

**APPENDIX B**  
**(AFFORDABLE HOUSING IMPLEMENTATION PLAN)**

# PORTOLA CENTER

## *AFFORDABLE HOUSING IMPLEMENTATION PLAN*



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## OVERVIEW

The Portola Center Project (the “Project”) encompasses approximately 195 gross acres in the northeastern portion of the City of Lake Forest (“City”). The Project site was originally part of a larger master-planned community, the Portola Hills Planned Community (“Portola Hills”), which was approved by the County of Orange in 1986. At build-out, Portola Center will include 617 single family homes (18 including second units), 256 multifamily housing units, a 2-acre mixed use site with 57 multi-family affordable housing units for seniors and low income residents, and 10,000 square feet of commercial uses (the “Project”). The Project includes two Tentative Tract Maps, TTM 15353 (Portola South) and TTM 17300 (Portola North) and the Portola Center Area Plan (“Area Plan”). The Project’s affordable housing component consists of 25 attached affordable units restricted for very low income seniors and 32 attached affordable units restricted for low income families within the 2-acre mixed use site on the Portola South site, and 18 second units included with the single family homes distributed across the Portola North site.

## CITY OF LAKE FOREST AFFORDABLE HOUSING POINT SYSTEM

This Affordable Housing Implementation Plan (AHIP) describes the requirements of the Portola Center Project to provide or ensure the provision of Affordable Housing in conjunction with the development of the Project. The Project shall comply with the City of Lake Forest “Affordable Housing Point System” under which the types and locations of Affordable Housing provided at all income categories may include, among other variations, onsite and offsite units, for-sale and rental units, attached and detached units, and units of varying size and bedroom counts. The number of required “points” must be equal to 15% of the total number of units approved and built within the Project. The Project shall also provide a number of Affordable Units that is greater than eight and one-half percent (8.5%) of the total number of market-rate units for which the Project is entitled. The provisions of the City’s “point system” are outlined in more detail in Exhibit G of the Portola Center Development Agreement.

Consistent with the City of Lake Forest’s policy as set forth in Section 5 of the Housing Plan of the City’s Housing Element, the City shall:

- (a) Prioritize the review and processing of the Affordable Units component of all development applications for all aspects of the Project (including, but not limited to, those for area plans, subdivision maps, site development permits, grading permits, and building permits); and
- (b) Retain an independent contracting firm to expedite the processing of all such development applications, upon the developer’s agreement to pay the full cost of such retention.

To satisfy the requirements of this AHIP, the developer<sup>1</sup>, at its sole discretion, may satisfy the “points” requirement through the provision of either rental or for sale housing. An Affordable Housing Covenant for a period of not less than 30 years in favor of the City and/or the Lake Forest Redevelopment Agency shall be recorded against each Affordable Unit that is not a secondary unit. The Affordable Housing Covenant shall be recorded at the time that the developer records its grant deed to the original home purchaser of a for-sale unit or prior to the occupancy of the first tenant of a rental unit.

In any case where provisions of this AHIP conflict with the Development Agreement or Implementation Agreement, the Development Agreement or Implementation Agreement shall prevail.

## **PORTOLA CENTER AFFORDABLE HOUSING IMPLEMENTATION PLAN**

Under the City’s “point system”, the 930-unit Portola Center Project is required to achieve a minimum of 139.5 points (930 x 15% = 139.5). In order to achieve 139.5 points, the Project proposes a mix of 25 very low income attached senior housing units and 32 low income attached housing units in a mixed use building on the Portola South site, and 18 second units included with single family homes and geographically distributed on the Portola North site.

Table 1 shows a breakdown of the Project’s Affordable Housing mix and the points attributable to each housing type.

