

Houses to spill south of Highway 50 in Folsom

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New Home Company president Kevin Carson, left, and vice president Ashley Feeney stand on the former Russell Ranch last June. Folsom is set to spill south of Highway 50 this summer with the first of what may be 5,000 new winding hillside homes and communities – even as environmentalists and other critics question whether the city will have enough water in dry years to provide for its new and existing residents. PAUL KITAGAKI JR. / PKITAGAKI@SACBEE.COM

Folsom will begin its long-planned march across Highway 50 this summer, a move that eventually could bring 10,000 new homes to an expanse of rolling hills now dotted mainly with oak trees. The move sends a strong signal that the market for new suburban housing in Sacramento is recovering from the near-knockout blow dealt by the recession.

Drought and climate change concerns loom, however. City officials acknowledge they are still working to secure the water agreements they likely will need for the expansion, and critics question whether the city will have enough water in dry years to provide for both new and existing residents.

Folsom's new frontier contains 3,500 acres of mainly grassland stretching south from Highway 50 to White Rock Road. Annexed a few years ago, it expanded Folsom's boundaries by 25 percent, although nearly a third of the land, an oak forest along Alder Creek, will remain open space.

The first likely development, called Russell Ranch, could begin grading work as early as June, offering \$800,000 hillside homes next year with panoramic views of the Sacramento skyline, the foothills and, on clear days, Mount Diablo and the Sutter Buttes.

Folsom planners say the city is making the leap over the freeway because it soon will run out of room for growth in its historic confines along the American River and in the hills near Folsom Lake. They cite buyer demand for hillside homes near recreation areas, despite a much touted resurgence of interest in urban living.

Folsom officials say they are building a new kind of suburb that melds those two desires – one with a central core that looks more like a classic small-city downtown. In addition to all the houses, plans call for a town center, built on a classic street grid, that officials say will create a sense of community usually missing in suburban subdivisions. Ultimately, as many as 25,000 people could live south of the freeway in Folsom.

“We’re seeing a shift toward younger people wanting urban living in the suburbs,” said David Miller, Folsom public works and community development director. “We want to continue to be attractive to the Intels of the world, so we have to offer them that sort of thing.”

The question of whether Folsom would be allowed to grow south of Highway 50 was settled nearly 15 years ago when the Sacramento Local Agency Formation Commission voted to let the city take control of planning the land.

But growth concerns remain. The new development will add traffic to busy Highway 50. Environmentalists also say they fear development could eventually spread south of White Rock Road toward the Cosumnes River. The Environmental Council of Sacramento, or ECOS, sued a few years ago to get a joint powers group, including Folsom, Rancho Cordova and Sacramento County, to agree to set aside some land south of White Rock and Grant Line Road as permanent open space.

The bigger question may be whether Folsom is overtaxing its water resources. The concern about water availability has long shadowed the move south of 50, but the recent drought has put the issue in the spotlight.

ECOS representatives contend the city has not done enough to analyze the effects of worst-case drought scenarios on the city water supply. A Folsom city planning commissioner, Jennifer Lane, has expressed similar concerns, saying she believes the city should back off until it gets a better sense of the extent of the ongoing drought.

Folsom is counting on conservation to assure it has enough water to serve new residents and businesses. City officials say their analysis shows they should have ample water to spare in non-drought years. Drought years, however, remain an uncertainty at the moment.

The city has water rights to 34,000 acre-feet a year from Folsom Lake and has reduced its annual usage from 25,000 acre-feet in 2011 to less than 20,000 last year. When the area south of Folsom is built out, the city expects to use up to 30,000 acre-feet a year, said Marcus Yasutake, city water resources director.

However, under a voluntary regional agreement to protect the American River habitat, known as the Water Forum Agreement, the city of Folsom could see its annual allotment reduced in critically dry years to as low as 20,000 acre-feet. In 2014, because of drought, the city allotment was reduced to 27,000 acre-feet. This year's allotment has not yet been determined.

