



CITY OF

NEWPORT BEACH

City Council Staff Report

November 18, 2025
Agenda Item No. 16

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: Jaime Murillo, Acting Community Development Director - 949-644-3209, jmurillo@newportbeachca.gov

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TITLE: Ordinance No. 2025-36 and Resolution No. 2025-80 Approving the MacArthur Court Development Agreement and Affordable Housing Implementation Plan (PA2025-0090)

ABSTRACT:

The Irvine Company (Applicant) is requesting approval of a Development Agreement (DA) and Affordable Housing Implementation Plan (AHIP) for the future development of the MacArthur Court Campus, a mixed-use campus consisting of two five-story residential buildings containing 700 residential units (MacArthur Court Apartments), and a 10,000-square-foot retail building. No specific design for the project is included in this application. The project would require a future Site Development Review and other entitlements by the Planning Commission prior to building permit issuance.

For the City Council's consideration is the introduction of an ordinance approving a DA for the project and adoption of a resolution to approve an AHIP for the purpose of allocating and vesting development rights for 700 residential units.

RECOMMENDATIONS:

- a) Conduct a public hearing;
- b) Find this project is not subject to further environmental review pursuant to Section 21083.3 of the California Public Resources Code (PRC) and Section 15183 of the CEQA Guidelines because the project is consistent with the previously certified Program Environmental Impact Report (SCH No. 2023060699);
- c) Introduce Ordinance No. 2025-36, *An Ordinance of the City Council of the City of Newport Beach, California, Approving a Development Agreement for the MacArthur Court Project located at 4665, 4675, 4680, 4685 and 4695 MacArthur Court, and 4770 Campus Drive (PA2025-0090)*, and pass to second reading on December 9, 2025; and
- d) Adopt Resolution No. 2025-80, *A Resolution of the City Council of the City of Newport Beach, California, Approving an Affordable Housing Implementation Plan for the MacArthur Court Project Located at 4665, 4675, 4680, 4685 and 4695 MacArthur Court, and 4770 Campus Drive (PA2025-0090)*.

DISCUSSION:

Project Setting

The 18.7-acre project site of the existing MacArthur Court Campus consists of five parcels located at 4665, 4675, 4680, 4685 and 4695 MacArthur Court, and 4770 Campus Drive in the Airport Area as shown in Figure 1 below. The project site abuts Campus Drive and the City of Irvine to the north, MacArthur Boulevard to the west, and Birch Street to the south. The property is currently developed with various professional business offices and a five-story parking structure as shown in Figure 1 below.

