



# Monterey County

**Item No.**

## Board Report

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

**Legistar File Number: 22-089**

**February 01, 2022**

**Introduced:** 1/19/2022

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** General Agenda Item

- a. Acknowledge that the Successor Agency to the Redevelopment Agency of the County of Monterey is accepting an Amendment No. 1 to the Completion Guaranty by Casa Acquisition Corp. for East Garrison Phase Two very low and low-income rental affordable housing units, extending the completion date by one year if specific triggering events occur, guaranteeing a new completion date for Phase Two affordable units by no later than March 31, 2026.
- b. Authorize the Director of the Housing and Community Development Department or his designee to execute the County acknowledgement of Amendment No. 1 Completion Guaranty for Phase Two.

**RECOMMENDATION:**

It is recommended that the Board of Supervisors:

- a. Acknowledge that the Successor Agency to the Redevelopment Agency of the County of Monterey is accepting an Amendment No. 1 to the Completion Guaranty by Casa Acquisition Corp. for East Garrison Phase Two very low and low-income rental affordable housing units, extending the completion date by one year if specific triggering events occur, guaranteeing a new completion date for Phase Two affordable units by no later than March 31, 2026.
- b. Authorize the Director of the Housing and Community Development Department or his designee to execute the County acknowledgement of Amendment No. 1 Completion Guaranty for Phase Two.

**SUMMARY:**

The Disposition and Development Agreement for East Garrison (DDA) includes timing “triggers” or milestones by which the East Garrison Phase Two Affordable Housing Project (Project) must be completed. In 2019, the Master Developer, Union Community Partners East Garrison, LLC (UCP), had hit the milestones for the Project, yet more time was necessary to fund and construct the Project. On July 27, 2019, Casa Acquisition Corp., a Delaware Corporation (Casa), a parent of UCP, and the Successor Agency to the Redevelopment Agency of the County of Monterey (Agency) entered into a Completion Guaranty for Phase Two very low and low-income apartments (Guaranty) requiring UCP to guaranty the completion of the Project’s affordable rental units by March 31, 2025 (Attachment B).

Community Housing Improvement Systems and Planning Association, Inc. (CHISPA), the non-profit developer for the Project, has secured funding and permits for the project and is closing escrow for the project by or before February 21, 2022 as required to secure it tax credits and construction loan. Construction is planned to begin in March 2022. However, in anticipation of potential labor and supply chain issues related to the pandemic, as well as to accommodate extended cure periods needed in the event UCP needs to exercise its right to step in and take over as general contractor to complete construction of the project discussed in detail below, UCP and CHISPA have requested extending the

Completion Date of the Guaranty (Attachments C and D, respectively). It is requested that if triggering events occur, the Guaranty be extended day for day for the length of any (a) Enforced Delay (as defined in Section 604 of the DDA) that causes delay in completion of the Phase Two Guaranteed Units, and (b) any cure period benefitting Chase and Enterprise prior to UCP having the right to exercise its step-in rights, and no later than March 31, 2026.

Staff recommends that the Board of Supervisors of the County of Monterey acknowledge Amendment No. 1 to the Phase Two Completion Guaranty (Attachment A).

DISCUSSION:

See Detailed Discussion - Attachment F.

OTHER AGENCY INVOLVEMENT:

The proposed Amendment No. 1 to the Completion Guaranty for Phase Two is being presented concurrently to the Successor Agency to the Redevelopment Agency for the County of Monterey on February 1, 2022 to consider approving.

The Office of County Counsel has reviewed Amendment No. 1 to the Completion Guaranty for Phase Two rental apartment units and approved it as to form.

FINANCING:

Staff time to review and process the extension request to the County Board will be reimbursed by the East Garrison Developer Reimbursements, Appropriation Unit HCD080, Fund 182. There is no impact to the County General Fund to acknowledge Amendment No. 1 to the Completion Guaranty for Phase Two.

The DDA obligates the (now) Successor Agency to use tax revenues (“tax increment”) generated from the East Garrison project to provide financial assistance for affordable housing. The total Agency obligation for Phase Two affordable apartments is \$6,051,106 as of November 30, 2021. CHISPA has secured all necessary funding for the Project in addition to the Agency obligation.

To further ensure that the affordable housing projects are constructed, and the necessary financial security is in place through the extended completion date of March 31, 2026, the developer-provided surety performance bond in the amount of \$17.5 million for the Phase Two affordable housing project pursuant to the original Guaranty remains in place.

BOARD OF SUPERVISORS’ STRATEGIC INITIATIVES:

Acknowledging the Amendment No. 1 to the Completion Guaranty for Phase supports the Board of Supervisors’ Strategic Initiatives for Economic Development, Infrastructure, and Health and Human Services. This action represents effective, timely response to Housing and Community Development customers. When complete, the CHISPA Project will provide 65 units of very low and low-income affordable housing apartments plus one unrestricted manager’s unit for East Garrison Phase Two development.

X Economic Development

Legistar File Number: 22-089

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- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Erik V. Lundquist, AICP, Director of Housing and Community Development



The following attachments are on file with the Clerk of the Board:

Attachment A - Draft Amendment No 1 to the Completion Guaranty for Phase Two Affordable Rental Housing

Attachment B - Completion Guaranty for Phase Two Affordable Rental Housing Units

Attachment C - UCP Letter dated January 13, 2022

Attachment D - CHISPA Letter January 7, 2022

Attachment E - Detailed Discussion

Attachment F - Purchase Agreement