**TABLE 1:  
PORTOLA CENTER AFFORDABLE HOUSING POINTS**

<b>AFFORDABLE HOUSING MIX</b>	<b>BASE POINT IF ONSITE (1.0/UNIT)</b>	<b>VERY LOW (1.0/UNIT) OR LOW INCOME RENTAL (0.5/UNIT)</b>	<b>2 BEDROOMS (0.2/UNIT)</b>	<b>SECOND UNITS (1.0/UNIT)</b>	<b>TOTAL POINTS</b>
<b>25 Very Low Income (1 BR) Senior Units</b>	<b>25.0</b>	<b>25.0</b>			<b>50.0</b>
<b>32 Low Income (2 BR) Units</b>	<b>32.0</b>	<b>16.0</b>	<b>6.4</b>		<b>54.4</b>
<b>18 Second Units</b>	<b>18.0</b>			<b>18.0</b>	<b>36.0</b>
<b>TOTAL POINTS:</b>					<b>140.4</b>

<sup>1</sup> The term “developer” shall refer to either a single or multiple owners/entities exercising the rights and development provisions afforded to the Project as defined by the Development Agreement, approved Tentative Map, and Area Plan among other relevant permits and entitlements obtained by the Project or portions thereof.

The Project must also comply with the City’s requirements for the maximum number of individual types of Affordable Units and the minimum number of total affordable housing to be included in the Project as a percentage of the market rate units.

- Affordable units intended for seniors receiving points in accordance with the AHIP may account for no more than 1/3<sup>rd</sup> of the total Affordable Units provided by the project.<sup>2</sup>
- No more than 1/4<sup>th</sup> of the total Affordable Units can be in the form of second units.
- The number of Affordable Units must be at least 8.5% of the total market rate units in the Project.

To comply with these requirements, the Project proposes 25 senior units out of a total of 75 Affordable Units (33%), 18 second units out of a total of 75 Affordable Units (24%), and 75 Affordable Units compared to 855 market rate units (75/855 = 8.8%).

**TABLE 2:  
COMPLIANCE WITH AFFORDABLE HOUSING THRESHOLDS**

	<b>Very Low Income Senior 1 BR</b>	<b>Second Units</b>	<b>Affordable as % of Market Rate Units</b>
	Max.	Max.	Min.
Development Agreement Standard	33%	25%	8.5%
Portola Center Project	33%	24%	8.8%
Complies?	Yes	Yes	Yes

### SECOND UNITS

Second units, often called “Granny Flats,” are typically used by family members such as adult children or grandparents moving back in with primary wage earners but still seeking independent living space. In order to control the size and location of these units and ensure that they blend into the neighborhood, the City has adopted standards for their construction. Per LFMC Section 9.146.050:

- A second residential unit shall be attached to the primary unit and not exceed six hundred forty (640) square feet of floor area inclusive of all rooms, hallways, and utility areas. Detached second units shall not be permitted.
- Second residential units shall comply with building setback, lot coverage, building separation distance, and all other applicable requirements of the main residence of the zone in which the second unit is developed.
- Each second residential unit shall provide one (1) additional off-street parking space, covered or uncovered, pursuant to Lake Forest Municipal Code Section 9.146.050(D)(4).

<sup>2</sup> Exception: In the case of OSA Projects, individual projects may exceed the senior housing maximum provided that other OSA developers do not provide senior housing or fall below their allowed maximum. For more information, please see the “Alternative Means of Compliance” section of this AHIP.

The additional off-street parking space shall be located out of the side yard setback areas. The additional off-street parking space may be in a tandem space, third car garage, or a third space on the improved driveway, provided that the garage is set back a minimum of twenty (20) feet from the property line.

- The second residential unit shall be compatible in materials, colors, and general architecture to the existing primary dwelling unit.
- The second residential unit shall conform to the height limits and setbacks applicable to the zone. Second dwelling units constructed above attached garages shall be permitted, and shall conform to the height limits and setbacks applicable to the zone.
- The owner of both units shall occupy either the primary dwelling unit or the accessory/second unit.
- The second residential unit cannot be intended for sale, however it may be rented.
- The recorded use restriction required by Lake Forest Municipal Code Section 9.146.050(D)(7) shall include language informing the owner of the Second Unit that the City may periodically survey occupants to confirm rents and household income pursuant to the Housing Element of the City's General Plan.

