



Agenda Report

File #: 18-2157

**PLANNING AND HOUSING COMMISSION
STAFF REPORT**

DATE: 10/22/2018

TO: Honorable Chair and Commissioners

FROM: Community Development Department

APPLICATION REQUEST:

DA2018-0001: Development Agreement between the City of Corona and Richland Ventures, Inc. establishing the vested right to develop 292 single family residential units on approximately 249.5 acres approved by Tentative Tract Map 36544 on February 1, 2017 in the R-1-7.2 (Single Family Residential, 7,200 square foot minimum lot size) zone, ensure installation of necessary public improvements and assure development of the project on the project site, (generally located south of Foothill Parkway and west of Trudy Way), is done in accordance with the terms and conditions of the Agreement. (Applicant: Richland Ventures, Inc., 3161 Michelson Drive, Suite 425, Irvine, CA 92612).

RECOMMENDED ACTION:

That the Planning and Housing Commission recommend **APPROVAL OF DA2018-0001** to the City Council, based on the findings contained in the staff report.

PROJECT SITE SUMMARY

Area of Property: 249.5 Acres

Existing Zoning: R-1-7.2 (Single Family Residential, 7,200 square foot minimum lot size).

Existing General Plan: Low Density Residential (LDR, 3-6 dwelling units/acre)

Existing Land Use: Undeveloped

Proposed Land Use: Single Family Homes (292 lots approved by TTM 36544)

Surrounding Land Use:

N: Unincorporated Riverside County, Open Space.

E: Single family homes in the Planned Community District, R-1-7.2, R-1-8.4, R-1-9.6 and R-1-A zones.

S: Open space land with parts in the unincorporated Riverside County.

W: Open space for the Cleveland National Forest and some rural residential in unincorporated Riverside County.

BACKGROUND

The project site was an annexation request that was approved by the City Council on February 1, 2017 and the Riverside County Local Agency Formation Commission (LAFCO) on October 19, 2017. LAFCO issued a Certificate of Completion on February 5, 2018, officially annexing the property to the City of Corona.

The project site was also approved for 292 single family residential lots associated with TTM 36544, approved by the City Council on February 1, 2017. The zoning of the project site is R-1-7.2 which allows residential development on lot sizes no less than 7,200 square feet. The General Plan designation of the project site is Low Density Residential and allows up to 6 du/ac. TTM 36544 has a density of 1.17 du/ac.

Pursuant to the Subdivision Map Act, tentative tract maps expire 24 months after approval by the city's legislative body if the final map is not officially recorded within that time frame. However, §66452.6 (e) of the Act allows the tentative tract map, upon request by the subdivider prior to the expiration of the map, to be extended by the city's legislative body for a period or periods not exceeding a total of six years, inclusive of the initial 24 months. The City Council at its meeting on October 17, 2018, granted TTM 36544 an extension of time for a period of four years. The tentative map is set to expire on February 1, 2023 if the final map is not recorded prior to the expiration date.

Richland Ventures requested to enter into a development agreement with the city that would give them the vested right to proceed with the development of the property for a period of 10 years and in exchange would provide commensurate public benefit. The reason for the request was to allow more time than allowed by the Subdivision Map Act on the tentative tract map. Section 66452.6(a)(1) of the Act states a tentative map on property subject to a development agreement authorized by Article 2.5 (commencing with Section 65864) of Chapter 4 of Division 1 may be extended for the period of time provided for in the agreement, but not beyond the duration of the agreement. The Agreement gives Richland more time to sell the entitled tentative tract map to a homebuilder while at the same time afford them the ability to evaluate the housing market in the coming years. In vicinity of the project site near Green River Road, Sierra Bella is a new single family residential community containing 237 single family lots on lot sizes very similar to the tentative tract map processed by Richland. The Sierra Bella community is currently under construction and the first phase of new home sales are expected to be released at the end of Year 2018 or start of Year 2019. In order not to oversaturate the area with new housing, Richland is requesting additional time on the tentative tract map rather than having to reinitiate the tentative tract map process in four years if the map is not recorded.

