

**East Garrison
Final Phase Proposal
DECEMBER 2, 2022**



**Century Communities
6700 Koll Center Parkway, Suite 200
Pleasanton, CA 94566**

SUMMARY

Century Communities is pleased to submit this proposal to make minor adjustments to the existing approvals for the Final Phase of the East Garrison community. The goal of the changes is to enable the community to be completed in a timely manner while respecting the goals and intent of the original vision. This proposal also intends to help expedite the implementation of the remaining development and other obligations shared by both Century Communities and the County of Monterey.

While there are many inherent challenges facing the completion of East Garrison as originally approved, some of which are related to macro-economic and market conditions and others are more site specific having to do with existing infrastructure and other practical development constraints, Century Communities has determined that with some key modifications, these challenges can be overcome.

This proposal lays out the reasons “why” minor adjustments need to be made to the Master Plan and “what” specifically needs to be modified in the Specific Plan/Pattern Book to implement the proposed Final Phase. An assessment of the legal entitlement and CEQA documents which would be required to be modified are also provided as attachments.

A summary of the key modifying elements that are being requested include:

1. Re-locating the 66 Artspace rental affordable live/work units to an existing parcel on the south side of the Town Center Park and replacing the two Artspace building parcels flanking the Arts Park with compact single-family homes.
2. Create a fully integrated mixed-use commercial/residential 3-4 story building comprised of the 66 Artspace affordable units above 30,000 square feet of flexible commercial space on the ground floor.
3. Infill of the existing north parcel adjacent to the Town Center Park with Rowhouses, with the units facing the park having “flex workspace” and shopfront facades.
4. Infill of the High-Density Condominium site with compact high density 2-3 story Single Family homes.

The requested modifications are permitted within the framework and zoning of the Specific Plan and Pattern Book with only minor modifications as described later in this proposal.

Finally, it is critical to make these modifications to the plans and entitlement agreements as expeditiously as possible in order to allow Artspace to apply for Affordable Housing Tax Credits by June of 2023 so that the design and construction of the Mixed-Use Town Center Building can commence as soon as possible.

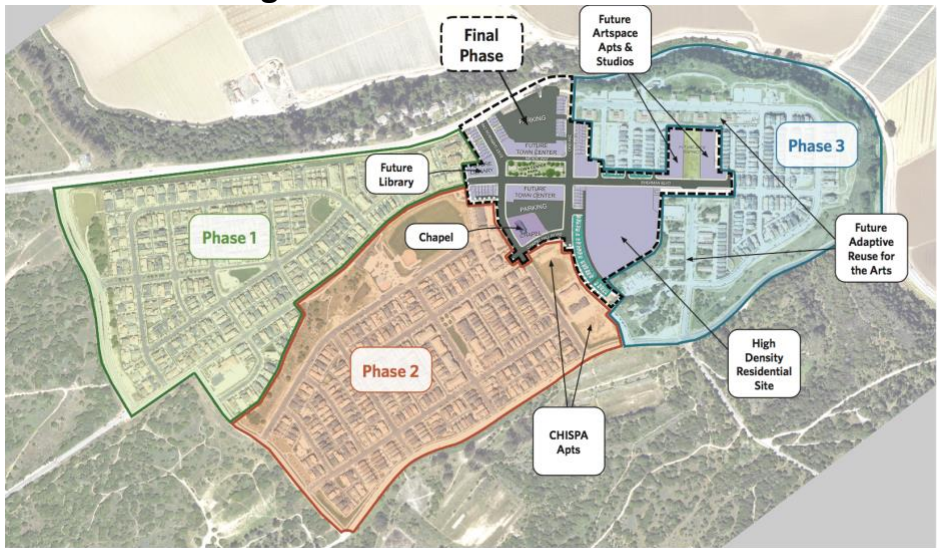
Century Communities looks forward to continuing to work with the County of Monterey, residents of East Garrison and Artspace/Arts Habitat to complete the vision for East Garrison as a mixed income/mixed use pedestrian-oriented community.

