CITY OF
LAKE FOREST

2013-2021
Housing Element

December 2013

Contents

I. Introduction 1

A. Purpose of the Housing Element 1
B. Public Participation 2
C. Consistency with Other Elements of the General Plan 3

II. Housing Needs Assessment 5

A. Population Characteristics 5
1. Population Growth Trends 5
2. Age 6
3. Race and Ethnicity 7
B. Household Characteristics 7
1. Household Composition and Size 7
2. Housing Tenure 8
3. Overcrowding 8
4. Household Income 9
5. Overpayment 10
C. Employment 11
1. Current Employment 11
2. Projected Job Growth 12
D. Housing Stock Characteristics 13
1. Housing Type and Growth Trends 13
2. Housing Age and Conditions 14
3. Vacancy 16
4. Housing Cost 17
E. Special Needs 20
1. Persons with Disabilities (Including Developmental Disabilities) 20
2. Elderly 22
3. Large Households 23
4. Female-Headed Households 24
5. Farm Workers 24
6. Homeless Persons 25
F. Assisted Housing at Risk of Conversion 27
1. Inventory of Assisted Units 27
2. Units at Risk 29

III. Resources and Opportunities 33

A. Land Resources 33
1. Future Housing Needs (2014-2021) 33
2. Future Housing Development Potential 34
3. Affordability, Suitability, and Availability Analysis 38
4. Adequacy of Land Inventory to Accommodate RHNA 43
B. Financial and Administrative Resources 43
1. State and Federal Resources 43
2. Local Resources 44
C. Energy Conservation Opportunities 45

IV. Housing Constraints 47

A. Governmental Constraints 47
1. Land Use Plans and Regulations 47
2. Zoning Designations and Development Standards 48
3. Variety of Housing Types 51
4. Density Bonus 59

5. Condominium Conversions 59
6. Building Codes and Enforcement 59
7. Development Processing Procedures 60
B. Non-Governmental Constraints 66
1. Environmental Constraints 66
2. Infrastructure Constraints 67
3. Land Costs 68
4. Construction Costs 69
5. Cost and Availability of Financing 69
6. Fair Housing 70
V. Housing Action Plan 71
A. Goals and Policies 71
B. Housing Programs 74
C. Quantified Objectives 85
Appendix A – Evaluation of the 2008-2014 Housing Element
Appendix B – Public Participation Summary
Appendix C – Residential Sites Inventory
Appendix D – Residential Impact Fees

List of Tables

Table H-1: Population Trends (1991-2012) 6
Table H-2: Age Distribution 6
Table H-4: Household Composition 8
Table H-5: Household Tenure 8
Table H-6: Overcrowding 8
Table H-7: Median Household Income 9
Table H-8: Overpayment by Income Category 10
Table H-9: Labor Force 11
Table H-10: Employment by Occupation 12
Table H-11: Projected Job Growth by Occupation (2010-2020) 13
Table H-12: Housing by Type (2000-2012) 14
Table H-13: Age of Housing Stock by Tenure 15
Table H-14: Presence of Kitchen and Plumbing Facilities by Tenure 16
Table H-15: Housing Vacancy 17
Table H-16: Income Categories and Affordable Housing Costs (2013) - Orange County 18
Table H-17: Median Home Sale Prices (2012 and 2013) 19
Table H-18: Market Rent by Unit Size (2013) 19
Table H-20: Developmentally Disable (November 2012) 22
Table H-21: Senior Households by Tenure 23
Table H-23: Household Type by Tenure 24
Table H-25: Inventory of Assisted Rental Housing 28
Table H-27: Baker Ranch – Site Development Permit Applications in Process 36
Table H-29: Portola Center 37
Table H-30: Serrano Summit 38
Table H-32: Sites Feasible for Moderate-Income Housing 41
Table H-34: Land Inventory Summary 43
Table H-35: Residential Land Use Categories – Lake Forest General Plan 47
Table H-36: Residential Development Standards 49
Table H-37: Residential Parking Requirements 50
Table H-38: Permitted Residential Development by Zoning District 51
Table H-39: Planning and Development Fees 64
Table H-40: Typical Single-Family Project Fees 65
Table H-41: Typical Multi-Family Project Fees 65
Table H-42: Road Improvement Standards 66
Table H-43: Related Goals and Policies by Element 74
Table H-44: Quantified Objectives – 2013-2021 85

List of Figures

Figure H-1: Population Growth (1991-2012) 6
Figure H-2: Residential Land Inventory 35

I. INTRODUCTION

The Housing Element is a guide for housing within Lake Forest. The Element provides an indication of the need for housing in the community in terms of housing affordability, availability, adequacy, and accessibility. The Element provides a strategy to address housing needs and identifies a series of specific housing programs to meet community needs.

This Housing Element is one of two City documents that address housing issues – the other being the *2010-2015 Consolidated Plan*. The Consolidated Plan addresses housing and community development needs and satisfies federal requirements for the Community Development Block Grant (CDBG) program. The City became an entitlement jurisdiction in 1994 and now receives its CDBG allotment directly from the U.S. Department of Housing and Urban Development (HUD). The purpose of the Consolidated Plan is to address the needs of lower-income groups who are the intended beneficiaries of HUD programs.

A. Purpose of the Housing Element

State law recognizes the vital role local governments play in the supply and affordability of housing. Each local government in California is required to adopt a comprehensive, long-term General Plan for the physical development of the city or county. The Housing Element is one of the seven mandated elements of the General Plan. Housing Element law, first enacted in 1969, mandates that local governments plan to meet the existing and projected housing needs of all economic segments of the community. The law recognizes that, in order for the private market to adequately address housing needs, local governments must adopt land use plans and regulatory systems that provide opportunities for, and do not unduly constrain, housing development. As a result, housing policy in California rests largely upon the effective implementation of local General Plans and, in particular, local Housing Elements. Housing Element law also requires the California Department of Housing and Community Development (HCD) to review local housing elements for compliance with state law and to report its written findings to the local government.

As mandated by state law, the planning period for this Housing Element extends from October 15, 2013 to October 15, 2021[1]. This Element identifies strategies and programs that focus on: 1) providing diversity in housing opportunities and 2) maintenance and preservation of the housing stock.

The Housing Element consists of the following major components:

- An analysis of the City's demographic and housing characteristics and trends (Section II);

[1] As discussed elsewhere in this Housing Element, the Regional Housing Needs Assessment (RHNA) period begins January 1, 2014 and ends October 31, 2021.

- An evaluation of land, financial, and administrative resources available to address the City's housing goals (Section III);
- A review of potential constraints, both governmental and non-governmental, to meeting the City's housing needs (Section IV); and
- A Housing Action Plan for the 2013–2021 planning period, including housing goals, policies and programs (Section V).
- A review of the City's accomplishments and progress in implementing the 2008-2014 Housing Element is provided in Appendix A.

B. Public Participation

Section 65583(c)(5) of the *Government Code* states that "The local government shall make diligent effort to achieve public participation of all the economic segments of the community in the development of the housing element, and the program shall describe this effort." Public participation played an important role in the formulation and refinement of the City's housing goals and policies and in the development of a Land Use Plan which determines the extent and density of future residential development in the community.

City residents had several opportunities to recommend strategies, review, and comment on the Lake Forest Housing Element. Two Study Sessions were held, followed by meetings of the Planning Commission and City Council. Meeting notices were posted on the City's website, and notification was published in the local newspaper in advance of the meetings. Copies of the draft Element were made available for review at City Hall and were posted on the City website, and notices were sent directly to agencies that serve the City's special needs populations. These service providers included organizations that represent the housing interest groups.

The following is a list of opportunities for public involvement in the preparation of this Housing Element update.

Study Session #1	February 28, 2013
Study Session #2	August 6, 2013
Planning Commission hearing	TBD
City Council hearing	TBD

Appendix B includes a list of invited agencies, organizations, and individuals and summary of comments received.

C. Consistency with Other Elements of the General Plan

The Lake Forest General Plan contains the following six elements: 1) Land Use; 2) Housing; 3) Circulation; 4) Recreation and Resources; 5) Safety and Noise; and 6) Public Facilities/ Growth Management. The City will ensure consistency between the various General Plan elements and ensure policy direction introduced in one element is reflected in other plan elements. For example, residential development capacities established in the Land Use Element and constraints to development identified in the Safety/Noise Element are incorporated into the Housing Element. This Housing Element builds upon the other General Plan elements and is consistent with the policies and proposals set forth by the Plan. As the General Plan is amended from time to time, the City will review the Housing Element for internal consistency, and make any necessary revisions.

State law requires cities to provide a copy of their Housing Elements to local water and sewer providers, and also requires that these agencies provide priority hookups for developments with lower-income housing in the event a rationing system is imposed. The Housing Element will be provided to these agencies immediately upon adoption. State law also requires that the safety and conservation components of the City's Safety/Noise Element and Recreation/Resources Element include an analysis and policies regarding flood hazard and management information upon revisions to the Housing Element. The City will ensure compliance with this requirement by reviewing its Safety/Noise and Recreation/Resources Elements.

II. HOUSING NEEDS ASSESSMENT

Lake Forest lies in southern Orange County, approximately midway between San Diego and Los Angeles. The City is economically diverse and provides a range of employment, lifestyle, and housing opportunities. Since its incorporation in 1991 it has grown from a population of about 56,000 to over 78,000 residents today. Most of the population growth occurred as the result of annexation. Lake Forest is approximately 16.6 square miles in area and is bounded by the cities of Mission Viejo to the southeast, Laguna Woods and Laguna Hills to the southwest, Irvine to the west and unincorporated Orange County to the north and northeast. The population is relatively affluent with a median household income in of $94,632 in 2011 inflation-adjusted dollars. The 2007-2011 American Community Survey (ACS) reported Lake Forest's median household income was 25% greater than that of Orange County ($75,762) and 54% greater than California as a whole ($61,632).

This section examines general population and household characteristics and trends, such as age, race and ethnicity, employment, household composition and size, household income, and special needs. Characteristics of the existing housing stock (e.g., number of units and type, tenure, age and condition, costs) are also addressed. Finally, the City's projected housing growth needs based on the 2014-2021 Regional Housing Needs Assessment (RHNA) are examined.

The Housing Needs Assessment utilizes the most recent data from the U.S. Census, American Community Survey (ACS), California Department of Housing and Community Development (HCD), California Department of Finance (DOF), California Employment Development Department (EDD), Southern California Association of Governments (SCAG) and other relevant sources. Supplemental data was obtained through field surveys and from private vendors. In addition, the City's Consolidated Plan provides useful information for this update of the Housing Element.

A. Population Characteristics

1. Population Growth Trends

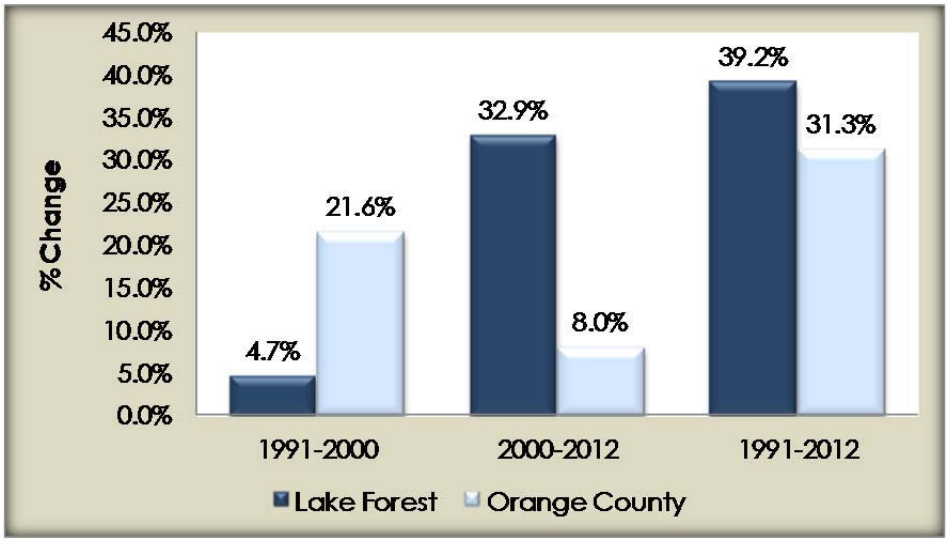
Lake Forest was incorporated in 1991 with a population of 56,065. From 1991-2000 the City experienced modest growth of approximately 5%. From 2000 to 2012 the City grew almost 33% to an estimated population of 78,036 (see Table H-1 and Figure H-1). A majority of the growth during this period was due to annexations of unincorporated areas of the County. The City's 2012 population represents approximately 2.6% of the County's total population of 3,055,792.

Table H-1: Population Trends (1991-2012)

	1991	2000	2012	Growth 1991-2000	Growth 2000-2012
Lake Forest	56,065	58,707	78,036	4.7%	32.9%
Orange County	2,326,500	2,828,351	3,055,792	21.6%	8.0%

Sources: 1990 and 2000 Census; California Department of Finance Table E-5 (2012)

Figure H-1: Population Growth (1991-2012)



Sources: U.S. Census, 1990 and 2000; and California Department of Finance, 2012.

2. Age

Housing needs are influenced by the age characteristics of the population. Different age groups require different accommodations based on lifestyle, family type, income level, and housing preference. Table H-2 provides a comparison of the City's and County's population by age group between 2007 and 2011. This table shows that the age distribution of the City's population is similar to Orange County as a whole. The median age of the City's population exceeds the County median by almost two years.

Table H-2: Age Distribution

	Lake Forest		County	
Age Group	Persons	%	Persons	%
Under 18 Years	19,358	25.1%	738,138	24.7%
18 to 24 Years	5,906	7.7%	299,026	10.0%
25 to 44 Years	22,640	29.4%	859.202	28.7%
45 to 64 Years	22,130	28.7%	751,461	25.1%
65 and Over	7,077	9.2%	342,121	11.4%
Total	77,111	100.0%	2,989,948	100.0%
Median Age	37.8		36.0	

Source: American Community Survey (ACS), 2007-2011.

3. Race and Ethnicity

The racial and ethnic composition of the City differs from the County in that a lower proportion of City residents are Hispanic/Latino or other racial minorities. Approximately 57% of City residents are non-Hispanic white, contrasted with 45% for the County as a whole. The percentage of Hispanics residing in the City, at 23%, is approximately two-thirds that of the County. Asians, at 15%, represent the largest non-Hispanic minority (Table H-3).

Table H-3: Race and Ethnicity

	Lake Forest		Orange County	
	Persons	%	Persons	%
Not Hispanic or Latino	59,499	77.2%	1,995,669	66.7%
-White	44,092	57.2%	1,339,135	44.8%
-Black or African American	1,265	1.6%	45,836	1.5%
-American Indian/Alaska Native	306	0.4%	6,902	0.2%
-Asian	11,442	14.8%	528,429	17.7%
Native Hawaiian/Pacific Islander	139	0.2%	6,902	0.2%
Other Races or 2+ Races	2,255	0.6%	66,631	2.3%
Hispanic or Latino (Any Race)	17,612	22.8%	994,279	33.3%
Total	77,111	100.0%	2,989,948	100.0%

Source: American Community Survey (ACS), 2007-2011.

B. Household Characteristics

1. Household Composition and Size

Household characteristics are important indicators of the type and size of housing needed in a city. The Census defines a "household" as all persons occupying a housing unit, which may include single persons living alone, families related through marriage or blood, or unrelated persons sharing a single unit. Persons in group quarters such as dormitories, retirement or convalescent homes, or other group living situations are included in population totals, but are not considered households.

Table II-4 provides a comparison of households by type for the City and Orange County as a whole, as reported in the 2007-2011 American Community Survey (ACS). Family households comprised approximately 73% of all households in the City, somewhat higher than the County with 71% (Table H-4). In general, household composition in the City is similar to that of the County with small differences in family households with children under 18 (39% City vs. 38% County), non-family households (27% City vs. 29% County) and single living alone (22% for both jurisdictions). As of 2012, according to the California Department of Finance, the average housing size for the City of Lake Forest was 2.95 in 2012 while the County's average household size was 3.02. These statistics suggest that that the need for large units in Lake Forest is about the same as other areas of the County.

Table H-4: Household Composition

Type	Lake Forest		Orange County	
	Households	%	Households	%
Total Households	26,888	100.0%	987,164	100.0%
Families	19,682	73.2%	702,861	71.2%
-w/Children under 18	10,433	38.8%	370,186	37.5%
Non-Family Households	7,206	26.8%	284,303	28.8%
-Single Living Alone	5,808	21.6%	218,163	22.1%
Average Household Size	2.95		3.02	

Source: American Community Survey (ACS), 2007-2011; and California Department of Finance, 2012.

2. Housing Tenure

Housing tenure (owner vs. renter) is an important indicator of the housing market. Communities need an adequate supply of units available both for rent and for sale in order to accommodate a range of households with varying income, family size and composition, and lifestyle. Table H-5 provides a comparison of the number of owner-occupied and renter-occupied units in the City between 2007 and 2011 as compared to the County as a whole. It reveals that the level of homeownership for the City (71%) is substantially higher than the County (60%).

Table H-5: Household Tenure

Tenure	Lake Forest		Orange County	
	Units	%	Units	%
Owner-Occupied	19,114	71.1%	595,444	60.3%
Renter-Occupied	7,774	28.9%	391,720	39.7%
Total occupied units	26,888	100.0%	987,164	100.0%

Source: American Community Survey (ACS), 2007-2011.

3. Overcrowding

Overcrowding is often closely related to household income and the cost of housing. The U.S. Census Bureau considers a household to be overcrowded when there is more than one person per room, excluding bathrooms and kitchens, with severe overcrowding when there are more than 1.5 occupants per room. Table H-6 summarizes overcrowding for the City of Lake Forest between 2007 and 2011.

Table H-6: Overcrowding

Household Tenure	Lake Forest		Orange County	
	Households	%	Households	%
Owner-Occupied	19,114	100.0%	595,444	100.0%
Overcrowded	336	1.8%	24,871	4.2%
Severely Overcrowded	79	0.4%	6,718	1.1%
Renter-Occupied	7,774	100.0%	391,720	100.0%
Overcrowded	935	12.0%	67,485	17.2%
Severely Overcrowded	253	3.3%	27,909	7.1%

Source: American Community Survey (ACS), 2007-2011.

As of 2007-2011, overcrowding was more prevalent among renters than for owner-occupied units. Approximately 12.0% of the City's renter-occupied households were overcrowded compared to only 1.8% of owner-occupants. The incidence of overcrowding was substantially lower in Lake Forest when compared to the County, regardless of tenure. It should be noted that the City of Lake Forest Code Enforcement Division enforces the occupancy standards of the California Uniform Housing Code (2000 edition), which are based on persons per square feet. These standards result in a significantly higher threshold for overcrowding than the standards of the U.S Census Bureau.

The relatively high cost of housing in Lake Forest and throughout the region is the primary cause of overcrowding. Several programs in the Housing Action Plan (Section V) designed to address housing affordability will also help alleviate overcrowding. These include Program 3 – Facilitate Affordable Housing Production; Program 9 - Rental Assistance; Program 10 – Conservation of Existing and Future Affordable Units; and Program 13 - Mortgage Credit Certificate Program.

4. Household Income

Household income is a primary factor affecting housing needs in a community. According to the 2007-2011 ACS, the median household income in Lake Forest was $94,632, approximately 25% higher than the Orange County median income of $75,762 (Table H-7).

Table H-7: Median Household Income

Jurisdiction	Median Household Income	% of County Median Income
Lake Forest	**$94,632**	**125%**
Dana Point	$83,306	110%
Laguna Beach	$99,190	131%
Laguna Niguel	$100,480	133%
Mission Viejo	$96,420	127%
Rancho Santa Margarita	$104,167	137%
San Clemente	$89,289	118%
San Juan Capistrano	$73,806	97%
Orange County	$75,762	100%
California	$61,632	81%

Source: American Community Survey (ACS), 2007-2011.

According to the Southern California Association of Governments (SCAG) using 2005-2009 ACS, the income distribution of Lake Forest households is as follows:

- Extremely-Low-Income: 6.5%
- Very-Low-Income: 6.6%
- Low-Income: 14.3%
- Moderate-Income: 19.8%
- Above-Moderate-Income: 52.8%

5. Overpayment

According to state housing policy, overpaying occurs when housing costs exceed 30% of gross household income. Table H-8 displays estimates for overpayment between 2005 and 2009 by lower-income households. According to CHAS data developed by HUD, 76% of all lower-income renter households and 70% of all lower-income owner households in Lake Forest were overpaying for housing. While extremely-low-income renters appeared to suffer the greatest cost burden, with 85% of this category overpaying for housing, nearly three-of-four lower-income households, both renters and owners, were found to be overpaying for housing.

Although homeowners enjoy income and property tax deductions and other benefits that help to compensate for high housing costs, lower-income homeowners may need to defer maintenance or repairs due to limited funds, which can lead to deterioration. For lower-income renters, severe cost burden can require families to double up resulting in overcrowding and related problems.

Table H-8: Overpayment by Income Category

	Renters		Owners	
Income Category	Households	%	Households	%
Extremely-Low-Income Households	760	--	890	--
Households Overpaying	645	84.9%	645	72.5%
Very-Low-Income Households	590	--	1,255	--
Households Overpaying	440	74.6%	1,015	80.9%
Low-Income Households	1,630	--	2,415	--
Households Overpaying	1,170	71.8%	1,545	64.0%
All Lower-Income households	2,980	--	4,560	--
Households Overpaying	2,255	75.7%	3,205	70.3%

Source: SCAG, based on HUD Comprehensive Housing Affordability Strategy (CHAS) developed with 2005-2009 American Community Survey (ACS).

The relatively high cost of housing in Lake Forest and throughout the region is the primary cause of overpayment. Several programs in the Housing Action Plan (Section V) designed to address housing affordability will also help to address this issue. These include Program 3 – Facilitate Affordable Housing Production; Program 9 - Rental Assistance; Program 10 – Conservation of Existing and Future Affordable Units; and Program 13 - Mortgage Credit Certificate Program.

Extremely-Low-Income Households

State law requires quantification and analysis of existing and projected housing needs of extremely-low-income (ELI) households. Extremely-low-income is defined as households with income less than 30% of area median income. As reported by HCD in 2013, the area median income for Orange County was $87,200. For extremely-low-income households, this results in an income of $28,900 or less for a four-person household. Households with extremely-low-income have a variety of housing situations and needs.

Existing Needs

Between 2005 and 2009, approximately 1,650 extremely-low-income households resided in Lake Forest (Table H-8). Of these households, 85% ELI renter-households were overpaying, while 73% of ELI owners overpaid.

Projected Needs

The projected housing need for ELI households is assumed to be 50% of the very-low-income regional housing need of 647 units. As a result, the City has a projected need for 323 extremely-low-income units. The resources and programs to address this need are the same as for low-income housing in general and are discussed throughout the Housing Element, including Chapter V, the Housing Action Plan. Furthermore, the City accommodates transitional and supportive housing, residential care facilities, and single room occupancy (SRO) units, which can be suitable housing types for ELI households.

C. Employment

Employment is an important factor affecting housing needs within a community. The jobs available in each employment sector and the wages for these jobs affect the type and size of housing residents can afford.

1. Current Employment

Current employment and projected job growth have a significant influence on housing needs during this planning period. Table H-9 shows that the City had a workforce of 44,460 persons, or 74% of the working-age population, as reported in the 2007-2011 ACS. This table shows that the characteristics of the City's population are similar to those countywide with a somewhat higher proportion of working-age population in the labor force. Over two-thirds (67.2%) of County residents aged 16 and over were in the labor force between 2007 and 2011. About 5.5% of City residents worked at home, and just over one-fourth (26.1%) were not in the labor force.

Table H-9: Labor Force

	Lake Forest		Orange County	
	Persons	%	Persons	%
In Labor Force	44,460	73.9%	1,574,209	67.2%
-Work at Home	2,429	5.5%	69,254	4.4%
Not in Labor Force	15,698	26.1%	769,559	32.8%
-With Social Security Income	4,587	29.2%	231,466	30.1%
Total Population Age 16+	60,158	--	2,343,768	--

Source: American Community Survey (ACS), 2007-2011.

Between 2007 and 2011, approximately 47% of the City's working residents were employed in management and professional occupations (Table H-10). A significant percentage of workers (28%) were employed in sales and office related occupations. A relatively low percentage of workers (13%) were employed in service related occupations such as waiters, waitresses and beauticians. Blue collar occupations such as

machine operators, assemblers, farming, transportation, handlers and laborers constituted another 13% of the workforce.

Table H-10: Employment by Occupation

	Jobs	% of Total
Management, Business, Science, and Arts	19,449	46.7%
Service	5,219	12.5%
Sales and Office	11,740	28.2%
Natural Resources, Construction, and Maintenance	2,499	6.0%
Production, Transportation, and Material Moving	2,752	6.6%

Source: American Community Survey (ACS), 2007-2011.

As of 2010, the four largest employment sectors within Orange County were trade, transportation and utilities (244,400 employees), professional and business services (243,500 employees), leisure and hospitality (168,600 employees), and educational services, health care, and social assistance (155,500 employees).[2]

2. Projected Job Growth

According to estimates by the Center for Demographic Research and the City, businesses within Lake Forest employed approximately 39,167 people as of July 2012. Future housing needs are affected by the number and type of new jobs created during this planning period. Table H-11shows projected job growth by occupation for the Santa Ana-Anaheim-Irvine Metropolitan Division (Orange County) for 2010 and 2020 along with median hourly wages for 2012. Total employment in Orange County is expected to grow by 13% between 2010 and 2020. The overall growth is expected to add 197,100 new jobs and bring the employment of Orange County to almost 1,684,000 by 2020.