The 10-year term includes, but not in addition to, the four years already granted by the extension of time. The term of 10 years would begin on the effective date of the Agreement.

PROPOSED DEVELOPMENT AGREEMENT

The following highlights the topics of interest associated with the Development Agreement.

Planning and Development of the Property (Section 4)

Section 4 of the Agreement gives the applicant the vested right to proceed with the development of

the property, subject to the terms and conditions of the Agreement. This means the project would be allowed to be developed in accordance with existing land use regulations, project approvals, which includes TTM 36544, and the project's conditions of approval. (Subsection 4.1)

If elected by the developer, developer and the city will work together in good faith to form, prior to the recordation of the final tract map for the project, one or more Community Facilities Districts (CFD's) for the purpose of financing any public services and public facilities authorized under the Mello-Roos Community Facilities Act of 1982. This would include the City being the lead agency for the CFD and will consider a Joint Community Facilities Agreement with the Corona Norco Unified School District to assist in financing school facilities to be owned and operated by the school district through the CFD. The developer is responsible for paying all the costs associated with the formation of any CFD that includes the project site. (Subsection 4.3)

Subsection 4.10 allows TTM 36544 to remain valid until the expiration or earlier termination of this Agreement, without the need to file any application for an extension of time. This is pursuant to provisions of California Government Code (Subdivision Map Act) Section 66452.6. This also includes any subsequent project approvals during the term of the Agreement.

Development Fees

Subsection 4.11 refers to the development impact fees paid to the city from developers of new construction as authorized by Title 16 of the Corona Municipal Code. The Agreement does not cap or freeze existing development impact fees and does not limit the city from imposing new development impact fees on the project. The developer of the project site will be responsible for paying the fees at the amount in effect at the time of payment. The city's ordinance allows the fee to be paid at any time prior to the issuance of a building permit.

Pass-through development impact fees are listed in subsection 4.11.2 and the Agreement does not limit the city nor the authority of a government agency other than the city from collecting new development impact fees or an increase imposed on existing development impact fees. Pass through fees generally include Western Riverside County's Transportation Uniform Mitigation Fee and Multiple Species Habitat Conservation Plan Fee. The developer of the project will be responsible for paying the amount in effect at the time of payment.

Subsection 4.12 allows the developer to pre-purchase sewer and water capacity for the project at the city's current sewer and water connection fee rate at any time before the City Council considers adopting a raise in the rate. If the developer does not purchase enough capacity before a new rate is adopted, the developer would be responsible for paying the rate in effect at the time of payment for the additional capacity.

Private Benefit (Developer)

Tentative Tract Map 36544 would be valid for a period of 10 years before recording a final map. TTM 36544 was approved to be recorded in three phases. This would give the developer an additional six years from the current four years to record the final map for phase one before it expires. Without the Agreement, the final map for Phase 1 of TTM 36544 would need to be recorded within four years.

Public Benefit

Maintenance of Off-site Public Park Facilities (Subsection 5.4)

The developer agrees to annex the project site into Community Facilities District 2016-3 (CFD 2016-3) and also agreed that \$55,188 per year from the annual special taxes levied by the CFD on the property shall be contributed toward maintaining public parks within the city. The city will have sole discretion on the use of the park maintenance funds. The annual park maintenance contribution is in addition to any Quimby fee or parkland development impact fee required for the project pursuant to Title 16 of the CMC. Also, the developer would not be eligible for any credit, reimbursement or offset towards any Quimby fee or parkland development impact fee otherwise imposed upon the project.

In the event CFD 2016-3 is not formed by the city, the developer shall have no obligation to pay the annual park maintenance fee. However, if the CFD is not formed to finance the annual park maintenance fee, the agreement would automatically terminate and be of no further force.