INTRODUCTION

Planning for the redevelopment of East Garrison began over 20 years ago and culminated with the adoption of the East Garrison Specific Plan/Pattern Book/EIR/DDA in 2005. Fast-forward to 2022, East Garrison has developed into a thriving community of 994 homes as well as all the infrastructure to serve the community. In addition, most of the community and public improvements have been completed:

- 11,152 square foot Fire Station, including a 1,500 square foot community room
- 7-acre Lincoln Sports Park
- 4 acres of neighborhood parks
- Dog Parks
- 26 acres of open space and trails
- Mid-Pen Housing’s Manzanita neighborhood – 65 units of affordable rental housing
- CHISPA’s 65 units of affordable rental housing has recently started construction and has an estimated completion date of Spring of 2023.

Exhibit -1 Existing Master Plan



EXISTING EAST GARRISON MASTER PLAN
EAST GARRISON MASTER PLAN / EAST GARRISON, CALIFORNIA / OCTOBER 2021



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The remaining permitted improvements/uses or requirements are:

Century Communities:

- 30,000 square feet of commercial/retail uses (The Town Center)
- Financial contribution to the Library/Sheriff office
- 1-acre Town Center Park (approved for construction)
- Up to 275 market rate and workforce for sale homes

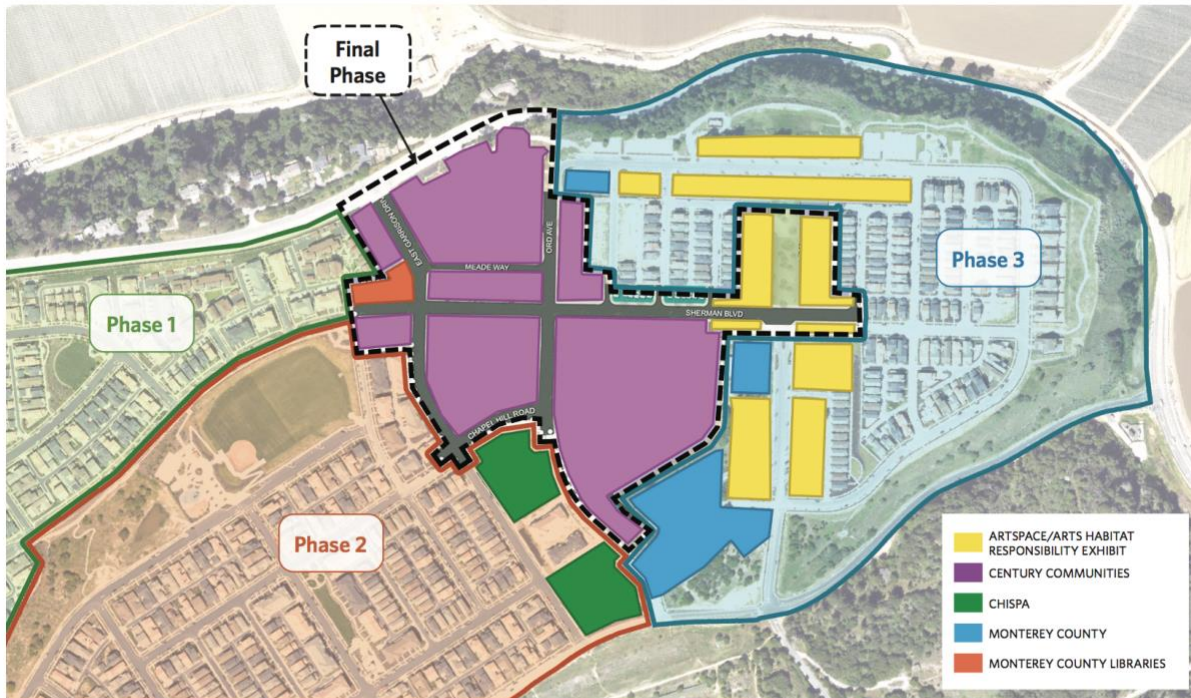
County:

- 4,000 square foot Library/Sheriff’s office space
- The adaptive reuse of over 70,000 square feet of historic buildings

Artspace:

- 65 (plus 1 managers unit) affordable rental live/work artist lofts

Exhibit -2 Responsible Parties



EXISTING RESPONSIBILITIES EXHIBIT

EAST GARRISON MASTER PLAN / EAST GARRISON, CALIFORNIA / OCTOBER 2021



DEVELOPMENT CHALLENGES

While home sales have historically remained fairly consistent, there remain some significant challenges to developing the final phase of East Garrison as currently approved/planned. These are:

- Fundamental market shift downward for Commercial (office and retail) “brick and mortar” space
- Changes to Low-income Housing Tax Credit scoring that have created a more competitive market especially for rural locations such as East Garrison that have limited access to public transit and other amenities
- A historical record spike in interest rates
- Construction material cost inflation
- Supply chain backlog
- Labor cost increases and availability
- Dissolution of Redevelopment Law
- Prevailing wage rates required for all construction

In aggregate, these factors, many of which were unpredictable, and outside of anyone’s control have created a very different development environment than that which existed when the Specific Plan was conceived over 20 years ago. To realize the intent of goals for East Garrison, Century Communities believes that the Specific Plan and supporting implementing documents need to be updated slightly to optimize and expedite Artspace’s ability to receive tax credit funding, match the current commercial and housing markets and most importantly expeditiously complete the final phase of the community.

Final Phase Analysis and Preparation

In late 2021, Century Communities reached out to the original East Garrison planning and entitlement team to refresh the “Final Phase” with a creative approach that respects the original vision and goals for East Garrison. The planning team began by first listening to the community’s needs and desires during an East Garrison Town Hall Zoom meeting on October 28, 2021. As their analysis and planning progressed, the various challenges for completing the community were identified and solutions were incorporated into the Final Phase Plan Proposal. In other words, the Final Phase Proposal was not developed in a vacuum, but rather by responding to real and challenging constraints and opportunities to create an even better East Garrison community than originally envisioned.

In addition to the East Garrison planning team Century also brought in many experts to analyze the existing plans, entitlement documents and agreements as well any proposed changes. Below is a list of consultants and responsibilities:

- Willdan Financial -
 - Analysis of the commercial market conditions at East Garrison
 - Analysis of the Tax Increment Projections based on Final Phase build out
- Lombardo Law - Entitlement documents
- Kimley-Horn Associates - CEQA documents
- Whitson Engineers - Existing Infrastructure vs. the proposed plans

In addition to the technical analysis, the Century Team reached out to many individuals and engaged the community through a series of Town Hall meetings and in person gatherings to receive feedback and ideas regarding the proposed final phase. More specifically:

- October 28, 2021 - Town Hall Meeting Sponsored by Supervisor Wendy Root Askew (Zoom)
- September 12, 2022 - HOA Board Presentation (Zoom)
- October 4, 2022 - Town Hall Presentation (Zoom)
- October 19, 2022 - East Garrison Community Services District Presentation (Zoom)
- October 25, 2022 - In person resident discussion/input regarding the overall Proposal (held at EG Fire Station)
- November 3, 2022 – In person Resident Discussion/Input about Commercial Town Center which included presentations by a local commercial broker with 30 years’ experience and Willdan Commercial Experts (held at EG Fire Station Community Room)
- November 17, 2022 - In person resident Discussion/Input regarding Artspace/Arts Habitat mixed use building which included representatives from Artspace and Arts Habitat (held East Garrison Fire Community Room)

Future Community Meetings:

- December 7, 2022 - Town Hall (Zoom) to update entire community to describe the updated proposal based on community input and answer questions
- Mid-January 2023 - Open House, Q&A (In person at the EG Fire Station Community Room)

East Garrison Frequently Asked Questions (FAQ's)

