

Attachment C

Planning Commission Staff Report (No Attachments)



CITY OF NEWPORT BEACH PLANNING COMMISSION STAFF REPORT

October 23, 2025
Agenda Item No. 3

SUBJECT: MacArthur Court (PA2025-0090)
▪ Development Agreement
▪ Affordable Housing Implementation Plan

SITE LOCATION: 4665, 4675, 4680, 4685 and 4695 MacArthur Court, and 4770 Campus Drive

APPLICANT: The Irvine Company

OWNER: MacArthur Court I LLC and The Irvine Company LLC

PLANNER: Jenny Tran, Associate Planner
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PROJECT SUMMARY

The applicant is requesting entitlements for the future development of 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. The project would also retain the two existing high-rise office towers and an existing parking garage. The applicant requests the following approvals to vest the development rights for the project:

- **Development Agreement (DA)** - A development agreement between the applicant and the City, pursuant to Chapter 15.45 (Development Agreements) of the Newport Beach Municipal Code (NBMC), which would provide the applicant with the vested right to develop the project for a term of 10 years and to provide negotiated public benefits to the City; and
- **Affordable Housing Implementation Plan (AHIP)** - A preliminary plan specifying how the project would contribute affordable housing as a public benefit, by providing affordable housing units equivalent to 7% of up to 700 market rate residential units, or up to 49 affordable housing units. The applicant will identify an appropriate site for development of the 49 affordable units at a future date.