The Portola Center second units will comply with the City of Lake Forest standards for second units as outlined above and contained in LFMC Section 9.146.050. These units will be geographically distributed across the Portola North site. The Portola North site was chosen for its larger lot sizes as the most appropriate site for second units. Additional building area constructed on these lots will blend with other single family residences. In total, 18 second units will be constructed, resulting in approximately 6% of the homes on the Portola North site including second units. These units will not be rent-restricted or age-restricted.

### **SECOND UNIT PUBLIC BENEFIT**

Portola shall pay a fee to the City for each Second Unit included as part of the Project as a public benefit to the City ("Second Unit Public Benefit"), subject to the adjustment that applies to Costs of City Facilities, Fees and Credits under Paragraph A.4.a of Exhibit F, with that adjustment applying upon execution of this Agreement, until paid by Portola.

Said fee shall be calculated per square foot based upon the sum of the City Facilities Fee, Lake Forest Transportation Mitigation Fee and Sports Park Maintenance Fee divided by the total estimated square footage of residential development for Tentative Tract Map 17300 as detailed in Attachment 3 of Implementation Agreement dated June 2013, Second Unit Public Benefit Fee Calculation. The fee per square foot shall be multiplied by the square footage of the Second Unit to calculate the Second Unit Public Benefit. The Second Unit Public Benefit shall be due concurrently with the payment of the City Facilities Fee for each primary residential unit of which the Second Unit is a part and to which the Second Unit is attached. The Second Unit Public Benefit may be used by the City for any purpose related to the acquisition, construction, and maintenance of the City Facilities, as that term is defined in Section 5.9 of the Development Agreement.

## **VERY LOW INCOME 1-BEDROOM SENIOR UNITS**

The Portola Center Project proposes to include 25 Very Low Income, 1-bedroom Senior Units on the Mixed Use site in the South Planning Area. These units will be age- and rent- or price-restricted at an affordability level that corresponds to the income level of a very low income household in the County of Orange.

Senior Unit means a residential unit occupancy which is restricted to persons sixty-two (62) years of age or older. Many seniors live on a fixed income and cannot afford market-rate housing in many communities. Senior Housing is often encouraged as a component of the Affordable Housing in a new project to provide housing for this segment of the population. These units typically come in the form of rental housing, however, they may be for-sale.

An Affordable Housing Covenant in favor of the City and/or the Lake Forest Housing Authority, in the form approved by the City as part of the implementation of each project, shall be recorded against each Senior Unit. The Affordable Housing Covenant shall be recorded at the time that the developer records its grant deed to the original home purchaser of a for-sale unit or prior to the occupancy of the first tenant of a rental unit.

The affordability restrictions will commence with the first occupancy and will terminate in thirty (30) years, except when sources of funding or applicable laws dictate longer periods of affordability restriction.

As permitted by the Portola Center Development Agreement, if property owners within the OSA do not provide on-site senior housing, other OSA property owners may elect to build those senior units within their project. Under this scenario, Portola Center would replace some or all of the 32 Low Income, 2 Bedroom units with a like amount of Senior Units, such that a total of 57 affordable units are built on the mixed use site. Because senior units (2.0 points) are worth more affordable housing points than Low Income, 2-bedroom units (1.7 points), the replacement of low-income, 2 bedroom units with senior units would result in excess points over the minimum of 139.5 points required for the Project.

## **LOW INCOME 2-BEDROOM UNITS**

The Portola Center Project proposes to include 32 Low Income, 2-Bedroom Units on the mixed use site with the Senior Units. These 32 units will not be aged-restricted, however, they will be rent- or price-restricted at an affordability level that corresponds to the income of a low income household in the County of Orange.

An Affordable Housing Covenant in favor of the City and/or the Lake Forest Redevelopment Agency, in the form approved by the City as part of the implementation of each project, shall be recorded against each Low Income Unit. The Affordable Housing Covenant shall be recorded at the time that the developer records its grant deed to the original home purchaser of a for-sale unit or prior to the occupancy of the first tenant of a rental unit. The affordability restrictions will commence with the first occupancy and will terminate in thirty (30) years, except when sources of funding or applicable laws dictate longer periods of affordability restriction.

