

**CONSOLIDATED OVERSIGHT BOARD**  
**MONTEREY COUNTY**  
**ACTING AS SUCCESSOR AGENCY**  
**TO THE REDEVELOPMENT AGENCY**

<b>MEETING:</b> January 20, 2023	<b>AGENDA NO.:</b> XX
<b>SUBJECT:</b> a. Adopt a Resolution approving the Successor Agency for the County of Monterey Recognized Obligation Payment Schedule (ROPS) for July 1, 2023, to June 30, 2024 (ROPS 23-24); b. Authorize the Chair of the Oversight Board to sign the ROPS form, as required by the State Department of Finance; and c. Direct staff to submit the ROPS to the State Department of Finance (DOF).	
<b>DEPARTMENT:</b> County of Monterey Housing and Community Development Department	

**RECOMMENDATION:**

- a. Adopt a resolution approving the Successor Agency for the County of Monterey Annual Recognized Obligation Payment Schedule (ROPS) for July 1, 2023, to June 30, 2024 (ROPS 23-24);
- b. Authorize the Chair of the Oversight Board to sign the ROPS form, as required by the State Department of Finance; and
- c. Direct staff to submit the ROPS to the State Department of Finance.

**DISCUSSION:**

The Recognized Obligation Payment Schedule (ROPS) is a permanent schedule of obligations that replaces the Existing Obligation Payment schedule once it is approved by the Oversight Board to the Successor Agency to the Former Redevelopment Agency (Agency). Only payments required pursuant to the ROPS may be made by the Agency after May 1, 2012. The County Auditor-Controller will allocate property tax increment to the Agency to pay debts listed on the ROPS. To comply with the Dissolution Act, as amended by Assembly Bill (AB) 1484, the Consolidated Oversight Board must approve the ROPS 23-24 by resolution and submit that to the State Department of Finance (DOF), the County Auditor-Controller, and the County Administrative Officer by February 1, 2023. AB 1484 imposes penalties on the Agency if it does not submit the ROPS by the deadline. Once approved by DOF, the ROPS 23-24 will allow the Agency to make the payments listed. The draft resolution (Attachment 1) and ROPS 23-24 (Attachment 2) are provided for Board consideration. Also attached are the Department of Finance's 2022-23 Annual ROPS schedule (Attachment 3) and Amended 2022-23 Annual Recognized Obligation Payment Schedule (Attachment 4).

The purpose of this ROPS report is to list all enforceable obligations outstanding, the total amount of the obligation for 2023-24, and the payments anticipated for the 12-month period from July 1, 2023 through June 30, 2024.

A total of \$4,500,000 is needed for Agency's fiscal year 2023-2024 ROPS. The majority of this, \$4,235,000 relates to the East Garrison development Item No. 19 (East Garrison DDA Affordable Housing Subsidy) associated with the East Garrison Phase 3 Rental Affordable Housing units. Of the remaining needs, \$125,000 is related to the East Garrison development Item No. 8 (East Garrison Public Facilities) and another \$140,000 related to the Item No. 10 (East Garrison DDA) for the Agency's administration of the East Garrison Disposition and Disposal Agreement (DDA). The Agency discovered an error in it the remaining obligation amount for Item No.8 and, using the escalation rate of the prior 13 years, has calculated a remaining total obligation amount through 2035 to be \$11,220,220.

**Item No. 8 – East Garrison Public Facilities**

The Agency requests \$125,000 for ROPS Period 23-24 for Item No. 8 to fund a portion of its obligation toward the development of the Library and Sheriff Substation Project (Library Project) at East Garrison. The Monterey County Free Libraries (MCFL), working with the Monterey County Public Works, Facilities and Parks Department (PWFP), will add this project to the County's Capital Improvement Program with preliminary designs commencing in fiscal year 2023-24. The Master Developer, Century Communities, also has an obligation to contribute funds

toward the Library Project, and is anticipated to contribute another \$125,000 toward the conceptual design work planned in ROPS Period 23-24 (total PWWP conceptual design work estimated to cost \$250,000).

#### Item No. 10 – East Garrison DDA

The Agency requests \$140,000 for Item No. 10 for ROPS Period 23-24 to fund the following activities:

- a. administrative costs for staff time and any needed consultants to administer the DDA;
- b. moderate income Work Force housing qualification oversight;
- c. weed abatement and fire fuel mitigation activities; and
- d. on-call property maintenance costs.

In prior ROPS periods, the Agency requested and was approved funding to develop and implement mothballing of the 23 historic buildings at East Garrison. To date, the Agency has spent \$76,647 to develop project plans and cost estimates. It has come to staff's attention that Century Communities as the Master Developer is responsible to fund mothballing activities of the 23 historic Buildings pursuant to Condition of Approval No. 53 related to the Historic Building maintenance. An invoice has been submitted to Century Communities to reimburse the Agency for all expenditures to date and to assume all funding responsibilities to implement the mothballing plan moving forward. This reimbursement income will be recorded as "Other Income" for the Agency, once received, and will be reported to the Department of Finance during future cash balance and prior period adjustment reporting.

#### 19 – East Garrison Affordable Housing Subsidy

*Phase 3 Affordable Rental Apartment Project* - The Agency is requesting \$4,235,000 for ROPS Period 23-24 for Item No. 19 to fund its' obligation to the Phase 3 Rental Affordable Housing Projects (Phase 3 Project). The Phase 3 Project is being developed and will be delivered by Artspace, Inc. (Artspace). The Phase 3 Project will include the construction of 66-affordable rental housing units. The Agency's total obligation for the Phase 3 Project, escalated through November 30, 2022, is \$6,610,265. Pursuant to the DDA, the developer, now Century Communities, provided the Agency with a guarantee that the Phase 3 Project will be completed no later than March 31, 2025. The developer has an obligation to contribute funds toward the Phase 3 Project and provided the Agency with a surety performance bond (worth \$17.5 million) for its completion.

The East Garrison Master Developer, Century Communities (merged with Union Community Partners), working with Artspace, has proposed to relocate the Phase 3 Project to an existing parcel on the south side of the proposed Town Center Park as part of an integrated mixed-use commercial/residential 3-4 story building. Conceptual drawings have been rendered and Artspace plans to apply for tax credits in the spring 2023 for construction to be underway during the ROPS 2022-23 period. Staff believes this is an aggressive timeline, and that there is about a 30% chance that the Phase 3 Project approvals and funding could be in place for construction to begin in FY 2022-23. Staff is requesting funds for the Phase 3 Project for ROPS 2022-23 period, in the event the needed project approvals and funding advance quickly. See the East Garrison Final Phase section below for additional information at Attachment 5.

*Phase 2 Affordable Rental Apartment Project* – Construction of the Phase 2 Rental Affordable Housing Project (Phase 2 Project) being developed by CHISPA is well underway and on track to be complete spring 2023. Under the Reimbursement Agreement between the Agency and CHISPA executed on January 11, 2022, the Agency has expended its \$6,051,106 obligation for the Phase 2 Project less five percent (5%) retention to be held until such time that CHISPA provides evidence that all 65 units required by the DDA are certified for occupancy. Additional information and construction updates are available on CHISPA's website at <https://www.chispahousing.org/development/recent-developments/>.

#### East Garrison Final Phase Proposal

Century Communities has identified adjustments to the existing East Garrison Project approvals for the Final (remaining) Phase of the East Garrison community. On December 2, 2022, Century submitted its East Garrison Final Phase Proposal (Attachment 5). Century Communities is tentatively scheduled to present this proposal to the Monterey County Board of Supervisors at its January 24, 2023, meeting, and anticipates submitting a formal application to the County thereafter.

The Proposal identifies the following key modifying elements being proposed, including:

1. Re-locating the 66 Artspace rental affordable live/work units to an existing parcel on the south side of the Town Center Park and replacing the two Artspace building parcels flanking the Arts Park with compact single-family homes.
2. Create a fully integrated mixed-use commercial/residential 3-4 story building comprised of the 66 Artspace affordable units above 30,000 square feet of flexible commercial space on the ground floor.
3. Infill of the existing north parcel adjacent to the Town Center Park with Rowhouses, with the units facing the park having “flex workspace” and shopfront facades.
4. Infill of the High-Density Condominium site with compact high density 2-3 story Single Family homes.

As part of its proposal Century prepared an analysis of future tax increment and revenues based on the proposed changes (Attachment 6) that concludes the tax increment to be generated by the East Garrison Project under the new Final Phase Proposal will be higher than under the current entitlements. Century also prepared a memo Review of East Garrison Agreements and Entitlements (Attachment 7) identifying potential sections in the agreements/entitlements that may need revision to achieve the requested amendments. This memo also provides case studies of other projects in other jurisdictions where a Successor Agency’s DDA has been amended, resulting in changes to the project.

