

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION
PROGRAM**

Meeting Date: November 19, 2008

Request Infill Grant Approval

Prepared by: *Chris Nelson, National Brownfield Associations and Dona Yee, CPCFA*

Applicant: Global Premier Development, Inc.	Type of Funding Requested: Grant
Co-Applicant: LINC Housing Corporation	Amount Requested: \$5,000,000
Project Name: Lorena Apartments	Strategic Partner: NBA
Project Location: Los Angeles (Los Angeles County)	

Summary. Global Premier Development, Inc. and LINC Housing Corporation (the “Applicant”) requests approval of a grant in an amount not to exceed \$5,000,000 to finance the remediation of a brownfield to develop a 112-unit multi-family housing apartment complex. The Development Project will create 112 affordable rental housing units including 56 units at 40-50% Area Median Income (AMI), 31 at 50-60% AMI, 24 at less than or equal to 40% AMI, and a manager’s unit.

Applicant. Global Premier Development and its joint venture partners specialize in the development of Low Income Housing, under Section 42 of the Internal Revenue Code, Tax Exempt Bond financing. The corporation was established on April 1, 2004. Global Premier Development builds, owns, and operates homes for families and seniors across all of California. The corporation was established on August 11, 1993 and is solely owned by Andrew Hanna. The project is a joint venture of Global Premier (50.04%) and LINC Housing (49.96%).

LINC Housing’s work is a commitment to helping our city partners achieve the best local outcomes. LINC’s development, resident services, asset management, accounting, and support staff work together to deliver comprehensive service to communities with more than 22 years of service to families, seniors, and local governments.

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 subject property was formerly used as a residence, a medical office/clinic and a church. A church and three residential structures currently occupy the infill land. The contaminants of concern include: Total Petroleum Hydrocarbons (TPH) or gasoline organochlorine pesticides, lead and other metals.

The following table shows the breakdown of required activities, costs and the amount to be financed using the CalReUSE grant proceeds:

Agenda Item - 4.C.29.

Description of Activity	Cost	Amount Financed by Infill Grant
Work Plan and Mitigation Plan	\$ 20,000	\$ 0
Project planning, mobilization, prep for fieldwork and H&S Plan	25,000	0
Environmental fieldwork, oversight, mitigation, consulting	50,000	37,500
Confirmation sampling and analyses	20,000	20,000
Excavate, transport and disposal of 90,000 tons non-RCRA hazardous waste	7,650,000	4,857,500
Closure report and documents	25,000	25,000
Mobile laboratory and analyses for additional assessment	40,000	40,000
Waste profile, management re: waste soil transportation and disposal	20,000	20,000
TOTAL ESTIMATED COST:	<u><u>\$7,850,000*</u></u>	<u><u>\$5,000,000</u></u>

**Brownfield Infill Project costs not covered by Infill Grant will be covered by a construction loan. The difference is attributed to ineligible costs and the maximum award amount available.*

Oversight Agency. Los Angeles County Fire Department Site Mitigation Unit (SMU)

Infill Development Project Description. The Infill Development Project will construct a 112, two to three bedroom affordable rental housing units (plus one manager’s unit) located on 625-639 South Lorena Street in Los Angeles. Of the total 112 units, 56 units will be restricted at 40-50% Area Median Income (AMI), 31 at 50-60% AMI, 24 at less than or equal to 40% AMI.

The project will consist of two separate buildings over one to two levels of below-grade parking. There will also be a recreation building containing the office and recreation center. Exterior common areas shall include a Multi-Purpose Social Room, a Manager’s Office, Picnic and BBQ Area(s) and a Play area. The site is situated within ¼ mile of a transit stop with service every 30 minutes during rush hour, public library, grocery store, and pharmacy; a ½ mile of a public school and 1 mile from a medical clinic as well as other numerous other amenities.

Permits. The applicant has received CEQA approval and a conditional use permit from the City of Los Angeles. The project still requires a grading permit and a building permit (and certificate of occupancy), which have not been submitted for approval as of the time of this report.

