CALIFORNIA COASTAL COMMISSION SOUTH CENTRAL COAST AREA 39 SOUTH CALIFORNIA ST., SUITE 200 ENTURA, CA 93001 805) 641-0142

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GRAY DAVIS, Governor

STAFF REPORT: AMENDMENT

B.M.I.F./B.S.L.F. I.I. Rancho Malibu

APPLICATION NO.:

5-91-436(Remand)-A2

APPLICANT:

AGENT:

Timothy A.Tosta, Esq. & Judy V. Davidoff, Esq., Baker & McKenzie

PROJECT LOCATION:

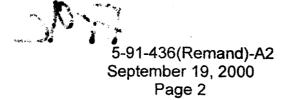
Encinal Canyon Road, 2.3 miles N/of Pacific Coast Hwy., Unincorporated Malibu area of Los Angeles County

DESCRIPTION OF PROJECT PREVIOUSLY APPROVED: Subdivision of a 254.5 net acre parcel into 46 single family lots, 3 open space lots, 1 sewage treatment lot, and 1 road lot, development of equestrian trail, roads, building pads, utilities, on-site sewage treatment plant, and 824,200 cu. yds. of grading (412,100 cu. yds. cut and 412,100 cu. yds. fill).

DESCRIPTION OF AMENDMENT: Applicant proposes a two-part amendment to: 1) amend existing Special Condition 16 (TDC acquisition) to "phase" the TDC requirement and allow issuance of the Coastal Development Permit prior to acquiring the TDCs, but prohibit sale or issuance of a building permit on 13 specified lots which would not occur under the applicant's proposal until the TDC requirement is satisfied for each lot, with TDC satisfaction to be achieved within ten years or lots would either revert to open space or a fee of not more than \$100,000 per lot would be paid by the applicant at the end of the ten year term; and 2) to increase the amount of grading by approximately 717,804 cu. yds. (to undertake remedial grading within the footprint of previously approved grading only, to stabilize the soils on site and achieve the necessary compaction standards for the engineered slopes and pads).

LOCAL APPROVALS RECEIVED: Los Angeles County Department of Public Works, Division of Building and Safety/Land Development, Approval in Concept dated July 25, 2000 for grading plan with most recent revision date of July 24, 2000.

SUBSTANTIVE FILE DOCUMENTS: Coastal Development Permits: 5-91-436 (Rancho Malibu) and 5-91-436 (Remand); Malibu/Santa Monica Mountains Land



Use Plan; CEQA Environmental Findings for Conditional Use Permit 91-315 and Oak Tree Permit 91-315, Vesting Tentative Tract No. 46277 (Revised), State Clearinghouse No. 88050410, February, 1998; Grading Plan for Tract Map No. 46277 dated January 4, 1999, with latest revision date of July 24, 2000; Geotechnical Comments on Geologic Restrict Use Areas on Grading Plans for Tract 46277, dated September 18, 2000.

PROCEDURAL NOTE: The Commission's regulations provide for referral of permit amendment requests to the Commission if:

- 1) The Executive Director determines that the proposed amendment is a material change,
- 2) Objection is made to the Executive Director's determination of immateriality, or
- 3) The proposed amendment affects conditions required for the purpose of protecting a coastal resource or coastal access.

If the applicant or objector so requests, the Commission shall make an independent determination as to whether the proposed amendment is material. 14 Cal. Code of Regulations Section 13166. In this case, the Executive Director has determined that the proposed amendment is a material change to the project and has the potential to affect conditions required for the purpose of protecting a coastal resource.

I. STAFF RECOMMENDATION:

The staff recommends that the Commission:

- A. Deny Part I of the applicant's amendment request to revise Special Condition 16 of CDP 5-91-436 (Remand) to authorize the phasing of compliance with the Transfer of Development Credit Program (TDC) so that TDCs are required after permit issuance; and
- B. Approve Part II of the applicant's amendment request to increase approved grading by approximately 717,804 cu. yds. for the purpose of performing remedial grading within the footprint of the previously approved 824,200 cu. yds. of grading, for a total of 1,542,004 cu. yds. of grading, subject to both new and revised special conditions.

Accordingly, the staff recommends that the Commission adopt the two following resolutions:

A. The staff recommends that the Commission adopt the following resolution:

MOTION:

I move that the Commission approve Part I of the proposed amendment to Coastal Development Permit No. 5-91-436(Remand)-A2 for the revision of the TDC requirement set forth in existing Special Condition 16 of the subject Coastal Development Permit, as proposed by the applicant.

STAFF RECOMMENDATION OF DENIAL:

Staff recommends a **NO** vote. Failure of this motion will result in denial of Part I of the permit amendment and adoption of the following resolution and findings. The motion passes only by affirmative vote of a majority of the Commissioners present.

RESOLUTION TO DENY PART I OF THE PERMIT AMENDMENT:

The Commission hereby **denies Part I of the proposed amendment** to the coastal development permit on the grounds that the development as amended by the revised Special Condition 16 will not conform with the policies of Chapter 3 of the Coastal Act and will prejudice the ability of the local government having jurisdiction over the area to prepare a Local Coastal Program conforming to the provisions of Chapter 3. Approval of the amendment would not comply with the California Environmental Quality Act because there are feasible mitigation measures or alternatives that would substantially lessen the significant adverse impacts of the amended development on the environment.

B. The staff recommends that the Commission adopt the following resolution:

MOTION: I move that the Commission approve Part II of the proposed amendment to Coastal Development Permit No. 5-91-436 (Remand)-A2, to authorize increased grading pursuant to the staff recommendation.

STAFF RECOMMENDATION OF APPROVAL:

Staff recommends a **YES** vote. Passage of this motion will result in approval of Part II of the amendment as conditioned and adoption of the following resolution and findings. The motion passes only by affirmative vote of a majority of the Commissioners present.

RESOLUTION TO APPROVE PART II OF A PERMIT AMENDMENT:

The Commission hereby **approves Part II of proposed amendment** to the coastal development permit on the grounds that the development as amended and subject to conditions, will be in conformity with the policies of Chapter 3 of the Coastal Act and will not prejudice the ability of the local government having jurisdiction over the area to prepare a Local Coastal Program conforming to the provisions of Chapter 3. Approval of the permit amendment complies with the California Environmental Quality Act because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the amended development on the environment, or 2) there are no feasible mitigation measures or alternatives that would substantially lessen any significant adverse impacts of the amended development on the environment.

II. STANDARD AND SPECIAL CONDITIONS

All standard and special conditions attached to the previously approved permit attached hereto as Exhibit 1 remain in effect, except for Special Conditions 2 and 4, which are hereby revised as set forth below. New conditions are set forth below in new subpart (e) to existing Special Condition 9 and in new Special Condition 21: (new text shown in underline, deleted text shown in strikethrough)

NOTE: Special Condition 3, set forth separately below, incorporates revisions to the original Special Condition 3 that were previously approved by the Commission pursuant to Coastal Development Permit 5-91-436 (Remand)-A1, at the November, 1998 hearing. No additional changes to Special Condition 3 are included in the subject amendment or recommendations.

3. Future Grading for Single-Family Development

Prior to the issuance of the coastal development permit, the applicant shall execute and record a deed restriction, in a form and content acceptable to the Executive Director, which shall provide that the development of a single-family residence and appurtenant structures shall be located within the graded pad area or designated building area on Lot 23 approved pursuant to this amended permit (5-91-436 (Remand)-A1) (as shown on Revised Vesting Tentative Tract Map No. 46277, dated 6/1/93 and revised 4/7/98) and that any additional grading or placement of structures outside the graded area or designated building areas shall require a new coastal development permit from the Commission or the applicable local government agency with a certified Local Coastal Program.

The document shall run with the land, binding all successors and assigns, and shall be recorded free of prior liens and encumbrances which the Executive Director determines may affect the enforceability of the restriction. This deed restriction shall

not be removed or changed without a Coastal Commission-approved amendment to this coastal development permit unless the Executive Director determines that no amendment is required.

EXISTING SPECIAL CONDITIONS ARE REVISED AS SHOWN:

2. Grading Monitor

Prior to commencing grading the applicant shall retain the services of an independent consultant with appropriate technical qualifications selected from a list provided to the applicant by the Executive Director to periodically monitor the grading during the course of the work performed under the terms of the approved grading plan. The consultant shall immediately notify the Executive Director if there is any departure from the approved grading plan, or delay in the construction schedule required pursuant to Special Condition 21, and all work shall stop on that portion of the project until authorized to proceed by the Executive Director.