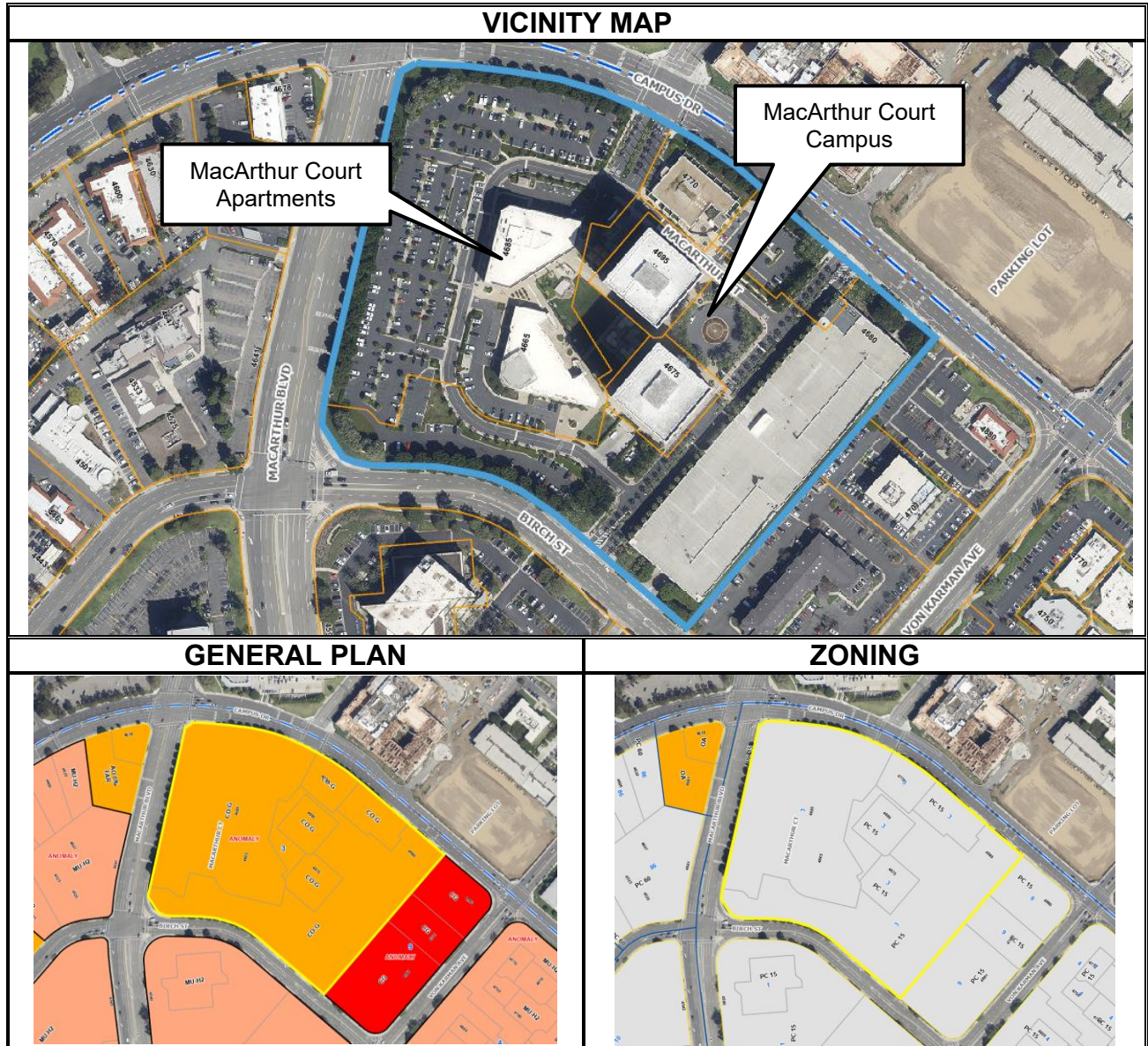
RECOMMENDATION

- 1) Conduct a public hearing;
- 2) 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); and

- 3) Adopt Resolution No. PC2025-023 recommending City Council approval of the Development Agreement and Affordable Housing Implementation Plan filed as PA2025-0090 (Attachment No. PC 1).

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LOCATION	GENERAL PLAN	ZONING	CURRENT USE
ON-SITE	General Commercial Office (CO-G)	Koll Center Planned Community (PC-15)	Various professional business offices
NORTH	City of Irvine	City of Irvine	Various professional business offices and residential apartments
SOUTH	Mixed-Use Horizontal (MU-H2)	PC-15	Various professional business offices
EAST	General Commercial (CG)	PC-15	Fast food, professional office, and hotel
WEST	Airport Office and Supporting Uses (AO) and MU-H2	Office-Airport (OA) and Newport Airport Village Planned Community (PC-60)	Various commercial uses

INTRODUCTION

Project Setting

The 18.7-acre project site of the 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.

