



City of Laguna Hills
City Council/Planning Agency
Staff Report

DATE: March 8, 2022
TO: Mayor/Chair and Council/Agency Members
FROM: Larry Longenecker
Community Development Director
ISSUE: Village at Laguna Hills Continued Joint Meeting

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

- 1) Resume the Joint City Council and Planning Agency Meeting;
- 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;
 - 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) 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 Permit, Vesting Tentative Tract Map, Development Agreement, Precise Plan 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.”

5) That the City Council dissolve the advisory ad hoc committee established on September 28, 2021, for the single-purpose of directing further development agreement negotiations for the Village at Laguna Hills Project.

SUMMARY:

On April 27, 2021, the City Council/Planning Agency conducted a joint public hearing (the Hearing) to consider approval of the Village at Laguna Hills (the Project). No action was taken on the Project at that Hearing; the City Council voted to keep the public hearing open and to continue the item to June 24, 2021. At the Hearing on June 24, the City Council/Planning Agency received additional public comment and voted to continue the Hearing to June 29, 2021. At the June 29 meeting, the City Council directed that the City retain the services of a qualified professional negotiator to engage in further development agreement negotiations with the Project applicant. The City Council/Planning Agency also voted to close the public hearing, which has remained closed since that date. The City Council/Planning Agency then continued the joint meeting to December 14, 2021.

On September 14, 2021, the City Council entered into a Retainer Agreement with the law firm of Stradling Yocca Carlson & Rauth for Mr. Thomas Clark to serve as the City’s authorized development agreement negotiator in connection with the Project. On September 28, 2021, the City Council formed an ad hoc committee to direct Mr. Clark during development agreement negotiations.

Because it was premature for the City Council/Planning Agency to further discuss or act on the proposed Project while mutually cooperative and productive development agreement negotiations were ongoing, the continued hearing/meeting scheduled for December 14, 2021, was canceled by mutual agreement of the parties and continued to February 8, 2022, and again to March 8, 2022.

As detailed in the Recommendation section of this report (above), Staff recommends approval of the Project application USE-0010-2019.

If determined needed, an alternative action is available to the City Council/Planning Agency consisting of the adoption of a resolution of denial, as detailed later in this report.

BACKGROUND:

Meeting Chronology

On April 27, 2021, the City Council/Planning Agency conducted a joint public hearing (the Hearing) to consider approval of resolutions and conduct the first reading of an ordinance approving and adopting a proposed Development Agreement pertaining to the redevelopment of the former Laguna Hills Mall as the Village at Laguna Hills (the Project). The Project is a modification to the previously approved Five Lagunas project. No action was taken on the Project at that Hearing; the City Council voted to keep the public hearing open and to continue the item to June 24, 2021. At the Hearing on June 24, the City Council/Planning Agency received additional public comment, and voted to continue the Hearing to June 29, 2021.

On June 29, 2021, the City Council/Planning Agency held the continued joint public hearing regarding the Project. The public hearing concluded and was closed at the June 29 meeting. The public hearing for the Project remains closed. After closing the public hearing, the City Council deliberated the project and voted to direct the Interim City Manager to continue negotiating the terms of the proposed Development Agreement with the applicant/developer, MGP Fund X Laguna Hills, LLC (MGP), consistent with the City Council/Planning Agency Member comments and feedback given at the meeting, and that the City retain the services of a qualified professional negotiator to engage in further development agreement negotiations with the applicant/developer. The City Council/Planning Agency also voted to continue the joint meeting to December 14, 2021.

As detailed in the following section of this report, the City Council subsequently retained special counsel to assist in negotiation of the proposed Development Agreement and, thereafter, appointed an ad hoc subcommittee of two City Council members to work with special counsel in doing so. Discussions between City staff, special counsel, the ad hoc committee, and MGP regarding proposed terms and conditions of the required Development Agreement progressed, but additional time was needed to conclude the

negotiations and to prepare a revised proposed Development Agreement for the City Council's consideration. Because it was premature for the City Council/Planning Agency to further discuss or act on the proposed Project while mutually cooperative and productive development agreement negotiations were ongoing, the continued hearing/meeting scheduled for December 14, 2021, was canceled by mutual agreement and continued to February 8, 2022, and again to March 8, 2022.