When Century Communities submits a formal application to the County to amend its entitlements to achieve the Final Phase Proposal, Agency staff will begin its formal review and analysis of the application and any proposed modifications to Agency agreements. Agency staff would bring any such amendments to the Oversight Board for consideration.

Prepared by: Damian Bye, Management Analyst and Melanie Beretti, AICP, Principal Planner (831) 755-5285  
Approved by: Erik V. Lundquist, AICP, HCD Director

**Attachments:**

- Attachment 1 – Draft Resolution
- Attachment 2 – DOF ROPS 23-24 Annual Recognized Obligation Payment Schedule
- Attachment 3 – 2022-23 Annual Recognized Obligation Payment Schedule (April 13, 2022)
- Attachment 4 – Amended 2022-23 Annual Recognized Obligation Payment Schedule (November 9, 2022)
- Attachment 5 – East Garrison Final Phase Proposal dated December 2, 2022
- Attachment 6 – Memo – East Garrison Town Center Tax Increment Analysis
- Attachment 7 – Memo – Review of East Garrison Agreements and Entitlements

**Before the Consolidated Oversight Board  
Successor Agency to the Redevelopment Agency  
County of Monterey, State of California**

**Resolution No. \_\_\_\_\_**

Approve the Successor Agency to the Redevelopment Agency of the )  
County of Monterey (Successor Agency) Recognized Obligation Payment )  
Schedule (ROPS) for the Period from July 1, 2023 to June 30, 2024 (ROPS )  
23-24), make related findings, and direct the Successor Agency Staff to )  
take all actions necessary to effectuate requirements associated with this  
approval.

WHEREAS, the California state legislature enacted Assembly Bill x1 26 (as amended by AB 1484, the "Dissolution Act") to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.); and

WHEREAS, on January 10, 2012, the Monterey County Board of Supervisors adopted Resolution No. 12-006 agreeing to serve as the Successor Agency; and

WHEREAS, on February 1, 2012, the RDA of the County of Monterey was dissolved pursuant to Health and Safety Code Section 34172; and

WHEREAS, pursuant to the Dissolution Act, the Successor Agency is declared to be a separate legal entity from the County of Monterey; and

WHEREAS, the Dissolution Act provides for the appointment of a consolidated oversight board (the "Consolidated Oversight Board"), as of July 1, 2018, with specific duties to approve certain Successor Agency actions pursuant to Health and Safety Code Section 34180 and to direct the Successor Agency in certain other actions pursuant to Health and Safety Code Section 34181; and

WHEREAS, Health and Safety Code Section 34177(l)(2)(A) requires the Successor Agency to prepare draft Recognized Obligation Payment Schedules and make associated notifications and distributions; and

WHEREAS, Successor Agency staff prepared the Recognized Obligation Payment Schedule for the period July 1, 2023 through June 30, 2024 (the "ROPS 23-24"); and

WHEREAS, under the Dissolution Act, the Proposed ROPS 23-24 must be submitted by the Successor Agency to the Consolidated Oversight Board for the Consolidated Oversight Board's approval in accordance with the Dissolution Act; and

WHEREAS, the Consolidated Oversight Board has reviewed the Successor Agency's Proposed ROPS 23-24 and has considered the staff presentation and any comments from the public related thereto.

NOW, THEREFORE, BE IT RESOLVED that the Consolidated Oversight Board hereby finds and determines that the foregoing recitals are true and correct, and together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions and determinations set forth below.

BE IT FURTHER RESOLVED that in accordance with the Dissolution Act, the Consolidated Oversight Board hereby approves the Proposed ROPS in the form on file with the secretary of the Consolidated Oversight Board (the "Approved ROPS 23-24"), including the agreements and obligations described in the Approved ROPS 23-24, and hereby determines

that such agreements and obligations constitute “enforceable obligations” and “recognized obligations” for all purposes of the Dissolution Act. In connection with such approval, the Consolidated Oversight Board makes the specific findings set forth below.

1. The Consolidated Oversight Board has examined the items on the Approved ROPS 23-24 and finds that each of them is necessary for the continued maintenance and preservation of property owned by the Successor Agency until disposition in accordance with the Dissolution Act, the continued administration of the ongoing agreements herein approved by the Consolidated Oversight Board, or the expeditious wind-down of the affairs of the Dissolved RDA by the Successor Agency.
2. The Successor Agency is authorized and directed to enter into any agreements and amendments to agreements necessary to memorialize and implement the agreements and obligations in the Approved ROPS 23-24 and herein approved by the Consolidated Oversight Board.
3. The Consolidated Oversight Board hereby authorizes and directs the Successor Agency staff to take all actions necessary under the Dissolution Act to file, post, mail or otherwise deliver via electronic mail, internet posting, and/or hardcopy, all notices and transmittals necessary or convenient in connection with the approval of the Approved ROPS 23-24 and to take any other actions necessary to ensure the validity of the Approved ROPS 23-24 and the validity of any enforceable obligation listed thereon, including participation in any Meet and Confer process .

BE IT FURTHER RESOLVED that this Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

PASSED AND ADOPTED this 20th day of January 2023, by the following vote, to wit:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
,Chair

I, Melanie Beretti, Successor Agency Staff of the Successor Agency to the Redevelopment Agency of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Consolidated Oversight Board duly made and entered in the minutes thereof for the meeting on January 20, 2023.

Dated:

Melanie Beretti, Principal Planner – Advanced Planning  
Housing and Community Development Department  
County of Monterey, State of California

By \_\_\_\_\_

Monterey County ROPS 2023-24 Annual

Item # Obligation Name

	Description	Total Outstanding Obligation	Total Requested Funding - Period A	Total Requested Funding - Period B
8 East Garrison Facilities	Tax increment pledged for design & construction public facilities per DDA (estimate) - current year is reserve for long-term obligation	11,220,220	\$62,500	\$62,500
9 East Garrison Historic District	Contract to assist with development of affordable housing programs	3,723,078		
10 E Garrison DDA	\$300K/year commitment for E Garrison Project administration per DDA In Lieu fees for properties formerly owned by RDA 031-161-016-000; 031-161-021-000; 031-161-022-000; 031-161-023-000; and 031-164-130-000 (E Garrison). Assessments occur annually until the property no longer belongs to Successor Agency	7,878,761	\$57,000	\$83,000
11 In Lieu Assessment Fees		-	-	-
16 Advance from County	Repay 4/25/02 \$123,800 loan from County plus interest	123,800		
17 FY 10 SERAF	Repay funds transferred from Ft Ord Housing Set-Aside for FY 10 Supplemental ERAF payment	60,295		
18 FY 11 SERAF	Repay funds transferred from Ft Ord Housing Set-Aside for FY 11 Supplemental ERAF payment	12,402		
19 East Garrison DDA Housing Subsidy	Very low and low income housing subsidy per DDA (estimate)	6,144,333	\$2,680,500	\$1,554,500
29 Successor Agency Administrative Cost Allowance (estimate)	Administrative Cost Allowance per H&S Code Sect. 34171(b)	250,000	\$0 \$2,800,000	\$0 \$1,700,000



Transmitted via e-mail

April 13, 2022

Melanie Beretti, Principal Planner  
Monterey County  
1441 Schilling Place, 2nd Floor  
Salinas, CA 93901

### **2022-23 Annual Recognized Obligation Payment Schedule**

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Monterey County Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2022 through June 30, 2023 (ROPS 22-23) to the California Department of Finance (Finance) on January 28, 2022. Finance has completed its review of the ROPS 22-23.

Based on a sample of line items reviewed and application of the law, Finance approves all of the items listed on the ROPS 22-23 at this time. However, Finance notes the following:

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2019 through June 30, 2020 (ROPS 19-20) period. The ROPS 19-20 prior period adjustment (PPA) will offset the ROPS 22-23 Redevelopment Property Tax Trust Fund (RPTTF) distribution. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,548,668, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2022 through December 31, 2022 period (ROPS A period), and one distribution for the January 1, 2023 through June 30, 2023 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 22-23 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is our final determination regarding the obligations listed on the ROPS 22-23. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 22-23 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 22-23 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Zuber Tejani, Supervisor, or Austin Goodman, Staff, at (916) 322-2985.

