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March 19, 2026, Planning Commission Staff Report (without attachments)



CITY OF NEWPORT BEACH PLANNING COMMISSION STAFF REPORT

March 19, 2026
Agenda Item No. 3

SUBJECT: Newport Place Planned Community Development Plan Amendment (PA2025-0196)

SITE LOCATION: Newport Place Planned Community (Generally bounded by MacArthur Boulevard, Jamboree Road, Birch Street and Bristol Street North)

APPLICANT: City of Newport Beach

PLANNER: Rosalinh Ung, Principal Planner
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PROJECT SUMMARY

An amendment to Newport Place Planned Community (PC-11) Development Plan to revise the minimum affordability percentage required within the Residential Overlay (Overlay) from 15% to 6% for for-sale residential projects.

RECOMMENDATION

- 1) Conduct a public hearing;
- 2) Find the Amendment is not subject to the California Environmental Quality Act (CEQA) under Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA; and
- 3) Adopt Resolution No. PC2026-008, recommending approval of a Planned Community Development Planned Amendment to revise the minimum percentage of inclusionary housing applicable to for-sale housing within the Residential Overlay of PC-11 to the City Council (PA2025-0196) (Attachment No. PC 1).

INTRODUCTION

The Newport Place Planned Community (PC-11) is within Newport Beach's Airport Area and generally bounded by MacArthur Boulevard, Jamboree Road, Birch Street, and Bristol Street North, as depicted in Figure 1 below. It was originally designed and planned in the early 1970s with clusters of office parks and industrial uses. Over time, the 145-acre area has evolved with light industrial uses being replaced by commercial offices and supporting retail and service uses. In 2006, the City of Newport Beach (City) added the introduction of the Mixed Use – Horizontal 2 (MU-H2) General Plan Land Use classification as a part of the 2006 General Plan Land Use Element, which created an opportunity for residential uses.