4. Landscaping and Erosion Control Plans

Prior to issuance of permit, the applicant shall submit landscaping and erosion control plans prepared by a licensed landscape architect and engineer for review and approval by the Executive Director. The plans shall incorporate the following criteria:

- (a) All graded areas on the subject site shall be planted and maintained for erosion control and visual enhancement purposes. To screen or soften the visual impact of development all landscaping shall consist primarily of native plants as listed by the California Native Plant Society, Santa Monica Mountains Chapter, in their document entitled Recommended Native Plant Species for Landscaping Wildland Corridors in the Santa Monica Mountains, dated November 23, 1988. Invasive, non-indigenous plant species which tend to supplant native species shall not be used.
- (b) All cut and fill slopes shall be stabilized with planting at the completion of final grading. Planting should be of native plant species indigenous to the Santa Monica Mountains using accepted planting procedures, consistent with fire safety requirements. Such planting shall be adequate to provide 90 percent coverage within 90 days and shall be repeated, if necessary, to provide such coverage. This requirement shall apply to all disturbed soils including all existing roadways, not including proposed roads and pads.
- (c) Should grading take place during the rainy season (November 1-March 31), sediment basins (including debris basins, desilting basins, or silt traps) shall be required on the project site prior to or concurrent with the initial grading operations and maintained through the development process to

minimize sediment from runoff waters during construction. All sediment should be retained on-site unless removed to an appropriate approved dumping location.

9. Dedications, Easements and Restrictions.

Prior to the issuance of the permit, the applicant as landowner shall prepare the following legal instruments and maps for the review and approval of the Executive Director:

(Note: text set forth only in pertinent part)

- (a) Open Space Dedication
- (b) Wastewater Treatment Facilities
- (c) Private Open Space Deed Restriction
- (d) Trail Dedication
- (e) Geologic Restricted Use Area

Prior to the commencement of construction, the applicant shall submit evidence to the satisfaction of the Executive Director that the recorded Final Tract Map No. 46277 sets forth all geologic restricted use areas shown on the Grading Plan for Tract Map No. 46277 dated January 4, 1999, revised as of July 24, 2000, and approved in concept by Los Angeles County Public Works Department, Division of Building and Safety, dated July 25, 2000.

NEW SPECIAL CONDITION:

21. Schedule and Timing of Grading/Erosion Control.

PRIOR TO THE ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the applicant shall submit to the Executive Director for review and written approval, a grading schedule and implementation plan for erosion control measures. The approved plans shall incorporate the following requirements:

a. No grading activities shall be allowed during the rainy season (the period from November 1st to March 31st of each year). All disturbed areas shall be replanted immediately following grading and prior to the beginning of the rainy season.

b. The permittees shall submit a grading schedule to the Executive Director demonstrating compliance with the above restriction.

c. All permanent runoff and erosion control devices shall be developed and installed prior to or concurrent with any on-site grading activities. All areas disturbed, but not completed, during the construction season, including

graded pads, shall be stabilized in advance of the rainy season. The use of temporary erosion control measures, such as berms, interceptor ditches, sandbagging, filtered inlets, debris basins, and silt traps shall be utilized in conjunction with plantings to minimize soil loss during construction.

d. Landscaping shall be installed on all cut and fill slopes prior to November 1st with temporary or permanent (in the case of finished slopes) erosion control methods and shall incorporate the applicable requirements of the landscape condition set forth as Special Condition 4.

The permittee shall undertake development in accordance with the approved grading and erosion control plans. Any proposed changes to the approved grading and erosion control plans, to the amount of grading authorized in this coastal development permit, or to the grading schedule shall be reported to the Executive Director. No changes to the plans shall occur without a Coastal Commission approved amendment to this coastal development permit unless the Executive Director determines that no amendment is required

III. FINDINGS AND DECLARATION

The Commission hereby finds and declares:

A. Background; Proposed Amendment.

Approved Project, Location and Setting

The approved project includes the subdivision of a 254.5-net-acre parcel into 46 single-family lots, 3 open space lots, 1 sewage treatment lot, and 1 road lot, with 824,200 cubic yards of grading (412,100 cubic yards of cut and 412,100 cubic yards of fill). The subject site is located in the Malibu/Santa Monica Mountains area, in the southwesterly portion of Los Angeles County, northwest of Trancas Beach and east of Encinal Canyon. The site is approximately 1,400 feet from Pacific Coast Highway at its southernmost boundary.

The site encompasses an area of significant topographic relief, and is visible from Charmlee Regional County Park to the west of the site. The National Park Recreational Area is located north and northeast of the project site. From these locations, most of the project site, including graded slopes, will be visible from public viewing locations. Trancas Canyon Trail parallels the site to the east.

The site is comprised of relatively flat bluffs, steep sideslopes, and intermittent stream channels. Some of the channels are designated as blue line streams and Environmentally Sensitive Habitat Areas. The site supports five vegetation

communities (in order of abundance): coastal sage scrub, chaparral, naturalized grassland, southern oak woodland, and riparian woodland.

The two primary drainages—Steep Hill Canyon and East Encinal Canyon—contain U.S.G.S.—designated blue line streams. The lower portion of the blue line stream within Steep Hill Canyon is designated as an Environmentally Sensitive Habitat Area (ESHA) in the certified Malibu/Santa Monica Mountains Land Use Plan.

The site is flanked by two large canyons—Encinal Canyon occurs off-site near the site's western boundary and Steep Hill canyon is located on the eastern portion of the site. Paralleling the site to the east is Trancas Canyon Trail. Pacific Coast Highway is directly south (2.2 miles) and below the project site.

Permit History

The subject project was previously known as the "Anden" project, for the original permit holder Anden/VMS Rancho Malibu Venture, and later (after approval of a revised project by the Commission) was assigned to BMIF/BSLF II Rancho Malibu Limited Partnership in December 0f 1992. Since that time, the project has simply been referred to as "Rancho Malibu."

The initial proposal (5-90-650) sought approval for a 69-lot subdivision on a 270 gross acre site on Encinal Canyon Road, approximately 2.2 miles north of the intersection of Encinal Canyon Road and Pacific Coast Highway, in the Malibu area (unincorporated) of Los Angeles County. The proposal included 3,828,000 cu. yds. of grading (1,978,000 cu. yds. of cut and 1,850,000 cu. yds. of fill).

After several staff recommendations of denial, and a series of project revisions, the project was ultimately withdrawn, and resubmitted with revised plans, as Coastal Development Permit 5-91-436. The revised plans submitted at that time reduced the area of landform alteration from 143 acres to 51.3 acres, and reduced the number of single family lots to 55. Proposed grading was reduced to a total of 1,214,000 cu. yds.

At the Commission's July 18, 1991 hearing the Commission approved the proposed project with a number of special conditions. One of the special conditions required that grading be reduced by 200,000 cu. yds. through modifications to the County's road standards.

The original permit holder, Anden/VMS Rancho Malibu Venture, assigned the permit to BMIF/BSLF II Rancho Malibu Limited Partnership in December of 1992. The new permit holder is a publicly traded real estate trust managed by Banyan Management Corp., with individual shareholders in California and elsewhere.

Following Commission approval of the coastal development permit in July, 1991, the project was subsequently remanded back to the Commission as the result of a court order in the case of City of Malibu v. California Coastal Commission, et al., Ventura County Superior Court, No. 119633. This litigation involved a challenge by the City of Malibu to the Commission's July, 1991 permit approval. The court focused on impacts related to development on the eastern ridge, including visual impacts, landform alteration/grading impacts, and impacts on the Steep Hill Canyon Environmentally Sensitive Habitat Area (ESHA). The court ordered the Commission to set aside its decision to approve the permit and to reconsider the project in light of the decision.

The Commission approved 5-91-436 (Remand) on August 11, 1993. Approved project revisions in response to the court's decision included a reduction in grading from the 1,014,000 cubic yards previously approved to a total of 830,000 cubic yards. The reduction in grading was achieved by eliminating all development, except for two single-family lots, on the eastern ridge, realigning the entrance road, and reducing the road standards. The number of residential lots was reduced from 55 to 51 and the average pad size was reduced from 16,297 sq. ft. to 13,980 sq. ft. The Commission's decision on remand was also challenged and was upheld by both the trial court and court of appeal.

Additional litigation subsequently ensued in which the Commission was not involved as a party. The Commission approved the previous amendment (CDP 5-91-436 (Remand) A-1) on November 4, 1998 to incorporate a resultant settlement agreement between the parties in that litigation. See Statement of Decision, La Chusa Highlands Property Owners Association, Inc. v. County of Los Angeles; Board of Supervisors of County of Los Angeles, Los Angeles County Superior Court Case No. BS039789, (Exhibit 5).

A key issue in the lawsuit included the question of whether the County of Los Angeles had accurately applied its own fire code requirements in reviewing the culde-sac arrangement of the entrance and arterial roads of the subdivision. The parties agreed to eliminate two outlying lots (the controversial lots that remained on the eastern ridge of the subdivision after the remanded approval) as the result. These lots posed particularly difficult challenges for emergency access and would have introduced ignition sources to the most remote reaches of the proposed subdivision. In addition, the removal of the outlying sites on the eastern ridge reduced the subdivision's visual impacts and enhanced the clustering of proposed development with other approved development.