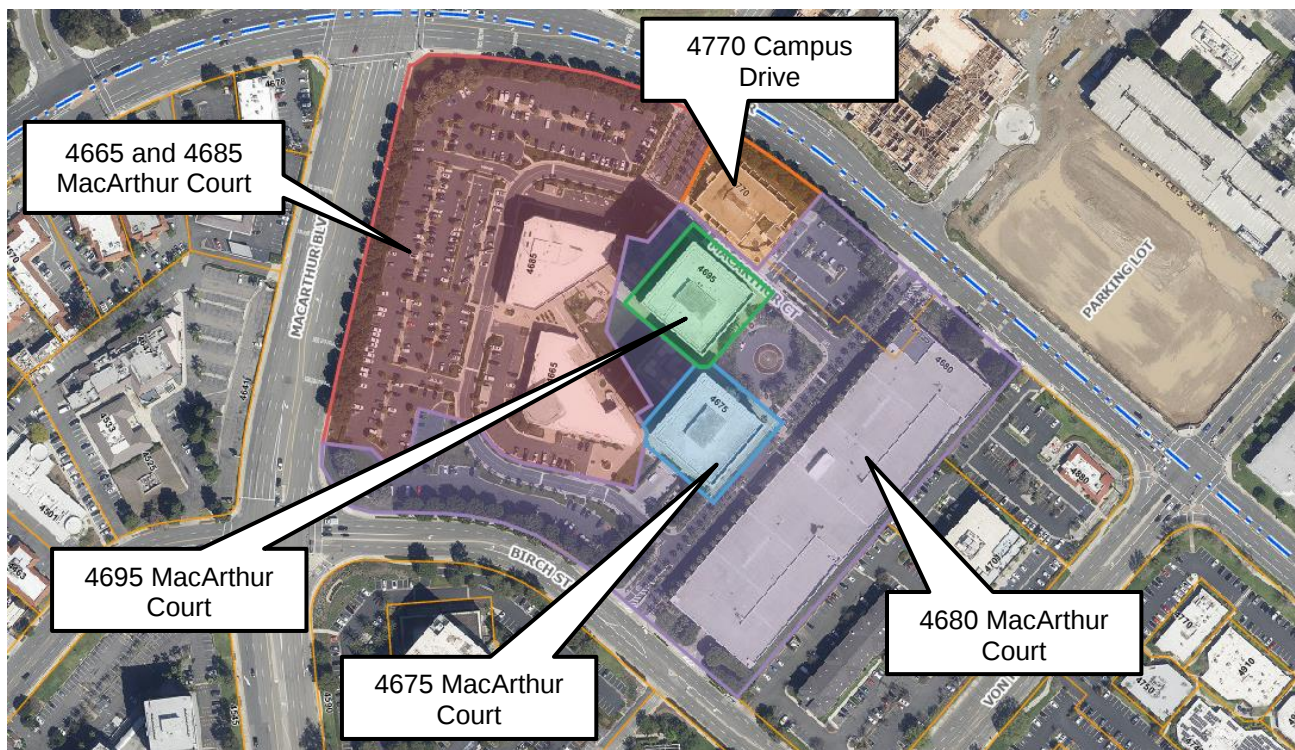


Figure 1: Five parcels that make up the MacArthur Court project site.

Background

Housing Opportunity (HO) Overlay Zoning District

On September 24, 2024, the City Council adopted Ordinance Nos. 2024-16 and 2024-17, approving amendments to Title 20 (Planning and Zoning) of the Newport Beach Municipal Code (NBMC) to establish the Housing Opportunity (HO) Overlay Zoning Districts in Section 20.28.050 (Housing Opportunity (HO) Overlay Zoning Districts) (Housing Overlay) of the NBMC and to create multi-unit objective design standards in Section 20.48.185 (Multi-Unit Objective Design Standards) of the NBMC. The new sections serve to implement Policy Actions 1A through 1G and 3A in the 6th Cycle Housing Element of the General Plan. Properties identified as a Housing Opportunity Site have specified development allowances conducive to residential development at the prescribed average density of 20 to 50 dwelling units per acre. The standards include but are not limited to minimum lot area, setbacks, height, open space, landscaping, and parking. The multi-unit objective

design standards are applicable to any residential project with a minimum density of 20 dwelling units per acre to ensure the highest possible design quality and provide a baseline standard for new multi-unit developments throughout the City.

Section 20.28.050 (Housing Opportunity (HO) Overlay Zoning Districts) of the NBMC allows for new housing opportunities within five subareas to ensure the City can accommodate its 6th Cycle RHNA allocation. These subareas correspond to the Focus Areas identified in the Housing Element and are as follows:

- Airport Area Environs Area (HO-1)
- West Newport Mesa Area (HO-2)
- Dover-Westcliff Area (HO-3)
- Newport Center Area (HO-4)
- Coyote Canyon Area (HO-5)

Properties identified within these subareas are eligible for specified development allowances conducive to residential development at the prescribed average density of 20 to 50 dwelling units per acre. The standards include but are not limited to minimum lot area, setbacks, height, open space, landscaping and parking. Each of the five subareas is also subject to a development limit that identifies the maximum number of dwelling units allowed.

The property is categorized as General Commercial Office (CO-G) by the General Plan and located within the Koll Center Planned Community (PC-15) Zoning District. The property, including 4665 and 4685 MacArthur Court, and many other properties in the PC-15 Zoning District, are located within the HO-1 Subarea¹. The development limit for the HO-1 Subarea is 2,577 units and the required average density range is 20 to 50 dwelling units per acre. Figure 3 below depicts properties identified as housing sites within the HO-1 Subarea and eligible for the development of housing pursuant to the Housing Overlay of the NBMC.

¹ On June 6, 2025, a Director's Determination (PA2025-0117) was issued determining that the entire block bound by MacArthur Boulevard to the west, Campus Drive to the north, Von Karman Avenue to the east, and Birch Street to the south is within the HO-1 Subarea.

