



URBAN LAND INSTITUTE
Orange County District Council

FINAL REPORT

OF THE

TECHNICAL ADVISORY PANEL

CITY OF LAGUNA NIGUEL

“GATEWAY DISTRICT”

MAY 30-31, 2006

Table of Contents

Introduction.....

Summary.....

Market Demand and Potential.....

Planning and Design.....

Infrastructure and Implementation.....

Background.....

Additional Resources.....

List of TAP Panelists.....

TAP Panelists' Biographies.....

Scope of Work.....

Driving Tour.....

TAP Subgroups.....

Introduction

On May 30-31, 2006, the Urban Land Institute Orange County District Council (ULIOC) held a Technical Advisory Panel (TAP) for the City of Laguna Niguel. The City enlisted ULIOC's help with their desire to encourage innovative reinvention of the 300-acre Gateway district, while protecting the current revenue source.

A team of 18 professionals in the land use planning industry was assembled by the ULIOC to study the site and make recommendations to the City on how best to address this objective. The ULIOC TAP was chaired by Con Howe, Director of the ULI Center for Balanced Development in the West. The panel consisted of high-level land use professionals with backgrounds and experience in Transit-Oriented Development; Mixed Use/Multi-Use Development; Multifamily Housing; Affordable Housing; Retail Development; Commercial Development; Urban Planning and Design; Traffic/Transportation; Redevelopment; Real Estate Law or Development Agreements; and Market Research and Analysis Site. A list of the TAP panelists and their biographies are included in this report.

Summary

The TAP was tasked with focusing on the following question: Is mixed-use residential and retail development the missing ingredient in the Laguna Niguel Gateway? A Scope of Work was developed by the City of Laguna Niguel, outlining 18 questions relative to Market Demand and Potential, Planning and Design, Infrastructure and Implementation. A copy of the Scope of Work is included in this report.

In the weeks leading up to the TAP, the panelists were provided with instructions to take a driving tour of the district in order to be familiar with the area and, in particular, understand the circulation challenges. A copy of the driving tour instructions is included in this report.

The City also prepared a thorough Briefing Book that was provided to all of the panelists.

ERIS market research was provided by TAP Panelist Tom Trischler, of SITUS Development, which was also provided to City Staff and made available to the TAP panelists for the Market Demand and Potential subgroup.

On the first day of the TAP, May 30th, the panelists met with civic leaders and business owners in the Gateway district selected by the City:

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Laguna Niguel, CA 92677

Robert Ming
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Laguna Niguel, CA 92677

John Connors
Sepulveda Building Materials, Inc.
28092 Forbes Road

After a day-and-a-half long process, the TAP panelists presented their findings and recommendations in a PowerPoint presentation to the City Council at a Public Meeting on May 31, 2006. A copy of the PowerPoint presentation has already been forwarded to the City.

As summed up in the introduction by TAP Chair Con Howe, the panelists concluded that “housing is the key to unlocking the potential of the Gateway District; however, not anywhere or in any way. Initial housing must create a new character and sense of place.” Howe added that there must be a plan of phasing in residential development fronting along Forbes Road and that housing will not happen without certain improvements and infrastructure. In addition, financing options exist for those improvements and the Specific Plan is the vehicle for structuring the entitlements and requirements. Lastly, the Gateway district needs a “Champion” -- both in the Council and city government AND in the private sector, e.g. an enlightened developer, in order to succeed with the vision to revitalize the area.

The 18 panelists divided into three subgroups (Market Demand and Potential, Planning and Design, and Infrastructure and Implementation) to focus on the specific questions in the Scope of Work. A list of the subgroups is included in this report.

Selected members of the ULIOC TAP submitted comments to be added to the written report for the Laguna Niguel TAP. Those comments are summarized below by these subgroups. This written report is supplemental to the PowerPoint presentation presented to the City Council on May 31, 2006. Additional elaborations on findings and recommendations may be provided by TAP panelists by contacting them directly.

Market Demand and Potential

The focus of the market opportunity sub-panel was to make an informed estimate of the market demand in the Gateway district, as well as recommend the most appropriate mix of land use and densities for the study area. Specifically, the panel using the data at hand plus the vast development expertise, market knowledge and land planning experience of the panel members addressed individually the market opportunities for residential, retail, office, hotel and entertainment in the Gateway district.

Upon careful review of each land use and based on the historical strength of the Orange County housing market, RESIDENTIAL was determined to be the key driver to unlocking the development opportunities for the Gateway area. Residential demand continues to be strong with virtually any potential development site, re-development site, and transitional real estate parcel being sought for conversion to for-sale residential. Simply put, the demand for well-located residential property is so strong that the residual economic value of residential land favors this land use over any other prospective land use.

Given this background, together with the various city identified challenges, topographical, and road infrastructure issues associated with the Gateway district, the marketing panel first recommended that specific areas within the district be identified that would be "TRANSFORMATIONAL" in creating excitement for the area. This could be achieved through

the proposed development having four characteristics-verticity, massing, connectivity, and walkability. The two initial areas that the panel recommended were the south end of Forbes Road at the Metrolink station and the NWQ of Forbes Road and Crown Valley Parkway.

