



City of Laguna Hills

City Council/Planning Agency Staff Report

DATE: April 27, 2021

TO: City Council/Planning Agency

FROM: David Chantarangsu
Community Development Director

ISSUE: The Village at Laguna Hills – A Request by MGP Fund X Laguna Hills, LLC to Modify the Previously Approved Five Lagunas Project to Continue to Redevelop the Former Laguna Hills Mall Site Located at 24155 Laguna Hills Mall, Including Adoption of the Fifth Addendum to the City of Laguna Hills General Plan Program Environmental Impact Report as Previously Addended (State Clearinghouse No. 20080811100) and Approval of Site Development Permit, Master Sign Program, Conditional Use Permits, Parking Use Permit, Vesting Tentative Tract Map, Precise Plan, and Development Agreement No. USE-0010-2019

RECOMMENDATION: That the City Council and Planning Agency take the following actions:

- 1) Conduct a Joint Public Hearing;
- 2) That the Planning Agency and City Council:
 - a) Independently consider the City of Laguna Hills General Plan Program Environmental Impact Report (PEIR) (State Clearinghouse No. 20080811100) as previously addended for the Five Lagunas Project along with the Fifth Addendum to the PEIR;

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- b) **Adopt a Resolution entitled: A Joint Resolution of the Planning Agency and the City Council of the City of Laguna Hills, California, Adopting the Fifth Addendum to the 2009 General Plan Program Environmental Impact Report as Previously Addended for the Five Lagunas Project and a Mitigation Monitoring and Reporting Program for the Village at Laguna Hills Project Pursuant to the California Environmental Quality Act.**
- 3) **That the Planning Agency adopt a Resolution entitled: “A Joint Resolution of the Planning Agency and City Council of the City of Laguna Hills, California, Approving Site Development Permit, Master Sign Program, Conditional Use Permits, Parking Use Permit, Vesting Tentative Tract Map, Precise Plan, and Development Agreement No. USE-0010-2019, a Request by MGP FUND X LAGUNA HILLS, LLC, to Modify the Previously Approved Five Lagunas Project to Continue to Redevelop the Former Laguna Hills Mall Site Located at 24155 Laguna Hills Mall, and Making Certain Findings in Connection Therewith.”**
- 4) **That the City Council introduce for first reading, read by title only, and waive further reading of an Ordinance entitled: “An Ordinance of the City Council of the City of Laguna Hills, California, Approving and Adopting a Development Agreement Between the City of Laguna Hills and MGP FUND X LAGUNA HILLS, LLC for the Village at Laguna Hills Project.”**
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SUMMARY:

MGP FUND X LAGUNA HILLS, LLC (“Applicant”) has submitted development plans to the City of Laguna Hills (“City”) to modify the Five Lagunas Project approved in 2016 in order to continue to redevelop the former Laguna Hills Mall property (“Subject Property”), which encompasses a total of approximately 68 acres. The Subject Property is immediately west of Interstate 5 (I-5) and Avenida de la Carlota, south of El Toro Road, east of Calle de la Louisa (private street) and north of the Oakbrook Village Shopping Center. The Subject Property falls within the boundaries of the Urban Village Specific Plan (Figure 1). The Applicant is seeking City approval to modify the previously approved development plan for the Subject Property into The Village at Laguna Hills (“Project”), a mixed-use project that includes a combination of retail, office, hotel, entertainment, multi-family residential housing, and open space and recreation uses (Figure 2).

The Project will result in significant public benefits to the City, community, and surrounding regional area, including the following:

Figure 1: Project Location



- Fee payments of over +/- \$26 million at full build-out that can be used to improve City public facilities, which includes over \$23 million in funding for parks and recreation facilities.
- Anticipated annual general fund revenues of \$2.99 million from property, sales, and TOT taxes. Tax revenue can be used for improved County Sheriff services.
- Replacement of a blighted 1970s era, failed indoor fortress mall with an outdoor oriented mixed-use retail, office, and residential project, connected internally by well-designed streets and sidewalks supporting a comfortable pedestrian walking environment, conducive to outdoor dining, entertainment, and retail, centered around a 2.6 +/- acre park supporting formal and informal community gatherings.
- Creation of thousands of temporary construction jobs, and thousands of permanent employment opportunities for local residents.
- Development of over 60 percent of the housing the City is required to plan for in the upcoming 2021-2029 Housing Element update, minimizing the need to rezone other properties to provide housing.

- Project is located up against the I-5 Freeway and away from any established residential neighborhoods. No significant impacts on any established neighborhoods or communities.

A full description of Project benefits is described beginning on Page 79 of this report.

Description of Previously Approved Five Lagunas Project

As previously approved, Five Lagunas consisted of approximately 45,000 square feet of office space, 988 apartment units (including one mixed use residential/ retail building), and approximately 926,000 square feet of retail space including a luxury movie theater, health club, and new restaurant pads.

The Five Lagunas project generally retained and remodeled the north portion of the mall, while demolishing the south half, to enable new retail, residential, and mixed-use buildings to be developed. Five Lagunas also included a +/- 1-acre park and a six-story parking structure containing over 1,100 parking spaces. The Five Lagunas project further included the addition of pedestrian amenities such as “parklets” and paseos throughout the site. Freeway visible signage, directional signage, and retail tenant signage were also included. Miscellaneous site improvements for parking, landscaping, utilities, and water quality were also included. Existing restaurant buildings located adjacent to El Toro Road (King’s Fish House/ In-N-Out/ BJ’s Restaurant and Brewhouse) remained on the site.

Description of the Project

The Village at Laguna Hills involves the following development activities:

- Demolition of the remaining mall building and certain free-standing building pads that formerly housed the Sears auto repair center, and the existing Nordstrom Rack (which will be relocated on site), Just Tires, and Firestone buildings. The free-standing building pads housing BJ’s Restaurant and Brew House, In-N-Out, and King’s Fish House will remain. Demolition of various hardscape improvements (e.g., paved parking areas, walkways) and removal of landscaping (e.g., trees, shrubs) throughout the Subject Property will be required.
- Development of up to approximately 225,000 square feet of new retail building area for a total of up to 250,000 square feet of retail at full Project buildout. The retail uses will be provided in key locations throughout the Subject Property,

including free-standing building pads along the Subject Property boundary, internally as anchor buildings, or integrated into hotel and residential buildings establishing vertical mixed-use project components. The anticipated retail uses consist of retail, services, restaurants, a health club, and a 50,000 square-foot/1,200-seat multi-screen movie theater. The total retail square footage includes retaining the existing BJ's Brewhouse, Kings Fish House, and In-n-Out restaurants.

- Development of up to five multi-story residential buildings (one mixed-use retail/residential building and four residential buildings), increasing the previously approved 988 dwelling units to a total of up to 1,500 dwelling units, and associated structured parking.
- Development of up to four, four-story commercial office buildings totaling up to 465,000 square feet.
- Development of a 100 - 150-room upscale boutique, five-story hotel with ground-level retail space.
- Development of a +/- 2.6-acre centralized Village Park that will be privately owned, operated and maintained, but open to the public and Project residents, workers, and visitors. The Village Park will include a number of passive and active open space and recreation uses/areas, and various hardscape (e.g., walkways, outdoor seating areas) and landscape (e.g., trees, shrubs, ground cover, water features) improvements.
- Development of numerous vehicular access, circulation and parking improvements, including new driveways (signalized and non-signalized), private streets and drive aisles, parking lots/areas, and parking spaces (perpendicular and parallel) along key internal private streets. Proposed parking facilities also include two parking structures to be shared by the retail and office uses; a 5-story, 745-stall structure and a 4-story, 937-stall structure.
- Development of various site improvements that include installation of over 11 acres of new landscaping and nearly 6.5 miles of sidewalks and pedestrian walkways/paths throughout the Project.
- Subdivision of the Subject Property from 13 lots (existing) to 16 lots (proposed) to allow for the mix of uses and improvements.

- Removal, relocation, replacement and/or construction of new utility systems (water, sewer, storm drain, and other public utilities) necessary to support the Project.
- Installation of Project signage, which includes wall signs, freeway pylon signs, large entryway pylon and monument signs, smaller pylon secondary entryway signs, tenant signs of various sizes interior to the Subject Property and on building facades, banner graphics, and directional signs in the parking areas. The characteristics of the signs, including location, dimensions, illumination details, colors, and materials are included in the proposed Master Sign Program, and are described in detail in the Master Sign Program section in this report.

The Village at Laguna Hills site plan is depicted in Figure 2.

Figure 2: Proposed Subject Property Plan



Through a detailed and in-depth design and development review process with Staff and the City's Planning and Environmental Consultant, PlaceWorks, the Applicant has demonstrated that the Project complies (or will comply as conditioned) with all aspects of the Laguna Hills Municipal Code ("LHMC"), Urban Village Specific Plan ("UVSP"), Laguna Hills General Plan, and the California Environmental Quality Act (CEQA).

The City is required to issue the following discretionary approvals in order for the Project to be implemented:

- A Site Development Permit for new construction pursuant to Section V of the UVSP (as adopted by Ordinance No. 2002-8, amended by Ordinance 2011-3, and Ordinance 2017-10-10-4) and Section 9-92.080(G) of the LHMC.
- A Master Sign Program to exceed the UVSP sign requirements pursuant to Section V of the UVSP and Section 9-42.090 of the LHMC.
- A Conditional Use Permit for a proposed hotel and a Conditional Use Permit for a proposed health club pursuant to Table 1 of Section V of the UVSP.
- Establishment of shared parking on the site through a Parking Use Permit, which is enacted through a Conditional Use Permit pursuant to Section V of the UVSP.
- A Vesting Tentative Tract Map to subdivide approximately 68 acres consisting of 13 existing lots (11 numbered lots and 2 lettered lots) into 16 lots pursuant to Chapter 9-86 of the LHMC and the Subdivision Map Act (California Government Code section 66410 et seq.).
- A Precise Plan pursuant to Section V of the UVSP and Section 9-92.080(B) of the LHMC for the development of a mixed-use project in the UVSP.
- A Development Agreement to provide the Applicant a vested right to develop the Project and to establish a schedule for development and the timing of Applicant payment of fees (e.g., development fees, impact fees, and community benefit fees).

Together, the requested discretionary actions constitute a project that is subject to review under CEQA. As compared to the previously adopted Five Lagunas Project, the Village at Laguna Hills Project will not result in any new significant impacts or a substantial increase in the severity of previously identified significant impacts. A Fifth Addendum (Fifth Addendum) to the City's 2009 Program Environmental Impact Report (PEIR) has therefore been prepared for the Village at Laguna Hills Project. (Public Resources Code § 21166; CEQA Guidelines §§ 15162, 15164.)

AUTHORITY:

The Project involves approvals that both the Laguna Hills Planning Agency and City Council must make in order for the Project to proceed. Therefore, this matter is being considered

through a joint public hearing between the Planning Agency and City Council. The CEQA documentation and requested entitlements are being processed concurrently.

The Planning Agency and City Council are jointly recommended to take the following actions:

- Adopt the proposed Resolution Adopting the Fifth Addendum to the PEIR as Previously Addended for the Five Lagunas Project and a Mitigation Monitoring and Reporting Program for the Village at Laguna Hills Project Pursuant to the California Environmental Quality Act.

The findings required are listed and discussed in the attached Resolution (Attachment a).

The Planning Agency is recommended to take the following action:

- Adopt the proposed Resolution to approve the Project (as described in the Letter of Justification and plans submitted for USE-0010-2019).

Pursuant to Chapter 9-92 of the LHMC, the Planning Agency has review authority over the proposed Site Development Permit, Master Sign Program, Conditional Use Permits, Parking Use Permit, Vesting Tentative Tract Map, and Precise Plan.

The findings required are listed and discussed in the attached Resolution (Attachment b).

The City Council is recommended to take the following action:

- Introduce for first reading/Adopt the proposed Ordinance approving the Development Agreement submitted for USE-0010-2019.

Pursuant to Chapter 9-92 of the LHMC, the City Council has review authority over the proposed Development Agreement. The findings required are listed and discussed in the attached Ordinance (Attachment c).

BACKGROUND:

The Laguna Hills Mall opened in 1973 as the development of master planned communities and residential subdivisions in south Orange County began to replace agricultural farm

and grazing lands. Between 1970 and 2000 Orange County's population doubled from 1.4 million residents to over 2.8 million residents, adding an average of 50,000 residents a year between 1970 and 2000. In south Orange County master planned communities like Irvine, Mission Viejo, Laguna Niguel, Aliso Viejo, Rancho Santa Margarita, and Ladera Ranch were developed. By the time of Laguna Hills' incorporation in 1991, the City was already built out and included a number of master planned neighborhoods.

The residential growth occurring in South County led to the opening of the Laguna Hills Mall in 1973. In 1979, the Shoppes at Mission Viejo opened, located only five miles from the Laguna Hills Mall. The Irvine Company later opened the first phase of the Irvine Spectrum in 1995 which eventually built out in multiple phases by 2006. Irvine Spectrum was also located within five miles of the Laguna Hills Mall. In addition to these regional mall destinations, neighborhood serving retail shopping centers with "big box" anchors like WalMart, Kohl's Target, The Home Depot and Costco were also built to cater to the needs of area residents. As a result, South Orange County now supports a wide array of retail centers to cater to its residents, visitors and businesses.

It has been reported that by the mid 1990's 140 new malls were being constructed in the United States per year. But, in 2001, the oversupply of mall space was noted by retail analysts as sales at many malls began to drop, and high vacancy rates began to set in. A BBC report written in 2014 determined that 2007 was the first time in 50 years that no new mall had been built in the United States (<https://www.bbc.com/culture/article/20140411-is-the-shopping-mall-dead>).

Approximately 1,500 regional malls have been built in the United States, but several hundred have closed in past five to ten years. By 2025, experts expect a cumulative loss of over 500 malls, with Class A malls in high income communities being the most likely to survive. The highly successful Irvine Spectrum and Newport Beach Fashion Island represent Class A competitive malls in the surrounding area to Laguna Hills.

The decline in regional malls as a retail only destination is the result of dramatic changes in consumer shopping patterns, even before the Covid-19 pandemic, with significant traffic increases in past decade at big box discount stores such as Costco, Wal-Mart, Target, as well as steady growth in e-commerce shopping that had captured 10-15% of total retail sales in 2019. The pandemic has accelerated all of those trends.

Movie theaters, restaurants and health clubs had become the new anchor tenants in existing centers, as department stores have gone out of business and closed by the hundreds across the Country. Covid-19 has severely impacted all of these uses.

Patronage at restaurants and health clubs are expected to rebound sharply. Consequently, many regional malls are being converted to mixed use developments including sharp reductions in retail square footages, the addition on non-traditional uses in a retail only setting and the addition of housing.

Like many cities across the country, Laguna Hills is faced with the challenge of re-imagining a declining mall. While there does not appear to be a one-size-fits-all formula for re-imagining malls, concepts that staff has reviewed since signs of declining viability of the Laguna Hills Mall began to appear have many of the same components – office, housing, hotel, well designed outdoor spaces, and entertainment-centered retail such as restaurants and movie theaters. Using the City’s Urban Village Specific Plan, MGP proposes to replace the former mall with a mixed-use project integrating jobs, housing, and entertainment-centered retail into the 68-acre property that was once the Laguna Hills Mall.

Considering the types of uses proposed for the Project, the City’s economic consultant, Kosmont & Associates (Kosmont) provided a profile of the types of land uses below that would be appropriate for a re-imagined mall plan.

Multi-Family Housing - Apartments

Kosmont & Associates, Inc. examined a broad submarket defined as 7-mile radius from the Subject Property, which has approximately 42,500 multi-family units tracked by Costar. Since 2016, there have been almost 4,000 new units built, with occupancy rates remaining steady near 95%. The average rent as of Quarter 1, 2021 is \$2,300 and recent average sale price of apartment projects are \$380,000 per unit.

Multi-Family Housing - Condominiums

Condominium development within the same 7-mile radius (excluding the Laguna Woods Village senior housing) is much more limited with an inventory of 3,600 units averaging 1,175 SF per unit. There have been 360 new units built since 2016 and the average sale price of condominiums in the submarket is approximately \$390,000 per unit.

Condominium projects are much more expensive to build than apartment units by a range of \$30,000 to \$50,000 per unit. The major factors include:

- 10- year statute of limitation warranty on construction defects (SB 800);

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- Cost of establishing/subsidizing a Homeowner Association;
 - Marketing costs and sales commissions;
 - Increased sound proofing; and
 - Increased amenities for residents.

It is expected that MGP and its partners will design the multi-family projects to allow for potential condo conversion if the market strengthens substantially.

Retail

Within a 2-mile radius of the Subject Property, the Laguna Hills retail market has approximately 6 million square feet of retail space with no net growth since 2006. The reported vacancy rate is 5%, but does not reflect chain store closures announced as a result of Covid-19. Market rent has remained steady at \$33 per square foot /year triple net for past 15 years.

Office

The south Orange County Office market is dominated by the Irvine Spectrum and Research Park area. To examine more local serving product, Kosmont Companies examined the Costar office inventory within a 2-mile radius of the Subject Property. Total inventory is 4.9 million square feet with no new significant development since 2007. Occupancy rates peaked in 2019 at 89% and have since decreased to 86%. Market rents average \$30 per square foot/year full service gross.

Hotel

Within a 2-mile radius of the Subject Property, there are 12 hotels totaling 1,400 rooms in the immediate Laguna Hills area. This area has seen significant hotel development with three new upscale facilities totaling 300 rooms opening in 2020. Within a 4-mile radius, there are another 1,400 hotel rooms, primarily in Irvine Spectrum / Research Park area. Room rates and occupancy rates have been severely impacted by Covid-19, so no reliable current data is available. Most experts don't expect hotel demand to recover until after 2023.

Urban Village Specific Plan

The following information provides a history of the UVSP and its consistency and interrelatedness with the City's current General Plan adopted in 2009 and the Village at Laguna Hills.

Subject Property History/Existing Conditions

The Laguna Hills Mall (which encompasses the entire Subject Property) opened in 1973; specifically, the approximately 869,000 square-foot mall opened in phases starting in Spring 1973. Original anchor tenants included Broadway/Macy's, Buffum's, JC Penney, and Sears. Buffum's closed in 1991, at which point the store's second floor was converted into a food court and the first floor to other general retail stores. The mall underwent a renovation in 1994, which was the only significant renovation in its history. Due to declining visitor traffic, the mall's food court was closed in 2011. The Mall ownership has only changed a few times over its 47-year history. The Applicant acquired the mall property in May 2013.

Currently, the mall consists of the remaining central retail area, and several outlying buildings, including In-N-Out Burger/King's Fish House, Firestone, BJ's Restaurant & Brewhouse, Nordstrom Rack, Firestone Complete Auto Care, and Just Tires. The major anchor/department store tenants have all closed and the remaining buildings of the former JC Penny's and Macy's stores are currently occupied by a furniture store and indoor swap meet. While restaurant tenants in the outbuildings, independent of the interior Mall buildings, remained open, the interior mall area officially closed in 2018. Table 1 depicts the decline of sales tax revenues from the mall since 2007, with one minor exception in 2011.

Table 1: Decline of Sales Tax Revenues

Laguna Hills Mall Historic Sales Tax Revenues		
Fiscal Year	Sales Tax Revenue (Nominal)	Sales Tax Revenue (Real: Adj. for Inflation to 2020\$)
FY 06/07	1,587,745	1,962,540
FY 07/08	1,407,895	1,658,712
FY 08/09	1,386,910	1,657,640
FY 09/10	1,400,030	1,655,878
FY 10/11	1,479,568	1,689,814
FY 11/12	1,451,449	1,630,567
FY 12/13	1,421,270	1,569,134
FY 13/14	1,406,439	1,521,235
FY 14/15	1,127,175	1,217,670
FY 15/16	1,021,029	1,092,011
FY 16/17	886,554	933,032
FY 17/18	781,889	799,910
FY 18/19	588,054	591,851
FY 19/20	464,296	464,296

The Subject Property is bounded on four sides by a combination of two major arterial highways (El Toro Road and Avenida de la Carlota), a private street (Calle de la Louisa), and the Oakbrook Village mixed use center. The land uses surrounding the Subject Property are described below (Table 2). The Subject Property and immediately surrounding land uses are all entirely located within the UVSP.

