

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM
Meeting Date: August 16, 2016**

*Request to Amend Infill Grant Documents under the California Recycle Underutilized Sites
("CALReUSE") Remediation Program*

Prepared by: *Ethan Wieser*

Applicant:	MacArthur Transit Community Partners, LLC	Type of Funding:	Grant
Project Name:	MacArthur Transit Village	Amount Disbursed:	\$2,981,000
Project Location:	Oakland, (Alameda County)	Prior Actions:	Application Approved 11/19/08

Summary. MacArthur Transit Community Partners, LLC (the “Grantee” or “MTCP”) requests board consent to the transfer of a portion of MTCP’s assets as required by the Section 6.2 of the Infill Grant Agreement (“Agreement”), an extension to the term of the Infill Grant Agreement to December 31, 2020, and to increase the number of housing units in the Infill Development Project from 312 (94 affordable) to 377 (89 affordable).

Background of the Approved Project. On November 19, 2008, the Board approved a grant in the amount of \$2,981,000 for the remediation of a brownfield site that previously contained an automotive repair garage, two gas stations, and volatile organic compounds likely associated with former on-site dry cleaning operations.

The MacArthur Transit Village Project is located in North Oakland. The neighborhood offers a rich mix of community amenities and employment opportunities in the immediate vicinity. Two of the region’s largest employers, Alta Bates Summit Medical Center and Kaiser Hospital, are both located within a half mile of the project and together provide jobs to over 6,000 people. A number of community amenities, including places of worship, senior care facilities, pharmacies, community centers, restaurants, and so forth, are also located within a half mile of the project. The MacArthur Transit Village Project is part of a larger 8.2 acre Infill Development Project area planned for redevelopment as the MacArthur Transit Village.

The remediation of the project was completed in 2015, and in March 2016, MTCP completed the Mural Apartments, a mixed-use Transit-Oriented Development project located adjacent to the MacArthur BART Station. The project not only redeveloped an underutilized site, but also enhanced an already vibrant transit-oriented community by providing improved bicycle and pedestrian use, with increased and deepened access to the BART station and connecting public transit lines.

The project is an urban infill development which maximizes density by integrating over 100 units per acre including 90 rental apartments – including 89 affordable units and one manager’s rental – to households earning 30% to 50% of Area Median Income. These units are already completed.

Building on the strengths of the neighborhood, MacArthur Transit Village provides a unique opportunity to provide dense, high-quality housing at one of the most active transit hubs in the Bay Area.

Current Request. MTCP has requested CPCFA consent to:

- 1) Transfer Parcels A and C1 to Hines Interests, LP (Hines); and
- 2) Transfer of Parcel B to Boston Properties, LP

CPCFA consent is required by the Section 6.2 of the Infill Grant Agreement if the Grantee wishes to merge, reorganize, consolidate or sell, lease, assign, transfer, or otherwise dispose of more than 20% of control of Grantee's business assets. In this case only Parcel A was a part of the CALReUSE project, however CPCFA consent is still required for Parcels B and C1 which are part of MTCP's larger 8.2 acre project.

Due to some changes in original designs on Parcel A, the number of housing units for the CALReUSE Infill Development Project will increase by 65 units, from 312 to 377.

The Grantee provided a portfolio for Hines Interests, LP, the market rate developer of Parcel A, which is a part of the CALReUSE Infill Development Project. Hines is a well-qualified multifamily developer having developed 10 project of similar or larger size throughout the country.

In addition MTCP has requested an extension of the term of the Infill Grant Agreement from January 11, 2018 until December 31, 2020. This extension is necessary as the project was delayed due to the area being hit particularly hard by a market downturn. In addition, the market rate project could not be built until a BART garage, and significant infrastructure improvements were made in the area, that all experienced delays as well. Finally, the land use approval process was time consuming and took longer than anticipated.

The Grantee anticipates Hines will begin construction of the 287 unit market rate development on Parcel A by the end of 2016 or early 2017. With a 30 month construction time MTCP is confident construction will be completed and the Infill Development Report submitted before the requested extension deadline of December 31, 2020.

