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Congress Leaves Smog Law Hanging

Congress permitted the federal Clean Air Act to lapse Aug. 31, meaning several California regions, including Los Angeles, are technically in violation of the law because their air quality does not meet federal standards. However, a new clean air bill may be passed later this year to give smoggy areas more time to meet federal standards, and the state legislature has passed a bill that would require dirty-air areas to cut smog by 5% per year.

Los Angeles and four other California regions are so-called "non-attainment" areas, meaning they do not meet federal clean-air standards. The clean-air deadline, which had already been extended several times, was extended from last Dec. 31 to Aug. 31 to give Congress time to pass a new bill. Despite serious bills by Sen. George Mitchell, D-Maine, and Rep. Henry Waxman, D-Los Angeles, however, Congress did not act in time.

When it became clear that Congress would not extend the deadline by Aug. 31, the Environmental Protection Agency imposed a ban on construction of major new stationary sources of air pollution in the South Coast Air Quality Management District, made up of Los Angeles, Riverside, Orange, and San Bernardino counties. The action was also taken in response to the ongoing lawsuit against the EPA by the Santa Monica-based Coalition for Clean Air. However, the construction ban — often threatened in the past — will have little impact on the region, since under state regulations it is virtually *Continued on page 5*

School Fee Revisions Die in Legislature

The state legislature's effort to revise laws on development fees for schools has failed.

In fact, a three-bill package on school finance failed in the last days of the legislative session because the Senate rejected the school fee bill, AB 112. The package also included a $1-billion school construction bond proposal (SB 97) and a proposal making it easier for school districts to obtain construction money from the state (SB 20).

The school fee bill passed the Assembly after a Senate-Assembly conference committee spent all year drafting the three proposals. But in the Senate, the package unraveled, largely because school lobbyists did not like the way the bill "grandfathered in" some projects that were partway through the development process when the original bill took effect. Sacramento lobbyists and legislative staffers now say that school-builder disputes over fees are likely to be resolved in the courts, not the legislature.

At the end of the 1986 session, the legislature passed a law permitting school districts to impose fees on new development to help pay for new schools. Those fees, now $1.53 per square foot for homes and 25 cents per square foot for commercial and industrial buildings, were designed to provide school districts with local matching funds required to obtain state construction aid.

Up in the air, however, was the applicability of the law to projects in process on Sept. 1, 1986. As originally written, the law exempted projects that had *Continued on page 4*

O.C. Supervisors OK Growth Plan

Orange County's Measure A may have died at the polls last June — but at least part of it lives on in the form of a growth management plan approved in August by the county Board of Supervisors.

Board chairman Harriett Weider called it a "momentous day" when the supervisors passed the growth management plan only two months after the defeat of a similar proposal Weider had called "landowner communism."

The growth plan was devised by a task force that included both pro-development and slow-growth members, and slow-growthers say they will not go to the ballot with another initiative unless they do not like the way the county growth plan is implemented. "Right now we're working within the system," said slow-growth leader Norm Grossman, a member of the task force.

Passage of the growth plan came only a few days before a county growth forecast predicted that jobs in the county would grow faster than population or housing over the next 20 years. The county administrative office now predicts that employment will increase 60% by the year 2010 (from 1.2 million to 1.9 million by the year 2010), while housing units will increase 47% (from 829,000 to 1.2 million) and population will rise 36% (from 2.2 million to 3.0 million). *Continued on page 5*

S.F. Redevelopment Agency Postpones Bond Financing Plan

The financially troubled San Francisco Redevelopment Agency has postponed implementation of a bailout bonding plan for six months, but agency director Edward Helfeld still predicts that expenses will exceed income by some $12 million during the first half of 1989.

At an agency meeting in late August, Helfeld proposed a six-month budget of $47 million to continue the agency's existing programs, postponing consideration of a 12-year, $310-million bond plan to finish pending projects and provide more money for low-income housing. But he warned that the agency is nevertheless "virtually broke" and will need the bonding program, along with a merger of all agency project areas to expedite the bonding, to carry on its work.

Helfeld attributed the financial difficulty to the fact that federal funds have been cut back dramatically and the city is running out of redevelopment land that may be sold to generate funds. "The federal money is gone, block grant money is gone, and land is getting near the end," he said.

