

RECOMMENDATIONS REPORT

City of Fullerton:
REAP 2.0 Technical Assistance Project

ADMINISTRATIVE DRAFT
AUGUST 2026



SCAGTM
INNOVATING FOR A BETTER TOMORROW



ABOUT SCAG

SCAG is the nation's largest metropolitan planning organization (MPO), representing six counties, 191 cities and more than 19 million residents. SCAG undertakes a variety of planning and policy initiatives to encourage a more sustainable Southern California now and in the future.

VISION

Southern California's Catalyst for a Brighter Future

MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.



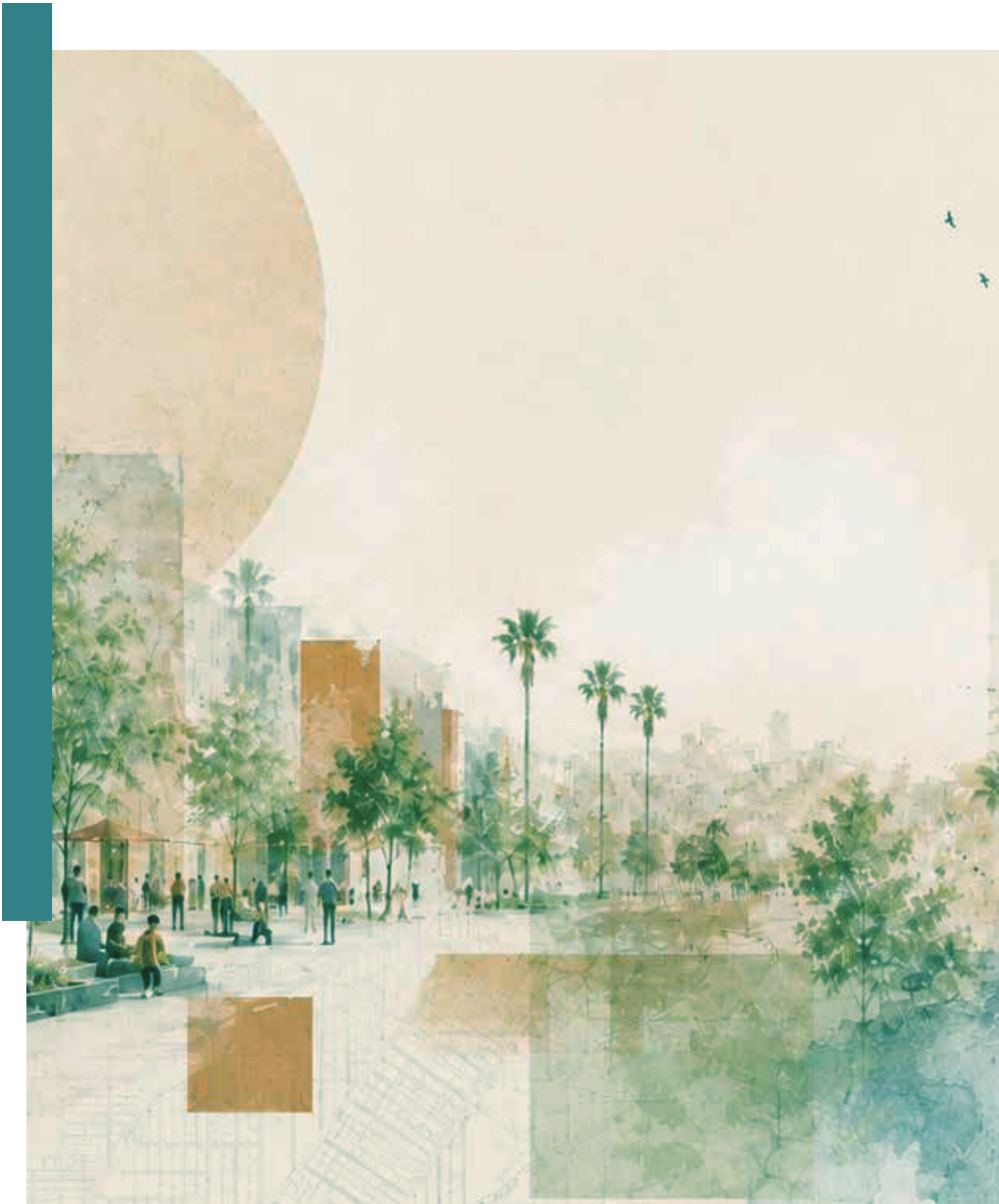


REAP 2.0 TECHNICAL ASSISTANCE PROJECT: FULLERTON

AUGUST 2026

TABLE OF CONTENTS

1. Executive Summary	5
1.1 Purpose of the study.....	6
1.2 Public Outreach	6
1.3 Key Findings	6
2. Site Selection Summary	11
2.1 Site Identification Process	12
2.2 Comparative Analysis of Candidate Sites.....	12
2.3 Relevant State Legislation.....	22
2.4 Final Site Selection Rationale.....	23
3. Conceptual Site Plans.....	25
3.1 Financial Feasibility Evaluation	26
3.2 2200 W. Orangethorpe Ave.....	33
3.3 118 W. Santa Fe Avenue	39
3.4 122 Pomona Ave.....	47
3.5 401 Harbor Ave.....	55
3.6 125 Chapman Ave.....	63
3.7 Financial Feasibility Takeaways.	71
4. REAP Metrics	73
5. Regulatory Compliance Memorandum.....	75
5.1 How to Use This Memo	82
5.2 Key Screening Factors	82
5.3 Compliance Pathways.....	83
5.4 Opportunity Sites.....	88
5.5 Key Findings and Takeaways	90
5.6 Applying this Framework to Future Sites	90
6. Implementation and Policy Recommendations	93





1

EXECUTIVE SUMMARY

1.1 Purpose of the study.....	6
1.2 Public Engagement	6
1.3 Key Findings	6

1.1 PURPOSE OF THE STUDY

This report presents the findings and recommendations from a targeted planning effort to expand housing development opportunities within the City of Fullerton. This effort was funded by SCAG through the Regional Early Action Planning Grant Program (REAP 2.0) and was managed by the Orange County Council of Governments (OCCOG). This report is intended to inform both Planning Commission and City Council on additional housing opportunities above and beyond Housing Element sites, and to support more formal actions to advance the recommended strategies and site-specific opportunities.

