

Watsonville, LAFCO pressed to agree on land-usage issue

Annexation

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SANTA CRUZ — Pressure is intensifying on the city of Watsonville and the county's Local Agency Formation Commission to reach agreement on the controversial Franich annexation.

The two sides are under a state legislative gun to come to terms on a "memorandum of understanding" that will open the way for the city to annex a

72-acre apple orchard on East Lake Avenue, which owner Tony Franich wants to develop. The Legislature's weapon is a much-amended bill authored by Assemblyman Dan Hauser, D-Arcata.

For LAFCO commissioners opposed to the annexation proposal, it's a long-range howitzer that promises to blast the bucolic orchard into memory even if the commission balks at an agreement with the city.

For city officials, it's a .357-caliber Magnum that could be shooting blanks at the commission if it's

perceived in Sacramento that the city is to blame for a breakdown in the negotiations.

The current Franich negotiations move into their final stage Monday when LAFCO meets at 9:30 a.m. to consider a series of city-proposed revisions to the memo of understanding, and the Watsonville City Council meets at 7 p.m. to accept or reject LAFCO's latest offer. The Legislature's session ends Wednesday, and the city and LAFCO have until midnight Tuesday to patch up their differences.

If the two sides reach agreement, state Sen. Henry Mello said Friday, then legislators in Sacramento will act to "codify" the memo as part of state law, thus insulating it from subsequent legal challenges by environmentalists opposed to annexation and residential development of the Franich property.

Mello, D-Watsonville, said the Legislature would also require the City Council to enact a citywide affordable-housing ordinance before it could annex the Franich land.

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Under the housing ordinance which would be mandated by the Legislature, all developers of 10 or more apartments or homes in Watsonville would be required to set aside 15 percent of their units for low- and moderate-income housing. An Assembly-Senate conference committee rewrote Hauser's bill Friday to require additionally that half of those units must be reserved for low-income buyers and renters. The conference committee also added a requirement that all of the low- and moderate-income units would have to be built within city limits.

If an impasse develops, one of two things could happen:

- If legislators believe the impasse is LAFCO's fault, they could press ahead with a bill which would allow the city to annex the Franich property, provided it also enacts the affordable-housing ordinance.

- If, however, legislators believe city officials are to blame for a failure to reach agreement, they could drop the matter entirely, leaving the city with no understanding with LAFCO, no bill and no chance of annexing Franich's orchard any time soon. That possibility was raised Friday by Mello, who said he and Hauser are prepared to let the bill die if no

agreement is reached.

For Franich, who has been pursuing the annexation for more than a decade, favorable action in Sacramento — with or without a LAFCO agreement — represents the best, and possibly last, chance to turn the aging, money-losing East Lake Avenue orchard into a profitable subdivision.

For the city, resolution of the dispute, and annexation and development of the Franich property, offers hope of ending the periodic flooding of the Bay Village and Pajaro Village subdivisions. During heavy storms, the two developments on the city's northeast corner are routinely inundated by runoff that pours through Franich's orchard. Franich would be required to install a new storm-drain system in exchange for being allowed to develop his property.

LAFCO, which is normally the final arbiter of local political boundary changes, approved the Franich annexation in 1982. But environmentalists appealed the decision, and the commission's action was later voided by the state Court of Appeal on technical grounds. In the meantime, LAFCO's political composition changed.

Believing that he could no longer get a fair hearing from the commission, Franich this year hired a lobbyist and sought help in Sacra-

mento. Hauser, who is chairman of the Assembly Housing Committee, eventually agreed to introduce a bill on his behalf.

The assemblyman said Friday that he decided to intervene in the local dispute because he saw a chance to provide "greater opportunities for first-time homebuyers and low-income people."

"I saw it as a way to leverage some low-income housing," he said.

Hauser's original bill merely required Franich to set aside 15 percent of his housing units for low- and moderate-income buyers. It was Mello who pushed to expand the bill's affordable-housing requirements to the entire city.

It was also Mello who turned Hauser's bill into a legislative sword of Damocles, poised to fall if LAFCO and the city could not reach agreement on the annexation.

The city and the commission are within a few words of reaching an agreement. But it remains to be seen if their differences, which are more than semantic, are surmountable.

City officials think that some of the language proposed by LAFCO leaves a little too much leeway for hostile interpretation.

Under LAFCO's proposed language, the city would be allowed to annex the Franich property, provided there is no other parcel of comparable size, with an equal ca-

capacity to accommodate urban growth, which could be annexed.

Watsonville officials are fearful that that language could be turned against them. They want it changed to read that any other piece of property that might be proposed by LAFCO for annexation would have to have the same sewer, water and telephone services available to it as the Franich property. City officials believe the proposed wording would rule out annexation of any substitute parcels.

Before Hauser's bill — which has already been approved by both the Assembly and the Senate — can go to Gov. Deukmejian's desk for a signature, the conference committee's report must be approved by both houses of the Legislature.

While Mello is poised to push the report through the Senate, the area's other legislator, Assemblyman Sam Farr, D-Monterey, has vowed to battle Hauser to defeat it in the Assembly. Farr doesn't believe the Legislature should interfere in local land-use disputes.

Normally, his opposition to a bill pertaining to a strictly local matter would be enough for his Assembly colleagues to kill it.

That being the case, one Sacramento observer was asked last week, why should LAFCO even bother negotiating with the city?

"Because," the observer replied, "no one knows who can deliver."