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County of Kings - State of California

Child Welfare Services  
Adult Supportive Programs  
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## TRIANGLE COURTYARD UPDATE

The first low-income permanent housing project is Triangle Courtyard. HSA submitted a joint application with Cornerstone Community Alcohol and Other Drug Recovery System Incorporated (Cornerstone) and was awarded Homekey grant #0047, authorized by Assembly Bill 83. The \$4.3 Million award allowed for the site development of undeveloped land donated by Cornerstone on 11360 10th Avenue. Acquisition and installation of 24 two-bedroom factory built manufactured homes. The housing units are to be owned and operated by Cornerstone as permanent affordable housing for Kings County. Future residents must have income under 30% of the Area's Median Income (1 person \$17,350 annually).

Kings County selected Green Galaxy Builders (GGB) as the successful bidder and entered into an agreement for complete design-build services on December 15, 2020, for a not-to-exceed price of \$4,838,251. This project required land development (bringing water, sewer and electricity to the site) as well as purchase and installation on permanent foundations of 24 manufactured homes. The underground site development portion of this project and the delivery of 20 of the 24 manufactured homes was completed by the original contractor.

However, GGB significantly delayed completion of the full project, refused to submit a performance bond, and indicated that it would not complete the remaining work due to cost increases. Despite several concessions that HSA was willing to make (which included, but were not limited to, time extensions, reduction of units from 24 to 20, and increasing the contract amount), ultimately GGB refused to sign a change order or complete its contractual obligations.

Initially, Cornerstone was willing to fund an increase in the price of the contract with GGB. However, given GGB's significant delays and refusal to agree to a change order, Cornerstone was no longer willing to contribute additional funding to the GGB contract. Cornerstone was, however, willing to takeover responsibility from the County to complete the remainder of the project as well as the financial responsibility to complete the remaining work needed to obtain occupancy permits by March 31, 2023. As a result, on October 11, 2022, the agreement with GGB was terminated and a takeover agreement with Cornerstone was approved by the Kings County Board of Supervisors.

Cornerstone selected PreFab Innovations (PreFab) as the contractor for the remaining work on the 20 homes on site, as well as the additional 4 ADA units that GGB had failed to provide. As PreFab began the work in November 2022, they identified a number of problems with the work completed by GGB. This required work to be redone, increased expenses and created some delays. They were able to complete most of the interior correction work, correct the improper installation of the foundational piers on all 20 units and dig the electrical trenches, however the winter storms caused significant damage to the trench work and the trenches required repair which was completed in April/May 2023.

Cornerstone is indicating that there is currently a budget shortfall of approximately \$580,934 that is delaying completion of the 20 units that are on site and an additional \$580,000 for the completion of the 4 ADA units. This is primarily due to three factors: 1) increased expenses due to repairing work improperly done by GGB, 2) damage due to the winter storms and 3) the fact that GGB has refused to return approximately \$521,772 in funds advanced under their contract but not yet expended. Cornerstone intends to pursue recoupment of these funds from GGB once the project is complete.

This project has not received any additional funds beyond the original investment of the Project Homekey Grant and required match funds totaling approximately \$4.8 Million. HSA is working closely with Cornerstone on strategies to obtain additional funding so the project can be completed prior to the end of the 2023 calendar year. Once funding is obtained, PreFab estimates that they will need approximately 7-8 weeks to complete the remaining work on the project. HCD has worked with the county to extend the deadline to December 31, 2023, and for this project to remain in good standing despite the project delivery delays.