



NEWPORT BEACH

City Council Staff Report

April 14, 2026
Agenda Item No. 12

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Resolution No. 2026-21: Appeal of the Acacia Atrium Medical
Condominium Conversion Project at 20280 and 20312 Acacia Street
(PA2024-0236)

ABSTRACT:

For the City Council's consideration is an appeal by the applicant of the Planning Commission's November 20, 2025, decision to deny a request for the establishment of medical office condominiums, a related parking waiver and associated land use entitlements. The applicant, CGM Development (Applicant), has revised the original project to reduce the proposed medical office use, thereby decreasing the requested parking waiver request to 18 spaces. The revised proposal also includes a parking management plan with valet operations. The project requires the approval of a condominium conversion, tentative parcel map, conditional use permit, and a traffic study.

RECOMMENDATIONS:

- a) Conduct a de novo public hearing;
- b) Find this project exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301 under Class 1 (Existing Facilities) 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; and
- c) Adopt Resolution No. 2026-21, A Resolution of the City Council of the City of Newport Beach, California, Approving an Appeal and Overturning *the Decision of the Planning Commission to Deny a Condominium Conversion, Tentative Parcel Map, Conditional Use Permit, Traffic Study, and Parking Waiver to Allow the Conversion of an Existing Professional Office Complex to Medical Office Condominiums as Modified for the Property Located at 20280 and 20312 Acacia Street (PA2024-0236)*.

DISCUSSION:

The subject property is located to the south of the Acacia Street and Orchard Drive intersection. The subject property is a 1.36-acre site developed with one existing three-story office building, totaling 27,931 square feet of building area. The building contains a mix of professional, business and medical office uses and an existing 109-space parking

lot that serves the tenants of the building. The project site is bounded by Acacia Street to the north and by professional offices in all other directions.



Figure 1, Oblique image of the project site and the surrounding area

Project Background and Original Project Description

The Applicant submitted a proposal to convert 100% of an existing three-story professional office building into medical office condominiums (Original Project). The Original Project required approval of a condominium conversion and tentative parcel map (Attachment B) to create 12 airspace nonresidential condominium units for individual sale, along with a conditional use permit authorizing medical office use and a 32-space parking waiver. The Planning Commission staff report is included as Attachment C and includes a detailed description of the Original Project and parking analysis. A traffic study was also required as part of the entitlement package (Attachment D).

On November 20, 2025, the Planning Commission conducted a public hearing for the project. At the public hearing, one member of the public spoke in opposition to the project expressing concerns over the requested parking waiver associated with the application. The Planning Commission also expressed several concerns, as summarized below:

1. Percentage of Parking Spaces Waived: The requested parking waiver was too large, as medical office uses generate higher parking demand than professional office. Relying on the existing parking supply for professional office use was problematic. The project lacked alternative parking solutions such as a parking structure, lift system, or valet plan to address the demand.
2. Management of Parking and Future Enforcement: Concerns were expressed regarding the City of Newport Beach's ability to manage parking problems if they arise in the future, noting that once the building is converted into multiple medical condominiums with separate owners, it may be more difficult for the City to

implement or require parking solutions compared to working with a single property owner.

3. Precedent: Approving the waiver amount would be inconsistent with past decisions and could set a precedent encouraging similar under-parked medical conversions in the area, which cumulatively may have a negative impact on the public parking supply.

At the close of the public hearing and based on the aforementioned concerns, the Planning Commission determined that the establishment of medical office condominiums, combined with the requested parking waiver, did not satisfy the findings required under NBMC Sections 20.52.020 (Conditional Use Permits and Minor Use Permits), 19.64.070 (Standards for Condominium Conversions), and 19.12.070 (Required Findings for Action on Tentative Maps). The Commission denied the Original Project by a vote of 6 ayes, 0 nays, and 1 abstaining. The Planning Commission minutes are included as Attachment E.

Appeal

On November 25, 2025, the Applicant filed a timely appeal of the Planning Commission's decision, citing two primary grounds: (1) the Planning Commission failed to specify or identify the required findings to support denial of the condominium subdivision map, and (2) the Planning Commission denied the conditional use permit based on an asserted lack of information, despite evidence demonstrating that the original project met minimum parking requirements and is not under-parked pursuant to Section 20.40.110(B) (Reduction of Required Off-Street Parking) of the NBMC.