Present Amendment

Part I: revision of TDC acquisition requirement (Special Condition 16)

The applicant submitted Part I of the pending amendment request (phasing of Transfer of Development Credit acquisition requirement) on May 15, 2000. At that time, the applicant stated that all available sources of potential TDC lots had been explored and that there were not sufficient lots available on the market to satisfy their obligation to comply with the requirements of Special Condition 16.

Special Condition 16 requires recording 46 TDCs prior to the issuance of the permit; the applicant has secured 33 TDCs to date, with a resultant shortfall of 13 TDC lots.

The applicant requests the "phasing" of the TDC requirement to allow the issuance of the coastal development permit for all aspects of the project prior to the recording of the required TDCs, but prohibiting the sale of, or issuance of building permits for, 13 specified lots until the TDC requirement is satisfied for each lot.

The applicant states that two years of diligent efforts have not yielded sufficient identified lots to achieve compliance with special Condition 16. The applicant states that TDCs for 33 of the required 46 residential lots have been acquired, but it expects that up to ten years may be needed to comply with the remaining TDC obligations. As part of the amendment, the applicant proposes that if the remaining TDCs have not been acquired by the end of the ten years, that it would pay an inlieu fee not to exceed \$100,000 per remaining lot to be used to mitigate the cumulative impacts of the project buildout on the Santa Monica Mountains, or that the remaining lots would revert to open space.

The applicant requested that the amendment proposal be placed on the Commission's July agenda, stating, "...It is critical that the Project development begins this grading season to allow timely completion." See applicant's May 12, 2000 letter to Commission staff, Exhibit 2.

After receiving the applicant's amendment request, staff was informed by the Mountains Restoration Trust that it believes a sufficient supply of TDC lots could be processed with the assistance of Commission staff to satisfy most, if not all, of the applicant's outstanding TDC obligation. Staff therefore, in communication with the applicant, did not place the amendment request on the July agenda because it appeared that condition compliance could be achieved. The supply of potential TDC lots appeared to render the basis for the amendment request inapplicable.

Subsequently, the Commission staff determined that at this time the MRT would not be able to provide the lots to satisfy the Rancho Malibu TDC requirement.

The temporary inability of the MRT to offer TDC lots for satisfaction of the Rancho Malibu condition compliance notwithstanding, the Commission staff subsequently identified an additional bank of qualified TDC lots that had previously been earmarked in escrow for the condition compliance of a project known as "Trancas Town." Agents for the lot owners identified, and Commission staff confirmed, the

existence of more than enough lots to satisfy the Rancho Malibu debt, and the owner's willingness to market the TDC-qualified lots.

Although reaching an agreement between owners of TDC-qualified lots and potential buyers is a matter between the parties, it appears that it is feasible for the applicant to locate the TDC lots required by the permit. Rancho Malibu is aware of the availability of these lots to provide TDCs.

Part II of Amendment Request (additional grading)

Before the proposed amendment was placed on the Commission's agenda, Los Angeles County Building and Safety Division staff informed Commission staff that the County's grading plan review had identified a significant amount of additional proposed grading that had not been previously included in the project. (Part II of this amendment request.)

The applicant submitted the grading plan approved by Los Angeles County (approval date of July 25, 2000) to Commission staff in satisfaction of Special Condition 1 (Submittal of Final Grading Plans) on July 28, 2000. The grading plan called for approximately 700,000 cu. yds. of additional grading that had not been previously identified. The additional grading is remedial in nature and will be undertaken within the footprint of existing approved grading. Nevertheless, the additional grading exceeds the amount of grading that the Commission permit authorized and therefore the grading plan does not comply with the applicable special conditions and approved project description.

Although the applicant expressed disagreement with this conclusion, ultimately, the applicant revised the pending permit amendment request to include the additional grading.

The approved project description authorizes 824,200 cu. yds. of grading (412,100 cu. yds. cut and 412,100 cu. yds. fill). The proposed amendment requests an additional 717,804 cu. yds. of grading, for a combined project total of 1,542,004 cu. yds. (771,004 net cu.yds. of cut and 771,000 net cu. yds. of fill). The additional grading is necessary to stabilize and prepare the native soils on site at the deepest levels of excavation, consistent with applicable engineering standards for achieved compaction, etc.

Commission staff geologist Mark Johnsson, Ph.D., has reviewed the revised grading proposal and has determined that the additional grading is consistent with standard engineering practices, necessary to stabilize the site to undertake the approved project, and will not expand the footprint of previously authorized grading. Excavated material will not be stored outside of the footprint of approved grading.

The additional grading will not affect the finished contours or elevations of the proposed project, or expand the footprint of grading. Thus there will be no new or increased visual impacts associated with the additional grading proposed.

The applicant estimates that grading will require a minimum of 4-1/2 months to complete. Los Angeles County Building and Safety Division staff has estimated very generally that the volume of grading presently proposed by the applicant could take at least nine months. The project was not previously conditioned to prohibit grading during the rainy season; however the increased amount of grading and increased awareness of the impacts of sediment pollution generated by grading during the rainy season indicate that restricting grading during the rainy season is warranted. This change is discussed further in the following sections.

C. Cumulative Impacts of Development

The proposed project raises cumulative impact concerns because of the creation of additional buildable lots, and associated impacts to coastal resources in the Santa Monica Mountains. Special Condition 16 requires the applicant to extinguish the development rights on 46 residential lots.

Section 30250(a) of the Coastal Act states in pertinent part:

New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have significant adverse effects, either individually or cumulatively, on coastal resources. In addition, land divisions, other than leases for agricultural uses, outside existing developed areas shall be permitted where 50 percent of the usable parcels in the area have been developed and the created parcels would be no smaller than the average size of the surrounding parcels.

Section 30105.5 of the Coastal Act defines the term "cumulatively," as it is used in Section 30250(a), to mean that:

The incremental effects of an individual project shall be reviewed in conjunction with the effects of past projects, the effects of other current projects, and the effects of probable future projects.

The Coastal Act requires that new development, including subdivisions and multifamily projects, be permitted only where public services are adequate and only where public access and coastal resources will not be cumulatively affected by such development. The Commission has repeatedly emphasized the need to address the cumulative impacts of new development in the Malibu/Santa Monica Mountains area

in past permit actions. The cumulative impact problem stems from the existence of thousands of undeveloped and poorly sited parcels in the mountains along with the potential for creating additional parcels and/or residential units through subdivisions and multi-unit projects. Because of the large number of existing undeveloped lots and potential future development, the demands on road capacity, services, recreational facilities, and beaches will grow tremendously in the future. In addition, future buildout of many lots in environmentally sensitive areas would create adverse cumulative impacts on coastal resources.

As a means of addressing the cumulative impact problem in past actions, the Commission has consistently required as a condition to development permits and land divisions, participation in the Transfer of Development Credit (TDC) program as mitigation. The TDC program has resulted in the retirement from potential development of existing, poorly sited, and non-conforming lots at the same time new lots were created. The intent is to ensure that no net increase in residential units resulted from the approval of land divisions or multi-family projects while allowing development to proceed consistent with the requirements of Section 30250(a).

In the case of the Anden/Rancho Malibu permit, the Commission imposed Special Condition 16 to require that the applicant mitigate the cumulative impacts of the proposed subdivision by obtaining the TDC lots specified in the condition.

As discussed in the background section, the applicant claims that it has been unable to secure 13 of the total TDC lots necessary to achieve compliance with Special Condition 16. The applicant's letter raising this claim is attached as Exhibit 1. Also noted in the background section above, the Commission staff has been notified that sufficient, previously qualified TDC lots presently exist, and are available for sale to Rancho Malibu.

In addition, the applicant proposes to phase compliance with the TDC requirement or either a: pay up to \$100,000 per lot in "in lieu" fees (the applicant has not identified the party to receive the in lieu fees) to eliminate the requirement if sufficient lots are not obtained, or b: allow unmitigated lots to revert to open space raises concerns regarding the mitigation of the project's cumulative impacts.

Part I of the applicant's proposed amendment will allow recordation of the entire tract map and, therefore, legalization of all lots prior to full compliance with the required mitigation (recordation of 13 TDCs) for the creation of all new lots. The amendment will also permit all grading to be completed after recordation since the grading will not be similarly phased. Thus, both the legal and physical realization of all approved new lots will occur immediately after permit issuance, but the mitigation for the cumulative impacts of up to 13 of the new lots may not occur for at least ten years, if ever (unlike recordation of qualified TDC lots pursuant to the existing requirements of the permit condition, payment of fees or reversion to open space may not result in a similar degree of mitigation, gives the applicant choice to pay the fee and develop

the lot, rather than keep it as open space. Payment of the fee may be inadequate to effect the degree of mitigation necessary and contemplated by the Commission in imposing Special Condition 16. In addition, under the proposed amendment there would not be mitigation of the cumulative impacts for a period of up to ten years. Thus, the impact of the project during this ten year period would not be mitigated.