Essentially, Helfeld said, increases in tax-increment funds in the near future will not be enough to cover the agency's commitments, so he is asking for permission to bond against those increases in order to raise enough money. Some $27 million per year in tax-increment funds is generated within the redevelopment areas but the vast majority of it (more than $20 million) goes to the city treasury, while only a small portion goes to the redevelopment agency.

Considering San Francisco's other financial problems, Helfeld said, he could not ask the city to commit more tax-increment money to redevelopment, so he will ask for the bonding program instead. The agency's 1989 budget identifies a $18 million budget deficit, and Helfeld said the first bond issue would be for $30 million a year. Subsequent bonds could be issued as new projects increase the tax-increment revenue stream.

Without the bonding program, Helfeld predicted that both affordable housing programs and other redevelopment projects would have to be scrapped or cut back. As an example, he pointed to the long-delayed Yerba Buena Gardens project. Completion is expected to cost $65-90 million, but the city is likely to generate only about $47 million through land sales. Without the bond program, the long-promised cultural facilities would probably be cut out of the project. However, Helfeld said, the bond program "will enable us to complete the program, which will bring us more real estate taxes."

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CALIFORNIA UPDATE

Commission to Study Sacramento City-County Merger

Sacramento County has set up a 15-member commission to examine a merger with the Sacramento city government.

On a 3-2 vote, the Board of Supervisors agreed in mid-August to appropriate $500,000 to the commission's work — but their support for the idea appeared tentative. First, the supervisors appropriated only half the amount requested by County Executive Brian Richter and City Manager Walter Slipe. And second, at least one supervisor, Sandy Smoley, indicated that if public opinion surveys suggest little public support for the merger, she would vote to yank the commission's funds.

The decision came after a city-county task force examining the subject recommended that local officials consider two ways of streamlining local government: either merging the two entities completely, with community councils exercising control over local planning issues, or creating a series of joint city-county boards to handle regional issues.

The entire merger question arose from a political and legal dispute over the proposed incorporation of Citrus Heights, a tax-rich Sacramento suburb. Despite the fact that the Local Agency Formation Commission has given its blessing to an incorporation election, the Board of Supervisors has so far refused to schedule it — and, in fact, have filed a lawsuit challenging the state's process for creating new cities.

Unlike most other growing California counties, Sacramento has not seen the incorporation of a new city since 1946, when Folsom and Galt won cityhood. As a result, more than 60% of the county's population lives in unincorporated areas, the highest figure for any populous county in the state. More people live in unincorporated areas in Sacramento County — almost 600,000 — than in any other county in the state except Los Angeles.

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COURT CASES

CEQA Applies to Purchase of Land With PCBs, Court Rules

A state appellate court has ruled that the acquisition of land perhaps tainted by PCBs by the Mid-Peninsula Regional Open Space District is not exempt from the California Environmental Quality Act, or CEQA.

Ruling in *McQueen v. Board of Directors of the Mid-Peninsula Regional Open Space District*, the Sixth District Court of Appeal ordered the district to conduct environmental review of plans to buy and clean up two pieces of property near the Sierra Azul Open Space Preserve in the Santa Cruz Mountains. The decision overturned the ruling of Santa Clara County Superior Court Judge Keremy Fogel.

The case began in 1983, when the open space district began negotiating with the federal government for the purchase of two surplus pieces of land, a former Air Force station on Mt. Umunhum and a former transmitter and receiver site near the summit of Mt. Thayer. However, the presence of the transformers suggested the possible presence of PCBs, a highly toxic chemical. Nevertheless, in 1984 the open space district approved the purchase of the land.

In 1986, the federal government accepted a revised offer to purchase the land. Shortly thereafter, Mid-Peninsula adopted an interim land-use and management plan for the property. After apparently little discussion of environmental problems, the district concluded that the project was exempt from CEQA.

After neighboring landowner Loren McQueen, who eventually filed the lawsuit, raised concerns about PCBs on the site, the district stated that the federal government would remove the toxic material after the property was sold, and continued to claim that the acquisition was exempt from CEQA. Subsequently McQueen sued, and Judge Fogel ruled in Mid-Peninsula's favor on most issues.

Oakland lawyer Les Hausrath, Mid-Peninsula's attorney, said in an interview that the district's environmental investigation would duplicate similar efforts by the federal government. "They'd have to spend a ton of money to do a parallel investigation," Hausrath said. "If it was totally our thing to investigate, that might be a different story."

