

QUARTZ HILL SUBDIVISION DEVELOPMENT

Redding, California

Transparency: Is It Clear?



SHASTA COUNTY GRAND JURY

2024 - 2025

QUARTZ HILL SUBDIVISION DEVELOPMENT TRANSPARENCY, IS IT CLEAR?

May 29, 2025

2024-2025 Shasta County Grand Jury

SUMMARY

The Shasta County Grand Jury launched an investigation into an allegation of a lack of transparency by the City of Redding, prompted by a citizen complaint. The complainant alleged that the City of Redding failed to provide adequate public notice and information regarding the City's planned development of a parcel of undeveloped land in Northwest Redding. The approximately 113-acre property identified as 850 Quartz Hill Road falls within the city limits devastated by the 2018 Carr Fire. The neighboring residents raised concerns primarily focused on fire evacuation and traffic flow safety if the city were to pursue residential development on that property. Residents felt these concerns were not adequately addressed.

The development process for the City of Redding is complex and lengthy; including preparation and submission of a detailed grant application, pre-development planning, and the process required to obtain subdivision approval. Requirements to notify impacted neighbors of a development are clearly mandated as part of the "California Subdivision Map Act and California Environmental Quality Act". The investigation found the proposed subdivision, planned for approximately 120 single-family homes, is currently in the initial pre-development stage. Although public input is not required at this stage, the City of Redding has provided opportunities for public engagement. The grand jury concludes that there is room for improvement by the City to address concerns of nearby impacted neighbors, and concerned citizens, as well as their ability to access public engagement opportunities.

BACKGROUND

To assist in understanding certain terms contained within this report the following definitions are provided:

Definitions

"CEQA" - California Environmental Quality Review Act, requires state and local government agencies to evaluate potential environmental impacts of proposed projects and to inform decision-makers and the public about these impacts, and to avoid or mitigate them, if feasible. Under CEQA, California public agencies must proactively engage the public in the environmental review process through scoping meetings, public notices that include review and comment periods, ensuring transparency and allowing for informed decision-making.

"City" - City of Redding, including the former Redding Redevelopment Agency.

"Density" - the number of household units allowable within a specific development, which may be expressed for an entire development or per unit of measure (i.e., per acre). Higher density means more units within a given area.

"Entitlement" - legal permissions or approvals needed from government agencies for a property to be developed or used in a specific way. They are essential for developers and landowners before any construction or change of use can begin.

"General Plan" - a comprehensive legal document outlining a community's long-term vision for land use, development, and resource protection. It is required by state law and serves as a guide for land use decisions and development activities. All cities and counties in California are required to develop a general plan.

"Grant" - funds from the Federal Department of Housing and Urban Development provided to California for communities impacted by fires, known as the Community Development Block Grant, Disaster Recovery (CDBG-DR) funds. It is administered by the California Department of Housing and Community Development.

"Home Hardening" - a process that makes a home less likely to be damaged by a wildfire. It includes using non-combustible building materials, closing gaps under shingles to prevent embers from entering, creating a fuel-free area around the home, and installing fire-resistant landscaping.

"Infrastructure" - improvements to real property in preparation for use development. This includes streets, power, water, wastewater disposal, gutters, sidewalks, drainage, fire hydrants, lighting, etc., making an undeveloped property "builder-ready" for construction.

"Pre-development" - the process of assembling feasibility information and studies necessary in connection with development application for land use approval. It evaluates the needs, resources, legal requirements, and considerations necessary for development.

"Property" - the undeveloped land parcel owned by the City of Redding, consisting of approximately 113 acres, commonly known as 850 Quartz Hill Rd, Redding, CA. (Shasta County Assessor's Parcel Number #115-170-001).

"Public Engagement" – a procedure for involving members of the public in decisions that impact the community.

"Subdivision Map Act" - state law designed to regulate the subdivision of land to ensure orderly growth and development. Its primary purposes include protecting public health and

safety, promoting smart land use, public participation, environmental protection, and property rights and disputes.

"The Peaks" - the proposed subdivision development name for the Property.

"Workforce Housing" - also known as affordable housing, is housing for households with incomes below 80% of area median income (AMI).