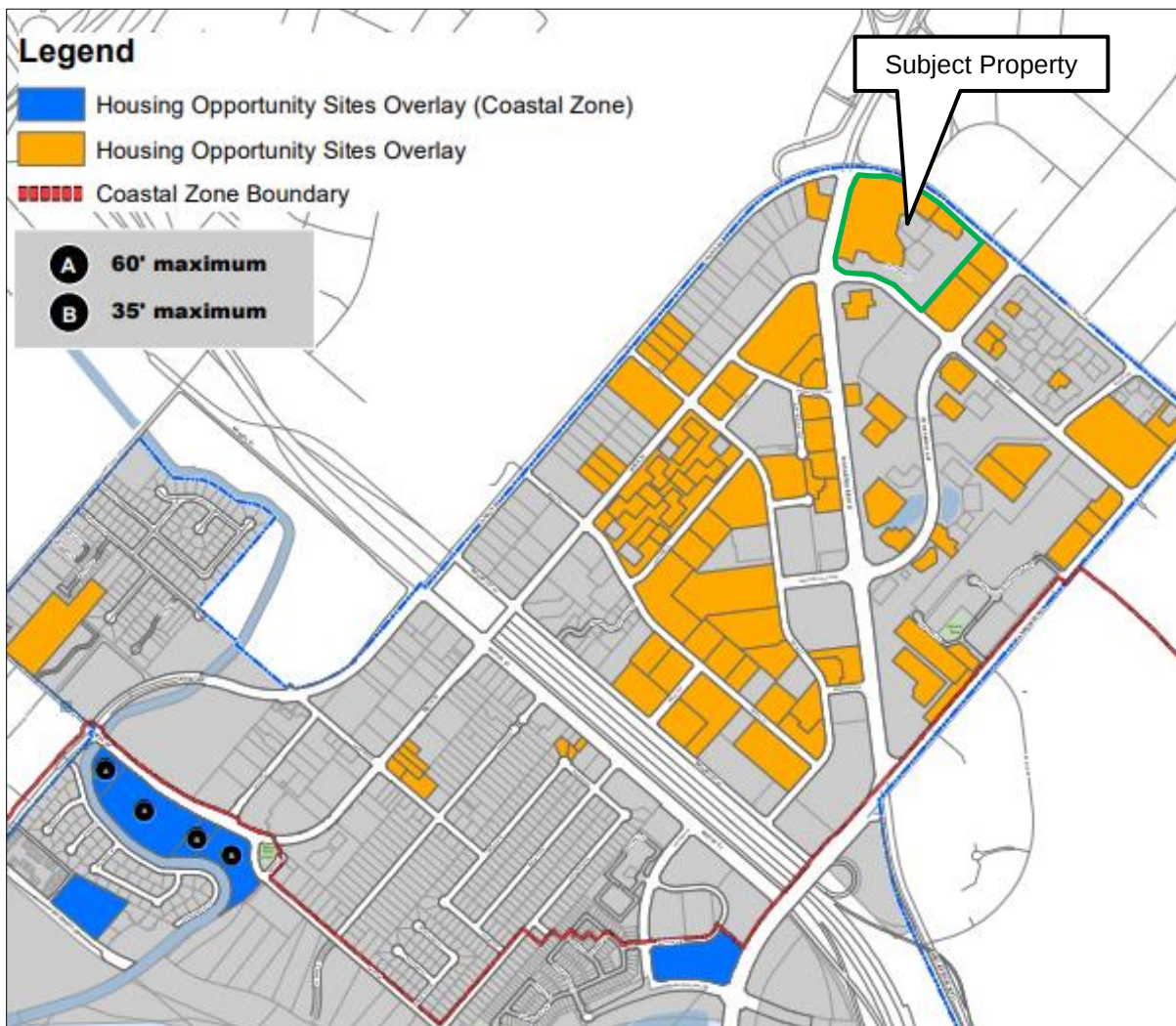


Figure 2: HO-1 (Airport Area Environs Area) Subarea map

Project Description

The Applicant is requesting a development agreement and an AHIP to vest rights to develop a mixed-use campus at MacArthur Court. The future development of the MacArthur Court Campus includes the demolition of approximately 126,837 square feet of existing office buildings on 4665 and 4685 MacArthur Court and 4770 Campus Drive. The project includes the future construction of two five-story residential buildings consisting of 700 rental dwelling units and a 10,000-square-foot non-residential building. The project would retain the two existing high-rise office towers and an existing 2,412-space parking garage. The two new residential buildings (the MacArthur Court Apartments) will be constructed on a single parcel that comprises a portion of 4665 and 4685 MacArthur Court and a portion of 4680 MacArthur Court as shown in the conceptual site plan below (Figure 3).

