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Regional Issues Rise On Public Agenda

The notion of regional government in some form is making a comeback in California and particularly in the Los Angeles area.

As the issues associated with the state's rapid growth in the last few years rise to the regional level — air quality, transportation, water, sewage and waste disposal, housing — planners and elected officials are taking a new look at regional governmental structures, most of which have not proven particularly effective in the past.

In particular, local officials appear to be keeping a watchful eye on the South Coast Air Quality Management District. Given AQMD's new legislative powers, its strong-willed executive staff, and growing concern over air quality as a regional issue, AQMD could conceivably enter the arena of land-use controls in the near future.

The fear that AQMD could make such a move has apparently given new life to ideas for revamping the moribund Southern California Association of Governments, or SCAG, which represents six counties and some 150 cities but has never served to carry out public policy. The potential power of AQMD "creates an opportunity for SCAG that may never come again," Pat Nemeth, SCAG's director of environmental planning, told the California Chapter American Planning Association's conference in Palm Springs in late October. "I think, personally, my organization will not exist two years from now, or even one year from now, in its present structure." The SCAG staff is *Continued on page 4*

Economic, Race Changes May Pose Threat to State

California's vast economic and demographic changes may turn the state's communities into colonial islands for Asian interests and/or politically segregated ethnic enclaves.

These, at least, were the predictions of two provocative speakers at the American Planning Association's California Chapter annual conference in Palm Springs. Addressing the subject of "How Are Economic Forces Changing Planning?", economic trend-spotter Corrine Gibb and planner Ed Blakely talked mostly about the dark side of California's booming Pacific Rim economy, the vast Asian and Hispanic immigration, and the slow-growth response to both trends.

"We are in a period of epochal change," Gibb said. "The national, state, and local jurisdictional units are going to change, and in the future they are going to be ethnically segregated."

California's booming economy means that, even with rapid immigration from Asia and Latin America, the state is not likely to suffer from an unemployment problem. "We will have jobs for them," said Blakely, a UC-Berkeley planning professor. "They'll simply be bad jobs."

The real problem, he reported, is that ethnic segregation in the workplace will continue to grow. He said Hispanic workers are increasingly concentrated in manufacturing jobs, Asians in trade, whites in the management class, and blacks in the *Continued on page 2*

San Clemente Rejects Appeal of Growth Ruling

The San Clemente City Council apparently won't appeal a decision striking down the city's newly enacted growth control measure — but slow-growthers in the county say they will do so if the city doesn't.

On Oct. 20, Orange County Superior Court Judge John C. Woolley ruled that Measure E, which passed easily in June, would require unconstitutional exactions, in violation of the rule set down last year by the U.S. Supreme Court in *Nollan v. California Coastal Commission.* "The initiative is facially defective," Woolley wrote. "Its plain meaning requires property owners to mitigate conditions not only caused by their development (a proper goal) but also to cure the inadequacies of those who developed their property before them."

The San Clemente case is a continuation of the pre-election challenge to the identical growth-control measures that were on the ballot in San Clemente and Orange County last June. Prior to the election, the Building Industry Association of Southern California failed in an effort to knock the measures off the ballot. (*CP&DR*, April and May 1988.) The countywide measure was defeated but the San Clemente initiative passed with some 63% of the vote.

The same measure was to appear on the ballot in three other Orange County cities — Huntington beach, Costa Mesa, and San Juan Capistrano — on Nov. *Continued on page 5*

UPDATE

Congress Fails to Renew Clean Air Act

Congress has given up on passing a new version of the Clean Air Act, at least for this year.

The act originally was scheduled to expire last December, but Congress extended the law for eight months, until the end of August, in hopes of passing a new bill this year. However, the August deadline came and went (*CP&DR*, September 1988) and Maine Democratic Sen. George Mitchell, the key legislator on the issue, finally threw in the towel in October. "There has not been sufficient willingness to compromise," Mitchell told the Senate. "As a result, we will do nothing."

