

**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: *Greg Martin, CPA*

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| <b>Applicant:</b>        | City of Richmond as<br>Successor to the Richmond<br>Community Redevelopment<br>Agency | <b>Type of Funding:</b>  | Grant   |
| <b>Project Name:</b>     | Miraflores  | <b>Amount Disbursed:</b> | \$2,604,490   |
| <b>Project Location:</b> | Richmond, California<br>(Contra Costa County)   | <b>Prior Actions:</b>    | Application No. 12<br>Approved 11/19/08<br>Amended 09/24/10<br>01/27/12<br>02/21/13<br>05/02/16 |

**Summary.** The City of Richmond as Successor to the Richmond Community Redevelopment Agency ("Grantee") is requesting an amendment to the Infill Grant Agreement ("Agreement") to extend the term of the Agreement until July 31, 2021, to amend the number of housing units in the Infill Development Project from 280 units (109 affordable) to 270 units (109 affordable), and to delete parcel number 513-321-018 from the Brownfield Infill Project Location, under the CALReUSE Remediation Program ("Program"). Additionally, the Grantee is requesting to extend the date by which the Grantee is to submit the Regulatory Agreement to the California Pollution Control Financing Authority ("CPCFA").

**Project Background.** On November 19, 2008, the Board approved a grant in the amount of \$2,604,490 to the Richmond Community Redevelopment Agency to fund remediation at a brownfield site to develop the Miraflores Project ("Project").

The approximately 14-acre site is comprised of three former flower nurseries which had been in operation from the early 1920's to 2006. The site was occupied by remaining greenhouses, residences, well-pump houses, boiler houses, warehouses, and storage sheds. The site was contaminated by hazardous substances and petroleum. Environmental concerns found on the site included the presence of pesticides (in particular, dieldrin and DDT), lead, and petroleum hydrocarbons (in particular, diesel and motor oil) in the soil. In addition, petroleum hydrocarbons were present in the groundwater.

The approved Project is a combination of senior affordable rental housing and for-sale affordable and market-rate housing. EDEN Housing and the Community Housing Development Corporation

of North Richmond (“CHDC”) are developing the senior affordable housing and Miraflores Community Devco, LLC, is developing the for-sale housing. The Grantee proposed to create 280 housing units, including 79 rental units of supportive housing for the elderly restricted at less than or equal to 50 percent of the area median income (“AMI”) and 30 for-sale units restricted at less than or equal to 120 percent AMI. Out of the 280 units, approximately 180-200 units would be single-family residences with a combination of detached houses and townhouses. Other project highlights include a community room with availability to the wider community, park space, and Baxter Creek.

In the years since the Project’s approval for Program funding several changes have taken place that require changes to the Agreement and accompanying Regulatory Agreement.

**Dissolution of Redevelopment Agencies**

In 2011, Governor Jerry Brown signed into law AB 1X26 which dissolved all redevelopment agencies (“RDAs”) effective October 1, 2011. This legislation prevented RDAs from engaging in new activities and outlined a process for winding down the RDA’s financial affairs. Subsequent litigation delayed the dissolution of the RDAs, but all were dissolved in February 2012. As a result, the Grantee had to receive project approval from the California Department of Finance (“Finance”) for all projects reported on the Grantee’s Recognized Obligation Payment Schedule. After extensive discussions with Finance staff, the Grantee received approval for the Project on August 21, 2015.

**Affordable Housing Tax Credits**

In July 2015, EDEN Housing submitted an application for the nine percent tax credits available from the California Tax Credit Allocation Committee (“CTCAC”). The application was unsuccessful due to the fact that the application exceeded the regional award cap. The developer also applied for the Department of Housing and Community Development’s (“HCD”) Multifamily Housing Program tax credits and was unsuccessful. After meeting with the senior housing developer in November 2015, the Grantee agreed to assist the developer in repositioning the Project for a non-competitive four percent tax credit application to CTCAC provided the developer could secure an extension from HCD for the Infill Infrastructure Grant (“IIG”) awarded to the Project. The developer successfully secured an extension of the IIG to December 31, 2018, and applied for and received the four percent tax credits as well as the \$25 million bond allocation from the California Debt Limit Allocation Committee.

