

**BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY  
OF THE COUNTY OF MONTEREY**

MEETING: June 28, 2011	AGENDA NO.: 49
SUBJECT Acting as the Board of Directors of the Redevelopment Agency of the County of Monterey: a. Approve a First Implementation Agreement to Disposition and Development Agreement between the Redevelopment Agency of the County of Monterey and UCP East Garrison, LLC with respect to the implementation of the Disposition and Development Agreement for the East Garrison Project; b. Approve an Implementation Agreement Among UCP East Garrison, LLC, Midpen Housing Corporation, County of Monterey, and the Redevelopment Agency of the County of Monterey with respect to the development of affordable housing in Phase 1 of the East Garrison Project; and c. Authorize the Chair to execute both agreements	
DEPARTMENT: Redevelopment and Housing Office	

**RECOMMENDATION:**

It is recommended that the Board of Supervisors, acting as the Board of Directors of the Redevelopment Agency of the County of Monterey:

- a. Approve a First Implementation Agreement to Disposition and Development Agreement between the Redevelopment Agency of the County of Monterey and UCP East Garrison, LLC with respect to the implementation of the Disposition and Development Agreement for the East Garrison Project;
- b. Approve an Implementation Agreement Among UCP East Garrison, LLC, Midpen Housing Corporation, County of Monterey, and the Redevelopment Agency of the County of Monterey with respect to the development of affordable housing in Phase 1 of the East Garrison Project; and
- c. Authorize the Chair to execute both agreements.

**SUMMARY:**

The recommended actions will allow for the immediate resumption of work on Phase 1 of the East Garrison Project, a mixed use development of up to 1,470 dwelling units, some 34,000 square feet of commercial, retail and community uses (the "Town Center"), and the rehabilitation of the Historic District. The First Implementation Agreement adjusts the time for performance of development to reflect current market conditions, and allows the Developer to phase the development of Workforce II Housing across all three phases, rather than require it only in Phase 3. The Implementation Agreement with the County, Redevelopment Agency, the Developer and MidPen Housing Corporation ("MidPen") sets forth the terms and conditions by which the affordable rental housing component of Phase 1 can be accelerated, in order to meet State funding requirements.

**DISCUSSION:**

The Disposition and Development Agreement ("DDA") for the East Garrison Project was approved in 2006, but the housing market crisis resulted in the foreclosure of the property in 2009. The property was purchased by UCP East Garrison, LLC ("UCP EG") towards the end of 2009. UCP EG has been in discussions with the Redevelopment Agency over how to restart the East Garrison Project in a manner that promotes job creation during the economic downturn and encourages the development of housing now, when it is most affordable. The First Implementation Agreement does not make any major changes to the obligations in the DDA; rather, it primarily adjusts the performance schedule to reflect better the market conditions.

Among the developer obligations under the DDA is the provision of affordable rental housing in each of the three phases of the project. Under the DDA, this obligation may be accomplished with the aid of affordable housing providers, such as MidPen. In 2010, the State of California made funds available for the development of affordable rental housing and, working with the Redevelopment Agency, MidPen was awarded \$10 million to facilitate the development of the East Garrison Phase 1 affordable housing (referred to as "Manzanita Place").

In order to meet the timing requirements for the \$10 million award, construction on Manzanita Place needs to begin in July, 2011 and certificate(s) of occupancy issued by the end of July, 2012. To meet this schedule, and after extended consultation with affected departments and agencies, certain conditions of approval will be considered to be in "substantial conformance" to allow the issuance of necessary permits, if specific actions are taken within specific time periods, as detailed in the Agreement.

**OTHER AGENCY INVOLVEMENT:**

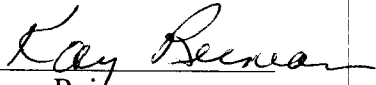
These Implementation Agreements were negotiated under the direction of the Ad Hoc Fort Ord Subcommittee on Real Estate Negotiations. The specific terms and conditions related to implementing the Manzanita Place affordable rental housing portion of the project have been reviewed and concurred in by appropriate staff from the Planning, Building and Public Works departments, as well as the Water Resources Agency and the Monterey County Regional Fire District.

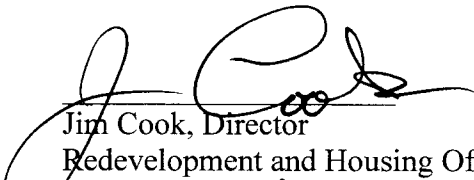
**FINANCING:**

These actions will have no impact on the General Fund. As part of the East Garrison Project, certain staff costs are paid for by the Developer, pursuant to existing reimbursement agreements. Additionally, development at East Garrison will trigger the payment of fees. Other costs associated with the East Garrison Project are paid for out of Fort Ord redevelopment funds.

Prepared by:

Approved by:

  
Kathryn Reimann  
Deputy County Counsel

  
Jim Cook, Director  
Redevelopment and Housing Office

Date: 6/17/11

Date: 6/17/11

Attachments:  
First Implementation Agreement  
Implementation Agreement