

April 21, 2021

RE: Public Comment regarding *The Village at Laguna Hills*

Dear Mayor Pezold, Mayor Pro Tem Sedgwick, and Councilmembers Heft, Hunt and Wheeler,

We have come together as a group of concerned community organizations to offer input and to request changes to the proposed development and planning of the Village at Laguna Hills. Our purpose is to raise awareness and to present recommendations that we believe can increase the benefits of this development and contribute to the City’s goals to address affordable housing needs for those who live and work in Laguna Hills.

According to our research, it has been 40 years since affordable housing has been built in Laguna Hills. When we called the Rancho Niguel apartments, the wait time is 5 to 10 years to get into their apartments, and the waitlist is closed. At Rancho Moulton, we learned that while they are accepting applications, there are no vacancies. There is clearly a great demand for more affordable housing here in Laguna Hills.

After review of the various reports recently released and posted on the city’s website regarding the Village at Laguna Hills, we again write to you as a group of concerned organizations to offer our perspective on this proposed project and to request changes that will address the City affordable housing needs.

- The Village Fiscal Impact Analysis shows **2,900 on-site jobs will be created for 250,000 square feet of restaurants, hotel, and retail with an average salary of \$43K**. In addition, the staff report names the following low wage jobs as eligible for the Village’s affordable housing: Office clerk \$33,000, Retail worker \$25,000 and waiter/waitress \$25,000.
- The [2020 table for Orange County Income Limits](#) shows clearly that **most of the jobs identified in these two reports will NOT qualify these employees for housing at the currently proposed low- income housing rates**.

2020 Orange County Income Limits									
Number of persons in household		1	2	3	4	5	6	7	8
Orange County Area Median Income: \$103,000	Extremely Low	26950	30800	34650	38450	41550	44650	47700	50800
	Very Low Income	44850	51250	57650	64050	69200	74300	79450	84550
	Low Income	71750	82000	92250	102450	110650	118850	127050	135250
	Median Income	72100	82400	92700	103000	111250	119500	127700	135950
	Moderate Income	86500	98900	111250	123600	133500	143400	153250	163150

- While the Addendum to the City of Laguna Hills General Plan Update EIR for the Village at Laguna Hills Project points out that the project creates a 1.87 jobs per dwelling unit ratio, which is lower than the 2030 forecast, the Addendum EIR failed to consider the low-wage nature of the jobs that will be created and the lack of affordability of the dwelling units proposed. A significant portion of the jobs created by the Village at Laguna Hills Project will result in an increase in very-low-income households in Laguna Hills, yet the Project does not provide a single unit of housing affordable to a very-low-income household. Since most of these low-wage employees will not be able to afford the units, the Project does not really benefit from the alleviated commuter traffic as is normally associated with mixed-use commercial and residential developments and as claimed in the Addendum EIR.
- It is also important to remember that nearly **one fourth (23%) of already existing Laguna Hills households earn less than \$50,000/year**; the proposed low/moderate income units will not be financially available for these current residents either. Additionally, even if the new workers at the Project could afford to live in one of the proposed low- or moderate-income units, unless the individuals filling these jobs are already Laguna Hills residents and are Seniors or Veterans, they would not even qualify for priority consideration for those units.
- The positive benefit of creating more affordable housing on site is that this can help reduce traffic when employees are able to live near where they work. However, with over 2900 on-site employees and without providing adequate housing affordable at these income levels, this project will have a significant environmental impact on the community by creating an even greater strain on the limited supply of housing available in Laguna Hills at these income levels and on traffic as well. To fully realize the benefit of a mixed-use development, namely people being able to live near their place of work, the city should encourage the developer to provide more deeply affordable units to mitigate the mismatch between the high cost of the new housing and the relatively low-paying, service sector jobs that the project will create.
- The requirement that Seniors, Veterans, and Laguna Hills Residents have priority when applying for the low- and moderate-income units would have a disproportionate impact on protected classes and deny them equal access to this housing. This raises concerns of possible violations of Federal and State Fair Housing laws and has the effect of perpetuating and creating patterns of segregation. Additionally, not only do the required occupancy limits for the proposed affordable units have a disproportionate impact on families with children, but implementing such requirement on only the units affordable to low- and moderate-income families would likely also result in a disproportionate impact on protected classes, including racial and ethnic minorities.
- As proposed, this development would yield only 100 low-income housing units. **This is only 11% of the required 917 of the homes identified by RHNA in the 6th Cycle Housing Element allocated to very-low and low-income earners over the next 8-year period.** That leaves 817 units remaining to meet projected, unmet needs, in a city where open land sites are at a high premium. Will the 6th Cycle Housing Element be able to provide sufficient, appropriate building sites to accommodate these large numbers? Sites identified in the 6th Cycle Housing

