



GOLDEN RAIN *Foundation* of LAGUNA WOODS



Newsletter

The Birth of a Community: The Early History of Laguna Woods Village, Part I

Based on Information taken from the Archives of the Historical Society

Laguna Woods Village, formerly known as Leisure World, originated from the foresight and creative genius of Ross Cortese.

As a thirty-something real estate developer, he formed the Rossmoor Corporation. In May 1956, he built Rossmoor, California, the community where he discovered the marketability of a “whole community”- including churches, schools, and businesses.

Cortese realized that the needs of persons over the age of 55 were not met by the building industry. His plan for the Leisure World communities was the result of research developed by a Gerontology Program at the University of Southern California. The program provided an invaluable source of information about what mature people needed and wanted in their environment.

When were the first manors sold?

Laguna Woods Village came after the near completion of the first Leisure World at Seal Beach. Rossmoor began selling manors in February 1964. The first mutual contained 370 units located on Calle Aragon opposite Clubhouse I. They were sold in 1½ hours after they were put on the market. Prices at the time were between \$12,000 and \$24,000.

By the end of 1964, the occupancy had risen from the original 10 families that moved in September 10th to 931 families. Everyone had to learn together about living cooperatively—a new experience for many, both in management and local governance.

What was unique about the original financing?

Laguna Woods Village was built under the provisions of the National Housing Act, Section 213, which clearly defined that a housing project built according to its provisions must provide a plan of ownership and governance by the residents. It was called “cooperative housing.” This basic principle had to be met in order to secure FHA financing involving 40-year mortgages at 5.25% and allowing only a 3% down payment.

A key aspect of FHA requirements was that Rossmoor Corporation was to have no voice in the management of the community and its several emerging corporations. Non-profit corporations were created on paper and permitted to be born after the fact. From this emerged several community corporations (GRF and the housing mutuals).

How was the Community Governed and Managed in the early years?

During this same period a management company, the Leisure World Foundation (LWF), (not to be confused with the current Foundation of Laguna Woods Village which provides resident financial assistance) was created. LWF supported the early mutual corporations and the Golden Rain Foundation of Laguna Hills. LWF managed each mutual as it was formed, until there were enough residents to govern each entity.

Each mutual corporation borrowed its own construction money and made its own sales. Mutual sales were managed for the mutuals by LWF. Responsibility for sales remained with LWF through the development of the first 21 housing mutuals.

The stipulation required by FHA--that there must be a management company rather than the developer in charge--gave the community a special financial and political stability. Even though the management company had no policy-making authority, it did have a high degree of responsibility in the recommendation and formation of policies.

**Next Week: Part II: The Early Governance
Structure**

45th Anniversary 