Federal clean-air laws are particularly important in California, where smog in many parts of the state do not come close to meeting federal standards. Already, the Environmental Protection Agency has imposed a ban on the construction of new polluting sources in the Los Angeles basin because the area did not meet federal standards by the August deadline. EPA may take similar action against several other so-called "non-attainment areas," including Sacramento, the Central Valley, and Ventura County, in the near future. In L.A. at least, such a ban has little practical effect since major new polluters are virtually banned by state regulations anyway.

Failure to pass a clean air bill was attributed to infighting and resistance among interest groups that would have to pay the cost of air clean-up. In particular, clean-air advocates blamed the coal and auto industries and electric utilities for resisting expensive new pollution controls in the Midwest and other areas of the country.

Unlike the Midwest, however, California's pollution problem is largely due to the creation of photochemical smog from a combination of auto emissions, topography, and climate. Under the proposals floated on Capitol Hill this year, Los Angeles would have been given a 10- to 15-year deadline to meet federal standards for ozone and carbon monoxide — which would have meant racheting back emissions in the L.A. basin by some 5-8% per year. The business community, represented by the Los Angeles Area Chamber of Commerce, opposed this formulaic regulation, claiming that more reductions could be achieved by granting the region flexibility.

Economic, Racial Changes May Pose Threat to California

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government sector. Astonishingly, Blakely reported, 63% of all blacks in the middle class in California work in the government sector.

Both speakers said this labor-force segregation is carrying over into political segregation as well. According to Gibb, this political segregation by ethnic group is occurring on a global scale, while Blakely said it is happening in California. Affluent whites lock minority groups out of good jobs by moving them to the suburbs, then "lock" those suburbs up via growth control, he said: "No-growth and slow-growth are really buzzwords for racism." When asked whether an effort toward "jobs-housing balance" would help rectify this segregation, Blakely was gloomy. "Unless we have some equivalent to (forced) busing in jobs and housing," he said, "it's not going to happen."

The increasing economic power of Asian interests, particularly the Japanese, could, in effect, colonize California, profoundly affecting the landscape for both economic growth and real estate development. California should not take its geographic or cultural advantages for granted, the speakers said. In the future, as business decisions are made in Asia, Pacific Rim companies may "leapfrog" California in search of business opportunities on the East Coast or in Europe. "We may find the brainpower of India driving the economy of California," Blakely said.

Added Gibb: "The Japanese ownership of American banks undoubtedly will change the style of real-estate development." Japanese investors began simply by acquiring buildings in California; however, now they are joint-venturing with American developers (and sometimes with Japanese construction companies) to build new projects. In the future, a vast amount of California real-estate decision-making will probably be done in Tokyo. "Japaese experts say arrangements between deveopers and financial makers will be made back in Japan before that development is ever brought to these shores," Gibb said.

In fact, Blakely illustrated the point by telling a story of a Japanese investment company planning a "new town" in Australia. "Everything is going to be done in Japan, not Australia," he said. "I'm a consultant on the project, and I'm going to Japan to consult. I'm only going to Australia for a week."

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COURT CASES

U.S. Supreme Court Won't Review California Exaction Cases

Apparently sending an important message, the U.S. Supreme Court has rejected challenges to two California appellate rulings upholding exactions and conditions imposed on new development.

In quick succession, the high court chose not to hear appeals in *Crocker National Bank v. City of San Francisco*, 88-76, which challenged San Francisco's transit impact fee on downtown office buildings, and *Jonathan Club v. California Coastal Commission*, 88-179, which challenged the Coastal Commission's ability to require a private club to expand its membership as a condition for a land-use permit approval.

The Supreme Court's actions serve to further define the boundaries on exactions and permit conditions laid out last year in *Nollan v. California Coastal Commission*, a sharply worded, split opinion that struck down conditions attached to a coastal development permit. (*CP&DR*, July 1987.)

The decision not to take the *Crocker National Bank* case indicates that the Supreme Court will accept wide-ranging exactions if they are carefully documented. In the lower-court ruling, *Russ Building Partnership v. City of San Francisco*, 44 Cal.3d. 839, the California Supreme Court upheld San Francisco's downtown transit impact fee of $5 per square foot. The fee had been challenged by builders as an illegal tax under Proposition 13, but the courts ruled that San Francisco had done enough research to prove that new office constuction downtown does, in fact, affect the need for transit facilities.

