

## **Diablo Grande 2016 Specific Plan Amendment Overview**

The Diablo Grande community was originally envisioned as a 30,000 acre development consisting of five villages, 6 golf courses, 5,000 homes, and a resort conference center designed to attract conferences where participants could play golf on a number of world class golf courses over the course of a week. This project was submitted to Stanislaus County in 1991 for processing, and approved by the Board of Supervisors in 1993. That approval consisted of the Diablo Grande Specific Plan (“Specific Plan”), and its environmental impact report (EIR) and mitigation monitoring and reporting plan (MMRP).

The Diablo Grande Specific Plan provides that it should be revisited approximately every five years for an update. The Diablo Grande Specific Plan also recognizes that residential units could shift between villages.

After the initial approval in 2003, and over the course of the next five years, a number of lawsuits were litigated which culminated in the requirement that a Water Resources Plan and Water Resources Plan EIR be prepared on the project, and with those documents in place, the project was reapproved in 1998 and then again on December 7, 1999, but only as to the Phase 1 Preliminary Development Plan (PDP) for Oak Flat Village, which then consisted of a project permitting the construction of approximately 2,000 units and two (2) golf courses on around 2,300 acres. The Specific Plan (Page 33) states:

*To provide internal flexibility without significantly altering the potential impacts of the total project, it is proposed that a dwelling unit transfer of up to 15% to or from each Village be permitted without the need for amendment to the Specific Plan.*

And the adopted EIR (Page III-13) for the project sets forth:

*Based on the 15% density transfer, the number of units within each Village range as follows: Village 1, 1,870 to 2,530 units;*

In 2004 and 2005, minor amendments were made to the Diablo Grande Specific Plan. These amendments were adopted and found consistent with the existing project environmental review. The 2005 amendment, adopted on April 5, 2005, provided a reintroduction of the project and was considered the first project update, as it occurred about five years after the project reapproval in December of 1999.

In 2008, the great recession hit the Central Valley, California, the United States and the World. This great recession resulted in substantial changes in the housing market, and the availability of money to buy homes. A number of communities faced difficulties as home prices plummeted and foreclosures increased. In 2008 the Diablo Grande project was placed into bankruptcy and acquired by World International (“World”). World now owns the Diablo Grande

project, and has managed it for the last seven plus years, consistently funding short falls related to golf course operations, the Western Hills Water District operational budget, and servicing the bonded indebtedness on the project left by prior ownership. In 2014, the possibility of development at the project site began to increase, but simultaneously, substantial drought restrictions came into play that affected the project.

In 2015, detailed market analyses, community outreach, and an overall project evaluation was performed and it became apparent that two things needed to occur to keep the project viable. First, the Specific Plan was long overdue for a five year update, and second, while the Western Hills Water District had done a great job utilizing its water, and had acquired enough water for the full Phase 1 PDP development, golf course play was down, and valuable water supplies were being used on a course with minimal play, so The Legends Golf Course (one of two golf courses in Phase 1) was permanently closed.

Based upon this research, the permanent closing of The Legends Golf Course, and existing water and sewer capacity for the project site, the new Phase 1 PDP was prepared. This new Phase 1 PDP, at an estimated buildout of 2,354 residential units, right sizes the project to today's market, stays within the 15% unit shift allowed by the Specific Plan between villages (within the EIR identified range of 1,870 to 2,530 units), is consistent with the project's environmental review documents, falls within the water, sewer and traffic generation rates set forth in the original project EIR, and retools the project to a more market viable land use mix to create project viability and sustainability.

The 2016 changes cluster residential into tighter areas, resulting in less grading at the site, and all fall entirely within the currently zoned Phase 1 Preliminary Development Plan area. These changes also result in more open space and change the Diablo Grande project from what was originally envisioned as an exclusively golf course oriented community, to a combination golf, open space, and active hiking community. Numerous trails have now been created at the project site and are currently in use by project residents.

With this background, the 2016 Specific Plan Amendment (2016 SPA) as proposed is not a complete rewrite of the Diablo Grande Specific Plan, but rather an update. Chapters 1-3, 5 and 6 of the Diablo Grande Specific Plan provide overall policies and guidance relative to development. These chapters remain generally untouched, as they track closely with the adopted EIR. As policy level chapters, they are general in nature and provide an overall project vision. Rather than revisit, retool and update each and every section related to future possible development at the site, these chapters remain true to the initial project vision with only major changes being updated. Examples of such changes are:

- 1) The recognition that The Legends Golf Course is closed. The closing of The Legends Golf Course is a significant change in the Phase 1 area as it is now being changed from two golf

courses to one. This change is important enough to be included in the policy chapters of the Specific Plan and is clearly identified;

2) The policy chapters of the Specific Plan originally identified ownership of the emergency communication system as a project responsibility. Since the time, negotiations have occurred whereby World provided the funding necessary for Stanislaus Regional 911 (SR911) to update and construct a full and complete community emergency communication system, and to own and operate it. As such, this is a substantial change that is made to the policy chapters of the Specific Plan;

3) Since the last Specific Plan update, an agreement was reached with the City of Patterson in 2004 to convey Phase 1 sewage to the City of Patterson, up to 750,000 gallons per day. This is a substantial change in how sewer is provided to the project, and the lines and connections have been constructed such that this conveyance system now exists. City of Patterson prepared all appropriate environmental documentation for this connection, so the policy chapters of the Specific Plan have been revised to recognize this change; and,

4) The changes to the Phase 1 PDP result in a greater mix of residential unit types, to react to the market, and the Land Use Designations in the document have been modified to provide a broader range of lot sizes and types.

While these changes are necessary to clearly show what is occurring with the update, the general policy statements, overall discussion, tables and original project analysis have not been updated, so they continue to track the analysis in the adopted EIR. The Phase 1 PDP unit count falls within the plus or minus 15% authorized by the Specific Plan and EIR range of 1,870 to 2,530 units, and no development can occur beyond Phase 1 without full and complete environmental review on such future phase of development. The 2005 amendment and reintroduction of the Specific Plan addressed the issue the same way, and now, ten (10) years later, the changes are being addressed in exactly the same fashion to maintain the consistency between the Specific Plan, the EIR, the Water Resources Plan EIR, and the environmental review (Addendum) prepared on the sewer line extension.

As to the main changes to the project, the regulatory sections of Specific Plan, specifically chapter 4 (which identifies the zoning designations, lot sizes, setbacks, lot coverage, and other zoning level information) have been thoroughly updated, as well as chapter 7 (the Phase 1 PDP) which discusses the new land plan for Phase 1 (Oak Flat Village). These revisions will allow development of land uses within the Phase 1 PDP, fall within the 15% range identified in the Specific Plan and EIR for lot increase or decrease, and provide land uses and designations consistent with the current market analysis and the expected buyer profile, updating the current land plan that is now almost 25 years old. This new analysis shows unit counts and types in each category, and the new Phase 1 PDP is proposed to be adopted, and will be consistent with the zoning standards set forth in chapter 4.

As with the 1999 approvals, the expectation is that the Specific Plan will be adopted, and found consistent with the existing EIR through an Addendum process, and that only the Phase 1 PDP project will be authorized to proceed. Prior to development of any projects outside of the Phase 1 (Oak Flat Village) PDP area, a new PDP would need to be prepared, submitted to the County for review, full environmental review would need to be completed, services would need to be affirmed, and only then could the Board of Supervisors approve such development. The amended Specific Plan as proposed still recognizes the possible development on the remainder of the property, but is clearly focused on completing the development of Phase 1 PDP within Oak Flat Village.