But the Sixth District Court of Appeal differed. "We conclude that the district's project was not simply acquisition of improved realty, but its maintenance which included storage, if not use or disposal, of PCB and other hazardous wastes thereon," the court wrote.

The court went on to chastise the district for "impermissibly (dividing) the project into segments, which evade CEQA review."

"The district's position is essentially that it has only acquired the property on speculation with no definite plans for either the property generally or toxic, hazardous substances specifically," the court wrote. "In fact, the district does appear to have some plan, unstated in the written interim plan, for disposing of PCB and other hazardous substances." Furthermore, the court wrote, Judge Fogel's order, which required a decontamination status report after the property changed hands, "does not remedy the omission of appropriate pre-acquisition consideration of environmental consequences" because no CEQA provision exists to allow "delegation of responsibility for environmental concerns to a former property owner, even if the former property owner was the federal government."

The court also rejected Mid-Peninsula's contention that the project was categorically exempt, largely because of the overriding environmental risk because of the presence of PCBs.

Mid-Peninsula is seeking an appeal to the state Supreme Court.

The full text of McQueen v. Board of Directors of the Mid-Peninsula Regional Open Space District, No. H003297, appeared in the Los Angeles Daily Journal Daily Appellate Report on July 22, beginning at page 9465.

Developer Can't Recover Chino Option Money, 9th Circuit Says

A Utah development company cannot recoup a $200,000 option fee from the Chino Redevelopment Agency because a proposed deal between the two parties fizzled, the Ninth U.S. Circuit Court of Appeals has ruled.

Relying on contracts law, the Ninth Circuit said Chino was under no obligation to reimburse the Price Development Co. for a $200,000 option deposit the company paid in 1984 as part of a deal to negotiate exclusively for construction of a shopping center on a 41-acre piece of land in Chino.

Hoping to recoup the money if the deal fell apart, Price included a provision in the exclusive negotiating agreement that the city would reimburse Price "to the extent legally permissible" out of an assessment or development fee to be levied on any subsequent developer.

After the deal fell apart in 1985, Chino subsequently entered into a redevelopment agreement with Haagen-Chino Partnership. But Chino never imposed any sort of fee on Haagen to recoup the $200,000 and consequently Price never got the money back.

U.S. District Court Judge Terry J. Hatter Jr. granted summary judgment in favor of the Chino Redevelopment Agency. On appeal, Price's lawyer, Eric Olson of Los Angeles, asked that the court place an equitable lien on the property or impose a constructive trust on the parcel in order to get the money back.

But a three-judge panel of the Ninth District was not sympathetic. "There is no provision in the Redevelopment Act allowing a redevelopment agency to levy an *assessment* on real property or on a developer of property for the purpose of reimbursing money to another developer," Judge David R. Thompson wrote for the court.

Thompson added: "Price has also failed to establish that (The Chino agency) could have legally imposed a *development fee* upon Haagen," since such fees are legally restricted to purposes reasonably related to the project at hand. "Although a municipality may adopt local ordinances containing requirements supplementary to (state law regarding development fees), the Agency did not adopt an ordinance or resolution permitting the reimbursement, nor was it empowered to do so," Thompson wrote.

Finally, the Ninth Circuit ruled that neither an equitable lien nor a constructive trust would be an appropriate means for Price to regain the $200,000, since they would be imposed on the property owned by a private party, not by the Chino agency.

"Courts may subject property to equitable liens and constructive trusts to prevent unjust enrichment," Thompson wrote. "The $200,000 paid by Price was not used to improve the ... property, nor did it reduce the purchase price. Rather, it was used as expected: to keep the property available during negotiations between Price and the Agency. Thee has been neither unjust enrichment nor wrongful acquisition of Price's property."

The full text of Price Development Co. v. Redevelopment Agency of the City of Chino, Nos. 87-6037 and 87-6232, appeared in the Los Angeles Daily Journal Daily Appellate Report on July 26, beginning at page 9574.

Slow-Growth Exemption Bill Fails in Legislature

The building industry suffered a blow on the last day of the California legislative session when a bill providing builders protection against growth-control measures was withdrawn.