The City of Fullerton was selected to receive REAP 2.0 technical assistance to identify and evaluate underutilized sites within the downtown core, City-owned surplus properties, and religious properties that may have land available for housing. Through a structured evaluation process of eight properties, five priority sites were identified based on physical characteristics, development potential, existing zoning, and the potential application of State Housing Laws. None of the five selected sites were included in the City's current Housing Element, therefore representing future potential sites to help satisfy the next round of RHNA.

Conceptual development plans were prepared for each site to illustrate potential land use configurations, development intensity, and site design. These concepts are supported by three-dimensional renderings to communicate massing, potential architectural character, and design context within the surrounding area. Through an iterative process, the final site concepts demonstrate a range of financially and physically feasible housing typologies and highlight opportunities to increase residential capacity in key areas of the City. An overarching objective of this work was to find development solutions that work in the current and near-term Orange County real estate market, while accommodating as much affordable housing as possible.

The recommendations for each site outline the regulatory pathways available to support implementation, including the use of state housing laws to streamline entitlement and achieve higher

densities. Each entitlement option also includes a CEQA clearance strategy, with more detail provided in Section 5 of this report.

Based on these analyses, the report provides a set of actionable recommendations to position the city for near-term implementation. These include prioritizing City actions on certain sites, potential zoning and policy updates, and ongoing communications with religious properties. Together, these recommendations establish a clear and practical pathway for moving from concept to project delivery.