Table 2: Surrounding Land Uses

Surrounding Land Uses	
North	Laguna Hills Civic Center, Laguna Hills Lodge, and commercial retail uses across El Toro Road.
East	Commercial retail and residential across Avenida de la Carlota and I-5 (uses across the freeway are located in the City of Lake Forest).
South	Oakbrook Village shopping center and residential, Villa Valencia Health Center, and the Laguna Hills Transportation Center.
West	MemorialCare Saddleback Medical Center, multiple medical offices, financial institutions and Post Office.

Beginning in the early 2000s, the City recognized the changing marketplace and initiated a process to transform the existing, 240-acre mixed commercial, business, and residential sector of the City into a village-like downtown district that could serve the local community needs while also providing a regional destination. In 2002, the City adopted the UVSP, which encompasses the 240-acre planning area (“Plan Area”) that is bounded by Paseo de Valencia on the north and west, Los Alisos Boulevard on the south, and I-5 on the east, across Avenida de la Carlota. The UVSP promotes a variety of public, regional commercial, office, recreational, and high-density residential uses that work in concert to create an urban village and provide safe pedestrian pathways that conveniently provide direct access to the transit center, civic center, and regional trails. The UVSP projected that properties within the Plan Area, including the Subject Property, would add nearly 200,000 square feet of retail development, additional residential dwelling units, and various commercial uses.

The overarching theme of the UVSP is to better integrate the variety of activity nodes that already exist in the Plan Area and transform it into an “Urban Village where residents, employees, and visitors to Laguna Hills can meet, socialize, shop, and conduct business.” (UVSP, Page 9) The Plan Area is the center of Laguna Hills, providing a mix of retail, office, financial, medical, residential, and transportation uses. The UVSP regulates development within the Plan Area, including the Subject Property, through the land use plan, design guidelines, and land use and development standards contained in the UVSP.

The main goals of the UVSP (UVSP, Page 29) are to:

- Encourage and facilitate new uses in the area.
- Create new pathways and add landscaping to existing sidewalks to create a pedestrian-friendly environment.
- Create an identity for the area through the use of entry features, area wayfinding signs, consistent landscaping, and street furniture.
- Encourage private investments in the development of desirable and planned activity nodes.
- Take full commercial and market advantage of the Urban Village's central location in the Saddleback Valley.
- Increase the employment opportunities, tax revenues, and ensure the long-term viability of the Urban Village.
- Provide the framework for a public/private partnership to implement the goals of the Specific Plan.

The UVSP includes design guidelines that address the intent and character of Main Street, commercial, and residential development. It also includes guidelines for design of street furniture, lighting, and signage.

New development or uses accommodated by the UVSP in the Plan Area are regulated based on the capacity of the local street network to accommodate additional vehicle trips from new development during morning and evening peak traffic conditions (AM and PM peak hours respectively). This framework was established to ensure that additional traffic from new development would not exceed acceptable community traffic standards. For Laguna Hills, these standards are contained in the City's 2009 General Plan Circulation Element and are referred to as intersection Level of Service (LOS). Therefore, development intensity in the Plan Area is regulated based on remaining vehicle trip capacity contained in the UVSP, and not by land use type or project size. The City implements this aspect of the UVSP through a vehicle trip budget debiting process, in which additional peak hour vehicle trips generated by each new development or redevelopment project are subtracted from the current aggregate total additional peak hour vehicle trips available to accommodate future new development in the Plan Area.

For example, there could be more residential uses and less retail uses established, or vice-versa, as long as the overall AM and PM peak hour vehicle trip budget is not exceeded.

At the time the General Plan Update was adopted in July 2009 (described below), the Plan Area could accommodate development that generated up to 1,243 additional AM peak hour vehicle trips and 2,272 additional PM peak hour vehicle trips. This trip cap was set to ensure that the maximum buildout trip levels evaluated in the PEIR were not exceeded as a result of new development projects in the Plan Area. Using traffic capacity rather than development maximums allows project applicants to be very flexible in the development options and mix of land uses their projects could include.

General Plan Update (2009)

The 2009 General Plan Update and its associated PEIR, which were adopted and certified in July 2009, identify the Plan Area as a “future study area” that would undergo expansion/revitalization in the future and increased commercial and residential development opportunity would be available in the Plan Area.

The General Plan Update’s Implementation Program included a number of items directly related to the UVSP, including the following: (i) a minimum residential dwelling unit density of 30 units per acre (LU-4[1]), (ii) a provision for the City to “inform existing property owners and prospective developers that housing opportunities are available in the Urban Village Specific Plan area” and for the City to “promote housing incentives consistent with Chapter 9-72 of the Zoning Ordinance” (H-6), (iii) a provision for the City to monitor and market housing opportunities in the UVSP area (H-19[2]), and (iv) reduced open space standards for high-density residential development.

In addition, the City determined as part of its General Plan Update that the UVSP roadway network could accommodate 1,243 additional AM peak-hour vehicle trips and 2,272 additional PM peak-hour vehicle trips (see Appendix F of the PEIR; see also UVSP Section IV, p. 35).

UVSP Allowable Residential Units

The following analysis has been prepared by Kelly Associates Management Group (“KAMG”), the City's contract Project Manager, and is included as Attachment d. The purpose of this analysis is to evaluate whether certain General Plan and UVSP references to an anticipated 200 units of multi-family residential housing within the specific plan area create a unit-based cap, thereby precluding the approval of any new housing over 200

units within the specific plan area. KAMG confirmed that such references do not create a unit-based cap.

The City of Laguna Hills Urban Village Specific Plan area (“Plan Area”) is subject to regulatory controls in the City’s 2009 General Plan, UVSP, and City’s Municipal Code. Certain provisions of the General Plan and UVSP reference an anticipated 200 units of multi-family residential housing within the Plan Area. The KAMG Memorandum evaluates the significance of references to 200 units of multi-family housing within the General Plan and UVSP for purposes of evaluating discretionary approvals for projects located within the Plan Area. In summary, multi-family residential use is permitted in the UVSP without a unit-based cap and is instead subject to a density-based limitation and the UVSP’s overall “trip budget” cap intended to ensure consistency with traffic level-of-service (“LOS”) controls.

The City adopted the UVSP in 2002 to encompass an approximately 240-acre area bounded by Paseo de Valencia on the north and west, Los Alisos Boulevard to the south, and Interstate 5¹ on the east. The UVSP includes a series of goals that are collectively intended to transform the Plan Area into a village-like “downtown core.”

The UVSP effectively establishes zoning controls for properties within the Plan Area.²The UVSP provides for maximum flexibility of uses within the Plan Area, subject to an overall vehicle trip cap for all uses intended to ensure minimum LOS at area intersections.³ Development intensity within the Plan Area is regulated based on remaining vehicle trip capacity within the UVSP as opposed to land use type or project size. As such, applicants for any new or expanded project within the Plan Area must prepare a traffic study to document that project-generated A.M. and P.M. peaks hour trips will not exceed the capacity of the UVSP’s circulation network (i.e., trip budget caps).⁴

The General Plan notes that the 2002 UVSP identified 200 residential units as a future development scenario within the UVSP, but did not describe that development capacity as a land use control or cap. Rather, the 200 residential units are described along with 375,000 square feet of commercial use and 518,000 square feet of office use in terms of

¹ UVSP Section I, p. 1.

² Laguna Hills Municipal Code, Section 9-24.010.

³ UVSP, Section II, p. 4; Section V, p. 35 (“At the time that the General Plan was updated in July 2009, the Urban Village area could accommodate 1,243 additional AM peak hour trips, and 2,272 PM peak hour trips.”)

⁴ UVSP, Section V, pp. 35-36.

estimated development “capacity.”⁵ Accordingly, while the General Plan clearly identified residential unit maximums for other areas within the City, it did not do so with respect to the Plan Area.⁶ Instead, the General Plan identified the UVSP as an “area for housing opportunities” and required an amendment to the UVSP to establish a minimum residential density of 30-units per acre.⁷ The General Plan notes that the Plan Area is underutilized for housing and that housing is allowed subject only to a site development permit.⁸ The only reference to a control on the maximum number of residential dwelling units within the UVSP, other than the trip budget cap, is a 50-unit per-acre density maximum.⁹ Importantly, under a header labeled “Potential UVSP Housing Development Summary,” the General Plan states that the “maximum units” allowed within the Plan Area is “determined by trip limits.”¹⁰

The UVSP’s trip budget capacity reflects additional development capacity identified in the General Plan. The General Plan described the UVSP as a “future study area” targeted for revitalization in the future.¹¹ As part of its analysis of the Plan Area and its circulation network, the General Plan identified additional development capacity within the UVSP equivalent to 117,000 square feet of retail use beyond what was anticipated when the UVSP was approved in 2002.¹² The City amended the UVSP in 2011 to incorporate this additional development capacity as required by the General Plan Implementation Program.

As stated above, multi-family residential use is permitted within the UVSP.¹³ Any project that includes residential must do so at a minimum density of 30-units per acre and is subject to a maximum of 50-units per acre, subject to available trip budget capacity.¹⁴

⁵ General Plan, p. LU-29, Table LU-3.

⁶ By way of example, compare General Plan Table LU-2 with the description of “up to 600 Maximum Dwelling Units” for Via Lomas at p. LU-22 -23.

⁷ General Plan, p. H-48.

⁸ General Plan, p. H-71

⁹ General Plan, p. H-51.

¹⁰ General Plan, p. H-88.

¹¹ General Plan, p. LU-26, Figure LU-13.

¹² General Plan, p. LU-28, Figure LU-2.

¹³ UVSP, Section V, p. 33, Table 1.

¹⁴ UVSP, Section V, p. 37, Table 2.

The UVSP includes a “Conceptual Land Use Plan” that does not, in any way, function as a limit on development. As stated in Section III of the UVSP: “the Land Use Plan is conceptual in nature and shows where new development might occur...the diagrams are schematic in nature and not meant to be a precise plan.”¹⁵ Accordingly, while the Conceptual Land Use Plan was devised as a concept for what could be developed based on a trip budget capacity, the UVSP expressly acknowledges that “the Specific Plan includes provisions for flexibility in the development options...as long as the trip budgets are not exceeded.”¹⁶ As with the General Plan, the UVSP does not describe the 200 residential unit component of the “Conceptual Land Use Plan” as a restriction on residential development.

The City has never interpreted the reference to 200 residential units in the UVSP’s Conceptual Land Use Plan as a cap on development. In 2012, the City approved a Development Agreement and related entitlements for the Oakbrook Village Project authorizing 489 residential units. In 2016, the City approved the Five Lagunas Project, which includes as many as 988 residential units. For both projects, the City approved Precise Plans subject to a finding that the relevant plan – including the residential use – was consistent with the General Plan and applicable development standards.¹⁷ These projects were evaluated for consistency with minimum and maximum density and the UVSP trip budget cap, as required by the UVSP. Thus, the 200 residential units in the UVSP’s Conceptual Land Use Plan did not prevent the City from adopting the required General Plan and UVSP consistency findings.

As with the Oakbrook Village and Five Lagunas projects, any future project within the UVSP that includes multi-family residential must be evaluated for consistency with the UVSP’s development standards. These standards include the minimum residential density of 30 units per acre and a maximum of 50 units per acre, and a determination, based on a traffic study, that the project will not exceed available UVSP trip budget capacity. The fact that the City has already authorized residential use in excess of the 200 units described in the UVSP’s Conceptual Land Use Plan does not preclude future approvals of mixed commercial and residential projects within the Plan Area.

¹⁵ UVSP, Section III, p. 8 (emphasis added).

¹⁶ UVSP, Section V, p. 35.

¹⁷ See Laguna Hills Municipal Code, Section 9-92.080(B).

Urban Village Specific Plan Amendment (2011)

An amendment to the UVSP (“2011 UVSP Amendment”) enacted by the City Council’s adoption of Ordinance 2011-3 incorporated the additional development potential analyzed by the 2009 General Plan Update and PEIR described above. The 2011 UVSP Amendment also included other minor but important changes that:

- Modified the development standards in order to integrate and improve internal consistency between the existing commercial and residential development standards.
- Incorporated the mixed-use application process and development standards already contained in the City’s Zoning and Development Code (Chapter 9-02 of the LHMC).
- Added the new AM and PM peak hour trips that would be generated by the additional anticipated development.
- Updated the Public Art section to clarify the management of the funds collected.

The 2011 UVSP Amendment also added Housing Element requirements to establish a minimum residential density standard of 30 units per acre and reduce high-density residential open space standards from 30 percent to 10 percent.

No changes were made to the permitted land use matrix for the UVSP. However, to ensure a compatible mix of uses, the 2011 UVSP Amendment required that new mixed-use developments be approved through a Precise Plan permit process, which requires the careful consideration of potential impacts from proposed development and ensures a proper balance of uses. The Precise Plan is more precise than a site plan in that it regulates the exact mix of uses within the project. Such a process assists the community to assess potential impacts from the project and to provide a balance of uses and purposes that promote community image, reduce undesirable environmental consequences and improve the fiscal abilities of the City to meet locally expressed needs.

Furthermore, the 2011 UVSP Amendment added provisions for mixed-use developments for enhanced security, restrictions on activities, noise standards, vibration and odors, and lighting to ensure that residential uses are not adversely impacted by commercial uses.

The revisions to the UVSP were completed in 2011 via an addendum to the PEIR

(described below) and adoption of an amendment to the UVSP by Ordinance 2011-3.

Urban Village Specific Plan Amendment (2017)

A minor amendment to the UVSP was approved in 2017 to modify the standards for the parkway on Avenida de la Carlota between El Toro Road and Los Alisos Boulevard. Specifically, the proposed amendments altered the street design for the Avenida de la Carlota right-of-way to allow a variable right-of-way width ranging from 72 feet to 88 feet and expand the sidewalk/ parkway dimension from 8 feet to 12 feet. This was done to facilitate an improved pedestrian experience when using the sidewalk separated from the street by a landscaped parkway.

Five Lagunas (2016)

In 2016 the City approved a redevelopment plan for the Laguna Hills Mall, which was branded as “Five Lagunas”. Five Lagunas included a plan to convert a portion of the existing enclosed mall space into a pedestrian-oriented, open-air experience with connectivity to surrounding commercial and residential uses. Five Lagunas required demolition and reconstruction of portions of the existing mall structure, with other portions of the mall remaining in place and undergoing extensive renovations with updated design, improved pedestrian circulation and provided better access to natural light and air. A number of additional uses were to be constructed around the central mall building, consisting of additional retail offerings and dining locations. Five Lagunas decreased the Mall’s approximately 965,512 square feet of gross floor area (GFA) to roughly 926,429 square feet of GFA, which included a substantial decrease in department store anchor and retail GFA, but increased active restaurant, health club, cinema, and flex retail/medical office uses.

Five Lagunas also included 988 multifamily dwelling units within three apartment-style buildings (one of which also included ground floor retail uses) not exceeding five stories in height, located on the south side of the Plan Area immediately adjacent to Calle De Los Caballeros.

PROJECT DESCRIPTION AND ANALYSIS:

Development Summary

The Project modifies the previous 2016 Five Lagunas Project development approval by redesigning the Subject Property with the addition of land uses authorized in the UVSP.

The Project includes the demolition and removal of the remaining Mall structure and a number of outlying buildings (Attachment e). The Project includes the construction of a new retail and entertainment core, perimeter commercial pads, office buildings, a hotel, multifamily housing, parking structures, a central communal open space (Village Park), an open parking lot for community events and related amenities. The Project introduces a more diverse mix of uses than the previously-approved Five Lagunas Project including additional housing and employment opportunities, new lodging, and less retail in response to the changing retail landscape and market. The Applicant has concluded that the inclusion of more retail square footage than the Project currently accommodates is not supported by the marketplace.

The following Table 3 compares the Project with the Five Lagunas approvals, and Table 4 includes a breakdown of the proposed uses, buildings and areas of the Project.

Table 3: Comparison of 2016 Approvals for Five Lagunas and the Proposed 2021 Project

Proposed Use/ Project Component	Five Lagunas 2016 Approvals	Village at Laguna Hills Proposed 2021 Project	Net Change
<i>Commercial, retail, restaurant, cinema, health club</i>	880,539 sq. ft.	250,000 sq. ft.	-630,539 sq. ft.
<i>Office</i>	45,890 sq. ft. (medical office/flex retail)	465,000 sq. ft.	+419,110 sq. ft.
<i>Hotel</i>	0 rooms	100 - 150 rooms	+100 -150 rooms
<i>Residential</i>	988 dwelling units	1,500 dwelling units	+512 dwelling units
<i>Parking</i>	5,757 parking spaces	5,939 parking spaces	+182 parking spaces

Table 4: Proposed 2021 Project Summary

Proposed Use/ Project Component	No. of Buildings/Structures	Square Footage/Units
<i>Commercial, retail, restaurant, cinema, health club</i>	One two-story retail core building (Anchor 1 & 2) and two stand-alone one-story shops (Shops 1 & 4), and Pad buildings	Up to 118,000 sf. ft. in core building Up to 18,000 sf. ft. in two separate shops Up to 22,600 sq. ft. in three pad buildings
<i>Office</i>	Four, four-story buildings	Up To 465,000 sq. ft.
<i>Non-Residential (Office) Parking Structures</i>	Two multi-level (four to five floors) parking structures	1,682 Parking Spaces
<i>Hotel</i>	One multi-story building	100 - 150 rooms 10,805 sf. ft. of ground-level retail
<i>Residential</i>	Five multi-story residential buildings as further outlined below	Up To 1,500 total units 17,500 sq. ft. of ground-level shops 40,000 sq. ft. of ground-level retail
<i>Residential I</i>	Six-story building with wrapped parking garage	358 dwelling units Private recreation amenities and facilities 17,500 sq. ft. of ground-level shops

		40,000 sq. ft. of ground-level retail 664 parking stalls
<i>Residential II</i>	Six-story building with wrapped parking garage	230 dwelling units Private recreation amenities and facilities 444 parking stalls
<i>Residential III</i>	Six-story building with wrapped parking garage	300 dwelling units Private recreation amenities and facilities 579 parking stalls
<i>Residential IV</i>	Six-story building with wrapped parking garage	337 dwelling units Private recreation amenities and facilities 617 parking stalls
<i>Residential V</i>	Six-story building with wrapped parking garage	275 dwelling units Private recreation amenities and facilities 509 parking stalls
<i>Overall Parking</i>	Provided in two multi-level parking structures, five residential-wrapped parking garages, and surface parking throughout	5,939 parking spaces
<i>Village Park</i>	Small retail kiosks will be provided throughout the park	+/- 2.6 acre centralized communal open space includes a number of passive and active open space and recreation uses/areas (acreage includes related pathways, features, equipment, and infrastructure)
<i>Boardwalk</i>	Not applicable	Expansive boardwalk is proposed in the northern portion of the Subject Property, flanked between the office buildings and parking structures

A key feature of the Project is completion of demolition of the remainder of the outdated, 1970s-era Mall to create a modern town center, consistent with the City's vision in the UVSP and the 2009 General Plan Update. This would require demolition of the remaining Mall structure, the outlying Nordstrom Rack building and automotive service centers. In total, approximately 562,653 square feet of existing building area would be demolished as part of the Project.

Site Design

The Project would include construction of several new buildings around the perimeter of the Subject Property at build-out. These new structures would include new retail, restaurant and dining establishments. The Project's main retail elements face El Toro Road. Two retail anchor spaces and cinema make up the Project's primary retail space, consisting of approximately 118,000 square feet. An additional +/- 57,000 square feet retail spaces is included in the Residential I mixed-use building facing El Toro Road and

The Village Drive. Altogether, approximately 250,000 square feet retail space is planned including the existing restaurants that will remain on the Subject Property.

New structures would include opportunities for both large- and small-format retailers, with interconnection to satellite building pads for single- and multi-tenant commercial uses. The Project design organizes the retail and entertainment structures around a central communal open space (Village Park) and features pathways for pedestrian circulation among the various land uses (Attachment e, Sheet SD 1.03).

A new hotel would serve as a transitional use between the core of the new retail and entertainment structures and the residential uses. The hotel would be located immediately adjacent to the Village Park and retail shops and restaurants to promote activation at the core of the community including likely use by patrons of adjacent medical uses and communities. (Attachment e, Sheet SD 1.20).

The Project includes up to four new professional office buildings along the easterly edge of the Subject Property, abutting Avenida De La Carlota. These buildings would be up to four stories in height and would include up to 465,000 square feet of office space (Attachment e, Sheets SD 1.23 – SD 1.24). Two new parking structures will serve as the primary parking for the proposed office buildings. Parking Structure A is 5-stories with 745 parking stalls and Parking Structure B is 4-stories with 937 parking stalls.