# **PORTOLA CENTER AFFORDABLE HOUSING PHASING PLAN**

The Portola Center Project includes three Planning Areas, Portola South, Portola Northwest, and Portola Northeast, and two Tentative Maps, TM 15353 and TM 17300. TM 15353 covers the South Planning Area and TM 17300 covers the North Planning Areas. For the purposes of phasing the permitting and construction of affordable housing in the Project, Portola South and Portola North will be subject to separate and exclusive phasing requirements under this AHIP.

As stated above, the Project as a whole will meet its affordable housing requirement through the provision of 57 multifamily affordable units on the Mixed Use of the South Planning Area and 18 second units on the North Planning Areas. In the case of the Northwest and Northeast Planning Areas, the affordable housing phasing requirement shall be met by the construction of 18 second units geographically dispersed throughout the two planning areas such that these second units may not be concentrated in clusters or disproportionately concentrated in one planning area or the other. To ensure the second units are geographically distributed, no less than 4 and no more than 8 second units shall be constructed in the Northwest planning area and no less than 10 and no more than 14 second units shall be constructed in the Northeast planning area. The following phasing requirements will apply:

## **NORTHWEST PLANNING AREA (81 total units)**

- ❖ *No fewer than 4 and no more than 8 second units shall be constructed in the Northwest planning area.*
- ❖ *Prior to the issuance of the 36<sup>th</sup> residential building permit, no fewer than 2 second units shall have been permitted;*
- ❖ *Prior to the issuance of the 54<sup>th</sup> residential building permit, no fewer than 3 second units shall have been permitted;*

## **NORTHEAST PLANNING AREA (223 total units)**

- ❖ *No fewer than 10 and no more than 14 second units shall be constructed in the Northeast planning area.*
- ❖ *Prior to the issuance of the 101<sup>th</sup> residential building permit, no fewer than 5 second units shall have been permitted;*
- ❖ *Prior to the issuance of the 145<sup>th</sup> residential building permit, no fewer than 8 second units shall have been permitted;*

## PORTOLA NORTH (OVERALL)

- ❖ *A total of 18 second units\* shall be constructed in the Northwest and Northeast areas combined.*
- ❖ *Prior to the issuance of the 250<sup>th</sup> residential building permit in the Northwest and Northeast areas combined, the developer shall identify specific lots where the remaining second units shall be built to satisfy the requirements of the AHIP for Portola North.*

## PORTOLA SOUTH

In the case of Portola South, because the project proposes to construct all of its affordable housing as a single project with the creation of 57 affordable units in a mixed use configuration, only one phasing threshold shall apply to the South Planning Area as follows:

- ❖ *Prior to the issuance of building permits beyond 50% + 1 of the 626 Total Units for the Portola South Planning Area, a building permit must be issued and construction shall commence for the 57 Affordable Units.*

To ensure the completion of the affordability in the South Planning Area, the following phasing threshold shall apply:

- ❖ *Prior to the issuance of the building permit beyond 75% + 1 of the 626 Total Units for the Portola South Planning Area, the 57 affordable units shall have been completed with final inspections approved and all affordable units ready for occupancy.*

## \*AFFORDABLE HOUSING FEE ALTERNATIVE

The Development Agreement (Exhibit G) includes the option of a payment of an in-lieu fee for a maximum of two (2) affordable units on that portion of the Project north of Glenn Ranch Road (Tentative Tract Map 17300).

## CONCLUSION

The Portola Center Project proposes to include 57 affordable multifamily units in the South Planning Area and to include second units with 18 single family homes distributed across the North Planning Areas. The Project meets the minimum requirements of the City's Affordable Housing Points System, the City's maximum thresholds for the allowable types of Affordable Units, and the City's minimum required number of Affordable Units as a percentage of the market rate units in the Project.