Sincerely,

JENNIFER WHITAKER  
Program Budget Manager

cc: Lori Woodle, Finance Manager I, Monterey County  
Jennifer Forsyth, Auditor-Controller Analyst, Monterey County



<b>Approved RPTTF Distribution July 2022 through June 2023</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>Total</b>
RPTTF Requested	\$ 1,656,343	\$ 2,031,412	\$ 3,687,755
Administrative RPTTF Requested	75,000	75,000	150,000
<b>Total RPTTF Requested</b>	<b>1,731,343</b>	<b>2,106,412</b>	<b>3,837,755</b>
<b>RPTTF Authorized</b>	<b>1,656,343</b>	<b>2,031,412</b>	<b>3,687,755</b>
<b>Administrative RPTTF Authorized</b>	<b>75,000</b>	<b>75,000</b>	<b>150,000</b>
ROPS 19-20 prior period adjustment (PPA)	(1,731,343)	(557,744)	(2,289,087)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 0</b>	<b>\$ 1,548,668</b>	<b>\$ 1,548,668</b>



Transmitted via e-mail

November 9, 2022

Melanie Beretti, Principal Planner  
Monterey County  
1441 Schilling Place, 2nd Floor  
Salinas, CA 93901

### **Amended Recognized Obligation Payment Schedule**

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1) (E), the Monterey County Successor Agency (Agency) submitted an Amended Recognized Obligation Payment Schedule for the period January 1, 2023 through June 30, 2023 (Amended ROPS 22-23B) to the California Department of Finance (Finance) on September 29, 2022. Finance has completed its review of the Amended ROPS 22-23B.

Based on our review and application of the law, Finance makes the following determinations:

- Item Nos. 10 and 19 – The Agency requested adjustments of \$200,000 and \$1,456,343 for the East Garrison Disposition and Development Agreement and Housing Subsidy, respectively. Based on our review, the amounts needed to fulfill these obligations for the ROPS 22-23 period have already been authorized by Finance. Therefore, these items should be fully funded and do not require additional funding. The Agency contends the Prior Period Adjustment (PPA) process has swept the funding needed for these obligations. However, the PPA process reported the differences between actual payments and past estimated obligations for the July 1, 2019 through June 30, 2020 (ROPS 19-20) period. Since the ROPS 19-20 actuals were less than estimated, these PPA funds remain available for use for the current ROPS period. As a result, the requested adjustments are not eligible for Redevelopment Property Tax Trust (RPTTF) funding.

Since Finance did not approve any RPTTF adjustments, the Agency's maximum approved RPTTF distribution for the ROPS 22-23B period remains at \$1,548,668, as summarized in the Approved RPTTF Distribution table (see Attachment).

Please refer to the Amended ROPS 22-23B schedule used to calculate the total RPTTF approved for distribution:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This is Finance's determination related to the funding of enforceable obligations reported on your Amended ROPS 22-23B. Please note there is not a Meet and Confer option for the Amended ROPS process; therefore, Finance's determination is final. This determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be denied, even if it was not denied on this Amended ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Zuber Tejani, Supervisor, or Michael Painter, Staff, at (916) 322-2985.

Sincerely,

JENNIFER WHITAKER  
Program Budget Manager

cc: Lori Woodle, Finance Manager I, Monterey County  
Patty Ruiz, Auditor-Controller Analyst I, Monterey County, Monterey County

**Attachment**

<b>Approved RPTTF Distribution January 2023 through June 2023</b>	
Authorized RPTTF on ROPS 22-23B	\$ 2,031,412
Authorized Administrative RPTTF on ROPS 22-23B	75,000
<b>Total Authorized RPTTF on ROPS 22-23B</b>	<b>2,106,412</b>
<b>Total Requested 22-23B RPTTF Adjustments</b>	<b>1,656,343</b>
<b>Finance RPTTF Adjustments</b>	
Item No. 10	(200,000)
Item No. 19	(1,456,343)
	(1,656,343)
<b>Total Finance Authorized 22-23B RPTTF Adjustments</b>	<b>0</b>
ROPS 19-20 prior period adjustment (PPA)	(557,744)
<b>Total Amended ROPS 22-23B RPTTF approved for distribution</b>	<b>\$ 1,548,668</b>

**East Garrison  
Final Phase Proposal  
DECEMBER 2, 2022**



**Century Communities  
6700 Koll Center Parkway, Suite 200  
Pleasanton, CA 94566**

## **SUMMARY**

Century Communities is pleased to submit this proposal to make minor adjustments to the existing approvals for the Final Phase of the East Garrison community. The goal of the changes is to enable the community to be completed in a timely manner while respecting the goals and intent of the original vision. This proposal also intends to help expedite the implementation of the remaining development and other obligations shared by both Century Communities and the County of Monterey.

While there are many inherent challenges facing the completion of East Garrison as originally approved, some of which are related to macro-economic and market conditions and others are more site specific having to do with existing infrastructure and other practical development constraints, Century Communities has determined that with some key modifications, these challenges can be overcome.

This proposal lays out the reasons “why” minor adjustments need to be made to the Master Plan and “what” specifically needs to be modified in the Specific Plan/Pattern Book to implement the proposed Final Phase. An assessment of the legal entitlement and CEQA documents which would be required to be modified are also provided as attachments.

A summary of the key modifying elements that are being requested include:

1. Re-locating the 66 Artspace rental affordable live/work units to an existing parcel on the south side of the Town Center Park and replacing the two Artspace building parcels flanking the Arts Park with compact single-family homes.
2. Create a fully integrated mixed-use commercial/residential 3-4 story building comprised of the 66 Artspace affordable units above 30,000 square feet of flexible commercial space on the ground floor.
3. Infill of the existing north parcel adjacent to the Town Center Park with Rowhouses, with the units facing the park having “flex workspace” and shopfront facades.
4. Infill of the High-Density Condominium site with compact high density 2-3 story Single Family homes.

The requested modifications are permitted within the framework and zoning of the Specific Plan and Pattern Book with only minor modifications as described later in this proposal.

Finally, it is critical to make these modifications to the plans and entitlement agreements as expeditiously as possible in order to allow Artspace to apply for Affordable Housing Tax Credits by June of 2023 so that the design and construction of the Mixed-Use Town Center Building can commence as soon as possible.

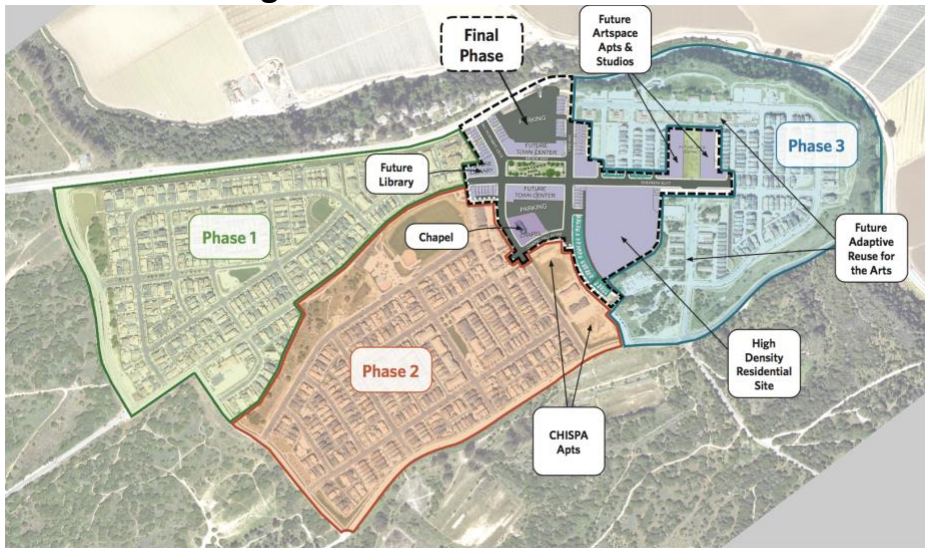
Century Communities looks forward to continuing to work with the County of Monterey, residents of East Garrison and Artspace/Arts Habitat to complete the vision for East Garrison as a mixed income/mixed use pedestrian-oriented community.

## **INTRODUCTION**

Planning for the redevelopment of East Garrison began over 20 years ago and culminated with the adoption of the East Garrison Specific Plan/Pattern Book/EIR/DDA in 2005. Fast-forward to 2022, East Garrison has developed into a thriving community of 994 homes as well as all the infrastructure to serve the community. In addition, most of the community and public improvements have been completed:

- 11,152 square foot Fire Station, including a 1,500 square foot community room
- 7-acre Lincoln Sports Park
- 4 acres of neighborhood parks
- Dog Parks
- 26 acres of open space and trails
- Mid-Pen Housing’s Manzanita neighborhood – 65 units of affordable rental housing
- CHISPA’s 65 units of affordable rental housing has recently started construction and has an estimated completion date of Spring of 2023.

