

## PROPOSED

### NSP3 Action Plan Amendment

#### Activity #1

The County is amending the following areas of Activity #1.

- Adding Eligible Use A: Financing Mechanisms
- Changing the Completion Date to October 2014

Activity #1 is support for Interim, Inc.'s Rockrose Gardens project (the "Project") on the former Fort Ord within the City of Marina. The Project involves the acquisition and demolition of 11 abandoned and blighted buildings and the construction of 21 new one bedroom units. Twenty of the units will be rented to people with psychiatric disabilities and one unit will be occupied by a manager.

The County's NSP3 grant requires the County to expend 50% of the grant funds by March 16, 2013. Implementation of the Project has always been an integral part of meeting this grant requirement. As originally envisioned, the County's NSP3 funds would be made available to Interim, Inc. during construction of the Project. NSP3 funds were scheduled to be released on a pro-rata basis with other financing, including HUD-811 and the Mental Health Services Act throughout the construction phase of the project. The County's NSP3 contribution was to be in the form of a grant to Interim, Inc. Due to HUD-811 funding, it has taken longer than originally anticipated for Interim, Inc. to start construction of the Project. This delay has created a situation where the County needs to modify the use of funds for this activity and change the Project Completion Date so that it can meet the 50% expenditure deadline and not lose NSP3 grant funds.

The County is adding Eligible Use A: Financing Mechanisms to the Action Plan. In doing so, the County will be able to make a predevelopment loan to the Project and preserve the NSP3 grant. The predevelopment loan will be secured by Interim, Inc.'s Corporate Guaranty. It will convert to a grant when construction financing closes.

HUD-811 delays have delayed the start of construction. In March 2011, when the original NSP3 Action Plan was prepared, Interim projected starting in February 2013 with completion in March 2014. The revised schedule is for construction to start October 2013 with completion in August 2014. The Project will be occupied by December 2014.