



Date: January 19, 2022

To: Mashal Ayobi - California State Housing and Community Development Office

From: Rona Henry, Chair, Welcoming Neighbors Home

Rev Kent Doss, Minister, Tapestry Unitarian Universalist Congregation

Sheryl Sterry, Ann Owens, Erin Schwarz, Barb Daly, Beverly Huff –

Residents of Lake Forest & Volunteers for Welcoming Neighbors Home

Subject: Lake Forest Final 6th Cycle Housing Element Draft

As a follow-up to our earlier comments (attached), we have done more review of the [Lake Forest December 2021 Housing Element](#) and offer the following additional public comments.

- **Program 24 on Page 40** - Neighborhood Improvement Task Force. It appears to be directed to an Hispanic area.
 - We agree that the residents of the southwest part of Lake Forest are more likely to include economically disadvantaged and first/second generation Hispanic families. **Although this program, on its face, is intended to further fair housing, our worry is that the outcome could be to gentrify and drive disadvantaged residents out of this neighborhood.** The city should be asked what actions it will take to ensure that displacement does not occur.
 - This program was initiated by concerns voiced by “citizens”, who may be middle class residents living on the edges of disadvantaged neighborhoods. It could be a concession to the angry neighbors of the affordable housing Mountain View project – or those who attended several city meetings in which homelessness was discussed.
 - **The program is supposed to work with residents and inform them of their rights. We hope their outreach targets Spanish speakers.**
 - The City has committed \$70,500 over two years. This is not a large budget and might limit what actions can be taken. If managed sensitively, this program could encourage landlords to maintain safe

and healthy rental conditions, and pay for public improvements to roads, street lighting, sidewalks, and parks, which would benefit all residents.

○ **We note that in Lake Forest’s [Health and Wellness Element in their General Plan](#) that there are a number of policies that relate to this and other programs:**

- HW-2.2 Housing Options. Promote a land use plan that allows for a range of housing types and affordability options to support healthy living for families of various incomes and sizes.
- HW- 2.3 Housing Conditions. Evaluate housing and neighborhood conditions as the housing supply ages in order to proactively address issues that may be detrimental to public health.
- HW-3.1 Neighborhoods. Support neighborhoods that sustain physical and mental health, create a sense of community, foster safe public spaces, and support lifecycle housing opportunities.
- HW-3.2 Public Participation. Encourage public participation in local decision making, especially by those that are traditionally underrepresented.
- HW-3d - Ensure that low income and minority populations have equal influence in the land use decisionmaking process by utilizing culturally appropriate approaches to public participation and involvement

• Page 146 - Property Owner Outreach

- We are pleased to see that the City reached out to property owners in its effort to demonstrate that non-vacant sites are suitable for residential redevelopment. We agree that many sites have aging, underutilized buildings and many vacancies. These sites could be ripe for revitalization. We are encouraged that three landowners are preparing plans to develop housing and that two of the three might include affordable housing. One intends to build affordable housing and another intends to build high density housing (43 du/acre).

• Page 245 – Site Inventory Comments

- The second draft includes new content that was added to demonstrate the suitability of non-vacant sites. This section assesses sites on the six development trends that are listed on page 147.
- *This new section is not complete.* Sites 58 through 75 from the previously issued Site Inventory (SEE ATTACHED) are not included in

the table titled ***Suitability of Non-Vacant Sites*** (pages 245-246) nor are they included in the street-view images (pages 247 through 301). The City should complete this section in the final document.

- The high-rise Chase Bank Building and drive-through (Sites 1 and 3) might be the site where “...a third property owner in the El Toro Focus Area has approved plans for the demolition of an existing office building and the construction of an affordable housing project.” This would be good news indeed!
 - The bowling alley landowner is one of the three commercial property owners that expressed interest to the City.
 - Saddleback Ranch Apartments (Site 37) – the property owner has expressed interest. The site appears to be underutilized and could be redeveloped at a higher density, however it includes a hillside and a natural waterway (Aliso Creek) that should be preserved and protected from development impacts.
- Page 140 - Progress Toward RHNA
 - In the second draft, very small adjustments have been made to the number of housing units that are being counted toward the 6th Cycle RHNA. The revision does not change the progress toward the ELI/VLI RHNA and only adds two units to the progress toward the LI RHNA. These adjustments appear to result from a change in counting the ADUs.
 - In a couple of places in this section, the number of ADUs entitled for Portola Center has been changed from 18 to 10. In one place, the number is still shown as 18 but we think this is a typo.
 - For the ELI/VLI category, the figure is mostly consistent with our understanding that it includes 70 units in Mountain View, 25 units in the Portola Center Senior Housing Project, and 7 units in the Meadows. In addition, the city appears to be counting six ADUs in Portola Center.
 - For the LI the figure is mostly consistent with our understanding that it includes 32 units in the Portola Center Senior Housing Project and 57 units in the Meadows. In addition, the city appears to be counting four ADUs in Portola Center.
 - Based on our general knowledge and memory, the corrected figures for the ELI/VLI and LI progress toward the RHNA appear plausible.