Property History

The City acquired the Property in July 2003 from a private owner who was delinquent in taxes and assessments (bonds, water, and sewer). The Property was purchased by the City, pursuant to City staff recommendation, for \$2,500 plus substantial delinquent taxes and assessments.

The Property was subsequently sold to the Redding Redevelopment Agency (RDA) in July 2008 for \$3.2 million. In 2011, the California Supreme Court upheld a decision that effectively eliminated Redevelopment Agencies, including RDA. In January 2012, the Redding City Council elected to serve as the Successor Housing Agency. At that time, the Property returned to the City and has been held in inventory ever since.

Property Description

The Property has varied topography including steep sloping areas. As such, it is estimated that approximately 70 acres can feasibly be developed. Currently, there are two potential access points to the Property, both via a neighborhood off of Quartz Hill Road. In anticipation of future road development, existing road barriers are located at the western boundaries of Keel Court and Steamboat Street.

The Property was devastated by the Carr Fire and remains burn-scarred at the time of this report. The fire ignited in July 2018 and spread quickly due to the extreme heat and windy conditions, severely damaging the Property and destroying nearby homes. The fire eventually burned over 200,000 acres and 1600 structures, including 1000 homes (266 in the City). At the time, it was the sixth-largest fire in California, resulting in eight deaths and damages of more than \$1.659 billion.

Since the City's acquisition of the Property, the planned future use has been for single-family residential development. A subdivision development on the Property would require an approval process, pursuant to California codes and regulations as well as local ordinances.

This approval process includes:

- laws, local ordinances, environmental studies
- permit and application fees
- a range of analyses that must be reviewed by the governing agency for compliance
- public review, and approval process by the appropriate governing body

- public hearing and notice requirements.

Note: The subdivision approval process in California has become increasingly complex and costly since the 1970's.

Development Funding

In 2018, the Federal Emergency Management Agency (FEMA) announced a presidentially declared disaster, DR-4382, covering Shasta and Lake Counties. A federal allocation of Community Development Block Grant - Disaster Recovery (CDBG-DR) funding was granted to the State of California, Department of Housing and Community Development (HCD). HCD undertook an extensive needs assessment to determine the specific priorities of the affected counties, with the majority of funds being allocated to housing, infrastructure, and economic revitalization.

In 2022, applications for the CDBG-DR grant funds became available. The City was eligible to apply and submitted two applications. One application, in the amount of \$120 million, was to construct a bridge extending Buena Ventura Boulevard north to Keswick Dam Road, allowing another access option to the Property and the surrounding area. This application was denied based on two criteria: (1) building a bridge did not meet the Grant funding eligibility requirements and (2) additional egress was not required for new housing development. The second application by the City for Grant funds was for pre-development and infrastructure construction necessary to facilitate a future residential Workforce Housing development. The Grant application requested \$43,156,000, however, only \$22,563,043 was approved.

The awarded Grant agreement was approved and accepted by the Redding City Council on October 12, 2022, with public notice provided on the Council agenda. Of the \$22,563,043 Grant funds, \$2.5 million was designated for pre-development and the balance for infrastructure construction. Initially, the term of the Grant agreement for completion was March 2026; however, the City has requested an extension based upon a delay in initial Grant documentation and has received preliminary approval.

