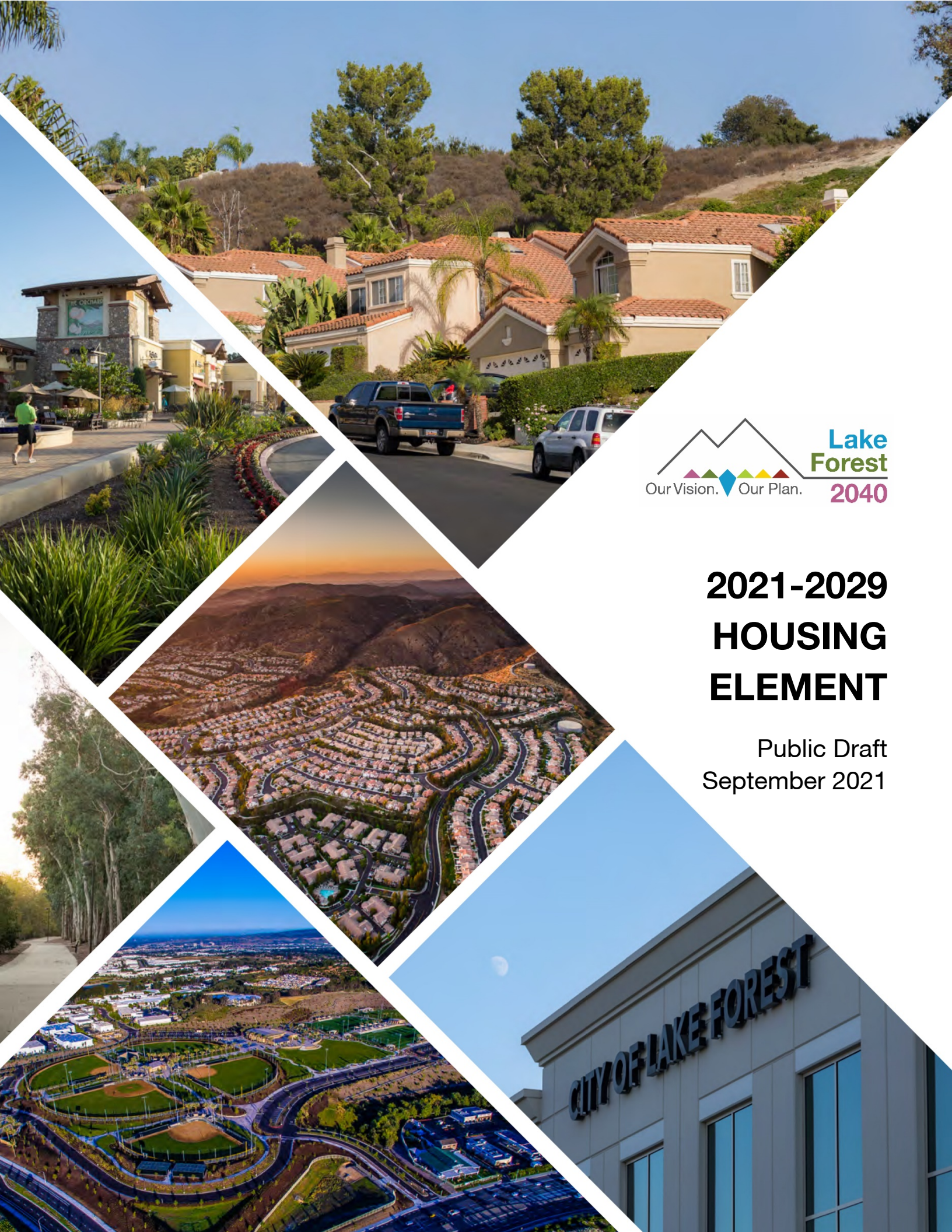



Lake Forest 2040

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# 2021-2029 HOUSING ELEMENT

Public Draft
September 2021

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# 2021-2029 HOUSING ELEMENT

Public Draft
September 2021

**Prepared For:**

City of Lake Forest
Contact: Gayle Ackerman, AICP
Director of Community Development
City of Lake Forest
100 Civic Center Drive
Lake Forest, CA 92630
(949) 461-3460
https://lakeforestca.gov/

**Prepared By:**

De Novo Planning Group
Contact: Amanda Tropiano, Principal
180 E Main Street Suite 108
Tustin, CA 92780
info@denovoplanning.com
https://denovoplanning.com/

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# 2021-2029 Housing Element Organization

## Part 1: Housing Plan

Part 1 of the 2021-2029 Housing Element is the City's "Housing Plan", which includes the goals, policies, and programs the City will implement to address constraints and needs. The City's overarching objective is to ensure that decent, safe housing is available to all current and future residents at a cost that is within the reach of the diverse economic segments which comprise Lake Forest.

## Part 2: Background Report

Part 2 of the 2021-2029 Housing Element is the "Background Report" which identifies the nature and extent of Lake Forest's housing needs, including those of special populations, potential housing resources (land and funds), potential constraints to housing production, and energy conservation opportunities. By examining the City's housings, resources, and constraints, the City can then determine a plan of action for providing adequate housing, as presented in Part 1: Housing Plan. In addition to identifying housing needs, the Background Report also presents information regarding the setting in which these needs occur. This information is instrumental in providing a better understanding of the community, which in turn is essential for the planning of future housing needs.

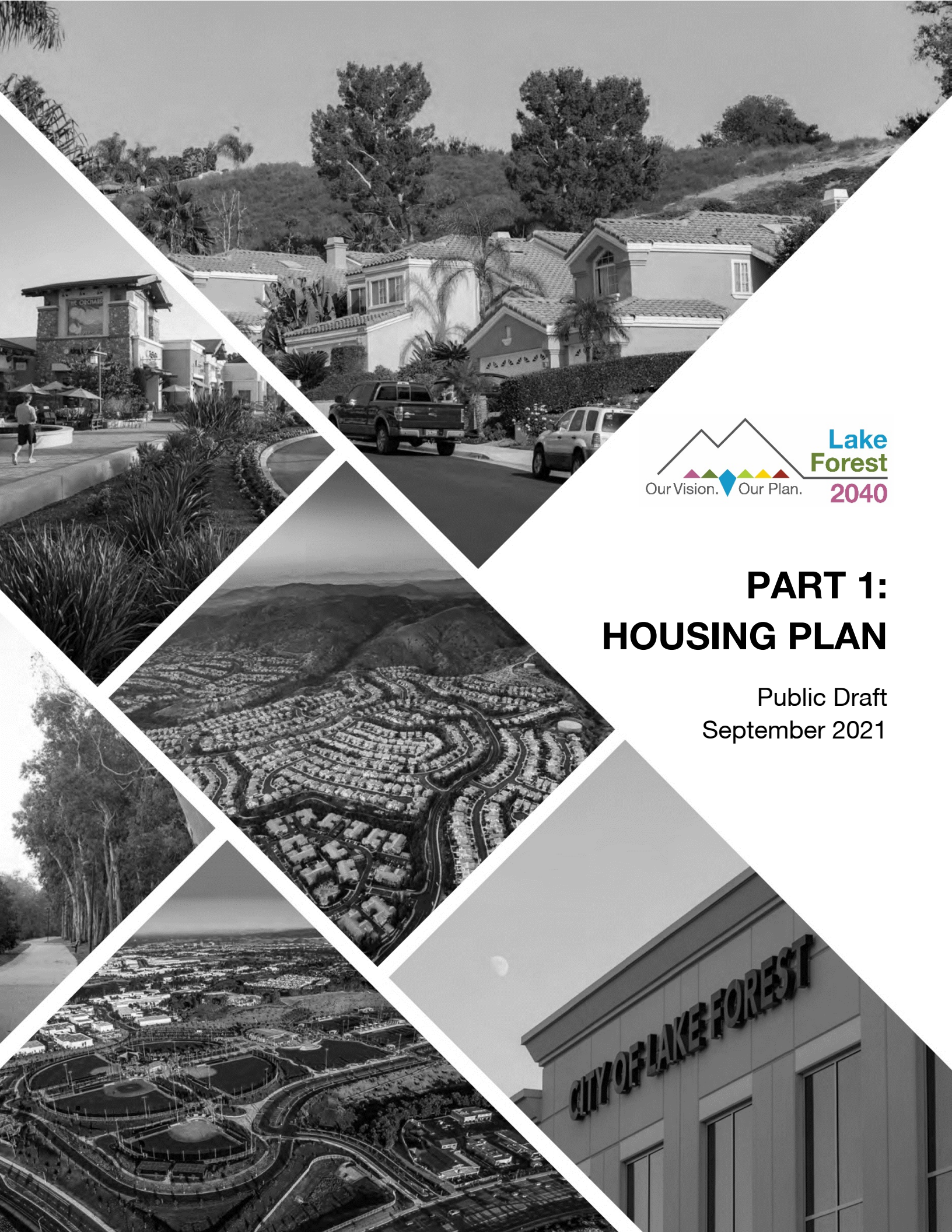
## Appendix A: Housing Sites Inventory

The Housing Element must include an inventory of land suitable and available for residential development to meet the City's regional housing need by income level.

## Appendix B: Public Engagement Summary

As part of the Housing Element Update process, the City hosted numerous opportunities for the community and key stakeholders to provide feedback on existing housing conditions, housing priorities, priority areas for new residential growth, and topics related to fair housing. Public participation played an important role in the refinement of the City's housing goals and policies and in the development of new housing programs, as included in Part 1: Housing Plan. The public's input also helped to validate and expand upon the contextual information included in Part 2: Background Report. The City's efforts to engage the community in a meaningful and comprehensive way are summarized in Appendix B.

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Lake Forest 2040

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# PART 1: HOUSING PLAN

Public Draft
September 2021

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# 1 2021-2029 Housing Plan Introduction

This section presents the City's Housing Plan, including goals, policies, and programs the City will implement to address constraints and needs. The City's overarching objective is to ensure that decent, safe housing is available to all current and future residents at a cost that is within the reach of the diverse economic segments which comprise Lake Forest. To this end, the Housing Plan focuses on:

1) Encouraging housing diversity and opportunities;
2) Maintaining, preserving, and conserving existing residential neighborhoods;
3) Increasing opportunities for home ownership;
4) Promoting equal opportunity for all residents to reside in the housing of their choice.

# 2 Goals and Policies

The Housing Element Background Report evaluates the City's housing needs, opportunities and constraints, and presents a review of the previous element. This Housing Plan reflects the City's experience during the 2013-2021 planning period and sets forth the City's goals, policies, and programs to address the identified housing needs and issues for the 2021-2029 planning period. Quantified objectives for new construction, rehabilitation and conservation are also identified. The goals and policies that guide the City's housing programs and activities are as follows:

ISSUE: HOUSING DIVERSITY AND OPPORTUNITIES

Goal 1: Adequate housing to meet the existing and future needs of Lake Forest residents.

Policy 1.1: Allow for the development of a variety of housing opportunities (ownership and rental) in Lake Forest including low-density single-family homes, moderate-density townhomes, higher-density apartments and multi-family projects, mixed-use development, accessory dwelling units, and mobile homes to fulfill regional housing needs.

Policy 1.2: Support the development of affordable housing by offering development incentives on a case-by-case basis.

Policy 1.3: Support the provision of housing and supportive services for extremely low-income households and special groups, such as the elderly, persons with disabilities (including developmental disabilities), large families, single-parent households, and those in need of temporary shelter.

Policy 1.4: Promote the development of new housing units in the City's mixed-use focus areas which are located along the City's major transportation corridors and near community activity centers.

Policy 1.5: Remove or reduce constraints on affordable housing development to the extent feasible.

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Policy 1.6: Encourage residential developments to incorporate a minimum of 15% affordable units, including units affordable to extremely low-income households.

Policy 1.7: Maintain adequate capacity to accommodate the City's unmet Regional Housing Needs Assessment (RHNA) allocation for all income categories throughout the planning period.

Policy 1.8: Allow by-right approval of housing developments proposed on non-vacant sites included in the previous housing element inventory and on vacant sites included in the two previous housing element inventories, provided that the proposed housing development includes at least 20 percent lower-income affordable housing units.

ISSUE: MAINTENANCE, PRESERVATION, AND CONSERVATION OF HOUSING

Goal 2: Maintenance and enhancement of the quality of existing residential neighborhoods.

Policy 2.1: Promote programs that improve the overall quality and conditions of existing housing in Lake Forest with an emphasis on housing that is affordable to lower-income households.

Policy 2.2: Promote and facilitate the conservation and rehabilitation of the City's older residential properties.

Policy 2.3: Subject to the availability of funds, continue to offer rehabilitation and home improvement loans to qualified households.

Policy 2.4: Evaluate opportunities for comprehensive neighborhood improvements, including focused code enforcement and neighborhood clean-up days, and implement such activities as warranted.

Policy 2.5: Endeavor to preserve income-restricted affordable housing in the City that is at-risk of converting to market-rate.

Policy 2.6: Promote a balance of rental and affordable ownership housing.

Policy 2.7: Continue to support County efforts to preserve and expand rental assistance programs for extremely low-income households, including the Housing Choice Voucher Program.

ISSUE: HOME OWNERSHIP

Goal 3: Increased opportunities for home ownership.

Policy 3.1: Encourage the development of affordable ownership housing for first-time homebuyers.

Policy 3.2: Pursue state and federal funding sources to provide fair home purchase options to lower- and moderate-income households.

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Policy 3.3: Collaborate in regional efforts to pursue funding, such as mortgage revenue bonds and Mortgage Credit Certificates, for homeownership assistance programs.

ISSUE: EQUAL OPPORTUNITY

Goal 4: Promote equal opportunity for all residents to reside in housing of their choice by affirmatively furthering fair housing.

Policy 4.1: Encourage and support the enforcement of laws and regulations prohibiting discrimination in the sale, rental, or financing of housing based on race, color, ancestry, religion, national origin, sex, sexual orientation, gender identity, age, disability/medical conditions, familial status, marital status, source of income, or any other arbitrary factor.

Policy 4.2: Accommodate persons with disabilities who seek reasonable waiver or modification of land use controls and/or development standards pursuant to procedures and criteria set forth in the Zoning Code.

Policy 4.3: Assist in the enforcement of fair housing laws by providing support to organizations that can receive and investigate fair housing allegations, provide outreach and education regarding fair housing rights, monitor compliance with fair housing laws, and refer possible violations to enforcing agencies.

Policy 4.4: Encourage design which supports aging in place (such as universal design) in new development.

Policy 4.5: Encourage the development of housing affordable to lower-income households and housing for special needs groups throughout the community.

Policy 4.6: Provide information to the public on available housing, housing affordable to lower-income households, and special needs housing through the City's public information channels.

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# 3 Cycle 6 Housing Element Programs

Lake Forest offers a variety of housing opportunities to meet the needs of the community and comply with state Housing Law. This section of the Housing Plan addresses the issues identified in the previous sections of the Element and provides a strategy to achieve the City's housing goals. The housing programs designed to implement the City's strategy are discussed in detail below.

## PROVISION OF ADEQUATE HOUSING SITES TO ACHIEVE A VARIETY OF HOUSING TYPES AND DENSITIES

A key element in satisfying the housing needs of all segments of the community is the provision of adequate sites for housing. This is an important function of both the General Plan and zoning.

Program 1: Land Use Policy, Entitlements, and Development Capacity

Planning and regulatory actions to achieve adequate housing sites are implemented through the Land Use Element, Zoning Code, and, in some instances, development agreements. These regulatory documents provide for a variety of residential development, ranging from lower-density single-family homes to higher-density apartments, condominiums, and mixed-use projects.

The City of Lake Forest received a RHNA allocation of 3,236 units for the 2021-2029 RHNA period. After credits for constructed units (755) and approved/entitled units (753) are taken into consideration, the City of Lake Forest has a remaining 2021-2029 RHNA of 1,846 units, including 848 extremely/very low-income, 445 low-income, and 553 moderate-income units.

The residential sites inventory consists of approximately 159 acres of land designated in mixed-use areas which allow for residential development at densities beyond 30 du/ac, with the potential to yield at least 2,965 new units. The City has also identified 34.55 acres of underdeveloped residential uses (two sites) that could yield an additional 382 units affordable to moderate and above moderate income households. Also construction of new accessory dwelling units (ADUs) will also add to the City's housing stock. Together, these resources have the capacity to accommodate at least 3,378 new units affordable to all income levels. These sites can accommodate the City's remaining RHNA allocation for all income levels through year 2029. The City will maintain an inventory of sites with residential development potential and provide it to prospective residential developers upon request.

| | |
|---|---|
| Responsible Agencies: | Community Development Department |
| Funding Sources: | General Fund |
| 2021-2029 Objectives: | Maintain and monitor the residential sites inventory to ensure sufficient sites remain to accommodate the RHNA allocation throughout the RHNA period. Receive and process development applications for residential projects. |
| Timeframe: | Annual monitoring and reporting throughout the planning period. |

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Program 2: Monitor Residential Capacity (No Net Loss)

The City will monitor the depletion of residential acreage, and review proposed General Plan amendments, Zone Changes, and development projects, to ensure an adequate inventory is available to meet the City's 2021-2029 RHNA obligations. To ensure sufficient residential development capacity is maintained to accommodate the City's RHNA allocation, the City will develop and implement a formal ongoing (project-by-project) evaluation procedure pursuant to Government Code Section 65863 and will make the findings required by that code section if a site is proposed for development with fewer units or at a different income level(s) than shown in the Housing Element Site Inventory. Should an approval of development result in a reduction of residential development capacity below the capacity needed to accommodate the remaining need for lower-income, moderate-income, or above-moderate-income households, the City, and potentially the applicant (in accordance with State law), will identify and, if necessary, rezone sufficient sites within 180 days to accommodate the shortfall and ensure "no net loss" in capacity to accommodate the RHNA allocation, consistent with State law. Any rezoned site(s) will satisfy the adequate site requirements of Government Code Section 65583.2 and will be consistent with the City's obligation to affirmatively further fair housing.

| | |
|---|---|
| Responsible Agencies: | Community Development Department |
| Funding Sources: | General Fund |
| 2021-2029 Objectives: | Maintain adequate capacity to accommodate the City's RHNA obligations at all income levels throughout the planning period. Report as required through the HCD annual report process. |
| Timeframe: | Ongoing implementation, at time of approval of a project on a site listed in the Housing Element, and annual reporting throughout the planning period. |

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Program 3: Public Property Conversion to Housing Program

The City will maintain a list of surplus City-owned lands, including identification of address, APN, General Plan land use designation, zoning, current use, parcel size, and status (surplus land or exempt surplus land). The City will work with non-profits and public agencies to evaluate the feasibility of transferring surplus City-owned lands not committed to other City purposes for development of affordable housing by the private sector. The inventory will be updated annually in conjunction with the Annual Progress Report ("APR") (Program 1). Any disposition of surplus lands shall be conducted consistent with the requirements of Government Code Section 54220 et. seq.

| | |
|---|---|
| Responsible Agencies: | City Manager's Office |
| Funding Sources: | General Fund and federal and State technical assistance grants |
| 2021-2029 Objectives: | Collaborate with the development community, including affordable housing developers, to evaluate the viability of developing City-owned land as affordable housing. |
| Timeframe: | Annually |

Program 4: Replacement of Affordable Units

Consistent with the requirements of Government Code Section 65583.2(g), development projects on sites in the housing inventory (Appendix A) that have, or have had within the five years preceding the application, residential uses restricted with rents affordable to low- or very low-income households or residential uses occupied by low- or very low-income households, shall be conditioned to replace all such units at the same or lower income level as a condition of any development on the site, and such replacement requirements shall be consistent with Section 65915(c)(3).

| | |
|---|---|
| Responsible Agencies: | Community Development Department |
| Funding Sources: | General Fund; replacement costs to be borne by developer of any such site |
| 2021-2029 Objectives: | For all project applications, identify need for replacement of affordable housing units and ensure replacement, if required, occurs. |
| Timeframe: | Ongoing |

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Program 5: Facilitate Affordable and Special Needs Housing Construction

The City can encourage and facilitate affordable housing construction through financial assistance, removal of regulatory constraints, and administrative support. With limited funding, the City will rely on the following actions to encourage affordable housing production during the planning period:

- *Affordable Housing Implementation Plans (AHIPs):* During the two previous Housing Element cycles, the City entered into Development Agreements (DA) with the property owners/developers of land that was newly entitled for residential use. The DAs include an Affordable Housing Implementation Plan (AHIP) that required the production of affordable units in conjunction with the development. The City continues to monitor and enforce approved AHIPs and affordable housing covenants.
- *Collaborate with Affordable Housing Developers:* Affordable housing developers work to develop, conserve and promote rental and ownership affordable housing. Particularly in relation to senior housing, the affordable housing developer is often, but not always, a local organization interested in developing affordable housing. The affordable housing developer is often involved with what is called "assisted housing", where some type of government assistance (such as Housing Choice Voucher program or Tax Credits) is provided to the individual household to keep rents affordable. An affordable housing developer may help meet the City's goal of incorporating a minimum of 15% affordable units within new residential developments by implementing or assisting with the implementation of programs described in this Element. The City will continue to proactively collaborate with affordable housing developers to identify potential sites, write letters of support to help secure governmental and private-sector funding, and offer technical assistance related to the application of State density bonus provisions. The City will proactively provide affordable housing developers with maps illustrating high resource areas and areas with high levels of people-based and place-based opportunities in the City in order to highlight opportunities for new development to affirmatively further fair housing. In addition, the City will proactively provide developers the list of housing sites identified in Appendix A, which identifies those sites which are located in a 2021 TCAC/HCD moderate or high resource zone.
- *Regulatory Concessions and Incentives:* The City will continue to work with developers on a case-by-case basis to provide State-mandated regulatory concessions and incentives to assist with the development of affordable and senior housing. In a relatively small city like Lake Forest, this is the most effective method of assisting developers, as each individual project can be analyzed to determine which concessions and incentives would be the most beneficial to the project's feasibility. State-mandated regulatory concessions and incentives could include, but are not limited to, density bonuses, parking reductions, fee reductions or deferral, expedited permit processing, and modified or waived development standards.
- *Collaborate with Housing Developers to Accommodate Large Families*: Developers of affordable and market rate housing can help address the special needs of the community's large families by providing a mix of unit types and sizes, including units with more than three bedrooms. The City will advise developers regarding the presence of larger families in Lake Forest and encourage them to include units with more than three bedrooms, if feasible.

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- *Low-Income Housing Tax Credits (LIHTC):* The City will assist developers in gaining funding for the development of affordable housing through the LIHTC program. Investors receive a credit against federal tax owed in return for providing funds to developers to build or renovate housing for low-income households. In turn, the capital subsidy allows rents to be set at below market rates.

| | |
|---|---|
| Responsible Agencies: | Community Development Department; |
| Funding Sources: | General Fund |
| 2021-2029 Objectives: | Monitor the City's existing affordable housing stock and support affordable housing developers in their efforts to develop new affordable units in Lake Forest. |
| Timeframe: | Provide ongoing assistance to interested affordable housing developers. |

### REMOVAL OF CONSTRAINTS

State law requires the Housing Element to address, and where appropriate and legally possible, remove constraints affecting the maintenance, improvement, and development of housing. The following programs are designed to lessen governmental and nongovernmental constraints on housing development during the planning period.

Program 6: Monitor Changes in Federal and State Housing, Planning, and Zoning Laws

Although the 2021-2029 Housing Element update did not identify any significant governmental constraints to the development or maintenance of housing in Lake Forest, the City will continue to monitor its development process and zoning regulations to identify and remove constraints to the development of housing and affirmatively further fair housing goals. The City will also continue to monitor federal and State legislation that could impact housing and comment on, support, or oppose proposed changes or additions to existing legislation, as well as support new legislation when appropriate. The City will also endeavor to minimizegovernmental constraints to the development, improvement, and maintenance of housing.

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|---|---|
| Responsible Agencies: | Community Development Department; City Manager's Department |
| Funding Sources: | General Fund |
| 2021-2029 Objectives: | Stay updated on changes in federal and state housing, planning, and zoning laws and participate in providing review and comments as appropriate. |
| Timeframe: | Annual monitoring and reporting throughout the planning period through the Housing Element Annual Progress Report (APR) |

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Program 7: Zoning Code Amendments – Housing Constraints

The City shall update the Zoning Code to remove constraints to housing development and ensure the City's standards and permitting requirements are consistent with State law. The update shall address the following:

A. Mixed-Use Standards. The Zoning Code shall be updated to address standards related to mixed-use development at densities and intensities consistent with the Mixed-Use land use designations adopted as part of the City's comprehensive General Plan Update approved in 2020. This process is anticipated to be completed by the end of 2022.

B. Low Barrier Navigation Centers: The Zoning Code shall be updated to define and permit low-barrier navigation centers consistent with the requirements of Government Code Sections 65660 through 65668, including treating low-barrier navigation centers as a by-right use in areas zoned for mixed use and in nonresidential zones permitting multi-family uses (if applicable).

C. Transitional and Supportive Housing: The Zoning Code shall be revised to ensure that transitional and supportive housing is allowed in residential and mixed-use zones subject to the same standards as a residence of the same type in the same zone consistent with Government Code Section 65583(c)(3), and to allow eligible supportive housing as a by-right use in zones where multi-family and mixed uses are permitted pursuant to Government Code Sections 65650 through 65656.

D. Employee Housing: The Zoning Code will be updated to define "employee housing" distinctly from "agricultural worker housing" and to clarify that *employee housing* serving six or fewer employees shall be deemed a single-family structure and shall be subject to the same standards for a single-family residence in the same zone.

E. Agricultural Worker Housing: The Zoning Code will be updated to define "agricultural worker housing" and to identify that any *agricultural worker housing* providing no more than 36 beds in a group quarters, or consisting of 12 or fewer units or spaces, shall be deemed an agricultural land use and permitted in the same manner as *agricultural uses* consistent with Health and Safety Code Section 17021.6. The Zoning Code will also be updated to provide for streamlined, ministerial approval of agricultural worker housing that meets the requirements of Health and Safety Code Section 17021.8.

F. Streamlined and Ministerial Review for Eligible Affordable Housing Projects: The Zoning Code will be updated to ensure that eligible multi-family projects with an affordable housing component are provided streamlined review and are subject only to objective design standards consistent with relevant provisions of SB 35 and SB 330, as provided for by applicable sections of the Government Code, including but not limited to Sections 65905.5, 65913.4, 65940, 65941.1, 65950, and 66300. State law defines objective design standards as those that "involve no personal or subjective judgement by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant and public official prior to submittal."

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G. Emergency Shelter Parking: The Zoning Code will be updated to require sufficient parking to accommodate all staff working in an emergency shelter, provided that the standards will not require more parking for emergency shelters than other residential or commercial uses within the same zone, in compliance with AB 139.

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| Responsible Agencies: | Community Development Department |
| Funding Sources: | General Fund |
| 2021-2029 Objectives: | Ensure that the City's Zoning Code is consistent with State law and update the Zoning Code as needed to comply with future changes. |
| Timeframe: | Zoning Code Amendments adopted by December 2022. |

Program 8: Accessory Dwelling Units

Accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs) help meet the City's housing needs for all income levels and also provide a housing resource for seniors, students, and low- and moderate-income households throughout the entire Lake Forest community, not just in any single geographic area. The City will continue to apply Zoning Code regulations that allow ADUs and JADUs (also known as second units or granny flats) by right in all residential zones, in accordance with State law. The City of Lake Forest will amend the ordinance as necessary based on future changes to State law and work with HCD to ensure continued compliance with State Law. The City will also continue to monitor the extent of ADU production to ensure that the Housing Element goals can be met.

While the City will continue to promote the opportunity for residents to develop ADUs throughout Lake Forest consistent with Section 9.146.050 of the Lake Forest Municipal Code, the City is focused on promoting the development of ADUs that are affordable to lower income and moderate income households, and the development of ADUs in areas of opportunity as described in the Affirmatively Furthering Fair Housing section of the Housing Element Background Report. To the extent feasible, the City will survey ADU owners/builders to determine if they will be affordable to lower- or moderate-income households. The City will ask ADU applicants to voluntarily share the unit's intended rental rate (if applicable) to track the supply of affordable ADUs in the City. Additionally, by the end of 2023, the City will identify and evaluate potential incentives (if any) to encourage production of affordable ADUs, particularly in high resource areas (as described in the Affirmatively Furthering Fair Housing section of the Housing Element Background Report), and present potential strategies to implement those incentives to the Planning Commission and/or City Council during the planning period.

The City will provide hard copies of ADU factsheets (English and Spanish) at City Hall and community facilities and share electronic versions on City social media accounts. Upon request, the City will provide homeowner associations (HOAs) and other civic organizations with guidance to assist with the development of ADUs and work proactively to educate the community regarding the role ADUs play in providing affordable housing options and affirmatively furthering fair housing.

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| Responsible Agencies: | Community Development Department |
| Funding Sources: | General Fund |
| 2021-2029 Objectives: | Support the development of accessory dwelling units in neighborhoods throughout the City. |
| Timeframe: | Survey ADU owners/builders to determine affordability and update ADU application to inquire about affordability level: 2021-2022; identify and evaluate potential incentives to encourage production of affordable ADUs: 2022-2023; and present findings to the City's Planning Commission and/or City Council: 2023; implementation and annual reporting throughout the RHNA period through the Housing Element Annual Progress Report: continuous. |

### HOUSING AND SUPPORTIVE SERVICES FOR SPECIAL NEEDS POPULATIONS (GOAL 1)

Where there is a need for affordable housing, often there is also a need for supportive services for lower income households, including the homeless, extremely low-income households, and persons with disabilities (including developmental disabilities). The City assists service providers, with the allocation of CDBG funds, in meeting the immediate needs of persons with special needs, including the homeless, near-homeless, and extremely low-income households. Immediate need includes the provision of food, temporary shelter, health care, and other social services. The following programs are intend to address the overall need for housing and supportive services for special needs populations in Lake Forest.

Program 9: Sites for Homeless Shelters/ Homeless Prevention and Assistance Services

Homelessness is a chronic problem throughout Southern California. While the majority of the County's homeless are in the older, more urbanized jurisdictions and in the beach communities, the 2019 Orange County Point-In-Time Report data indicates approximately 112 homeless persons within the City on any given night (for more information, see the Housing Element Background Report). In addition, the City has numerous households that may be considered at-risk of becoming homeless by virtue of their limited incomes. It is important for the City to provide and maintain the appropriate zoning to accommodate the provision of facilities that serve the homeless population, most of whom are extremely-low-income, in accordance with State law.

The City allocates CDBG fundning to assist with homeless prevention and assistance services to organizations such as Families Forward, South County Outreach, and Family Assistance Ministries. The City contracts with Mercy House to provide an outreach worker in Like Forest. The outreach worker helps the homeless get into shelters, secure transitional or permanent housing, obtain medical assistance, or be admitted into a recovery program. The City also has a full time Homeless Liaison Officer ("HLO") who works with the City's homeless outreach provider to establish trust and communication with the homeless in an effort to offer supportive services.

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| Responsible Agencies: | Community Development Department, City Manager |
| Funding Sources: | CDBG, State HEAP funds |
| 2021-2029 Objectives: | Support non-profit organizations that shelter the homeless (subject to available funding and on a case-by-case basis). |
| Timeframe: | Annual monitoring and reporting throughout the planning period through the Housing Element Annual Progress Report (APR) |

Program 10: Transitional/Supportive and Affordable Housing

The City provided financial assistance to non-profit service agencies (Families Forward, South County Outreach) to purchase existing housing in the community for use as transitional/supportive and affordable housing. In addition, the City owns two condominium units which are leased to a non-profit agency (Families Forward) for transitional/supportive affordable housing (Madrid Condominiums). These facilities help to address the needs of very low- and extremely low-income persons. Specifically, the City provided CDBG funding to a non-profit organization (South County Outreach) to assist with the purchase and operation of eight condominium units for transitional/supportive and affordable housing. In addition, the Lake Forest Redevelopment Agency acquired a four-unit apartment, which was transferred to the Lake Forest Housing Authority, and subsequently sold to Families Forward (Saguaro Apartments). These units will continue to offer transitional/supportive and affordable housing to low-income residents through 2027–2031 (South County Outreach units), 2071 (Saguaro Apartments), and 2031 (expiration of Madrid Condominiums lease agreement with Families Forward). The City-owned units would likely continue to serve as affordable housing indefinitely, after the expiration of the current lease agreement.

Through the City's partnership with Families Forward and South County Outreach, supportive services are provided to residents that include weekly case management counseling, weekly budget and financial counseling, child care assistance to attend counseling, education supplies assistance, employment supplies and tools assistance, health care payment assistance, permanent housing placement assistance, legal assistance (as available), life-skills training, weekly children's program that addresses self-esteem, social skills, coping skills, values and beliefs, peer pressure, anger management, self-care, and identifying social networks.

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| Responsible Agencies: | City of Lake Forest, City of Lake Forest Housing Authority |
| Funding Sources: | CDBG |
| 2021-2029 Objectives: | Support non-profit organizations that provide affordable and transitional/supportive housing to individuals at risk for homelessness (subject to available funding and on a case-by-case basis) |
| Timeframe: | Annual monitoring and reporting throughout the planning period through the Housing Element Annual Progress Report (APR) |

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Program 11: Coordination with Social Service Agencies

A variety of social services agencies provide housing and supportive services to special needs groups in Lake Forest. Several of these social service agencies receive CDBG funds from the City to help administer these programs. The City determines its CDBG allocations to social service agencies annually based upon funding availability, applications received, whether the agency provides a priority need in the City's 5-year Consolidated Plan, past performance, if the agency meets Federal HUD regulations, and other criteria. In a typical program year, funding is allocated to nonprofits that serve the following needs of lower income individuals and households (i.e., those earning up to 80% AMI): food distribution, housing assistance, services and programs for the elderly and youth, services for the disabled (including developmentally disabled), primary health care services, and fair housing advocacy and counseling.

Similar to the Housing Element update, the Consolidated Plan involves comprehensive outreach, citizen participation workshops, and assessment of community needs to develop a road map for programs and activities to be pursued in the ensuing five years. The variety of social service agencies that may be awarded CDBG pass-through funds are guided by priority needs articulated in the Consolidated Plan. All CDBG-contracted and funded programs (emergency housing/shelter, food distribution, primary health care services to the indigent or non-insured, senior case-management services, and home-delivered meals) address and assist the needs of lower income persons and households of our community.

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|---|---|
| Responsible Agencies: | City of Lake Forest |
| Funding Sources: | CDBG |
| 2021-2029 Objectives: | Continue to evaluate requests on an annual basis for allocation of CDBG Funds to social service agencies to benefit Lake Forest residents |
| Timeframe: | Annual monitoring and reporting throughout the planning period through the Housing Element Annual Progress Report (APR) |

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Program 12: California Accessibility Standards Compliance Program

The City will continue to ensure that all construction projects requiring building permits comply with the State of California accessibility standards. The City will provide technical assistance as part of the building permit review process to assist property owners and contractors in understanding this law and related requirements applied to new development and/or retrofit or rehabilitation projects for public, residential, and commercial structures. The City will also provide a link on the City website to the Division of the State Architect's web page that provides various access compliance reference materials, including an advisory manual and answers to frequently asked questions.

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| Responsible Agencies: | Community Development Department |
| Funding Sources: | General Fund |
| 2021-2029 Objectives: | Assure housing units accommodate residents with disabilities. |
| Timeframe: | Ongoing implementation, updates to the City's website by February 15, 2022 |

Program 13: Density Bonus Implementation Program

The City will provide for density bonuses consistent with State law, including density bonuses and incentives for projects that contain 100% very low- and low-income units. The City will monitor State law updates which impact density bonuses and will update local plans and programs as necessary.

| | |
|---|---|
| Responsible Agencies: | Community Development Department |
| Funding Sources: | General Fund and planning grants |
| 2021-2029 Objectives: | Continue to implement density bonuses consistent with State law. |
| Timeframe: | Ongoing implementation |

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## CONSERVE THE EXISTING SUPPLY OF AFFORDABLE HOUSING (GOAL 2)

Market rents in Lake Forest are at a level which significantly limits the supply of housing affordable to very low-income households. Rental subsidies are necessary to prevent many of the City's very low-income residents from spending upwards of 30% of their incomes on housing costs, and over-extending themselves financially. In addition to rent subsidies, actions to preserve the low-income housing projects in Lake Forest at-risk of converting to market rate will be necessary to maintain their affordability and not reduce affordable housing units available in the community.

Program 14: Rental Assistance

The Federal Housing Choice Voucher rental assistance program offers rental subsidies to extremely low- and very low-income families (i.e., those earning up to 50% AMI) and elderly who spend more than 30% of their income on rent. The subsidy represents the difference between the excess of 30% of their monthly income and the actual rent. Rent subsidies can be used to pay for mobile home park space rents.

The City will work with the Orange County Housing Authority to promote the program to all residents while placing an emphasis on the City's special needs populations, including persons with disabilities, female-headed households, seniors, and large families with the goal of assisting an average of approximately 190 extremely low- and very low-income households annually during the planning period. Through other programs included in the Housing Plan, the City will educate the community on the importance of integrating affordable housing throughout all geographic areas of the City to help create balanced and integrated neighborhoods.

| | |
|---|---|
| Responsible Agencies: | Orange County Housing Authority |
| Funding Sources: | U.S. Department of Housing and Urban Development (HUD) Housing Choice Vouchers |
| 2021-2029 Objectives: | Promote the Housing Choice Vouchers program. |
| Timeframe: | Ongoing implementation and annual monitoring throughout the planning period. |

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Program 15: Conservation of Existing Affordable Units

In order to meet the housing needs of all economic groups in Lake Forest, the City must develop programs to minimize the loss of housing units available to lower-income households. As of June 2021, the City's affordable housing inventory consisted of 202 units, of which 8 were at risk of converting to market rate rents.

The City will work with property owners, interest groups and the State and federal governments to conserve the City's affordable housing stock through implementation of the following programs:

- Monitor Units at Risk: Maintain contact with providers and owners to monitor the status of existing and future affordable units.
- Work with Owners: Provide technical assistance to owners of properties with at-risk units by identifying funding sources and supporting grant or tax credit applications for the extension of affordability covenants.
- Work with Potential Purchasers: Where feasible, provide technical assistance to public and non-profit agencies interested in purchasing and/or managing properties that include units at risk.
- Tenant Education: The California Legislature extended the noticing requirement of at-risk units opting out of low-income use restrictions to one year. Should a property owner pursue conversion of the units to market rate, the City will strive to ensure that tenants are properly noticed and informed of their rights and that they are eligible to receive Housing Choice vouchers that would enable them to stay in their units, should they receive one.

| | |
|---|---|
| Responsible Agencies: | City of Lake Forest Housing Authority; Orange County Housing Authority |
| Funding Sources: | U.S. Department of Housing and Urban Development Section 8 Allocation; Other funding sources as available |
| 2021-2029 Objectives: | Work with property owners, interest groups and the State and federal governments to conserve the City's affordable housing stock. |
| Timeframe: | Ongoing implementation and annual monitoring and reporting throughout the planning period through the Housing Element Annual Progress Report (APR). Within 60 days of notice of intent to convert at-risk units to market rate rents, the City will work with potential purchasers using HCD's current list of Qualified Entities (http://www.hcd.ca.gov/hpd/hrc/tech/presrv/), and educate tenants of their rights, in collaboration with property owners. |

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## REHABILITATE THE CITY'S EXISTING SINGLE-FAMILY AND MULTI-FAMILY HOUSING STOCK (GOAL 2)

The majority of the City's housing stock is in good condition; however, it is important for the City to provide programs that ensure the continued maintenance of its housing stock. The City utilizes CDBG funds to operate a single-family housing (attached and detached and mobile homes) rehabilitation loan program for low- to moderate income households, and promotes improvements through its code enforcement and targeted Neighborhood Preservation programs Citywide.

### Program 16: Housing Rehabilitation Loan Program

Subject to the availability of funding and annual City Council approval, the City provides housing rehabilitation assistance to low- to moderate-income homeowners through a loan program for owner-occupied single-family detached and attached homes and mobile home units, which is funded through the City's CDBG program. A zero-interest deferred payment loan of up to $30,000 is available to conventional single-family residence households earning up to 80% AMI. A 3% interest loan amortized for a 15-year period is available to those who wish to pay off their loan sooner. Loans of up to $15,000 are available to owners of mobile homes. Eligible repairs include roofing, windows, exterior and interior painting, plumbing, electrical, energy/weatherization, garage doors, and other common home repairs, as well as accessibility improvements.

The City promotes its owner-occupied Housing Rehabilitation Loan Program on a year-round basis on its website and in the City's quarterly newsletter. The loan program is only available for owner-occupied single-family homes, both attached and detached, and mobile homes.

| | |
|---|---|
| Responsible Agencies: | Community Development Department |
| Funding Sources: | CDBG |
| 2021-2029 Objectives: | Assist 10 lower-income homeowners annually through the Housing Rehabilitation Loan Program. |
| Timeframe: | Annual allocation of CDBG funds through the CDBG Action Plan process, and annual monitoring and reporting through the City's (HUD required) Consolidated Annual Performance Evaluation Report (CAPER) process throughout the planning period. |

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Program 17: Code Enforcement and Neighborhood Preservation

The Code Enforcement and Neighborhood Preservation program implements a comprehensive approach to neighborhood improvement. Community Development Department inspectors respond to complaints related to substandard housing, property maintenance, overgrown vegetation, trash and debris, illegal conversions, improper occupancy and other nuisance and zoning complaints. For over two decades, the City has allocated CDBG funds annually to the Neighborhood Pride Paint Program. As funding permits, the City will continue sponsoring similar neighborhood preservation and revitalization events during the planning period. Code enforcement staff will also continue to inform eligible owners about the City's housing rehabilitation loan and paint programs.

| | |
|---|---|
| Responsible Agencies: | Community Development Department |
| Funding Sources: | CDBG and General Fund |
| 2021-2029 Objectives: | Continue to enforce applicable sections of the Lake Forest Municipal Code, including the California Building Code |
| Timeframe: | Ongoing implementation and reporting throughout the planning period through the Housing Element Annual Progress Report (APR). |

Program 18: Energy Conservation and Energy Efficiency Opportunities

The City will continue to implement energy-efficient standards for new construction and rehabilitation projects, including the California Green Building Standards Code. Information regarding the City's energy-efficiency standards and available programs to assist homeowners and property owners, including those identified in the Housing Element Background Report, will be made available on the City's website and at the permit counter. In addition to promoting the programs Citywide, the City will target special advertisements and education to the City's lower-income census tracts to explain available programs and potential long-term utility cost savings. The City will review the General Plan to determine if updates are needed to support and encourage energy efficiency in existing and new housing, especially in areas of the City with lower CalEnviroScreen scores which may suffer from elevated levels of environmental burdens. If updates are necessary, amend the General Plan to support this program.

| | |
|---|---|
| Responsible Agencies: | Community Development Department |
| Funding Sources: | General Fund |
| 2021-2029 Objectives: | Improve energy-efficiency in new and existing development and promote available programs and benefits to all City residents, especially lower-income residents. |
| Timeframe: | Ongoing implementation; review the General Plan to determine if updates are appropriate no later than December 1, 2022 and complete updates, if needed, no later than December 1, 2023. |

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Program 19: Lead Based Paint Education and Reduction Program

Lead based paint was used commonly in the United States in homes built prior to 1978. When properly maintained and managed, this paint poses little risk. However, due to exposure to lead-based paint hazards, people of all ages (and especially children), can have blood-lead levels above safe limits. Lead poisoning can cause permanent damage to the brain and many other organs and causes reduced intelligence and behavioral problems. To protect families from exposure to lead from paint, dust, and soil, Congress passed the Residential Lead Based Paint Hazard Reduction Act of 1992, also known as Title X. Section 1018 of this law directed HUD and EPA to require the disclosure of known information on lead-based paint and lead-based paint hazards before the sale or lease of most housing built before 1978.

While the majority of Lake Forest's housing stock was built after 1978, exposure to lead-based paint hazards continues to impact the community. Occupants of the City's older homes tend to be some of the City's more vulnerable special needs populations, including seniors and lower-income households.

The City is committed to helping minimize the risk of lead poisoning and will educate the community on issues regarding lead-based paint hazards and resources available to remove this hazard from their home. The City will identify neighborhoods with homes that were built before 1978 and target education directly to these homeowners via programs such as direct mailers or geographic-based social media posts.

| | |
|---|---|
| Responsible Agencies: | Community Development Department |
| Funding Sources: | Grant Funding |
| 2021-2029 Objectives: | Educate the community on issues regarding lead-based paint hazards. |
| Timeframe: | Annual monitoring and reporting throughout the planning period through the Housing Element Annual Progress Report (APR). |

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## PROVIDE HOUSING OPPORTUNITIES FOR FIRST-TIME HOMEBUYERS (GOAL 3)

Home ownership in Orange County is increasingly unaffordable to lower- and moderate-income residents. Due to the high cost of housing in Lake Forest, first-time home buyer programs are cost-prohibitive for the City without a County or other complementary program.

Program 20: Homebuyer Assistance Programs

The City has identified a goal of assisting five households to achieve home ownership annually during the planning period. The Mortgage Credit Certificate (MCC) Program, administered by the County of Orange, enables lower- and moderate-income first-time homebuyers to receive a federal income tax credit of up to 15% of the annual mortgage interest paid. The MCC reduces federal income tax, increases take-home pay, and increases the qualifying loan amount for homebuyers. Program assistance is available only to income-eligible persons and families who have not owned a home in the last three years. The property must be a single-family detached home, condominium, or townhouse. Although the program currently applies only to census tracts outside of Lake Forest, the City will continue to monitor the program for any future applicability to Lake Forest households and notify eligible applicants, as feasible.

The Southern California Housing Finance Agency (SCHFA) raises funds for mortgage financing through the sale of tax-exempt revenue bonds. The City cooperates with lenders and the County in advertising the availability of the SCHFA program, including advertisements on the City's website.

| | |
|---|---|
| Responsible Agencies: | County of Orange |
| Funding Sources: | Federal tax credits; mortgage revenue bonds |
| 2021-2029 Objectives: | Continue to promote the homebuyer assistance programs. |
| Timeframe: | Ongoing implementation and reporting throughout the planning period through the Housing Element Annual Progress Report (APR). |

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## EQUAL HOUSING OPPORTUNITY (GOAL 4)

### Program 21: Fair Housing Services

Lake Forest currently contracts with the Fair Housing Council of Orange County (FHCOC) for the provision of fair housing services, and the City will continue to contract with a fair housing service provider to provide fair housing services for the duration of the planning period. Services offered include bilingual fair housing enforcement and education, landlord/tenant counseling, mediation and homebuyer HUD counseling which includes first-time homebuyer education and mortgage default counseling.

The City monitors and attempts to minimize discriminatory housing practices with the assistance of the FHCOC. Funding to FHCOC is provided annually from the City's CDBG funding allocation. Fair Housing actively counsels residents on landlord/tenant issues to help minimize discriminatory housing acquisition policies and practices. In addition to providing educational workshops to our residents, the organization advocates fair housing rights on behalf of residents. The City will continue to maintain the link on the City's website providing information about fair housing services. The City will also work with its fair housing service provider to identify any specific geographic areas in the City which have higher levels of discrimination claims and will target outreach and education to these areas.

To help address fair housing issues at local and regional levels, the City will continue efforts to mitigate impediments identified in the Regional Analysis of Impediments to Fair Housing Choice.

| | |
|---|---|
| Responsible Agencies: | City of Lake Forest; fair housing service provider |
| Funding Sources: | CDBG |
| 2021-2029 Objectives: | Support fair housing service providers and efforts to minimize discriminatory housing practices. |
| Timeframe: | Annual allocation of funds to fair housing service provider. Annual monitoring and reporting throughout the planning period through the Housing Element Annual Progress Report (APR) and CDBG CAPER. |

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Program 22: Affirmatively Furthering Fair Housing Outreach and Coordination Program

Facilitate equal and fair housing opportunities by implementing actions to affirmatively further fair housing and opportunities for all persons regardless of race, religion, sex, age, marital or familial status, ancestry, national origin, color, disability, or other protected characteristics through provision of information, coordination, and education on fair housing law and practices to residents, landlords, and housing developers. This program addresses the fair housing issues of education and outreach, integration/segregation, and access to opportunity. Efforts will begin immediately and may include, but not be limited to:

*Education and Outreach*

- Provide public information and brochures regarding fair housing/equal housing opportunity requirements including how to file a complaint and access the investigation and enforcement activities of the State Fair Employment and Housing Commission. This information will be made available on the City's website and at City Hall. This information will be reviewed annually to ensure that any materials, links, and information provided are current.
- City staff will serve as liaison between the public and appropriate agencies in matters concerning housing discrimination within the City. The City will refer discrimination complaints to the City's fair housing services provider.
- Provide annual training of City staff, including through coordination with local advocacy groups or fair housing services provider, on how to receive, log, refer, and follow-up on fair housing complaints. If resolution was not obtained for any complaints, refer complaint to HCD to ensure that affordable housing laws are actively enforced.
- Provide a bi-biennial fair housing update to the City Council.
- Provide annual public service announcements, through coordination with HCD, via various media (e.g., newspaper ads, public service announcements at local radio and television channels, the City's website, or the City's social media accounts).
- Provide fair housing literature to schools, libraries, and post offices. This information is available via the City's fair housing service provider and will be reviewed annually to ensure that the posters and literature being provided are up-to-date.

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*Integration/Segregation*

- Coordinate with local organizations, through Community Action Agency, Continuum of Care, and Housing Authority efforts, to encourage, expand, and publicize fair housing requirements as part of programs that provide rental assistance to lower income households.
- On an ongoing basis, and at least annually, review land use and planning proposals, including development proposals, general plan amendments, master planning efforts for parks, recreation, infrastructure, and other facilities and amenities, to ensure that the City is replacing segregated living patterns with integrated and balanced living patterns, where applicable and feasible, and work to transform racially and ethnically concentrated areas of poverty into areas of opportunity without displacement.

*Access to Opportunity*

- Provide assistance to aid alleged victims of violence or discrimination in obtaining access to appropriate State or federal agency programs.
- On an ongoing basis, 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.
- On an annual basis, provide education to the community on the importance of participating in the planning and decision-making process and completing Census questionnaires.

| | |
|---|---|
| Responsible Agencies: | Community Development Department |
| Funding Sources: | General Fund |
| 2021-2029 Objectives: | Facilitate equal and fair housing opportunities by implementing actions to affirmatively further fair housing and opportunities for all persons regardless of race, religion, sex, age, marital or familial status, ancestry, national origin, color, disability, or other protected characteristics through provision of information, coordination, and education on fair housing law and practices to residents, landlords, and housing developers. |
| Timeframe: | Ongoing outreach and coordination, beginning immediately; annual review of fair housing educational information to ensure that the most recent information provided by the City's fair housing service provider is being disseminated; annual presentations and media outreach. |

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Program 23: Economic Displacement Risk Analysis

Economic displacement can occur when new development, particularly residential development, changes the market conditions in an existing area so much that current residents can no longer afford to live there. The City of Lake Forest can reduce the impact of economic displacement when it occurs by preventing practices that increase or enable displacement. To determine if market-force economic displacement is occurring due to development of new housing, increased housing costs, or other factors, the City will conduct an analysis to determine if individuals and families may be displaced as a result of new residential development in the City's mixed-use areas. The analysis will consider gentrification locally and will assess how new development and community investments may potentially influence displacement. If this study shows that displacement is expected as a result of new development in the City's mixed-use areas, the City will develop an action program based on the identified causes of displacement, including specific actions to monitor and mitigate displacement. Annual review of the action program may result in modifications to further reduce displacement risk. This program addresses the fair housing issue of disproportionate housing needs, including displacement risk.

| | |
|---|---|
| Responsible Agencies: | Community Development Department |
| Funding Sources: | Grant Funding; General Fund |
| 2021-2029 Objectives: | Understand the potential for market-force economic displacement and consider programs to address the issue, if necessary. |
| Timeframe: | Conduct analysis by December 31, 2022 and establish resulting programs (if any) by December 31, 2023. Ongoing implementation and reporting throughout the planning period through the Housing Element Annual Progress Report (APR). |

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# 4 Quantified Objectives

State law requires the Housing Element to include quantified objectives for the maximum number of units that can be constructed, rehabilitated or conserved. Policies and programs in the Housing Element establish the strategies to achieve these objectives. The City's quantified objectives are described under each program, and represent the City's best effort in implementing each of the programs. Assumptions are based on past program performance and funding availability, construction trends, land availability, and future programs that will enhance program effectiveness and achieve full implementation of the City's housing goals.

The new construction objectives shown in the table are based on the City's RHNA for the 2021-2029 planning period for very low-, low- and moderate-income housing, historic trends, and expectations for new ADUs. Rehabilitation and conservation objectives are based on specific program targets, including such programs as use of the City's Housing Rehab Loan Program and Housing Choice Voucher program rental housing vouchers.

The table below summarizes the City's quantified objectives for housing during the 2021-2029 planning period.

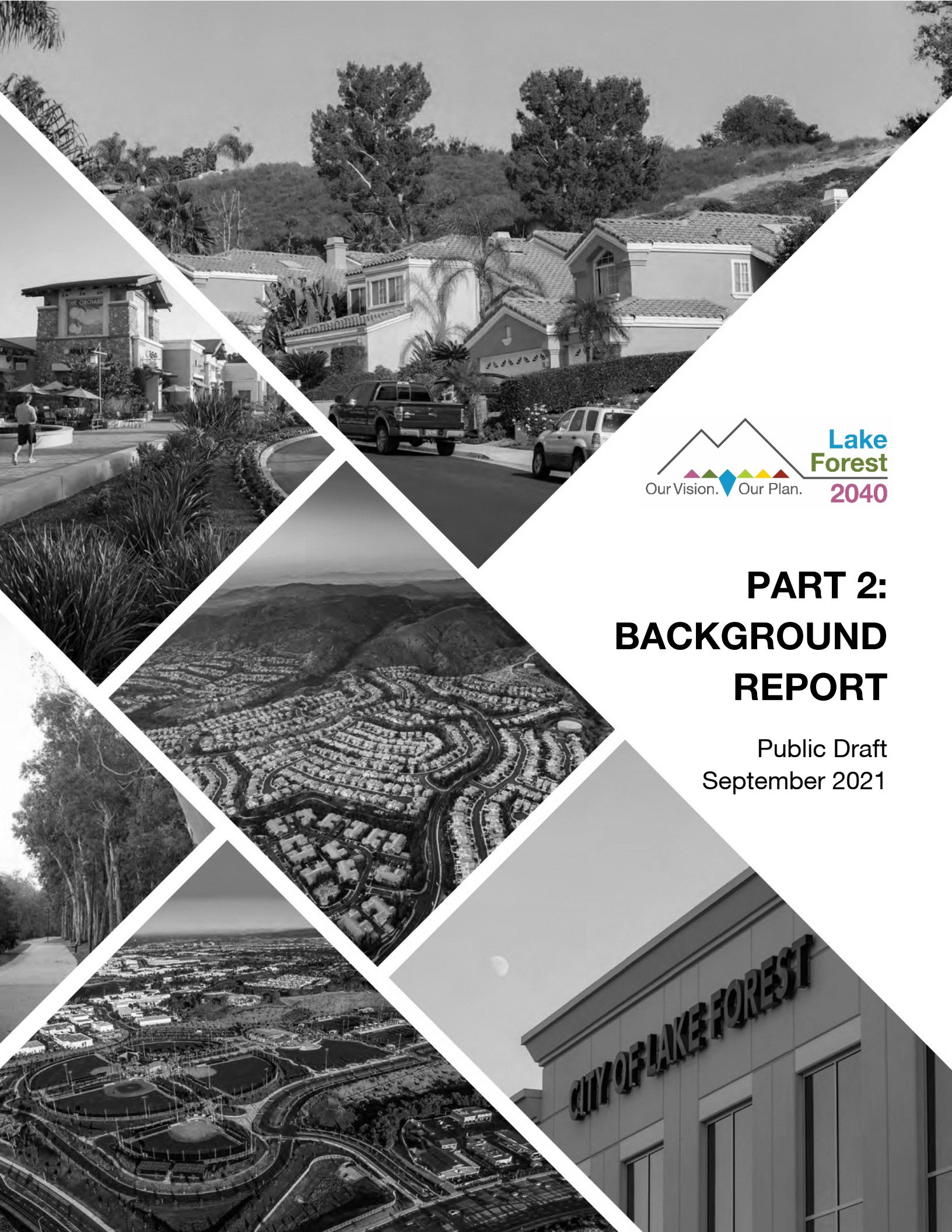
*Table 1: Quantified Objectives 2021-2029*

| Income Category | New Construction | Rehabilitation | Conservation/Preservation |
|---|---|---|---|
| Extremely Low | 70 | 3 | 8 |
| Very Low | 70 | 3 | |
| Low | 163 | 2 | |
| Moderate | 167 | 2 | -- |
| Above Moderate | 1,178 | -- | -- |
| Totals | 1,648 | 10 | 8 |

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Lake Forest 2040

Our Vision. Our Plan.

# PART 2: BACKGROUND REPORT

Public Draft
September 2021

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# 1. Introduction

The City of Lake Forest is located in southern Orange County, nestled within Saddleback Valley, southwest of the Santa Ana Mountains. Lake Forest is bordered by the cities of Irvine and Mission Viejo, and is within 7 miles (northeast) of the Pacific Ocean. Interstate 5, 405 Freeway, and California State Route 241 provide regional access. Lake Forest has a population of 84,711 (Department of Finance, 2020) and is approximately 16.6 square miles in size. The City incorporated in 1991 and expanded its city limits in 2000 to include the master planned developments of Foothill Ranch and Portola Hills. Although Lake Forest is a relatively new city, the community has a rich history dating back to the mid-1800s.

Lake Forest has the feel of a small community, but with the amenities of a large city. The City provides a diverse range of employment, lifestyle, and housing opportunities, all complemented by the surrounding natural environment. As such, the community has become a desirable place to live, offering lake-front homes, condominiums, town homes, mobile home parks, retirement communities, and affordable housing. Lake Forest's family-oriented atmosphere is especially appealing to those with younger children. The City is served by quality public schools for grades K-12, several preschools, and private elementary schools.

State Housing Law (Government Code Section 65583) states that a "housing element shall consist of an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement, and development of housing. The housing element shall identify adequate sites for housing, including rental housing, factory-built housing, and mobile homes, and shall make adequate provision for the existing and projected needs of all economic segments of the community." This Background Report is an update of the City's 2013 Housing Element (5th Cycle), adopted in January 2014.

The assessment and inventory must include all of the following:

- Analysis of population and employment trends, documentation of projections, and a quantification of the locality's existing and projected housing needs for all income levels. Such existing and projected needs shall include the locality's share of the regional housing need in accordance with Section 65584 of the Government Code.
- Analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including overcrowding, and housing stock condition.
- An inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment, and an analysis of the relationship between zoning, public facilities, and city services to these sites.
- Analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels and for persons with disabilities, including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, local processing and permit procedures, and any locally adopted ordinances that directly impact the cost and supply of residential development.
- Analysis of potential and actual non-governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, the cost of construction, requests to develop housing at densities below the minimum densities in the inventory of sites, and the length of time between receiving approval for a housing development and submittal of an application for building permits that hinder the construction of a locality's share of the regional housing need.