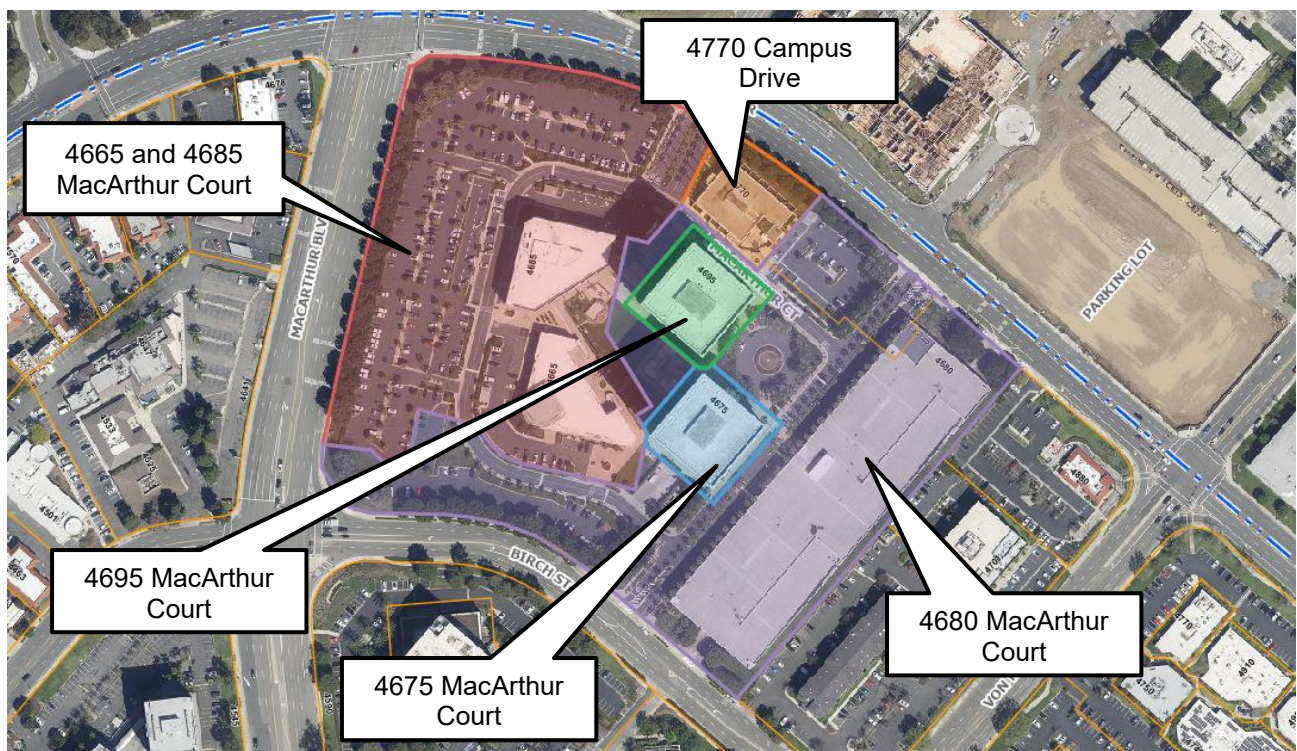


Figure 1: Five parcels that make up the MacArthur Court project site.

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 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 Subarea. 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.