Sen. Jim Ellis, R-San Diego, yanked SB 2795 on the night of Aug. 31 when it became clear that he did not have enough votes in the Senate to gain approval of the bill, which required a two-thirds majority. The bill would have given developers with building permits an automatic nine-month extension of building permits after a growth-control measure is passed.

The bill's demise was something of s surprise, considering the fact that the Assembly passed it 56-7 only a week before and even the Sierra Club had dropped its opposition to the bill. However, Don V. Collin, general counsel for the California Building Industry Assocation, attributed the death of the bill to the power of the press.

After the bill passed the Assembly, the Los Angeles Times, which had run a four-part series on growth control only three weeks before, ran the story "above the fold" on Page 1, even though the bill still needed Senate approval. "If it hadn't been for that, nobody would've paid anything attention to it," Collin said. But with such prominent publicity, opposition from slow-growth and environmental constituencies quickly surfaced and the bill no longer had the support of two-thirds of the Senate. CBIA had wanted the bill to be passed as an urgency measure so it would be in effect before the November elections.

"I can see that story on Page 3, where they usually run stuff like that," Collin said, "but not on Page 1."

As originally drafted, SB 2795 would have given extensions to building permits for two years. However, the Sierra Club agreed to take a neutral position after the two-year period was cut to nine months.

The building industry won a legislative victory a few days before when Gov. George Deukmejian signed AB 4099, sponsored by Assemblyman Dan Hauser, R-Eureka.

The Hauser bill, an amendment to the evidence code, applies to any local ordinance that reduces the number of residential units permitted by increasing mandatory lot size or other lot standards. It places the burden of proof on local governments to demonstrate that the ordinance is a proper exercise of the local government's police power.

A complete wrap-up of the growth issues in the 1987-88 legislative session will be included in the October issue of CP&DR.

School Fee Revisions Die in Legislature

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filed final subdivision maps and commenced construction by that date. However, according to Rick Simpson, consultant to the Assembly Education Committee, the conference committee exempted projects with tentative maps filed on Sept. 1, 1986 and final maps filed within one year of that date.

Under the compromise reached at the conference committee, this provision, which was sure to cost school districts some money, was to be counterbalanced by the other two bills, which would have provided more state funds for school construction and also made it easier for school districts to obtain those funds. However, according to Simpson, when the package reached the Senate floor, school interests lobbied against it because they had concluded this compromise was not a fair trade. Furthermore, Sen. Leroy Greene, chairman of the Senate Housing Committee and one of the conferees, also began lobbying against it because he felt it gave away too much to school districts, Simpson said.

"What's a senator to do?" Simpson said. "The school people were opposed to it because they thought it gave up too much, and then Leroy Greene was going around asking people for 'no' votes because it was too generous to the schools." The result was the demise of the entire package.

The school fee bill was hastily drafted in 1986 and all sides agreed it was in need of revision. (*CP&DR*, January 1987.) Earlier this year, a $5.3-billion state bond package was threatened by a clause in the law stating that, if a school bond proposal were voted down, the $1.53 and 25-cent caps on the fees would be removed. Assembly Republicans would not approve November 1988 school bond bills if the provision were still in place. The matter was resolved when the effective date of this "trigger" clause was postponed until 1991. (*CP&DR*, April 1988.)

Besides the grandfather clause, the defeated school-fee bill contained many other revisions of the law, including precise definitions of the "habitable" space subject to the fee, as well as procedures school districts must follow, such as making findings, in order to impose the fee. Since the school-fee bill failed, school districts will have to follow procedural requirements set forth in AB 1600, a law passed last year to govern all development fees. AB 1600 will go into effect on Jan. 1, 1989.

Builders and school districts have been at odds over the fee ever since the original bill passed. Several builders have filed lawsuits against school districts questioning their authority to levy the fee, particularly if they believed they should be "grandfathered." Lawsuits were also filed in cases where the school district imposed a fee even though the overall enrollment was not growing.

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John Mockler, Coalition for Adequate School Housing, (916) 441-3300.

Local Debt Issuance Down During First Half of '88

Local agencies in California issued a third less debt during the first half of 1988 when compared to the first half of '87, according to the latest figures from the California Debt Advisory Commission.

Local agencies issued $4.6 billion in debt during the first half of '88, down from $6.9 billion during the first half of '87. Redevelopment debt was down even more sharply, from $842 million last year to only $448 million this year.