The Project includes up to five multifamily residential buildings, generally located on the southern half of the Subject Property closest to Calle De La Louisa and Calle De Los Caballeros (Attachment e, Sheet RE 3.00). At least one of the buildings (the northwesternmost residential structure) would include ground-level retail uses across from the Village Park. These buildings would be up to six stories in height and include 1,500 dwelling units. The structured parking for each building will be “wrapped” by residential units, effectively screening structured parking from view. Each residential building will also include private amenities and open space and recreation areas/uses for residents, including community pools, clubhouses and pet use areas.

The dwelling unit mix would include a combination of studio, one-bedroom, two-bedroom, and three-bedroom apartments, as follows:

- 202 studio apartments
- 791 one-bedroom apartments
- 482 two-bedroom apartments
- 25 three-bedroom apartments

Dedicated resident and guest parking facilities would be included in each of the five residential buildings.

Additionally, the Project has been sited and designed to provide convenient access to alternative modes of transportation (e.g., transit, walking, bicycling); innovative housing, office, retail goods and services, and entertainment options; social interaction; open space and recreation areas; and pedestrian-oriented design. For example, as shown in Figure 2 (above), the Subject Property has a pedestrian-oriented design and improves the pedestrian circulation system and experience over existing conditions including connectivity to adjacent land uses.

Table's 5 and 6 compare the Project's proposed residential and commercial components with the development standards of the UVSP.

Table 5: Residential Component Consistency with UVSP Standards

UVSP Development Standards		Residential I	Residential II	Residential III	Residential IV	Residential V
<i>Min. Lot Size</i>	<i>10,000 sq. ft.</i>	311,879 sq. ft.	203,864 sq. ft.	262,226 sq. ft.	294,462 sq. ft.	239,580 sq. ft.
<i>Min. Lot Width</i>	<i>100 ft.</i>	417 ft.	433 ft.	375 ft.	304 ft.	417 ft.
<i>Min. Lot Depth</i>	<i>100 ft.</i>	728 ft.	455 ft.	563 ft.	578 ft.	604 ft.
<i>Max Lot Coverage</i>	<i>70%</i>	43%	41%	39%	37%	34%
<i>Density</i>	<i>30-50 DU/AC (gross)</i>	49.9 DU/AC	50.0 DU/AC	50.0 DU/AC	49.9 DU/AC	49.9 DU/AC
<i>Max Building Height</i>	<i>75 ft.</i>	74'-11" to top of parking garage elevator	74'-5" to top of parking garage elevator	74'-5" to top of parking garage elevator	75' to top of parking garage elevator	68'-5" to top of parking garage elevator
<i>Min. Setback*</i>						
<i>Front-Parking Lot</i>	<i>10 ft.</i>	n/a	n/a	n/a	n/a	n/a
<i>Front-Parking Structure</i>	<i>20 ft.</i>	310 ft.	90 ft.	170 ft.	213 ft.	188 ft.
<i>Front-Building</i>	<i>20 ft.</i>	153 ft.	40 ft.	42 ft.	122 ft.	89 ft.
<i>Side (Interior)</i>	<i>10 ft. abutting residential/ 0 ft. commercial abutting non- residential</i>	53 ft.	62 ft.	33 ft.	17 ft.	22 ft.
<i>Street Side</i>	<i>10 ft.</i>	n/a	n/a	n/a	n/a	n/a

Table 6: Nonresidential Component Consistency with UVSP Standards

[illegible]

<i>Front-Parking Lot</i>	<i>10 ft.</i>	Varies	n/a	Varies	n/a	n/a	n/a	n/a	58 ft.
<i>Front-Parking Structure</i>	<i>20 ft.</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Front-Building</i>	<i>20 ft.</i>	320 ft.	555 ft.	20 ft.	31 ft.	22 ft.	27 ft.	37 ft.	131 ft.
<i>Side (Interior)</i>	<i>10 ft. abutting residential / 0 ft. commercial abutting non-residential</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Street Side</i>	<i>10 ft.</i>	n/a	n/a	20 ft.	22 ft.	23 ft.	n/a	18 ft.	n/a
<i>Rear</i>	<i>20 ft. abutting residential / 10 ft. abutting non-residential</i>	312 ft.	62 ft.	31 ft.	22 ft.	46 ft.	27 ft.	69 ft.	69 ft.
<i>Min. Building Separation</i>									
<i>Main to Main</i>	<i>10 ft.</i>	90 ft.	90 ft.	155 ft.	n/a	n/a	n/a	n/a	n/a
<i>Main to Accessory</i>	<i>2.5 ft.</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Accessory to Accessory</i>	<i>2.5 ft.</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Min. Open Space/ Amenity Area**</i>	<i>10% of lot</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Min. Landscape Coverage</i>	<i>15%</i>	16.4 % (113,643 sq. ft.)	16.4 % (113,643 sq. ft.)	16.4 % (113,643 sq. ft.)	19.4 % (11,076 sq. ft.)	18.7 % (12,886 sq. ft.)	18.7 % (11,349 sq. ft.)	21.0 % (18,566 sq. ft.)	15.0 % (14,053 sq. ft.)

Vehicular Circulation and Trip Budget

Vehicular Access and Circulation

In anticipation of implementing the UVSP, the City has long worked with State, regional, and other local jurisdictions to increase the capacity of the local roadway network to accommodate the vehicle trips envisioned by the UVSP. The previously-approved site plan for the 2016 Five Lagunas Project identified various traffic improvements, including a new traffic signal along Avenida De La Carlota, right-turn in/out restrictions and related median modifications along Avenida De La Carlota, provision of adequate driveway “throat” lengths to address traffic queues, and lane geometry restriping at specific driveway locations. The same traffic design features have been incorporated into the Project’s site plan.

Additionally, as illustrated in the Project’s site plan (see Figure 2 above or Attachment e), a number of vehicular access and circulation improvements are proposed for the Subject Property. Vehicular access would be provided via the following access drives:

- El Toro Access Drive (at Regional Center Drive). The existing signalized access drive would serve as the primary entry into the Subject Property. The intersection design and configuration would remain; however, a number of landscape (e.g., enhanced landscape treatments) and hardscape improvements (e.g., enhanced paving for crosswalk) would be implemented for the access drive within the Subject Property boundary.
- Avenida de la Carlota Access Drives. Four access drives would be provided to/from Avenida de la Carlota.
 - Mall Entry (at Plaza Lane). The access drive would remain signalized and the main intersection design and configuration would remain. However, internal to the Subject Property, the number of lanes would increase from two (existing) to three (proposed), with one entry lane and two exit lanes. Also, a number of landscape (e.g., enhanced landscape treatments) and hardscape improvements (e.g., enhanced paving for crosswalk, sidewalks) would be implemented for the access drive within the Subject Property boundary.
 - Calle de la Magdalena. This is a new access drive that would be designed as a right-in/-out only access drive. Left turns in and out of this access drive

would be prohibited. The access drive would feature a number of landscape (e.g., trees, ground cover) and hardscape improvements (e.g., enhanced paving for crosswalk, sidewalks).

- Health Center Drive. This is a new access drive that would be designed as a signalized intersection. Aside from installation of the traffic signal, the intersection would feature the necessary striping and a dedicated left-turn lane into the Subject Property from Avenida de la Carlota. Within the Subject Property boundary, the access drive would feature a number of landscape (e.g., trees, ground cover) and hardscape improvements (e.g., enhanced paving for crosswalks, sidewalks).
- Calle de los Caballeros. This is a new access drive that would be designed as a right-in/-out only access drive. Left turns in and out of this access drive would be prohibited. The access drive would feature a number landscape (e.g., trees, ground cover) and hardscape improvements (e.g., enhanced paving for crosswalk, sidewalks).
- Calle de la Louisa. Four access drives would be provided to/from Calle de la Louisa (private street).
 - Calle de la Plata. This private access drive and intersection would remain a four-way, stop-controlled intersection and the main intersection design and configuration would remain. However, internal to the Subject Property, the number of travel lanes would increase from two (existing) to three (proposed), with one entry lane and two exit lanes. Also, a number of landscape (e.g., enhanced landscape treatments) and hardscape improvements (e.g., enhanced paving for crosswalk, sidewalks) would be implemented for the access drive within the Subject Property boundary.

The access drives would connect to an internal system of low-speed private streets and parking drive aisles, which form a grid system that provides vehicular access to all parts of the Plan Area. All internal streets would be private, and also serve as the Project's required emergency access fire lanes. A comprehensive system of way-finding signage would also be provided throughout the Plan Area to help direct drivers to their destination.

The principal street in the Plan Area will be Village Drive, which will function as the UVSP's "Main Street" and become the center of the urban village. This street will be characterized

by tight, continuous building setbacks on both sides of the street and with a very active sidewalk that provides many pedestrian amenities and a high-quality urban landscape plan that includes a mix of trees, shrubs and street furnishings (e.g., benches and seating areas, planters and pots, enhanced paving and lighting fixtures).

Streetscape Edge Conditions

The UVSP contains design requirements for planned roadways within and adjacent to the Subject Property. Under Street Edge Conditions in Chapter III of the UVSP, cross-sections for each existing or anticipated roadway are provided. These cross-sections depict the design of the entire right-of-way including number of travel lanes, on-street parking (if included), and the width/configuration of the roadway edge conditions/improvements, including sidewalks and landscape parkways.

The streets within and adjacent to the Subject Property were evaluated based on the UVSP cross-sections that applied, including Section E-1 El Toro Road, Section E-2 Perimeter Streets, Section E-3 Entry Streets, Section E-4 Major Project Entry Street, Section E-6 Secondary Streets, Section E-7 Commercial Entry Drives, Section E-8 Calle De La Louisa, Section P-2 Parking Lot Paseo, and the Pedestrian Plan (Attachment f). Proposed cross-sections that are deemed to be “consistent” match the exact requirements of the UVSP. Where a proposed cross-section exceeds the minimum UVSP standards, it is deemed to “comply” with the UVSP. In locations where streets were not specifically anticipated in the UVSP, a determination was made that the proposed cross-section “conforms” to the intent of the UVSP. As demonstrated in Attachment f, all of the proposed cross-sections have been designed in a way that is either “consistent”, “complies”, or “conforms” with/to the UVSP.

Trip Budget

As described in the foregoing sections, the 2011 UVSP Amendment established a development intensity threshold for the UVSP based on maximum peak hour trip generation. Like Five Lagunas, the Project is consistent with the trip budget cap, as shown in Table 7. For each project that has been approved within the boundaries of the UVSP since 2011, a corresponding number of AM and PM peak hour trips has been added or subtracted to the beginning balance of the UVSP’s trip budget of 1,243 AM peak hour trips and 2,272 PM peak hour trips. Current trips available are 335 AM peak hour trips and 1,680 peak hour trips. If the Project is approved, 216 AM peak hour trips and 2,590 PM peak hour trips will remain for the on-going build out of the UVSP, as shown in the table. The PM peak hour trips available in the UVSP after the development of the Village

at Laguna Hills is higher than the starting available trips because of the “return of unused trips” in the previously approved but not implemented Five Lagunas project.

Table 7: UVSP Trip Budget Summary

Trip Budgets Identified in Program EIR	AM Peak Trip Budget	PM Peak Budget
	1,243	2,272
Plus Chevron (demolition approved May 2011)	0	+ 27
Less Taj Mahal (approved June 2011)	- 12	- 49
Less Ashley Furniture / Chick-Fil-A (approved July 2011)	- 128	- 12
Less Oakbrook Village Project (approved 2012 & 2018)	- 129	+ 33
Less Raising Cane's (approved April 2015)	- 32	+ 3
Less Five Lagunas (approved March 22, 2016)	- 558	- 569
Less Farmer Boys (approved September 13, 2016)	- 49	- 25
Remaining Trips in Budgets (not counting the Project)	335	1,680
Residual Trips in Budgets (after accounting for the Project)	(less 119 Project trips) = 216 residual trips in budget	(910 trips added) = 2,590 residual trips in budget*

*The Project adds 910 PM Peak Hour trips to the UVSP Trip budget since the Project has fewer PM Peak Hour trips than Five Lagunas.

Alternative Modes of Transportation

Pedestrian and Bicycle Circulation and Connectivity

Pursuant to the UVSP, project implementation would enhance the pedestrian and bicycle connectivity and experience within and beyond the Subject Property through the construction of new and the expansion of existing pedestrian and bicycle features. The connectivity of all of these nonvehicular elements help achieve a true pedestrian environment within and beyond the Plan Area.

For example, an extensive system of pedestrian pathways (e.g., urban sidewalks, paseos, boardwalk, enhanced pedestrian street crossings) would be provided throughout the Subject Property to promote circulation among the various retail, entertainment, office, residential, and open space/recreation uses. The overall mix of uses throughout the

Subject Property offers many opportunities for pedestrian activity. In addition to a well-connected network of sidewalks, pedestrian paseos through the commercial parking lots are also strategically located to connect existing restaurants along El Toro Road to the uses within the Plan Area. Additionally, an expansive boardwalk is proposed in the area easterly of the Village Park of the Subject Property, flanked between the office buildings and parking structures. Further, enhanced pedestrian street crossings, which would be highlighted with special pavers and other features, would be provided at various street intersections and crossings. The proposed system of pedestrian pathways would provide a safe and convenient means of not only circulating within the Subject Property, but also connecting to the well-established system of pedestrian pathways surrounding and beyond the Subject Property, which among many uses and areas in the City provide a direct connection to the City's extensive multi-use trail system.

Class II bicycle lanes would be provided along Calle De La Louisa, Calle De Los Caballeros, and Health Center Drive, thereby connecting the Subject Property to Paseo De Valencia and to the adjacent Oakbrook Village mixed use development, as well as to the offsite hospital, office, retails, and civic uses. Three Class III bicycle paths would be extended between Calle De La Louisa and Main Street Promenade (the primary interior street), and a portion of Calle De La Louisa would be extended northwest from the intersection of Calle De La Plata to serve as a fourth Class III bicycle lane. Similar to the proposed pedestrian pathway system, the proposed bicycle paths would provide a safe and convenient means of not only circulating within and beyond the Subject Property, but also connecting to the City's extensive multi-use trail system.

Further, the Project would implement a comprehensive landscape plan that would contribute to the comfort, experience and safety of pedestrians and bicyclists throughout the Subject Property and its surroundings.

Transit Accessibility

Project residents, workers, visitors, and patrons would be within walking distance of existing Orange County Transportation Authority (OCTA) bus stops provided on El Toro Road, Avenida De La Carlota, and Calle De La Louisa. They would also be within walking distance of the OCTA Laguna Hills Transportation Center, which is in the immediate project vicinity (abutting the southern end of the Plan Area). No OCTA bus stops would be removed as a result of the Project, although one of the stops along Calle De La Louisa would be relocated further south from its existing location to accommodate one of the Project's residential/retail buildings. Additionally, the Project is designed to accommodate the existing shuttle system used by Laguna Woods Village residents and

other senior living facilities by incorporating a shuttle stop on Village Drive along the west side of the Village Park.

Parking

A parking study was prepared by Linscott, Law & Greenspan, Engineers (LLG) on behalf of the Applicant for the Project (Attachment g). For mixed-use projects that include significant restaurant, entertainment, and health club uses, the UVSP requires that a shared parking analysis be applied that assumes an overall/consolidated parking ratio of 4.5 stalls per 1,000 square feet of gross leasable area. Based on the findings of the parking study, there will be adequate supply to meet non-residential parking demand. The LHMC requires 2,810 parking spaces for the residential component of the Project, and the Project includes a residential parking supply of 2,813 spaces, resulting in a surplus of 3 spaces. Based on these findings, there will be adequate future supply to meet residential parking demand (for both residents and residential guests/visitors)

Additionally, the following parking strategies were outlined in the parking study and are included as Project design features:

- Onsite valet service for the hotel, retail, and restaurants on an as needed basis.
- Manage employee demand in more remote parking areas through an employee parking permit program.
- Coordinate special events.
- Installation of electronic parking counters and parking space availability display board at entrances to parking structures.
- Addition of signage prohibiting offsite, hospital and other medical office visitors from parking onsite.
- Assigning designated pick-up/drop-off areas onsite.
- Designate areas onsite for shuttle stops that serve Laguna Woods, Laguna Hills Transportation Center, hospital, and medical office.
- Provision of bicycle racks, bike-share facilities, and electric vehicle charging stations onsite.

Architectural Design

All new buildings and associated improvements have been designed with a strong and appropriately-scaled framework of architectural and landscape architectural elements. The building masses and landscaping throughout the Subject Property are designed to create individual variety while also providing a sense of unity to the overall Project. High-

quality development features are provided throughout the Subject Property through site design (e.g., building orientation, screening and placement of service areas), architecture (e.g., mass, scale and form, style, material, and color), and streetscape elements (e.g., lighting, paving materials).

Office

The proposed office buildings create a pedestrian-friendly scale at the ground plane by incorporating a solid masonry base with shade structures integrated into the structure. Cantilevered, shifting floors break down the scale of the buildings horizontally and provide opportunities for indoor and outdoor connections. Vertical patterning in the glass and solid vertical elements would further break down the scale, provide interest, and help reduce solar exposure. On the east and west building façades, vertical louvers would highlight the volumetric nature of the buildings and provide passive solar shading devices. The office buildings will help screen the rest of the Subject Property from the activity and noise of Avenida de la Carlota and I-5.

Two parking structures are provided along Calle Zocalo, along the interior of the Subject Property, with the northern structure providing an important backdrop to the Village Park. The horizontal massing on these structures is broken into smaller segments to relate to the pedestrian scale, while the ends have entry/vertical circulation features that add architectural interest.

Retail

The proposed retail buildings are designed to relate to the pedestrian by incorporating large amounts of storefront to connect customers to the vibrant and lively interiors of each space. For the largest building featuring Anchors 1/2 and the movie theater, upper portions of the building massing are pulled back to create a smaller, horizontal row of pedestrian-scaled retail tenant spaces underneath. The primary circulation elements are pushed out to distinguish their vertical forms and clearly identify points of access to the various amenities of the building.

Throughout the retail design, exposed structural elements and a combination of horizontal metal and stucco bands create a varied set of materials for visual interest. Some of these materials include wood-like porcelain tile, distressed wood planks, concrete panels and blocks, brick veneer, various perforated, smooth and corrugated metal panels, and glass. Each retail building is designed to be different from another to create lively and interesting frontages, but all are related by style and materials to hold

together and create a sense of place.

Hotel

The proposed hotel serves as a landmark in the center of the Subject Property, visible from several streets and the Village Park. It has been designed to engage pedestrians with ground floor retail/dining. It also includes a second-level outdoor pool deck and an outdoor patio on the floors above and will provide views of the Village Park from many guest rooms. The ground level is distinguished by materials such as dark cement plaster finishes and reveals along with wood planks to accentuate the horizontal base of the building. The upper floors are 'Arcade White'-colored cement plaster, with variation provided by metal wall panels and porcelain tile accents.

Residential

The Project includes five residential buildings, each with an individual design that complements one another and still fits with the overall design of the greater mixed-use community. General design elements for the residential buildings include:

- Building projections, overhangs, and landscaped courtyards that allow for visual breaks and substantial building articulation.
- One and two-story framed balconies and stucco frame or wood frame trellis structures for additional architectural interest.
- Varied roof heights for an articulated roofline that helps break up the mass of the building along the long sides. For example, shed roofs at each corner of Residential I provide an architectural element that contrasts against the overall horizontal nature of the walls and provides a focal point at the corner.
- Use of enhanced material including horizontal siding, metal, tile, stone or raked stucco in key areas at the base of all buildings to provide a substantial base and break up the façade vertically.
- Vertical building signage, such as in Residential II, III, and V, that serves as place-making structures that provide visual breaks from the horizontal nature of the buildings.
- Architectural frames at varying scales to break up larger volumes on multiple façades. These frames serve to highlight corner elements, balconies, project entry points, and parking structure entrances.
- Enhanced glazing in amenity areas as well as key Project corners that serve as visual connections into the residential buildings for onlookers and as gateways to the overall mixed-use community for residents.

-
- Screening of roof mounted equipment from a ground view.