Clearly, once the tract map is recorded the lots are existing and legal, even if the Commission requires, as the applicant proposes, to require the recordation of a deed restriction against each unmitigated lot. In concept, such deed restriction would prohibit the sale of such lots, or further development with single family residences, until the TDC requirement, or alternative as proposed, is satisfied.

Nevertheless, even with such deed restrictions, the Commission finds that Part I of the applicant's proposed amendment to CDP 5-91-436 (Remand) would not provide sufficient mitigation for the cumulative impacts to coastal resources that will result from implementing the approved project prior to securing the subject TDCs. In particular, the grading and vegetation removal that will result from implementing the approved project would remain unmitigated for a potentially prolonged period, thus undermining the purpose of the TDC condition for cumulative impact mitigation. Therefore, for all of the reasons set forth above, the Commission hereby finds that Part I of the applicant's amendment proposal is inconsistent with the requirements of Coastal Act section 30250 (a).

D. Water Quality

Section 30230 of the Coastal Act states:

Marine resources shall be maintained, enhanced, and where feasible, restored. Special protection shall be given to areas and species of special biological or economic significance. Uses of the marine environment shall be carried out in a manner that will sustain the biological productivity of coastal waters and that will maintain healthy populations of all species of marine organisms adequate for long-term commercial, recreational, scientific, and educational purposes.

Section 30231 states:

The biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes appropriate to maintain optimum populations of marine organisms and for the protection of human health shall be maintained and, where feasible, restored through, among other means, minimizing adverse effects of waste water discharges and entrainment, controlling runoff, preventing depletion of ground water supplies and substantial interference with surface water flow, encouraging waste water

reclamation, maintaining natural vegetation buffer areas that protect riparian habitats, and minimizing alteration of natural streams.

Sections 30230 and 30231 of the Coastal Act require that the biological productivity and the quality of coastal waters and streams be maintained and, where feasible, restored through means such as minimizing adverse effects of waste water discharge and entrainment, controlling runoff, preventing depletion of ground water supplies and substantial interference with surface water flows, maintaining natural buffer areas that protect riparian habitats, and minimizing alteration of natural streams.

As noted previously, the approved project includes 824,200 cu. yds. of grading (evenly distributed between cut and fill). The applicant has identified 717,804 cu. yds. of additional grading necessary to adequately prepare the soils beneath the approved grading areas of the subject proposal. The additional, remedial grading will not expand the project footprint or extend new grading into any areas not previously approved for grading. The overexcavation, recompaction, etc., necessary to achieve the applicable engineering standards has been reviewed by Commission staff geologist Mark Johnsson, Ph.D., and found necessary and consistent with the applicant's characterization of the need for the additional grading.

As the background section explains, the subject project is situated adjacent to two blueline streams and located in an area of significant topographic relief. The total grading of approximately 1.5 million cu. yds. of material, including the grading proposed in this amendment, poses significant short-term disturbance to the site that could result in substantial erosion and sedimentation of sensitive coastal streams if not adequately controlled.

When a site contains sensitive coastal resources and requires extensive grading to cut in the building pads and roads, and when the site also contains relatively steep areas—all conditions met by the subject proposal—the Commission must address the potential for erosion and sediment runoff into coastal waters. The applicant estimates that grading will take a maximum of 4.5 months; however, the Los Angeles County Building and Safety Department staff generally anticipate a grading schedule that will require at least nine months of grading to accomplish the applicant's revised proposal. In addition, the time necessary to accomplish a similar amount of grading on the Pepperdine University campus during the past year, which commenced during the spring season, has demonstrated that 4.5 months may not be a realistic expectation for the completion of all proposed grading.

In such cases, the Commission typically prohibits grading during the rainy season to ensure that erosion and potential sedimentation of nearby streams are prevented or minimized to the maximum extent feasible. This restriction was not previously applied to the subject permit; instead, Special Condition 4 (Landscaping and Erosion Control Plans) included a provision to impose basic sediment control measures if

grading is undertaken during the rainy season. The present amendment, however, almost doubles the total amount of grading, which, although in the same location as previously approved grading, and not expanding the surface footprint of disturbance attributable to project grading, will potentially extend the time during which the site is subject to grading activities significantly.

The prolonged time necessary to complete the increased project grading leaves the site in a state of heightened vulnerability as the rainy season sets in. Once a site is subject to significant rainfall, continued operations become difficult as heavy equipment is sidelined by muddy conditions, and a project such as Rancho Malibu may be interrupted until site conditions resolve favorably for further construction activities. Under such circumstances, the potential for erosion – and resultant sedimentation of adjacent blueline streams (which are located less than 50 feet from graded areas in a number of locations within the subdivision) increases substantially.

The Commission has imposed the prohibition against grading during the rainy season on a number of projects in the Santa Monica Mountains, particularly those with large amounts of grading or where the project is in proximity to sensitive resources. The purpose of such conditions is to minimize erosion and sedimentation that can lead to non-point source pollution of streams and their associated riparian areas. For instance, a condition prohibiting grading during the rainy season was applied to Permit 4-00-028 (Lehman) which permitted a 4-lot subdivision with 7,000 cu. vds. of grading. Permit 4-95-173 (M.H.A.B. Trust) for a 4-lot subdivision with 8,460 cu. yds. of grading was also conditioned to prohibit grading during the rainy season. This restriction was also applied to Permit 4-95-115 (Lauber) for a 7-lot subdivision with 96,200 cu. yds. of grading. Further, Permit 4-93-211 (Hovenweep) for a 4-lot subdivision with 15, 683 cu. yds. of grading did not permit rainy-season grading. A rainy season prohibition on grading was also required in Permits 4-93-144, 4-93-145, 4-93-146, 4-93-147, 4-93-148, and 4-93-149, each of which approved the construction of a single family residence with grading for each site which ranged from 3,400 cu. vds. to 37,732 cu. vds. Finally, the Commission required a prohibition on grading during the rainy season in Permit Amendment 5-85-214-A3 (Ghosn) for a 13-lot subdivision with 134,000 cu. yds. of grading.

The amount of grading proposed by the applicant exceeds the total amount of grading undertaken pursuant to any of these referenced projects. Thus imposing a restriction on rainy season grading in the applicant's pending amendment request seems warranted by the total volume of grading requested, the sensitivity and topography of the site, and similar requirements imposed by the Commission on projects with considerably less potential to discharge sediment-polluted runoff into coastal waters.

Special Condition 21 (new condition) requires the applicant to submit a schedule and timing of grading/erosion control that does not allow grading from November 1 through March 31 of each year, and requires that all disturbed areas be replanted

immediately following grading and prior to the rainy season. The requirement that the applicant submit a grading schedule subject to the review and approval of the Executive Director further ensures that the applicant develop a detailed project grading schedule that commences early enough in the spring to provide sufficient time to conclude the grading before the following rainy season.

In addition, existing Special Condition 4 (Landscaping and Erosion Control Plans) is revised to strike references to grading during the rainy season, which would be inconsistent with the limitations imposed by new Special Condition 21. Existing Special Condition 2 (Grading Monitor) is also revised to require the designated monitor to notify the Executive Director if there is any delay in implementation of the approved grading schedule referenced in new Special Condition 21. If fully implemented, the changes and additions to the special conditions set forth in Special Conditions 2, 4, and 21 will ensure that the proposed project minimizes any potential for nonpoint source pollution of the adjacent coastal streams and their associated habitat areas.

E. Geology; Safety

Section 30253 of the Coastal Act states in pertinent part that:

Section 30253.

New development shall:

- (1) Minimize risks to life and property in areas of high geologic, flood, and fire hazard.
- (2) Assure stability and structural integrity, and neither create nor contribute significantly to erosion, geologic instability, or destruction of the site or surrounding area or in any way require the construction of protective devices that would substantially alter natural landforms along bluffs and cliffs.

In addition to the inclusion of remedial grading not previously approved, and addressed in the previous section, the final grading plans submitted by the applicant to Commission staff on July 28, 2000 showed Geologic Restricted Use Areas (RUA's) that had not previously been identified on project plans. Upon request, the applicant's geotechnical consultants, Pacific Soils Engineering, Inc., provided a supporting letter dated September 18, 2000. The letter explains that the RUA designations on the grading plan were added to comply with the requirements of Los Angeles County Division of Building and Safety, and the RUAs serve to prohibit development in these areas without a satisfactory site specific geotechnical investigation first being performed. According to the consultants, the areas of the subject site outside of the proposed development/grading limits have been placed in RUA's for two basic reasons: 1) the decreased level of information collected on the

site conditions in these areas; and 2) the interpreted conditions in these areas based on existing information collected in other parts of the site.

