



County of Monterey

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

Board Report

File #: SARDA RES 24-003, **Version:** 1

PLN030204-AMD2 - UCP East Garrison, LLC - East Garrison Specific Plan Project

Public hearing to:

a. Consider an Addendum, together with the previously certified Final Subsequent Environmental Impact Report (SCH#2003081086) for the East Garrison Specific Plan Project ("FSEIR") (Resolution No. 05-264) pursuant to CEQA Guidelines Section 15164; and

b. Adopt a resolution to:

1. Approve the First Amendment to the Amended and Restated First Implementation Agreement between the Successor Agency to the Redevelopment Agency of the County of Monterey and UCP East Garrison, LLC amending the Disposition and Development Agreement;

2. Approve the First Amendment to the Completion Guaranty provided by Casa

Acquisition Corp. for the East Garrison Phase Three very low- and low-income rental affordable housing units, extending the completion date by four years guaranteeing a new completion date for Phase Three affordable units by no later than March 31, 2030 and increasing the surety performance bond by \$2,625,000 for a total amount of \$20,125,000; and

3. Approve the designation by UCP East Garrison, LLC of Community Housing Improvement Systems and Planning Association, Inc. (CHISPA), a California nonprofit public benefit corporation, as the Rental Affordable Housing Developer and approve the terms of the Memorandum of Agreement between UCP East Garrison, LLC and CHISPA for the Phase Three Affordable Housing Development at East Garrison

RECOMMENDATION:

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

a. Consider and agree with an Addendum, together with the previously certified Final Subsequent Environmental Impact Report (SCH#2003081086) for the East Garrison Specific Plan Project ("FSEIR") (Resolution No. 05-264) pursuant to CEQA Guidelines Section 15164;

b. Adopt a resolution to:

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3. Approve the designation by UCP East Garrison, LLC of Community Housing Improvement Systems and Planning Association, Inc. (CHISPA), a California nonprofit public benefit corporation, as the Rental Affordable Housing Developer and approve the terms of the Memorandum of Agreement between UCP East Garrison, LLC and CHISPA for the Phase Three Affordable Housing Development at East Garrison;

c. Direct staff to submit the First Amendment to the Amended and Restated First Implementation Agreement to the Consolidated Oversight Board and the State Department of Finance, and take other action as necessary; and

d. Authorize the Director of the Housing and Community Development Department (HCD) to accept the surety

performance bond upon receipt and subject to approval by County Counsel as to form.

SUMMARY:

In 2005, the East Garrison Specific Plan (“EGSP”), Combined Development Permit, Vesting Tentative Map, and Amendments to the 1982 General Plan were approved by the Monterey County Board of Supervisors (“County”) (“Previously Approved Project” or “Approved Project”). The Previously Approved Project included up to 1,400 residential units (consisting of 780 single-family detached units, 227 townhouses, 280 condominium/loft/apartment units, and 113 live/work units) plus up to 70 carriage units (dependent on water availability). In addition, the Previously Approved Project also included up to 75,000 square feet (“sf”) of commercial space, and 11,000 sf of institutional uses, up to 100,000 sf of artist studio/public use space in 23 renovated historic buildings, and approximately 50 acres of open space, parks, and natural areas.

Also in 2005, East Garrison Partners, LLC (“EGP”) and the Redevelopment Agency of the County of Monterey (“Redevelopment Agency”), with the consent and agreement of the County of Monterey, entered into a Disposition and Development Agreement (“DDA” - see **Attachment E**). The DDA establishes, among other things, appropriate terms and conditions to assure that development of the site in accordance with the development approvals, including provisions governing the timing of affordable housing units and public facilities to ensure these public amenities are developed concurrently to the market rate housing. The DDA additionally sets forth the requirements, terms and conditions of financing to be provided by the developer, Redevelopment Agency and others in connection with the development.

On September 8, 2009, UCP East Garrison, LLC (“Developer”) acquired the fee title to the East Garrison project that was subject to the DDA, and consequently, as successor-in-interest to EGP, assumed certain rights, interests and requirements under the DDA. The Redevelopment Agency of the County of Monterey has been succeeded by the Successor Agency to the Redevelopment Agency of the County of Monterey (“Agency”). On August 30, 2016, the Developer and Agency, with consent and agreement of the County, approved an Amended and Restated First Implementation Agreement to the Disposition and Development Agreement (“First Implementation Agreement” - see **Attachment F**).