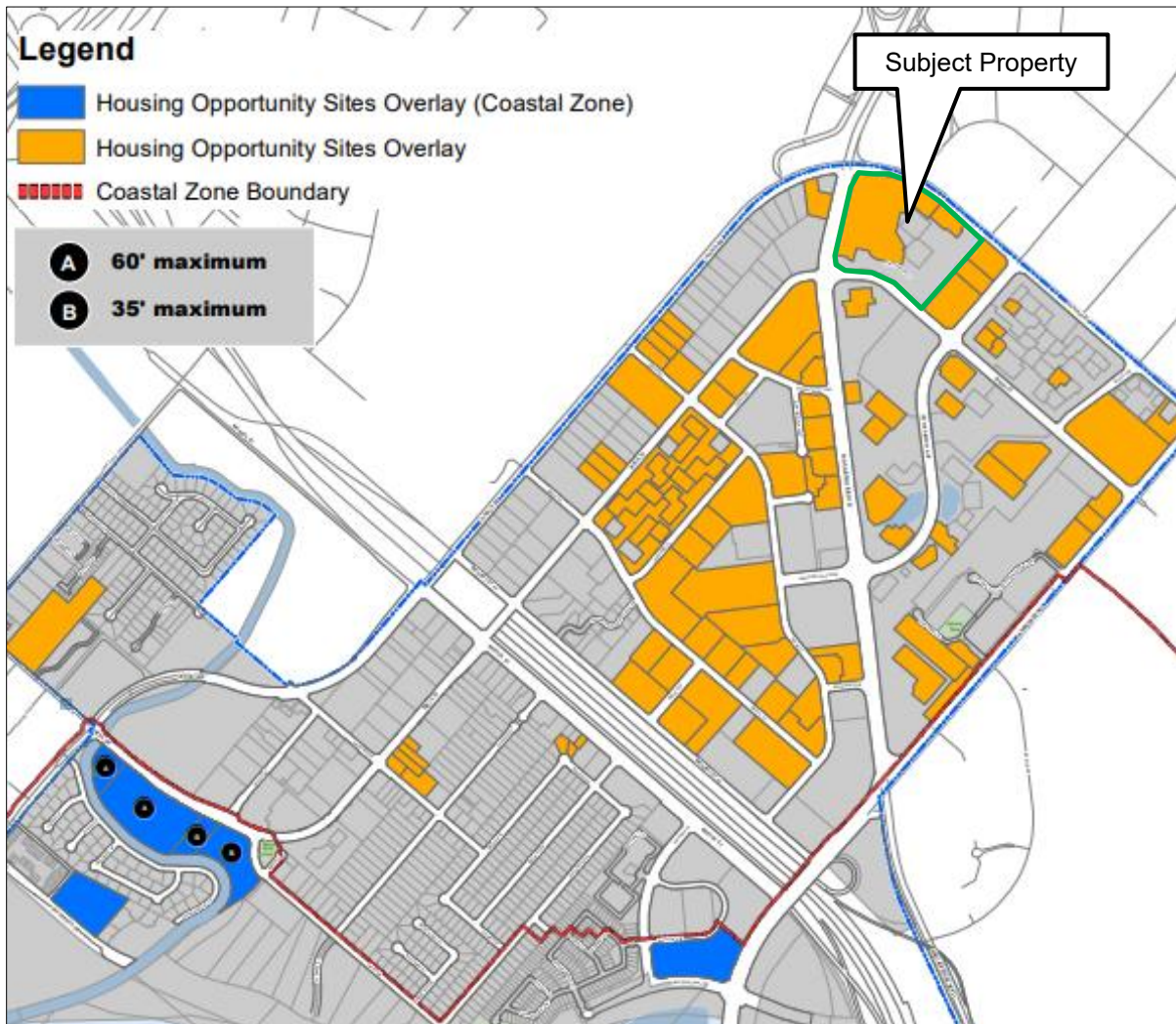


Figure 2: HO-1 (Airport Area Environs Area) Subarea map

Project Description

The applicant, Irvine Company, is requesting a development agreement and affordable housing implementation plan 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 residential 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).

