



CITY OF WHEATLAND

CITY COUNCIL MEETING STAFF REPORT

November 10, 2020

SUBJECT: Introduce and waive the first reading of the Ordinance approving the proposed Amendment No. 2 to Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision (Caliterra Ranch).

PREPARED BY: Tim Raney, Community Development Director

Recommendation

Staff recommends the City Council introduce and waive the first reading of the attached Ordinance approving the Amendment No. 2 to Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision (see Attachment 1). The Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision was originally executed between the City of Wheatland and Dale Investments, LLC in 2015, and Amendment No. 1 was adopted in 2017.

Background

The Caliterra Ranch Project (formerly known as Jones Ranch) is an approximately 193-acre site consisting of 552 single-family residential units, located on the south side of Wheatland Road, between the existing High School and Ace Hardware. Oakley Lane bisects the property, which is agricultural in appearance, characterized by grasslands and open space. The project site is zoned Planned Development (PD) and designated for Low-Density Residential (LDR) and Commercial (C).

City staff and the Caliterra Ranch applicant team have continued to work toward reducing the initial per unit development costs of the first phase of development of the project site. These efforts have been necessary for the project to be viable for sale to a homebuilder. The applicant team has identified an interested homebuilder for the site, but the sale requires a reduction in the City's development impact fee.

On September 22, 2020, City staff received direction from the City Council to begin preparing a draft development agreement amendment to reduce the required Caliterra Ranch development impact fees by 50 percent for the first 145 single-family units.

Discussion

The proposed Amendment No. 2 to Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision, which is included as Exhibit 1 to Attachment 1, reduces the development impact fees by 50 percent for the first 145 units, as well as the following deal points.

Specific Performance Standards:

- The Caliterra Ranch property owner would record the sale of the phase 1 site of 145 lots to a home builder by March 31, 2021.
- The home builder would enter into a new subdivision improvement agreement with the City of Wheatland and begin construction by September 30, 2021
- The subdivision improvements for the first phase 145 lots will be completed and accepted by the City by September 30, 2022.
- The home builder would receive approval and fund building permits for a minimum of 10 of the 145 units by December 31, 2022.

Increased Impact Fee Collection for Phase 1:

- The project applicant has agreed to deferring the \$10,000 per unit credit for the first phase of 145 units.
- The \$10,000 fee credit would begin with the 146th building permit and continue until extinguished at the 450th building permit (credits are available for 305 units).
- City would therefore collect 50 percent of the current impact fee at the time of the issuance of the building permit. The 2020 fee is \$39,690 and is subject to annual adjustments. This fee would continue to be increased each year by the published ENR rate.

On October 20, 2020, the Wheatland Planning Commission recommended City Council approve the proposed Amendment No. 2 to Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision between the City of Wheatland and Dale Investments, LLC (see Attachment 2).

City staff has determined, that because the project only affects the City's collection of fees and charges, it can be seen with certainty that there is no possibility that the activity in question may have a significant impact on the environment. In addition, there have not been substantial changes to the project through the Development Agreement; therefore, the Jones Ranch program-level Environmental Impact Report and the Jones Ranch project-level Mitigated Negative Declaration are the appropriate environmental documents for the proposed Amendment No. 2.

Fiscal Impact

With approval of the proposed Development Agreement Amendment, the City of Wheatland would collect 2020 development impact fee rates of \$19,845 paid per lot for the first 145 lots of the Caliterra Ranch Development (see Attachment 3).

Attachments

1. Ordinance approving Amendment No. 2 to Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision.

Exhibit 1: Proposed Amendment No. 2 to Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision.

2. October 20, 2020 Wheatland Planning Commission Staff Report.
3. Caliterra Fiscal Comparison

ORDINANCE NO. 478

AN ORDINANCE OF THE CITY OF WHEATLAND APPROVING AMENDMENT NO. 2 TO THIRD AMENDED AND RESTATED CITY OF WHEATLAND DEVELOPMENT AGREEMENT CONCERNING JONES RANCH SUBDIVISION

The City Council of the City of Wheatland does ordain as follows:

Section 1. Purpose and Authority. The purpose of this Ordinance is to approve Amendment No. 2 to Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision. This ordinance is adopted pursuant to Government Code sections 65864 through 65869.5 and other applicable law.