Generally, residents who are employed in well-paying occupations have less difficulty obtaining adequate housing than residents in lower-paying occupations. Table H-11 illustrates the growth trend in lower-wage service jobs such as food preparation and serving, personal care and service, and building and grounds cleaning and maintenance.

[2] California Employment Development Department, Projections of Employment by Industry, 2013.

Table H-11: Projected Job Growth by Occupation (2010-2020)

Occupational Title	Annual Average Employment		Employment Change		Median Annual Wages*
	2010	2020	Jobs	%	
Total, All Occupations	1,486,900	1,684,000	197,100	13.3%	$38,628
Management	103,100	109,350	6,250	6.1%	$111,482
Business and Financial Operations	88,300	104520	16,210	18.4%	$66,754
Computer and Mathematical	44,530	53,050	8,520	19.1%	$83,707
Architecture and Engineering	31,710	35,440	3,730	11.8%	$82,641
Life, Physical, and Social Science	12,090	15,050	2,970	24.6%	$68,031
Community and Social Services	14,720	17,610	2,890	19.6%	$47,258
Legal	13,600	15,420	1,820	13.4%	$89,486
Education, Training, and Library	75,580	83,130	7,550	10.0%	$54,007
Arts, Design, Entertainment, Sports, and Media	30,900	33,540	2,640	8.5%	$48,144
Healthcare Practitioners and Technical	66,910	80,900	13,990	20.9%	$73,959
Healthcare Support	35,540	45,080	9,540	26.8%	$29,682
Protective Service	22,770	24,840	2,080	9.1%	$41,696
Food Preparation and Serving Related	122,840	153,080	30,240	24.6%	$19,392
Building and Grounds Cleaning and Maintenance	61,870	74,210	12,340	19.9%	$22,424
Personal Care and Service	50,530	62,460	11,930	23.6%	$22,815
Sales and Related	167,520	189,710	22,180	13.2%	$30,663
Office and Administrative Support	254,430	278,540	24,110	9.5%	$35,920
Farming, Fishing, and Forestry	3,620	3,340	-280	-7.7%	$19,188
Construction and Extraction	70,490	73,580	3,090	4.4%	$48,692
Installation, Maintenance, and Repair	44,530	48,950	4,420	9.9%	$44,685
Production	98,870	99,310	440	0.4%	$28,788
Transportation and Material Moving	75,340	82,920	7,580	10.1%	$27,160

Source: California Employment Development Department, 2012.
*2012 wages

D. Housing Stock Characteristics

This section presents an evaluation of the characteristics of the community's housing stock and helps in identifying and prioritizing needs. The factors evaluated include the number and type of housing units, recent growth trends, age and condition, tenure, vacancy, housing costs, affordability, and assisted affordable units at-risk of loss due to conversion to market-rate. A housing unit is defined as a house, apartment, mobile home, or group of rooms, occupied as separate living quarters, or if vacant, intended for occupancy as separate living quarters.

1. Housing Type and Growth Trends

As of 2012, the housing stock in Lake Forest was comprised mostly of single-family detached homes, which made up about 54% of all units, while multi-family units comprised about 26% of the total. About 15% of units were single-family attached units, while mobile homes comprised the remaining 5%. Table H-12 provides a breakdown of

the housing stock by type along with growth trends for the City compared to the County as a whole for the period 2000-2012.[3]

Table H-12: Housing by Type (2000-2012)

Structure Type	2000		2012		Change	
	Units	%	Units	%	Units	%
Lake Forest						
Single-Family Detached	10,856	53%	14,661	54%	3,805	35%
Single-Family Attached	2,828	14%	4,125	15%	1,297	46%
Multi-Family 2-4 Units	1,251	6%	1,513	6%	262	21%
Multi-Family 5+ Units	4,265	21%	5,549	21%	1,284	30%
Mobile Homes	1,286	6%	1,272	5%	-14	-1%
Total Units	20,486	100%	27,120	100%	6,634	32%
Orange County						
Single-Family Detached	489,657	51%	535,361	51%	45,704	9%
Single-Family Attached	124,702	13%	127,669	12%	2,967	2%
Multi-Family 2-4 Units	88,804	9%	91,781	9%	2,977	3%
Multi-Family 5+ Units	233,871	24%	264,026	25%	30,155	13%
Mobile Homes	32,450	3%	33,524	3%	1,074	3%
Total Units	969,484	100%	1,052,361	100%	82,877	9%

Sources: California Department of Finance, Table E-5, 2012.

Between 2000 and 2012, single-family detached homes represented 57% of all units added to the City's housing stock. While detached units comprised the majority of new units in both the City and County, 24% of new residential units in the City were multi-family units. It should be noted that, during this period, most of the units added to the City's housing stock were acquired through annexation rather than new construction.

2. Housing Age and Conditions

Housing age is often an important indicator of housing condition. Housing units built prior to 1978 before stringent limits on the amount of lead in paint were imposed may have interior or exterior building components coated with lead-based paint. Housing units built before 1970 are the most likely to need rehabilitation and to have lead-based paint in deteriorated condition. Lead-based paint becomes hazardous to children under age six and to pregnant women when it peels off walls or is pulverized by windows and doors opening and closing.

Table H-13 shows the age distribution of the housing stock in Lake Forest compared to Orange County as a whole. This table shows that only about 10% of the owner-occupied housing units and 11% of rented units in Lake Forest were constructed prior to 1970. These findings suggest that there may be a need for maintenance and rehabilitation, including remediation of lead-based paint, for only a small portion of the City's housing stock.

[3] The City's housing stock grew by approximately 6,000 housing units in year 2000 with the annexation of Foothill Ranch and Portola Hills. Very little new residential construction occurred between 2000 and 2012.

Table H-13: Age of Housing Stock by Tenure

Year Built	Lake Forest		Orange County	
	Units	%	Units	%
Owner-Occupied	19,038	100%	585,483	100%
2000 or Later	316	2%	51,232	9%
1990-99	4,117	22%	68,857	12%
1980-89	5,545	29%	89,289	15%
1970-79	7,359	39%	140,641	24%
1960-69	1,461	8%	123,881	21%
1950-59	122	1%	86,063	15%
1940-49	65	<1%	12,543	2%
1939 or Earlier	53	<1%	12,977	2%
Renter-Occupied	8,183	100%	402,871	100%
2000 or Later	235	3%	38,353	10%
1990-99	1,392	17%	42,661	11%
1980-89	2,817	34%	65,275	16%
1970-79	2,829	35%	108,897	27%
1960-69	646	8%	76,909	19%
1950-59	225	3%	46,195	11%
1940-49	15	<1%	11,097	3%
1939 or Earlier	24	<1%	13,484	3%

Source: American Community Survey (ACS), 2009-2011.

Table H-14 identifies ACS estimates for the number of owner-occupied and renter-occupied housing units lacking complete kitchen or plumbing facilities in the City and the County as a whole between 2007 and 2011. This table shows that less than 1% of both renter-occupied and owner-occupied units in Lake Forest are estimated to lack complete plumbing. Additionally, less than 1% of owner-occupied units and 1.9% of renter-occupied units reported by the ACS to lack complete kitchens. The lack of complete kitchen or plumbing facilities is often an indicator of serious problems, and housing units may need rehabilitation even though they have complete kitchens and plumbing facilities.

Kitchen and plumbing facilities provide an indication of living standards and assess the quality of household facilities within the housing inventory. According to the ACS, housing units are classified as has complete kitchen or plumbing facilities when the following facilities are present:

- Kitchen: a sink with a faucet, a stove or range, and a refrigerator. All kitchen facilities must be located in the house, apartment, or mobile home, but they need not be in the same room. A housing unit having only a microwave or portable heating equipment such as a hot plate or camping stove is not considered as having complete kitchen facilities. An icebox is not considered to be a refrigerator.
- Plumbing: hot and cold running water, a flush toilet, or bathtub or shower. All three facilities must be located inside the house, apartment, or mobile home, but not necessarily in the same room.

Table H-14: Presence of Kitchen and Plumbing Facilities by Tenure

	Lake Forest		Orange County	
	Units	%	Units	%
Owner-Occupied	19,114	100.0%	595,444	100.0%
Complete Plumbing Facilities	19,076	99.8%	593,658	99.7%
Lacking Complete Plumbing Facilities	38	0.2%	1,786	0.3%
Renter-Occupied	7,774	100.0%	391,720	100.0%
Complete Plumbing Facilities	7,735	99.5%	389,761	99.5%
Lacking Complete Plumbing Facilities	39	0.5%	1,959	0.5%
Owner-Occupied	19,114	100.0%	595,444	100.0%
Complete Kitchen Facilities	19,076	99.8%	593,658	99.7%
Lacking Complete Kitchen Facilities	38	0.2%	1,786	0.3%
Renter-Occupied	7,774	100.0%	391,720	100.0%
Complete Kitchen Facilities	7,626	98.1%	383,102	97.8%
Lacking Complete Kitchen Facilities	148	1.9%	8,618	2.2%

Source: American Community Survey (ACS), 2009-2011.

In order to further assess housing conditions in the City, knowledgeable Code Enforcement staff identified those few areas where problems may exist. In December 2007 a targeted field survey of those areas determined that less than five units were in need of minor repair, and only one was identified with structural problems. Given that approximately 90 percent of the City's dwelling units were constructed after 1970, it is likely that the 2007 survey results remain applicable and represent current housing conditions in Lake Forest.

The goal of the City's Code Enforcement program is to address housing concerns before they become serious problems. The Code Enforcement program has helped to reduce structural deterioration by identifying problems and informing residents of programs to assist with improvements. In addition, the City addresses issues related to lead-based paint through its rehabilitation program for single-family homes and mobile home units (see Program 11).

3. Vacancy

A certain number of vacant units are needed to moderate the cost of housing, allow sufficient choice for residents, and provide an incentive for unit upkeep and repair. Specifically, vacancy rates of 1.5 to 2.0 percent for ownership housing and 5.0 to 6.0 percent for rental housing are considered optimal to balance demand and supply for housing. Housing vacancy rates as reported by the 2009-2011 ACS are shown in Table H-15. The table shows that vacancy rates for rental and ownership units in the City were relatively high when compared to optimal vacancy rates by tenure (6.5% rental and 2.4% for-sale). The County had lower vacancy rates for rental and ownership units. However, overall vacancy rate in the County was higher than in Lake Forest, due to seasonally occupied housing and other vacant units (such as foreclosed or abandoned homes).

Table H-15: Housing Vacancy

	Lake Forest		Orange County	
	Units	%	Units	%
Total Housing Units	28,169	100.0%	1,046,323	100.0%
Occupied Units	26,888	95.5%	987,164	94.3%
Vacant Units	1,281	4.5%	59,159	5.7%
-For Rent*	546	6.5%	20,587	4.9%
-For Sale**	462	2.4%	8,500	1.4%

Source: American Community Survey (ACS), 2009-2011.
Notes: *Est. % of all rental units
**Est. % of all for-sale units

4. Housing Cost

Housing Affordability Criteria

Housing affordability can be inferred by comparing the cost of renting or owning a home in the City with the maximum affordable housing costs for households at different income levels. Taken together, this information can generally show who can afford what size and type of housing and indicate the type of households most likely to experience overcrowding and overpayment.

Housing affordability is an important indicator of quality of life in Lake Forest. If residents pay too much for housing they will not have sufficient income for other necessities such as health care. Households that spend a substantial portion of their income on housing may also be at risk of becoming homeless in the event of unexpected circumstances such as illness or loss of employment. State law requires that the City facilitate provision of housing opportunities that are affordable to all economic segments of the community.

The federal Department of Housing and Urban Development (HUD) conducts annual household income surveys nationwide to determine a household's eligibility for federal housing assistance. Based on this survey, the California Department of Housing and Community Development (HCD) developed income limits that can be used to determine the maximum price that could be affordable to households in the upper range of their respective income category. Households in the lower end of each category can afford less by comparison than those at the upper end.

Table H-16 shows affordable rent levels and estimated affordable purchase prices for housing in Lake Forest (and Orange County)[4] by income category and households size. The maximum affordable monthly rent for extremely-low-income households ranges from $409 for a one-person household to $607 for a five-person household, while the maximum affordable rent for very-low-income households ranges from $747 to $1,127. Low-income households can afford between $1,252 and $1,907. Median- and moderate-income households can afford much larger monthly rental payments. Maximum purchase prices are more difficult to determine due to variations in mortgage interest rates and qualifying procedures, down payments, special tax assessments, homeowner association fees, property insurance rates, etc. With this caveat, the maximum home purchase prices by income category shown in Table H-16 have been estimated based on typical conditions.

[4] Affordable rent and purchase prices are based on county median income.

Table H-16: Income Categories and Affordable Housing Costs (2013) - Orange County

Household Size	Annual Income	Affordable Costs (All Costs)		Estimated Utility Allowance, Taxes & Insurance		Affordable Rent	Affordable Home Price
		Rental Costs	Ownership Costs	Renters	Owners		
Extremely-Low-Income (0-30% AMI)							
1-Person	$20,250	$506	$506	$97	$213	$409	$68,191
2-Person	$23,150	$579	$579	$109	$246	$470	$77,501
3-Person	$26,050	$651	$651	$147	$299	$504	$81,923
4-Person	$28,900	$723	$723	$163	$331	$560	$91,232
5-Person	$31,250	$781	$781	$174	$353	$607	$99,610
Very-Low-Income (31-50% AMI)							
1-Person	$33,750	$844	$844	$97	$281	$747	$131,030
2-Person	$38,550	$964	$964	$109	$323	$855	$149,183
3-Person	$43,350	$1,084	$1,084	$147	$386	$937	$162,449
4-Person	$48,150	$1,204	$1,204	$163	$427	$1,041	$180,835
5-Person	$52,050	$1,301	$1,301	$174	$457	$1,127	$196.428
Low-Income (51-80% AMI)							
1-Person	$53,950	$1,349	$1,349	$97	$382	$1,252	$225,054
2-Person	$61,650	$1,541	$1,541	$109	$438	$1,432	$256,706
3-Person	$69,350	$1,734	$1,734	$147	$516	$1,587	$283,471
4-Person	$77,050	$1,926	$1,926	$163	$571	$1,763	$315,356
5-Person	$83,250	$2,081	$2,081	$174	$613	$1,907	$341,655
Median-Income (100% AMI)							
1-Person	$61,050	$1,526	$1,781	$97	$468	$1,429	$305,464
2-Person	$69,750	$1,744	$2,034	$109	$537	$1,635	$348,520
3-Person	$78,500	$1,963	$2,290	$147	$627	$1,816	$386,960
4-Person	$87,200	$2,180	$2,543	$163	$695	$2,017	$430,249
5-Person	$94,200	$2,355	$2,748	$174	$747	$2,181	$465,702
Moderate-Income (81-120% AMI)							
1-Person	$73,250	$1,831	$2,136	$97	$539	$1,734	$371,716
2-Person	$83,700	$2,093	$2,441	$109	$618	$1,984	$424,275
3-Person	$94,200	$2,355	$2,748	$147	$719	$2,208	$472,219
4-Person	$104,650	$2,616	$3,052	$163	$796	$2,453	$525,011
5-Person	$113,000	$2,825	$3,296	$174	$856	$2,651	$567,795

Source: California Department of Housing and Community Development, 2013 Income limits; and Veronica Tam and Associates.
Assumptions: 2013 HCD income limits; 30% gross household income as affordable housing cost for lower-income households and 35% for median- and moderate-income homeowners; 20% of monthly affordable cost for taxes and insurance; 10% down payment; and 4.0% interest rate for a 30-year fixed-rate mortgage loan. Utilities based on Orange County Housing Authority Utility Allowance, October 2012.

a. For-Sale Housing

Existing housing resale price statistics for Lake Forest and neighboring cities and the County in January 2012 and January 2013 are shown in Table H-17. The table shows that the median price for homes was $422,500 in January 2013, up substantially from January 2012 when the median sale price was only $248,000. The City's median home sale price in early 2013 was slightly lower than the countywide median sale price ($460,000) and higher than nearby Rancho Santa Margarita ($377,000).

Table H-17: Median Home Sale Prices (2012 and 2013)

Jurisdiction	January 2012 Price*	January 2013		Percent Change in Median Sale Price 2012-2013
		# Sold	Price	
Lake Forest	$248,000	56	$422,500	70.4%
Dana Point	$585,000	27	$615,000	5.1%
Laguna Beach	$875,000	26	$1,422,500	62.6%
Laguna Niguel	$528,500	67	$525,000	-0.7%
Mission Viejo	$430,750	96	$509,000	18.2%
Rancho Santa Margarita	$285,000	60	$377,000	32.3%
San Clemente	$550,000	69	$650.000	18.2%
San Juan Capistrano	$419,500	19	$553,000	31.8%
Orange County	$392,000	2,305	$460,000	17.4%

Source: DQnews, 2013.
*Number sold for January 2012 was not published.

Based on the estimated affordable purchase prices shown in Table H-17, lower-income households could not afford a median-priced home in Lake Forest. These data illustrate the fact that public subsidies are generally required to reduce sales prices to a level that is affordable to lower- and moderate-income buyers. At a median price of $422,500, there is a "gap" of over $107,144 between the market price and the maximum price a four-person low-income household can afford to pay for a home. The gap is even greater for very-low-income and extremely-low-income households. Most moderate-income households could afford to purchase a median price home in the City.

b. Rental Housing

Table H-18 shows current (March 2013) market data for rental apartments in Lake Forest based on a survey of properties listed for rent on Craigslist. . . The table shows that the median rent for all surveyed units in Lake Forest is $1,635 per month, with a range of $1,190 for the lowest advertised one-bedroom units to a high of $3,800 for a six-bedroom unit.

Table H-18: Market Rent by Unit Size (2013)

Unit Size	# Advertised	Rent Range	Median Rent
1 BR	29	$1,190 to $1,701	$1,375
2 BR	51	$1,200 to $2,182	$1,640
3 BR	7	$2,000 to $2,900	$2,400
4+ BR	12	$2,400 to $3,800	$2,775
Total	100	$1,190 to $3,800	$1,635

Source: Craigslist, retrieved from http://orangecounty.craigslist.org/apa/ on March 12, 2013.

When market rents are compared to the amounts low-income households can afford to pay (Table H-16), it is clear that extremely-low-income households could not find market-rate rental housing in Lake Forest without incurring cost burden, overcrowding, or both. Very-low-income households would have a very difficult time finding housing without overpaying. Once adjusted by household size to avoid overcrowding, the gap between

market rent and affordable rent at the very-low-income level is approximately $625 per month for a two-person and $1,275 per month for a five-person household. However, at the low-income and moderate-income levels, households are much more likely to find affordable rentals. A median 2-bedroom unit currently rents for about $1,640 while the affordable payment for a 4-person low-income household is $1,763.

E. Special Needs

Certain groups have greater difficulty in finding decent, affordable housing due to special circumstances. Such circumstances may be related to one's employment and income, family characteristics, disability, or other conditions. As a result, some Lake Forest residents may experience a higher prevalence of overpayment, overcrowding, or other housing problems.

State Housing Element law defines "special needs" groups to include persons with disabilities, the elderly, large households, female-headed households with children, homeless people, and farm workers. Many households within these special needs groups also fall within the extremely-low-income category. This section contains a discussion of the housing needs facing each of these groups.

1. Persons with Disabilities (Including Developmental Disabilities)

Between 2009 and 2011, the ACS estimated 4,581 persons with disabilities among the City's population age five years and older (Table H-19). Among people between the 18 and 64 years of age (the working age population), 2,074 persons with disabilities were reported, of which ambulatory difficulty was the most common (47%) followed by cognitive difficulty (39%). . Of those aged 65 and over, the ACS estimated 2,045 persons with disabilities. Ambulatory and independent living difficulties were the most common disabilities within this age group (66% and 55%, respectively). Housing opportunities for the handicapped can be maximized through housing assistance programs and providing universal design features such as widened doorways, ramps, lowered countertops, single-level units and ground floor units.

Table H-19: Disabilities Tallied

Disability by Age	Disabilities Tallied	%
Age 5 to 17	462	--
With a hearing difficulty	134	29.0%
With a vision difficulty	112	24.2%
With a cognitive difficulty	286	61.9%
With an ambulatory difficulty	55	11.9%
With a self-care difficulty	105	22.7%
Age 18 to 64	2,074	--
With a hearing difficulty	537	25.9%
With a vision difficulty	500	24.1%
With a cognitive difficulty	814	39.2%
With an ambulatory difficulty	983	47.4%
With a self-care difficulty	456	22.0%
With an independent living difficulty	518	25.0%
Age 65 and over	2,045	--
With a hearing difficulty	821	40.1%
With a vision difficulty	369	18.0%
With a cognitive difficulty	755	36.9%
With an ambulatory difficulty	1,348	65.9%
With a self-care difficulty	558	27.3%
With an independent living difficulty	1,120	54.8%

Source: American Community Survey (ACS), 2009-2011.
Note: An individual can report more than one disability.

A recent change in State law requires that the Housing Element discuss the housing needs of persons with developmental disabilities. As defined by federal law, "developmental disability" means a severe, chronic disability of an individual that:

- Is attributable to a mental or physical impairment or combination of mental and physical impairments;
- Is manifested before the individual attains age 22;
- Is likely to continue indefinitely;
- Results in substantial functional limitations in three or more of the following areas of major life activity: a) self-care; b) receptive and expressive language; c) learning; d) mobility; e) self-direction; f) capacity for independent living; or g) economic self- sufficiency; and
- Reflects the individual's need for a combination and sequence of special, interdisciplinary, or generic services, individualized supports, or other forms of assistance that are of lifelong or extended duration and are individually planned and coordinated.

The Census does not record developmental disabilities. The State Department of Developmental Services (DDS) maintains a database of clients served by the Developmental and Regional Centers by ZIP Code. Developmentally disabled clients

from ZIP Code 92610, 92630, and 92679 are summarized in Table H-20. As of November 2012, at least 602 Lake Forest residents with developmental disabilities were being assisted at Developmental and Regional Centers.[5] Most of these individuals were residing in a private home with their parent of guardian and specifically at least 151 of these persons with developmental disabilities were under the age of 18.

Table H-20: Developmentally Disable (November 2012)

Housing Arrangement	Age Group	Number
Family/Foster Home Agency	Under 18	< 25
Home of Parent/Family/Guardian	Under 18	260
CCF/ICF	18 to 21	< 25
Home of Parent/Family/Guardian	18 to 21	34
CCF/ICF	22 to 64	47
Family/Foster Home Agency	22 to 64	< 25
Home of Parent/Family/Guardian	22 to 64	106
ILS/SLS	22 to 64	38
CCF/ICF	65 or Older	< 25
Home of Parent/Family/Guardian	65 or Older	< 25

CCF/ICF = Community Care Facilities/Intermediate Care Facilities
ILS/SLS = Independent Living Skills/Supportive Living Services
Source: State Department of Developmental Services, November 2012.

The City's Reasonable Accommodation Ordinance, adopted in 2002, helps to address the needs of disabled persons through simplifying the process for obtaining approvals and permits for modifications to City regulations and building standards.

In addition, a variety of programs encourage affordable housing opportunities and respond to the needs of the disabled. These include Program 3 – Facilitate Affordable Housing Production; Program 7 – Transitional and Supportive Housing; Program 8 – Coordination with Social Service Agencies; Program 9 – Rental Assistance; Program 10 – Conservation of Existing and Future Affordable Units; and Program 14 – Fair Housing Services.

2. Elderly

The ACS documented 3,859 households in Lake Forest where the householder was 65 or older between 2007 and 2011 (Table H-21). A significant majority of these householders owned their homes (83%). The ACS also reported that approximately 348 (5%) of Lake Forest's 7,077 seniors were below the poverty level. Many elderly persons are dependent on fixed incomes and/or have a disability. Elderly homeowners may be physically unable to maintain their homes or cope with living alone. The housing needs of this group can be addressed through smaller units, second units on lots with existing homes, shared living arrangements, congregate housing and housing assistance programs.

In particular, the following programs described in the Housing Action Plan (Section V) help to address the housing needs of the elderly: Program 3 – Facilitate Affordable

[5] The State DDS aggregates the client data by age group, ZIP Code, and type of housing arrangement. Data are suppressed when a ZIP Code contains fewer than 25 clients.

Housing Production; Program 7 – Transitional and Supportive Housing; Program 8 – Coordination With Social Service Agencies; Program 12 – Rental Assistance; Program 10 – Conservation of Existing and Future Affordable Units; and Program 11 – Housing Rehabilitation Loan Program.

Table H-21: Senior Households by Tenure

Householder Age	Owners		Renters	
	Households	%	Households	%
Under 65 years	15,899	83%	7,130	92%
65 to 74 years	2,069	11%	291	4%
75 to 84 years	841	4%	175	2%
85 and over	305	2%	178	2%
Total households	19,114	100%	7,130	100%

Source: American Community Survey (ACS), 2007-2011.

3. Large Households

Household size is an indicator of need for large units. Large households are defined as those with five or more members. Among both owners and renters, a little more than half of all households have only one or two members. About 14% of renter-households had five or more members, while about 10% of owners were large households (Table H-22). This distribution indicates that the need for large units with four or more bedrooms is expected to be significantly less than for smaller units. Also, in comparison to the County as a whole, Lake Forest has significantly fewer large renter-households (10% city vs. 16%).