**Exhibit -1 Existing Master Plan**



**EXISTING EAST GARRISON MASTER PLAN**  
EAST GARRISON MASTER PLAN / EAST GARRISON, CALIFORNIA / OCTOBER 2021



The remaining permitted improvements/uses or requirements are:

**Century Communities:**

- 30,000 square feet of commercial/retail uses (The Town Center)
- Financial contribution to the Library/Sheriff office
- 1-acre Town Center Park (approved for construction)
- Up to 275 market rate and workforce for sale homes

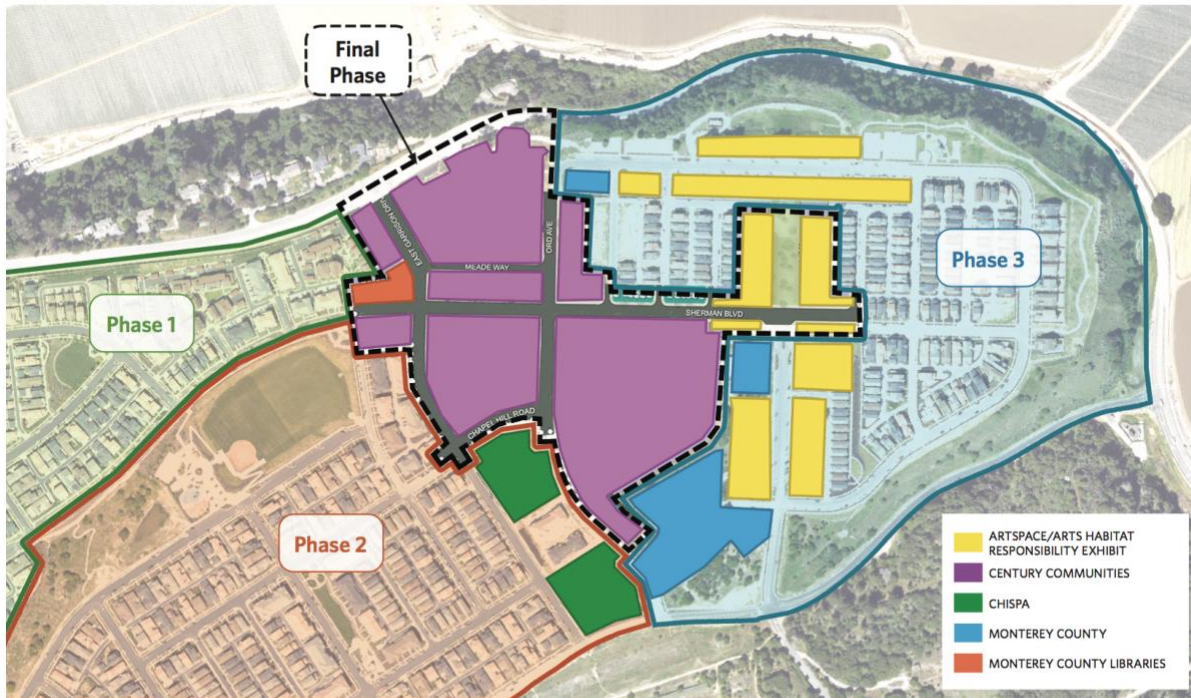
**County:**

- 4,000 square foot Library/Sheriff’s office space
- The adaptive reuse of over 70,000 square feet of historic buildings

**Artspace:**

- 65 (plus 1 managers unit) affordable rental live/work artist lofts

## Exhibit -2 Responsible Parties



### EXISTING RESPONSIBILITIES EXHIBIT

EAST GARRISON MASTER PLAN / EAST GARRISON, CALIFORNIA / OCTOBER 2021



## DEVELOPMENT CHALLENGES

While home sales have historically remained fairly consistent, there remain some significant challenges to developing the final phase of East Garrison as currently approved/planned. These are:

- Fundamental market shift downward for Commercial (office and retail) “brick and mortar” space
- Changes to Low-income Housing Tax Credit scoring that have created a more competitive market especially for rural locations such as East Garrison that have limited access to public transit and other amenities
- A historical record spike in interest rates
- Construction material cost inflation
- Supply chain backlog
- Labor cost increases and availability
- Dissolution of Redevelopment Law
- Prevailing wage rates required for all construction

In aggregate, these factors, many of which were unpredictable, and outside of anyone’s control have created a very different development environment than that which existed when the Specific Plan was conceived over 20 years ago. To realize the intent of goals for East Garrison, Century Communities believes that the Specific Plan and supporting implementing documents need to be updated slightly to optimize and expedite Artspace’s ability to receive tax credit funding, match the current commercial and housing markets and most importantly expeditiously complete the final phase of the community.



## Final Phase Analysis and Preparation

In late 2021, Century Communities reached out to the original East Garrison planning and entitlement team to refresh the “Final Phase” with a creative approach that respects the original vision and goals for East Garrison. The planning team began by first listening to the community’s needs and desires during an East Garrison Town Hall Zoom meeting on October 28, 2021. As their analysis and planning progressed, the various challenges for completing the community were identified and solutions were incorporated into the Final Phase Plan Proposal. In other words, the Final Phase Proposal was not developed in a vacuum, but rather by responding to real and challenging constraints and opportunities to create an even better East Garrison community than originally envisioned.

In addition to the East Garrison planning team Century also brought in many experts to analyze the existing plans, entitlement documents and agreements as well any proposed changes. Below is a list of consultants and responsibilities:

- Willdan Financial -
  - Analysis of the commercial market conditions at East Garrison
  - Analysis of the Tax Increment Projections based on Final Phase build out
- Lombardo Law - Entitlement documents
- Kimley-Horn Associates - CEQA documents
- Whitson Engineers - Existing Infrastructure vs. the proposed plans

In addition to the technical analysis, the Century Team reached out to many individuals and engaged the community through a series of Town Hall meetings and in person gatherings to receive feedback and ideas regarding the proposed final phase. More specifically:

- October 28, 2021 - Town Hall Meeting Sponsored by Supervisor Wendy Root Askew (Zoom)
- September 12, 2022 - HOA Board Presentation (Zoom)
- October 4, 2022 - Town Hall Presentation (Zoom)
- October 19, 2022 - East Garrison Community Services District Presentation (Zoom)
- October 25, 2022 - In person resident discussion/input regarding the overall Proposal (held at at EG Fire Station)
- November 3, 2022 – In person Resident Discussion/Input about Commercial Town Center which included presentations by a local commercial broker with 30 years’ experience and Willdan Commercial Experts (held at EG Fire Station Community Room)
- November 17, 2022 - In person resident Discussion/Input regarding Artspace/Arts Habitat mixed use building which included representatives from Artspace and Arts Habitat (held East Garrison Fire Community Room)

### Future Community Meetings:

- December 7, 2022 - Town Hall (Zoom) to update entire community to describe the updated proposal based on community input and answer questions
- Mid-January 2023 - Open House, Q&A (In person at the EG Fire Station Community Room)

## **East Garrison Frequently Asked Questions (FAQ's)**

As part of the community outreach process, Century Communities created a comprehensive FAQ's document from the many questions and comments received from the East Garrison residents. The FAQ's have been posted to the East Garrison HOA website and will continue to be updated as the final phase plans are refined, and new information is received. The FAQ's can be found here: <https://www.east-garrison.com/post/towncenter-faq>

## **Town Center Survey results and summary**

In October 2022, the East Garrison "PREG" resident group received 590 responses to a survey they prepared regarding the Town Center potential uses. The entire survey results can be found here: <https://www.east-garrison.com/post/town-center-survey-results>

A summary of the results include:

- GROCERY STORE – 93% of those responding were in favor of a grocery store that provides fresh and healthy food.
- DINING - 86% of the residents said they want to dine in the Town Center, either sit-down or take out with tables nearby. Also, they would like a place to grab a coffee, bagel, or donut.
- ACCESS - Most responding indicated that they would walk to the Town Center, though enough folks would drive or bike that we need adequate parking for cars and bicycles.
- SENSE OF PLACE - "A Sense of Place" is hard to define but it's important to EG residents and includes ideas like a performance space, playground, library and public restrooms. There were many comments about creating community space - from benches that face each other and a place for outdoor movies, to a museum, to a community center with a gym and a pool.

Century Communities supports the community and their desire for a grocery store, restaurants and other allowable uses that will activate the Town Center in the future. Many of their suggestions, such as an outdoor courtyard and public restrooms, have been incorporated into the Final Phase Proposal. Once the Artspace Mixed Use building is near completion, a leasing and tenancing marketing plan will be prepared to attract the permissible and market supportable uses.