Element will have to include high percentages of affordable units in order to meet the 6th Cycle RHNA requirements. Without the City identifying City-owned property or providing significant funding toward such projects, such sites would be unrealistic for affordable housing due to high land and construction costs.

- Once the current Village site plan is approved, the site will no longer qualify as “available land” for inclusion in the site inventory for the 6th Cycle Housing Element. Without that large site available for inclusion, it will likely put even more pressure on the City to find enough suitable land to satisfy the new, higher RHNA requirements in the new 6th Cycle Housing Element.

Since Laguna Hills is largely built-out, it may mean that the city will need to up-zone or otherwise create a burden on other areas of the city to create adequate sites for extremely-low and very-low-income units. It is probable that extensive re-zoning will be needed on existing potential building sites. Often, this is challenging to do without concern from existing neighborhoods due to the amount and density of zoning that would be required.

The Laguna Hills Village site offers the best opportunity now for accommodating these expanded RHNA needs for very low and low-income units, without affecting already existing neighborhoods. **Will this be seen as a lost opportunity by residents, if there are later, more noticeable impacts on the city neighborhoods that could have been avoided?**

Here again are our Recommendations:

- 1- **ADD extremely low-income and very-low-income affordable units** to the types of units being offered as follows:

Given the high percentage of low wage jobs projected to be in the Village, we recommend that the city require this large housing project to include 15% of its total units (225 out of 1,500) for extremely low (5% or 75 units), very-low (5% or 75 units), and low-income (5% or 75 units) residents. This is especially important here since Laguna Hills has little land available for other building elsewhere. We also ask that consideration be given for a set-aside of Permanent Supportive Housing units.

- 2- **Prioritize building all 225 units between 2021 and 2029.**

Building these units by 2029 means that the committed affordable housing is not left to the end of the phasing, which would not qualify for the 6th Cycle Housing Element.

- 3- **Increase the total amount of affordable housing on site by adding an additional building on site, on land donated by the developer.**

- a. We recommend the developer be allowed to designate/entitle a part of the mall property for building 150 additional affordable housing units using mall land on the site.
- b. The land be accommodated at high enough density to build the 150 units.
- c. The land be donated by the Developer to a non-profit affordable housing developer, who is then required to build 150 very-low and extremely-low-income units.
- d. Such a partnership could yield millions of dollars in matching funds from state and federal housing funds.

4- a. The **project staff report specifically cites that in the Village Project “no city financial commitment” was needed for any funds designated to affordable housing** “(p 61). We recommend that the new General Funds windfall \$2.23M—coming from the developer-- be **specifically allocated to the building of very-low and extremely-low-income housing – in the Village or elsewhere in the city -- using a non-profit developer.**

b. **It is critical to create housing opportunities for the full range of constituents who live and work in Laguna Hills**, especially those who have been under-represented and/or not well-served in the past. The city’s 5th Cycle Housing Element 8 years ago made several references to the need for, and requests from residents, for low-income affordable housing, especially for seniors, families, low wage workers, and those who have physical impairments. Additionally, city surveys show that numerous housing “livability” problems affect a very high percentage of low and very-low-income residents.

c. Given these special needs, including those on fixed incomes and low- wage workers, it seems equitable that these unmet needs be addressed out of this Laguna Hills windfall. Nowhere else in this multi-million dollar project have these tangible and important needs been addressed.