Table H-22: Household Size by Tenure

Household Size	Lake Forest				Orange County			
	Owners		Renters		Owners		Renters	
	Households	%	Households	%	Households	%	Households	%
1 person	3,855	20%	1,949	25%	114,747	19%	103,212	26%
2 persons	5,887	31%	2,181	28%	190,944	32%	104,017	27%
3 persons	3,609	19%	1,468	19%	98,955	17%	63,615	16%
4 persons	3,849	20%	1,122	14%	106,973	18%	57,081	15%
5 persons	**1,402**	**7%**	**649**	**8%**	**47,661**	**8%**	**32,612**	**8%**
6 persons	**287**	**2%**	**214**	**3%**	**19,137**	**3%**	**15,812**	**4%**
7+ persons	**225**	**1%**	**191**	**3%**	**16,977**	**3%**	**15,371**	**4%**
Total households	19,114	100%	7,774	100%	595,444	100%	391,720	100%

Source: American Community Survey (ACS), 2007-2011.

The following programs described in the Housing Action Plan (Section V) help address the housing needs of large households: Program 3 – Facilitate Affordable Housing Production; Program 9 – Rental Assistance; Program 10 – Conservation of Existing and Future Affordable Units; and Program 11 – Housing Rehabilitation Loan Program.

4. Female-Headed Households

Of the 26,888 households in the City between 2007 and 2011, approximately 9% or 2,354 were headed by a female (Table H-23). The majority (61%) of these households owned their homes. While female-headed households represent a small portion of households, the ACS reported that they made up a significant portion (38%) of households that were below the poverty level between 2007 and 2011.

Table H-23: Household Type by Tenure

	Owners		Renters	
Household Type	**Households**	**%**	**Households**	**%**
Married couple family	12,227	64%	3,750	48%
Male householder, no spouse present	789	4%	574	7%
Female householder, no spouse present	**1,442**	**8%**	**912**	**12%**
Non-family households	4,656	24%	2,538	33%
Total households	19,114	100%	7,130	100%

Source: American Community Survey (ACS), 2007-2011.

The following programs described in the Housing Action Plan (Section V) help to address the housing needs of female-headed households: Program 1 – Land Use Policy, Entitlements, and Development Capacity; Program 3 – Facilitate Affordable Housing Production; Program 7 – Transitional and Supportive Housing; Program 8 – Coordination With Social Service Agencies; Program 9 – Rental Assistance; Program 10 – Conservation of Existing and Future Affordable Units; and Program 11 – Housing Rehabilitation Loan Program.

5. Farm Workers

Farm workers are traditionally defined as persons whose primary income is from seasonal agricultural work. Historically, Orange County's economy was linked to agriculture. While there are still active farming areas on the Irvine Ranch and in some other cities, shifts in the local economy to production and service-oriented sectors have significantly curtailed agricultural production within the County. Today, Orange County is a mostly developed urban/suburban region with a strong local economy. Although the County is increasingly capturing major employers in Southern California, this growth is not tied to an agricultural base.

The 2006-2008 ACS reported about 3,664 persons employed in agriculture, forestry, fishing and hunting, and mining occupations in Orange County. Of these, approximately 3% lived in Lake Forest (Table H-24).

Table H-24: Agriculture, Forestry, Fishing, and Mining Employment

	Lake Forest	% of County Total	Orange County
Workers	115	3.1%	3,664

Source: American Community Survey (ACS), 2006-2008.

The City of Lake Forest has a single agricultural operation, the 90-acre Nakase nursery located south of SR 241 between Lake Forest Drive and Bake Parkway. The nearest major agricultural area to the City of Lake Forest is on the Irvine Ranch, a few miles to the northwest. Given 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 much smaller than 115. In addition, it is possible (although statistics are not available) that a number of active farm workers are not full-time residents of Orange County, and migrate into the area depending on seasonal crop harvest. Such farm workers may find temporary housing by living with relatives, or short-term rental of a single unit for several families, resulting in overcrowded conditions.

Because there is only one agricultural operation within Lake Forest, there is not a significant need for permanent farm worker housing. Although there is not a need for farm worker housing in Lake Forest, the City allows agricultural uses within the A-1 and OS zones and therefore farm worker housing must be allowed as an accessory use pursuant the California Employee Housing Act. The City will revise the Zoning Code to comply with the California Employee Housing Act (see Program 4).

6. Homeless Persons

Factors contributing to the rise in homelessness include: the general lack of housing affordable to low and moderate income persons; increases in the number of persons whose incomes fall below the poverty level; reductions in public subsidy to the poor; and the de-institutionalization of the mentally ill.

Definitions of Homelessness

The Stewart B. McKinney Homeless Assistance Act (42, U.S.C. 1130, et seq. 1994) defines a "homeless" person as an individual who lacks a fixed, regular, and adequate nighttime residence, or an individual whose primary nighttime residence is:

a. A supervised publicly or privately operated shelter designed to provide temporary living accommodations;

b. An institution that provides a temporary residence for individuals intended to be institutionalized;

c. A public or private place not designed for, or ordinarily used as, regular sleeping accommodations for human beings.

The McKinney-Vento Act (§725(2); 42 U.S.C. 11435(2)) defines a person "at risk" of becoming homeless as an individual who faces imminent eviction (within a week) from a private dwelling or institution and who has no subsequent residence or resources to obtain housing. People are also at risk of homelessness when they experience a sudden drop in income, a rise in housing costs, and/or they do not have the skills necessary to manage their limited resources. According to the National Coalition for the Homelessness (NCH), most individuals at risk of homelessness are on a fixed income or are marginally employed and have few ties to family and friends.

Profiles of the Homeless Population in Orange County and Lake Forest

The County of Orange Housing and Community Services Department and the OC Partnership undertake an annual estimate of the County's homeless population as part of its application for homeless assistance grant funds to HUD. The most recent point-in-time survey conducted in January 2011, estimated that there were 18,325 annual incidents of homelessness in Orange County[6] The 2011 survey did not provide an estimate of the homeless population in Lake Forest. While County staff involved with homeless issues could not provide an estimate of the City's current homeless population, the City of Lake Forest Police Services Department indicates that the homeless population within Lake Forest on any given night is approximately 25 individuals[7].

The needs of the homeless vary by subpopulation. Mentally ill persons require housing supported by mental health care and counseling. Alcohol and drug abusers require treatment facilities and medical and social support services. Victims of domestic violence need shelter and social services to assist in the transition to independent living. Runaway and recently emancipated youths require shelter, combined with counseling and social services to reintegrate them with their families or enable them to live independently.

While the City's homeless population is observed to be minimal, homelessness is a regional issue and should be addressed from a regional perspective. Specifically, the lack of affordable housing throughout Orange County contributes to the rising number of homeless persons in the County.

Inventory of Homeless Shelters and Transitional Housing Facilities

The facility and service needs of homeless families and individuals generally include emergency shelter, transitional housing, supportive services such as job training and counseling, and mental and general health services.

- **Emergency Shelters** – Emergency shelters are generally geared toward providing immediate housing to persons without shelter. Stays in emergency shelters are typically limited to a short period of time (up to six months). The City amended the Zoning Code in 2013 to allow emergency shelters with ministerial permit in the Industrial zone, consistent with SB2.
- **Transitional and Supportive Housing** – Transitional and supportive housing are important components for assisting homeless individuals and families to become self-sufficient. The City amended the Zoning Code in 2013 to treat Transitional and Supportive Housing as residential uses that are subject to the same standards and requirements as other residential uses of the same type in the same zone, consistent with SB2.

  The City has provided CDBG funding to two non-profit organizations that between them have purchased 11 condominiums for transitional and affordable housing. These condominiums continue to offer transitional and

[6] Data is from 2011 Orange County Homeless Census & Survey, conducted by Applied Survey Research."
[7] Electronic-communication with James Wren, Police Services Division, March 4, 2013.

affordable housing to extremely-low-income residents and will continue to do so until 2022–2030. Supportive services that are provided to residents include weekly case management counseling, weekly budget/ financial counseling, child care assistance to attend counseling, education supplies assistance, employment supplies/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 & beliefs/peer pressure/ anger management/self-care and identifying social networks.

While it is difficult for the City to assess the exact number of its homeless population, as evidenced by the lack of city-by-city data gathered from the 2011 Point-In-Time Survey, the City has annually provided assistance through CDBG funds to identified extremely-low-income persons, female head of households, the disabled, and elderly by contracting for social services by non-profit organizations. In recent years these services have included the following: emergency housing/shelter(South County Outreach and Families Forward), food distribution (South County Outreach and Families Forward), primary health care services to the indigent or non-insured (Camino Health Services and Laguna Beach Community Clinic), senior case-management services and home-delivered meals (South County Senior Services), support services for the disabled (Dayle McIntosh Center) and before-and-after school youth programs (Saddleback Valley Unified School District) for extremely low and low income families. While individual services may vary in any given year based on priorities and funding availability, the City anticipates that these general categories of supportive services will continue in partnership with various non-profits.

F. Assisted Housing at Risk of Conversion

This section identifies all residential projects in the City that are under an affordability restriction, along with those housing projects that are at risk of losing their low-income affordability restrictions within the ten-year period 2013 – 2023. This information is used in establishing quantified objectives for units that can be conserved during this planning period. The inventory of assisted units includes all units that have been assisted under any federal Department of Housing and Urban Development (HUD), state, local and/or other program.

1. Inventory of Assisted Units

Table H-25 shows assisted units with covenants that require rents to be maintained at affordable levels for various agreed upon periods of time.

Table H-25: Inventory of Assisted Rental Housing

Project Name	Affordable Units	Duration of Affordability
CATEGORY 1		
1. Trabuco Woods Apts. 27159 Rimhurst Drive	72 total units; 15 affordable units	2013 / 2028
2. Westridge Apts. 26571 Normandale Drive	390 total units; 78 affordable units	2013 / 2028
3. Arbor Apts. 26356 Vintage Woods Road	328 total units; 22 affordable units	2013 / 2028
4. Emerald Court Apts. 21142 Canada Road	288 total units; 58 affordable units	2013 / 2028
5. Spring Lakes Apts. 21641 Canada Road	180 total units; 36 affordable units	2013 / 2028
CATEGORY 2		
6. Bellecour Way 21041 Osterman Road	131 total units; 6 affordable units	2018
CATEGORY 3		
7. AFH Affordable Housing Condo Unit 20927 Serrano Creek Road	1	2024
8. SCO Transitional Housing Condo Units	1	2022
	1	2023
	2	2024
	2	2025
	2	2026
9. Madrid Transitional Housing Condo Units	2	2030
CATEGORY 4		
10. Crestwood Apartments 21011 Osterman Rd	76 total units; 38 affordable units	2017

Notes:

CATEGORY 1

Each of the first 5 apartment complexes have received bond funding from the County that include affordability covenants for 30 years with an approximate maturity date of 2028. There are a total of 209 affordable units among the 5 complexes. All 5 apartment complexes have similar regulatory agreements. Therefore, although bond maturity dates are 2028, it is possible that property owners could pre-pay bond funding beginning in 2013. . Although these are covenanted units, the covenants are in favor of the County. Consequently, the County monitors and regulates these units.

CATEGORY 2

In 2001, the City's former Redevelopment Agency entered into agreement with Trammel Crow to reserve 6 affordable units as part of the 131 apartment complex development. The complex known as Bellecour Way, located on Osterman, is required to make the 6 units available for affordable occupancy for a term of 15 years from the date of the final Certificate of Occupancy for these units. The units remain affordable until approximately 2018. Of the 6 affordable units, 4 are for low income and 2 are for moderate income. Unlike the 209units in Category 1, the covenant for these 6 Bellecour Way units are in favor of the Agency.

CATEGORY 3

There are 10 transitional housing units and 1 affordable unit that has 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. Transitional housing units are generally occupied for 6 – 18 months by income qualified households while the households work toward independent living. 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 1 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. These covenants are in favor of the City and with the assistance of an independent accounting firm, are monitored annually to ensure the households continue to qualify as affordable.

CATEGORY 4

The County purchased land at 21011 Osterman Rd. with CDBG funds in 1982. The Crestwood Apartments developer is currently leasing the land from the County. The lease, along with affordability covenants, expires August 2017.

2. Units at Risk

State Housing Element law requires the analysis of government-subsidized housing that may change from lower-income housing to market-rate housing during the next ten years. Thus, this at-risk housing analysis covers the period from October 15, 2013 through October 15, 2023. This section evaluates affordable housing in Lake Forest that may be at risk of converting to market rates and the estimated costs to preserve or replace the at-risk units.

Within the 2013-2023 period, 255 affordable housing units are at risk of converting to market rate. Of these units, 209 are located in 5 "Category 1" developments and are only considered "at risk" because owners have the option to 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.

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 at-risk 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.

Purchase Similar Units

One preservation option is for a nonprofit 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 physical conditions 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 and maintenance expenses. The estimated market value of Lake Forest's current stock of at-risk affordable housing is $43.2 million.[8] 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.

[8] For the purposes of this analysis, a two-bedroom unit and three-person household is assumed to represent the average unit and household size among the 255 at-risk units. According to HUD, the FY 2013 FMR for a two-bedroom unit in Orange County is $1,527 per month. Estimated annual gross income was calculated with a 5% vacancy assumption. Net annual revenue was assumed by subtracting annual operating and maintenance costs ($4.50 per square-foot and average 850 square-foot units). Finally, a multiplication factor of 12.5 (for a building in good condition) was applied to the net annual income to approximate market value of the at-risk units.

Rental Assistance

Tenant-based rent subsidies could be used to preserve the affordability of housing. Similar to Housing Choice Vouchers, the City, through a variety of potential funding sources, could provide rent subsidies to very low income households. 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.[9] Approximately $150,450 in rent subsidies would be required monthly (or $1.8 million annually). Assuming a 20-year affordability, the total subsidy is about $36.1 million.

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.

Replacement Option

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 $300,000 per unit[10] for multi-family rental housing, replacement of the 255 at-risk units would require approximately $76.5 million, excluding land costs, which vary depending upon location.

Cost Comparison

The cost to build new housing to replace the 255 at-risk units is high, with an estimated total cost of more than $76.5 million. This cost estimate is substantially higher than the cost associated with transfer of ownership ($43.2 million) and providing rent subsidies similar to Housing Choice Vouchers for 20 years ($36.1 million).

Resources for Preservation of At-Risk Units

A variety of potential funding sources are available for the acquisition, replacement, or rent subsidies. Financial resources are further discussed in Section III (Resources and

[9] For the purposes of this analysis, a two-bedroom unit and three-person household is assumed to represent the average unit and household size among the 255 at-risk units. According to HUD, the FY 2013 FMR for a two-bedroom unit in Orange County is $1,527 per month. Per Table II-16, a three-person very-low-income household can afford up to $937 per month in rent. The gap between the affordable payment and fair market rent is $590 per month.

[10] Estimated from pro-formas for multiple affordable housing developments constructed in southern California since 2008.

Opportunities). However, due to the high costs of developing and preserving at-risk housing relative to the amount of available local funds, multi-layering of local and non-local sources may be required. Furthermore, some funding programs require a local match. Without redevelopment funds, the City would have difficulty in meeting the match requirement.

The City will continue to monitor the 255 at-risk units and should a notice of intent to convert to market rate be filed, work with potential purchasers to preserve the units, and ensure that tenants were properly notified of their rights under California law.

III. RESOURCES AND OPPORTUNITIES

A variety of resources are available for the development, rehabilitation, and preservation of housing in the City of Lake Forest. This section provides an overview of the land resources and adequate sites to address the City's regional housing need allocation, and describes the financial and administrative resources available to support the provision of affordable housing. Additionally, the section discusses opportunities for energy conservation which can lower utility costs and increase the affordability of housing.

A. Land Resources

1. Future Housing Needs (2014-2021)

In accordance with *Government Code* §65584, projected housing needs for each city and county in the Southern California region are prepared by the Southern California Association of Governments (SCAG) under a process known as the Regional Housing Needs Assessment (RHNA). SCAG's Regional Council adopted the final Regional Housing Need Allocation in October 2012. The RHNA covers the period of January 1, 2014 to October 31, 2021.

The RHNA process began with an update of the population, employment and household forecasts for both the region as a whole and for each county. These forecasts were largely derived from Department of Finance (DOF) population and employment forecasts and modified by regional demographic and modeling efforts by SCAG. SCAG then disaggregated the regional and county forecasts to each jurisdiction and estimated the number of dwelling units needed to achieve a regional target vacancy rates and to account for projected housing demolitions. The total housing needed in each jurisdiction was then distributed by income category (very low, low, moderate and upper income).

To avoid the over concentration of new lower-income households in jurisdictions with higher proportions of existing lower-income households (as required by State law), SCAG adjusted the percentage of households in each income category for each jurisdiction.

In October 2012, SCAG adopted the final RHNA growth needs for each of Orange County's cities plus the unincorporated area. The total housing growth need for the City of Lake Forest during the 2014-2021 RHNA planning period is 2,727 units. This total is distributed by income category as shown in Table H-26. While not explicitly addressed in the RHNA, state law[11] now requires the Housing Element to estimate the future needs of extremely-low-income households. As provided by state law, the extremely-low-income need is estimated to be 50% of the very-low category, or 323 units during this planning period.

[11] California Government Code Sec. 65583(a)(1)

Table H-26: Regional Housing Growth Needs

Very Low*	Low	Moderate	Above Mod	Total
647	450	497	1,133	2,727
23.7%	16.5%	18.2%	41.5%	100.0%

Source: SCAG 2012
*Includes extremely-low households, estimated to be one-half the very-low need (323 units)

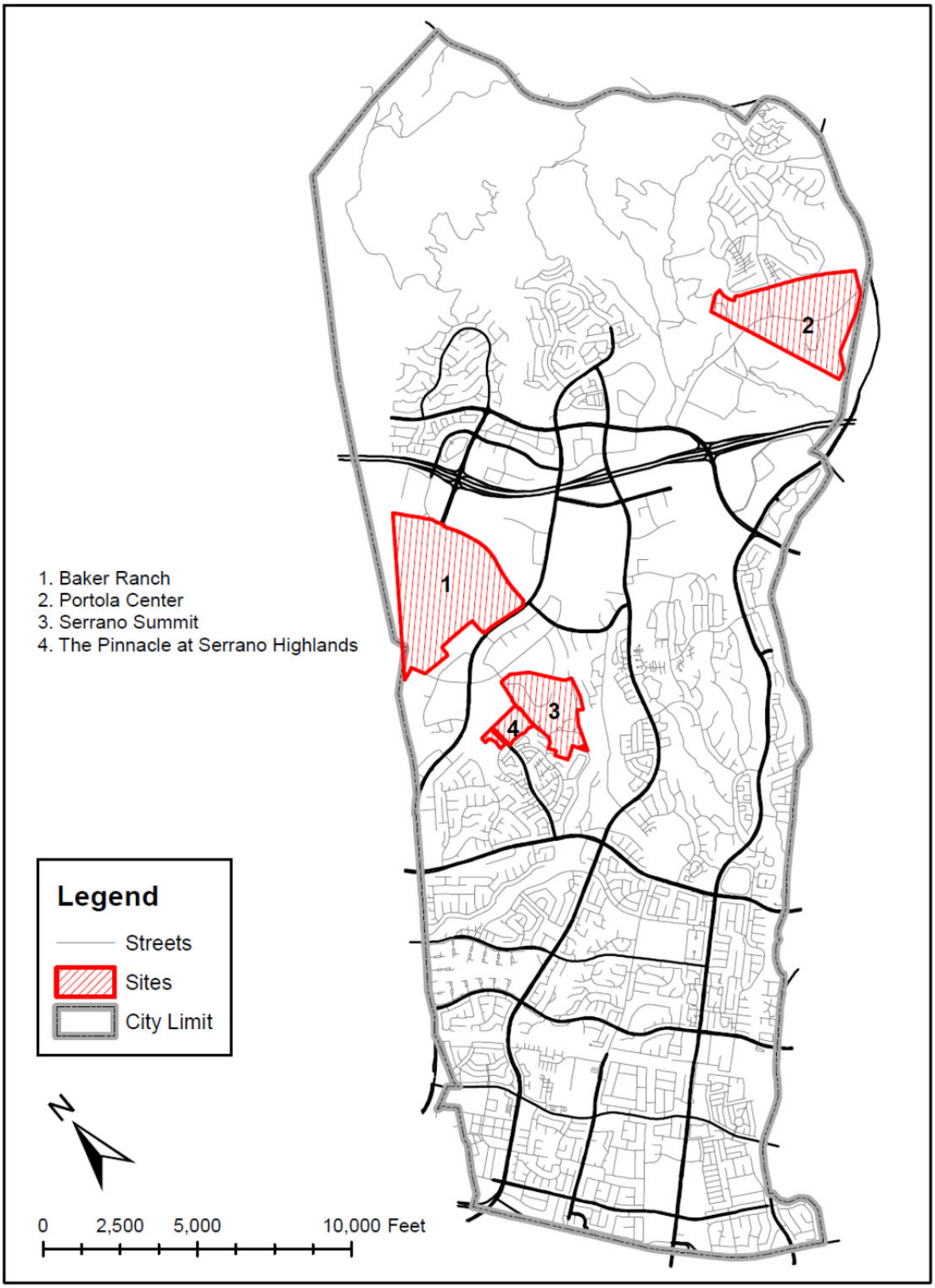
2. Future Housing Development Potential

State law mandates that a jurisdiction provide sufficient land to accommodate a variety of housing opportunities for all economic segments of the community. Section 65583(a)(3) of the *Government Code* requires Housing Elements to contain an "inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites." Compliance with this requirement is measured by the jurisdiction's ability in providing adequate land with adequate density and appropriate development standards to accommodate the RHNA.

The City of Lake Forest has adequate land capacity to meet the needs of all income groups through the 2014-2021 RHNA period. The City intends to accommodate the RHNA within four of the City's five "New Neighborhoods" (Figure H-2).[12] Lake Forest's New Neighborhoods are part of the City's Opportunities Study Area (OSA) – a re-zoning effort of over 600 acres of business/industrial use land. The zone changes and development agreements that were approved by the City between 2008 and 2010 allow for approximately 4,000 new homes. An Affordable Housing Implementation Plan (AHIP) has been adopted for each of the New Neighborhoods. The AHIPs are consistent with the City's goal to incorporate a minimum of 15% affordable units within new developments (see Policy 1.8). The New Neighborhoods and related residential development capacity included in the City's 2014-2021 land inventory are discussed on the following pages.

[12] Whisler Ridge, one of the five "New Neighborhoods", has already built-out.

Figure H-2: Residential Land Inventory



Baker Ranch

The Baker Ranch community is a 387-acre master planned community located in the northwestern portion of the City of Lake Forest. Baker Ranch was approved in the summer of 2010 for up to 2,379 homes, 25,000 square feet of commercial use, parks, open space, and related infrastructure. Baker Ranch is envisioned to include a wide range of housing types, situated among its diverse community-wide open space and recreational system. A broad mix of single-family homes, bungalows, green-courts, condominiums, flats, townhomes, cluster detached, and apartment homes will serve a wide range of family types, life-stage, and affordability levels.

- Up to 1,638 for-sale homes, on approximately 308 acres, ranging from low density (2-7 units per net acre) to medium density (up to 25 units per net acre). A broad variety of home styles including single family detached, motor courts, cluster homes, green courts, flats, townhomes and condominiums.
- A maximum of 48.4 gross acres designated for mixed use development. The mixed-use development contemplates commercial areas developed together with multi-family residential units ranging from low-medium to high densities. A maximum of 741 residential units is allowed.

Existing uses on the Baker Ranch site are limited and include RV storage, nursery stock, and landscape maintenance services. These existing uses and related improvements may remain until phasing of development requires their removal or relocation.

The City is currently processing Site Development Permit applications for 1,197 homes in the Baker Ranch neighborhood (Table H-27). Of these units, 1,010 would be offered at market rate prices. A 187-unit deed-restricted affordable housing development is proposed on a 6.3-acre site in Planning Area 1A. This project includes 20 very-low-income units, 165 low-income, and 2 moderate-income manager units.

Table H-27: Baker Ranch – Site Development Permit Applications in Process

Planning Area	Land Use / Density	Acres (gross)	Max. Density (net du/ac)	Density (gross du/ac)	Expected Units
1A	Mixed-Use / High Density	14.7*	43	30.7	430
		6.3*	43	29.7	187
1C	Residential / Medium Density	36.8	25	6.9	111
					144
1D	Residential / Low-Medium Density	29.5	15	5.8	85
					85
1F	Residential / Low Density	40.6	7	3.8	75
					80
	Total	**127.9**			**1,197**

Source: Baker Ranch Area Plan, 2013.
Note:
*Indicates net acres from tentative maps.

Baker Ranch has capacity for another 1,182 units on 199.6 acres under existing entitlements (Table H-28). Of this land area, approximately 86 acres (43%) is designated Low-Medium Density (max. 15 du/ac), 72 acres (36%) is Low Density (max. 7 du/ac), 31

acres (16%) is Medium Density (max. 25 du/ac), and 10 acres (5%) is set aside for Mixed-Use/High Density. A list of sites by Assessor Parcel Number (APN) is included in Appendix C.

Table H-28: Baker Ranch – Remaining Residential Capacity

Planning Area	Land Use / Density	Acres (gross)	Max. Density (net du/ac)	Density Factor (gross du/ac)	Realistic Capacity
1A	Mixed-Use / High Density	10.2*	43	8.6	147
1E	Residential / Low Density	55.5	7	3.7	205
1G	Residential / Low Density	16.9	7	3.6	60
1H	Residential / Low-Medium Density	22.5	15	8.3	186
1I	Residential / Medium Density	30.8	25	10.0	308
1K	Residential / Low-Medium Density	25.1	15	3.8	96
1L	Residential / Low-Medium Density	38.6	15	4.7	180
	Total	**199.6**			**1,182 Max.**

Source: Baker Ranch Area Plan, 2013.
Notes:
* Indicates net acres from tentative maps.