Century Communities has been committed to working with the East Garrison residents and will continue the community outreach through plan approval.

## **ARTSPACE Meetings**

Discussions with Artspace/Arts Habitat regarding their preferred mix of unit sizes (bedroom count), parking needs, property management, entitlements needed and timing to obtain competitive Tax Credits have been ongoing and Century will continue to collaborate with Artspace and Arts Habitat to design, entitle and construct the new mixed-use building.

## **County Staff Meetings**

Ongoing and Regular meetings with County Staff regarding the proposed final phase plans, concepts, process, Specific Plan and DDA requirements, Agreements etc. Century has provided the County Staff with requested information about future Tax Increment projections based on the proposed final phase as well as an assessment of the commercial market for East Garrison.

## **Final Phase Plan Considerations:**

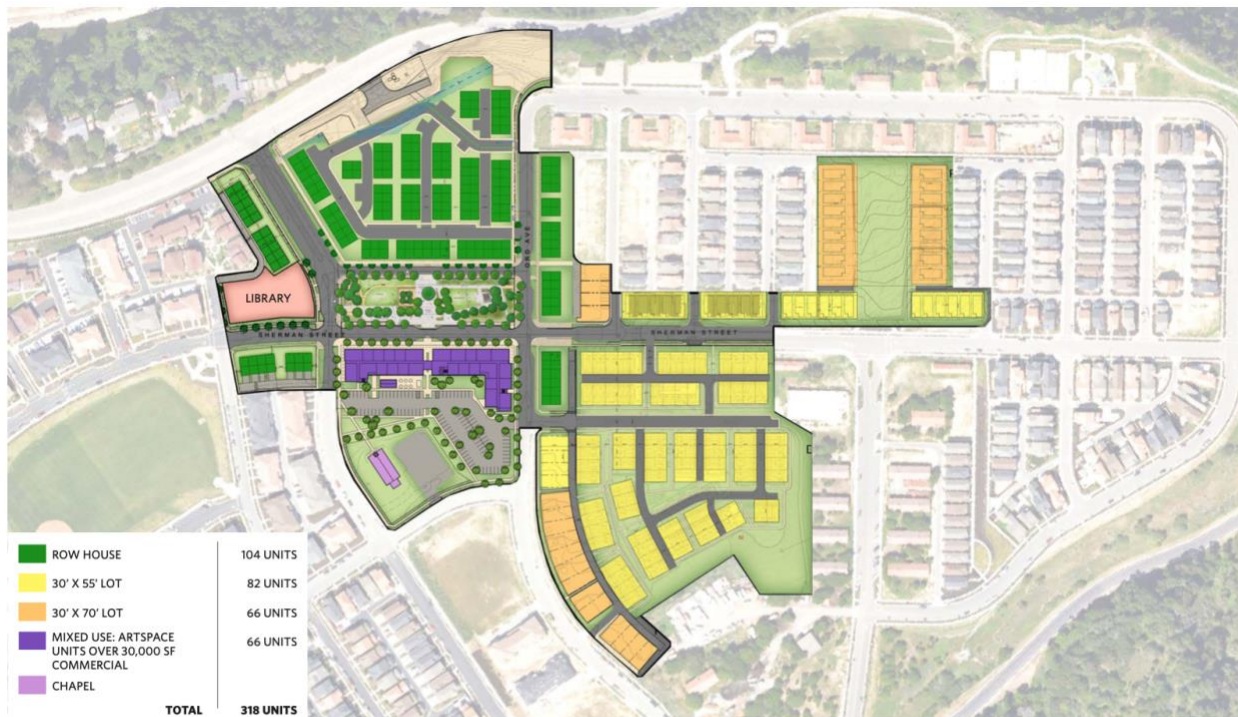
Based upon the analysis and input received to date, the following list summarizes many of the determining factors that have gone into the Final Phase Proposal:

- Artspace/Arts Habitat - Challenges with the current location, site constraints, tax credit competitiveness, very expensive building typology, lack of parking, potential for existing neighbor conflicts.
- East Garrison resident's input
  - Outdoor Courtyard area protected from wind
  - New Public Restrooms to serve the commercial and park area
  - Sufficient Parking
  - Access for trucks (delivery/trash/emergency)
  - Types of retail to focus marketing efforts on
  - Construction timing
- Commercial market conditions at East Garrison –
  - Limited retail market/demand
  - See attached Willdan Commercial Analysis for full report
- Tax Increment Projections based on Final Phase Proposal
  - Proposed Tax Increment to be the same or greater than existing plan
  - See attached Willdan Analysis for full report
- Entitlement Documents
  - Minor modifications to Specific Plan/Pattern Book, DDA and other implementing agreements may be necessary.
  - See attached Lombardo Law Analysis
- CEQA Documents
  - Proposed Final Phase will not result in any substantial changes and not require any major revisions of the previous CEQA Documents.
  - See attached Kimley-Horn Analysis
- Existing Infrastructure - Whitson Engineers provided a review and guidance on the proposed Final Phase Plans taking into consideration existing underground infrastructure, streets, parcel boundaries, grading/topography, etc.
  - Additional Constraints included consideration of:
    - Airport influence area
    - Existing Storm water pipes at the northern edge
    - Existing Water lines in the commercial parking lot

## **THE FINAL PHASE PROPOSAL**

The Final Phase Proposal is a compilation of the original vision of the Specific Plan, the work described above and most importantly the input from the community. In addition, consideration was given to meeting the requirements of the DA/DDA and numerous other agreements as well as the economic and market realities of today. The main objective is to blend the aforementioned work/effort into a plan that is economically viable and that can be created in a timely manner but can also sustain itself for years to come.

## Exhibit 3 – Final Phase Plan



### FINAL PHASE

EAST GARRISON / EAST GARRISON, CALIFORNIA / DECEMBER 2022



Below is a summary of the key modifying elements being proposed and associated benefits:

1. Relocation of the Phase 3 Affordable Artspace project (66 units) to the southern parcel adjacent to the Town Center Park (See Exhibit 3 – Final Phase)

The many advantages for relocating the Artspace Affordable Live/Work buildings to the town center include:

- Construction timing
  - By consolidating the uses into a more affordable building type it will ensure that all of the required commercial area (30,000 SF) will be built once the affordable project receives tax credit funding (vs DDA requirement of 20K sq. ft. by the 200<sup>th</sup> lot and 10k sq. ft. by the last occupancy)
- More competitive Tax Credit Application
  - Location to retail
  - 100% Elevator Accessible building vs walk up only in existing plan
- Reduced Construction costs
  - One building vs multiple buildings
  - Shared cost with commercial uses of a large surface parking lot
  - Adjacent street parking vs podium type parking and limited street parking within an existing neighborhood

- Flexibility and Activation
  - The proposed design will be built as one phase which optimizes flexibility by creating large shell space that can be subdivided to serve a wide variety of users.
  - Artspace Artists (tenants) will benefit the commercial uses
  - Artspace Residents living/working adjacent to the Town Center Park provide added security and potential for programming events/festivities.

Exhibit 4 – Mixed Use Building Illustrative



- Introduction of a wind shielded outdoor courtyard space that could be associated with one or more uses (i.e. bakery, coffee shop or restaurant) or could be shared by all the uses and could host small events, music, individual artists, poetry readings, etc., to be enjoyed by the community
- Long term ownership and management of the building vs multiple owners
  - It is anticipated that Artspace will manage the entire building, through a property management company vs potential individual ownership
  - The Commercial area will be established as a legal condominium for ownership purposes.
  - A separate HOA will be established for the Mixed-Use Building
  - Shared Parking lot
  - Provision for sufficient parking
  - Overflow parking at the Chapel