**Brownfield Remediation**

The Project site’s soil and groundwater were contaminated and required remediation. Remediation activities included i) the excavation and offsite disposal of soil, ii) the removal of several underground storage tanks to approved offsite facilities, iii) the collection and analysis of soil samples from excavated areas to ensure that cleanup goals have been met, and iv) the backfilling of excavated areas with clean import soil. All of these tasks were completed successfully and all grant funds of \$2,604,490 have been disbursed to the Grantee. The Department of Toxic Substances Control (“DTSC”) certified the site on June 29, 2015.

**Infill Development Project**

The developers for both the senior affordable housing and for-sale housing are in place. The Disposition and Development Loan Agreement (“DDLA”) for the senior affordable housing was approved by the Successor Agency to the Richmond Community Redevelopment Agency Board (“Board”) on June 25, 2015, and the Disposition and Development Agreement (“DDA”) for the for-sale housing was approved by the Board on July 19, 2016. Additionally, funding is in place for a \$4 million public improvement effort along the 4.5 acre Baxter Creek Greenway that runs the eastern length of the site.

Due to site constraints, the design of the Baxter Creek Greenway, and the development configuration of the housing units, the original housing unit total of 280 (109 affordable) must be reduced to 270 (109 affordable). However, the ten-unit reduction will not reduce the total number of affordable units. Construction will begin on the senior affordable housing development (80 units, 79 affordable) in early 2017 with completion targeted for 2018. The for-sale housing (190 units, 30 affordable) will be built in four phases with construction beginning in December 2017 and completed by July 9, 2021.

**Current Request.** The City of Richmond as Successor to the Richmond Community Redevelopment Agency requests that the CPCFA Board extend the term of the Infill Grant Agreement to July 31, 2021, amend the number of housing units from 280 housing units (109 affordable), to 270 housing units (109 affordable), delete parcel number 513-321-018 from the Agreement, and extend the date of recording for the Regulatory Agreement to December 31, 2016.

**Analysis and Discussion.** After thorough review of the Grantee’s request letter and supplemental documentation, staff recommends that the Board approve a Resolution for the Grantee’s requests. The Grantee has requested an extension of the Infill Grant. According to Program Regulations, the term of the Agreement may be extended if the Grantee clearly demonstrates that it is unable to complete the Project by the end of the grant term, and the Grantee clearly demonstrates how the Project can be completed in the additional time requested. The Grantee has demonstrated that the dissolution of the RDAs, the subsequent negotiations with Finance, and the initial denial of affordable housing tax credits created circumstances in which the Project could not be completed within the term of the Agreement.

Additionally, the Grantee has demonstrated how the Project can be completed in the additional time requested. By having a DDLA and DDA in place for both the senior affordable housing and for-sale housing, obtaining an extension of the IIG, obtaining the four percent tax credit and bond allocation, and obtaining site certification from DTSC for the remediation, the Grantee demonstrated that it has taken the necessary steps to complete the Project in the additional time requested. The Grantee has also remained committed to providing as many affordable housing units as the Project will allow by reducing the number of market-rate housing units rather than reducing the number of affordable units. According to the DDA with the for-sale developer, the

final phase of the Project is scheduled to be completed on July 9, 2021. Therefore, the requested extension date of July 31, 2021, is appropriate.

The Grantee has requested an amendment to the Infill Development Project Description in Exhibit A of the Agreement. As mentioned previously, site constraints, the design of the Baxter Creek Greenway, and the development configuration of the housing units only allow for the construction of 270 total housing units (109 affordable). Therefore, the Infill Development Project Description should be amended to reflect the updated development plans for the site. Furthermore, after reviewing DTSC's certification letter, CPCFA staff determined that parcel number 513-321-018 was erroneously included in the Brownfield Infill Project Location description. The Grantee confirmed CPCFA staff's finding and, therefore, is requesting that parcel number 513-321-018 be deleted from Exhibit A.