Portola Center

Portola Center will include the subdivision of approximately 147 acres to accommodate up to 930 homes, a 5-acre sports park, various neighborhood parks, infrastructure, and a mixed-use site (residential and non-residential). Approximately 60% of the Portola Center's land is designated for Low Density residential uses (max. 7 du/ac), with 32% set aside for Low-Medium Density residential (max. 15 du/ac), and 8% for Medium Density (max. 25 du/ac) and Mixed-Use/Medium Density Residential (max. 25 du/ac). Table H-29 provides a summary of land use, density, acreage, and realistic capacity for the Portola Center by planning area. A list of sites by Assessor Parcel Number (APN) is included in Appendix C.

Table H-29: Portola Center

Planning Area	Land Use / Density	Acres (gross)	Max. Density (net du/ac)	Density Factor (gross du/ac)	Realistic Capacity
NW	Residential / Low Density	24.3	7	3.33	81
NE	Residential / Low Density	58	7	3.84	223
			N/A	N/A	18*
South (SF)	Split Designation --Residential / Low-Medium Density --Residential / Low Density	40	7-15	6	240
South (4-pack)	Residential / Medium-Low Density	9.43	15	7.75	73
PA 9	Mixed-Use / Medium	15.8	25	19.8	57
	Residential / Medium Density				148
	Total	**147.3**			**930 Max.**

Source: Portola Center Area Plan, 2013.
Notes:
*Second Dwelling Units that are not subject to the development agreement unit cap.

Serrano Summit

The Serrano Summit development agreement allows for up to 608 homes, a 9-acre civic center site, along with various neighborhood parks and roads, on the approximately 82-acre site. Currently, the majority of the Serrano Summit property consists of vacant land that was formerly used for agricultural purposes and water district operations. The land within Serrano Summit is now owned by the Irvine Ranch Water District (IRWD

As summarized in Table H-30, Medium Density Residential land use comprises approximately 44.3 acres allowing for a variety of residential detached and attached housing types at densities up to 25 units per acre. A density factor of 13.7 was used to determine the realistic capacity by Planning Area; however, this factor is a function of acreage by planning area and the maximum number of units approved for Serrano Summit. The development agreement gives the developer the flexibility to cluster units within and among planning areas so long as the net density of a planning area does not exceed 25 units per acre.

Table H-30: Serrano Summit

Planning Area	Land Use / Density	Acres (gross)	Max. Density (net du/ac)	Density Factor (gross du/ac)	Realistic Capacity
PA 1	Residential / Medium Density	6.9	25	13.7	95
PA 2	Residential / Medium Density	1.0	25	13.7	14
PA 3	Residential / Medium Density	2.0	25	13.7	27
PA 4	Residential / Medium Density	1.4	25	13.7	19
PA 5	Residential / Medium Density	7.1	25	13.7	97
PA 6	Residential / Medium Density	6.6	25	13.7	90
PA 7	Residential / Medium Density	1.8	25	13.7	25
PA 8	Residential / Medium Density	1.6	25	13.7	22
PA 9	Residential / Medium Density	1.5	25	13.7	21
PA 10	Residential / Medium Density	2.1	25	13.7	29
PA 11	Residential / Medium Density	3.5	25	13.7	48
PA 12	Residential / Medium Density	8.8	25	13.7	121
	Total	**44.3**			**608 Max.**

Source: Serrano Summit Area Plan, 2013.

The Pinnacle at Serrano Highlands

The Pinnacle at Serrano Highlands will include up to 85 single-family homes plus parks, open space, and infrastructure on approximately 24.6 acres. Residential lots are designated Low-Medium Density Residential (max. 15 du/ac) and will range in size from 4,019 sq. ft. to 7,675 sq. ft. and will accommodate two- and three-story homes with floor plans ranging from 3,198 sq. ft. to 3,797 sq. ft. A list of sites by Assessor Parcel Number (APN) is included in Appendix C.

3. Affordability, Suitability, and Availability Analysis

This subsection describes the assumptions applied to each site in the Residential Land Inventory (Figure H-2) to determine affordability level and establish the suitability and availability for development within the 2014-2021 RHNA period.

Lower-Income

The City has identified 107.4 acres within the Baker Ranch, Serrano Summit, and Portola Center communities that can accommodate at least 1,579 lower income units during the planning period (Table H-31). Of the 1,579 units, 185 are part of a Site Development Permit application for an affordable housing development that is currently under review by City staff. If approved, these units will be constructed and occupied after January 1, 2014.

At least 147 mixed-use units can be accommodated on land designated for up 43 du/ac. These sites are suitable for lower income housing because the maximum allowable density is greater than 30 du/ac; the default lower-income density for Lake Forest per Government Code Section 65583.2(c)(3)(B).

Another 1,229 units can be accommodated on sites that allow up to 25 du/ac. Although the "default density" for Lake Forest is 30 du/ac, past development trend in the region has demonstrated that affordable housing is feasible at a density less than 25 du/ac. As noted in Table C-4 (Appendix C), numerous affordable projects have been developed in Orange County and north San Diego County at a density less than 25 du/ac, including several constructed since the housing market began its steep decline in 2008.

Finally, the Portola Center Area Plan anticipates 18 second dwelling units. Second dwelling units are considered an important source of "below market" housing pursuant to Government Code Section 65852.150. Moderate-income households can afford a wide range of market-rate rental housing product in Lake Forest (refer to Table H-16 and Table H-18); therefore, second dwelling units are considered to be a suitable "below market" housing option for lower-income households.

Table H-31: Sites Feasible for Lower-Income Housing

New Neighborhood	Planning Area	Land Use / Density	Acreage	Units	Justification
Baker Ranch	PA 1A	Mixed-Use / High Density (max. 43 du/ac)	6.3	185	Site Development Plan under review. The project includes 185 units for lower-income households plus two moderate-income manager units discussed in Table III-7. The units will be constructed and occupied after January 1, 2014.
			10.2	147	The Baker Ranch development agreement would allow up to 147 residential units within the mixed-use portion of PA 1A. These units can be counted against the lower income RHNA "by default" because the maximum allowable density exceeds 30 units per acre.
	PA 1I	Residential / Medium Density (max. 25 du/ac)	30.8	308	These units can be credited against the lower income RHNA because the maximum allowable density is 25 du/ac and Table C-4 (Appendix C) demonstrates that lower income housing can be built at less than 25 du/ac.
Serrano Summit	PA 1	Residential / Medium Density (max. 25 du/ac)	6.9	95	All of the land and residential capacity within the Serrano Summit community can be credited against the lower income RHNA because the maximum allowable density is 25 du/ac and Table C-4 (Appendix C) demonstrates that lower income housing can be built at less than 25 du/ac.
	PA 2		1.0	14	
	PA 3		2.0	27	
	PA 4		1.4	19	
	PA 5		7.1	97	
	PA 6		6.6	90	
	PA 7		1.8	25	
	PA 8		1.6	22	
	PA 9		1.5	21	
	PA 10		2.1	29	
	PA 11		3.5	48	
	PA 12		8.8	121	
Portola Center	NE	Residential / Low Density (max. 7 du/ac)	N/A	18	The Portola Center development agreement allows up to 18 second dwelling units within the North East Planning Area. Second dwelling units are considered suitable for lower income households.
	PA 9	Mixed-Use / Medium Density (max. 25 du/ac)	15.8	57	The Portola Center development agreement would allow up to 57 residential units within this mixed-use site. These units can be counted against the lower income RHNA because the maximum allowable density is 25 du/ac and Table C-4 (Appendix C) demonstrates that lower income housing can be built at less than 25 du/ac.
				256	The Portola Center Area plan identifies a portion of the PA 9 for a residential-only development. These units can be counted against the lower income RHNA because the maximum allowable density is 25 du/ac and Table C-4 (Appendix C) demonstrates that lower income housing can be built at less than 25 du/ac.
		Total	**107.4**	**1,579**	

Moderate-Income

The City is currently reviewing Site Development Permit applications for 687 market-rate multi-family units on 57.1 acres within the Baker Ranch community. The units will be constructed and occupied after January 1, 2014, and can be credited against the moderate-income RHNA because Lake Forest households earning 81-120% AMI can afford a wide range of rental and ownership housing product in the City (refer to Table H-16, Table H-17, and Table H-18).

Table H-32: Sites Feasible for Moderate-Income Housing

New Neighborhood	Planning Area	Land Use / Density	Acreage	Units	Justification
Baker Ranch	PA 1A	Mixed-Use / High Density (max. 43 du/ac)	6.3	2	The City is currently reviewing a Site Development Permit application for an affordable housing project that includes 185 lower-income units, plus two market-rate manager units. The market-rate manager units can be credited against the moderate-income RHNA because Lake Forest households earning 81-120% AMI can afford a wide range of rental housing product in the City (Tables II-16 and II-18). The units will be constructed and occupied after January 1, 2014.
			14.0	430	The City is currently reviewing a Site Development Permit application for a 430-unit market-rate multi-family development. These units can be credited against the moderate-income RHNA because Lake Forest households earning 81-120% AMI can afford a wide range of rental and ownership housing product in the City (Tables II-16, II-17, and II-18). The units will be constructed and occupied after January 1, 2014.
	PA 1C	Residential / Medium Density (max. 25 du/ac)	36.8	111	The City is currently reviewing Site Development Permit applications for a 111-unit and 144-unit market-rate multi-family developments. These units can be credited against the moderate-income RHNA because Lake Forest households earning 81-120% AMI can afford a wide range of rental and ownership housing product in the City (Tables II-16, II-17, and II-18). The units will be constructed and occupied after January 1, 2014.
				144	
		Total	**57.1**	**687**	

Above-Moderate-Income

Lake Forest's above-moderate-income RHNA can be accommodated on 385 acres of land that has capacity for 1,754 new single-family units within the Baker Ranch, Portola Center, and Pinnacle at Serrano Highlands communities. New single-family homes on low density residential sites are assumed to be affordable to above moderate income households.

Table H-33: Sites Feasible for Above-Moderate-Income Housing

New Neighborhood	Planning Area	Land Use / Density	Acreage	Units	Justification
Baker Ranch	PA 1D	Residential / Low-Medium Density (max. 15 du/ac)	29.5	85 85	The City is currently reviewing Site Development Permit applications for two separate 85-unit single-family subdivisions. New single-family homes are considered affordable to above moderate income households. The units will be constructed and occupied after January 1, 2014.
	PA 1E	Residential / Low Density (max. 7 du/ac)	55.5	205	PA 1E can accommodate up to 205 single-family dwellings. New single-family homes are considered affordable to above moderate income households.
	PA 1F	Residential / Low Density (max. 7 du/ac)	40.6	75 80	The City is currently reviewing Site Development Permit applications for a 75-unit and 80-unit single-family subdivisions. New single-family homes are considered affordable to above moderate income households. The units will be constructed and occupied after January 1, 2014.
	PA 1G	Residential / Low Density (max. 7 du/ac)	16.9	60	PA 1G can accommodate up to 60 single-family dwellings. New single-family homes are considered affordable to above moderate income households.
	PA 1H	Residential / Low-Medium Density (max. 15 du/ac)	22.5	186	PA 1H can accommodate up to 186 single-family dwellings. New single-family homes are considered affordable to above moderate income households.
	PA 1K	Residential / Low-Medium Density (max. 15 du/ac)	25.1	96	PA 1K can accommodate up to 96 single-family dwellings. New single-family homes are considered affordable to above moderate income households.
	PA 1L	Residential / Low-Medium Density (max. 15 du/ac)	38.6	180	PA 1L can accommodate up to 180 single-family dwellings. New single-family homes are considered affordable to above moderate income households.
Portola Center	NW	Residential / Low Density (max. 7 du/ac)	24.3	81	PA NW can accommodate up to 81 single-family dwellings. New single-family homes are considered affordable to above moderate income households.
	NE	Residential / Low Density (max. 7 du/ac)	58.0	223	PA NE can accommodate up to 223 single-family dwellings. New single-family homes are considered affordable to above moderate income households.
	South (SF)	Split Designation --Residential / Medium-Low Density --Residential / Low Density	40.0	240	PA South (SF) can accommodate up to 240 single-family dwellings. New single-family homes are considered affordable to above moderate income households.
	South (4-pack)	Residential / Medium-Low Density	9.4	73	PA South (4-pack) can accommodate up to 73 single-family dwellings. New single-family homes are considered affordable to above moderate income households.
The Pinnacle at Serrano Highlands	N/A	Residential / Low-Medium Density (max. 15 du/ac)	24.6	85	The Pinnacle at Serrano Highlands can accommodate up to 85 single-family dwellings. New single-family homes are considered affordable to above moderate income households.
		Total	**385.0**	**1,754**	

4. Adequacy of Land Inventory to Accommodate RHNA

When the City's land inventory, including units with occupancy anticipated after January 1, 2014 and vacant sites, is compared to the RHNA, there is a surplus of 482 lower-income sites,190 moderate-income sites, and 621 above-moderate sites for this planning period (Table H-34). As discussed in the analysis of non-governmental constraints (Section IV), there are no infrastructure deficiencies that would preclude development of these sites. Section V (Housing Action Plan) contains Program 3 to encourage and facilitate the development of affordable housing units during the current planning period.

Table H-34: Land Inventory Summary

	Income Category			
	Lower	Mod	Above	Total
Planned Units*	185	687	325	1,197
Land Inventory	1,394	0	1,429	2,823
Subtotal	1,579	687	1,754	4,020
RHNA	1,097	497	1,133	2,727
Surplus (Deficit)	**482**	**190**	**621**	**1,293**

Source: City of Lake Forest Development Services Department, 2013.
Note:
*Planned units reflect Site Development Permit applications currently under City review.

B. Financial and Administrative Resources

1. 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 2010-2015 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 CDBG allocation for Fiscal Year 2012/2013 is $62,191 (down from $478,551 in 2008) and is expected to decrease in future years. 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).

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. According to the Orange County Housing Authority, a total of 194 tenant-based Housing Choice Vouchers were used in the City as of March 2013, and there were 809 Lake Forest resident applicants on the waiting list. 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.

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.

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.

2. Local Resources

Former Redevelopment Agency Assets

The Lake Forest Redevelopment Agency was terminated by the State of California effective February 1, 2012. The City's Housing Authority is responsible for administering remaining Lake Forest Redevelopment Agency housing assets. In 2012, the California Department of Finance (DOF) completed its "meet and confer" process with the City. Although the DOF did not approve retention of any low income housing set-aside balance, the City retained all of the assets that the former Redevelopment Agency had transferred to the Housing Authority. These assets include:

- Madrid Drive: Condominiums used as transitional housing and operated by a nonprofit organization.
- Saguro Street: 4-unit apartment complex currently occupied by lower income households.
- Vacant lot 1: A 2.67-acre lot (APN 614-024-01) that was formerly railroad right-of-way and is not currently zoned.
- Vacant lot 2: A 0.16-acre lot (APN 614-021-31) in the A1 zone.

The City is currently exploring options for retention and/or disposition of these assets.

Affordable Housing In-Lieu Fees

Development agreements for three of the five New Neighborhoods include provisions for the developer to pay an affordable housing fee at the time of building permit issuance in-lieu of constructing affordable as part of their projects. The fee, which is currently $13,177 per unit, increases during the beginning of each year, following the publication

of the Consumer Price Index for January (usually sometime in February). The City's Housing Authority has collected approximately $1.15 million dollars to date and anticipates collecting another $1.15 million dollars upon issuance of remaining two building permits in Whisler Ridge and 85 building permits in The Pinnacle at Serrano Highlands. The total estimated $2.3 million dollars will be available during the planning period to provide gap financing for affordable housing (e.g., new construction, acquisition/rehabilitation, etc.)

C. 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.[13]

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.

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

[13] California Energy Commission (http://www.energy.ca.gov/title24)

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.

IV. HOUSING CONSTRAINTS

A. Governmental Constraints

1. Land Use Plans and Regulations

a. General Plan

Each city and county in California must prepare a comprehensive, long-term General Plan to guide its future. The land use element of the General Plan establishes the basic land uses and density of development within the various areas of the city. Under state law, the General Plan elements must be internally consistent and the city's zoning must be consistent with the General Plan. Thus, the land use plan must provide suitable locations and densities to implement the policies of the Housing Element.

The Lake Forest General Plan Land Use Element provides for five residential land use designations, as shown in Table H-35.

Table H-35: Residential Land Use Categories – Lake Forest General Plan

Designation	Maximum Density*	Description
Very Low Density Residential (VLR)	2.0	Single family residential.
Low Density Residential (LR)	7.0	Single-family residential.
Low-Medium Density Residential (LMR)	15.0	Single-family detached and attached, duplexes, townhomes, condominiums and apartments.
Medium Density Residential (MR)	25.0	Multi-family, attached townhomes, condominiums and apartments.
High Density Residential (HR)	43.0	Multi-family, attached, townhomes, condominiums and apartments.

Source: City of Lake Forest General Plan.
*Density expressed in dwelling units per net acre.

An additional designation, Mixed-Use (MU), provides opportunities for residential development in conjunction with commercial and/or office development. The mixed use designation can occur in areas where multiple activities and pedestrian orientation are considered desirable objectives. A maximum density of 43 dwelling units per net acre is allowed when a project proposal includes only residential uses; 35 dwelling units per net acre is expected for mixed-use developments. The City of Lake Forest General Plan is not considered to be a constraint to the goals and policies of the Housing Element as the City's zoning is consistent with the General Plan and adequate sites with appropriate densities have been identified to permit the construction of the City's fair share of new housing units for the 2014-2021 RHNA period (see Section III, Resources and Opportunities).

b. Planned Communities

Much of the land use in Lake Forest is based on pre-incorporation planning for nine large-scale Planned Communities (PCs). These PCs included Lake Forest, El Toro, Baker Ranch, Pacific Commercentre, Rancho de los Alisos, Rancho Serrano, Serrano Highlands, Foothill Ranch, and Portola Hills. Several of these PCs are also the subject of development agreements that identify the levels of development allowed. Future development in these areas must follow the PC Development Plans and related development agreements.

Many of the development standards found in the PCs mirror 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.

2. Zoning Designations and Development Standards

The City regulates the type, location, density, and scale of residential development through the Municipal Code. Zoning regulations serve to implement the General Plan and are designed to protect and promote the health, safety, and general welfare of residents. The Municipal Code also helps to preserve the character and integrity of existing neighborhoods. The Municipal Code sets forth residential development standards for each zoning district.

Only one attached housing development was built during previous planning periods – Bellecour Way (formerly called Alexan Bellecour) in 2002-2003. This project was built in the R2 district at 22 units per acre. The project's inclusion of low- and moderate-income units at 22 units per acre, confirms that the City's zoning standards do not pose an unreasonable constraint on multi-family housing development. Appendix C provides additional analysis demonstrating the feasibility of affordable housing in Orange County at densities of 20 to 25 units per acre.

a. Zoning Districts

The five zoning districts that allow residential units as a permitted use are as follows:

R1 Single-Family Residence District
RS Residential Single-Family District
R2 Multi-family Dwellings District
R4 Suburban Multi-family Residential District
RP Residential Professional District

A summary of the residential development standards for these zoning districts is provided in Table H-36. These development standards continue to be viewed as reasonably necessary to protect the public health, safety and welfare and maintain the quality of life, and are not considered to be constraints on the development of housing.

Table H-36: Residential Development Standards

Development Standard	Zoning District Designations				
	R1	RS	R2	R4	RP
Maximum Density (du/ac)[1]	6	6	43	14.5	14.5
Minimum Lot Area (sq. ft.)[2]	7,200	7,000	7,200	7,200	7,200
Minimum Front Yard (ft.)	20	10	20	20	20
Minimum Side Yard (ft.)	5	A	5	5	5
Minimum Rear Yard (ft.)	25	10	25	25	25
Maximum Lot Coverage (%)	-	35	-	-	-
Maximum Building Height (ft.)	35	35	35	35	35

Source: Lake Forest Zoning Code
A = 10 feet one side only or 10 feet total of 2 sides combined.
1.Density expressed in dwelling units per net acre.
2.The minimum lot area may be different from that specified by zoning district if so specified on the zoning district map.

Densities range from six units per net acre in the R1 District to a maximum of 43 units per net acre in the R2 District, excluding potential density bonus. However, these zoning districts are built-out and given the age and condition of these properties, there is little potential for redevelopment during the planning period.

Two additional zoning districts, the Planned Community (PC) District and the Planned Development (PD) District, allow residential development through discretionary actions. All of the parcels in the City's residential land inventory are zoned PC (see Appendix C).

Planned Community (PC) District

The purpose of the Planned Community District is to provide the authority, regulations, and procedures whereby large land areas can be planned and developed as individual integrated communities. The City of Lake Forest contains nine PCs, all of which were originally approved prior to the City's incorporation. Each planned community establishes its own character with its own unique set of land use regulations, including zoning standards for residential areas. The Planned Communities within Lake Forest contain a variety of residential zoning districts and densities, ranging from large single-family detached homes to condos, apartments, and mixed-use buildings, thereby facilitating a variety of housing types for a variety of income levels.

Planned Development (PD) District

The purpose of the Planned Development District is to produce planned development projects that take advantage of modern site planning techniques providing for better use of common areas and open space. The PD District is used in conjunction with a base district (e.g., R1, RS, etc.) to indicate the additional permitted uses and development standards associated with the PD. The PD results in flexibility by allowing development standards, including lot coverage, setbacks and building sizes, to be determined through approval of a Use Permit. The PD combining district therefore facilitates flexibility in residential zoning standards, which encourages a variety of housing types for a variety of income levels. Residential projects built with the PD District have included single-family and multi-family homes.

Commercial Districts

While major residential projects are excluded, some types of special needs housing, such as congregate care facilities, are allowed in the General Business District (C2), Commercial Neighborhood District (CN), Community Commercial District (CC), Urban Activity District (UA), and Agriculture District (A1) by right or through use permits or site development permits.

b. Off-Street Parking Requirements

The City's parking requirements for residential uses vary by residential type. Single-family attached and detached dwellings require two covered parking spaces per unit. Multi-family dwellings require 1.5 parking spaces per studio and 1-bedroom units, 2 spaces for 2-bedroom units, and 0.5 additional spaces for each bedroom above two. The parking requirements are summarized in Table H-37.

The required parking is typical for most cities in Orange County and is not considered to be a constraint on the production of affordable housing. Chapter 9.168.080 of the City's Zoning Code provides for exceptions and alternatives to the off-street parking standards. Shared, off-site, and reduced parking options are available when justified by a parking study. The Director of Development Services may approve a parking reduction of up to 5% of the total parking requirement and the Planning Commission may approve parking reductions of up to 10%. Reduced parking is also available for qualifying density bonus projects.

Table H-37: Residential Parking Requirements

Type of Unit	Minimum Parking Space Required
Attached or Detached Single-Family Dwellings	2 covered spaces per dwelling
Multi-family Dwellings (2 or more units on same site)[1]	
0 -1 Bedroom units	1.5 spaces per unit (1 space must be covered)[2]
2 Bedroom units	2.0 spaces per unit (1 space must be covered)[2]
3 or more Bedroom units	2.5 spaces per unit + 0.5 space for each bedroom above 3 (2 spaces/unit must be covered)[2]
Guest Parking	0.2 spaces per unit

Source: Lake Forest Zoning Code Section 9.168.040(d)
1. Alternative parking requirements based on unit size are available for building sites containing five or more dwelling units.
2. Covered parking not required for multifamily projects of five or more dwelling units or "second" units.

3. Variety of Housing Types

A summary of the residential development permitted by the City's Zoning Code is provided in Table H-38.

Table H-38: Permitted Residential Development by Zoning District

Housing Type Permitted	R1	RS	R2/R4	RP	C2/CC	UA	M1	A1
Residential Uses								
Single-Family Detached	P	P	P	P				P
Single-Family Attached			P					
Duplex[1]			P					
Multi-Family (4 or less units) [1]			P	U				
Multi-Family (5 or more units) [1]			SD					
Manufactured Housing	P	P	P	P				P
Mobile Home Parks	U	U	U	U				U
Second Units[2]	P	P	P	P				P
Special Needs Housing								
Community Care Facilities (6 or fewer persons)	P	P	P	P				P
Community Care Facilities (7-12 persons)	U	U	U	U				U
Congregate Care Facilities (12 or more persons)			U		U	U		
Senior Housing (35 or more units)		SD[3]	SD[3]					
Transitional Housing	P/U	P/U/SD	P/U/SD	P/U	U	U		P/U
Supportive Housing	P/U	P/U/SD	P/U/SD	P/U	U	U		P/U
Emergency Shelters							P	
Single Room Occupancy					U	U		

Source: Lake Forest Zoning Code P = Permitted U = Use Permit SD = Site Development Permit
1. Condominium projects require a use permit.
2. Second units are permitted in accordance with existing state law in any residential zone that allows single-family homes.