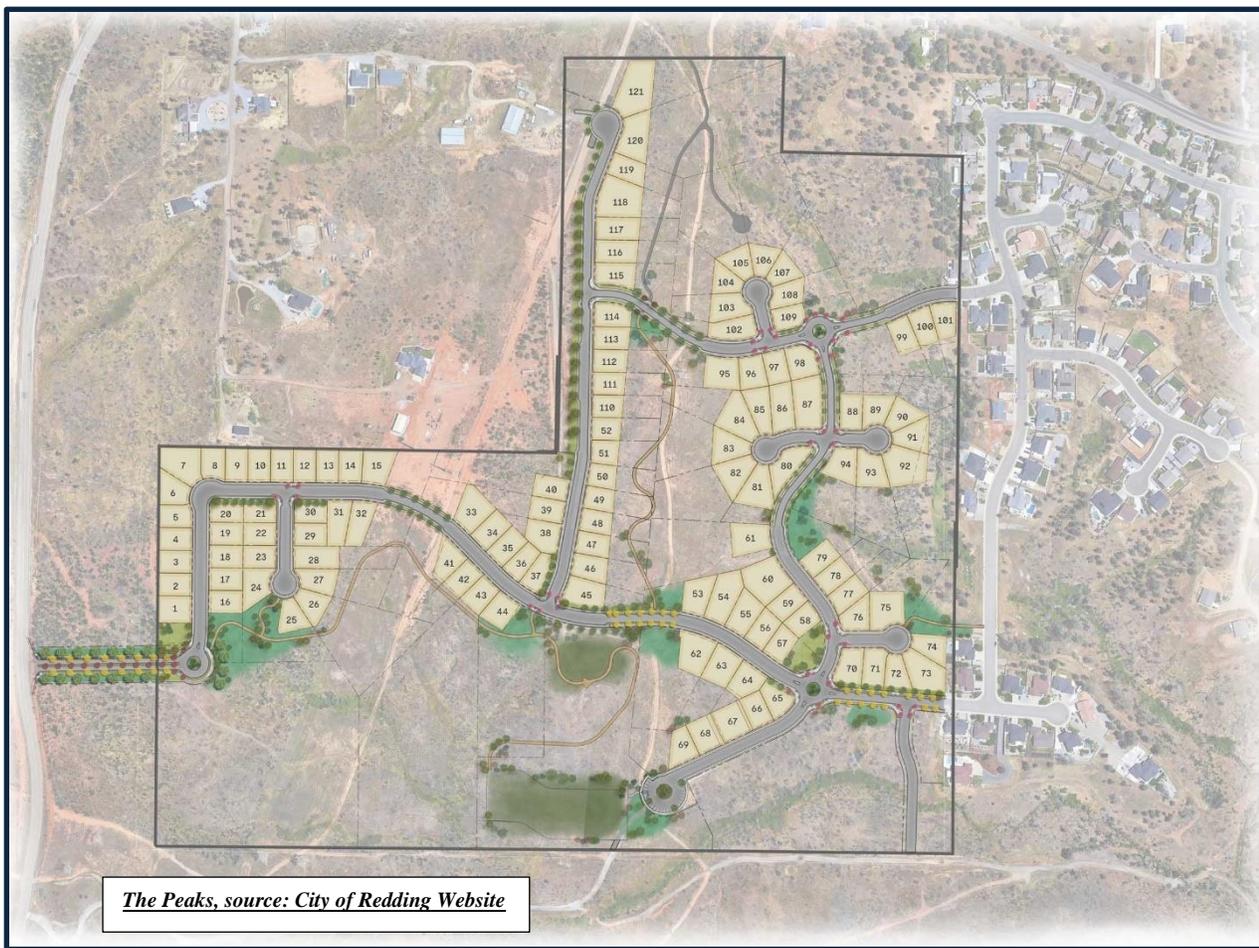
Once the Grant agreement was approved, the City sought a consultant for the preliminary pre-development activities via a Request for Proposal (RFP). The City sought a developer with the capacity, creativity, and commitment to transform the Property into a single-family subdivision under an accelerated timeline. The City Council approved the submittal recommended by City staff as their consultant for Property preliminary pre-development, which was publicly agendized on December 19, 2023.

Currently Proposed Subdivision

Preliminary design of The Peaks currently envisions approximately 120 single-family homes, a park, open space, and connections to the existing Redding trail system. Planned homes are defined as

Workforce Housing whereby at least 50% of the homes within the development are designated for income-qualified buyers. The goal is to maintain consistency of home style and design throughout the new and existing neighborhoods. All planned construction would be of a similar nature throughout the development, comparable in design and size to abutting neighborhood homes. The Peaks is anticipated to be a "fire-safe community" incorporating the latest fire-safe strategies, including Home Hardening.

The City anticipates conducting Planning Commission hearings in 2025 for review of The Peaks subdivision plan. There will be additional opportunities for input, engagement, and education about The Peaks as it transitions from pre-development planning phase to subdivision approval. Upon final approval, infrastructure construction would begin, using the Grant funds.