Park Improvement Contribution (Subsection 5.5)

The Agreement requires the developer to pay to the city a park improvement contribution in the amount of \$250,000 to finance the construction of park and trail improvements or be used for the benefit of the public at the sole discretion of the city. If a CFD is formed for the property, the park improvement contribution may be paid from the CFD proceeds provided that the CFD is formed prior to the recordation of the first of the three phased final maps for the project. Like the annual park maintenance contribution described above, the park improvement contribution would be in addition to any Quimby or parkland development impact fee required for the project and the developer would not be eligible for any credit, reimbursement or offset towards those fees.

In the event a CFD is not formed or the park improvement contribution is not paid from CFD proceeds, the park improvement contribution shall be payable in three installments prior to the recordation of each of the three phased final maps for TTM 36544. The payment shall be on a per residential unit basis, at the rate of \$856.17 per unit. For example, if the first phase final map consists of 100 single family residential lots, \$85,617 would be paid to the city prior to the recordation of the final map for phase one.

Maintenance of Foothill Parkway Landscaping (Subsection 5.6)

The original conditions of approval for TTM 36544 did not require the project's Homeowners' Association to maintain the slopes on Foothill Parkway adjacent to the project site. In the purchase and sale agreement between the city and the developer for the acquisition of property associated with the rights-of-way for Foothill Parkway, the city agreed to maintain the slope areas created along this road. However, with this Agreement, the city negotiated with the developer to have the hydroseeded slopes, which are mostly non-irrigated, on both sides of Foothill Parkway in certain areas adjacent to and near the project site to be maintained by the project's HOA. The Agreement requires the developer to include in the CC&Rs the obligation of the HOA to maintain, repair and replace the landscaping and any associated irrigation improvements, including without limitation the non-irrigated slopes, the irrigated parkways and irrigated street median within a certain portion of Foothill Parkway. Exhibit C of the Agreement shows the locations of the maintenance areas along Foothill Parkway.

The Agreement also provides for the developer to include in a CFD, should one be formed, a contingency special tax that will be levied to satisfy the Foothill Parkway Maintenance Obligation in the event the homeowners' association fails to adequately maintain the identified portion of Foothill Parkway.

STAFF ANALYSIS

Pursuant to Government Code Section 66452.6 (e) of the Subdivision Map Act, the City Council granted TTM 36544 an extension of time for a period of four years prior to having to record a final map. The extension of time allows TTM 36544 to remain valid until February 1, 2023. However, the Development Agreement would extend TTM 36544 an additional six years for a total of 10 years. The extended time line on TTM 36544 is a private benefit to the developer as it provides the developer more time before having to record a final map and bond for the required public improvements. If the developer is not able to do this within the current four year period, the TTM would expire and the developer would need to file a new TTM and restart the process.

In exchange for the city allowing the additional time on the TTM, the Agreement will provide certain benefits to the city. The developer would be required to monetarily contribute to park improvements in the amount of \$250,000 regardless if a CFD is formed. The Agreement stipulates the park improvement contribution can be paid by a CFD if one is formed prior to the recordation of the first phase final map or can be paid in three installments, prior to the recordation of each of the three phased final maps. This contribution is in addition to the Quimby or park improvement fee required to be paid by the developer for the project.

Also, if a CFD is formed for the project, the developer would be required to include an annual levy in the amount of \$55,188 for the purpose of maintaining public parks within the city. Currently, park maintenance is funded by the General Fund. Therefore, the annual park maintenance contribution would alleviate some of the burden on the General Fund. If the CFD is not formed to finance the annual park maintenance contribution, the Agreement would automatically terminate. This contribution would also be in addition to the Quimby or park improvement fee required to be paid by the developer for the project.

Finally, the developer also agreed to have the project's HOA be responsible for the maintenance of certain landscaped slopes along Foothill Parkway in the area of the project site. This alleviates the city from having to maintain and fund the on-going maintenance of these slopes. Additionally, if a CFD is formed for the project, the CFD will include a contingency special tax that will be levied to satisfy the maintenance of certain slopes along Foothill Parkway in the event the HOA fails to adequately maintain the area. This was not originally required when TTM 36544 was approved.