As shown in Table H-38, the Zoning Code provides for a variety of housing types including single-family homes, multi-family (both rental and condominiums), manufactured housing, mobile homes, and second units. Low-income housing can be accommodated in all residential districts. Second units, which can be an effective tool in facilitating affordable housing, are permitted by-right in any residential zone with a single-family home. The City's Zoning Code also accommodates a variety of special needs housing. Persons with special needs include those in residential care facilities, persons with disabilities, the elderly, farm workers, persons needing emergency shelter or transitional living arrangements, and single room occupancy units. The City's provisions for these housing types are discussed below. Many of these households also fall into the extremely-low-income category.

a. Manufactured Housing/Mobile Home Parks

The manufacturing of homes in a factory is typically less costly than the construction of individual homes on site thereby lowering overall housing costs. State law precludes local governments from prohibiting the installation of mobile homes on permanent

foundations on single-family lots. In the City of Lake Forest, manufactured housing is allowed in all residential zones as a permitted use provided the installation complies with the site development standards for the applicable zoning district.

Mobile home parks are also permitted in the R2, R4, and RP districts, but require a use permit. Mobile home development is regulated by Chapter 9.176 of the Municipal Code, which is designed to ensure that mobile home developments are compatible with other permitted uses in the district. The City of Lake Forest currently has four mobile home parks. The City recognizes these mobile home parks for their contribution to affordable housing and provides home rehabilitation loans to qualified mobile home owners through its Housing Rehabilitation Loan Program (see Program 11). The City's development standards for mobile homes are reasonable to ensure neighborhood compatibility, and do not present an unreasonable constraint to development.

b. Second Units

The development of second units is regulated by Section 9.146.050 of the Municipal Code. In response to state-mandated requirements and local needs, the City of Lake Forest allows for the development of second dwelling units by right (i.e., no discretionary approval required) in any residential district that permits single-family dwellings. The owner of both units must occupy either the primary dwelling or the accessory second dwelling unit. Second unit permits are approved via an administrative and ministerial process by the Director of Development Services. Permit review and approval typically is completed within 10 working days.

The following requirements apply to second unit construction:

- Allowed in any residential zone where an owner-occupied detached single-family dwelling currently exists;
- Maximum 640 square feet of living area;
- Must comply with all development standards for the zone where it is located;
- One additional parking space required (covered or uncovered, tandem parking permitted);
- Compatible in materials, color and general architecture to the primary unit;
- Either the primary unit or the second unit must be owner-occupied; and
- Second units may not be sold separately from the primary dwelling, but may be rented.

Second units serve to augment resources for senior housing, or other low- and moderate-income segments of the population. Two second unit permits were issued in 2006-07, following adoption of the City's Second Dwelling Unit Ordinance. Since these initial permits, the economy entered recession and the City has not processed any additional applications for second dwelling units. The initial approval of two units prior to the economic downturn demonstrates that the City standards do not present an unreasonable constraint to development.

c. Residential Care Facilities

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 as "community care facilities". This definition includes State-licensed childcare, medical, and non-medical care facilities. Community care facilities that serve six or fewer persons are permitted by-right in all residential districts. Facilities serving more than six persons are conditionally permitted in all residential zones by use permit. These requirements are consistent with state law and do not pose a significant constraint on the establishment of such facilities.

City regulations do not require any separation between care facilities or group homes beyond those established in state law.

d. Farm Worker Housing

As discussed in Chapter 2 (Needs Assessment), the City of Lake Forest is not located within a major agricultural area and has no significant need for permanent on-site farm worker housing. The City's overall efforts to provide and maintain affordable housing opportunities will help to support the few seasonal farm workers that may choose to reside in the City. However, 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 with approval of a Site Development Permit in the OS zone. Currently, "employees' quarters" and "quarters for employee temporary use" are only allowed in the A1 zone, subject to a Site Development Permit. "Employees' quarters" is defined in the Zoning Code as "Quarters for the housing of agricultural and domestic employees when such quarters are located upon the same land occupied by their employer." "Quarters for employee temporary use" is defined as "quarters for the temporary (no longer than 30 days) housing of agricultural and domestic employees when such quarters are located upon the same land occupied by their employer." No residential uses of any type are allowed within 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. The City will evaluate provisions for commercial agriculture operations in the A-1 and OS zones (and the related farm worker housing issues). The City will revise the Zoning Code to achieve consistency with State law (Program 4).

e. Housing for the Elderly

Senior housing projects (of 35 units or greater) are permitted in the R2, R4, and RS Districts subject to a site development permit. Senior condominium projects would require a use permit as do all condominiums in the City. The requirement for a site development permit is reasonable to ensure neighborhood compatible design and is not considered to be a constraint to the development of senior housing.

f. Emergency Shelters

Consistent with California *Health and Safety Code* (§50801), the Zoning Code defines an emergency shelter as "housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person. No individual or household may be denied emergency shelter because of an inability to pay."

SB 2 of 2007 strengthened the planning requirements for emergency shelters and transitional/supportive housing. For jurisdictions with an unmet need, emergency shelters must be allowed by-right in at least one zoning district. The City amended its Zoning Code in 2013 to allow emergency shelters by-right (i.e., ministerial approval) in the M1 zoning district.

The M1 zone has capacity to accommodate at least one year-round emergency shelter and provide temporary shelter for the City's unsheltered homeless population, which is estimated to be approximately 25 people as of 2013. Approximately 115 acres on 115 parcels are located within the M1 zone. Most of these parcels are developed; however, one parcel is vacant and there is ample vacancy within existing buildings, allowing for potential adaptive reuse of existing space. The vacant 2.5-acre parcel (APN: 610-301-10) is located at the corner of Dimension Drive and Prism Place. The City's Economic Development Department also maintains an inventory of commercial and industrial properties available for lease or purchase.[14] As of March 2013, 99 properties with over one million square feet were listed for lease or sale in the M1 zone.

The M1 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 M1 zone (e.g., office buildings, religious institutions, child or day care, commercial or vocational schools, warehousing, libraries, civic or government uses, etc.);
- M1 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 M1 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.

The City amended the Zone Code in 2013 to establish the following objective development and management standards that are intended to facilitate the development of safe and sanitary emergency shelters, as allowed by SB2:

- Maximum Number of Persons/Beds: Maximum of 10 beds and no more than 10 people served per night.
- Parking Ratio: One space per three beds.
- Spacing Requirement: 300 feet radius required between shelters.
- Length of Stay: Maximum 180 nights per calendar year per resident.

[14] http://www.lakeforestbusiness.com/space/default.asp

- Hours of Operation: The shelter may only operate between 5:00 p.m. and 8:00 a.m. daily.
- Required Facilities: A separate intake area of a minimum 250 square foot, office areas for administrative purposes, restrooms, and general storage.
- Lighting: Adequate lighting for security purposes that is stationary, permanent, directed away from adjacent properties and public rights-of-way, and of intensity compatible with and similar to the surrounding area; and
- Facility Management:
    - On-site management and security must be provided during all hours when the shelter is in operation.
    - Facility must have a written management plan that includes provisions for staff training, neighborhood outreach, screening of residents, eligibility and admission procedures, operating schedule, rules regarding smoking, access to the facility, visitors, and guests, and a written policy outlining the consequences of rules violations or infractions.
    - The facility must be designed and rules in place to avoid loitering on or adjacent to the site by patrons.
    - Written eligibility and admission policies and procedures as well as dates, times, and services available, must be clearly posted.
    - The facility must conform to and maintain all applicable State and local building codes, fire codes, occupancy standards and other relevant codes and regulations and permits.
    - Staffing levels must be maintained consistent with industry standards.
    - The facility must be maintained in a safe and sanitary condition.

g. Transitional and Supportive Housing

The City amended the Zoning Code in 2013 to define and allow transitional and supportive housing in accordance with SB 2. The Zoning Code defines "transitional housing" and "transitional housing development" as "buildings configured as rental housing developments, but operated under 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 months. Transitional housing that is provided in single-, two-, or multi-family dwelling units, group residential, residential care facilities, or boarding houses shall be permitted, conditionally permitted, or prohibited in the same manner as other single-, two-, or multi-family dwelling units, group residential, residential care facilities, or boarding houses under this Code."

The Zoning Code defines "supportive housing" as "housing with no limit on length of stay, that is occupied by the target population as defined in subdivision (d) of Section 53260 of

the CA Health and Safety Code, and that is linked to on- 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. Supportive housing that is provided in single-, two-, or multi-family dwelling units, group residential, residential care facilities, or boarding houses shall be permitted, conditionally permitted, or prohibited in the same manner as other single-, two-, or multi-family dwelling units, group residential, residential care facilities, or boarding houses under this Code." These definitions are consistent with definitions for these uses contained in California Government Code §65582.

The City's provisions for transitional and supportive housing are consistent with SB 2 because transitional and supportive housing are considered a residential use of property subject to only those restrictions that apply to other residential dwellings of the same type in the same zone, as required by Government Code §65583(a)(5).

For example, as shown in Table H-39, transitional or supportive housing that is proposed within a single-family detached structure is permitted by-right and subject to the same land use regulations as all single-family detached structures in the R and A-1 zones. Similarly, transitional or supportive housing that is proposed in a multi-family structure with five or more units requires a Site Development Permit (or Use Permit if a condominium) and is subject to the same restrictions that apply to all multi-family structures with five or more units in the R2/R4 zone.

Supportive or transitional housing may also operate within care facilities (e.g., community or residential care facilities), and therefore, transitional or supportive housing would be permitted as and subject to the same development standards as these care facilities in the same zones.

Table H-39: Transitional and Supportive Housing by Zoning District

Transitional / Supportive Housing	R1/RS	R2/R4	RP	C2/CC/UA	A1
Dwelling Type					
Single-Family Detached	P	P	P	X	P
Single-Family Attached	X	P	X	X	X
Duplex	X	P	X	X	X
Multi-Family * (4 or less units)	X	P	U	X	X
Multi-Family * (5 or more units)	X	SD	X	X	X
Manufactured Housing	P	P	P	X	P
Mobile Home Parks	U	U	U	X	U
Second Units	P	P	P	X	P
Facility Type					
Community/Residential Care Facilities (6 or fewer persons)	P	P	P	X	P
Community/ Residential Care Facilities (7-12 persons)	U	U	U	X	U
Congregate/Residential Care Facilities (12 or more persons)	X	U	X	U	X

Source: Lake Forest Zoning Code, 2013.
P = Permitted U = Use Permit SD = Site Development Permit X = Not Permitted
(*) Condominium projects require a use permit.

h. Single Room Occupancy

Single room occupancy (SRO) facilities are small studio-type units. The Zoning Code defines SROs 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).*

Pursuant to Section 9.156.040 of the Zoning Code, SRO facilities are allowed in any district, planned community, or specific plan area zoned for hotels subject to approval of a Use Permit and management plan. The SRO facility must accommodate an on-site 24-hour manager and the management plan must describe policies, operations, emergency procedures, security, rental procedures, maintenance plans, and staffing needs. SROs are treated as nonresidential uses and are therefore not subject to maximum density requirements.

i. Boarding Houses

Boarding houses are not permitted in Lake Forest. This use is defined in the Zoning Code as "a residence or dwelling, other than a hotel, wherein room(s) are rented under three

(3) or more separate written or oral rental agreements, leases or subleases or combination thereof, whether or not the owner, agent or rental manager resides within the residence. 'Boarding house' includes unlicensed community care facilities serving six (6) or fewer persons, as provided in this section."

j. Housing for Persons with Disabilities

The City's building codes require that new residential construction comply with the federal American with Disabilities Act (ADA). ADA provisions include requirements for a minimum percentage of units in new developments to be fully accessible to the physically disabled. Provision of fully accessible units may also increase the overall project development costs. However, unlike the California Building Code, enforcement of ADA requirements is not at the discretion of the City, but is mandated under federal law.

Compliance with building codes and the ADA may increase the cost of housing production and can also impact the viability of rehabilitation of older properties required to be brought up to current code standards. However, these regulations provide minimum standards that must be complied with in order to ensure the development of safe and accessible housing. In order to facilitate the processing of requests to reduce architectural obstacles for persons with disabilities, the City adopted a Reasonable Accommodations Ordinance in 2007 (Municipal Code Chapter 9.224). The ordinance includes the following provisions:

- Application procedures, including the accommodation requested and the basis for the request;
- Review of applications for completeness by the Director of within five days of receipt;
- Decision by the Director within 30 days of submittal of a complete application; and
- Procedures for requesting a Director's hearing or appeal to the Planning Commission

These provisions are consistent with state law and do not pose a constraint to reasonable accommodation for persons with disabilities.

Parking standards comply with Building Code and ADA requirements for handicapped spaces. For single-family homes, requests to modify parking requirements for persons with disabilities are processed under the Reasonable Accommodations Ordinance.

The Zoning Code defines "family" as one or more persons occupying one dwelling unit. "Family" includes the occupants of community care facilities serving six or fewer persons which are permitted or licensed by the State. "Family" does not include occupants of a fraternity, sorority, boarding house, lodging house, club, or motel. City regulations do not require any separation between or concentration of care facilities or group homes.

4. Density Bonus

Under state density bonus law (SB 1818 of 2004), cities and counties must provide a density increase up to 35% over the otherwise maximum allowable residential density under the Municipal Code and the Land Use Element of the General Plan (or bonuses of equivalent financial value) when builders agree to construct housing developments with units affordable to low- or moderate-income households. Section 9.152.010 of the Municipal Code ("Affordable Housing or Senior Citizen Housing Incentive Use Permit") incorporates by reference the procedures for providing density bonus or other incentives in compliance with state law (*Government Code* §65915 et seq.).

5. 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, the City's Municipal Code provides the following requirements for proposed condominium conversions:

1. A requirement for a condominium use permit approved by the City Council (if five or more units).
2. Compliance with the applicable standards and requirements of the zoning district is which the project is located.
3. The provision of a tenant purchase option.
4. The payment of relocation expenses of $1,500 in 2006 dollars adjusted annually in accordance with the Consumer Price Index.
5. A requirement to submit an affordable housing implementation plan which incorporates a minimum of 15% affordable units (either rental or ownership).
6. 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 condo 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 the condominium conversion standards. This demonstrates that the ordinance to regulate condominium conversions is reasonable to preserve rental housing opportunities, and does not present an unreasonable constraint on the production of ownership housing.

6. Building Codes and Enforcement

State law prohibits the imposition of building standards that are not necessitated by local geographic, climatic or topographic conditions and requires that local governments making changes or modifications in building standards must report such changes to the Department of Housing and Community Development and file an expressed finding that the change is needed.

The City's building codes are based upon the 2010 edition of the California Building, Plumbing, Mechanical, Electrical and Fire Codes. These are considered to be the minimum necessary to protect the public's health, safety and welfare. No amendments or additional regulations have been imposed by the City that would unnecessarily add to housing costs.[15] The Portola Center and Pinnacle at Serrano Highlands are in the Very High Fire Hazard Severity Zone (VHFHSZ). Lake Forest, like other cities and counties in California, are required to adopt the VHFHSZ by the State; therefore, additional building code requirements associated with the VHFHSZ are a State mandate as opposed to a City-imposed amendment to the Lake Forest's building codes.

As part of the City's Community Preservation efforts, code enforcement staff conducts health and safety code compliance inspections, and also disseminates, as appropriate, valuable information regarding the City's Housing Rehabilitation Loan Program (Program 11). The Loan Program provides funding to lower-income homeowners and assists in addressing housing and/or health and safety code compliance issues.

7. Development Processing Procedures

a. Residential Permit Processing

State Planning and Zoning Law provides permit processing requirements for residential development. Within the framework of state requirements, the City has structured its development review process in order to minimize the time required to obtain permits while ensuring that projects receive careful review.

All residential development is reviewed by City staff for zoning, building and fire code compliance prior to issuance of building permits. For most property in Lake Forest, new residential development with fewer than five units is permitted by right, provided the project adheres to the allowed density and development standards of the zone. Allowing smaller projects by right encourages the provision of affordable housing on smaller in-fill and underutilized lots within the older areas of the City. For projects with five or more units, a Site Development Permit must be approved by the Planning Commission. The discretionary process allows the project to be reviewed for appropriateness, scale, architecture, design, and compatibility with the surrounding area.

The Site Development Permit process includes the following steps:

1. Applicant submits application package including application, letter of explanation, deposits, environmental information form, and plan sets. Some applicants also provide technical studies (e.g., traffic, geotechnical) at this time, if required.

[15] Local amendments are primarily administrative in nature or pertain to non-residential uses. One local amendment requires undergrounding of overhead utility lines as condition of building permit issuance for new residential construction or remodel/addition work that will exceed 50% of existing improvement value. If it is determined that practical difficulties, or unreasonable hardships unique to a particular parcel of property, would result from the undergrounding requirement, the City's Building Official may waive, modify, or delay the imposition of any undergrounding requirement.

2. Planning staff routes application for inter-departmental review and reviews application for planning issues. A first screencheck letter is issued to the applicant within 30 days of application pursuant to the Permit Streamlining Act.
3. Applicant submits responses to first screencheck letter as appropriate. There is no specified time limit for the applicant's resubmittal.
4. Planning staff repeats step 2 and either issues a letter deeming the project application complete and sets a date for a Planning Commission hearing, or issues a second screencheck letter requesting additional information from the applicant.
5. All residential projects are subject to CEQA review once a complete application is received. Staff prepares a Notice of Exemption or other appropriate CEQA document. If an EIR or Negative Declaration is required, an appropriate public review period occurs prior to the public hearing.
6. Once a public hearing date has been set, staff publishes public notices and prepares a staff report and resolution(s) of approval.
7. A public hearing is held before the Planning Commission.

The City of Lake Forest does not have a Design Review Board. Staff and the Planning Commission work with applicants to ensure high quality design.

Processing times vary and depend on the size and complexity of the project. 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 following findings must be made by the decision-making body in order to approve a Site Development Permit (LFMC Sec. 9.184.040.E):

a. General Plan. The use or project proposed is consistent with the General Plan.
b. Zoning Code. The use, activity or improvement(s) proposed by the application is consistent with the provisions of the Zoning Code.
c. CEQA. The approval of the permit application is in compliance with the requirements of the California Environmental Quality Act.
d. 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.
e. General Welfare. The application will not result in conditions or circumstances contrary to the public health and safety and the general welfare.
f. Development Fees for Provision of Public Facilities. One (1) of the following findings shall be made:

i. The property to which the permit applies is not located in a fee area.
ii. The permit would not allow development of a project which would contribute to the need for the facility for which a fee is required.

g. Design Guidelines. The project has been reviewed in accordance with Citywide Design Guidelines, and is consistent with the purpose and intent of the guidelines.

These findings are derived from State Planning and Zoning Law, ensure the orderly development of the community, help to prevent land use conflicts, and do not significantly impact approval certainty, timing or cost.

Certain steps of the development process are required by State rather than local laws. The state has defined processing deadlines to limit the amount of time needed for review of required reports and projects. In an effort to provide an efficient permit processing system, the City has implemented the following time and cost saving developmental processes:

- Prepared permit processing guidelines to assist residential builders in applying for development permits for single-family residences, multifamily residential developments and subdivisions.
- Located all City divisions involved in the permitting process - Planning, Engineering, Building, Public Works, Economic Development - in one central location.
- Encourage applicants to utilize the City's Zoning Confirmation process to ensure that a use is permitted on a particular property.
- Developed "early consultation" pre-application process to identify issues as soon as possible and reduce processing time, as determined on a case by case basis.
- Allow processing fees to be reduced, postponed or supplemented with housing funds for affordable projects meeting City priorities.
- Encourage concurrent processing of applications.

These procedures help to ensure that the development review process meets all legal requirements without causing a significant unwarranted constraint to housing development or affordability.

b. Environmental Review

Environmental review is required for all discretionary applications for development under the California Environmental Quality Act (CEQA). Lake Forest has a number of environmental and development constraints due to its sensitive environmental resources and the City's commitment to preserving its open space and natural surroundings. Because of these environmental constraints, the larger planned residential projects have required the preparation of Environmental Impact Reports (EIRs). An EIR is required of all developments that have the potential of creating significant impacts that cannot be mitigated, which is highly typical of large projects. Preparation of an EIR can take six

months or more. Some residential projects in Lake Forest are either Categorically Exempt or require only an Initial Study and Negative Declaration. A Negative Declaration typically takes four to six weeks to prepare, depending on complexity of the project and required technical studies, followed by a state-mandated public review period. Categorically Exempt developments require a minimal amount of time. As a result, environmental review does not pose a significant constraint to housing development.

c. 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 of these fees are assessed through a pro rata share system, based on the magnitude of the project's impact or on the extent of the benefit that will be derived.

Table H-40 provides a listing of fees the City of Lake Forest and regional agencies charge for new, standard residential development (see Appendix D for regional impact fees). The rates charged by the City are inclusive and based on standardized unit sizes. Development fees will vary from project to project depending on the specific characteristics. Table H-41 and Table H-42 summarize the total development fees for typical single-family and multi-family projects.

Table H-40: Planning and Development Fees

Fee Category	Fee or Deposit Amount
Planning and Application Fees[1]	
Pre-Application Review	$2,500 deposit
Parcel Map	$7,500 deposit
Tentative Tract Map	$8,000 deposit
Vesting Tentative Tract Map	$8,000 deposit
Site Development Permit (administrative)	$2,500 deposit
Site Development Permit (discretionary)	$7,000 deposit
Use Permit	$6,500 deposit
Specific Plan	$10,000 deposit
General Plan Amendment	$10,000 deposit
Development Agreement	$10,000 deposit
Zone Change	$10,000 deposit
Environmental	
Initial Study (review and preparation)	$6,500 deposit
Environmental Impact Report (review)[2]	$9,500 deposit
Regional Development Impact Fees[3]	
School Fees	$3.20 per square foot
Road Fees	$5,165 - $12,275 per unit
Fire Station Fees	$88.31 –$549.53 per unit
Library Fees	$276.17 – $298.59 per unit

Source: City of Lake Forest Fee Schedules, 2008 and 2012; Saddleback Valley Unified School District, 2013.
1. Items with deposits are based on actual processing costs which may exceed initial deposit amount.
2. Applicant is required to reimburse City for consultant costs.
3. Impact Fees are imposed by regional agencies and vary by location (see Appendix D).

Table H-41: Typical Single-Family Project Fees

Number of Units	50
Site Acreage	10
Per Unit Planning and Development Fees[1]	
Negative Declaration	$130
Tentative Tract Map	$160
Site Development Permit	$140
Final Tract Map	$21
Hydrology Study	$21
Storm Drain/Water Quality	$21
Street Improvement Plans	$21
Grading WQMP	$21
Est. Impact Fees (other agencies)[2]	$18,675
Est. total per unit fees	**$19,210**
Est. proportion of total development cost[3]	**3.2%**

Notes.
1. Sample project assumptions and data based upon BIA/OC Land Development Fee Survey 2007-2008. The City's planning fees have not changed since the survey.
2. Assumptions: FCCP $5,198
   Foothill/Eastern $5,086
   Santiago Canyon Rd $662
   El Toro Rd $1,329
   Schools $6,400
3. Assumes $600,000 development cost

Table H-42: Typical Multi-Family Project Fees

Number of Units[1]	140
Site Acreage	10
Per Unit Planning and Development Fees	
Negative Declaration	$46
Tentative Tract Map	$57
Site Development Permit	$50
Final Tract Map[2]	$7
Hydrology Study	$7
Storm Drain/Water Quality	$7
Street Improvement Plans	$7
Grading WQMP	$7
Est. Impact Fees (other agencies)[1]	$12,343
Est. Total Per Unit Fees	**$12,531**
Est. proportion of total development cost[2]	**4.2%**

Notes:
1. Assumptions: FCCP $4,157
   Foothill/Eastern $2,970
   Santiago Canyon Rd $530
   El Toro Rd $686
   Schools $4,000
2. Assumes $300,000 development cost

The City periodically evaluates the actual cost of processing the development permits when revising its fee schedule. The last review and update occurred in 2008.

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 H-43 illustrates the City's road improvement standards.

Table H-43: 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 General Plan Circulation Element July 2008.

The City's Capital Improvement Program (CIP) contains a schedule of public improvements including streets and other public works projects to facilitate the continued build-out 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.

B. Non-Governmental Constraints

1. Environmental Constraints

Environmental constraints include physical features such as steep slopes, fault zones, floodplains, sensitive biological habitat, and agricultural lands. In many cases, development of these areas is constrained by state and federal laws (e.g., FEMA floodplain regulations, the Clean Water Act and the Endangered Species Act, and the state Fish and Game Code and Alquist-Priolo Act). The City's land use plans have been

designed to protect sensitive areas from development, and also to protect public safety by avoiding development in hazardous areas. While these policies constrain residential development to some extent, they are necessary to support other public policies. In Southern California, nearly all development projects face potential community-wide environmental constraints such as traffic, noise and air quality impacts, in addition to site-specific constraints. None of the sites identified in the land inventory (Appendix C) have environmental constraints that would preclude the assumed level of development. It is noteworthy that during the previous planning period, a major constraint to residential development in Lake Forest was removed with the closure of the El Toro Marine Corps Air Station and the subsequent re-designation of land formerly subject to aircraft overflight noise.

2. Infrastructure Constraints

As discussed under Development Fees and Improvement Requirements, the City requires developers to provide on-site and off-site improvements necessary to serve their projects. 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.

Additionally, the City's Capital Improvement Program (CIP) contains a schedule of public improvements including streets, bridges, and other public works projects to facilitate the continued build-out of the City's General Plan. The CIP helps to ensure that construction of public improvements is coordinated with private development. As a result of these policies, any infrastructure constraints which currently exist must be fully mitigated and financed as growth occurs.

a. Wastewater

Sewage collection and treatment in Lake Forest is provided by the Irvine Ranch Water District (IRWD), El Toro Water District (ETWD), and the Trabuco Canyon Water District (TCWD). The wastewater is collected by the districts and directed to local and regional treatment plants in conjunction with the South Orange County Wastewater Authority. ETWD presently reclaims water which is used for landscape irrigation. The western portion of the City is primarily developed, with the necessary sewer infrastructure in place. In the undeveloped portions of the City, sewer lines may need to be extended to serve planned development. Sewer infrastructure improvements are typically addressed in the development agreements for the Planned Communities. Sewage treatment capacity is available to serve these areas and does not constrain development.

