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California enters legal fight over massive Lake County resort, housing project

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California Attorney General Xavier Becerra and his office are challenging plans for a massive luxury resort and mixed-use project on 25 square miles of fire-prone landscape in hard-hit southern Lake County.

In a legal motion filed this month, Becerra unexpectedly announced an effort to join an existing lawsuit against the Guenoc Valley Project. He argued the project's environmental impact report, approved last year by the Lake County Board of Supervisors, did not sufficiently address the increased risk of wildfire that would result from the development, as well as the limited capacity for evacuation from the community should a fire occur.

The move by Becerra and his staff marks a more aggressive stance on proposed developments in California's wildland-urban interface in the age of increasingly fast-moving, catastrophic wildfires, suggesting greater scrutiny of such projects and potential intervention by his office going forward.

Becerra's legal motion references several fires that already have burned in the project area since the landmark 2015 Valley fire, a wind-driven monster that swept across nearly 63 square miles in its first 12 hours, setting a new standard for extreme fire behavior at the time. That event was one of three wildfires that tore through 171,000 acres of southern Lake County that year, destroying 1,329 homes and damaging more than 70 commercial properties.

A large part of the Guenoc Valley property was burned just last fall in the 363,220-acre LNU Complex fire. In fact, more of Lake County has burned in the past five years than has not.

"Lake County residents have borne the brunt of many of the recent wildfires that have ravaged our state," Becerra said in a news release announcing his effort to join the case in Lake County Superior Court. "They deserve to know that the increased wildfire risks resulting from any new development in their area have been properly considered — and mitigated."

A representative for the developer said Becerra is arguing about the wrong project, however, noting the extremes to which designers went to build fire prevention and defensive features, including a new fire station, into their plan.

“After three years of community meetings and an 18-month public Environmental Impact Report (EIR) process, we are confident the EIR is comprehensive,” project partner Chris Meredith said in an email. “The Project has been designed to exceed the required standards, not only as a result of community input, but also due to our own priorities and values. We believe the expressed concerns of residents, environmental groups and the Attorney General’s Office have been met, and in many instances surpassed.”

At issue is a high-end, master planned community that would eventually draw thousands of people at any given time to an area three miles east of Middletown and Highway 29 that dips just south of Butts Canyon Road and extends north along the Napa County line.

Bought in 2016 by San Francisco-based Lotusland Investment Holdings, a partnership led by Hong Kong investor Yiming Xu, the property includes the area around Langtry Farm, developed by famed 19th-century British actor Lillie Langtry, though her farmstead and the winery are carved out of the project site. Xu’s son, Alex Xu, is now Lotusland’s chief executive officer.

The other founding partners are internationally renowned hoteliers Adrian Zecha and Jonathan Breene, whose other ventures include a ring-shaped, stilted hotel in a Norwegian fjord in the Arctic Circle and a “superyacht club” with fleets based in the Mediterranean, Caribbean, west Atlantic and the waters near Thailand.

The entirety of the project would be built on a foundation of climate resilience and fire protection, developed through consultation with Cal Fire and UC Berkeley scientists, Meredith said.

Plans call for phased construction of up to 1,400 residential estate villas, five diverse boutique hotels with a combined 400 rooms, and 450 resort residential units built in clusters.

There also would be a golf course and polo fields, spa and wellness facilities, an equestrian center, extensive commercial and retail services and other amenities worthy of a “luxury international destination resort.”

Project representatives say all but a small fraction of the land — about 1,415 of the total 16,000 acres — would be developed at full build-out, with the rest remaining in open space, grazing land or vineyards and wildlife corridors.

Most of the property is designated by Cal Fire as a “high” or “very high” fire hazard severity zone, prompting integration of state-of-the-art systems and design approaches. They include a network of fuel breaks and defensive corridors, fire detection cameras, underground power lines, exterior building sprinkler systems, an emergency communication system and the new on-site emergency response/fire station with two helicopter pads and high-pressure water systems.

The totality, Meredith said, will “make the site safer than it is today, in its undeveloped condition.”

A separate, nearly 13-acre undeveloped site on the west side of Highway 29 in nearby Middletown has been designated for construction of workforce housing, a mix of 50 single-family homes and duplexes.

The project has transformative potential for the region, which has long struggled economically, particularly given several years of disastrous wildfires in advance of the devastating COVID-19 pandemic.

County supervisors voted 4-1 to approve the environmental report and other land-use measures needed to allow it to move forward on July 21, 2020.

Current board Chairman Bruno Sabatier said supervisors were still contemplating how to respond to the attorney general's motion and, thus, couldn't comment yet.

But former Supervisor Rob Brown, the lone "nay" in the 2020 vote, described the fire hazard issue as "a red herring."

Brown said his only concern was the impact of the project on groundwater supply, adding otherwise, "I think it's a really good project."

Becerra's office raised its concerns about the environmental analysis by letter before the final vote, though late in the deliberations, calling out the agency's special role in overseeing enforcement of the California Environmental Quality Act, or CEQA. The act was amended in 2018 to include a new wildfire section requiring analysis "of a project's potential to create or increase the risk of wildfires" and further address those that may be found to exist.

The Department of Justice has frequently weighed in on CEQA decisions, submitting comments during EIR consideration — at least twice raising wildfire risk issues in recent years — and even joining lawsuits or filing "friend of the court" briefs, though it's not clear it has ever tried to intervene in a lawsuit on the grounds of wildfire risk before.

Its motion in the current case, signed by Deputy Attorney General Andrew Contreiras, said the environmental analysis approved by Lake County supervisors may have addressed mitigation efforts but "skips over the critical step of considering whether the project increases the risk of wildfire in the first instance."

The attorney general's claims were among the multifaceted issues cited by the nonprofit Center for Biological Diversity when it filed suit to stop the project soon after its approval. The California Native Plant Society also is seeking to block the development.

"This project is a playground for the 1% in a very high-risk wildfire zone," said Peter Broderick, a staff attorney with the Center for Biological Diversity's Urban Wildlands Program. "It will have significant negative impacts to wildlife habitat, fire risks, community safety and greenhouse gas emissions."

“When the Center for Biological Diversity filed this lawsuit, the project site was burning from the LNU Complex fire. The Attorney General’s move today to participate in this case confirms that this project is harmful and should never have been approved,” he said.

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