As part of the community outreach process, Century Communities created a comprehensive FAQ's document from the many questions and comments received from the East Garrison residents. The FAQ's have been posted to the East Garrison HOA website and will continue to be updated as the final phase plans are refined, and new information is received. The FAQ's can be found here: <https://www.east-garrison.com/post/towncenter-faq>

Town Center Survey results and summary

In October 2022, the East Garrison "PREG" resident group received 590 responses to a survey they prepared regarding the Town Center potential uses. The entire survey results can be found here: <https://www.east-garrison.com/post/town-center-survey-results>

A summary of the results include:

- GROCERY STORE – 93% of those responding were in favor of a grocery store that provides fresh and healthy food.
- DINING - 86% of the residents said they want to dine in the Town Center, either sit-down or take out with tables nearby. Also, they would like a place to grab a coffee, bagel, or donut.
- ACCESS - Most responding indicated that they would walk to the Town Center, though enough folks would drive or bike that we need adequate parking for cars and bicycles.
- SENSE OF PLACE - "A Sense of Place" is hard to define but it's important to EG residents and includes ideas like a performance space, playground, library and public restrooms. There were many comments about creating community space - from benches that face each other and a place for outdoor movies, to a museum, to a community center with a gym and a pool.

Century Communities supports the community and their desire for a grocery store, restaurants and other allowable uses that will activate the Town Center in the future. Many of their suggestions, such as an outdoor courtyard and public restrooms, have been incorporated into the Final Phase Proposal. Once the Artspace Mixed Use building is near completion, a leasing and tenancing marketing plan will be prepared to attract the permissible and market supportable uses.

Century Communities has been committed to working with the East Garrison residents and will continue the community outreach through plan approval.

ARTSPACE Meetings

Discussions with Artspace/Arts Habitat regarding their preferred mix of unit sizes (bedroom count), parking needs, property management, entitlements needed and timing to obtain competitive Tax Credits have been ongoing and Century will continue to collaborate with Artspace and Arts Habitat to design, entitle and construct the new mixed-use building.

County Staff Meetings

Ongoing and Regular meetings with County Staff regarding the proposed final phase plans, concepts, process, Specific Plan and DDA requirements, Agreements etc. Century has provided the County Staff with requested information about future Tax Increment projections based on the proposed final phase as well as an assessment of the commercial market for East Garrison.

Final Phase Plan Considerations:

Based upon the analysis and input received to date, the following list summarizes many of the determining factors that have gone into the Final Phase Proposal:

- Artspace/Arts Habitat - Challenges with the current location, site constraints, tax credit competitiveness, very expensive building typology, lack of parking, potential for existing neighbor conflicts.
- East Garrison resident's input
 - Outdoor Courtyard area protected from wind
 - New Public Restrooms to serve the commercial and park area
 - Sufficient Parking
 - Access for trucks (delivery/trash/emergency)
 - Types of retail to focus marketing efforts on
 - Construction timing
- Commercial market conditions at East Garrison –
 - Limited retail market/demand
 - See attached Willdan Commercial Analysis for full report
- Tax Increment Projections based on Final Phase Proposal
 - Proposed Tax Increment to be the same or greater than existing plan
 - See attached Willdan Analysis for full report
- Entitlement Documents
 - Minor modifications to Specific Plan/Pattern Book, DDA and other implementing agreements may be necessary.
 - See attached Lombardo Law Analysis
- CEQA Documents
 - Proposed Final Phase will not result in any substantial changes and not require any major revisions of the previous CEQA Documents.
 - See attached Kimley-Horn Analysis
- Existing Infrastructure - Whitson Engineers provided a review and guidance on the proposed Final Phase Plans taking into consideration existing underground infrastructure, streets, parcel boundaries, grading/topography, etc.
 - Additional Constraints included consideration of:
 - Airport influence area
 - Existing Storm water pipes at the northern edge
 - Existing Water lines in the commercial parking lot

THE FINAL PHASE PROPOSAL

The Final Phase Proposal is a compilation of the original vision of the Specific Plan, the work described above and most importantly the input from the community. In addition, consideration was given to meeting the requirements of the DA/DDA and numerous other agreements as well as the economic and market realities of today. The main objective is to blend the aforementioned work/effort into a plan that is economically viable and that can be created in a timely manner but can also sustain itself for years to come.

