



CITY OF

NEWPORT BEACH

City Council Staff Report

November 4, 2025
Agenda Item No. 5

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Resolution No. 2025-77: Initiating an Amendment to Newport Place Planned Community Development Plan Related to the Minimum Percentage of Inclusionary For-Sale Housing within the Residential Overlay (PA2025-0196)

ABSTRACT:

For the City Council's consideration is the initiation of an amendment to revise the minimum percentage of inclusionary housing applicable to for-sale housing developments within the Residential Overlay of the Newport Place Planned Community Development Plan (PC-11). Should the City Council adopt the resolution, the changes will be considered by both the Planning Commission and the City Council at future public hearings.

RECOMMENDATIONS:

- a) Determine this action exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15262 (Feasibility and Planning Studies) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3; and
- b) Adopt Resolution No. 2025-77, *A Resolution of the City Council of the City of Newport Beach, California, Initiating an Amendment to Newport Place Planned Community Development Plan (PC-11) Related to the Minimum Percentage of Inclusionary For-Sale Housing Within the Residential Overlay (PA2025-0196)*.

DISCUSSION:

The Newport Place Planned Community (PC-11) is located in the Airport Area and was originally designed in the early 1970s with clusters of office parks and industrial uses. The 145-acre area has evolved over time, with light industrial uses being replaced with commercial support retail and office uses. Additionally, the introduction of the Mixed-Use Horizontal 2 (MU-H2) land use classification as part of the 2006 General Plan Land Use Element created an opportunity for residential uses.

On July 24, 2012, the City Council adopted [Ordinance No. 2012-14](#), amending PC-11 to create the Residential Overlay (Overlay). At the time, the Overlay was necessary to secure certification of the 4th Cycle Housing Element since it had greater potential to

accommodate the City's Regional Housing Needs Assessment (RHNA) for lower-income households. The amendment implemented the 2006-adopted MU-H2 General Plan Land Use category for parcels within PC-11. The Overlay included use and development standards for multi-unit residential projects, and it required 30% of the units in a development to be affordable to lower-income households for a minimum of 30 years. PC-11 is the only planned community in the Airport Area that requires inclusionary housing.

On July 25, 2023, the City Council adopted [Ordinance No. 2023-13](#), reducing the minimum inclusionary housing requirement of the Overlay from 30% to 15%. The amendment was necessary to implement the 6th Cycle Housing Element by mitigating the governmental constraints of imposing a high inclusionary housing percentage that rendered projects financially infeasible and to facilitate construction of housing for all income groups.

On April 9, 2024, the City Council approved the necessary land use entitlements for the development of a 67-unit condominium project (Residences at 1401 Quail Street) by Intracorp Homes. This project is located within the Overlay and includes 8 affordable units, satisfying the required 15% inclusionary requirement (15% of the 52 base units). As an incentive for providing affordable housing, the project also received a 27.5% density bonus (15 bonus units) in compliance with State Density Bonus Law. Representatives of Intracorp Homes are requesting that the City consider lowering the required inclusionary percentage applicable to for-sale housing, as the approved project is no longer financially viable to implement (Attachment B).

If the amendment is initiated, staff will conduct further analysis and recommend an appropriate change to inclusionary housing percentage applicable to for-sale housing projects in PC-11. Future public hearings will be required by the Planning Commission and the City Council.

FISCAL IMPACT:

There is no fiscal impact related to the initiation.

ENVIRONMENTAL REVIEW:

The initiation of an amendment to PC-11 is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15262 (Feasibility and Planning Studies) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential to have a significant effect on the environment. No final action on the amendment will occur at this meeting and the initiation of the amendment does not have any legally binding effect upon future consideration of the amendment itself. The City will conduct an environmental review prior to the consideration of approval of the amendment.

NOTICING:

The Municipal Code does not require notice for the initiation of amendments. Notice of this item appeared on the agenda for this meeting, which was posted at City Hall and on the City website. Should the City Council initiate the amendment, public notice will be provided for subsequent public hearings before the Planning Commission and the City Council, as required by the Municipal Code.

ATTACHMENTS:

Attachment A – Resolution No. 2025-77
Attachment B – Initiation Request Letter