



Agenda Report

File #: 18-2292

**PLANNING AND HOUSING COMMISSION
STAFF REPORT**

DATE: 11/26/2018

TO: Honorable Chair and Commissioners

FROM: Community Development Department

APPLICATION REQUEST:

DA15-001 Amendment: First amendment to the Arantine Hills Development Agreement (DA15-001) to include and extend the development rights and obligations of the original development agreement to the 31.2 acres proposed to be added to the project area by SPA2018-0001, an application to amend the Arantine Hills Specific Plan (SP09-001) located west of Interstate 15, south of Eagle Glen Parkway, (Applicant: John Sherwood of Arantine Hills Holdings, LP, 85 Enterprise, Suite 405, Aliso Viejo, CA 92656).

RECOMMENDED ACTION:

That the Planning and Housing Commission recommend **APPROVAL** of **DA15-001 (First Amendment)** to the City Council based on the findings contained in the staff report.

BACKGROUND

The Arantine Hills Development Agreement (DA15-001) was originally adopted by the City Council in 2016. The Agreement established that a limited amount of residential development within the Arantine Hills Specific Plan could proceed while the construction of certain infrastructure for the planned community was occurring such as water, sewer, traffic signals and the Cajalco interchange. Fair share contribution and/or construction related to these infrastructure upgrades was also memorialized in the Agreement.

The initial term of the agreement was approved at ten years with automatic five-year extensions not exceeding a total term of 20 years if certain milestones were met on the project. The Agreement provided for development impact fees (DIF) to be locked-in at the rate on the date the Agreement was to go into effect except for pass-through fees collected by the city on behalf of other agencies such as the Transportation Uniform Mitigation Fee (TUMF), the Multiple Species Habitat Conservation Plan (MSHCP) as well as the city's Department of Water and Power water and sewer fees. The Agreement also established fee credits for certain public infrastructure constructed by the developer.

PROPOSED DEVELOPMENT AGREEMENT AMENDMENT

The developer, Arantine Hills Holdings, LP, has acquired an option to purchase approximately 31+ acres of certain real property located immediately adjacent to the southerly boundary of the existing Arantine Hills Specific Plan. The developer has requested an amendment to the Development Agreement to add the annexed property and to extend the development rights and obligations of the Development Agreement to the annexed property. The First Amendment to the Development Agreement, attached as Exhibit A, has been negotiated between city staff and the developer to include the annexed property. It should be noted though, the First Amendment does not authorize the developer to build additional residential units already approved in the specific plan. The following revisions to the Development Agreement are proposed by the First Amendment:

- Section 3.9.2 has been amended to allow the developer to post a bond to satisfy the requirement to pay 64% of the estimated cost to construct traffic signal improvements at Masters Drive and California Avenue. The Public Works Department will be monitoring this intersection as development proceeds and will determine when the traffic signal improvements are warranted. At such time that the Public Works Director determines that the traffic signal improvements are warranted, the developer will be required to deposit a cash payment with the city to satisfy the obligation to pay 64% of the traffic signal improvements.

Originally, the developer was required to pay the fair share of the traffic signal prior to the issuance of the first building permit for production units. However, rather than the developer pay for the fair share too far in advance of the actual construction, the amended agreement allows the city to collect more of the actual construction cost at the time of construction.

- Section 3.18.5 has been amended to update the acreage for the private parks in the community to be consistent with as-built conditions and to add a new private park in Planning Area 18.
- The amended Agreement includes the description of the property being annexed into the specific plan by SPA2018-0001 and further includes the latest applications being processed in conjunction with this first amendment to the Development Agreement.
- Arantine Hills Holdings does not own fee title to the annexed property, therefore, the record owner must consent to the recordation of the First Amendment to the Agreement. However, Section 10 of the First Amendment provides that the First Amendment will terminate if Arantine Hills Holdings does not acquire fee title to the annexed property by December 31, 2020 or otherwise ceases to have a legal or equitable interest in the annexed property.

ENVIRONMENTAL DETERMINATION

Per Section 15164 of the State Guidelines for Implementing the California Environmental Quality Act

(CEQA) and Section 8.06 of the City's Local Guidelines, the City has prepared an Addendum to the Environmental Impact Report certified May 19, 2016 (SCH #2006091093) and Supplement to the Final Environmental Impact Report adopted April 5, 2017, for the amendments being processed to the Arantine Hills Specific Plan, including the first amendment to the DA. The Addendum is supported by an evaluation that establishes, in light of the whole record before the City, that none of the conditions exist that call for the preparation of a subsequent or supplemental EIR pursuant to CEQA Guidelines Section 15164). The project does not result in any new or substantially more severe environmental impacts from that evaluated under the two referenced previous environmental documents.