Senate Bill 1087 (enacted 2006) requires that wastewater service providers develop written policies that grant priority to proposed development that includes housing affordable to lower income households should a rationing system is implemented. The legislation also prohibits wastewater service providers from denying or conditioning the approval of development that includes housing affordable to lower income households, unless specific written findings are made. The City will provide a copy of the adopted Housing Element to the IRWD, ETWD and TCWD within 30 days of adoption. The City will

also continue to coordinate with the districts to ensure affordable housing developments receive priority wastewater service provision.

b. Water

Water for City residents is supplied by the IRWD, ETWD and TCWD. The three districts treat and distribute water purchased from the Metropolitan Water District, which imports water from northern California and the Colorado River. As with the sewer lines, water lines must be extended to service new planned developments. Domestic water supply is not expected to limit development during the planning period.[16]

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 should a rationing system is implemented. 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. The City will provide a copy of the adopted Housing Element to the IRWD, ETWD and TCWD within 30 days of adoption. The City will also continue to coordinate with the districts to ensure affordable housing developments receive priority water service provision.

c. Storm Water Drainage

The City of Lake Forest spans three watershed areas with five natural creeks. A flood control system has been partially 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. Development proposals and amendments within Planned Communities are reviewed for consistency with flood control improvements required in approved development plans and agreements. Development proposals outside of Planned Communities are assessed for drainage impacts and required facilities. 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.

3. Land Costs

Land represents one of the most significant components of the cost of new housing. Land values fluctuate with market conditions, and have moderated slightly in recent years after marked and sustained increases between 2000 and 2007. Changes in land prices reflect the cyclical nature of the residential real estate market. The current market is showing signs of modest recovery after experiencing a significant downturn similar to the early 1980s and early 1990s, which was characterized by relatively sharp declines in property values and extended periods of minimal appreciation before prices recovered.

[16] Final Program Environmental Impact Report, City of Lake Forest Opportunities Study, SCH# 2004071039, May 23, 2008.

Despite the generally poor economic conditions since 2007, land prices throughout Orange County remain high relative to other regions in California and pose a significant challenge to development of affordable housing by the private market .

Per-unit land cost is directly affected by density – higher density allows the cost to be spread across more units, reducing the total price. The City zoning code allows development at up to 43 units per acre in the R2 District, which has helped to reduce per-unit land cost. Much of the City's future residential development will occur within the New Neighborhoods with approved development agreements and entitlements. Therefore, future fluctuations in land costs would not necessarily influence the feasibility of housing development in these areas.

4. Construction Costs

Construction cost is affected by the price of materials, labor, development standards and general market conditions. The City has no influence over materials and labor costs, and the building codes and development standards in Lake Forest are not substantially different than most other cities in Orange County. Construction costs for materials and labor have increased at a slightly higher pace than the general rate of inflation according to the Construction Industry Research Board.

5. Cost and Availability of Financing

The recent (2007) crisis in the mortgage industry has affected the availability and cost of real estate loans, although the long-term effects remain unpredictable. The credit "crunch" resulted when "sub-prime" lenders made it possible for low-income families or others who could not qualify for standard mortgages to become home owners even though they might not have had the credit history and income to support repayment of the loans. The problem typically occurs with adjustable rate mortgages (ARMs) after the initial fixed interest rate period expires (often three years) and the interest rate converts to market. Because ARMs often offer "teaser" initial interest rates well below market for the first few years, monthly payments may increase by several hundred dollars when the loan converts to market rate. When property values were increasing, as was the case from 2000 to 2006, homeowners had the option of refinancing to a new loan when the initial rate expired. However, given the decline in values since peak market conditions, many homeowners owe more than the resale value of their home, making refinancing impossible. Furthermore, institutions have tightened underwriting standards making it even more difficult to refinance existing mortgages without substantial equity and demonstrably stable income.

As a result of these conditions, there has been a significant rise in foreclosures since 2007, but the rate of foreclosures has slowed in recent years. The number of Lake Forest homes in the foreclosure process declined 57% in the last year; from 387 homes in January 2012 to 164 in January 2013.[17]

[17] http://www.foreclosureradar.com/california/orange-county/lake-forest-foreclosures , accessed on February 20, 2013.

6. Fair Housing

Under state law, it is illegal for real estate lending institutions to discriminate against entire neighborhoods in lending practices because of the physical or economic conditions in the area ("redlining"). In monitoring new construction sales, re-sales of existing homes, and permits for remodeling, it would not appear that redlining is practiced in any area of the City.

State law also prohibits discrimination in the development process or in real property transactions, and it is the City's policy to uphold the law in this regard. The City also provides annual financial support to a contracted fair housing service provider. The City currently contracts with the Fair Housing Council of Orange County (FHCOC) through its CDBG program and is an active participant in fair housing activities.

V. HOUSING ACTION PLAN

A. Goals and Policies

Sections II, III and IV of the Housing Element evaluate the City's housing needs, opportunities and constraints, while Appendix A presents a review of the previous element. This Housing Action Plan reflects the City's experience during the 2008-2014 planning period and sets forth the City's goals, policies, and programs to address the identified housing needs and issues for the 2013-2021 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 1 - HOUSING DIVERSITY AND OPPORTUNITIES

The diversity of housing opportunities in Lake Forest distinguishes the City from many other south Orange County communities and has attracted residents into the City. Continuing to provide a balanced inventory of housing in terms of unit type (single-family, multi-family, mobile home), cost, and style will allow the City to fulfill a variety of housing needs.

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

Policy 1.1: Ensure the provision 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 condominiums, mixed-use development, second dwelling units, and mobile homes to fulfill regional housing needs.

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

Policy 1.3: Ensure that the design of new residential development is compatible with that of existing residences.

Policy 1.4: Encourage the development of residential units that are designed and marketed to meet the needs of extremely low income households and special groups, such as the elderly, persons with disabilities (including developmental disabilities), and those in need of temporary shelter.

Policy 1.5: Encourage the development of new housing units in close proximity to public transportation and community services, including mixed-use development in the Baker Ranch and Portola Hills Planned Communities.

Policy 1.6: Remove or reduce governmental constraints on affordable housing development, while maintaining compatibility with surrounding development.

Policy 1.7: Support the provision of housing and supportive services for special needs populations in Lake Forest.

Policy 1.8: Encourage residential developments to incorporate a minimum of 15% affordable units, including units affordable to extremely low income households.

Policy 1.9: Identify potential sites in the City to expand housing opportunities through public/private partnerships.

ISSUE 2 - MAINTENANCE, PRESERVATION, AND CONSERVATION OF HOUSING

The majority of the Lake Forest housing stock is in good condition. However, some of the City's older neighborhoods show signs of age and maintenance needs typical of structures 30 to 40 years old. As the City's housing stock continues to age, on-going maintenance is vital to preserve neighborhood quality and character. Other housing conservation needs of the City include existing affordable housing stock and rental units at risk of converting to market-rents or condominiums, and the Housing Choice Voucher Program.

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

Policy 2.1: Improve the overall quality and conditions of existing housing in Lake Forest.

Policy 2.2: Advocate and facilitate the conservation and rehabilitation of the City's older residential properties by homeowners and landlords.

Policy 2.3: As funds allow, continue to offer rehabilitation and home improvement assistance to lower- and moderate-income households, mobile home park residents, and seniors.

Policy 2.4: Evaluate opportunities for comprehensive neighborhood improvements in the City's targeted neighborhoods, including focused code enforcement and neighborhood clean-up days and implement such activities as warranted.

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

Policy 2.6: Continue to support tenant purchase of mobile home parks.

Policy 2.7: To ensure an effective balance of both rental and affordable ownership housing, continue implementation of the Condominium Conversion Ordinance.

Policy 2.8: Continue to support County efforts to preserve and expand rental

assistance programs for extremely low income households, including the Housing Choice Voucher Program.

ISSUE 3 - HOME OWNERSHIP

The option of home ownership has become a privilege in California that is often not available to lower- and even some moderate-income households or potential first-time homebuyers. The City will investigate means of increasing home ownership opportunities.

GOAL 3.0: 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 favorable home purchase options to lower- and moderate-income households.

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

ISSUE 4 – EQUAL OPPORTUNITY

Promotion of equal housing opportunities for all existing and future Lake Forest residents is necessary to make adequate provision for the housing needs of all economic segments of the community.

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

Policy 4.1: Prohibit 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, monitor compliance with fair housing laws, and refer possible violations to enforcing agencies.

Policy 4.4: Encourage the provision of designs which support aging in place (such as universal design) in new development.

Related Goals and Policies

The goals and policies described in the Housing Element are related to and support subjects included in other General Plan elements. In turn, many goals and policies from other elements directly or indirectly support the goals, and policies of the Housing Element. These supporting goals and policies are identified in Table H-44.

Table H-44: Related Goals and Policies by Element

Housing Issue Area	Related Goals and Policies by Element				
	Land Use	Circulation	Recreation and Resources	Safety/ Noise	Public Facilities/Growth Management
Housing Diversity and Opportunities	1.2, 3.1, 3.4	3.1, 4.3	7.5		7.1, 8.1, 9.1, 9.2
Maintenance and Preservation of Housing	6.1			5.2	
Home Ownership	4.1, 4.2		7.5		

B. Housing Programs

Lake Forest offers a variety of housing opportunities to meet the needs of the community. This section of the Housing Action 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 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.

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 2014-2021 RHNA period.

Responsible Agency: Development Services Department

Financing: Department budget

2014-2021 Objectives: 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.

Timeframe: Annual monitoring and reporting throughout the planning period.

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.

Responsible Agency: Development Services Department

Financing: Department budget

2013-2021 Objectives: Develop and implement a formal evaluation procedure pursuant to Government Code Section 65863 by January 1, 2014.

Timeframe: Annual monitoring and reporting throughout the planning period.

Program 3: Facilitate Affordable Housing Production

Affordable housing developments face a number of hurdles, including financing, development codes and 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:

- *Affordable Housing Implementation Plans (AHIPs)*: Each of the New Neighborhoods land owners / developers has entered into a development agreement (DA) with the City. The DAs include an Affordable Housing Implementation Plan (AHIP) to facilitate the production of affordable units in conjunction with the development of the OSA projects. The City will monitor

the development of the New Neighborhoods projects and include in the annual Housing Element Progress Report to HCD the status of compliance with the AHIPs and the progress toward development of affordable units.

- *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 Section 8 or Tax Credits) is provided to the individual household to keep rents affordable. An affordable housing developer can 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 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.
- *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. Any requested concessions or incentives would be evaluated on a case-by-case basis while simultaneously working to ensure the project is compatible with the surrounding neighborhood.

Responsible Agency: Development Services Department; City of Lake Forest Housing Authority

Financing: Department budget; Affordable Housing In-Lieu Fees

2013-2021 Objectives: 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).

Timeframe: Update list and contact information for affordable housing developers annually thereafter. Provide ongoing participation and assistance to interested affordable housing developers. Annual monitoring and reporting throughout the planning period.

REMOVAL OF GOVERNMENTAL CONSTRAINTS

State law requires the Housing Element to address, and where appropriate and legally possible, remove governmental constraints affecting the maintenance, improvement, and development of housing. In 2013, the City amended the Zoning Code to define and allow emergency shelters, transitional housing, and supportive housing in accordance with SB2. The following programs are designed to lessen governmental constraints on housing development during the 2013-2021 planning period.

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 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.

Responsible Agency: Development Services Department

Financing: Department budget

2013-2021 Objectives: Review and revise the Zoning Code to address compliance with Health and Safety Code Sections 17021.5 and 17021.6.

Timeframe: Review and revise the Zoning Code within one year of adoption of the Housing Element.

Program 5: Monitor Changes in Federal and State Housing, Planning, and Zoning Laws

Although the 2013-2021 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.

Responsible Agency: Development Services Department; City Manager's Department

Financing: Department budget

2013-2021 Objectives: Monitor State and federal legislation as well as City development process and zoning regulations to identify and remove housing constraints.

Timeframe: Annual monitoring and reporting throughout the planning period.

HOUSING AND SUPPORTIVE SERVICES FOR SPECIAL NEEDS POPULATIONS

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 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 intend to address the overall need for housing and supportive services for special needs populations in Lake Forest.

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 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.

Responsible Agency: City of Lake Forest Housing Authority; Development Services Department

Financing: CDBG; Developer In-Lieu Fees

2013-2021 Objectives: 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.

Timeframe: Annual monitoring and reporting throughout the planning period.

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.

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.

Responsible Agency:	City of Lake Forest Housing Authority
Financing:	CDBG; Former Redevelopment Agency Housing Fund; Developer In-Lieu Fees
2013-2021 Objectives:	Provide financial support to non-profit organizations that provide transitional/supportive housing for homeless (subject to available funding and on a case-by-case basis).
Timeframe:	Annual monitoring and reporting throughout the planning period.

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.

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.

Responsible Agency: City of Lake Forest Housing Authority

Financing: CDBG

2013-2021 Objectives: Continue to evaluate on an annual basis allocation of CDBG Funds to social service agencies to benefit Lake Forest residents.

Timeframe: Annual monitoring and reporting throughout the planning period.

CONSERVE THE EXISTING SUPPLY OF AFFORDABLE HOUSING

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 conserve the low income bond project in Lake Forest at-risk of converting to market rate will be necessary to maintain affordability.

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 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.

Responsible Agency: Orange County Housing Authority

Financing: U.S. Department of Housing and Urban Development

2013-2021 Objectives: 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.

Timeframe: Ongoing implementation and annual monitoring throughout the planning period.

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 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.

Responsible Agency: City of Lake Forest Housing Authority; Orange County Housing Authority.

Financing: U.S. Department of Housing and Urban Development Section 8 Allocation; Affordable housing in-lieu fees; Other funding sources as available.

2013-2021 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:

- 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.
- 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 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.

Timeframe: Ongoing implementation and annual monitoring and reporting throughout the planning period. 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/), educate tenants of their rights, and assist tenants to obtain rental assistance in accordance with this program.

REHABILITATE THE CITY'S EXISTING SINGLE-FAMILY AND MULTI-FAMILY HOUSING STOCK

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 rehabilitation loan program for low-income households, and implements improvements through its code enforcement and targeted Neighborhood Preservation programs citywide.

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.

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.

Responsible Agency:	City of Lake Forest Housing Authority
Financing:	CDBG
2013-2021 Objectives:	Assist 10 lower income homeowners annually.
Timeframe:	Annual allocation of CDBG funds through the HUD Action Plan process, and annual monitoring and reporting through the HUD CAPER process throughout the planning period.

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. Development Services 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. 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).

Responsible Agency: City of Lake Forest Development Services Department

Financing: CDBG and Department budget

2013-2021 Objectives: Continue to implement the applicable sections of the Lake Forest Municipal Code, including the California Building Code.

Timeframe: Ongoing implementation and annual monitoring and reporting throughout the planning period.

PROVIDE HOUSING OPPORTUNITIES FOR FIRST-TIME HOMEBUYERS

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 complimentary program.

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 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.

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.

Responsible Agency: County of Orange; City of Lake Forest Housing Authority

Financing: Federal tax credits; mortgage revenue bonds

2013-2021 Objectives: 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.

Timeframe: Ongoing implementation and annual monitoring and reporting throughout the planning period.

EQUAL HOUSING OPPORTUNITY

Promoting equal housing opportunities for all persons is an important City goal. The following program is intended to help ensure Lake Forest residents have equal opportunity to obtain and maintain decent and safe housing regardless of race, religion, sex, family size, marital status, sexual orientation, ancestry, national origin, color, age, physical or mental disability.

Program 14: Fair Housing Services

Lake Forest currently contracts with the Orange County Fair Housing Council (OCFHC) 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.

The City monitors and attempts to minimize discriminatory housing practices with the assistance of the OCFHC 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 our residents, the organization advocates fair housing rights on behalf of residents.

Responsible Agency:	City of Lake Forest Housing Authority; fair housing service provider
Financing:	CDBG
2013-2021 Objectives:	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.
Time Frame:	Annual allocation of funds to fair housing service provider. Annual monitoring and reporting throughout the planning period.

C. Quantified Objectives

The City's quantified objectives for new construction, rehabilitation and conservation are presented in Table H-45.

Table H-45: Quantified Objectives – 2013-2021

Program Category	Income Category					
	Ex. Low	V. Low	Low	Mod	Upper	Totals
RHNA	323	324	450	497	1,133	2,727
New Construction[1]	10	40	200	600	3,150	4,000
Rehabilitation	2	42	36	0	0	80
Rental Assistance[2]	100	90	0	0	0	190
Conservation/Preservation[3]	255			0	0	255

1 Objective for new construction is for the period 1/1/2014 – 12/31/2021.
2 Objective represents the annual average number of households assisted with Housing Choice Vouchers.
3 Preservation of at-risk units.

Appendix A – Evaluation of the Prior Housing Element

Section 65588(a) of the *Government Code* requires that jurisdictions evaluate the effectiveness of the existing Housing Element, the appropriateness of goals, objectives and policies, and the progress in implementing programs for the previous planning period. This appendix contains a review of the housing goals, policies, and programs of the previous housing element, and evaluates the degree to which these programs have been implemented during the previous planning period, beginning July 1, 2008 through December 31, 2012. This analysis also includes an assessment of the appropriateness of goals, objectives and policies. The findings from this evaluation have been instrumental in determining the City's 2013-2021 Housing Action Plan (Section V).

Table A-1 summarizes the programs contained in the previous Housing Element along with the source of funding, program objectives, accomplishments, and implications for future policies and actions.

Table A-2 presents the City's progress in meeting the quantified objectives from the previous Housing Element.

Table A-1: Housing Element Program Evaluation – 2008-2012

Program	Responsible Agency	Funding Source	Program Objectives	Accomplishments	Future Policies and Actions
PROVISION OF ADEQUATE SITES					
1. Land Use Elements	Development Services Dept; Redevelopment Agency	General Fund RDA funds	• Facilitate additional land use entitlements commensurate with the RHNA • Conduct a feasibility study for Saddleback Ranch Apartments • Process development applications in the Opportunities Study Area	• Through adoption of the 2008-2014 Housing Element in September 2010, the City evaluated the inventory of available sites with residential land use designations and determined that a sufficient amount of land is properly designated to allow a range of residential development opportunities. In addition, the land inventory indicates the ability to meet or exceed the City's RHNA allocation through 2014. • The City approached the owner of the Saddleback Ranch Apartments to conduct a feasibility study for redevelopment of the property; however the owner was not interested at the time. • Tentative Tract Maps and related entitlements for four (4) New Neighborhoods (formerly Opportunities Study Areas) were approved between October 2010 and May 2012. • Building permits for 65 new homes have been issued to date, of which 47 were single-family homes constructed and occupied in 2011 and 2012. Additional new homes expected to be delivered by early 2014. • Public hearings on the fifth and final New Neighborhood project are anticipated before the end of 2013.	• This program is retained, but renamed and modified for the 2013-2021 Housing Element (see Program 1). • The modified program is consistent with the current sites inventory and status of the New Neighborhoods entitlements (formerly Opportunities Study Area). • The modified program also eliminates the feasibility study for the Saddleback Ranch Apartments.

Table A-1: Housing Element Program Evaluation – 2008-2012

Program	Responsible Agency	Funding Source	Program Objectives	Accomplishments	Future Policies and Actions
1a. Financial and Regulatory Assistance	Redevelopment Agency (now Housing Authority)	RDA funds Other funding sources, as available	• Provide financial assistance to facilitate affordable housing production	• Tentative Tract Maps for residential projects were approved between 2010 and 2012 allowing for the future development of over 3,000 new homes at varying densities. While no specific affordable projects have been brought forward during the planning period to date, affordable housing will be developed as part of the approved projects as they are developed over the next several years. Financial and regulatory assistance may be provided to the affordable components of these projects. • The City also continued transitional and affordable programs within City-owned affordable units during the planning period.	• This program is not included the 2013-2021 Housing Element as a separate program. • The State's elimination of the Redevelopment Agency makes continuation of the program's primary elements infeasible. • However, some program elements and objectives are included in an overall program to facilitate affordable housing development (see Program 3).
2. Sites for Homeless Shelters	Development Services Dept; Redevelopment Agency	RDA; CDBG; other funding sources, as available	• Assist non-profit agencies in identifying a potential site for a homeless shelter • If an appropriate site is identified, provide funding assistance as available	• No opportunities to assist non-profits to locate a homeless shelter have been identified during the planning period to date. • The City continues the Housing Authority partnership with a non-profit to provide two City-owned transitional housing units. • City staff participates on local committees to find regional solutions and identify potential sites (see 9 below).	• This program is retained, but modified for the 2013-2021 Housing Element (see Program 6). • The modified program: ○ Adds an objective related to participation with the 2020 Commission to End Homelessness. ○ Eliminates the RDA as a responsible agency and reduces City funding options due to the State's elimination of the Redevelopment Agency.

Table A-1: Housing Element Program Evaluation – 2008-2012

Program	Responsible Agency	Funding Source	Program Objectives	Accomplishments	Future Policies and Actions
3. Facilitate Affordable Housing Production	Development Services Dept; Redevelopment Agency	RDA; CDBG; other funding sources, as available	• Encourage 15% of all new units affordable to low- and moderate-income households • Provide incentives and housing set-aside funds where feasible and appropriate to assist affordable housing units in the Saddleback Ranch Apartments	• Tentative Tract Maps for residential projects were approved between 2010 and 2012 allowing for the future development of over 3,000 new homes at varying densities. While no specific affordable projects have been brought forward during the planning period to date, affordable housing will be developed as part of the approved projects as they are developed over the next several years. • The City has not identified any feasible opportunities during the planning period to date to assist affordable housing units in the Saddleback Ranch Apartments.	• This program is retained, but modified for the 2013-2021 Housing Element (see Program 3). • The modified program: o Reduces City funding options and removes the RDA as a responsible agency due to the State's elimination of the Redevelopment Agency. o Incorporates regulatory concessions and incentives (e.g., density bonuses, parking reductions, fee reductions or deferral, expedited permit processing, and modified or waived development standards). • The quantified objectives are also revised to reflect implementation of the New Neighborhoods Affordable Housing Implementation Plans (AHIPs).
4. El Toro Road Mixed Use	Development Services Dept; Redevelopment Agency	RDA; CDBG; other funding sources, as available	• Evaluate sites within the El Toro Redevelopment Project Area for potential mixed-use development. • General Plan Amendment and Zone Change would be necessary to allow mixed-use development in the Project Area.	• Study of Light Industrial area completed in 2010 determined development of mixed use by the private market to be infeasible.	• The evaluation of additional sites for mixed-use development is not included in the 2013-2021 Housing Element as a separate housing program. • Instead, the Housing Element includes a policy aimed to facilitate and encourage mixed-use development where feasible and allowed within the New Neighborhoods (formerly Opportunities Study Area).
REMOVAL OF GOVERNMENTAL CONSTRAINTS					
5. Expedited Project Review	Development Services Dept; Redevelopment Agency	RDA; CDBG; General Fund; other funding sources, as available	• Continue to implement expedited project review and concurrent review procedures.	• The City implemented procedures developed in 2001 throughout the planning period; however, no requests for expedited processing have been received. • Three (3) residential projects were approved during 2012 allowing for development of approximately 3,000 new homes at varying densities. Some of the projects approved in 2012 have an affordable component and may request fast-track permit processing at the building permit stage.	• This program is not included the 2013-2021 Housing Element as a separate program. • However, primary program elements and objectives are included in an overall program to facilitate affordable housing development (see Program 3).

Table A-1: Housing Element Program Evaluation – 2008-2012

Program	Responsible Agency	Funding Source	Program Objectives	Accomplishments	Future Policies and Actions
6. Second Units	Development Services Department	General Fund	• Continue to implement the second unit ordinance.	• The City continued to implement second unit ordinance adopted in 2003; however, no proposals for second units have been received during the planning period to date. The City is currently evaluating a proposal for a New Neighborhood (formerly Opportunities Study Area) which includes second units.	• Second dwelling units are an important source of affordable housing. • The City will continue to implement second dwelling unit provisions in the Zoning Code and encourage the provision of this housing type in the New Neighborhoods (formerly Opportunities Study Area). • However, this is not included in the 2013-2021 Housing Element as a separate housing program. • Instead, a policy is included in the Housing Element to affirm the City's position regarding second dwelling units.
7. Single Room Occupancy (SRO)	Development Services Department	General Fund	• Process Zoning Code amendment to provide specific standards and define which zoning district(s) allow SROs.	• The City's policies regarding SROs were clarified with adoption of Ordinance 243 on June 19, 2012. The Zoning Code defines SROs and allows the use in Commercial and Urban Activity Zoning Districts.	• This program has been implemented and is not included in the 2013-2021 Housing Element.
PROVIDE SUPPORTIVE HOUSING ASSISTANCE FOR SPECIAL NEEDS POPULATION					
8. Transitional and Supportive Housing	Development Services Dept; Redevelopment Agency	RDA; CDBG; other funding sources, as available	• Evaluate opportunities to provide additional transitional housing integrated into market-rate developments. • See Program #1a above; consider funding support for non-profit organizations to provide transitional housing for homeless on a case-by-case basis. • Amend the Zoning Code regulations related to transitional housing	• The City acquired two additional transitional housing units in 2010. • CDBG funds have been for local non-profit agencies to provide assistance with supportive services for those at risk of becoming homeless and for transitional housing. Federal allocation of CDBG funding to the City of Lake Forest declined steadily over the planning period to only $62,191 in 2012. • The City Council amended the Zoning Code in 2013 to add definitions for emergency shelters, transitional housing, and supportive housing to the City's Zoning Code and identified a zoning district where Emergency Shelters are permitted by right, consistent with SB2.	• This program is modified for the 2013-2021 Housing Element to exclude program features and objectives that were accomplished during the 2008-2014 planning period (see Program 7). • The modified program removes the RDA as a responsible agency and reduces City funding options due to the State's elimination of the Redevelopment Agency.

