



Board Report

File #: 16-1097, Version: 1

Receive a status update on current development activity on the East Garrison development project.

RECOMMENDATION:

Staff recommends that the Fort Ord Committee receive a status update on current development activity on the East Garrison development project.

DISCUSSION:

A total of 246 market rate homes have closed escrow at East Garrison through the second quarter of this year (June 30, 2016), and sixty (60) very low- and low-income rental apartments are built and occupied. A summary of current activities in each of the three project phases is presented below.

Phase 1 Housing Construction:

- Sale from UCP East Garrison LLC (the master developer) to Benchmark Communities LLC (the affiliate homebuilder) of all 272 lots for construction of market-rate homes in Phase 1 has been completed. To date (September 20) County RMA-Building Services has issued 244 building permits for market-rate SFRs in Phase 1. 216 houses have received final inspection (including the 12 model units).
- Sale from UCP East Garrison LLC (the master developer) to Benchmark Communities LLC (the affiliate homebuilder) of lots for construction 60 Townhome units in Phase 1 has been completed. When constructed, 19 of these units will be deed-restricted for moderate-income buyers. To date (September 20), County RMA-Building Services has issued building permits to construct 8 Townhome units.

Phase 2 Housing Construction:

- Sale from UCP East Garrison LLC (the master developer) to Benchmark Communities LLC (the affiliate homebuilder) of 237 of the 315 lots for construction of market-rate homes in Phase 2 has been completed. To date (September 20) County RMA-Building Services has issued 128 building permits for market-rate SFRs in Phase 2, and 63 houses have received final inspection. UCP has notified the County of its intent to proceed with sale of the remaining 78 lots to additional Benchmark affiliates.
- Sale from UCP East Garrison LLC (the master developer) to Benchmark Communities LLC (the affiliate homebuilder) of lots for the 90 Townhome units in Phase 2 has been completed. When constructed, 32 of these units will be deed-restricted for moderate-income buyers, 47 units deed restricted for Workforce 2 buyers, and the remaining 11 units will be sold at market rate. No permits for these units have been issued.
- Design of the 65-unit low-income rental housing project for Phase 2 (CHISPA) is under way, and scheduled for implementation in 2017.
- Building plans for the new fire station are presently under review by County RMA-Buildings Services, and the developer is preparing to initiate construction in the next few months. The project will be jointly funded by the developer and Successor Agency to the Redevelopment Agency tax increment funds. The DDA requires the fire station to be completed prior to issuance of the first building permit in Phase 3. When completed, ownership of the station will be transferred to the Monterey County Regional Fire Protection District.
- Construction of the 6-acre Lincoln Park is under way, and is scheduled to be completed in 6 to 8 months. When completed, the park will be owned and operated by the East Garrison Community

Services District, which is currently managed by RMA-Public Works.

Phase 3 Final Map, Subdivision Agreement, Infrastructure Improvements, Arts-Historic District:

- Site clearing and demolition of 22 old non-historic buildings in the Phase 3 Historic District area is under way, and is scheduled to be complete in four to six months.
- The developer is preparing to submit the proposed Phase 3 Final Map and infrastructure improvement plans for review by County staff. Construction of residential units and rehabilitation of historic buildings is scheduled for 2019.
- Staff is preparing to initiate activity leading to implementation of the Arts-Historic District and the ArtSpace affordable rental apartment project.

Successor Agency Tax Increment Funding:

The East Garrison Disposition and Development Agreement (DDA) obligates the (now) Successor Agency to use tax revenues generated from the East Garrison project to provide financial assistance to the project as follows, and as needed:

- Up to \$300,000/year for Agency costs relating to the administration of the Fort Ord Redevelopment Project Area (escalated 3%/yr from October 2005). With the adoption of the Dissolution Act, Agency costs will be limited to the East Garrison Project only.
- Up to \$9.5 million, at a rate of \$48,469/unit, (indexed per the ENR Building Cost Index for San Francisco from October 2005) to assist with construction cost of rental affordable housing projects.
- Up to \$5.5 million (indexed per ENR Building Cost Index from October 2005) to assist in costs to design and construct the Mandatory Public Facilities (fire station and library/sheriff field office).
- Up to \$5.0 million (indexed per ENR Building Cost Index from October 2005) to assist in rehabilitating 29 historic buildings.
- While the DDA also allows for “left over” tax revenues to be used for “Other Public Facilities” (day care center, youth center, Community Services Dist office, sports & recreation center); it is unlikely that the Dissolution Act will permit this level of funding.

The State Department of Finance has taken a position that the First Implementation Agreement between the former Redevelopment Agency and UCP East Garrison, LLC was not authorized under the Dissolution Act. Accordingly, it contends that none of the Agency obligations under the East Garrison DDA (which the DOF does recognize as valid) can be funded without some sort of assignment/amendment that DOF approves. Further, DOF has stated that it will not approve any such agreement unless it reduces the financial obligations of the Successor Agency. The DOF has denied funds requested to implement the East Garrison DDA (e.g. Fire Station funding) on the submitted Recognized Obligations Payment Schedule (ROPS) submitted for FY2015-16B (January 1, 2016 - June 30, 2017) and ROPS for FY2016-17 (July 1, 2016 - June 30, 2017).

Staff of the Successor Agency has attempted in various ways to address DOF’s professed concerns. While the Successor Agency authorized the filing of a lawsuit to resolve this dispute, which was filed, , The Successor Agency further attempted to meet DOF’s stated concerns by approving an Amended and Restated First Implementation Agreement, which is under review by the DOF. The Successor Agency will be requesting additional funds for the second 6 month period in FY2016-17B for the East Garrison Project.

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