

# City of Kalama

Incorporated 1890



## Staff Report & Recommendation

Date: August 24, 2010  
To: Kalama City Council  
From: Matt Hermen, City Planner  
Re: Stone Forest Phase 2 Subdivision – Proposed Time Extension

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### Recommendation

On August 12, 2010, the Kalama Planning Commission reviewed the staff report and unanimously recommended that the Kalama City Council adopt Staff Findings as outlined in the July 22, 2010 memorandum and approve the requested preliminary plat extension for the plat of Stone Forest Phase 2, subject to the following condition:

1. Any approved plat extension shall expire on February 15, 2016.

### Proposal/Background

Staff has reviewed the letter submitted on July 9, 2010 by James Schlatter, Columbia Ridge Land Development. Per the letter, Mr. Schlatter requests an extension of greater than two years for the final plat of Stone Forest Phase #2. The applicant is requesting a five year preliminary plat extension with proposed expiration date of February 15, 2016. The current approved plat is set to expire on February 15, 2011.

### Findings

Staff makes the following findings and conclusions in regard to the requested extension:

1. Columbia Ridge Land Development Company has committed substantial resources and investment to this project as demonstrated by improvements completed in the adjacent subdivision of Stone Forest Phase 1, which are associated with and will serve the Phase 2 Subdivision.
2. Due diligence towards final plat approval has been accomplished via submittal of engineered construction drawings, which were approved by the City of Kalama; and
3. undue circumstances have impacted the development including a significant slowdown in the residential housing market; and
4. all fees have been paid to the City; and

5. the needs and best interest of the citizens of Kalama are not negatively impacted by the granting of a plat extension.

### **Discussion**

Plat extensions are generally appropriate when substantial progress has been made on a project and/or there are unforeseen technical difficulties or undue hardships that warrant consideration. Another important consideration relates to changes in zoning/ subdivision/ engineering rules that would result in a substantially different project than the one previously approved. In this case, it is clear to staff that the applicant has shown substantial good-faith progress by obtaining engineering loans to complete the necessary improvements in the adjacent and dually owned Stone Forest Phase 1 Subdivision. Many of the improvements constructed for Stone Forest Phase 1 were engineered to accommodate the Phase 2 subdivision. The applicant also cites a difficult residential construction market as part of the reason an extension is being sought. Staff can confirm that new home construction has dropped off significantly in the City.

Lastly, there have not been any significant changes to city land use regulations that would render the final phase obsolete or non-conforming. Allowable lot sizes are the same and the current engineering standards (including stormwater controls) have been applied. In short, denying the request for an extension is likely to only add additional process (as the applicant would have to reapply for preliminary approval) and not result in any noticeable changes to the plat. Therefore, public health, safety and welfare are not expected to be impacted by the request for an extension.

MH:nh

cc: James Schlatter, President Columbia Ridge Land Development Company  
Coni McMaster, Clerk/Treasurer  
Kalama Public Works

984 Stone Forest Phase 2 Ext MH 08-10

COLUMBIA RIDGE LAND DEVELOPMENT COMPANY  
16716 NW 61ST AVENUE  
RIDGEFIELD, WASHINGTON 98642

June 15th, 2010

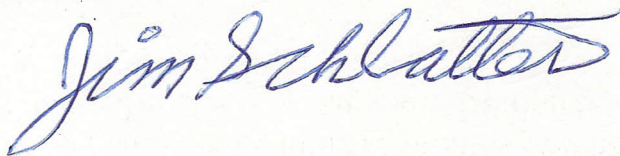
CITY OF KALAMA  
Attention: Coni McMasters

As you know we received preliminary approval for the Stone Forest Subdivision on February 15, 2006. We built phase 1 in 2007. With the current market it may be three or four years before we build out phase 1 and then build phase 2. The current preliminary approval for phase 2 will expire on February 15th, 2011. We are requesting that the City of Kalama extend the preliminary approval for phase 2 of the Stone Forest Subdivision for another five years.

The engineering for phase 2 is about 90% complete. We however understand that engineering is only good for 12 months. So the engineering will be completed within 12 months of when we intend to start construction on phase 2. This way, any new requirements will be incorporated into the engineering prior to construction.

Please let me know if you need any additional information.

Sincerely,



James S. Schlatter, President  
Columbia Ridge Land Development Company  
Phone - 360-798-1001  
E-mail - schlatter2005@comcast.net

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JUN 17 2010

CITY OF KALAMA

# COLUMBIA RIDGE LAND DEVELOPMENT COMPANY

16716 NW 61<sup>ST</sup> AVENUE, RIDGEFIELD, WA 98642 360.798.1001 FAX 360.573.5670

July 9, 2010

CITY OF KALAMA  
Attention: Connie McMasters

Subject: **Stone Forest Extension Request**

Dear Council:

The purpose of this letter is to replace the letter that I sent on June 15, 2010. Since then, I have looked at your extension requirements. I realize that I did not address all of the issues. So I thought that I should submit a new letter with more information.

The request is for a five-year extension of Phase 2 of the preliminary plat of Stone Forest, which was preliminarily approved on February 15, 2006. The current preliminary approval for Phase 2 will expire on February 15, 2011. As you know, Phase 1 was preliminarily approved in 2006, and constructed and recorded in 2007.

