

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

FROM: Matt Peters, Director of Community Development

DATE: July 8, 2025

SUBJECT: Consider Third Amendment to the Development Agreement By and Between the City of Temecula and Lennar Homes, Inc., a California Corporation and Winchester Hills I LLC, a California Limited Liability Company (Planning Application No. PA25-0016)

PREPARED BY: Scott Cooper, Senior Planner

RECOMMENDATION: That the City Council conduct a public hearing and approve a third amendment to the development agreement by and between the City of Temecula and Lennar Homes, Inc., a California Corporation and Winchester Hills I LLC, a California Limited Liability Company (Planning Application No. PA25-0016) and introduce ordinance entitled:

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TEMECULA APPROVING THE THIRD AMENDMENT TO THE DEVELOPMENT AGREEMENT BETWEEN THE CITY OF TEMECULA AND LENNAR HOMES, INC., A CALIFORNIA CORPORATION AND WINCHESTER HILLS I LLC, A CALIFORNIA LIMITED LIABILITY COMPANY AND MAKING A FINDING OF EXEMPTION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (PLANNING APPLICATION NO. PA25-0016)

SUMMARY OF

ORDINANCE: An Ordinance for a Third Amendment to the Development Agreement by and between the City of Temecula and Lennar Homes, Inc., a California Corporation and Winchester Hills I LLC, a California Limited Liability Company. The third Amendment repeals the first amendment which extended the term of the development agreement and reinstates the original term of the development agreement for the Winchester Hills I LLC property. The Third amendment rescinds the extension of the term of the development agreement, but does not make any other revisions to the development agreement with respect to the development of property.

BACKGROUND: On August 28, 2001 the City Council of the City of Temecula approved an agreement entitled “Development Agreement By And Between The City Of Temecula And Lennar Homes, Inc., A California Corporation And Winchester Hills I LLC, A California Limited Liability Company” by the adoption of Ordinance No. 01-08 (the “Development Agreement”). The Development Agreement was recorded on January 16, 2002, as Document No. 2002-026470 in the Official Records of the County of Riverside.

The City Council of the City of Temecula approved that certain agreement entitled “First Amendment to Development Agreement By And Between The City Of Temecula And Lennar Homes, Inc., A California Corporation And Winchester Hills I LLC, A California Limited Liability Company” by the adoption of Ordinance No. 07-14 (“First Amendment”). The First Amendment was recorded on October 2, 2015 as Document No. 2015-0437479 in the Official Records of the County of Riverside. The First Amendment extended the term of the Development Agreement.

The City Council of the City of Temecula approved that certain agreement entitled “Second Amendment to Development Agreement By And Between The City Of Temecula And Lennar Homes, Inc., A California Corporation And Winchester Hills I LLC, A California Limited Liability Company” by the adoption of Ordinance No. 2022-14 (“Second Amendment”). The Second Amendment was recorded on January 11, 2023 as Document No. 2023-0007919 in the Official Records of the County of Riverside. The Second Amendment rescinded the First Amendment to the Development Agreement and reinstated the original term of the Development Agreement for the Winchester Property located within portions of Planning Area 12 of the Harveston Specific Plan.

On January 7, 2025, the applicant, Winchester Hills I LLC, a California Limited Liability Company, submitted a proposed Third Amendment to the Development Agreement to rescind the First Amendment to the Development Agreement and reinstate the original term of the Development Agreement for the Winchester Property located within portions of Planning Area 12 of the Harveston Specific Plan. This property was previously excluded from the Second Amendment to the Development Agreement. Once the property was sold the current owner has agreed to the terms of the Third Amendment.

Development Agreement Amendment

The property which is subject to the Development Agreement and the First Amendment is comprised of two components. The first is the Lennar Property which has been developed consistent with the Development Agreement. The second is the former Winchester Hills I LLC property which is located within portions of Planning Area 12 of the Harveston Specific Plan and most recently had the Residential Overlay approved on the property. Since the time of the First Amendment, Winchester Hills I LLC has since sold the property to CRP/AHV Prado Owner, LLC who in turn sold the property to Meritage Homes of California, Inc., who is the signee of the Third Amendment. The Third Amendment is identical to the Second Amendment but with a different developer signing the amendment.

The applicant has requested to repeal the First Amendment which extended the term of the Development Agreement and reinstate the original term of the Development Agreement for the Winchester Hills I LLC property. The Third Amendment rescinds the extension of the term of the

Development Agreement, but does not make any other revisions to the Development Agreement with respect to the development of property.

The original terms of the of the Development Agreement excluded or exempted the property owner/developer from paying Transportation Uniform Mitigation Fee (TUMF) and Multiple Species Habitation Conservation Plan (MSHCP) fees. Once the original Development Agreement was amended, WRCOG took the position that the property owner/developer was no longer exempt from payment of TUMF fees. RCA took a similar position with respect to MSHCP fees. The Third Amendment reinstates the original term of the Development Agreement and allows the property owner/developer to seek concurrence from WRCOG and RCA that the property owner/developer is exempt from the payment of TUMF and MSHCP fees. The property owner/developer will be responsible for payment of all other development impact and Quimby fees.

Planning Commission Recommendation

Staff presented the project to the Planning Commission on May 21, 2025. The Planning Commission recommended that the City Council approve the ordinance and make a finding of exemption. There were no public speakers regarding this item.

FISCAL IMPACT: None

ENVIRONMENTAL: The proposed Ordinance, which approves a Third Amendment to the Development Agreement, is exempt from CEQA review pursuant to CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the adoption of the proposed Ordinance may have a significant effect on the environment. The adoption of the proposed Ordinance will repeal the First Amendment which extended the term of the Development Agreement. As the term of the Development Agreement is being shortened by the adoption of the Ordinance, this is covered by the common sense exemption under CEQA.

ATTACHMENTS:

1. Aerial Map
2. Ordinance – Third Amendment to the Development Agreement
3. Exhibit A – Third Amendment to the Development Agreement
4. Planning Commission Resolution No. 2025-19 Recommending approval of the Second Amendment to the Development Agreement
5. Notice of Exemption
6. Notice of Public Hearing