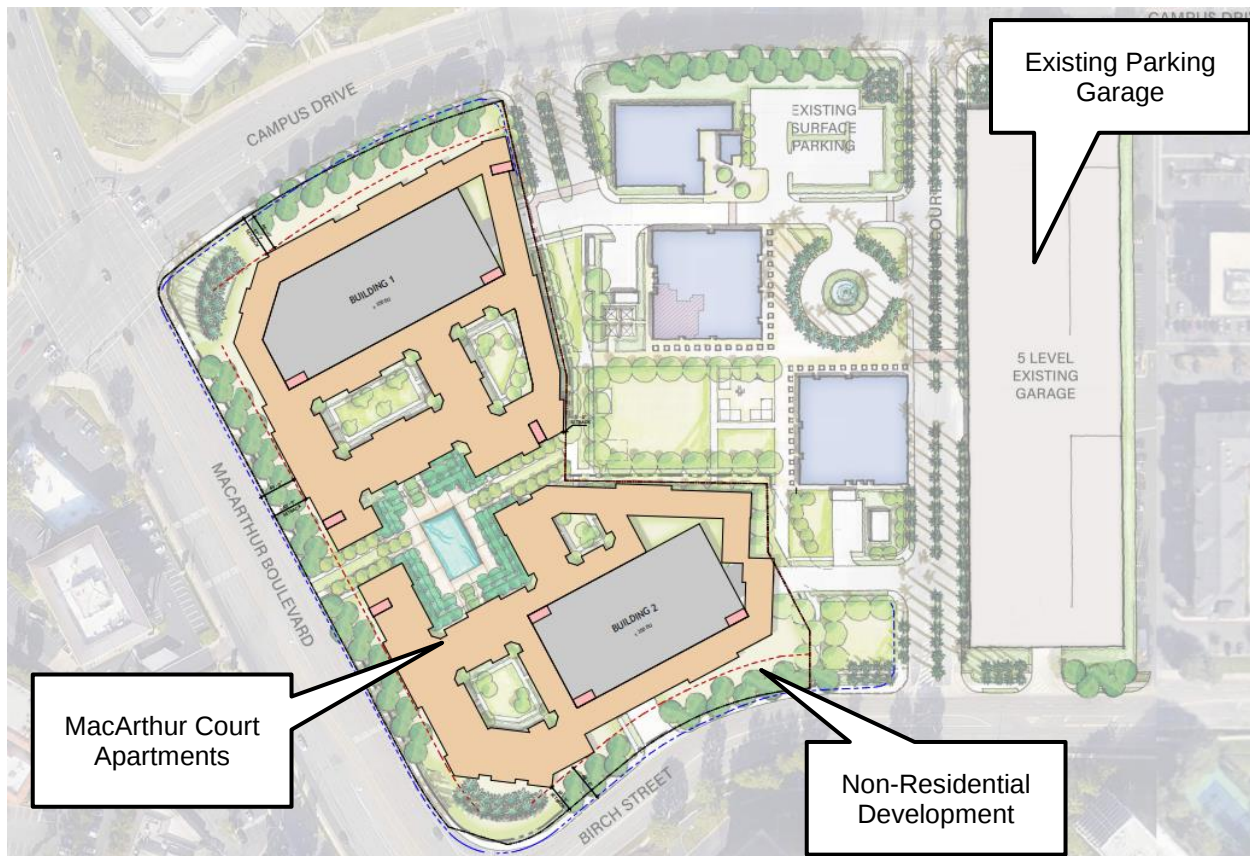


Figure 3: Conceptual Site Plan

No specific design for the project is included in this application, and no construction is proposed as part of this application. Buildout of the project would require future entitlements, including a Site Development Review by the Planning Commission prior to building permit issuance.

Once complete, the proposed MacArthur Court Campus will include two new wrap residential buildings, a new non-residential building, two existing office high rise towers, and an existing stand-alone parking garage that supports the high-rise office buildings.

A DA and an AHIP are requested for the purpose of allocating and vesting development rights for 700 of the 2,577-unit HO-1 Subarea development limit.

Development Agreement

Pursuant to Section 15.45.020(A)(2)(a)(Development Agreement Required) of the NBMC, a DA is not required because the project does not include a legislative act (General Plan Amendment, Zoning Code Amendment) nor does the City's 6th Cycle General Plan Housing Element require applicants to enter into DAs to develop housing units located on Housing Opportunity Sites. Nonetheless, the Applicant is requesting a voluntary DA to vest rights to develop the project including 700 residential dwelling units for a term of 10 years. In exchange for vesting development rights, the project will be required to pay public benefit fees as part of the DA. The Applicant would also voluntarily

commit to developing affordable housing units in the City in furtherance of the certified Housing Element, including up to 49 new affordable units.