The consultants explain:

"The first reason deals with the level of detail of the geotechnical study in a specific area. As development concepts for the project were proposed, geotechnical field investigation efforts were focussed on evaluating the areas proposed for grading and adjacent areas contributory to the stability of the proposed development. Consequently, outside the proposed developed area less detailed geotechnical/geologic information was collected. Given the smaller database outside the proposed grading limits, it was deemed prudent to place these areas in an RUA."

"Secondly, Los Angeles County Building Code requirements dictate that unmitigated soil deposits that are greater than five (5) feet in thickness and are considered unsuitable for support of fill or structures be placed in an RUA. Given the nature of the surficial soil profile on the site, many of the areas outside the grading limits are likely underlain by soils greater than 5 feet in thickness which are not suitable for structural support (without remedial grading). As such, areas outside the grading limits were placed in an RUA."

"There is no grading currently proposed on the Grading Plans for Tract 46277 within the areas designated as RUA's. It should be noted that the presence of the RUA's does not impact this firm's stated opinion that the proposed development is suitable from a geotechnical standpoint."

Thus, in accordance with the geotechnical consultant's recommendations, the RUA's should be designated on the final Recorded Tract Map for the subject project, thereby ensuring that any future development proposed for areas so designated would be subject to a further, site specific geotechnical evaluation. To ensure that the consultant's recommendations are implemented, Special Condition 9(e) requires the applicant to submit evidence that the Final Tract Map No. 46277 sets forth all geologic RUA's as shown on the grading plan submitted to Commission staff on July 28, 2000 and referenced in Special Condition 9(e). If implemented, Special Condition 9(e) will provide a recorded public document for reference by all future landowners of parcels in the Rancho Malibu Subdivision. The document will disclose to these parties the existence of the RUA's and assure that the RUA's are taken into consideration when parcel-specific development proposals are evaluated in the future. This requirement ensures that future development of the parcels created by the Rancho Malibu subdivision will be considered in light of the additional geotechnical analysis that must be provided if the proposed development footprint extends into the designated RUA's, and thus that such development will be consistent with the applicable portions of Section 30253.

In addition, Section 30253 of the Coastal Act requires that new development neither cause nor be affected by erosion. As discussed in the previous section of this report, the applicant proposes to amend the approved project to include over 700,000 cu. yds. of remedial grading that was not part of the previous approval. For the reasons set forth in detail in the previous section, significant erosion may result if the grading for t he proposed project is allowed to proceed during the rainy season (November 1 through March 31, annually). The construction/grading schedule is estimated to take from 4.5 months to over 9 months to complete, therefore it is necessary not only to prohibit grading during the rainy season (Special Condition 21) but also to require the applicant to submit a grading implementation that sets forth a schedule ensuring that total grading for the proposed project will be completed prior to November 1 of the year in which such grading commences. In addition, Special Condition 2, as revised herein, requires the designated grading monitor to notify the Executive Director if the approved grading schedule is delayed.

Finally, revised Special Condition 4 deletes the rainy season construction provisions to reduce erosion. The change is necessary to delete a portion of the condition that provides for sediment control measures if construction is undertaken during the rainy season. That provision is rendered inapplicable by the prohibition on rainy season grading set forth in new Special Condition 21.

Thus, the Commission finds that the proposed amendment, if conditioned as set forth above, will be consistent with the applicable requirements of Coastal Act Section 30253.

F. Local Coastal Program

Section 30604(a) of the Coastal Act states that:

Prior to certification of the local coastal program, a coastal development permit shall be issued if the issuing agency, or the commission on appeal, finds that the proposed development is in conformity with the provisions of Chapter 3 (commencing with Section 30200) of this division and that the permitted development will not prejudice the ability of the local government to prepare a local program that is in conformity with the provisions of Chapter 3 (commencing with Section 30200).

Section 30604(a) of the Coastal Act provides that the Commission shall issue a Coastal Permit only if the project will not prejudice the ability of the local government having jurisdiction to prepare a Local Coastal Program which conforms with Chapter 3 policies of the Coastal Act. The preceding sections provide findings that Part I of the proposed amendment will not be in conformity with the provisions of Chapter 3, but that Part II of the proposed amendment, as conditioned, will be consistent with Chapter 3. Thus, Part I is found to allow potential impacts of the proposed project to

remain unmitigated despite the existence of feasible mitigation, and Part II of the proposed amendment, as conditioned, will not create adverse impacts and is found to be consistent with the applicable policies contained in Chapter 3.

Therefore, the Commission finds that denial of Part I of the proposed amendment and approval of Part II of the proposed amendment, as conditioned, will not prejudice the County's ability to prepare a Local Coastal Program for the Santa Monica Mountains area, which is also consistent with the policies of Chapter 3 of the Coastal Act as required by Section 30604(a).

G. California Environmental Quality Act

Section 13096(a) of the Commission's administrative regulations requires Commission approval of a Coastal Development Permit Amendment application to be supported by a finding showing the application to be consistent with any applicable requirements of the California Environmental Quality Act (CEQA). Section 21080.5(d)(2)(A) of CEQA prohibits a proposed development from being approved if there are feasible alternatives or feasible mitigation measures available which would substantially lessen any significant adverse effects which the activity would have on the environment.

There are feasible alternatives to Part I (phasing of TDC requirement) of the proposed project as amended by Part I of the amendment, and thus the Commission has not approved that portion of the amendment package. The proposed project as amended by Part II (increased grading) of the proposed amendment, as conditioned, would not cause significant, adverse environmental effects. Therefore, the proposed amendment is found consistent with CEQA and with the policies of the Coastal Act.

- 3. <u>Compliance</u>. All development must occur in strict compliance with the proposal as set forth in the application for permit, subject to any special conditions set forth below. Any deviation from the approved plans must be reviewed and approved by the staff and may require Commission approval.
- 4. <u>Interpretation</u>. Any questions of intent or interpretation of any condition will be resolved by the Executive Director or the Commission.
- 5. <u>Inspections</u>. The Commission staff shall be allowed to inspect the site and the project during its development, subject to 24-hour advance notice.
- <u>Assignment</u>. The permit may be assigned to any qualified person, provided assignee files with the Commission an affidavit accepting all terms and conditions of the permit.
- 7. <u>Terms and Conditions Run with the Land</u>. These terms and conditions shall be perpetual, and it is the intention of the Commission and the permittee to bind all future owners and possessors of the subject property to the terms and conditions.

III. <u>Special Conditions</u>.

1. Submittal of Final Grading Plans

Prior to issuance of the permit, the applicant shall submit for review and approval of the Executive Director, final grading plans which include grading for the roads, building pads, wastewater treatment facility, bridge embankments, and any other areas to be graded with quantities verified by the County of Los Angeles.

2. Grading Monitor

Prior to commencing grading the applicant shall retain the services of an independent consultant with appropriate technical qualifications selected from a list provided to the applicant by the Executive Director to periodically monitor the grading during the course of the work performed under the terms of the approved grading plan. The consultant shall immediately notify the Executive Director if there is any departure from the approved grading plan and all work shall stop on that portion of the project until authorized to proceed by the Executive Director. Any substantial change from the approved grading plan shall require an amendment to the permit. Prior to initiation of other on-site improvements the consultant shall submit a report, for the review and approval of the Executive Director, upon completion of grading certifying that the grading was performed in conformance with the approved grading plan.

3. Future Grading for Single-family Development

Prior to issuance of the permit, the applicant shall record a dec restriction, in a form and content acceptable to the Executive D² provides that the development of single-family residences and app

EXHIBIT NO. PPLICATION NO Rancho Mal

(7 pages)

structures shall be located within the graded pad areas or designated building areas on lots no. 26 and 27 approved pursuant to this permit (as shown on Vesting Tentative Tract Map No. 46277, dated 6/1/93) and that any additional grading or placement of structures outside the graded area or designated building areas shall require a new coastal development permit from the Commission or its successor agency.

The document shall run with the land, binding all successors and assigns, and shall be recorded free of prior liens and encumbrances which the Executive Director determines may affect the interest being conveyed.

4. Landscaping and Erosion Control Plans

Prior to issuance of permit, the applicant shall submit landscaping and erosion control plans prepared by a licensed landscape architect and engineer for review and approval by the Executive Director. The plans shall incorporate the following criteria:

- (a) All graded areas on the subject site shall be planted and maintained for erosion control and visual enhancement purposes. To screen or soften the visual impact of development all landscaping shall consist primarily of native plants as listed by the California Native Plant Society, Santa Monica Mountains Chapter, in their document entitled <u>Recommended Native Plant Species for Landscaping Wildland Corridors</u> <u>in the Santa Monica Mountains</u>, dated November 23, 1988. Invasive, non-indigenous plant species which tend to supplant native species shall not be used.
- (b) All cut and fill slopes shall be stabilized with planting at the completion of final grading. Planting should be of native plant species indigenous to the Santa Monica Mountains using accepted planting procedures, consistent with fire safety requirements. Such planting shall be adequate to provide 90 percent coverage within 90 days and shall be repeated, if necessary, to provide such coverage. This requirement shall apply to all disturbed soils including all existing roadways, not including proposed roads and pads;
- (c) Should grading take place during the rainy season (November 1 March 31), sediment basins (including debris basins, desilting basins, or silt traps) shall be required on the project site prior to or concurrent with the initial grading operations and maintained through the development process to minimize sediment from runoff waters during construction. All sediment should be retained on-site unless removed to an appropriate approved dumping location.