Cc: Debra Rose, Lake Forest City Manager
Keith Neves, Lake Forest Assistant City Manager
Gayle Akerman, Director of Community Development
Amy Stonich, Assistant Director of Community Development
Ron Santos, Senior Planner, Community Development
Mayor Pequeno, Mayor Pro Tem Cirbo, Councilmembers Moatazedi,
Tettermer, Voights
Lake Forest Planning Commissioner Chair Armando Barajas, Vice Chair
Fuentes and Commissioners Barajas, Ludden and Villwock
Cesar Covarrubias, Executive Director, Mildred Perez, Daisy Cruz, Cynthia
Guerra - Kennedy Commission
Paul McDougall, Melinda Coy - California State Housing and Community
Development Office
Amanda Tropiano, DeNovo Planning



December 7, 2021

Regarding: Lake Forest September 2021 Housing Element Draft & December 7, 2021 City Council Meeting -

Dear Mayor Voights, Mayor Pro Tem Pequeno, Councilmembers Cirbo, Moatazedi & Tetterer,

We write representing the Welcoming Neighbors Home (WNH) Initiative, a ministry of Tapestry Unitarian Universalist Congregation, which has members in South Orange County, including Lake Forest. The WNH initiative works to end homelessness and promote the development of more affordable housing, especially for those with extremely-low and very-low-incomes.

We have reviewed [Lake Forest's September 2021 Housing Element Draft](#) and earlier submitted comment to the Lake Forest Planning Commissioners for their November 4th meeting. **Please see that comment which is attached.**

Comment on Planning Commission Discussion:

Some of the discussion at the Planning Commission meeting centered on how Lake Forest's recent housing developments have included affordable housing, however the details were not discussed. **Please see the chart below for details from the developer agreements from the last 6 housing projects approved by the city.**

Affordable Housing In Recent Lake Forest Development Agreements - prepared in November 2021							
Projects	Extremely/Very Low Income	Low Income	Total Extremely/Very Low/Low Income	Market-Rate	Total Residential Units	Percent of Extremely/Very Low/Low Income	Status
Residential Dwelling Units Entitled/Permitted/Constructed Under a Development Agreement with the City of Lake Forest							
Teresina	0	0	0	85	85	0.0%	Building is partially completed
Serrano Summit	0	0	0	537	537	0.0%	Building is partially completed
Baker Ranch			187	2192	2379	7.9%	Building is completed
Portola Center	25	32	57	803	860	6.6%	Building is partially completed
The Meadows (Nakase Nursery)	7	57	64	542	606	10.6%	Grading and Infrastructure in progress
Subtotal			308	4159	4467	6.9%	
Residential Dwelling Units Entitled/Permitted/Constructed Under an Affordable Housing Agreement with the City of Lake Forest							
Mountain View with National CORE			70	1	71	98.6%	Ground breaking in Dec. 2021
Total			378	4160	4538	8.3%	

- We applaud the city for approving the 100% affordable Mountain View project (70 lower income units) and hope the city does more of these kinds of projects.
- We also were glad to see that The Meadows (Nakase Nursery) project includes 10.6% affordable units (57 low income and 7 extremely/very-low-income units) and the Portola Center includes 6.6% affordable units (32 low-income and 25 extremely/very low-income units).
- However, we note that **overall, in the last 6 developer agreements – the total percentage of lower income housing units approved was only 8.3%.**

We acknowledge the progress made in bringing more affordable housing to the city, however to meet the needs of the community, we think that the City should implement a 15% inclusionary housing ordinance. *On a standard development, the most that has been negotiated is 10.6%.* An inclusionary housing ordinance, focused on extremely-low-income, very-low-income, and low-income would help to fill a big gap in available housing. Please see our prior letter for details of our recommendations for how the city could achieve even more affordable housing.