Lighting

Detailed lighting fixture exhibits or cut sheets were not provided in the Project plan set. As a condition of approval (Attachment b, Conditions of Approval No. 34 and 35), City Staff's review and approval of the lighting fixtures with regard to their architectural design and consistency with the provisions of the UVSP and overall architectural styles of the proposed land uses will be required at a later date.

Landscaping, Paseos, Greenspace, and Village Park

The UVSP emphasizes the importance of landscape in contributing to the development of a comfortable walking environment by providing shade and visual engagement; contributing to the development of a strong visual identity for the Plan Area; and incorporating drought tolerant plant material. The proposed landscaping, paseos, greenspace, and Village Park (see Figure 2 above or Attachment e) contribute to these goals through the judicious use of appropriate street trees, understory species, and greenspace plantings that include many drought tolerant species.

Street Trees

Proposed street trees are organized in a hierarchical manner that conforms to the intent of the UVSP. Existing plantings along El Toro Road are respected and enhanced, while new tree species that allow for a distinction between secondary streets based on cardinal directions are introduced on interior streets.

At the main entrance to the Subject Property from El Toro Drive, Purple Orchid Trees (*Bauhinia variegata*) and Canary Island Palms (*Phoenix canariensis*) create a strong visual statement; the internal street leading into the Subject Property will be planted with Chinese Flame Tree (*Koelreuteria bipinnata*), a deciduous shade tree that will provide shade during the hottest months of the year.

Internal secondary streets are planted with Flaxleaf Paperbark (*Melaleuca linariifolia*) or Australian Willow (*Geijera parviflora*), both evergreen trees that will provide a constant green element to the streetscape of these streets.

Pink Trumpet Trees (*Tabebuia impetiginosa*) are used effectively and in conformance with the UVSP as an accent tree at entrances along Avenida De La Carlota and Calle De La

Louisa, providing botanical wayfinding for these entry points.

Parking Lots

Parking lots in the Subject Property are planted with a single species of tree in each lot, either Carrotwood Trees (*Cupaniopsis anacardioides*) or Bottle Tree (*Brachychiton populneus*), both of which are evergreen in accordance with the UVSP landscape guidelines. Parking lots also support understory planting along edges and medians, further enhancing the visual quality of these spaces.

Paseos and Greenspace

Paseos, located among the office buildings and parking structures, as well as at residential buildings, are proposed to provide shade and visual identity. Planted with a collection of seven different tree species and a variety of drought tolerant understory species, these spaces conform with the UVSP landscape guidelines to provide a distinct tree type.

Greenspace, located around the base of buildings and the understory of street and parking lot trees, has been provided in accordance with the UVSP guidelines. The collection of understory species proposed includes a variety of plants with bright flowers, such as the Violet Trumpet Vine (*Clytostoma callestigiodes*), and compelling foliage, such as Feather Reed Grass (*Calamagrostis x acutiflora*). This varied palette allows for the creation of a three-layered landscape as indicated in the UVSP, while ensuring that the landscape will meet the City's Landscape Water Efficiency requirements.

Village Park

The Village Park, located at the center of the Subject Property between Anchor Shops 1/2/4 and the proposed hotel site, provides a flexible urban park setting with amenities for many user groups. Proposed amenities include active lawn space, a tot lot, amphitheater, dog park, drycreek, creek bridge and walk, and fire lounge, in addition to plentiful seating. Plantings include large specimen trees of California Sycamore (*Platanus x racemosa*) to add character to the space, as well as provide shade and visual comfort. Smaller trees provide shade throughout the park and compliment the many casual seating opportunities. An approximately 1,128 square foot digital screen will also be located on the south elevation of the Cinema/Anchor 1/2 building facing the Village Park, and will provide video, animations, and live events for the public to enjoy. Overall, the Village Park greatly contributes to development of a comfortable walking environment that is visually compelling and drought tolerant, pursuant to the provisions of the UVSP.

Nighttime Lighting

New lighting proposed for the Subject Property would consist of interior and exterior light fixtures. Interior lighting would be located on/in building exteriors (e.g., wall mounted), along walkways and paseos, and in parking lots. Other sources of interior light would include security lighting. Exterior lighting would include lighting installed along the perimeter of the Subject Property and at Project entryways.

Additionally, exterior pylon and monument sign lighting would serve to direct visitors to the Subject Property from the freeway and surrounding roadways, and also to specific uses within the Subject Property. Lighted exterior signage would be used for wayfinding so that visitors can find particular retail stores, offices, and parking structures or lots. Many of the exterior lighted signs would feature internally illuminated panels or lettering that is not anticipated to generate particularly bright or direct lighting. Some signs would feature neon accents along borders and edges. For example, signs on the parking garages (parking garage entry identity signs) would be internally illuminated, open-face fabricated, aluminum channel letters with three rows of exposed neon letters that would produce a halo illumination.

Although Project development would introduce new light sources to the area, the Project's light sources would be similar to the light sources of the surrounding office, commercial/retail, and residential land uses. Parking lot lighting would also be similar to what currently exists at the Subject Property and with parking lot lighting of the surrounding uses. All lighting would be designed, arranged, installed, directed, shielded, and maintained in such a manner as to contain direct illumination onsite and prevent light spillover in accordance with the provisions of the UVSP and Sections 9-40.170 and 9-44.060 of the LHMC. For example, as part of the Master Sign Program, the Applicant is required to provide a detailed lighting schedule that includes the type, number, and total wattage of all proposed signs and lighting fixtures, which are subject to lighting requirements established by the aforementioned UVSP and LHMC provisions. Lighting would also be installed to accommodate safety and security while minimizing impacts on surrounding uses.

Considering the existing sources of lighting in surrounding areas, including street and parking lot lights and lighting from the surrounding uses, the amount and intensity of nighttime lighting proposed onsite would not be substantially greater or different than existing lighting in the surrounding area.

Master Sign Program

The Applicant is proposing a Master Sign Program (MSP) to facilitate modern signage for the Subject Property (Attachment h). Installation of the signs and monuments envisioned in the MSP would serve to rejuvenate the Subject Property in a manner consistent with contemporary mixed-use developments of comparable size and nature, while attracting potential customers and residents.

Types of signs included in the MSP and proposed for the Project include wall signs, static freeway pylon signs, large entryway pylon and monument signs, smaller pylon secondary entryway signs, tenant signs of various sizes interior to the Subject Property and on building façades, banner graphics, and directional signs in the parking areas. The Project also includes two 70-foot tall freeway-facing pylon signs. These signs are described in the Visibility Study as part of the Fifth Addendum prepared for the Project pursuant to CEQA. Within the MSP, Project Signage is classified as either Project Signage, Directional Signage, or “Use” Signage (Residential/ Office/ Hotel/ Parking Garage). Retail tenant signs are depicted in a separate Section of the MSP entitled “Tenant Signage Criteria”. Table 8 provides a summary of the signs included in the MSP.

Table 8: Master Sign Program Summary

Sign ID	Sign Type	Quantity	Sign Details	UVSP Provisions	LHMC Provisions
Project Signage					
A1	Freeway Pylon	2	Internally lit pylon sign, painted aluminum panels mounted to sign cabinet, project identification painted aluminum cabinet and channel letters, changeable tenant panels, and base cabinet of faux wood material atop concrete base Overall Sign Area: 1,260 SF Project Identity Area: 153 SF Single Tenant Area: 25 SF	Freeway oriented signs are permitted to encourage creativity in sign design and to foster a pedestrian atmosphere	n/a
A2	Primary Project Monument	3	Internally lit monument sign with project identification painted aluminum cabinet and channel letters, changeable tenant panels, and stone base Overall Sign Area: 55 SF Project Identity Area: 4 SF Single Tenant Area: 2 SF	Refers to Section 9-42 of the LHMC	Max 1 SF per linear foot of street frontage; max 20-foot height; max aggregate 400 SF

A3	Secondary Project Monument	2	Internally lit monument sign with project identification painted aluminum cabinet and channel letters, changeable tenant panels, and sign base of faux wood material Overall Sign Area: 77 SF Project Identity Area: 7 SF Single Tenant Area: 3 SF	Refers to Section 9-42 of the LHMC	Max 1 SF per linear foot of street frontage; max 20-foot height; max aggregate 400 SF
A4	Project Corner Monument	3	Internally lit monument sign with curved planting structure, aluminum channel letters for project identification, and four changeable tenant panels, and stone base Note: Applicant to reuse existing stone base to add project signage	Refers to Section 9-42 of the LHMC	Max 1 SF per linear foot of street frontage; max 20-foot height; max aggregate 400 SF
A5	Light Pole Banners	TBD	Light-pole mounted fabric banners for Project and residential and nonresidential use identification; message and pattern variations per location/zone Overall Sign Area: Approximately 25 SF	Refers to Section 9-42 of the LHMC	Max size 24 SF; max aggregate 24 SF Banners are to be mounted to street lamps per 9.42-070
Directional Signage					
B1	Vehicular Directional	5	Internally lit monument sign with painted aluminum cabinet, changeable tenant panels, and sign base of faux wood material Overall Sign Area: 18 SF Project Identity Area: 1 SF Message Area: 13 SF	Refers to Section 9-42 of the LHMC	Max size 4 SF
B2	Pole Mounted Vehicular Directional	10	Painted aluminum sleeve and sign panel mounted on pole Overall Sign: 19 SF Message Area: 5 SF	Refers to Section 9-42 of the LHMC	Max size 4 SF
B3	Pedestrian Directory	6	Aluminum cabinet with painted finish, digital screen, and sign base of faux wood material Overall Sign Area: 27 SF Project Identity Area: 1 SF Digital Screen Area: 16 SF	Refers to Section 9-42 of the LHMC	Max size 24 SF; max height 8 feet

B4	Pedestrian Directional	11	<p>Painted aluminum panel with direct print text and icons on a wood post mounted on an aluminum bracket</p> <p>Overall Sign Area: 14 SF Project Identity Area: 1 SF Total Message Area: 5 SF</p>	Refers to Section 9-42 of the LHMC	Max size 4 SF
B5	Trail Marker	5	<p>Painted aluminum panel with direct print text and icons on a wood post mounted on an aluminum bracket</p> <p>Overall Sign Area: 8 SF Project Identity Area: 1 SF Message Area: 3 SF</p>	Refers to Section 9-42 of the LHMC	Max size 4 SF
Residential Signage					
C1	Residential Identity Monument	6	<p>Internally lit monument sign with painted aluminum sign cabinet, painted tenant identity, and sign base of faux wood material</p> <p>Overall Sign Area: 42 SF Sign Tenant Area: 8 SF</p>	Refers to Section 9-42 of the LHMC	Max size 2 SF
C2	Building Mounted Leasing Identity	4	<p>Face illuminated channel letters mounted on top of canopy</p> <p>Overall Sign Area: 16 SF</p>	Refers to Section 9-42 of the LHMC	Max 1 SF per linear foot of building frontage; max length limited to 70% of building face; max 150 sq. ft. (per business)
C3	Parking and Leasing Directional	10	<p>Painted aluminum cabinet with direct print graphic pattern, aluminum sign cabinet with painted finish, painted tenant and address identify, and sign base of faux wood material</p> <p>Overall Sign Area: 17 SF Message Area: 9 SF</p>	Refers to Section 9-42 of the LHMC	Max size 4 SF; max height 3 FT
C4	Residential Building Mounted Identity	10	<p>Illuminated channel letters mounted on building wall</p> <p>Overall Sign Area: 75 SF</p>	Refers to Section 9-42 of the LHMC	Max size 2 SF

C5	Residential Parking Entrance Identity	10	Push through proud lettering with face illumination on parking garage entry gantry Overall Sign Area: Approximately 36 SF	Refers to Section 9-42 of the LHMC	Max size 150 SF
C6	Entry Door Identification/ Information Graphics	4	Vinyl letters to be placed on surface glazing Overall Sign Area: 1 SF	Refers to Section 9-42 of the LHMC	Max 20 SF; Max window coverage 20%
C7	Residential Identity on Building	4	Illuminated aluminum channel letters mounted on building wall Overall Sign Area: 46 SF	Refers to Section 9-42 of the LHMC	Max size 1 SF per linear foot of building frontage; max length limited to 70% of building face; max aggregate 150 SF (per business)
Hotel Signage					
D1	Hotel Identity Monument	1	Internally lit monument sign with painted aluminum sign cabinet, painted tenant identity, and sign base of faux wood material Overall Sign Area: 42 SF Single Tenant Area: 8 SF	Refers to Section 9-42 of the LHMC	Max size 2 SF
D2	Porte Cochere Identity	2	Painted aluminum letter mounted on top of port cochere canopy Overall Sign Area: 17 SF	Refers to Section 9-42 of the LHMC	0.5 SF per lin. ft. of building frontage
D3	Hotel Vehicular Directional	2	Painted aluminum cabinet with direct print graphic pattern, aluminum sign cabinet with painted finish, painted tenant and address identify, and sign base of faux wood material Overall Sign Area: 17 SF Messaging Area: 10 SF	Refers to Section 9-42 of the LHMC	Max size 4 SF; max height 3 FT

D4	Building Mounted Hotel Identity	2	Illuminated channel letters mounted on building wall Overall Sign Area: 129 SF	Refers to Section 9-42 of the LHMC	Max size 2 SF
D5	Hotel Identify on Glass	2	Vinyl letters to be placed on surface glazing Overall Sign Area: 1 SF	Refers to Section 9-42 of the LHMC	Max size 20 SF; max window coverage 20%
Parking Garage Signage					
E1	Project Identity on Garage	2	Aluminum large scape channel letter with face illumination mounted on wall Overall Sign Area: 264 SF	Refers to Section 9-42 of the LHMC	Max size 150 SF
E2	Building Mounted Garage Entrance Identity	4	Push through proud lettering with face illumination on parking garage entry gantry Overall Sign Area: Approximately 24 SF	Refers to Section 9-42 of the LHMC	Max size 150 SF
E3	Parking Blade Sign	4	Aluminum sign cabinet with painted finish and internal illumination Overall Sign Area: 54 SF	Projecting signs are permitted to encourage creativity in sign design and to foster a pedestrian atmosphere.	None
E4	Car Counter Exterior Sign	4	Fabricated aluminum sign cabinet with painted finish, illuminated panels, and sign base of faux wood material Overall Sign Area: 20 SF Messaging Sign Area: 6 SF Single Digital Area: 1 SF	Refers to Section 9-42 of the LHMC	n/a
E5	Project Painted Graphics on Garage	1	Painted pattern on façade of parking garage Overall Sign Area: Approximately 960 SF	Painted wall signs are permitted to encourage creativity in sign design and to foster a pedestrian atmosphere	n/a
Office Signage					

F1	Office Building Mounted Identify	8	Illuminated channel letters mounted on building wall Overall Sign Area: 330 SF	Refers to Section 9-42 of the LHMC	Max size 3 SF
F2	Office Tenant Identity Monument	4	Internally lit monument sign with aluminum sign cabinet, changeable tenant panel signs, and sign base of faux wood material Overall Sign Area: 33 SF Messaging Area: 14 SF Single Tenant Area: 1 SF	Refers to Section 9-42 of the LHMC	Max size 40 SF; max height 4 FT
F3	Office Building Mounted Entrance Identity	4	Face illuminated channel letters mounted on top of canopy Identity Sign Area: 27 SF Address Sign Area: 44 SF	Refers to Section 9-42 of the LHMC	Max size 3 SF
Regulatory Signage					
R1 and R2	Regulatory Stop Sign/ Street Sign	TBD	Painted street name panel and painted aluminum panel with painted red field and reflective vinyl graphics mounted on tubular post Street Sign Area: 2 SF	Refers to Section 9-42 of the LHMC	n/a
R3	Service Area Identity	10	Painted aluminum panel with painted direct print Overall Sign Area: 8 SF	Refers to Section 9-42 of the LHMC	n/a
R4	Building Address	14	Painted aluminum channel address numbers with illumination Overall Sign Area: Approximately 5.5 SF to 11 SF	Refers to Section 9-42 of the LHMC	n/a
R5	Prototypical Clearance/Exit Bars	14 (sets)	Painted rectilinear tube with vinyl text and graphics suspended from ceiling Overall Sing Area: 7 SF	Refers to Section 9-42 of the LHMC	n/a

The physical characteristics of signs, including color and materials and the location of proposed signs, are provided in the MSP. Most of the signs identified in the MSP will contain lighting elements to illuminate the signage. This new signage to be introduced onto the Subject Property would be consistent with that found in commercial and mixed-use areas in both the immediate and broader area.

The scale and location of sign types take advantage of the Subject Property's views from I-5 to establish the Project as a key destination in Laguna Hills. As a part of the Project, the emphasis on signage focuses on pedestrian scale signage that promotes efficient pedestrian circulation throughout the built environment. Building signage is utilized to denote individual buildings. The signage and graphics proposed clearly identify the Project as an active live, work, and play destination that reinvents the Subject Property as the new hub of Laguna Hills. With a coordinated exterior sign program, the MSP establishes the quality and theme of the Village at Laguna Hills and compliments the modern building architecture and streetscape.

The proposed MSP will establish the Project's circulation system for pedestrians and vehicles through the provision of clear way-finding and directional signage. Materials, colors, and forms of signage were designed with the Project's modern architecture in mind. The MSP graphics and signage help to build an overall experience for the many users who are expected to live, work, shop, dine and play at the Project, creating a unified sense of place. Combined with the Project architecture and landscaping, the MSP will contribute to the experience that the Village at Laguna Hills hopes to create for users filled with energy and interest.

Public Art

Pursuant to the UVSP, the City requires that all new developments within the Plan Area with construction costs of at least \$250,000 provide public art or contribute to the City's Public Art In-Lieu Fund. The amount of an applicant's public art obligation is based on the estimated construction cost of improvements determined at the time of building permit issuance. The Applicant has already paid \$300,000 into the Public Art In-Lieu Fund in conjunction with the development that has taken place pursuant to the 2016 Five Lagunas Project approvals. Under the proposed Project Development Agreement (Attachment c), the Applicant will contribute an additional \$350,000 into the City's Public Art In-Lieu Fund within 90 days of the Development Agreement's effective date. The remainder of the Applicant's public art obligation must be satisfied through the installation of actual public art on the Subject Property. The procedures and requirements for preparation, submittal, review, approval, and installation of public art for the Project are described in Exhibit H to the proposed Development Agreement.

Before any building permits are issued for the Project, the Applicant must obtain the Planning Agency's approval of a Conceptual Project Art Program for the entire Project, which will include:

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- A description of the Program's goals and objectives;
 - A description of the proposed theme of public art to be installed;
 - Proposed standards governing type, media, materials, size, scope, and content of public art to be installed;
 - A description and depiction of the locations where public art is anticipated to be installed and standards for locating public art;
 - Criteria for the selection of artists;
 - Concept drawings, illustrations, and/or visual examples depicting the type, nature, size, scale, and location of the types of public art envisioned by the Conceptual Project Art Program;
 - A phasing plan for the funding and installation of Public Art;
 - Proposed minimum maintenance standards for installed public art; and
 - An operations and maintenance funding and implementation plan for installed public art.

Rather than requiring installation of a separate public art installation in conjunction with the construction of each building, the proposed Development Agreement gives the property owner(s) the flexibility to accumulate funds in a fund held in trust by the City to facilitate the financing and planning of larger, Project-serving public art installations as provided in the approved Conceptual Project Art Program.

All public art that is ultimately constructed and installed as part of the Project must be consistent with the approved Conceptual Project Art Program. In addition, the Planning Agency must review and approve the plans and specifications for each public art piece before it is fabricated and installed, including the design, artist, type, size, medium, location, content, estimated value, and timeline for each art installation.

Vesting Tentative Tract Map

Project development requires City approval of Vesting Tentative Tract Map (VTTM) No. 19123 (Attachment e, Sheet C 8.1). A tentative tract map is used whenever a parcel or a number of contiguous parcels of land is proposed to be subdivided for the purpose of creating five or more lots. A vesting tentative tract map is a map that confers a vested right to proceed with development for a specified period of time after recordation. Also, the vesting tentative tract map is the parcel configuration proposed prior to a final map, the official and legal recorded document. The tract map process provides the City with the opportunity to determine Project consistency with the General Plan and UVSP, review the site's suitability to accommodate the Project (such as ensure adequate infrastructure exists to serve the Project), and ensure the Project does not result in any negative impacts

to the environment or create health issues.