Yasutake said the city is in discussions with neighboring water agencies on arrangements for Folsom to buy groundwater from those agencies, and for other use arrangements, if needed.

"We haven't gotten to a draft agreement yet, but we're working on the principles of how water would be split between the agencies," he said. He said he is working on having agreements in place before the south area is built out.

Yasutake and community development director Miller said the city already has taken solid conservation steps, including implementing a leak-detection system in its delivery lines, installing water meters and introducing a tiered-rate system.

"We don't debate that it is a valid concern," Miller said. "We just think we are doing the best that we can to get good conservation. We have a good plan."

Miller said the expansion south of Highway 50 is inevitable. If Folsom doesn't do it, someone else will.

"If we had stayed away from this and done nothing, we'd see Rancho Cordova and the county come out here and develop," Miller said. "We want to control our own destiny and keep the quality as high as we have made it (elsewhere) in the community."

Plans include an urban-style core area west of Scott Road with higher-density housing, offices and neighborhood stores, clustered where street-strolling is encouraged and where parking lots are hidden behind buildings. Folsom officials describe the central area as Folsom's third "downtown," along with Historic Folsom and the Palladio outdoor shopping center across the freeway.

The main intersection will borrow a trick from some major cities, giving pedestrians the right of way to cross, even diagonally, through the intersection from any direction, while cars in all directions wait at red lights. The city's designs include space for an express bus, or "bus rapid transit," that could run on a section of the road separate from cars, and likely would connect with the Hazel Avenue light-rail station. The area will have bike lanes and paths.

The plans have won recent support from smart-growth advocate Mike McKeever, director of the Sacramento Area Council of Governments, who said the area's urban core will help make the area south of 50 more self-sufficient, giving it a better mix of jobs and housing than previous generations of suburban development.

"They are really upping the bar in terms of new master-planned communities with mixed-use centers," McKeever said.

The New Home Company, a California builder and developer, likely will be the first to begin scraping ground this summer for its Russell Ranch development on the steep hill near the El Dorado County line. The 6-year-old company is emerging as one of the most dynamic builders in the region in the post-recession era, with projects underway in Granite Bay, Folsom, El Dorado Hills, Sacramento and Davis.

New Home's Northern California president, Kevin Carson, said his company doesn't see itself as a pioneer south of 50, or view building there as a major risk. His project will be near ongoing development south of 50 across the county line in El Dorado Hills.

“Folsom is a proven entity,” he said. “I’ve built in Folsom for the last 20-something years. I find it to be one of the best home-building communities to deal with. To go out to the far-commuting markets, 20 miles out, probably doesn’t make sense, and would be a riskier venture.”

Greg Paquin, a real estate consultant with The Gregory Group, said indicators suggest to him a housing build-and-buy boom could be coming this year around the region. The economy has strengthened, and more people have been walking through model homes in the last few months.

“We are seeing a solidifying of the market,” he said. “I think it will be a breakout year for housing.”

Folsom’s land development south of 50 is expected to happen at a moderate pace. The city plans to hold a vote this month to set up a Mello-Roos financing district for fees to build the infrastructure and pay for ongoing maintenance. The job of building initial roads, sewer and water lines is expected to start in June and will take 18 months.

The city will finish its Russell Ranch environmental review process in the next few months, and could allow the developer to begin preparing the ground by June. Carson said his team will build a variety of houses but has not yet determined the details of the designs or the price points, although city officials say they think the higher-end houses could go for \$750,000 to \$850,000. The first houses could go up in the summer of 2016.

The other major landowner in the new area, WestLand Capital Partners, is likely to get city approval for its first set of tentative subdivision maps this spring. Its land is approved for a variety of housing, including multi-family, and for office, industrial and retail. “We will sell land to builders, as dictated by market conditions, in the coming years,” WestLand president Bill Bunce said in an email.

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