funds

**Oversight Agency:** Department of Toxic Substance Control

**Project Location:** 1475 Imperial Avenue  
San Diego, CA 92101

**Infill Development Description:** The project will contain a total of 273 studio units and 2 one-bedroom non-revenue generating manager’s units. Twenty-seven units will be restricted to households with income levels at 40% of the AMI, 146 units will be restricted to at 50% AMI, and 100 units will be at 60% of the AMI.

Affordability will be restricted for a period not less than 55 years.

<b>Project: Description of Activity</b>	<b>Estimated Cost</b>
Operation and Maintenance Plan Implementation	\$ 61,000
Satisfaction of Future Operation & Maintenance Events	<u>183,560</u>
<b>TOTAL ELIGIBLE BROWNFIELD INFILL COSTS</b>	<b><u>\$244,560</u></b>

Attachment A



September 9, 2008

Jim Silverwood  
President  
Affirmed Housing Group  
13520 Evening Creek Dr. North, Suite 360  
San Diego, CA 92128

**SUBJECT: STUDIO 15**

Dear Mr. Silverwood:

This letter is written to express strong support for the Studio 15 project, a 275-unit SRO, located at 1475 Imperial Avenue. The project site is within the East Village District of the Centre City Redevelopment Project Area, which was adopted by the City of San Diego on May 11, 1997 pursuant to California Community Redevelopment law. An excerpt from the Downtown Community Plan (Section 6.5 "Neighborhoods and Districts - East Village") is enclosed. 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.

During the past few years, numerous neighborhood revitalization efforts have taken place and are on going in East Village. Specific examples of public investments in the surrounding area include: Park to Bay Link, a \$30 million public-improvement project to aesthetically improve the public right-of-way by creating a landscaped pedestrian promenade along the San Diego Trolley line; Harbor Drive Pedestrian Bridge, a proposed pedestrian bridge to provide a safe crossing over heavily traveled Harbor Drive and existing train and trolley tracks, with the Redevelopment Agency contribution of \$17 million; and East Village Park, a proposed 1.5 acre neighborhood park located at I<sup>th</sup> and J streets with the Redevelopment Agency contribution of \$4 million.

Despite the fact that much progress has been made in eliminating blight within the neighborhood, it still suffers from blighting conditions such as inadequate public infrastructure, a lack of necessary commercial facilities, existence of irregular lots and a critical lack of affordable housing, which could lead to problems of public safety and welfare.

The Studio 15 project is critical to the revitalization of the neighborhood. The project will eliminate a blighted and underutilized infill lot, provide critically needed affordable housing



Attachment A

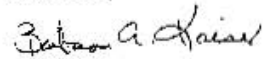
Mr. Tim Silverwood  
September 9, 2008  
Page 2

specifically targeted towards working individuals and help provide for a balanced and diverse community. As CCDC strives to create vibrant diverse neighborhoods, it is essential that projects such as Studio 15 are a part of them.

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

Thank you for your consideration of this worthwhile project.

Sincerely,



Barbara A. Kaiser  
Vice President, Real Estate Operations

Attachments

- Site Map
- Excerpt from Downtown Community Plan (on East Village)

Attachment A

**Anna Scott**

**From:** Maryam Tasnif-Abbasi [mailto:mtasnif@dtsc.ca.gov]  
**sent:** Tuesday, September 30, 2008 5:27 PM  
**To:** Anna Scott  
**Subject:** Support Letter

\*\* Proprietary \*\*

Anna:

Please include this e-mail with your Cal Reuse Program Application, or forward directly to the review committee. Please excuse the informal nature of this support letter, but unfortunately I was having some logistical issues and was unable to write a letter on DTSC letterhead.

To the Cal Reuse Program Grant/Loan Application Review Committee:

DTSC has been involved with the Studio 15 Low Income Housing project since late 2006. We fully support this project, and feel that successful completion will lead to much needed low-income housing in the downtown San Diego area. We applaud the developer's efforts to seek funding for the Operation and Maintenance component of this project. The contamination underlying the site is such that implementation of extensive Operation and Maintenance (O&M) provisions and continued groundwater monitoring is necessary to ensure the safety of intended occupants. The O&M system, which will protect occupants from risks posed both by vapor and groundwater contamination, requires financial assurance to guarantee long-term operation.

Affirmed Housing has been in an unfortunate situation. When they purchased the property, they were not aware that the project had been referred to DTSC for oversight, and that the remedial work plan that had been approved by the local oversight agency was no longer valid. DTSC's oversight of a supplemental investigation led to the discovery that the extent and level of contamination was much greater than anyone involved with the project had realized. The resulting the cleanup and O&M Plan (currently in the process of being finalized) required far more funds than had been anticipated.

We hope that you consider this application very strongly, and facilitate the final step to implement the re-use of this Brownfields site. If you have any questions, please do not hesitate to contact me.

Regards,

Maryam Tasnif-Abbasi  
Brownfields Coordinator/TSI Grant Coordinator Site Mitigation & Brownfields Reuse Program  
Southern California Cleanup Operations Department of Toxic Substances Control  
5746 Corporate Avenue  
Cypress, CA 90630

Telephone: 714 484 5489  
Mobile: 714 222 3485  
Fax: 714 484 5438