



Losing Ground: Part of Newhall Land & Farming's Newhall Ranch property, where the developer for 20 years has sought to build nearly 20,900 residential units.

State's High Court Alters Environment for Projects

REAL ESTATE: Rejection of Newhall Ranch's EIR may scare away developments.

By **HOWARD FINE** Staff Reporter

Local development and business leaders are frustrated and dismayed by a recent state Supreme Court decision to reject the environmental impact report for a massive development project in the foothills west of Santa Clarita.

The decision, announced Nov. 30, not only dealt a major setback to **Newhall Land & Farming Co.**'s 20-year effort to win approval for its 12,000-acre Newhall Ranch master-planned community but it could also deter other developers from proceeding with major projects.

"This ruling greatly increases the uncertainty for all developers and that in turn may dissuade them from investing in California in the future," said **Holly Schroeder**, chief executive of the **Santa Clarita Valley Economic Development Corp.**

The Newhall Ranch project, one of the largest in Los Angeles County history, encompasses a land area roughly the size of Beverly Hills, Culver City and Santa Monica combined. It calls for nearly 20,900 residential units and 5.5 million square feet of commercial space — both neighborhood retail and office — to be built in phases over 30 years.

The Supreme Court ruled that, contrary to Newhall Land's assertions, the project's environmental impact report did not adequately address greenhouse gas emissions from the development and that measures to safeguard a protected fish species were insufficient. The court sent the environmental report back to the lower courts.

Lawsuit risk

But before the report can be considered again, it will have to be reworked to meet the Supreme Court's objections, a process that could take several years. And, along the way, environmental and other local opponents would be able to file yet more lawsuits.

Newhall Land has vowed to continue with

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HOLLY SCHROEDER,
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Economic Development Corp.

"From developers, I've heard a sense of frustration and dismay in the court ruling," added Schroeder. "That a project that has been reviewed so meticulously for so long by so many experts and then have the state's high court say, 'No, not good enough,' that's where the dismay comes from."

Schroeder, who formerly was the executive officer of the L.A.-Ventura chapter of the **Building Industry Association of Southern California**, said the decision was so dismaying that it could cause developers contemplating other major projects to conclude it's not worth the risk to proceed.

Emissions flap

A local land-use attorney agreed, citing specifically the portion of the Supreme Court's ruling dealing with greenhouse gas emissions. The state's 2006 greenhouse gas reduction law requires that developers estimate greenhouse gas emissions from their projects and make sure those emissions are within the law's limits.

Dale Goldsmith, partner in West L.A. land-use law firm **Armbruster Goldsmith & Delvac**, said the court's ruling basically invalidates the methodology developers have been using to assess greenhouse gas emissions for their projects.

"Because the methodology is widely used in EIRs, this decision creates considerable uncertainty and litigation risk for project pro-

the project, saying in a statement that it will work with the California Department of Fish and Wildlife to make the project meet the Supreme Court's guidance. Spokesman **Steve Churm** said the company had no further comment.

For development and business leaders, the fact that a project that had been extensively reviewed by dozens of state and local agencies over years and had beaten back dozens of legal challenges could suddenly be rejected is frustrating, to say the least.

ponents and lead agencies, who will need to devise new strategies for assessing greenhouse gas impacts in order to withstand judicial scrutiny," Goldsmith said.

This impact will be felt most on large-scale development projects that generate lots of vehicle trips, such as Newhall Ranch and the **Tejon Ranch Co.**'s Centennial project 30 miles up Interstate 5 near Gorman. The

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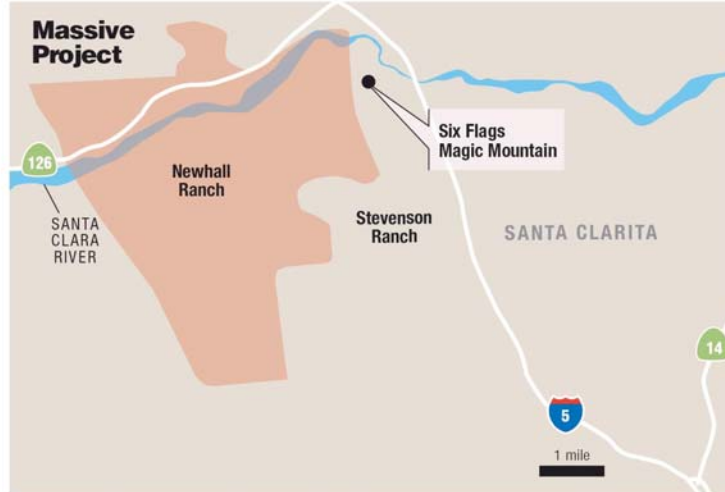
Centennial project, now in the environmental review phase, includes roughly 23,000 residential units.

Long path

The Newhall Ranch site stretches from the 5 freeway near **Six Flags Magic Mountain** west to the Ventura County line. More than half the acreage would be set aside as permanent open space; most of the development, especially the early phases, would be on the eastern end, near the 5.

After seven years of environmental reviews and debate, the Los Angeles County Board of Supervisors approved the project's environmental impact report in 2003, after which the legal challenges began. Newhall Land had won virtually every legal battle up through the state appellate court – until last month's Supreme Court ruling.

Goldsmith said he doubts Newhall Land and its joint-venture partner, **FivePoint Communities** of Aliso Viejo, will give up on the Newhall Ranch project. But the years of



delay could result in bad timing for construction, assuming that the project ultimately passes muster.

“There is a risk that when the project finally emerges from litigation, the currently favorable capital markets to fund actual construction will

have turned unfavorable,” he said. “They say that time kills all deals. This is why a key mantra of project opponents is: delay, delay, delay.”

Fish threat?

In this case, one of those project opponents said its chief goal is not to kill the project, just to ensure that it causes minimal harm to local wildlife. Specifically at risk, environmental groups contend, is the protected three-spine stickleback fish species that inhabits the Santa Clara River as it passes through the ranch property.

“Our objective is to protect the wildlife and make sure that any project that does go forward is much more sensitive to wildlife and the environment along the Santa Clara River,” said **John Buse**, an attorney representing the **Center for Biological Diversity**, one of the principal plaintiffs challenging the development. “The project now proposed is inappropriate for the site.

“That’s not to say that we wouldn’t be pleased if the land remained completely undeveloped,” he added. “But to make that happen, somebody would need to acquire the land for conservation and we don’t see that as very likely.”