Additionally, on June 27, 2019, the Agency approved, with the acknowledgement of the County of Monterey, a Completion Guaranty for the Phase Three very low- and low-income affordable housing units (rental apartments) guaranteeing a completion date by not later than March 31, 2025 and providing a surety performance bond in the amount of \$17,500,000.

Various affordable housing implementing agreements were identified in the DDA or subsequently determined to be needed by the Agency, and such agreements have been executed and amended as needed by the Agency, Developer and other relevant parties. The Proposed Project necessitates amendments to the affordable housing agreements listed below, which require subsequent Agency approval.

- Inclusionary Housing Agreement for Moderate Income Inclusionary Units (June 20, 2007) and the First Amendment (February 8, 2022);
- East Garrison Phase 1 Workforce II Housing Letter Agreement (March 9, 2016);
- Designation of Workforce II Housing Agreement for Phase 1 (December 12, 2017) and the First Amendment (June 26, 2018) and Second Amendment (February 12, 2019); and
- Workforce Housing Agreement for the East Garrison Phase 2 and 3 (March 11, 2016).

Additional information, including reports and agreements, associated with the East Garrison Project can be found at the County of Monterey HCD-Planning’s East Garrison webpage at the following address:

www.countyofmonterey.gov/government/departments-a-h/housing-community-development/planning-services/library-current-major-projects/east-garrison.

Proposed Amendments

The Proposed Project (PLN030204-AMD2) consists of the Final Phase, combining remaining portions Phase 3 and the Town Center phase of the Previously Approved Project. The Final Phase includes up to 325 residential units, consisting of up to 259 residential for-sale units (140 market rate single-family units and 119 live/work artist “rowhouses” which includes 33 units affordable to moderate-income households, 70 units affordable to Workforce II households, and 16 market-rate units) and 66 affordable rental apartments, as well as a Town Center with up to 30,000 sf of commercial/institutional/retail use space (including a community courtyard), a one-acre Town Center Park (“Town Square”), and a 4,000 sf library/sheriff’s office. The Proposed Project also relocates the Phase 3 affordable rental apartments from their original location adjacent to the Arts Park to a new location cohoused and stacked on top of the commercial Town Center. Overall, implementation of the Proposed Project would decrease the amount of development associated with buildout of the development. More specifically, the Proposed Project would reduce the extent of residential development (by 16 total units) with accompanying revision to the unit locations, counts and descriptions, and commercial uses (reduce the maximum allowable commercial square footage from 75,000 sf to 30,000 sf).

The Proposed Project would require the Agency and Developer, with consent and agreement of the County, to amend the East Garrison DDA via a First Amendment to the First Implementation Agreement **Attachment B, Exhibit 1**. A draft resolution to amend the East Garrison DDA is provided as **Attachment B**. These changes include amendments to the following:

- Reduction in Tax Increment Liabilities under the DDA;
- Phasing Map (Attachment No. 1(B) to the DDA) to designate the remaining Final Phase development area;
- Product Size and Types (Exhibit 1 to Attachment No. 9 to the DDA) to reflect updates to modified product types, maximum unit size, and unit counts for the Final Phase;
- Financial Terms revising Second and Final Reporting Dates related to profit participation (Attachment No. 4, § 3.g to the DDA);
- Schedule of Performance (Attachment No. 5 to the DDA) to memorialize the phased timing for completion of the Final Phase development;
- Workforce II Housing (Attachment No. 3, §§ A and B and Attachment No. 9, § 5 to the DDA) to allow the developer to satisfy all remaining Workforce II Housing obligations in the Final Phase and require amendment to the Workforce II Housing Agreement;
- Town Center (Attachment No. 4, § G(2); Attachment No. 9, § 6) to establish Town Center construction milestones to be linked to timing triggers associated to issuance of building permits for certain number of Final Phase market rate units;
- Town Center Park (Town Square) specifying it shall include a play structure and establishing construction milestones linked to timing triggers associated to issuance of building permits for certain number of Final Phase market rate units; and
- Public Facilities terms modifying the payment timing for the remaining Developer’s Contribution (Attachment 9, § 8(i) to the DDA) for mandatory public facilities.