5. Drainage and Erosion Control Plans

Prior to issuance of permit the applicant shall submit, for review and approval by the Executive Director, final drainage facility and erosion control plans designed by a licensed engineer which assures that no increase in peak run-off rate from the site would result from the construction of the proposed project, as a result of a ten-year, six-hour rainstorm. The drainage and erosion control plans shall include, but not be limited to, a system which

collects run-off from all building pads, and all impervious surfaces and directs it to on-site drainage facilities which shall include, but not be limited to, detention/desilting basins. Should any erosion, either on-site or off-site, result from drainage from the site the applicant shall be responsible for any necessary repairs and/or restoration.

6. Site Specific View Analysis for Future Single-Family Structures

All future proposed single-family structures shall be subject to a site specific view analysis to determine the visual impact of the proposed structure on the surrounding area. Each individual lot, depending on the visual impact, amy be subject to mitigation measures, such as visual setbacks and height restrictions to mitigate the visual impact of the development. Prior to the issuance of the permit, the applicant shall submit to the Executive Director for his approval a provision containing notice of this requirement to all future lot purchasers to be incorporated into the project's Convenants, Conditions and Restrictions. Prior to first lot sale the applicant shall supply notice to the Executive Director that the Convenants, Conditions and Restrictions containing this provision has been approved by the California Department of Real Estate and recorded with the County.

7. Restriction on future structure and roof color

Prior to issuance of the permit, the applicant shall execute and record a deed restriction in a form and content acceptable to the Executive Director, which restricts the color of the future single-family residences and ancillary structures to natural earth tones, compatible with the surrounding earth colors (white tones will not be acceptable).

The document shall run with the land, binding all successors and assigns, and shall be recorded free of prior liens and encumbrances which the Executive Director determines may affect the interest being conveyed.

8. Revised Trail Alignment

Prior to issuance of permit the applicant shall submit, for review and approval by the Executive Director, a revised trail map showing that the western end of the proposed trail is realigned to the north to connect with Encinal Canyon Road. The applicant shall submit evidence that the County has reviewed and approved the realignment.

9. Dedications, Easements and Restrictions

Prior to the issuance of the permit, the applicant as landowner shall prepare the following legal instruments and maps for the review and approval of the Executive Director:

(a) Open Space Dedication.

Applicant shall prepare a map which depicts the open space area shown on Exhibit 7 and an irrevocable offer to dedicate this area to the National Park Service, State of California Parks and Recreation Department, Santa Monica Mountains Conservancy or other public agency deemed appropriate by the Executive Director. The offer to dedicate fee title shall be for open

space purposes including habitat and visual resource protection. The document shall stipulate that any public agency accepting such dedication shall not grade, landscape, or remove vegetation, except for that necessary for the future development of a trail for hiking and equestrian use.

The offer of dedication shall be recorded free of prior liens except for tax liens and free of encumbrances which the Executive Director determines may affect the interest being conveyed. The offer shall run with the land in favor of the People of the State of California, binding all successors and assignees, and shall be irrevocable for a period of ninety (90) years, such period running from the date of recording. Evidence of recordation of the approved document is required prior to release of the permit.

(b) Wastewater Treatment Facilities.

Applicant shall prepare a map which depicts the wastewater treatment facilities, spray field, and necessary access(es) as generally shown on Exhibit 8 and an easement in favor of the County of Los Angels over these lands. The purpose of the easement shall be to allow the county to operate, inspect and maintain the approved sewer facilities. Prior to the sale of any Lots approved by this permit, the applicant shall submit proof that the County has accepted the easement as approved by the Executive Director and the fully executed document has been recorded.

(c) Private Open Space Deed Restriction

Prior to issuance of the permit, the applicant shall prepare a Map which depicts all portion of the residential lots except for the areas proposed to be graded, required for fire protection or to be dedicated for a public trail as generally shown on Exhibit 8 and a deed restriction which limits the use of the restricted areas to open space activities and prohibits vegetation removal, except as required by the County of Los Angeles for fire protection, grading and any structural development. The Map and deed restriction shall be submitted for the review and approval of the Executive Director and, upon approval, shall be promptly recorded.

(d) Trail Dedication

Prior to issuance of permit, the applicant shall submit an irrevocable offer to dedicate a twenty-foot wide public access trail easement from the eastern boundary of the subject property traversing across the property to Encinal Canyon Road, which borders along a portion of the western boundary of the property (generally depicted in Exhibit 9 of the staff report).

The irrevocable offer shall be of a form and content approved by the Executive Director, free of prior encumbrances except for tax liens, providing the public the right to pass and repass over the noted route limited to hiking and equestrian uses only. The dedicated trail easement shall not be open for public hiking and equestrian usage until a public agency or private association approved by the Executive Director agrees to accept responsibility for maintenance and liability associated with the trail easement.

The offer shall run with the land in favor of the State of California binding successors and assigns of the applicant or landowner. The offer of dedication shall be irrevocable for the statutory period of ninety (90) years, such period running from the date of recording.

10. Government Approvals

Prior to issuance of the Permit, applicant shall submit the following information for the review and approval of the Executive Director:

(a) Evidence that the Regional Water Quality Control Board has reviewed and approved the proposed waste water treatment facility and have issued any necessary permits.

(b) Evidence that the California Department of Fish and Game have reviewed the proposed siting and operation of the wastewater treatment facility and have determined there will be no adverse impacts to the stream, riparian vegetation

(c) Evidence that the County of Los Angeles has reviewed, approved and will accept responsibility for the operation of the proposed wastewater treatment facilities.

Any significant changes to the proposed project resulting from the approval of any of the agencies listed above shall require an amendment to the permit.

11. Oak Tree Permit Compliance

Prior to the issuance of the coastal development permit the applicant shall submit, subject to the review and approval of the Executive Director, a written agreement that the proposed project will comply with the mitigation requirements of the County of Los Angeles' Oak Tree Permit for the removal of five (5) on-site oak trees. Mitigation requirements include, but are not limited to, replacing adversely impacted trees at a 2 to 1 ratio.

12. Haul Roads and Staging Area

Staging areas and haul roads shall be restricted to areas subject to grading by this permit except those haul routes depicted on the Temporary Haul Road and Staging area Exhibit Map (dated 6/1/93) or as approved by the Executive Director. Haul roads outside the approved grading areas shall be restored and revegetated to their natural state within 30 days from the completion of the project's grading operation, consistent with Special condition #4 of this permit. Temporary erosion/sedimentation fencing shall be installed along the limits of the grading for the haul roads that are located within the drainages. Such fencing shall remain in place until the area is restored and revegetated.

13. Utility Location Plan Map

Prior to issuance of permit the applicant shall submit, for review and approval by the Executive Director, a plan showing that all on-site utilities are located within the graded areas approved under this permit.

14. Irrigation Plan

Prior to issuance of permit, the applicant shall submit, subject to the review and approval of the Executive Director, an irrigation plan for the water supplied by the waste water treatment plant. The plan shall be reviewed and approved by a licensed engineer, landscape architect and certified biologist to ensure that there is adequate area for irrigation, that the plan is compatible with the approved landscaping plan (condition #4) and that there will no adverse impacts to the native vegetation caused by the irrigation water.

15. Monitoring System for Sewage Treatment Plant

Prior to issuance of permit the applicant shall submit, subject to the review and approval of the Executive Director, a plan indicating a monitoring system to be installed to detect discharge from the leachfield. The Plan shall also include procedures that will be followed in the event that discharge is released from the leachfield.

16. Cumulative Impact Mitigation.

Prior to the issuance of the Coastal Development Permit, the applicants shall submit evidence, subject to the review and approval of the Executive Director, that the cumulative impacts of the subject development with respect to build-out of the Santa Monica Mountains are adequately mitigated. Prior to issuance of this permit, the applicant shall provide evidence to the Executive Director that development rights for residential use have been extinguished on forty-three (43) building sites (number subject to confirmation by Executive Director prior to issuance of the Coastal Development Permit based on the number of TDC'c being equal to the number of building lots permitted under this permit [51 lots] less the number of existing legal building lots currently existing on the proposed site) in the Santa Monica Mountains Coastal Zone. The method used to extinguish the development rights shall be either:

- a) one of the five lot retirement or lot purchase programs contained in the Malibu/Santa Monica Mountains Land Use Plan (Policy 272, 2-6);
- b) a TDC-type transaction, consistent with past Commission actions;
- c) participation along with a public agency or private nonprofit corporation to retire habitat or watershed land in amounts that the Executive Director determines will retire the equivalent number of potential building sites.