The state government, on the other hand, doubled the amount of debt it issued — from $1.2 billion during the first half of '87 to $2.6 billion in the first six months of '88. Student loan corporations issued $170 million in debt, bringing the statewide total to almost $7.5 billion on 412 bond issues.

The state raised its $2.6 billion in 28 bond issues, meaning the average state bond issue totalled almost $100 million. The local governments, on the other hand, raised $2.9 billion in 191 bond issues, $1 billion on 76 certificates of participation, $566 million in 110 different notes, and about $100 million through other means. Local agencies raised $318 million on 26 private revenue bond issues and $758 million on 13 public revenue bond issues.

If the current pace continues, the 1988 California public debt total could be the lowest in many years. The total grew from $18.7 million in 1984 to $32.9 million in 1985, when many bonds were issued in anticipation of tax reform.

June Redevelopment Bond Issues:

1. Rohnert Park, $12 million, multiple uses.
2. Long Beach, $16 million, refunding of downtown bonds.
3. Concord, $91.4 million, refunding of Central Concord bonds.

Congress Fails to Renew Clean Air Act

Continued from page 1

impossible to build new sources of pollution anyway.

The bills by Waxman and Mitchell would, among other things, give the Los Angeles area 10 to 15 more years to meet federal air pollution standards. Los Angeles business leaders have opposed the bills, in part because such a schedule would require a reduction in pollutants of well over 5% a year, an ambitious goal that business leaders say could disrupt the local economy.

Although Congress did not act, however, the state legislature did, passing AB 2595 on the last day of the session, Aug. 31. The bill, sponsored by Assemblyman Byron D. Sher, D-Palo Alto, gives additional powers to local air-quality districts and requires them to prepare plans showing how they will cut smog by 15% over every three-year period.

Last year, Sen. Robert Presley, D-Riverside, made the South Coast district far more powerful by granting it regulatory authority over vehicle trip reduction efforts. (Previously, the district had no authority over so-called "mobile sources" — that is, cars and other vehicles.) Since then, the AQMD has required large employers to implement ridesharing plans. AB 2595 grants the same authority over trip reduction to other local smog agencies and requires those in non-attainment areas to prepare plans every three years showing how emissions will be reduced by 15% over that three-year period. The first plan is due in 1990. If local districts do not prepare plans, the state Air Resources Board will assume control of the local smog reduction effort.

Since the South Coast AQMD's aggressive ridesharing rules were announced, there has been considerable speculation that the regional air districts may eventually become involved with local land-use plans, perhaps by reviewing local general plans. But AB 2595 does not move in that direction; in fact, it specifically states that the bill does not interfere with local land-use powers. "We think that's a good idea," said Sher aide Kip Lipper. "But it would be awfully hard to get the League of Cities and the County Supervisors Association to sign off on it."

The Los Angeles basin has the worst air pollution problem in the country and is nowhere near meeting federal air-pollution standards. Congressional proposals to extend the federal Clean Air Act would give L.A. more time to meet federal standards. Still, these proposals have often been opposed by local officials who believed that even the extensions would not give the region enough time to clean up the air.

After last year's extension of the Clean Air Act, Waxman, chairman of the House Subcommittee on Health and the Environment, introduced a bill (H. 3054) calling for L.A. to comply with clean-air standards within 10 years. At the same time, Mitchell, Waxman's opposite number in the House, introduced a bill (S. 1894) that would have given L.A. 15 years to meet the standards.

But the Mitchell bill would also impose a series of interim deadlines that would also be hard for Los Angeles to meet. For example, by 1997 average vehicle occupancy in the L.A. area would have to rise from 1.1 to 1.5 persons. Furthermore, the Mitchell bill would require that alternative fuels be used in 15% of L.A.'s vehicles by 1997 and 40% of the vehicles by 2002.

The regulatory struggle in Washington over L.A.'s air has a long and bitter history. The Clean Air Act was enacted in 1970, but later amendments extended the compliance deadline to 1982 and 1987. In 1982, EPA Administrator Anne Gorsuch came to Los Angeles to announce a construction ban, partly as a political move to twist Congress's arm and soften the penalties for not meeting the deadline. In June 1987, the EPA announced it would impose a construction ban on Dec. 31, 1987. (*CP&DR*, August 1987.) But, of course, Congress's eight-month extension killed that construction ban.