# Exhibit 5 – Assembled Overview



URBAN DESIGN ASSOCIATES

## OVERVIEW - ASSEMBLED VIEW

EAST GARRISON / EAST GARRISON, CALIFORNIA / NOVEMBER 2022

## Exhibit 6 – View from Southeast of Mixed-Use Building



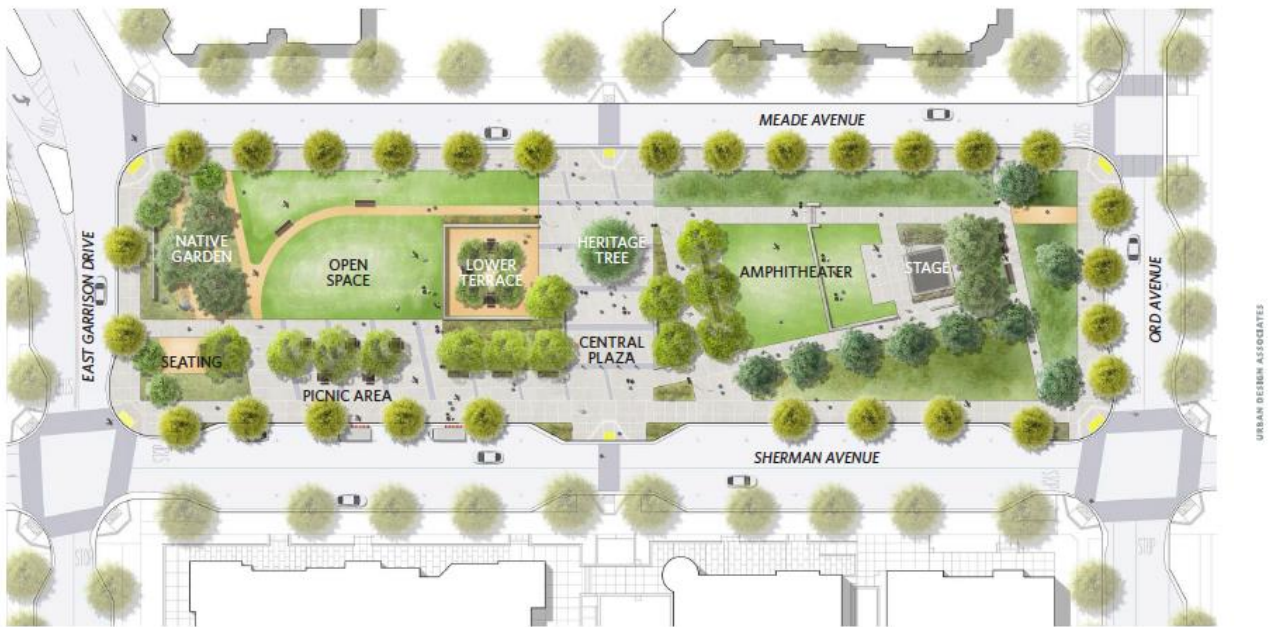
EXPLODED VIEW

## VIEWS FROM THE SOUTHEAST

EAST GARRISON / EAST GARRISON, CALIFORNIA / NOVEMBER 2022

2. Introduction of compact single-family homes on the former Artspace parcels (See exhibit 3)
  - Similar to the existing adjacent homes
  - More compatible use with the surrounding homes
3. The balance of the Final Phase area:
  - Will be developed with 254 two to three story compact homes and rowhouses.
  - Rowhouses bordering the Town Square Park will include “flex workspace” with shopfront facades.
  - The required 70 workforce II and 33 moderate-income homes will be constructed within the Final Phase residential areas.  
Up to 70 ADU’s are permissible offering additional “affordable by design” small rental units or extended family accommodations.
4. Town Center Park approved key elements for construction include an amphitheater, picnic area, a central plaza for gathering, open space, garden area, picnic area and parking bay designed to accommodate food trucks to cater for events

**Exhibit 8 – Town Center Park**



**APPROVED TOWN SQUARE PLAN**

EAST GARRISON / EAST GARRISON, CALIFORNIA / NOVEMBER 2022

URBAN DESIGN ASSOCIATES



**Exhibit 8 – View of Rowhouses with shopfronts on northside of Town Center Park**



**The Chapel**

- The Chapel (approx. 3,500 square feet) is actively being marketed to religious organizations and is anticipated to be sold and potentially used as a place of worship or other uses as permitted by the East Garrison Specific Plan zoning.

**Library**

- The proposed 4,000 sf library and Sheriff office location will remain as planned on County Successor Agency owned Lot B at the head of the town center park.
- Century Communities has created the lot and will, per the DDA contribute their share of the cost to construct the library. Per the East Garrison DA/DDA, the 4,000 square foot library will be credited toward the town center requirement.

**Table 1 below** illustrates the approved land uses, built to date/in progress and the proposed final phase uses for East Garrison.

LAND USE	APPROVED	BUILT/IN PROGRESS	FINAL PHASE PROPOSAL	TOTAL
<b>Residential</b>				
Single Family	780	779	148	927
Townhomes/Rowhouses	227	150	104	254
Condos/Affordable Apts/Live Work	393	130	66	196
Accessory Dwelling Units (optional)	70	0	70	70
<b>Total</b>	<b>1,470</b>	<b>1,059</b>	<b>384</b>	<b>1,447</b>

Town Center Commercial SF (Includes Library 4k)	34,000	0	34,000	34,000
<b>Public Facilities</b>				
Library/Sheriff Office – SF	4,000	0	4,000	4,000
Fire Station – SF	7,000	11,000	0	11,000
Parks -Acres	12.65	11.65	1	12.65
Historic Buildings- SF (County owned)	66,565			66,565

**Table 1 Notes:**

1. Mid-Pen 65 affordable apartment units completed, CHISPA 65 units in progress, Artspace 66, includes 1 managers unit (Per EGP I/Artspace MOU) proposed as Live/Work units.
2. Workforce II and BMR’s: Century Communities required to complete 70 Workforce II and 33 BMR’s in Final Phase.
3. Fire Station overbuilt by 4,000 sf including 1,500 sf community room.
4. Commercial 30,000 square feet to be constructed as flexible/cold shell.
5. The one-acre Town Center Park plans have been approved for construction.
6. Approximately 66,565 sq. ft. of potential commercial space in the historic buildings (owned by the county)
7. Library/Sheriff office of 4,000 square feet counts towards 34,000 Commercial requirement per DDA.

**EAST GARRISON PROPOSED MODIFICATIONS - Specific Plan/Pattern Book**

The following list specifies the modifications proposed for the Specific Plan and Pattern Book based on the Proposed Final Phase.

**General**

- Delete section 3.3 Development Program and the associated Table 3.2 Housing Mix as this information is already detailed in other sections of the Land Use chapter.
- Update the housing mix in the Phasing Land Use Tables 3.3, 3.4, 3.5, and 3.6 to match Table 1 above.

**Town Center**

- Clarify the definition of *Rowhouse Dwelling Units*
- Increase the number of permitted residential units in the Town Center Land Use from 40 to 123
- Update Figure 3.8 Illustrative Plan of Town Center to match current illustrative configuration
- Add a note to Table 3.9 Height Limits, permitting 50 feet/4 story building on the south corner of the Town Center land use. This is an increase of 5 feet above the current permitted height.
- Update Table 3.10 Parking Requirements based on recommendations from pending traffic study.

**Phase 3 Arts District**

- Change the Live/Work (LW) land use designation flanking the Arts Park (Artspace affordable inclusionary) to Residential Medium (RM).
- Modify Residential High 2 (RH-2) minimum density from 18 to 10 DU/acre. This change is required to accommodate anticipated high-density three-story residential units.
- Reduce Residential High 2 (RH-2) number of stories from 4 to 3 and maximum building height from 50 feet to 45 feet in Table 3.9 Height Limits.

## Utilities

- Update or annotate Table 4.1 Projected Water Demand and Table 4.11 Projected Wastewater Flows to reflect updated number/mix of dwelling units and updated building square footages.

## Pattern Book

- Addition of a 30' x 55' detached single-family lot type.
- Addition of a compact rowhouse lot type.
- Update the Town Center Architectural Pattern Section to better reflect current best practices and the updated program.

## Next Steps

As stated, over this past year Century Communities has been analyzing the opportunities and constraints to create a viable Final Phase Plan. In conjunction with the community outreach and County input, the Final Phase Plan has been refined but must now be submitted as a formal development application to the County for review and consideration. As illustrated in Exhibit 9 below, we have outlined the General Expectations and Key Milestones for the planning and approval processes as we understand them today.



Century Communities is currently working with the County Planning Staff to determine the re-entitlement steps and schedule — as they become clearer, East Garrison residents will be updated.

## **CONCLUSION**

Century Communities believes that this Final Phase Plan/Proposal will facilitate the best opportunity to complete East Garrison as originally envisioned. Furthermore, Century is requesting that the County Board of Supervisors make this proposal a priority project so that the necessary entitlements are in place allowing Artspace to apply for their affordable housing tax credits by June 2023 and the additional workforce II and moderate residential units can be built to help alleviate the County's housing needs. Century Communities is committed to continuing to work with the community and the County to modify the necessary plans and agreements necessary in an expeditious manner.