Comment on Site Inventory:

Since the November 4th Planning Commission meeting, our team of volunteers has researched the sites proposed in the Housing Element Draft Site Inventory. Photos of the sites, with notes, can be found [here](#).

A parcel map can be found [here](#).

Relatedly, our team has analyzed the Site Inventory using the SCAG HELPR tool. Our analysis can be found [here](#).

Our overall impression is that most of the sites have ongoing businesses with relatively few vacancies. That is why we recommended the adoption of programs listed in our prior comment.

In our research, we did surface 1 site that we ask the city to consider adding to their inventory list since it has vacant buildings and is located near shopping: Plaza El Toro at 21991 El Toro Road Lake Forest, Ca. 92630.

That all said, **we would be interested to learn more about how feasible the proposed sites are.** Which property owners are interested in either developing affordable housing or selling their property to others who want to build affordable housing?

Thank you for considering our public comment. If you have questions regarding our public comment, please contact Rona Henry at rona.s.henry@gmail.com

Sincerely,

Rona Henry
Chair, Welcoming Neighbors Home, Tapestry Unitarian Universalist Congregation

Rev. Kent Doss
Minister, Tapestry Unitarian Universalist Congregation

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Cesar Covarrubias, Executive Director, Mildred Perez, Daisy Cruz, Cynthia Guerra - Kennedy Commission
Paul McDougall, Melinda Coy, Mashal Ayobi - California State Housing and Community Development Office
Amanda Tropiano, DeNovo Planning



October 21, 2021

Regarding: Lake Forest September 2021 Housing Element Draft & November 4, 2020 Planning Commission Meeting -

Dear Lake Forest Planning Commissioner Chair Barajas, Vice Chair Armando and Commissioners Fuentes, Ludden and Villwock,

We write representing the Welcoming Neighbors Home (WNH) Initiative, a ministry of Tapestry Unitarian Universalist Congregation – which has members in South Orange County – including Lake Forest. The WNH initiative works to end homelessness and promote the development of more affordable housing – especially for those with extremely low and very low incomes.

We have reviewed [Lake Forest's September 2021 Housing Element Draft](#). We offer the following comments and questions – some of which amplify our previously submitted comments (see attached).

- 1) Seeing that 22.7% of the Lake Forest population is Hispanic or Latino, it was pleasing to see the Housing Element Overview Video of Lake Forest subtitled in Spanish. Lake Forest also works with safety net programs addressing this population's needs. The Lake Forest Public Engagement Summary (P.18) asked, "How important are the following housing priorities to you and to your family?" The top priorities listed as either "very important" or "somewhat important" were "Support fair/equitable housing opportunities." Therefore, it was disappointing that there was no mention of specific outreach to the Lake Forest Hispanic population in the 6th Cycle Housing Element.

At the Community Open House on October 7th, Amanda Tropiano, from De Novo, said the City had reached out to faith groups and stakeholders. It seems that more specific data is needed for a comprehensive study.

- a. Did the City reach out to Santiago de Campostela Catholic Church, Arbor CFR Spanish Mission, or Cristo Rompe Las Cadenas, faith groups that have highly Hispanic memberships? When and where did this happen, how many people came, and what was the outcome?
- b. What stakeholders did you reach out to, and when and how did this occur?
- c. What other creative means did you try to reach this community?

- 2) We applaud the City’s willingness to proactively collaborate with affordable housing developers. WNH will continue to support projects such as the Mountain View Affordable Housing Community. We appreciate the City’s efforts on affordable projects such as The Arroyo at Baker Ranch and Portola Center that were built through affordable housing implementation plans that were negotiated into development agreements between the City and developers.
- 3) We compliment the city on Program 23 - its plans to conduct an Economic Displace Risk Analysis, by December 31, 2023.
- 4) We were pleased to see that there are a number of sites already designated for residential mixed-uses that are on the Site Inventory – and that they are spread throughout town. We recognize that when the program-level environmental impact studies have been completed for sites, it will help save on development costs and that new standards for mixed-use areas will give clear direction to the development community.
- 5) We note that, because the city is built out, most of the sites on the Site Inventory have existing uses and structures. Our concern is that **we do not see a set of housing programs that we think are commensurate with the challenge of attracting developers to build affordable housing on these sites with existing structures.**
 - a. **We wish the city had achieved a more balanced distribution between lower and above moderate income housing units during the 5th RHNA Cycle. Only 57 lower income units were built compared to 2,625 Above Moderate units.**
 - b. We fear this unbalanced ratio of 1 lower income unit for every 46 above moderate units will only continue. The city’s past “case-by-case” practice of negotiating development agreements resulted in only 5% of its 5th RHNA Cycle being achieved.
 - c. Although the city is achieving a degree of success in encouraging the redevelopment of underutilized developed sites, we think that a much more robust set of programs are needed to affirmatively attract developers to build lower income housing in Lake Forest.