The VTTM would facilitate the division of land and allow for reconfiguration of the Subject Property into 16 numbered lots for residential and commercial purposes. Multiple phased final maps will be required to facilitate development of various mixed-use components of the Project. Condition of Approval 63 specifies that up to six (6) final map phases are possible. The final map phasing provides the Applicant with the flexibility to determine when to best develop its Project in response to the market demand for uses that make up the Project. Table 9 summarizes the VTTM and the uses of the Subject Property.

Table 9: Vesting Tentative Tract Map No. 19123

Lot(s)	Area (sq. ft.)	Acres	General Use and Structures
1	693,419	8.99	Retail Anchor 1 and 2, Retail Pads (existing and proposed), Shops, Village Park, Surface Parking
2	88,314	2.03	Office Building
3	104,910	2.41	Parking Structure
4	57,136	1.31	Office Building
5	60,687	1.39	Office Building
6	68,917	1.58	Office Building
7	131,704	3.02	Parking Structure
8	265,105	6.09	Surface Parking
9/10	93,636	2.15	Hotel, Retail, Surface Parking
11	203,864	4.68	Residential II with Wrapped Parking Garage
12	262,226	6.02	Residential III with Wrapped Parking Garage
13	294,462	6.76	Residential IV with Wrapped Parking Garage
14	239,580	5.50	Residential V with Wrapped Parking Garage
15/16	306,660	7.04	Residential I with Wrapped Parking Garage, Retail, Shops, Surface Parking

Aside from numbered lots, which are used to denote development lots, the VTTM also provides the layout, design and extent of the public and private streets and backbone infrastructure (e.g., water, wastewater, drainage, utilities) needed to support the Project. The Applicant is constructing the Project on an existing developed site where all public services and utilities are available to serve the development. Existing road access (for both general and emergency purposes) is adequate to serve the Project and there are no known hazardous conditions that exist on or abutting the Subject Property that would prevent redevelopment of the property from moving forward, transitioning an under-utilized shopping center to vibrant a mixed-use development.

The VTTM also includes all necessary easements required for utility and service providers (e.g., water, stormwater, sewer, telecommunications, electricity, natural gas) and for City maintenance purposes. For example, although the Project will impact existing water and

sewer lines and easements used by the El Toro Water District (ETWD) to provide water and sanitary sewer to the general area, conditions of approval (as noted below) require the Applicant to design, relocate and build these facilities to the satisfaction of ETWD to ensure adequate water service is provided to the Subject Property as well as any other areas adjacent to the site that might utilize the existing facilities.

Additionally, the VTTM's lot and street layout is closely coordinated with and reflects the proposed site plan for the Project. Avenida de la Carlota will be modified in order for the Project to provide a "complete street" environment for future residents of the Project. The improvements provide the City with the ability to provide an enhanced sidewalk for pedestrians. This requirement will support the UVSP's goal of improving walkability in the Plan Area. A similar requirement for the enhanced sidewalk improvement was included as a part of the redevelopment of Oakbrook Village. The improvement of Avenida de la Carlota will allow the City to continue this treatment from the Subject Property's south property line to El Toro Road. While there is an existing sidewalk on the west side of the right-of-way, it is not sufficient to accommodate the landscaping design elements that the UVSP requires for pedestrian walkways.

Furthermore, the VTTM has been prepared and is consistent with the provisions of Chapter 9-86 of the LHMC (adopts by reference the County of Orange Subdivision Ordinance and Manual) and the Subdivision Map Act (California Government Code section 66410 et seq.). As also demonstrated above, the Project complies with the City's zoning regulations in that all required parking is provided, physical building limitations such as height limits and setbacks are met, project density complies with the minimum and maximum number of dwelling units per acre allowed in the UVSP (30-50 dwelling units per acre), and improvements necessary for implementation of the UVSP are incorporated into the Project. These include various pedestrian paseos, a village park, and entry signs. Further, no significant environmental impacts have been identified as a result of the Project's construction or development as described in the Fifth Addendum prepared for the Project pursuant to CEQA.

Finally, prior to approval of the final maps, the Applicant is required to accomplish a number of items included as conditions of approval, including the design and construction of all necessary water infrastructure for ETWD (Attachment b, Condition of Approvals No. 104 – 110); construction of the enhanced parkway improvements along the westerly side of Avenida de la Carlota from El Toro Road to the southerly Subject Property boundary (Attachment b, Conditions of Approval Nos. 93 and 94); installation of all necessary public improvements such as sidewalk, curb, gutter, and driveway improvements (Attachment b, Condition of Approval No. 61); and provision of the necessary landscape maintenance

easements to the City (Attachment b, Condition of Approval No. 95).

Conditional Use Permits

Pursuant to provisions of the UVSP, various Project components require Planning Agency approval of a conditional use permit (CUP). Specifically, the Project includes three CUP's addressing: 1) the operation of a health club; 2) the operation of a hotel; and 3) the application of shared parking. A separate CUP for development and operation of the health club and hotel is required pursuant to Table 1 of Section V of the UVSP. Also, establishment of shared parking on the Subject Property through a Parking Use Permit is enacted through a CUP pursuant to Section V of the UVSP.

Per Section 9-92.080 of the LHMC, CUP's are used to evaluate uses that may have a moderate to high potential for adverse impact to adjacent or abutting uses or the surrounding community due to operating characteristics. Approval of CUP's can allow a use, subject to expressed conditions, to ensure compatibility between the requested use and existing uses.

Upon review of the CUP requests, Staff does not anticipate any adverse impacts from incorporation of these uses into the Project or implementation of the shared parking plan. For example, while the hotel would be in close proximity to Residential II and V (see Figure 2 above or Attachment e), the hotel is oriented toward Village Park and the main entrance to the hotel is located on the north elevation of the building, which fronts onto Calle de la Magdalena. Additionally, placement and operation of the health club would not conflict with or impact the nearby residential uses of Residential I. The health club would operate out of the anchor retail building (see Figure 2 above or Attachment e). The health club's entrance would be from the south elevation of the anchor retail building, which fronts onto and takes direct access from Village Park. Additionally, no entrance doors leading directly to the hotel or health club are located on the elevations of the buildings that face the residential uses; therefore, the hotel and health club activities will not be a nuisance and will not conflict with the proposed residential uses. Since the uses are encompassed within a large development and are not stand-alone uses, operational issues that might normally be addressed for a single use are already included as a part of the overall requirements for the Project. Examples of these issues include the implementation of shared parking for all non-residential uses, the application of the City's solid waste requirements, and exterior lighting requirements. Further, there were no unique attributes proposed to either the hotel (such as a banquet facility or wedding venue, or live entertainment) or health club use that warranted a limit in hours of operation. Should a subsequent proposal be brought forward to introduce an element that was not

considered in this Permit, the Applicant would need to file for subsequent review by either the Planning Agency or the Community Development Director depending on the nature of the proposal per the Laguna Hills Municipal Code.

Precise Plan

Pursuant to Section V of the UVSP and Section 9-92.080 (B) of the LHMC, a Precise Plan is required due to the Project's proposal to include a mix of residential and non-residential uses on the Subject Property. The Precise Plan permit process requires the careful consideration of potential impacts from proposed development and ensures a proper balance of uses. The Precise Plan process incorporates the standards for design and zoning within the adopted development code. A Precise Plan, unlike a specific plan, is limited to a single property or limited group of contiguous properties rather than a geographic area, and incorporates the standards for design and zoning within the adopted development code rather than creating specific standards. It is more precise than a site plan in that it regulates the exact mix of uses within the project. Such a process assists the community to assess potential impacts from the project and to provide a balance of uses and purposes that promote community image, reduce undesirable environmental consequences and improve the fiscal abilities of the city to meet locally expressed needs. Upon review of the Precise Plan, Staff does not anticipate any adverse impacts from implementation of the Project's mix of uses. Staff has concluded that the Project provides a good balance of uses and purposes that promote community image, reduce undesirable environmental consequences, and improve the fiscal abilities of the City to meet locally-expressed needs. The mix of uses have been designed and will be implemented pursuant to the regulations and development standards of the UVSP and LHMC, which ensure that the Project will create an integrated village atmosphere while insuring functionality. For example, the mixed-use Project has been designed to incorporate a number of special considerations, including but not limited to:

- The provision of transit support facilities such as a shuttle stop on Village Drive along the west side of the Village Park, which would serve the existing shuttle system provided for Laguna Woods Village residents and other senior housing facilities.
- Public plazas, landscape areas, and water features in the Village Park, along the boardwalk, and throughout the residential buildings.
- Numerous pedestrian facilities (e.g., urban sidewalks, paseos, boardwalk, enhanced pedestrian street crossings).

Consistency with Urban Village Specific Plan Design Guidelines

The UVSP design guidelines for architecture are divided into three sections: Main Street, Commercial, and Residential. Consistency with these guidelines are discussed below.

Main Street Guidelines

The Project includes a pedestrian-oriented sequence of two streets that aim to create a lively “Main Street” lined by interesting architecture and retail spaces. These streets are the block of The Village Drive between Calle de Plata and Calle de la Magdalena and the block of Calle de la Magdalena that leads easterly from The Village Drive. The main street character is enhanced by a continuous retail ground floor frontage of the buildings fronting onto these two streets: Anchor 2 retail building, Residential I mixed-use building, and hotel. At the center of the “L” formed by these two streets is a major public open space, the Village Park, which will further attract visitors and activate the street.

The intent of the Main Street guidelines is to ensure that a traditional eclectic Main Street character is achieved. This is defined as a set of individual buildings that have a look of their own yet hold together and create a sense of place. The proposed retail buildings that make up the “Main Street” portion of the Project (which include the Anchor building, the Retail Shops Building 1, and the Hotel) meet this standard. They all have a playful composition appropriate to a lively retail environment, while retaining some consistency in materials, roof forms, and massing. The buildings also address other guidelines, for example, punched window openings, corner articulation and pedestrian interaction. Note that the Retail Pad Building 1 and 3 also share this character, but they are not part of the key main street experience along The Village Drive and Calle de la Magdalena.

Design elements that meet the intent of the Main Street design guidelines include:

- Simple, yet varied massing that create a "Main Street" character.
- Intersections that have special architectural features.
- Setbacks from the street corners at main access points to incorporate architectural features that create an inviting entry statement.
- Buildings that address (face) the Main Street in a manner that supports and encourages pedestrian interaction.
- People-scaled details and amenities that are incorporated at the pedestrian level to enhance the pedestrian experience.
- Articulated corners, entries, and special locations.
- Storefronts that provide an individual look for each tenancy, while blending with

the overall design intent of Main Street.

- No loading areas face onto Main Street.
- Punched-type windows that are inset from the face of the building to create deep shadow lines.

Commercial Development Guidelines

The set of four office buildings along the northeastern edge of the Subject Property provide a face to Avenida de la Carlota and I-5, and at the same time, a protective layer/buffer shielding the outdoor spaces in the Subject Property from the freeway-related nuisances such as noise. The UVSP guidelines do not specifically address office development; however, the UVSP includes design principles for commercial development that relate to the scale of the office buildings. For example, the office buildings in the Subject Property are designed to respond to the scale of the large streets and freeway they border, which is appropriate. At the interior of the site, the parking structures are designed to provide a more pedestrian-oriented edge to Calle Zocalo. At both the freeway side as well as the Calle Zocalo edge the buildings incorporate features suggested by the commercial guidelines.

Design elements that meet the intent of the commercial design guidelines include:

- Variations in building materials, heights, and massing that articulate building forms and create interest and character.
- Roof lines with varying levels and special treatments at key locations that enhance the character of the buildings and minimize the massing and size of the buildings.
- A clear delineation of three levels is provided: base, middle and roof/cornice line. Vertical elements on certain elevations that define key points and minimize wall mass.
- Color variations that articulate various building forms.
- Pedestrian-scaled building details on the interior side of the office buildings, such as windows, doors and entry features.
- Architectural interest is provided through scale variations and visually-articulated exterior building walls via shadow lines and patterns.
- Building entries that are readily visible and special architectural features emphasize the entries.

Mechanical equipment, either roof or ground-mounted that is fully screened from ground level view from surrounding streets and public areas.

Residential Development Guidelines

The five residential buildings in the Project have been designed to complement one another and fit with the overall design of the greater mixed-use community. They create edges along a pedestrian network that connects to the retail areas within the Subject Property and to outside neighborhoods. Generally, the residential buildings are designed in a way that reflects the UVSP design guidelines. For example, the residential design guidelines call for the use of staggered vertical planes, multiple rooflines, and insets such as door, windows, and balconies. The design guidelines also request all sides of the building be articulated as the front of the building, which the Project does. Another guideline is the requirement to provide direct pedestrian access to the street, which is provided. The residential guidelines do not require a specific architectural style or color palette.

Design elements that meet the intent of the residential design guidelines include:

- Building projections, overhangs, and landscape courtyards that allow for visual breaks and better building articulation
- One- and two-story framed balconies and either stucco frame or wood frame trellis structures that provide architectural and visual interest.
- Varied roof heights for an articulated roofline. For example, Residential I employs shed roofs at each corner, a dynamic architectural element that contrasts against the overall horizontal nature of the Project's design.
- Use of enhanced material (siding, metal, tile, stone, raked stucco, etc.) at the base of all buildings in key areas to provide a "2-story base" and break up the façade both vertically and horizontally.
- Vertical building signage, such as in Residential II, III, and V, that would serve as place making structures and provide visual breaks from the horizontal nature of the buildings.
- Architectural frames at varying scales to break up geometric volumes on multiple facades. These serve to highlight corner elements, balconies, project entry points, and parking structure entrances.
- On-site parking that is hidden from view from public venues, including streets and sidewalks.
- Entryways that provide direct access to the street, either individually or for the entire building.
- Enhanced glazing in amenity areas as well as key Project corners that serve as gateways into the overall mixed-use community.
- Mechanical equipment, either roof or ground-mounted that is fully screened from

ground level view from surrounding streets and public areas.

Consistency with General Plan

The City's General Plan land use designation of the Subject Property is Village Commercial, which also applies to the overall UVSP. As stated in the General Plan Land Use Element, the Village Commercial designation is envisioned as a master planned area (which would be realized as a mixed-use development project under the UVSP) containing specific design standards and policies that enhance pedestrian and vehicle circulation within the Plan Area. The intent of this designation is to establish a community core where commercial, civic, and residential uses would be appropriate. It also calls for enhanced pedestrian areas that conveniently link commercial, residential, and civic activity areas. As proposed, the Project is consistent with and would provide for the mix of uses called for in the General Plan Land Use Element and UVSP. Specifically, the Project would provide a high-quality mixed-use development project that includes a combination of residential, retail, office, lodging, and entertainment uses, as well as urban open space and recreation uses. Specifically, the Project would include:

- Approximately 225,000 square feet of new retail building space (resulting in 250,000 square feet of retail building space at full Project build-out).
- Up to five multi-story residential buildings (one mixed-use retail/ residential building and four residential buildings) containing up to 1,500 dwelling units and associated structured parking wrapped into the buildings.
- Up to four, four-story commercial office buildings totaling up to 465,000 square feet.
- A 100 - 150-room, five-story upscale boutique hotel with ground-level retail space.
- A centralized Village Park that will be accessible to the public and Project residents, workers, visitors, and patrons.

The proposed mix of uses work in concert to create an urban village and provide safe pedestrian pathways that conveniently provide direct access to not only the internal uses and areas of the Subject Property, but also to the offsite Laguna Hills Transportation Center and Civic Center, nearby regional trails, and mix of commercial, retail and office (medical and general) uses surrounding the Plan Area, as described earlier.

Additionally, at the time that the General Plan Update was adopted in 2009, it was determined that the Plan Area could accommodate 1,243 additional AM peak-hour trips and 2,272 additional PM peak-hour trips. This trip cap was set to ensure that the maximum buildout trip levels were evaluated in the PEIR. Against this backdrop, the

Housing Element of the General Plan was amended to provide that residential development within the UVSP must have a minimum density of 30 units per acre and a maximum density of 50 units per acre in order to promote new, high-density housing. The City incorporated these requirements into the 2011 UVSP Amendment.

Similar to Five Lagunas, the Project would comply with these limits and would not require an amendment of the general plan or zoning ordinance/zoning maps. The Project would provide a new community core with residential, retail, office, lodging, and entertainment uses, and therefore carry out the City's goals, policies, and the intent for the Subject Property as contemplated by the General Plan and UVSP.

For example, the Project would be consistent with and help implement the following goals and policies of the General Plan Land Use and Housing Elements:

- Goal LU-1. Create diverse and vibrant activity centers and events that bring people together as a community.
 - Policy LU-1.1: Encourage new mixed-use developments in the Urban Village that complement and enhance Laguna Hills' existing community character.
 - Policy LU-1.2: Encourage the compatible integration of residential and service retail uses in proximity to job centers.
 - Policy LU-1.3: Promote intensified and revitalized land uses in the Urban Village within traffic, parking, and transit capabilities.
 - Policy LU-1.4: Promote walkability throughout the community through enhanced pedestrian amenities, attractive streetscapes, plazas, and civic gathering spaces.
- Goal LU-2. Ensure development is compatible and interdependent with neighboring uses
- Goal LU-3. Encourage infill development that involves the revitalization of property in an economically and environmentally sustainable manner.
- Goal LU-4. Place a high priority on design, architecture, and landscaping that reflect the community's identity and gracious lifestyle.
- Goal LU-6. Expand the variety of services, shopping, and entertainment opportunities in the community.
- Goal LU-7. Facilitate the creation and expansion of private sector businesses and associated local career choices for Laguna Hills residents.
- Goal H-2. Facilitate the development of a range of housing types, densities, and affordability levels to meet the diverse needs of the community for all economic levels and age groups and special needs groups.
 - Policy H-2.1: Provide opportunities for higher density residential

development, mixed use residential/commercial development, and transit-oriented development in appropriate areas of the City.

- Policy M-6.1: Reduce the amount of land devoted to parking, if feasible, by integrating multiple use and creative parking solutions that still provide adequate parking for all uses.
- Policy M-6.3: Develop flexible and creative solutions for parking in the Urban Village that respect its proximity to transit and park and ride, and its mix of uses.
- Policy M-6.4: Encourage parking in shared surface lots or parking structures to make the most efficient use of land.
- Policy M-6.5: Identify solutions to neighborhood- and activity-specific parking issues through implementation of a broad range of parking management tools and strategies.

Phasing and Construction

Since the Project will be developed over time, and could take up to 15-20 years to build out, the Project includes a “District Sequencing Plan” (Districts) which delineates areas of the site in defined segments, with no chronological requirement stating when Districts are required to be constructed. District boundaries were partly based on the requirements of the Development Agreement that specify the minimum or maximum building areas and/ or dwelling units required, Project access needs, and anticipated timing of development. The table below identifies the proposed Districts and the building area or dwelling units associated with them. The Districts are listed in the order provided in the District Sequencing Plan.

Construction of the Project is expected to occur by the defined Districts in accordance with the District Sequencing Plan and the timeframes in the Development Agreement. A shorter construction period is assumed in the Fifth Addendum for the purpose of identifying the “worst-case” construction impacts during Project’s construction period to ensure a conservative CEQA analysis is provided. The Development Agreement provides for a 15-20 year timeframe to complete the Project over the duration of the construction schedule, but the basic construction phases would include the following: demolition, site preparation, grading, trenching/utility installation, building construction, paving, and architectural coating.

Table 10: District Sequencing Plan Summary

Proposed Use	Development Proposed
El Toro Pad District	Pads 1 & 2: 16,000 sq. ft.
Central Retail District	Anchor 1/2/ Cinema, Shops 1 & 4: 136,000 sq. ft.

Carlota Pad District	Pad 3: 6,600 sq. ft.
Central Residential District	Residential II & V: 504 units
Hotel District	100-150 Rooms & 10,805 sq. ft. retail
Southern Residential District	Residential III & Residential IV: 638 units
Southern Office District	Office 4 + Parking Structure A: 145,640 sq. ft. + 745 stalls
Central Office District	Office 3 & Parking Structure B: 86,000 sq. ft. + 937 stalls
Northern Office District	Office 1 & 2: 233,360 sq. ft.
Mixed Use Residential District	Residential 1/ Shops 4/ Retail: 358 units + 57,500 sq. ft.

Note: Existing retail to remain at build out is 23,095 sq. ft. (Kings Fish House/ In-N-Out/ BJ's Restaurant & Brewhouse) resulting in 250,000 sq. ft. retail at Project buildout.