Section 2. Findings. The City Council hereby finds and declares:

- A. The City of Wheatland and Lakemont Overland Crossing, LLC entered into the *City of Wheatland Development Agreement Concerning Jones Ranch Subdivision*, which was recorded in the Yuba County Recorder's Office on April 18, 2006. That Agreement was amended by Amendment No. 1 (recorded in the Yuba County Recorder's Office on September 11, 2008). That Agreement was further amended by the City of Wheatland and RBC Real Estate Finance, Inc. (recorded in the Yuba County Recorder's Office on November 24, 2010), which was amended again on February 3, 2015 by the City of Wheatland and Dale Investments, LLC. (Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision). On September 13, 2017 the City recorded Amendment No. 1 to Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision. For the reasons stated in the recitals of the Amendment, the parties desire to further amend the Development Agreement.
- B. The Planning Commission conducted a duly noticed public hearing concerning the proposed Development Agreement on October 20, 2020, and recommended City Council approval of Amendment No. 2 to Third Amended and Restated City of Wheatland Development Agreement, a copy of which is attached Exhibit 1.
- C. The City Council has conducted a duly noticed public hearing in accordance with law, and now desires to approve Amendment No. 2 to Third Amended and Restated City of Wheatland Development Agreement.
- D. The City Council has evaluated the Amendment No. 2 and the City General Plan and has determined that the Amendment No. 2 is consistent with the General Plan.
- E. There have been no substantial changes to the project through the Development Agreement. Therefore, the Jones Ranch program-level Environmental Impact Report and the Jones Ranch project-level Mitigated Negative Declaration are the appropriate environmental documents for the proposed project.
- F. The Agreement is consistent with and conforms to the requirements of Government Code Sections 65864-65869.5.
- G. The Agreement is consistent with the provisions of the City Council Establishing Procedures for Consideration of Development Agreements.

Section 3. Approval of Development Agreement. The City Council hereby approves Amendment No. 2 to Third Amended and Restated City of Wheatland Development Agreement attached hereto as Exhibit 1 and incorporated herein by reference. The City Manager is authorized and directed to execute the Amendment No. 2 on behalf of the City of Wheatland.

The City Clerk shall cause the Development Agreement to be recorded in the Official Records of Yuba County upon execution, but in no event prior to the effective date of this ordinance.

Section 4. Effective Date and Notice. This ordinance shall take effect thirty (30) days after its adoption. Within fifteen (15) days from the passage of this ordinance, the City Clerk shall post a copy of it in at least three public places in the City of Wheatland.

INTRODUCED by the City Council on the 10th day of November 2020.

PASSED AND ADOPTED by the City Council of the City of Wheatland this ____ day of _____, 2020 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

MAYOR

Attest:

Lisa J. Thomason, City Clerk

EXHIBIT 1

**AMENDMENT NO. 2 TO THIRD AMENDED AND RESTATED CITY OF WHEATLAND
DEVELOPMENT AGREEMENT CONCERNING JONES RANCH SUBDIVISION**

Recording requested by, and when
recorded return to:

City of Wheatland
111 C Street
Wheatland, CA 95692

Exempt from recording fees (Government Code §§ 6103, 27383)

**AMENDMENT NO. 2 TO THIRD AMENDED AND RESTATED
CITY OF WHEATLAND DEVELOPMENT AGREEMENT
CONCERNING JONES RANCH SUBDIVISION**

This Amendment No. 2 to the Third Amended and Restated Development Agreement (the "Amendment") is made and entered into this _____, 2020 by and between the City of Wheatland, a general law city ("City"), and Dale Investments, LLC, a California limited liability company ("Developer") ("collectively the "Parties"), who agree as follows:

1. Recitals. This Amendment is made with reference to the following background recitals:

- 1.1. On November 25, 2014, the parties entered into the *Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision* (the "Agreement"), a copy of which is on file in the City Clerk's office. The Agreement was recorded in the Yuba County Recorder's Office on February 3, 2015 as Document No. 2015-001148.
- 1.2. On June 30, 2017, the parties entered into an Amendment No. 1 to the Agreement, a copy of which is on file in the City Clerk's office. That amendment was recorded in the Yuba County Recorder's Office on December 14, 2017 as Document No. 2017-016375.
- 1.3. At Developer's request, City and Developer have agreed to amend the Agreement to impose express deadlines and obligations on Developer for an initial 145-lot phase of the Project as conditions for City's agreement to reduce development fees that will be imposed for that portion of the Project.

2. Amendment to Agreement. The Parties amend the Agreement as follows:

2.1. Section 2.7.4 added to the Agreement to read as follows:

2.7.4. Conditional Reduction of City Development Fees for Successor Developer and 145-Lot Phase 1 Development.

2.7.4.1. At Developer's request, City and Developer have agreed to conditionally reduce the amount of City Development Fees that would be paid

under this Agreement for an initial 145 lots (“Phase 1 Development”) subject to the conditions in section 2.7.4.2. City and Developer agree that the City Development Fees calculated and due under section 2.7.2.1 and paid per single family dwelling for no more than 145 lots in the Phase 1 Development shall be reduced by 50%, rounded to the nearest dollar. For example, given the City Development Fees for 2020 under section 2.7.2.1 would be \$39,690, as adjusted, Developer would be entitled to pay a reduced fee of \$19,845 under this section.