The Jonathan Club case, however, involved an exaction almost as far-reaching as the Coastal Commission's exaction in the Nollan case. In 1985, the commission approved the Jonathan Club's request to make additions to its Pacific Coast Highway facility in Santa Monica, but required the club to publicly declare that it does not discriminate against women or minority groups. The exaction's legitimacy derived from the Coastal Commission's mandate to maximize public access to the beach — a goal, the commission said, that would not be furthered by the expansion of an allegedly exclusive club.

Despite the Jonathan Club's objections, the exaction was upheld by the state Court of Appeal in *Jonathan Club v. California Coastal Commission*, 197 Cal.App.3d 884. Like the U.S. Supreme Court, the California Supreme Court declined to review the case.

High Court Grants Financial Leeway to Redevelopment Agencies

The California Supreme Court has given redevelopment agencies broad latitude to chart their own financial futures, overturning an appellate court ruling that placed tight reins on the agencies' access to tax-increment financing.

In *Marek v. Napa Community Development Agency*, the high court ruled that a county auditor cannot block the release of tax-increment funds because a redevelopment agency's request is based on anticipated, rather than actual, indebtedness.

Referring to the California Redevelopment Law, Justice Marcus Kaufman wrote for a unanimous court: "The manifest legislative intent is that available tax increment revenues be furnished to redevelopment agencies so they have a reliable source of funds to pay all indebtedness incurred in the process of redevelopment. To hold otherwise, we are persuaded, would disrupt the orderly scheme of redevelopment financing in California."

Disputes between counties and redevelopment agencies over tax-increment funds are not unusual. This case arose from a dispute between Napa County Auditor-Controller James H. Marek Jr. and the City of Napa's community redevelopment agency.

By law, each county's auditor is required to pay to each redevelopment agency tax-increment funds "in an amount not to exceed the amount shown on the agency's statement of indebtedness." In 1977, Marek's predecessor sued the redevelopment agency, claiming that the agency's statement of indebtedness was deficient. Under the terms of a subsequent out-of-court settlement, the redevelopment agency was supposed to provide unusually detailed financial information to the county auditor, separately accounting for the use of tax-increment funds and all other funds.

In 1981, the Napa redevelopment agency prepared a "statement of indebtedness" claiming indebtedness on the project to be $1.35 million and seeking $550,000 in tax-increment funds. The money was to be used partially for front-end costs, such as acquisition and clearance, in the Parkway Plaza Redevelopment Project. However, Marek withheld the tax-increment funds, saying he believed the agency had enough funds to cover to indebtedness.

Then the redevelopment agency revised its statement of indebtedness, now claiming outstanding debt of $11.9 million — the amount needed to carry out all the redevelopment agency's obligations in the Parkway Plaza project.

At trial, the county auditor insisted that in order to receive tax-increment funds the redevelopment agency was required to have "actual indebtedness, not proposed indebtedness." The redevelopment agency, by contrast, claimed the concept of indebtedness was "broad and flexible," designed to assure that agencies receive all tax-increment funds needed to perform all obligations under a redevelopment contract.

In a split vote, the First District Court of Appeal sided with the auditor, ruling that the only indebtedness the redevelopment agency was legally obligated to was a return of the developer's good-faith deposit.

On appeal, however, the Supreme Court unanimously overturned the Court of Appeal. "Since redevelopment agencies are statutorily empowered to enter into binding contracts to complete redevelopment projects, the term 'indebtedness' must be interpreted in a way that will enable those agencies to perform their contractual obligations." The court went on to note that both the state constitution and the redevelopment law "dictate that tax increment revenues 'shall be allocated to and when collected shall be paid into a special fund of the redevelopment agency' to pay its indebtedness.

"The very notion of a 'special fund of the redevelopment agency' plainly implies that the agency itself will control the utilization of tax-increment funds and militates against the notion of aproecss budgetarily controlled by county auditors," Kaufman wrote for the court.

The complete text of Marek v. Napa Community Development Agency, No. S000820, appeared in the Los Angeles Daily Journal Daily Appellate Report on Oct. 17, beginning at page 13019.