Once the infrastructure development is completed, the Peaks will be builder-ready. A final subdivision map will include civil engineering plans approved by the City, with drawings reflecting the final constructed project. The individual lots would then be ready to market for home construction.

Public Engagement

The City is a public entity, and as such, community members have the opportunity to engage and be involved in the public meetings, including the City Council and Planning Commission. Public meetings are agendized in advance and the agendas are available online. Meetings are also televised live and recordings of prior meetings are available on the City’s website. The public is invited to speak on agenda items. City Council and Planning Commission meetings also offer an opportunity for members of the public to address their concerns regarding non-agendized items, however, no action can be taken on such items at that time. City Council and Planning Commission members have public contact methods available to the community on the City’s website.

As the neighbors became aware of the potential development of the Property, residents wrote to City staff and attended both Planning Commission and City Council meetings. In 2024, a nearby resident submitted a request for investigation to the Shasta County Grand Jury regarding the City and the Property development.

As indicated above, public engagement in the initial pre-development phase is not required prior to submission of final plans. At the time of this report, the City has conducted public meetings about the potential Property development specifically to address the concerns of nearby neighbors. One was held in December 2024 and another in January 2025; both meetings were attended by nearby residents.



The Peaks subdivision has been the subject of increased media coverage. A special meeting of the City Council was held on March 3, 2025, at the Property (corner of Spinnaker and Keel). It was well

attended, including all council members, senior city staff from multiple departments, media, a pre-development consultant, Shasta County Grand Jurors and many community members. The tour of the site included a visual inspection of the Property, the opportunity to hear from a neighborhood spokesperson, and a brief discussion covering neighborhood concerns and future opportunities to address development of The Peaks.

DISCUSSION

The City's current General Plan was adopted on March 26, 2024. Pre-development planning takes place in accordance with the General Plan and prior to a formal submission to the City of a subdivision plan. The Peaks is currently in the initial pre-development planning phase; therefore, no public engagement is required. During this initial phase, several versions of a plan may be considered. Premature release of any aspect of a subdivision plan before formal submittal could subject the City to liability if the Property were to be developed privately.

The Peaks development is unique in that the City is the Property owner, rather than a private developer. To date, the City has exceeded all required public engagement requirements as noted above.

The number of housing units on a piece of property is regulated by the City's General Plan, which provides a range of housing units allowed per acre. As currently planned, the housing density for The Peaks is less than that allowed per the General Plan. Ultimately, the City's zoning ordinances will provide the enforceable regulations for specific land use and development standards consistent with the General Plan, establishing the density range that must be met.

Advantages of Development by City

As the developer of The Peaks, the City enjoys certain advantages over a private developer, including the creation of a project driven primarily by community priorities, rather than return on investment priorities. Advantages include reduced density, size and location of amenities, design improvements not otherwise required, integration of fire safety strategies such as Home Hardening, additional fire hydrants at optimal locations, wider streets, planned vegetation management, and traffic mitigation measures that exceed requirements. An additional advantage is that the City does not pay County property taxes on City owned property.