Table A-1: Housing Element Program Evaluation – 2008-2012

Program	Responsible Agency	Funding Source	Program Objectives	Accomplishments	Future Policies and Actions
9. Emergency Shelters	Development Services Department	General Fund	• Process Zoning Code amendment to define emergency shelters and to ensure that these uses are allowed by-right in at least one zoning district.	• The City Council amended the Zoning Code in 2013 to provide a definition of emergency shelters and identify a zoning district where Emergency Shelters are permitted by right.	• This program has been implemented and is not included in the 2013-2021 Housing Element.
10. Orange County Fair Housing Council	Redevelopment Agency	CDBG	• Continue to allocate CDBG Funds to increase awareness of FHCOC and/or other fair housing provider(s).	• The City allocated an average of $7,100 in annual funding during the planning period to increase awareness of FHCOC services to investigate housing discrimination matters and land-lord/tenant issues. • The City's quarterly news-letter advertised FHCOC services during the planning period.	• This program is retained, but modified for the 2013-2021 Housing Element (see Program 14). • The program is modified to change the responsible agency due to the State's elimination of the Redevelopment Agency.
11. Coordination with Social Service Agencies	Redevelopment Agency	CDBG	• Continue to evaluate on an annual basis allocation of CDBG Funds to social service agencies to benefit Lake Forest residents.	• The City evaluated and funded social service agencies on an annual basis during the planning period. • In 2012, the City allocated $62,191 to eight social service agencies were funded to provide support and assistance to residents.	• This program is retained, but modified for the 2013-2021 Housing Element (see Program 8). • The program is modified to change the responsible agency due to the State's elimination of the Redevelopment Agency.
CONSERVE THE EXISTING SUPPLY OF AFFORDABLE HOUSING					
12. Section 8 Rental Assistance	Redevelopment Agency	HUD; CDBG; RDA	• Continue to assist in distributing applications and providing information, as appropriate, regarding the Section 8 program.	• Residents continue to be assisted by HUD Housing Choice Voucher Program (formerly Section 8) that is administered by County. • Approximately 200 Lake Forest residents have been assisted with vouchers annually since 2008; During FY 2011/2012, 229 residents received voucher assistance.	• This program is retained, but renamed and modified for the 2013-2021 Housing Element (see Program 9). • The responsible agency and funding sources are modified to reflect the State's elimination of the Redevelopment Agency.

Table A-1: Housing Element Program Evaluation – 2008-2012

Program	Responsible Agency	Funding Source	Program Objectives	Accomplishments	Future Policies and Actions
13. Conservation of Existing and Future Affordable Units	Redevelopment Agency	RDA; CDBG; other funding sources, as available	• Maintain contact with providers and owners of subsidized units. • Explore the use of potential assistance from the Redevelopment Agency (RDA) to provide additional affordable units. • Explore the use of RDA assistance to extend existing covenant units by purchasing additional term to 55 years on the bonds that were recently reissued on several apartment projects. • Explore creation of an affordable housing land trust to facilitate the provision of affordable housing. • Explore partnership with applicants for condominium conversions to encourage provision of 15% affordable units and/or to preserve existing affordable units.	• The City maintained contact with providers and owners of affordable housing during the planning period. • The City used RDA housing set-aside funds for housing and supportive services during the planning period until 2012 when the State eliminated the RDA. • Use of RDA assistance to extend affordability terms of existing housing developments is no longer feasible due to the State's elimination of the RDA in 2012. • Uncertainty over redevelopment set-aside funding and eventual elimination of the Redevelopment Agency prevented the City from creating an affordable housing land trust. • The City did not receive any applications for condominium conversion during the planning period.	• This program is retained, but modified for the 2013-2021 Housing Element (see Program 10). • The modified program: o Recognizes the 255 units that are at risk of converting to market rate during the 2013-2023 period. o Eliminates the RDA as a responsible agency and reduces funding options due to the State's elimination of the Redevelopment Agency. o Eliminates the creation of an affordable housing land trust as an objective due to limited funding. o Replaces the objective related to condominium conversions with a policy.
14. Consider Accommodations for Special Needs Population in New Developments	Development Services Dept; Redevelopment Agency	RDA; CDBG; other funding sources, as available	• Encourage provision of childcare with new affordable housing development. • Examine ways to integrate special-needs services within new development. • Encourage the provision of designs which support aging in place (such as universal design) in new development.	• The worked with developers to implement special needs housing during the planning period. • A Tentative Tract Map for a new master-planned community (Baker Ranch) of approximately 2,300 homes was approved during 2012. This project will include a variety of housing types including affordable housing and accessible units. • The City is currently processing new housing developments which propose accessible, senior and second units.	• Accommodating special needs populations in housing development is an important City goal. • The City will continue to encourage the provision of childcare within new affordable housing development and designs that support aging in place. • However, this is not included in the 2013-2021 Housing Element as a separate housing program. • Instead, the 2013-2021 Housing Element includes goals and policies that affirm the City's position regarding housing for special needs populations.

Table A-1: Housing Element Program Evaluation – 2008-2012

Program	Responsible Agency	Funding Source	Program Objectives	Accomplishments	Future Policies and Actions
REHABILITATE THE CITY'S EXISTING SINGLE-FAMILY AND MULTI-FAMILY HOUSING STOCK					
15. Owner-Occupied Rehabilitation	Development Services Dept; Redevelopment Agency	RDA; CDBG; other funding sources, as available	• As funding allows, continue to allocate CDBG funds to meet housing rehabilitation needs of lower income groups. • Augment CDBG funding for the Housing Rehabilitation Loan Program with Agency Housing Set-Aside. This additional funding will serve to assist moderate income households that currently are not eligible for assistance under the program due to CDBG regulations regarding income qualification. The goal is to assist a total of 12 – 17 households each year.	• 44 households were assisted with CDBG funds during the planning period, including 1 extremely low-income, 23 very low-income, and 20 low-income households. • 34 additional households were assisted with Redevelopment Agency Housing Set-Aside funds, including 19 low-income and 15 moderate-income households. • Augmentation of CDBG funding for the program with Agency Housing Set-Aside funds is no longer feasible due to the State's elimination of the Redevelopment Agency in 2012.	• This program is retained, but renamed and modified for the 2013-2021 Housing Element (see Program 11). • The modified program: ○ Eliminates the RDA as a responsible agency and reduces funding options due to the State's elimination of the Redevelopment Agency. ○ Reduces quantified objectives given limited CDBG and other funds.
16. Code Enforcement	Development Services Dept; Redevelopment Agency	RDA; CDBG; other funding sources, as available	• Provide pro-active enforcement activities in the City's 10 Neighborhood Preservation Areas. • Provide property owners in violation of City Codes with information regarding available rehabilitation assistance. • Provide funding for code enforcement in target areas	• In addition to inspections in Target Areas, Code Enforcement inspectors continued to inform property owners of rehabilitation assistance through the City's Housing Rehabilitation Loan Program.	• This program is retained, but renamed and modified for the 2013-2021 Housing Element (see Program 12). • The modified "Code Enforcement and Neighborhood Preservation Program": ○ Eliminates the RDA as a responsible agency and reduces funding options due to the State's elimination of the Redevelopment Agency. ○ Incorporates primary program elements from the Neighborhood Preservation Program (see Program 17 of the 2008-2014 Housing Element).

Table A-1: Housing Element Program Evaluation – 2008-2012

Program	Responsible Agency	Funding Source	Program Objectives	Accomplishments	Future Policies and Actions
17. Neighborhood Preservation Program	Development Services Dept; Redevelopment Agency	RDA; CDBG; other funding sources, as available	• Provide funding for code enforcement in target areas. • Periodically sponsor Neighborhood Pride Clean-Up Day in target areas. • Inform eligible owners about City's rehabilitation program for assistance in making repairs. • Evaluate comprehensive preservation strategies for specific target area neighborhoods.	• The City continued a comprehensive approach to neighborhood stabilization in Target Areas, including funding of code enforcement activities. • The City allocated $13,800 in FY 08/09 for clean-up within two target areas. • Code Enforcement inspectors continued to inform property owners of rehabilitation assistance through the City's Housing Rehabilitation Loan Program. • The Housing Authority owns four units (purchased during 2011) in the Target Area which are planned for affordable housing.	• This program is not included in the 2013-2021 Housing Element as a separate program • However, primary program elements are incorporated into a consolidated "Code Enforcement and Neighborhood Preservation Program" (see Program 12).
PROVIDE HOUSING OPPORTUNITIES FOR FIRST-TIME HOMEBUYERS					
18. First-Time Homebuyer Assistance	Redevelopment Department	SCHFA, CCHOA	• Evaluate participation in this program as details become available. Should the City participate in this program, funding will be focused to facilitate affordable housing at all income levels.	• The County's First-Time Homebuyer Assistance Program was discontinued for a period of several years and reinstated during FY 2010/2011. Since reinstatement, seven (7) Lake Forest lower- and moderate-income households were assisted.	• This program is retained, but renamed and modified for the 2013-2021 Housing Element (see Program 13). • The modified program: o Eliminates the RDA as a responsible agency due to the State's elimination of the Redevelopment Agency. o Reduces quantified objectives given limited funding.
ADMINISTRATIVE PROGRAMS					
19. Staff Education	Development Services Dept; Redevelopment Agency	RDA; CDBG; General Fund; other funding sources, as available	• Sponsor staff participation in educational programs and professional development related to housing.	• Planning staff regularly attended local and subregional training programs over the planning period.	• This program is not continued in the 2013-2021 Housing Element. • Staff participation in educational programs and professional development is a routine City function.
20. Community Education	Development Services Dept; Redevelopment Agency	General Fund; RDA; CDBG	• Use the City's website, Leaflet, and Citizen's Leadership Academy to inform the community about housing programs, issues, and opportunities.	• The City's website and quarterly newsletters contain the latest information available regarding the availability of City and County housing programs.	• This program is not continued in the 2013-2021 Housing Element. • Advertisement of housing programs, issues, and opportunities through various media is a routine City function.

Table A-1: Housing Element Program Evaluation – 2008-2012

Program	Responsible Agency	Funding Source	Program Objectives	Accomplishments	Future Policies and Actions
21. Participate in Regional Planning	Development Services Dept.	General Fund; RDA; CDBG	• Continue to participate in regional planning efforts through the Orange County Council of Governments. • Monitor regional developments in affordable housing, funding, and legislation.	• City staff participated in Orange County Council of Governments and Southern California Association of Governments programs during the planning period. • City staff also monitored County Housing programs and regional developments in housing, funding, and legislation.	• This program is not continued in the 2013-2021 Housing Element. • Participation in regional planning efforts is a routine City function. • However, monitoring housing-related legislation is continued as part of a new program in the 2013-2021 Housing Element (see Program 5).
22. Monitor AHIPs for OSA Properties	Development Services Department	General Fund	• Annually monitor projects with approved development agreements for compliance with AHIPs.	• Three New Neighborhood (formerly Opportunities Study Area - OSA) projects were approved during 2012. • To date, approximately 65 of the over 3,000 approved units have been issued building permits and 47 have been constructed and occupied to date. An affordable housing in-lieu fee was paid prior to issuance of the 65 building permits. • The City expects to receive a Site Development Permit (SDP) application for an affordable apartment project in 2013. The project is anticipated to include 187 very low and low income units.	• This program is not included in the 2013-2021 Housing Element as a separate program. • However, primary program elements are incorporated into an overall program to facilitate affordable housing production (see Program 3).

Table A-2: Progress in Achieving Quantified Objectives – 2008-2012

Program Category	Quantified Objective	Progress through December 31, 2012
New Construction*		
Extremely Low	3	0
Very low	3	0
Low	5	2
Moderate	6	0
Above moderate	12	47
Total	29	49
Rehabilitation		
Extremely Low	0	1
Very Low	37	23
Low	31	39
Moderate	37	15
Above Moderate	0	0
Total	105	78
Conservation		
At-Risk Units	0	N/A
Total	0	N/A

*Quantified objectives for new construction are for 2006-2014 RHNA period.

Appendix B – Public Participation Summary

Section 65583(c)(8) of the *Government Code* requires that local governments make "a diligent effort…to achieve public participation of all economic segments of the community in the development of the housing element." Public participation played an important role in the formulation and refinement of the City's housing goals and policies and in the development of a Land Use Plan which determines the extent and density of future residential development in the community.

City residents had several opportunities to recommend strategies, review, and comment on the Lake Forest Housing Element. Two Study Sessions were held before the Planning Commission; the first ocurred prior to completion of the draft Housing Element and the second occurred to introduce the public review draft Housing Element to the public prior to transmittal of the document to the State Department of Housing and Community Development (HCD). Meeting notices were posted on the City's website, and notification was published in the local newspaper in advance of the meetings. Copies of the draft Element were made available for review at City Hall and were posted on the City website, and notices were sent directly to agencies that serve the City's special needs populations and to others who requested to receive such notification. These service providers and interested parties included organizations that represent the housing interest groups. Table B-1 provides a summary of public comments while Table B-2 includes the public notification distribution list.

The following is a list of opportunities for public involvement in the preparation of this Housing Element update.

Study Session #1	February 28, 2013
Study Session #2	August 6, 2013
Planning Commission public hearing	December 12, 2013
City Council adoption hearing	January 7, 2014

Table B-1: Summary of Public Comments
City of Lake Forest 2013-2021 Housing Element Update

Comment	Response
Study Session #1: 7 members of the public and the Planning Commission in attendance	
A Planning Commissioner noted that the RHNA is only 2,727 units and that the City's New Neighborhoods are entitled to accommodate over 4,000 units. The Commissioner asked if the City already demonstrated the ability to accommodate the RHNA.	Although the City's New Neighborhoods have capacity to exceed 2,727 units, the RHNA is broken into income categories. Section III –Resources and Opportunities includes analysis that demonstrates how the New Neighborhoods can accommodate the City's RHNA for lower-, moderate-, and above moderate-income households.
A Planning Commissioner asked if the City need to upzone land to accommodate the RHNA.	As demonstrated in Section III –Resources and Opportunities, existing land use controls are adequate to accommodate the City's RHNA for the 2014-2021 period. No upzoning is required.
A representative of the Kennedy Commission commented that Lake Forest needs affordable homes for working families, seniors, and persons with disabilities.	The 2013-2021 Housing Element includes a number of programs to address the needs of working families, seniors, and persons with disabilities. These include Program 3 – Facilitate Affordable Housing Production; Program 4 – Farm Employee Housing; Program 7 – Transitional and Supportive Housing; Program 8 – Coordination with Social Service Agencies; Program 9 - Rental Assistance; Program 10 – Conservation of Existing and Future Affordable Units; Program 13 - Mortgage Credit Certificate Program.
A representative of the Kennedy Commission advocated for policies that strongly encourage affordable housing in the Opportunities Study Area New Neighborhoods (formerly Opportunities Study Area).	The development agreement for each of the City's New Neighborhoods contains an affordable housing requirement. Pursuant to the Affordable Housing Implementation Plans (AHIPs) for each community, the City anticipates the construction of at least 188 new affordable units and collection of $2.3 million in affordable housing in-lieu fees. See Program 3 – Facilitate Affordable Housing Construction.
A representative of the Kennedy Commission offered to host members of the Planning Commission on a tour of affordable housing communities in Orange County.	The City is currently working with the Kennedy Commission to set up a tour of affordable housing communities in Orange County.
A representative for Mission Hospital commented that a "low income" family of four makes as much as $80,000 per year but high housing costs in Orange County creates a need for more affordable housing options.	The 2013-2021 Housing Element includes a number of programs to address the need for more affordable housing options in Lake Forest. These include Program 3 – Facilitate Affordable Housing Production; Program 4 – Farm Employee Housing; and Program 9 - Rental Assistance.
A representative for Mission Hospital commented that workforce housing is important in Lake Forest, especially for the second generation. Children and grandchildren of current Lake Forest residents are being priced out of the community due to a lack of affordable housing.	The 2013-2021 Housing Element includes a number of programs to address the need to expand housing options for workforce and lower income households. These include Program 1 – Land Use Policy, Entitlements, and Development Capacity; Program 3 – Facilitate Affordable Housing Production; Program 4 – Farm Employee Housing; Program 9 - Rental Assistance; and Program 13 - Mortgage Credit Certificate Program.
A representative from the Affordable Housing Clearinghouse commented that CalHOME, CalHFA, and BEGIN funds can be important resources to expand affordable housing opportunities in the community.	The 2013-2021 Housing Element includes a policy to pursue State and federal funding sources to expand home purchase options for lower- and moderate-income households (see Policy 3.2). Funding sources to be explored include, but are not limited to, CalHOME and CalHFA. BEGIN funding is no longer available.
A representative from the Affordable Housing Clearinghouse commented that the City should not only expand affordable housing options in Lake Forest, but also sustain the existing affordable housing stock.	The 2013-2021 Housing Element includes two programs to conserve and expand affordable housing in the City. These include Program 3 – Facilitate Affordable Housing Production; and Program 10 – Conservation of Existing and Future Affordable Units.

Table B-1: Summary of Public Comments
City of Lake Forest 2013-2021 Housing Element Update

Comment	Response
A former resident of Lake Forest and representative of Habitat for Humanity commented that his family had to move out of the City due to high housing costs.	The 2013-2021 Housing Element includes a number of programs to address the need to expand affordable housing options for Lake Forest residents. These include Program 1 – Land Use Policy, Entitlements, and Development Capacity; Program 3 – Facilitate Affordable Housing Production; Program 4 – Farm Employee Housing; Program 9 - Rental Assistance; and Program 13 - Mortgage Credit Certificate Program.
A resident asked how water supply is considered when planning to accommodate over 2,700 new units.	The City's Housing Element consultant explained the requirements of SB 1087 and that CEQA analysis of the draft Housing Element would analyze potential impacts to water supply. City staff also explained that the Water Supply Assessment conducted for the Opportunity Study General Plan Amendment concluded that there was adequate water supply to serve the 4,000 anticipated in the New Neighborhoods.
Study Session #2: Approximately 20 members of the public and the City Council in attendance	
A representative of the Kennedy Commission addressed the City Council and commended the City's work on the Housing Element and the identification of sites for lower income and workforce housing. He noted that affordable rental housing is out of reach for working families because a job paying $30/hr is required to afford a two-bedroom apartment in Lake Forest. The representative mentioned that additional comments will be provided in writing.	The 2013-2021 Housing Element includes an analysis of the rental housing market (section II.D.4.b). The analysis demonstrates that extremely-low-income households would not find market-rate rental housing in Lake Forest without incurring cost burden, overcrowding, or both. Very-low-income households would have a very difficult time finding housing without overpaying. However, at the low-income and moderate-income levels, households are much more likely to find affordable rentals. The City will review and respond to the Kennedy Commission's letter prior to adoption of the 2013-2021 Housing Element.
A representative of the Affordable Housing Clearinghouse (and City of Lake Forest resident) explained that her organization is a resource for down payment assistance and neighborhood stabilization. She encouraged the City Council to consider the comments in the forthcoming Kennedy Commission letter.	The City will review and respond to the Kennedy Commission letter prior to adoption of the 2013-2021 Housing Element.
A representative of the Regional Center of Orange County noted that approximately 17,500 residents of the county (including approximately 365 Lake Forest residents) are developmentally disabled and those who are over 21 years of age have extremely limited income (approximately $886/mo). The Regional Center offers services to persons with developmental disabilities. The representative indicated that she will submit a letter providing additional information about housing and service needs of this special needs population.	The 2013-2021 Housing Element discusses the housing and service needs of persons with developmental disabilities in Section II.E.1. The City will review and respond to the Regional Center's letter prior to adopting the 2013-2021 Housing Element.
Letter from the Kennedy Commission (Dated August 6, 2013)	
Prioritize in-lieu fees and other available funding for very low and extremely low income households. Commit at least 20 percent of SERAF to extremely low income rental housing.	The City uses its in-lieu fees and other funding for a variety of programs and activities. Historically, a significant portion of the City funds have been used to support housing for very low and extremely low income households. The amount of SERAF funds, if any, that may be returning to the City cannot be determined at this time; therefore specific funding commitments cannot be made.
Increase the City's quantified objectives for lower income households from 250 homes to at least half of the City's combined lower income RHNA.	The City's quantified objectives are based on estimates of funding available.
Provide by-right incentives and concessions in exchange for a dedication of 20 percent of the homes as affordable to extremely	The 2013-2021 Housing Element proposes to continue the City's policy to encourage 15 percent affordable in all new developments,

Table B-1: Summary of Public Comments
City of Lake Forest 2013-2021 Housing Element Update

Comment	Response
low, very low, and low income levels.	but does not propose adoption of an inclusionary housing ordinance. Given the Governor's veto of SB 1229[18], the City is not in the position to consider an inclusionary housing ordinance.
Provide fee waivers for developments that include 10 percent very low income housing.	The City processes planning applications on a deposit basis where any unused funds are returned to the applicant following a final decision the project. Building and Safety fees are reasonable and on par with other cities in South Orange County. The City has no authority to waive impact fees collected by other agencies, such as the Transportation Corridors Agency or the Saddleback Valley Unified School District.
Analyze the constraints to build affordable homes in mixed use developments.	Development of affordable housing in mixed use developments is not directly addressed in this Housing Element because the City has demonstrated adequate sites to meet its RHNA. See also Appendix C for average density of affordable housing in the region.
Evaluate how successful the M1 zone in facilitating the development of emergency shelters.	The City amended its Zoning Code in 2013 to provide the required zoning for emergency shelters per State law. The City will report on the progress Program 6, Sites for Homeless Shelters, in the annual report to HCD.

[18] Failed legislation to revert the Supreme Court decision on the Palmer vs. City of Los Angeles case regarding inclusionary housing policies.