Action on Regional Government May Come Soon

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developing a proposal to replace SCAG with a "regional congress."

Meanwhile, James Lents, AQMD's executive director, indicated that he believes his agency will enter the field of land-use regulation, directly or indirectly, at some point in the not-to-distant future. Speaking at UCLA's annual Donald Hagman Commemorative Program just a few days later, Lents said: "The only solution I know is to create a set of parameters for local government to work within." He clearly implied that AQMD should set such parameters and, like the California Coastal Commission, reserve the right to assume regulatory control if local governments do not comply.

Meanwhile, business leaders in Los Angeles and elsewhere are beginning to get behind the call for better regional government, which may push the issue along in Sacramento. In a recent report on growth management, the Los Angeles Area Chamber of Commerce called for the creation of a regional planning agency and laid much of the blame for Southern California's growth problems on the fragmentation of political power in the region among local governments and single-purpose agencies such as AQMD.

At the same time, Peter Detwiler, principal consultant for the state Senate Local Government Committee, said business leaders are beginning to express interest in the "New Regionalism" effort being undertaken by his committee chairman, Sen. Marian Bergeson of Newport Beach. Bergeson plans to introduce a package of bills dealing with regional issues in the next legislative session.

California has several regional governmental bodies, most of which date back to the 1960s, when they were established to assist in the distribution of federal funds to local government. The three most prominent are SCAG, the Association of Bay Area Governments (ABAG), and the San Diego Association of Governments (SANDAG). Of the three, SANDAG has long been regarded as the most effective, largely because it covers only one county that contains just 16 cities, one of which (San Diego) is clearly dominant on the regional scene. SCAG, by contrast, has had to deal with the competing interests of cities and counties from Oxnard to El Centro.

The growth control movement has created new interest in regional government in the development community, among planners, and even on the part of slow-growthers. Planners recognize that local growth control laws have shifted development patterns without addressing the question of how to accommodate (or limit) growth on a regional level. At the same time some slow-growthers, especially those with an environmental orientation, see that their efforts so far have not turned off the faucet of growth on the regional level, which is created by both the general economic climate and the availability of water, sewage capacity, and other resources. So far, however, slow-growthers have not been effective in taking the political passion they often tap into on the local level and translating it to the regional level.

COURT CASES

Ft. Bragg Must Permit Low-Income Housing, Court Rules

An appellate court has ordered the City of Fort Bragg to reinstate a conditional use permit and re-issue a building permit for a long-delayed public housing project sponsored by Mendocino County.

Ruling in *Community Development Commission of Mendocino County v. City of Fort Bragg,* the First District Court of Appeal in San Francisco ruled that the Fort Bragg City Council had wrongly denied an extension of the conditional use permit in 1984, some four years after the permit was originally issued.

The county CDC, a public agency, had entered into an agreement with the city in 1982 to develop 30 units of federally subsidized housing on two sites inside city limits. One of the two sites already had a use permit for low-cost housing, so CDC proceeded with engineering and architectural studies for both sites.

A three-judge panel of the Court of Appeal overturned the lower court's ruling. "The record in this case clearly demonstrates CDC was proceeding with a good faith intent to commence upon the proposed use," the court wrote, noting that the agency had obtained a funding commitment from HUD, purchased a piece of property, hired architects and engineers, removed two small structures from the site, and submitted plans to the city for plan-check review.

The full text of Community Development Commission of Mendocino County v. City of Fort Bragg, No. A037754, appeared in the Los Angeles Daily Journal Daily Appellate Report on October 6, beginning at page 12682.

Orange County EIR Adequate After Changed Circumstances

Environmentalists have failed in their effort to get a new environmental review of a medical laboratory to be constructed on land completely surrounded by an Orange County wilderness park.

In a split decision, a three-judge panel of the Fourth District Court of Appeal in Orange County ruled that the public purpose of land around the proposed Nichols Institute Reference Laboratories doesn't require the preparation of a new environmental impact report (EIR) under state law.