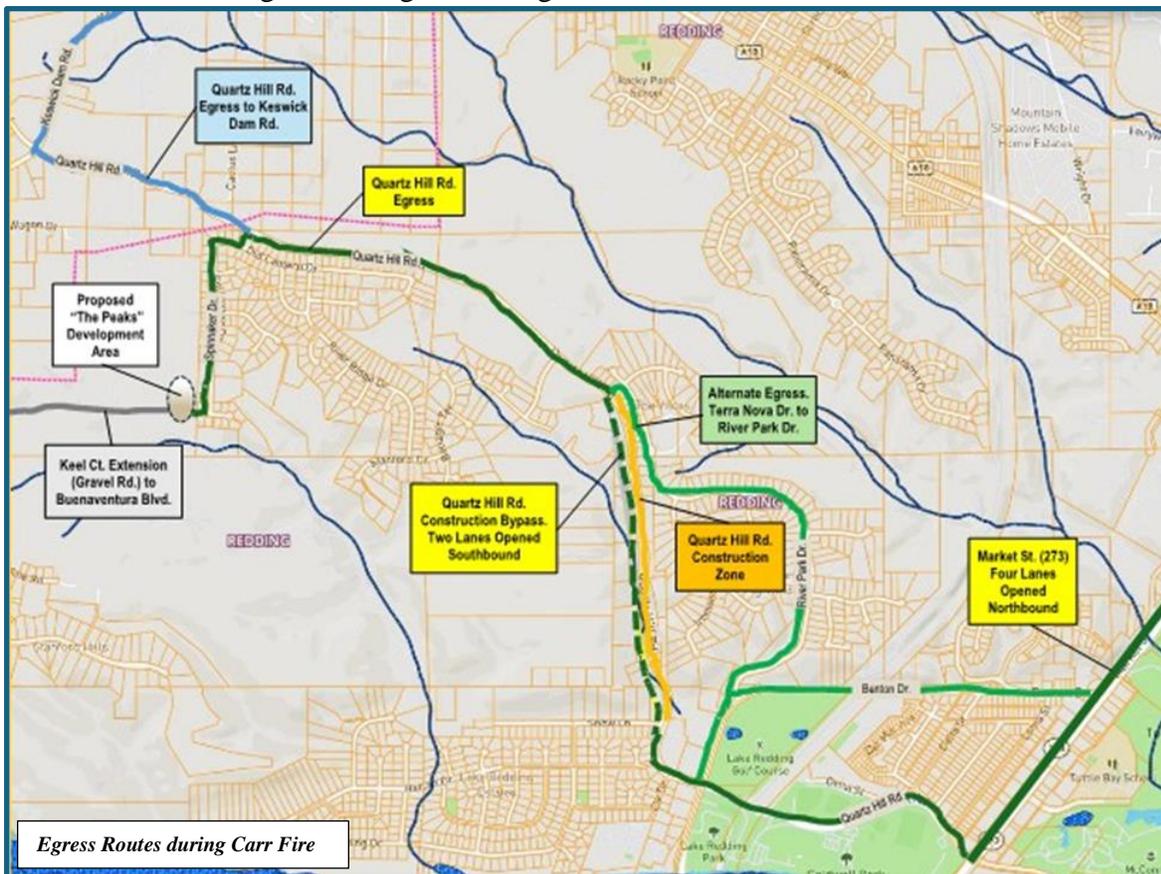
Other advantages of City development of The Peaks include the original Property acquisition, property taxes, design flexibility, and the successful Grant award. The primary focus of the City is not the financial return on investment, as it would be for a private developer. The Grant provides \$22.5 million, which the City would not otherwise have available to increase area Workforce Housing and integrate fire safety strategies. If the City is not successful in developing The Peaks, the infrastructure development portion of the Grant award would be forfeited and not be available to the City for any other use.

The CDBG-DR Grant funding as awarded to the City is not for fire mitigation, rather the funding is intended primarily to assist housing recovery and benefit low and moderate-income households (Workforce Housing) in areas impacted by fire. CDBG-DR grants are specifically for disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization. The applicant is required to use Grant funds as set forth in the approved Grant agreement. The City specifically applied for the pre-development planning for infrastructure development, including the installation of roads and utilities, which would then enable a Workforce Housing project to be constructed.

Concerns of Nearby Residents

The Peaks development has two existing access routes, which meet the requirements for the planned development. Nearby neighbors continue to express concerns regarding fire and traffic flow, specifically ingress and egress. There may be potential for additional egress or an emergency exit from the Property, which could alleviate some residents' concerns, however it is not included in The Peaks' current development plan.

Egress and traffic flow problems experienced during the Carr Fire have left residents with heightened concerns about the development of this area. During grand jury interviews with impacted residents, and as reported in local media reports, it is apparent that many residents remain anxious and fearful as the area continues to be designated a high fire danger.