2.7.4.2. As consideration for City’s agreement to accept the reduced fees calculated under section 2.7.4.1 as satisfaction of the City Development Fees owed for the Phase 1 Development, Developer agrees to meet all the following conditions:

(a) Developer shall execute the sale of the 145-lot Phase 1 Development to a successor developer (the “Successor Developer”) and record the sale deed no later than March 31, 2021;

(b) Developer shall assign this Agreement as to the Phase 1 Development to Successor Developer, and Successor Developer shall assume Developer’s obligations under this Agreement, as amended, as to the Phase 1 Development, all in compliance with Agreement section 9.2, no later than March 31, 2021;

(c) Successor Developer shall execute a new or amended Subdivision Improvement Agreement with City for the Phase 1 Development;

(d) following execution of a new or amended Subdivision Improvement Agreement with City, Successor Developer shall begin construction on the Phase 1 Development subdivision improvements no later than September 30, 2021;

(e) Successor Developer shall complete all subdivision improvements for the Phase 1 Development, and obtain City’s acceptance of these improvements, no later than September 30, 2022;

(f) Successor Developer shall apply for and obtain from City no less than 10 building permits for the Phase 1 Development no later than December 31, 2022;

(g) The City does not apply the \$10,000 credit per single family development under section 3.6.3 to its calculation of the City Development Fees owed for the Phase 1 Development; and,

(h) Successor Developer is not in default under this Agreement.

2.7.4.3. City may, in its sole discretion, waive any of the conditions in section 2.7.4.2.

2.7.4.4. Should any of the conditions set forth in section 2.7.4.2 not be satisfied by Developer or Successor Developer or waived by City prior to the time that Successor Developer must pay any City Development Fee due under section 2.7.2.1, then Successor Developer shall not be entitled to pay the reduced City Development Fee calculated under section 2.7.4.1. Nothing in this section shall be construed to limit City's default rights and remedies in the event of a default by Developer or Successor Developer.

2.2. Wherever the Agreement refers to "\$32,100 (as adjusted by the ENR index)" or "\$32,100 (as adjusted)," the phrase is amended to read "\$39,690 (as adjusted by the ENR index under section 2.7.2.1)."

3. **No Effect on Other Provisions.** Except for the amendment in Section 2, the remaining provisions of the Agreement shall be unaffected and remain in full force and effect.

CITY OF WHEATLAND

DEVELOPER

By: _____
James Goodwin

By: _____
Sundeep S. Dale
Owner, Dale Investments, LLC



City of Wheatland

111 C Street Street – Wheatland, California 95692
Tel (530) 633-2761 – Fax (530) 633-9102

PLANNING COMMISSION MEETING STAFF REPORT

Date: October 20, 2020
Agenda Item:

Subject: Consideration to recommend City Council approval of the proposed Amendment No. 2 to Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision between the City of Wheatland and Dale Investments, LLC.

Prepared by: Tim Raney, Community Development Director

Recommendation

Staff requests that the Planning Commission adopt the attached resolution recommending the Wheatland City Council approve Amendment No. 2 to Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision.

Background

The Caliterra Ranch Project (formerly known as Jones Ranch) is an approximately 193-acre site consisting of 552 single-family residential units, located on the south side of Wheatland Road, between the existing High School and Ace Hardware. Oakley Lane bisects the property, which is agricultural in appearance, characterized by grasslands and open space. The project site is zoned Planned Development (PD) and designated for Low-Density Residential (LDR) and Commercial (C).

The previous City approvals for the Caliterra Ranch Project (formerly known as Jones Ranch) are listed below:

- 2002: The City approved the Jones Ranch program-level Environmental Impact Report.
- 2003: The City adopted the Jones Ranch Tax Sharing Agreement.
- 2003: The City approved the annexation of the approximately 193-acre Jones Ranch project site.