After filing the appeal, the Applicant voluntarily revised the project to address concerns raised by the Planning Commission. Therefore, the project proposed as part of this appeal has been modified from the original project that was reviewed by the Planning Commission.

Revised Project Description

The revised project reduces the medical office component to approximately 67% of the existing building, with the remaining floor area allocated to professional office and outpatient surgery facility¹ uses. The revised project reduces the requested parking waiver from 22.8% to 14.2%, resulting in a an 18-space parking waiver instead of a 32-space parking waiver. The revised project also includes a parking management plan with valet operations, which would provide an additional 14 parking spaces if demand exceeds the expected demand identified in the revised parking study (Attachment F). Table 1 provides a comparison of the Original Project and the Revised Project.

¹ The "Outpatient Surgery" land use is not considered "Medical Office" by the Newport Beach Municipal Code (NBMC). The NBMC defines the outpatient surgery as an establishment, separate from or not within a hospital, that offers planned surgical procedure(s) on an outpatient bases, with no overnight stays.

Table 1: Comparison of Original Project and Revised Project

Project	Land Uses	Parking Waiver Requested	Parking Management Plan
Original Project	100% Medical Office	32-spaces (22.8%)	Convert one parking space to shared mobility space (i.e. Uber, Lyft, etc.)
Revised Project	67% Medical Office 33% Professional Office/ Outpatient Surgery	18-spaces (14.2%)	Convert one parking space to shared mobility space (i.e. Uber, Lyft, etc.) Valet parking plan, if needed, which could increase supply by 14 spaces

Similar to the Original Project, the Revised Project requires the following entitlements:

- Condominium conversion authorizing the conversion of the existing professional office units into nine medical office condominiums, two professional office condominiums and one outpatient surgery facility condominium;
- Tentative parcel map to create a 12-unit nonresidential condominium subdivision as defined in Section 783 of the California Civil Code allowing for individual sale;
- Conditional Use Permit authorizing medical office use and an 18-space reduction of required off-street parking;
- Traffic Study ensuring compliance with the Traffic Phasing Ordinance of Newport Beach Municipal Code Chapter 15.40;

Parking Analysis

The Applicant has voluntarily reduced their parking waiver request as part of the Revised Project by the reducing the amount of medical office space proposed. Table 2 below provides a breakdown of the required parking for the Revised Project, comparing the parking requirements of the NBMC to the parking demand identified in the revised parking study.

The revised project requires 126 parking spaces to serve the proposed medical office, professional office, and outpatient surgery uses, while 108 spaces are provided², resulting in an 18-space deficit (i.e. 14.2% waiver) per the NBMC parking standards.

However, to determine real world demand for parking, the revised parking study dated February 24, 2026 (Attachment F), evaluated demand using weekday surveys from comparable medical buildings and determined that medical office uses generate an average peak demand of 3.90 spaces per 1,000 square feet, resulting in a projected medical parking demand of 74 spaces (vs. 95 spaces required by the NBMC). When combined with the professional office and outpatient surgery components, the total projected parking demand is 105 spaces (i.e., less than the 108 spaces provided).

Table 2: Required Parking for the Revised Project

Use	Floor Area (SF)	Required Parking Rate	Required Parking (NBMC)	Required Parking per Study
Existing Professional Office	21,624 net	1 per 250 SF (net)	87	-
Total Required Parking (Existing)			87	-
Medical Office	18,898 gross	1 per 200 SF (gross)	95	74
Professional Office	4,301 net	1 per 250 SF (net)	17	17
Outpatient Surgery Facility	3,440 gross	1 per 250 SF (gross)	14	14
Total Required Parking (Proposed Uses)			126	105
Total Parking Provided			108	

Although the existing supply is projected to provide a three-space surplus, the project also includes a valet parking plan that can add 14 additional spaces through the provision of tandem spaces, increasing total onsite capacity to 122 spaces, plus one designated rideshare space. The revised parking study concludes that the available supply is adequate to support the proposed project.