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- Analysis of any special housing needs, such as those of the elderly, disabled (including developmentally disabled), large families, farmworkers, families with female heads of households, and families and persons in need of emergency shelter.
- Analysis of opportunities for energy conservation with respect to residential development.
- Analysis of existing assisted multifamily rental housing developments that are eligible to change from low-income housing to market-rate during the next 10 years.

The Background Report of this Housing Element identifies the nature and extent of Lake Forest's housing needs, including those of special populations, potential housing resources (land and funds), potential constraints to housing production, and energy conservation opportunities. By examining the City's housing needs, resources, and constraints, the City can determine a plan of action for providing adequate housing. This plan is presented in the Housing Plan, which is the policy component of the Housing Element. In addition to identifying housing needs, this Background Report also presents information regarding the setting in which these needs occur. This information is instrumental in providing a better understanding of the community, which in turn is essential for the planning of future housing needs.

Since the update of the City's prior Housing Element in 2014, statutory changes have occurred that must be included in the 2021-2029 Lake Forest Housing Element. These laws have been incorporated in the appropriate sections throughout this Background Report as well as in its accompanying Policy Document.

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# 2. Accomplishments Under 5th Cycle Housing Element

The following section reviews and evaluates the City's progress in implementing the 2013 Housing Element. It reviews the results and effectiveness of programs, policies, and objectives from the previous Housing Element planning period, which covered 2013 through 2021. This section also analyzes the difference between projected housing need and actual housing production.

## *2A. Review of 2013 Housing Element*

The 2013 Housing Element program strategy focused on the implementation of policies and programs to ensure adequate housing sites, encourage the production of new housing, including affordable and special needs housing, encourage the maintenance and preservation of existing housing, remove various constraints to housing, including housing for special needs populations, and encourage fair housing and non-discrimination. The 2013 Housing Element identified the following goals:

### ISSUE 1 – HOUSING DIVERSITY AND OPPORTUNITIES

GOAL 1.0: Adequate housing to meet the existing and future needs of Lake Forest residents.

### ISSUE 2 – MAINTENANCE, PRESERVATION, AND CONSERVATION OF HOUSING

GOAL 2.0: Maintenance and enhancement of the quality of existing residential neighborhoods.

### ISSUE 3 – HOME OWNERSHIP

GOAL 3.0: Increased opportunities for home ownership.

### ISSUE 4 – EQUAL OPPORTUNITY

GOAL 4.0: Promote equal opportunity for all residents to reside in housing of their choice.

## *2B. Housing Production During 5th Cycle RHNA Period*

The City's 5th Cycle Housing Element specifically addressed housing needs for Lake Forest from October 15, 2013 through October 15, 2021, in line with the Regional Housing Needs Assessment (RHNA) planning period adopted by the Southern California Association of Governments (SCAG). It should be noted that although the planning period was from October 15, 2013 through October 15, 2021, the RHNA period (identified by HCD for purposes of projecting housing needs and establishing the City's RHNA allocation), actually began on January 1, 2014.

Table 1 shows the total number of building permits issued by the City during the 5th RHNA Cycle based on the City's 2020 Housing Element Annual Progress Report and compares this number with the units required to be accommodated pursuant to the City's RHNA allocation. Housing development in the City increased significantly since the 4th Cycle, with the City exceeding its overall RHNA allocation by almost 1,000 units (*Note: Although the total number of units permitted exceeded the total RHNA allocation, the new units were largely in the above-moderate income category, as shown in Table 1).*

During the 2013-2021 RHNA period, the City issued 3,650 building permits; this included 32 deed-restricted very low-income units, 25 deed-restricted low-income units, 205 market-rate units affordable to moderate-income households, and 3,388 units affordable to above moderate-income households.

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| Status | Very Low | Low | Moderate | Above Moderate | TOTAL |
|---|---|---|---|---|---|
| RHNA Allocation | 647 | 450 | 497 | 1,133 | 2,727 |
| Permits Issued | 32 | 25 | 205 | 3,388 | 3,650 |
| *Remaining Allocation* | *615* | *425* | *292* | *0* | *1,332* |

*TABLE 1: REGIONAL HOUSING NEEDS ALLOCATION – 5TH CYCLE PROGRESS*
*Sources: City of Lake Forest 2013 Housing Element; 2020 General Plan Annual Progress Report*

### *2C. Appropriateness and Effectiveness of 2013 Housing Element*

While the majority of goals, policies, and programs included in the 2013 Housing Element continue to be appropriate to address the City's housing needs, the Housing Plan has been updated to provide clearer guidance to encourage affordable and special needs housing production. The Housing Plan was also updated to streamline programs and facilitate implementation, and to include a matrix that makes it easier to identify the applicability and timing of programs. In order to facilitate implementation of the Housing Plan and tracking of programs, the housing programs are presented in a user-friendly table.

As part of its Housing Element update effort, the City carefully evaluated the effectiveness of its existing housing programs, as discussed in Table 2. Based on this evaluation and community input, the City has found that most of the housing programs in the 2013 Housing Element have been effective and will be included in the 2040 Housing Plan, with revisions to address specific housing needs, constraints, or other concerns identified as part of this update, and to affirmatively further fair housing. The City implemented many of the housing programs in prior years and anticipates that the revisions included in the Housing Program will further encourage affordable and special needs housing production.

Since adoption of the prior Housing Element in 2014, the City has used CDBG funds for housing rehabilitation programs, and to provide fair housing services and services to special needs and at-risk populations (homeless, persons at risk of homelessness).

Due to the limited amount of funds available on an annual basis to substantially subsidize a rental or ownership housing development, it can require several years of accrued funds to assist a single project. Nonetheless, the City partnered with an affordable housing developer during the planning period (2020) to develop an affordable housing project (scheduled to break ground in 2021).

The Housing Plan included in this 2021-2029 Housing Element includes modifications to make programs more effective, clarify objectives, and ensure that the programs are implementable. See the Housing Plan for the goals, policies, and programs of this Housing Element.

While the City took several significant steps to promote housing during the prior planning period, the experience of Lake Forest and other communities throughout the state demonstrates that it is very difficult for local governments to meet their fair share housing goals for lower and moderate-income housing (i.e., the RHNA allocation). All cities, including Lake Forest, have limited financial and staffing resources and require substantial state and/or federal assistance, which has not been available at the levels necessary to support the City's housing needs, or for-profit and non-profit housing developers and agencies. As discussed below, the City has evaluated the success of existing programs to support the development of affordable housing, and has added new programs to the Housing Plan to address this objective. .

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| Program | Accomplishments |
|---|---|
| PROVISION OF ADEQUATE HOUSING SITES TO ACHIEVE A VARIETY OF HOUSING TYPES AND DENSITIES | |
| Program 1: Land Use Policy, Entitlements, and Development Capacity: Planning and regulatory actions to achieve adequate housing sites are implemented through the Land Use Element, Zoning Code, and implementation of existing development agreements. These regulatory documents provide for a variety of residential types, ranging from lower-density single-family homes to higher-density apartments, condominiums, and mixed-use development.<br><br>Lake Forest's residential sites inventory consists of over 600 acres of developable land with the capacity to yield nearly 3,900 new units during the planning period. As noted in Section III, these sites are adequate to meet the City's share of regional housing needs for the 2013-2021 RHNA period.<br><br>Program Objectives:<br>• Maintain and monitor the residential sites inventory to ensure adequate sites remain to accommodate the RHNA throughout the RHNA period. Receive and process development applications for projects within the New Neighborhoods. | Result/Evaluation: Program considered successful. The City has maintained an inventory of residential sites and has adequate capacity to accommodate its RHNA. However, changing circumstances will necessitate program modifications.<br><br>The City prepares a General Plan Annual Progress Report ("APR") annually, to monitor progress towards its RHNA allocation. The 2020 APR reported that 3,650 dwelling units were permitted during the 2013-2021 planning period.<br><br>Continue/Modify/Delete: Modify. This program provides relevant information to ensure the City is able to accommodate its RHNA allocation. However, given the increase in the City's RHNA allocation from 2,727 units (5th Cycle) to 3,228 units (6th Cycle), a more robust program will be implemented that includes the following:<br>• Monitor and report housing production annually and revise development standards as necessary.<br>• Promote the construction of accessory dwelling units ("ADUs") by ensuring that ADUs are permitted by-right if they comply with Section 9.146.050 of the LFMC and State law, and continuing to streamline ADU approvals.<br>• Inform developers of sites appropriate for multi-family and special-needs housing. |
| Program 2: Monitor Residential Capacity (No Net Loss): Monitor the consumption of residential acreage to ensure an adequate inventory is available to meet the City's RHNA obligations. To ensure sufficient residential capacity is maintained to accommodate the RHNA, the City will develop and implement a formal ongoing (project-by-project) evaluation procedure pursuant to Government Code Section 65863. Should an approval of development result in a reduction of capacity below the residential capacity needed to accommodate the remaining need for lower income households, the City will identify and, if necessary, rezone sufficient sites to accommodate the shortfall and ensure "no net loss" in capacity to accommodate the RHNA.<br><br>Program Objectives:<br>• Develop and implement a formal evaluation procedure pursuant to Government Code Section 65863 by January 1, 2014. | Result/Evaluation: The City has developed a project-based annual monitoring and tracking tool to ensure that adequate inventory is available to meet the City's RHNA obligations.<br><br>Continue/Modify/Delete: Continue. This program continues to be appropriate and is included in the 2021-2029 Housing Element. |
| Program 3: Facilitate Affordable Housing Production: Affordable housing developments face a number of hurdles, including financing, development codes and | Result/Evaluation: Program considered successful. The City entered into an Exclusive Negotiation Agreement with National Community Renaissance ("National CORE") in 2017 for an |

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| Program | Accomplishments |
|---|---|
| standards, and in some cases, public opposition. Dissolution of the City's Redevelopment Agency by the State in 2012 eliminated the Low and Moderate Income Housing Fund (LMIHF), formerly the City's primary mechanism for providing direct funding support of affordable housing development. Continuing reductions in federal funding of HUD programs (e.g., CDBG) will constrain the City's ability to offer committed funding assistance to future affordable housing even further. The City can encourage and facilitate affordable housing through financial assistance, removal of regulatory constraints, and administrative support. With limited funding, the City will rely on the following actions to encourage affordable housing production during the planning period:<br>• Affordable Housing Implementation Plans (AHIPs):<br>• Collaborate with Affordable Housing Developers<br>• Regulatory Concessions and Incentive:<br>Program Objectives:<br>• Maintain contact information for affordable housing developers for the purposes of soliciting their involvement in development projects in Lake Forest. Participate with affordable housing developers to review available federal and State financing subsidies and apply as feasible on an annual basis. Assist and support developers of housing for lower-income households, especially housing for extremely low-income households, with site identification, supporting applications, conducting pre-application meetings, assisting with design and site requirements, and providing State-mandated regulatory incentives and concessions. Monitor and enforce AHIP provisions and collaborate with developers of affordable housing over the planning period to facilitate the construction of 250 affordable units over the planning period (10 extremely low-income, 40 very low-income, and 200 low-income units). | affordable housing development. Project financing combines the City's $3.7 million in affordable housing developer in-lieu fees with tax credits, debt financing, loans, and other available financial sources. National CORE submitted an application for a 71-unit project on 3.97 acres in December 2019. The project includes 70 units affordable to households earning less than 60% of the Area Median Income, with 12 units set aside for Permanent Supportive Housing, and 1 caretaker's unit. The project was approved on August 18, 2020 and construction is expected to begin in 2021.<br>The City continues to monitor and enforce approved AHIPs and affordable housing covenants, and maintains a qualified staff ready and willing to assist affordable housing developers with site identification, regulatory compliance and fast-track application processing.<br>Continue/Modify/Delete: Continue. This program continues to be appropriate and is included in the 2021-2029 Housing Element. |
| REMOVAL OF GOVERNMENTAL CONSTRAINTS | |
| Program 4: Farm Employee Housing: The City's Zoning Code includes two districts that allow agricultural uses (A-1 and OS). Commercial agriculture is permitted by right in the A1 zone and | Result/Evaluation: Program considered successful. Zone Change 12-14-4673 was approved on June 16, 2015, which added a definition for "agricultural employee quarters" as well as allowing such housing by right within the City's Agricultural and |

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| Program | Accomplishments |
|---|---|
| with approval of a Site Development Permit in the OS zone. Pursuant to the California Employee Housing Act, facilities with up to 36 beds or 12 units to board farm workers must be treated as accessory or incidental to agriculture operations. State law also provides that employee housing occupied by six (6) or fewer employees in a single family structure, shall be treated the same as a family dwelling of the same type in the same zone. The City will evaluate provisions for commercial agriculture operations in the A-1 and OS zones (and the related farm worker housing issues) and revise the Zoning Code to address compliance with Sections 17021.5 and 17021.6 of the Health and Safety Code.<br><br>Program Objectives:<br>• Review and revise the Zoning Code to address compliance with Health and Safety Code Sections 17021.5 and 17021.6. | Open Space zones.<br><br>Continue/Modify/Delete: Delete. Program no longer necessary and is not included in the 2021-2029 Housing Element. |
| Program 5: Monitor Changes in Federal and State Housing, Planning, and Zoning Laws: Although the 2013 Housing Element update did not identify any significant governmental constraints to the development or maintenance of housing in Lake Forest, the City will continue to monitor its development process and zoning regulations to identify and remove constraints to the development of housing. The City will also continue to monitor federal and State legislation that could impact housing and comment on, support, or oppose proposed changes or additions to existing legislation, as well as support new legislation when appropriate. Special attention will be given by the City in the minimizing of governmental constraints to the development, improvement, and maintenance of housing.<br><br>Program Objectives:<br>• Monitor State and federal legislation as well as City development process and zoning regulations to identify and remove housing constraints. | Result/Evaluation: Program considered successful. City staff and the City Attorney's office regularly monitor legislation changes and update zoning regulations accordingly.<br><br>Continue/Modify/Delete: Continue. This program continues to be appropriate and is included in the 2021-2029 Housing Element. |
| HOUSING AND SUPPORTIVE SERVICES FOR SPECIAL NEEDS POPULATIONS | |
| Program 6: Sites for Homeless Shelters: Homelessness is a chronic problem throughout Southern California. While the majority of the County's homeless are in the older, more urbanized jurisdictions and in the beach communities, current data indicates approximately 25 homeless persons within the City on any given night. In addition, the City has numerous households who may be considered | Result/Evaluation: Program considered successful. Although no opportunities to assist non-profits to locate a homeless shelter were identified during the planning period, the City continued its contract with Mercy House, a non-profit service provider specializing in assisting the homeless. Mercy House conducts field outreach and case management work five days per week. The services include mental and physical health assessments and connection of homeless individuals to various services. As |

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| Program | Accomplishments |
|---|---|
| at-risk of becoming homeless by virtue of their limited incomes. It is important for the City to provide and maintain the appropriate zoning mechanisms to accommodate the provision of facilities that serve the homeless population, most of whom are extremely-low-incomes.<br><br>Program Objectives:<br><br>• Provide financial support to non-profit organizations that shelter the homeless (subject to available funding and on a case-by-case basis). Assist non-profit organizations identify potential sites for homeless shelters. Continue staff participation in the Commission to End Homelessness and support of a Homeless Liaison within the Police Services Department. | part of the contract, Mercy House works with shelter and housing partners to find suitable temporary or long-term housing for the homeless. In addition, the City provided funding for a Homeless Liaison Officer position through its law enforcement services contract with the Orange County Sheriff's Department. The City also provided pass-through CDBG funding annually to local non-profits, including Families Forward, Family Assistance Ministries and South County outreach, that provide food banks, rental assistance, counseling and other forms of assistance to individuals and families at risk of becoming homeless.<br><br>Continue/Modify/Delete: Continue. This program continues to be appropriate and is included in the 2021-2029 Housing Element. |
| Program 7: Transitional and Supportive Housing: The City provided financial assistance to non-profit service agencies to purchase existing housing in the community for use as transitional and supportive housing. These facilities help to address the needs of very low and extremely low income persons. Specifically, the City has provided CDBG funding to non-profit organizations for the purchase and operation of condominium units for transitional/supportive and affordable housing. These condominiums will continue to offer transitional/supportive and affordable housing to extremely low income residents through 2022–2030.<br><br>Through the City's partnership with Families Forward, supportive services are provided to residents that include weekly case management counseling, weekly budget and financial counseling, child care assistance to attend counseling, education supplies assistance, employment supplies and tools assistance, health care payment assistance, permanent housing placement assistance, legal assistance (as available), life-skills training, weekly children's program that addresses self-esteem, social skills, coping skills, values and beliefs, peer pressure, anger management, self-care, and identifying social networks.<br><br>Program Objectives:<br><br>• Provide financial support to non-profit organizations that provide transitional/supportive housing for homeless (subject to available funding and on a case- | Result/Evaluation: Program considered successful. During the 2019-20 fiscal year, for example, the City assisted 4,314 individuals through CDBG sub-recipient funding of nine non-profit organizations that provide services to homeless, low and moderate-income persons, including: case management and in-home support services for home-bound seniors; adult daycare and ancillary services for seniors and adults with Alzheimer's, other forms of dementia, and disabilities; reduced cost medical and pediatric dental services for low- and moderate-income persons; fair housing counseling/advocacy and referral services; transitional housing, support services, and case management for homeless families; rental assistance to help prevent eviction/homelessness; food bank and case management services for lower-income individuals, individuals at risk of homelessness, and homeless individuals (funds also used to prevent evictions and utility shut-off); job training and job development services for adults with developmental disabilities; and motel and transportation vouchers for homeless individuals. The total expenditure for this activity was $73,245. Comparable assistance was provided in each preceding year of the program. In addition, for the past three years, the City has provided $40,000-$50,000 annually in homeless services contracts.<br><br>Continue/Modify/Delete: Continue. This program continues to be appropriate and is included in the 2021-2029 Housing Element. |

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| Program | Accomplishments |
|---|---|
| by-case basis). | |
| Program 8: Coordination with Social Service Agencies: A variety of social services agencies provide housing and supportive services to special needs groups in Lake Forest. Several of these social service agencies receive CDBG funds from the City to help administer these programs. The City determines its CDBG allocations to social service agencies annually based upon applications received, whether the agency provides a priority need in the City's 5-year Consolidated Plan, and if the agency meets Federal HUD regulations. In a typical program year, funding is allocated to nonprofits that serve the following needs of lower income individuals and households (i.e., those earning up to 80% AMI): food distribution, housing assistance, services and programs for the elderly and youth, before and after school care programs, services for the disabled (including developmentally disabled), primary health care services, and fair housing advocacy and counseling.<br><br>Similar to the Housing Element update, the Consolidated Plan involves comprehensive outreach, citizen participation workshops, and assessment of community needs to develop a road map for programs and activities to be pursued in the ensuing five years. The variety of social service agencies that may be awarded CDBG are guided by priority needs articulated in the Consolidated Plan. All CDBG-contracted and funded programs (emergency housing/shelter, food distribution, primary health care services to the indigent or non-insured, senior case-management services and home-delivered meals, and before-and-after school youth programs for lower income families) address and assist the needs of lower income persons and households of our community.<br><br>Program Objectives:<br>• Continue to evaluate on an annual basis allocation of CDBG Funds to social service agencies to benefit Lake Forest residents. | Result/Evaluation: Program considered successful. In Fiscal Year 2019-2020, for example, nine non-profit social services agencies received pass-through CDBG funding from the City to provide support and assistance to residents. In addition, two non-profit social services agencies received direct funding from the City to support homeless outreach services. Comparable assistance was provided in each preceding year of the program.<br><br>Continue/Modify/Delete: Continue. This program continues to be appropriate and is included in the 2021-2029 Housing Element. |
| CONSERVE THE EXISTING SUPPLY OF AFFORDABLE HOUSING | |
| Program 9: Rental Assistance: The Housing Choice Voucher rental assistance program extends rental subsidies to extremely low and very low income families and elderly (i.e., those earning up to 50% AMI) who spend more than 30% of their income on rent. The subsidy represents the difference between | Result/Evaluation: Program considered successful. Residents continue to be assisted by the Housing Choice Voucher program, which is a HUD Section 8 program that is administered by the Orange County Housing Authority. On average, 190 very low-income households received voucher assistance annually during the planning period. |

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| Program | Accomplishments |
| --- | --- |
| the excess of 30% of their monthly income and the actual rent. Rent subsidies can be used to pay for mobile home park space rents. Lake Forest contracts with the Orange County Housing Authority (OCHA) to administer the Federal Housing Choice Voucher Program. According to OCHA, approximately 194 Lake Forest resident households received voucher assistance as of March 2013, with another 809 applicants on the waiting list.<br><br>Program Objectives:<br><br>• Continue to contract with the OCHA to administer the Housing Choice Vouchers Program with the goal of assisting an average of approximately 190 extremely low and very low income households annually during the planning period. Promote the Housing Choice Vouchers program on City website. Support the OCHA's applications for additional voucher allocations and efforts to maintain and expand voucher use in the City. | Continue/Modify/Delete: Continue. This program continues to be appropriate and is included in the 2021-2029 Housing Element. |
| Program 10: Conservation of Existing and Future Affordable Units: In order to meet the housing needs of all economic groups in Lake Forest, the City must develop programs to minimize the loss of housing units available to lower income households. As of April 2013, the City's affordable housing inventory consisted of 264 units with at least another 250 affordable units anticipated during the planning period. Of the existing 264 affordable units, 255 were at risk of converting to market rate rents. Of the at-risk units, 209 are only considered "at risk" because owners that have the option to could pre-pay bond funding before 2023. Affordability covenants for 38 units in the Crestwood Apartments expire in 2017, 6 units at Bellecour Way could convert to market rate in 2018, and 2 transitional housing units become "at risk" in 2022 and 2023.<br><br>Program Objectives: The City will work with property owners, interest groups and the State and federal governments to implement the following programs on an ongoing basis to conserve its affordable housing stock:<br><br>• Monitor Units at Risk: Maintain contact with providers and owners to monitor the status of existing and future affordable units, including the 255 at-risk units.<br><br>• Work with Owners: Provide technical | Result/Evaluation: Program considered partially successful. As of 2020, a total of 202 affordable units were available in the City. Of these, 11 were designated "at risk". The City actively monitors these units. Should a notice of intent to convert to market rate units be filed, the City will work with potential purchasers to preserve the units and ensure that tenants are properly notified of their rights under California law.<br><br>During the prior planning period, five apartment complexes that received bond funding from the County that included affordability covenants for 30 years, with an option to pre-pay bond funding beginning in 2013, converted to fully market-rate complexes. Additionally, six affordable units developed under an agreement with the City's former Redevelopment Agency also converted to market rate units at the end of their affordability term. New affordable units were added to the City's housing stock, including Arroyo at Baker Ranch (187 affordable units) and Saguaro Apartments (4 affordable units).<br><br>Continue/Modify/Delete: Continue. This program continues to be appropriate and is included in the 2021-2029 Housing Element with modifications. |

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| Program | Accomplishments |
|---|---|
| assistance to owners of properties with at-risk units by identifying funding sources and supporting grant or tax credit applications for the extension of affordability covenants.<br>• Work with Potential Purchasers: Where feasible, provide technical assistance to public and non-profit agencies interested in purchasing and/or managing properties that include units at risk.<br>• Tenant Education: The California Legislature extended the noticing requirement of at-risk units opting out of low income use restrictions to one year. Should a property owner pursue conversion of the units to market rate, the City will ensure that tenants were properly noticed and informed of their rights and that they are eligible to receive Section 8 vouchers that would enable them to stay in their units. | |
| REHABILITATE THE CITY'S EXISTING SINGLE-FAMILY AND MULTI-FAMILY HOUSING STOCK | |
| Program 11: Housing Rehabilitation Loan Program: The City provides housing rehabilitation assistance to lower income homeowners through a loan program for owner-occupied single-family detached and attached homes and mobile home units, which is funded through the City's CDBG program. A zero-interest deferred payment loan of up to $30,000 is available to households earning up to 80% AMI. A 3% interest loan amortized for a 15 year period is available to those who wish to pay off their loan sooner. Loans of up to $15,000 are also available to owners of mobile homes. Eligible repairs include roofing, windows, exterior and interior painting, plumbing, electrical, energy/weatherization, garage doors, and other common home repairs, as well as accessibility improvements. Since the City has its own rehabilitation program, City residents are no longer eligible to participate in County-sponsored rehabilitation programs.<br>The City promotes its owner-occupied Housing Rehabilitation Loan Program on a year-round basis on its website and in the City's quarterly newsletter. The loan program is only available for owner-occupied homes, townhomes and mobile homes.<br>Program Objectives:<br>• Assist 10 lower income homeowners annually. | Result/Evaluation: Program considered successful. The City's Housing Rehabilitation Program offers a zero percent deferred interest loan and a three percent amortized interest loan for homes, condominiums, and mobile homes. As an example, during the 2019-2020 fiscal year, 11 income-qualified homeowners participated in and completed needed repairs and improvements to their homes (e.g., roofing, plumbing, electrical, and flooring) through the City's Housing Rehabilitation Loan Program. Total allocation for this program during FY 2019-20 was $273,690.<br>Continue/Modify/Delete: Continue. This program continues to be appropriate and is included in the 2021-2029 Housing Element. |

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| Program | Accomplishments |
|---|---|
| Program 12: Code Enforcement and Neighborhood Preservation: The Code Enforcement and Neighborhood Preservation program implements a comprehensive approach to neighborhood improvement in ten targeted Neighborhood Preservation Areas. Code enforcement officers respond to complaints related to substandard housing, property maintenance, overgrown vegetation, trash and debris, illegal conversions, improper occupancy and other nuisance and zoning complaints. In the past, the City has allocated CDBG funds to sponsor periodic neighborhood clean-up and paint days. As funding permits, the City will consider sponsoring similar neighborhood preservation and revitalization events during the planning period. Code enforcement staff will also continue to inform eligible owners about the City's rehabilitation program (see Program 11).<br><br>Program Objectives:<br><br>• Continue to implement the applicable sections of the Lake Forest Municipal Code, including the California Building Code. | Result/Evaluation: Program considered successful. The City continues to provide code enforcement activities with the goal of the Code Enforcement and Neighborhood Preservation Program being to address housing and property concerns before they become serious problems. In addition to inspections in target areas, code enforcement officers continue to inform property owners of rehabilitation opportunities. The Neighborhood Pride Paint Program provides grant funding assistance to qualified low- and moderate-income homeowners for the purpose of painting the exterior of their homes. The program is part of broader effort to maintain and improve the character, aesthetic quality and property values within the community. This program is funded on an annual basis, subject to the availability of Federal Community Development Block Grant (CDBG) funds and City Council authorization.<br><br>The City allocated $25,370 of CDBG grant funding for the Neighborhood Pride Paint Program in FY 2019-20. In FY 2019-20, five homes were professionally prepped and painted with program assistance. The program contributes to the City's efforts to enhance the appearance of homes in the community and preserve property values. For Fiscal Year 2020-2021, a significant portion of the City's Community Development Block Grant (CDBG) funding was allocated to assist Lake Forest's residents and small-businesses with preparing, preventing and responding to the COVID-19 pandemic.<br><br>Continue/Modify/Delete: Continue. This program continues to be appropriate and is included in the 2021-2029 Housing Element. |
| PROVIDE HOUSING OPPORTUNITIES FOR FIRST-TIME HOMEBUYERS | |
| Program 13: Homebuyer Assistance Programs: A few resources are available to Lake Forest residents. The Mortgage Credit Certificate (MCC) Program, administered by the County of Orange, enables lower and moderate income first-time homebuyers to receive a federal income tax credit of up to 15% of the annual mortgage interest paid. The MCC reduces federal income tax, increases takehome pay, and increases the qualifying loan amount for homebuyers. Program assistance is available only to income-eligible persons and families who have not owned a home in the last three years. The property must be a single-family detached home, condominium, or townhouse.<br><br>The Southern California Housing Finance Agency (SCHFA) raises funds for mortgage financing through the sale of tax-exempt revenue bonds. The City cooperates with lenders and the County in advertising the availability of the SCHFA program. | Result/Evaluation: Program considered successful. The City continues to promote and refer individuals to the MCC and SCHFA programs, although the number of homeownership opportunities through these programs may have been limited due to the high cost of homes in Orange County. Nonetheless, the City is optimistic that the increased attention to affordable housing needs at the state level will result in an increase in state-funded programs to assist jurisdictions in providing homebuyer assistance for low- and moderate-income households.<br><br>Although the MCC program currently applies only to census tracts outside of Lake Forest, the City will continue to monitor the program for any future applicability to Lake Forest households. Pursuant to a cooperation agreement with the Lake Forest Housing Authority, persons interested in the Housing Choice Voucher Program (formerly Section 8) are referred to the Orange County Housing Authority. The County of Orange offers a homeownership program whereby participants may be able to use housing assistance subsidies for mortgage |

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| Program | Accomplishments |
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| Program Objectives:<br>• Continue to promote the MCC and SCHFA programs by notifying eligible applicants to County programs and providing information on the City's website with the goal of assisting five households to achieve home ownership annually during the planning period. | payments. The County also maintains an affordable housing rental list, which contains contact information for affordable rentals throughout the County. Information is provided on the City's website.<br>Continue/Modify/Delete: Continue. This program continues to be appropriate and is included in the 2021-2029 Housing Element. |
| EQUAL HOUSING OPPORTUNITY | |
| Program 14: Fair Housing Services: Lake Forest currently contracts with the Fair Housing Council of Orange County (FHCOC) for the provision of fair housing services. Services offered include counseling and information on potential discrimination and landlord/tenant problems, special assistance for ethnic minority and single-headed households (which includes escort services to locate adequate housing), bilingual housing literature and video-tape presentations, day-care services, and housing assistance counseling.<br>The City monitors and attempts to minimize discriminatory housing practices with the assistance of the FHCOC that is annually funded by the City's CDBG. Fair Housing actively counsels residents on landlord/tenant issues to help minimize landlord and housing acquisition policies that utilize discriminatory practices. In addition to providing educational workshops to City residents, the organization advocates fair housing rights on behalf of residents.<br>Program Objectives:<br>• Continue to contract with a fair housing service provider to provide fair housing services. Maintain the link on the City website providing information about fair housing services. Participate in the Regional Analysis of Impediments to Fair Housing Choice and work to mitigate impediments identified in the study. | Result/Evaluation: Program considered successful. The City is committed to furthering fair housing practices in the community and cooperates with the Fair Housing Council of Orange County to eliminate discriminatory practices countywide. The City continues to contract with the Fair Housing Council of Orange County. The Fair Housing Council provides services that include fair housing enforcement and education, landlord/tenant counseling, mediation, and homebuyer HUD counseling which includes first-time homebuyer education and mortgage default counseling. Services are available to low-to-moderate income clients free of charge and to others for a moderate donation. Services are available in English, Spanish, and Vietnamese.<br>In 2016, Lake Forest participated with 15 other Orange County entitlement cities to prepare a regional Analysis of Impediments to Fair Housing Choice (AI) to fulfill their HUD requirement and remove barriers to fair housing choice for all their residents. The AI examined policies, procedures, and practices within the region that may limit a person's ability to choose their residence free from discrimination. The AI provided an overview of laws, regulations, conditions, or other possible obstacles that may affect an individual or a household's access to housing in the region. It also presented local and regional demographic profiles, assessed the extent of housing needs among specific groups, identified existing barriers or impediments that may limit housing choice, and proposed actions to overcome those barriers.<br>More recently, in FY 2021-22, the City awarded FHCOC a $$7,500 grant to fund counseling services for tenants and landlords, enforcement, and community education in furtherance of fair housing. FHCOC assisted 70 Lake Forest households in FY 2019-20.<br>Continue/Modify/Delete: Continue. This program continues to be appropriate and is included in the 2021-2029 Housing Element. |

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# 3. Housing Needs Assessment

## 3A. Introduction and Background

The purpose of the Housing Needs Assessment is to describe housing, economic, and demographic conditions in Lake Forest, assess the demand for housing for households at all income levels, and document the demand for housing to serve various special needs populations. The Housing Needs Assessment also addresses whether assisted housing projects are at risk of converting to market rate projects. The Housing Needs Assessment is intended to assist Lake Forest in developing housing goals and formulating policies and programs that address local housing needs.

Several sources of data were used to describe existing demographic and housing conditions, including the following:

- Local Housing Data package for the City of Lake Forest developed by the Southern California Association of Governments (SCAG) and pre-certified by the California Department of Housing and Community Development (HCD) for use in 6th cycle housing elements.
- Data from the 2010 U.S. Census, 2014-2018 U.S. Census American Community Survey (ACS), California Department of Finance (DOF), California Employee Development Department (EDD), and U.S. Department of Housing and Urban Development (HUD) is included to provide information on population, household, housing, income, employment, and other demographic characteristics.
- Regional information from the Fair Housing Council of Orange County.
- Other sources of economic data such as information from website rental listings, multiple listing service, and other published data are used where current Census, ACS, DOF, HUD, and other standard data sources do not provide relevant data.
- Interviews with key agencies and organizations were conducted to obtain information on housing needs and, in particular, needs of populations with special housing needs.
- Research and data related to fair housing, including Census Scope, Social Science Data Analysis Network, the UC Davis Center for Regional Change and Rabobank, N.A., and the California Fair Housing Task Force.

Due to the use of multiple data sources (with varying dates), there are slight variations in some of the information, such as total population and total household numbers, presented in this document. However, these variations do not significantly affect the discussion of overall housing trends and changes.

## 3B. Population Trends and Characteristics

### POPULATION GROWTH

Table 3 shows population growth for Lake Forest and other jurisdictions in the region from 2000 through 2020. According to data prepared by the California DOF, the population of Lake Forest in 2020 was 84,711 persons, an increase of approximately 9.5% since 2010. During the previous decade (2000 to 2010), the City's population increased 31.8% to total 77,395 in 2010, due in large part to the annexation of Foothill Ranch and Portola Hills. Lake Forest's growth during this time was higher than countywide growth. Orange County population growth rates between 2000 to 2010 and 2010 to 2020 are shown in Table 3. Of neighboring jurisdictions, Irvine had both the greatest numeric change in population (136,079 persons) and the largest percentage change in population (93.4%) between 2000 and 2020.

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| Jurisdiction | 2000 | 2010 | 2020 | Change 2000-20 | % Change 2000-20 |
|---|---|---|---|---|---|
| Lake Forest | 58,707 | 77,395 | 84,711 | 26,004 | 44.3% |
| Irvine | 145,628 | 212,375 | 281,707 | 136,079 | 93.4% |
| Laguna Hills | 31,178 | 30,277 | 31,508 | 330 | 1.1% |
| Mission Viejo | 93,102 | 93,174 | 94,267 | 1,165 | 1.3% |
| Rancho Santa Margarita | 47,214 | 47,853 | 48,793 | 1,579 | 3.3% |
| San Juan Capistrano | 33,826 | 34,593 | 36,318 | 2,492 | 7.4% |
| Orange County | 2,846,289 | 3,010,232 | 3,194,332 | 348,043 | 12.2% |

*TABLE 3: POPULATION TRENDS – LAKE FOREST AND SURROUNDING JURISDICTIONS*

*Sources: US Census, 2000; DOF, 2020*

## AGE

Changes in age groups can indicate future housing needs. Table 4 compares Lake Forest's age cohort sizes in 2018 with Orange County's. In Lake Forest, children under 15 years of age comprise 17.8% of the City's population, teens and young adults (age 15 – 24) represent 11.8%, and adults in family-forming age groups (age 25 – 44) comprise 28.3%. Adults between the ages of 45 and 64 represent 29% of the population and seniors (age 65 and over) comprise 13.1%. In 2018, the median age in Lake Forest (39.0) was higher than that of Orange County (37.8) and 2.7 years higher than the statewide median age (36.3). The median age of City residents increased from the 2010 median age of 34.1.

*TABLE 4: POPULATION BY AGE (2018)*

| Age | Lake Forest | | Orange County | |
|---|---|---|---|---|
| | Number | Percent | Number | Percent |
| Under 5 Years | 5,232 | 6.3% | 188,956 | 6.0% |
| 5 to 9 | 4,366 | 5.3% | 189,548 | 6.0% |
| 10 to 14 | 5,160 | 6.2% | 206,380 | 6.5% |
| 15 to 19 | 4,849 | 5.8% | 208,793 | 6.6% |
| 20 to 24 | 4,972 | 6.0% | 218,993 | 6.9% |
| 25 to 34 | 12,528 | 15.1% | 453,121 | 14.3% |
| 35 to 44 | 10,905 | 13.2% | 415,919 | 13.1% |
| 45 to 54 | 13,794 | 16.6% | 453,608 | 14.3% |
| 55 to 64 | 10,304 | 12.4% | 388,376 | 12.3% |
| 65 to 74 | 6,768 | 8.2% | 249,211 | 7.9% |
| 75 to 84 | 2,888 | 3.5% | 131,180 | 4.1% |
| 85 and Over | 1,145 | 1.4% | 60,097 | 1.9% |
| TOTAL | 82,911 | 100% | 3,164,182 | 100% |

*Source: US Census, 2014-2018 ACS*

## RACE/ETHNICITY

Table 5 shows the ethnic composition of Lake Forest's population. Similar to Orange County as a whole, the majority of the City's population are White (67.3%). The next largest racial group is Asian (17.1%), followed by "other race" (7.1%), "two or more races" (4.9%), Black or African American (2.2%), and American Indian or Alaska Native (1.2%), and Native Hawaiian and Pacific Islander (0.1%). More than one-fifth of the population (22.7%) is of Hispanic or Latino origin.

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| Race/Ethnicity | Lake Forest | | Orange County | |
|---|---|---|---|---|
| | Number | Percent | Number | Percent |
| White | 55,805 | 67.3% | 1,950,902 | 61.7% |
| Black or African American | 1,845 | 2.2% | 54,732 | 1.7% |
| American Indian or Alaska Native | 977 | 1.2% | 14,466 | 0.5% |
| Asian | 14,216 | 17.1% | 635,672 | 20.1% |
| Native Hawaiian and Pacific Islander | 94 | 0.1% | 9,442 | 0.3% |
| Some Other Race | 5,897 | 7.1% | 370,679 | 11.7% |
| Two or More Races | 4,077 | 4.9% | 128,289 | 4.1% |
| TOTAL | 82,911 | 100% | 3,164,182 | 100% |
| Hispanic or Latino (of any race) | 18,808 | 22.7% | 1,080,195 | 34.1% |

TABLE 5: RACE AND ETHNICITY (2018)

*Source: US Census, 2014-2018 ACS*

## EMPLOYMENT

One of the factors that can contribute to an increase in demand for housing is expansion of the employment base. Table 6 shows the employment and unemployment rates for persons 16 years and older that were in the labor force in 2010 and 2018. In 2018, ACS data indicated that there were 45,788 employed persons in the Lake Forest labor force and that the unemployment rate in Lake Forest was approximately 4.8%, a minor increase from 5.6% in 2010. According to the labor report data compiled by the California EDD, the Anaheim-Santa Ana-Irvine Metropolitan Area's average annual unemployment rate in 2018 was estimated at 3.0%. Orange County's rate was also 3.0%, while California's was 4.1%.

*TABLE 6: JOB GROWTH AND EMPLOYMENT STATUS*

| | 2010 | | 2018 | |
|---|---|---|---|---|
| | Number | Percent | Number | Percent |
| Total Persons in Labor Force | 43,789 | 100% | 48,110 | 100% |
| Employed | 41,346 | 94.5% | 45,788 | 95.1% |
| Unemployed | 2,443 | 5.6% | 2,322 | 4.8% |

*Sources: US Census, 2010-2014 ACS and 2014-2018 ACS*

## INDUSTRY AND OCCUPATION

Of Lake Forest's employed residents, the "Educational services, health care and social assistance" industry employed the most people at 20.0%. The second largest employment sector was the "Professional, scientific, management, administrative, waste management" industry, which had 14.4% of the total employed persons in Lake Forest. The top two employment sectors in Orange County were also the "Educational services, health care and social assistance" industry at 19.3% and the "Professional, scientific, management, administrative, waste management" industry at 14.4%.

The City's workforce holds a variety of jobs types as shown in Table 7, with the largest sector (49.5%) working in "Management, business, science, and arts occupations", followed by 23.4% in "Sales and office" occupations. Employment and occupation trends play an important role in defining housing needs. This relationship extends beyond the impact of employment growth on housing demand in the City and includes how wage levels and median earnings affect the type of housing affordable to workers and households in Lake Forest. For example, there is a significant gap between the median earnings of a resident employed in management and a resident employed in a service occupation. This informs the types of housing needed in the City.

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TABLE 7: JOBS BY INDUSTRY (2018)

| Industry | Number | Percent |
|---|---|---|
| Agriculture, forestry, fishing and hunting, mining | 140 | 0.3% |
| Construction | 2,081 | 4.5% |
| Manufacturing | 6,148 | 13.4% |
| Wholesale trade | 1,498 | 3.3% |
| Retail trade | 4,862 | 10.6% |
| Transportation, warehousing, utilities | 1,497 | 3.3% |
| Information | 1,306 | 2.9% |
| Finance and insurance, real estate and rental and leasing | 3,847 | 8.4% |
| Professional, scientific, management, administrative, waste mgmt. | 6,608 | 14.4% |
| Educational services, health care and social assistance | 9,131 | 20.0% |
| Arts, entertainment, recreation, accommodation, food services | 4,450 | 9.7% |
| Other services | 2,909 | 6.4% |
| Public administration | 1,285 | 2.8% |
| TOTAL (Civilian Labor Force) | 45,762 | 100% |
| Armed Forces | 26 | 100% |

*Source: US Census, 2014-2018 ACS*

TABLE

| Occupation | Number | Percent | Median Earnings* |
|---|---|---|---|
| Management, business, science, and arts | 22,652 | 49.5% | $81,087 |
| Sales and office | 10,707 | 23.4% | $41,417 |
| Service | 7,223 | 15.8% | $19,792 |
| Production, transportation, and material moving | 3,203 | 7.0% | $34,804 |
| Natural resources, construction, and maintenance | 1,977 | 4.3% | $40,088 |

**Median earnings in 12 months prior to survey*

*Sources: SCAG 6th Cycle Data Package; US Census, 2014-2018 ACS*

## TRAVEL TO WORK

Approximately 61% of Lake Forest workers aged 16 and over travelled less than 30 minutes to work. Comparatively, only 6.6% of workers drive more than 60 minutes to work. Most Lake Forest workers, 82.5%, drive alone to work and 7.5% carpool. Table 9 identifies travel time to work, and Table 10 identifies commute methods for Lake Forest workers, in 2018.

TABLE 9: TRAVEL TIME TO WORK (2018)

| | Number | Percent |
|---|---|---|
| Less than 10 minutes | 3,698 | 8.8% |
| 10-19 minutes | 11,787 | 28.0% |
| 20-29 minutes | 10,216 | 24.2% |
| 30-44 minutes | 11,011 | 26.1% |
| 45-59 minutes | 2,658 | 6.3% |
| 60 + minutes | 2,785 | 6.6% |

*Source: US Census, 2014-2018 ACS*

TABLE 10: COMMUTE METHOD (2018)

| | Number | Percent |
|---|---|---|
| Drive Alone | 37,118 | 82.5% |
| Carpooled | 3,363 | 7.5% |
| Public Transportation | 437 | 1.0% |
| Walk | 289 | 0.6% |
| Other | 948 | 2.1% |
| Work at Home | 2,810 | 6.2% |

*Source: US Census, 2014-2018 ACS*

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### 3C. Household Characteristics

According to the Census, a household is defined as all persons living in a housing unit. This definition includes families (related individuals living together), unrelated individuals living together, and individuals living alone. Householder refers to the person (or one of the people) in whose name the housing unit is owned or rented (maintained) or, if there is no such person, any adult member, excluding roomers, boarders, or paid employees. The number of householders is equal to the number of households; the number of family householders is equal to the number of families.

A housing unit is defined by the Census as a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied (or if vacant, is intended for occupancy) as separate living quarters. Separate living quarters are those in which the occupants live and eat separately from any other persons in the building and which have direct access from the outside of the building or through a common hall. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

People living in retirement homes or other group living situations are not considered "households" for the purpose of the U.S. Census count. The household characteristics in a community, including household size, income, and the presence of special needs households, are important factors in determining the size and type of housing needed in the City. Table 11 below identifies the ages of householders in Lake Forest and Orange County in 2018 based on ACS data from 2014-2018. Homeowner households are generally headed by residents early middle-aged to middle-aged, with 54.8% of homeowner households headed by a resident 35-59 years of age. Renter households are generally younger; about 25.2% of renter households are headed by a person aged 25-34.

*TABLE 11: HOUSEHOLDS BY TENURE AND AGE (2018)*

| | Lake Forest | | Orange County | |
|---|---|---|---|---|
| | Number | % | Number | % |
| Total: | 28,713 | - | 1,032,373 | - |
| Owner Occupied: | 19,955 | 69.5% | 592,269 | 57.4% |
| Householder 15 to 24 years | 58 | 0.2% | 2,053 | 0.2% |
| Householder 25 to 34 years | 1,764 | 6.1% | 36,065 | 3.5% |
| Householder 35 to 44 years | 3,070 | 10.7% | 86,899 | 8.4% |
| Householder 45 to 54 years | 5,410 | 18.8% | 137,678 | 13.3% |
| Householder 55 to 59 years | 2,451 | 8.5% | 75,371 | 7.3% |
| Householder 60 to 64 years | 1,878 | 6.5% | 67,259 | 6.5% |
| Householder 65 to 74 years | 3,429 | 11.9% | 104,985 | 10.2% |
| Householder 75 to 84 years | 1,494 | 5.2% | 58,068 | 5.6% |
| Householder 85 years and older | 401 | 1.4% | 23,891 | 2.3% |
| Renter Occupied: | 8,758 | 30.5% | 440,104 | 42.6% |
| Householder 15 to 24 years | 237 | 0.8% | 23,193 | 2.3% |
| Householder 25 to 34 years | 2,211 | 7.7% | 105,489 | 10.2% |
| Householder 35 to 44 years | 2,144 | 7.5% | 101,763 | 10% |
| Householder 45 to 54 years | 2,037 | 7.1% | 91,096 | 8.8% |
| Householder 55 to 59 years | 865 | 3.0% | 33,973 | 3.3% |
| Householder 60 to 64 years | 496 | 1.7% | 24,592 | 2.4% |
| Householder 65 to 74 years | 473 | 1.6% | 33,099 | 3.2% |
| Householder 75 to 84 years | 105 | 0.4% | 16,518 | 1.6% |
| Householder 85 years and older | 190 | 0.7% | 10,381 | 1% |

*Source: US Census, 2014-2018 ACS 5-Year Data Profile (Table B25007)*

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Table 12 identifies the household sizes by housing tenure. In 2018, the majority of households consisted of 2 to 4 persons. Large households of 5 or more persons made up 9.9% of the total households in Lake Forest, which represents a smaller percentage than the percent of large households residing in Orange County. The average household size was 2.87 persons in Lake Forest, compared to 3.02 persons in the County. Additionally, the average household size in 2018 for owner-occupied units was 2.89 persons per household, compared to 2.82 persons per household for renter-occupied units.

TABLE 12: HOUSEHOLD SIZE BY TENURE (2018)

| | Lake Forest | | Orange County | |
|---|---|---|---|---|
| | Number | % | Number | % |
| Owner Households | 19,955 | 100% | 592,269 | 100% |
| Householder living alone | 3,713 | 18.6% | 110,780 | 18.7% |
| Households 2–4 persons | 14,331 | 71.8% | 404,680 | 68.3% |
| Large households 5+ persons | 1,911 | 9.6% | 76,809 | 13% |
| Average Household Size | 2.89 persons | | 2.99 persons | |
| Renter Households | 8,758 | 100% | 440,104 | 100% |
| Householder living alone | 2,343 | 26.8% | 106,627 | 24.2% |
| Households 2–4 persons | 5,474 | 62.5% | 263,316 | 59.8% |
| Large households 5+ persons | 941 | 10.7% | 70,161 | 15.9% |
| Average Household Size | 2.82 persons | | 3.06 persons | |
| Total Households | 28,713 | 100% | 1,032,373 | 100% |
| Householder living alone | 6,056 | 21.1% | 217,407 | 21.1% |
| Households 2–4 persons | 19,805 | 69.0% | 667,996 | 64.7% |
| Large households 5+ persons | 2,852 | 9.9% | 146,970 | 14.2% |
| Average Household Size | 2.87 persons | | 3.02 persons | |

*Sources: SCAG 6th Cycle Data Package; U.S. Census Bureau, 2014-2018 ACS; 2014-2018 ACS 5-Year Data Profile (Table B25009)*

## *3D. Income*

### HOUSEHOLD INCOME

From 2000 to 2018, the median household income increased by 53.7% to $104,449 and the per capita income increased by 57.4% to $44,999. An increase in both per capita and median household incomes also occurred from 2010 to 2018. Table 13 shows per capita and median household incomes in 2000, 2010 and 2018.

TABLE 13: MEDIAN HOUSEHOLD AND PER CAPITA INCOME

| | 2000 | 2010 | 2018 |
|---|---|---|---|
| Median Household Income | $67,967 | $91,040 | $104,449 |
| Per Capita Income | $28,583 | $38,844 | $44,999 |

*Sources: US Census, 2000; US Census, 2014-2018 ACS*

TABLE 14: HOUSEHOLD INCOME FOR ALL HOUSEHOLDS AND BY TENURE (2018)

In 2018, the majority (51.6%) of Lake Forest's households earned more than $100,000 per year. The incidence of households earning less than $35,000 per year was higher among renter households (18.8%) than owner households (10.8%). Table 14 identifies household income by tenure. As shown in Table 14, the average income of owner households is approximately $50,000 more than renter households.

| | All Households | | Owner Households | | Renter Households | |
|---|---|---|---|---|---|---|
| Income | Number | Percent | Number | Percent | Number | Percent |
| Less than $5,000 | 664 | 2.3% | 336 | 1.7% | 328 | 3.7% |

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| | | | | | | |
|---|---|---|---|---|---|---|
| $5,000 to $9,999 | 326 | 1.1% | 150 | 0.8% | 176 | 2.0% |
| $10,000 to $14,999 | 609 | 2.1% | 316 | 1.6% | 293 | 3.3% |
| $15,000 to $19,999 | 448 | 1.6% | 301 | 1.5% | 147 | 1.7% |
| $20,000 to $24,999 | 558 | 1.9% | 336 | 1.7% | 222 | 2.5% |
| $25,000 to $34,999 | 1,194 | 4.2% | 700 | 3.5% | 494 | 5.6% |
| $35,000 to $49,999 | 2,564 | 8.9% | 1,293 | 6.5% | 1,271 | 14.5% |
| $50,000 to $74,999 | 4,063 | 14.2% | 2,199 | 11.0% | 1,864 | 21.3% |
| $75,000 to $99,999 | 3,465 | 12.1% | 2,325 | 11.7% | 1,140 | 13.0% |
| $100,000 to $149,999 | 5,878 | 20.5% | 4,151 | 20.8% | 1,727 | 19.7% |
| $150,000 or more | 8,944 | 31.1% | 7,848 | 39.3% | 1,096 | 12.5% |
| Median Household Income | $104,449 | | $123,913 | | $70,654 | |

*Source: US Census, 2014-2018 ACS*

## HOUSEHOLDS BY INCOME GROUP

A special aggregation of 2013-2017 ACS data performed by HUD – titled the Comprehensive Housing Affordability Strategy (CHAS) data – provides a breakdown of households by income group by tenure. The number of households in Extremely Low, Very Low, Low, and Moderate/Above Moderate income groups is shown in Table 15. The majority of households (64.6%) are above moderate income. The HUD CHAS data indicates the extremely low-income group represents 9.9% of households, and a higher proportion are renters (1,470) than owners (1,305). The very low-income group represents 9.6% of households and the low-income group represents 15.9% of households. The smaller amount of extremely low and very low-income households in the City is likely due to the limited housing opportunities for the lower income groups in Lake Forest, including a deficiency of housing with affordable rent. The City's RHNA (see Table 30) identifies the City's share of regional housing needs for extremely low, very low, and low-income households, as well as for moderate and above moderate-income households. As shown in Table 15, there is a larger proportion of renters in the extremely low, very low, and low-income groups, while there is a larger proportion of moderate and above moderate-income groups in owner households.

*TABLE 15: HOUSEHOLDS BY INCOME GROUP (2017)*

| Income Group | Total | | Owner | | Renter | |
|---|---|---|---|---|---|---|
| | Households | Percent | Households | Percent | Households | Percent |
| Extremely Low (<30% AMI) | 2,775 | 9.9% | 1,305 | 6.7% | 1,470 | 17.1% |
| Very Low (31–50% AMI) | 2,670 | 9.6% | 1,345 | 6.9% | 1,325 | 15.4% |
| Low (51–80% AMI) | 4,460 | 15.9% | 2,555 | 13.2% | 1,905 | 22.2% |
| Moderate and Above Moderate (>80% AMI) | 18,060 | 64.6% | 14,180 | 73.2% | 3,880 | 45.2% |
| TOTAL | 27,965 | 100% | 19,385 | 100% | 8,580 | 100% |

*Source: HUD Comprehensive Housing Affordability Strategy (CHAS), 2013-2017*
*Available: https://www.huduser.gov/portal/datasets/cp.html*

## POVERTY LEVELS

The 2014-2018 ACS data indicates that 909 (4.3%) of all Lake Forest families and 5,839 individuals (7.1%), had incomes at or below the poverty level. According to the ACS data, poverty rates are disparate between races and economic indicators are particularly severe for Hispanic and Latino populations. In 2018, Hispanics/Latinos had a poverty rate of 11.8% compared to 6.5% for African Americans/Blacks, 5.9% for Whites, 5.8% for Asians, and 5.3% for American Indian and Alaska Natives.

The level of poverty in a jurisdiction often influences the need for housing to accommodate those persons and

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families in the very low and low-income categories. The U.S. Census Bureau measures poverty by using a set of money income thresholds that vary by family size and composition of who is in poverty. If a family's total income is less than the family's threshold, then that family and every individual in it is considered in poverty. For example, the poverty threshold for a family of two with no children would be $17,120, a household of two with a householder aged 65 or older and no children has a poverty threshold of $15,453, and the poverty threshold of a family of four with two children under the age of 18 would be $25,926. (*U.S. Census Bureau, 2019).*

### *Extremely Low-Income Households*

Extremely low-income (ELI) households are defined as those earning up to 30% of the area median household income. For Orange County, the median household income in 2020 was $103,000. For ELI households in Lake Forest (and the rest of Orange County), this results in an income of $38,450 or less for a four-person household or $26,950 for a one-person household. ELI households have a variety of housing situations and needs. For example, most families and individuals receiving only public assistance, such as social security insurance or disability insurance are considered ELI households. Table 16 provides representative occupations with hourly wages that are within or close to the ELI income range. As shown in Table 15, ELI households make up 9.9% of all households in Lake Forest. Based on Table 28, 80.5% of ELI households in Lake Forest pay more than 30% of their incomes for housing.

TABLE

| Occupation Title | Median Hourly Wage |
|---|---|
| Laborers and Freight, Stock, and Material Movers | $12.70 |
| Telemarketers | $12.43 |
| Waiters and Waitresses | $12.07 |
| Retail Salespersons | $12.03 |
| Ambulance Drivers and Attendants, Except Emergency Medical Technicians | $11.94 |
| Cooks, Fast Food | $11.63 |
| Couriers and Messengers | $11.61 |
| Personal Care Aides | $11.59 |
| Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop | $11.52 |
| Amusement and Recreation Attendants | $11.42 |
| Cashiers | $11.42 |
| Parking Lot Attendants | $11.41 |

*Source: Employment Development Department, Long-Term Occupational Projections 2016-2026 (accessed January 2021)*

Pursuant to Government Code Section 65583(a)(1), 50% of Lake Forest's very low-income regional housing needs assigned by HCD are projected to be extremely low-income households. As a result, from the very low-income need of 954 units (see Table 29), the City has a projected need of 477 units for extremely low-income households (i.e., households earning 30% or less of the average median income). Based on current figures, extremely low-income households will most likely be facing an overpayment, overcrowding, or substandard housing conditions. Some extremely low-income households could include individuals with mental or other disabilities and special needs. To address the range of needs of ELI households, the City will implement several programs including the following programs (refer to the Housing Plan for more detailed descriptions of these programs):

- Program 5: Facilitate Affordable and Special Needs Housing Construction
- Program 9: Sites for Homeless Shelters/Homeless Prevention and Assistance Services
- Program 10: Transitional/Supportive and Affordable Housing
- Program 11: Coordination with Social Service Agencies

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## 3E. Housing Characteristics

### HOUSING TYPE

Table 17 identifies the types of housing units in Lake Forest in 2020. The table summarizes total housing stock according to the type of structure. As shown in the table, the majority of housing in Lake Forest is single-family detached housing, which accounted for 58.8% of units in 2020. Mobile/manufactured homes represent 4.2% of the housing stock. Multi-family units represent 26.1% of the housing stock, with duplex through fourplex units accounting for 5.0% and multi-family developments with five or more units accounting for 21.1%. Single-family attached homes represent 14.9% of housing units.

*TABLE 17: HOUSING STOCK BY TYPE AND VACANCY (2020)*

| | Total | Single Family | | Multi-family | | Mobile Homes | Occupied | Vacant |
|---|---|---|---|---|---|---|---|---|
| | | Detached | Attached | 2 – 4 | 5 + Units | | | |
| Units | 30,244 | 16,567 | 4,508 | 1,525 | 6,369 | 1,275 | 28,831 | 1,413 |
| Percent | 100% | 58.8% | 14.9% | 5.0% | 21.1% | 4.2% | 95.3% | 4.7% |

*Sources: SCAG 6th Cycle Data Package; DOF E-5 Report 2020*

### VACANCY RATE

Table 17 also shows the number and percentage of occupied units and the percentage of vacant units. It is important to note that these counts include all vacant units, including those units that are newly constructed but not yet occupied. In order for the housing market to function properly in a city, there should always be some level of housing vacancy, otherwise rents or housing prices could skyrocket. The 4.7% vacancy rate in Lake Forest is considered low (the historical equilibrium in California is 5.5% for rental vacancy and 1.2% for homeownership vacancy).[1]

The 2014-2018 ACS data indicates that there were 1,282 vacant units in 2018. As shown in Table 18, of the total vacant units in 2018, 284 were for rent, 170 were for sale, 394 were rented or sold but not yet occupied, and 313 were for seasonal, recreational, or occasional use. The overall vacancy rate in Lake Forest in 2018 was 4.3%, a rate which has fluctuated slightly since 2010.

*TABLE 18: VACANCY BY TYPE (2018)*

| Vacancy Type | Number | Percent |
|---|---|---|
| For rent | 284 | 22.2% |
| Rented, not occupied | 112 | 8.7% |
| For sale only | 170 | 13.3% |
| Sold, not occupied | 282 | 22.0% |
| For seasonal, recreational, or occasional use | 313 | 24.4% |
| For migrant workers | 0 | 0.0% |
| Other vacant | 121 | 9.4% |
| *TOTAL* | *1,282* | *100%* |

*Source: US Census, 2014-2018 ACS*

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[1] "California's low residential vacancy rates signal more construction," *First Tuesday Journal* (February 15, 2021).

