

bae urban economics

February 16, 2026

To Whom it May Concern:

BAE Urban Economics (“BAE”) is pleased to submit this Housing Plan and Housing Study to support the Planning Application for the Mill Creek “Terravita” housing project in the City of Laguna Hills.

BAE Urban Economics, Inc. is an award-winning, national urban economics and real estate consultancy. Since 1986, we have completed more than 2,500 client engagements for public agencies, non-profit organizations, financial institutions, and real estate investors and developers.

BAE has provided technical analysis in support of numerous Housing Element updates across the State of California. BAE’s services and practice areas also include Market and Financial Feasibility Analyses, Inclusionary and In-Lieu Fee Analysis, Housing Policy and Program Implementation, Affordable and Workforce Housing, and Fiscal Impacts and Economic Benefits Analyses.

Please do not hesitate to contact me if you have any questions or wish to discuss. I can be reached in BAE’s Los Angeles office at 213-471-2666, via cell phone at 646-732-2719, or via e-mail at aaronbarker@bae1.com.

Sincerely,



Aaron Barker, MPL
Associate Principal

HOUSING PLAN (ITEM C14)

The following “Housing Plan” for the Mill Creek “Terravita” Project (“Project”) provides information related to Item C14 of the City’s Planning Application Submittal Checklist. The Housing Plan includes the following required information:

- A description of the type of housing proposed (e.g., apartment, condominium, townhome, single-family, etc.)
- A description of the housing characteristics and target populations, if any (e.g., emergency, transitional, supportive, rental, sale, age-restricted)
- A summary of the project’s affordability levels (very-low, low, moderate, market, etc.).
- Identification of any requested density bonuses/concessions, and
- Use of any State/Federal agency housing development funds

Type of Housing Proposed

The Project is a housing development project consisting of 480 total dwelling units. There are two components of the Project: a single family attached component with 259 dwelling units, and a multifamily component with 221 dwelling units.

The 259 single family attached units in the Project consist of the following housing types:

- 46 duplexes (111,757 net sf)
- 107 triplexes (212,485 net sf)
- 106 duets (258,163 net sf).

The 221 multifamily units in the Project consist of the following housing types:

- 221 units (233,418 gross sf), including:
 - 25 Studios
 - 134 One-Bedroom Units
 - 62 Two-Bedroom Units

Housing Characteristics and Target Populations

The 259 single-family attached units will be “for-sale” product. All single-family units will be sold at market rate prices, with no income restrictions or target populations.

The 221 multifamily units will be “rental” product. None of the multifamily units will be set aside for specific target populations (e.g. senior, transitional, supportive, etc.). However, 24 of the multifamily units, or five (5) percent of total dwelling units across the Project, will be set aside for households earning up to 50 percent of the Area Median Income (“AMI”).

Project Affordability Levels

As described above, 24 multifamily units in the Project will be set aside for households earning up to 50 percent of AMI.

Households earning between 31 and 50 percent of the County AMI, adjusted for household size, are classified as “very-low income”, according to income categories developed by the California Department of Housing and Community Development (HCD).

Table 1 below summarizes the Project’s affordability levels by housing type.

Table 1: Summary of Affordability Levels by Housing Type

	Very-Low	Low	Moderate	Market	Total
	Income (# units)	Income (# units)	Income (# units)	Rate (# units)	(# units)
Single-Family Attached	0	0	0	259	259
Multifamily	24	0	0	197	221
Total	24	0	0	456	480

Identification of Density Bonuses/Concessions

California’s State Density Bonus Law (Government Code Section 65915) provides benefits in exchange for Applicants providing affordable units in their Projects. Due to the fact that the Project will restrict five (5) percent of total project units to very-low income households, the Project is requesting several waivers, as defined below and included in Attachment A, and reserves the right to request one incentive/concession .

- Waivers:** Government Code 65915(e)(1) provides that an applicant is entitled to unlimited waivers or reduction of development standards that would have the effect of physically precluding construction of a density bonus project at the density and with the incentives/concessions proposed. An agency may only deny a qualifying waiver if (i) it would have a specific, adverse impact on public health or safety, (ii) would have an adverse impact on historic property, or (iii) would be contrary to state or federal law. The Project is requesting several waivers related to physical infeasibility, which are identified in the attached spreadsheet. Without those waivers, the project would be reduced in size and would be infeasible. The waivers are vital to the project’s financial viability. None of the requested waivers would cause a health and safety impact, cause an adverse impact on historic property, or be contrary to state or federal law.
- Incentives/Concession :** Government Code 65915(d) allows an applicant to request incentives/concessions depending on the percentage of affordable units provided in the project, and requires the approving agency to grant the incentives/concessions unless they (i) do not result in identifiable or actual cost

reductions, (ii) would have a specific, adverse impact on public health and safety or historic property, or (iii) would be contrary to state or federal law. Kingsbarn reserves the right to request one incentive/concession pursuant to State Density Bonus Law.

Use of State/Federal Housing Funds

The Project does not utilize any State and/or Federal agency housing development funds.

HOUSING REPORT (ITEM R5)

The following “Housing Report” for the Mill Creek “Terravita” project provides information related to Item R5 of the City’s Planning Application Submittal Checklist. The Housing Report includes the following required information:

- A description of the potential impacts of proposed development on the City’s supply of affordable and market-rate rental housing.

Impact on Housing Supply

The Housing Crisis Act of 2019, as amended by SB 8 (California Government Code Section 66300), prohibits the approval of any proposed housing development project (“Project”) on a site (“Property”) that will require demolition of existing dwelling units or occupied or vacant “Protected Units” unless the Project replaces those units.

Immediate (Direct) Supply Impact

While the Project will demolish several underperforming office buildings with surface parking, no existing dwelling units (either occupied or non-occupied) will be demolished as a result of the Project. Therefore, there will be no immediate impact to housing supply over the term of the construction period.

Supply Impact at Project Stabilization

Once complete, the Project will contribute to a supply increase of 480 housing units in the City of Laguna Hills.

24 multifamily units, or five (5) percent of total dwelling units across the Project, will be set aside for households earning up to 50 percent of the Area Median Income.

According to the City’s Housing Element, there are two (2) properties in Laguna Hills with deed-restricted affordable units: Rancho Moulton (51 assisted units) and Rancho Niguel (50 assisted units). This equates to a total of 101 deed-restricted affordable units in the City.

Therefore, the 24 multifamily units in the Project that will be deed-restricted for very-low income households would increase the City’s existing supply of deed-restricted affordable housing by approximately 23.7 percent.¹

¹ Does not include the 200 deed-restricted affordable units (100 moderate and 100 low-income) that are planned for the Village at Laguna Hills Project.

According to the City's Housing Element, there are an estimated 10,980 total housing units in the City.² The total vacancy rate is 3.9% - 0.6% for ownership and 2.9% for rentals. The City's Housing Element attributes the low ownership housing vacancy rate to the lack of developable land for additional housing construction. The Project's 480 new housing units would increase the City's housing supply by over 4%.³

² Table H-24 on Page H-54 of the City's Housing Element.

³ Does not include the units that are planned for the Village at Laguna Hills Project.

APPENDIX A: MASTER WAIVER LIST