RECOMMENDED HOUSING PROGRAMS:

We have consulted with staff at the Kennedy Commission to learn what housing programs facilitate the production of affordable housing. Below is their advice. We are in agreement with their recommendations.

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The Kennedy Commission recommends the following affordable housing policies and programs to provide development incentives and collaborative opportunities for the production of affordable homes:

1. **Inclusionary Housing Ordinance** - Given the urgent need of residents for low-income housing, the Commission strongly recommends the City adopt an Inclusionary Housing Ordinance within the next year to ensure that identified

sites are truly feasible and effectively provide affordable housing in a balanced manner. We recommend that the ordinance include a 15% **requirement** of affordable housing production at extremely-low-, very-low- and low-income categories and that it apply to all residential projects. The ordinance should be flexible to allow for the development of affordable housing onsite, off site, or provide for an appropriate in-lieu fee option. We recommend an in-lieu fee option in the range of \$10,000 to \$15,000 per unit, or \$10 to \$15 per square foot, to go along with this policy. The in-lieu fee must be calculated to achieve the gap financing needed to create affordable housing and be used to leverage additional state and federal housing funds. We recommend the affordable units be deed restricted for at least 55 years. A feasibility study and implementation of the ordinance should be completed no later than one year from the adoption of the Housing Element.

2. **Mixed-Use Zoning** – We support the city’s planning for mixed-use developments that provide residential units along major corridors and can provide significant opportunities for affordable housing development. We understand that mixed-use zoning allows for the integration of housing with other uses on underutilized commercial or industrial sites while retaining existing commercial/industrial square footage usage to provide services to new residents and the surrounding community. We recommend that the City require 15% of housing to be affordable at the extremely-low-, very-low-, and low-income levels in the mixed-use zoned focus areas.
3. **Affordable Housing Overlay** – The Commission recommends that the City adopt an Affordable Housing Overlay, especially over the mixed-use focus areas that are being rezoned and upzoned. A minimum of 15% of all units should be set aside for extremely low-, very low-, and low-income levels in exchange for development and regulatory incentives. The City must identify a timeframe to study the policy and a timeframe for adoption and implementation. We recommend that this happen in the first year of the 6th Cycle as part of the Zoning Code update.
4. **Congregational Housing Overlay** - A Congregational Housing Overlay Zone provides an opportunity for the development of affordable housing on religious sites while retaining the existing religious use. The overlay would provide 100% affordable units on congregational sites, with a focus on extremely-low-, very-low- and low-income categories.
5. **Adaptive Reuse Ordinance** - Certain building, fire code, and parking requirements add additional costs to building conversion projects and reduce the likelihood of developers converting commercial buildings to residential. The City should consider the adoption of an Adaptive Reuse Ordinance, such as [Santa Ana’s ordinance](#), to provide alternative building and fire standards for the

conversion of eligible buildings in exchange for 15% of converted units dedicated to extremely low-, very low- and low-income categories.

6. **Community Land Trust** - The City should consider developing a Community Land Trust that would allow the City to retain ownership of land (either donated or purchased) and lease the land to the owner of the improvements for community benefit and the creation of 100% affordable housing.
7. **Density Bonus** - The City should analyze the effectiveness of the City's density bonus ordinance to develop affordable housing for lower-income households. The City's 5th cycle RHNA progress demonstrates that moderate and above moderate-income housing production has outpaced lower-income housing development by a 46 to 1 ratio. The City should prioritize affordable housing for lower-income households in its update and implementation of density bonuses. The review should include analysis as to how the density bonus is being implemented. This is especially important when analyzing its effectiveness in higher density specific plans and rezonings that give density and land use incentives and parking reductions, similar to the density bonus, but without requiring affordable housing. It is worth noting that rental developments can only use density bonuses to incentivize lower-income units.
8. **Incentivizing 100% Affordable Housing** - Regulatory, zoning and administrative requirements can contribute to high construction costs, and negatively affect the feasibility of producing affordable housing. The City should develop a program that incentivizes 100% affordable developments and reevaluate the current zoning code to eliminate barriers and create incentives for affordable housing developments. Incentives could include reducing or eliminating permitting fees, offering additional by-right incentives beyond density bonus, reducing parking standards, and alternative development standards. The City should consult with for-profit and nonprofit developers to determine appropriate regulatory incentives.
9. **City Owned Sites and Surplus Property** - The city should prioritize city owned sites and surplus land to be developed exclusively for 100% affordable housing for low, very low and extremely low income families. The City must be proactive and implement a program that markets available surplus land to affordable housing developers.