Retirement of a site that is unable to meet the County's health and safety standards, and therefore unbuildable under the Land Use Plan, shall not satisfy this condition.

17. Plans Conforming to Geologic Recommendation

All recommendations contained in the Engineering Geologic Report prepared by Pacific Soils engineering, INC. dated June 15, 1993, regarding the proposed development shall be incorporated into all final design and construction

including grading, and drainage. All plans must be reviewed and approved by the consultant. Prior to transmittal of the permit the applicant shall submit, for review and approval by the Executive Director, evidence of the consultants' review and approval of all project plans. The geologic restricted use area shall be delineated and recorded on the final parcel map.

The final plans approved by the consultant shall be in substantial conformance with the plans approved by the Commission relative to construction, grading and drainage. Any substantial changes, as determined by the Executive Director, in the proposed development approved by the Commission which may be required by the consultant shall require an amendment to the permit or a new coastal permit.

18. Archeological Resources

Prior to issuance of the permit, the applicant shall agree in writing that a qualified archaeologist and an authorized representative of the Native American Heritage Commission shall be present on-site during all grading and that should archaeological (or paleontological) resources be discovered, all activity which could damage or destroy these resources shall be temporarily suspended until the site has been examined by a qualified archaeologist (or paleontologist) and mitigation measures have been developed and implemented to address the impacts of the project on archaeological (or paleontological) resources. Such mitigation measures shall be reviewed and approved by the State Office of Historic Preservation prior to implementation and resumption of development. Any substantial changes in the proposed development approved by the Commission, which may be required by the consultant shall require an amendment to the permit or a new coastal permit.

19. Treatment Plant Construction

Prior to issuance of the permit, applicant shall submit, for the review and approval of the Executive Director, a detailed plan of the wastewater treatment plant site and adjacent riparian area. The plan shall clearly indicate the location of the riparian vegetation and provide for the placement of a temporary erosion/sedimentation fencing along the outer limit of the grading. The plan shall also show that the grading and leachfield are a minimum of 50 feet from the riparian vegetation and that all structures are a minimum of 100 feet away. All construction and grading activities shall remain north or outside of the riparian area. Prior to commencement of construction and grading, staff shall inspect the fenced area to ensure that the riparian/ creek habitat is adequately protected.

20. Terms of Permit

The terms and conditions of this permit shall supersede any conflicting reservations or other information placed on any of the plans or maps submitted as part of this application.

IV. Findings and Declarations.

This project is here on remand from the Superior Court of Ventura Following judgment entered in favor of the City of Malibu against the Commission.

ATTORNEYS AT LAW

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Mr. Gary Timm California Coastal Commission South Central Coast Area 89 South California Street, 2nd Floor Ventura, CA 93001

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BAKU

May 12, 2000



CALIFORNIA COASTAL COMMISSION SOUTH CENTRAL COAST DISTRICT

Re: Application For Amendment to Special Condition 16 (TDC Acquisition) of Coastal Development Permit Permit No. 5-91-436 Rancho Malibu Project, Los Angeles County

Dear Gary:

EUROPE

BAHRAIN

MIDDLE EAST

AMSTERDAM

BARCELONA

BRUSSELS

BUDAPEST CAIRO DUSSELDORF

FRANKFURT

GENEVA

LAUSANNE

MADRID

MOSCOW

MUNICH

PRAGUE

ROME ST. PETERSBURG

STOCKHOLM

ARSAW

ZURICH

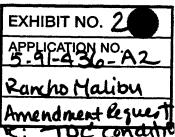
PARIS

MILAN

This Application for an Amendment ("Amendment") to Special Condition 16 (TDC acquisition) of Coastal Development Permit No. 5-91-436 ("Permit"), for a residential subdivision project ("Project")¹, is submitted on behalf of the property owner, BMIF/BSLF II Rancho Malibu Limited Partnership ("Banyan"). The Amendment seeks a "phasing" of the TDC requirement to allow the issuance of the Permit for all aspects of the Project except the sale or issuance of a building permit on 13 specified lots which may not occur until the TDC requirement is satisfied for each specified lot.

The Amendment is necessary because, despite diligent efforts for over the past two years, Banyan has been unable to acquire all required TDCs due to the complexity and length of the TDC approval process and the limited seller's market. The Amendment does not change

¹ This Commission has reviewed and approved the Project three times previously. The Coastal Commission unanimously approved the Permit in 1993 for a 51 residential lot Project (a reduction from the original 1991 Coastal Commission approval of 55 lots). The Commission Project approval was upheld by both (& pages the trial court and Court of Appeal. In November 1998, the Commission approved a Permit amendment to reduce the number of residential lots from 51 to the 46 lots approved by the County.





BAKER & M[¢]KENZIE

Mr. Gary Timm May 12, 2000 Page 2

the intended effect of the Project. The purpose of Condition 16, which is to address cumulative development by requiring the extinguishment of a buildable lot for each Project lot, is not altered by the metering of TDC acquisition. Under the Amendment, no lot may be built until a TDC is acquired. The satisfaction of all other conditions is still required prior to the Permit issuance, which assures the implementation of the public benefits and environmental protection policies of the Project. Further, this Amendment will not establish a precedent for other projects under the Malibu LUP. The Project presents unique circumstances because of the large number of TDCs required, and the length of time the Project has been pending before the Commission due to litigation and other delays in County processing. The Commission cannot legally enforce an unworkable condition. This Amendment solves the dilemma presented by the TDC condition.

This Amendment is narrow and does not change the Project or the substance of any conditions. It only affects the timing of completion of the TDC condition which is one of the 20 Special Conditions of Project approval. Specifically, the Amendment revises Special Condition 16 to require the recordation of a deed restriction on 13 specified lots which prohibits the sale of each lot and the issuance of building permits for any structure on any such lot until satisfaction of the TDC condition for the lot is approved by the Executive Director². Since Banyan has submitted documents to Coastal staff to satisfy the TDC condition for 33 of the 46 residential lots (i.e., 25 TDCs and credit for 8 existing lots on the Project site), the Amendment's effect is that the construction of 13 residential units is "phased" until a TDC is approved for each unit. The deed restriction also has a "sunset" provision which requires satisfaction of the condition within ten years of recordation. If the condition is not satisfied within ten years, either the lot will revert to open space or Banyan shall pay an in-lieu fee not to exceed \$100,000.00 per remaining lot to be used to mitigate the cumulative impacts of the Project on build-out of the Santa Monica Mountains area.

We request that the Amendment be placed on the agenda for the Commission's July meeting. It is critical that the Project development begins this grading season to allow timely completion. Enclosed are a completed Amendment application form and a check for the required fee.

A. Completion of TDC Condition Has Been Delayed By Small Seller's Market and Onerous and Time-consuming Acquisition And Approval Process

Banyan has made diligent efforts and exhausted every available avenue in trying to satisfy the TDC requirement. However, the complexity and cost of the TDC acquisition and

² The exact language of the proposed revision to Special Condition 16 and a redline showing the changes from the original condition are attached as Exhibit 1.

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approval process has prevented timely completion of this condition. The reason for this delay is twofold. First, the market for TDCs is extremely limited. Second, the Commission process for establishing a TDC credit is lengthy and complex, and requires several Coastal staff reviews, involving months of time, before the TDC transaction is finalized.

For the past several years, Banyan has been diligently pursuing the acquisition of TDCs. Banyan has endeavored to speak to all real estate agents and brokers who market TDCs. However, the market for selling this unique interest in land is very small. Part of the reason for the limited market is because the TDC process is known to be so onerous and difficult that few people are willing to sell TDCs. Banyan has negotiated TDC purchase contracts with Norm Haynie, Tom Bates, and Mountains Restoration Trust, among others. It also has spoken to Rosalind Nelson and Harshel Hasler (two land specialists in Malibu) about acquiring TDCs. It has entered into numerous purchase agreements with individuals for TDCs, of which only 25 have closed or are in escrow. Several other contracts fell out of escrow due to delays in the Commission's processing. Two contracts with Mountains Restoration Trust expired because the Trust was unable to provide any TDCs, due to disputes with the Commission over satisfaction of past TDC obligations. Another impediment to Banyan's efforts is that none of the alternatives to TDC transactions included in the original condition have been made available. Therefore, despite continuing efforts and numerous contractual obligations, Banyan has not been able to acquire, at this time, all of the TDCs needed for the Project.