### **Supplemental Information Attached for reference:**

1. Urban Design Associates - Final Phase Concept Plan Exhibits/Presentation
2. Willdan Financial Associates - East Garrison Retail and Tax Increment Analysis
3. Lombardo Law – CEQA and Entitlement Legal Documents Analysis
4. Kimley-Horn – CEQA Entitlement and proposed Technical Memo Analysis
5. East Garrison Draft FAQ's Posted on EG HOA website: <https://www.east-garrison.com/post/towncenter-faq>

**TO:** Century Communities

**FROM:** James Edison

**DATE:** November 30, 2022

**SUBJECT:** East Garrison Town Center Tax Increment Analysis

## OVERVIEW

Willdan has been engaged by Century Communities to evaluate the impact on the tax increment generated by East Garrison under current approvals and a proposed modification of the approved plan for the Town Center. On a regular basis the County has calculated the expected tax increment to be generated at East Garrison to ensure it will be sufficient to meet the requirements of its agreement with the developer (the Disposition and Development Agreement, or “DDA”). The developer of East Garrison has proposed an alternative development scenario, and this memo evaluates the amount of tax revenue generated by this alternative. This analysis builds on the County DDA analysis to compare the revenue generated under current entitlements to the revenue generated by the proposed development alternative. The key consideration is whether the revenue generated by the proposed alternative is equal to or greater than the revenue generated under existing entitlements, which will ensure maintenance of sufficient revenue.

The approved East Garrison Specific Plan included 1,400 residential units, plus 70 potential ADUs, much of which has already been constructed, and requires a minimum of 34,000 SF of commercial/retail/civic uses. As indicated in the East Garrison Specific Plan, the town center area was purposely designed with a flexible zoning overlay in order to be responsive to market demand and “assimilate changes in response to prevailing market conditions”. A total of 40 residential apartments/condos and 49 live/work type units were also anticipated within the town center.

Additionally, the East Garrison Town Center was originally planned to be a regional destination to be associated with the East Garrison Arts District. The Arts District is planned for up to 70,000 SF of affordable artists spaces within 24 rehabilitated historic buildings along with 65 affordable newly constructed live/work units. To date, none of the Arts District has been initiated.

Table 1 details the results of this analysis. As shown on Table 1, the tax increment generated under the proposed development alternative is greater than the tax increment generated by development under existing entitlements. Table 1 calculates two increment amounts, the total new incremental ad valorem property tax revenue generated, and the amount available (increment) to fund County DDA obligations, which is net of set asides and other deductions.

**Table 1**  
**Increment Calculator Comparison**  
**East Garrison TI Calculation**

Alternative	Buildout Increment (1)	DDA Increment (1)
Existing Entitlement	\$8,178,465	\$4,141,453
Proposed Final Phase	\$8,699,703	\$4,470,876

(1) as of FY 2026-27

Sources: County of Monterey, Willdan

Willdan, 2022

**ANALYSIS**

Willdan has prepared an estimate of the tax increment generated under a proposed alternative development for the remainder of East Garrison. In connection with a recent audit of the Disposition and Development Agreement (DDA) for East Garrison the County has prepared an estimate of tax increment under current entitlements. Willdan has expanded on this analysis to estimate the increment under the development alternative.

East Garrison consists of single family and multifamily residential units (market rate and affordable) along with parks, open spaces, trails and a yet to be developed town center and arts district. Phases 1 and 2 of the East Garrison Specific Plan have been constructed, and Century Communities is proposing to modify the plan for the town center to bolster the long-term viability of the retail component of the town center and better support the two affordable housing projects yet to be constructed. Prior to starting the final phase, Century Communities reached out to Willdan to determine impact of the proposed alternative scenario on the tax increment generated by the project.



Table 2, below, details the remaining units left to be constructed under existing entitlements and under the proposed alternative.<sup>1</sup> As shown in Table 2, 23 fewer units are proposed under the alternative as compared to the existing plan.

**Table 2**  
**Incremental Development**  
**East Garrison TI Analysis**

Remaining Development	Existing Entitlement	Proposed Final Phase
Medium Density Residential	0	0
High Density Residential (condo/apt)	154	0
Liberty Townhomes	35	0
Town Center Lofts	46	0
Live/Work	40	0
Rowhouse/Townhouse MF	0	104
30x55 lots	0	82
30x70 lots	0	66
<b>Total Units</b>	<b>275</b>	<b>252</b>

Source: Urban Design Associates, Century Communities

Willdan, 2022

<sup>1</sup> This does not include low and very low affordable units, which are not expected to pay property tax and therefore will not contribute tax increment revenue.



Table 3 details the pricing of the proposed units under existing entitlements and the proposed alternative. As shown on Table 3, the proposed alternative is a reduction in the number of units but an increase in the pricing, reflecting a shift to small lot single family homes as the affordable units are moved closer to the Town Center to encourage density and a sense of place. The overall total assessed value is higher, along with the mean unit value.

DRAFT





**Table 3**  
**Valuation Calculation**  
**East Garrison TI Analysis**

Units	sf/dsc	Valuation (1)	Incremental Additional Units	
			Existing Entitlement	Proposed Final Phase
High Density Residential (condo/apt)		\$490,530	154	75,541,606
Liberty Townhomes		\$236,076	35	8,262,660
Town Center Lofts		\$550,000	46	25,300,000
Live/Work		\$566,034	40	22,641,355
Rowhouse/Townhouse MF	1700	739,990		25 18,499,750
	1900	766,990		26 19,941,740
	aff 1330	240,000		33 7,920,000
	wf 1700	430,000		<u>20</u> 8,600,000
				104 528,476
30x55 lots	1900	851,990		27 23,003,730
	2100	883,990		27 23,867,730
	2225	902,990		<u>28</u> 25,283,720
				82 879,941
30x70 lots	1437	818,990		20 16,379,800
	1649	852,990		20 17,059,800
	1866	886,990		20 17,739,800
	wf 1437	525,000		<u>6</u> 3,150,000
				66 823,173
<b>Total Units</b>			<b>275</b>	<b>131,745,621</b>
				<b>\$479,075</b>
			<b>252</b>	<b>181,446,070</b>
				<b>\$720,024</b>

(1) Market rate valuation based on Century Communities analysis. Affordable valuation based on rough estimates subject to further analysis and underwriting.

Source: Century Communities, Willdan

Willdan, 2022

As previously noted, the County has prepared a tax increment analysis to estimate the increment that will be generated at East Garrison at buildout. Willdan has used this same analysis, with the units proposed in the proposed scenario, to calculate the projected tax increment.



## Conclusion

Based on our review and analysis of the current and proposed development scenarios at East Garrison, the tax increment to be generated by the project will be higher under the proposed scenario than under the current entitlements, as summarized in Table 1 above.

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## **REVIEW OF EAST GARRISON AGREEMENTS AND ENTITLEMENTS**

### **1) Health and Safety Code Section 34181:**

County staff asked us to look at the applicability of H&S Code Section 34181 to the project. That Section provides in relevant part that:

(e) Determine whether any contracts, agreements, or other arrangements between the dissolved redevelopment agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the oversight board for its approval. The board may approve any amendments to or early termination of such agreements where it finds that amendments or early termination would be in the best interests of the taxing entities.

The project is consistent with this Section because the proposed changes are in the best interests of the taxing entities due to the increased amount of tax revenue that will be generated by the project. The tax increment analysis clearly demonstrates that the proposed Final Phase will result in a substantial increase in tax revenue to the taxing entities in its proposed configuration. Increased tax revenue was one of the bases of the Oversight Board's approval of the 7<sup>th</sup> DDA amendment for the Hunter's Point project referenced above.

### **2) Entitlement Documents**

There are a number of legal documents related to the project, several of which refer to the development of the Town Center phase of the project. This section looks at these entitlement documents and, where applicable, highlights the specific language relating to the development of the Town Center.

#### **a. Fort Ord Redevelopment Plan (February 12, 2002):**

We do not believe that any modifications to the Redevelopment Plan will be necessary, and the 2007 Redevelopment Implementation Plan is advisory only, and only references that the Redevelopment Agency entered into the DDA for the development of the project described in the DDA.

#### **b. Development Agreement (October 4, 2005, recorded 2006):**

Section 2.6 of the Development Agreement addresses the amendment of the Development Approvals (essentially the permits for the E.G., project):

- Amendments to the project do not require revisions to the Development Agreement, even if the amendment is material. Per Section 2.6.2(c): “any future amendment or modification to a Development Approval or Subsequent Development Approval shall be incorporated in this Agreement without the need to amend this Agreement; provided that any development or other action under any such future Material Amendment under Section 2.6.2(b) shall be subject to the rules, regulations, official

policies, standards and specifications in effect on the effective date of the amendment.”

Based on the foregoing, no amendment to the Development Agreement is required for the proposed changes.