It is also worth mentioning the developer's previous contribution toward the city's preparation of a trails inventory plan. The developer entered into a funding agreement with the city for the preparation of the document on April 30, 2018, and since then made a one-time payment in the amount of \$71,904 to the city. The city retained consultant KTUA to prepare the trails master inventory. The preparation of the document is currently in process.

ENVIRONMENTAL DETERMINATION:

The City Council certified an Environmental Impact Report on February 1, 2017, for TTM 36544. The City of Corona has determined that no additional environmental review is necessary in connection with its consideration of this Development Agreement, as there will be no change to the existing project approval or circumstance that would require further environmental review pursuant to CEQA Guidelines § 15162. Therefore, the Development Agreement is exempt from further environmental review pursuant to CEQA, and a notice of exemption was prepared.

FISCAL IMPACT

The applicant has paid all the required application processing fees.

PUBLIC NOTICE

A public notice 10 days prior to the public hearing was mailed to all property owners within a 500-foot radius of the project site, as well as advertised in the Sentinel Weekly News.

FINDINGS FOR APPROVAL OF DA2018-0001

1. A preliminary exemption assessment has been conducted by the City of Corona and it has shown that this project does not require further environmental assessment because the City Council certified an Environmental Impact Report on February 1, 2017, for TTM 36544, and there will be no change to the existing project approval or circumstance that would require further environmental review pursuant to CEQA Guidelines § 15162.
2. Development Agreement 2018-0001 is consistent with the applicable General Plan, Specific Plan and/or tract maps for the following reasons:
 - a. *The project site has a General Plan designation of Low Density Residential (LDR, 3-6 du/ac), which allows single family residential not exceeding 6 du/ac. TTM 36544 results in a density of 1.17 du/ac and is the subject of DA2018-0001.*
 - b. *TTM 36544 was approved by the City Council on February 1, 2017 and DA2018-0001 entails the existing approval of the project.*
 - c. *DA2018-0001 is consistent with General Plan Policy 1.9.10 as it requires new residential development to pay its fair share of the costs of capital improvements needed to serve the development.*
3. Development Agreement 2018-0001 is compatible with the uses authorized in and the density and regulations prescribed for the land use district in which the real property is located for the following reason:
 - a. *The zoning of the project site is R-1-7.2 (Single Family Residential, 7,200 square foot minimum lot size) and DA2018-0001 maintains TTM 36544 as approved by the City Council for 292 single family residential lots ranging in size from 7,203 square feet to 31,010 square feet.*
4. Development Agreement 2018-0001 is in conformity with the public convenience, general welfare and good land use practice for the following reason:
 - a. *The park improvement contribution and annual park maintenance contribution being considered with this Agreement is intended to provide public benefit to the community as the contribution would minimize the burden on the General Fund for expenses associated with general park maintenance and needed park improvements.*
5. Development Agreement 2018-0001 will not be detrimental to health, safety and general welfare for the following reason:
 - a. *TTM 36544, the subject of DA2018-0001, requires the developer to construct the necessary public capital improvements to support the development without burdening existing public services being delivered to*

existing residents and that the public improvements be constructed in accordance local ordinances and applicable state regulations.

6. Development Agreement 2018-0001 will not adversely affect the orderly development of property or the preservation of property values for the following reason:

- a. *DA2018-0001 requires the developer to develop the property in accordance with the zoning of the property and comply with city ordinances and adopted development standards regarding the construction of future buildings and public capital improvements associated with the project.*

PREPARED BY: JOANNE COLETTA, COMMUNITY DEVELOPMENT DIRECTOR

REVIEWED BY: TOM KOPER, ASSISTANT PUBLIC WORKS DIRECTOR

REVIEWED BY: JAMIE RAYMOND, DEPUTY CITY ATTORNEY

SUBMITTED BY: JOANNE COLETTA, COMMUNITY DEVELOPMENT DIRECTOR

EXHIBITS

- 1. Locational and Zoning Map
- 2. Exhibit A - Proposed Development Agreement
- 3. Exhibit B - Environmental Documentation