The DA provides assurance that the applicant may proceed with the proposed project in accordance with existing policies, rules and regulations, and conditions of approval. Additionally, the agreement provides the Applicant increased development certainty and project feasibility, while encouraging a commitment to private participation in comprehensive planning.

In exchange for vesting development rights, the applicant will be required to provide various public benefits including:

- MacArthur Boulevard Revitalization Fee: Payment of a MacArthur Boulevard Revitalization fee of \$3.25 million to help fund future City planned improvements to MacArthur Boulevard to be paid at the issuance of the first building permit for all or any portion of the 700 residential units. The City's planned improvements for MacArthur Boulevard include, but are not limited to, new bike lanes, improvements to intersections to enhance bicycle and pedestrian safety, median and landscape improvements, and City entry signage;
- Provision of Increased Open Space: In-lieu of dedicating 0.5-acres of land to the City for a neighborhood park in accordance with Land Use Policy LU 6.15.13 (Standards) of the General Plan, the applicant has committed to dedicating a public easement for a larger 1.0-acre publicly accessible, but privately owned and maintained, area of open space within the Property. The easement would be recorded prior to issuance of the final certificate of occupancy for the 700 residential units;
- Development Impact Fee (DIF): Payment of DIFs (Fire, Police, Recreation, Sewer)² to be paid at the issuance of the respective building permit for any of the 700 residential units;
- Affordable Housing Implementation Plan: Construction of up to 49 dwelling units affordable to lower income households (*see AHIP below*); and
- Public Benefit Fee: A public benefit fee of \$17,000 per residential unit (subject to annual CPI Adjustments), paid prior to issuance of building permits for any of the 700 units that are issued a building permit *on or after July 1, 2028*. As an incentive to encourage development of the project within the current 6th Cycle Housing Period, the public benefit fee will not be assessed to the development of any units that are issued a building permit before July 1, 2028.

² The project is located within the Irvine Ranch Water District and therefore not subject to the City's Water System DIF.

Affordable Housing Implementation Plan (AHIP)

Although it is not required to implement the project, as a voluntary public benefit, the Applicant has prepared a draft AHIP, dated May 2025 (Exhibit B of Attachment B) to illustrate their commitment to the development of affordable housing in the community.

The project proposes constructing 700 new market rate residential units on the MacArthur Court Campus. The Applicant also proposes building affordable housing units at an off-site location equivalent to 7% of the new market rate residential units constructed, which would equate to 49 new affordable units (i.e., 7% of 700 market rate units). The units would be allocated for very low- or low-income households and would be built on a single site, which may be located outside of the Airport Area. No density bonuses are requested as part of the AHIP. The first building permit for construction of the affordable housing units shall be issued by January 31, 2029.

In the event that the affordable units cannot be constructed within the specified timeline, suitable land will be dedicated to the City for the purpose of developing affordable housing in the future. If the affordable dwelling units are not built, and land is not dedicated, then the Applicant shall be responsible for paying an affordable housing in-lieu fee of \$36,690 per market rate unit constructed.

General Plan Consistency

Pursuant to General Plan Policy LU 4.5 (Residential Uses and Residential Densities), residential use of any property included within an established housing opportunity overlay zoning district is allowed regardless of the underlying land use category or density limit established through General Plan Policy LU 4.1 (Land Use Diagram), Table LU1 (Land Use Plan Categories) and Table LU2 (Anomaly Locations). A general plan amendment is not required to develop residential uses within an established housing opportunity zoning overlay district.

As discussed above, the project is consistent with Land Use Policy 6.15.13 (Standards) of the General Plan Land Use Element which aims to provide neighborhood parks for the entire neighborhood and to serve the daily recreational and commercial needs of the community within easy walking distance of homes, by requiring dedication and improvement of up to 0.5-acres as a neighborhood park. In-lieu of dedicating 0.5-acres of land to the City, the Applicant will dedicate an easement for 1.0 acres of Publicly Accessible Open Space (PAOS), significantly exceeding the approximately 0.5-acre requirement (3% of net site area) of Section 20.48.185(O) (Multi-Unit Objective Design Standards) of the NBMC. The PAOS is intended to be configured as a passive paseo and active plaza that provides walking and biking connections through the project site, and a central gathering area that serves as an amenity for residents of the project as well as neighborhood residents, employees, and visitors.