**c. Development and Disposition Agreement (October 4, 2005, recorded 2006, any amendment would require Successor Agency and County Approval):**

If an amendment to the project’s Development and Disposition Agreement is required, Section 702 allows amendments to the document, providing that, “the Developer and the Agency agree to mutually consider reasonable requests for amendments to this Agreement which may be made by any of the Parties hereto, lending institutions, or bond counsel or financial consultants to the Agency, provided such requests are consistent with this Agreement and would not substantially alter the basic business terms included herein, and are consistent with applicable law, including CEQA.”

Attachment No. 4(G)(2) pertains to the “Financial Terms” of the East Garrison development and provides the following with respect to the Town Center:

- “Pursuant to the Option Agreement, Developer has the obligation to construct approximately 34,000 square feet of neighborhood serving retail, civic and other non-residential uses (“Town Center Construction Obligation”). Developer and County recognize that the retail portion of the Town Center Construction Obligation may not be economically feasible. Consequently, if no residual value is determined to exist pursuant to Section 3.b(ii)(2) of Part A of this Attachment No.4, no value may be attributable to the town center mixed use parcels and any subsidy which may be required from Developer to finance construction shall be considered a Project Cost, as defined in Section 3.d. of Part A of this Attachment No. 4. Developer will install all the infrastructure necessary to service the Town Center parcels, including the Town Center Park and parking lots. Developer may assign its rights and obligations to develop the Town Center mixed-use commercial and residential parcels (as described in Exhibit 2 to Attachment No. 9) to either Woodman Development Company, LLC (“Woodman”) or a special purpose Affiliate of either the Developer or Woodman (“Assignee”).

An approximately 7,000 square foot Fire Station to be constructed on a site within Phase 1 comprises a portion of the Town Center Construction Obligation but is the subject of its own separate subsidy by Developer, described in Section 8 of Attachment No. 9, and shall not count toward satisfying the Developer's 34,000 square foot Town Center Construction Obligation. As provided in Section 6 of Attachment 9, 4,000 square feet of the Library/Sheriff’s Substation shall count toward satisfying the Developer's 34,000 square foot Town Center Construction Obligation. At least 20,000 square feet of the Town Center Construction Obligation must have been completed prior to the issuance of the first market rate unit permit

within Phase 3 of the Project and the remaining 14,000 square feet of the Town Center Construction Obligation must be completed prior to the issuance of the last certificate of occupancy for the last market rate unit in Phase 3.

Prior to the first market rate unit building permit being issued in Phase 3, Developer or Assignee shall post a completion bond with respect to any portion of the Town Center Construction Obligation which is not completed or under construction at that time.

Developer shall thereafter be allowed to continue to obtain all remaining building permits and certificates of occupancy for the market rate units of the Project without restriction. Timing of construction of the Town Center Construction Obligation shall be subject to Enforced Delays under Section 604 of this Agreement.”

Attachment 1(B) is a map that shows Phase 3/Town Center configuration. This map will change with the Final Phase configuration.

Attachment 9 is the “Scope of Development” and provides as follows regarding the Town Center development:

- The Parties recognize that the development of the Town Center is an important part of the design of the Project and agree that the market for retail and commercial space at East Garrison is uncertain and cannot accurately be predicted. Under the Development Approvals, the maximum amount of square footage allowed for the Town Center commercial mixed-use parcels is 120,000 square feet (including up to 75,000 square feet of commercial). The Town Center shall be developed with a minimum of 34,000 square feet of neighborhood serving retail, civic and other non-residential uses, as set forth in Section 2 of Part G of Attachment No. 4 hereto, provided that 4,000 square feet of the Library/Sheriff’s Substation that Developer is obliged to provide funding for under Section 8(i)(b) of this Attachment No. 9 shall count toward satisfying the Developer’s 34,000 square feet Town Center Construction Obligation.

Exhibit 1 to Attachment 9 provides the minimum # of units and maximum square footage for the Town Center Condos.

**d. DDA Implementation Agreement (First Amended and Restated) dated August 30, 2016; if amended, likely to require Successor Agency and County Approval:**

This document was executed following UCP’s acquisition of the property and was intended to identify which portions of the DDA remained applicable to UCP. Section 1.3 provides, “[t]he Parties acknowledge and agree that UCP EG was not the original Developer under the DDA and, as such, there are a number of DDA provisions that do not apply to UCP EG given that EGP purchased the Site from the Agency in 2005...” The Implementation Agreement provides, among

other things, that Attachment No.4 (G)(2) and Attachment No. 9, Section 6 of the DDA still apply to UCP.

The Implementation Agreement further provides at Section 10.5 that in the event of a conflict between the DDA and the Implementation Agreement, the Implementation Agreement will control. Therefore, an amendment to the implementation plan may be all that is required, as opposed to amending the DDA itself.

- Section 5 pertains to the Town Center and reads as follows:
  - o “The Parties agree that UCP EG shall implement its obligations for the development of the Town Center under the DDA, including Paragraph G, Section 2 of Attachment No. 4, in the following manner: (i) before the time that escrow has closed on the sale of the 1st lot in Phase 3, UCP EG shall post a completion bond with respect to 34,000 square feet of the Town Center, sized sufficiently to compensate for costs related to the construction as well as cost related to accessing the bond; (ii) UCP EG shall complete construction of at least 20,000 square feet of the Town Center by the time that escrow for the sale of the 200th lot in Phase 3 has closed, and shall complete construction of an additional 14,000 square feet of the Town Center by the time the escrow for the sale of the last lot in Phase 3 has closed; (iii) if UCP EG shall not have constructed at least 20,000 square feet of the Town Center by the time that escrow has closed on the 200th lot in Phase 3, then UCP EG shall cause the bond funds to be released to the Successor Agency, and shall deliver to the Successor Agency a Right of Entry onto the Town Center property, so that the Successor Agency or designee may cause the completion of the Town Center.”

The Implementation Agreement contemplated amendments, stating at Section 10.5 that “[n]o amendment or modification to the DDA or any Implementation Agreement will be effective unless contained in a writing signed by both Parties.

**e. East Garrison Specific Plan (As described in the DDA, amendment would follow County process laid out in the Specific Plan which is summarized below):**

Several sections/figures and tables highlighting the existing configuration of the approved Phase 3/Town Center portions of the project may need modification.

- o Same process as amendment of General Plan
- o Early assessment of amendment submitted to LUAC
- o After LUAC, Planning Commission reviews amendment for recommendation to Board of Supervisors
- o Board of Supervisors ultimately votes on the amendment and makes requisite findings

**f. Final Map/CDP (Amendment requires County and likely Successor Agency Approval)**

If the amendment of the map and CDP is packaged with any necessary DDA/implementation plan amendments, then Successor Agency and County process would be the same.

- If no Final Map has been filed, demonstrate “substantial conformance” with VTM, or amend VTM and permit approvals.
  - If amendment necessary, would require approval by Planning Commission and Board of Supervisors.
- Certain VTM/CDP conditions which refer to the Town Center directly may need revising as well.
  - Condition 85 (parking spaces in town center lots)
  - Condition 129 (sidewalk enhancement relating to town center specifically)

**3) Case Studies of other projects where a Successor Agency’s DDA has been amended, resulting in changes to the project:**

If the DDA needs to be amended to achieve the requested amendments in question, there are a number of examples elsewhere in California where this has taken place, as demonstrated by the case studies below.

- Hunter’s Point Shipyard Redevelopment Plan in San Francisco (2018): project has amended its Disposition and Development Agreement 6 times. The latest amendment in 2018 approved a reallocation of development rights (172 residential units and 71,000 SF of commercial space), to an adjacent (but separate) project area, which necessitated the revision of the underlying area plan. This action required Oversight Board approval, which was authorized on the basis that the revision was in the best interests of the taxing entities as it would maintain or increase the amount of revenues to the taxing entities by allowing for the full buildout of the project, among other things.
- City of Buena Park (2016): The DDA for the development of retail/entertainment/restaurant uses in connection with a mixed use development that, at the end of the project phases, would also include an office, a hotel and up to 600 residential units was amended to extend the deadline by which certain retail components of a redevelopment plan were to be constructed, and was approved, following DOF input, on the basis that the extension would not further extend the financial obligations of the successor agency and that the built-out project would generate significant tax revenue to the taxing entities.
- Suisun City (2015): The Fourth Amendment to the DDA for the development of an old middle school site for residential/commercial and mixed-use purposes provided for an updated Schedule of Performance, a reduced Developer Reinvestment fee per residential

unit, a contingent Downtown Economic Development Impact Fee was added, successor developer provisions were added, and the loan limit was lowered and the repayment provisions were revised.