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6) **Program 8 – ADUs:** We support Program 8, which would include monitoring to track the creation and affordability of ADUs and assistance to residents to build ADUs. Rather than make

it optional reporting, we would prefer to see it required so the affordability levels can be accurately tracked. In addition, we recommend incentivizing homeowners to create an affordable rental unit on their property by offering them assistance for financing (e.g. an [ADU Forgivable Loan Program](#)), designing, and permitting ADUs in exchange for building a deed-restricted, affordable ADU.

7) Program 14: Rental Assistance - We ask that the City be more specific in their plans for educating residents about the Federal Housing Choice Voucher rental assistance program. What communication channels will they use to do outreach and how often? What are their plans to do outreach to landlords to encourage them to accept housing vouchers?

8) Program 15: Conservation of Existing Affordable Units - Is it possible to work even earlier than 60 days with the property owners and tenants regarding the notice of intent to convert at-risk units to market rate rents?

9) Program 22: Affirmatively Furthering Fair Housing Outreach and Coordination Program - We ask that the City be more specific in their plans to affirmatively furthering fair housing. For example:

- How often will they provide fair housing literature to schools, libraries, and post offices?
- How often will they collaborate with local organizations – and which organizations - to encourage, expand, and publicize fair housing requirements as part of programs that provide rental assistance to lower income households?
- By what means will the City actively recruit residents from neighborhoods of concentrated poverty to serve or participate on boards, committees, and other local government bodies as positions are made available due to the regular appointment process or vacancies? How will we know what steps the city has taken in this regard?

The need for more affordable housing for those earning less than \$50,000 per year is acute. We urge the city to take proactive steps, such as those outlined above, to promote the production of more affordable housing in Lake Forest.

We also recommend that the city issue an RFP to actively solicit affordable housing developers to the city. We would like to see the city offer support from the fund of collected in-lieu fees in exchange for development of extremely-low-, very-low and low-income housing units as well as funding available from the State of California's HomeKey funds (https://homekey.hcd.ca.gov/sites/default/files/2021-09/NOFA_Homekey_0.pdf), and the federal government American Rescue Plan Act funds. It is important for the city to take advantage of these funding sources NOW to make important strides in the provision of affordable housing.

Thank you for considering our public comment – for your public service. If you have questions regarding our public comment, please contact Rona Henry at rona.s.henry@gmail.com

Sincerely,

Rona Henry
Chair, Welcoming Neighbors Home, Tapestry Unitarian Universalist Congregation

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Councilmember Mark Tettemer
Cesar Covarrubias, Executive Director, Mildred Perez, Daisy Cruz, Cynthia Guerra - Kennedy Commission
Paul McDougall, Melinda Coy, Mashal Ayobi - California State Housing and Community Development Office

OCTOBER 19, 2020

Lake Forest and Affordable Housing Review and Recommendations

Submitted by
Welcoming Neighbors Home,
a Ministry of Tapestry Unitarian Universalist Congregation

Observations

Lake Forest achieved only 5% of its affordable housing requirements for building very low income (VLI) and low income (LI) homes, under the 5th Cycle Regional Housing Needs Assessment (RHNA) through 2019.¹

However, the City recently took two important steps toward its commitment to improving the availability of affordable housing.

In August of 2020, the City Council approved the National CORE Mountain View project which included a mix of 70 units of affordable housing and supportive housing. And in September of 2020, the City approved the 2040 Comprehensive General Plan which includes housing for High Density and mixed-use units, creating more opportunity for affordable housing.

In our review, Welcoming Neighbors Home (WNH) found that the City's existing policies and program strategies as used in the 5th RHNA Cycle will benefit from further evaluation and updating with current best practices. We hope that our recommendations here will assist Lake Forest in meeting its future goals for affordable housing and in reaching RHNA requirements.