KMC 16.08.090(C)(2) reads:

The city may approve an extension of time greater than two years or in addition to any other extension granted based upon the facts and circumstances including: (1) the totality of investment made in the preliminary plat after the preliminary plat was granted; (2) the applicant has shown due diligence in proceeding toward final plat approval; (3) circumstances which create an undue hardship to the applicant; (4) all applicable fees have been paid to the city; and (5) the needs and best interest of the citizens of Kalama are met as determined by the city council.

I believe that the circumstances of Stone Forest Phase 2 qualify it for a five-year extension, as follows:

**(1) The totality of investment made in the preliminary plat after the preliminary plat was granted.**

In addition to the 5.5 million dollar loan to develop this plat, another 2 million in cash was paid for construction. Most of that was spent on Phase 1. However, approximately \$1,480,000 of that amount was spent on Phase 2. The money was spent

for the land, preliminary approval, 90% engineering completion, blasting, and grading. All this was done in accordance with the preliminarily approved plat. The roads that connect with Phase 1 are approximately 60% graded and rocked. As required by the City, the completion of the Phase 2 roads will connect Stepping Stone Street in Phase 1 to Cloverdale Road, which is on the other side of Phase 2.

The applicant's construction loan is based on a value that considers Phase 2 approved with 90% engineering completion; 60% grading of the roads, and 70% of the grading of the property to rough final grade. Because of the extreme downturn in the economy, it has been necessary to renew the 1-year subdivision loan three times. It will unquestionably require several more extensions that were completely unforeseeable when construction for this plat of two phases was funded and construction commenced. If the preliminary approval for phase 2 were to expire, it would substantially reduce the value of phase 2 and the overall value of Stone Forest. One of the requirements for extension of the loan is that the appraised value exceed the loan balance. Without the preliminary approval of phase two the overall value would be less than the loan balance. This loss in value for Stone Forest would most likely cause the bank to proceed with foreclosure.

**(2) the applicant has shown due diligence in proceeding toward final plat approval;**

The applicant built out phase 1 at the earliest practicable opportunity. This construction also included a pumping station large enough to handle phase 2 and surrounding properties. During this construction, grading improvements for phase 2 were done, and the paved pedestrian path (and bridge) for school children was paved through phase 2 to Cloverdale Road. A lot of the storm water facilities for phase 2 were constructed along with phase 1.

Upon completion of the phase 1, the applicant immediately commenced selling lots. However, by that time, the applicant was facing the worst economic downturn since the Great Depression. The applicant constructed two houses. A total of nine house's were constructed immediately. Six are rented because they did not sell. Three of those have sold. Since that time, 11 more houses have been constructed in the \$200,000 to \$240,000 price range, and are being sold. Frankly, there is very little market for lots alone. In order to sell lots, it has been generally necessary to build houses. There is very little profit in the houses, but selling houses allows lots to be sold so that the subdivision construction loan can be paid off. The current balance on that loan is approximately 4.47 million. You can tour four of the houses that the applicant has constructed. The quality of those are very high.

There is nothing that the applicant could have done to make this development move along any faster. This has been due entirely to economic conditions over which none of us has had any real control. I believe it will take 3-4 more years to sell out phase 1. There is absolutely no funding available from any lender to build phase 2, and I do not believe that will change anytime soon. Hopefully, when phase 1 has sold out, that will have changed. However, there will be residual debt associated with the construction loan as a lien on phase 2 because of the time and associated carrying cost that it will take to sell out phase 1, and because of the reduction in lot prices that has

occurred due to a drop in lot values throughout this region and the United States as a whole.

**(3) circumstances which create an undue hardship to the applicant;**

See the discussion in (2). Without this extension, the applicant would most likely lose this property to a foreclosure.

**(4) all applicable fees have been paid to the city**

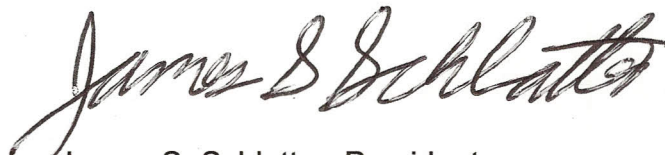
All fees have been timely paid.

**(5) the needs and best interest of the citizens of Kalama are met as determined by the city council.**

The proof is in the pudding; this is a quality development. If there is going to be new housing construction in Kalama, this is a very good example of good-quality affordable housing. There may be bigger houses with expansive views up on the hill, but the development of Stone Forest represent's a very good addition to the City for the price range that it represents, which will provide lots and housing for most people and not just a few. This development implements the Comprehensive Plan and several infrastructure improvements, such as the parks, a pathway to Cloverdale Road, a pump station, the establishment of a large wetland open space, have been made that benefit the whole City. It would not benefit the City to have this development encounter significant financial problems that could threaten its ultimate success.

I believe that with a five year extension approval from the city of Kalama, and a lot of work building quality affordable houses, I will be able to work my way through this severe building recession and pay off the bank loan. The end result will be a beautiful neighborhood the city of Kalama and I can be proud of.

Sincerely,



by: James S. Schlatter, President  
COLUMBIA RIDGE LAND DEVELOPMENT CO.  
Phone – 360-798-1001  
E-mail – schlatter2005@comcast.net