Quartz Hill Road is a major roadway connecting Keswick Dam Boulevard to the west and Benton Drive to the east (to North Market Street /Highway 273). During the fire, road construction and the path of fire impeded traffic exiting the area. A portion of Quartz Hill Road (approximately three quarters of a mile) was closed due to construction at the time the Carr Fire was moving toward Redding. As reflected in the map above, emergency routing was implemented to the east through an existing subdivision. As the fire approached the city, Keswick Dam Boulevard was closed. When traffic began to back up, Redding Police Department removed the construction barriers on Quartz Hill Road, creating three additional lanes of egress to Benton Drive. To further assist, North Market Street/Highway 273 was changed to four lanes, northbound only.

Note: At the City Council meeting on May 6, 2025, authorization was given to publish a request for proposal seeking qualified consultants for planning and evaluation of the City's emergency evacuation routes.

Alternative to City Development

If the City does not move forward with The Peaks, officials have indicated that they intend to sell the Property from surplus inventory, putting money from the sale into the General Fund. Unimproved and unentitled land parcels have experienced a dramatic reduction in value since the early 2000's. The real estate collapse in 2008 and steadily increasing regulatory control and development restrictions have increased costs, risk, and demand. The Property appraised for \$3.2 million in 2006 and was reappraised in 2011 for \$400,000. Sale of the Property by the City "as-is" (undeveloped) would likely generate a small percentage of potential revenue.

Further, if the Property is sold "as-is", it would remain an unentitled land parcel without subdivision approval. Pursuant to the Surplus Land Act, the City would be obligated to require any private developer to prioritize Workforce Housing. Such a sale would likely result in less desirable impacts for the community than is currently envisioned, such as increased housing density, a smaller (or no) park site, and less uniformity of housing.

The California Density Bonuses and Other Incentives Law ("Density Bonus Law") incentivizes Workforce Housing development by allowing developers to increase density on a project in exchange for including a certain percentage of affordable units. Other incentives include reduced parking requirements and waivers of local standards. If this were to occur, the Property could potentially allow for significantly increased housing units, which could impact fire concerns in terms of traffic and spacing between homes. Even with the increase in density, it is possible that the two existing access points would meet code requirements.

Current and proposed legislation is aimed at solutions to housing demand and affordability. The demand for Workforce Housing in California may have additional considerations beyond increasing density.

Much like the Density Bonus allowed in Workforce Housing, it may streamline the approval process, but potentially reduce public engagement opportunities.

In summary, the possible consequences of The Peaks subdivision **not** moving forward as currently envisioned by the City could result in less desirable alternatives for nearby residents, city taxpayers, and the community. These may include:

1. Loss of approximately \$20 million of the remaining CDBG-DR Grant funds
2. Loss of \$10 million or more in potential sales of developed lots to independent builders, which may result in a loss or reduction of available City services, including public safety
3. If the Property is sold by the City “as-is” to an independent buyer:
 - a. A development which includes Workforce Housing, would likely result in higher density housing than is currently planned, with fewer public engagement opportunities
 - b. The Property may remain undeveloped and the high fire danger nature of the area for nearby residents would remain unchanged.

METHODOLOGY

During the investigation, the grand jury reviewed the following:

Documents

- Read and watched local news reports about The Peaks development.
- Reviewed the *Request for Investigation* submitted to the Shasta County Grand Jury June 24, 2024, included exhibits and attachments.
- Reviewed documentation and information provided in response to records requests.
- Reviewed websites.
- Reviewed applicable local, state, and federal legislation.
- Reviewed The Peaks initial pre-development planning documents.

Site Visit and Public Meetings

The grand jury toured the Property, providing information about the visual appearance and access points to the Property. Additionally, the grand jury attended a Redding City Council meeting on February 18, 2025, and the City Council Special Meeting held at the Property on March 3, 2025.

Interviews

The grand jury interviewed the complainant, a neighborhood group representative, City’s administrative staff familiar with the subject matter including staff from the City of Redding’s Administration, Development Services, Fire Department, Treasurer, former Redding Redevelopment Agency, and staff

from the Shasta County Tax Collector and Assessor offices.