¹Lake Forest Housing Needs Allocation Progress: 2014-2019, supplied by the Kennedy Commission

1) History of Lake Forest's rapid growth

- a. Between 2000 and 2018, median home sales prices in Lake Forest increased 207% while median prices in the Southern California region increased 151%.²
- b. The time period from 2010 to 2019 was also one of intense growth for the City.
- c. The City Council began planning for new Lake Forest community development in 2008, obtaining over \$100 million in public funds.
- d. After several years of study, the City Council approved a General Plan Amendment and zone changes for approximately 800 acres of land, ultimately building over 3000 new homes.
- e. Some incentives were created at that time for market rate developers in order to facilitate the building of affordable housing.³
- f. An "Opportunities Study Environmental Impact Report" was also completed.
- g. This comprehensive planning and funding paved the way for the housing projects mentioned in this report, which were constructed during the 5th RHNA cycle.

Review and Observations of 5th Cycle Housing Element

1) Lake Forest has not yet met its 5th Cycle RHNA goal of 1097 VLI and LI affordable units^{4 5}

- a. Under the 5th RHNA Cycle (2013-2019), 1097 units of VLI and LI housing were required, divided into 647 VLI homes and 450 LI homes.⁶
- b. Only 57 affordable VLI and LI homes were permitted for building, over a seven-year period.
- c. This is only 5%⁷ of affordable housing required under RHNA, a 95%⁸ shortfall in the number required.
- d. However, during this same time period, 2625 homes were added for Above Moderate Income (AMI) residents—achieving 232% of the RHNA requirements. In addition, 204 Moderate income (MI) homes were built, reaching 41% of the RHNA targets (see table below).

² SCAG, Local Housing Data for the City of Lake Forest, August 2020, page 12

³ Lake Forest Developer Agreements with attached Affordable Housing Implementation Plans

⁴ As our report was being finalized, we became aware of two new pending projects from late 2019 that did not appear on the Cycle 5 update: Teresina (85 units) and Nakase. (planned 101 affordable senior units in addition to market units). These 2 developments are not included in our data review. When official data is available, data review can be updated.

⁵ The Arroyo Project, with 189 affordable units, appeared to be completed in 2015. It is our understanding that it was permitted before the start of the 5th Cycle, and that is why it does not appear in that data.

⁶ Lake Forest Annual Housing Element Progress Report for 2019. p.13, Table B

⁷ 57/1097 = 5%

⁸ 1040/1097 = 95%

Housing Needs Allocation Progress: 2014-2019 ⁹

Income Level		RHNA	2014	2015	2016	2017	2018	2019	Total Units to Date	Remaining RHNA	Percentage to RHNA
Very Low	Deed	647	0	0	0	0	0	32	32	615	5%
	Non-deed		0	0	0	0	0	0			
Low	Deed	450	0	0	0	0	0	25	25	425	6%
	Non-deed		0	0	0	0	0	0			
Moderate		497	145	48	8	2	1	0	204	293	41%
Above Moderate		1,133	688	461	489	749	237	1	2625	-1,491	232%
Total RHNA		2,727	833	509	497	751	238	58	2,886		

2) Lake Forest housing projects built under 5th Cycle Housing Element:

- a. Baker Ranch
 - i. 3000+ homes planned.
 - ii. Planned, projected affordable units: 455 VLI and LI¹⁰ units.
 - iii. 0 affordable permits issued.
 - iv. In-Lieu fees paid, but the amount is not publicly available.
- b. Serrano Summit¹¹
 - i. Approximately total 900+ homes were planned.
 - ii. Projected affordable units: 608 VLI & LI homes.¹²
 - iii. 0 affordable permits issued.
 - iv. Unclear if In-Lieu fees were paid.
- c. Portola
 - i. Total 930 units planned.
 - ii. Projected, planned affordable units: 331 VLI & LI homes.¹³

⁹ Table obtained from The Kennedy Commission

¹⁰ Table H-31 p. 40, Lake Forest Housing Element 75% built, Baker Ranch is estimated at 455 units (640-185 = 455)

¹¹ 56.2 acres within Serrano Summit will be devoted to medium density residential uses, Lake Forest Developer Agreements and attached Affordable Housing Implementation Plans

¹² Table H-31, p. 40 of Housing Element. "Justification for Serrano Summit" all units can be credited against the lower income RHNA

¹³ Lake Forest Developer Agreements with attached Affordable Housing Implementation

- iii. 57 affordable permits issued.¹⁴
- iv. Portola is the only development site from the RHNA Site Inventory that is building affordable units.