## HOUSING CONDITIONS

The U.S. Census provides only limited data that can be used to infer the condition of Lake Forest's housing stock. In most cases, the age of a community's housing stock is a good indicator of the condition of the housing stock. Moreover, many federal and state programs also use the age of housing as one factor in determining housing rehabilitation needs. Typically, housing over 30 years of age is more likely to have rehabilitation needs that may include plumbing, roof repairs, electrical repairs, foundation rehabilitation, or other significant improvements.

The 2014-2018 ACS data indicates that just over half of the housing in the City is less than 40 years old (in 2018); 57.6% of units were built in 1980 or later. Another 32.9% of units were built between 1970 and 1979. Due to the relatively young age of the City's housing stock, overall housing conditions are good. While units built after 1970 may require new roofs and windows, it is anticipated that most units built after 1970 would not need significant rehabilitation to the structure, foundation, electrical, and plumbing systems. Units built prior to 1970 may require aesthetic and maintenance repairs including roof, window, and paint improvements and some units in this age range may also require significant upgrades to structural, roof, plumbing, and other systems.

When examining a housing stock to determine what condition it is in, there are certain factors that the Census considers. For example, older units may not have plumbing that is fully functional, or the plumbing might be substandard. Table 19 indicates that a small percentage of dwelling units (0.5%), which were either owner-occupied or vacant, lacked complete plumbing facilities in 2018.

TABLE

| Year Structure Built | Owner-Occupied | | Renter-Occupied | | Total | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| 2014 or later | 792 | 4.0% | 528 | 6.0% | 1,659 | 5.5% |
| 2010 to 2013 | 166 | 0.8% | 94 | 1.1% | 300 | 1.0% |
| 2000 to 2009 | 349 | 1.7% | 233 | 2.7% | 627 | 2.1% |
| 1990 to 1999 | 3,815 | 19.1% | 1,646 | 18.8% | 5,533 | 18.4% |
| 1980 to 1989 | 5,994 | 30.0% | 2,788 | 31.8% | 9,170 | 30.6% |
| 1970 to 1979 | 6,937 | 34.8% | 2,604 | 29.7% | 9,879 | 32.9% |
| 1960 to 1969 | 1,571 | 7.9% | 642 | 7.3% | 2,273 | 7.6% |
| 1950 to 1959 | 214 | 1.1% | 177 | 2.0% | 391 | 1.3% |
| 1940 to 1949 | 52 | 0.3% | 9 | 0.1% | 61 | 0.2% |
| 1939 or earlier | 65 | 0.3% | 37 | 0.4% | 102 | 0.3% |
| *TOTAL* | *19,955* | *100%* | *8,758* | *100%* | *29,995* | *100%* |
| Plumbing Facilities | | | | | | |
| Units with Complete Plumbing Facilities | 19,926 | 99.9% | 8,758 | 100% | 29,844 | 99.5% |
| Units Lacking Complete Plumbing Facilities | 29 | 0.1% | 0 | 0.0% | 151 | 0.5% |

*Source: US Census, 2014-2018 ACS (Table B25036)*

The City's housing stock remains relatively new with only 9.5% of dwelling units in Lake Forest having been constructed prior to 1970, and as such, structural deterioration and maintenance problems are rare. The City's Code Enforcement staff have estimated that a very low percentage of housing units are in need of substantial rehabilitation or replacement. Nonetheless, the goal of the City's Code Enforcement program is to address housing concerns before they become serious problems.

To supplement the Census information regarding housing conditions, the City of Lake Forest included specific questions pertaining to the quality of the City's housing stock in its Housing Element Update community survey, which was posted for over one month (this is further detailed in Appendix B). When asked to rate the physical condition of the residence they lived in, 39.4% responded that their home shows signs of minor deferred

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maintenance such as peeling paint or chipped stucco while 54.5% indicated that their home was in excellent condition. Another 9.1% of respondents indicated that their home was in need of a modest repair (like a new roof or new siding) and no one reported that their home needed a major repair (such as new foundation, complete new plumbing, or complete new electrical). Although the sample size was small, renters (57.1%) were just as likely as homeowners (53.8%) to respond that their residence was in excellent condition.

Community members were also asked to report the type of home improvements they have considered making to their homes. The most popular answers that applied were painting, new heating and air conditioning, and roofing.

Additionally, the City's Planning Division's assessment is that, while there are a limited number of homes in need of significant repair scattered throughout various neighborhoods in the City, there are no areas of the City in which it appears that a preponderance of the homes need major repair. In general, areas of the City with older homes have a greater number in need of major repair. The City will continue to implement its residential Rehabilitation Loan Program (RLP) using CDBG funds (when available) to help qualified homeowners to rehabilitate substandard housing.

## OVERCROWDING

Typically, a housing unit is considered overcrowded if there is more than one person per room and severely overcrowded if there are more than 1.5 persons per room. Table 20 summarizes overcrowding data for Lake Forest. It should be noted that kitchenettes, strip or Pullman kitchens, bathrooms, porches, balconies, foyers, halls, half-rooms, utility rooms, unfinished attics, basements, or other space for storage are not defined as rooms for Census purposes.

Overcrowded households are usually a reflection of the lack of affordable housing available. Households that cannot afford housing units suitably sized for their families are often forced to live in housing that is too small for their needs, which may result in poor physical condition of the dwelling unit. In 2018, 1,364 housing units (4.8% of the total occupied units) were overcrowded, which represented 2.1% of owner-occupied units and 10.7% of renter-occupied units.

*TABLE 20: OVERCROWDING BY TENURE (2018)*

| Persons per Room | Owner | | Renter | | Total | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| 1.00 or less | 19,528 | 97.9% | 7,821 | 89.3% | 27,349 | 95.2% |
| 1.01 to 1.50 | 382 | 1.9% | 517 | 5.9% | 899 | 3.2% |
| 1.51 or more | 45 | 0.2% | 420 | 4.8% | 465 | 1.6% |
| *TOTAL* | *19,955* | *100%* | *8,758* | *100%* | *28,713* | *100%* |
| Overcrowded | 427 | 2.1% | 937 | 10.7% | 1,364 | 4.8% |

*Source: US Census, 2014-2018 ACS*

As shown in Table 21, the average household size in Lake Forest was 2.87 persons in 2018, which was an increase from the average household size of 2.84 persons in 2010. Table 21 shows Lake Forest's household sizes for owner-occupied, renter-occupied, and all households. The average household size was slightly higher for owner-occupied units (2.89 persons). Renter-occupied households had an average size of 2.82 persons. The large majority (71.8%) of owner-occupied households had two to four persons, whereas 72.0% of renter-occupied households were one to three persons in size. Table 22 identifies bedrooms by tenure. Although larger renter households and larger owner households are proportionally comparable, the proportion of larger (4 or more bedroom) homes is significantly higher for owner households.

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| Household Size | Owner | | Renter | | Total | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| 1-person | 3,713 | 18.6% | 2,343 | 26.8% | 6,056 | 21.1% |
| 2-person | 6,381 | 32.0% | 2,454 | 28.0% | 8,835 | 30.8% |
| 3-person | 3,969 | 19.9% | 1,502 | 17.2% | 5,471 | 19.1% |
| 4-person | 3,981 | 19.9% | 1,518 | 17.3% | 5,499 | 19.2% |
| 5-person | 1,274 | 6.4% | 570 | 6.5% | 1,844 | 6.4% |
| 6-person | 346 | 1.7% | 180 | 2.1% | 526 | 1.8% |
| 7-or-more-person | 291 | 1.5% | 191 | 2.2% | 482 | 1.7% |
| *TOTAL* | *19,955* | *100% (69.5% of total)* | *8,758* | *100% (30.5% of total)* | *28,713* | *100%* |
| Average Household Size | 2.89 | | 2.82 | | 2.87 | |

TABLE 3F: HOUSEHOLD SIZE BY TENURE (2018)

*Source: SCAG 6th Cycle Data Package*

| Bedroom Type | Owner | | Renter | | Total | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| No bedroom | 41 | 0.2% | 273 | 3.1% | 314 | 1.1% |
| 1-bedroom | 514 | 2.6% | 2,624 | 30.0% | 3,138 | 10.9% |
| 2-bedroom | 3,718 | 18.6% | 3,328 | 38.0% | 7,046 | 24.5% |
| 3-bedroom | 7,171 | 35.9% | 1,707 | 19.5% | 8,878 | 30.9% |
| 4-bedroom | 6,916 | 34.7% | 652 | 7.4% | 7,568 | 26.4% |
| 5 or more bedroom | 1,595 | 8.0% | 174 | 2.0% | 1,769 | 6.2% |
| *TOTAL* | *19,955* | *100%* | *8,758* | *100%* | *28,713* | *100%* |

TABLE

*Source: US Census, 2014-2018 ACS*

## *3F. Housing Costs*

### FOR SALE HOUSING

As shown in Figure 1, between 2000 and 2018, median home sales prices in Lake Forest increased 207% while prices in the SCAG region increased 151%. The 2018 median home sales price in Lake Forest was $731,000 – the highest median sales price experienced since 2000. Prices in the City have ranged from a low of 92.7% of the SCAG region median in 2007 to a high of 132.7% in 2017.

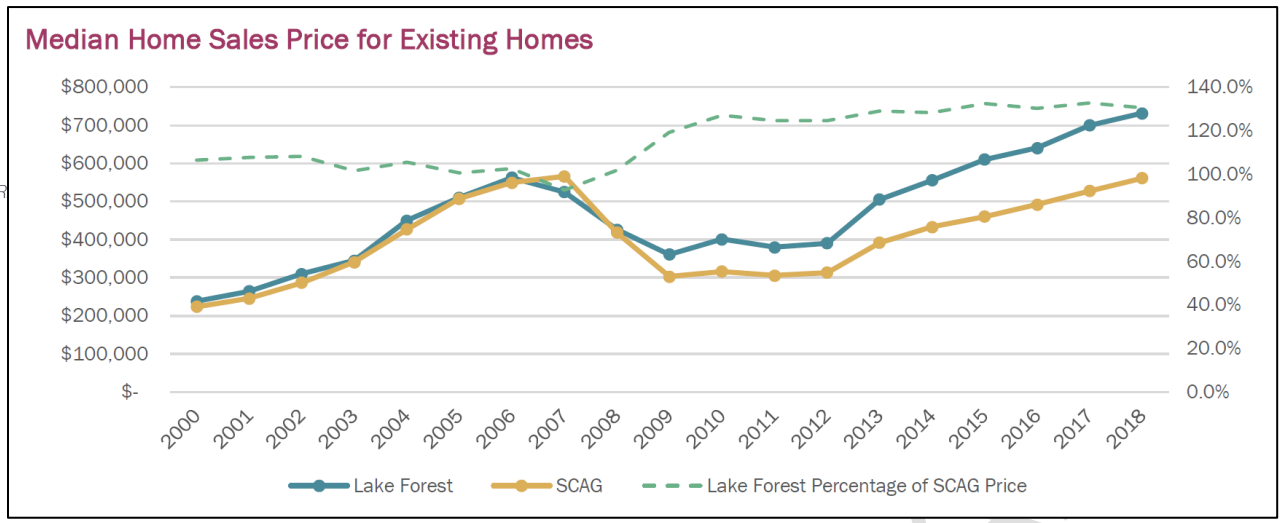
| Price | Homes | Percent |
|---|---|---|
| $700,000 and more | 113 | 64.6% |
| $600,000 - $699,999 | 13 | 7.4% |
| $500,000 - $599,999 | 9 | 5.1% |
| $400,000 - $499,999 | 11 | 6.3% |
| $300,000 - $399,999 | 7 | 4.0% |
| $200,000 - $299,999 | 6 | 3.4% |
| $100,000 - $199,999 | 12 | 6.9% |
| $0 - $99,999 | 4 | 2.3% |

*Source: Zillow.com, 2021*

In January 2021, there were 175 homes listed for sale in Lake Forest on Zillow.com with prices ranging from $65,000 to $2,599,000. Of these homes, there were 135 detached single-family homes with sales prices beginning at $65,000 (manufactured home). As shown in Table 23, the vast majority of homes for sale were in the $700,000+ price range (64.6%), with 18.8% of homes in the $400,000 to $699,999 range, and 29 priced under $400,000. Zillow identified the January 2021 median sales price as $774,000. While the median sales price is not affordable to lower and moderate-income households (see Table 27), the City's median home sales price was lower than the Orange County median sales price (Zillow reported a median home sales price of $872,000 for the County in January 2021), which may result in higher demand for housing in Lake Forest.

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*Source: SCAG 6th Cycle Data Package*

## RENTAL HOUSING

Table 24 summarizes rents paid in Lake Forest in 2018 by rent-cost range. The majority (84.9%) of units rented for $1,500 or more. Only 3.4% of rentals were under $1,000 per month. More than one-third of rentals were in the $1,500 to $1,999 range. Based on a review of rental listings on *Zillow.com* and *Craiglist.com*, the average rent in Lake Forest (January 2021) is $2,802 per month. There were 49 rentals available in January 2021. Rents ranged from $1,900 to $2,549 for 2 bed/2 bath homes to $3,600 to $7,500 for four or more-bedroom homes, as shown in Table 25.

*TABLE 24: RENTAL COSTS (2018)*

| Rent Range | Number | Percent |
|---|---|---|
| Less than $500 | 125 | 1.5% |
| $500 to $999 | 166 | 1.9% |
| $1,000 to $1,499 | 994 | 11.6% |
| $1,500 to $1,999 | 3,347 | 39.0% |
| $2,000 to $2,499 | 2,345 | 27.3% |
| $2,500 to $2,999 | 903 | 10.5% |
| $3,000 or more | 695 | 8.1% |
| Median (dollars) | $1,949 | |

*Source: US Census, 2014-2018 ACS*

*TABLE 25: RENTAL SURVEY BY NUMBER OF BEDROOMS*

| Bedroom Type | Rental Survey | | |
|---|---|---|---|
| | Units Available | Range | Average Rent |
| Studio | 2 | $1,600 - $2,031 | $1,816 |
| 1 bed | 12 | $1,650 - $2,098 | $1,841 |
| 2 bed | 22 | $1,900 - $2,549 | $2,225 |
| 3 bed | 10 | $2,600 - $3,900 | $3,193 |
| 4 bed or more | 3 | $3,600 - $7,500 | $4,933 |

*Sources: Zillow.com and Craigslist.com, Jan. 2021*

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## INCOME GROUPS

The California Department of Housing and Community Development (HCD) publishes household income data annually for areas in California. Table 26 shows the maximum annual income level for each income group adjusted for household size for Orange County. The maximum annual income data is utilized to calculate the maximum affordable housing payments for different households (by income level and number of persons in household) and their eligibility for housing assistance programs.

- *Extremely Low-Income Households* have a combined income at or lower than 30% of area median income (AMI), as established by the Department of Housing and Community Development (HCD).
- *Very Low-Income Households* have a combined income between 30 and 50% of AMI, as established by HCD.
- *Low-Income Households* have a combined income between 50 and 80% of AMI, as established by HCD.
- *Moderate-Income Households* have a combined income between 80 and 120% of AMI, as established by HCD.
- *Above Moderate-Income Households* have a combined income greater than 120% of AMI, as established by HCD.

| Income Group | 1 Person | 2 Person | 3 Person | 4 Person | 5 Person | 6 Person | 7 Person | 8 Person |
|---|---|---|---|---|---|---|---|---|
| Extremely Low | $28,250 | $32,300 | $36,350 | $40,350 | $43,600 | $46,850 | $50,050 | $53,300 |
| Very Low | $47,100 | $53,800 | $60,550 | $67,250 | $72,650 | $78,050 | $83,400 | $88,800 |
| Low | $75,300 | $86,050 | $96,800 | $107,550 | $116,200 | $124,800 | $133,400 | $142,000 |
| Moderate | $89,650 | $102,450 | $115,250 | $128,050 | $138,300 | $148,550 | $148,550 | $169,050 |
| Above Moderate | $89,650+ | $102,450 + | $115,250 + | $128,050 + | $138,300 + | $148,550 + | $148,550 + | $169,050 + |

*Source: HCD 2020 Orange County Income Limits*

## HOUSING AFFORDABILITY

Table 27 shows the estimated maximum rents and sales prices that are affordable to very low, low, moderate, and above moderate-income households. Affordability is based on a household spending 30% or less of their total household income for shelter. Affordability is based on the maximum household income levels established by HCD (Table 26). The annual income limits established by HCD are similar to those used by the U.S. Department of Housing and Urban Development (HUD) for administering various affordable housing programs. Maximum affordable sales price is based generally on the following assumptions: 4% interest rate, 30-year fixed loan, and down payments that vary with income level, as described in Table 27.

Comparing the maximum affordable housing costs in Table 27 to the rental rates, rental rates in Lake Forest are generally affordable to moderate-income households of two or more persons and to above moderate-income households of all household sizes. While there are some units affordable to low-income households, they tend to be smaller units ranging in size from 1- to 2-bedrooms. Moderate and above moderate-income households can afford a broad range of available housing options.

Although there are homes for sale in Lake Forest available to all income, the overwhelming majority of homes (i.e., in the $700,000+ range) are affordable to only above moderate-income households.

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| Income Group | One Person | | Two Person | | Four Person | | Six Person | |
|---|---|---|---|---|---|---|---|---|
| | Home Sale Price* | Monthly Rent or Housing Cost | Home Sale Price* | Monthly Rent or Housing Cost | Home Sale Price* | Monthly Rent or Housing Cost | Home Sale Price* | Monthly Rent or Housing Cost |
| Extremely Low | $100,663 | $706 | $116,026 | $808 | $146,561 | $1,009 | $171,216 | $1,171 |
| Very Low | $180,231 | $1,178 | $201,200 | $1,345 | $252,218 | $1,681 | $293,184 | $1,951 |
| Low | $286,375 | $1,883 | $327,151 | $2,151 | $408,704 | $2,689 | $474,136 | $3,120 |
| Moderate | $358,009 | $2,241 | $407,950 | $2,561 | $493,708 | $3,201 | $571,467 | $3,714 |
| Above Moderate | $358,009+ | $2,241+ | $407,950+ | $2,561+ | $493,708+ | $3,201+ | $571,467+ | $3,714+ |

TABLE 27: HOUSING AFFORDABILITY BY INCOME GROUP

**Maximum affordable sales price is based on the following assumptions: 4.0% interest rate, 30-year fixed loan; down payment: $5,000 – extremely low, $10,000 – very low; $15,000 – low, $25,000 – moderate; property tax, utilities, and homeowners insurance as 30% of monthly housing cost (extremely low/very low), 28% of monthly housing cost (low), and 25% of monthly housing cost (moderate/above moderate). Homes sales prices are rounded to nearest $100.*

*Source: De Novo Planning Group, 2021*

### *Extremely Low-income Households*

As previously described, extremely low-income households earn less than 30% of the County Area Median Income (AMI). Depending on the household size, these households can afford rents between $706 and $1,171 per month and could purchase homes priced at $100,663 to $171,216. As of January 2021, there were no rental homes listed on Zillow or Craigslist that would be affordable to extremely low-income households. However, based on US Census data, approximately 3.4% of renters pay monthly rents affordable to extremely low-income households. Extremely low-income households *may* be able afford to purchase a manufactured home in Lake Forest; however, real estate listings for these homes indicate that homes affordable at this price point may need significant maintenance and repair and there is an extremely limited supply.

### *Very Low-income Households*

Very low-income households earn between 31% and 50% of the County Area Median Income (AMI). Depending on the household size, these households can afford rents between $1,178 to $1,951 per month and could purchase homes priced at $180,231 to $293,184. As of January 2021, there were some studio and one-bedroom rental units listed on Zillow or Craigslist that could be affordable to very low-income households. However, based on US Census data, approximately 15.0% of renters pay monthly rents affordable to very low-income households (inclusive of units also affordable to extremely low-income). Very low-income households may be able afford to purchase a manufactured home or multi-family home in Lake Forest; however, even those units affordable to very low-income households need maintenance and repair and there continues to be a very limited supply.

### *Low-income Households*

Low-income households earn between 51% and 80% of the County Area Median Income (AMI). Depending on the household size, these households can afford rents between $1,883 to $3,120 per month and could purchase homes priced at $286,375 to $474,136. As of January 2021, all studio, one-, and two-bedroom options listed on Zillow or Craigslist would be affordable to rent for low-income households. Based on US Census data, 81.3% of renters in Lake Forest pay monthly rents affordable to low-income households. However, most renters are not larger six-person households, so the actual affordability by household size may be significantly more limited. Low-income households can afford to rent a variety of home types, including better-maintained manufactured homes, multi-family homes, and some single-family detached homes.

### *Moderate-income Households*

Moderate-income households earn between 80% and 120% of the County Area Median Income (AMI). Depending on the household size, these households can afford rents between $2,241 and $3,714 per month and could purchase homes priced at $358,009 to $571,467. As of January 2021, nearly all studio, one-, two-, and three-bedroom rental units available were affordable to moderate-income households; these units included multi-family

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homes as well as single-family homes listed for rent by the homeowner. Moderate-income households can also afford a broader array of homes listed for sale as of January 2021. These unit types include manufactured homes, single-family homes, and multi-family homes. This is further confirmed by US Census data.

## OVERPAYMENT

As in most communities, the location of the home is one of the biggest factors with regard to price. Housing in Lake Forest is more affordable than the County ($774,000 versus $872,000 according to Zillow median sales prices in January 2021). However, housing is not affordable for all income levels, particularly the extremely low, very low, and low-income households.

As shown in Table 28, 50.6% of renters in Lake Forest and 28.1% of homeowners overpay for housing. The majority of renters that overpay are in the lower income groups, with 76.2% in the extremely low-income group and 64.1% in the very low-income group severely overpaying for housing (over 50% of their monthly income). Comparatively, 71.6% of extremely low-income owners and 42.0% of very low-income owners are severely overpaying. Therefore, while overpayment is more predominate among lower income renter households, overpayment is an issue for both renter and owner households. Slightly more than one-third (35.0%) of all households in Lake Forest overpay for housing.

TABLE 2

| Household Overpayment | Renters | Owners | Total | % of Income Category |
|---|---|---|---|---|
| Extremely Low-Income Households | 1,470 | 1,305 | 2,775 | 100% |
| With Cost Burden >30% | 1,215 / 82.7% | 1,020 / 78.2% | 2,235 | 80.5% |
| With Cost Burden >50% | 1,120 / 76.2% | 935 / 71.6% | 2,055 | 74.1% |
| Very Low-Income Households | 1,325 | 1,345 | 2,670 | 100% |
| With Cost Burden >30% | 1,185 / 89.4% | 860 / 63.9% | 2,045 | 76.6% |
| With Cost Burden >50% | 850 / 64.1% | 565 / 42.0% | 1,415 | 53.0% |
| Low-Income Households | 1,905 | 2,555 | 4,460 | 100% |
| With Cost Burden >30% | 1,255 / 65.9% | 1,585 / 62.0% | 2,840 | 63.7% |
| With Cost Burden >50% | 165 / 8.7% | 515 / 20.2% | 680 | 15.2% |
| Total Extremely Low, Very Low, and Low-Income Households Paying >30% | 3,655 / 78% | 3,465 / 67% | 7,120 | 72% of lower income households |
| Moderate and Above Moderate-Income Households | 3,880 | 14,180 | 18,060 | 100% |
| With Cost Burden >30% | 690 /17.8% | 1,990 / 14.0% | 2,680 | 14.8% |
| With Cost Burden >50% | 55 / 1.4% | 180 / 1.3% | 235 | 1.3% |
| Total Households | 8,580 | 19,385 | 27,965 | 100% |
| With Cost Burden >30% | 4,345 / 50.6% | 5,455 / 28.1% | 9,800 | 35.0% |
| With Cost Burden >50% | 2,190 / 25.5% | 2,195 / 11.3% | 4,385 | 15.7% |

*Note: Data is rounded to the nearest 5.*

*Source: HUD Comprehensive Housing Affordability Strategy (CHAS), 2013-2017*

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## AFFORDABLE HOUSING INVENTORY

Affordability covenants in Lake Forest include developments that received federal pass-through funding (CDBG), received tax credits or mortgage revenue bonds, were financed with redevelopment funds or by non-profit developers, and/or were created to meet the City's inclusionary housing policy.

Table 29 shows assisted units with covenants that require rents to be maintained at affordable levels for various agreed upon periods of time. In 2021, Lake Forest has 202 total deed-restricted affordable units. A recorded deed restriction serves as an affordability covenant that restricts the income level of a person who occupies the property, and ensures the property will remain available for low to moderate-income persons for a defined period.

*TABLE 29: DEED RESTRICTED AFFORDABLE HOUSING UNITS*

| Project Name/Location | No. & Type of Affordable Units | Duration of Affordability |
|---|---|---|
| Shelter for the Homeless (formerly American Family Housing) [1]<br>20927 Serrano Creek Road | 1 affordable | 2029 |
| South County Outreach Condo Units[1] | 1 Transitional | 2022 |
| | 2 Transitional | 2023 |
| | 2 Transitional | 2024 |
| | 3 Transitional | 2025 |
| Madrid Transitional Housing Condo Units[2]<br>22702, 22706 Madrid Drive | 2 Transitional | 2030 |
| The Arroyo at Baker Ranch, 100 Indigo Place[3] | 187 affordable | 2045 |
| Saguaro Apartments, 23201 Saguaro Street[4] | 4 affordable | 2071 |
| | 202 | |

*Notes:*

*[1] There are 8 transitional housing units and 1 affordable unit that received CDBG funding from the City, and are required to be affordable to very low or low-income households for 25 years from the date the covenants were first agreed upon. Under the covenant for the affordable unit, the occupant(s) in that unit may remain in the unit as long as he or she continues to qualify as an affordable household. The affordable unit may continue to be rented by the same tenant(s) as long as the tenant(s) continue to qualify as a very low or low-income household.*

*[2] The Madrid condos are owned by the Lake Forest Housing Authority and were purchased with Redevelopment Agency Housing Set-Aside Funds*

*[3]. Per Shea/Baker Ranch Development Agreement/Affordable Housing Implementation Plan*

*[4] The Saguaro Apartments were purchased from the Lake Forest Housing Authority by Families Forward.*

## MOBILE HOMES

Mobile homes offer a more affordable option for those interested in homeownership. The median value of a mobile home in Orange County in 2018 was $59,000 (2018 ACS 5-Year Estimates Data Profile). Overall, 1,275 mobile homes are located in Lake Forest (DOF, Table 2: E-5, 1/1/2020). According to HCD, there are four mobile home parks in the City with a total of 1,238 permitted spaces. They are:

- El Toro Mobile Estates (30-0282-MP), 24921 Muirlands Blvd. – 328 MH spaces
- Forest Gardens Mobile Home Community (30-0268-MP), 24001 Muirlands Blvd. – 494 MH spaces
- Kimberly Gardens Mobile Home Park (30-0266-MP), 24922 Muirlands Blvd. – 159 MH spaces
- Prothero Mobile Estates (30-0299-MP), 24701 Raymond Way – 257 MH spaces

In addition to the cost of a mobile home, owners must either purchase a residential site or rent a mobile home space. And although they present a more affordable alternative, mobile home rents have risen steadily in Orange County and throughout southern California since 2009.[2]

[2] Jeff Collins, "Soaring rents jolt senior tenants at mobile home park," *OC Registrar* (July 20, 2018).

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### 3G. Future Housing Needs

A Regional Housing Needs Plan (RHNP) is mandated by the State of California (Government Code [GC], Section 65584) for regions to address housing issues and needs based on future growth projections for the area. The RHNP for Lake Forest is developed by the Southern California Association of Governments (SCAG), and allocates a "fair share" of regional housing needs to individual cities and counties (for unincorporated portions of the region). The intent of the RHNP is to ensure that local jurisdictions address not only the needs of their immediate areas but also that needs of the entire region are fairly distributed to all communities. A major goal of the RHNP is to assure that every community provides an opportunity for a mix of housing affordable to all economic segments of its population.

This Housing Element addresses SCAG's Regional Housing Needs Assessment (RHNA) schedule for the 6th Cycle, from 2021 through 2029. The City will need to plan to accommodate 3,236 new units, which includes 956 extremely low/very low, 543 low, 559 moderate, and 1,178 above moderate-income units. Pursuant to Government Code Section 65583(a)(1), 50% of Lake Forest's very low-income regional housing need assigned by HCD are extremely low-income units, effectively resulting in 478 extremely low-income units and 478 very low-income units. Table 30 summarizes Lake Forest's fair share, progress to date, and remaining units.

TABLE

| Status | Extremely Low/Very Low | Low | Moderate | Above Moderate | TOTAL |
|---|---|---|---|---|---|
| RHNA Allocation | 956 | 543 | 559 | 1,178 | 3,236 |
| Completed, Under Construction/Permits Issued (Since 6/30/2021) | 1 | 1 | 1 | 752 | 755 |
| Units Approved/Entitled | 107 | 97 | 5 | 544 | 753 |
| Remaining Allocation | 848 | 445 | 553 | 0 (with a surplus of 118 units) | 1,846* |

*Source: City of Lake Forest, 2021, SCAG, 2021*

** The total remaining allocation is the remaining allocation of extremely low/very low, low, and moderate income units (848, 445, and 553, respectively). This results in a remaining allocation of 1,846 units. The surplus of above moderate-income units (118) cannot be deducted from the remaining allocation, which is based on the remaining allocation by income level.*

### 3H. Special Needs Groups

Government Code Section 65583(a)(7) requires housing elements to address special housing needs, such as those of the elderly; persons with disabilities, including a developmental disability, as defined in Section 4512 of the Welfare and Institutions Code; large families; farmworkers; families with female heads of households; and families and persons in need of emergency shelter. The needs of these groups often call for targeted program responses, such as temporary housing, preservation of residential hotels, housing with features to make it more accessible, and the development of four-bedroom apartments. Special needs groups have been identified and, to the degree possible, responsive programs are provided in the Housing Plan. A principal effort in addressing the needs of these groups is to continue to seek state technical assistance grants to identify the extent and location of those with special needs and identify ways and means to assist them. Local government budget limitations may act to limit effectiveness in implementing programs for these groups. Please refer to Section 5E of this Element for a discussion of agencies and programs that serve special needs populations in Lake Forest.

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## SENIORS

Seniors are considered persons age 65 or older in this Housing Element. However, some funding programs have lower age limits for persons to be eligible for their senior housing. Seniors have special housing needs primarily resulting from physical disabilities and limitations, fixed or limited income, and health care costs. Additionally, senior households also have other needs to preserve their independence including supportive services to maintain their health and safety, in-home support services to perform activities of daily living, conservators to assist with personal care and financial affairs, public administration assistance to manage and resolve estate issues, and networks of care to provide a wide variety of services and daily assistance.

| Population | 2010 | 2018 |
|---|---|---|
| Number | 7,011 | 10,801 |
| Percent Change | - | 54.1% |
| Annual Percent Change | - | 6.8% |
| Households | 2010 | 2018 |
| Number | 3,899 | 6,092 |
| Percent Change | - | 56.2% |
| Annual Percent Change | - | 7.0% |

*Source: US Census, 2010; US Census, 2014-2018 ACS*

Various portions of the Housing Element describe characteristics of the senior population, the extent of their needs for affordable housing, housing designated for seniors, and City provisions to accommodate their need. Senior household growth in Lake Forest from 2010 to 2018 is shown in Table 31. The large increase in elderly persons is likely due to the residential growth experienced in Lake Forest as well as aging in place of Lake Forest's residents. Senior households increased by approximately 56.2% from 2010 to 2018. While seniors represent approximately 13.1% of the City's population, senior households represent approximately 21.2% of total households, which is primarily due to the smaller senior household size.

Table 32 summarizes senior households by age and tenure. The majority of senior households are owners (5,324 or 87.4%). Approximately 12.6% of senior households (768), are renters. Lake Forest has a slightly higher percentage of owner-occupied elderly households than Orange County (18.5% vs. 18.1%), but a lower percentage of renter-occupied elderly households (2.7% vs. 5.8%). Elderly renters tend to prefer affordable units in smaller single-story structures or multi-story structures with an elevator, close to health facilities, services, transportation, and entertainment.

During the planning period, senior households are anticipated to increase at a rate commensurate with overall population and household growth. It is anticipated that approximately 21% of the City's RHNA allocation will be needed or used by senior households. Senior housing types can include market rate homes, senior single-family housing communities, senior apartments, and mobile/manufactured homes.

*TABLE 32: HOUSEHOLDER AGE BY TENURE (2018)*

| Age Group | Owners | | Renters | |
|---|---|---|---|---|
| | Number | Percent | Number | Percent |
| 65-74 years | 3,429 | 64.4% | 473 | 61.6% |
| 75-84 years | 1,494 | 28.1% | 105 | 13.7% |
| 85 plus years | 401 | 7.5% | 190 | 24.7% |
| TOTAL | 5,324 | 18.5% (of total pop.) | 768 | 2.7% (of total pop.) |

*Source: US Census, 2014-2018 ACS*

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The 2014-2018 ACS survey indicates that 9.9% of senior households in Lake Forest are below the poverty level. It is likely that a portion of these senior households overpay for housing due to their limited income. The median income of households with a head of household that is 65 years and over is $64,289; significantly less (38.4%) than the all-ages median household income of $104,449.

*Senior Housing*

A variety of housing types are available to the senior population. This section focuses on three basic types.

Independent Living – Housing for healthy seniors who are self-sufficient and want the freedom and privacy of their own apartment or house. Many seniors age in place, and others move to residential communities which provide enhanced security, amenities and social activities geared towards a senior community.

Group Living – Shared living arrangements in which seniors live in proximity to their peers and have access to activities and special services.

Assisted Living – Provides the greatest level of support, including meal preparation and assistance with other activities of daily living.

There are a number of licensed community care facilities in Lake Forest operating out of homes that serve elderly persons. Furthermore, there is one commercially operating assisted living residential care facilities for the elderly in the City:

- Freedom Village, 23442 El Toro Road – senior living community offering independent and assisted living, and Alzheimer's care

Several programs address the non-housing needs of seniors in Lake Forest. Additional support for senior residents is provided by the City-operated Clubhouse Senior Center, which serves as the primary site for senior programs offered by the City. Some of the programs and services provided at the Clubhouse include health screening and health care counseling, legal assistance, and driver safety courses. The City also partners with and funds the non-profit Age Well Senior Services organization to provide senior transportation services.

## DISABLED PERSONS

A "disability" includes, but is not limited to, any physical or mental disability as defined in California Government Code Section 12926. A "mental disability" involves having any mental or psychological disorder or condition that limits a major life activity. A "physical disability" involves having any physiological disease, disorder, condition, cosmetic disfigurement, or anatomical loss that affects body systems. In addition, a mental or physical disability limits a major life activity by making the achievement of major life activities difficult including physical, mental, and social activities and working.

Physical, mental, and/or developmental disabilities could prevent a person from working, restrict a person's mobility, or make caring for oneself difficult. Therefore, disabled persons often require special housing needs related to potential limited earning capacity, the lack of accessible and affordable housing, and higher health costs associated with disabilities. Additionally, people with disabilities require a wide range of different housing, depending on the type and severity of their disability. Housing needs can range from institutional care facilities to facilities that support partial or full independence (i.e., group care homes). Supportive services such as daily living skills and employment assistance may need to be integrated in the housing situation.

- Individuals with a mobility, visual, or hearing limitation may require housing that is physically accessible. Examples of accessibility in housing include widened doorways and hallways, ramps, kitchen and bathroom modifications (e.g., lowered countertops, grab bars, adjustable shower heads, etc.) and special sensory devices including smoke alarms and flashing lights.

- Individuals with self-care limitations (which can include persons with mobility difficulties) may require residential environments that include in-home or on-site support services ranging from congregate to

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convalescent care. Support services may include medical therapy, daily living assistance, congregate dining, and related services.

- Individuals with developmental disabilities and other physical and mental conditions that prevent them from functioning independently may require assisted care or group home environments.

- Individuals with disabilities may require financial assistance to meet their housing needs because a higher percentage than the population at large are low-income and their special housing needs are often more costly than conventional housing.

According to the 2014-2018 ACS, there were 5,920 persons with one or more disabilities in Lake Forest. Of the disabled population, 55.0% were aged 5 to 64 and 44.6% were aged 65 and over. No disabilities were reported in the population aged 5 and under (except for hearing difficulty – 21 persons under 5 years of age). Table 33 shows the number of persons with one or more disability by type of disability.

TABLE 33: DISABLED PERSONS BY EMPLOYMENT STATUS (2018)

| Type of Disability | Persons Ages 5-64 | | Persons Ages 65+ | | Total | |
|---|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | Number | Percent |
| Hearing Difficulty | 812 | 24.9% | 1,308 | 49.5% | 2,141 | 36.2% |
| Vision Difficulty | 456 | 14.0% | 399 | 15.1% | 855 | 14.4% |
| Cognitive Difficulty | 1,480 | 45.4% | 638 | 24.2% | 2,118 | 35.8% |
| Ambulatory Difficulty | 1,066 | 32.7% | 1,568 | 59.4% | 2,634 | 44.5% |
| Self-Care Difficulty | 567 | 17.4% | 663 | 25.1% | 1,230 | 20.8% |
| Independent Living Difficulty | 1,160 | 35.6% | 1,282 | 48.5% | 2,442 | 41.3% |
| Total Persons with One or More Disabilities[1] | 3,258 | 100% / 55.0% of disabled | 2,641 | 100% / 44.6% of disabled | 5,920 | 100% |

*[1]A person may have more than one disability, so the total disabilities may exceed the total persons with a disability*

*Source: US Census, 2014-2018 ACS*

As shown in Table 34, the 2014-2018 ACS indicates that for individuals between the ages of 16 and 64, approximately 1,286 persons had some form or type of disability and were not in the labor force. This indicates that their disability may impede their ability to earn an adequate income, which in turn could affect their ability to afford suitable housing accommodations to meet their special needs. Therefore, many in this group may need housing assistance.

TABLE 34: DISABLED PERSONS BY EMPLOYMENT STATUS (2018)

| | Ages 16 to 64 | Percent |
|---|---|---|
| Employed with Disability | 1,261 | 44.9% |
| Unemployed with Disability | 260 | 9.3% |
| Not in Labor Force | 1,286 | 45.8% |
| Total | 2,807 | 100% |

*Source: US Census, 2014-2018 ACS*

While recent Census data does not provide income levels or overpayment data for persons with a disability, the 2014-2018 ACS survey does report on indicators that relate to a disabled person's or household's income. The 2014-2018 ACS data indicates that 583 Lake Forest residents with a disability are below the poverty level. It is likely that a portion of these disabled persons are in households that overpay for housing due to their limited income. The 2014-2018 ACS data indicates that 15.7% of households receiving food stamps or similar assistance have a

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disabled member. Of the 4,521 households with a disabled member, 284 households receive food stamps or similar assistance. The 2014-2018 ACS data indicates that the median earnings for males 16 years of age and older with a disability was $24,453 compared with $60,898 for males with no disability. Median earnings for females 16 years of age and older with a disability was $29,500, compared to $41,142 for females with no disability.

The persons in the "with a disability" category in Tables 3-31 and 3-32 include persons with developmental disabilities. "Developmental disability" means "a disability that originates before an individual attains age 18 years, continues, or can be expected to continue, indefinitely, and constitutes a substantial disability for that individual." This term includes intellectual disability, cerebral palsy, epilepsy, autism, and disabling conditions found to be closely related to intellectual disability or to require treatment similar to that required for individuals with intellectual disabilities, but does not include other handicapping conditions that are solely physical in nature.

While the U.S. Census reports on a broad range of disabilities, the Census does not identify the subpopulation that has a developmental disability. The California Department of Developmental Services (DDS) maintains data regarding people with developmental disabilities, defined as those with severe, life-long disabilities attributable to mental and/or physical impairments. The DDS data is reported by zip code, so the data reflects a larger area than the City of Lake Forest; however, the data was joined at the jurisdiction level by SCAG to approximate the counts for Lake Forest. The DDS/SCAG data indicates that 452 developmentally disabled persons reside in zip codes 92610, 92630, and 92679. Table 35 breaks down the developmentally disabled population by residence type. Of these persons, the majority (366) live at home with a parent or guardian and only 29 live independently.

TABLE

| | Home of Parent/ Guardian | Independent/ Supported Living | Community Care Facility | Intermediate Care Facility | Foster/ Family Home | Other | TOTAL |
|---|---|---|---|---|---|---|---|
| Lake Forest* | 366 | 29 | 36 | 11 | 5 | 5 | 452 |

**Data is for the Lake Forest portion of zip codes 92610, 92630, and 92679*

*Sources: CA DDS, 2020; SCAG 6th Cycle Data Package*

### *Housing for Disabled Persons*

Households with a disabled member will require a mixture of housing units with accessibility features, in-home care, or group care housing facilities. Some of these households will have a member with a developmental disability and are expected to have special housing needs. Developmentally disabled persons may live with a family in a typical single-family or multi-family home, but some developmentally disabled persons with more severe disabilities may have special housing needs that may include extended family homes, group homes, small and large residential care facilities, intermediate care, and skilled nursing facilities, and affordable housing such as extremely low/very low/low-income housing (both rental and ownership), Section 8/housing choice vouchers, and single room occupancy-type units.

Although there are no Adult Residential Facilities for Persons with Special Health Care Needs, including physical, mental, and developmental disabilities in Lake Forest, there are ten licensed adult residential facilities operating in the City as of August 2021. Furthermore, there are service providers operating in the City such as BrightStar Care that provide in-home care to support people with disabilities like spina bifida and cerebral palsy. The Regional Center of Orange County offers services and support for persons with developmental disabilities by referring consumers to specific programs that meet their respective housing, work, educational, and leisure needs. In addition, in an effort to assist persons with developmental disabilities, the City previously and for many years allocated part of its CDBG funding to the non-profit Vocational Visions organization, which offers vocational training and support services for consumers through community supported employment.[3] Residents with disabilities can also benefit from services offered by the Dayle McIntosh Center for the Disabled – South County Branch in neighboring Laguna Hills. The

[3] Vocational Visions did not apply for Fiscal Year 2021-2022 funding.

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center offers disabled persons a variety of services including peer support and advocacy, along with housing referral, and rental and hotel/motel assistance if needed.

The 2014-2018 ACS data indicates that for individuals between the ages of 5 and 64, approximately 1.3% of the total population of Lake Forest have an ambulatory difficulty, 0.5% have a vision difficulty, 1.0% have a hearing difficulty, and 1.4% have an independent living difficulty. These types of disabilities may impede their ability to find suitable housing accommodations to meet their special needs. Therefore, many in these groups may need housing assistance. Households containing disabled persons may also need housing with universal design measures or special features to allow better physical mobility for occupants.

The 2014-18 ACS data also indicates that 4,521 households (15.7%) in Lake Forest had one or more disabled persons, including developmentally disabled persons. It is anticipated that this rate will remain the same during the planning period. Housing needed for persons with a disability during the planning period is anticipated to include community care facilities or at-home supportive services for persons with an independent living difficulty or self-care difficulty (approximately 4.4% of the population), as well as housing that is equipped to serve persons with ambulatory and sensory disabilities. Approximately 15% of the City's RHNA allocation, 484 units, may need to have universal design measures or be accessible to persons with a disability.

## LARGE FAMILY HOUSEHOLDS

Large-family households are defined by the US Census Bureau as households of five or more persons. Large-family households are considered a special needs group because there is often a limited supply of adequately sized housing to accommodate their needs. Generally, the more persons in a household, the more rooms are needed to accommodate that household. Specifically, to avoid being considered living in overcrowded conditions, a five-person household would require three or four bedrooms, a six-person household would require four bedrooms, and a seven-person household would require four to six bedrooms.

In Lake Forest, 2,852 households (9.9% of all households) have five or more persons as described in Table 21. Of the large households, 67.0% own their home and 33.0% rent. Typically, there are more owner-occupied large households that are cost burdened when compared to renter households and the population as a whole. However, the 2014-2018 ACS survey does not provide data regarding overpayment for large households. Table 36 compares the median income for households with five or more persons to the Citywide median income for 2018. For each large-family category, the median household income was higher versus the Citywide median of $104,449.

*TABLE 36: MEDIAN INCOME BY HOUSEHOLD SIZE (2018)*

| Size | Median Income |
|---|---|
| 5-Person Households | $152,095 |
| 6-Person Households | $145,714 |
| 7 or More Person Households | $124,087 |
| *Median Household Income (All Households)* | *$104,449* |

*Source: US Census, 2014-2018 ACS*

Large families can have a difficult time finding housing units large enough to meet their needs. In Lake Forest, there appears to be a significant amount of both ownership housing and rental housing available to provide units with enough bedrooms for larger households. Table 37 identifies the number of large households by household size versus the number of large owner and rental units. While there are sufficient units in Lake Forest to accommodate large owner and renter households, it does not mean there is a match between housing units that exist and large families. As described in Table 20, 2.1% of owner-occupied homes and 10.7% of renter-occupied homes are overcrowded.

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| Tenure | 3 BR Units | 5 Person Households | | 4+ BR Units | 6 Person and Larger Households | |
|---|---|---|---|---|---|---|
| | | House-holds | Shortfall/ Excess | | House-holds | Shortfall/ Excess |
| Owner | 7,171 | 1,274 | 5,897 | 8,511 | 637 | 7,874 |
| Renter | 1,707 | 570 | 1,137 | 826 | 371 | 455 |

TABLE 37: HOUSEHOL

*Source: US Census, 2014-2018 ACS*

Large households typically require housing units with more bedrooms than needed by smaller households. In general, housing for these households should provide safe outdoor play areas for children and should be located to provide convenient access to schools and childcare facilities. These types of needs can pose problems particularly for large families that cannot afford to buy or rent single-family houses. It is anticipated that approximately 10% of the RHNA units will be needed to accommodate large households and an emphasis should be placed on ensuring rental units are available to large households.

## SINGLE PARENT AND FEMALE-HEADED HOUSEHOLDS

Single parent households are households with children under the age of 18 at home and include both male- and female-headed households. These households generally have a higher ratio between their income and their living expenses (that is, living expenses take up a larger share of income than is generally the case in two-parent households). Therefore, finding affordable, decent, and safe housing is often more difficult for single parent and female-headed households. Additionally, single parent and female-headed households have special needs involving access to daycare or childcare, health care, and other supportive services.

While the majority of households in Lake Forest are either couples or single person households, 21.8% of family households are headed by a single male or single female. There are 1,226 male heads of household with no spouse present and 413 of these households have children under 18. There is a larger number of female householders with no spouse present – 3,378 households or 11.8% of family households – and 1,702 of these female-headed households have children under 18. Table 38 identifies single parent households by gender of the householder and presence of children.

The median income of female-headed households (no spouse present) is $68,933, 17.4% less than the median income of a male-headed, no spouse present family ($83,458) and 34.0% less than the median income of all households in the City ($104,449). Approximately 3.2% of households are under the poverty level while 18.9% of female-headed households with related children under 18 years of age are under the poverty level.

TABLE 38: FAMILIES AND FEMALE HOUSEHOLDERS WITH CHILDREN UNDER 18 (2018)

| Category | Number | Percent |
|---|---|---|
| Total Families | 21,128 | 100% |
| Male householder, no wife present | 1,226 | 4.3% |
| With children under 18 | 413 | 1.4% |
| Female householder, no husband present | 3,378 | 11.8% |
| With children under 18 | 1,702 | 5.9% |

*Source: US Census, 2014-2018 ACS*

As Lake Forest's population and households grow, there will be a continued need for supportive services for single parent households with children present.

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In addition, the creation of innovative housing for female-headed households could include co-housing developments where childcare and meal preparation responsibilities can be shared. The economies of scale available in this type of housing would be advantageous to this special-needs group as well as all other low-income household groups. Limited equity cooperatives sponsored by non-profit housing developers are another financing structure that could be considered for the benefit of all special-needs groups.

## FARMWORKERS

Farmworkers are traditionally defined as persons whose primary incomes are earned through permanent or seasonal agricultural labor. Following changes in the area's economy, Orange County today is a mostly developed urban/suburban region with a strong local economy that is not tied to an agricultural base. While there are still active farming areas on the Irvine Ranch and in other cities, shifts in the County's economy to manufacturing, technology, and service-oriented sectors have significantly curtailed agricultural production. Furthermore, the only agricultural operation existing in Lake Forest in recent years – the 126-acre Nakase Brothers Wholesale Nursery, closed in 2020. The site was approved for redevelopment in January 2020. A master-planned community designed to include more than 540 housing units will be developed on the Nakase site.

The 2014-2018 ACS data estimates that only 140 (less than 1% of the working population) of Lake Forest's residents were employed in agriculture (or related industries – forestry, fishing and hunting, mining) in 2018. Given the limited active agriculture operations in and around the City, the number of residents employed in agriculture as opposed to those employed in forestry, fishing and hunting, or mining is likely to be smaller than 140. In addition, it is possible (although statistics are not available) that a number of active farmworkers are not full-time residents of Lake Forest and migrate into the area depending on seasonal crop harvest. Such farmworkers may find temporary housing by living with relatives, or short-term rental of a single unit for several families, resulting in overcrowded conditions.

Although there is not a significant need for farmworker housing in Lake Forest, the City allows agricultural uses within the A-1 and OS zones, and therefore farmworker housing must be allowed as an accessory use pursuant the California Employee Housing Act. The City revised the Zoning Code in June 2015 to comply with the California Employee Housing Act.

## HOMELESS PERSONS

Government Code Section 65583(a)(7) requires that the Housing Element include an analysis of the needs of homeless persons and families. Homeless persons are defined as those who lack a fixed and adequate residence. People who are homeless may be chronically homeless (perhaps due to substance abuse or mental health issues) or situationally homeless (perhaps resulting from job loss or family strife). Homeless people face critical housing challenges due to their very low incomes and lack of appropriate housing. Thus, State law requires jurisdictions to plan to help meet the needs of their homeless populations.

The law also requires that each jurisdiction address community needs and available resources for special housing opportunities known as transitional and supportive housing. These housing types provide the opportunity for families and individuals to "transition" from a homeless condition to permanent housing, often with the assistance of supportive services to assist individuals in gaining necessary life skills in support of independent living.

### *Homeless Estimates*

Counting the homeless population is problematic due to their transient nature; however, through the efforts of the Orange County Continuum of Care (CoC) estimates have been developed. The Orange County CoC is a consortium of individuals and organizations with the common purpose of developing and implementing a strategy to address homelessness in Orange County. The Orange County CoC is responsible for managing U.S. Department of Housing and Urban Development (HUD) funds for homelessness and is uniquely positioned to identify system needs and take steps to address them with the collaboration and partnership of community stakeholders.

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As the primary coordinating body for homeless issues and assistance for the entire county, the Orange County CoC accomplishes a host of activities and programs vital to the County, including a biennial point-in-time "snapshot" survey to identify and assess the needs of both the sheltered and unsheltered homeless. Orange County's 2019 Point-In-Time sheltered count took place the night of Tuesday, January 22, 2019. Emergency shelters and transitional housing programs collected client-level demographic information from individuals and families staying the night in each program. The 2019 Point-In-Time unsheltered count process took place over two days, Wednesday, January 23 and Thursday, January 24, to ensure the 800 square mile County jurisdiction was canvassed effectively.

The 2019 Point-In-Time Report identified 112 people in the City of Lake Forest experiencing homelessness, representing 1.6% of Orange County's total homeless count (6,860 individuals). An estimated 76 (67.9%) of the 112 homeless individuals in Lake Forest were unsheltered and an estimated 36 (32.1%) were sheltered.

### *Housing Accommodations*

In 2013, the City amended the Zoning Code to allow 1) emergency shelters by right in the City's industrial zoning districts, subject to compliance with objective standards consistent with the requirements identified in Government Code Section 65583(a)(4), and 2) transitional and supportive housing by right in all residential zoning districts and subject only to the same requirements for residential uses of the same type (e.g., single-family or multi-family) in the same zone. The Housing Plan includes policies and programs directed to encourage the provision of housing and services for the homeless population as well as persons and households at-risk of homelessness.

Currently (2021), there are several transitional housing units operating in the City. Lake Forest also supports a regional effort among the various local agencies making up the South Service Planning Area of Orange County, which includes 12 cities (Lake Forest, Aliso Viejo, Dana Point, Irvine, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, Mission Viejo, Rancho Santa Margarita, San Clemente, and San Juan Capistrano).

The most recent inventory of resources available within Orange County for emergency shelters, transitional housing, and permanent supportive housing units comes from the 2019 Housing Inventory reported to HUD by the Orange County CoC. Table 39 shows the total number of beds offered by homeless facilities in the Orange County CoC area.

*TABLE 39: HOMELESS FACILITIES (2019)**

| Facility Type | Orange County CoC Region | | | |
|---|---|---|---|---|
| | Family Units | Family Beds | Adult-Only Beds | Total Year-Round Beds |
| Emergency Shelter | 170 | 574 | 1,401 | 1,989 |
| Transitional Housing | 272 | 816 | 289 | 1,105 |
| Permanent Supportive Housing | 213 | 518 | 1,725 | 2,243 |
| Rapid Re-Housing | 149 | 615 | 159 | 774 |
| Other Permanent Housing | 8 | 16 | 92 | 108 |
| TOTAL UNITS/BEDS | 812 | 2,539 | 3,666 | 6,219 |

**Numbers are for the total Orange County Continuum of Care region for which Lake Forest is a participating member*

*Source: HUD 2019 Continuum of Care Homeless Assistance Programs, Housing Inventory Count Report*

- Emergency Shelters – Six emergency shelters are available to provide services in the South Service Planning Area of the CoC jurisdiction – CSP Youth Shelter (Laguna Beach), Cold Weather Shelter (Laguna Beach), Friendship Shelter (Laguna Beach), Gilchrist House (San Clemente), Human Options (Irvine), and Laura's House (San Clemente). According to the HUD 2019 Continuum of Care Housing Inventory Count Report for the Orange County CoC, a total of 1,989 year-round emergency shelter beds and 400 seasonal beds are available in the Orange County CoC region. During the 2019 point-in-time survey, the CoC found that the average occupancy for emergency shelter beds was 79.2%.

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- Transitional Housing – Sometimes referred to as "bridge" housing, provides housing accommodations and support services for persons and families, but restricts occupancy to no more than 24 months. In the Orange County CoC region, a total of 1,105 transitional housing beds are provided. Transitional housing providers nearest to Lake Forest include Families Forward, Friendship Shelter, Henderson House, Hope's House, Gilchrist House, Kathy's House, Laura's House, South County Outreach, and Toby's House. The 2019 point-in-time survey found that the average occupancy for transitional housing beds was 78.2% at the time of the survey.

- Permanent Supportive Housing – Supportive housing has no limit on length of stay and is linked to onsite or offsite services that assist residents in retaining the housing, improving their health status, and maximizing their ability to live and, when possible, work in the community. A total of 2,243 permanent housing beds are provided in the Orange County CoC region.

- Rapid Re-Housing – Rapid re-housing provides short-term rental assistance and services. The goals are to help people obtain housing quickly, increase self-sufficiency, and stay housed.

- Other Permanent Housing – Consists of permanent housing with services (no disability required for entry) and permanent housing with housing only.

*Assessment of Need*

Based on the available information, there is a countywide homeless population of 6,860 persons but only 6,219 beds, indicating an unmet demand for 641 homeless persons. It is noted that the 2019 Point-in-Time survey identified 2,899 sheltered homeless persons and 3,961 unsheltered homeless persons (36 sheltered and 76 unsheltered for Lake Forest). The discrepancy between sheltered homeless persons and the County's total capacity to house homeless persons indicates a need for additional community services resources to assist and match the homeless population with the Countywide shelter and housing resources. Overall, the average bed-utilization rate for emergency shelters is 79.2% and is 78.2% for transitional housing, according to the Point-in-Time survey information. Although there are seasonal fluctuations in bed counts, these figures demonstrate a demand for supportive housing.

### *3I. Units at Risk of Conversion*

#### ASSISTED HOUSING AT RISK OF CONVERSION

California housing element law requires jurisdictions to provide an analysis of low-income, assisted multi-family housing units that are eligible to change from low-income housing uses during the next 10 years (2021-2031) due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use (Government Code 65583). These units risk the termination of various subsidy groups which could convert certain multifamily housing from affordable to market rate. State law requires housing elements to assess at-risk housing in order to project any potential loss of affordable housing.

The California Housing Partnership (CHP) provides data on assisted housing units, including those in Lake Forest.

Table 40 indicates the extent of subsidized multifamily rental housing in the City, the subsidy programs that are in place for each project, and the likelihood of current housing assisted projects to convert to market rate projects that would not provide assistance to lower income residents.

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| Project/Address | No. & Type of Units | Type of Subsidy | Current Owner | Earliest Date of Conversion | Risk |
|---|---|---|---|---|---|
| Shelter for The Homeless (formerly American Family Housing)<br>20927 Serrano Creek Road | 1 / affordable | CDBG | Shelter for The Homeless | 2024 | High |
| Saguaro Apartments<br>23201 Saguaro Street | 4 / affordable | Purchased from Lake Forest Housing Authority | Families Forward | 2071 | Low |
| SCO Transitional Housing Condo Units | 1 / transitional | CDBG | South County Outreach | 2022 | Very High |
| | 1 / transitional | CDBG | | 2023 | High |
| | 2 / transitional | CDBG | | 2024 | High |
| | 2 / transitional | CDBG | | 2025 | High |
| | 2 / transitional | CDBG | | 2026 | High |
| Madrid Transitional Housing Condo Units<br>22702, 22706 Madrid Drive | 2 Family | Redevelopment Agency Housing Set-Aside Unreserved Funds | | 2030 | Moderate |
| The Arroyo at Baker Ranch<br>100 Indigo Place | 187 Family | LIHTC | Meta Housing Corporation | 2069 | Low |

*TABLE 40: SUMMARY OF AT-RISK SUBSIDIZED HOUSING UNITS*

*Sources: California Housing Partnership, January 2021; SCAG 6th Cycle Data Package*

## PRESERVATION OPTIONS

Depending on the circumstances of the at-risk projects, different options may be used to preserve or replace the units. The following discussion highlights ways that the City's eight very high- or high-risk units (SCO Transitional Housing Condo Units) could be preserved as affordable housing. All of the presented alternatives are costly and beyond the ability of the City of Lake Forest to manage without large amounts of subsidy from federal and/or state resources.

### *Replacement Through New Construction*

The construction of new lower income housing units is a means of replacing the at-risk units should they be converted to market-rate. The cost of developing new housing depends on a variety of factors such as density, size of units, location and related land costs, and type of construction. Assuming an average development cost of $200,000 per unit for condominium housing, replacement of the 8 at-risk units would require approximately $1,600,000, excluding land costs, which vary depending upon location.

### *Purchase of Replacement Units*

One preservation option is for a non-profit organization to purchase similar units. By purchasing similar units, a non-profit organization can secure lower-income restrictions and potentially enable the project to become eligible for a greater range of governmental assistance. The cost of purchasing similar units depends on a number of factors, including the market conditions at the time, occupancy rate, and the physical condition of the units to be acquired.

