

Stanislaus County reconsiders sale of tax-delinquent parcels at Diablo Grande

By Ken Carlson

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The Diablo Grande resort community near Patterson, Calif., is pictured Wednesday, Sept. 25, 2019. Andy Alfaro aalfaro@modbee.com

Stanislaus County supervisors postponed a decision Tuesday on holding a sale of tax-delinquent properties. The decision came at the urging of Diablo Grande community leaders who said the auction would dash hopes of resolving a water crisis.

Mark Kovich, president of the Western Hills Water District, said the [property sale](#) would eliminate any chances for future development at the resort community on the county's West Side. The district is in the middle of negotiations to secure an affordable water source for the 600 homes at Diablo Grande, as well as water for developing 1,600 additional homes there.

More than 90 of the 173 parcels scheduled for a county tax sale Feb. 23 are under the name of [Western Hills](#) Water District, which is responsible for water, sewer and other services at Diablo Grande. The total tax debt on the 173 parcels is \$5.1 million.

Western Hills is in negotiations with the Kern County Water Agency, which threatened to cut off water transfers June 30 if the district failed to resume payments.

Speakers told the Board of Supervisors that developers will not complete Diablo Grande's first phase if the tax-delinquent parcels are sold off individually at the county auction. Diablo Grande homeowners have been [paying around](#) \$700 a month for water service since July; construction of additional homes would serve to lower the water bills.

"We need more time," said Michael Oliver, a Western Hills board member. He said renewed development would allow for reopening a golf course and letting county residents enjoy Diablo Grande's amenities while producing millions of dollars in tax revenue for the county.

Ken Buehner of Diablo Grande said a water storage tank and larger treatment facility are needed to support more residential development.

Private properties that are behind on tax payments often have a tangled history of business failure, and these parcels are no exception.

Western Hills foreclosed on 91 of the parcels in 2023 for nonpayment of Mello-Roos assessments, but the financially troubled district hasn't been able to pay the annual tax bills. According to a [Modesto Bee story](#), the parcels included undeveloped land, portions of two former golf courses, the clubhouse and bare residential lots.

The district has planned to find a new developer to build homes on the properties and restore golf amenities.

District board members say two previous developers, World International and Angels Crossing, reneged on obligations to pay for property taxes and for Kern County agency transfers of water. The district is trying to recover monetary damages from the development firms through litigation.

Homeowners billed a \$700 per month for water

Western Hills has been working to pull the resort community out of the crisis. Since July, homeowners have been billed around \$700 a month for water to keep service from being shut off. A new water agreement with Kern and a development plan could pave the way for construction of perhaps 1,600 homes, which would serve to lower the water rates.

County Treasurer-Tax Collector Donna Riley said [her office](#) has gone to online auctions and a company it uses could bundle the Diablo Grande parcels for sale.

County supervisors postponed the decision until December to work out legal complexities and learn more about the delinquent parcels. Supervisors said they were not in favor of forgiving the tax debt, but board members were open to postponing sale of the parcels.

According to the list of parcels, the unpaid taxes and penalties on most of the properties amount to several thousand dollars. The tax debt on one parcel is \$342,400, and on another, it's \$631,000.

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