Table B-2: Public Notice Distribution List

ADOPTION NETWORK LAW CENTER
23161 Lake Center Dr., Ste 210
Lake Forest, CA 92630

SALVATION ARMY/
FAMILY SERVICES
South Orange County
616 S. El Camino Real, Ste B-2
San Clemente, CA 92672

REBECCA'S HOUSE
TRANSITIONAL LIVING
Eating Disorder Outpatient Programs
23861 El Toro Rd, 7th Floor
Lake Forest, CA 92630

HEALING ODYSSEY
23591 El Toro Rd, Ste. 170
Lake Forest, CA 92630

O.C. HEALTH CARE/BEHAVIORAL
HEALTH SERVICES
5 Mareblu, Ste. 100
Aliso Viejo, CA 92656

YMCA/SADDLEBACK VALLEY/
CHILD CARE
27341 Trabuco Circle
Mission Viejo, CA 92692

SILVERADO CHILDREN'S CENTER
7525 Santiago Canyon Rd.
Silverado Canyon, CA 92676

VISTE VERDE
Latch Key Program
5144 Michelson, Portable Class 5 &6
Irvine, CA 92162

O.C. HEALTH CARE/
BEHAVIORAL HEALTH SERVICES
23228 Madero
Mission Viejo, CA 92691

SOUTH O.C.
FAMILY RESOURCE CENTER
23832 Rockfield Blvd
Lake Forest, CA 92630

CAMINO HEALTH CENTER
30300 Camino Capistrano
San Juan Capistrano, CA 92675

DISABILITY MINISTRIES
Saddleback Community Church
1 Saddleback Parkway
Lake Forest, CA 92630

SOUTH COUNTY
ADULT DAY SERVICES
Attn: Ms. Marilyn Ditty
24300 El Toro Rd, Bldg. A #2000
Laguna Woods, CA 92653

NATIONAL INTERVENTION
NETWORK SERVICES & SOBER
LIVING COALITION
22471 Aspan St, Ste. 103
Lake Forest, CA 92630

ADOPT A NEIGHBOR
P.O. Box 1103
Lake Forest, CA 92630

GRACE COMMUNITY CHURCH
26502 Trabuco Rd.
Lake Forest, CA 92630

O.C. SOCIAL SERVICES,
SANTA ANA REGION
Medi-Cal
1928 S. Grand Ave, Bldg A
Santa Ana, CA 92705

O.C. SOCIAL SERVICES,
SOUTH REGION
Food Stamps/Medi-Cal
25292 McIntyre Rd, Ste K
Laguna Hills, CA 92653

SOUTH COUNTY OUTREACH
Attn: Mr. Ed Ewart, Executive Director
26776 Vista Terrace, Ste B-12
Lake Forest, CA 92630

YOUTH EMPLOYMENT SERVICE,
IRVINE
Heritage Park Y.E.S.
14301 Yale Ave
Irvine, CA 92604

EAGLE COMMUNITY CREDIT UNION
23021 Lake Center Dr
Lake Forest, CA 92630

O.C. CREDIT UNION
23778 Mercury Rd
Lake Forest, CA 92630

O.C. HEALTH CARE, COMMUNITY
NURSING
Field Nursing Service Area #3
27512 Calle Arroyo
San Juan Capistrano, CA 92675

TENDER LOVING CARE
23832 Rockfield Blvd, Ste 280
Lake Forest, CA 92630

FREEDOM VILLAGE
23442 El Toro Rd
Lake Forest, CA 92630

FLORENCE SYLVESTER MEMORIAL
SENIOR CENTER
23721 Moulton Pkwy
Laguna Hills, CA 92653

MEALS ON WHEELS
Saddleback Memorial Medical Center
24451 Health Center Drive
Laguna Hills, CA 92653

SOCAHOC
Attn: Eduardo Moreno Cerezo
31872 Coast Highway, Suite 208
Laguna Beach, CA, 92617

CAMINO HEALTH CENTER
Attn: Ms. Debra Drew, Executive Director
30300 Camino Capistrano
San Juan Capistrano, CA 92675

FAIRING HOUSING COUNCIL-
ORANGE COUNTY
Attn: Mr. Dave Levy
201 S. Broadway
Santa Ana, CA 92701

FAMILIES FORWARD
Attn: Steven Kite
9221 Irvine Blvd
Irvine, CA 92618

LAGUNA BEACH
COMMUNITY CLINIC
Attn: Dr. Thomas Bent
362 Third Street
Laguna Beach, CA 92651

LEARNING CONNECTION PLUS
SADDLEBACK VALLEY USD
Attn: Ms. Shirley Rockwood
23602 Via Fabricante
Mission Viejo, CA 92691

THE KENNEDY COMMISSION
Attn: Linda Tang
17701 Cowan Ave., Suite 200
Irvine, CA 92614

HEALTHY COMMUNITIES
Attn: Eduardo Moreno Cerezo
31872 Coast Highway, Suite 208,
Laguna Beach, CA, 92617

REGIONAL CENTER
OF ORANGE COUNTY
Attn: Jacqui Kerze
P.O. Box 22010
Santa Ana, CA 92702-2010

S. ORANGE COUNTY
REGIONAL CHAMBER OF COMMERCE
Attn: Mike Suydam
20532 El Toro Rd., Suite 102-G
Mission Viejo, CA 92692

LAKE FOREST
CHAMBER OF COMMERCE
Attn: Mary Visconte
22996 El Toro Rd., Suite 116
Lake Forest, CA 92630

JAMBOREE HOUSING CORPORATION
Attn: Laura Archuleta
17701 Cowan Ave., Suite 200
Irvine, CA 92614

ABODE COMMUNITIES
Attn: Robin Hughes
701 E. 3rd St., Suite 400
Los Angeles, CA 90013

S. CALIFORNIA ASSOCIATION OF
NONPROFIT HOUSING
Attn: Lisa Payne
501 Shatto Place
Los Angeles, CA 90020

NEIGHBORHOOD HOUSING SERVICES
OF ORANGE COUNTY
Attn: Ken Mutter
198 W Lincoln Ave.
Anaheim, CA 92805

IRVINE HOUSING OPPORTUNITIES
Attn: Mina Zivkovic
19772 MacArthur Blvd, Suite 110
Irvine, CA 92612

NATIONAL CORE
Attn: Steve PonTell
9065 Haven Ave., Suite 100
Rancho Cucamonga, CA 91730

THE OLSON COMPANY
Attn: Todd J. Olson
3010 Old Ranch Pkwy, Suite 100
Seal Beach, CA 90740-2751

CHELSEA INVESTMENT CORPORATION
ATTN: William R. Peavey
5993 Avenida Encinas
Suite 101
Carlsbad, CA 92008

BIA
ORANGE COUNTY CHAPTER
Attn: Mike Balsamo
17744 Sky Park Circle, Suite 170
Irvine, CA 92614

O.C. HOUSING PROVIDERS
Attn: Vickie Talley
25241 Paseo de Alicia, Suite 120
Laguna Hills, CA 92653

OC ASSOCIATION OF REALTORS
Attn: Teryll Hopper
25552 La Paz Road
Laguna Hills, CA 92653

AFFORDABLE
HOUSING CLEARINGHOUSE
Attn: Trinh LeCong
23861 El Toro Rd., Suite 401
Lake Forest, CA 92630

OC AFFORDABLE
HOMEOWNERSHIP ALLIANCE
Attn: Bart Hess
14252 Culver Dr., Suite A-143
Irvine, CA 92604

BRIDGE HOUSING
CORPORATION
Attn: Brad Wiblin
2202 30th St.
San Diego, CA 92104

HABITAT FOR HUMANITY
Attn: Mark Korando
2200 Ritchey St.
Santa Ana, CA 92705

THE Kennedy COMMISSION
www.kennedycommission.org
17701 Cowan Ave., Suite 200
Irvine, CA 92614
949 250 0909
Fax 949 263 0647

August 6, 2013

The Honorable Mayor Scott Voigts, Mayor of Lake Forest
and Members of the Lake Forest City Council
City of Lake Forest
25550 Commercentre Drive, Suite 100
Lake Forest, CA 92630

RE: Comments on Draft 2014-2021 Housing Element Update (July 2013)

Dear Mayor Voigts and Members of the City Council:

Thank you for the opportunity to review and comment on the City of Lake Forest's 2014-2021 draft Housing Element. We have reviewed the draft and are submitting this letter to provide public comments.

The Kennedy Commission (the Commission) is a broad based coalition of residents and community organizations that advocates for the production of homes affordable for families earning less than $20,000 annually in Orange County. Formed in 2001, the Commission has been successful in partnering and working with Orange County jurisdictions to create effective housing and land-use policies that has led to the new construction of homes affordable to lower income working families.

The Commission would like to acknowledge and commend the City for its leadership in encouraging and facilitating the development of homes affordable to lower income families. Currently, the City has two proposed developments that set-aside workforce homes in the City's "New Neighborhoods." On July 25, 2013, the City's Planning Commission approved the proposed affordable development in the Shea/Baker Ranch area, which will provide 187 low- and very low-income apartment homes. In addition, the proposed affordable development in the Portola Center development will provide 57 low- and very low-income apartment homes. These new developments will not only provide quality homes that will be affordable to workforce families, but it will also create jobs and provide an economic boost to the local economy.

As the City moves forward with the draft Housing Element update, the Commission urges the City to continue it's support for the development of affordable homes. The Commission has provided the following recommendations for the City to incorporate:

1. Continue the City's partnership with the Commission to facilitate the development of affordable rental homes for lower income working families in the City.

2. Prioritize and allocate the collection of in-lieu fees (e.g., $2.3M) to proposed very low- and extremely low-income affordable rental developments that leverage additional funding sources (e.g., Low-Income Housing Tax Credits).

3. Increase the City's quantified objectives from 250 homes (323 extremely low, 324 low and 450 low) to at least half (549 homes) of the City's combined lower income RHNA.

Considering this Housing Element has an eight-year planning period and the City already has 242 affordable homes in the pipeline (e.g., Shea/Baker Ranch area and Portola Center developments), we believe the City has the capability and significant opportunity (e.g., in the New Neighborhoods) to continue to increase new rental home opportunities for lower income households.

4. Provide more discussion of the proposed 57 affordable homes in the Portola Center development in the Housing Element.

5. Prioritize and commit at least 20% of SERAF repayments (boomerang funds) to proposed extremely low-income affordable rental developments that leverage additional funding sources (e.g., Low-Income Housing Tax Credits).

6. Provide by-right incentives and concessions of certain development standards that developers are not entitled to, in exchange for a dedication of 20% of homes affordable to families at extremely low, very low and low-income levels in the City.

7. Encourage the development of housing affordable to extremely low-income households through application processing fee waivers for proposed developments with a minimum of ten percent very low-income homes (e.g., please refer to Huntington Beach's 2014-2021 Housing Element Program 14).

8. Analyze what the barriers and constraints are to build affordable homes in mixed-use developments. Will this type of construction increase building costs and impact the feasibility and development of affordable homes for lower income families? If yes, how will these constraints be addressed, mitigated or removed?

9. Evaluate on an annual basis how successful the identified M1 zone will be in facilitating the development of emergency homeless shelters.

For the 2014-2021 Housing Element planning period, the City has a Regional Housing Needs Assessment (RHNA) of 647 very low- and 450 low-income households. To address the lower income RHNA housing goals, the City identified three "New Neighborhoods" that are part of the Opportunities Study Area: Baker Ranch (capacity of 640), Portola Center (capacity of 121 homes) and Serrano Summit (capacity of 331 homes) for the development of homes affordable to lower income working families.[1] In particular, the proposed development in Planning Area 1A in Baker Ranch will provide 185 new affordable homes (20 very low- and 165 low-income) that will be counted towards the City's lower income RHNA needs. **With the remaining RHNA need of 627 very low-income homes and 285 low-income homes, it is important the City create effective policies and programs that encourage and facilitate the development of very-low income homes.**

The need to increase quality affordable rental homes should be a high priority in the City. While the economic downturn is slowly recovering and for-sale homes have been on the rise in the County, the cost to rent apartment homes are also on the rise. In the City, the median rent was

[1] City of Lake Forest 2013-2021 Housing Element, p. 40, July 2013.

$1,640 for a 2-bedroom market rate apartment home;[2] however, affordable rent for a very-low income household of four is $1,041 a month and $560 a month for extremely low-income households.[3] The gap between market rent and affordable rent places a significant economic burden for very low- and extremely low-income families to continue to financially live and work in this City.

Conclusion

Given the importance of the draft 2014-2021 Housing Element update, the Commission welcomes the opportunity to continue our dialogue on how we can partner with City staff to ensure that the draft Housing Element includes specific policies that will result in new affordable homes for extremely low, very low and low-income working families.

Please keep us informed of any revisions, updates and meetings regarding the draft 2014-2021 Housing Element and if you have any questions, please free to contact me at (949) 250-0909 or cesarc@kennedycommission.org.

Sincerely,

Cesar Covarrubias
Executive Director

cc: Lisa Bates, California Housing and Community Development Department

[2] City of Lake Forest 2013-2021 Housing Element, p. 19, July 2013
[3] City of Lake Forest 2013-2021 Housing Element, p. 18, July 2013

Appendix C – Residential Sites Inventory

This appendix provides additional detail regarding the land inventory analysis of potential affordable housing development during the current RHNA period (2014–2021), as summarized in Section III, Resources and Opportunities, Table H-31 through Table H-33.

POTENTIAL SITES FOR HOUSING DEVELOPMENT

The following tables list the Assessor Parcel Numbers (APNs), Land Use Designation, Zoning, and parcel size for each of the vacant sites in The Pinnacle at Serrano Highlands (Table C-1) Portola Center (Table C-2), and Baker Ranch (Table C-3). The Serrano Summit property consists of one 56.2-acre parcel (APN: 104-132-84) designated Medium Density Residential in the General Plan and zoned Planned Development (PD).

Table C-1: The Pinnacle at Serrano Highlands

APN	Land Use Designation / Zoning	Parcel Size (Acres)
610-351-08	Low-Medium Density Residential / SHPC	6.0
610-201-01	Low-Medium Density Residential / SHPC	15.2
610-201-05	Low-Medium Density Residential / SHPC	2.4
	Total	**24.6***

*Includes 1.1 acre of vacated street right-of-way included in APNs
SHPC=Serrano Highlands Planned Community
Note: The table summarizes the parcels that made up The Pinnacle at Serrano Highlands project site at the time the Tentative Tract Map was approved. The subdivision as depicted on the approved Tentative Tract Map will be assigned APNs following recordation of the final map during the construction phase of the project.

Table C-2: Portola Center

APN	Land Use Designation / Zoning	Parcel Size (Acres)
606-331-04	Low Density Residential / PHPC	24.2
606-321-12	Low Density Residential / PHPC	2.9
606-321-13	Low Density Residential / PHPC	17.6
606-321-14	Low Density Residential / PHPC	24.4
606-332-01	Low Density Residential / PHPC	15.7
606-341-08	Split Designations: --Low-Medium Density Residential/PH PC --Medium Density Residential / PHPC --Mixed-Use / PHPC	18.9
606-341-09		25.2
606-351-03		3.8
606-351-05		41.0
	Total	**173.7**

PHPC=Portola Hills Planned Community
Note: The table summarizes the parcels that comprised the Portola Center project at the time the General Plan Amendment/Zone Change/DA were approved. As plans for development and construction become more finalized, the parcels will be subdivided further.

Table C-3: Shea-Baker Ranch

APN	Land Use Designation / Zoning	Parcel Size (Acres)
610-422-01	Mixed-Use / BRPC	16.4
612-134-05	Mixed-Use / BRPC	15.2
610-431-01	Medium Density Residential / BRPC	5.5
610-431-02	Medium Density Residential / BRPC	4.5
610-431-03	Medium Density Residential / BRPC	4.3
610-431-04	Medium Density Residential / BRPC	4.0
610-431-05	Medium Density Residential / BRPC	3.4
610-431-06	Medium Density Residential / BRPC	2.6
610-431-07	Medium Density Residential / BRPC	3.4
610-431-08	Medium Density Residential / BRPC	3.2
610-431-09	Medium Density Residential / BRPC	3.8
610-431-10	Medium Density Residential / BRPC	0.1
610-431-11	Medium Density Residential / BRPC	5.3
610-432-01	Low-Medium Density Residential / BRPC	2.3
610-432-02	Low-Medium Density Residential / BRPC	2.5
610-432-03	Low-Medium Density Residential / BRPC	2.0
610-432-04	Low-Medium Density Residential / BRPC	1.8
610-432-05	Low-Medium Density Residential / BRPC	4.5
610-432-06	Low-Medium Density Residential / BRPC	4.3
610-432-07	Low-Medium Density Residential / BRPC	1.1
610-432-08	Low-Medium Density Residential / BRPC	2.5
610-432-09	Low-Medium Density Residential / BRPC	1.4
610-432-10	Low-Medium Density Residential / BRPC	1.3
610-432-11	Low-Medium Density Residential / BRPC	1.3
610-432-12	Low-Medium Density Residential / BRPC	1.3
610-432-13	Low-Medium Density Residential / BRPC	1.3
610-432-14	Low-Medium Density Residential / BRPC	0.1
610-432-15	Low-Medium Density Residential / BRPC	<0.1
610-432-16	Low-Medium Density Residential / BRPC	<0.1
610-432-17	Low-Medium Density Residential / BRPC	1.3
610-421-07	Split Designation: --Medium Density Residential / BRPC --Low-Medium Density Residential / BRPC --Low Density Residential / BRPC	108.8
610-421-08	Split Designation: --Low-Medium Density Residential / BRPC --Low Density Residential / BRPC -- Mixed-Use / BRPC	92.6
610-421-10	Split Designation: --Low-Medium Density Residential / BRPC --Low Density Residential / BRPC	67.2
	Total	**369.4**

BRPC=Baker Ranch Planned Community.

Note: The table summarizes the parcels that made up the Shea-Baker Ranch project area at the time the First Tentative Tract Map was approved (May 2012). As plans for development of individual planning areas progress, the parcels will be subdivided further and new APNs will be assigned as additional tract maps are recorded.

ASSUMPTIONS REGARDING AFFORDABILITY

Although the "default density"[19] for Lake Forest is 30 units per acre, the City's analysis of local affordability factors and development trends determined that affordable housing can be produced in Lake Forest at densities of 25 units per acre or less. The following factors (or a combination of these factors) demonstrate that the development community can produce affordable housing at less than 30 units per acre.

Project Examples

Table C-4 lists many affordable housing projects in Orange County and north San Diego County that have been approved or constructed at less than 25 du/ac. Affordable apartment projects approved or built in recent years include, Ability First Apartments (12.0 du/ac), Avocado Court (16.2 du/ac), Brighton Place (18.9 du/ac), Bonterra Apartment Homes (19.0 du/ac), Parkview Apartments (20.7 du/ac), The Arbor at Woodbury (22.0 du/ac), Westlake Village (22.6 du/ac), and Springbrook Grove (24.9 du/ac). Based on these numerous examples in the region, development of affordable housing in Lake Forest at less than 25 du/ac is feasible. Specifically, the City contacted neighboring jurisdictions that are within 25 miles from Lake Forest to share project experience. These communities are located within the same housing market with similar development patterns. Responses from these jurisdictions conclude similar experience that affordable housing at a density below 25 units per acre is preferred due to the construction type and associated costs.

Table C-4: Affordable Projects with Densities of 25 units/acre or Less Orange County and North San Diego County

Project/Location	Year Built or Acquired	Affordable Units	Project Density (du/ac)	Affordability/ Assistance Level
Little Hollywood / San Juan Capistrano	2000 / 2009	24	4.7	50 and 80% AMI
Habitat for Humanity / San Juan Capistrano	2010	27	10.4	50 and 80% AMI
Ability First Apartments / Irvine	2008	24	12.0	30% AMI
Casa de Esperanza / Stanton	2003	10	14.5	30% AMI
Avocado Court / Escondido	Under Construction	36	16.2	30, 40, 50, and 60% AMI
Brighton Place / Poway	2012	77	18.9	30, 35, 40, 50, and 60% AMI
Bonterra Apartment Homes / Brea	2012	94	19.0	Unknown
Mendocino at Talega / San Clemente	2003	186	20.0	50 and 60% AMI
Parkview Apartments / San Marcos	Approved	84	20.7	30, 40, 50, and 60% AMI
Windrow Apartments / Irvine	2006	96	21.0	30 and 50% AMI
Laguna Canyon / Irvine	2006	120	21.0	30 and 50% AMI
Escalones Nuevos / San Clemente	2002	6	21.8	50% AMI
Bellecour Way / Lake Forest	2002-2003	6	22.0	80 and 120% AMI

[19] As defined by State Housing Element Law.

Table C-4: Affordable Projects with Densities of 25 units/acre or Less Orange County and North San Diego County

Project/Location	Year Built or Acquired	Affordable Units	Project Density (du/ac)	Affordability/ Assistance Level
The Arbor at Woodbury / Irvine	2009	90	22.0	Unknown
Westlake Village / San Marcos	2011-2012	49	22.6	35, 45, 50, and 60% AMI
Montecito Vista Apartments / Irvine	2006	162	23.0	30,50 and 60% AMI
Springbrook Grove / Fallbrook	2010	44	24.9	35 and 45% AMI

Sources: Orange County Housing & Community Services Department, 2008; City of San Juan Capistrano, 2013; Jamboree Housing, 2013; Keyser Marston Associates, 2012.
Note: North San Diego County projects are from the report "County of San Diego Housing Element Update, Housing Resources" prepared by Keyser Marston Associates, December 7, 2012.

Local Policies and Programs

The 2013-2021 Housing Element includes policies and programs that are intended to facilitate and encourage the development of new affordable housing in the City of Lake Forest. The following policies and program can facilitate the construction of affordable housing at 25 units per acre or less:

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

Policy 1.4: Encourage the development of residential units that are designed and marketed to meet the needs of extremely low income households and special groups, such as the elderly, persons with disabilities (including developmental disabilities), and those in need of temporary shelter.

Policy 1.6: Remove or reduce governmental constraints on affordable housing development, while maintaining compatibility with surrounding development.

Policy 1.8: Encourage residential developments to incorporate a minimum of 15% affordable units, including units affordable to extremely low income households.

Program 3: Facilitate Affordable Housing Production

Affordable housing developments face a number of hurdles, including financing, development codes and 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:

- *Affordable Housing Implementation Plans (AHIPs)*: Each of the New Neighborhoods land owners / developers has entered into a development agreement (DA) with the City. The DAs include an Affordable Housing Implementation Plan (AHIP) to facilitate the production of affordable units in conjunction with the development of the OSA projects. The City will monitor the development of the New Neighborhoods projects and include in the annual Housing Element Progress Report to HCD the status of compliance with the AHIPs and the progress toward development of affordable units.
- *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 Section 8 or Tax Credits) is provided to the individual household to keep rents affordable. An affordable housing developer can 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 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.
- *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. Any requested concessions or incentives would be evaluated on a case-by-case basis while simultaneously working to ensure the project is compatible with the surrounding neighborhood.

Local Funding Sources

The disposition or lease of Housing Authority real property assets and collection of in-lieu fees can provide funding to mitigate development costs and facilitate the provision of affordable housing at less than 25 units per acre.

The California Department of Finance allowed the City's Housing Authority to retain all of the real property assets that the City's former Redevelopment Agency had transferred to the Housing Authority. These assets include transitional housing units, a four-unit apartment complex occupied by lower income households, and two vacant lots with approximately 2.9 acres of land area. The City is currently exploring options for retention and/or disposition of these assets. Options under consideration include the lease or sale of the vacant properties. Revenue generated from the lease or sale of the properties at market rate prices could be used to off-set the cost of developing affordable housing. Alternatively, the larger of the two properties (2.67 acres) could be offered at below-market sale or lease in exchange for affordability covenants on subsequent residential development.

The City's Housing Authority also collects affordable housing in-lieu fees in accordance with development agreements for three of the five New Neighborhoods. The fees are paid at the time of building permit issuance in-lieu of constructing affordable as part of their projects. The fee, which is currently $13,177 per unit, and escalates annually following the publication of the Consumer Price Index. The City's Housing Authority has collected approximately $1.2 million to date and anticipates collecting another $1.15 million upon issuance of 85 building permits in The Pinnacle at Serrano Highlands. The total estimated $2.35 million dollars will be available during the planning period to provide gap financing for affordable housing (e.g., new construction, acquisition/rehabilitation, etc.) on covenanted units.

Construction Costs

City staff and the City's Housing Element consultant, Veronica Tam and Associates, Inc., interviewed several housing developers with significant development history in southern California, including Orange County. Developers have noted that achieving 30 units per acre often requires four-story construction, underground/pedestal parking, or other design features that can result in higher per-unit costs of development when compared to two- or three-story garden style apartments constructed at 18 to 25 units per acre. A higher per-unit construction cost typically translates into a higher per-unit subsidy requirement to ensure affordability.

Affordable Housing Incentives

As required by Government Code Section 65915, the City's Zoning Code offers density bonuses and incentives/concessions for the development of affordable housing as required by the State. The City's Zoning Code follows State density bonus law by allowing density bonus ranging from 20% to 35% depending on the level of affordability of the project and overall percentage of affordable units. Additionally, the Zoning Code includes State-mandated regulatory concessions and incentives which include, but are

not limited to, parking reductions, fee reductions or deferral, expedited permit processing, and modified or waived development standards, which may reduce construction costs by avoiding a need for four-stories, underground/pedestal structured parking, or other design features that raise the per-unit cost of construction.

Correlation between Density and Affordability

In 2012, the County of San Diego commissioned Keyser Marston Associates, Inc. (KMA) to assess the feasibility of developing affordable housing at densities less than 30 units per acre. Although prepared for a different county, some of the findings and conclusions apply to affordable housing development in general. Furthermore, some of the data from northern San Diego County are more closely applicable to Lake Forest because of similarities in population density, demographics, land values, and real estate market conditions.

The following KMA findings support the conclusion that affordable housing can be provided in Lake Forest at less than 25 units per acre:

- Affordable housing for low income households can be accommodated on land designated between 20 and 23 units per acre.
- Almost all affordable housing developed in San Diego County between 2009 and 2012 has occurred at less than 30 units per acre; some as low as 15 units per acre.
- Per-unit financing gaps were lowest for affordable housing development at a density of 24 units per acre for garden-style apartments.
- Per-unit financing gaps were deemed "least feasible" for stacked flats at 30 units per acre.

Appendix D
Regional Residential Impact Fees

REVISED ROAD FEE PROGRAMS SCHEDULES
EFFECTIVE JULY 1, 2012

FCPP
(non)

FOOTHILL CIRCULATION PHASING PLAN FEE PROGRAM					
NON-PARTICIPATING FCPP LANDOWNERS					
LAND USE		ZONE 1	ZONE 2	ZONE 4	ZONE 8
Single Family	per unit	$3,785.00	$5,198.00	$3,578.00	$4,015.00
Multi-Family	per unit	$3,362.00	$4,157.00	$2,861.00	$3,220.00
Non-Residential	per sq. ft.	$3.780	$4.670	$3.220	$3.627

FCPP

FOOTHILL CIRCULATION PHASING PLAN FEE PROGRAM					
PARTICIPATING FCPP LANDOWNERS					
LAND USE		ZONE 1	ZONE 2	ZONE 4	ZONE 8
Single Family	per unit	$2,700.00	$3,340.00	$2,300.00	$2,580.00
Multi-Family	per unit	$2,160.00	$2,670.00	$1,840.00	$2,070.00
Non-Residential	per sq. ft.	$2.43	$3.00	$2.07	$2.33

FE

FOOTHILL EASTERN TRANSPORTATION CORRIDOR			
LAND USE		ZONE A	ZONE B
Single Family	per unit	$5,086.00	$3,620.00
Multi-Family	per unit	$2,970.00	$2,109.00
Non-Residential	per sq. ft.	$7.07	$4.10

SCR

Pac. Comm. =.0325
Baker Ranch = .45
Spectrum Pt. = .0325

SANTIAGO CANYON ROAD FEE PROGRAM			
LAND USE		F.H. RANCH	L.F.
Single Family	per unit	$32.29	$662.00
Multi-Family	per unit	$27.44	$530.00
Non-Residential	per sq. ft.	$0.031	$0.58

TET

EL TORO ROAD FEE PROGRAM		
LAND USE		
RESIDENTIAL - Low Density	per unit	$1,329.00
RESIDENTIAL - Medium Density	per unit	$1,112.00
RESIDENTIAL - High Density	per unit	$686.00
REGIONAL SHOP. CENTER	per acre	$34,269.00
NEIGHBORHOOD COMMERCIAL	per acre	$77,176.00
OFFICE COMMERCIAL	per acre	$19,210.00
INDUSTRIAL	per acre	$6,694.00