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A family's dream collides with a city's plan

A tug-of-war over public rights and a family's dream has led to a dispute in Lake Forest

By **ERIKA I. RITCHIE**

The Orange County Register

LAKE FOREST – They built mansions in Shady Canyon, engineered high-rises in Irvine and designed and built custom multi-million dollar homes in Orange Park Acres.

But for 20 years the Hernandez family, of Rancho Santa Margarita, dreamed of something more – something to carry on the family name and heritage.

Now that dream is on a collision course with the vision of the city of Lake Forest to develop a long-awaited and much wanted sports park.

Vince Hernandez began building in 1991. The family-run business – HST Construction – grew to include his brother, two nephews, two brother-

in-laws, a niece, his sister, his wife and his father.

In 2004 the family found their diamond-in-the-rough — a 6-plus-acre parcel zoned business in Portola Hills. A friend needed some quick money and offered them a great deal. They came up with \$559,000 in days.

Thus began plans for what Vince Hernandez called "the greatest investment of our lives." Everyone pitched in – even nieces and nephews. One boy handed over \$8 he got from the Tooth Fairy.

Their vision: a world-class resort and spa called the Hernandez Ranch that would cost \$10 million to build. Nestled atop a bluff overlooking Whiting Ranch, the blue-sky panorama would spread from Catalina to Fashion Island in Newport Beach. Guests could enjoy miles of biking, hiking and equestrian trails in the Saddleback foothills.

The property would be built in Spanish and California-style architecture hearkening to the family's Native American and Mexican ancestry. The resort – modeled after the [Montage](#) in Laguna Beach and the [Ojai Valley Inn](#) in Ventura County – would offer amenities like a stone walking labyrinth, secret gardens, hidden-away cabanas and an authentic sweat lodge.

Now having spent more than \$1 million, including engineering and planning, their dream could be thwarted by the city of Lake Forest's two decade-old wish of creating the final piece in its master plan – a 38-acre sports park.

In July, the city decided to try to get the property through eminent domain, pitting the public need of parks and open space against the family's dream. Lake Forest had offered to buy the property from the Hernandez family in March,

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but the family refused. The city needs the Hernandez parcel as one of three in a land swap with Orange County.

In exchange, the city would receive from the county the 35-acre Glass Creek parcel – the planned site of the sports park – a non-buildable 3-acre border and a 20-acre easement that must remain open space. The county, through the Hernandez property and two others, would get more open space for Whiting Ranch.

In July the City Council approved final concept designs for the **\$39 million sports project**. The design plans include four ball fields, three multi-purpose fields, lighting and at least 650 parking spaces. City officials say it will take six to eight months to develop final plans and go to bid. Construction on the park could begin in late 2010.

Vince Hernandez, at 43, the third of four children born to migrant farm workers with roots from South Texas, says he understands the city's need for the park. The city's only ball fields lie in Heroes Park and are susceptible to flooding.

As a Pop Warner and Little League coach he said he loves the concept. He's willing to sell his land at fair market value. The city's independent appraiser says the land's highest and best use is open space. The city's offer is \$840,000. Hernandez says the property is zoned as commercial and he wants \$3.6 million. He says commercial property is selling for \$25 to \$45 a square foot.

"They're offering me \$3 a square foot," he said.

"This whole process has really crushed the family from top to bottom," said Hernandez. "We had a meeting and decided to fight. After years of planning and hard work facilitated by

education, my dreams — like my great-great-grandfather's before me —are now in jeopardy of being taken, not only from me, but an entire generation of my family."

Hernandez thought the parcel was desirably located, near the 241 Toll Road and Portola Parkway, for people in South County and nearby beach cities.

But while developing the family vision, the Hernandezes listed the property at a sales price of \$5 million in 2006, amidst exploding real estate prices.

Vince Hernandez said the family got offers but prospective buyers got cold feet.

"When the buyers did their due diligence and talked to the city, they always came back discouraged," said Hernandez. "The city would always say it was zoned open space and that there was no access."

City officials say not much of a paper trail exists on any firm discussions from the Hernandez family or other interested parties.

In March 2007 the city received a proposal for a wireless facility for the Hernandez land. Some city planners recall talking with the Hernandez family and other potential developers about various options, including the wireless project, a church and an equestrian use.

The Hernandez family began lowering the price hoping someone would take on the challenges of developing the land. The price went from \$5 million to \$3.8 million to \$3.2 million to \$2.6 million in 2008, according to the multiple listing service and Hernandez.

The family continued to get offers, including an

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assisted living facility in March 2008 whose proponents, according to Hernandez, became discouraged, telling him the city seemed to have other plans for the parcel.

In November 2008 Hernandez said a group of investors from the Santa Barbara area approached him and had raised more than \$2 million. They wanted him involved to guide the process. They bought into the spa/resort vision and went to the city to find out more. Two days later, they told Hernandez that they were no longer interested.

The Hernandez family has retained eminent domain attorney Gary Weisberg and contends the city's eminent domain hearing was merely a rubber stamping of an already approved back-room deal.

"In a county document it clearly states that without the Hernandez parcel the city will not be given the Glass Creek parcel for their sports park," said Hernandez.

City Attorney Scott Smith disagrees. He says the land swap deal with the county allows for substitution of another piece of land and that the Hernandez parcel is not a "make or break deal."

Smith said the city began moving toward purchasing the Hernandez parcel in January. After an independent appraisal, Smith said, there were a series of face-to-face communications regarding fair market value. Hernandez remembers one meeting regarding this.

"The Hernandez parcel fulfills open space requirements and is a better option from the city's perspective," said Mark Easter, a partner of Smith's specializing in eminent domain. "From the city's perspective, its highest and best use is open space."

When preparing the city's March offer, the appraiser considered the property's potential for development. Was it physically possible, legally permissible, financially feasible and would the use bring the greatest return? The appraiser also looked at comparable properties and replacement cost.

The conclusion was that development cost would exceed the project return on investment, Easter said, and that the land should remain undeveloped.

In June the city sent Hernandez a 15-day notice of the upcoming eminent domain hearing. On June 16, the City Council voted to move forward with eminent domain proceedings, if needed.

So far no further action has taken place. If the city files a complaint, it must be done within six months of the June vote.

"The unfortunate thing is that the defendant — Hernandez — is named even though he hasn't done anything wrong other than wanting more money for their land," said Easter.

Contact the writer: 949-454-7307 or eritchie@ocregister.com

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