Anticipated Timeline.

- Cleanup to Begin: December 2008
- Cleanup to be Completed: March 2009
- Development to Begin: November 2009
- Development to be Completed: May 2011

Local Government Support. On September 19, 2008, the City of Los Angeles Planning Department conditionally approved a Site Plan Review and Density Bonus Compliance Review. This development will help aid the City of Los Angeles in meeting their

redevelopment and revitalization goals, and will furnish the community with much needed affordable housing, which will greatly benefit the neighborhood as well as the surrounding community.

Several letters of support have been received for the project including:

Local Community Support.

- Lupe Torres, Apartment Tenant (A-1)

Government Officials Support.

- Rogelio Flores, City Planning Associate, City of Los Angeles Planning Department. (A-2)

Application Score. The project earned a score of **95** 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 CEQA is complete and Design Review has been conditionally approved. The applicant has demonstrated that entitlements can be completed in less than two years.
- (2) **Funding commitments are in place, or financing applications are under review, for the Infill Development Project-10/10.** All sources and uses of funds have been identified.
- (3) **The Infill Development Project has local community and government support -10/10.** Letters of support were provided from a neighbor as well as from the City of Los Angeles.
- (4) **Cleanup Plan has been approved by Oversight Agency- 0/5.** The cleanup plan has not been approved. It has been submitted and is under review.
- (5) **Applicant has building permits, and all other governmental permits (i.e. encroachment, ROW, etc.) - 0/5.** The CEQA is complete and Design Review has been conditionally approved. The applicant needs to pull and have its building permits approved.

(b) Location within an Economically Distressed Community. TOTAL- 30/30. The site is located within an Enterprise Zone. The Enterprise Zone is defined as The Eastside State Enterprise Zone by the City of Los Angeles.

- (c) **Location within a Priority Development of a Local Governmental Entity.** **TOTAL -10/10.** The applicant has submitted an excerpt from the City of LA General Plan identified the area as a priority development area.
- (d) **Depth of Affordability.** **TOTAL-10/10.** The development project earns the maximum number of points under depth of affordability.
- (e) **Percentage of Affordability.** **TOTAL-15/15.** The development project earns the maximum number of points under percentage of affordability.
- (f) **Utilization of Green Building Methods.** **TOTAL- 0/5.** The applicant is not pursuing green building methods.
- (g) **Cleanup Plan for the Brownfield Infill Project does not require Ongoing Operation and Maintenance.** **TOTAL 10/10.** Due to the lack of groundwater and no soil vapors present on site there is no need for operation, maintenance or monitoring of the selected remediation program (dig and haul). The consultant for the applicant has submitted a letter attesting to this.

Tie-Breaker.

- (a) Total Brownfield Infill Project Cleanup Plan Cost: \$5,000,000
- (b) Total number of residential housing units produced and/or promoted by Infill Development Project: 112 units
- (c) Tie-breaker ratio \$5,000,000/112: \$44,643/housing unit

Financing Details.

- Total Project Cost: \$42,609,834.00
- Amount of Overall Financing to be Leveraged: \$25.6 million
- Sources of Financing for Brownfield Infill Project: CalReUSE and construction loan.
- Sources of Financing for Infill Development Project: – SunAmerica (land and construction loans), LA Housing Department, Affordable Housing Program, Tax Credit Equity

Staff Recommendation. Staff recommends approval of the attached Resolution for Global Premier Development, Inc. and/or LINC Housing Corporation for an amount not to exceed \$5,000,000.