Even though Parcel A is begin transferred to Hines, the completion of the market rate development on that parcel remains a grant condition under Section 5.2 of the Infill Grant Agreement with MTCP. As part of the request to transfer the parcel, MTCP acknowledges this surviving grant condition as to MTCP and understands that if the Infill Development Report complete with occupancy permits are not submitted before the extended deadline of December 31, 2020, that it will constitute an event of default under Section 7.1 of the Infill Grant Agreement and subject MTCP to the grantor's remedies listed in Section 7.3.

Staff Recommendation. Staff recommends approval of the attached Resolution to amend the number of housing units from 312 (94 affordable) to 377 (89 affordable), extend the term of the Infill Grant Agreement until December 31, 2020, and provide CPCFA consent to the transfer of Parcels A and C1 to Hines Interests, LP, and Parcel B to Boston Properties, LP.

**A RESOLUTION OF
THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
APPROVING THE REQUEST TO AMEND THE INFILL GRANT DOCUMENTS
UNDER THE CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION
PROGRAM**

August 16, 2016

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; and

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; and

WHEREAS, the California Pollution Control Financing Authority (the “Authority”), a public instrumentality of the State of California, on November 19, 2008 approved a grant for MacArthur Transit Community Properties, LLC (“Grantee”) in the amount of \$2,981,000, as reflected in that resolution (the “Resolution”);

WHEREAS, MacArthur Transit Community Properties, LLC has the authority and responsibility to complete the Brownfield Infill Project and Infill Development Project as described in the Infill Grant Agreement December 1, 2010 (“Agreement”); and

WHEREAS, the Grantee has requested the Authority’s consent to the transfer of parcels A and C1 to Hines Interest, LP as required by Section 6.2 of the Agreement; and

WHEREAS, the Grantee acknowledges that the completion of the Infill Development Project approved for Parcel A remains a condition under Section 5.2 of the Agreement and that failure to fulfill that condition will constitute an event of default under Section 7.1 of the Agreement subject to the grantor’s remedies listed in Section 7.3 of the Agreement; and

WHEREAS, the Grantee has requested the Authority’s consent to the transfer of Parcel B to Boston Properties, LP as required by Section 6.2 of the Agreement; and

WHEREAS, the Grantee has requested an extension to the term of the Agreement until December 31, 2020; and

WHEREAS, the Grantee has requested to increase the number of housing units in the Infill Development Project from 312 (94 affordable) to 377 (89 affordable); and

WHEREAS, an amendment to the Agreement 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 consents to the transfer of Parcels A and C1 from the Grantee to Hines Interest, LP.

Section 2. Pursuant to the Regulations, the Authority hereby consents to the transfer of Parcel B from the Grantee to Boston Properties, LP.

Section 3. The term of the Infill Grant Agreement dated December 1, 2010, is extended to December 31, 2020.

Section 4. The total number of housing units in the Infill Development Project Description shall be amended from 312 (94 affordable) to 377 (89 affordable).

Section 5. Except as specifically amended in Exhibit A hereof, all provisions and conditions of Exhibit A of the Infill Grant Agreement dated December 1, 2010, shall remain unchanged and in full force and effect.

Exhibit A

TERM SHEET

Name of Project: MacArthur Transit Village

Maximum Amount of Grant/Loan: \$2,981,000

Grantee: MacArthur Transit Community Partners, LLC

Financing Structure: Grant

Maximum Grant/Loan Term: December 31, 2020

Oversight Agency: California Regional Water Quality Control Board

Project Location: 515 & 516 Apgar St., Oakland
532 39th St.
Oakland, CA 94609

Infill Development Description: The Project will consist of 89 rental housing units at less than or equal to 50% of area median income (AMI), and 288 Unrestricted, as illustrated below.

Income Limit	Units
≤ 50% AMI	44
≤ 45% AMI	9
≤ 30% AMI	36
Unrestricted	288
Total Units	377

Project: Description of Activity	Estimated Cost
Oversight and Project Management	\$451,000
Excavation, Stockpile, and Soil Management	102,300
Transportation and Disposal	321,200
Backfilling	1,197,900
Confirmation Soil Sampling	27,500
Short Term Groundwater Extraction/Disposal, From Open Excavations and Slurry Wall Dewatering	236,500
Six-month Groundwater Treatment System	528,000
Miscellaneous (Perimeter Control, Real-time Soil Monitoring/Oversight, Oversight Agency Costs)	<u>116,600</u>
TOTAL ELIGIBLE BROWNFIELD INFILL COSTS	<u>\$2,981,000</u>