



County of Monterey

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

Board Report

File #: 18-301, **Version:** 1

Receive a status update on the East Garrison project.

RECOMMENDATION:

It is recommended that the Fort Ord Committee receive a status update on the East Garrison project.

SUMMARY:

As of March 19, 2018, a total of 616 units of the planned 1,400 homes at East Garrison have been completed and certified for occupancy: 533 single-family residences; 7 workforce 2 units; 11 moderate income units; 65 low/very low rental apartments.

DISCUSSION:

Lot Sales and Market Rate Housing Construction

- Phase 1 -
 - Lot Sales
 - All 273 single-family residence (SFR) lots and all lots for 60 Townhome units have been sold by UCP to its affiliate Benchmark Communities.
 - Future - Lot sales for 49 live-work units, and 40 Town Center lofts.
 - House Construction - As of March 19, 2018, 254 of 273 SFR units have been constructed and have been issued certificates of occupancy; 13 further units have been permitted and are under construction.
 - Townhome Construction - 34 of the 60 multi-family Townhome units have been completed, and a further two units are under construction.
- Phase 2
 - Lot Sales - All 315 SFR lots and all lots for 113 Townhome units have been sold by UCP to Benchmark Communities.
 - House Construction - As of March 19, 2018, 256 of 315 units have been constructed and have been issued certificates of occupancy.
 - Townhome Construction. Building permits have been issued for 11 of the 113 Townhome units, and are under construction at this time.
- Phase 3
 - Lot Sales - Not started. Anticipated late 2018/early 2019, upon completion of infrastructure improvements.
 - Home Construction - Not started. To include 192 single-family homes and 150 condominiums. Anticipated 2019, upon sale of lots.

Affordable Housing

Low and Very-Low Income - 196 of the 1,400 total units will be low/very-low income units

- Jointly funded by the developer and the Successor Agency tax increment funds, per the terms of the DDA
- Phase 1 (MidPen) - 65-unit low and very-low rental apartments complete and being occupied.
- Phase 2 (CHISPA) - Design review complete for 65-unit low and very-low rental apartment

building. Fund-seeking is underway and CHISPA working with the County and UCP is developing a funding-strategy, but there are few fund assistance programs available for this project at this time. The estimated cost for construction is over \$22 million, and public funds are not likely to become available until 2019. There is concern that the DDA milestones for completion of the affordable rental housing components of Phase 2 and Phase 3 will not be met within the timeframes set forth in the DDA due to numerous factors. UCP sent the Successor Agency a request to meet and confer regarding this matter. County staff (acting on behalf of the Successor Agency) met with representatives from CHISPA, UCP and ArtSpace/Arts Habitat on February 7, 2018 and March 8, 2018 where it was discussed whether the current circumstances constitute an Enforced Delay under the DDA. Options moving forward could include: 1) Requesting UCP provide a shortfall loan pursuant to the DDA, though such a loan would not provide sufficient funding to close the funding gap; and/or 2) UCP could provide the Agency with a Completion Guarantee. UCP is currently evaluating these and possibly other alternatives, and discussions are on-going related to this matter.

- Phase 3 (ArtSpace) - Not started. To include 66-unit low-income rental apartment complex. See previous bullet regarding Phase 2 CHISPA project and timing concerns.

Moderate Income - 84 of the 1,400 total units will be moderate-income units

- Phase 1 - 11 of the 19 Moderate income units (Townhomes) have been completed; County is working with developer to define process for coordination to identify qualified buyers for the deed restricted units.
 - 6 Moderate income households have been qualified, 5 units of which have been purchased by Moderate income qualified buyers and 1 of which is in contract.
- Phase 2 - Building permits have been issued for five of the 55 Moderate income units (Townhomes) in Phase 2, and are under construction.
- Phase 3 - Not started. To include 10 moderate income units (Townhomes)

Workforce 2 - 140 of the 1,400 total units will be Workforce 2 (WF2) units

- Phase 1 - 4 of the 47 units have been designated and purchased by WF2 income qualified buyers
- Phase 2 - 5 of the 47 units have been designated and purchased by WF2 income qualified buyers
- Phase 3 - Not started. To include 46 WF2 units.

Public Facilities

Public facilities at East Garrison are to be jointly funded by the developer and the Successor Agency tax increment funds, per the terms described in the DDA.

- Fire Station (Mandatory) - Construction of the new fire station began in May 2017, and is scheduled to be complete in the Spring of 2018. Once complete, ownership will be transferred to the Monterey County Regional Fire Protection District.
- Library (Mandatory) - Not yet started. Will include provision for a Sheriff Department field office.