The transformation of these areas to a higher density model (40-60/ac) would be essential in establishing a district with an urban feel and create the necessary sense of place and momentum to change the current existing perception, identity, and image of the Gateway district.

In identifying the market driver as residential, the market panel further recommended that the appropriate target market for the proposed higher density lifestyle would be the 25-45-age group, as this demographic is more receptive to new concepts and more urban style living. This demographic also carries a "hip" factor. The panel also believed there would be a secondary demand from empty-nesters.

To further insure this vision moves forward in line with the expectations of the City Council, the district will need to select a "Champion." To start off, the City would need to be that Champion because they are the leader of the vision. Over time this role might be transferred to a developer or the City and the developer might share that role. It is the panel's strong recommendation that the role of a Champion must continue to be at the fore front if the district is to be transformation is to be completed.

The market panel's discussion of the other land uses revealed these observations;

Retail- must be community-serving with some regional emphasis due to the Metrolink station, must be convenient with the character of specialty retail to include higher-quality restaurants. Total square footage should be between 75,000 to 100,000 square feet. Further due to the high visibility derived from the I-5 Freeway, the panel recommends the City continues to encourage automotive retail all along Camino Capistrano.

Hotel- demand thought to be small, but don't rule this use out.

Office- because of major competition and development in the Spectrum, a major office component was ruled out. Office in the district can be useful but local serving.

In conclusion, the panel gave some final recommendations for the city to consider:

- 1) In developing the sense of place in the district, walkability and connectivity must be established between the core areas as well as making a connection across Crown Valley Parkway the pedestrians and bicycles can easily access.
- 2) To permanently establish the district's sense of place in the minds of Laguna Niguel residents, employees working in the district and the many commuters passing by and thru the area, an iconic statement in terms of a monument, landscape or water feature should be prominently displayed to continually invite and remind all who pass by that they should come and visit.

In order to attract these market segments, a well-designed residential project, combined with some fun and eclectic support retail is required to create the "splash and buzz" necessary to entice retail tenants and shoppers. Such projects would be the critical (and necessary) first component in revitalizing the area. As word of this exciting new live/play/work environment had spread in the marketplace, additional demand from consumers and developers alike. Once the initial transformation is underway, the "organic growth" could take place, further spurring the transformation and on-going upgrade of the area. This secondary stage of the area's redevelopment would likely include additional residential and support retail, as well as possibly a boutique hotel, an entertainment component, and or non-traditional office space (work lofts, etc.).

Other Marketing Demand and Potential Points to Consider

- The current pipeline of residential construction needs in the City of Laguna Niguel, in permitting and under construction, assumed over the next three years and a proper calculation of a 10-year supply.
- Connectivity could also refer to WiFi, Metrolink, AmTrak, the Freeway, and the Tollway as well as to the connection needed between the various parcels & uses. Since the Gateway is a TOD, should "transit" be highlighted? WiFi connectivity throughout the Gateway would be a fantastic amenity and position Laguna Niguel as a forward-thinking city and the Gateway as "the place to be."

Planning and Design

The most appropriate locations for residential are recommended along the north and south portions of Forbes Road. This area offers the greatest opportunity for several reasons. First, the north Forbes area has larger parcels and the opportunity to consolidate parcels into larger development areas. The north Forbes area is also adjacent to the flood control basin offering a potentially usable open space amenity. Second, the south Forbes area is adjacent to the Metrolink station offering a transit oriented opportunity. The City also owns land here (parking lot) which could be utilized for an initial development competition over the existing parking. Both north and south Forbes have the flood control channel running along its west side, offering a landscaped pedestrian connection possibility as a linkage for residents here from the Metrolink station on the south end to the flood control basin open space area on the north end. This could be developed as an "urban pedestrian spine" with mid-rise residential along the east side of Forbes and the open space channel/trail running along the west side of Forbes.

Densities should be in the 40 to 80 units per acre range to accommodate mid-rise structures similar to Jamboree Road in Irvine and the Platinum Triangle in Anaheim. Higher densities may be allowed as an incentive to provide street level retail and/or transit station connections. Retail as a component of the mid-rise residential is probably only viable at or near the Forbes intersection with Crown Valley Parkway and perhaps a small amount at the Metrolink station area.

Connecting the north end of Forbes to Camino Capistrano or alternatively to Cabot Road would help the viability of the residential due to enhanced accessibility and the connection to Camino Capistrano would help the revitalization of uses at the northerly end of Camino Capistrano, as well as better access to the Metro Link station from Crown valley Parkway via the east side of the tracks. In conjunction with this idea, an additional or alternative parking structure for the Metrolink station could be built on Camino Capistrano to better balance access to the station.

Residential use along Camino Capistrano is not considered a prime location due to the freeway noise impact but limited opportunities exist for live/work type residential units.