- 2005: The City approved the Jones Ranch project-level Mitigated Negative Declaration and the Jones Ranch Tentative Subdivision Map.
- 2006: The City recorded the Jones Ranch Development Agreement between the City of Wheatland and Lakemont Overland Crossing, LLC.
- 2006: The Yuba County Local Agency Formation Commission (LAFCo) approved the annexation into the City.
- 2007: The City approved an extension of the approved Jones Ranch Tentative Subdivision Map, which extended the life of the Tentative Subdivision Map for a ten-year period, matching the terms of the Development Agreement.
- 2008: The City approved the Amendment No.1 to the Jones Ranch Development Agreement between the City of Wheatland and Lakemont Overland Crossing, LLC.
- 2010: The City recorded the Second Amendment to the Jones Ranch Development Agreement between the City of Wheatland and RBC Real Estate Finance Inc.
- 2015: The City recorded the Third Amended and Restated Development Agreement between the City of Wheatland and the applicant, Dale Investments, LLC.
- 2015: The City determined the 2015 Jones Ranch Tentative Subdivision Map was in substantial compliance with the 2005 Jones Ranch Tentative Subdivision Map pursuant to Section 17.05.200 of the Wheatland Municipal Code.
- 2017: The City recorded Amendment No. 1 to the Third Amended and Restated Development Agreement between the City of Wheatland and the applicant, Dale Investments, LLC.
- 2017: The City determined the 2017 Caliterra Ranch Tentative Subdivision Map was in substantial compliance with the 2015 Jones Ranch Tentative Subdivision Map pursuant to Section 17.05.200 of the Wheatland Municipal Code.
- 2018: The City executed the Subdivision Improvement Agreement, accepted utility easement grant deeds, and approved the Village I Final Map and Improvement Plans.
- 2018: The City amended the Subdivision Improvement Agreement for the substitution of improvement security.
- 2019: The City further amended the Subdivision Improvement Agreement to extend the timelines provided in the Subdivision Improvement Agreement.

On September 9, 2020, the City received a request to consider amending the Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision to reduce the development impact fee by 50 percent for the first 145 residential units.

On September 22, 2020 the City of Wheatland City Council voted to give staff direction to begin preparing Amendment No. 2 to Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision.

Discussion

City staff has been working with the applicant, Dale Investments, LLC, to revise the Jones Ranch Subdivision Development Agreement to reduce the development impact fees by 50 percent for the first 145 units, as well as the following deal points.

Specific Performance Standards:

- The Caliterra Ranch property owner would record the sale of the phase 1 site of 145 lots to a home builder by March 31, 2021.

- The home builder would enter into a new subdivision improvement agreement with the City of Wheatland and begin construction by September 30, 2021
- The subdivision improvements for the first phase 145 lots will be completed and accepted by the City by September 30, 2022.
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Increased Impact Fee Collection for Phase 1:

- The project applicant has agreed to deferring the \$10,000 per unit credit for the first phase of 145 units.
- The \$10,000 fee credit would begin with the 146th building permit and continue until extinguished at the 450th building permit (credits are available for 305 units).
- City would therefore collect 50 percent of the current impact fee at the time of the issuance of the building permit. The 2020 fee is \$39,690 and is subject to annual adjustments. This fee would continue to be increased each year by the published ENR rate.

Conclusion

Based on the information contained in the staff report, staff recommends that the Planning Commission adopt the attached resolution recommending City Council approval of the Amendment No. 2 to Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision.

Attachment

1. Resolution No. 2020-** recommending approval of Amendment No. 2 to Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision.

Exhibit 1: Proposed Amendment No. 2 to Third Amended and Restated City of Wheatland Development Agreement Concerning Jones Ranch Subdivision.

Caliterra Ranch Fiscal Comparison Table

	Orchard	Subdivision Phase 1	Total Subdivision Buildout
Development Assumptions	<ul style="list-style-type: none"> • Phase 1 = 34 acres • \$20,000 value/acre • Removal of 50 lot final map 	<ul style="list-style-type: none"> • 145 lots with 50% Fee reduction • 2020 fee rates of \$19,845 Fee paid per lot • \$10,000 Fee credit deferred to lots 146-450 	<ul style="list-style-type: none"> • 552 lots • Payment of full Impact fee in accordance with the development agreement for units 146 through 552 • \$10,000 per unit credit applied to units 146 to 450
Impact Fees to be Collected	\$0.00	\$2,877,525.00	\$16,513,830.00 (lots 146 – 552) + <u>\$2,877,525.00 (lots 1 – 145)</u> \$19,031,240.00 (Total) (does not include credit of \$3,050,000 prepaid fees)
CSD Annual Assessment to be Collected (\$848.26 per lot)	\$0.00 per year	\$122,998.00 per year	\$468,240.00 per year
Property Tax			
<u>Assessed Value</u>	34 acres @\$20,000 per acre= \$680,000.00	145 lots @ \$450,000 per lot = \$65,250,000.00	552 lots @ \$450,000 per lot = \$117,234,864.00
<u>Property Tax of 0.0855 % of Assessed Value to be Collected</u>	\$581.00 per year	\$55,789.00 per year	\$212,382.00 per year