The Original Phase Three Affordable Apartment Developer, Artspace, Inc., has continued to be unable to secure timely financing and the Developer wishes to designate CHISPA, who developed the Phase 2 Affordable Rental Apartment Project at East Garrison, as the Phase Three Affordable Apartment Developer. Therefore, additional time is needed to complete the Phase Three Affordable Apartment Project and the Developer, via Casa

Acquisition, Inc., has provided a First Amendment to the Completion Guaranty for Phase Three to increase the surety performance bond from an original amount of \$17,500,000 to a new amount of \$20,125,000 (an increase of 15%) and to extend the timeline for completion of the Phase Three apartments from March 31, 2025 to March 31, 2030 (see **Attachment B, Exhibit 2**). A draft resolution amending the First Amendment to the Completion Guaranty for Phase Three is provided as **Attachment B**. A Draft Memorandum of Agreement between the Developer and CHISPA to be approved by the Agency is included as **Attachment B, Exhibit 3**.

Staff recommends that the Board of Supervisors acting as the Board of Directors for the Agency approve the amendments to the DDA and Phase Three Completion Guaranty and approve the designation and agreement terms for CHISPA to develop the Phase Three affordable apartments.

DISCUSSION:

Detailed discussion is provided in **Attachment A**.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel has reviewed the agreements and approved as to form.

The proposed project was reviewed by the Monterey County Planning Commission on April 10, 2024. The Monterey County Planning Commission recommended approval of the project by a vote of 9-0 (one absent), but expressed concerns relative to parking availability, housing affordability, building height, and Town Square timing. Staff has addressed these concerns in the County Board of Supervisor's recommended approvals, findings and conditions (see paragraph below), as well as in the Agency agreements.

Separately but concurrent with the Agency's consideration of these actions, the County Board of Supervisors will consider whether to amend the East Garrison Specific Plan, amend the East Garrison Pattern Book, amend the Combined Development Permit, and approve a Vesting Tentative Map for the East Garrison Final Phase. The related documents can be accessed at the following web address:

<https://www.countyofmonterey.gov/government/departments-a-h/housing-community-development/planning-services/library-current-major-projects/east-garrison/pln030204-amd2-east-garrison-specific-plan-amendment>.

The County Board will also consider whether to consent and agree to the First Amendment to the Amended and Restated First Implementation Agreement and acknowledge the First Amendment to the Completion Guaranty for Phase Three.

CEQA:

Following Section 15164 of the California Environmental Quality Act (CEQA) Guidelines, the County prepared an Addendum to make minor technical changes to the certified Final Subsequent Environmental Impact Report (FSEIR) based on the proposed amendments to the East Garrison development approvals, which does not include substantial changes to the project, so no major revisions to the previous EIR are required. The amendments, including amendments to the terms of the Disposition and Development Agreement, do not allow any new development that was not previously approved under the previous EIR. See **Exhibits C and D** for additional information.

FINANCE

Staff time to review, process and finalize the amended agreements and staff reports is included in the FY 2023-24 and Adopted Budget and the FY2024-25 Recommended Budget for HCD Appropriation Unit HCD008, Unit 8549-Fund 182 and is reimbursable by the Developer.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES

The action to amend the East Garrison DDA, approve an extension to the Completion Guaranty, and approve the designation of CHISPA and terms of the MOA supports the Board of Supervisors' Strategic Initiative for Economic Development, Health and Human Services, Infrastructure and Public Safety by facilitating and assuring timely financing and construction of the remaining public facilities, affordable and market-rate housing, and parks and open space at East Garrison.

- X Economic Development
Administration
- X Health & Human Services
- X Infrastructure
- X Public Safety

Prepared by: Melanie Beretti, AICP, Acting Chief of Planning

Approved by: Craig W. Spencer, HCD Director

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

Attachment A - Discussion

Attachment B - Draft Resolution approving the following agreements:

Exhibit 1 - First Amendment to the First Implementation Agreement to the Amended and Restate First Implementation Agreement between the Successor Agency of the County of Monterey and UCP East Garrison, LLC amending the Disposition and Development Agreement

Exhibit 2 - First Amendment to the Completion Guaranty for Phase 3

Exhibit 3 - MOA between CHISPA and Developer for Phase 3

Attachment C - Addendum No. 3 to the Final Subsequent EIR

Attachment D - Final Subsequent EIR (SCH#2003081086) for the East Garrison Specific Plan Project

Attachment E - Disposition and Development Agreement (DDA)

Attachment F - Amended and Restated First Implementation Agreement

cc: Front Counter Copy; Craig Spencer, HCD Director, Melanie Beretti, AICP, Acting Chief of Planning; Anna Ginette Quenga, AICP, Principal Planner; UCP East Garrison, LLC, Applicant; Century Communities, Owner; Anthony Lombardo & Associates, Inc.; Interested Parties; East Garrison Residents; The Open Monterey Project (Molly Erickson); LandWatch (Executive Director); Project File PLN030204-AMD2.