Conclusion

Out of the estimated 1350 to 1500 homes planned, only a total of 200 affordable units have been presented by the developer, divided as 100 for low-income residents and 100 for moderate-income residents. We believe this does not adequately address the great need for extremely low and very low-income units. **The entitlement benefits achieved by your approval should generate a better community benefit to a broader range of city residents than presented to date.** Once this site is entitled, the city will have little choice but to increase its commitment by providing many more very-low and extremely-low-income units elsewhere.

We urge the City not to let this opportunity pass in making meaningful progress in providing attainable housing in Laguna Hills for our essential workers, seniors, and those with fixed incomes.

Cesar Covarrubias, Executive Director of the Kennedy Commission, will be the key contact for our group. He can be reached at (949) 250-0909 or cesarc@kennedycommission.org.

Sincerely,

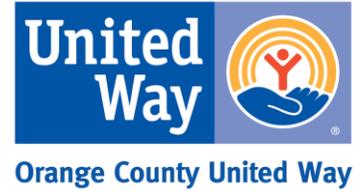
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cc: Kenneth H. Rosenfield, Laguna Hills City Manager
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APPENDIX

Impact of demographics, income and housing costs:

The reality is that many workers and their families, including teachers, other school employees, healthcare workers, restaurant, hotel and other low wage essential workers are at a significant disadvantage in affording or in seeking attainable housing in Laguna Hills. Increased workforce housing is needed to address income limitations against the rising cost of housing.

1 Household Income

- a. There over 10,800 households in Laguna Hills ¹
 - i. 23% earn less than \$50k (extremely low and very low-income)
 - ii. 14% earn 50k to 75k, (very low and low-income)
 - iii. 13% earn \$75k-\$99k (low and moderate income)
 - iv. 50% earn 100k or more (moderate income and market rate buyers)

2. Occupations, salaries²

- a. Total jobs in Laguna Hills: 18,367, decrease of 8.7% since 2007 ³
- b. Laguna Hills annual salaries (2017)
 - i. Average salary \$57k
 - ii. Lowest salaries: Leisure/hospitality \$21k, Public Administration \$27k, Retail \$35k, Other services \$37k, Education/Health \$58k
 - iii. Education sector was largest job sector, accounting for 40% of total employment in the city
 - iv. Highest salary sector is professional jobs at \$77k

3. Housing Cost Burden by Income⁴

- a. 1690 of all households are spending 50% or more of their income on housing.
- b. 1,080 of renter households in Laguna Hills (36.1%) spend fifty percent or more of gross income on housing.

¹ SCAG, Laguna Hills Profile, 2019, 2019 data

² SCAG, Laguna Hills Profile 2019, 2017 data

³ SCAG, Laguna Hills Profile 2019, 2017 data

⁴ SCAG, Laguna Hills Profile 2020, 2020 data

LAGUNA HILLS HOUSING DATA, 2020 ⁵

Households by Share of Income Spent on Housing Cost:			
Income	< 30%	30-50%	> 50%
< 30% HAMFI*	58	100	705
30-50% HAMFI	124	265	680
50-80% HAMFI	490	845	305
80-100% HAMFI	685	410	33
> 100% HAMFI	4,635	669	145
Total Households	5,992	2,289	1,868

*HAMFI refers to Housing Urban Development Area Median Family Income

4 Rental housing affordability

2020 HUD Housing Affordability Calculator for Orange County: maximum recommended monthly for those with low to moderate incomes, by number of bedrooms ⁶

# Bedrooms	0	1	2	3	4
Very Low	\$0-753	\$0-876	\$0-998	\$0-1120	\$0-1218
Low	\$754-1558	\$877-1796	\$999-2033	\$1121-2270	\$1219-2460
Moderate	\$1559-1953	\$1797-2247	\$2034-2540	\$2271-2834	\$2461-3069

⁵ SCAG, Laguna Hills City Profile, August 2020

⁶ HUD 2020 Fair Market Rate Documentation,

https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2019_code/2019summary.odn?&year=2019&fmrtype=Final&selection_type=county&fips=0605999999