Current market value for the at-risk units is estimated on the basis of the units' potential annual income, and operating

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and maintenance expenses. The estimated market value of Lake Forest's current stock of at-risk affordable housing is $2,500,000. This estimate is provided for the purpose of comparison and understanding the magnitude of costs involved and does not represent the precise market value of the at-risk units or units that could be purchased to offset converted units. The actual market value at time of sale would depend on market and property conditions, lease-out/turnover rates, among other factors.

*Purchase of Affordability Covenants*

Another option to preserve the affordability of at-risk projects is to provide an incentive package to the owners to maintain the projects as affordable housing. Incentives could include writing down the interest rate on the remaining loan balance, and/or supplementing the subsidy amount received to market levels.

To purchase the affordability covenant on these projects, an incentive package should include interest subsidies at or below what the property owners can obtain in the open market. To enhance the attractiveness of the incentive package, the interest subsidies may need to be combined with rent subsidies that supplement the HUD fair market rent levels.

*Rental Assistance*

Tenant-based rent subsidies could be used to preserve the affordability of housing. Rent subsidies using alternative State or local funding sources could be used to maintain affordability. Subsidies could be structured similar to the Section 8 program, where HUD pays the owners the difference between what tenants can afford to pay (30% income) and what HUD establishes as the Fair Market Rent. The level of the subsidy required to preserve the at-risk units is estimated to equal the Fair Market Rent (FMR) for a unit minus the housing cost affordable by a very low-income household. Approximately $5,256 in rent subsidies would be required monthly (or $36,072 annually). Assuming a 20-year affordability period, the total subsidy is about $1,261,440.

## ESTIMATES OF HOUSING NEED

Several factors influence the degree of demand, or "need," for housing in Lake Forest. The major needs categories considered in this element include:

- Housing needs resulting from the overcrowding of units
- Housing needs that result when households pay more than they can afford for housing
- Housing needs of "special needs groups" such as elderly, large families, female-headed households, households with a disabled person, farm workers, students, and the homeless

State law requires that cities quantify existing housing need in their Housing Element. Table 41 summarizes those findings.

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TABLE 41: SUMMARY OF NEEDS

| Summary of Households/Persons with Identified Housing Need | Percent of Total City Population/Households |
|---|---|
| Households Overpaying for Housing: | |
| % of Renter Households Overpaying | 50.6% |
| % of Owner Households Overpaying | 28.1% |
| % of Extremely Low income Households (0-30% AMI) Overpaying | 80.5% |
| % of very low income Households (0-30% AMI) Overpaying | 76.6% |
| % of Low income Households (0-30% AMI) Overpaying | 63.7% |
| Overcrowded Households | |
| % of Overcrowded Renter Households | 10.7% |
| % of Overcrowded Owner Households | 2.1% |
| % of All Overcrowded Households | 4.8% |
| Special Needs Groups: | |
| Elderly Households | 13.1% of pop.<br>21.2% of households |
| Disabled Persons | 7.1% of pop. |
| Developmentally Disabled Persons | 0.5% of pop |
| Large Households | 9.9% of households |
| Female Headed Households | 11.8% of households |
| Female Headed Households with Children | 5.9% of households |
| Farmworkers | 0.2% of labor force |
| Homeless | 112 persons (2019) |
| Affordable Housing Units At-Risk of Conversion to Market Rate Costs | 8 |

*Source: US Census, 2014-2018 ACS; Orange County Regional Analysis of Impediments to Fair Housing Choice*

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# 4. Constraints

Constraints to housing development are defined as government measures or non-governmental conditions that limit the amount or timing of residential development.

Government regulations can constrain the supply of housing available in a community if the regulations limit the opportunities to develop housing, impose requirements that unnecessarily increase the cost to develop housing, or make the development process so arduous as to discourage housing developers. State law requires housing elements to contain an analysis of the governmental constraints on housing maintenance, improvement, and development (Government Code Section 65583(a)(4)).

Non-governmental constraints (required to be analyzed under Government Code Section 65583(a)(5)) may include land prices, construction costs, and financing. While local governments cannot control prices or costs, identification of these constraints can be helpful to Lake Forest in formulating housing programs.

## *4A. Governmental Constraints*

Housing affordability is affected by factors in both the private and public sectors. Actions by the City can have an impact on the price and availability of housing in Lake Forest. Land use controls, site improvement requirements, building codes, fees, and other local programs intended to improve the overall quality of housing may also serve as a constraint to housing development. These governmental constraints can limit the operations of the public, private, and non-profit sectors, making it difficult to meet the demand for affordable housing and limiting supply in a region. All City zoning regulations, development standards, specific plans, and fees are posted online and available to the public, consistent with the requirements of AB 1483.

### LAND USE CONTROLS

Local land use policies and regulations impact the price and availability of housing, including affordable housing. This section discusses the General Plan land use designations and provisions in the Zoning Code that specify the types of housing allowed within Lake Forest as a potential governmental constraint.

#### *General Plan*

The General Plan Land Use Element establishes land use designations that specify the allowed types, locations, and intensities or densities of land uses in the City. The Zoning Code (Title 9 of the Municipal Code) implements the General Plan by providing land use regulations and development standards for each zoning district. Table 42 shows General Plan residential land uses designations, the most common corresponding zoning designation(s), and permitted densities allowed for housing as specified in the General Plan.

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| General Plan Designation [1] | Description | Zoning District |
|---|---|---|
| Very Low Density Residential (VLDR) | Provide for development of single-family dwellings and accessory buildings. Allows a density of 0-2 du/ac. | R1 – Single-Family Residential District<br>RS – Residential Single-Family District |
| Low Density Residential (LDR) | Provide for development of single-family dwellings and accessory buildings. Allows a density of 2-7 du/ac. | R1 – Single-Family Residential District<br>RS – Residential Single-Family District |
| Low-Medium Density Residential | Provides for development of a wide range of living accommodations, including single-family detached and attached dwelling units, mobile homes, duplexes, and multiple-family dwellings, such as townhomes, condominiums, apartments, and cooperatives. Allows a density of 7-15 du/ac | R4 – Suburban Multi-Family Residential District<br>RP – Residential Professional District |
| Medium Density (MDR) Residential | For the development of a wide range of living accommodations, including single-family dwellings, and multiple-family dwellings, such as townhomes, condominiums, apartments, and cooperatives. This designation allows for a density of 15-25 du/ac. | R2 – Multi-family Dwelling District |
| High-Density Residential (HDR) | For the development of a wide range of living accommodations, including single-family dwelling units and multiple-family dwellings, such as townhomes, condominiums, apartments, and cooperatives. This designation allows a density of 25 – 43 du/ac. | R2 – Multi-family Dwelling District |
| Mixed-Use 32 (MU-32) | For mixtures of commercial, office, and residential uses in the same building, on the same parcel of land, or within the same area. This designation allows a maximum density of 32 du/ac. | R2 – Multi-family Dwelling District1 |
| Mixed-Use 43 (MU-43) | For mixtures of commercial, office, and residential uses in the same building, on the same parcel of land, or within the same area. This designation allows a maximum density of 43 du/ac. | R2 – Multi-family Dwelling District1 |
| Urban Industrial 25 (UI-25) | For a mix of traditional light industrial and commercial uses, as well as live-work units and home-based businesses. This designation allows a maximum density of 25 du/ac. | R2 – Multi-family Dwelling District1 |
| Urban Industrial 43 (UI-43) | For a mix of traditional light industrial and commercial uses, as well as live-work units and home-based businesses. This designation allows a maximum density of 43 du/ac. | R2 – Multi-family Dwelling District1 |

*TABLE 42: GENERAL PLAN RESIDENTIAL LAND USE DESIGNATIONS*

*1. The City is preparing new mixed-use zoning standards to implement the mixed-use land use designations identified in the General Plan. New mixed-use zoning for these areas will be adopted by early 2022 and will be consistent with the densities set forth by land use designations in the General Plan. Until the adoption of new mixed-use development standards, the current zoning standards apply.*

*2. The City has numerous zones associated with its Planned Communities, as described below. Zones contained within a Planned Community must be consistent with the General Plan Land Use Designation and provide standards specific to the Planned Community.*

*Sources: City of Lake Forest General Plan, 2020; City of Lake Forest Zoning Code, 2021*

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### *Planned Communities*

Much of the land use in Lake Forest is based on pre-incorporation planning for ten largescale Planned Communities (PCs). The existing PCs include Baker Ranch, El Toro, Foothill Ranch, Lake Forest, Nakase, Pacific Commercentre, Portola Hills, Rancho de Los Alisos, Rancho Serrano, and Serrano Highlands. Several of these PCs are the subject of development agreements that specify the density of development allowed. Future development in these areas must comply with the PC District regulations and any applicable development agreement.

Many of the development standards found in the PCs are similar to the R1 and RS zoning found in the City's Zoning Code. Two of the largest PCs, Lake Forest PC and Rancho De Los Alisos PC, allow for smaller and more flexible side yard setbacks and allow for cluster development. Several PCs include a "High Density Residential" or "Heavy Density Residential" zone, which allow a variety of multi-family residential uses. The Baker Ranch, Foothill Ranch, and Portola Hills Planned Communities have mixed-use zones.

### *Zoning Code*

Land use policies in the General Plan are implemented primarily through the Zoning Code. The Zoning Code provides for a range of densities and residential uses and is designed to protect and promote the health, safety, and general welfare of residents, which includes preserving the character and integrity of established residential neighborhoods. To that end, the City has established specific development standards that apply to residential construction in various districts. These may include, but are not limited to, density, lot coverage, building height, parking standards, and other requirements. The City initiated an update to its Zoning Code in early 2021 to develop new mixed-use zoning standards to implement the City's 2040 General Plan. These standards will be adopted by early 2022.

## PROVISIONS FOR A VARIETY OF HOUSING TYPES

State housing element law requires that jurisdictions facilitate and encourage a range of housing types for all economic segments of the community. This includes housing to meet the needs of a variety of households with incomes ranging from low to above-moderate. The Housing Element is the City's plan for achieving this objective.

As shown in Table 43, the City's Zoning Code accommodates a wide variety of conventional and special needs housing, including single-family dwellings, duplexes, multifamily, ADUs, manufactured housing, mobile home parks, community care facilities (small and large), and transitional and supportive housing. Please note that the information contained in this Table represents accurate information only at the time of the Housing Element's preparation; future amendments and modifications to the Zoning Code may change the information in this Table. All interested parties should refer directly to the Zoning Code to ensure that the most accurate information is considered.

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TABLE 43: PERMITTED RESIDENTIAL USES BY ZONE

| Housing Type | Residential District | | | | Commercial District | Urban Activity District | Light Industrial District | Agricultural District |
|---|---|---|---|---|---|---|---|---|
| | R1 | RS | R2/R4 | RP | C2/CC | UA | M1 | A1 |
| Conventional Housing | | | | | | | | |
| Single-Family<br>--Detached<br>--Attached | <br>P<br>-- | <br>P<br>-- | <br>P<br>P | <br>P<br>-- | <br>--<br>-- | <br>--<br>-- | <br>--<br>-- | <br>P<br>-- |
| Two-Family Dwelling (Duplex)1 | -- | -- | P | -- | -- | -- | -- | -- |
| Multifamily1<br>--Four or fewer units<br>--Five or more units | <br>--<br>-- | <br>--<br>-- | <br>P<br>SD | <br>U<br>-- | <br>--<br>-- | <br>--<br>-- | <br>--<br>-- | <br>--<br>-- |
| Manufactured Housing | P | P | P | P | -- | -- | -- | P |
| Mobile Home Park | - | - | U | U | -- | -- | -- | -- |
| Accessory Dwelling Unit (Second Unit) | P | P | P | P | -- | -- | -- | P |
| Special Needs Housing | | | | | | | | |
| Community Care Facility<br>--6 or fewer clients<br>--7-12 clients | <br>P<br>- | <br>P<br>- | <br>P<br>- | <br>P<br>- | <br>--<br>-- | <br>--<br>-- | <br>--<br>-- | <br>P<br>U |
| Congregate Care Facility (12 or more persons) | -- | -- | U | -- | U | U | -- | -- |
| Emergency Shelter | -- | -- | -- | -- | -- | -- | P | -- |
| Transitional Housing | P/U | P/U/SD | P/U/SD | P/U | -- | -- | -- | -- |
| Supportive Housing | P/U | P/U/SD | P/U/SD | P/U | U | U | -- | P/U |
| Single Room Occupancy | -- | -- | -- | -- | SD | SD | -- | -- |

*Source: City of Lake Forest Zoning Code, 2021*

*Notes: "P" = Permitted; "U" = Use Permit; "SD" = Site Development Permit; and "--" = Not Permitted*

*1. Condominium projects require a use permit*

*Single-Family:* Detached single-family dwellings are permitted by right within the R1, RS R2, R4, RP, and A1 zones. Attached single-family dwellings, which are units that are attached side by side and separated by a property line aligned with the shared wall, are allowed within the R2/R4 zones. Single-family projects are subject to a ministerial review.

*Multifamily:* Multifamily developments with four or fewer units are permitted in the R2/R4 zones by right, and permitted in the RP district subject to a Use Permit. Multifamily developments with five or more units are permitted in the R2/R4 zones subject to Site Development Permit. Multifamily projects with four or fewer units are subject to administrative plan review. For projects with five or more units, a Site Development Permit is required.

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*Accessory Dwelling Unit (ADU):* Government Code Section 65852.2(a)(1) allows local agencies to designate areas within a city where accessory dwelling units (ADU) may be permitted and to impose development standards addressing issues such as unit size, height, setbacks, lot coverage, parking, landscaping, and architectural review. The City updated (2021) Section 9.146.050 of its Municipal Code to be consistent with California Government Code Sections 65852.150 and 65852.2, which establish regulations for accessory dwelling units. The information contained in this section is valid at the time of the Housing Element's preparation (2021). Please refer directly to the Lake Forest Municipal Code for all current applicable regulations pertaining to ADUs.

Lake Forest Municipal Code (LFMC) Section 9.146.050 was amended to define an accessory dwelling unit as "an attached or a detached residential dwelling unit that provides complete independent living facilities for one (1) or more persons and is located on a lot with a proposed or existing primary residence." An ADU includes permanent provisions for living, sleeping, eating, cooking, and sanitation.

Construction of an ADU or JADU (junior accessory dwelling unit) is permitted in zones that allow residential uses and include a proposed or existing dwelling. ADUs and JADUs are subject to compliance with the requirements described in Table 44 below and in LFMC Section 9.146.050. ADUs shall be permitted on any residential or mixed-use zone that allows residential units, subject to the following criteria, which include (but are not limited to):

- Sites developed or proposed to be developed with a single-family residence shall be permitted one ADU.
- Sites developed with a multifamily building may convert existing non-habitable square footage within the building to a minimum one ADU and a maximum that shall not exceed twenty-five percent of the number of units on the site. Sites developed with a multifamily building are also permitted to construct two ADUs or to convert detached accessory buildings, garages, carports, or covered parking structures to a maximum of two ADUs.
- A maximum of one JADU is allowed on sites developed or proposed to be developed with a single-family residence. A JADU must be contained entirely within an existing or proposed single-family structure.

The City's approval process for ADUs is consistent with State law. The ordinance sets forth the following development standards for ADUs, which are applicable as of September 2021:

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| Specific Regulations | ADU | | JADU | Additional Provisions |
|---|---|---|---|---|
| | Attached | Detached | | |
| Maximum Size | Building permit only: 800 sq. ft.<br>Building permit and ADU Permit: 850 sf (0-1 bedroom)<br>1,000 sf (2 bedroom) | Building permit only: 800 sq. ft.<br>Building permit and ADU Permit:<br>850 sf (0-1 bedroom)<br>1,000 sf (2 bedroom) | 500 sf | (1) |
| Maximum Height | 16 ft (1 story)<br>35 ft (2 story) | 16 ft (1 story) | Same as primary residence | |
| Minimum Front Yard Setback | Building permit only: none<br>Building permit and ADU Permit: 25 ft | Building permit only: none<br>Building permit and ADU Permit:25 ft | -- | (2) |
| Minimum Side/Rear Yard Setback | 4 ft | 4 ft | -- | (2) |
| Minimum parking | 1 space | 1 space | -- | (3)(4)(5)(6) |
| Tandem Parking | Permitted | Permitted | -- | |

TABLE 4A ADU AND SADU DEVELOPMENT STANDARDS

*Source: City of Lake Forest Zoning Code, 2021*

*1. An attached ADU that is created on a lot with an existing primary dwelling is further limited to fifty (50) percent of the floor area of the existing primary dwelling.*

*2. No setback is required for an ADU subject to this subsection (F) if the ADU is constructed in the same location and to the same dimensions as an existing structure.*

*3. No parking is required under the following situations: the ADU is located within one-half (') mile walking distance of public transit; the ADU is located within an architecturally and historically significant historic district; the ADU is part of the proposed or existing primary residence or an accessory structure; when on-street parking permits are required but not offered to the occupant of the ADU; and/or, when there is an established car share vehicle stop located within one (1) block of the ADU.*

*4. When a garage, carport, or covered parking structure is demolished in conjunction with the construction of an ADU or converted to an ADU, those off-street parking spaces are not required to be replaced.*

*5. Each unclosed parking space shall be at least nine (9) feet wide and eighteen (18) feet long.*

*6. Each parking space that is provided in an enclosed garage shall be at least ten (10) feet wide and twenty (20) feet long and have at least seven and one half (7 ') feet vertical clearance.*

*Manufactured Housing:* State law requires that manufactured housing, when constructed as a single-family dwelling on a permanent foundation, be treated as a conventional single-family home subject to the same development standards applicable to a single-family residential dwelling on the same lot, except for architectural requirements limited to its roof overhang, roofing material, and siding material. In accordance with State law, manufactured housing in the City may be placed on lots that allow single-family residential uses provided that the homes are attached to a foundation system in compliance with all applicable building regulations and Section 18551 of the Health and Safety Code and occupied only as a residential use.

*Mobile Home Park:* Mobile home parks, including manufactured home parks, that conform to the State Mobile Home Parks Act (Division 13, Part 2.1 of the California Health and Safety Code, commencing with Section 18200) or the implementing State guidelines (Title 25, Division I, Chapter 2 of the California Code of Regulations) and Section 18300 of the Health and Safety Code, are allowed in the R2, R4, and RP residential zones but require a use permit. The City of Lake Forest currently has four mobile home parks.

*Residential Care Facility:* Residential care facilities refer to any family home, group home, or rehabilitation facility that provides 24-hour non-medical care to persons in need of personal services, protection, supervision, assistance, guidance, or training essential for daily living. The City of Lake Forest Zoning Code refers to residential care facilities

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as "community care facilities." "Small" community care facilities (those serving six or fewer clients) are permitted by right in all residential zones and in the A1 zone subject to the same development standards and permit processing requirements as other residential uses in those zones, pursuant to the California Lanterman Developmental Disabilities Services Act. "Large" community care facilities (those serving seven or more clients) are permitted with a use permit in the Commercial, Urban Activity, and Agriculture (A1) zones.

*Farm Worker Housing*: Although the City of Lake Forest is not located within a major agricultural area, the City's Zoning Code includes two districts that allow agricultural uses (A1 and OS). Pursuant to the California Employee Housing Act and consistent with Health and Safety Code Section 17021.6, facilities with up to 36 beds in a group-quarters or 12 units or spaces to board farm workers are treated as accessory or incidental to agriculture operation and permitted in the same manner as agricultural uses. The City permits Agriculture Employee Quarters in the A-1 and OS zones by right.

As included in Program 7 of the Housing Plan, the Zoning Code will be updated to define "agricultural worker housing" and to stipulate that any *agricultural worker housing* providing no more than 36 beds in a group-quarters, or consisting of 12 or fewer units or spaces, shall be deemed an agricultural land use and permitted in the same manner as *agricultural uses* consistent with Health and Safety Code Section 17021.6. The Zoning Code will also be updated to provide for streamlined, ministerial approval of agricultural worker housing that meets the requirements of Health and Safety Code Section 17021.8.

As included in Program 7 of the Housing Plan, the Zoning Code will be updated to define "employee housing" distinctly from "agricultural worker housing" and to clarify that *employee housing* serving six or fewer employees shall be deemed a single-family structure and shall be subject to the same standards for a single-family residence in the same zone.

*Emergency Shelter:* Emergency shelters are allowed by-right (i.e., ministerial approval) in the Industrial (I) zone, subject to compliance with objective standards consistent with the requirements identified in Government Code Section 65583(a)(4).

No emergency shelters are currently located within Lake Forest. While all of the City's Industrial parcels are developed (consistent with all other areas of the City), there are vacancies within existing buildings, allowing for potential adaptive reuse of existing space. These parcels are infill sites in developed areas and are suitable for emergency shelters. Water, sewer, and utilities are available in the roadways adjacent to these parcels.

The I zone is suitable for emergency shelters because:

- Shelters are compatible with a range of uses that are common in suburban communities and allowed in the I zone (e.g., office buildings, religious institutions, child or day care, commercial or vocational schools, warehousing, libraries, civic or government uses, etc.);
- I zoned parcels are served by public bus routes that connect to regional transit with an average distance of 0.29 miles from each parcel to a bus stop;
- Existing uses in the I zone are primarily light industrial, warehousing, and office uses – no heavy industrial uses are present; and
- The parcels are not known to be constrained by the presence of hazardous materials either on or adjacent to the properties.

As included in Program 7 of the Housing Plan, the Zoning Code will be updated to require sufficient parking to accommodate all staff working in an emergency shelter, provided that the standards will not require more parking for emergency shelters than other residential or commercial uses within the same zone, in compliance with Government Code Section 65583(a)

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*Low Barrier Navigation Center:* A low barrier navigation center is a housing first, low-barrier, service-enriched shelter focused on moving people into permanent housing that provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing. AB 2162 amended Government Code Section 65583 to require jurisdictions to streamline approval of eligible low barrier navigation center applications in areas zoned for mixed-use and residential zones permitting multifamily uses, subject to specific criteria. As included in Program 7 of the Housing Plan, the Zoning Code will be updated to define and permit low-barrier navigation centers consistent with the requirements of Government Code Sections 65660 through 65668, including treating low-barrier navigation centers as a by-right use in areas where multifamily or mixed uses are permitted

*Transitional and Supportive Housing:* Transitional housing is a type of housing used to facilitate the movement of homeless individuals and families to permanent housing. Transitional housing can take several forms, including group quarters with beds, single-family homes, and multifamily apartments and typically offers case management and support services to return people to independent living (usually between 6-24 months). The Zoning Code defines transitional housing as "buildings configured as rental housing developments but operated under [multifamily housing] program requirements that call for the termination of assistance and recirculation of the assisted unit to another eligible program recipient at some predetermined future point in time, which shall be no less than six (6) months" This definition is consistent with Government Code Section 65582(j).

According to the National Housing Institute, supportive housing is permanent housing with a service component, which can be provided either on-site or off-site. The Zoning Code defines supportive housing as "housing with no limit on length of stay, that is occupied by the target [homeless] population, and that is linked to on-site or off-site services that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community." The target population may include persons with disabilities, elderly, youth aging out of the foster system, veterans, and homeless. The City's definition is consistent with Government Code Section 65582(g).

Senate Bill 2 amended Government Code Sections 65582, 65583, and 65589.5 and provides that transitional housing and supportive housing that is a rental housing development constitutes a residential use. It requires zoning to treat such uses as a residential use and subject only to those restrictions that apply to other residential uses of the same type in the same zone. Included as Program 7 of the Housing Plan, the Zoning Code shall be revised to ensure that transitional and supportive housing is allowed in residential and mixed-use zones subject to the same standards as a residence of the same type in the same zone consistent with Government Code Section 65583(c)(3), and to allow eligible supportive housing as a by-right use in zones where multi-family and mixed uses are permitted pursuant to Government Code Sections 65650 through 65656.

*Single-Room Occupancy (SRO):* Single-room occupancy (SRO) facilities are a housing type that is considered suitable to meet the needs of extremely low, very low, and low-income households. With high housing costs, many communities in California are exploring the use of single-room occupancy housing to fulfill the affordable housing needs of certain segments of the community, such as seniors, students, and single workers. The Lake Forest Zoning Code defines an SRO unit as follows:

> *A building with a common entrance containing a cluster of at least five (5) rental units which provide sleeping and living facilities for one (1) or two (2) persons where kitchen and/or bathroom facilities may be shared. The units shall have a minimum of one hundred (100) net square feet of space for single occupancy and one hundred twenty (120) square feet for two-person occupancy. The calculation for floor space in the sleeping area includes built-in cabinets, sinks, and closets but excludes toilet compartments. A unit larger than two hundred twenty-five (225) square feet shall be deemed an efficiency dwelling unit and not a Single-Room Occupancy (SRO).*

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SROs are permitted in the Commercial (C) and Urban Activity (UA) zones subject to a Site Development Permit, and in the Industrial (I) zones subject to a Use Permit. Standards for SROs are addressed in Zoning Code section 9.146.150. Requirements relate to the performance of the facility, such as parking, security, and management.

*Housing for Disabled Persons:* On January 1, 2002, SB 520, which amended Government Code Section 65589.5 and added sections 65913.5 and 65913.6 and Chapter 4.35 became effective and required local jurisdictions to analyze local government constraints on developing, maintaining, and improving housing for persons with disabilities. In accordance with SB 520 and Government Code 65583(a)(7), the City recognizes the importance of providing housing for persons with disabilities. Persons with disabilities have a number of specific housing needs, including those related to design and location. Design needs generally include the removal of architectural barriers that limit the accessibility of dwelling units, and construction of wheelchair ramps, railings, etc. Location needs include accessibility to public transportation, commercial services, health care, and supportive services. Some persons with disabilities need group housing opportunities, especially those who are lower-income or homeless. The following discussion addresses these issues and determines that no specific City policy or regulation serves to impede the access that persons with disabilities have to housing that suits their specific needs.

Zoning and Land Use: The General Plan and Zoning Code provide for the development of multifamily housing with four or fewer units in the R2/R4 zones by right, as well as in the RP zone by Use Permit. Multifamily housing with five or more units are permitted in the R2/R4 zones subject a Site Development Permit. Traditional multifamily housing for persons with special needs, such as apartments for the disabled, are considered regular residential uses permitted in these zones. The City's land use policies and zoning provisions do not constrain the development of such housing.

Under the Lanterman Developmental Disabilities Services Act (Lanterman Act), small State-licensed residential care facilities for six or fewer persons must be permitted in all zones that allow single or multifamily uses, subject to the same permit processing requirements and development standards. The City of Lake Forest Zoning Code treats small residential care homes as a single-family residential use permitted by right in residential zones, in compliance with the Lanterman Act. Large residential care facilities serving seven or more clients are allowed in the A1 zone. Occupancy standards for residential care facilities are the same as occupancy standards for all other residential uses. The Zoning Code also accommodates transitional and supportive housing in all residential districts subject only to the same requirements for residential uses of the same type (e.g., single-family or multifamily) in the same zone. These facilities may serve persons with disabilities.

Building Code: Building construction and procedures within Lake Forest are required to conform to the current California Building Code, as adopted in Title 8 of the City's Municipal Code. Standards within the Building Code include provisions to ensure accessibility for persons with disabilities. These standards are consistent with the Americans with Disabilities Act (ADA). No local amendments that would constrain accessibility or increase the cost of housing for persons with disabilities have been adopted and City officials are not aware of any instances in which an applicant experienced delays or rejection of a retrofitting proposal for accessibility to persons with disabilities.

Reasonable Accommodation: Both the federal Fair Housing Act and the California Fair Employment and Housing Act direct local governments to make reasonable accommodation (i.e., modifications or exceptions) in their zoning laws and other land use regulations to allow disabled persons an equal opportunity to use and enjoy a dwelling. For example, it may be a reasonable accommodation to waive a setback requirement so that elevated ramping can be constructed to provide access to a dwelling unit for a resident who has mobility impairments. Whether a particular modification is reasonable depends on the circumstances and must be decided on a case-by-case basis.

Reasonable accommodation refers to flexibility in standards and policies to accommodate the needs of persons with disabilities. The City's zoning and building codes, as well as approach to code enforcement, allow for special provisions that meet the needs of persons with disabilities without the need for variances. The City's Reasonable Accommodation Ordinance is codified in Chapter 9.224 of the Zoning Code.

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The City's Director of Community Development has administrative/ministerial authority to hear and decide applications for reasonable accommodation to allow reasonable remedy from zoning and other land use regulations, policies, and procedures for individuals with physical or mental impairment. A request for reasonable accommodation may include a modification or exception to the rules, standards, and practices for the siting, development, and use of housing or housing-related facilities that would eliminate regulatory barriers and provide a person with a disability equal opportunity to housing of their choice.

Lake Forest Municipal Code Section 9.224 outlines the process for reasonable accommodation applications.

Conclusion: Current planning policies and zoning regulations have mitigated potential constraints to the availability of housing for persons with disabilities. The City has analyzed its Zoning Code and procedures to ensure that it is flexible, and not constraining the development of, housing for persons with disabilities.

### *Development Standards*

Development standards directly shape the form and intensity of residential development by providing controls over land use, heights and volumes of buildings, open space on a site, etc. Site development standards also ensure a quality living environment for all household groups in the City, including special groups such as lower and moderate-income households and senior citizens.

### *Residential Parking Requirements*

Parking standards are an important development regulation in communities. The City's parking requirements are intended to ensure that adequate off-street parking and loading facilities are provided in proportion to the need created by the type of use. Adequate parking for residential projects contributes to the value of a project, the safety of residents, and the quality of a project's appearance. However, excessive parking standards can pose a significant constraint to the development of housing because they can reduce the buildable area on a site and impact the funding available for project amenities or additional units. The parking requirements for residential and mixed-use developments, as applicable in September 2021, are shown in Table 45.

*TABLE 45: RESIDENTIAL PARKING REQUIREMENTS*

| Use | Requirement | | | Additional Regulations |
|---|---|---|---|---|
| Single-Family Dwelling | • 2 covered spaces | | | Those dwellings having less than an eighteen (18) foot setback from the back of curb or sidewalk, whichever is closest to the garage or carport, shall provide one (1) additional parking space within two hundred (200) feet of the dwelling. On-street parking, where permitted, may be used for the additional space. |
| Multifamily (2+ units)* | • 0 – 1 bdrm: 1.5 spaces per du<br>• 2 bdrm: 2 spaces per du<br>• 3+ bdrm: 2.5 spaces per du + 0.5 per bedroom in excess of 3<br>• In addition to above, add 0.2 guest parking spaces per dwelling unit (rounded to the nearest whole number) | | | • For multifamily projects of 5+ units, requirement that off-street parking spaces be covered is not applicable |
| Multifamily (5+ units)* | Unit Size (square feet)<br>700 or less:<br>701-800<br>801-900 | Assigned<br>1.0<br>1.0<br>1.0 | Unassigned<br><br>+0.17<br>+0.34 | • For Multifamily projects with 5+ units, off-street parking requirements may be used in lieu of Multifamily (2+ units) |

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| | | | | |
|---|---|---|---|---|
| | 901-1,000<br>1,001-1,100<br>1,101-1,200<br>1,201-1,300<br>1,301-1,400<br>1,401-1,500<br>Over 1,500 | 1.0<br>1.0<br>1.0<br>1.0<br>1.0<br>1.0<br>1.0 | +0.50<br>+0.67<br>+0.84<br>+1.00<br>+1.18<br>+1.34<br>+1.5 | above<br>• For multifamily projects of 5+ units, requirement that off-street parking spaces be covered is not applicable<br>• In addition to above, add 0.2 guest parking spaces per dwelling unit (rounded to the nearest whole number) |
| Accessory Dwelling Unit | • 1 space per ADU<br>• No spaces required for JADU | | | No parking is required if ADU is:<br>• Located within 0.5-mile walking distance of public transit<br>• Located within an architecturally and historically significant historic district<br>• Part of the proposed or existing primary residence or an accessory structure<br>• When on-street parking permits are required but not offered to the occupant of the ADU<br>• When there is a car share vehicle located within one block of the ADU |
| Congregate care facility serving more than 12 persons | 1 space per unit | | | -- |
| Affordable Housing Projects Using Density Bonus | • 0 - 1 bdrm: 1 on-site parking space<br>• 2 - 3 bdrm: 2 on-site parking spaces<br>• 4+ bdrm: 2.5 on-site parking spaces | | | -- |

*Sources: City of Lake Forest Zoning Code, 2021.*

Pursuant to State law, the City provides development incentives for projects that include affordable housing units and may waive or reduce the parking requirements for such projects. The Director of Community Development may approve a parking reduction of up to five (5) percent of the total parking requirement for the sole purpose of accommodating modifications to an existing development to meet current legal requirements or regulations for purposes of accessibility and safety. The Planning Commission may approve parking reductions of up to ten (10) percent, subject to certain provisions. Moreover, affordable housing developments that are eligible for a density bonus pursuant to Government Code Section 65915-65918 are eligible to use parking standards established by State Density Bonus law.

As included in Program 7 of the Housing Plan, the Zoning Code will be updated to require sufficient parking to accommodate all staff working in an emergency shelter, provided that the standards will not require more parking for emergency shelters than other residential or commercial uses within the same zone, in compliance with AB 139.

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## DEVELOPMENT PROCESSING PROCEDURES

The time and cost of permit processing and project review can be a constraint to housing development if significant development review is required. Project review and permit processing are necessary steps to ensure that residential construction complies with applicable codes, standards. The time required for project approval is often not so much a factor of the approval body (e.g., Director versus Planning Commission), but the complexity of the project and associated environmental review. However, small infill projects that can be approved administratively are generally less complex and take a shorter time to obtain appropriate approvals. Larger and more complex projects like mixed-use development or residential subdivision maps subject to the California Environmental Quality Act (CEQA), require a public hearing before the Planning Commission. Projects reviewed by the Planning Commission, including Site Development Permits, Tentative Parcel Maps, and Tentative Tract Maps, typically require between 3 to 12 months to process. Projects reviewed by the City Council, such as General Plan and Zoning Code amendments, typically require between 6 to 12 months to process.

The City has and continues to take proactive steps to facilitate efficient development process. As part of the General Plan Update, the City prepared a program environmental impact report (EIR) that future applicants may rely upon, resulting in significant time and financial savings. The City reviews all applications for development prior to issuance of building permits to ensure projects contribute in a positive manner to the community and improve quality of life. Residential development projects may be subject to approvals – ministerial or discretionary (either with or without a public hearing). For most property in Lake Forest, new residential development with fewer than five units is permitted by right, provided the project adheres to the development standards of the zone. Projects with five or more units require approval of a Site Development Permit by the Planning Commission. The discretionary process allows the project to be reviewed for appropriateness, scale, architecture, site design, and compatibility with the surrounding area. The City is currently (2021) preparing objective design standards consistent with the requirements of SB 35 Streamlined Permitting (Government Code Sections 65400 and 65582.1) requirements. This section outlines the timeline for typical residential development review and describes the permitting requirements and procedures for Site Development Permits, Use Permits, Subdivision Maps, etc. Based on the development activity during the 5$^{th}$ Cycle RHNA period, the City's processing and permitting procedures do not appear to unduly constrain the development of housing.

## DISCRETIONARY PERMITS

A discretionary permit is a permit issued or approved by the City of Lake Forest as the result of an application the City retains the right to approve or disapprove. Section 9.184 of the Municipal Code specifies the City's Discretionary Permit process, including the procedures and requirements for discretionary permit applications and the basis or "findings" for decisions regarding such applications.

## FEATURE PLANS

A feature plan is a plan which conceptually describes, graphically and/or in writing, a proposed development for an identified and relatively large area of real property. The purpose of a feature plan is to describe how significant natural and man-made features will be preserved or developed and how large-scale planning issues of special concern (e.g., traffic) will be addressed. All subsequently adopted discretionary permits (e.g., area plans) and subdivision maps shall be consistent with the feature plan.

Feature plans shall be processed initially to the City Council. The Planning Commission shall be the approving authority for feature plan amendments, except when the commission finds that an amendment application proposes a change in policy from the originally approved feature plan, such amendment application shall be acted upon by the City Council.

After the date of final determination and after compliance with the Municipal Code, the policies and concepts of an approved feature plan shall be applicable to the property included within the boundaries of the feature plan until such time as the feature plan is amended or the applicable zoning regulations are revised so that the feature plan is no longer valid. All grading, development and improvements shall be in substantial conformance with the currently approved feature plan.

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### AREA PLANS

An area plan is similar to a feature plan except that an area plan contains relatively more detailed information and addresses a relatively smaller area of real property. A feature plan may or may not be required prior to the approval of an area plan. An area plan for a planned community or specific plan may have less restrictive site development standards if allowed by the enabling ordinance. The Planning Commission is the approving authority for all area plan applications and amendments.

After the date of final determination and after compliance with the Municipal Code, an approved area plan shall be applicable to the development of all real property included within the boundaries of such area plan until such time as it is amended or rendered invalid by amendment of the zoning regulations or feature plan applicable to the property. All grading, development and improvements shall be in substantial conformance with the provisions of the currently approved area plan.

### USE PERMITS

The purpose of a use permit is to provide for the public review of detailed final plans for a proposed use. Uses which require a use permit are regarded as having a relatively moderate to high potential for adverse impacts on the subject site or surrounding community due to the nature of magnitude of the use vis-ŕ-vis the sensitivity of the subject site or surrounding community. Use permits shall require a public hearing. If the land use regulations of a planned community or a specific plan allow a use permit to modify the site development standards to be less restrictive than otherwise stated in the enabling ordinance, such a use permit shall always require a public hearing before the Planning Commission.

### SITE DEVELOPMENT PERMIT

The purpose of a site development permit is to provide for the administrative (or discretionary review, if applicable) of detailed development plans for a proposed use. Uses which require a site development permit are regarded as having a relatively low potential for adverse impacts on the subject site or surrounding community due to the nature or magnitude of the use vis-ŕ-vis the sensitivity of the subject site or surrounding community.

A site development permit shall be processed as an administrative action, unless the Director of Community Development determines on a case-by-case basis that the public interest would be better served by a public hearing before the Planning Commission. If the land use regulations of a planned community or a specific plan allow a site development permit or site plan to modify the site development standards to be less restrictive than otherwise stated in the enabling ordinance, such a site development permit shall always require a public hearing before the Planning Commission.

Establishment, maintenance, and operation of the use or uses proposed by the application shall be in compliance with the information and specifications shown on the approved site development permit.

### FINDINGS

The following findings shall be made by the approving authority prior to the approval of any discretionary permit:

- General Plan. The use or project proposed is consistent with the General Plan.
- Zoning Code. The use, activity or improvement(s) proposed by the application is consistent with the provisions of the Zoning Code.
- CEQA. The approval of the permit application is in compliance with the requirements of the California Environmental Quality Act.
- Compatibility. The location, size, design and operating characteristics of the proposed use will not create significant noise, traffic or other conditions or situations that may be objectionable, detrimental or incompatible with other permitted uses in the vicinity.
- General Welfare. The application will not result in conditions or circumstances contrary to the public health

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and safety and the general welfare.

- Development Fees for Provision of Public Facilities. One (1) of the following findings shall be made:
  - The property to which the permit applies is not located in a fee area.
  - The permit would not allow development of a project which would contribute to the need for the facility for which a fee is required.
- The project has been reviewed in accordance with Citywide Design Guidelines and is consistent with the purpose and intent of the guidelines.

As previously stated, the City is currently (2021) preparing objective design standards for by-right residential development, which will change the project review process. Please refer to the City for more information regarding the most current requirements.

## TYPICAL TIMEFRAMES

Table 46 outlines the typical processing times for single-family and multifamily projects with and without preparation of a robust environmental document.

TABLE

| Project Type | Processing Time without Negative Declaration/EIR | Processing Time with Negative Declaration/EIR |
|---|---|---|
| Single-Family Dwelling | 3-6 weeks | N/A |
| Multifamily (Four or Fewer Units) | 1-3 months | 9-18 months |
| Multifamily (Five or More Units) | 3-6 months | 9-18 months |

*Source: City of Lake Forest, 2021*

### *Subdivisions*

This review process applies to all residential land divisions within the City. Title 7 of the Lake Forest Municipal Code includes the standards and processes for subdivisions. It is based primarily on the State Subdivision Map Act. As it relates to residential development, the regulations apply to all land divisions that create lots for single-family homes and lots, or condominiums, for multifamily development. As part of the review process for subdivisions, the City reviews applications for compliance with lot size and shape standards, the general layout of the subdivision, and infrastructure requirements. If the project complies with the subdivision standards and General Plan density, the project can proceed through the approval process.

### *Reasonable Accommodation*

The City's process for providing reasonable accommodation allows individuals, or their representatives, to make requests for reasonable accommodations for persons with disabilities. Requests for reasonable accommodation are approved administratively unless the request also requires a permit or entitlement requiring Planning Commission or City Council approval. City staff is available to provide assistance regarding the processing of requests for the construction of accessory structures intended to accommodate persons with disabilities.

The City amended its Zoning Ordinance in 2007 to establish the process for requesting and granting reasonable accommodations for persons with disabilities. Requests for reasonable accommodation are subject to review and approval by the Director of Community Development. The Community Development Department provides assistance with applying for a reasonable accommodation to those who need it. The request must state the basis of the request, including the modification(s) or exception(s) to the regulations, standards or practices for the siting, development or use of housing or housing related facilities that would eliminate regulatory barriers and provide an individual with a disability equal opportunity to housing of his or her choice.

Lake Forest's reasonable accommodation procedure does not require a public hearing when the reasonable request is made on its own (if it was to be combined with entitlement, then a hearing would be required related to the entitlement request) and preserves privacy laws and fair housing laws. Only owners of abutting properties are notified

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of reasonable accommodation requests and approvals not subject to a public hearing. Lake Forest's reasonable accommodation procedure complies with Housing Element law and provides for disabled residents to make necessary changes to their properties.

## ENVIRONMENTAL REVIEW

The City has adopted procedures for complying with the requirements of the California Environmental Quality Act (CEQA), including assessing the potential environmental impacts of development applications determined to be a "project" as defined by Public Resources Code 21000-21177. Environmental review is required for most discretionary actions including Use Permits, Subdivision Maps, and legislative actions including General Plan amendments, zone changes, and code amendments. Environmental review occurs while the application is being processed. An environmental determination by City staff for a project is made to prepare the appropriate environmental document for consideration by the decision-making authority.

Certain classes of residential projects may be categorically exempt from the provisions of CEQA or require only an Initial Study and Negative Declaration. The environmental review of categorically exempt projects requires a minimal amount of time and does not pose a significant constraint to housing development.

In 2020, the City adopted a comprehensive update to its General Plan and certified a Program Environmental Impact Report (EIR) which analyzed the potential impacts associated with implementation of the General Plan Land Use Map. Environmental documents for projects which are consistent with the densities and intensities analyzed under the General Plan Program EIR may tier off the analysis included in the General Plan EIR, which could significantly reduce the time and costs associated with preparation of required environmental documents. By proactively planning to accommodate new residential development throughout the City and analyzing the potential impacts of such development as part of the Program EIR, the City has helped to streamline the environmental review and approval process.

## STREAMLINING APPROVALS

### *Lower Income Sites Included in Previous Elements*

While the Development Review process is not considered a constraint to housing, Policy 1.8 has been included to comply with Government Code 65583.2. This program will allow by-right approval of housing developments proposed on non-vacant sites included in the previous housing element inventory and on vacant sites included in the two previous housing element inventories, provided that the proposed housing development includes at least 20 percent lower-income affordable housing units. This will increase certainty for affordable and multifamily developers related to residential sites throughout the community, as identified in Appendix A.

### *Senate Bill (SB) 35*

SB 35 (Government Code Sections 65400 and 65582.1 provides provisions for streamlining projects based on a jurisdiction's progress towards its RHNA allocation and timely submittal of the Housing Element Annual Progress Report. Jurisdictions that have made insufficient progress toward their above moderate-income RHNA allocation and/or have not submitted the latest Housing Element Annual Progress Report are subject to the streamlined ministerial approval process for proposed developments with at least 10% affordability.

HCD reviews the annual progress report deadlines and RHNA progress on an annual basis. Lake Forest is currently subject to SB 35 streamlining provisions when proposed developments include at least 50% affordability. Program 7 in the Housing Plan has been provided to incorporate the mandatory streamlining provisions into the City's Zoning Code. These streamlining provisions will reduce approval requirements for projects that include a minimum of 50% of units affordable to lower income households and that meet the criteria specified by State law.

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## FLEXIBILITY IN DEVELOPMENT STANDARDS

Development standards affect the financials of a residential project, both from the revenue side (through achievable density) and through the costs of complying with specific development standards. However, there is no specific threshold that determines whether a particular standard or set of standards constrains the affordability or supply of housing. Many factors determine project feasibility. While prior sections discussed how to reduce development costs, the following describes ways that the Zoning Code offers flexibility in development standards.

### *Residential Density Bonus*

The City Zoning Code allows density bonuses and other incentives for affordable and senior residential projects in accordance with State Density Bonus law. Section 9.152.010 of the Zoning Code incorporates by reference the procedures for providing density bonus or other incentives in compliance with state law (Government Code §65915 et seq.).

### *Condominium Conversions*

In order to ensure a variety of housing opportunities (ownership and rental) including low-density single-family homes, moderate-density townhomes, higher-density condominiums and mobile homes, Chapter 9.172 of the City's Zoning Code provides the following requirements for proposed condominium conversions:

- A requirement for a condominium use permit approved by the City Council (if five or more units);
- Compliance with the applicable standards and requirements of the zoning district is which the project is located;
- The provision of a tenant purchase option;
- The payment of relocation expenses of $1,500 in 2006 dollars adjusted annually in accordance with the Consumer Price Index;
- A requirement to submit an affordable housing implementation plan which incorporates a minimum of 15% affordable units (either rental or ownership); and
- A general prohibition on conversions (with specified overriding considerations) that becomes effective when the average rental vacancy rate within the City during the 12 preceding months is 4% or greater.

When a condominium conversion is permitted, the increase in the supply of less expensive for sale-units helps to compensate for the loss of rental units. One condominium conversion has been approved since adoption of amended condominium conversion standards in 2006. This demonstrates that the ordinance regulating condominium conversions is reasonable to preserve rental housing opportunities, and does not present an unreasonable constraint on the production of ownership housing.

### *Short-Term Rentals*

Short-term rentals are defined in the Lake Forest Municipal Code under "Transitory-Lodging Use." Transitory-Lodging is prohibited in the City of Lake Forest. Nonetheless, there were 21 short-term rentals in Lake Forest listed on *Airbnb.com* in July 2021; however, only six of the rentals were for an entire apartment or condominium. The other 15 rentals were limited to a room or suite within a home and do not decrease the amount of housing stock available for permanent occupancy. A significant number of short-term rentals has the potential to affect the availability of housing stock. Therefore, this will be an issue that the City continues to monitor to ensure it does not negatively impact permanent housing options in the City.

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## BUILDING CODES AND ENFORCEMENT

New construction in Lake Forest, including additions and remodels, must comply with the current edition of the California Building Code (CBC). The City continues to adopt the most recent CBC with all required updates. The CBC establishes construction standards necessary to protect public health, safety, and welfare, and the local enforcement of this code does not unduly constrain development of housing. The 2019 California Building Code, Title 24, Part 2, Volumes 1 and 2, published by the International Code Council, was adopted by the City by reference as Title 8 of the City's Municipal Code and subject to the amendments contained in that title.

No local amendment to the CBC has been initiated or approved that directly impacts housing standards or processes. Code enforcement is conducted by City staff which is responsive to complaints from community members. The City maintains records of code complaints and works proactively in neighborhoods where violations are most prevalent to address potential issues before they become significant. The City enforces its code equitably and as necessary throughout the community. Program 16 in the Housing Plan helps support homeowners with rehabilitating substandard housing. The Code Enforcement and Building Divisions assist property owners with meeting State health and safety codes.

## DEVELOPMENT FEES AND IMPROVEMENT REQUIREMENTS

State law limits fees charged for development permit processing to the reasonable cost of providing the service for which the fee is charged. Various fees and assessments are charged by the City and other public agencies to cover the costs of processing permit applications and providing services and facilities such as schools, parks, and infrastructure. Almost all these fees are assessed through a pro rata share system, based on the magnitude of the project's impact or the extent of the benefit that will be derived.

For new residential projects, developers in Lake Forest may be required to pay one or more of the following fees depending on the location, type, and size of the project:

Planning, Building, and Environmental Fees: In accordance with the adopted fee schedule, developers are charged standard fees for plan check, entitlement application processing, building permits, environmental impact studies, and other applications commensurate with the cost of processing such applications, conducting inspections, and performing other associated tasks.

Regional Agency Fees: Regional agency fees include water and sewer fees collected by the water district and sanitation district, and school impact fees collected by the school districts as allowed by State law to finance the construction and expansion of schools to accommodate student enrollment. The water, sanitation, and school districts have the authority to set their respective fees. The City does not have any ability to adjust these fees. Regional agency fees also include transportation agency fees, including the Foothill Circulation Phasing Plan, Foothill Eastern Transportation Corridor, Santiago Canyon Road, and El Toro Road program fees. Regional agency fees corresponding to a multifamily affordable housing project approved in 2021 ("Mountain View", 71 units) totaled approximately $19,000 per unit. Some regional agency fees vary based on the product type (single-family or multifamily), but differences are relatively minor and the regional agency fee corresponding to the Mountain View project is representative of fees for both residential types.

Table 47 lists fees the City charges for new, standard residential development.

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TABLE 47: PLANNING AND DEVELOPMENT FEES (EFFECTIVE 08/16/2021)

| Entitlements | |
|---|---|
| Planning and Application Fees | |
| Accessory Dwelling Unit (ADU) Permit | $500 fee |
| Pre-Application Review | $2,500 deposit |
| Tentative Parcel Map | $7,500 deposit |
| Tentative Tract Map | $10,000 deposit |
| Site Development Permit (administrative) | $2,500 deposit |
| Site Development Permit (discretionary) | $5,000 deposit |
| Site Development Permit (not except from CEQA) | $10,000 deposit |
| Use Permit (minor) | $2,5001 deposit |
| Use Permit (major) | $5,0001 deposit |
| Use Permit (not except from CEQA) | $10,000 deposit |
| Specific Plan | $10,000 deposit |
| General Plan Amendment | $10,000 deposit |
| Development Agreement | $10,000 deposit |
| Zone Change | $10,000 deposit |
| Area Plan | $10,000 deposit |
| Feature Plan | $10,000 deposit |
| Variance | $5,000 deposit |
| Public Works | |
| Lot Line Adjustments | $2,000 deposit |
| Grading Plan Check and Inspection | $2,500 deposit |
| Water Quality Management Plan | $1,000 deposit |
| Map Checking | $3,500 deposit |
| Environmental | |
| Environmental Review (Initial Study, Neg. Dec., EIR, etc.) | Deposit TBD<br>T&M* plus 15% admin fee |
| Peer-Reviewed Technical Studies | Deposit TBD<br>T&M* plus 15% admin fee |
| Hourly Rate for Deposit Based Services | |
| Planning (In-House and Contract Service Planning) | $143/hr |
| Public Works In-House Land Development Review | $158/hr |
| Building and Safety | $140/hr |
| City Clerk Dept. Billing Rate for Development Review | $78/hr |
| City Manager Dept. Billing Rate for Development Review | $101/hr |
| Community Services Development Review Services | $176/hr |
| Finance Development Review Support | $83/hr |
| IT / GIS Development Review Support | $105/hr |
| Code Enforcement Divisional Billing Rate for Development Review Direct Services | $78/hr |
| Police Dept. Billing Rate for Development Review | $90/hr |
| Contract Service Support (e.g. Attorney, Contract Engineering, etc.) | T&M* plus 15% administrative |

*Source: City of Lake Forest, 2021*

*Note: This is only a partial list of typical Planning fees.*

**Time and Materials*

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Table 48 identifies typical fees that would be collected per unit for hypothetical new single-family and multifamily development projects, based on the fees in effect in 2021 (see Table 47). Development fees in this example make up approximately less than 3% percent of a home purchase price. Because the City does not have development impact fees, Lake Forest fees are typically less than most surrounding communities.

*TABLE 48: PROPORTION OF FEE IN OVERALL DEVELOPMENT COST FOR A TYPICAL RESIDENTIAL DEVELOPMENT (2021)*

| Development Cost for a Typical Unit | Single-Family (50 units) | Multifamily (140 units) |
|---|---|---|
| Typical City of Lake Forest estimated fees per unit | $535 | $188 |
| Typical regional agency fees estimated per unit | $19,000 | $19,000 |
| Total typical fees per unit | $19,535 | $19,188 |

*Source: City of Lake Forest, 2021*

The City periodically evaluates the actual cost of processing development permits when revising its fee schedule. The last review and update occurred in 2021.

After the passage of Proposition 13 and its limitation on local governments' property tax revenues, cities and counties have faced increasing difficulty in providing public services and facilities to serve their residents. One of the main consequences of Proposition 13 has been the shift in funding of new infrastructure from general tax revenues to development impact fees and improvement requirements on land developers. The City requires developers to provide on-site and off-site improvements necessary to serve their projects. Such improvements may include water, sewer and other utility extensions, street construction and traffic control device installation that are reasonably related to the project. Dedication of land or in-lieu fees may also be required of a project for rights-of-way, transit facilities, recreational facilities, and school sites, consistent with the Subdivision Map Act.

A typical local street requires a 60-foot right-of-way, with two 18-foot travel lanes. The City's road standards are typical for cities in Orange County and do not act as a constraint to housing development. Table 49 illustrates the City's road improvement standards.

*TABLE 49: ROAD IMPROVEMENT STANDARDS*

| Roadway Designation | Number of Lanes | Right-of-Way Width | Curb-to-Curb Width |
|---|---|---|---|
| Principal Arterial | 8 | 140' | 120' |
| Major Arterial | 6 | 120' | 102' |
| Primary Arterial | 4 | 100' | 84' |
| Secondary Arterial | 4 | 80' | 64' |
| Local Street | 2 | 60' | 36' |

*Source: City of Lake Forest, 2021*

The City's Capital Improvement Program (CIP) contains a schedule of public improvements including streets and other public works projects to facilitate the continued buildout of the City's General Plan. The CIP helps to ensure that construction of public improvements is coordinated with private development.

Although development fees and improvement requirements increase the cost of housing, cities have little choice in establishing such requirements due to the limitations on property taxes and other revenue sources needed to fund public improvements.

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## 4B. Non-Governmental Constraints

Non-governmental constraints refer to market factors such as the demand for housing, the price of land, construction costs, availability of financing, and other factors that increase the cost of housing development.

### DEVELOPMENT COSTS

#### *Land Prices*

The cost to develop housing is influenced by the cost of the raw land, the cost of holding the land during the development process, and the cost of providing services to meet City standards for development. The cost of raw land is influenced by variables such as scarcity, location, availability of public utilities, zoning, and unique features like trees and adjoining uses. In Orange County, undeveloped land is limited, and combined with a rapidly growing population, land prices have generally increased. A review of lots for sale and recently sold, using Zillow and LoopNet listings, found one vacant quarter-acre lot zoned for residential use in Lake Forest, zoned MDR and sold for $530,000 or approximately $53 per square foot (approximately $2 million per acre).

A small number of underdeveloped parcels with a single-family unit that could be redeveloped with larger, single-family homes (with ADUs) or duplexes have been sold for $735,000 to $1,200,000 or approximately $86 to $267 per square foot, largely depending on the location within the community.

It is difficult to ascertain the cost of raw land for multifamily development since there has been a limited number of recent multifamily property sales in Lake Forest. A 4-unit property (fourplex) at 23061 Village Drive sold in August 2019 for $1,425,000 or $121 per square foot ($356,250 per unit); a 2-unit property (duplex) at 23192 Saguaro Street sold in September 2019 for $1,575,000 or $193 per square foot ($787,500 per unit); and a 5-unit property at 24512 Bendricon Lane sold in February 2020 for $1,931,500 or $200 per square foot ($386,300 per unit)

#### *Cost of Construction*

Construction cost is determined primarily by the cost of labor and materials. The relative importance of each is a function of the complexity of the construction job and the desired quality of the finished product. As a result, builders are under constant pressure to complete a project for as low a price as possible while still providing a quality product. This pressure has led (and is still leading) to an emphasis on labor-saving materials and construction techniques.

The International Code Council (ICC) provides estimates for the average cost of labor and materials for typical Type VA protected, wood-frame housing. Estimates are based on "good-quality" construction, providing for materials and fixtures well above the minimum required by state and local building codes. In the 2018 edition of the Building Safety Journal, the ICC estimated that the average per square foot cost for good-quality housing was $129-167 per square foot for Type I or II multifamily construction, $113-147 per square foot for Type V (Wood Frame) multifamily construction, and $122-141 per square foot for Type V (Wood Frame) one-and two-family dwelling construction. Although construction costs are a substantial portion of the overall development cost, they are consistent throughout the region and therefore are not considered a major constraint to housing production. The 2020 COVID-19 pandemic social distancing guidelines may increase constructions costs for an unknown period.

Construction cost increases, like land cost increases, affect the ability of consumers to pay for housing. Construction cost increases occur due to the cost of materials, labor, and higher government-imposed standards (e.g., energy conservation requirements). The development community is currently producing market rate for-sale housing that is affordable to moderate and above moderate-income households.

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### *Cost and Availability of Financing*

Financing is critical to the housing market. Developers require construction financing and buyers require permanent financing. The two principal ways in which financing can serve as a constraint to new residential development are the availability and cost of construction financing and the availability and cost of permanent financing.

- If financing is not easily available, more equity may be required for developing new projects. This results in fewer homebuyers who can purchase homes, since higher down payments are required.
- Higher construction period interest rates for developers result in higher development costs. For homebuyers, higher interest rates translate into higher mortgage payments (for the same loan amount). This in turn reduces the purchasing power of homebuyers.

On May 6, 2021, the reported average rate for a 30-year mortgage was 2.96% with 0.6 fees/points (Freddie Mac, 2021). From 2005 through 2021, average monthly mortgage rates have ranged from a high of 6.76% in July 2006 to today's record lows. For homebuyers, it is necessary to pay a higher down payment than in the recent past, and demonstrate credit worthiness and adequate incomes, so that loan applications meet standard underwriting criteria. While adherence to strict underwriting criteria was not required during the early and mid-2000s, the return to stricter standards is consistent with loan standards prior to 2001.

### *Approved and Built Densities*

While the City's General Plan identifies minimum and maximum densities that can be developed in Lake Forest, individual developers may opt to build at the lower, mid-range, or higher end of allowed densities. Additionally, the City's Zoning Code does not prescribe minimum or maximum densities, but rather relies on other development standards (minimum lot size, maximum height, and setbacks) to shape the scale of development. Recent projects in Lake Forest that are built or are under construction are consistent with the densities anticipated by the City's General Plan, PC Development Plans, and Zoning Code and typically built within the maximum allowable density. The City has received feedback from the development community that the maximum density levels are realistic and achievable, and the City requires projects be built within the allowable density.