All hearing materials from the following City Council/Planning Agency meetings are incorporated herein and are included in Attachments a through e, respectively, by hyperlink to the City's website: April 27, 2021; June 24, 2021, June 29, 2021; December 14, 2021 (meeting cancelled); and February 8, 2022 (meeting cancelled).

Development Agreement Negotiations

At the special meeting for the Project on June 29, 2021, the City Council/Planning Agency directed that the City commence a competitive procurement process to obtain the services of a qualified professional development agreement negotiator for purposes of engaging in further development agreement negotiations with the Project applicant/developer MGP. On September 1, 2021, the City Council reviewed proposals and interviewed two qualified candidate firms: Stradling Yocca Carlson & Rauth, and Armbruster Goldsmith & Delvac. The City Council selected Stradling Yocca Carlson & Rauth, represented by Mr. Thomas Clark, and on September 14, 2021, entered into a Retainer Agreement for Mr. Clark to serve as the City's authorized development agreement negotiator in connection with the Project.

On September 28, 2021, the City Council established an ad hoc advisory committee, comprised of two City Council members (less than a quorum), Mayor Wheeler and Mayor Pro Tempore Heft, for the sole purpose of directing Mr. Clark during further development agreement negotiations with the applicant regarding the Project.

At the direction of the ad hoc committee, Mr. Clark further negotiated the Development Agreement with the applicant/developer to include additional Community Benefit Fees, as detailed in the attached redline of the Development Agreement (Attachment i) and Development Agreement outline summary (Attachment j) prepared by Mr. Clark. Mr. Clark will be available at the March 8, 2022, meeting to review the proposed changes to the Development Agreement.

Added Condition of Approval

A condition of approval has been added to the proposed resolution approving the project (Condition 7A, Attachment g). The new condition requires review and comment by the Community Development Director for all final architectural treatments, exterior materials, and colors, prior to submittal of building permits for any of the project buildings, for confirmation that the project submittal conforms to the existing development approvals and that the quality of finishes is complementary to the local aesthetic.

Refined Plan Set

The applicant has submitted a refined plan set. It is important to note there are no changes proposed to the Project proposal. Rather, the applicant reorganized the Project Summary on Sheet SD1.01, making it easier to understand and using coloring for each land use category that coincides with the “Master Plan, Full Build” Plan on Sheets SD1.03 and SD1.03B. In addition, the Phasing Plan (Sheets SD1.04 through SD1.08) was removed to avoid confusion or conflict with the project conditions of approval, the Development Agreement phasing requirements and the District Sequencing Plan sheets provided in the Civil section of the Project plans.

Updated Resolutions

Staff has updated the proposed resolutions associated with the Project to reflect the continued meeting dates. These are included as Attachments f and g.

Updated Ordinance

Staff has provided an updated proposed ordinance (Attachment h) adopting the project Development Agreement, as discussed earlier in this report.

Public Comments

Since the June 29, 2021, continued public hearing, the City has received seven written public comments. These are included as Attachment n.

CEQA FINDINGS:

See the proposed resolution (Attachment f) adopting the Fifth Addendum to the 2009 to the General Plan Program Environmental Impact Report.

FISCAL IMPACT:

See the April 27, 2021, staff report (Attachment a).

ALTERNATIVE:

The City Council/Planning Agency could, alternatively, vote to adopt a resolution denying the Development Agreement. A proposed resolution of denial is provided as Attachment k.

ATTACHMENTS:

- Attachment a - April 27, 2021 Staff Report, Attachments
- Attachment b - June 24, 2021 Staff Report, Attachments
- Attachment c - June 29, 2021 Staff Report, Attachments
- Attachment d - December 14, 2021 (Cancelled) Staff Report, Attachments
- Attachment e - February 8, 2022 (Cancelled) Staff Report
- Attachment f - Resolution Approving the Fifth Addendum
- Attachment g - Resolution Approving USE-0010-2019
- Attachment h - Ordinance Approving and Adopting the Development Agreement
- Attachment i - Development Agreement in Redline Version
- Attachment j - Development Agreement Outline Summary
- Attachment k - Resolution Denying the Development Agreement
- Attachment l - Project Plans (Link)
- Attachment m - Master Sign Program (Link)
- Attachment n - Comment Letters Received After 3PM June 29, 2021
- Attachment o - Hotel Feasibility Study, HVS, dated December 13, 2021
- Attachment p - Addendum to Hotel Feasibility Study, HVS, dated December 14, 2021