Several conditions of approval explain specific performance requirements and any timing issues associated with each District. Condition 21 controls the implementation of the District Sequencing Plan, and identifies certain infrastructure requirements that must be in place in order for development to occur. Subsequent conditions deal with timing issues related to specific improvements required within a District such as public improvements and underground infrastructure. Given the Project's build-out time period described above, other conditions deal with the temporary nature of site access, and interim refurbishment of site improvements to remain during project build-out until the construction of permanent improvements. Generally, all site improvements such as site access, parking, landscaping, lighting, pedestrian improvements, directional signage, and infrastructure are required to be completed with the opening of each new building within a District.

At Project buildout, BJ's Restaurant and Brewhouse, In-N-Out Burger and King's Fish House buildings would remain. These businesses would also remain in operation throughout construction of the Project. The building area for these businesses total 23,095 square feet.

Sheets C11 – C20 of the Plans (Attachment e) depict the overall District plan, as well as individual Districts. Construction would not incorporate the use of traditional pile-driving methods. Rather, proposed multi-level structures may be supported on a shallow foundation system using a designed ground improvement program such as deep soil mixing. Deep soil mixing is a methodology that blends in-situ soil with cementitious materials to create solidified soil-cement "columns" to reduce settlement of the ground surface. This would achieve the same results of pile driving, with reduced noise and vibration.

Travel routes for construction employees, demolition export, and heavy equipment transport would be determined in consultation with City Staff to avoid peak traffic

periods. The El Toro Road/I-5 interchange is prohibited as a construction access. Parking for construction workers would be located on the Subject Property. Temporary lane closures and occasional street closures may be required on streets directly adjacent to the Subject Property, particularly during the delivery of heavy equipment or the construction of offsite utility connections. A Traffic Control Plan to provide safe and efficient traffic flow in the area and on the Subject Property would be prepared prior to construction. The Traffic Control Plan would be prepared in consultation with the City and would contain Project-specific measures for noticing, signage, policy guidelines, and the limitation of lane closures to off-peak hours.

Development Agreement

Kosmont was retained by the City under a professional services agreement to assist with the negotiation of a proposed Development Agreement (“DA”) with the Applicant for the Project. Development Agreements are authorized by state law in accordance with Government Code Sections 65864 - 65869.5. The Development Agreement is a contract that is mutually negotiated between the City and the Applicant that provides benefits to both parties. For the City, the proposed DA advances the planning policies of developing an “Urban Village” with office, residential, hotel, park, and retail uses, providing safe and attractive pedestrian connections within the Project, but also to offsite destinations as described earlier. As described below, the DA also requires significant development fees to be paid on a schedule more accelerated than would normally be required under the City’s typical development processes, construction of affordable housing units, and community benefit payments, which will offset certain lost sales tax due to the closure of the mall. For the Applicant, the DA eliminates uncertainties in the City’s development process by providing commitments from the City to allow greater flexibility in the timing of development, facilitating plan review and permit issuance, and guaranteeing the right to develop the full Project under current zoning and development standards over an extended time horizon.

The proposed DA has a 15-year term, with one possible 5-year extension, and establishes the land uses permitted to be developed on the site, the development and fee payment milestones that must be met, and public benefits to the City and community. As stipulated in the DA, the Project will include the following land uses at full build-out:

- Village Park: A privately owned and maintained, but publicly accessible, park of +/- 2.6 acres, inclusive of communal open space improvements and related pathways, features, equipment, and infrastructure.
- Retail: Up to 250,000 SF (including existing ~23,000 SF restaurant pad buildings).

-
- Residential:
 - Up to 5 buildings with up to 1,500 units with their own internal structured parking.
 - 200 deed-restricted affordable units (100 Moderate Income units and 100 Low Income units), with rental priority given to seniors, veterans, and City residents.
 - Office: Up to 4 buildings containing up to 465,000 SF.
 - Hotel: 100-150 Rooms, Upscale.
 - Infrastructure Improvements: Related public improvements, parking facilities (including two parking structures serving the commercial uses), private streets, pedestrian and bicycle pathways, and landscaping, lighting, and other site improvements.

The proposed DA also establishes the schedule and terms for the payment of development impact fees and negotiated Community Benefit Fees to the City, which will total over \$26 million at full build-out. These payments include:

- \$2,227,066 in non-refundable guaranteed Community Benefit Fees payable within the first 15 months.
- \$350,000 in non-refundable guaranteed Public Art In-Lieu Fees within the first 90 days.
- \$23,454,000 in Public Park In-lieu (Quimby) Fees paid on a modified schedule (up to \$18,169,032 of which is non-refundable and guaranteed).

The DA describes the required and/or authorized timing of development of specific components of the Project by reference to “Phase One”, “Phase Two” and “Subsequent Phases”. The discussion below summarizes the development and fee payment requirements associated with each “Phase”. The Project milestones and outside dates of Owner’s development and fee payment obligations under the DA are also summarized in Exhibit D to the proposed DA.

Phase One

Phase One components generally must be completed within seven years from the DA’s effective date, with some milestones subject to extension and/or excusable delay. The *minimum* Project components that are required to be completed during Phase One include the Village Park, at least 140,000 SF of retail (including the existing restaurant pad buildings), at least two residential buildings (including a proportionate number of

affordable units in each building), a 100-150 room upscale hotel, and associated infrastructure improvements.

At its option, the Applicant may, but is not required, to develop up to four of the five residential buildings and more than the aforementioned 140,000 SF of retail space in Phase One.

The Applicant also may, but is not required, to develop up to the full 465,000 SF of authorized office space within Phase One, and is required to use commercially reasonable efforts to market the office development opportunity.

If, despite having made commercially reasonable efforts to do so, the Applicant is unable to reach an agreement with a hotel operator at fair market value for the disposition and development of the hotel within 7 years, it is entitled to a one-year extension to complete construction of the hotel. If the hotel has still not been completed within 8 years, the Applicant will be required to pay the City an additional Community Benefit Fee in the amount of \$500,000, and Owner will still be obligated to complete construction of the hotel within the term of the DA

Within the timeframe associated with Phase One, the City will receive a minimum of \$15,148,410 in total impact fees and Community Benefit Fees. These include:

- \$350,000 nonrefundable guaranteed Public Art In-Lieu Fee Advance. This payment must be made within 90 days of DA effective date.
- \$2,227,066 in unrestricted "Community Benefit Payments" to the City's General Fund. One-half of this amount must be paid within 90 days of the DA effective date, with the other one-half to be paid within 15 months of the DA effective date.
- \$12,571,344 in nonrefundable guaranteed Public Park In-lieu (Quimby) Fees for 3 Residential Buildings (the first 804 proposed residential units). The City will receive this entire amount within 7 years of the DA effective date even if Owner does not build all 3 buildings / 804 units within the first 7 years.

Phase Two

Phase Two components must be completed prior to expiration of the 15-20 year Term of the DA. The following Project components must be completed during Phase Two:

- Sufficient additional retail buildings such that the cumulative total amount of retail space is not less than 210,000 SF.

-
- Each of the first four residential buildings that are not developed as part of Phase One (so that, at the completion of Phase Two, there will be at least four residential buildings and 200 total affordable units).
 - Associated infrastructure improvements

At its option, the Applicant may, but is not required, to develop the fifth residential building (Residential Building IV) and up to the full 250,000 SF of retail space in Phase Two. Owner also may, but is not required to, develop up to the full 465,000 SF of authorized office space within Phase Two that it did not develop during Phase One, and is required to continue to use commercially reasonable efforts to market the office development opportunity throughout the Term of the DA.

Within the timeframe associated with Phase Two, the City will receive a minimum of \$5,597,688 in additional nonrefundable guaranteed Public Park In-Lieu (Quimby) Fees. The City would also receive up to an additional \$5,284,918 in Public Park In-Lieu (Quimby) Fees if the fifth residential buildings is developed in Phase Two.

Subsequent Phases

Those Project components, if any, that are not developed as part of Phase One or Phase Two, may be developed at any time prior to expiration of the DA, and may be completed so long as Owner has commenced construction on them by the end of the DA Term.

Affordable Housing

The DA requires the Applicant to develop and maintain a total of 200 of the multi-family residential housing units in the Project as “affordable units” through implementation of the Affordable Housing Implementation Plan (AHIP) attached as Exhibit F to the DA. The AHIP requires that 100 units be reserved for Lower Income Households and 100 units be reserved for Moderate Income Households for an affordability period of at least 55 years. The AHIP also requires the Applicant to market these affordable units, and give rental priority, to seniors, veterans (including veterans of the City adopted 3rd Battalion, 5th Marines), and City residents. The requirements of the AHIP, including specified compliance reporting and monitoring requirements, property maintenance requirements, and requirements to pay annual monitoring and administration fees to the City will be memorialized in regulatory agreements with the City that will be recorded against each parcel containing affordable units prior to the issuance of vertical building permits for the residential building.

The Project's housing component will significantly reduce the City's obligation to rezone property for housing in order to accommodate the housing allocation the City for the upcoming Housing Element cycle commencing in October 2021. Approval of the 6th cycle Regional Housing Needs Allocation (RHNA) resulted in the City receiving an obligation to plan for 1,985 housing units through 2029. The Project will provide the City with the opportunity to meet over 60 percent of its total RHNA obligation, and 28 percent of its obligation for Low Income Housing. The following provides additional detail regarding the Project's benefits to the City in meeting its RHNA requirements:

1. Provides 200 affordable apartment units with no City financial commitment, addressing State RHNA goals for low / moderate income housing.
 - a. 100 Low Income Units (28.3% of RHNA allocation), for households with incomes ranging from 50-80% of the County's Area Median Income, adjusted for family size. As an example, the 2020 limit for a household of four people is \$102,450¹⁸
 - b. 100 Moderate Income Units (28.3% of RHNA allocation), for households with incomes ranging from 80-120% of the County's Area Median Income, adjusted for family size. As an example, the 2020 limit for a household of four people is \$123,600
 - c. Preference for affordable units targeted toward seniors, veterans, and City residents.
2. These affordable units will offer rents that are affordable for area worker median annual wages¹⁹:
 - a. Registered Nurse: \$90,000
 - b. Elementary School Teacher: \$89,000
 - c. Firefighter: \$79,000
 - d. Licensed Nurse: \$54,000
 - e. Office Clerk: \$33,000
 - f. Retail Worker: \$25,000

¹⁸ California Housing and Community Development, State Income Limits for 2020, released April 30, 2020 <https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits/docs/income-limits-2020.pdf>

¹⁹ Source: Orange County 2016-2026 Occupational Projection, California Employment Development Department, Labor Market Information Division, published May 2019 <https://www.labormarketinfo.edd.ca.gov/data/employment-projections.html>

g. Waiter / Waitress: \$25,000

The Project also addresses State RHNA goals for Above Moderate housing requirements – 1,300 units (over 100% of RHNA allocation), representing 60 percent of the City’s total state housing obligation.

Housing Accountability Act

The City’s Planning and Environmental Consultant, PlaceWorks, conducted an assessment of how the Housing Accountability Act (HAA) (Government Code Section 65589.5) applies to the Project. Placeworks’ Assessment is attached as Attachment i. The HAA establishes the state’s overarching policy that a local government cannot deny, reduce the density of, or make a housing development project infeasible when consistent with local development standards.²⁰ The HAA was originally adopted in 1982, but in 2017, 2018 and 2019, the Legislature amended and strengthened its provisions to significantly limit the ability of a local government to deny an affordable or market-rate housing project that is consistent with the planning and zoning requirements.

For a development to qualify for the protections under the HAA it must meet the definition of a “housing development project”. This means that a proposed project must consist of residential units only, or a mixed-use development consisting of at least two-thirds of the square footage designated for residential use, or transitional or supportive housing. The development may occupy more than one parcel, so long as the development is included in the same development application.²¹ The Project is a mixed-use project that meets the definition of a “housing development project”. Based on the square footages by type of use in Table 11, the residential component is more than two-thirds (69%) of the Project and meets the criteria for protections afforded by the HAA.

Table 11: Building Breakdown by Land Use

Building	Net Square Feet	Percent Distribution (Net)	Parking Structure	Gross Square Feet (Including Parking)	Percent Distribution
RESIDENTIAL TOTAL	1,856,068	69%	1,106,434	2,962,502	69%
Residential I	458,520		253,170	711,690	
Residential II	287,654		174,691	462,345	

²⁰ Housing Accountability Act Technical Advisory Memo by the Department of Housing and Community Development, dated September 15, 2020.

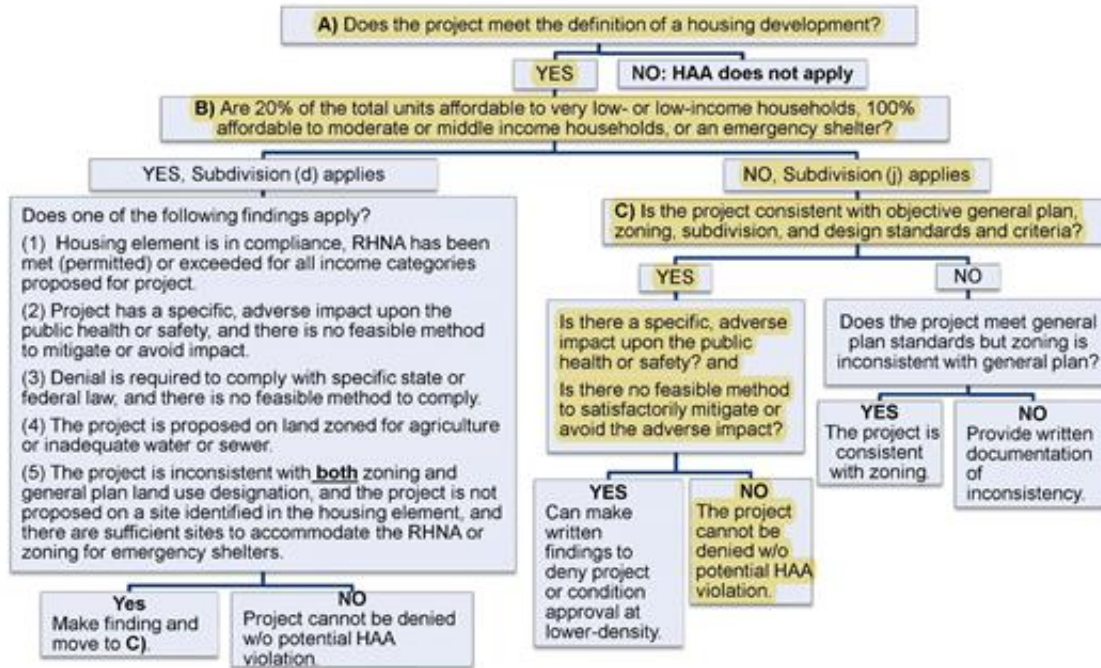
²¹ Ibid.

Residential III	377,129		221,484	598,613	
Residential IV	394,084		241,540	635,624	
Residential V	338,681		215,549	554,230	
COMMERCIAL TOTAL	367,198	14%	224,000	591,198	14%
Existing Buildings	23,095			23,095	
Pads	22,600			22,600	
Retail Anchor 1	28,000			28,000	
Retail Anchor 2	40,000			40,000	
Cinema	50,000			50,000	
Hotel	117,198			117,198	
Retail under Hotel	10,805			10,805	
Shops	18,000			18,000	
Retail under Residential	40,000			40,000	
Shops under Residential	17,500			17,500	
Parking Structure A			224,000	224,000	
OFFICE TOTAL	465,000	17%	281,200	746,200	17%
Office 1	107,640			107,640	
Office 2	125,720			125,720	
Office 3	86,000			86,000	
Office 4	145,640			145,640	
Parking Structure B			281,200	281,200	
GRAND TOTAL	2,688,266	100%	1,611,634	4,299,900	100%

The state's Housing and Community Development Department has prepared a Housing Accountability Act Decision Matrix, which is shown in Exhibit A (below). This matrix is intended to be used by local jurisdictions to understand how their decision to approve, deny, or make a project infeasible is impacted by the HAA. Exhibit A (below) contains a highlighted decision path that is applicable to the Project.

Housing Accountability Act Decision Matrix

This decision tree generally describes the components of the HAA. Both affordable and market-rate developments are protected by components of the HAA. The statute contains detailed requirements that affect the applicability of the HAA to a specific housing project based on its characteristics.



The outcome of applying the decision matrix is that the Project cannot be denied without a potential HAA violation.

Denial of a Housing Development Project that is Consistent with Applicable Plans, Standards

If the City disapproves the Project or imposes a condition that the Project be developed at a lower density, the City must base its decision on written findings that 1) the Project would have a specific adverse impact upon the public health or safety; and 2) there is no feasible method to avoid or mitigate the adverse impact. The HAA provides additional protections for projects that contain housing affordable to very low, low- or moderate-income households. The City would need to make specific additional findings based on a preponderance of evidence standard in order to deny or make it infeasible to develop the affordable housing.

Violations of the HAA

If the City is found to have acted in violation of the HAA, a court will issue an order

compelling compliance within 60 days. If the City fails to comply with the order, the court must impose a fine. The minimum fine is \$10,000 per housing unit in the proposed project. If the court finds that the City acted in bad faith, the fine becomes \$50,000 per unit.

Limitations on Hearings

The City can only conduct up to five hearings, including continuances, for a housing development project that is consistent with applicable general plan and zoning standards. The hearing includes any public hearing, workshop, or similar meeting. The preceding information is also included as Attachment i.

CALIFORNIA ENVIRONMENTAL QUALITY ACT:

PEIR

The City updated its General Plan in 2009 (2009 General Plan Update). The City evaluated the environmental impacts associated with development activity expected under the 2009 General Plan Update, including increased development within the UVSP. The 2009 General Plan Update and PEIR identified the UVSP area as an area that would undergo expansion/revitalization through future intensification of land use.

The General Plan Update included several items directly related to the UVSP, including: (i) a minimum residential dwelling unit density of 30 units per acre (LU-4[1]), (ii) a provision for the City to “inform existing property owners and prospective developers that housing opportunities are available in the Urban Village Specific Plan area” and for the City to “promote housing incentives consistent with Chapter 9-72 of the Zoning Ordinance” (H-6), (iii) a provision for the City to monitor and market housing opportunities in the UVSP area (H-19[2]), and (iv) reduced open space standards for high-density residential development.

The City determined as part of its General Plan Update process that the UVSP roadway network could accommodate 1,243 additional AM peak-hour vehicle trips and 2,272 additional PM peak-hour vehicle trips (see Appendix F of the PEIR; see also UVSP Section IV, p. 35).

The PEIR was certified by the Laguna Hills City Council on July 14, 2009. The City found that some potentially significant impacts would be adequately mitigated and that overriding considerations outweighed the remaining significant, unavoidable impacts.

The significant and unavoidable impacts identified in the PEIR were related to air quality, global climate change (greenhouse gas emissions), and public services and utilities (due to the uncertainty of water supplies).

Addenda to the PEIR

Generally, after CEQA review has been completed for a project, a public agency cannot require further environmental review. When a project is modified after CEQA environmental review has been completed, a public agency cannot require further environmental review unless certain criteria are met. (Public Resources Code § 21166.) These criteria include, generally, that the project modification will result in new significant impacts or a substantial increase in the severity of previously identified significant impacts. (Public Resources Code § 21166; CEQA Guidelines 15162.) To be clear, a public agency cannot require a further (subsequent /supplemental) environmental impact report or a subsequent mitigated negative declaration when a project is modified unless these criteria are met.

Generally, when a project is modified and no new significant impacts or a substantial increase in the severity of previously identified significant impacts are identified, it is appropriate to prepare an Addendum to a previously adopted or certified environmental document. (Public Resources § 21166; CEQA Guidelines § 15162, 15164.) The lead agency's decision-making body is required to consider an addendum along with the previously adopted or certified environmental document.

Here, after the City certified the PEIR, a number of Addenda to the PEIR have been prepared and adopted. These Addenda are described below.

2011: First Addendum

In 2011, the City Council adopted the First Addendum to the PEIR (First Addendum) related to revisions to the UVSP (2011 UVSP Amendment, described above). In adopting the First Addendum, the City concluded that the 2011 UVSP Amendment would not result in new significant impacts or a substantial increase in the severity of previously identified significant impacts. (Public Resources Code § 21166; CEQA Guidelines § 15168, 15162.) The City therefore concluded that no further environmental review was permitted or required and an addendum was prepared and adopted.