3) Inclusionary Housing Program

- a. Developers are *encouraged*, but not *required*, to have 15% of all units built as affordable.¹⁵
- b. Decisions are made on an individual project basis, as agreed with the developer.
- c. Developers for two of the housing projects discussed here had the option of choosing to pay In-Lieu fees instead of building affordable housing units.¹⁶
- d. It appears these In-Lieu fees were then used as the City's \$3.7M financial contribution for building Mountain View. This is the National Core project recently approved by the City Council with 71 units of VLI and LI affordable housing.
- e. Lake Forest uses a point system meant to increase ways that developers can meet the 15% affordable housing goal in their projects.
 - (i) The In-Lieu fee appears to be a base of \$12,000 per unit, as modified by the point system.
 - (ii) The point system seems very thoughtful but is quite complex.
 - (iii) More information needs to be understood about what the total In-Lieu fees paid were that eliminated almost 900+ units of affordable housing for VLI and LI residents.
 - (iv) It is not clear if the current In-Lieu structure creates the appropriate compensation funding so that the City can incentivize building the omitted affordable units of elsewhere.
- f. It appears that negotiations and concessions to developers worked to eliminate the commitment as outlined in the Cycle 5 Housing Element to use these developments to meet RHNA requirements for VLI and LI.
- g. Lake Forest did not activate a sufficient back-up plan to build these RHNA required units elsewhere.¹⁷

¹⁴ Portola Center is a 195-acre site which includes 57 affordable senior units, Lake Forest Developer Agreements and attached Affordable Housing Implementation Plans

¹⁵ Lake forest Housing Element, Policy 1.8 p. 72; private conversation with city staff

¹⁶ Lake Forest Developer Agreements and attached Affordable Housing Implementation Plans

¹⁷ The new Mountain View development approved in September 2020 did authorize 70 affordable units, including 12 PSH. This is a real accomplishment. However, it has not yet been included in RHNA data, so it is excluded from data analysis in this study.

4) Inclusionary Zoning

- a. In the 5th Cycle Housing Element Lake Forest used three large development sites to support the assertion that it had enough available sites to comply with the required RHNA goals of 1097 VLI and LI housing units.
- b. However, most of the planned low-income housing was eliminated from the developer agreements and the final build. This resulted in an almost complete collapse of Lake Forest's commitment to build the number of low-income affordable income homes as proposed in the 5th cycle.
- c. So, even though significant inclusionary zoning was proposed as part of the 5th Housing Element, the developments as built failed to achieve the goal.

5) Density Bonus

- a. A density bonus allows for increased development density in excess of existing limits if affordable housing is included in a project. It can create a better overall cost model as an incentive to build more units.
- b. In the three projects under discussion, the density bonus option was specifically waived by developers, as noted in available developer agreements.¹⁸ This appears to have been a sign that inclusionary housing needs would not be seriously considered in the project development.

6) Donation of Land

- a. Baker Ranch had the option to donate 6 acres in-Lieu of affordable housing with a permanent restriction on affordable housing.
- b. Portola Center has no land donation option in agreement.
- c. The Serrano Summit agreement did not have any land donation.

7) Easing governmental and other constraints for market rate developers ¹⁹

- a. Lake Forest did change some of its internal city processes in the 5th Cycle to streamline and expedite the permitting process and the design review.
- b. High density and mixed-use zoning is now used.
- c. The program includes case-by-case flexibility, if rezoning is required.

Recommendations for 6th Cycle Housing Element

1) **Revise current Policy 1.8 to include a requirement for affordable housing.**

- a. Policy now reads: "Encourage residential developments to incorporate a minimum of 15% affordable units, including units affordable to extremely low-income households."

¹⁸ Lake Forest Developer Agreements with attached Affordable Housing Implementation Plans

¹⁹ Lake Forest Developer Agreements with attached Affordable Housing Implementation Plans

- b. Without a mandate, affordable housing can be overlooked or ignored.
- c. Strongly suggest Lake Forest strengthen its ordinances to require incorporation of inclusionary housing that includes *all* below market income levels in sufficient numbers to meet RHNA requirements.²⁰ Under current 6th Cycle RHNA requirements, this is 187 units per year on average for people with lower incomes.
- d. Suggest that the City ensure clear accountability in the internal planning and development process to ensure that projects that do not appropriately contribute to RHNA targets are carefully documented and reviewed by the Planning Commission.

