



DATE: February 5, 2014

TO: Honorable Mayor and City Councilmembers

FROM: Property Management  
Housing and Neighborhood Services Department

SUBJECT: **CONCEPTUAL APPROVAL TO USE THE CITY-OWNED LAND AT TULEY CANYON AS HABITAT LAND AVAILABLE FOR MITIGATION; APPROVAL TO SET ASIDE A PORTION THEREOF FOR THE MISSION COVE AFFORDABLE HOUSING PROJECT; AND APPROVAL TO APPROPRIATE \$175,000 FROM THE GENERAL FUND UNASSIGNED FUND BALANCE TO PARTIALLY FUND THE SET ASIDE**

### **SYNOPSIS**

Staff is requesting that the City Council conceptually approve the use of City-owned land in Tuley Canyon as habitat land available for mitigation and prepare for approval by the City Council any future documentation needed to set aside acreage; approval to set aside 7.3 acres of habitat mitigation land for the Mission Cove affordable housing project to be developed by National Community Renaissance of California and approve the appropriation of \$175,000 from the General Fund Unassigned Fund Balance to fund the acquisition of required mitigation land and to partially fund the set aside cost.

### **BACKGROUND**

The Water Utilities Department ("Water Utilities") purchased approximately 144 acres of land in Tuley Canyon ("Subject Property") in the early 1990s. Water Utilities purchased the Subject Property for the purpose of constructing water reservoir related facilities on the site. Over the years, portions of the Subject Property were developed with water reservoir facilities and others have been earmarked for additional water reservoir facilities.

Sometime in the mid 2000s the City began developing the Draft Subarea Habitat Conservation Plan in conjunction with the Multiple Habitat Conservation Program ("Draft SAP"), which when adopted by the City Council, would restrict and regulate habitat areas within the City. In accordance with the Draft SAP, the Subject Property and other City-owned land has been identified as potential habitat mitigation areas and could be

used as a habitat land available for mitigation for development of both public and private projects in the City.

In August of 2012, the City entered into a Disposition and Development Agreement ("DDA") with National Community Renaissance of California and Community Housing Works (collectively "National Core") to develop the City's approximate 14.5 acre parcel of land on Mission Avenue purchased from the Josepho Family ("Mission Avenue Property"). Per the DDA, National Core will lease the Mission Avenue Property and develop the site with an affordable housing project called "Mission Cove".

As a condition to the development of Mission Cove, National Core needs to satisfy an environmental mitigation requirement of approximately 7.3 acres of habitat found on the Mission Avenue Property which cannot be accommodated onsite. National Core is allowed to mitigate the habitat with similar habitat within the Draft SAP's Wildlife Planning Corridor Zone ("Wildlife Corridor"). National Core approached the City about acquiring habitat acreage located within the Subject Property to satisfy the environmental mitigation requirement for Mission Cove.

## **ANALYSIS**

As the City looks to construct future capital improvement projects there could be a need to provide mitigation of habitat associated with those projects. Additionally, the Draft SAP mitigation requirements identified the Subject Property as potential habitat, thus the value of the Subject Property, as developable land, decreased. Accordingly, the City should position itself to establish habitat land available for mitigation on City-owned property such as the Subject Property.

In order to use the Subject Property as habitat land available for mitigation, staff will need to hire a consultant to assess the site to determine the quantity and location of habitat located on the Subject Property. As for the value of habitat mitigation land, at this time, the type of habitat that is available within the Subject Property has a market value in the range of approximately \$50,000 to \$75,000 per acre.

Staff is also asking the City Council to set aside 7.3 acres of habitat land within the Subject Property for the Mission Cove project. This set aside would allow National Core to satisfy their environmental mitigation requirement to develop Mission Cove. National Core has offered Water Utilities the amount of \$175,000 (\$25,000 per acre value without endowment) to set aside the 7.3 acres of habitat land within the Subject Property.

In order to set aside a portion of the Subject Property as habitat land available for mitigation for the benefit of the Mission Cove project, staff is also requesting approval to appropriate \$175,000 from the General Fund Unallocated Reserve account. The

funding is needed to match National Core's amount of \$175,000 in order to achieve the market value for the available habitat land within the Subject Property. The habitat land is valued at \$50,000 per acre.

Staff, through the use of consultants, will assess the site to determine the type, quantity and location of habitat within the Subject Property. Additionally, staff will assess the environmental mitigation requirements of future public projects within the City to determine how much habitat is needed within the Subject Property and what may be made available for other private projects. Staff will then present to the City Council for approval any documentation needed to use the Subject Property as habitat land available for potential mitigation.

### **FISCAL IMPACT**

Should the appropriation from the General Fund Unassigned Fund Balance account no. 101.3100.0001 be approved, the funds together with the \$175,000 amount provided by National Core will need to be transferred and budgeted equally in the Ad Hoc Ocean Hills Recycled Water Project account nos. 908130100710.5326.10100 and 908130100710.5326.10200. The funds will be transferred from General Fund account no. 101.6900.0710 to Ad Hoc CIP Project Fund account no. 710.6800.0101. The funds will be used to offset the cost incurred by Water Utilities to initially acquire the Subject Property and the costs associated with the use of a portion of the Subject Property as habitat land available for mitigation. Should funds be received in the future to set aside habitat land available for mitigation at the Subject Property, the funds will also be deposited equally in the same accounts.

### **INSURANCE REQUIREMENTS**

Not applicable.

### **COMMISSION OR COMMITTEE REPORT**

Does not apply.

### **CITY ATTORNEY ANALYSIS**

The City Attorney analysis does not apply at this time. Any agreements should be reviewed by the City Attorney and approved as to form.

**RECOMMENDATION**

Staff is requesting that the City Council conceptually approve the use of City-owned land in Tuley Canyon as habitat land available for mitigation and prepare for approval by the City Council any future documentation needed to set aside acreage; approval to set aside 7.3 acres of habitat mitigation land for the Mission Cove affordable housing project to be developed by National Community Renaissance of California and approve the appropriation of \$175,000 from the General Fund Unassigned Fund Balance to fund the acquisition of required mitigation land and to partially fund the set aside cost.

PREPARED BY:

  
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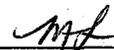
  
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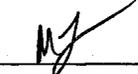
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