The gateway character of the area would be enhanced by focused landscaping along Crown Valley Parkway and the inclusion of an “iconic gateway element” such as a pedestrian bridge over Crown Valley connecting north and south Forbes Road. This bridge would also create a gateway icon for the area. Enhanced landscaping should also be implemented along Camino Capistrano to visually up-grade the character of this street. The flood control basin at the north end of Forbes should also be investigated for its potential to be a landscaped, park-like open space amenity.

Additional measures to facilitate the proposed mid-rise residential development would include tailored design guidelines and development standards which would allow reduced setbacks and parking standards, and define performance standards or incentives for providing retail as a mixed use with the residential development.

There are also several parcels that are currently vacant and available for re-use. The parcel next to the office tower on Cabot Road could accommodate either residential or additional office use. The parcels at the corner of Cabot and Crown valley parkway could also accommodate either residential or office and would create a better development opportunity if developed together in terms of access and circulation.

Infrastructure and Implementation

The Gateway Specific Plan should be revised to include residential land use. The added residential component will create land value over the existing land market value that will stimulate development. Consideration should be given to incentives, such as reduced parking requirements and development fees, for providing retail and workforce housing near the Metrolink station. The high density residential and flexibility of development standards should result in desirable and vibrant residential developments with a mix of service related uses for the community and the Metrolink station patrons.

The Gateway area is constrained with lack of access between Forbes Road and Camino Capistrano and Freeway connections to the Gateway area. Roadway connections identified in the Gateway Specific Plan and connections at the north end of Forbes Road should be restudied. The roadway connections are needed now and the City should implement the connection improvements as soon as possible.

The Gateway base infrastructure – water, sewer, and storm drain may need to be revised when residential land use is introduced in the area.

With the introduction of residents in the Gateway area Laguna Niguel should increase open space by taking advantage of improving existing open space areas along flood control channel and flood control basin. A funding opportunity is to form a non-profit “Gateway Alliance” to obtain funding for open space improvements. Development fees might be able to be used as matching funds.

Forming a redevelopment area should be revisited. If not the entire district a portion could be included in a redevelopment area. The advantage to the City to capture the increase in property tax dollars to use to improve the Gateway area is a great opportunity that should not be missed. A redevelopment area could be formed and still not exercise eminent domain. Senate Bill 521 is currently under consideration that would allow redevelopment districts near transit stations without the need to make blight findings.

The City can form a Community Facilities District to pay for needed infrastructure costs associated with residential and transit related development. The City can also use development agreements to obtain need improvements.

The Gateway project enjoys the advantage of existing funds that have been allocated to the Metrolink station area. This money can be used to construct a parking structure, improvements related to residential and retail development near the station as well as matching funds for circulation improvements.

Background

The Urban Land Institute (ULI) was founded in 1936 as a non-profit institute to conduct research and provide information on all aspects of real estate development and land use policy. ULI has over 30,000 public and private sector members comprised of professionals in all aspects of real estate development, policy, and regulation. It has members in 60 countries, a staff of over 100 in Washington, D.C., with a \$30 million operating budget. The ULI has been a leader in smart growth, mixed use development, urban redevelopment, transportation, and affordable housing.

Since 1947, ULI’s Advisory Services Program has been assisting communities by bringing together panels of seasoned real estate, planning, financing, marketing, and development experts to provide unbiased pragmatic advice on complex land use and development issues. Often these panels meet with the sponsoring government or non-profit entity for five days at a fee of about \$110,000, and typically address issues of a broad and long-range scope.

The ULI District Councils have begun providing panel services of one or two days. A fee is charged for the advisory service, but the panel members are not compensated for their time. To ensure objectivity, panel members cannot be involved in matters pending before or be working for the sponsor and cannot solicit work from the sponsor during the panel’s assignment period.

Sponsors request Technical Assistance Program services on specific issues which can be addressed in one or two days. The District Council assists the sponsor in refining the scope of the assignment and in organizing the panel efforts. Panels are then formed to provide the expertise to address those

issues. At the conclusion of the work period, the panel issues a report with recommendations to the sponsor.

The selection of the TAP panelists consisted of reaching out to ULIOC members and confirmation with Laguna Niguel City Staff that the panelist's background and experience would be beneficial in this particular project. All TAP panelists were members in good standing of the ULIOC and instructed with the following simple guidelines:

“TAP panelists understand they are being asked to provide objective advice to the City of Laguna Niguel based on their expertise, experience and/or professional background. It has been determined for each panelist, in advance of accepting the assignment, whether an actual conflict exists or whether one might be created by the panelist accepting an assignment. Panelists were asked to provide responses to five questions on city of residency, employment or land ownership in Laguna Niguel, elected or appointed positions held, personal or professional affiliations with business enterprises in the Gateway district, and current ULI membership.

TAP Panelists agree not to directly market their services to the City of Laguna Niguel before or during the panel assignment. ULI does not intend to preclude the City from utilizing the services of ULI members on future work for the City of Laguna Niguel. However, if the City of Laguna Niguel should approach a panelist regarding future work for the City before the panel assignment is completed, ULI requests that the panelist notify the Executive Director of the ULI Orange County District Council to verify that the panelist's potential involvement with the City in no way impacts the integrity of the Technical Advisory Panel.”

Additional Resources

Re: Retail Development

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