FINDINGS

- F1. Nearby area residents expressed concerns about The Peaks. Although there is no requirement for public notice in the initial pre-development stage, the City responded by providing opportunities for input and engagement.
- F2. There is currently a demand and need for Workforce Housing. Using available CDBG-DR funding, The Peaks development is the City of Redding's approach to mitigating the Workforce Housing shortage in the City while maintaining control of development in line with City priorities.
- F3. Since profit-oriented objectives of private developers may deviate from community-oriented goals envisioned by the City for The Peaks development, the City has chosen to retain control of the development.
- F4. Due to an ongoing perceived lack of transparency by the City, residents near the Property remain concerned about fire safety and evacuation routes.

RECOMMENDATIONS

The Shasta County Grand Jury recommends that:

- R1. On or before July 1, 2025, the Redding City Council direct the City Manager to schedule an additional public presentation, explaining the City's vision for The Peak's development. This should be held by August 31, 2025, and include: the approval process, future public engagement opportunities, alternatives to The Peaks, and potential consequences of those alternatives. Notification of the presentation should be provided, via direct mailing, to residents within 800 feet of The Peaks and to those who have requested project information. The City should issue a Press Release and notify the community of the planned presentation via all the City's social media platforms.
- R2. On or before July 1, 2025, the Redding City Council direct the City Manager to integrate additional feasible alternatives into The Peaks development plan prior to final submission, including ingress and egress options, fire mitigation measures, and a defensible space requirement, which may enhance public safety and exceed planning requirements.
- R3. On or before September 1, 2025, the Redding City Council direct the City Manager ensure the development of programs, such as a *Citizen Academy* or podcast, by December 31, 2025, to encourage and educate citizens on how they can have their voices heard in the City, regarding land use and property development, along with how constructive participation can help shape the community.

REQUEST FOR RESPONSES

Pursuant to Penal Code, Sections §933 and §933.05 respectively, the 2024-2025 Shasta County Grand Jury requests the responses listed below:

- The Redding City Council as to F1, F2, F3, and F4 within 90 days.
- The Redding City Council as to R1, R2, and R3 within 90 days.

DISCLAIMER

Reports issued by a Grand Jury do not identify individuals interviewed. Penal Code section §929 requires that reports of a Grand Jury not contain the names of any person or facts leading to the identity of any persons who provided information to a Grand Jury.

BIBLIOGRAPHY

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- City of Redding. “General Plan 2045”, Adopted March 26, 2024. Accessed April 10, 2025 www.law.cornell.edu/regulations/california/14-CCR-15183
- California Government Code §66410-66413.5, Subdivision Map Act. Accessed April 10, 2025 https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=2.&title=7.&part=&chapter=1.&article=1
- Cal. Code Regs, Tit 14, §15000 – Authority (limited to when public engagement commences). Accessed April 10, 2025 www.law.cornell.edu/regulations/california/14-CCR-15000
- California Government Code §§ 54220-54234, Surplus Land Act. Access April 10, 2025 https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=2.&title=5.&part=1.&chapter=5.&article=8
- California Government Code §§ 65915-65918 Density Bonuses and Other Incentives. Accessed April 10, 2025 https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=1.&title=7.&part=&chapter=4.3.&article=

Notes:

- Allocation Announcement – 2018 Community Development Block Grant – Disaster Recovery Infrastructure Program, August 22, 2022.
- City of Redding email communications to the Shasta County Grand Jury on February 18, 2025, March 7, 2025, and March 13, 2025.
- Community Development Block Grant – Disaster Recovery (CDBG-DR) application by the City of Redding, for Quartz Hill Infrastructure, March 8, 2022.
- Historical property records, including acquisition and transfer documents for the Property, tax records, and Redding City Council, including Redding Redevelopment Agency and Planning Commission agendas, staff reports and meeting minutes detailing the Property, CDBG-DR Grant, and The Peaks development planning.
- Historical Property Appraisals
 - Shaw and Associates, Robert H. Shaw, MAI, November 10, 2003
 - John E. Birmingham, MAI, June 7, 2006
 - RMB Appraisers, Richard A. Murphy, MAI, July 14, 2011
- Media reports regarding The Peaks
- Preliminary Property designs for subdivision, October 1, 2024
- Requests for Proposals (RFP), RFP award dated December 19, 2023, RFPs received from competing applicants for pre-development activities
- Standard Agreement between California Department of Housing and Community Development and City of Redding, for administration of Grant funds, signed August 17, 2023