Business interests in Los Angeles have repeatedly opposed attempts to crack down on L.A.'s smog with deadlines, saying more flexibility is needed in meeting the standard. At the same time, however, the Santa Monica-based Coalition for Clean Air has engaged in ongoing litigation against EPA, seeking stricter enforcement of the Clean Air Act to improve smog problems in Los Angeles.

State and local governments get involved in air quality issues because, although the EPA must oversee matters, the Clean Air Act requires states to carry out programs to improve the air. In California, that job is the responsibility of the state Air Resources Board. The state legislature delegated direct responsibility for air quality programs in the four-county Los Angeles region to the South Coast AQMD, which is based in El Monte.

Officials in California have repeatedly insisted that the state's unusual geographical features — urban areas located in valleys bounded by mountains — makes air cleanup more difficult than elsewhere. Significant strides have been made; since 1975, the number of smog alerts in the Los Angeles Basin has been cut in half. However, smog levels are still far above federal standards.

Orange County Supervisors Approve Growth Plan

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Like Measure A, the growth management plan calls for roads and other public facilities to be built in advance of new development, and prohibits development that would create extreme traffic congestion unless the developer can pay for improvements.

Nor does the county growth plan affect the construction of tens of thousands of housing units in the southern part of the county, approved under development agreements by the supervisors in the last two years. During the Measure A campaign, the initiative's supporters argued that the development agreements were passed to circumvent the measure. Virtually all the agreements were challenged in court, though Measure A's legal team plans to settle most of them for legal fees and concentrate on a few strong cases. (*CP&DR*, August 1988.)

Much remains to be done before the growth plan is up and running. The county staff is now writing ordinances to implement the plan, which is, in effect, a general plan amendment. The task force is overseeing this work, and slow-growthers say they will keep a close eye on the situation to make sure the ordinances have "teeth." In addition, the county government is beginning to work with the county's 27 cities to implement similar growth plan.

However, the biggest sticking point is likely to be financing improvements at interchanges and intersections that are already extremely congested. Under the growth plan, developers would be able to build near the county's 10 worst intersections — even though those intersections do not meet the plan's standards — by contributing to a "deficient interchange fund." But they will not be required to pay the full cost of bring the interchanges up to standards.

Where will the rest of the money to improve those interchanges come from? Development interests favor a sales tax, arguing that the cost of remedial improvements should be shared by all county taxpayers. "The community as a whole has an obligation," said task force chairman Bruce Nestande, a former county supervisor who now serves as an executive with Arnel Development Co.

Slow-growth activists generally have opposed an open-ended sales tax for road construction, calling such a tax "growth-inducing." However, Grossman said his allies are willing to discuss a sales tax earmarked for specific road improvements such as the the congested interchanges.

Contact: Bruce Nestande, Arnel Development Co., (714) 241-5000.
Norm Grossman, slow-growth leader, (714) 662-0333.

BRIEFS

Traffic congestion in Orange and Contra Costa counties will be studied as part of a nationwide study on suburban mobility by the Urban Land Institute.

Funded by a grant from the Urban Mass Transit Administration, the ULI study will consist of a series of case studies from around the country examining suburban congestion, particularly in light of anti-growth sentiment it has fostered.

Besides Orange and Contra Costa counties, areas to be studied are DePage County, Ill.; Eastside-King County, near Seattle; Fairfax County, Virginia; and New Jersey's Route 1 corridor.

ULI staffer Frederick W. Ducca will serve as project manager, while national steering committee members include Richard Ortwein of the Koll Co. and Todd Nicholson of the Industrial League of Orange County for the Orange County case, and Benjamin Lake of Bedford Properties and Peter Osward of Sunset Development for the Contra Costa case study.

Television producer Garry Marshall has decided to sell the troubled Pasadena Marketplace project in "Old Pasadena" after parting company with his former partner.

The buyers are reported to be former project manager Bruce Phillips and several other investors, including Pierce/Lang Development, a Los Angeles firm.

The Pasadena Marketplace project has showed great promise as a cornerstone in reviving downtown Pasadena, which is already undergoing considerable revitalization. Previously, Marshall had been partners with entrepreneur John Wilson, who had earlier played an important role in redevelopment of Main Street in Santa Monica. Though the project received approval three years ago, the Marshall/Wilson team never received financing and Marshall split up with Wilson in July.