Nichols received a use permit in 1981, based in part on an EIR for the property, but allowed the permit to expire and did not seek a new one until 1986. In the meantime, the county had obtained 2,000 acres of land from the Rancho Mission Viejo Co. as a condition for approval of the Rancho Santa Margarita project. The land, which surrounded the Nichols property, was added to the Casper Wilderness Area, making the Nichols property an "inholding" completely surrounded by the public wildnerness area.

When Nichols applied for a new use permit in 1986, the county did not prepare a new EIR, but, rather, filed a lengthy addition to the 1981 EIR. The Planning Commission approved the decision not to require a new EIR and the Board of Supervisors upheld the decision on appeal. The Fund for Environmental Defense sued, claiming that a new EIR was, in fact, needed. The trial court upheld the county's actions.

On appeal, the Fund argued that a new EIR was needed because the surrounding land was now a public wilderness forest, among other arguments. But the majority of the appellate panel disagreed. "The essence of the Fund's argument is disappointment over the county's policy decision to proceed with the project at all now that the site is in the middle of the park. But that decision is beyond the scope of these proceedings."

The full text of Fund for Environmental Defense v. County of Orange, G005607, appeared in the Los Angeles Daily Journal Daily Appellate Report on October 17, beginning at page 13008.

In many parts of the state, this new awareness of regional issues has led to the creation of regional or sub-regional entities, dealing with specific issues and involving the voluntary participation of local governments. In Orange County, for example, the Transportation Corridor Agencies are joint powers authorities established by local governments to plan construction of new freeways. In Silicon Valley, the Golden Triangle Task Force, established at the insistence of local manufacturers, is a consortium of local governments banding together to deal with transportation and land-use issues.

These "ground-up" efforts appear to be the pattern that any further restructuring of regional government is likely to follow. Bergeson's "New Regionalism" bills probably will seek solutions to regional problems by using the current decentralized governmental structure more effectively.

"Regional planning authority coming down from the state is highly unlikely," said Gary Binger, ABAG's planning director, in speaking to the Cal Chapter APA conference. "It does seem to me that a bottom-up approach to regional planning may, in fact, be successful."

Because of its rapid growth, political fragmentation, and sheer size, however, the Los Angeles area is a particularly difficult problem when it comes to regional government. "What we have really become is a collection of metropolises," SCAG's planning director, Frank Hotchkiss, told the APA Palm Springs gathering.

With that in mind, Hotchkiss said, SCAG may recommend a two-tiered reorganization of regional government. First, he said, cities and counties must work together on the sub-regional level. The Greater L.A. area, he said, operates functionally as 15 or 20 sub-regions with an average population of about 1 million people, a size at which public issues can be dealt with effectively. Second, Hotchkiss said, SCAG is likely to recommend the creation of the Southern California Congress, a regional body composed of both local government officials and representatives of regional single-issue agencies such as AQMD. The Congress would be designed as a forum where all interest groups in the region could work out their differences, an activity that now must take place on an ad-hoc basis.

Contacts: Frank Hotchkiss and Pat Nemeth, SCAG, (213) 385-1000.
Peter Detwiler, Senate Local Government Committee, (916) 445-9748.
Gary Binger, Association of Bay Area Governments, (415) 464-7900.
James Lents, South Coast Air Quality Management District, (818) 572-6200.
Ray Remy, Los Angeles Area Chamber of Commerce, (213) 629-0711.

Pasadena, Santa Barbara Councils Impose Commercial Controls

As other cities awaited growth-related election results, the city councils in Pasadena and Santa Barbara moved ahead with their own slow-growth plans in hopes of forestalling citizen initiatives.

In Pasadena, the Board of Directors, as the council is called, has approved strict controls on new office development. The plan will limit office construction in the city to no more than 150,000 square feet per year and restrict the new development to redevelopment areas. The plan is scheduled to remain in effect for two years while the city develops a permanent ordinance, expected to include annual caps on all types of new development.