**A RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING
AUTHORITY APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING
FOR GLOBAL PREMIER DEVELOPMENT, INC. AND
LINC HOUSING CORPORATION
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 Brownfield Association has submitted an application for the CALReUSE Remediation Program for a grant in the amount of \$5,000,000 for the Lorena Apartments Project;

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

WHEREAS, approval of a grant for the Global Premier Development, Inc. and/or LINC Housing Corporation (“Applicants” and “Grantees”) 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 Lorena Apartments 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 Borrower/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/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: Lorena Apartments

Maximum Amount of Grant/Loan: \$5,000,000

Strategic Partner: National Brownfield Associations

Grantee: Global Premier Development, Inc. and LINC Housing Corporation

Financing Structure: Grant

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

Oversight Agency: Los Angeles County Fire Department Site Mitigation Unit (SMU)

Project Location: Lorena Apartments
625-639 S Lorena Street
Los Angeles, CA 90023

Infill Development Description: A 112, two to three bedroom affordable rental housing units (plus one manager’s unit) Of the total 112 units, 56 units will be restricted at 40-50% Area Median Income (AMI), 31 at 50-60% AMI, 24 at less than or equal to 40% AMI.

Project: Description of Activity	Estimated Cost
Environmental fieldwork, oversight, mitigation, consulting	\$ 37,500
Confirmation sampling and analyses	20,000
Excavate, transport and disposal of 90,000 tons non-RCRA hazardous waste	4,857,500
Closure report and documents	25,000
Mobile laboratory and analyses for additional assessment	40,000
Waste profile, management re: waste soil transportation and disposal	20,000
TOTAL ELIGIBLE BROWNFIELD INFILL COST:	<u>\$5,000,000</u>

Attachment A

Lupe Torres
3037 Glenn Avenue Apt. #2
Boyle Heights, CA 90023

RE: Lorena Apartments

To Whom It May Concern;

This letter is regarding the approved "Lorena Apartments," a 112-unit multi-family affordable housing project located at 625-639 South Lorena Street, Los Angeles, California.

My name is Lupe Torres and I live at 3037 Glenn Avenue Apt. #2 and strongly support this wonderful affordable housing development.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Lupe Torres", written in a cursive style.

Lupe Torres
(562) 373-8378

Attachment A

DEPARTMENT OF
CITY PLANNING
228 N. Spring Street, Room 525
Los Angeles, CA 90012-4601
AND
6282 Van Nuys Blvd., Suite 261
Van Nuys, CA 91411

CITY PLANNING COMMISSION
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DANIEL WILLIAMS
COMMISSION EXECUTIVE ASSISTANT
(213) 678-1200

City of Los Angeles
CALIFORNIA



Antonio R. Villaraigosa
MAYOR

EXECUTIVE OFFICES
S. GAIL GOLDBERG, AICP
DIRECTOR
(213) 678-1271
VINCENT P. BERTONI, AICP
DEPUTY DIRECTOR
(213) 678-1272
JOHN M. DUGAN, AICP
DEPUTY DIRECTOR
(213) 678-1274
ENA YLIAN-MCCANIEL
DEPUTY DIRECTOR
(213) 678-1275
FAX: (213) 678-1275
INFORMATION
(213) 678-1270
www.planning.lacity.org

RE: 625-639 LORENA STREET PROJECT, DEPARTMENT OF CITY PLANNING CASE
NO. DIR-2007-5001-SPR-DB / ENV-2007-4556-MND

To Whom It May Concern;


This letter is regarding "Lorena Apartments," a multi-family affordable housing project whose compliance with the State Density Bonus Program (SB1818), and land use entitlements were recently conditionally approved by this Department.

The project, as conditionally approved, will help the City of Los Angeles to meet the City's General Plan goals and objectives by providing housing that:

- Helps the City to address its housing shortage and achieve long-term housing production objectives.
- Results in an adequate supply of rental housing that is safe, healthy, sanitary and affordable to people of races, ages, and suitable for their various needs;
- Helps to create safe, livable and sustainable neighborhoods;
- Results in new rental opportunities for low-income households;
- Is located within proximity to transit opportunities;

Furthermore, as conditionally approved, the project will preserve an existing historic resource and provide building design that is compatible with the surrounding neighborhoods.

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

Sincerely,

Rogelio Flores, City Planning Associate
(213) 978-1478, rogelio.flores@lacity.org