The Grantee also requested an extension of the date by which it is required to submit the Regulatory Agreement executed in October 2010 between the Grantee and CPCFA from August 31, 2016, to December 31, 2016. Currently, the scope of the Regulatory Agreement includes both the senior affordable housing development and the for-sale housing development. The Grantee is requesting that each development be regulated under separate agreements so that the developers can more easily obtain financing. The additional time to submit the Regulatory Agreement will allow the Grantee to enter into a Regulatory Agreement with the senior affordable housing developer in November 2016 for 80 housing units (79 affordable). Upon receipt of this Regulatory Agreement, CPCFA will amend the scope of its Regulatory Agreement to only include the remaining 160 market-rate and 30 affordable housing units. Both Regulatory Agreements will then be recorded in Contra Costa County by December 31, 2016.

**Staff Recommendation.** Staff recommends that the CPCFA Board approve a Resolution to extend the term of the Infill Grant Agreement to July 31, 2021, amend the number of housing units from 280 housing units (109 affordable) to 270 housing units (109 affordable), delete parcel number 513-321-018 from the Agreement, and extend the date for submission of the Regulatory Agreement to December 31, 2016.

**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, on November 19, 2008 approved a grant for the Miraflores project (the “Project”) in the amount of \$2,604,490, as reflected in that resolution (the “Resolution”); and

**WHEREAS**, the grant was awarded to Richmond Community Redevelopment Agency;  
and

**WHEREAS**, On December 29, 2011, the California Supreme Court decision in *California Redevelopment Association v. Matosantos* found AB1X26 constitutional and dissolved Redevelopment Agencies throughout California, including the Richmond Community Redevelopment Agency; and

**WHEREAS**, The City of Richmond was named Successor to the Richmond Community Redevelopment Agency; and

**WHEREAS**, the City of Richmond as Successor to the Richmond Community Redevelopment Agency has the authority and responsibility to complete the Brownfield Infill Project and Infill Development Project as described in the Infill Grant Agreement dated October 18, 2010; and

**WHEREAS**, the Authority finds that extending the term of the Infill Grant to July 31, 2021 advances the purposes of the Program; and

**WHEREAS**, approval for amending the Infill Grant Agreement dated October 18, 2010, is sought;

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

**Section 1.** The term of the Infill Grant Agreement dated October 18, 2010, is extended to July 31, 2021.

### **Agenda Item 4.D.3**

**Section 2.** Parcel number 513-321-018 be deleted from the Brownfield Infill Project Location in Exhibit A of the Infill Grant Agreement dated October 18, 2010.

**Section 3.** The total number of housing units in the Infill Development Project Description be amended from 280 to 270 total units, and the number of for-sale, unrestricted units be amended from 170 to 160 units.

**Section 4.** Except as specifically amended in Exhibit A hereof, all provisions and conditions of Exhibit A of the Infill Grant Agreement dated October 18, 2010, shall remain unchanged and in full force and effect.

**Section 5.** The date of submission for the Regulatory Agreement be extended until December 31, 2016.

**Exhibit A**

**Brownfield Infill Project Location:**

128 South 45<sup>th</sup> Street, 99 South 47<sup>th</sup> Street, 4606 Florida Avenue, 223 South 47<sup>th</sup> Street, 130 South 47<sup>th</sup> Street, 4733 Wall Avenue, 4737 Wall Avenue, 4809 Wall Avenue, and 4855 Wall Avenue, Richmond, California 94804

Further described as Parcel Numbers 513-321-001; 513-321-002; 513-321-003; 513-322-023; 513-322-024; 513-322-025; 513-322-037; 513-322-038; 513-330-001; 513-330-002; 513-330-003; 513-330-006; 513-330-007; 513-330-013; 513-330-014; and 513-330-005

**Infill Development Project Description:**

The Project will consist of 270 housing units, including 79 rental units of supportive housing for the elderly restricted at less than or equal to 50% of the area median income (AMI) and 30 for-sale units restricted at less than or equal to 120% AMI as illustrated below.

| Units | Type           | Income Limit |
|-------|----------------|--------------|
| 79    | Senior Rental  | ≤ 50% AMI    |
| 1     | Manager Rental | Unrestricted |
| 30    | For-sale       | ≤ 120% AMI   |
| 160   | For-sale       | Unrestricted |
| 270   | Total Units    |              |