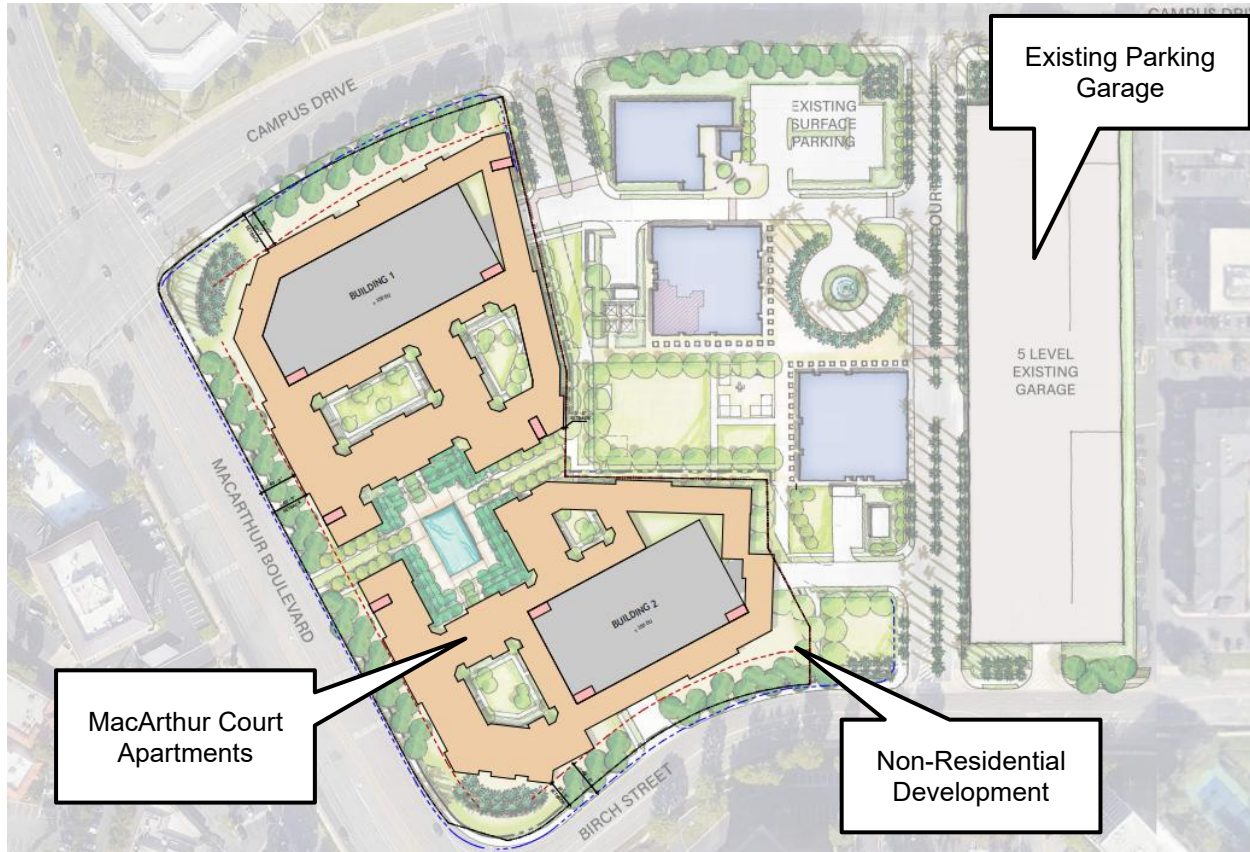


Figure 3: Conceptual Site Plan

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 retail building, two existing office high rise towers, and an existing stand-alone parking garage that supports the high-rise office buildings.

The following approvals are requested at this time for the purposes of allocating and vesting development rights to 700 of the 2,577-unit HO-1 Subarea development limit:

- **Development Agreement (DA)** - A development agreement between the applicant and the City, Chapter 15.45 (Development Agreements) of the Newport Beach Municipal Code (NBMC), which would provide the applicant with the vested right to develop the project for a term of 10 years and to provide negotiated public benefits to the City; and

- **Affordable Housing Implementation Plan (AHIP)** - A preliminary plan specifying how the project would contribute affordable housing as a public benefit, by providing affordable housing units equivalent to 7% of up to 700 residential units rented at market rate, or up to 49 affordable housing units. The applicant will identify an appropriate site to develop a new affordable housing project for these 49 affordable units at a future date.

DISCUSSION

Development Agreement

Pursuant to Section 15.45.020(A)(2)(a)(Development Agreement Required) of the NBMC, a development agreement 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 development agreement to vest rights to develop the project including 700 residential dwelling units for a term of 10 years. Additionally, the project will be required to pay public benefit fees as part of the Development Agreement. The project would also voluntarily provide much needed housing opportunities in the City in furtherance of the certified Housing Element including up to 49 new affordable units.

As stated, the applicant requests a 10-year term for the agreement. The agreement 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 helps the applicant avoid a waste of resources and escalated costs of the proposed project 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 in order 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-acre of land for a neighborhood park in accordance with Land Use Policy LU 6.15.13 (Standards)

of the General Plan, the applicant has committed to granting of 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: Payment of Development Impact Fees (Fire, Police, Recreation, Sewer) 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 affordable dwelling units (*see AHIP below*); and
- Public Benefit Fee: A public benefit fee of \$17,000 per residential unit, paid prior to issuance of building permit 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.

Affordable Housing Implementation Plan

Although not required to implement the project, as a voluntary public benefit, the applicant has prepared a draft Affordable Housing Implementation Plan (AHIP), dated May 2025 (Exhibit C of Attachment No. PC 1) 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 proposes building affordable housing units at an off-site location equivalent to 7% of the new market rate residential units constructed, which would require up to 49 new affordable units (i.e., 7% of 700 market rate units). No density bonuses are requested as part of the AHIP. 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. 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 future affordable housing development. If the affordable 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. Therefore, although the project site has a General Plan land use designation of General Commercial Office (CO-G), a general plan amendment is not required to implement the project because the project proposes to vest the rights for the development of residential uses located within the HO-1 (Airport Area Environs Area) Subarea of the City's Housing Opportunity (HO) Overlay zoning 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, require dedication and improvement of up to 0.5-acres as a neighborhood park. This requirement may be waived by the City where it can be demonstrated that the development parcels are too small to feasibly accommodate the park or inappropriately located to serve the needs of local residents, and when an in-lieu fee is paid to the City for the acquisition and improvement of other properties as parklands to serve the Airport Area. In-lieu of the 0.5-acre park dedication, the project will provide provisions 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 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 WSA's, 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.

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.