STAFF ANALYSIS

The original Development Agreement currently in effect served to memorialize expectations of the city and the developer with respect to the development of the Arantine Hills master plan. The revised Agreement will extend the provisions to include the additional 31+ acres being annexed into specific plan by the concurrent General Plan and Specific Plan amendment and parcel map applications. The revisions being made to the agreement pertain to bond posting for traffic signal improvements and the addition of consent of the current owner of the 31+ acres as the conveyance of the property is pending the recordation of the associated subdivision map to create a separate parcel to be annexed into the specific plan boundary. Also addressed is the addition of private park acreage in a new planning area as established with the associated Specific Plan amendment and miscellaneous updates to the legal and graphic boundaries depicting the annexed area into the master plan.

The revised Agreement maintains the intent of the original agreement to ensure orderly development of the Arantine Hills Specific Plan including the provision of public infrastructure improvements necessary to support the master planned project fulfilling numerous General Plan goals and policies as well as objectives outlined within the associated Arantine Hills Specific Plan. An Addendum to the prior Environmental Impact Report and Supplement to the Final EIR has been prepared with regard to the California Environmental Quality Act which concludes the proposed project will not result in impacts beyond that previously analyzed in the previously adopted environmental documents because the project does not result in any new or substantially more severe environmental impacts. The First Amendment to the Arantine Hills Development Agreement is an appropriate component of the revised project and is, therefore, recommended for approval.

FINDINGS FOR APPROVAL OF DA15-001 First Amendment

1. An Addendum has been prepared to evaluate the potential impacts of the project and whether the environmental impacts of the project were adequately addressed in the Environmental Impact Report certified May 19, 2016 (SCH #2006091093) and Supplement to the Final Environmental Impact Report adopted April 5, 2017. The evaluation has indicated that, in light of the whole record before the City, the proposed project will not result in impacts beyond that previously analyzed in the previously adopted environmental documents because the project does not result in any new or substantially more severe environmental impacts. As permitted by the California Environmental Quality Act (CEQA Guidelines Section 15164), an Addendum to the EIR and Supplement to the Final EIR was prepared to address only those issues

specific to the proposed project and carries forward Mitigation Measures that remain applicable to the project as revised.

2. Development Agreement 15-001 (First Amendment) is consistent with the applicable General Plan Goals and Policies through the implementation of the Arantine Hills Specific Plan for the following reasons:

- a. *The amended Agreement remains consistent with Policy 1.4.8 which prescribes that development occur when the public infrastructure and services needed to support the development are available, will be provided concurrently, or are committed to be provided within a reasonable time frame where this would not incur adverse impacts on the current infrastructure and services, to the extent permitted by state law.*
- b. *The amended Agreement remains consistent with General Plan Policy 6.1.11 to implement measures to mitigate traffic impacts from the development of the property including cumulative impacts as previously evaluated and imposed by the applicable EIR (2016) and Supplement to the Final EIR (2017).*
- c. *The amended Agreement remains consistent with Policy 7.1.3 prescribing the participation in the construction of water infrastructure and coordination with the city on the planning of capital improvements for all municipal water service infrastructure based on the timing of development.*
- d. *The amended Agreement remains consistent with Policy 7.4.2 prescribing that the project will connect to the municipal sewer system and the developer will participate in the construction of infrastructure to ensure that adequate capacity is available for the treatment of generated wastewater flows and the safe disposal of generated sludge.*

3. Development Agreement 15-001 (First Amendment) 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 amended Agreement coincides with the amended Arantine Hills Specific Plan land use plan allowing for various residential densities, general commercial, parks and open space and the developer's participation in the construction of public infrastructure identified in the Agreement and adheres to the growth anticipated under the plan.*

4. Development Agreement 15-001 (First Amendment) is in conformity with the public convenience, general welfare and good land use practice for the following reason:

- a. *The amended Agreement maintains delivery dates and/or targets that are required to be met by the developer for the participation in the construction of certain infrastructure improvements for the development of the Arantine Hills Specific plan.*

5. Development Agreement 15-001 (First Amendment) will not be detrimental to health, safety and general welfare for the following reason:

- a. *The amended Agreement maintains the developer's obligation for the on- and off-site infrastructure improvements associated with the development of the Arantine Hills Specific Plan and are being guaranteed with the original Agreement and this revised Agreement and will be constructed in accordance with city standards and applicable state laws.*

6. Development Agreement 15-001 (First Amendment) will not adversely affect the orderly development of property or the preservation of property values for the following reason:

- a. *The amended Agreement continues to ensure that the Arantine Hills Specific Plan is properly supported with the necessary infrastructure to support development anticipated under the plan.*

PREPARED BY: TERRI MANUEL, AICP, PLANNING MANAGER

SUBMITTED BY: JOANNE COLETTA, COMMUNITY DEVELOPMENT DIRECTOR

EXHIBITS:

1. Exhibit A - Development Agreement 15-001 (First Amendment) Redline Version.
2. Exhibit B - Development Agreement 15-001 (First Amendment) Clean Final Version.

Case Planner: Terri Manuel (951) 736-2434