Water Supply Assessment

Pursuant to California Senate Bill 610 (SB 610) adopted in 2011, Section 21151.1 of the Public Resources Code, and Section 10910 et. seq. of the Water Code, a Water Supply Assessment (WSA) is required for projects that result in construction of at least 500

dwelling units. Since the project includes the future construction of up to 700 units on the Property, and the City's Housing Implementation Program EIR contemplated that future housing projects would prepare their own project specific WSAs, it was appropriate for the Applicant to prepare a WSA for the project.

The Property is served by the Irvine Ranch Water District (IRWD). Therefore, the City is not the Water Agency tasked with formally reviewing or accepting the WSA. The WSA was approved by the Board of Directors of the IRWD on October 13, 2025. The assessment determined that a sufficient water supply is available for the project and that the total water supplies available to IRWD during normal, single-dry and multiple-dry years within a 20-year projection will meet the projected water demand of the project in addition to the demand of existing and other planned future uses, including, but not limited to, agricultural and manufacturing uses.

Planning Commission Review and Recommendation

On October 23, 2025, the Planning Commission conducted a duly noticed public hearing to consider the requested application. The Planning Commission discussed the merits of the Project, the applicable public benefits, and public benefit fees. At the conclusion of the public hearing, the Planning Commission voted five ayes and zero nays (with two absent/recused), to adopt Resolution No. PC2025-023, recommending the City Council approve the Project. The Planning Commission staff report, draft meeting minutes, and resolution are included as Attachment Nos. C, D and E.

FISCAL IMPACT:

As the project is not increasing overall density and is consistent with the Zoning District and General Plan, a fiscal impact analysis was not prepared. A fiscal impact analysis was prepared by Keyser Marston Associates dated July 9, 2024, for the Housing Element Implementation Program Amendments. The analysis concluded that residential projects could have a net negative fiscal impact unless they continue to be developed at higher price points. Additionally, fiscal impacts are often offset through payment of impact fees and DAs. In this case, the applicant would provide various public benefit fees including development impact fees to the City based on the specific terms contained in the DA.

ENVIRONMENTAL REVIEW:

Pursuant to the California Environmental Quality Act (CEQA) as set forth in California Public Resources Code Section 21000 *et seq.* and its implementing guidelines set forth in California Code of Regulations, Title 14, Division 6, Chapter 3 (CEQA Guidelines), the City Council adopted Resolution No. 2024-50 on July 23, 2024, certifying Final Program Environmental Impact Report SCH No. 2023060699 (PEIR), approving a Mitigation Monitoring and Reporting Program (MMRP), and adopting Findings and a Statement of Overriding Considerations related to the implementation of the Housing Element involving amendments to the General Plan, Coastal Land Use Plan, and Title 20 (Planning and Zoning) and Title 21 (Local Coastal Program Implementation Plan) of the NBMC which are available at: [Housing Implementation Program EIR](#).

The Project is not subject to further environmental review pursuant to Section 21083.3 of the California Public Resources Code (PRC) and Section 15183 of the CEQA Guidelines because, inasmuch as the Properties involved are all within the HO-1 Subarea, the Project does not change the underlying land use or zoning designations; and would not result in new significant impacts or a substantial more adverse impact than addressed in the PEIR. A detailed consistency analysis has been prepared by T&B Planning Inc., dated October 2025, and peer reviewed by Kimley-Horn & Associates, Inc., is provided as Exhibit “D” of Attachment A and hereby incorporated by reference.

NOTICING:

Notice of this hearing was published in the Daily Pilot, mailed to all owners of property within 300 feet of the boundaries of the site (excluding intervening rights-of-way and waterways), including the applicant and posted on the subject property at least 10 days before the scheduled meeting, consistent with the provisions of the Municipal Code. Additionally, the item appeared on the agenda for this meeting, which was posted at City Hall and on the City website.

ATTACHMENTS:

Attachment A – Ordinance No. 2025-36

Attachment B – Resolution No. 2025-80

Attachment C – Planning Commission Staff Report (No Attachments)

Attachment D – Planning Commission Draft Meeting Minutes

Attachment E – Planning Commission Resolution No. PC2025-023 (No Exhibits)