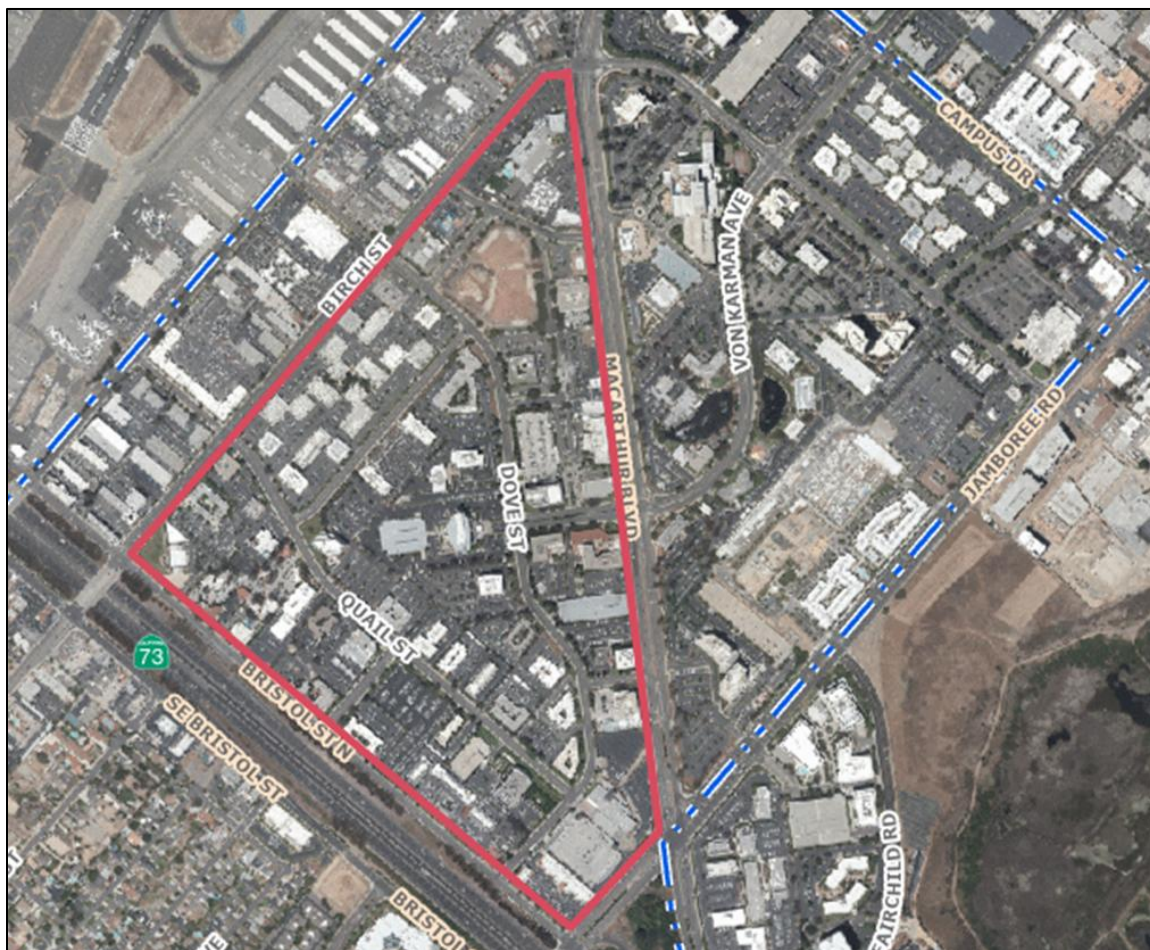


Figure 1, Boundary of the Newport Place Planned Community

On July 24, 2012, the City Council adopted [Ordinance No. 2012-14](#), amending the PC-11 Development Plan to create the Overlay, which is shown in Figure 2 on the following page. At the time, the Overlay was necessary to secure certification of the 4th Cycle Housing Element, as it had a greater potential to accommodate the City's Regional Housing Needs Assessment (RHNA) for lower-income households. The amendment implemented the 2006-adopted Mixed Use – Horizontal 2 (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 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 and with the highest percentage.

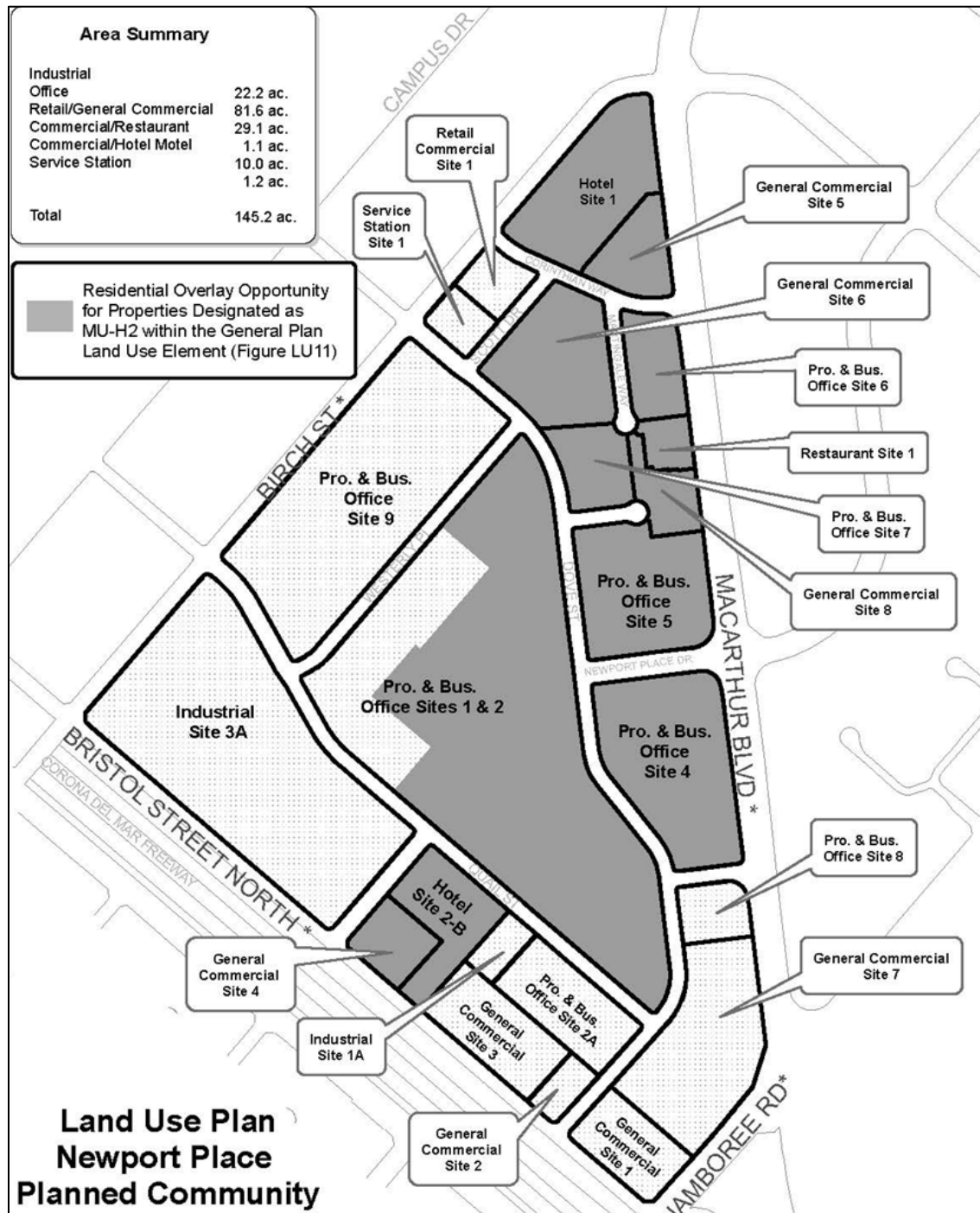


Figure 2, Residential Overlay boundaries, shown in grey

On September 13, 2022, the City Council adopted [Resolution No. 2022-60](#), approving the 6th Cycle Housing Element for the 2021-2029 housing period (Housing Element), and it was certified by the State Department of Housing and Community Development (HCD) on October 5, 2022. The Airport Area Environs (Airport Area) is located near John Wayne Airport bounded by Jamboree Road, Campus Drive, and State Route 73 and one of the five focus areas where new housing opportunity sites are identified to satisfy the RHNA allocation of 4,845 new housing units. At least 2,577 housing units are planned for the Airport Area, which comprises approximately 25% of the City's planned housing capacity. In addition to the existing residential sites allowed by the 2006 General Plan Land Use Element and the Overlay of PC-11, a total of 31 new housing opportunity sites have been identified in the PC-11 per the Housing Element.