2) Strengthen the process and the results of the City's Inclusionary Housing program

- a. Lake Forest will need to make some significant changes in approach for developing the 6th Cycle Housing Element, especially in the area of meeting RHNA requirements for VLI and LI housing.
- b. The 6th Cycle new RHNA target requirements includes 1,494 VLI and LI units – a 36% increase over the prior cycle. With new housing laws in effect that hold cities much more accountable in achieving RHNA goals, Lake Forest will need to create a much stronger Housing Element plan to meet the needs of these disadvantaged income groups.
- c. In the recently approved 2040 General Plan, it appears that the City has taken a very proactive approach to creating more opportunity for low income housing over the next twenty years.
 - i. Planned housing includes 620 units zoned for High Density (at 25 to 40 du/ac), 7,467 mixed-use units (at 43 du/ac) and 3,265 mixed-use units (at 60 du/ac).
 - ii. It appears that this planning could allow for sufficient housing units to meet RHNA requirements over the 6th Cycle.
 - iii. Many of these sites should be included in the Housing Element Site Inventory so that the needs of below market buyers/renters can be accommodated.
 - iv. The City should prepare an in-depth feasibility assessment of the Housing Element sites to provide better information on site suitability to prospective developers.
 - v. It will be very important for the City to develop a strong, proactive marketing strategy to attract and engage housing developers at various income levels throughout the 8 year cycle.

²⁰ Currently, Lake Forest's 6th Cycle RHNA has increased building requirements in the amount of 1,494 in the very low and low-income categories. This is 46% of the total of 3,229 homes. This means that on average 187 housing units per year will need to be developed over the 8-year 6th Cycle for people with lower incomes.

3) Assess the current In-Lieu fee structure and explore other options for creating additional funding

- a. In-Lieu fee programs differ widely across cities and counties in California.
 - i) When planners or developers eliminate affordable units from projects, the In-Lieu fees assessed need to be large enough to allow for sufficient fund accumulation to build the required affordable units elsewhere. Often the City can leverage these In-Lieu funds to gain matching financing from other public or private sources in partnership with non-profit developers.²¹
 - ii) The fees also need to be reasonable, in order to not create barriers that prevent developers from building the necessary projects.
 - iii) We suggest the City use a specialized land-use economic expert to perform the economic analysis needed to determine the cost/benefit of In-Lieu fee options that best fits the City's goal and objectives.
- b. We recommend that the City work with the Orange County Board of Supervisors and neighboring cities to create a regional local housing bond program to help fund affordable housing and permanent supportive housing.
 - i) Other California cities and counties have taken this approach or are in the process of creating such a program.^{22 23}
 - ii) Other steps that could make building affordable housing more financially feasible and attractive to developers include: increased density bonuses, parking capacity reductions, fee waivers, fast track development processes, building off-site affordable units, land donation, and locating developments near transportation centers.

4) Ensure that new 6th Cycle processes take advantage of current best practices and builds on what others have learned

- a. As the urgency of affordable housing needs grows, regulatory oversight will likely continue to be a factor for California cities in their community development. This oversight can include changes through legislative and case law that may require increased accountability for cities and counties.
- b. Recommended best practices continue to evolve as the experience of stakeholders adds to the knowledge base of "what works".
- c. California public funding opportunities will continue in the 6th Cycle.

²¹ This leverage of In-Lieu funds occurred in the Lake Forest Mountain View project

²² The San Diego City Council voted 6-3 to place on the November ballot a \$900 million housing bond that would raise taxes on city property owners to pay for roughly 7,500 subsidized apartments. ... The estimate had ranged from \$500,000 to \$785,000, but now it's \$700,000 to \$1.2 million per ballot measure. San Diego Union Tribune, July 14, 2020.

²³ Los Angeles also has a bond program, known as HHH.

d. The City may find these resources useful in updating its programs and approaches. Both are available online:

- i) [*“Meeting California’s Housing Needs: Best Practices for Inclusionary Housing”*](#).²⁴
- ii) [*“Designing Affordability: Innovative Strategies for Meeting the Affordability Gap Between Low Income Subsidy and the Market in High Cost Areas.”*](#)²⁵

²⁴ https://www.lgc.org/wordpress/wp-content/uploads/2018/11/inclusionary-factsheet_v2.pdf

²⁵ <https://www.hcd.ca.gov/policy-research/plans-reports/docs/designingaffordability2015.pdf>