## AFFORDABLE HOUSING DEVELOPMENT CONSTRAINTS

In addition to the constraints to market rate housing development discussed above, affordable housing projects face other constraints. While there is a range of sites available for potential affordable housing projects, as well as projects that focus on special needs populations, financial assistance for the development of affordable housing is limited and highly competitive.

Multiple funding sources are typically needed to construct an affordable housing project since substantial subsidies are required to make the units affordable to extremely low, very low, and low-income households. It is not unusual to see five or more funding sources assembled to make a project financially feasible. Each of these sources may have different requirements and application deadlines and some sources may require that the project has already successfully secured financing commitments. Since financing is critical and generally competitive, organizations and agencies that provide funding can often effectively dictate the type and size of projects. Thus, in some years senior housing may be favored by financing programs, while in other years family housing may be preferred. Target income levels can also vary from year to year.

This situation has worsened in recent years. Federal and state funding has decreased and limited amounts of housing funds are available. Tax credits, often a fundamental source of financing for affordable housing, are no longer selling on a one for one basis. In other words, once a project has received authorization to sell a specified amount of tax credits to equity investors, the investors are no longer purchasing the credits at face value but are purchasing them at a discount.

Nonetheless, the City has been successful in collaborating with other stakeholders for the development of affordable housing in Lake Forest. For example, the City recently entered into an affordable housing agreement with National Community Renaissance for a loan to assist with the development of the 71-unit Mountain View Affordable Housing

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Community. The City approved entitlements for the community with four incentives, that included reductions in the City's development standards.

The City has collaborated through Development Agreements with several developers on affordable housing in new neighborhoods. The following represent affordable housing in conjunction with the new housing developments in Lake Forest:

- Baker Ranch has an affordable housing apartment complex (The Arroyo at Baker Ranch).
- The Portola Center development (under construction in 2021), which will be located at the intersection of Glenn Ranch Road and Saddleback Ranch Road, will feature an affordable housing complex age-restricted for senior citizens.
- "The Meadows Senior Affordable Apartments" were approved by Planning Commission on August 19, 2021. The project includes two-story 65-unit apartment complex, including 64 senior affordable units (of which 7 will be permanent supportive housing) and one market-rate manager's unit and associated site improvements. The project site is located on an approximately 2.6-acre lot in the Nakase Planned Community located on the southeast corner of the intersection of Rancho Parkway and Bake Parkway.

## *4C. Environmental Constraints*

According to the City's 2040 General Plan Existing Conditions Report and General Plan Environmental Impact Report, there are multiple environmental hazards affecting residential development in the City. These hazards include geologic and seismic conditions, wildfire (which provide the greatest threat to the built environment), and human-induced hazards (including hazardous materials). The following hazards may impact development of residential units in Lake Forest. None of the sites identified in the land inventory (Appendix A) have environmental constraints that would preclude the assumed level of development.

### GEOLOGIC AND SEISMIC HAZARDS

Similar to other southern California cities, the City of Lake Forest is located in an area of high seismic activity. Although no active or potentially active faults traverse the City, Lake Forest is located in close proximity of multiple faults: the Newport-Inglewood-Rose Canyon Fault; the Palos Verdes Fault; the Whittier-Elsinore Fault; the Chino Fault; the San Andreas Fault; and the San Jacinto Fault. Surface rupture in Lake Forest is unlikely since no faults have been identified within the City boundaries. However, the City is likely to experience ground shaking, the degree to which would be based on the fault from which the earthquake occurs, its distance from the City, and the magnitude. Impacts of an earthquake include potential liquefaction, which occurs when the strength and stiffness of a soil is reduced by intense ground shaking. Structures particularly susceptible to earthquake damage include tilt-up structures, unreinforced masonry buildings, older buildings, and mobile homes.

The City is located along the southwestern flank of the Santa Ana Mountains and contains areas with steep slopes, particularly in the Foothill Ranch and Portola Hills area. Portions of Lake Forest are located within state-designated liquefaction and landslide zones. After the 1971 San Fernando earthquake, building codes and design criteria were updated to address seismic occurrences. The Lake Forest General Plan Public Safety Element contains Goals, Policies, and Actions that address geologic and seismic hazards within the City. Policies include requiring special site-specific studies in areas potentially subject to liquefaction and incorporating site specific seismic structural design as required by applicable building codes.

### WILDFIRE

Parts of Lake Forest are located within areas identified by CAL FIRE as Very High Fire Hazard Severity Zones, including the Whiting Ranch Wilderness Area, the open space north of Portola Parkway between Portola Hills and Foothill Ranch, and a small portion extending south to Portola Parkway northwest of the Foothill Ranch community.[4]

[4] "Very High Fire Hazard Severity Zones in LRA," *CAL FIRE* (October 2011).

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These areas are within local responsibility areas and under the service area of Orange County Fire Authority (OCFA). The Lake Forest General Plan Public Safety Element contains Goals, Policies, and Actions that address wildfires and emergency preparedness in the city. These include regulatory standards such as ensuring residential building codes comply with California Building and Fire Codes, mutual aid agreements and coordination with OCFA and CAL FIRE, and emergency operations and preparedness plans. Although these standards may constrain development to an extent, they are necessary to ensure public safety.

### HAZARDOUS MATERIALS RELEASE

The City of Lake Forest is susceptible to the danger of hazardous materials spills from highways, railways and industrial facilities that store, use, or dispose of hazardous materials. This danger is somewhat mitigated, however, by various State and Federal legislation regulating the use, storage, and transportation of hazardous materials and the strict enforcement of these regulations. Additionally, the San Onofre Nuclear Generating Station is approximately 25 miles south of Lake Forest. It was shut down in 2012 and permanently retired in 2013 after attempts to restart it failed. Although it is no longer operational, a large volume of nuclear waste is stored on site. Lake Forest is in the station's "ingestion pathway zone," that is, the area where radioactive material released from the plant could contaminate food or water and potentially be ingested.

## *4D. Infrastructure Constraints*

Another factor adding to the cost of new construction is the provision of adequate infrastructure: major and local streets; curbs, gutters, and sidewalks; water and sewer lines; storm drains; and street lighting. All these improvements may be required to be built or installed in conjunction with new development. In most cases, these improvements are dedicated to the City, which is then responsible for their maintenance. The initial construction cost of these facilities is borne by developers, added to the cost of new housing units, and eventually passed on to the homebuyer or property owner. As noted in the Resources chapter of this Housing Element, public infrastructure and services are available for all the sites included in the sites inventory, including the capacity to accommodate Lake Forest's total share of the regional housing need (RHNA).

Senate Bill 1087 (enacted 2006) requires that water providers develop written policies that grant priority to proposed development that includes housing affordable to lower income households. The legislation also prohibits water providers from denying or conditioning the approval of development that includes housing affordable to lower income households unless specific written findings are made. Senate Bill 1087 also mandates priority sewage collection and treatment service to housing developments providing units affordable to lower income households. The City will provide a copy of the Housing Element to its water and sewer providers in compliance with Government Code Section 65589.7 and SB 1087. As well, the Community Development Department will continue to coordinate with the water and sewer providers to ensure priority service provision to affordable housing developments.

### WATER CAPACITY

Water service in Lake Forest is provided by three separate, independent utility districts: Irvine Ranch Water District (IRWD), El Toro Water District (ETWD), and Trabuco Canyon Water District (TCWD). Most of the City (approximately 83%) receives its water from IRWD, one of the largest water districts in Orange County and a member agency of the Municipal Water District of Orange County (MWDOC), which is a wholesale importer and member agency of the Metropolitan Water District (MWD). A small portion of the City, the Portola Hills community, is located within TCWD service area boundary, yet is provided water by IRWD. IRWD receives its water supplies through a combination of groundwater from the Orange County Groundwater Basin, recycled water, and imported water supplies through MWDOC. The ETWD provides service to residents in the southeast corner of the City and relies completely on imported treated water from MWDOC to meet potable water demands.

Both the IRWD 2020 Urban Water Management Plan and ETWD 2020 Draft Urban Water Management Plan state they will be able to serve 100 percent of projected demands for the City of Lake Forest in normal, single-dry and multiple-dry years. Because of this, the projected purchases from IRWD and ETWD are assumed to make up differences between demand and other projected (groundwater and recycled water) supplies. Collectively, water

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supplies are projected to be sufficient to meet demands in all year types through the planning horizon (20 years).[5,3]

The City of Lake Forest General Plan Environmental Impact Report (EIR) analyzed potential impacts to water capacity as a result of implementation of the General Plan Land Use Plan. When the net impact to potable water demand generated as a result of implementation of the Land Use Plan is compared to the supply available to the two Districts, it can be seen that both Districts have ample water supply to account for buildout of the General Plan. The General Plan includes a range of policies designed to ensure an adequate water supply for development and to minimize the potential adverse effects of increased water use.

### SEWER CAPACITY

As with the water system, the City's sewer services are divided up by three utility districts, IRWD, ETWD, and TCWD. Among the three agencies, there are approximately 215 miles of sewer main within the borders of Lake Forest. As of 2008, the IRWD MWRP had a plant capacity of 18 million gallons per day (mgd) but it was recently expanded to a capacity of 28 mgd. As of 2014, the ETWD LAWRP had a plant capacity of 7.5 mgd but only approximately 3.43 mgd was being conveyed to the LAWRP for treatment. As discussed above, the only section of Lake Forest which TCWD provides wastewater services for is a portion of the Portola Hills community. The amount of flow capacity available to the Portola Hills Community is limited by the total capacity that TCWD owns in SMWD's wastewater collection system and the Chiquita Water Reclamation Plant. The District owns 0.558 mgd of capacity in SMWD's wastewater collection system and Chiquita Water Reclamation Plant. 0.428 mgd is reserved specifically for TCWD's El Toro Road Zone. Of the 0.428 mgd reserved for the El Toro Road Zone, 0.158 mgd is reserved for its Portola Hills customers.

As Lake Forest continues to develop in the future, there will be an increased need for water and wastewater services, including a reliable source of recycled water. These needs have been addressed in the three utility districts' master plans in coordination with the City. It will require that the Districts continue to implement phased improvements to some pump stations, sewer mains, and the various wastewater treatment plants when triggered by growth.

Based on implementation of the General Plan Land Use Plan with which this sites inventory is consistent, the projected flows for each District are not expected to exceed the treatment capacity available for the Districts. This assumes that the majority of the flow generated in the IRWD service area is conveyed to the LAWRP for treatment. There may be local infrastructure impacts for each of the focus areas as identified in the General Plan. Sub-Area master plans or development impact studies may be required by IRWD and ETWD for each of the focus areas to determine infrastructure impacts.

While full buildout of the development in the General Plan would slightly increase the existing treatment demand at the Districts' treatment plants, the General Plan includes a range of policies designed to ensure an adequate wastewater treatment capacity for development. The Districts must also periodically review and update their Master Plans. As growth continues to occur within the Planning Area and prior to the approval of new development, the Districts will identify necessary system upgrades and capacity enhancements to meet growth in coordination with the City.

### STORM WATER DRAINAGE

The City of Lake Forest spans three watershed areas with five natural creeks. A flood control system has been constructed to direct runoff away from developed areas and prevent flooding from rain. The Orange County Flood Control District (OCFCD) is responsible for regional flood control and maintains several facilities within the City. The City works closely with OCFCD to determine needs for flood control improvements and to identify improvements needed to accommodate proposed development projects. With these existing facilities and review procedures in place, the City's flood control system is not expected to limit development during the planning period.

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[5] "2020 Urban Water Management Plan: Irvine Ranch Water District," *Irvine Ranch Water District* (June 2021).

# 5. Housing Resources

This section of the Housing Element describes resources available for housing development. Resources include land designated for housing development and financial resources to assist with the development of housing.

## 5A. Regional Housing Needs Allocation (RHNA)

The City of Lake Forest falls under the jurisdiction of the Southern California Association of Governments (SCAG). SCAG is responsible for developing a Regional Housing Needs Plan (RHNP) allocating the region's share of the statewide housing needs to lower-level councils of governments, which then allocate the needs to cities and counties in the region. The Regional Housing Need Assessment (RHNA) is a minimum projection of additional housing units needed to accommodate projected household growth of all income levels by the end of the Housing Element's statutory planning period.

This RHNA covers an 8-year planning period (2021 through 2029) and is divided into four income categories: very low, low, moderate, and above moderate. Pursuant to AB 2634, local jurisdictions are also required to project the housing needs of extremely low-income households (0-30% Area Median Income (AMI)). In estimating the number of extremely low-income households, a jurisdiction can use 50% of the very low-income allocation; therefore, the City's very low income RHNA of 956 units can be split into 478 extremely low income and 478 very low-income units.

The largest component of Lake Forest's RHNA (36%) is for above-moderate income households, which is primarily addressed through the development of single-family homes (attached and detached). Multifamily projects like apartments and condominiums, especially smaller unit sizes, are affordable to lower income households. Housing for lower income households is not typically provided in the Orange County market without some level of subsidy or regulatory requirement, and thus the Housing Element will need to provide sites at sufficient densities, combined with programs to support affordability, to address the housing needs of lower income households.

*TABLE 50: RHNA 2021-2029*

| Income Group | Total Housing Units Allocated | Percentage of Units |
|---|---|---|
| Extremely/Very Low | 956 | 30% |
| Low | 543 | 17% |
| Moderate | 559 | 17% |
| Above Moderate | 1,178 | 36% |
| Total | 3,236 | 100% |

*Source: Southern California Association of Governments, 2021*

## 5B. Progress Towards the RHNA

Since the RHNA uses June 30, 2021 as the baseline for growth projections for the 2021-2029 planning period, jurisdictions may count housing units that have been developed, are under construction, and/or have received their building permits after June 30, 2020 toward their RHNA obligation. Since this date, 755 housing units have been developed, are under construction, or have received building permits in Lake Forest (Table 51).

Jurisdictions may also count projects that are approved/entitled but not yet built or under construction. 753 units in multiple income categories have been approved/entitled and are expected to be developed within the planning period. These credits towards meeting the City's RHNA obligation are specified in Table 51, and the affordability of each unit type/project is described in the following sections.

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TABLE 51: CREDITS TOWARDS THE RHNA

| Project | Extremely and Very Low income (0-50% AMI) | Low income (51-80% AMI) | Moderate income (81-120% AMI) | Above Moderate income (121%+ AMI) | Total |
|---|---|---|---|---|---|
| Units Constructed/Under Construction/Building Permits Issued since June 30, 2021 | | | | | |
| Teresina | 0 | 0 | 0 | 57 | 57 |
| Serrano Summit | 0 | 0 | 0 | 308 | 308 |
| Portola Center | 0 | 0 | 0 | 386 | 386 |
| Accessory Dwelling Units | 1 | 1 | 1 | 1 | 4 |
| *Subtotal* | *1* | *1* | *1* | *752* | *755* |
| Approved/Entitled Units Not Yet Under Construction | | | | | |
| The Meadows (Nakase) | 7 | 57 | 0 | 542 | 606 |
| Mountain View | 70 | 0 | 0 | 1 | 71 |
| Portola Senior Housing Project | 25 | 32 | 0 | 1 | 58 |
| Portola Center Second Units | 5 | 8 | 5 | 0 | 18 |
| *Subtotal* | *107* | *97* | *5* | *544* | *753* |
| Total | 108 | 98 | 6 | 1,296 | 1,508 |

*Source: City of Lake Forest, 2021.*

*Note: Units identified as affordable to extremely and very low- and low-income households will be deed restricted.*

## AFFORDABILITY OF UNITS CREDITED TOWARDS THE RHNA

Units credited towards the RHNA are distributed among the four affordability categories (extremely/very low, low, moderate, and above moderate) based on affordability restrictions (as is the case with affordable housing projects) or housing cost for those specific types of units, based on real home rental/sale rates and established affordability levels. For example, the market rate rents and sales prices for both single-family attached and single-family detached homes in Lake Forest are typically affordable to households earning above moderate incomes (120%+ AMI), and are allocated as such, as discussed in the Housing Affordability by Income Level discussion above. The City has approved several (4) ADUs since July 1, 2021 and has an additional three in the pipeline (discussed separately); based on information collected as part of the ADU application process and industry standards including SCAG's ADU affordability methodology (discussed later), the City has assumed one of the permitted ADUs is affordable to extremely low/very low income, one is affordable to low income, one is affordable to moderate income, and one is affordable to above moderate income.

According to data collected from Zillow.com and Craigslist.com in January 2021, the average rents reported for Lake Forest were $1,816 for studio units, $1,841 for 1-bedroom units, $2,225 for 2-bedroom units, $3,193 for three-bedroom units, and $4,933 for four or more bedroom units. Based on this data and the housing affordability thresholds shown in the Needs Assessment, low income (51-80% AMI) households (affordable monthly rent is at least $1,883) can afford a studio or 1-bedroom unit, while 2-bedroom units are generally affordable to moderate income (81-120%) households (affordable monthly rent is at least $2,241). Larger (3+ bedrooms) units are sometimes affordable to larger (4+ person) households but are generally affordable to above moderate income (120%+ AMI) households.

Actual unit affordability will vary greatly based on unit size, household size and other factors. Given the distribution of affordability by income level based on unit and family size as described above, the City has assumed that new multifamily housing generally develops at densities of at least 30 du/ac and will result in the availability of units at very low, low, and moderate incomes; and new single-family attached or detached units will be suitable for moderate and above moderate income households.

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Condominium units are considered entry-level homes and based on pricing are designated as affordable to moderate-income households. According to Zillow.com, in January 2021, the median price for condominiums sold in the City was $485,000, which is affordable to a four-person moderate-income household (for which the maximum affordable purchase price is $493,708).

## UNITS CONSTRUCTED OR UNDER CONSTRUCTION

According to City building permit records, as of June 30, 2021, 755 new units have been constructed, are under construction, or have building permits pulled in Lake Forest, of which 1 (an ADU) has been determined to be affordable to extremely low/very low income households, 1 (an ADU) has been determined to be affordable to low income households, 1 (an ADU) has been determined to be affordable to moderate income households, and the remaining 760 units are affordable to above-moderate income households. Completed/under construction/building permits issued units include the following projects:

### *Teresina (formerly "Pinnacle at Serrano Highlands")*

Teresina is a single-family detached residential subdivision of approximately 24.6 acres with residences ranging from 3,238-4,329 square feet, including 4-5 bedrooms, and priced from $1,305,000. Teresina includes 85 detached single-family residential units. As of June 30, 2021, 57 of the units have not completed construction.. These homes are affordable to above moderate-income households.

### *Serrano Summit*

Serrano Summit is a residential community composed of detached single-family residential and attached condominiums located adjacent to the City's Civic Center. Serrano Summit includes 537 residential units, a portion of which have already been developed. As of June 30, 2021, 308 of the units have not been completed construction. These units range in price from $700,000 to $1,200,000 and are affordable to above moderate-income households.

### *Portola Center*

Portola Center totals nearly 196 acres and includes single-family and multi-family residential units and commercial retail space, as well as other public and private recreational amenities. At completion, the 195-acre Portola Center site will include:

- 860 residences, including, single-family residences, multi-family residential units and affordable senior housing above commercial space.
- 10,000 square feet of commercial space.
- A 5-acre public park with playgrounds, picnic areas, and sports fields.
- New trails with exercise stations.
- Three private neighborhood parks totaling more than ten acres, including one with a recreation center and swimming pool.
- 44-plus acres of open space, including a 1.5-mile Perimeter Trail available to the public and adjacent private perimeter park with trail connections to Whiting Ranch Regional Park.

A portion of Portola Center has been developed. As of June 30, 2021, 386 of the units have not completed construction. These are all assumed to be affordable to above moderate-income households. An additional 58 units (the affordable senior housing project) are approved/entitled but not yet (2021) under construction and are addressed in the following section.

It should be noted that the Portola Center project also requires the development of 18 second units. The affordability level of these ADUs is assumed to be consistent with the findings of SCAG's ADU affordability study and the findings for Orange County.

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## UNITS APPROVED/ENTITLED

Based on City records, 753 units have been approved in Lake Forest that are not currently (2021) under construction but are expected to be completed during the planning period. Of these 753 units, 102 will be deed-restricted affordable to extremely low/ very low-income households, 89 will be deed-restricted to low-income households, and 544 are affordable to above-moderate income households. An additional 18 second units will be provided in Portola Center, and the expected affordability of these second units is based on SCAG's ADU affordability methodology for Orange County. Projects that are approved but not yet constructed include the following:

### *The Meadows (formerly "Nakase")*

The Meadows is a 126-acre subdivision located southeast of the Bake Parkway/Rancho Parkway intersection. The property was previously a plant nursery. The project includes 541 single-family residential units in five neighborhoods, a 65-unit senior affordable housing, and a potential elementary school site. The project includes over 20 acres of parks, open space, and habitat restoration area.

The City is currently finalizing an Affordable Housing Implementation Plan (AHIP) for the Meadows project. The project will include at least 64 deed-restricted affordable units, including 7 permanent supportive housing units (assumed to be affordable to extremely low/very low-income households) and 57 units affordable to low-income households. The remaining units (542) are expected to be affordable to above moderate-income households.

### *Mountain View*

The Mountain View affordable housing project is an approved 71-unit apartment complex to be built at 24551 Raymond Way, near the northeast corner of El Toro Road and Raymond Way. The project will be developed by National Core Renaissance, an affordable housing developer. The project will provide housing for very-low income and extremely low-income households. The project includes the demolition of an existing office building located at the site. Funding for the project requires that all units (except the manger's unit) be affordable to extremely very low/very low-income households. Of the 71 units, 70 will be deed-restricted affordable units for extremely very low/very low-income households and 1 unit (the manager's unit) will be affordable to above moderate- income households.

### *Portola Senior*

As previously described, the 195-acre Portola Center site will include a 58-unit affordable senior housing project. This project will accommodate extremely low/very low and low-income households and, based on discussions with the developer, the City has assumed that 25 of the units will be affordable to extremely low/very low-income households, 32 will be affordable to low-income households, and 1 (the manager's unit) will be affordable to above moderate-income households.

## REMAINING RHNA

As of September 2021, the City has already achieved approximately half of its overall RHNA obligation with housing units constructed, under construction, or approved/entitled (1,508 units). With these units taken into account, the City has met its allocation of above moderate-income units and has a remaining RHNA of 1,846 units (853 extremely low/ very low-income units, 453 low-income units, and 558 moderate income units).

*TABLE 52: REMAINING 6TH CYCLE RHNA*

| Status | Extremely Low/Very Low | Low | Moderate | Above Moderate | TOTAL |
|---|---|---|---|---|---|
| RHNA Allocation | 956 | 543 | 559 | 1,178 | 3,236 |
| Completed, Under Construction/Permits Issued (Since 6/30/2021) | 1 | 1 | 1 | 752 | 755 |
| Units Approved/Entitled | 107 | 97 | 5 | 544 | 753 |
| Remaining Allocation | 848 | 445 | 553 | 0 (with a surplus | 1,846* |

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| | | | | | |
|---|---|---|---|---|---|
| | | | | of 118 units) | |

*Source: City of Lake Forest, 2021, SCAG, 2021*

** The total remaining allocation is the remaining allocation of extremely low/very low, low, and moderate income units (848, 445, and 553, respectively). This results in a remaining allocation of 1,846 units. The surplus of above moderate-income units (118) cannot be deducted from the remaining allocation, which is based on the remaining allocation by income level.*

## *5C. Residential Sites Inventory*

Housing element law requires an inventory of land suitable for residential development (Government Code Section 65583(a)(3)). An important purpose of this inventory is to determine whether a jurisdiction has sufficient land allocated for the development of housing to meet the jurisdiction's share of the regional housing need, including housing to accommodate households of all income levels.

This section provides an analysis of the land available within the City for residential development. In addition to assessing the quantity of land available to accommodate the City's total housing needs, this section also considers the availability of sites to accommodate a variety of housing types suitable for households with a range of income levels and housing needs.

This Housing Element identifies underutilized sites that can accommodate residential uses (including 100% residential projects) within Lake Forest. It is noted that Lake Forest is essentially built-out with no remaining vacant land designed for residential development. As part of the City's recent comprehensive General Plan update (adopted in 2020), the City proactively planned for growth and identified key areas of the community (referred to as "focus areas") where mixed-use development is desirable. Moreover, the land use designations created and applied to these mixed-use areas allow for development of at least 30 du/ac, further supporting the City's goal of increasing its housing stock affordable to all income categories. This development density is uncommon in Lake Forest. It is the City's intent to promote the production of new housing units for all income levels, including for moderate-income households which have traditionally found it difficult to afford homeownership in Lake Forest.

A Citywide parcel database, aerial photos, and General Plan Geographic Information System (GIS) data were used to identify parcels for this update. In addition, numerous field visits were conducted and outreach with property owners was completed as part of the General Plan Update. Parcel acreages by land use designation referenced herein are based on Orange County Tax Assessor and GIS data.

### MIXED-USE SITES

The City adopted a comprehensive update to its General Plan in June 2020. As part of this effort, the City engaged the community in a robust discussion regarding the potential for mixed-use development of key opportunities sites throughout the City. The intent of this process was to strategically identify areas of the City most likely to redevelop over time and to provide appropriate intensity and density standards to facilitate successful redevelopment. As a result, the City's land use plan includes new mixed-use land use designations applied to property along the City's major transportation corridors and around its activity centers. The mixed-use designations accommodate dynamic, vibrant, mixed-use and residential development close to jobs, goods and services. These new mixed-use designated sites are fundamental to the City's commitment to accommodate new residential development for all income levels. Through the General Plan update process, over 380 acres of land was designated for mixed use development at densities up to 32 du/ac or up to 43 du/ac (depending on the location) and an additional 95 acres was designated for mixed-use development at a density of up to 25 du/ac. In summary, the General Plan identified a capacity for at least 10,500 housing units in areas allowing for at least 30 du/ac (in areas designated for MU-32, MU-43, or UI-43), and another 792 units in mixed-use areas allowing for up to 25 du/ac (in areas designated for UI-25).

To harness the energy of the General Plan update and implement the new land use plan, the City immediately initiated an update to its Zoning Code to create new mixed-use zoning districts. The City conducted community surveys and other outreach and engaged a consultant team to create new zoning districts, regulations and

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development standards for City Council review and adoption by early 2022.

Goal LU-5 (in the City's Land Use Element) addresses focus areas for economic stability and growth, and envisions Lake Forest as "a community featuring mixed-use activity centers located along the City's major roadways and transportation facilities which allow for the co-location and harmonious development of housing, shopping, jobs, and public uses." The Land Use Element includes policies that promote the revitalization of these key focus areas. Additionally, the Land Use Element includes policies promoting densities and intensities sufficiently high to encourage redevelopment of underutilized sites, and an expanded range of housing types and densities to meet the diverse demographic, economic, and social needs of the community. In this context, all sites identified for mixed-use development in the City's General Plan are suitable for redevelopment, but only those sites best suited for redevelopment during the planning period have been identified and included in the City's sites inventory. In identifying those sites most suitable for redevelopment, the City considered the following factors:

- Site size and ownership patterns
- Developer interest in the property
- Redevelopment plans shared by the property owner
- Existing/past uses on the site
- Improvement to land value ratio
- Impacts of the COVID-19 pandemic on commercial real estate
- Site utilization/lot coverage/FAR
- Access to infrastructure, goods, services, and transportation facilities
- Site access and configuration
- Whether the site has similar characteristics to recent redevelopment projects in the region

Based on the factors listed, the City identified 78 parcels totaling approximately 162 acres as the most suitable and likely for redevelopment during the planning period, 60 of which (totaling 127 acres) are designated for development allowing at least 30 du/ac and identified to meet a portion of the City's lower-income RHNA allocation. Although each of these sites are developed with office, industrial, and/or retail uses, the sites typically are underutilized and are suitable for infill development or redevelopment (potentially without needing to demolish existing improvements), have structures at or near the end of their useful life, and/or existing intensity of development substantially lower than allowed by the City's 2040 General Plan. Furthermore, the current COVID-19 pandemic has seriously impacted the viability of many retail, service, and restaurant businesses. In recent years, many non-residential sites in the region have been redeveloped with mixed-use or residential-only projects. Appendix A identifies the sites included in the City's inventory along with existing land use information.

To date (September 2021), no projects have been developed on sites designated (2020) for mixed-use in the 2040 General Plan. In order to determine a conservative development estimate for the mixed-use designated areas, the City assumed that these sites will only develop at 50% of their development potential. This conservative estimate considers the following capacity factors, as identified in housing element statue (Gov. Code section 65583.2(c)(2)): land use controls, site improvements, realistic capacity of the site, and typical densities. Of the five factors only land use controls and site improvements, realistic capacity of the site, and typical densities are relevant when considering the capacity of sites in Lake Forest, Infrastructure constraints and environmental constraints are not applicable.

### HOUSING AFFORDABLE TO LOWER-INCOME HOUSEHOLDS

The California Government Code states that if a local government has adopted density standards consistent with the population-based criteria set by State law (at least 30 units per acre for Lake Forest), HCD is obligated to accept sites with those density standards (30 units per acre or higher) as appropriate for accommodating the jurisdictions share of regional housing need for lower-income households. Per Government Code Section 65583.2(c)(3)(B), the City's Mixed Use 32, Mixed Use 43, and Urban Industrial 43 designations are consistent with the default density

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standard (30 units per acre) for metropolitan jurisdictions such as Lake Forest and therefore considered appropriate to accommodate housing for lower-income households. Therefore, based on State law, sites that allow development densities of at least 30 units per acre are credited toward fulfilling a portion of the City's lower-income RHNA allocation. It should be noted that, the City has also assumed that a percentage of the units at these sites will be affordable to moderate income households.

## CAPACITY TO ACCOMMODATE UNMET RHNA ALLOCATION

The City of Lake Forest's 6th Cycle residential capacity falls into three categories:

1) Accessory dwelling units
2) Underutilized residential sites, and
3) Underutilized sites in mixed-use areas.

As described throughout this section, the City has sufficient land appropriately designated in the General Plan for residential uses throughout the community to accommodate its RHNA allocation for the 2021-2029 planning period and the City is currently undertaking a Zoning Code Update to implement the land use designations included in the General Plan. Moreover, Lake Forest has a proven track record of supporting development of affordable housing, working with affordable housing developers, promoting home types that are affordable to lower-income households, including multifamily projects and mixed-use developments, and addressing needs of the community's vulnerable populations, including seniors. Sites designated to accommodate the City's RHNA allocation for the 2021-2029 planning period are illustrated on Figure 2, *Housing Sites Inventory*, and detailed in Appendix A.

### *Accessory Dwelling Units*

In January 2020, new State legislation pertaining to Accessory Dwelling Units (ADUs) went into effect. The legislation amended Government Code Sections 65852.2 and 65852.22. The City subsequently updated its zoning ordinance for consistency with State law.

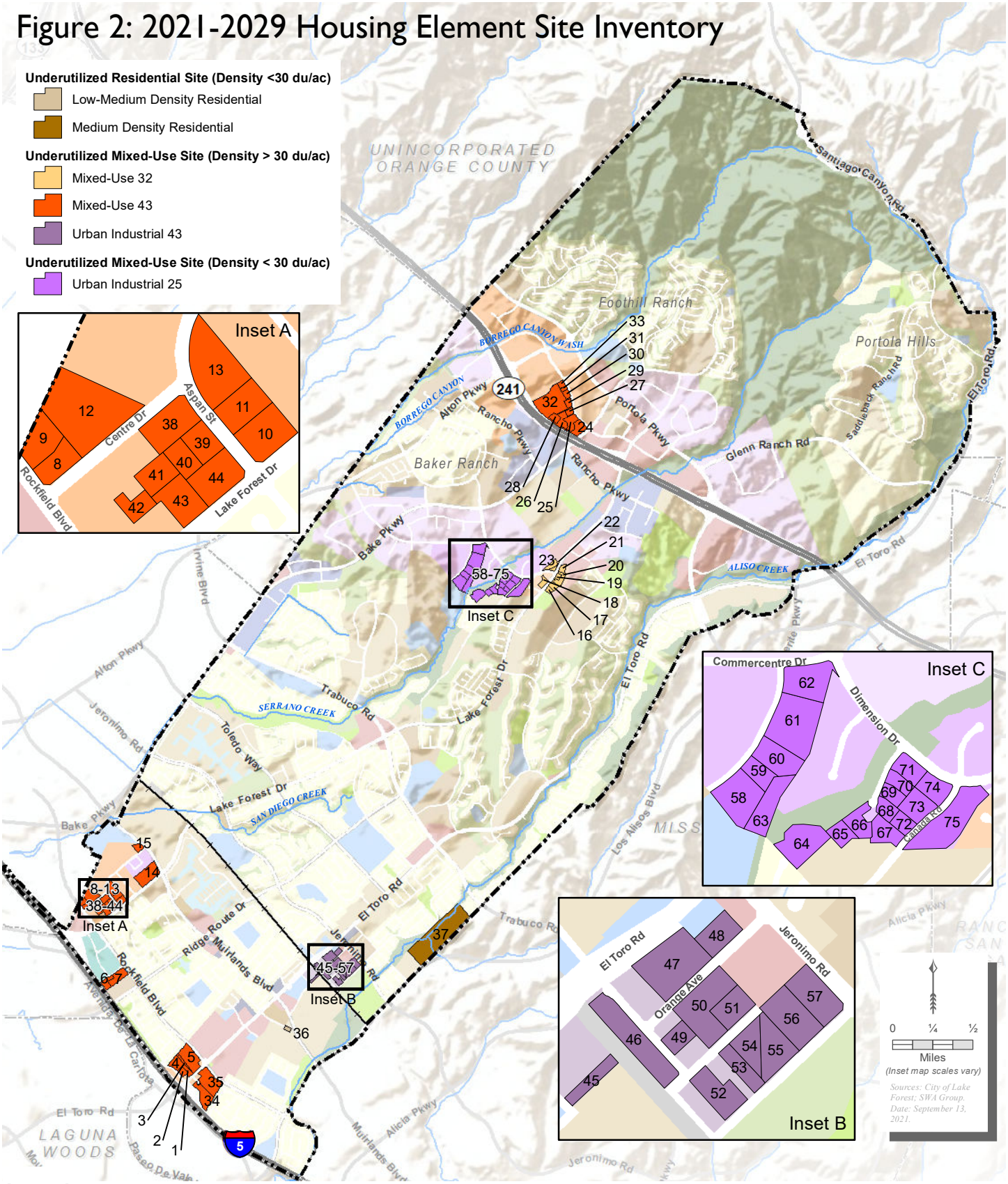
The City approved two ADUs in 2018, three ADUs in 2019, and seven ADUs in 2020. The City has taken significant proactive steps to advertise the opportunity for residents to construct ADUs, including information on the City's website, hosting presentations to the Planning Commission and City Council, and answering questions from the public in-person at City Hall and over the telephone.

Lake Forest made a conservative estimate of the number of ADUs that will meet a portion of the City's RHNA obligation. The City used the average annual number of ADUs constructed over the past three years multiplied by 8 (the number of years in the planning period), to estimate the number ADUs (at a minimum) to be constructed during the planning period.

The average annual number of ADUs developed from 2018-2020 was 4, multiplied by 8, yields the estimate of 32 ADUs to be constructed between 2021 and 2029. This is a conservative assumption and production will likely outpace this target during the planning period. Additionally, the affordability level of these ADUs is assumed to be consistent with the findings of SCAG's ADU affordability study and the findings for Orange County.

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# Figure 2: 2021-2029 Housing Element Site Inventory



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### *Underutilized Residential Sites*

The City has identified two properties currently designated for residential development as suitable for accommodating a portion of the City's moderate and above moderate-income RHNA allocation.

These vacant properties, identified in Table 53, have the potential to yield 382 units. None of these units are assumed to be affordable to lower income households.

*TABLE 53: SUMMARY OF RESIDENTIAL DEVELOPMENT POTENTIAL ON GENERAL VACANT SITES*

| General Plan | Zoning | Max Density | Acres | Realistic Capacity (units)* | Affordability |
|---|---|---|---|---|---|
| Low-Medium Density Residential | R2 Multifamily Dwellings | 15 du/ac | 0.63 | 8 | Above Mod |
| Medium Density Residential | R2 Multifamily Dwellings | 25 du/ac | 33.92 | 374** | Moderate/ Above Mod |
| Total | | | 448.8 | 382 | |

*Notes:*

** Unit count is based on 80 percent of the maximum site density. This estimate is based on existing patterns of development in residential areas.*

*** The City has identified Saddleback Apartments as an opportunity site for redevelopment. Saddleback Apartments is currently developed with 304 multifamily units (approximately 9 du/ac), which is significantly less than the maximum allowable density of 25 du/ac. To determine the development potential of this site, the City assumed that redevelopment would occur at 80% of the maximum density (678 units) and subtracted the number of existing units (304) to arrive at a potential additional yield of 374 units. Half of the potential additional units (187) are assumed to be affordable to moderate-income households and half to above moderate-income households.*

### *Underutilized Sites in Mixed-Use Areas*

As described in the City's Land Use Element, new residential growth is anticipated to occur in mixed-use focus areas located throughout the City. Although the General Plan identifies opportunities for development of up to 11,500 units in all of its mixed-use areas, for the purpose of this Housing Element and identifying the remaining units needed to meet the City's assigned housing need, only highly desirable and suitable mixed-use parcels larger than 0.50 acres are included in this portion of the sites inventory. Of the 56 underutilized parcels identified in mixed-use areas which are planned to accommodate a portion of the City's lower income RHNA, only one site (in the Foothill Ranch Towne Center) is larger than 10 acres. However, the City chose to include this site in its inventory due to the changing nature of the movie business and the potential for this large parcel to develop residential units on a portion of its existing surface parking area. The development potential at this site is 342 units. If the site were excluded from the inventory, the City would still have sufficient capacity to accommodate its RHNA allocation at all income levels.

Only 50% of the development potential at mixed-use sites has been allocated to accommodate the City's RHNA allocation, to account for potential mixed-use and non-residential development on portions of the sites. For example, a vacant two-acre parcel designated as Mixed-Use 32, which allows a density of 30 or more du/ac, is assumed a yield of 32 units for purposes of meeting the RHNA allocation. By building in this generous buffer, the City may accommodate development at levels higher than those identified in the sites inventory while ensuring sufficient site availability for units affordable to lower-income households for the duration of the planning period.

Table 54 summarizes the City's inventory of underutilized sites in mixed-use areas. Available sites are shown in Figure 19 and are described in detail in Appendix A.

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| General Plan | Zoning* | Max Density | Acres | Realistic Capacity (units)** | Affordability Level |
|---|---|---|---|---|---|
| Mixed-Use 32 | MU-32 | 32 du/ac | 10 | 161 | Ex Low/Very Low, Low, Mod |
| Mixed-Use 43 | MU-43 | 43 du/ac | 97 | 2,039 | Ex Low/Very Low, Low, Mod |
| Urban Industrial 25 | UI-25 | 25 du/ac | 35 | 426 | Mod, Above Mod |
| Urban Industrial 43 | UI-43 | 43 du/ac | 16 | 339 | Ex Low/Very Low, Low, Mod |
| Total | | | 159 | 2,965 | |

*TABLE 54: SUMMARY OF RESIDENTIAL DEVELOPMENT POTENTIAL ON UNDERUTILIZED MIXED-USE SITES*

*Notes:*

** The City adopted its comprehensive General Plan Update in June 2020 and immediately began work on an update to its Zoning Code to create new zoning districts to implement the City's new mixed-use land use designations. The new zoning districts are expected to be adopted by early 2022.*

*** Only 50% of the total potential yield at mixed-use sites has been identified to accommodate the City's RHNA to account for the potential for mixed-use and non-residential development on a portion of the sites. Projects can be 100% residential.*

As part of the City's General Plan Update, over 383 acres were designated for mixed-use development allowing for densities of at least 30 du/ac. This Housing Element only relies on 123 acres of the 383 acres designated for such development, or just over 32%. In addition, given that the City has assumed only a 50% yield at mixed-use sites (regardless of density), the City has developed extremely conservative estimates regarding future development potential. It is entirely possible that new development will exceed capacities identified in the Housing Element and more closely reflect the development potential identified and analyzed as part of the City's comprehensive General Plan update.

The City has a successful history of redevelopment of underutilized/developed sites. Successful projects include:

- Foothill Ranch Auto Center: The Foothill Ranch Auto Center, which was previously designated for commercial development, was rezoned and redeveloped as a mixture of single-family and multifamily residential uses.
- Mountain View: The Mountain View affordable project includes demolition of an underutilized office building to allow for development of 71 units (70 affordable units).
- The Meadows (formerly "Nakase"): The Meadows property (approximately 122 acres) was previously a wholesale plant nursery. It is currently (2021) entitled for development of up to 606 units and will include deed-restricted affordable units.
- Parkside: Toll Brothers redeveloped an underutilized 30-acre industrial site, (located northwest of the Rancho Parkway/Portola Parkway intersection) previously used as a sand and gravel mine, with 195 single-family dwellings.
- Encanto: The Encanto project consists of 52 single-family residential units on 5.75 acres that was formerly designated Light Industrial by the General Plan and changed to Low-Medium Density Residential. The site was previously undeveloped but was home to temporary uses.
- Opportunity Study Area (OSA): The vast majority of residential development experienced by the City over the last 15 years is a direct result of redevelopment of underutilized sites included in the City's Opportunities Study Area (OSA). Following City Council approval of a General Plan Amendment, Zone Change, and

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Development Agreements, which paved the way for redevelopment of 838 acres of land previously zoned for business and industrial uses (on 5 large properties), the development community moved forward with preparing and submitting project applications within 3 months.

Regionally, Lake Forest's neighbors (including Laguna Woods, Mission Viejo, Irvine, and others) are experiencing similar patterns of redevelopment of underutilized sites at densities and intensities not previously seen in the South County area. Development in these cities demonstrates the viability of redevelopment of underutilized sites in the region consistent with the City's assumptions regarding development interest and viability. Recently, in the City of Mission Viejo, a Home Depot center was redeveloped into housing, new residential development was added next to Trader Joe's in Laguna Hills, and the Laguna Hills Mall is adding significant new housing as part of a redevelopment of the underutilized commercial property.

## ENVIRONMENTAL CONSTRAINTS

The sites inventory analysis reflects land use designations and densities established in the recently (2020) adopted Land Use Element. Thus, any environmental constraints that would lower the potential yield (e.g., fire hazards) have already been accounted for. Any additional constraints that would occur on a more detailed site review basis would be addressed as part of the individual project review process.

The City's capacity to meet its RHNA allocation is not constrained by environmental conditions.

## ADEQUACY OF SITES FOR RHNA

As described in the previous section, the City was allocated 3,236 housing units by the SCAG Regional Housing Needs Assessment (RHNA) for 2021 through 2029. The City's progress to date includes 755 units that have been constructed, are under construction, or have received building permits since June 30, 2021. The City also has an additional 753 units that have been approved/entitled. The City has 1,846 units remaining to be accommodated.

As shown in Table 55, the City has adequate sites to accommodate the RHNA for all income levels. For lower income units (extremely low income, very low income, and low income), the City has a remaining allocation of 1,306 units and can accommodate 1,779 units on sites that allow densities of at least 30 units per acre, consistent with the assumptions for lower income sites established by Government Code Section 65583.2(c)(3)(B)(iii). This is further supported by the City's history of successful redevelopment of underutilized sites, including the development of affordable projects. The City also has a surplus of sites for moderate and above moderate-income units.

TABLE 55: COMPARISON OF PLINTS AND DRAFT SITES REALISTIC CAPACITY AND RHNA

| Candidate Sites | Extremely and Very Low income (0-50% AMI) | Low income (51-80% AMI) | Moderate income (81-120% AMI) | Above Moderate income (121%+ AMI) | Total |
|---|---|---|---|---|---|
| Remaining 6th Cycle RHNA | 848 | 445 | 553 | 0 (with a surplus of 118 units) | 1,846 |
| ADUs | 8 | 14 | 9 | 1 | 32 |
| Underutilized Residential Sites* | 0 | 0 | 187 | 195 | 382 |
| Underutilized Sites in Mixed-Use Areas* | 1,167 | 608 | 979 | 218 | 2,965 |
| Total | + 327 (surplus) | + 177 (surplus) | + 622 (surplus) | + 532 (surplus) | + 1,658 (surplus) |

*Notes:*

**The realistic capacity analysis of underutilized residential land assumes that only 80% of the potential capacity would be realized. The realistic capacity analysis of underutilized sites in mixed-use areas assumes that only 50% of the potential capacity of development at 30 du/ac would be realized. If the sites develop closer to their maximum capacity, which has been realized as part of past projects, the City's surplus of units affordable to lower-income households would be significantly higher.*

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## *5D. Housing, Financial, and Administrative Resources*

### STATE AND FEDERAL RESOURCES

Community Development Block Grant Program (CDBG)

Federal funding for housing programs is available through the Department of Housing and Urban Development (HUD). The City's use of federal funds is described in the 2020-2024 Consolidated Plan. As an Entitlement City, Lake Forest participates in the Community Development Block Grant (CDBG) program. CDBG funds are used by the City to fund its Housing Rehabilitation Loan Program (see Program 11). The City does not currently participate in other HUD programs such as HOME, Emergency Shelter Grant (ESG) or Housing Opportunities for Persons with AIDS (HOPWA).

HOME Investment Partnership

Funds are granted by a formula basis from HUD to increase the supply of decent, safe, sanitary, and affordable housing to lower income households. Eligible activities include new construction, acquisition, rental assistance and rehabilitation. The City participates in the Orange County-administered HOME Program, which administers HOME funds to projects in participating jurisdictions. County-administered HOME funds for first time homebuyer assistance are made available to residents or employees of the local jurisdictions participating in the HOME program. New development projects are typically allocated funding on a competitive basis.

Housing Choice Voucher Program Rental Assistance (Formerly "Section 8")

The City of Lake Forest works cooperatively with the Orange County Housing Authority, which administers the Housing Choice Voucher Program. The program assists very-low-income, elderly and disabled households by paying the difference between 30% of an eligible household's income and the actual cost of renting a unit. The City facilitates use of the voucher program within its jurisdiction by encouraging apartment owners to list available rental units with the County Housing Authority for potential occupancy by tenants receiving vouchers.

*Project Based Housing Voucher* program is a component of the former Section 8 Housing Choice Voucher program funded through HUD. The program's objective is to induce property owners to make standard housing available to low-income families at rents within the program limits. In return, the Housing Authority or HUD enters into a contract with the owner that guarantees a certain level of rents.

*Section 811/202 Program (Supportive Housing for Persons with Disabilities/Elderly)* – Non- profit and consumer cooperatives can receive no interest capital advances from HUD under the Section 202 program for the construction of very-low income rental housing for seniors and persons with disabilities. These funds can be used in conjunction with Section 811, which can be used to develop group homes, independent living facilities and immediate care facilities. Eligible activities include acquisition, rehabilitation, new construction and rental assistance.

California Housing Finance Agency (CalHFA) Multifamily Programs

Provides permanent financing for the acquisition, rehabilitation, and preservation or new construction of rental housing that includes affordable rents for Low and Moderate income families and individuals. One of the programs is the Preservation Acquisition Finance Program that is designed to facilitate the acquisition of at-risk affordable housing developments and provide lowcost funding to preserve affordability.

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CalHOME Program

Provides grants to local public agencies and non-profit developers to assist households in becoming homeowners. CalHome funds may be used for predevelopment, development, acquisition, and rehabilitation costs as well as downpayment assistance. While CalHOME funding has been limited to disaster assistance in recent years, this would be an appropriate program for the City to pursue to begin to develop a local portfolio of housing assistance programs and funds.

California Housing Finance Agency (CHFA)

Offers permanent financing for acquisition and rehabilitation to for-profit, non-profit, and public agency developers seeking to preserve "at-risk" housing units. In addition, CHFA offers low interest predevelopment loans to nonprofit sponsors through its acquisition/rehabilitation program.

Emergency Housing and Assistance Program (EHAP)

Provides funds to local government agencies and non-profit corporations for capital development activities and facility operation for emergency shelters, transitional housing and safe havens that provide shelter and supportive services for homeless individuals and families. No current funding is offered for this program.

Federal Home Loan Bank System

Facilitates Affordable Housing Programs (AHP), which subsidize the interest rates for affordable housing. The San Francisco Federal Home Loan Bank District provides local service within California. Interest rate subsidies under the AHP can be used to finance the purchase, construction, and/or rehabilitation of rental housing. very low-income households must occupy at least 20% of the units for the useful life of the housing or the mortgage term.

Housing for a Healthy California (HHC)

Provides funding on a competitive basis to deliver supportive housing opportunities to developers using the federal National Housing Trust Funds (NHTF) allocations for operating reserve grants and capital loans. The Department will also utilize from a portion of moneys collected in calendar year 2018 and deposited into the Building Homes and Jobs Trust Fund to provide funding through grants to counties for capital and operating assistance. Funds will be announced through a Notice of Funding Availability.

Infill Infrastructure Grant Program (IIG)

Funds infrastructure improvements to facilitate new housing development with an affordable component in residential or mixed-use infill projects and infill areas.

Low-Income Housing Tax Credit Program

The Low-Income Housing Tax Credit Program was created by the Tax Reform Act of 1986 to provide an alternate method of funding low-and moderate-income housing. Each state receives a tax credit, based upon population, toward funding housing that meets program guidelines. The tax credits are then used to leverage private capital into new construction or acquisition and rehabilitation of affordable housing. Limitations on projects funded under the Tax Credit programs include minimum requirements that a certain percentage of units remain rent-restricted, based upon median income, for a term of 15 years.

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Low-income Housing Preservation and Residential Home Ownership Act (LIHPRHA)

Requires that all eligible HUD Section 236 and Section 221(d) projects "at-risk" of conversion to market-rate rental housing through the mortgage prepayment option be subject to LIHPRHA Incentives. The incentives to owners include HUD subsidies which guarantee owners an 8% annual return on equity. Owners must file a Plan of Action to obtain incentives or offer the project for sale to a) non-profit organizations, b) tenants, or c) public bodies for a 12 month period followed by an additional three-month sale to other purchasers. Only then are owners eligible to prepay the subsidized mortgages.

National Housing Trust Fund

A permanent federal program with dedicated sources of funding not subject to the annual appropriations. The funds can be used to increase and preserve the supply of affordable housing, with an emphasis on rental housing for extremely low income households. California is receiving approximately $10.1 Million for the program in 2019. Funds will be made available through a competitive process and will be announced through a Notice of Funding Availability.

SB 2 Planning Grants Program

Provides one-time funding and technical assistance to all eligible local governments in California to adopt and implement plans and process improvements that streamline housing approvals and accelerate housing production. Eligible activities include updating a variety of planning documents and processes such as general plans and zoning ordinances, conducting environmental analyses, and process improvements that expedite local planning and permitting. The planning grants program is funded through the Building Homes and Jobs Act Trust Fund (SB 2, Chapter 364, Statutes of 2017). The City applied for funds through this program and was approved for funding of various programs.

California Community Reinvestment Corporation (CCRC)

A multifamily affordable housing lender whose mission is to increase the availability of affordable housing for Low-income families, seniors and residents with special needs by facilitating private capital flow from its investors for debt and equity to developers of affordable housing. Eligible activities include new construction, rehabilitation and acquisition of properties.

Southern California Housing Finance Agency (SCHFA) Mortgage Financing for First-Time Homebuyers

The SCHFA raises funds for mortgage financing through the sale of tax-exempt revenue bonds. The City cooperates with lenders and the County in advertising the availability of the SCHFA program.

Supplement Security Income (SSI)

A federal welfare program for persons 65 and over and for blind or disabled persons of any age. "Disabled" means that you have a physical or mental disability that is expected to keep you from working for 12 months or longer, or will result in death. Medicare is a federal health insurance program for people who are 65 and over, for some younger people with permanent disabilities, and for people with end-stage kidney disease. SSI may provide total monthly income or it may supplement a low income. In addition to cash payments, SSI recipients are automatically covered by Medi-Cal, the state health insurance plan.

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### ADMINISTRATIVE RESOURCES

Agencies with administrative capacity to implement programs contained in the Housing Element include the City of Lake Forest and local and regional nonprofit private developers. The City of Lake Forest Community Development Department takes the lead in implementing Housing Element programs and policies. The City also works closely with non-profit developers to expand affordable housing opportunities in Lake Forest.

### COMMUNITY DEVELOPMENT DEPARTMENT

The Community Development Department consists of four divisions: Planning, Housing, Building and Safety, and Code Enforcement. The Department coordinates development activity within the City to ensure planned orderly growth. The Planning Division administers the General Plan and Zoning Code, the California Environmental Quality Act (CEQA) and other environmental regulations, and provides primary staff assistance to the Planning Commission. The Housing Division manages the City's Community Development Block Grant.

### NON-PROFIT DEVELOPERS

The City collaborates with a number of affordable housing developers and service providers to accommodate the housing needs of Lake Forest residents. The following are housing developers and service providers active in the region; several are included in the State's list of entities with the legal and managerial capacity to acquire and manage at-risk projects.

- C&C Development
- The Waterford Group
- Community Housing Works
- National Community Renaissance (National CORE)

## *5E. Energy Conservation Opportunities*

State of California Energy Efficiency Standards for Residential and Nonresidential Buildings were established in 1978 in response to a legislative mandate to reduce California's energy consumption. The standards are codified in Title 24 of the California Code of Regulations and are updated periodically to allow consideration and possible incorporation of new energy efficiency technologies and methods. California's building efficiency standards (along with those for energy efficient appliances) have saved nearly $80 billion in electricity and natural gas costs since 1978.5F

Title 24 sets forth mandatory energy standards and requires the adoption of an "energy budget" for all new residential buildings and additions to residential buildings. Separate requirements are adopted for "low-rise" residential construction (i.e., no more than 3 stories) and non-residential buildings, which includes hotels, motels, and multi-family residential buildings with four or more habitable stories. The standards specify energy saving design for lighting, walls, ceilings and floor installations, as well as heating and cooling equipment and systems, gas cooling devices, conservation standards and the use of non-depleting energy sources, such as solar energy or wind power. The home building industry must comply with these standards while localities are responsible for enforcing the energy conservation regulations through the plan check and building inspection processes.

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Examples of techniques for reducing residential energy use include the following:

- Glazing – Glazing on south facing exterior walls allows for winter sunrays to warm the structure. Reducing glazing and regulating sunlight penetration on the west side of the unit prevents afternoon sunrays from overheating the unit.
- Landscaping – Strategically placed vegetation reduces the amount of direct sunlight on the windows. The incorporation of deciduous trees in the landscaping plans along the southern exposure of units reduces summer sunrays, while allowing penetration of winter sunrays to warm the units.
- Building Design – The implementation of roof overhangs above southerly facing windows shield the structure from solar rays during the summer months.
- Cooling/Heating Systems – The use of attic ventilation systems reduces attic temperatures during the summer months. Solar heating systems for swimming pool facilities saves on energy costs. Natural gas is conserved with the use of flow restrictors on all hot water faucets and showerheads.
- Weatherizing Techniques – Weatherization techniques such as insulation, caulking, and weather stripping can reduce energy use for air-conditioning up to 55% and for heating as much as 40%. Weatherization measures seal a dwelling unit to guard against heat gain in the summer and prevent heat loss in the winter.
- Efficient Use of Appliances – Appliances can be used in ways that increase their energy efficiency. Unnecessary appliances can be eliminated. Proper maintenance and use of stove, oven, clothes dryer, washer, dishwasher, and refrigerator can also reduce energy consumption. New appliance purchases can be made on the basis of efficiency ratings.
- In addition to the requirements of Title 24, the City encourages energy conservation through its land use planning policies. Lake Forest contains a mix of housing, employment, commercial, recreation, educational and other community facilities. Lake Forest is located within a jobs-rich portion of south Orange County giving the residents of the City access to a variety of jobs within a short driving distance. Other opportunities for energy efficiency include the following:
- Voluntary Green Building program for residential remodels
- Implementation of Citywide design guidelines
- Energy efficient improvements, including window replacement, are eligible for rehabilitation loan program
- The City's existing network of on- and off-road bicycle trails link residential areas to employment centers within Lake Forest and surrounding cities.

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# 6. Affirmatively Furthering Fair Housing

All Housing Elements due on or after January 1, 2021 must contain an Assessment of Fair Housing (AFH) consistent with the core elements of the analysis required by the federal Affirmatively Further Fair Housing Final Rule of July 16, 2015. Under State law, affirmatively further fair housing means "taking meaningful actions, in addition to combatting discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics". These characteristics can include, but are not limited to, race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability.

The AFFH analysis must contain the following:

- A: Outreach
- B: Assessment of Fair Housing
    - Key Data and Background Information
    - Fair Housing Enforcement and Outreach Capacity
    - Integration and Segregation Patterns and Trends
    - Racially or Ethnically Concentrated Areas of Poverty
    - Disparities in Access to Opportunity
    - Disproportionate Housing Needs in the Jurisdiction
    - Displacement Risk
- C: Sites Inventory
- D: Identification of Contributing Factors
- E. Goals and Actions

While this section provides a focused analysis of fair housing issues in Lake Forest, several other sections of the Housing Element address the issue and are included in this section by reference.

## 6A. Outreach

Appendix B of the Housing Element details the public participation that was undertaken as part of the Housing Element preparation process. The City of Lake Forest has made an effort to involve the public in the update of its Housing Element and has solicited input from the public throughout the year-long Housing Element process. The City provided ongoing notification to local housing service providers that represent lower income and special needs populations, such as The Kennedy Commission, Welcoming Neighbors Home, and the Fair Housing Council of Orange County and conducted interviews with each. Appendix B to the Housing Element provides a summary of the key comments received during the Housing Element update process, and how they have been considered and addressed in the Element. The City implemented the following public outreach program.

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## PROJECT WEBSITE

A dedicated project website (https://lakeforest.generalplan.org/) serves as the main conduit of information for individuals who can access material online. The project website launched in January 2018 (first associated with the City's comprehensive General Plan Update) and is regularly updated to reflect ongoing community input opportunities, advertise draft work products, and answer commonly asked questions.

Since the launch of the Housing Element Update in September 2020, the project website received over 1,200 views from 950 unique visitors resulting in a total of 2,700 pageviews. The peak of activity happened coincident with the online surveys in December 2020.

## VIRTUAL WORKSHOP

As part of the community outreach, a virtual community workshop was conducted to educate the community about housing issues and opportunities facing Lake Forest, and to gather input on housing-related topics. The virtual workshop was hosted on the project website throughout the month of December 2020. The extended timeframe was intended to allow community members and stakeholders to participate at their leisure and in accordance with their schedule and availability. The Virtual Community Workshop consisted of three parts:

- Part A: Overview video describing Housing Elements and why they are important
- Part B: PowerPoint presentation describing existing conditions in Lake Forest and the City's Housing Element Update process
- Part C: Housing Element Survey (described below)

## HOUSING ELEMENT SURVEY

The City hosted two online Housing Element surveys which were available from November 23, 2020 through December 22, 2020. The surveys asked for input on the community's housing priorities and strategies to address Lake Forest's future housing growth needs. A total of 62 individuals responded to the first survey, which focused on issues of home maintenance, affordability, home type, and living conditions. A total of 49 individuals responded to the second survey, which focused on community priorities related to housing. A summary of the key survey results is provided in the Housing Element Introduction section, with the complete results included in Appendix B.