Other Property Improvements

The Applicant also provided additional information regarding improvements that are proposed for the property. The Applicant proposes a comprehensive modernization of the property, beginning with a full façade renovation and improvements to the parking lot, including resurfacing and restriping. Accessibility is being improved through upgraded Americans with Disabilities Act (ADA)-compliant street access, a new driveway approach, and ADA-integrated improvements throughout the common areas. The project also includes refreshed landscaping to elevate the site’s overall appearance, complete reconstruction of

² To comply with current City design standards, the project includes minor improvements to the parking lot circulation to provide a turnaround space at the existing dead-end drive aisles. With the proposed modifications, a total of 108 spaces in the parking lot will be provided.

the restrooms with contemporary finishes, and a full replacement of the roofing system along with a new HVAC platform. All existing tenant spaces have been demolished to allow for new tenant-improvement construction, supported by new electrical sub-panels and dedicated HVAC systems for each unit. Project plans are included for reference as Attachment G.

Response to Appeal

Percentage of Parking Spaces Waived

As discussed in the *Parking Analysis* section of the staff report above, the Revised Project substantially reduces the size of the requested parking waiver, directly addressing the Planning Commission's concern that the original parking waiver was too large. By decreasing the medical office component from 100% to approximately 67% and incorporating a mix of professional office and outpatient surgery uses, the overall parking demand is significantly lowered. The proposed waiver of 18 spaces (14.2%) is similar to the range of parking waivers previously approved by the Commission for similar projects, including the nearby medical office project located at 3300 Irvine Avenue (15.5% waiver). This demonstrates a clear effort by the applicant to align the proposal with established expectations and past precedent. Additional analysis regarding the parking waiver can be found in the draft resolution (Attachment A).

Management of Parking Deficit and Future Enforcement

To further mitigate parking impacts and address concerns about long-term management, the applicant has incorporated a formal valet parking plan as part of the parking management strategy. This plan has been reviewed by the City traffic engineer and determined to be an adequate and functional operational method for addressing parking demand should the existing supply prove inadequate to support the uses. A condition of approval has been included to require the Applicant to implement the valet program should the Community Development Director determine there is insufficient parking at the property. To monitor the parking and determine if there is sufficient parking once the building is operational, the Applicant is required to submit a parking study once the building is fully occupied and annually for five years after that.

In conclusion, by reducing the waiver and establishing a defined operational plan, the Revised Project provides a clear mechanism to address potential parking issues in the future.

Precedent

The revised parking program also responds to the Commission's concern about setting an undesirable precedent for under-parked medical conversions. By lowering the medical intensity, reducing the waiver request, and adding a vetted valet plan, the project is now consistent with prior approvals and does not represent a substantial departure from established practice.

In conclusion, the combination of reduced parking demand and enhanced operational capacity ensures that the project aligns more closely with prior Commission actions and does not encourage future proposals with excessive parking deficits.

Alternatives

Staff believe the findings for approval can be made to support the Revised Project and the facts in support of the required findings are presented in the draft resolution (Attachment A). The following alternatives are available to the City Council should they determine whether the facts are not sufficient to support the project application:

1. The City Council may suggest specific project modifications or operational changes that are necessary to alleviate concerns such as a reduction in the conversion of professional office use to medical office use (i.e., a smaller parking waiver). If the changes are substantial, the item should be continued to a future meeting to allow revisions to the project; or
2. The City Council may approve the tentative parcel map, condominium conversion and conditional use permit for the creation of 12 nonresidential condominium units, and deny the request for a parking waiver and traffic study. Under this option, the City Council would find that the conversion of the building to nonresidential office condominium is appropriate, provided that all uses are consistent with the parking requirements of the NBMC. This approach would allow the applicant to proceed with the subdivision for condominium purposes while ensuring that the project remains fully compliant with parking standards and avoids the concerns previously identified regarding medical office intensification; or
3. If the City Council does not believe the facts in support of findings can be made, the City Council may uphold the Planning Commission's original decision and deny the revised application request.

FISCAL IMPACT:

There is no fiscal impact related to this item.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this project exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301 under Class 1 (Existing Facilities) 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.

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item). 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 NBMC. Additionally, the item appeared on the agenda for this meeting, which was posted at City Hall and on the City website.

ATTACHMENTS:

- Attachment A – Resolution No. 2026-21
- Attachment B – Tentative Parcel Map (County Tentative Parcel Map No. 2024-147)
- Attachment C – November 20, 2025, Planning Commission Staff Report (Without Attachments)
- Attachment D – Acacia Atrium Medical Office Condos Traffic Impact Analysis prepared by Ganddini Group, Inc. dated June 20, 2025
- Attachment E – November 20, 2026, Planning Commission Meeting Minutes
- Attachment F – Revised Parking Study prepared by Michael Baker International, dated February 24, 2026
- Attachment G – Project Plans