2012: Second Addendum

In 2012, the City Council adopted the Second Addendum to the PEIR (Second Addendum) related to approval of the Oakbrook Village Mixed-Use Redevelopment Project ("Oakbrook Project"). The Oakbrook Project involved redevelopment of a portion of the shopping center south of the Plan Area known as Oakbrook Village, a mixed-use development, (also within the Plan Area covered by the UVSP) as part of a two-phased development that would ultimately yield 489 dwelling units in multi-story residential buildings and up to 82,574 square feet of new ground floor retail space. In adopting the Second Addendum, the City concluded that the Oakbrook Project would not result in new significant impacts or a substantial increase in the severity of previously identified significant impacts. (Public Resources Code § 21166; CEQA Guidelines § 15168, 15162.) The City therefore concluded that no further environmental review was permitted or required and an addendum was prepared and adopted.

2016: Third Addendum

In 2016, the City Council adopted the Third Addendum to the PEIR (Third Addendum) related to the Five Lagunas development approval as previously described. In adopting the Third Addendum, the City concluded that the Five Lagunas Project would not result in new significant impacts or a substantial increase in the severity of previously identified significant impacts. (Public Resources Code § 21166; CEQA Guidelines § 15168, 15162.) The City therefore concluded that no further environmental review was permitted or required and an addendum was prepared and adopted.

2018: Fourth Addendum

In 2018, the City Council adopted the Fourth Addendum to the PEIR (Fourth Addendum) for modification of the Oakbrook Project including, among other things, two new commercial/retail buildings (approximately 20,650 square feet total) on an approximately 3.7-acre site within the Oakbrook Village mixed-use development. The City determined that the Oakbrook Project modification would not result in new significant impacts or a substantial increase in the severity of previously identified significant impacts. (Public Resources Code § 21166; CEQA Guidelines § 15168, 15162.) The City therefore concluded that no further environmental review was permitted or required and an addendum was prepared and adopted.

2021: Fifth Addendum

As part of the Project's approval, Staff is recommending that the City Council and Planning Agency consider the Fifth Addendum to PEIR. The Fifth Addendum and its supporting technical studies (other than traffic and parking) were prepared by the Applicant and peer-reviewed by PlaceWorks on behalf of the City. The City also retained RK Engineering Group, Inc., to provide peer review of the Project's traffic and parking technical studies. Both firms are satisfied with the review and analysis conducted by the Applicant for the Project.

The Project is a modification of the previously approved Five Lagunas Project. As compared to the Five Lagunas Project, the Project will not result in any new significant impacts or a substantial increase in the severity of previously identified significant impacts examined in the Third Addendum for the Five Lagunas Project. The applicable mitigation measures identified in the Third Addendum for the Five Lagunas Project are incorporated into the design of the Project or are imposed either as mitigation measures or as conditions of approval for the Project, or both, as appropriate. On this basis, the Fifth Addendum to the PEIR, as previously addended for the Five Lagunas Project (Third Addendum), was prepared.

A summary of the analysis of certain topics contained in the Fifth Addendum is provided below for the benefit of the City Council/ Planning Agency and the public. These topics are included in the staff report given the public interest and feedback the City has received concerning the Project. The City Council/ Planning Agency can refer to the Fifth Addendum for a comprehensive description of all topics covered as part of the Project's environmental review.

Traffic

In 2018, the State of California certified and adopted updated CEQA Guidelines. Previously, transportation impacts were analyzed by congestion levels at intersections, commonly known as level of service ("LOS"), graded on a scale of "A" to "F". As part of the updated CEQA Guideline, requirements were introduced to use Vehicle Miles Traveled ("VMT") as the new criteria for analyzing transportation impacts of projects subject to CEQA review. Accordingly, the Fifth Addendum uses the VMT metric to evaluate the Project's transportation impacts for CEQA purposes. Furthermore, for informational purposes, a congestion-based/LOS Traffic Impact Analysis was conducted by Linscott, Law & Greenspan, Engineers to evaluate potential traffic congestion impacts resulting from the modifications to the 2016 Five Lagunas project even though this

analysis is no longer relevant for CEQA purposes.

In July 2020, the City adopted Vehicle Miles Traveled Analysis Guidelines (VMT Guidelines). The VMT Guidelines establish thresholds of significance to be used for evaluating transportation impacts within the City for CEQA purposes. The VMT Guidelines incorporate initial screening criteria which, if met, demonstrate that a project will not result in significant VMT impacts without the need for a detailed VMT study. The Project is consistent with two of these screening criteria. As a result, these criteria independently establish that the Project will not result significant VMT impacts.

The fourth screening criteria of the VMT Guidelines considers whether “the Project is located in a low VMT area.” As stated in the VMT Guidelines:

“If a project is located in a Traffic Analysis Zone (TAZ) with VMT per Capita or VMT per employee that is less than or equal to the citywide average, then the project is considered to be located in a low VMT area and can be presumed to have a less than significant impact on VMT.”

Comparisons to citywide averages for purposes of screening are based on the Orange County Transportation Analysis Model (OCTAM), including the OCTAM Base Year Averages for home-based VMT per capita and work-based VMT per capita. The Subject Property is located entirely within OCTAM TAZ No. 1450. As demonstrated by Figure 3 below (Table 17 of the TIA), the Project meets the screening criteria because the VMT per capita (applicable to the residential component) and the VMT per employee within the TAZ (applicable to the nonresidential component) are both below citywide averages.

Figure 3: VMT Comparison
VMT Comparison to Citywide Averages

Project Component	TAZ No. 1450 VMT Rate	Citywide Average	Is the Project Consistent With the Low VMT Area Screening Threshold Such That a Detailed Study is Not Required?
Residential Component	18.0 VMT/Capita	21.6 VMT/Capita	Yes
Non-Residential Component	22.7 VMT/Employee	25.1 VMT/Employee	Yes

Note: TAZ = Traffic Analysis Zone, VMT = Vehicle Miles Traveled

The fifth screening criteria of the VMT Guidelines considers whether the Project’s net average daily trips (ADT) would be less than 500. As described in the Traffic Impact Analysis, the Project would result in 21,390 daily weekday trips. Comparatively, Five

Lagunas was projected to result in 31,360 daily weekday trips. Therefore, the Project would result in a net decrease of 9,970 daily trips compared to Five Lagunas. Accordingly, the Project's net trips are less than 500 ADT, and this screening criterion serves as an independent basis for concluding that the Project will not result in a significant VMT impact.

As identified above, the State has prohibited the use of congestion-based transportation analysis for CEQA purposes. However, for informational purposes only, a site-specific Traffic Impact Analysis (TIA) has been prepared to determine and evaluate the potential traffic impacts associated with the Project (Attachment a, Exhibit A, Appendix G). The TIA report presents an inventory of existing characteristics and traffic volumes at key locations within the study area, forecasts vehicular traffic anticipated to be generated by the Project, and evaluates potential impacts of these project-generated trips on the surrounding street system compared to those that were identified for Five Lagunas. The study area included a total of 68 intersections and provided for detailed peak hour traffic impact/level of service analysis during the weekday AM and PM, and Saturday midday, peak hours under each of three traffic scenarios: Existing (2019), Year 2024 Cumulative Base, and Year 2024 Cumulative Plus Project:

- Existing (2019) - The analysis of existing traffic conditions provides a base of analysis for the study. The existing conditions analysis includes an assessment of the streets in the area, current traffic volumes, and operating conditions.
- Year 2024 Cumulative Base - This phase of analysis projects future traffic growth and operating conditions in the Year 2024 (this is the conservatively assumed as the completion year for the Project) which could be expected to result from regional growth and related projects (including the previously approved Five Lagunas Project) without the addition of project traffic.
- Year 2024 Cumulative plus Project - This is an analysis of future traffic conditions in the Year 2024 (conservatively assumed as the completion year for the Project) with the addition of project-generated traffic (i.e. differential trips between those generated by Village at Laguna Hills versus Five Lagunas).

The City's General Plan standard for acceptable traffic levels is based on intersection Level of Service or LOS. LOS is typically used to describe a ratio of traffic volume moving through an intersection versus an intersection's vehicle capacity (commonly referred to as the volume-to-capacity, or V/C ratio). A letter grade from "A" to "F" is then assigned to describe the level at which an intersection is operating as described in Table 12.

Table 12: LOS Descriptions

Level of Service	Volume to Capacity Ratio	Description
A	0.00 – 0.60	Excellent operation. All approaches to the intersection appear quite open, turning movements are easily made, and nearly all drivers find freedom of operation.
B	0.61 – 0.70	Very good operation. An occasional approach phase is fully utilized. Many drivers feel somewhat restricted within platoons of vehicles
C	0.71 – 0.80	Good operation. Major approach phases fully utilized. Most drivers feel somewhat restricted.
D	0.81 – 0.90	Fair operation. Drivers may have to wait through more than one red signal indication. Queues may develop but dissipate rapidly. Without excessive delays.
E	0.91 – 1.00	Poor operation. Volumes at or near capacity. Vehicle may wait through several signal cycles. Long queues from upstream intersections.
F	> 1.00	Forced flow. Represents jammed conditions. Intersection operates below capacity with low volumes. Queues may block upstream intersections.

Except for a few intersections within the City that are part of a system of arterials under the jurisdiction of the County's Congestion Management Program (CMP) such as the intersection of El Toro Road at Avenida de la Carlota, the City requires intersections to operate at LOS D. According to CMP traffic impact analysis guidelines, LOS E is the minimum acceptable service level at CMP intersections. In addition to using LOS as a determination for significant traffic impacts, the City also determines that an increase in the V/C ratio of 0.01 at an intersection already operating at a LOS E or LOS F is also a significant impact.

Based upon the City's traffic study guidelines, the Intersection Capacity Utilization (ICU) methodology was used to determine the V/C relationship for signalized intersections (based upon the individual volume-to-capacity ratios for key conflicting traffic movements), and corresponding LOS. Additionally, the Transportation Research Board's 2000 Highway Capacity Manual was applied in the analysis of the unsignalized key intersections, the Highway Capacity manual (HCM 2010) operations methodology was applied in the analysis of the project driveway intersections (for queuing analysis, as required by City Staff) and all freeway ramp intersections (to address Caltrans traffic impact study requirements). Per Table 4 (Existing 2019 Intersection Peak Hour Levels of Service Weekday Conditions) and Table 5 (Existing 2019 Intersection Peak Hour Levels of Service Saturday Conditions) of the TIA, all 68 key intersections currently operate at acceptable LOS D or better (LOS E or better at CMP intersections) during the AM and PM peak hours of a typical weekday. Staff also requested that the Applicant evaluate weekend traffic given sizable restaurant and entertainment uses proposed for the site. An analysis is also included in the study that evaluated midday peak hour traffic on Saturday.

With the incorporation of site access features into the Project, such as a new signal along Avenida de la Carlota, right-turn in/out restrictions and related median modifications along Avenida de la Carlota, provision of adequate driveway “throat” lengths to address 95th percentile queues, and lane geometry restriping at specific driveway locations, the Project is not expected to cause traffic impacts at any of the 68 key intersections under Existing (2019) and Year 2024 conditions, and at any of the freeway mainline segments analyzed.

Per Table 6 of the TIA (Figure 4 below), the net Project trips are estimated to be 9,970 fewer than for Five Lagunas on a typical weekday. During the AM peak hour, weekday trips would be 119 more than for Five Lagunas. During the PM peak hour, weekday trips would be 910 fewer than for Five Lagunas. On Saturdays, the net Project trips are estimated to be 15,542 fewer than for Five Lagunas. During the Saturday midday peak hour, net Project trips would be 1,704 fewer than for Five Lagunas. The reductions in all trip generation categories other than the weekday AM peak is explained by the Project’s substantial rebalancing of square footage, creating more residential and less retail use than Five Lagunas.

The potential impact of any added/incremental trips generated by the Village at Laguna Hills were assessed in the TIA as compared to background conditions that include the previously approved Five Lagunas; specifically, the incremental trips assigned to the street system within the study area and evaluated in this traffic impact analysis correspond to the “Project versus Five Lagunas” line item on Table 6, which indicates a reduction of 9,970 weekday daily trips, an increase of 119 AM peak hour trips, and reduction of 910, 15,542, and 1,704 trips during the PM peak hour, Saturday daily, and Saturday midday peak hour, respectively. The table below summarizes the additional traffic (in total) from the Project.

Figure 4: Table 6 of Traffic Impact Study
TABLE 6

PROJECT TRIP GENERATION

LAND USE Unit / Size		Typical Weekday							Saturday			
		Daily	AM Peak Hour			PM Peak Hour			Daily	Midday Peak Hour		
			In	Out	Total	In	Out	Total		In	Out	Total
<i>ITE TRIP RATES</i>												
Shopping Ctr	trips/KSF GLA	[a]	62%	38%	[a]	48%	52%	[a]	[a]	52%	48%	[a]
General Office	trips/KSF GFA	[b]	86%	14%	[b]	16%	84%	[b]	2.21	54%	46%	0.53
Multifamily (Mid-Rise)	trips/DU	5.44	26%	74%	0.36	61%	39%	0.44	4.91	49%	51%	0.44
Hotel	trips/Room	8.36	59%	41%	0.47	51%	49%	0.60	8.19	56%	44%	0.72
<i>PROPOSED PROJECT</i>												
Mall [c]	250,000 SF GLA	11,210	172	105	277	514	556	1,070	15,730	664	613	1,277
Retail (99,305 SF GLA)												
Restaurants (60,695 SF GLA)												
Health Club (40,000 SF GLA)												
Cinema (50,000 SF GLA)												
Hotel	150 RM	1,254	42	29	71	46	44	90	1,229	60	48	108
General Office	465,000 SF GFA	4,712	399	65	464	78	412	490	1,028	133	113	246
Multifamily	1,500 DU	8,160	140	400	540	403	257	660	7,365	323	337	660
<i>FUTURE (Gross Project Trips)</i>		25,336	753	599	1,352	1,041	1,269	2,310	25,352	1,180	1,111	2,291
Internal Trip Reduction [d]		(2,825)	(58)	(49)	(107)	(105)	(143)	(248)	(1,924)	(103)	(100)	(203)
Sub-Total		22,511	695	550	1,245	936	1,126	2,062	23,428	1,077	1,011	2,088
Pass-By Trip Reduction [e]		(1,121)	(9)	(5)	(14)	(51)	(56)	(107)	(1,573)	(66)	(61)	(127)
Net Future Trips		21,390	686	545	1,231	885	1,070	1,955	21,855	1,011	950	1,961
<i>FIVE LAGUNAS Net Future Trips [f]</i>		31,360	505	607	1,112	1,437	1,428	2,865	37,397	1,780	1,885	3,665
<i>PROJECT VS. FIVE LAGUNAS</i> <i>(Project minus Five Lagunas)</i>		(9,970)	181	(62)	119	(552)	(358)	(910)	(15,542)	(769)	(935)	(1,704)

At the time that the General Plan Update was adopted in July 2009, it was determined that the Plan Area could accommodate 1,243 additional AM peak hour trips and 2,272 PM peak hour trips. This trip cap was set to ensure that the maximum buildout trip levels evaluated in the PEIR were not exceeded as a result of new development projects within the UVSP. A trip budget assessment was conducted, given the project's location within the Plan Area. After deducting all development projects that have been approved since the June 2009 General Plan Update, the remaining UVSP trip budgets (as of May 2015) corresponds to 335 AM peak hour trips and 1,680 PM peak hour trips. Subtracting the incremental trips between the Project and Five Lagunas from the unassigned UVSP trips results in 216 AM peak hour trips and 2,590 PM peak hour trips remaining in the UVSP budget.

Figure 5: Table 6 of Traffic Impact Study (cont.)

TABLE 6 (CONTINUED)

PROJECT TRIP GENERATION

LAND USE	Unit / Size	Typical Weekday						Saturday				
		Daily	AM Peak Hour			PM Peak Hour			Daily	Midday Peak Hour		
			In	Out	Total	In	Out	Total		In	Out	Total
UVSP TRIP BUDGETS		--	--	--	1,243	--	--	2,272	--	--	--	--
Per June 2009 GP Update EIR												
Less Chevron (approved 5/11)		--	--	--	0	--	--	27	--	--	--	--
Less Taj Mahal (approved 6/11)		--	--	--	(12)	--	--	(49)	--	--	--	--
Less Ash./ChickFilA (approved 7/11)		--	--	--	(128)	--	--	(12)	--	--	--	--
Less Oakbrook Vill. (approved 11/12)		--	--	--	(129)	--	--	33	--	--	--	--
Less Raising Cane's (approved 4/15)		--	--	--	(32)	--	--	3	--	--	--	--
Less Five Lagunas (approved 3/16) [f]		--	--	--	(558)	--	--	(569)	--	--	--	--
Remaining UVSP Trip Budgets (w/ Five Lagunas, w/out Project)		--	--	--	384	--	--	1,705	--	--	--	--
Less Farmer Boys (approved 9/16)		--	--	--	(49)	--	--	(25)	--	--	--	--
Remaining UVSP Trip Budgets (Before Project Credits/Debits)		--	--	--	335	--	--	1,680	--	--	--	--
Less Project vs. Five Lagunas		--	--	--	(119)	--	--	910	--	--	--	--
Unused UVSP Trip Budgets (After Project Credits/Debits)		--	--	--	216	--	--	2,590	--	--	--	--

Noise

Given the reduction of 9,900 vehicles per day compared to Five Lagunas, the noise levels in the surrounding areas would also decrease compared to the off-site traffic noise generated by Five Lagunas. As was the case for the Five Lagunas Project, construction noise is exempt from the City's Noise Ordinance provided the work occurs between 7AM and 8PM Monday through Friday, and 8AM-8PM on Saturdays. Consistent with Five Lagunas, construction activity on Sundays and Federal holidays is permitted, but must comply with the City's Noise Ordinance. Consistent with the Five Lagunas Project, the Project is required to adhere to the City's Noise Ordinance along with other mitigation measures required for the Five Lagunas Project. As a result, the Project will not result in any new significant impacts or a substantial increase in the severity of previously identified significant impacts as compared to the Five Lagunas Project.

Air Quality

The Project would result in lower air quality impacts compared to Five Lagunas for both construction activities and operation of the Project at full buildout. The reason for the reduction in short-term construction emissions is largely a byproduct of the construction schedule being spread out over a longer duration, and thus, the intensity of construction activities and the concentration of emissions for the Project would be reduced on a day-to-day basis as compared to Five Lagunas. In terms of the reduction of long-term operational emissions, the primary reason for the reduction is the decrease in Project

vehicle traffic of over 9,900 daily vehicle trips compared to Five Lagunas due to changes in the Project's proposed land use mix. The Project will result in less retail building area compared to Five Lagunas, reducing daily traffic despite the additional residential and office uses proposed. In addition, the Project would be constructed and operated in later years than evaluated for Five Lagunas (i.e., construction from 2021 to 2029 and operational year of 2024 for Village at Laguna Hills compared to construction from 2016 to 2018 and operational year of 2018 for Five Lagunas). Equipment and vehicle emission factors for later years would be slightly reduced due to future compliance with more stringent standards for in-use off-road equipment and heavy-duty trucks, as well as fleet turnover replacing older equipment and vehicles in future years. As such, emissions from the same sources tend to reduce over time. As a result, the Project will not result in any new significant impacts or a substantial increase in the severity of previously identified significant impacts as compared to the Five Lagunas Project.

Public Services

Fire Protection and Emergency Services. Fire protection service to the Subject Property and surrounding area is provided by the Orange County Fire Authority (OCFA) under contract to the City. The closest and first response fire station is Station No. 22 (24001 Paseo de Valencia), which is approximately 300 feet northeast of the Subject Property. Project implementation would result in a slight increase in calls for fire protection and emergency medical service compared to Five Lagunas. However, as required for any subdivision or comprehensive plan approval, the Applicant would be required to enter into a Secured Fire Protection Agreement with OCFA prior to securing building permits. This agreement includes requirements to ensure that OCFA has sufficient staff, equipment, and facilities to serve the residents of the Subject Property.

Additionally, when factoring in the roughly 727 additional residents generated by the Project compared to Five Lagunas, the service ratio would be 0.82 OCFA personnel per 1,000 residents, which is still better than OCFA's service ratio goal of 0.75 firefighters per 1,000 residents in its service area. Thus, the Project will not result in any new significant impacts or a substantial increase in the severity of previously identified significant impacts as compared to the Five Lagunas Project.