## STAKEHOLDER INTERVIEWS

The City invited key community stakeholders to meet with Staff to discuss housing issues in Lake Forest. The City met with the Kennedy Commission, Welcoming Neighbors Home, and the Fair Housing Council of Orange County. The Fair Housing Council of Orange County provided specific input regarding fair housing issues facing Lake Forest residents, such as access to information and the process for training/educating landlords and tenants, and well as issues facing the region.

## COMMUNITY OPEN HOUSE

The City is scheduled to host a community open house on the Public Draft Housing Element in early October 2021. At this open house, the City will present the Public Draft Housing Element and solicit feedback on the Element that will be considered and reflected in the final document. The City will specifically present information related to fair housing and describe the goals, policies, and programs that the City has added to the Housing Element to address this topic.

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### ADVERTISEMENTS

The City of Lake Forest maintains various social media accounts including Facebook, Nextdoor, and Instagram. Starting in September 2020, and continuing throughout the project, the City posted updates to its social media platforms advertising opportunities to provide input and alerting the public to upcoming meetings and workshops.

### EMAILS

The project team complied a database of community members and stakeholders who registered to be notified via email of future public engagement opportunities and key deliverables. Direct emails were sent to these individuals to publicize the Housing Element Community Meeting, the Online Workshop, the Fair Housing Survey, and the Public Review Draft 2021-2029 Housing Element.

## 6B. Fair Housing Needs Assessment

This section presents an overview of available federal, state, and local data to analyze fair housing issues in Lake Forest. This data is supplemented with local knowledge of existing conditions in the community to present a more accurate depiction of fair housing issues in Lake Forest, and a more informed perspective from which to base goals, policies and programs to affirmatively further fair housing.

### KEY DATA AND BACKGROUND INFORMATION

In 2016, Lake Forest participated with 15 other Orange County Community Development Block Grant (CDBG) entitlement cities to prepare a regional Analysis of Impediments to Fair Housing Choice (AI) to fulfill their HUD requirement and remove barriers to fair housing choice for all their residents. The AI examined policies, procedures, and practices within the region that may limit a person's ability to choose their residence free from discrimination. The AI provided an overview of laws, regulations, conditions, or other possible obstacles that may affect an individual or a household's access to housing in the region. It also presented local and regional demographic profiles, assessed the extent of housing needs among specific groups, identified existing barriers or impediments that may limit housing choice, and proposed actions to overcome those barriers.

The City's demographic and income profile, household and housing characteristics, housing cost and availability, and special needs populations are discussed in previous sections of this Background Report. Barriers to fair housing choice specific to the City of Lake Forest that were identified in the County AI and the commitments of the City to address identified barriers were incorporated into this AFH. Supplemental data analysis was conducted to further understand potential fair housing issues, within the context of AFH topics, at the city-level. Lake Forest is comprised of 16 Census Tracts, although several are only partially located in Lake Forest. Figure 3 shows the Tract boundaries.

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## FAIR HOUSING ENFORCEMENT AND OUTREACH CAPACITY

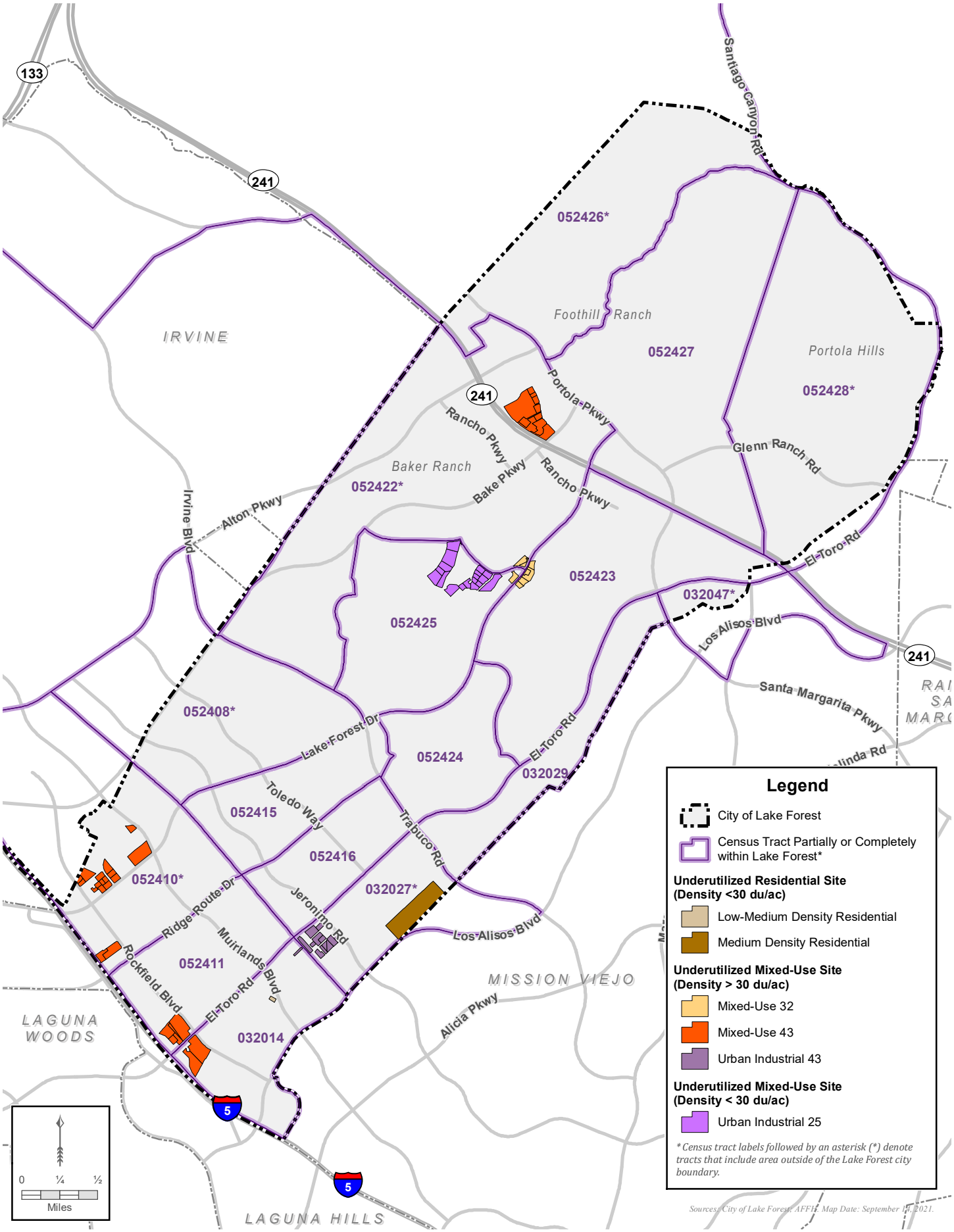
The Orange County Analysis of Impediments to Fair Housing Choice (County AI) was adopted by the Lake Forest City Council in June 2020 and "is a thorough examination of structural barriers to fair housing choice and access to opportunity for members of historically marginalized groups protected from discrimination by the federal Fair Housing Act (FHA)."[6]

For the County AI, a variety of tools were used for the community participation process, including community meetings, focus groups and public hearings. The AI preparers also reached out to tenants, landlords, homeowners, fair housing organizations, civil rights and advocacy organizations, legal services providers, social services providers, housing developers, and industry groups to hear directly about fair housing issues affecting residents of Orange County. Evening community meetings were held in Mission Viejo, Westminster/Garden Grove, Santa Ana, and Fullerton. Additional outreach was conducted for members of protected classes, including the Latino and Vietnamese communities. All community meetings had translation services available if requested in Spanish and Vietnamese. In addition, all meetings were held in locations accessible to people with mobility issue. [7]

The County AI describes the departments and organizations that handle fair housing enforcement and outreach in Lake Forest. The California Department of Fair Employment and Housing (DFEH) investigates complaints of employment and housing discrimination. The Fair Housing Council of Orange County (FHCOC) provides services throughout the County, including Lake Forest, to ensure equal access to housing. The Council's services include outreach and education, homebuyer education, mortgage default counseling, landlord-tenant mediation, and limited low-cost advocacy. The Fair Housing Council investigates claims of housing discrimination and assists with referrals to DFEH. Community Legal Aid SoCal is a legal service provider serving low-income people in Orange County and Southeast Los Angeles County.

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[6] *Orange County Analysis of Impediments to Fair Housing Choice*, Prepared by the Orange County Jurisdictions and the Lawyers' Committee for Civil Rights Under Law, August 6, 2020.
[7] *Orange County Analysis of Impediments to Fair Housing Choice*, Prepared by the Orange County Jurisdictions and the Lawyers' Committee for Civil Rights Under Law, August 6, 2020.




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Figure 3: Census Tracts within Lake Forest

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During the 2019-2020 report period the City of Lake Forest took the following actions (on its own or in cooperation with regional partners and the Fair Housing Council of Orange County (FHCOC)) to overcome impediments to fair housing choice identified in the regional AI:

- Fair Housing Community Education – During 2019-20, the FHCOC regionally conducted or participated in 115 education and/or outreach activities, reaching a culturally and ethnically diverse audience, in which they made participants aware of fair housing laws and counseling services (including services to help households improve their readiness for a home purchase). Three of these activities took place in the city of Lake Forest. Regionally, over 1,900 people were served by these activities. Through its various regional outreach efforts FHCOC distributed over 36,150 pieces of literature on fair housing, FHCOC's services and other housing-related topics, in either English, Spanish or Vietnamese. Additionally, throughout Orange County FHCOC held 21 training sessions for rental property owners/managers. FHCOC presented 2 fair housing seminars for housing providers in cooperation with the Apartment Association of Orange County (AAOC), at AAOC's Santa Ana office. Nineteen general fair housing workshops intended for attendance by either housing consumers and/or providers were held throughout Orange County. One landlord workshop and two tenant workshops occurred in Lake Forest.
- Fair Housing Enforcement – On a regional basis, FHCOC staff received 96 allegations of housing discrimination and opened 40 cases where the allegations seemed sufficiently meritorious to warrant further investigation and/or action. Four allegations arose from Lake Forest, however none resulted in the opening of a case file involving housing in Lake Forest. On a regional basis, FHCOC also conducted 114 paired on-site, systemic tests for discriminatory rental housing practices, including 4 for real estate brokerage transactions and 4 for pre-application lending transactions, with 3 of these systemic tests occurring in Lake Forest.
- Housing Dispute Evaluation & Resolution – On a regional basis, activities provided by FHCOC included assisting 1,984 unduplicated households addressing 7,215 issues, disputes and/or inquires. Of these, 78 unduplicated households, involving 273 issues, disputes and/or inquires, were from Lake Forest.
- Reasonable Accommodations – On a regional basis, 14 inquiries regarding reasonable accommodations and modifications were received by FHCOC that resulted in casework beyond basic counseling. None of the inquiries arose from Lake Forest. Overall, 13 of the 14 clients requested and received a reasonable accommodation, while another request was denied. It is under consideration as to whether an administrative complaint should be filed with the Fair Housing and Equal Opportunity (FHEO) Office of the U.S. Department of Housing and Urban Development (HUD).
- Web-based Outreach – FHCOC's website currently has an on-line housing discrimination complaint-reporting tool that generates an email to FHCOC. The tool is also used for other, non-discrimination, housing-related issues, which sometimes indirectly reveal discriminatory practices. The City of Lake Forest has a link to the FHCOC website where residents can access this information.
- Monitoring On-line Advertising – Orange County rentals listed on Craigslist were monitored by FHCOC for discriminatory content (as permitted by staffing limitations). Any discriminatory advertisements were flagged as prohibited and FHCOC responded to these ads through Craigslist's reply mechanism in order to inform the poster of possible discriminatory content. In many instances it was not possible to identify the property address and the identity of the individual making the posting. When investigation was found to be feasible, the ad was referred to FHCOC's investigators for possible additional investigation and enforcement action. Other on-line rental advertising sites (e.g., OC Register, LA Times, Westside Rentals, etc.) were sporadically monitored; however, the lack of an efficient text search function on these sites made monitoring them less practical. Regarding federally protected bases, without exception, among the 'apt / housing' Craigslist rental listings, the identified problematic postings indicated restrictions with regard to children under the age of 18 or improper preference for seniors or 'older adults' for housing opportunities that did not appear to qualify as housing for older persons (age 55 and over). Overt racial or national origin discrimination was not observed. Advertising that continued to limit access to housing for persons utilizing a federally-funded

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Housing Choice Voucher (often called 'Section 8') or other types of rental assistance was observed despite it having become illegal in California as of January 1, 2020. Advertising in the 'rooms / shared' area of Craigslist were observed to have a higher incidence of stated preferences that violated fair housing law. However due to the practical aspects of resource limitations and case law considerations of shared housing situations, almost none were not acted upon.

The monitoring of regional Craigslist and other advertising resulted in the filing of four complaints with HUD for violations involving familial status, all of which involved Orange County properties, none of which were in Lake Forest. One of these four violations was found on a non-Craigslist platform. The Craigslist monitoring also resulted in the filing of three complaints with the California Department of Fair Employment and Housing (DFEH) for violations of California's source of income protection. These all related to new law, effective January 1, 2020, which made it illegal to discriminate on the basis of a person utilizing a federally-funded Housing Choice Voucher (often called 'Section 8') or other types of rental assistance. One of those complaints involved a property in Orange County.

- Monitor Home Mortgage Disclosure Act Data - Ongoing monitoring of Home Mortgage Disclosure Act (HMDA) data continues to be infeasible due to limited resources at FHCOC. FHCOC last was able to conduct such analysis using 2008 data (then the latest available) in conjunction with the preparation of the 2010-2015 Regional AI. Analysis of updated HMDA data from 2013, as well as other mortgage lending practices, was included as part of the City of Lake Forest's FY 2015-2020 Regional Analysis of Impediments to Fair Housing Choice (AI), which was submitted as part of its Five-Year Consolidated Plan FY 2015 - 2019. Some analysis of more recent HMDA data is included in the Orange County 2020-2024 Regional Analysis of Impediments, which is submitted as part of Lake Forest's Five-Year Consolidated Plan FY 2020 – 2024.

The following general progress was also made:

- During 2019-20, FHCOC continued efforts to promote housing affordability within Orange County. It provided services and outreach to organizations involved in the creation and preservation of affordable housing. These groups included the Kennedy Commission, Mental Health Association of Orange County, Radiant Health Centers (formerly Aids Services Foundation), Affordable Housing Clearinghouse, Mary Erickson Community Housing, Jamboree Housing Corporation, Orange County Congregations Community Organizations (OCCC), and Orange County Community Housing Corporation.
- During the 2019-20 report period, FHCOC continued to offer fair housing training sessions that were open to all local government staff. Any staff attending training could receive certification of their attendance.
- The FHCOC produced and provided written fair housing related materials in English, Spanish and Vietnamese to residents of Lake Forest, as well as for distribution at public locations operated by the City of Lake Forest. FHCOC also undertook specific outreach efforts to immigrant populations in low-income neighborhoods. On a regional basis, an estimated 1,150 limited English proficiency households were served during the 12-month program period, through a combination of telephonic contact and in-person education and outreach activities. FHCOC also continued to implement activities under HUD Fair Housing Initiatives Program grants, for both education and outreach and fair housing enforcement. These program efforts specifically targeted fair housing services to persons with disabilities, minority groups and immigrant communities, especially immigrants with limited English proficiency. Program efforts included a fair housing testing program that sought to involve members of immigrant populations with limited English proficiency, both for purposes of enforcing fair housing laws as testers and as a vehicle to increase outreach to these populations.
- Through its status as a HUD-approved Housing Counseling agency, FHCOC assisted individuals, including those with limited English proficiency (LEP), with various housing related problems. This included being available to counsel and assist those who had received loans with documents, all prepared in English, which had terms that were different from what they believed or were informed they were obtaining, or of which they had less than a full understanding. Many of the other counseling activities under its HUD-approved Housing Counseling also assisted individuals with LEP.

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## ANALYSIS OF AVAILABLE FEDERAL, STATE, AND LOCAL DATA AND LOCAL KNOWLEDGE

*Integration and Segregation*

To inform priorities, policies, and actions, Lake forest has included an analysis of integration and segregation, including patterns and trends, related to people with protected characteristics. Segregation generally means a condition in which there is a high concentration of persons of a particular race, color, religion, sex, familial status, national origin, or having a disability or a particular type of disability when compared to a broader geographic area. Conversely, integration refers to a condition in which there is a not a high concentration of persons of a particular race, color, religion, sex, familial status, national origin, or having a disability or a particular type of disability when compared to a broader geographic area. The following analysis will analyze levels of segregation and integration for race and ethnicity, persons with disabilities, familial status, age, and income to identify the groups in Lake Forest that experience the highest levels of segregation.

Dissimilarity Index

The dissimilarity index is the most commonly used measure of segregation between two groups, reflecting their relative distributions across neighborhoods (as defined by census tracts). The index represents the percentage of the minority group that would have to move to new neighborhoods to achieve perfect integration of that group. An index score can range in value from 0 percent, indicating complete integration, to 100 percent, indicating complete segregation. An index number between 30 and 60 indicates moderate similarity and community segregation while an index number above 60 is considered to show high similarity and a segregated community.

There are a number of reasons why patterns of racial segregation exist (or don't exist) within a community. Some of these reasons may be institutional (discriminatory lending practices) while others can be cultural (persons of similar backgrounds or lifestyles choosing to live near one another to provide support and familiarity). As such, discussions regarding segregation are complicated and there is not a "one size fits all" approach to addressing patterns of racial segregation.

Figure 4 shows the dissimilarity between each of the identified race and ethnic groups and white population for the City of Lake Forest and the Orange County metropolitan region. The White (not Hispanic or Latino) population within Lake Forest makes up approximately 68% of the City's population. The higher scores indicate higher levels of segregation among those race and ethnic groups. The City does not have any racial or ethnic groups with scores higher than 60 (indicating high similarity and segregation). Several race and ethnic groups (Other Races, American Indian, Native Hawaiian, and Hispanic) exhibit moderate levels of dissimilarity and segregation in Lake Forest (scores between 30 and 60), with most scores indicating moderate levels of segregation on the lower end of the moderate range.

The highest levels of segregation within Lake Forest are Other Races (41.5%) and Native Hawaiian (40.2%), both of which fall within the moderate similarity and segregation range. However, it should be noted that only 102 individuals identified as "Other Race" and only 113 individuals identified as "Native Hawaiian", and such small populations can indicate a pattern of segregation that is not of significant concern. These scores correlate directly with the percentage of people within that racial or ethnic group that would need to move into a predominately white census tract in order to achieve a more integrated community. For instance, 40.2% of the Native Hawaiian population would need to move into predominately white census tract areas to achieve "perfect" integration.

When compared to the Orange County metropolitan region, Lake Forest exhibits lower levels of dissimilarity and segregation than the region as a whole for all race and ethnic groups, except for Hispanic, where the City's index is slightly higher (32.4 in the City and 28.9 in the County). For the categories previously identified as showing moderate levels of segregation in Lake Forest, the Native Hawaiian dissimilarity index is 15 points lower in the City than in the region, while the "Other" category is 3 points lower in the City than the region.

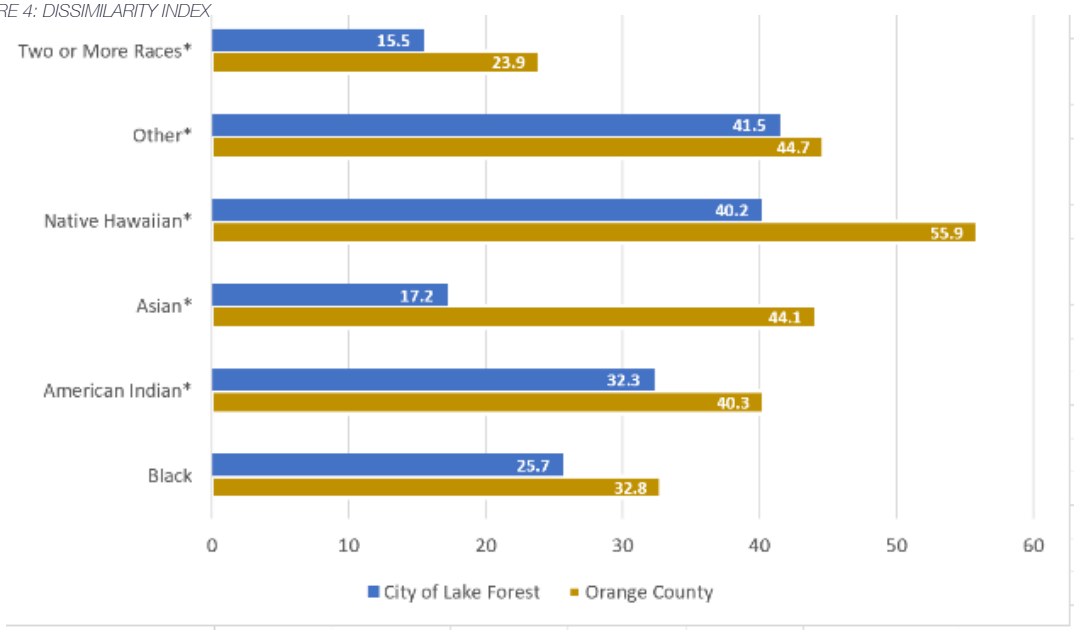
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These patterns indicate that in general, Lake Forest is less dissimilar and more integrated for most of the identified racial and ethnic groups, and the community's most dissimilar community (its Native Hawaiian and "Other Race" populations) reflect trends seen throughout the region. This analysis suggested that patterns of segregation at the local level reflect those at the regional level as well, and that partnerships with regional agencies and advocates may be an effective way to address local issues of moderate segregation.

While not evident based on the Dissimilarity Index discussed above, the County AI does identify some patterns of White isolation throughout the County, including in the City of Lake Forest. The County AI points out that white residents have especially high Isolation values in eight Orange County cities (Aliso Viejo, Costa Mesa, Huntington Beach, Laguna Niguel, Lake Forest, Mission Viejo, Rancho Santa Margarita, and San Clemente) and that while some of these cities have lower non-White populations, Lake Forest's Hispanic population *suggests* that White residents are disproportionately isolated.

A potentially relevant contributing factor to the County AI's identification of potential isolation of White residents in Lake Forest include land use and zoning laws (historic), which may have led to higher concentrations of White residents in areas throughout Lake Forest when compared to the region.

*FIGURE 4: DISSIMILARITY INDEX*




| | Black | American Indian* | Asian* | Native Hawaiian* | Other* | Two or More Races* | Hispanic |
|---|---|---|---|---|---|---|---|
| Orange County | 32.8 | 40.3 | 44.1 | 55.9 | 44.7 | 23.9 | 28.9 |
| City of Lake Forest | 25.7 | 32.3 | 17.2 | 40.2 | 41.5 | 15.5 | 32.4 |

*Source: Census Scope, Social Science Data Analysis Network*

** Not Hispanic or Latino*

Diversity Index

Tracking the diversity of cities and counties throughout California is crucial to understanding the shifting demographics of race and ethnicity in California and the United States. Esri's Diversity Index captures the racial and ethnic diversity of a geographic area in a single number, from 0 to 100. Scores less than 40 represent lower diversity in the jurisdiction while scores of greater than 85 represent higher diversity. Additionally, scores between 40-55 represent low diversity, 55-70 represent moderate diversity, and 70-85 represent high diversity. As shown in Figure 4, there generally appears to be higher diversity index scores throughout the City of Lake Forest (compared to its neighbors), with the highest diversity index scores (>85) located along El Toro Road. The lowest diversity index scores include census block groups that boarder the City of Irvine, which are not very populated and comprised mostly of nonresidential uses. The City's diversity index is illustrated in Figure 5.

Mapped Patterns of Integration and Segregation

Patterns of integration and segregation are also considered for people with disabilities, familial status, and income groups. Relying primarily on data available from the US Census, it is possible to map and consider existing patterns which may indicate historical influences and future trends by census tract and census block groups.

As shown in Figure 6, persons with disabilities are present throughout the Lake Forest community, with higher concentrations in areas near transit and major activity centers. The highest concentration of persons with disabilities exists along both sides of El Toro Road, just east of I-5. This area is composed primarily of single-family detached homes and commercial development with a small population size. The small population may be a contributing factor in the higher percentage of persons reporting disabilities. Housing that accommodates persons with disabilities is more likely to be located near transit and activity centers, as reflected on Figure 6,. More geographically isolated areas or areas with steep topography, like the City's northern neighborhoods are less suitable for persons with disabilities who may have impaired mobility and difficulty accessing goods and services. Based on this analysis, the City finds that there are not significant patterns of segregation impacting persons with disabilities living in Lake Forest.

Lake Forest is also home to a number of female-headed households located throughout the community with limited discernible patterns of segregation, as illustrated on Figure 7. Two census tracts located within the Rancho de los Alisos Planned Community have the highest concentrations of female-headed households in the City, but the ratio is still low. There are no known historic patterns of segregation by familial status, including by household gender, which the City finds as contributing factors to continued segregation in Lake forest. Figure 7 indicates that female-headed households are located in a variety of census tracts with different incomes, access to opportunities, and resource levels.

The community's older residents, persons 65 years of age or older, tend to be concentrated in a few census tracts in the City's older neighborhoods, specifically along El Toro and Muirlands Boulevard, as shown in Figure 8. These areas generally correspond with the City's older homes, which are some of the more affordable homes in the community and attractive to senior residents. The City continues to find that these options are an important part of the City's housing stock and expects that senior residents will continue to choose to live in these areas as a result of the affordable home options available to them. The City's newer neighborhoods tend to have lower concentrations of seniors; this is due in part to the product type offered (generally larger single-family detached homes) which may not be the preferred housing type of older residents.

Patterns of segregated economic wealth, as indicated by median household income, are not present in Lake Forest, as illustrated on Figure 9. Low and high median household incomes are dispersed throughout the community, with lower and higher levels coexisting in no distinguishable pattern. The two block groups with lower median household incomes are found in two different parts of the City; one of the lower household median income block groups is located near the intersection of Muirlands Boulevard and El Toro Road, where there are several mobile home/manufactured home communities, and the other is located just south of the Civic Center, in a block group with a relatively low population.

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Findings

The City has considered trends and patterns related to integration and segregation based on racial and ethnic factors, disability, female-headed households, seniors, and median household income. In all cases, there are no distinguishable patterns of segregation, and the community appears to be well-integrated. Moreover, when considering patterns of integration and segregation compared to its neighbors (including the cities of Irvine, Mission Viejo, Laguna Woods, Rancho Santa Margarita, Laguna Hills, and Aliso Viejo – all of which are shown on the above figures), Lake Forest's patterns appear to be consistent with the region. As part of the City's regular participation in the County AI, the City will continue to consider these patterns to determine any changes from current conditions.

*Racially or Ethnically Concentrated Areas of Poverty (R/ECAP)*

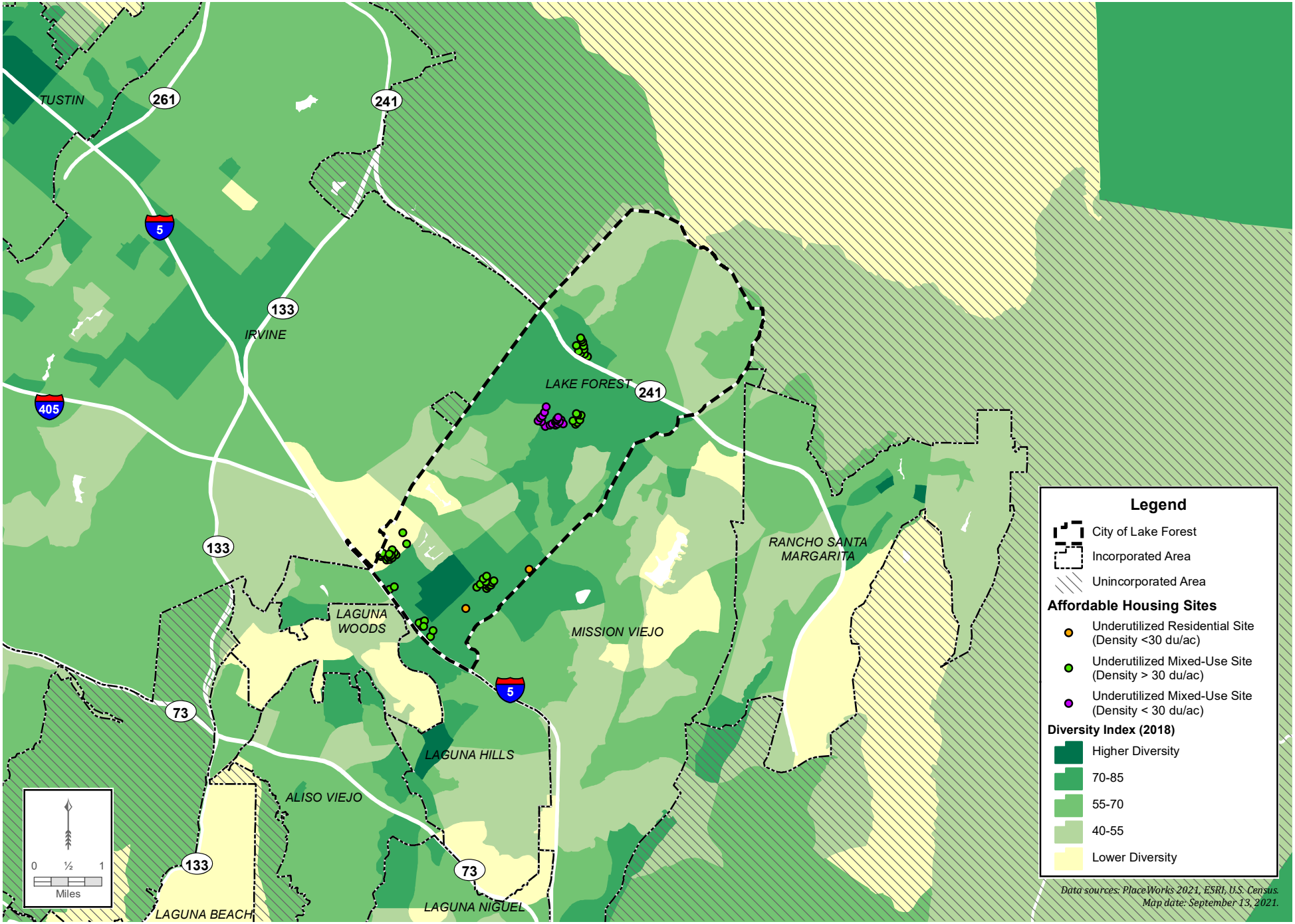
To assist communities in identifying racially/ethnically concentrated areas of poverty (R/ECAPs), HUD has developed a census tract-based definition of R/ECAPs. The definition involves a racial/ethnic concentration threshold and a poverty test. The racial/ethnic concentration threshold is straightforward: R/ECAPs must have a non-white population of 50 percent or more. Regarding the poverty threshold, Wilson (1980) defines neighborhoods of extreme poverty as census tracts with 40 percent or more of individuals living at or below the poverty line. Because overall poverty levels are substantially lower in many parts of the country, HUD supplements this with an alternate criterion. Thus, a neighborhood can be a R/ECAPs if it has a poverty rate that exceeds 40% or is three or more times the average tract poverty rate for the metropolitan/micropolitan area, whichever threshold is lower.

The 2020 AI performed an analysis of R/ECAPs within Orange County. There are four R/ECAPs in Orange County, two of which are found in Santa Ana, two of which are found in Irvine. The two R/ECAPs found in Santa Ana are predominantly Hispanic and found close to the Santa Ana Freeway. The northernmost R/ECAP is located along North Spurgeon Street, while the more southern R/ECAP is found along South Standard Avenue. The R/ECAPs found in Irvine are adjacent to each other and located on the campus of University of California, Irvine, making it likely that they qualify as R/ECAPs due to the high proportions of students. These R/ECAPs have a much more diverse group of residents, with some White, Asian or Pacific Islander, Hispanic and Black residents. However, no R/ECAPs were identified in the City of Lake Forest. Further analysis using the U.S. Department of Housing and Urban Developments RECAP GIS mapping tool confirms that all census tracts within Lake Forest have a RECAP value of 0, indicating that the census tracts within Lake Forest do not meet the defined parameters for a racially or ethnically concentrated area of poverty as defined by HUD.

Comparing Figure 5 (Diversity Index) to Figure 9 (Median Household Income), it appears that, generally, areas ranking in the high (70-85) and highest diversity index categories appear to have the lowest median household incomes in the City. Conversely, areas ranking in the low (40-55) and moderate (55-70) diversity index categories appear to have the highest median household incomes in the City. It appears that moderately segregated economic wealth exists within the City based on diversity, as one of the areas of the City with the lowest median household incomes (less than $30,000 annually) contains a white majority racial concentration while the other contains a Hispanic majority. Figure 10 provides an ethnicity analysis identifying the majority racial concentrations in the City. As shown, the majority of the City contains a white majority racial concentration, with a slim (<10%) to sizeable (10 – 50%) Hispanic majority racial concentration generally located along El Toro Road adjacent to I-5. Overall, it appears that the City does not exhibit significant patterns or trends of greater racial/ethnic concentrations correlating to increased poverty.

As discussed in the Findings section, the Housing Plan includes programs to encourage increased diversity and housing opportunities in the City and to provide education related to fair housing rights.

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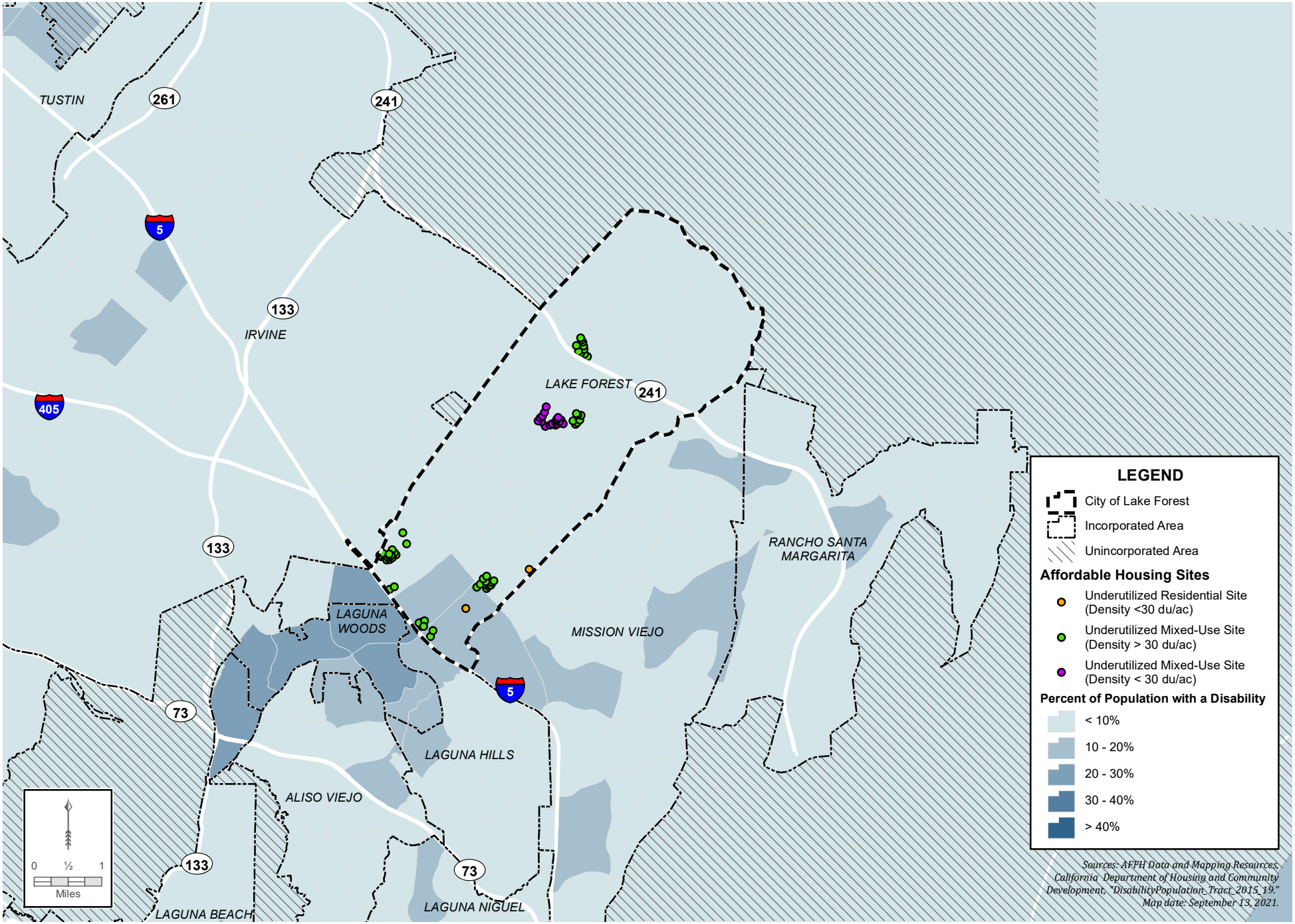



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Figure 5: Diversity Index by Census Block Group

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Figure 6: Proportion of Population with Disabilities by Census Tract

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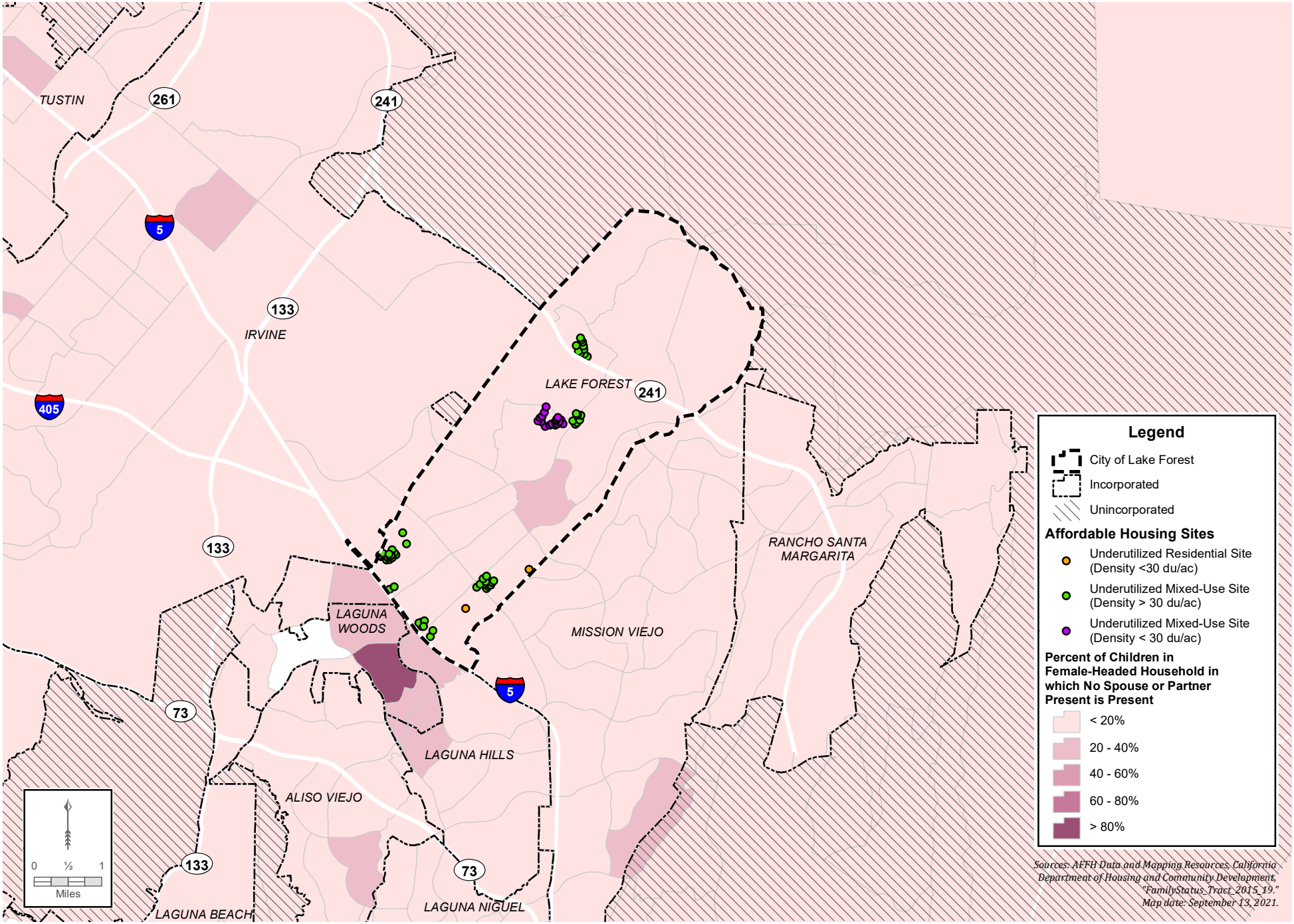
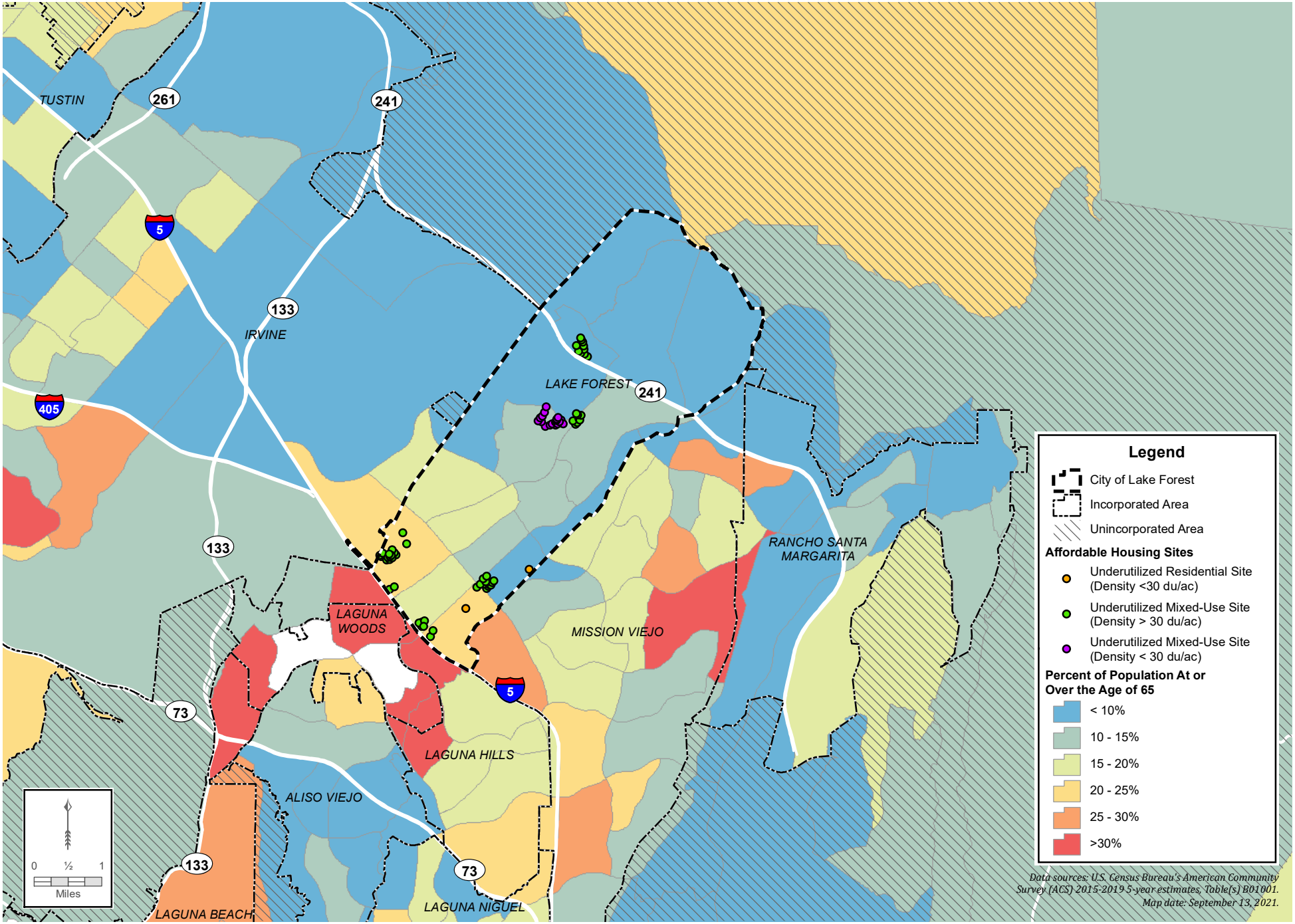





Figure 7: Female-Headed Households by Proportion of Children Present by Census Tract

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Figure 8: Proportion of Senior Residents by Census Tract

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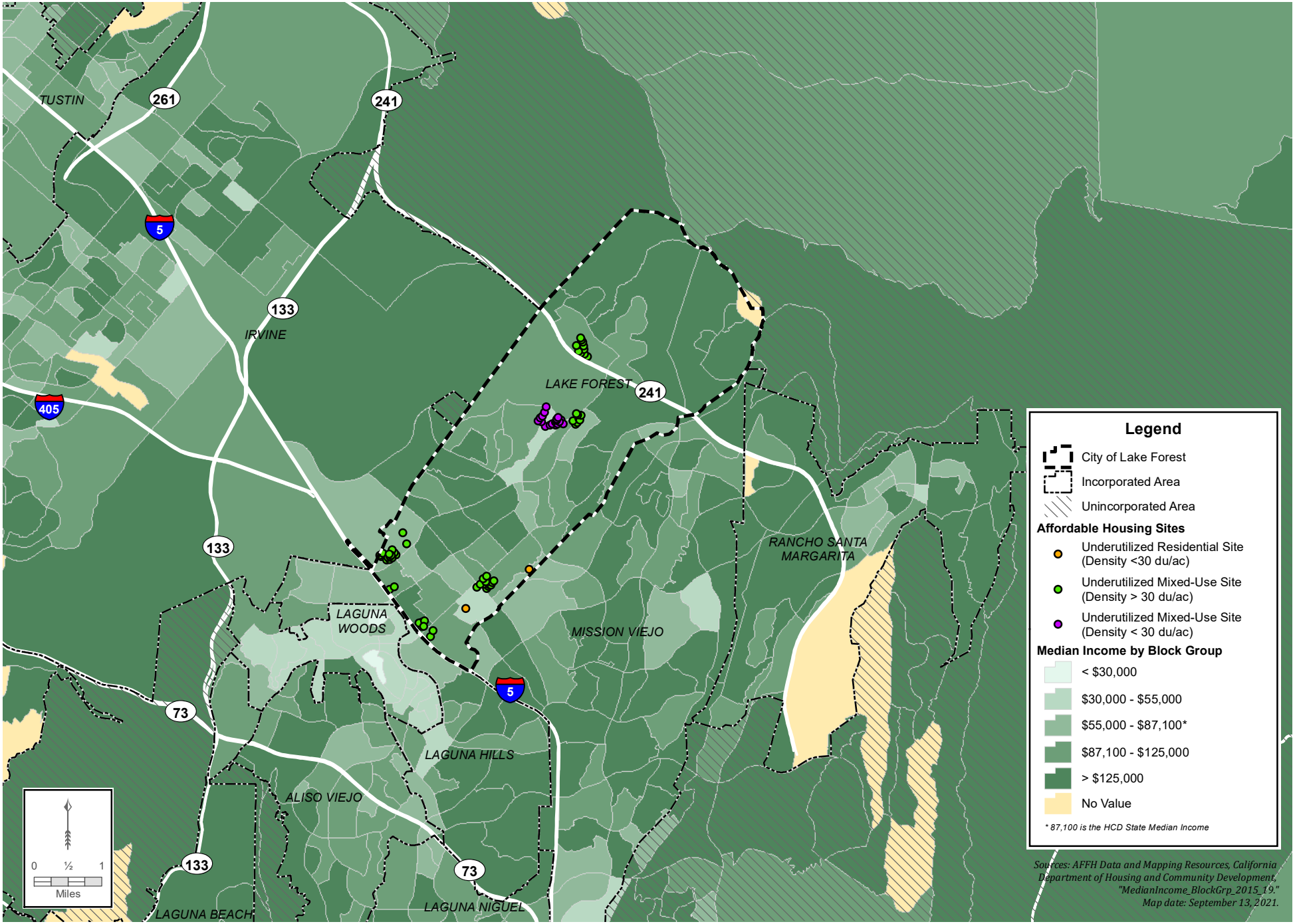
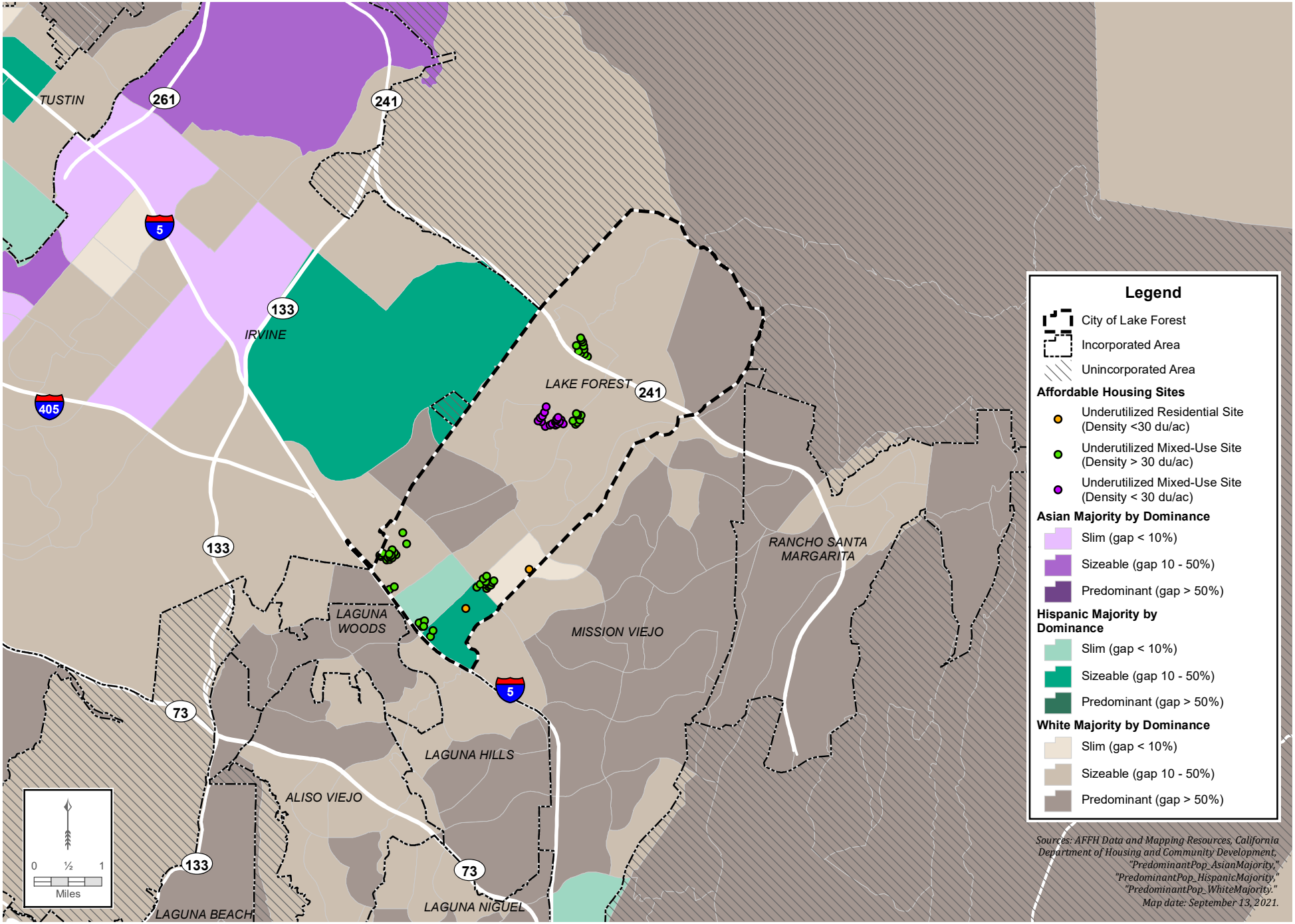





Figure 9: Median Household Income by Block Group

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Figure 10: Ethnicity Analysis - Racial Concentrations

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*Racially/Concentrated Areas of Affluence*

According to the Housing and Community Development AFFH Guidance Memo, "segregation is a continuum, with polarity between race, poverty, and affluence, which can be a direct product of the same policies and practices". Therefore, both sides of the continuum must be examined. While HCD does not have a standard definition for RCAAs, looking at the percentage of the White population and median household income can provide a good indicator for areas of affluence.

In addition to RECAPs utilized by HUD, scholars at the University of Minnesota Humphrey School of Public Affairs created the Racially Concentrated Areas of Affluence (RCAAs) metric to more fully tell the story of segregation in the United States[8]. RCAAs are defined as census tracts where 1) 80 percent or more of the population is white, and 2) the median household income is $125,000 or greater (slightly more than double the national the median household income in 2016). While the majority of the City contains a white majority racial concentration, there are no census tracts with a median household income of $125,000 or more. As such, there are no RCAAs located in Lake Forest.

*Disparities in Access to Opportunity*

HUD developed the opportunity indicators to help inform communities about disparities in access to opportunity, the scores are based on nationally available data sources and assess resident's access to key opportunity assets in the City. Table 56 provides the index scores (ranging from zero to 100) for the following opportunity indicator indices:

- Low Poverty Index: The low poverty index captures poverty in a given neighborhood. The poverty rate is determined at the census tract level. *The higher the score, the less exposure to poverty in a neighborhood.*
- School Proficiency Index: The school proficiency index uses school-level data on the performance of 4th grade students on state exams to describe which neighborhoods have high-performing elementary schools nearby and which are near lower performing elementary schools. *The higher the score, the higher the school system quality is in a neighborhood.*
- Labor Market Engagement Index: The labor market engagement index provides a summary description of the relative intensity of labor market engagement and human capital in a neighborhood. This is based on the level of employment, labor force participation, and educational attainment in a census tract. *The higher the score, the higher the labor force participation and human capital in a neighborhood.*
- Transit Trips Index: This index is based on estimates of transit trips taken by a family that meets the following description: a three-person single-parent family with income at 50% of the median income for renters for the region (i.e. the Core-Based Statistical Area (CBSA)). *The higher the transit trips index, the more likely residents in that neighborhood utilize public transit.*
- Low Transportation Cost Index: This index is based on estimates of transportation costs for a family that meets the following description: a three-person single-parent family with income at 50% of the median income for renters for the region/CBSA. *The higher the index, the lower the cost of transportation in that neighborhood.*
- Jobs Proximity Index: The jobs proximity index quantifies the accessibility of a given residential neighborhood as a function of its distance to all job locations within a region/CBSA, with larger employment centers weighted more heavily. *The higher the index value, the better the access to employment opportunities for residents in a neighborhood.*
- Environmental Health Index: The environmental health index summarizes potential exposure to harmful toxins at a neighborhood level. The higher the index value, the less exposure to toxins harmful to human health. *Therefore, the higher the value, the better the environmental quality of a neighborhood, where a*

[8] Goetz, E. G., Damiano, A., & Williams, R. A. 2019. Racially Concentrated Areas of Affluence: A Preliminary Investigation. Cityscape: A Journal of Policy Development and Research, Volume 21(1) [pages 99–124]. Available at: https://www.huduser.gov/portal/periodicals/cityscpe/vol21num1/ch4.pdf

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*neighborhood is a census block group.*

Opportunity indicators were obtained for Lake Forest from the HUD Affirmatively Furthering Fair Housing GIS tool. Table 56 identifies the opportunity indicators by race and ethnicity for the total population of Lake Forest.

TABLE

| Race/ Ethnicity | Low Poverty Index | School Proficiency Index | Labor Market Index | Transit Index | Low Transportation Cost Index | Jobs Proximity Index | Environmental Health Index |
|---|---|---|---|---|---|---|---|
| White | 76.36 | 72.36 | 81.64 | 32.24 | 69.42 | 71.33 | 42.33 |
| Black | 73.27 | 69.65 | 81.67 | 32.34 | 70.96 | 72.67 | 42.25 |
| Hispanic | 67.04 | 66.07 | 76.36 | 31.35 | 73.18 | 70.57 | 39.94 |
| Asian or Pacific Islander | 73.63 | 72.58 | 82.39 | 32.16 | 69.56 | 73.34 | 42.56 |
| Native American | 75.43 | 68.97 | 79.14 | 32.03 | 71.55 | 69.17 | 41.59 |
| Total Average | 76.36 | 72.36 | 81.64 | 32.24 | 69.42 | 71.33 | 42.33 |
| | | | | | | | |

*Source: HUD Affirmatively Furthering Fair Housing GIS Explorer, https://egis.hud.gov/affht/*

As shown in Table 56, all residents of Lake Forest appear to have relatively high access to opportunity (values over 60), except for transit access and environmental health. Additionally, all residents appear to have fairly similar values. Specifically, all residents had values below 33 in the transit index, which could indicate residents, regardless of race/ethnicity, are not likely to take public transit. Additionally, all residents had values near 40 in the environmental health index, indicating that this area should receive special attention to ensure that the opportunity levels do not dip lower into the lowest quadrant (25 or lower). As such, access to opportunity does not appear to be significantly influenced by race or ethnicity.

Regional Opportunity Index

The UC Davis Center for Regional Change and Rabobank, N.A. partnered to develop the Regional Opportunity Index (ROI) intended to help understand social and economic opportunity in California's communities. The goal of the ROI is to help target resources and policies toward people and places with the greatest need to foster thriving communities. The ROI integrates a variety of data topics, including education, economic development, housing, mobility, health/environment, and civic life, and "maps" areas of potential investment by identifying specific areas of urgent need and opportunity. The ROI relies on many of the same data sources analyzed in the Housing Element, including the American Community Survey (ACS), the Longitudinal Employer-Household Dynamics (LEHD) Origin-Destination Employment Statistics (LODES) data, the California Department of Education, the California Department of Public Health, among others (data points are from 2014).

There are two ROI "maps"; the "people" ROI illustrates the relative measure of the people's assets in education, the economy, housing, mobility/transportation, health/environment, and civic life) while the "place" ROI illustrates the relative measure of a place's assets in those same categories. The tool analyzes different specific indicators for each of the 6 data topics, as summarized in Table 57 below.