Exhibit 3 – Final Phase Plan



FINAL PHASE

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Below is a summary of the key modifying elements being proposed and associated benefits:

1. Relocation of the Phase 3 Affordable Artspace project (66 units) to the southern parcel adjacent to the Town Center Park (See Exhibit 3 – Final Phase)

The many advantages for relocating the Artspace Affordable Live/Work buildings to the town center include:

- Construction timing
 - By consolidating the uses into a more affordable building type it will ensure that all of the required commercial area (30,000 SF) will be built once the affordable project receives tax credit funding (vs DDA requirement of 20K sq. ft. by the 200th lot and 10k sq. ft. by the last occupancy)
- More competitive Tax Credit Application
 - Location to retail
 - 100% Elevator Accessible building vs walk up only in existing plan
- Reduced Construction costs
 - One building vs multiple buildings
 - Shared cost with commercial uses of a large surface parking lot
 - Adjacent street parking vs podium type parking and limited street parking within an existing neighborhood

- Flexibility and Activation
 - The proposed design will be built as one phase which optimizes flexibility by creating large shell space that can be subdivided to serve a wide variety of users.
 - Artspace Artists (tenants) will benefit the commercial uses
 - Artspace Residents living/working adjacent to the Town Center Park provide added security and potential for programming events/festivities.

Exhibit 4 – Mixed Use Building Illustrative



- Introduction of a wind shielded outdoor courtyard space that could be associated with one or more uses (i.e. bakery, coffee shop or restaurant) or could be shared by all the uses and could host small events, music, individual artists, poetry readings, etc., to be enjoyed by the community
- Long term ownership and management of the building vs multiple owners
 - It is anticipated that Artspace will manage the entire building, through a property management company vs potential individual ownership
 - The Commercial area will be established as a legal condominium for ownership purposes.
 - A separate HOA will be established for the Mixed-Use Building
 - Shared Parking lot
 - Provision for sufficient parking
 - Overflow parking at the Chapel

Exhibit 5 – Assembled Overview



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OVERVIEW - ASSEMBLED VIEW

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Exhibit 6 – View from Southeast of Mixed-Use Building