The plan was developed in response to the threat of an ballot initiative being circulated by a citizens group, Pasadena Residents in Defense of the Environment, or PRIDE. PRIDE's proposal, expected to appear on the municipal ballot next March, would restrict development in the city to 250 housing units (excluding single-family homes) and 250,000 square feet of commercial and industrial development each year. All projects larger than 25,000 square feet would require approval from a two-thirds majority of the Board of Directors. In addition, demolition of affordable housing would be prohibited unless it would replaced with new units.

Meanwhile, in Santa Barbara, the city council has imposed a temporary freeze on pending commercial projects and a six-month hold on new applications. By a 4-3 vote, the council froze further consideration of about 25 commercial projects totalling about 285,000 square feet.

San Clemente Won't Appeal Ruling Against Growth Measure

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8. However, building industry officials questioned the usefulness of such votes, claiming that Woolley's ruling rendered them moot.

The San Clemente initiative prohibits new development near areas of severe traffic congestion unless that congestion is improved prior to construction. Lawyers for the Lusk Co., which filed the San Clemente lawsuit, argued that the initiative would require developers to pay for remedial traffic improvements, not just their fair share — a technique struck down by the U.S. Supreme Court in the *Nollan* case.

During hearings before the June election, Laguna Beach lawyer Gregory Hile, who helped draft the initiative, argued that while the measure requires remedial improvements before construction, it does not specify that the developer must pay for those improvements; the county could pay for those improvements itself. All sides acknowledge, however, the county does not have the money to pay for the improvements even if it wanted to.

In his decision, Judge Woolley ruled that the initiative did, in fact, impose an unconstitutional burden on developers to provide remedial traffic improvements. In part, he wrote: "Would it be proper to require the last parcel of land to be developed to bear the entire expense of all the arterial highways, all the police and fire-response times ... or all the park/recreational facilities which have been neglected by prior city councils?"

According to San Clemente Planning Director Jim Barnes, the city council decided against appealing the ruling but did not immediately take action to lift the development moratorium imposed after the passage of Measure E last year. Such action was on the agenda at the council's Nov. 2 meeting — but, Barnes said, the council stopped short when Hile suggested they did not yet have the legal right to dismantle the Measure E apparatus.

Woolley's decision does not affect San Clemente's 500-unit-per-year cap on residential construction. That cap is being challenged in a separate lawsuit by Lusk, the Santa Margarita Co., and Western Savings & Loan Association, which own most of the 5,000 undeveloped "back country" land in San Clemente. Barnes said the trial in that case is expected to begin shortly after the first of the year.

Contact: Jim Barnes, Planning Director, City of San Clemente, (714) 498-2533.

Ma Maison Reaches $1-Million Settlement With Homeowner Groups

The developer of Los Angeles's Ma Maison hotel has agreed to provide more than $200,000 in cash and $800,000 in a parking fund to three Westside homeowner groups. In return, the homeowners groups say they will drop their opposition to the hotel's liquor license.

Nearby citizens, both in Los Angeles and West Hollywood, have long opposed the high-rise hotel, which is now under construction across the street from the eight-level Beverly Center shopping mall on La Cienega Boulevard. West Hollywood homeowners have been particularly miffed at the fact that L.A. City Councilman Zev Yaroslavsky permitted construction of the project even though it towers over their neighborhood just across the city line.

The Sheldon M. Gordon Co. agreed to deposit $250,000 in cash into a fund that will be used by a nonprofit organization run by three neighborhood groups, Beverly Wilshire Homes Association, South of Burton Way Homeowners Association, and Friends of Westwood. The groups plan to use the funds to fight future development projects.

In addition, Gordon agreed to set aside $800,000 to obtain additional permanent parking for the hotel. The $800,000 fund, however, would be administered jointly by Gordon and the homeowner groups.

Gordon needed both a condition-use permit from the City of Los Angeles and a permit from the state alcohol control board to open the hotel. The L.A. city council gave its approval to the permit early this year, but required Gordon to lease 117 additional parking spaces within the next 18 months and to reduce the occupancy of the hotel's facilities by 40%.

BRIEFS

A large mixed-use **project has been approved in the City of Davis** after a long dispute over whether the city or the Yolo County should consider the project.