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| | People-Based Data Points | Place-Based Data Points |
|---|---|---|
| Education | • Elementary School Truancy<br>• English Proficiency<br>• Math Proficiency<br>• College Educated Adults | • High School Discipline rate<br>• Teacher Experience<br>• UC/CSU Eligible<br>• High School Graduation Rate |
| Economic Development | • Minimum Basic Income<br>• Employment Rate | • Bank Accessibility<br>• Job Quality<br>• Job Growth<br>• Job Availability |
| Housing | • Housing Cost Burden<br>• Homeownership | • Housing Affordability<br>• Housing Adequacy |
| Mobility | • Internet Access<br>• Commute Time<br>• Vehicle Availability | • N/A |
| Health/Environment | • Years of Life Lost<br>• Births to Teens<br>• Infant Health | • Air Quality<br>• Health Care Availability<br>• Access to Supermarket<br>• Prenatal Care |
| Civic Life | • English Speakers<br>• Voting Rates | • Neighborhood Stability<br>• US Citizenship |

*TABLE 52: REGIONAL OPPORTUNITY INDEX (ROI) DATA POINTS*

As shown in Figure 11 and Figure 12, Lake Forest has a range of opportunity levels throughout the community with slight differences between the relative measure of people-based assets versus placed-based assets, with people-based opportunities scoring slightly better than place-based opportunities. All census tracts are shown to have average (yellow) to high (green) levels of people-based opportunity, which indicates positive access to opportunities across the six data topics. However, in terms of place-based assets, there are two census tracts which indicates a lower level of opportunity (shown in red). The higher and lower levels of opportunity for these two census tracts, by indicator, are summarized in Table 58.

*TABLE 53: REGIONAL OPPORTUNITY INDEX (ROI) LOW OPPORTUNITY CENSUS TRACTS*

| Census Tract (Place) | Opportunity Level | Average or Higher Opportunities | Lower Opportunities |
|---|---|---|---|
| 06059052423 | Lowest Opportunity | • Economy<br>• Education | • Health/Environment<br>• Civic Life<br>• Housing |
| 06059052428 | Lowest Opportunity | • Education<br>• Civic Life<br>• Housing | • Health/Environment<br>• Economy |

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For census tract 06059052423, which is south of SR-241 and along El Toro Road, there appears to be limited opportunities related to civic life, health/environment, and housing. Upon a deeper dive into the data, the most pressing health/environment issue is limited access to a supermarket, which can help inform the City's land use planning decisions. In regards to civic life, the concerns relate to neighborhood stability. This census tract also has low levels of housing affordability. For census tract 06059052428, located along SR-241 and El Toro Road, there appears to be limited opportunities related to health/environment and the economy. The most pressing health/environment issue is limited access to a supermarket and health care. In regard to the economy, the concerns are bank accessibility and job availability. This census tract is predominately residential and surrounded by residential uses, which explains the indicators regarding access to goods and services.

In order to better understand access to opportunities for protected classes (persons with disabilities, race, familial status), this section compares potential patterns of isolation and segregation presented in the prior section with the Regional Opportunity Index (people and place) discussed here.

As shown in Figure 6 and previously discussed, persons with disabilities are located throughout the community. The census tracts with the most significant percentage of its population reporting a disability are located in an area of moderate to high levels of people-based opportunities and high levels of place-based opportunities. There does not seem to be a correlation between where persons with disabilities are located and lower levels of opportunity.

As shown in Figure 7 and previously discussed, female-headed households are prevalent throughout the community and generally represent 20% of households in all census tracts. The census tract with the highest number of female-headed households is located in an area where access to people-based opportunities is moderate and access to place-based opportunities is high. Given that there is no discernable pattern of segregation associated with female-headed households, there does not seem to be a relationship between where female-headed households are more likely to be located and specific resource levels.

As shown in Figure 8 and previously discussed, there are no discernible patterns of isolation or segregation based on age. The census tracts with the highest levels of senior residents are located along the City's southern boundary, which includes the oldest areas of the City. These census tracts are identified as having moderate to high people-based opportunity levels and the highest place-based opportunity levels. In general, the other census tracts showing higher-than-average levels of senior residents also have moderate or better people- and place-based opportunities.

Concentrations of the City's Asian, Hispanic and nonwhite populations are shown in Figure 10. In addition to showing patterns of racial concentration, this Figure, like the others presented here, also identifies candidate housing sites in relation to patterns of racial concentration and illustrate that access to people- and place-based opportunities is most likely to be correlated with patterns of racial concentration versus the other classes discussed earlier in this section. The lowest levels of access to people-based opportunity are consistent with those census tracts with the highest concentration of Hispanic residents. However, while the vast majority of Lake Forest exhibits moderate or better levels of access to place-based opportunity, the two census tracts with lower-levels of opportunity (located in the City's northern area) are predominantly White. So, while this pattern warrants further study and could necessitate focused investment, the pattern is not consistent and areas with high concentrations of Hispanic and nonwhite residents still have access to a variety of resources, consistent with the patterns seen citywide.

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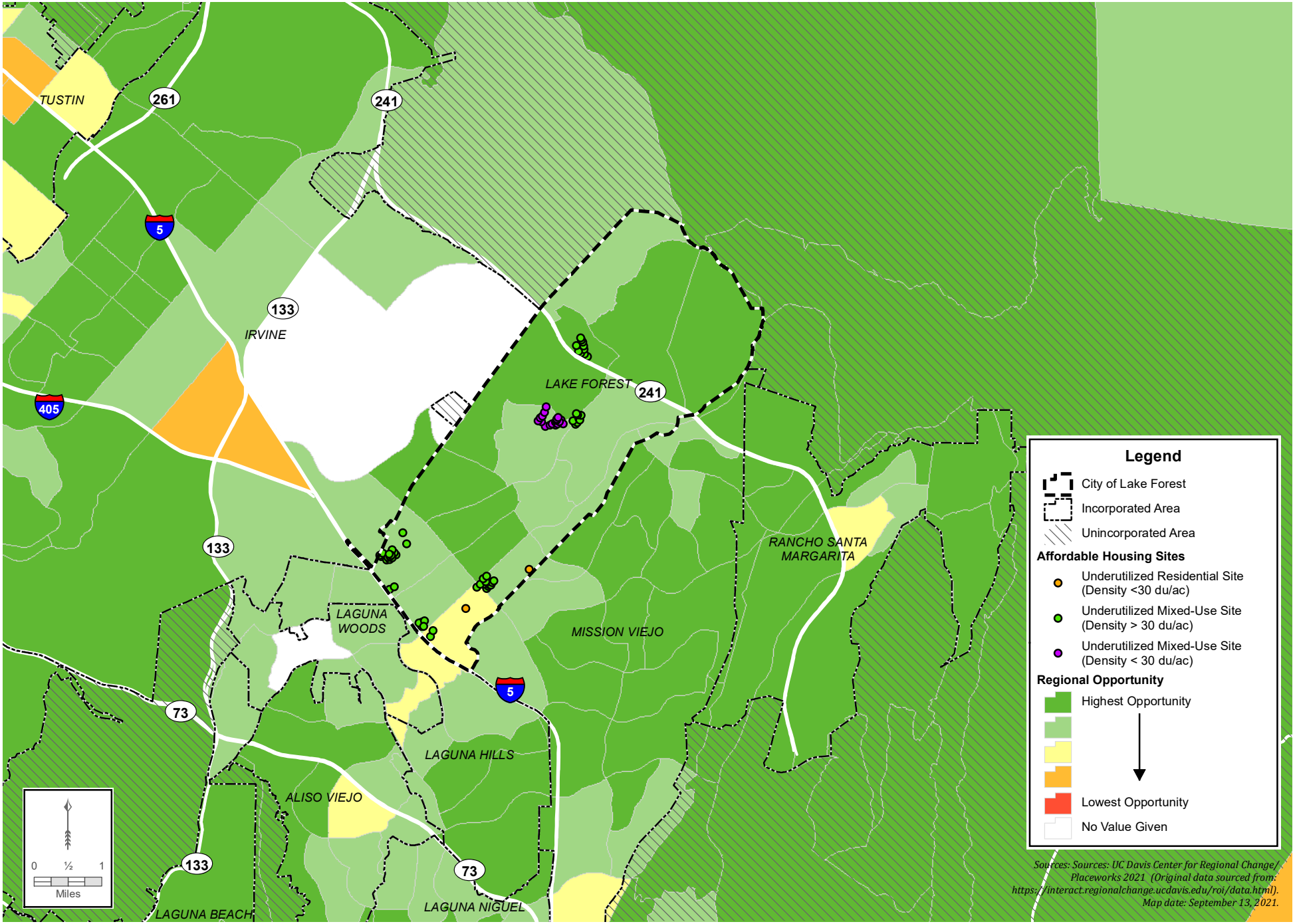





Figure 11: People-Based Opportunities by Census Tract

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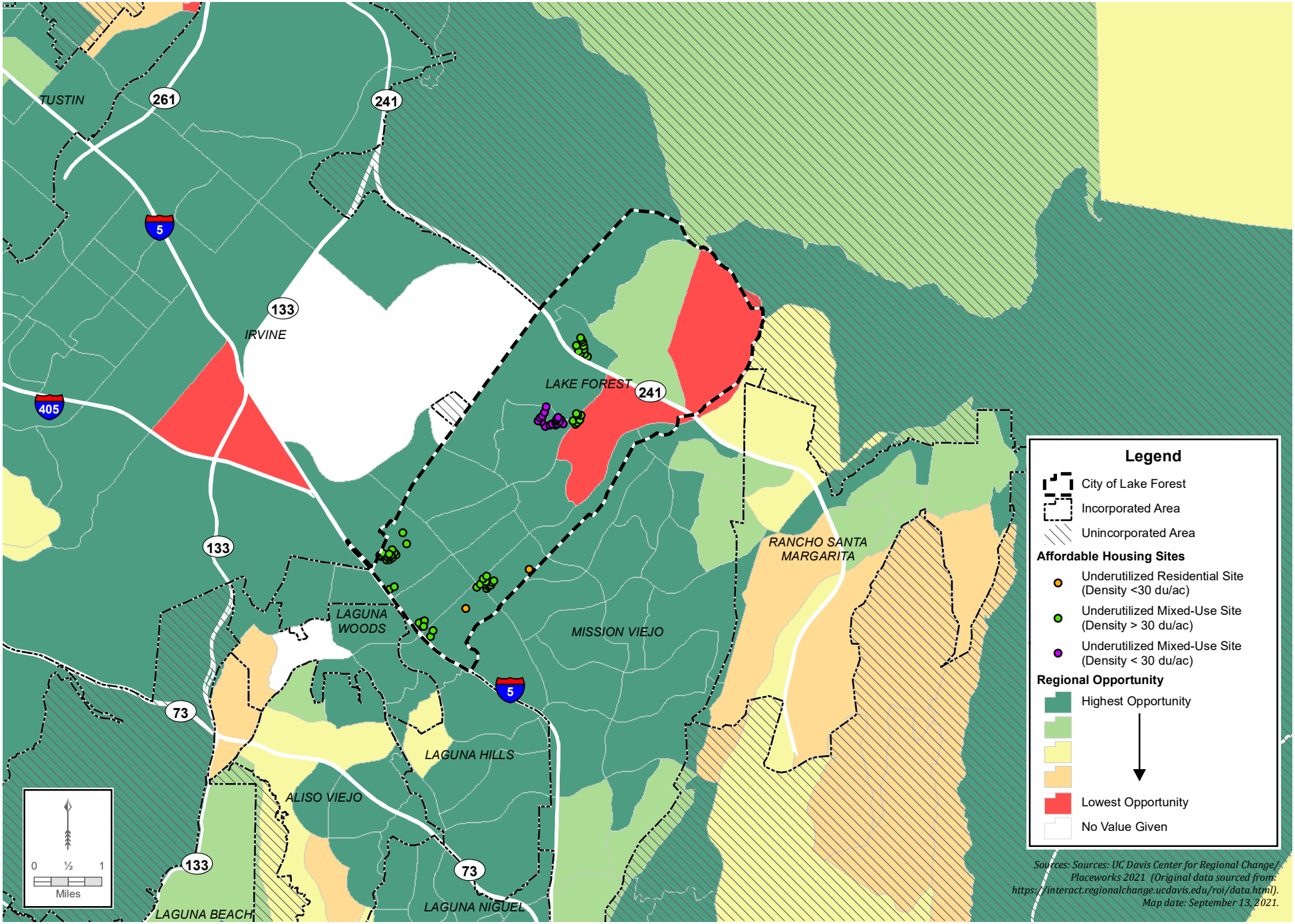





Figure 12: Place-Based Opportunities by Census Tract

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2021 TCAC/HCD Opportunity Area Map

Additionally, the Department of Housing and Community Development together with the California Tax Credit Allocation Committee established the California Fair Housing Task Force to provide research, evidence-based policy recommendations, and other strategic recommendations to HCD and other related state agencies/departments to further the fair housing goals (as defined by HCD). The Task force developed the 2021 TCAC/HCD Opportunity Area Maps to understand how public and private resources are spatially distributed. The Task force defines opportunities as pathways to better lives, including health, education, and employment. Overall, opportunity maps are intended to display which areas, according to research, offer low-income children and adults the best chance at economic advancement, high educational attainment, and good physical and mental health.

According to the Task Force's methodology, the tool allocates the 20 percent of the tracts in each region with the highest relative index scores to the "Highest Resource" designation and the next 20 percent to the "High Resource" designation. Each region then ends up with 40 percent of its total tracts as "Highest" or "High" resource. These two categories are intended to help State decision-makers identify tracts within each region that the research suggests low-income families are most likely to thrive, and where they typically do not have the option to live—but might, if given the choice. The remaining tracts are then evenly divided into "Low Resources" and "Moderate Resource". As shown in Figure 13, approximately half of Lake Forest is classified as "High" or "Highest" resource, a quarter is classified as "Moderate" resource, and the remaining quarter (four census tracts) is classified as "Moderate" resource.

Findings

Overall, it appears that residents in Lake Forest have varying levels of access to opportunities, and access to opportunity is not correlated to the location of special groups, like female-headed households, seniors, or persons with disabilities. While there is some minor correlation between access to opportunities and racial/ethnic composition in the southern areas of the City near El Toro/I-5, there are other areas of the City with lower levels of access to opportunity where the residents are predominately white. Access to opportunity appears to be consistent and equitable across the community.

### *Discussion of Disproportionate Housing Needs*

The analysis of disproportionate housing needs within Lake Forest evaluated existing housing need, needs of the future housing population, and units within the community at-risk of converting to market-rate (of which there are 8 units).

Future Growth Need

The City's future growth need is based on the RHNA, which allocates production of 956 very-low and 543 low-income units to the City for the 2021-2029 planning period. Figure 2 shows that both existing and proposed affordable units are well dispersed throughout the community and do not present a geographic barrier to obtaining affordable housing. Appendix A of this Housing Element shows the City's ability to meet its 2021-2029 RHNA need at all income levels. This demonstrates the City's ability to accommodate the anticipated future affordable housing needs of the community.

Existing Need

As described earlier in this Background Report, the City has a history of working with affordable housing developers to help facilitate the development of housing for lower-income households. Lake Forest has 202 rent-restricted units, representing approximately 1% of the City's housing stock. The City actively works with affordable housing developers to identify and evaluate potential sites and to expand opportunities for lower-income households throughout the City. Lake Forest continues to encourage development of 15% affordable housing in conjunction with development of market rate housing.

Findings

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"Disproportionate housing needs" generally refers to a condition in which there are significant disparities in the proportion of members of a protected class experiencing a category of housing need when compared to the proportion of members of any other relevant groups, or the total population experiencing that category of housing need in the applicable geographic area. Based on input from the community and the County AI, the most disproportionate housing needs in Lake Forest includes rehabilitation of the existing housing stock and increased variety of housing types at affordable prices, including housing for lower income households and larger households.

*Displacement Risk*

As previously discussed, there are 8 deed-restricted affordable units currently at-risk of converting to market-rate within the next 30 years. The vast majority of the City's affordable housing stock was constructed in conjunction with the development of the City's Opportunities Study areas, and these units have an expiration date well beyond the planning period. The City also has a number of units which are affordable to lower-income families but are not deed-restricted. As described earlier in this Background Report, the City plans to accommodate the vast majority of its 2021-2029 RHNA allocation on parcels designated for mixed-use development, with a focus on new development along the City's major transportation corridors and near activity centers, which have good access to transportation facilities, amenities, and infrastructure. Moreover, given that the majority of new residential development will happen in areas envisioned to support mixed-use development, it is expected that residential uses will be developed alongside complementary commercial and civic uses, which will help facilitate bringing jobs and housing closer together. There are two underdeveloped residential sites identified as meeting a portion of the City's moderate- and above-moderate income units; based on the net addition of units at these locations (which currently provide units affordable to moderate-income households), there is no a significant displacement risk associated with the City's current affordable housing stock as a result of new development.

The City recognizes that even though it has identified sufficient land to accommodate its RHNA allocation at all income levels, there is still the potential for economic displacement because of new development and investment. This "knock-on" effect can occur at any time, and it can be challenging for the City to predict market changes and development patterns which have the potential to impact rental rates and sales prices for housing available in the marketplace. To date, the City has no evidence that new development (affordable or market-rate) has resulted in economic displacement. However, the City recognizes that economic displacement might occur in the future and has developed Program 23 to study and address potential issues related to displacement.

The City has also considered the risk of displacement specifically for protected classes, including persons with disabilities, female-headed households, seniors, and nonwhite residents (as discussed previously throughout this Background Report). The highest levels of persons with disabilities, female-headed, and lower income households are not located in areas where residential development is planned, and the risk of displacement to these groups (like to the City's lower-income residents) is low. However, some future housing sites are located in areas with high levels of senior residents, and these groups appear to be more vulnerable to potential future displacement. As discussed above, Program 23 has been included in the City's Housing Plan to study and address issues related to future displacement, and the City remains committed to maintaining its existing affordable housing stock, which includes affordable units throughout the City, including in census tracts with high levels of senior residents.

To the extent that future development occurs in areas where there is existing housing, all housing must be replaced according to SB 330's replacement housing provisions (Government Code Section 66300). SB 330 also provides relocation payments to existing low-income tenants. The State has also adopted "just cause" eviction provisions and statewide rent control to protect tenants from displacement.

Findings

The City is committed to making diligent efforts to engage underrepresented and disadvantaged communities in studying displacement. Program 22 detail efforts the City will take to engage these communities during the planning period.

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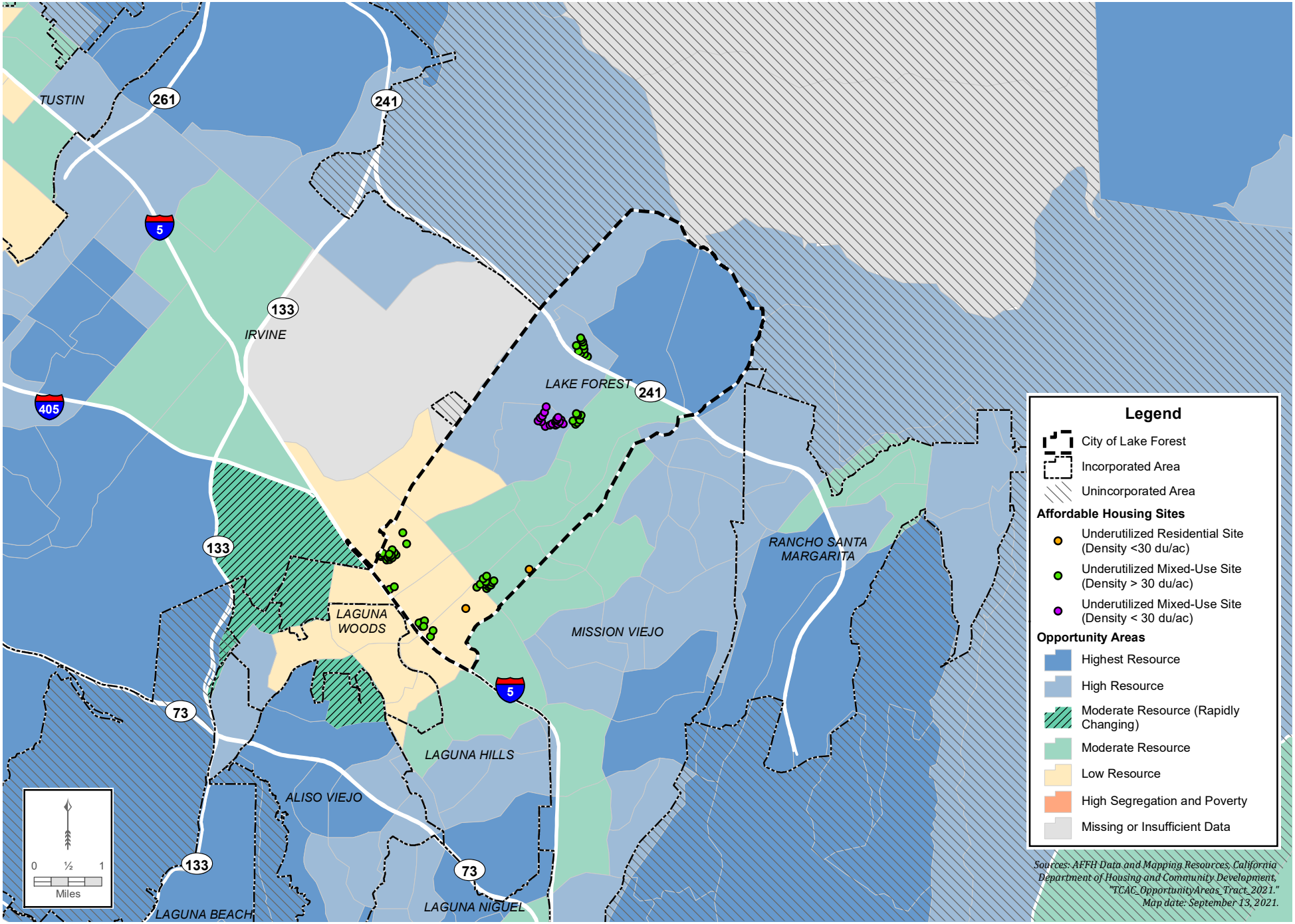





Figure 13: TCAC/HCD Opportunity Area Map

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## 6C. Sites Inventory

AB 686 requires that jurisdictions identify sites throughout the community in a manner that is consistent with its duty to affirmatively further fair housing. The site identification includes not only an analysis of site capacity to accommodate the RHNA (provided in this section), but also considers whether the identified sites serve the purpose of replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity.

### SEGREGATION/INTEGRATION

As previously stated, the City finds that there are no known historic patterns of segregation by race and ethnicity, persons with disabilities, familial status, age or income. Nonetheless, as described throughout this Housing Element, the City is committed to supporting the development of housing to promote a balanced and integrated community. This is highlighted in Table 55 in the Housing Resources chapter, as the City has identified a surplus of sites and excess development capacity for housing for all income levels.

Figure 4 shows the sites identified to meet Lake Forest's RHNA allocation in relation to racial/ethnic diversity. As shown, proposed very-low and low-income RHNA sites underutilized mixed-use sites allowing for densities of at least 30 du/ac) are located throughout the community and are not concentrated in areas of low diversity. The vast majority of sites are located in areas of moderate to high diversity, and some sites (located along Lake Forest Drive) are in areas of low diversity.

Figure 6 shows the sites designated to meet Lake Forest's RHNA allocation in relation to the concentration of persons with disabilities. As shown, proposed very-low and low-income sites (underutilized mixed-use sites allowing for densities of at least 30 du/ac) are located throughout the community and are not concentrated in areas with high proportions of persons with disabilities. The vast majority of sites are located in census tracts with 10% or less of the population indicating a disability, including some sites in areas with 10%-20% of residents indicating a disability. Additionally, the City's mixed-use areas are located near transit corridors and activity centers, which also benefits persons with disabilities. However, these sites are not concentrated in areas with already high levels of disability. The locations of sites designated to meet the City's very-low and low-income RHNA allocation are not expected to contribute to patterns of isolation or segregation for persons with disabilities.

Figure 7 shows the sites designated to meet Lake Forest's RHNA allocation in relation to female-headed households. As shown, proposed very-low and low-income sites (underutilized mixed-use sites allowing for densities of at least 30 du/ac) are located throughout the community and are not concentrated in areas with high levels of female-headed households. No sites are located in the census tract with the highest proportion of female-headed households. The locations of sites designated to meet the City's very-low and low income RHNA allocation are not expected to contribute to patterns of isolation or segregation for female-headed households.

Figure 8 shows the sites designated to meet Lake Forest's RHNA allocation in relation to concentration of senior residents. As shown, proposed very-low and low-income sites (underutilized mixed-use sites allowing for densities of at least 30 du/ac) are located throughout the community and are not concentrated in areas with high proportions of senior residents. The vast majority of sites are located in areas with low levels of senior residents (less than 20%) and some sites are located in areas where seniors make up 20-25% of the population. However, these areas (located generally along El Toro Road and Lake Forest Drive near I-5) are also good locations for seniors because they provide easy access to goods and services and are located near transportation facilities and activity centers. The locations of sites designated to meet the City's very-low and low income RHNA allocation are not expected to contribute to patterns of isolation or segregation for senior households.

Figure 9 shows the sites designated to meet Lake Forest's RHNA allocation in relation to median household income. As shown, proposed very-low and low-income RHNA sites (underutilized mixed-use sites allowing for densities of at least 30 du/ac) are located throughout the community and are not concentrated in areas with low median household income. Some candidate sites are located in one of the City's two lowest median household income census tracts, but as previously described, this census tract is home to many mobile/manufactured homes, which are not

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proposed for redevelopment. Development is expected to occur at other sites where nonresidential uses are currently (2021) located. The location of new development to meet the City's very-low and low income RHNA are not expected to contribute to patterns of isolation or segregation for lower-income households.

### R/ECAPS

The City does not have any racially or ethnically concentrated areas of poverty and the identification of sites to accommodate the City's RHNA is not expected to alter this finding.

### ACCESS TO OPPORTUNITY

Approximately 5% of the City's underutilized mixed-use sites are located within census tract 06059052423, which is considered an area with low place-based opportunities. The concerns in this area include neighborhood stability, access to supermarkets, and housing affordability. The introduction of new mixed-use development in this area will help to create more housing affordable to households at lower-income levels, introduce new residents to an area which can contribute to higher neighborhood stability, and expand opportunities for people to live and work in the same area. Taken together, new mixed-use development in this area, which is focused on underutilized commercial sites, will help to diversify the land use pattern without displacing existing residents.

### DISPLACEMENT RISK

Figure 14 shows the sites designated to meet the very-low and low-income RHNA allocation for Lake Forest sites (underutilized mixed-use sites allowing for densities of at least 30 du/ac) in relation to percent of renter households overburdened by housing costs, by census tract. Some sites (located within the El Toro Road and Light Industrial focus areas) are located in the census tracts with the highest levels of renter households overburdened by housing costs and some sites (located within the El Toro Road and Lake Forest Drive focus areas) are located in the census tracts with the highest levels of homeowner households overburdened by housing costs. Figure 15 shows the sites proposed to meet Lake Forest's very-low and low-income RHNA allocation (underutilized mixed-use sites allowing for densities of at least 30 du/ac) in relation to percent of homeowner households overburdened by housing costs, by census tract. The intent of introducing new residential development in these areas (at locations currently developed with commercial uses) is to add new housing to desirable areas and provide a range of housing choices at different prices to current and future residents. The sites designated to accommodate the City's lower-income RHNA are not currently developed with residential uses and are not expected to displace current residents.

### SITE ANALYSIS FINDINGS

To accommodate the City's RHNA allocation, five key focus areas of economic investment/opportunity have been identified consistent with the City's comprehensive General Plan Update (adopted in 2020). These focus areas include: El Toro Road, Lake Forest Drive, Light Industrial/Railroad, Civic Center, and Foothill Ranch Towne Center, all of which allow and incentivize mixed-use development at the densities needed to stimulate affordable housing development. These areas, located along transportation corridors and near activity centers, are designated for mixed-use development in the City's General Plan. The City's very-low and low RHNA needs are largely accommodated in these locations which do not represent extremely concentrated racial or ethnic populations, persons with disabilities, female household, senior households, or low-income households. However, the City has included a program to encourage additional development of lower-income units throughout the community through its accessory dwelling unit program. For these reasons, the City finds that the sites proposed to accommodate its RHNA allocation do not unduly burden existing areas of concentrated racial or ethnic homogeneity, poverty, or other characteristics. Moreover, the sites affirmatively further fair housing by helping to stimulate investment in areas where additional people- and place-based opportunity is desired, and where new residential and/or mixed-use development can help to improve some of the opportunity level characteristics discussed earlier in this section.

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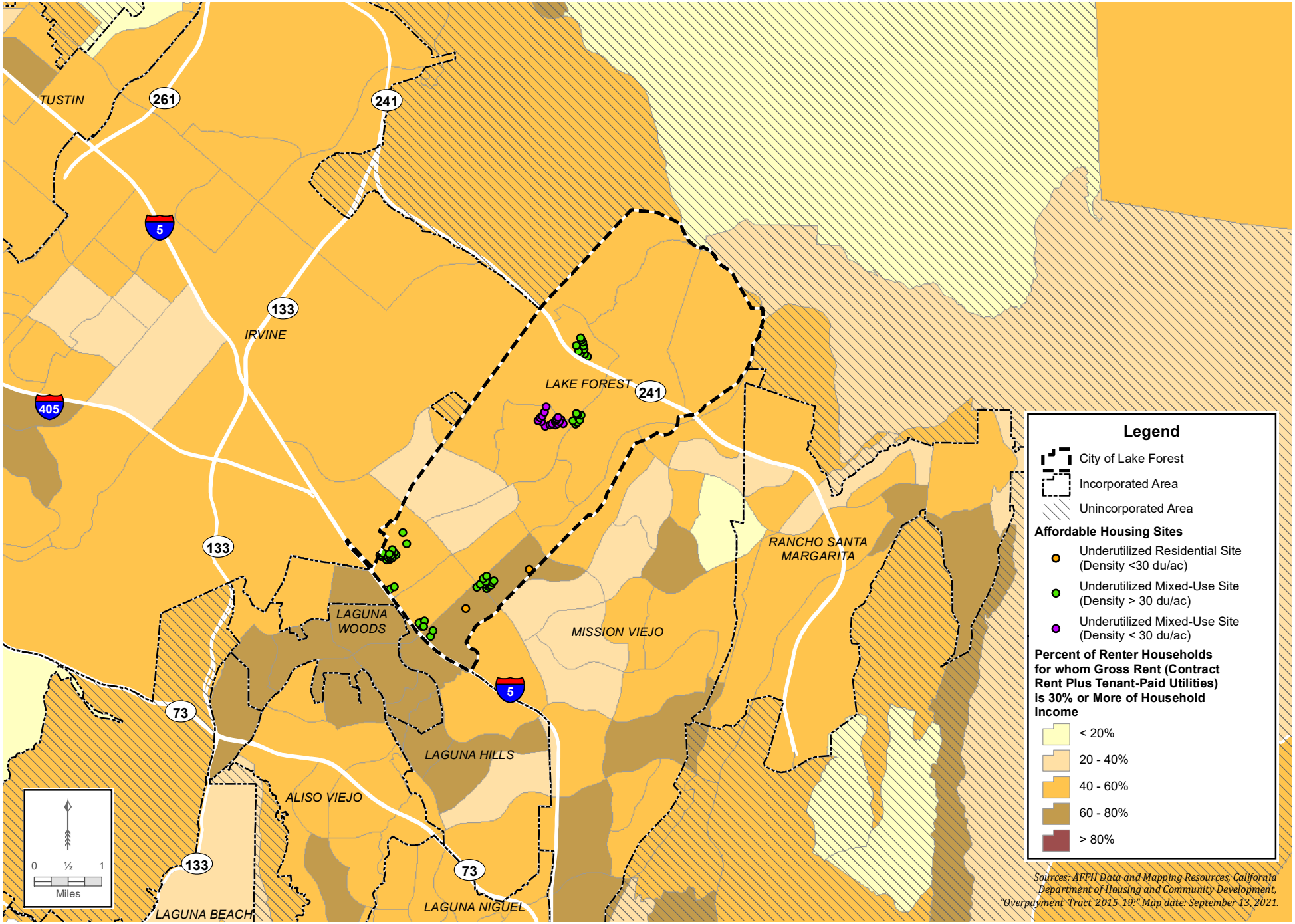
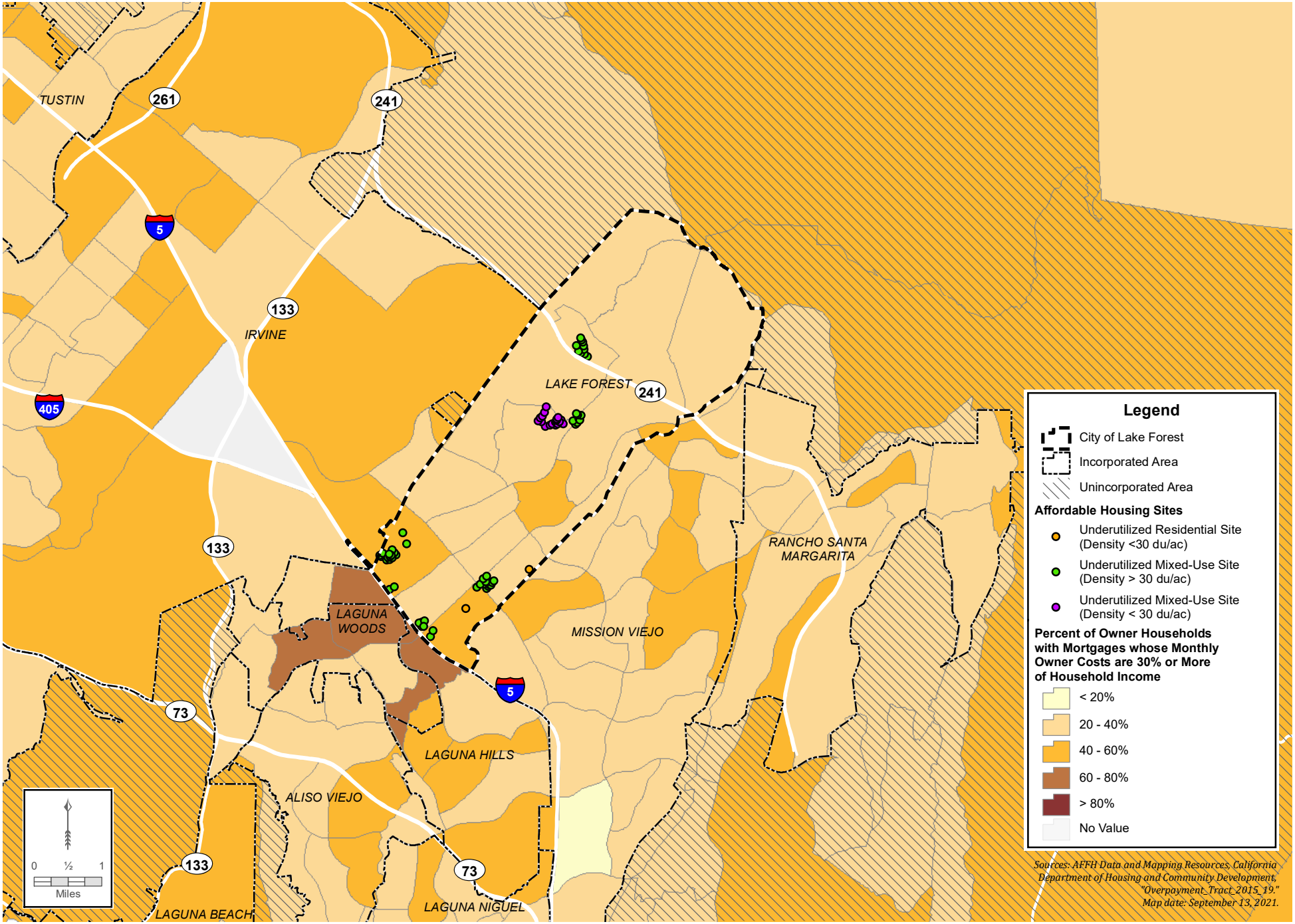





Figure 14: Cost-Burdened Renter Households by Census Tract

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De Novo Planning Group
A Land Use Planning, Design, and Environmental Firm

Figure 15: Cost-Burdened Owner Households by Census Tract

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## 6D. Analysis of Contributing Factors and Fair Housing Priorities and Goals

The December 2015 Affirmatively Furthering Fair Housing Rule Guidebook identifies examples of contributing factors by each fair housing issue area: outreach, fair housing enforcement and outreach capacity, segregation and integration, racially and ethnically concentrated areas of poverty, disparities in access to opportunity, disparities in access to opportunities for persons with disabilities, disproportionate housing needs, including displacement risks, and sites inventory. Based on the analysis included in this Background Report, the City has identified the following potential contributing factors to fair housing issues in Lake Forest and, as described later in this section, has developed a series of specific programs to address these contributing factors.

1. Availability of affordable units in a range of sizes. The City of Lake Forest's existing market-rate housing stock that is affordable to lower and moderate-income households is comprised primarily of smaller units (studios and one-bedroom units). The impact of this can be overcrowded conditions, where there is more than one person per bedroom. Another impact could be overpayment, both for renters and homeowners. Expanding the City's housing stock to include a diversity of housing options for various income levels that can help provide a range of affordable units in different sizes. Program 5, *Facilitate Affordable and Special Needs Housing Construction*, has been included in the City's Housing Plan to address this contributing factor.
2. Community opposition. The County AI identified community opposition as a potential significant contributing factor to fair housing issues in Orange County and Lake Forest. In Lake Forest, and many other communities, there is a lack of community understanding around affordable housing and the important role it plays in helping meet the needs of a variety of community members, including young people, working professionals, seniors, persons with disabilities, single-parent households, low-income households, and other at-risk populations. Program 22, *Affirmatively Furthering Fair Housing Outreach and Coordination Program*, has been included in the City's Housing Plan to address this contributing factor.
3. Land use and zoning laws. The City of Lake Forest comprehensively updated its General Plan in 2020 to allow for new mixed-use development at densities not previously allowed in Lake Forest. Specifically, the General Plan identifies areas for mixed-use development at densities of up to 32 du/ac or 43 du/ac, depending on the location. By allowing for residential development where residential development was not previously allowed, the City formalized a plan to accommodate new growth at key locations near a transportation corridor and activity centers where jobs and housing can be located close together. The City is currently updating its Zoning Code to include new standards for the City's mixed-use areas and to provide clear direction to the development community. As part of this effort, the City continues to encourage the provision of 15% affordable units in conjunction with new market rate housing. Program 7 has been included to address this contributing factor.

Moving forward, the City remains committed to providing a diversity of housing options for all income levels, encouraging development throughout the community to help overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. The vast majority of the City's Housing Programs designed to address fair housing are required to be implemented on an ongoing basis, with annual progress reports and programs evaluations to ensure they are achieving the City's objectives. The following list summarizes those programs identified in this Housing Element which affirmatively further fair housing and implement the County AI's recommendations:

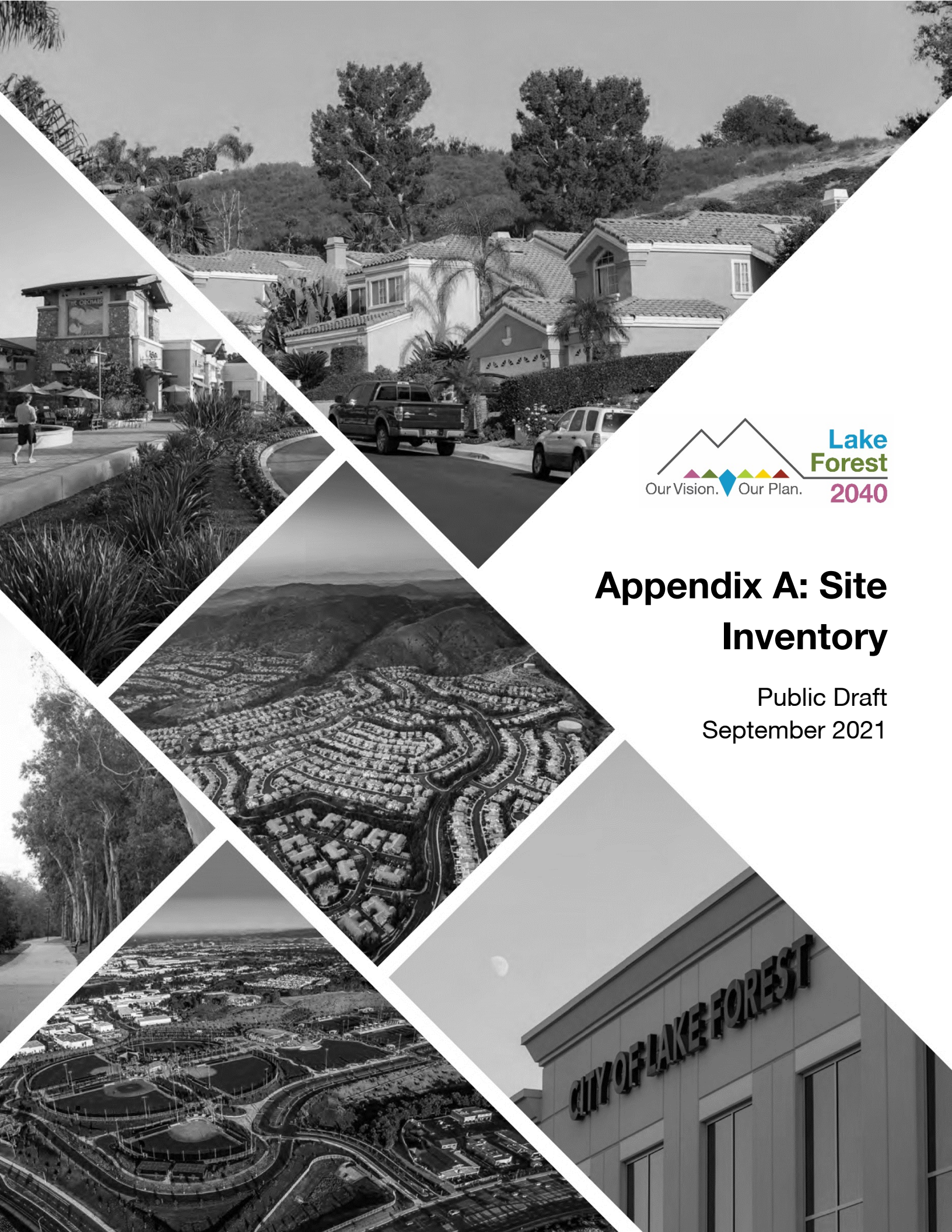
- Program 4, to replace affordable units
- Program 5, to facilitate affordable and special needs housing construction
- Program 7, to accommodate specialized housing types and update the City's policies and procedures regarding mixed-use development, low barrier navigation centers, supportive housing, employee housing, and farmworker housing

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- Program 8, to encourage the production of accessory dwelling units
- Program 9, to allow for homeless shelters
- Program 10, to allow for transitional and supportive housing
- Program 13, to ensure that the City's density bonus ordinance continues to be in compliance with state law
- Program 22, to continue utilizing a fair housing service provider to assist with addressing fair housing issues in Lake Forest and to educate the community, especially Lake Forest's underserved and underrepresented residents, and affirmatively further fair housing
- Program 23, to study and address economic displacement risks

To the extent that these programs represent ongoing work efforts, these programs are evaluated for effectiveness in Section 2 of this Background Report. The City has undertaken a series of proactive amendments to its Zoning Ordinance to address new requirements related to density bonus law and accessory dwelling units, and the City will continue to partner with local and regional stakeholders to affirmatively further fair housing.

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Lake Forest 2040

Our Vision. Our Plan.

# Appendix A: Site Inventory

Public Draft
September 2021

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| Please Start Here, Instructions in Cell A2, Table in A3:B15 | Form Fields |
|---|---|
| Site Inventory Forms must be submitted to HCD for a housing element or amendment adopted on or after January 1, 2021. The following form is to be used for satisfying this requirement. To submit the form, complete the Excel spreadsheet and submit to HCD at sitesinventory@hcd.ca.gov. Please send the Excel workbook, not a scanned or PDF copy of the tables. | |
| **General Information** | |
| Jurisidiction Name | LAKE FOREST |
| Housing Element Cycle | 6th |
| **Contact Information** | |
| First Name | Gayle |
| Last Name | Ackerman |
| Title | of Community Deve |
| Email | ckerman@lakeforestca.g |
| Phone | (949) 461-3463 |
| **Mailing Address** | |
| Street Address | Drive |
| City | Lake Forest |
| Zip Code | 92630 |

**Table A: Housing Element Sites Inventory, Table Starts in Cell A2**

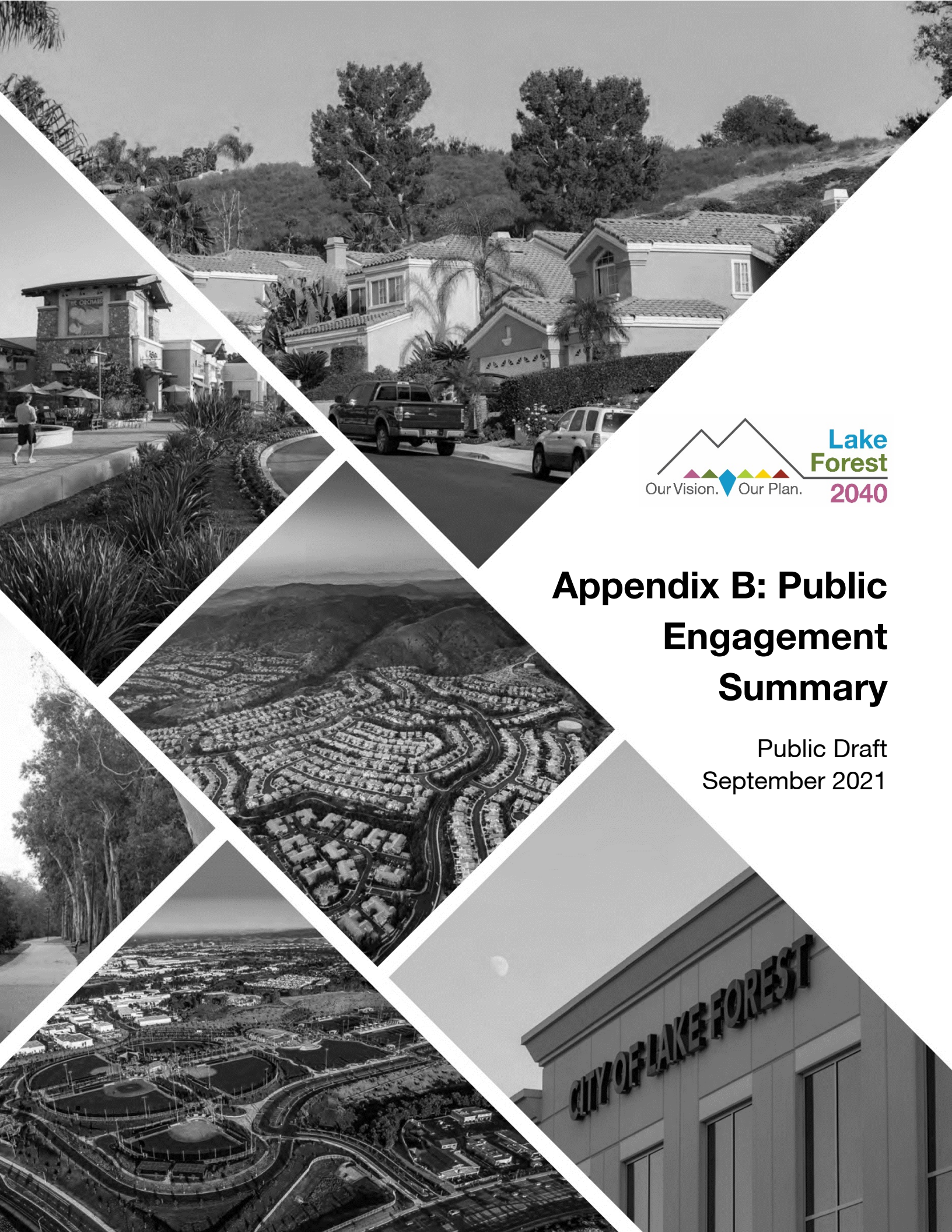
| Jurisdiction Name | Site Address/Intersection | 5 Digit ZIP Code | Assessor Parcel Number | Consolidated Sites | General Plan Designation (Current) | Zoning Designation | Minimum Density Allowed (units/acre) | Max Density Allowed (units/acre) | Parcel Size (Acres) | Existing Use/Vacancy | Infrastructure | Publicly-Owned | Site Status | Identified in Last/Last Two Planning Cycle(s) | Lower Income Capacity | Moderate Income Capacity | Above Moderate Income Capacity | Total Capacity | Optional Information1 | Optional Information2 | Optional Information3 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LAKE FOREST | 23572 PROTHERO | 92630 | 617-064-18 | | LOW-MEDIUM DENSITY R | R2 - Multifamily Dwell | 7 | 15 | 0.630937691 | Vacant | YES - Current | NO - Privately-Owned | Available | | | | 8 | 8 | 36 | Low Resource | |
| LAKE FOREST | 23139 LOS ALISOS BLVD | 92630 | 613-351-05 | | MEDIUM DENSITY RESIDE | R2 - Multifamily Dwell | 15 | 25 | 33.91936634 | Residential, 304 | YES - Current | NO - Privately-Owned | Available | | | 187 | 187 | 374 | 37 | Moderate Resource | |