The largest housing development in Oakland in a dozen years or more is drawing fire from environmentalists and skepticism from officials in nearby San Leandro.

Hayward Exchange is proposing construction of 507 housing units — ranging from custom homes with views to apartments — on 66 rolling acres near Knowland Park Zoo.

In particular, officials in San Leandro are concerned that the project would create serious traffic problems across the city line. Dunsmuir Heights, as the project is called, would be bordered in Oakland by parkland, utility watershed areas, and the Lake Chabot golf course, so most traffic would probably spill out of the development into San Leandro.

Two elected officials in Huntington Beach have been cleared of conflict-of-interest charges by the state Fair Political Practices Commission. However, an investigation against a third member of the city council, Jack Kelly, is continuing.

Among those investigated was Mayor John Erskine, who also serves as executive director of the Orange County Building Industry Association. He also owns part of an apartment cooperative within a city redevelopment area. Though cleared by the FPPC, he said he will continue to vote on land-use issues only when they do not involve the members of the BIA board who set his salary.

Also cleared was former City Councilman John Thomas. In October 1986, Thomas voted to allow oil drilling in a residential neighborhood; only ten months before, his crane and trucking company performed demolition and clearance work on the site. State law states that a person must not vote on a project within 12 months of receiving financial gain from it; however, the FPPC concluded that Thomas's firm was merely a subcontractor on the deal.

The FPPC is still investigating complaints alleging that Kelly failed to report his ownership in a controversial apartment development on his financial disclosure statement.

Plans for local financing of the proposed Auburn Dam apparently have renewed the federal government's interest in the project.

The American River Authority, made up of officials from El Dorado and Placer counties, has offered to float a $200 million bond issue to help finance the long-delayed and often controversial project. The offer prompted remarks from Assistant Interior Secretary James Ziglar, who said it would trigger cost-sharing discussions between local and federal officials.

Under Reagan Administration cost-sharing rules, the federal government would pay for 75% of the cost of the dam's flood-control elements, but only 25% of the cost of the project's water and power development.

With the probable demise of the Renaissance Pleasure Faire, environmentalists are seeking to buy the event's Agoura Hills property — but the property owner seems intent on developing the property himself.

Several environmental groups and agencies, including the Santa Monica Mountains Conservancy, are hoping that Congress's recent $11 million appropriation for land acquisition in the area could be used to buy the 320-acre site.

A traffic study for the Yosemite Valley is being undertaken by the National Park Service, the first of its kind at a national park.

Traffic has become an increasing problem at Yosemite in recent years, and the Park Service has at times imposed a limit on visitors to the valley and encouraged tourists to explore other parts of Yosemite National Park.

The park service planned to gather raw data over Labor Day weekend for the traffic study. It remains to be seen, however, whether the Park Service will take further steps toward encouraging tourists to take alternate forms of transportation into the valley, as many environmentalists have advocated.

The University of California, Irvine, will go into the development business in a big way under a plan proposed by Irvine Co. Chairman Donald Bren, the school's major benefactor.

Bren agreed to permit UCI to undertake commercial development of 510 acres the Irvine Co. sold the university in 1964. The plan would permit UCI to create a major research and development park, with profits from the development providing funds to establish the campus as a top research center.

"It is my hope that, over time, this will place UCI at the very top of the leading universities in the United States," Bren said when he made the announcement.

The deal between the company and the university will permit UCI to develop up to 2 million square feet of commercial space on the 510 acres. Bren has also created a $1.5 million fund to endow chairs on the campus.

Under the original agreement between the two entities, UCI was permitted to use the land only for academic purposes or non-commercial uses such as faculty housing.

ROUNDUP: A recall effort in Laguna Beach, spurred by discontent with the city's design review board, has failed to gather enough signatures....**City and university leaders in Davis** establish a Community Campus Coalition to handle local growth problems....Beachfront property owners in Newport Beach who have **routinely built home additions into the beachfront right of way** may soon have to pay fees to right themselves legally....Gov. George Deukmejian has created the **Office of Traffic Improvement** within CalTrans to deal with gridlock problems. ... **USC's new real estate development company** gets tentative Community Redevelopment Agency approval for its first project: a 600,000-square-foot mixed-use building with 1,200 parking spaces.