In late October, the Davis City Council unanimously approved a 528-acre development project, proposed by developer Frank Ramos just east of the Davis city line. After being rejected on a smaller project two years ago, Ramos forced the city's hand two years ago by seeking to process his project through the county government. Despite their policy against growth in unincorporated areas, supervisors for the financially strapped county agreed to consider the idea.

Afraid of county approval, the city then negotiated with Ramos and extracted a large park and landscaped greenbelt linking different parts of the project. Some Davis slow-growthers have threatened to place the project on the ballot for a vote.

The New Jersey suburb of Fanwood has been ordered to **build affordable housing even though it has no vacant land.**

The Council on Affordable Housing, a state agency, said that Fanwood should permit developers to demolish three single-family houses and replace them with 60 town houses if that's what it takes to reach its affordable-housing quota.

Fanwood is a 1.2-square-mile town of 8,000 people 20 miles west of New York City, made up almost exclusively of single-family homes. The state agency gave Fanwood a quota of 87 affordable units, enforceable because of the New Jersey Supreme Court's *Mt. Laurel* ruling a dozen years ago.

The Sierra Club has sued the Army Corps of Engineers, seeking to **halt construction of a $70 million park and arts complex** in the San Fernando Valley.

The Arts Park L.A. compled would include a concert hall, a natural history museum, offices, art galleries, a media center, and a parking lot in the Sepulveda Basin park.

But the Sierra Club claimed cultural groups seeking the build the project don't have the money to do so; and, in addition, they did not prepare an adequate environmental impact report and never consulted nearby residents.

A 13-acre **wetlands restoration project has been cut from the Mission Bay** development plan by San Francisco mayor Art Agnos.

Environmentalists had pushed for the inclusion of the wetlands project to assist such waterfowl as great blue herons and snowy egrets. Agnos removed the project at the request of port officials, who want to keep their options open on possible future port expansion. Agnos's press secretary said the impact of the move would be offset by another marshland restoration project near Candlestick Park.

Agnos and representatives of Santa Fe Realty have been engaged in secret negotiations over the $3-billion Mission Bay project for nine months and have several other thorny issues to tackle.

Newhall Land & Farming Co. will settle a class action lawsuit by its unit-holders, a group of partial owners similar to stockholders.

The unit-holders' lawsuit alleged that the company had adopted a series of anti-takeover measures in order to protect a supposedly "secret" plan by a company director to buy the company. Under the settlement agreement, Newhall Land will purchase between $40 million and $80 million worth of units over the next 18 months.

The Newhall Co. is the principal developer of the Santa Clarita Valley, a rapidly growing area north of Los Angeles that includes the communities of Valencia, Saugus, and Newhall.

An Orange County judge has ruled that **a small strip of coastline belongs with the city of Dana Point**, not with the unincorporated community of Laguna Niguel.

Superior Court Judge William F. Rylaarsdam dismissed a lawsuit by the Laguna Niguel Citizens Task Force for Incorporation, which claimed that the Orange County Local Agency Formation Commission did not take proper legal steps before placing the strip within Dana Point's sphere of influence.

The suit was filed after an election last November in which residents of the coastal strip chose to join with Dana Point rather than Laguna Niguel, despite a strong compaign by commercial interests, including the Ritz-Carlton Hotel, urging unification with Laguna Niguel.

A preservation group in Sacramento **has sued to stop construction of an office tower near Old Sacramento,** the historic district near downtown.

Developer Thomas Stagen hopes to build a 15-story office tower right next to Old Sacramento and the city council approved the idea. However, a lawsuit by Save Old Sacramento claimed that the city illegally amended the redevelopment plan's requirement that office towers must have 90-foot setbacks.

ROUNDUP: A Los Angeles judge has rejected a motion to dismiss the **Big Rock Mesa landslide case,** giving the go-ahead to what is expected to be one of the longest civil trials in American history....New Jersey Gov. Thomas Kean has ordered **environmental review of all development projects** along the state's Atlantic coastline....The University of California seeks **permission to construct three new campuses**; cities around the state jockey for position in hopes of landing one of the campuses....The San Francisco Planning Commission **prohibits professional offices** from the old industrial area South of Market in hopes of curbing an expansion of the financial district.