**Table B: Candidate Sites Identified to be Rezoned to Accommodate Shortfall Housing Need, Table Starts in Cell A2**

| Jurisdiction Name | Site Address/Intersection | 5 Digit ZIP Code | Assessor Parcel Number | Very Low-Income | Low-Income | Moderate-Income | Above Moderate-Income | Type of Shortfall | Parcel Size (Acres) | Current General Plan Designation | Current Zoning | Proposed General Plan (GP) Designation | Proposed Zoning | Minimum Density Allowed | Maximum Density Allowed | Total Capacity | Vacant/ Nonvacant | Description of Existing Uses | Optional Information1 | Optional Information2 | Optional Information3 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LAKE FOREST | 23861 EL TORO RD | 92630 | 617-053-09 | 12 | 6 | 8 | 0 | Shortfall of Sites | 1.263383665 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 27 | Non-Vacant | Underutilized c | 1 | Low Resource | El Toro |
| LAKE FOREST | 23862 BRIDGER RD | 92630 | 617-053-10 | 12 | 6 | 8 | 0 | Shortfall of Sites | 1.300886792 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 27 | Non-Vacant | Underutilized c | 2 | Low Resource | El Toro |
| LAKE FOREST | 23861 EL TORO RD | 92630 | 617-053-02 | 8 | 4 | 5 | 0 | Shortfall of Sites | 0.852017981 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 18 | Non-Vacant | Underutilized c | 3 | Low Resource | El Toro |
| LAKE FOREST | 23782 BRIDGER RD | 92630 | 617-053-03 | 31 | 16 | 20 | 0 | Shortfall of Sites | 3.258929751 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 68 | Non-Vacant | Underutilized c | 4 | Low Resource | El Toro |
| LAKE FOREST | 23831 EL TORO RD | 92630 | 617-053-11 | 81 | 42 | 53 | 0 | Shortfall of Sites | 8.389165381 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 176 | Non-Vacant | Underutilized c | 5 | Low Resource | El Toro |
| LAKE FOREST | MERCURY RD & ROCKFIELD BLVD | 92630 | 617-474-16 | 20 | 11 | 13 | 0 | Shortfall of Sites | 2.10018798 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 44 | Non-Vacant | Underutilized c | 6 | Low Resource | Lake Forest Dr |
| LAKE FOREST | 23764 MERCURY RD | 92630 | 617-474-10 | 40 | 21 | 26 | 0 | Shortfall of Sites | 4.160877054 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 87 | Non-Vacant | Underutilized c | 7 | Low Resource | Lake Forest Dr |
| LAKE FOREST | 23591 ROCKFIELD BLVD | 92630 | 617-431-06 | 8 | 4 | 5 | 0 | Shortfall of Sites | 0.786263309 | MIXED-USE 43 | Industrial Park | MIXED-USE 43 | MU-43 | 0 | 43 | 17 | Non-Vacant | Underutilized c | 8 | Low Resource | Lake Forest Dr |
| LAKE FOREST | 23581 ROCKFIELD BLVD | 92630 | 617-431-07 | 9 | 5 | 6 | 0 | Shortfall of Sites | 0.963305525 | MIXED-USE 43 | Industrial Park | MIXED-USE 43 | MU-43 | 0 | 43 | 20 | Non-Vacant | Underutilized c | 9 | Low Resource | Lake Forest Dr |
| LAKE FOREST | 22821 ASPAN ST | 92630 | 617-433-03 | 14 | 7 | 9 | 0 | Shortfall of Sites | 1.452132908 | MIXED-USE 43 | Industrial Park | MIXED-USE 43 | MU-43 | 0 | 43 | 30 | Non-Vacant | Underutilized c | 10 | Low Resource | Lake Forest Dr |
| LAKE FOREST | 22762 ASPAN ST | 92630 | 617-433-04 | 12 | 6 | 8 | 0 | Shortfall of Sites | 1.181806178 | MIXED-USE 43 | Industrial Park | MIXED-USE 43 | MU-43 | 0 | 43 | 25 | Non-Vacant | Underutilized c | 11 | Low Resource | Lake Forest Dr |
| LAKE FOREST | 22771 CENTRE DR | 92630 | 617-431-02 | 34 | 18 | 22 | 0 | Shortfall of Sites | 3.465348263 | MIXED-USE 43 | Industrial Park | MIXED-USE 43 | MU-43 | 0 | 43 | 73 | Non-Vacant | Underutilized c | 12 | Low Resource | Lake Forest Dr |
| LAKE FOREST | ASPAN ST & CENTRE DR | 92630 | 617-433-08 | 22 | 12 | 14 | 0 | Shortfall of Sites | 2.283045845 | MIXED-USE 43 | Industrial Park | MIXED-USE 43 | MU-43 | 0 | 43 | 48 | Non-Vacant | Underutilized c | 13 | Low Resource | Lake Forest Dr |
| LAKE FOREST | 22681 LAKE FOREST DR | 92630 | 617-493-01 | 77 | 40 | 50 | 0 | Shortfall of Sites | 7.995414481 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 168 | Non-Vacant | Underutilized c | 14 | Low Resource | Lake Forest Dr |
| LAKE FOREST | 22471 ASPAN ST | 92630 | 617-491-04 | 13 | 7 | 8 | 0 | Shortfall of Sites | 1.319692179 | MIXED-USE 43 | Industrial Park | MIXED-USE 43 | MU-43 | 0 | 43 | 28 | Non-Vacant | Underutilized c | 15 | Low Resource | Lake Forest Dr |
| LAKE FOREST | 20780 LAKE FOREST DR C | 92630 | 613-621-16 | 6 | 3 | 4 | 0 | Shortfall of Sites | 0.8517301 | MIXED-USE 32 | Community Commer | MIXED-USE 32 | MU-32 | 0 | 32 | 14 | Non-Vacant | Underutilized c | 16 | Moderate Resou | Civic Center |
| LAKE FOREST | 20768 LAKE FOREST DR | 92630 | 613-621-17 | 9 | 5 | 6 | 0 | Shortfall of Sites | 1.275748018 | MIXED-USE 32 | Community Commer | MIXED-USE 32 | MU-32 | 0 | 32 | 20 | Non-Vacant | Underutilized c | 17 | Moderate Resou | Civic Center |
| LAKE FOREST | 20761 LAKE FOREST DR | 92630 | 613-622-09 | 12 | 6 | 8 | 0 | Shortfall of Sites | 1.603887531 | MIXED-USE 32 | Community Commer | MIXED-USE 32 | MU-32 | 0 | 32 | 26 | Non-Vacant | Underutilized c | 18 | High Resource | Civic Center |
| LAKE FOREST | 20722 LAKE FOREST DR | 92630 | 613-621-12 | 6 | 3 | 4 | 0 | Shortfall of Sites | 0.742644428 | MIXED-USE 32 | Community Commer | MIXED-USE 32 | MU-32 | 0 | 32 | 12 | Non-Vacant | Underutilized c | 19 | Moderate Resou | Civic Center |
| LAKE FOREST | 20702 LAKE FOREST DR | 92630 | 613-621-10 | 16 | 8 | 10 | 0 | Shortfall of Sites | 2.153975934 | MIXED-USE 32 | Community Commer | MIXED-USE 32 | MU-32 | 0 | 32 | 34 | Non-Vacant | Underutilized c | 20 | Moderate Resou | Civic Center |
| LAKE FOREST | 20652 LAKE FOREST DR | 92630 | 613-621-11 | 8 | 4 | 5 | 0 | Shortfall of Sites | 1.116763 | MIXED-USE 32 | Community Commer | MIXED-USE 32 | MU-32 | 0 | 32 | 18 | Non-Vacant | Underutilized c | 21 | Moderate Resou | Civic Center |
| LAKE FOREST | 20651 LAKE FOREST DR | 92630 | 613-623-02 | 5 | 2 | 3 | 0 | Shortfall of Sites | 0.640688958 | MIXED-USE 32 | Community Commer | MIXED-USE 32 | MU-32 | 0 | 32 | 10 | Non-Vacant | Underutilized c | 22 | High Resource | Civic Center |
| LAKE FOREST | 20671 LAKE FOREST DR | 92630 | 613-623-01 | 12 | 6 | 8 | 0 | Shortfall of Sites | 1.656835568 | MIXED-USE 32 | Community Commer | MIXED-USE 32 | MU-32 | 0 | 32 | 27 | Non-Vacant | Underutilized c | 23 | High Resource | Civic Center |
| LAKE FOREST | 26672 TOWNE CENTRE DR | 92610 | 612-093-34 | 37 | 19 | 24 | 0 | Shortfall of Sites | 3.860087605 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 81 | Non-Vacant | Underutilized c | 24 | High Resource | Foothill Ranch |
| LAKE FOREST | 26642 TOWNE CENTRE DR | 92610 | 612-093-33 | 36 | 19 | 24 | 0 | Shortfall of Sites | 3.77419289 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 79 | Non-Vacant | Underutilized c | 25 | High Resource | Foothill Ranch |
| LAKE FOREST | 26632 TOWNE CENTRE DR | 92610 | 612-093-32 | 34 | 18 | 22 | 0 | Shortfall of Sites | 3.503322929 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 74 | Non-Vacant | Underutilized c | 26 | High Resource | Foothill Ranch |
| LAKE FOREST | 26622 TOWNE CENTRE DR | 92610 | 612-093-26 | 11 | 6 | 7 | 0 | Shortfall of Sites | 1.135987335 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 24 | Non-Vacant | Underutilized c | 27 | High Resource | Foothill Ranch |
| LAKE FOREST | 26612 TOWNE CENTRE DR | 92610 | 612-093-27 | 21 | 11 | 14 | 0 | Shortfall of Sites | 2.189852497 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 46 | Non-Vacant | Underutilized c | 28 | High Resource | Foothill Ranch |
| LAKE FOREST | 26592 TOWNE CENTRE DR | 92610 | 612-093-25 | 12 | 6 | 8 | 0 | Shortfall of Sites | 1.254145848 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 26 | Non-Vacant | Underutilized c | 29 | High Resource | Foothill Ranch |
| LAKE FOREST | 26582 TOWNE CENTRE DR | 92610 | 612-093-16 | 12 | 6 | 8 | 0 | Shortfall of Sites | 1.196160598 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 25 | Non-Vacant | Underutilized c | 30 | High Resource | Foothill Ranch |
| LAKE FOREST | 26572 TOWNE CENTRE DR | 92610 | 612-093-30 | 6 | 3 | 4 | 0 | Shortfall of Sites | 0.57254868 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 12 | Non-Vacant | Underutilized c | 31 | High Resource | Foothill Ranch |
| LAKE FOREST | 26602 TOWNE CENTRE DR | 92610 | 612-093-13 | 157 | 82 | 103 | 0 | Shortfall of Sites | 16.26471722 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 342 | Non-Vacant | Underutilized c | 32 | High Resource | Foothill Ranch |
| LAKE FOREST | 26526 TOWNE CENTRE DR | 92610 | 612-093-31 | 10 | 5 | 6 | 0 | Shortfall of Sites | 1.019581701 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 21 | Non-Vacant | Underutilized c | 33 | High Resource | Foothill Ranch |
| LAKE FOREST | 24288 SWARTZ DR 1 | 92630 | 617-501-01 | 59 | 31 | 39 | 0 | Shortfall of Sites | 6.153220763 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 129 | Non-Vacant | Underutilized c | 34 | Low Resource | El Toro |
| LAKE FOREST | 24392 ROCKFIELD BLVD | 92630 | 617-501-04 | 88 | 46 | 58 | 0 | Shortfall of Sites | 9.161718949 | MIXED-USE 43 | Community Commer | MIXED-USE 43 | MU-43 | 0 | 43 | 192 | Non-Vacant | Underutilized c | 35 | Low Resource | El Toro |
| LAKE FOREST | 22722 CENTRE DR | 92630 | 617-432-03 | 13 | 7 | 8 | 0 | Shortfall of Sites | 1.326328663 | MIXED-USE 43 | Industrial Park | MIXED-USE 43 | MU-43 | 0 | 43 | 28 | Non-Vacant | Underutilized c | 38 | Low Resource | Lake Forest Dr |
| LAKE FOREST | 22765 ASPAN ST | 92630 | 617-432-18 | 7 | 4 | 5 | 0 | Shortfall of Sites | 0.738090139 | MIXED-USE 43 | Industrial Park | MIXED-USE 43 | MU-43 | 0 | 43 | 15 | Non-Vacant | Underutilized c | 39 | Low Resource | Lake Forest Dr |
| LAKE FOREST | 22741 ASPAN ST | 92630 | 617-432-19 | 6 | 3 | 4 | 0 | Shortfall of Sites | 0.589382745 | MIXED-USE 43 | Industrial Park | MIXED-USE 43 | MU-43 | 0 | 43 | 12 | Non-Vacant | Underutilized c | 40 | Low Resource | Lake Forest Dr |
| LAKE FOREST | 22859 LAKE FOREST DR | 92630 | 617-432-14 | 7 | 4 | 5 | 0 | Shortfall of Sites | 0.742447552 | MIXED-USE 43 | Industrial Park | MIXED-USE 43 | MU-43 | 0 | 43 | 16 | Non-Vacant | Underutilized c | 41 | Low Resource | Lake Forest Dr |
| LAKE FOREST | 22865 LAKE FOREST DR | 92630 | 617-432-25 | 5 | 3 | 3 | 0 | Shortfall of Sites | 0.510942448 | MIXED-USE 43 | Industrial Park | MIXED-USE 43 | MU-43 | 0 | 43 | 11 | Non-Vacant | Underutilized c | 42 | Low Resource | Lake Forest Dr |
| LAKE FOREST | 22855 LAKE FOREST DR | 92630 | 617-432-13 | 11 | 6 | 7 | 0 | Shortfall of Sites | 1.07768409 | MIXED-USE 43 | Industrial Park | MIXED-USE 43 | MU-43 | 0 | 43 | 23 | Non-Vacant | Underutilized c | 43 | Low Resource | Lake Forest Dr |
| LAKE FOREST | 22831 LAKE FOREST DR | 92630 | 617-432-09 | 12 | 6 | 8 | 0 | Shortfall of Sites | 1.304262211 | MIXED-USE 43 | Industrial Park | MIXED-USE 43 | MU-43 | 0 | 43 | 27 | Non-Vacant | Underutilized c | 44 | Low Resource | Lake Forest Dr |
| LAKE FOREST | ORANGE AVE & WHISLER DR | 92630 | 617-241-57 | 6 | 3 | 4 | 0 | Shortfall of Sites | 0.591088064 | URBAN INDUSTRIAL 43 | Industrial Park | URBAN INDUS | UI-43 | 0 | 43 | 12 | Non-Vacant | Underutilized c | 45 | Low Resource | Industrial/Rail |
| LAKE FOREST | 25142 FRONT ST | 92630 | 613-374-08 | 19 | 10 | 12 | 0 | Shortfall of Sites | 1.960023625 | URBAN INDUSTRIAL 43 | Industrial Park | URBAN INDUS | UI-43 | 0 | 43 | 41 | Non-Vacant | Underutilized c | 46 | Moderate Resou | Industrial/Rail |
| LAKE FOREST | 23131 ORANGE AVE | 92630 | 613-371-01 | 23 | 12 | 15 | 0 | Shortfall of Sites | 2.43740836 | URBAN INDUSTRIAL 43 | Industrial Park | URBAN INDUS | UI-43 | 0 | 43 | 51 | Non-Vacant | Underutilized c | 47 | Moderate Resou | Industrial/Rail |
| LAKE FOREST | 23081 ORANGE AVE A | 92630 | 613-361-03 | 9 | 5 | 6 | 0 | Shortfall of Sites | 0.917284252 | URBAN INDUSTRIAL 43 | Industrial Park | URBAN INDUS | UI-43 | 0 | 43 | 19 | Non-Vacant | Underutilized c | 48 | Moderate Resou | Industrial/Rail |
| LAKE FOREST | 25101 FRONT ST | 92630 | 613-372-05 | 5 | 3 | 3 | 0 | Shortfall of Sites | 0.506062432 | URBAN INDUSTRIAL 43 | Industrial Park | URBAN INDUS | UI-43 | 0 | 43 | 11 | Non-Vacant | Underutilized c | 49 | Moderate Resou | Industrial/Rail |
| LAKE FOREST | 23132 ORANGE AVE | 92630 | 613-372-02 | 19 | 10 | 13 | 0 | Shortfall of Sites | 1.981549095 | URBAN INDUSTRIAL 43 | Industrial Park | URBAN INDUS | UI-43 | 0 | 43 | 42 | Non-Vacant | Underutilized c | 50 | Moderate Resou | Industrial/Rail |
| LAKE FOREST | 23132 ORANGE AVE | 92630 | 613-372-01 | 8 | 4 | 5 | 0 | Shortfall of Sites | 0.844433033 | URBAN INDUSTRIAL 43 | Industrial Park | URBAN INDUS | UI-43 | 0 | 43 | 18 | Non-Vacant | Underutilized c | 51 | Moderate Resou | Industrial/Rail |
| LAKE FOREST | 23222 OLIVE AVE | 92630 | 613-373-06 | 11 | 6 | 7 | 0 | Shortfall of Sites | 1.166339659 | URBAN INDUSTRIAL 43 | Industrial Park | URBAN INDUS | UI-43 | 0 | 43 | 24 | Non-Vacant | Underutilized c | 52 | Moderate Resou | Industrial/Rail |
| LAKE FOREST | CHERRY AVE & FRONT ST | 92630 | 613-373-03 | 6 | 3 | 4 | 0 | Shortfall of Sites | 0.651443735 | URBAN INDUSTRIAL 43 | Industrial Park | URBAN INDUS | UI-43 | 0 | 43 | 14 | Non-Vacant | Underutilized c | 53 | Moderate Resou | Industrial/Rail |
| LAKE FOREST | OLIVE AVE & FRONT ST | 92630 | 613-373-02 | 8 | 4 | 5 | 0 | Shortfall of Sites | 0.82959032 | URBAN INDUSTRIAL 43 | Industrial Park | URBAN INDUS | UI-43 | 0 | 43 | 17 | Non-Vacant | Underutilized c | 54 | Moderate Resou | Industrial/Rail |
| LAKE FOREST | 23271 CHERRY AVE | 92630 | 613-373-01 | 12 | 6 | 8 | 0 | Shortfall of Sites | 1.218513428 | URBAN INDUSTRIAL 43 | Industrial Park | URBAN INDUS | UI-43 | 0 | 43 | 26 | Non-Vacant | Underutilized c | 55 | Moderate Resou | Industrial/Rail |
| LAKE FOREST | 23211 CHERRY AVE | 92630 | 613-362-04 | 16 | 8 | 10 | 0 | Shortfall of Sites | 1.641492507 | URBAN INDUSTRIAL 43 | Industrial Park | URBAN INDUS | UI-43 | 0 | 43 | 34 | Non-Vacant | Underutilized c | 56 | Moderate Resou | Industrial/Rail |
| LAKE FOREST | 25312 JERONIMO RD | 92630 | 613-362-02 | 14 | 7 | 9 | 0 | Shortfall of Sites | 1.437847034 | URBAN INDUSTRIAL 43 | Industrial Park | URBAN INDUS | UI-43 | 0 | 43 | 30 | Non-Vacant | Underutilized c | 57 | Moderate Resou | Industrial/Rail |
| LAKE FOREST | INDIAN OCEAN DR & COMMERCENTRE DR | 92630 | 610-332-07 | 0 | 0 | 21 | 21 | Shortfall of Sites | 3.464594704 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 42 | Non-Vacant | Underutilized c | 58 | High Resource | Civic Center |
| LAKE FOREST | 20712 CIVIC CENTER DR | 92630 | 610-332-06 | 0 | 0 | 7 | 7 | Shortfall of Sites | 1.192169857 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 14 | Non-Vacant | Underutilized c | 59 | High Resource | Civic Center |
| LAKE FOREST | INDIAN OCEAN DR & COMMERCENTRE DR | 92630 | 610-332-04 | 0 | 0 | 14 | 14 | Shortfall of Sites | 2.329840458 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 28 | Non-Vacant | Underutilized c | 60 | High Resource | Civic Center |
| LAKE FOREST | 20602 CIVIC CENTER DR | 92630 | 610-332-09 | 0 | 0 | 30 | 30 | Shortfall of Sites | 4.964294627 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 60 | Non-Vacant | Underutilized c | 61 | High Resource | Civic Center |
| LAKE FOREST | 26000 COMMERCENTRE DR | 92630 | 610-332-08 | 0 | 0 | 19 | 19 | Shortfall of Sites | 3.088663236 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 37 | Non-Vacant | Underutilized c | 62 | High Resource | Civic Center |
| LAKE FOREST | INDIAN OCEAN DR & COMMERCENTRE DR | 92630 | 104-132-79 | 0 | 0 | 15 | 15 | Shortfall of Sites | 2.383955339 | URBAN INDUSTRIAL 25 | Open Space | URBAN INDUS | UI-25 | 0 | 25 | 29 | Non-Vacant | Underutilized c | 63 | High Resource | Civic Center |
| LAKE FOREST | 20941 CANADA RD | 92630 | 610-151-29 | 0 | 0 | 17 | 17 | Shortfall of Sites | 2.872984571 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 34 | Non-Vacant | Underutilized c | 64 | High Resource | Civic Center |
| LAKE FOREST | 20845 CANADA RD | 92630 | 610-301-24 | 0 | 0 | 6 | 6 | Shortfall of Sites | 0.900152383 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 11 | Non-Vacant | Underutilized c | 65 | High Resource | Civic Center |
| LAKE FOREST | 20762 LINEAR LN | 92630 | 610-301-29 | 0 | 0 | 8 | 8 | Shortfall of Sites | 1.218441897 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 15 | Non-Vacant | Underutilized c | 66 | High Resource | Civic Center |
| LAKE FOREST | 20792 CANADA RD | 92630 | 610-301-31 | 0 | 0 | 8 | 8 | Shortfall of Sites | 1.298525214 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 16 | Non-Vacant | Underutilized c | 67 | High Resource | Civic Center |
| LAKE FOREST | 20742 LINEAR LN | 92630 | 610-301-13 | 0 | 0 | 5 | 5 | Shortfall of Sites | 0.71561155 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 9 | Non-Vacant | Underutilized c | 68 | High Resource | Civic Center |
| LAKE FOREST | 20722 LINEAR LN | 92630 | 610-301-22 | 0 | 0 | 4 | 4 | Shortfall of Sites | 0.697844104 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 8 | Non-Vacant | Underutilized c | 69 | High Resource | Civic Center |
| LAKE FOREST | 20702 LINEAR LN | 92630 | 610-301-23 | 0 | 0 | 5 | 5 | Shortfall of Sites | 0.749709659 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 9 | Non-Vacant | Underutilized c | 70 | High Resource | Civic Center |
| LAKE FOREST | 26212 DIMENSION DR | 92630 | 610-301-11 | 0 | 0 | 8 | 8 | Shortfall of Sites | 1.259701242 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 15 | Non-Vacant | Underutilized c | 71 | High Resource | Civic Center |
| LAKE FOREST | 20781 CANADA RD | 92630 | 610-301-16 | 0 | 0 | 5 | 5 | Shortfall of Sites | 0.711370225 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 9 | Non-Vacant | Underutilized c | 72 | High Resource | Civic Center |
| LAKE FOREST | 20761 CANADA RD | 92630 | 610-301-17 | 0 | 0 | 10 | 10 | Shortfall of Sites | 1.544583418 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 19 | Non-Vacant | Underutilized c | 73 | High Resource | Civic Center |
| LAKE FOREST | 26242 DIMENSION DR | 92630 | 610-301-18 | 0 | 0 | 9 | 9 | Shortfall of Sites | 1.400052107 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 17 | Non-Vacant | Underutilized c | 74 | High Resource | Civic Center |
| LAKE FOREST | 20700 CANADA RD | 92630 | 613-821-04 | 0 | 0 | 27 | 27 | Shortfall of Sites | 4.493663549 | URBAN INDUSTRIAL 25 | Light Industrial | URBAN INDUS | UI-25 | 0 | 25 | 54 | Non-Vacant | Underutilized c | 75 | High Resource | Civic Center |

## Table C: Land Use, Table Starts in A2

| Zoning Designation (From Table A, Column G) | General Land Uses Allowed |
|---|---|
| R2 Multifamily | Multifamily dwellings; single-family dwellings; modiblehome developments; residential condominiums; residential planned (unit) developments. |
| | |
| | |
| | |
| | |
| | |
| | |
| | |




Lake Forest 2040

Our Vision. Our Plan.

# Appendix B: Public Engagement Summary

Public Draft
September 2021

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# Public Engagement Summary

## City of Lake Forest Housing Element Update

**September 2021**

**In partnership with De Novo Planning Group**

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# Introduction

The City of Lake Forest is updating its Housing Element as part of the 2021-2029 Housing Element Cycle (Cycle 6). Lake Forest is dedicated to meeting the future housing needs of its residents. The Housing Element Update process is a unique opportunity to connect with residents of Lake Forest and learn more about residents' values, priorities, concerns, and ideas.

While the City's public engagement program connected directly to the Housing Element Update began in late 2020, the City conducted a robust outreach program as part of its comprehensive General Plan Update (which was adopted in mid-2020). As part of that work effort, which included dozens of community meetings, study sessions, and public hearings, the community had the opportunity to weigh-in on key areas for focused future residential and nonresidential growth. Through this effort, the City identified five focus areas where new mixed-use development is desirable. These areas are designated as "Mixed-Use" in the General Plan and the City is currently preparing a focused update to its Zoning Ordinance to adopt new zoning standards for these mixed-use areas. A majority of the sites included in the City's Housing Element Site Inventory (Appendix A) are located within these mixed-use areas. The Housing Element is a continuation of the City's comprehensive General Plan Update and builds upon the legacy of public involvement included in that work. For more information related to the General Plan public engagement program, please see the City's website at https://www.lakeforestca.gov/292/Planning-Documents.

Throughout the process, the City supported meaningful public engagement by sending direct advertisements, posting to social media, hosting surveys, facilitating workshops, and sharing summaries of feedback to validate what we heard. Looking forward to the public review period of the Draft Housing Element, the City will continue to engage the community to seek feedback on the goals, policies, and programs included in the Housing Plan as well as input regarding key issues and challenges identified in the Background Report, including the City's plan to accommodate its fair share of future regional housing growth.

The following activities have been conducted in support of the Housing Element Update and are summarized in this document; copies of key advertisements and presentations are included at the end of this document and are also available on the project website at https://sanmarcos.generalplan.org/.

- General Education and Advertisements
- Project Website
- Virtual Workshop
- Stakeholder Meetings/Consultation
- Public Review of Draft 2021-2029 Housing Element

# General Education and Advertisements

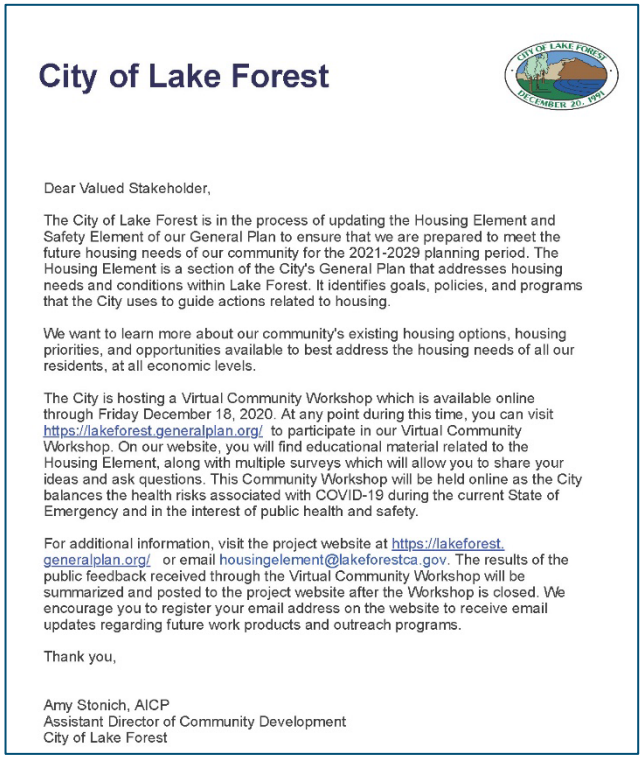
The City engaged in a multifaceted campaign to advertise the focused update to the City's Housing Element. Using the City's social media accounts, email listserv generated through the General Plan Update, the City's dedicated General Plan Update website and the City's own website, and direct mailers to interested stakeholders, the City worked hard to educate the community on this project.

## Social Media

The City of Lake Forest maintains various social media accounts including Facebook, Nextdoor, and Instagram. Starting in September 2020 and continuing throughout the project, the City posted updates to its social media platforms advertising opportunities to provide input and alerting the public to upcoming meetings and workshops.

## Emails

The project team complied a database of community members and stakeholders who registered to be notified via email of future public engagement opportunities and key deliverables. Direct emails were sent to these individuals to advertise the Housing Element Community Meeting, the Online Workshop, and the Public Review Draft 2021-2029 Housing Element.



City of Lake Forest

Dear Valued Stakeholder,

The City of Lake Forest is in the process of updating the Housing Element and Safety Element of our General Plan to ensure that we are prepared to meet the future housing needs of our community for the 2021-2029 planning period. The Housing Element is a section of the City's General Plan that addresses housing needs and conditions within Lake Forest. It identifies goals, policies, and programs that the City uses to guide actions related to housing.

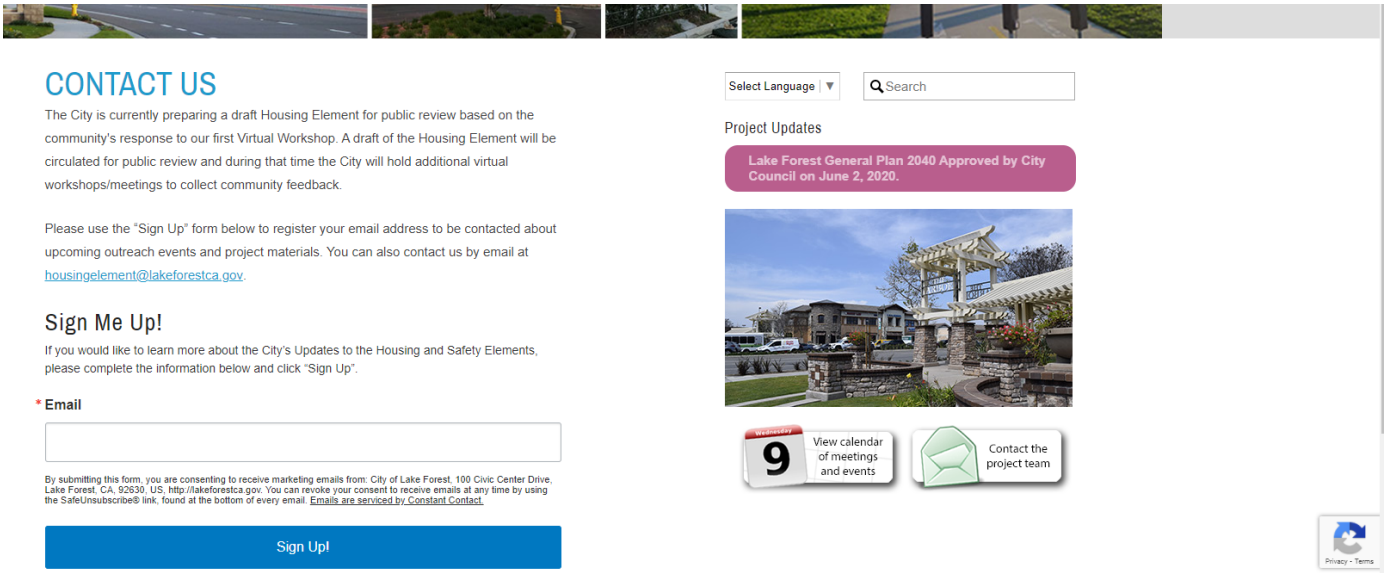
We want to learn more about our community's existing housing options, housing priorities, and opportunities available to best address the housing needs of all our residents, at all economic levels.

The City is hosting a Virtual Community Workshop which is available online through Friday December 18, 2020. At any point during this time, you can visit https://lakeforest.generalplan.org/ to participate in our Virtual Community Workshop. On our website, you will find educational material related to the Housing Element, along with multiple surveys which will allow you to share your ideas and ask questions. This Community Workshop will be held online as the City balances the health risks associated with COVID-19 during the current State of Emergency and in the interest of public health and safety.

For additional information, visit the project website at https://lakeforest.generalplan.org/ or email housingelement@lakeforestca.gov. The results of the public feedback received through the Virtual Community Workshop will be summarized and posted to the project website after the Workshop is closed. We encourage you to register your email address on the website to receive email updates regarding future work products and outreach programs.

Thank you,

Amy Stonich, AICP
Assistant Director of Community Development
City of Lake Forest



CONTACT US

The City is currently preparing a draft Housing Element for public review based on the community's response to our first Virtual Workshop. A draft of the Housing Element will be circulated for public review and during that time the City will hold additional virtual workshops/meetings to collect community feedback.

Please use the "Sign Up" form below to register your email address to be contacted about upcoming outreach events and project materials. You can also contact us by email at housingelement@lakeforestca.gov.

Sign Me Up!

If you would like to learn more about the City's Updates to the Housing and Safety Elements, please complete the information below and click "Sign Up".

* Email

By submitting this form, you are consenting to receive marketing emails from: City of Lake Forest, 100 Civic Center Drive, Lake Forest, CA, 92630, US, http://lakeforestca.gov. You can revoke your consent to receive emails at any time by using the SafeUnsubscribe® link, found at the bottom of every email. Emails are serviced by Constant Contact.

Sign Up!

Select Language | Search

Project Updates

Lake Forest General Plan 2040 Approved by City Council on June 2, 2020.

View calendar of meetings and events

Contact the project team

# Project Website

A dedicated project website (https://lakeforest.generalplan.org/) serves as the main conduit of information for individuals who can access material online. The project website is a continuation of the General Plan Update website (launched in 2018) and is regularly updated to reflect ongoing community input opportunities, advertise draft work products, and answer commonly asked questions. The project website includes the following pages:

- Home Page: Introduction about the project
- FAQ: A presentation of common questions and answers including an overview of why public feedback is important and how it will be used to shape the work products
- Survey: Dedicated page to host open surveys
- Get Involved: Information regarding upcoming and past meetings and events, including public workshops, open houses, and hearings
- Documents & Maps: Library of relevant documents and maps prepared for the project as well as links to the City's Planning Division webpage which hosts additional City documents
- Contact Us: Project team contact information and a fillable form to submit comments on an ongoing basis and register to receive future project updates

Since September 2020, the project website received over 1,200 views from 959 unique visitors resulting in a total of 2,800 pageviews. The peak of activity happened around the housing survey, facilitated throughout the month of December 2021.



# Virtual Community Workshop

As part of the community outreach, a virtual community workshop was conducted to educate the community about housing issues and opportunities facing Lake Forest and gather input on housing-related topics. The virtual workshop was hosted on the project website from November 23, 2020 through December 22, 2020. The extended timeframe was intended to allow community members and stakeholders to participate at their leisure and in accordance with their schedule and availability. The Virtual Community Workshop consistent of three parts:

Part A: Overview video (narrated in English and subtitled in Spanish) describing Housing Elements and why they are important

Part B: PowerPoint presentation describing existing conditions in Lake Forest and the City's Housing Element Update process (https://youtu.be/c-LAnI2MGWc)

Part C: Two surveys to gather information on housing-related issues. Survey #1 focused on issues of home maintenance, affordability, home types, and living conditions in Lake Forest as well as demographic questions. Survey #2 focused on community priorities related to housing. This section includes a summary of the responses received and the general themes that emerged.

- Survey #1 was 14 questions long. It had a 94% completion rate and 124 total responses.
- Survey #2 was 2 questions long. It had an 87% completion rate and 69 total responses.

## Community Survey

The City of Lake Forest is updating its Housing Element as part of the 2021-2029 Housing Element Cycle (Cycle 6). The City recently updated its General Plan (2020); updating the Housing Element builds upon that foundation of analysis and community engagement to address the future housing needs of its residents. The Housing Element Update process is a unique opportunity to connect with residents of Lake Forest and learn more about residents' values, priorities, concerns, and ideas.

As part of the community outreach, a virtual community workshop was conducted and two surveys were presented. The two surveys work together to gather information on housing-related issues. Survey #1 focused on issues of home maintenance, affordability, home types, and living conditions in Lake Forest as well as demographic questions. Survey #2 focused on community priorities related to housing. This report is a summary of the responses received and the general themes that emerged.

Both surveys were posted to the website on November 23, 2020 and were open for a month. The surveys were closed on December 22, 2020.

Survey #1 was 14 questions long. It had a 94% completion rate and 62 total responses.

Survey #2 was 2 questions long. It had an 69% completion rate and 49 total responses.

# Executive Summary

48% of residents chose to live in Lake Forest for its affordability

45% of residents chose to live in Lake Forest for its proximity to work, job, family, or friends

55% of residents would rate their housing as being in excellent condition, while 39% rated it as showing signs of minor deferred maintenance

86% of residents are very satisfied or somewhat satisfied with their current housing situation




28% of residents and 33% of non-residents want to buy in Lake Forest but cannot afford it

44% of residents think Lake Forest needs more condominiums

**Issues that residents rated as most important to them include:**

Support fair/equitable housing opportunities (100%)

Support programs to maintain and secure neighborhoods that have suffered foreclosures (100%)

Establish programs to help at-risk homeowners keep their homes, including mortgage loan programs (97%)

Housing affordable to working families (94%)

Rehabilitate existing housing (94%)

## Survey #1: Respondent Demographics

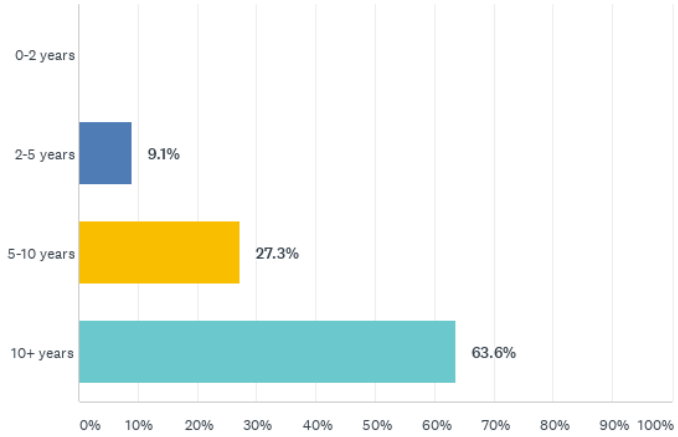
The survey contained 7 questions related to demographics. The first question of the survey was, "Do you live in Lake Forest?"[1] Approximately 47% of respondents answered, "No." Given the large number of responses that came from non-residents on a survey meant to ascertain information about residential conditions and attitudes towards housing within the City, the results from residents and non-residents are analyzed separately in this Community Survey Report. Non-residents also skipped large portions of the survey (which would be expected since the questions are largely non-applicable to non-residents). As such, unless otherwise noted, all survey results reported are from the sample of resident responses (33 in total for Survey #1 regarding housing conditions).

Of the other six demographic questions asked, one of those questions included an opportunity for users to sign-up for more information about the Housing Element update process. The other five questions highlighted the following about the respondents:

- Of those individuals who live in Lake Forest, approximately 64% have lived here for 10+ years. The next highest response (27%) was 5-10 years, followed by 2-5 years (9%).[2]
- Most of the respondents own their own home (79%), with 21% of respondents renting.[3]
- Most of the respondents (79%) live in a single-family home, with the next highest category being multi-family homes (15%), followed by duplex/attached homes (5%) and mobile homes (5%).[4]
- Of the respondents surveyed, the most common types of households include couples (33%), couples with children younger than 18 (24%), and single-person households (21%). There was considerable range in household types including 9% who identified as an unlisted household type, such as couples with adult children living with them.[5]
- The respondents were primarily 56-74 years old (36%), followed by 40-55 years old (30%), and 24-39 years old (18%).[6]

[1] Question 1: Do you live in Lake Forest?
[2] Question 2: How long have you lived in the City?
[3] Question 4: Do you currently own or rent your home?
[4] Question 5: Select the type of housing that best describes your current home.
[5] Question 9: Which of the following best describes your household type?
[6] Question 14: What age range most accurately describes you?

***Figure 1: How long have you lived in the City?***




# Survey #1 Responses

The survey responses reveal information about housing in Lake Forest. The results are grouped into four categories: values and priorities; housing affordability; housing maintenance; and housing fit.

**VALUES AND PRIORITIES**

**When respondents were asked, "What made you decide to live here?"[7] the most common answers were:**

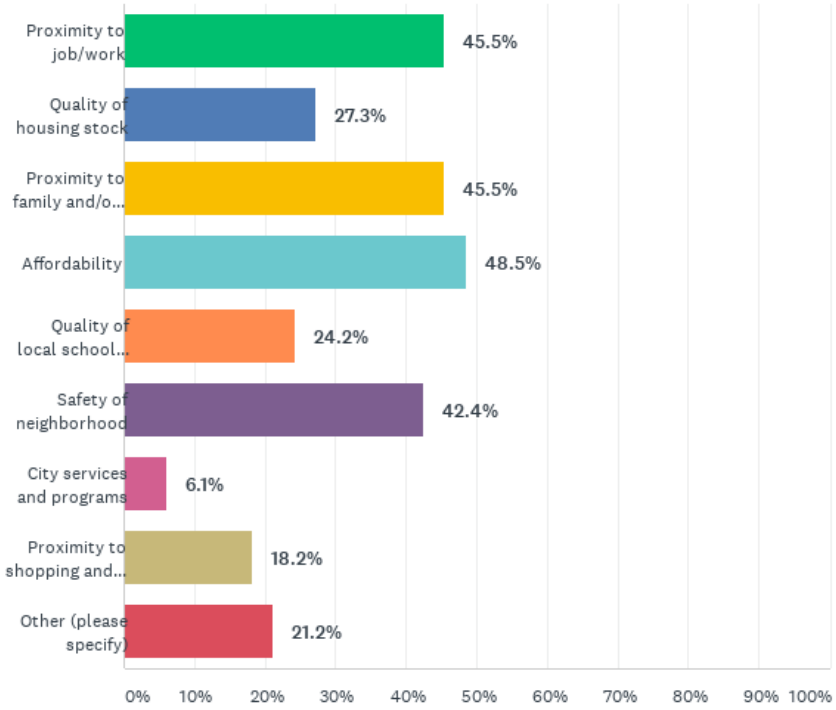
- Affordability (48%)
- Proximity to job/work (45%)
- Proximity to family and/or friends (45%)
- Safety of neighborhood (42%)
- Quality of housing stock (27%)
- Quality of local school system (24%)
- Other (27%)
- Proximity to shopping and services (18%)
- City services and programs (6%)

Some of the other responses included:

- Living with family
- Smaller town atmosphere with lower density and some breathing room
- The view from our house
- Proximity to parks, trails, and other outdoor opportunities
- Quiet neighborhood

[7] Question 3: What made you decide to live here?

***Figure 2: What made you decide to live here?***




## HOUSING AFFORDABILITY

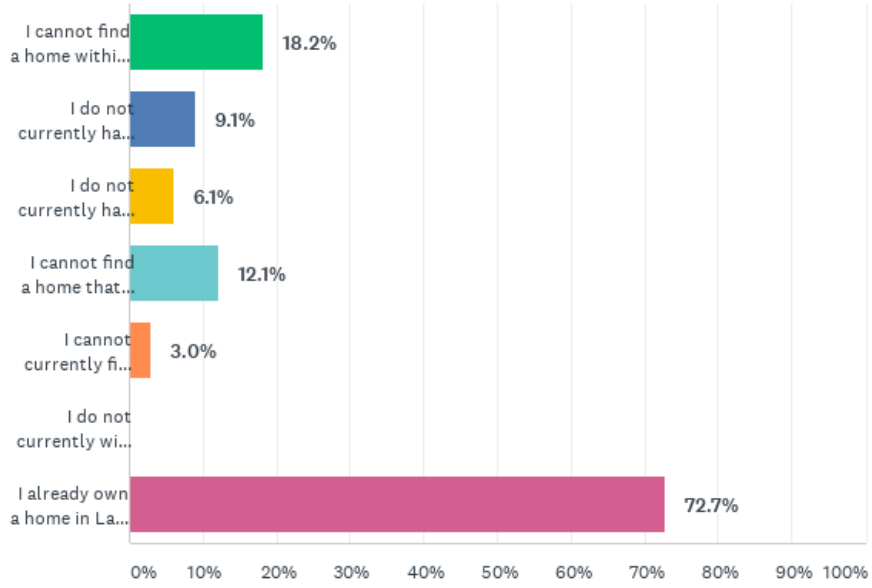
**When respondents were asked, "If you wish to own a home in Lake Forest but do not currently own one, what issues are preventing you from owning a home at this time?"[8] those who do not already own a home responded:**

- I cannot find a home within my target price range in Lake Forest (18%)
- I cannot find a home that suits my living needs in Lake Forest (housing size, disability accommodations) (12%)
- I do not currently have the financial resources for an appropriate down payment (9%)
- I do not currently have the financial resources for an adequate monthly mortgage payment (6%)
- I cannot currently find a home that suits my quality standards in Lake Forest (3%)

[8] Question 10: If you wish to own a home in Lake Forest but do not currently own one, what issues are preventing you from owning a home at this time? (Select all that apply)

Over 70% of Lake Forest residents who responded to this question already owned a home in Lake Forest. None of the residents expressed the opinion that they do not wish to own or rent in Lake Forest.

***Figure 3: If you wish to own a home in Lake Forest but do not currently own one, what issues are preventing you from owning a home at this time?***




When the responses of non-residents were compared, the following differences occur:

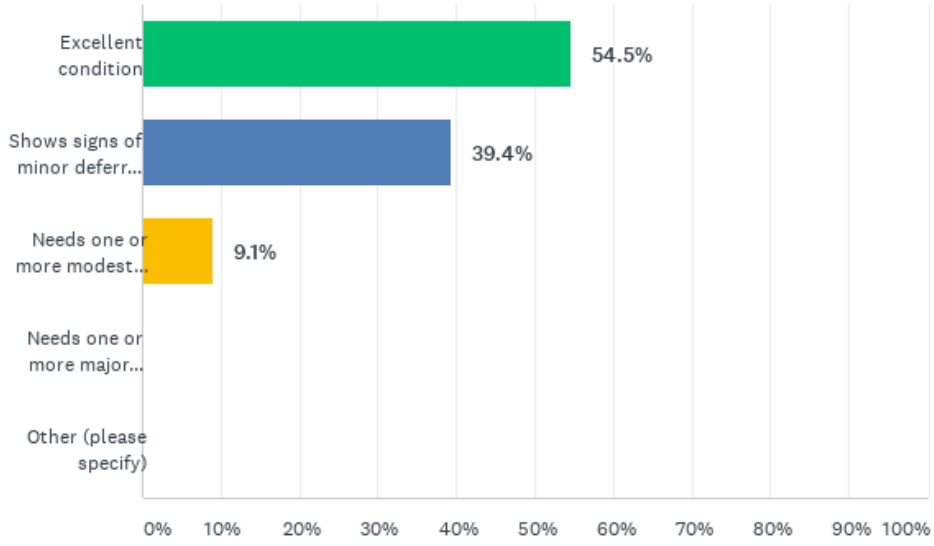
For those who do not currently live in Lake Forest, 67% responded that they do not currently wish to own or rent a home within the City. Additionally, 33% of non-residents responded that they cannot find a home within their target price range in Lake Forest, and 4% responded that they do not currently have the financial resources for an appropriate down payment.

**HOUSING MAINTENANCE**

**When respondents were asked, "How would you rate the physical condition of the residence you live in?"[9] more than half of all respondents answered positively, with the response "excellent condition" receiving 55%.**

[9] Question 7: How would you rate the physical condition of the residence you live in?

***Figure 4: How would you rate the physical condition of the residence you live in?***




Approximately 40% of respondents answered that their residence showed signs of minor deferred maintenance such as peeling paint or chipped stucco. No respondents indicated that their home needed one or more major repairs, which is generally consistent with the home maintenance issues related to the City's relatively young housing stock.

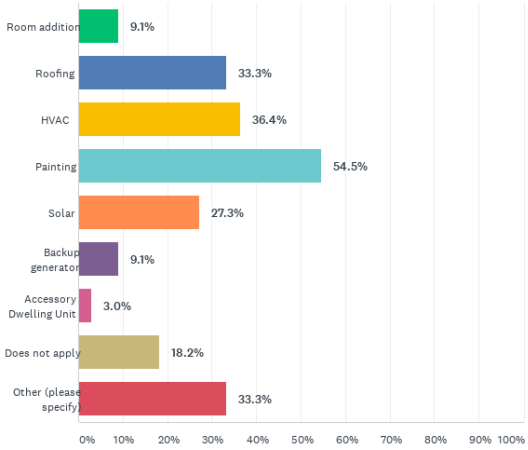
**When asked, "Which of the following housing upgrades or expansions have you considered making on your home?"[10] the top responses included:**

- Painting (55%)
- HVAC (36%)
- Roofing (33%)
- Other (33%)
- Solar (27%)

The other responses included: landscaping, kitchen or bathroom remodels, plumbing, and other maintenance related to the interior of the home.

[10] Question 8: Which of the following housing upgrades or expansions have you considered making on your home?

***Figure 5: Which of the following housing upgrades or expansions have you considered making on your home?***




**HOUSING FIT**

**When asked, "How satisfied are you with your current housing situation?"[11], over 90% of respondents indicated that they were very satisfied or somewhat satisfied with their current housing. The top responses were:**

- I am very satisfied (61%)
- I am somewhat satisfied (30%)
- I am somewhat dissatisfied (9%)
- I am dissatisfied (6%)

Some of the explanations as to why respondents were dissatisfied include:

- The city is growing too fast for the infrastructure (i.e. roadways, etc.)
- Have outgrown current type of housing, but single-family homes in the area are too expensive
- Want to buy a condo, but cannot find one
- Too much traffic-related noise
- On a fixed-income and worried about rising housing costs

[11] Question 6: How satisfied are you with your current housing situation?

**When asked, "Do you think that the range of housing options currently available in the City of Lake Forest meets your needs?"[12] respondents answered:**

- Yes (59%)
- No (41%)

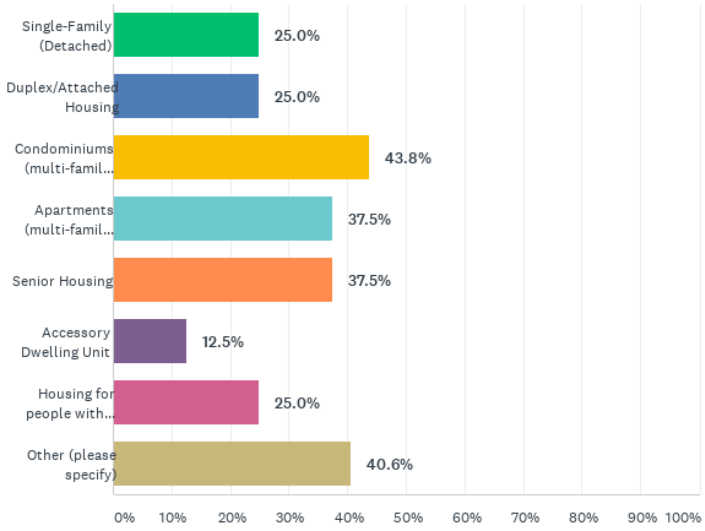
While more than half (59%) of resident respondents answered that there were a sufficient range of housing options currently available in the City, non-residents answered this question nearly the exact opposite. Fifty-eight (58%) of non-residents stated, "No," while only (42%) of non-residents stated, "Yes." This shows a fairly even division of opinions on the matter.

**When asked, "What types of housing are most needed in the City of Lake Forest?"[13] respondents answered:**

- Condominiums (multifamily ownership homes) (44%)
- Other (41%)
- Apartments (multi-family rental homes) (38%)
- Senior Housing (38%)
- Duplex/Attached Housing (25%)
- Housing for people with disabilities (25%)
- Single-family (detached) (25%)

[12] Question 11: Do you think that the range of housing options currently available in the City of Lake Forest meets your needs?
[13] Question 12: What types of housing are most needed in the City of Lake Forest?

***Figure 6: What types of housing are most needed in the City of Lake Forest? (Residents)***



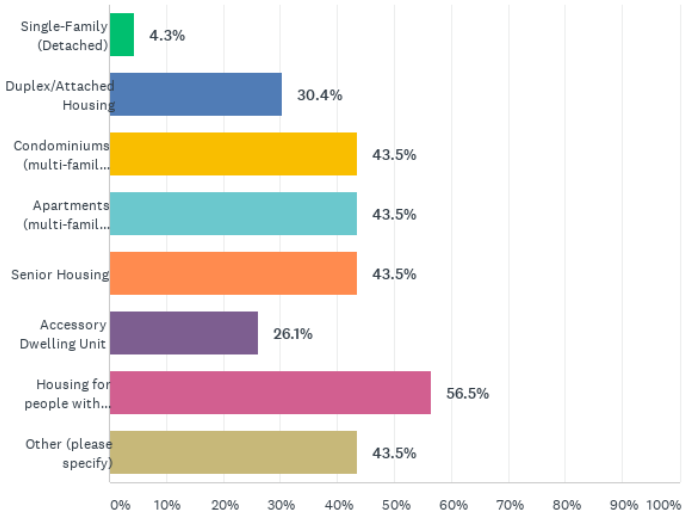

Some of the other responses included:

- Affordable housing including in the low-income and very low-income price ranges
- Handicap accessible housing
- Transition housing for individuals experiencing homelessness
- Single-story single-family homes so individuals can age in place

Non-residents felt differently about the matter. Of non-residents the top responses included:

- Housing for people with disabilities (57%)
- Other (43%)
- Senior Housing (43%)
- Condominiums (multifamily ownership homes) (43%)
- Apartments (multi-family rental homes) (43%)

***Figure 7: What types of housing are most needed in the City of Lake Forest? (Non-Residents)***




Some of the other responses included:

- Affordable housing
- Homeless housing
- Permanent supportive housing

**When asked, "If you are currently employed, approximately how long is your one-way commute to work?"[14] respondents were most likely to reply:**

- I am not currently employed (45%)
- 10-25 miles (18%)
- I am employed, but work from home (15%)

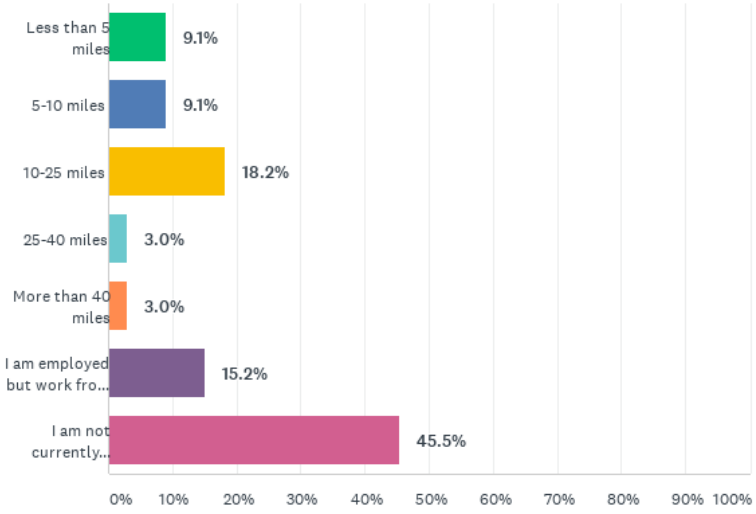
These responses, coupled with the age of survey respondents, indicate that a larger percentage of individuals completing the survey are retired. Given the on-going nature of the COVID-19 pandemic, it should be noted that some of those currently employed but working from home may be doing so on a temporary basis. This issue will be explored further as part of the City's upcoming Community Satisfaction Survey.

Of non-residents who are employed, the most commonly reported commute distances were 5-10 miles (16%). There were no non-residents who reported commute distances of 25 miles or more

[14] Question 13: If you are currently employed, approximately how long is your one-way commute to work?

which seems to indicate that individuals who work in Lake Forest but live elsewhere live in nearby jurisdictions.

***Figure 8: If you are currently employed, approximately how long is your one-way commute to work?***



## Survey Responses #2

The second survey focused on understanding the relative importance of various housing priorities to the respondent and their family. Of the 49 respondents, 34 responded that they were residents.

**When asked, "Do you live and/or work in Lake Forest?"[15] respondents stated:**

- Yes (69%)
- No (31%)

Note that if the respondent answered "no," to this question they were not invited to complete the remainder of the survey; this is because the question relates to prioritization of City resources, and City residents are more directly impacted by how the City elects to spend its resources versus non-residents. This preserves the integrity of the survey questions, but also lowered the completion rate (69%) of the survey. That does mean, however, that 100% of respondents who answered, "Yes" to Question 1, went on to complete the survey.

**When asked, "How important are the following housing priorities to you and your family?"[16] the top priorities listed as either "very important" or "somewhat important" were:**

- Support fair/equitable housing opportunities (100%)
- Support programs to help maintain and secure neighborhoods that have suffered foreclosures (100%)
- Establish programs to help at-risk homeowners keep their homes, including mortgage loan programs (97%)
- Provide housing affordable to working families (94%)
- Rehabilitate existing housing (94%)

The issue that ranked as the lowest importance were:

- Build more single-family housing (34%)

[15] Question 1: Do you live and/or work in Lake Forest?
[16] Question 2: How important are the following housing priorities to you and your family?

***Figure 9: How important are the following housing priorities to you and your family?***

| | VERY IMPORTANT | SOMEWHAT IMPORTANT | NOT IMPORTANT | DON'T KNOW | TOTAL |
|---|---|---|---|---|---|
| Provide more housing for all income levels | 65.63%<br>21 | 21.88%<br>7 | 12.50%<br>4 | 0.00%<br>0 | 32 |
| Housing affordable to working families | 87.50%<br>28 | 6.25%<br>2 | 3.13%<br>1 | 3.13%<br>1 | 32 |
| Build more single-family housing | 13.79%<br>4 | 20.69%<br>6 | 65.52%<br>19 | 0.00%<br>0 | 29 |
| Build more multi-family housing (apartments, condos, etc.) | 37.50%<br>12 | 46.88%<br>15 | 15.63%<br>5 | 0.00%<br>0 | 32 |
| Rehabilitate existing housing | 29.03%<br>9 | 64.52%<br>20 | 6.45%<br>2 | 0.00%<br>0 | 31 |
| Encourage more senior housing | 36.67%<br>11 | 36.67%<br>11 | 26.67%<br>8 | 0.00%<br>0 | 30 |
| Provide ADA-accessible housing | 40.63%<br>13 | 37.50%<br>12 | 12.50%<br>4 | 9.38%<br>3 | 32 |
| Provide housing for homeless | 59.38%<br>19 | 21.88%<br>7 | 15.63%<br>5 | 3.13%<br>1 | 32 |
| Ensure that children who grow up in Lake Forest can afford to live in Lake Forest | 63.64%<br>21 | 24.24%<br>8 | 12.12%<br>4 | 0.00%<br>0 | 33 |
| Integrate affordable housing throughout the community to create mixed-income neighborhoods | 64.71%<br>22 | 20.59%<br>7 | 14.71%<br>5 | 0.00%<br>0 | 34 |
| Establish programs to help at-risk homeowners keep their homes, including mortgage loan programs | 57.58%<br>19 | 39.39%<br>13 | 3.03%<br>1 | 0.00%<br>0 | 33 |
| Support fair/equitable housing opportunities | 76.47%<br>26 | 23.53%<br>8 | 0.00%<br>0 | 0.00%<br>0 | 34 |
| Support programs to help maintain and secure neighborhoods that have suffered foreclosures | 51.61%<br>16 | 48.39%<br>15 | 0.00%<br>0 | 0.00%<br>0 | 31 |

# Stakeholder Meetings/Consultation

Throughout preparation of the Public Draft General Plan, the City has engaged directly with community stakeholders working in and around Lake Forest. The City sent a hard copy letter and email to over two dozen stakeholders, including affordable housing developers and advocates, faith-based organizations, and community groups to invite them to consult on the Housing Element Update process. The City met one-on-one with three groups:

- Tapestry, A Unitarian Universalist Congregation/Welcoming Neighbors Home (Tapestry's Initiative to End Homelessness)
- The Kennedy Commission
- Province Group
- Orange County Fair Housing Council

The City was pleased to meet and hear from these organizations as part of the preparation process, and the input received through these meetings was invaluable in helping to plan for and address the City's current and future housing needs.

# Public Review of Draft Housing Element

The Public Review Draft 2021-2029 Housing Element was made available to the public on September 22, 2021. The material was posted to the project website and a press release was posted to the City's website and advertised at public hearings and to individuals registered for project notifications. The City is also advertising the Public Review Draft and providing direction on how individuals can provide public comment via its social media challenges and direct letters to stakeholder engaged in housing services in and around Lake Forest.

Interested parties are invited to submit public comments using a fillable comment card available on the project website, provide written comments via mail to City Hall, or email comments to the City's Housing Element Project Manager.

The City will host a Community Meeting on the Public Review Draft Housing Element on October 7, 2021. The intent of the Community Meeting will be to provide another avenue/opportunity for the public to learn about the Housing Element, provide input, and ask questions. The Community Meeting will include a live presentation, and a copy of this presentation will be available on the project website.

# Feedback Influence

The feedback received from the public during preparation of the Housing Element and on the Public Draft Housing Element directly influenced the goals, policies, and programs included in the Housing Plan. Table 1 below summarize how public input is reflected in the Housing Plan.

| General Input Received | Applicable Reference | | | |
|---|---|---|---|---|
| | Goal | Policy | Program | Other |
| There should be more affordable housing choices for people who want to live in Lake Forest, including kids who grow up in Lake Forest (Survey) | • Goal 1 | • Policy 1.1<br>• Policy 1.2<br>• Policy 1.3<br>• Policy 1.4 | • Program 1<br>• Program 4<br>• Program 5<br>• Program 8<br>• | |
| The City should have a range of housing options to meet different personal preferences (Survey) | • Goal 1 | • Policy 1.1<br>• Policy 1.3<br>• Policy 1.4 | • Program 1<br>• Program 5<br>• Program 7<br>• Program 8<br>• Program 15 | |
| The City should create additional opportunities for lower cost homeownership (Survey) | • Goal 3 | • Policy 3.1<br>• Policy 3.2<br>• Policy 3.3 | • Program 20 | |

| | | | | |
|---|---|---|---|---|
| Revise policies to include a requirement for affordable housing (Tapestry) | • Goal 1 | • Policy 1.6<br>• Policy 1.7<br>• Policy 1.8 | • Program 1<br>• Program 5 | |
| Market available housing sites to housing developers (Tapestry) | | | • Program 5<br>• Program 22 | • |
| Assess current fee structure (Tapestry) | • Goal 1 | • Policy 1.5 | • Program 6 | |
| Work with County representatives and neighboring cities to address affordable and permanent supportive housing (Tapestry) | | | • Program 9<br>• Program 10<br>• Program 11 | • |
| Implement best planning practices (Tapestry) | • All | • All | • All | |
| Engage the community from the beginning of the Housing Element Update process (Kennedy Commission) | | | | The City provided early opportunities for public input through the community survey on online comment card. The City continues to make opportunities available through the Community Open House and public review process. |
| City can help advertise fair housing resources in new ways (OC Fair Housing Council) | • Goal 4 | • Policy 4.6 | • Program 22 | |
| Consider funding new fair housing programs, as requested by service provider(s) (OC Fair Housing Council) | • Goal 4 | • Policy 4.3 | • Program 21 | |

# Public Comment: Tapestry

Tapestry
A Unitarian Universalist Congregation

Welcoming Neighbors Home
Tapestry's Initiative to End Homelessness

To: Debra Rose, City Manager, Lake Forest
Gayle Ackerman, AICP, Director, Community Development Dept, Lake Forest
Ron Santos, Senior Planner, Community Development Dept, Lake Forest

Date: October 20, 2020

**Re: Affordable Housing in Lake Forest**

The Welcoming Neighbors Home (WNH) Initiative is a ministry of Tapestry, a Unitarian Universalist Congregation in Lake Forest. We work to serve and advocate for people experiencing homelessness or who are at risk of losing their home. We are very proud of our city and the quality of life it enables us to have. At the same time, we are concerned about the increasing problem of homelessness and the lack of attainable housing for those who are most vulnerable living in our city. We want our local government to attend to the needs of *all* of its residents. Given Lake Forest's high housing costs and significant shortage of affordable homes, many workers and families, especially those on the lower economic rung, overpay for housing and struggle financially to live and work here.

We compliment the Lake Forest City Council on its recent approval of the National CORE Mountain View project which included a mix of affordable housing and supportive housing. We believe that much more of this type of housing is needed in Lake Forest. We also believe that integrating affordable housing for people with extremely low, very low, and low-incomes, and providing more housing vouchers or subsidies, will result in a more fair housing market. We were also pleased to see that the City's recently approved Comprehensive General Plan includes housing for High Density and mixed-use units because we believe this will facilitate the development of more affordable housing.

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**An Overview of Lake Forest and affordable housing**

Between 2000 and 2018, median home sales prices in Lake Forest increased 207% while median prices in the Southern California region increased 151%.[1] The time period from 2010 to 2019 was also one of intense growth for the city, including building over 3,000 new homes on over 800 acres of land.

In order to better understand the issues of affordable housing in Lake Forest, our WNH team reviewed the 5th Cycle[2] Regional Housing Needs Assessment (RHNA) results.[3] We learned that Lake Forest has not met its 5th Cycle RHNA requirements of building 1097[4] affordable units for very low income (VLI) and low income (LI) residents. Only 57 affordable (VLI and LI) homes were built over 7-8 years. It was disappointing to realize that this limited building has satisfied only 5% of the RHNA requirements, leaving a 95% gap in affordable homes built. However, during this same time period, 2625 homes were added for Above Moderate Income (AMI) residents —achieving 232% of the RHNA requirements. Only 204 Moderate income (MI) homes were built reaching 41% of the RHNA targets.

This year 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.

The WNH team also reviewed some of Lake Forest's current housing development policies and processes and the 6th Cycle RHNA requirements. With the perspective we gained, we then developed a brief summary report, "Lake Forest and Affordable Housing". Our report is enclosed in this letter. In it we offer some observations and recommendations that we believe may help Lake Forest increase its success rates for building much needed affordable housing going forward. We believe this will result in a more well-rounded and fair housing market in Lake Forest.

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[1] SCAG, Local Housing Data for the city of Lake Forest, August 2020, page 12

[2] 2014-2019

[3] 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 101affordable senior units in addition to market units). When data is available, whether Cycle 5 or Cycle 6, data review can be updated.

[4] 647 for VLI, 450 for LI, Lake Forest Annual Progress Report for 2019, p.13, Table B

We understand that you are now developing the Housing Element for the 6th RHNA cycle (2021-2029), and that public comments are welcome during your process. **Please accept this letter and the accompanying report as part of the public comments process.**

Given the importance of the 6th Cycle Housing Element, Welcoming Neighbors Home would like the opportunity to begin a dialogue with the City. We would like to discuss how we can partner with City staff and Housing Element consultants to ensure that the 6th Cycle Housing Element includes specific policies that will result in new affordable homes, particularly for extremely low-, very low- and low-income working families. **We are also very interested in participating in a Lake Forest advisory/working group to provide input on the development of the city's 6th Cycle Housing Element.**

We look forward to learning more about Lake Forest's 6th Cycle Housing Element. We hope to follow-up with you or your staff sometime soon to answer any questions you have about our report and to better understand how the planning process will proceed. In the meantime, if you have any questions, please free to contact Rona Henry at WelcomingNeighborsHome@gmail.com or phone her at 609-216-1784.

Sincerely,

Rona S. Henry

Rona Smyth Henry
Chair, Welcoming Neighbors Home Initiative
Tapestry, a Unitarian Universalist Congregation
Lake Forest, CA

Reverend Kent Doss
Minister
Tapestry, a Unitarian Universalist Congregation
Lake Forest, CA

Cc: Mayor Neeki Moatazedi
Mayor Pro Tem Mike James
Councilmember Mark Tettemer
Councilmember Scott Voights
Councilmember Dwight Robinson
Beth Thompson, De Novo Planning Group
Ben Richie, De Novo Planning Group
Cesar Covarrubias, Executive Director, Kennedy Commission
Planning Commission Chair Francisco Barajas
Planning Commission Vice Chair Jolene Fuentes
Planning Commissioner Mark Armando
Planning Commissioner Terence Carney
Planning Commissioner Thomas Ludden
Amanda Tropiano, De Novo Planning Group

# 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.

[1]Lake 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).

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[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 LI[10] units.

iii. 0 affordable permits issued.

iv. In-Lieu fees paid, but the amount is not publicly available.

b. Serrano Summit[11]

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.

[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

c. Portola
   i. Total 930 units planned.
   ii. Projected, planned affordable units: 331 VLI & LI homes.[13]
   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]

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[13] Lake Forest Developer Agreements with attached Affordable Housing Implementation

[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.

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[18] Lake Forest Developer Agreements with attached Affordable Housing Implementation Plans

[19] Lake Forest Developer Agreements with attached Affordable Housing Implementation Plans

**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."
   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.

[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.

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.

**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.

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[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.

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.

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