The lengthy Coastal staff review and approval process also has caused delays in the satisfaction of the TDC condition. The crediting of a TDC to the Permit requires a multi-step process which, in general, has taken at least six months to complete. This length of time is unacceptable for most real estate transactions and creates a contingency out of the parties' control. During the period of Coastal staff review, the transaction is in danger of falling apart due to delay and changes in market conditions. A more expedited review process should be created since the primary documents reviewed by the Commission staff are the very real estate forms that staff created. In any event, the multiple steps to creating a TDC is a significant constraint on completing the process in a timely manner. These steps are summarized below: The TDC value of a legal buildable lot must be identified and approved by Coastal staff. The lot must be deed restricted for open space uses and "tied" to an adjacent lot through a real estate transaction. The open space deed restriction and declaration of restrictions (i.e., Commission forms) must reviewed, approved, and executed by Coastal staff before they can be recorded and the real estate deal closed. The recorded documents and updated title report are sent to the Coastal staff for final crediting of the TDC to the Permit. Given this process, it is clear that the remaining TDCs will not be processed and approved before the Permit expiration date of August 11, 2000.

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B. The Amendment Does Not Lessen Or Avoid The Intended Effect Of The Permit

The Amendment will not lessen or avoid the intended effect of the Permit because it does not change the requirement that the Project comply with all original conditions of approval. (Title 14 California Code of Regs. § 13166(a).) No aspect of the approved development is modified including the low-intensity, single family residential use, clustered development, amount of grading, open space areas, and public trails. Prior to Permit issuance, all conditions must be fulfilled, including: (1) the retention of approximately 87% of the Project site (232.6 acres) in natural, undisturbed state of which 167 acres will be dedicated to a public agency; (2) the creation of a public trail; (3) clustering development to minimize land disturbance and alteration; and (4) implementation of numerous environmental protection and mitigation measures. The Amendment will not change the insignificant impact of the Project on coastal and environmental resources. The Amendment also does not affect the Commission's prior determination that the Project is consistent with the Coastal Act, since no aspects of the Project are changed.

The Amendment does not change the essence of Special Condition 16 - development rights on an existing buildable lot must be extinguished before building construction commences on each Project lot. The proposed Amendment creates an equitable solution to the problem of timing of condition completion. It allows issuance of the Permit upon satisfaction of all other conditions and prohibits the sale or issuance of building permit for certain limited lots (13 of the 46 Project lots) until the TDC condition is satisfied for the lot³. The completion of the Project is virtually assured at this time. Banyan has made commitments to construct all 46 lots as part of its design and completion of required plans. It has complied with all conditions at considerable expense. Banyan should not be penalized by the loss of a grading season due to difficulties with the TDC process which is outside its control.

³ The Commission has previously approved a similar amendment to a TDC condition for another project in Los Angeles County. Attached hereto as Exhibit 2 is a copy of the permit amendment. Under that approved amendment, the coastal development permit was issued for individual lots upon the satisfaction of the TDC condition for each individual lot. The amended condition required recordation of a deed restriction on the property stating lot development could not commence until the TDC condition was satisfied for the lot. Similarly, in this case, the Amendment would be recorded on the property to ensure implementation and enforcement.

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C. This Amendment Will Not Establish A Precedent For Other Projects Under The Malibu LUP.

This Amendment will not have precedential value for other projects subject to the Malibu LUP. The Project has several unique circumstances that justify this Amendment. First, the original Project approval is almost a decade old. It was first approved by the Commission in 1991. Second, the Project requires the largest number of TDCs – 38 – of any project approved under the Malibu LUP, of which we are aware. The difficulties encountered by this Project due to the large number of TDCs will not be experienced by other, smaller projects. Third, the Project has already experienced significant delays to its implementation due to factors beyond its control. It took several processings by the County and Commission before these entities approved the same project. Further, both the Commission and County approval were challenged in court, which also delayed Banyan's ability to proceed with development. Since these unique circumstances will not be replicated in other projects, the justifications for the type of TDC amendment described herein will not exist for other projects.

C. Conclusion

Based on the foregoing, we respectfully request that the proposed Amendment be expeditiously processed in accordance Commission procedures. We also request that this application be placed as an item on the agenda at the Commission's July meeting.

If you have any questions regarding the Amendment, please call me at (415) 984-3818. We thank you for your assistance and look forward to hearing from you.

Sincerely,

7. Davido

JVD/rw cc: Ms. Melanie Hale Mr. Gary Engle

EXHIBIT 1

16. Cumulative Impact Mitigation.

Prior to the issuance of a Coastal Development Permit, the applicants shall submit evidence, subject to the review and approval of the Executive Director, that the cumulative impacts of the subject development with respect to build-out of the Santa Monica Mountains are adequately mitigated as follows. Since eight buildable lots already exist on the property, credit for these eight lots shall be applied to the TDC requirement and extinguishment of development rights are not required for these eight lots. Prior to the issuance of the Coastal Development Permit, the applicant shall present evidence to the Executive Director that this condition has been satisfied for 33 of the Project's 46 residential lots (25 TDCs approved by Executive Director and 8 existing lots on the Project site). Prior to the issuance of the Coastal Development Permit, the applicant also shall record a deed restriction on the following 13 residential lots (Lots 27, 28, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45 and 46), in a form and content acceptable to the Executive Director, which provides that no sale of the lot and no building permit may be issued for, and no construction on any residential structure may commence, on the lot, until the applicant has provided evidence to the satisfaction of the Executive Director that development rights for a residential use has been extinguished through a TDC transaction or one of the other methods specified below. If a TDC is not approved and credited for any of the 13 specified, deed-restricted lots within 10 years of the effective date of the amendment to this condition, the applicant may fulfill its remaining obligations under this condition by either of the following two methods: (1) any lot for which a TDC has not been credited shall revert to open space; or (2) the applicant shall pay to the Commission a fee in an amount not to exceed a total of \$100,000.00 for each lot for which a TDC has not been credited, to be used to mitigate the cumulative impacts of any such lots on build-out of the Santa Monica Mountains. The method used to extinguish the development rights shall be either:

- a) one of the five lot retirement or lot purchase programs contained in the Malibu/Santa Monica Mountains Land Use Plan (Policy 272, 2-6);
- b) a TDC-type transaction, consistent with past Commission actions;
- c) participation along with a public agency or private nonprofit corporation to retire habitat or watershed land in amounts that the Executive Director determines will retire the equivalent number of potential building sites.

Retirement of a site that is unable to meet the County's health and safety standards, and therefore unbuildable under the Land Use Plan, shall not satisfy this condition.

NOTE: Paragraphs C., D, and E of the original condition have been deleted because they appear to have been inadvertently included as part of the original condition. However, these paragraphs may be left in the revised condition if Coastal staff believes that is appropriate.

5.17

EXHIBIT 1

16. Cumulative Impact Mitigation.

Prior to the issuance of a Coastal Development Permit, the applicants shall submit evidence, subject to the review and approval of the Executive Director, that the cumulative impacts of the subject development with respect to build-out of the Santa Monica Mountains are adequately mitigated {. Prior to issuance of this permit, the applicant shall provide evidence to the Executive Director that development rights for residential use have been extinguished on forty-three (43) building sites (number subject to confirmation by Executive Director prior} [as follows. Since eight buildable lots already exist on the property, credit for these eight lots shall be applied to the TDC requirement and extinguishment of development rights are not required for these eight lots. Prior] to the issuance of the Coastal Development {permit based on the number of TDC's being equal to the number of building lots permitted under this permit [51-lots] less the number of existing legal building lots currently existing on the proposed site) in} [Permit, the applicant shall present evidence to the Executive Director that this condition has been satisfied for 33 of the Project's 46 residential lots (25 TDCs approved by Executive Director and 8 existing lots on the Project site). Prior to the issuance of the Coastal Development Permit, the applicant also shall record a deed restriction on the following 13 residential lots (Lots 27, 28, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45 and 46), in a form and content acceptable to the Executive Director, which provides that no sale of the lot and no building permit may be issued for, and no construction on any residential structure may commence, on the lot, until the applicant has provided evidence to the satisfaction of the Executive Director that development rights for a residential use has been extinguished through a TDC transaction or one of the other methods specified below. If a TDC is not approved and credited for any of the 13 specified, deed-restricted lots within 10 years of the effective date of the amendment to this condition, the applicant may fulfill its remaining obligations under this condition by either of the following two methods: (1) any lot for which a TDC has not been credited shall revert to open space; or (2) the applicant shall pay to the Commission a fee in an amount not to exceed a total of \$100,000.00 for each lot for which a TDC has not been credited, to be used to mitigate the cumulative impacts of any such lots on build-out of] the Santa Monica Mountains {Coastal Zone}. The method used to extinguish the development rights shall be either:

- a) one of the five lot retirement or lot purchase programs contained in the Malibu/Santa Monica Mountains Land Use Plan (Policy 272, 2-6);
- b) a TDC-type transaction, consistent with past Commission actions;
- c) participation along with a public agency or private nonprofit corporation to retire habitat or watershed land in amounts that the Executive Director determines will retire the equivalent number of potential building sites.