On July 25, 2023, the City Council adopted [Ordinance No. 2023-13](#), reducing the minimum inclusionary affordable housing requirement (Inclusionary Requirement) of the Overlay from 30% to 15%. The amendment was deemed necessary to facilitate implementation of the Housing Element by mitigating potential governmental constraints through the reduction. Notably, the 15% Inclusionary Requirement is applicable to both for-sale and rental housing developments to facilitate construction of market-rate housing and affordable 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 (Intracorp) ([PA2023-0040](#)). This project is located within the Overlay and, as originally proposed, included the Inclusionary Requirement of 15%. Since project approval, representatives of Intracorp submitted a written request (Attachment No. PC 2) that the City consider lowering the Inclusionary Requirement for for-sale housing, as the approved project is no longer financially viable to implement.

On November 4, 2025, the City Council adopted [Resolution No. 2025-77](#), initiating a possible amendment to PC-11 that would lower the minimum Inclusionary Requirement for for-sale housing within the Overlay, directing staff to conduct an analysis and recommend an appropriate percentage.

As part of continued efforts to study inclusionary requirements, City staff had already been working with Keyser Marston (KMA), a real estate advisory firm, which prepared an [Inclusionary Housing: Financial Evaluation](#) report, dated March 19, 2025. After the City Council's November 2025 initiation, KMA prepared an addendum to this report focusing on for-sale housing within the Airport Area.

Amendment Description

The proposed amendment would reduce the Inclusionary Requirement from 15% to 6% for for-sale housing developments within the Overlay (Amendment). No other changes are proposed, and no development would be directly authorized by the Amendment.

The existing Inclusionary Requirement of 15% affordable to lower-income households for a minimum of 30 years would remain in place for for-rent housing developments.

DISCUSSION

Analysis

The City has continuously evaluated a variety of policies and regulations to identify impediments and incentives to housing production to meet the Housing Element's substantial RHNA allocation. One of the tasks completed for the Overlay is the 2023 Amendment, which reduced the Inclusionary Requirement from 30% to 15% for any housing development.

As stated in the Housing Element, the median home values in Newport Beach are approximately 2.7 times higher than the median home value in Orange County, and the highest home values exhibited by the surrounding cities. Additionally, with today's rising construction costs and land values, the 15% Inclusionary Requirement is not financially feasible when applied to for-sale housing developments within the Overlay. This is documented by the Intracorp case, and validated by KMA's [Airport Area Ownership Housing Development Addendum](#), dated January 22, 2026 (KMA Addendum). The KMA Addendum concluded that applying the Inclusionary Requirement of anything greater than 6% to for-sale housing developments in the Airport would likely be too high, rendering most for-sale residential projects financially infeasible.

Accordingly, City staff believes lowering the Inclusionary Requirement as applied to for-sale housing development would reduce this identified impediment and would also affirmatively further fair housing consistent with *Policy Action 4A: Affirmatively Furthering Fair Housing* provided in the Housing Element. The Amendment would be in furtherance of the Housing Element's implementation through alleviating a governmental constraint by reducing the 15% Inclusionary Requirement to 6% for for-sale housing developments. This reduction will help facilitate construction of for-sale housing within the Overlay, unless an alternative term is required to comply with State density bonus law.

Upon approval of the Amendment, Intracorp would submit an amendment to the Affordable Housing Implementation Plan (AHIP) for the Residences at 1401 Quail Street to reduce the affordable housing provided to 6% of the project.

Environmental Review

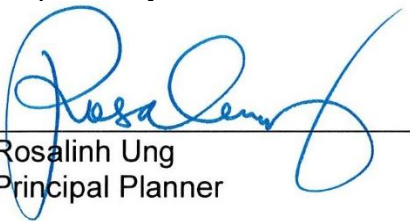
The Amendment is not subject to the California Environmental Quality Act (CEQA) under Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of

Regulations, Title 14, Division 6, Chapter 3, because it has no potential for resulting in a physical change to the environment, directly or indirectly.

Public Notice

Notice of this hearing was published in the Daily Pilot and mailed to all owners of property within 300 feet of the boundaries of the Newport Place Planned Community (excluding intervening rights-of-way and waterways), 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.

Prepared by:



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Submitted by:



Benjamin M. Zdeba, AICP
Acting Deputy Community
Development Director

ATTACHMENTS

- ~~PC 1 Draft Planning Commission Resolution~~
- ~~PC 2 Intracorp Homes Letter of Request~~
- ~~PC 3 City Council Resolution No. 2025-77~~
- ~~PC 4 KMA Addendum, Dated January 22, 2026~~