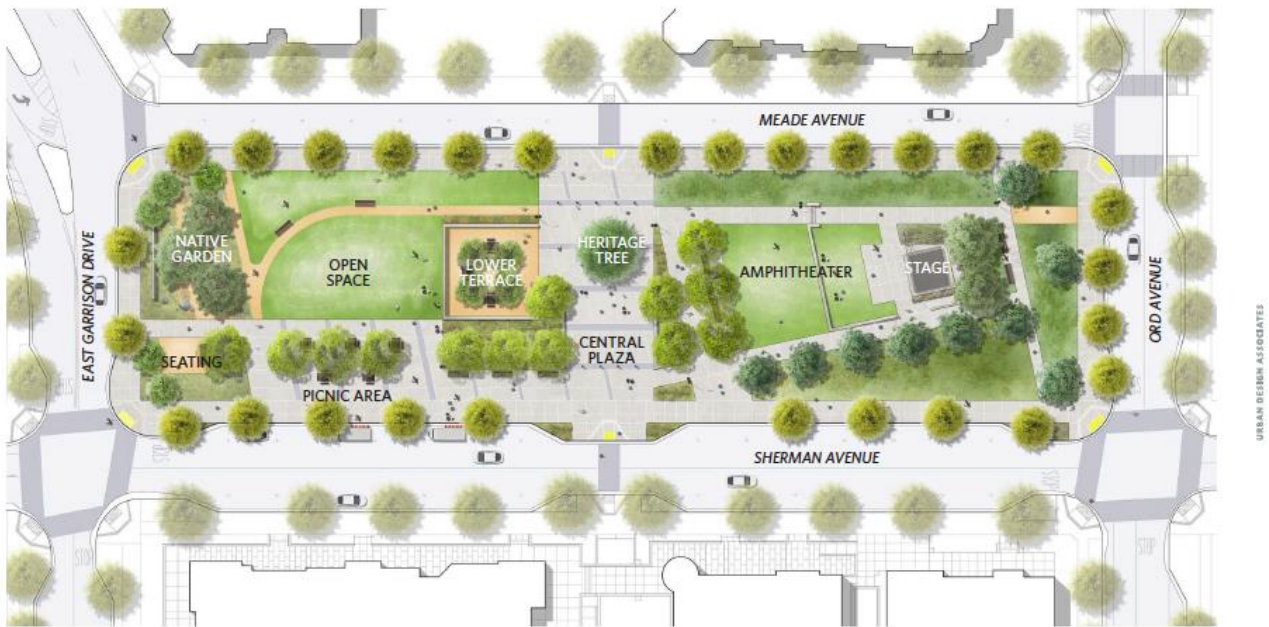
EXPLODED VIEW

VIEWS FROM THE SOUTHEAST

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2. Introduction of compact single-family homes on the former Artspace parcels (See exhibit 3)
 - Similar to the existing adjacent homes
 - More compatible use with the surrounding homes
3. The balance of the Final Phase area:
 - Will be developed with 254 two to three story compact homes and rowhouses.
 - Rowhouses bordering the Town Square Park will include “flex workspace” with shopfront facades.
 - The required 70 workforce II and 33 moderate-income homes will be constructed within the Final Phase residential areas.
Up to 70 ADU’s are permissible offering additional “affordable by design” small rental units or extended family accommodations.
4. Town Center Park approved key elements for construction include an amphitheater, picnic area, a central plaza for gathering, open space, garden area, picnic area and parking bay designed to accommodate food trucks to cater for events

Exhibit 8 – Town Center Park



APPROVED TOWN SQUARE PLAN

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URBAN DESIGN ASSOCIATES

Exhibit 8 – View of Rowhouses with shopfronts on northside of Town Center Park



The Chapel

- The Chapel (approx. 3,500 square feet) is actively being marketed to religious organizations and is anticipated to be sold and potentially used as a place of worship or other uses as permitted by the East Garrison Specific Plan zoning.

Library

- The proposed 4,000 sf library and Sheriff office location will remain as planned on County Successor Agency owned Lot B at the head of the town center park.
- Century Communities has created the lot and will, per the DDA contribute their share of the cost to construct the library. Per the East Garrison DA/DDA, the 4,000 square foot library will be credited toward the town center requirement.

Table 1 below illustrates the approved land uses, built to date/in progress and the proposed final phase uses for East Garrison.

| LAND USE | APPROVED | BUILT/IN PROGRESS | FINAL PHASE PROPOSAL | TOTAL |
|-------------------------------------|--------------|-------------------|----------------------|--------------|
| Residential | | | | |
| Single Family | 780 | 779 | 148 | 927 |
| Townhomes/Rowhouses | 227 | 150 | 104 | 254 |
| Condos/Affordable Apts/Live Work | 393 | 130 | 66 | 196 |
| Accessory Dwelling Units (optional) | 70 | 0 | 70 | 70 |
| Total | 1,470 | 1,059 | 384 | 1,447 |

| | | | | |
|---|--------|--------|--------|--------|
| Town Center Commercial SF (Includes Library 4k) | 34,000 | 0 | 34,000 | 34,000 |
| Public Facilities | | | | |
| Library/Sheriff Office – SF | 4,000 | 0 | 4,000 | 4,000 |
| Fire Station – SF | 7,000 | 11,000 | 0 | 11,000 |
| Parks -Acres | 12.65 | 11.65 | 1 | 12.65 |
| Historic Buildings- SF (County owned) | 66,565 | | | 66,565 |

Table 1 Notes:

1. Mid-Pen 65 affordable apartment units completed, CHISPA 65 units in progress, Artspace 66, includes 1 managers unit (Per EGP I/Artspace MOU) proposed as Live/Work units.
2. Workforce II and BMR’s: Century Communities required to complete 70 Workforce II and 33 BMR’s in Final Phase.
3. Fire Station overbuilt by 4,000 sf including 1,500 sf community room.
4. Commercial 30,000 square feet to be constructed as flexible/cold shell.
5. The one-acre Town Center Park plans have been approved for construction.
6. Approximately 66,565 sq. ft. of potential commercial space in the historic buildings (owned by the county)
7. Library/Sheriff office of 4,000 square feet counts towards 34,000 Commercial requirement per DDA.

EAST GARRISON PROPOSED MODIFICATIONS - Specific Plan/Pattern Book

The following list specifies the modifications proposed for the Specific Plan and Pattern Book based on the Proposed Final Phase.

General

- Delete section 3.3 Development Program and the associated Table 3.2 Housing Mix as this information is already detailed in other sections of the Land Use chapter.
- Update the housing mix in the Phasing Land Use Tables 3.3, 3.4, 3.5, and 3.6 to match Table 1 above.

Town Center

- Clarify the definition of *Rowhouse Dwelling Units*
- Increase the number of permitted residential units in the Town Center Land Use from 40 to 123
- Update Figure 3.8 Illustrative Plan of Town Center to match current illustrative configuration
- Add a note to Table 3.9 Height Limits, permitting 50 feet/4 story building on the south corner of the Town Center land use. This is an increase of 5 feet above the current permitted height.
- Update Table 3.10 Parking Requirements based on recommendations from pending traffic study.

Phase 3 Arts District

- Change the Live/Work (LW) land use designation flanking the Arts Park (Artspace affordable inclusionary) to Residential Medium (RM).
- Modify Residential High 2 (RH-2) minimum density from 18 to 10 DU/acre. This change is required to accommodate anticipated high-density three-story residential units.
- Reduce Residential High 2 (RH-2) number of stories from 4 to 3 and maximum building height from 50 feet to 45 feet in Table 3.9 Height Limits.

Utilities

- Update or annotate Table 4.1 Projected Water Demand and Table 4.11 Projected Wastewater Flows to reflect updated number/mix of dwelling units and updated building square footages.

Pattern Book

- Addition of a 30' x 55' detached single-family lot type.
- Addition of a compact rowhouse lot type.
- Update the Town Center Architectural Pattern Section to better reflect current best practices and the updated program.

Next Steps

As stated, over this past year Century Communities has been analyzing the opportunities and constraints to create a viable Final Phase Plan. In conjunction with the community outreach and County input, the Final Phase Plan has been refined but must now be submitted as a formal development application to the County for review and consideration. As illustrated in Exhibit 9 below, we have outlined the General Expectations and Key Milestones for the planning and approval processes as we understand them today.



Century Communities is currently working with the County Planning Staff to determine the re-entitlement steps and schedule — as they become clearer, East Garrison residents will be updated.

CONCLUSION

Century Communities believes that this Final Phase Plan/Proposal will facilitate the best opportunity to complete East Garrison as originally envisioned. Furthermore, Century is requesting that the County Board of Supervisors make this proposal a priority project so that the necessary entitlements are in place allowing Artspace to apply for their affordable housing tax credits by June 2023 and the additional workforce II and moderate residential units can be built to help alleviate the County's housing needs. Century Communities is committed to continuing to work with the community and the County to modify the necessary plans and agreements necessary in an expeditious manner.

Supplemental Information Attached for reference:

1. Urban Design Associates - Final Phase Concept Plan Exhibits/Presentation
2. Willdan Financial Associates - East Garrison Retail and Tax Increment Analysis
3. Lombardo Law – CEQA and Entitlement Legal Documents Analysis
4. Kimley-Horn – CEQA Entitlement and proposed Technical Memo Analysis
5. East Garrison Draft FAQ's Posted on EG HOA website: <https://www.east-garrison.com/post/towncenter-faq>