Section 15183 of the CEQA Guidelines provides, in relevant part:

- a. Projects which are consistent with the development density established by existing zoning, community plan, or general plan policies for which an environmental impact report (EIR) was certified shall not require additional environmental review, except as might be necessary to examine whether there are project-specific significant effects which are peculiar to the project or its site. This streamlines the review of such projects and reduces the need to prepare repetitive environmental studies.
- b. In approving a project meeting the requirements of this section, a public agency shall limit its examination of environmental effects to those which the agency determines, in an initial study or other analysis:
 - i. Are peculiar to the project or the parcel on which the project would be located;

- ii. Were not analyzed as significant effects in a prior EIR on the zoning action, general plan, or community plan, with which the project is consistent;
 - iii. Are potentially significant off-site impacts and cumulative impacts which were not discussed in the prior EIR prepared for the general plan, community plan or zoning action; or
 - iv. Are previously identified significant effects which, as a result of substantial new information which was not known at the time the EIR was certified, are determined to have a more severe adverse impact than discussed in the prior EIR.
- c. If an impact is not peculiar to the parcel or to the project, has been addressed as a significant effect in the prior EIR, or can be substantially mitigated by the imposition of uniformly applied development policies or standards, as contemplated by subdivision (e) below, then an additional EIR need not be prepared for the project solely on the basis of that impact.
- d. This section shall limit the analysis of only those significant environmental effects for which:
- i. Each public agency with authority to mitigate any of the significant effects on the environment identified in the EIR on the planning or zoning action undertakes or requires others to undertake mitigation measures specified in the EIR which the lead agency found to be feasible, and
 - ii. The lead agency makes a finding at a public hearing as to whether the feasible mitigation measures will be undertaken.
- e. An effect of a project on the environment shall not be considered peculiar to the project or the parcel for the purposes of this section if uniformly applied development policies or standards have been previously adopted by the city or county with a finding that the development policies or standards will substantially mitigate that environmental effect when applied to future projects, unless substantial new information shows that the policies or standards will not substantially mitigate the environmental effect. The finding shall be based on substantial evidence which need not include an EIR. Such development policies or standards need not apply throughout the entire city or county but can apply only within the zoning district in which the project is located, or within the area subject to the community plan on which the lead agency is relying. Moreover, such policies or standards need not be part of the general plan or any community plan but can be found within another pertinent planning document such as a zoning ordinance.

As part of its decision-making process, the City is required to review and consider whether the Project would create new significant impacts or significant impacts that would be substantially more severe than those disclosed in the PEIR. Additional CEQA review is only triggered if the Project's new significant impacts or impacts that are more severe than those disclosed in PEIR such that major revisions to the PEIR would be required. A detailed consistency analysis has been prepared by T & B Planning Inc., dated September 2025, and peer reviewed by Kimley-Horn & Associates, Inc., is provided as Exhibit "B" to Attachment No. PC 1 of this staff report and hereby incorporated by reference.

The PEIR contemplated those future projects meeting the thresholds of Senate Bill No. 610 (SB 610) would require the preparation of a WSA. The project area is within the Irvine Ranch Water District (IRWD) service area and the PEIR concluded that water demands from future housing projects would result in a significant and unavoidable impact concerning water supply. The City, therefore, adopted a Statement of Overriding Consideration for this impact in connection with its certification of the PEIR.

The Project is consistent with the development density and use characteristics established by the City's General Plan Housing Implementation Program as analyzed by the PEIR, and the required determinations can be made, as detailed in Exhibit "B" of Attachment No. PC 1 and incorporated by reference.

Summary and Next Steps

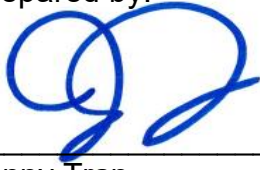
The proposed project is consistent with the HO-1 Overlay Zoning District and will help the City further the goals and policies of its Housing Element of the General Plan through the incorporation of 700 residential units from the City's Housing Overlay (HO-1) as well as up to 49 affordable units through the proposed AHIP.

Pursuant to Section 15.45.050 (Development Agreements – Public Hearing-Notice) of the NBMC, the Planning Commission's role is to make a recommendation to the City Council for action. If a supportive recommendation is made, City staff will bring the matter to the City Council on November 18, 2025.

Public Notice

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.

Prepared by:



Jenny Tran
Associate Planner

Submitted by:



Jaime Murillo, AICP
Acting Community Development Director

ATTACHMENTS

PC 1 Draft Resolution