Parks and Open Space

- Lincoln Park - Construction of this 6.8-acre public park, a portion of which also serves as a stormwater retention facility, was completed and accepted for ownership by the East Garrison Community Services District (EGCSD) on October 20, 2017. See below for EGCSD details.
- Open Space - A total of 29.4 acres of open space (including drainage ponds) is planned at East Garrison,

and will ultimately be owned and maintained by the EGCS D

- Phase 1 - 6.8 acres of open space and drainage ponds have been established, and has been owned and operated by the EGCS D since 2011.
- Phase 2 - a 6.2-acre open space and drainage pond parcel is being established and is anticipated to be transferred to the EGCS D in late 2018/early 2019
- Phase 3 - Not started. A 16.4-acre bluff open space area is anticipated to be constructed with Phase 3 and to be transferred to the EGCS D in late 2018/early 2019
- Neighborhood “Pocket” Parks - Six neighborhood parks plus the 1-acre Town Center park are planned at the development, to be owned and maintained by the East Garrison Homeowners Association
 - Phase 1 - 2 of 2 neighborhood parks complete.
 - Phase 2 - 2 of 2 neighborhood parks are complete but not open pending transfer to the EGCS D in 2018.
 - Phase 3 - Not started. To include 2 neighborhood parks and Town Center Park
 - On December 12, 2018, the Board of Supervisors approved the Second Amendment to the Urban Services Agreement relating to the transfer of responsibility for ownership and maintenance of the neighborhood parks from the East Garrison Homeowners Association (4) and UCP (3) to the East Garrison Community Services District (EGCS D). Staff is working with UCP and the HOA to have the 4 completed parks transfer to the EGCS D - see details below under the East Garrison Community Service District section.

Infrastructure Improvements and Subdivision Maps

- The Board of Supervisors accepted the Phase 3 Final Map and approved the Subdivision Improvement Agreement at the December 12, 2017 meeting:
- Construction of the Phase 3 on-site infrastructure improvements began in December 2017, and is scheduled for completion in September 2018.
- The Phase 3 infrastructure improvements will include reconstruction of the remaining segment of Watkins Gate Road, together with a new traffic signal at its intersection with Reservation Road. These will be accepted into the County road system.

Town Center

- Town Center - Not started. Will include 5 buildings totaling 35,000 sf of retail commercial space, a one-acre park, and the new Library/Sheriff Field Office.
 - UCP is to post a completion bond for the Town Center prior to the sale of the first lot in Phase 3, which is anticipated late 2018. UCP is required to complete construction of at least 20,000 s.f. of the Town Center prior to the sale of the 200th lot in Phase 3, and plans are moving forward to construct the full 35,000 s.f. in 2019.

Arts/Historic District

- Not started. To include the reuse and conversion of 23 historic World War II-era buildings and surrounding property that comprise the Historic District into a maximum of 100,000 sf of affordable art studio space.
- A detailed update of the Arts/Historic District project was presented to the Fort Ord Committee on June 27, 2016. Since that time staff has met multiple times with ArtSpace/Arts Habitat representatives to discuss the Art/Historic District program, however, due to delays implementing the Phase 2 CHISPA low/very low income apartment project, negotiation and

execution of agreements, lot sales and implementation of the Art/Historic District is delayed. The County, UCP, and affordable housing partners are actively coordinating to address these issues. Please see the detailed discussion in the Affordable Housing section above.

East Garrison Community Service District

- East Garrison Community Service District Election
 - Amendment #2 to Temporary Maintenance Agreement with UCP
 - A second amendment to the 2013 Temporary Maintenance Agreement planned to go to the EGCSO consent agenda for consideration and approval by the Board of Directors in May 2018. Amendment #2 will increase the scope and budget for UCP to perform maintenance for the 4 neighborhood “pocket” parks that will come to the EGCSO Board for acceptance the same date.
 - EGCSO Advisory Committee has been established and is scheduled to meet for the first time on March 21, 2018.

OTHER AGENCY INVOLVEMENT

The following agencies continue to participate in review of the East Garrison project:

- RMA-Land Use & Community Development Division (Planning, County Surveyor & Development Services, Environmental Services, Parks, Building Services)
- RMA-Public Works & Facilities Division (Traffic Engineering, Road & Bridge Engineering)
- Water Resources Agency
- Health Department/Environmental Health Bureau
- Monterey County Sheriff’s Office
- Monterey County Agricultural Commissioner
- Monterey County Regional Fire District
- Marina Coast Water District
- Fort Ord Reuse Authority
- California Department of Fish & Wildlife

FINANCING:

The East Garrison Disposition and Development Agreement (DDA) obligates the (now) Successor Agency to use tax revenues (“tax increment”) generated from the East Garrison project to provide financial assistance for DDA administration, affordable housing, public facilities, and historic building rehabilitation. On February 1, 2018, the Agency submitted the to the State Department of Finance the Recognized Obligation Payment Schedule (ROPS) for FY2018-2019 (July 1, 2018 to June 30, 2019), which included funding for Successor Agency wind-down as well as East Garrison administration costs, funding for the Fire Station construction and funding for very low and low income housing subsidy.

A hearing for the Successor Agency’s lawsuit against the DOF took place in April 2017. The judge ruled in favor of the DOF, and the Successor Agency filed an appeal on March 14, 2018.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The East Garrison Project achieves the following Board of Supervisors’ Strategic Initiatives:

- Strategic Initiative for Economic Development, “Through collaboration, strengthen economic development to ensure a diversified and healthy economy”, by “Creating better paying jobs... (and) adding to the economic vitality of the County.”

- Strategic Initiative for Infrastructure, “Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results”, by “Improving the conditions of ...roads...”, and by “Providing for adequate...infrastructure.”

☒ Economic Development
☐ Administration
☐ Health & Human Services
☒ Infrastructure
☐ Public Safety

Prepared by: Melanie Beretti, Special Programs Manager (x5285)

Approved by: Carl P. Holm, AICP, RMA Director (x5103)