Police Protection. Police protection service to the Subject Property and surrounding area is provided by the Orange County Sheriff's Department (OCSD) under contract to the City. The nearest police substation is located in the City's Public Safety Department (24035 El Toro Road), which is adjacent to the Subject Property. OCSD stated that the Project would influence staffing levels due to an increase in calls for service and an overall

population increase within the community. However, OCSD also indicated that the Project would not impact, or require physical alterations to, existing OCSD facilities. Thus, the Project will not result in any new significant impacts or a substantial increase in the severity of previously identified significant impacts as compared to the Five Lagunas Project.

Schools

The Saddleback Valley Unified School District (SVUSD) operates schools serving students in the City. Based on SVUSD student generation rates for multifamily residential uses, the Project's 512 dwelling units (which would be in addition to 988 dwelling units approved as part of Five Lagunas) could potentially produce approximately 103 elementary school students, 31 middle school students, and 58 high school students, totaling 192 students. This student generation would be in addition to the students projected to be generated as part of the approved Five Lagunas Project.

SVUSD, however, collects school fees to fund new construction needed as a result of new housing, and state law (Senate Bill 50) provides that payment of such fees satisfies CEQA analysis and mitigation requirements. Payment of school fees would be used to offset the cost to SVUSD of providing education facilities to future students if and when such facilities are needed. Staff estimates SVUSD will receive +/- \$8 million in one-time fees from building fees authorized by state law. Since the Project will also increase student population in the school district, SVUSD will also see additional on-going revenue for the increase in student population. Thus, the Project will not result in any new significant impacts or a substantial increase in the severity of previously identified significant impacts as compared to the Five Lagunas Project.

On February 8, 2021, SVUSD provided a comment letter regarding the Project, and the City provided a letter of response on April 6, 2021. These letters are attached as Attachment j.

Infrastructure

Drainage

Under the current conditions, stormwater flows on the Subject Property are collected via the existing engineered storm drain system and conveyed into multiple stormwater lines that eventually connect to an existing 69-inch-diameter storm drain mainline that exits at the Subject Property at Calle de la Louisa and Health Center Drive. At buildout, the Project

would have similar drainage patterns to the proposed Five Lagunas drainage. Consistent with Five Lagunas, the Project would construct and implement a number of onsite stormwater management systems that will ensure that runoff onsite is adequately captured per hydromodification requirements, screened for trash and distributed on and offsite. Thus, consistent with Five Lagunas, the Project will not impact the City's local drainage system. As a result, the Project will not result in any new significant impacts or a substantial increase in the severity of previously identified significant impacts as compared to the Five Lagunas Project.

Water

Domestic water service on the Subject Property is provided by the El Toro Water District (ETWD). The Subject Property and existing on-site uses are currently served by water infrastructure. The Project would include both the installation of new and the rerouting of existing on-site water lines connecting to existing main lines. Pursuant to Senate Bill 610, a water supply assessment (WSA) was prepared for the Project and subsequently approved by ETWD. The WSA concluded that ETWD has sufficient current and future water supplies, as well as adequate treatment and distribution infrastructure, to serve the Project's demands. ETWD adopted the Project-specific WSA on April 20, 2020.

As with Five Lagunas, ETWD would not need to seek additional water supplies, and no additional water treatment capacity, no new water treatment facilities, and no expansion of existing distribution and treatment facilities are necessary for the Project. Additionally, the existing and proposed water infrastructure and improvements in and around the Subject Property are adequate to serve the Project. As a result, the Project will not result in any new significant impacts or a substantial increase in the severity of previously identified significant impacts as compared to the Five Lagunas Project.

Wastewater

Wastewater service, including sanitary sewer conveyance, on the Subject Property is provided by the El Toro Water District (ETWD). Wastewater generated on the Subject Property is collected via a network of gravity lines, lift stations, and force mains and conveyed to the South Orange County Wastewater Authority (SOCWA) plants for treatment and disposal. As was the case with Five Lagunas, there is sufficient remaining capacity at SOCWA's Regional Treatment Plant facility to serve the Project. Specifically, the Project would result in an overall reduction of generated wastewater and the corresponding need for treatment compared to Five Lagunas. And, the Regional Treatment Plant facility currently has a surplus daily treatment capacity of approximately

4.7 million gallons. As a result, the Project will not result in any new significant impacts or a substantial increase in the severity of previously identified significant impacts as compared to the Five Lagoon Project.

FISCAL IMPACT:

Stabilized annual fiscal revenues and expenditures expected for the City's General Fund were evaluated. The proposed Village of Laguna Hills plan allows for significant development within four major land use categories; a summary of the full buildout development program for the fiscal analysis is delineated in Table 13.

Table 13: Buildout Summary	
Proposed Development Program	
Category	Full Buildout
Residential	1,500 Units
Existing Retail to remain (not incl. Nordstrom Rack)	23,000 SF
New Retail & Restaurant (incl. Nordstrom Rack)	227,000 SF
Office	465,000 SF
Hotel	150 Rooms

The analysis estimates the fiscal revenues associated with the project, including property taxes, business taxes, franchise taxes, direct / indirect sales taxes, and transient occupancy taxes. The analysis also estimates fiscal expenditures such as public safety, public services, and general government expenditures (Attachment k).

The proposed Project is estimated to generate fiscal revenues of approximately \$2.99 million per year at full buildout.²² Annual incremental municipal service costs are estimated at \$1.69 million, yielding an annual surplus of approximately \$1.31 million.

Table 15 summarizes the estimated fiscal impact of the proposed Project.

Additionally, an IMPLAN econometric model was utilized to estimate direct, indirect, and induced economic benefits (jobs, wages, economic output) resulting from the construction and operation of the proposed project. The multi-year construction period is estimated to create 7,000 fulltime equivalent jobs, \$507 million in labor income, and \$1.2 billion in total Orange County economic output. At full buildout and stabilization, the project is estimated to support 3,953 local jobs, provide \$187 million in labor income, and \$377 million in total regional economic output annually.

²² All revenue / expenditure estimates provided in 2020 dollars.

Table 14: Estimated Fiscal Impact

Fiscal Impact Estimates	
Source / Use	Full Buildout
Revenues	
Property Tax	\$1,005,000
Sales Tax	\$1,156,000
Transient Occupancy Tax	\$670,000
Other	\$161,000
Annual General Fund Revenues	\$2,992,000
Expenditures	
General Government	\$33,100
Public Safety	\$1,501,100
Public Services	\$114,700
Non-Departmental	\$15,000
Community Development	\$0
Community Services	\$21,400
Annual General Fund Expenditures	\$1,685,000
Net Fiscal Impact (rounded)	\$1,307,000

Comprehensive Project Benefits Description

Throughout this report, staff has described the positive impacts the Project will provide in contrast to maintaining the status quo condition of the obsolete and non-functioning mall. The wide range of benefits that the proposed Village at Laguna Hills project brings to the community are re-stated below to provide a comprehensive list of Project benefits in one place:

Financial Benefits

1. Fee payments of up to ~\$26 million at full build-out that can be used to improve Laguna Hills public facilities:
 - a. Phasing of Fees
 - i. Assured fee payments of ~\$15.1 million for public facilities in Phase 1; includes Quimby Fees, \$350K in Public Art In-lieu Fees and an unrestricted \$2,227,066 of Community Benefits fees due within the first 15 months
 - ii. Fee payments of up to ~\$5.6 million for public facilities in Phase 2
 - iii. Fee payments of up to ~\$5.3 million for public facilities in subsequent phases

-
- b. Quimby fees can be used to fund a wide variety of potential park projects, such as community park improvements and other unfunded City recreation projects; Quimby fees must be used to develop new or rehabilitate existing neighborhood or community park or recreational facilities/amenities
 - c. The \$350,000 Public Art Fee – Advance Payment will fund the 3/5 Battalion Memorial at the Civic Center
 - d. The \$2,227,066 of Community Benefits fees can fund a variety of underfunded City operations and/or currently unfunded capital projects
2. Annual general fund revenues of \$2.99 million:
- a. Includes \$1 million in property tax, over \$1 million in direct and indirect sales tax, and \$670k in hotel / transient occupancy tax – long-term funding sources for the City generated by a diversity of land uses, businesses, and economic activities
 - b. Compares favorably to the declining sales tax from the original mall (*see appendix below*)
 - c. Tax revenue can be used for improved County Sheriff services (for example, the *ability to add up to four new full-time officers and equipment*)
 - d. After accounting for some increased City expenses (~\$1.69 million), annual net fiscal surplus of \$1.3 million at buildout to be programmed for other needs

Benefits of Project as Community Asset

- 3. Blended, mixed-use project as proposed implements the UVSP vision, which land use policies were established via public participation and input. The UVSP envisions a mix of uses.
- 4. Project approval is consistent with City's General Plan, Zoning Code, and State law.
- 5. Without Project approval, the property will most likely sit vacant. Project proposes the replacement of a blighted 1970s era, failed indoor fortress mall with an outdoor oriented mixed-use retail, office, and residential project, connected internally by well-designed streets and sidewalks supporting a comfortable pedestrian walking environment, conducive to outdoor dining, entertainment, and retail, centered around a 2.6 +/- acre park supporting formal and informal community gatherings.
- 6. Designated space for continued operation of the community's weekly farmer's market, and seasonal Halloween pumpkin patch and Christmas tree lot.
- 7. Provides variety of new housing options, thousands of temporary construction jobs, and thousands of permanent employment opportunities for local residents.

8. Saddleback Hospital, a major employer and anchor institution in the City, supports the proposed Project -- synergy with the existing adjacent medical center. Provides a nearby housing option for nurses and resident doctors at Saddleback Medical Center, and also offers retail, dining, and entertainment opportunities for patients' families. The proposed hotel provides a nearby lodging opportunity for the families of patients.
9. Project includes actual public art – owner is required under the Development Agreement to commission, fabricate, and install actual public art in the Village, rather than making only in lieu payments into an art fund.
10. Project includes a privately constructed and maintained park, but the park will be publicly accessible and oriented for community/civic activities. No long-term park maintenance costs to the City. Annual park maintenance can be expensive, but the City avoided this additional cost.
11. Project is located up against the I-5 Freeway and away from any established residential neighborhoods or other sensitive receptors. No adverse impacts on any established neighborhoods or communities.
12. Improves appearance of major City gateway entrance – the vision behind the City entry monuments gets completed.

Residential Benefits

13. Adds student population to the Saddleback Valley Unified School District, resulting in increasing revenues through higher Average Daily Attendance figures (used by the state to fund schools), and one-time revenues of over \$8,000,000 to the School District.
14. Provides 200 affordable apartment units with no City financial commitment, addressing State RHNA goals for low / moderate income housing.
 - a. 100 Low Income Units (28.3% of RHNA allocation), for households with incomes ranging from 50-80% of the County's Area Median Income, adjusted for family size. As an example, the 2020 limit for a household of four people is \$102,450.²³
 - b. 100 Moderate Income Units (28.3% of RHNA allocation), for households with incomes ranging from 80-120% of the County's Area Median Income, adjusted for family size. As an example, the 2020 limit for a house of four people is \$123,600.

²³ California Housing and Community Development, State Income Limits for 2020, released April 30, 2020 <https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits/docs/income-limits-2020.pdf>

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- c. Preference for affordable units targeted toward seniors, veterans, and City residents.
15. These affordable units will offer rents that are affordable for area worker median annual wages²⁴:
- a. Registered Nurse: \$90,000
 - b. Elementary School Teacher: \$89,000
 - c. Firefighter: \$79,000
 - d. Licensed Nurse: \$54,000
 - e. Office Clerk: \$33,000
 - f. Retail Worker: \$25,000
 - g. Waiter / Waitress: \$25,000
16. Project also addresses State RHNA goals for Above Moderate housing requirements – 1,300 units (over 100% of RHNA allocation), representing 60 percent of the City’s total state housing obligation.
17. Development Agreement caps the number of apartments at 1,500 units; otherwise, the Urban Village Specific Plan would allow a different project with more units.
18. There is concern that future state housing laws may become more onerous on local governments, potentially allowing the entire site to be converted to all apartments (potentially by right). Uncertainty of future housing laws designed to facilitate mandatory approval of higher density housing, as well as potential state housing law that could mandate the housing units and waive all development fees (such as Quimby fees, traffic fees, etc.). State housing laws have already significantly restricted the City’s local land use authority to deny or condition proposed housing projects. It is anticipated that future legislation will further preempt local authority, potentially eliminating any discretionary review of housing projects and/or mandating more housing units and the waiver of development impact fees.

Environmental / Traffic Benefits

19. CEQA analysis shows that there are generally less impacts with the proposed Project as compared to the approved 2016 Five Lagunas Project. Fewer vehicle trips as compared to the 2016 project -- the proposed Village at Laguna Hills project will result

²⁴ Source: Orange County 2016-2026 Occupational Projection, California Employment Development Department, Labor Market Information Division, published May 2019
<https://www.labormarketinfo.edd.ca.gov/data/employment-projections.html>

in a reduction in traffic of nearly 10,000 cars per day versus the approved Five Lagunas project.

20. The Project will result in improved water quality for Aliso Creek since redevelopment of the property will include underground stormwater filtration systems that remove pollutants from storm water runoff leaving the site.
21. Residential parking does not require stand-alone parking structures; the residential buildings are a unique wrap design which is an efficient design concept.
22. The Project promotes Active Transportation by adding connections to the surrounding land uses via pedestrian and bicycle paths and transit opportunities with the existing transit center, with connections to retail, restaurant, employment, and medical center.

Parks and Recreation

23. Included in the calculation of the overall \$26 million dollar financial benefit described above is funding for parks and recreation facilities through park in lieu funds, otherwise known as Quimby Act Funds, to be collected over the development timeframe of the project. A total of \$23,454,000 of park in lieu funds are expected to be collected from the Village at Laguna Hills at build out.
24. These funds can be utilized by the City to create new and/or to refurbish existing park facilities and recreation opportunities. The currently approved City Budget includes the Capital Improvement Program (CIP) which is segregated into different types of infrastructure.
25. In the Parks category of the CIP, there are currently listed \$4,565,000 of projects, the majority of which are not funded. This budget category does not currently include the full refurbishment of each City park. Over the next 20 years, it is conservatively estimated there is a funding need for refurbishment of all of the City's parks facilities in the \$7,000,000 to \$10,000,000 range. This expense is not reflected in the seven-year CIP.
26. In the Trails and Open Space category of the CIP, there are \$20,425,000 of trails projects and recreational opportunities, none of which are funded. The listed projects in the Trails and Opens Space category were generated from the 2001 Bikeways, Trails and Open Space Master Plan.
27. Staff has a work program to update the City's Parks and Recreation needs to include a new "20-year look ahead" to help guide future funding decisions. In the meantime, it is reasonable and clear to recognize there will be a need to fully refurbish each neighborhood park and to build out the recreational trail components of the recreation infrastructure in the next 20 years. The estimated funding need for parks

and recreation infrastructure is approximately \$30,000,000. The Village at Laguna Hills Project will provide a vast majority of this funding need.

Community Support

28. Project implements the Urban Village Specific Plan's mixed-use concept, which was created with public input and community support.

29. Project is currently supported by the following: MemorialCare Saddleback Medical Center, multiple Laguna Hills business owners, and Former Mayor Joel Lautenschleger.

CONCLUSION:

Staff recommends approval of the proposed Village at Laguna Hills Project as it continues redevelopment of the former Laguna Hills Mall property and is consistent with the goals and objectives of the Urban Village Specific Plan. The proposed Project will facilitate additional retail/restaurant, office, and residential options within the City's core, and will further enable residents to live, work, shop, and enjoy the lifestyle amenities that currently exist in the Urban Village, as envisioned by the UVSP. The Project will also include enhanced pedestrian and vehicular circulation elements consistent with the UVSP. With the recommended Conditions of Approval, the Project meets development standards and design guidelines of the City's Zoning and Development Code and UVSP, and meets the goals, policies, and procedures of the General Plan. Thus, Staff is recommending approval of the proposed Village at Laguna Hills Project.

PUBLIC NOTICE:

Neighborhood Outreach

On April 24, 2019, prior to any application submittal to the City, the Applicant held a community open house at the Project site to introduce the initial redevelopment plans to the community. Nearly 300 people attended the forum. At the time, the proposal consisted of nearly 250,000 square feet of retail space, approximately 500,000 square feet of office space, approximately 2,100 apartment units, a hotel, a movie theater, and a three-acre park. The proposal was met with some opposition from those who attended the forum, citing a lack of restaurants and retail space, too much office space, the number of residential units, and the additional traffic the development would generate. Ultimately, as described in the staff report above, the application that was submitted to the City in November 2019 generally includes the same amount of proposed retail space, a reduction in office space, and a significant reduction in residential units.

On October 8, 2019, the Applicant attended a regularly-scheduled City Council meeting and provided an update of activities regarding the Project and responded to City Council requests for additional information. On November 12, 2019, the Applicant attended a regularly-scheduled City Council meeting and provided a PowerPoint presentation of the proposed Project and responded to City Council requests for additional information.

As of January 2020, the City posted the proposed Project site plans on the City's website and posted "frequently asked questions" for the public's information.

On October 28, November 10, and December 9, 2020, the Applicant conducted three 'virtual' community outreach presentations. The meetings were conducted as a video conference due to social distancing requirements during the COVID-19 pandemic. During these virtual meetings, the Applicant provided information about the proposed Project and responded to questions from the public about various aspects of the Project. Pre-registration was required to gain access to the events, and the Applicant has stated that a total of 183 people registered for the events.

Around the same time that the Applicant was considering an update to the 2016 Five Lagunas approval, a community organization known as the Future of Laguna Hills Advisory Group, or FLAG for short, was created. The goals of FLAG, as stated in their official Facebook page, are to "Be a community advocate that seeks to engage community participation in processes and decisions that shape the future of the City of Laguna Hills" and "Establish a healthy partnership and identify needs of community stakeholders, such as the City of Laguna Hills, its residents and businesses, land owners and developers, and more, to foster innovative thinking that creates a win-win for all parties." To that end, the Applicant has had ongoing dialogue and met at least twice with FLAG throughout the entitlement process. The previous City Manager met with FLAG four times, City Staff has had multiple discussions with FLAG throughout the entitlement process and the Interim City Manager has invited FLAG for a meeting to review the current Project proposal. Furthermore, when FLAG submitted to the City Council an extensive list of frequently asked questions, Staff provided answers to each question and posted the FAQs on the City website in order to provide greater transparency about the planning process and procedures. As of April 1, 2021, the Project's webpage has had over 6,200 unique views since November 2019.

Throughout the entitlement process, Staff has received over 100 emails/letters detailing opinions about the Project. Letters of support identify the urgency to redevelop the property, support the amenities included in the Project, and the demand for additional housing in the area. Letters of opposition identify the need for the Project to be broken

down into smaller parts and postponing any public hearing to a later date when public participation is not as impacted by the Covid-19 pandemic. Other correspondence express opinions concerning the Project's design elements. Email correspondence submitted to the Planning Division has been included as Attachment I.

Public Notice

The Project was advertised in the Orange County Register on April 5, 2021, providing at least 21 calendar days notice of this public hearing (far in excess of the legal notice requirement timeframe). 59 mailed notices were also provided to property owners and tenants within 300 feet of the site in accordance with state and local law. Emailed notifications of the notice were also mailed to seven people who requested such notification. Staff also provided copies of the public hearing notice electronically to any person or group who contacted the City that requested notice for the Project public hearing. Any written comments received after the issuance of this report will be distributed at the joint Planning Agency and City Council Public Hearing. The Public Hearing is being held in the Heritage Room of the Community Center which, in accordance with current State guidance regarding the Covid-19 pandemic, will allow full public participation in the review of this project.

ATTACHMENTS:

- Attachment a –Resolution of Approval for Fifth Addendum to the Laguna Hills General Plan Update EIR
- Attachment b –Resolution of Approval for the Village at Laguna Hills Project
- Attachment c –Ordinance Approving and Adopting the Development Agreement
- Attachment d –UVSP Allowable Residential Units Report (KAMG)
- Attachment e – Village at Laguna Hills Plan Set
- Attachment f – UVSP Cross-Section Analysis (PlaceWorks)
- Attachment g – Parking Study (Linscott, Law & Greenspan, Engineers)
- Attachment h - Village at Laguna Hills Master Sign Program
- Attachment i – Housing Accountability Act Report (PlaceWorks)
- Attachment j – City and SVUSD Correspondence
- Attachment k – Fiscal Impact Analysis (Kosmont)
- Attachment I – Public Comments Received