1.2 PUBLIC ENGAGEMENT

Public engagement for this effort included a workshop with the property owners of religious institutions across the City. This workshop took place on April 30, 2026, at City Hall and was attended by approximately twenty people. Advertising for the workshop included direct emails to property owners, as well as advertising on social media, the City website, and other platforms. The City presented an overview of SB 4 and the opportunity it offers for religious properties and the City to get affordable housing built. National Core, an affordable housing developer, did a presentation highlighting their previous affordable housing projects on religious properties. They provided detailed information on how the entitlement process works, minimum site size, the property owner's role, and the types of agreements between the developer and property owner. PlaceWorks then shared a conceptual site plan and rendering for one of the church properties to illustrate the process for identifying the right location for housing on the site, addressing parking for both the church and residential uses, and considering the surrounding context. City staff encouraged property owners to reach out if they are interested in exploring this opportunity.

1.3 KEY FINDINGS

Based on the comprehensive site screening, conceptual design phase, and pro forma financial analysis, the evaluation yielded several critical findings regarding housing feasibility in Fullerton:

- **New Housing Pipeline Identified:** The evaluation identified five priority underutilized sites—

ranging from downtown parcels and municipal land to religious institutional properties—that are not currently included in the City’s Housing Element. These sites represent potential additional housing capacity that the City could evaluate for future Housing Element and RHNA-cycle planning. They also provide a useful indicator of what may be possible on smaller infill lots elsewhere in the City.

- **Transit Proximity is a Catalyst for Feasibility:** Sites closest to the Fullerton rail station offer the strongest overall development potential. Although some of these parcels include physical or cost constraints, such as demolition of existing parking structures, their transit adjacency may allow projects to use state transit-oriented housing provisions, density bonus incentives, and parking reductions that help offset initial capital barriers.
- **Higher Density is Essential to Overcome Current Market Headwinds:** Under current market conditions, including elevated interest rates and high construction costs, baseline multifamily densities around 60 dwelling units per acre generally do not produce sufficient feasibility on the sites studied. The analysis indicates that densities closer to 100 units per acre or more are generally needed to support market-resilient development returns.
- **Layering State Legislation is Critical for Viability:** In addition to local zoning updates, project feasibility depends heavily on the strategic application of state housing laws to streamline entitlements, reduce parking burdens, and achieve realistic densities. For market-rate and mixed-income development, pairing SB 79, once applicable in Orange County, with the State Density Bonus Law and AB 2097 parking reductions can help generate the project scale needed for financial feasibility.
- **SB 4 Unlocks Potential on Religious Properties:** The study found that SB 4 could provide a streamlined pathway for 100% affordable housing on qualifying faith-based lands. Outreach conducted with local religious



institutions on April 30, 2026, revealed initial interest from property owners, suggesting that active SB 4 engagement could expand the City's long-term affordable housing opportunities, provided that minimum project scale can be achieved and traditional affordable housing financing sources are available.

- **Strategic Site Consolidation Yields Stronger Returns (page 70):** The financial modeling indicates that coordinated entitlement strategies can increase housing production and reduce the need for direct municipal subsidy. A unified approach linking a market-rate project with a dedicated affordable housing site could generate a stronger financial yield than developing the parcels individually, while also increasing the number of affordable units delivered. This strategy would require careful phasing, legal structuring, and financing coordination to ensure that both components are implemented.

Financial Feasibility for Fully BMR Housing

The process to evaluate financial feasibility differs significantly between a fully below-market-rate (BMR) housing project and a market-rate (MR) development. While a market-rate developer must secure private equity by demonstrating a threshold rate of return on investment, an affordable housing developer typically relies upon a complex layering of public and private capital.

A standard BMR project requires three primary funding sources:

1. **Conventional Debt:** Bank financing sized to what can be repaid with the project's restricted rental net operating income.
2. **Low-Income Housing Tax Credits (LIHTC):** Federal and State tax credits competitively awarded by the California Tax Credit Allocation Committee (TCAC) each year.
3. **Supplemental Public Funding:** A package of local, state, or federal grants and other soft-debt sources to bridge any remaining capital gaps.

Consequently, feasibility for an affordable developer is not measured by investor return, but by how competitively a project scores under TCAC's funding criteria and its ability to secure supplemental grants. Because these programs are highly competitive, securing a full allocation of tax credits can easily

take two to three years of iterative applications. Furthermore, what constitutes a competitive project can shift annually based on state funding priorities and the pool of competing applications.

Fiscal Impacts

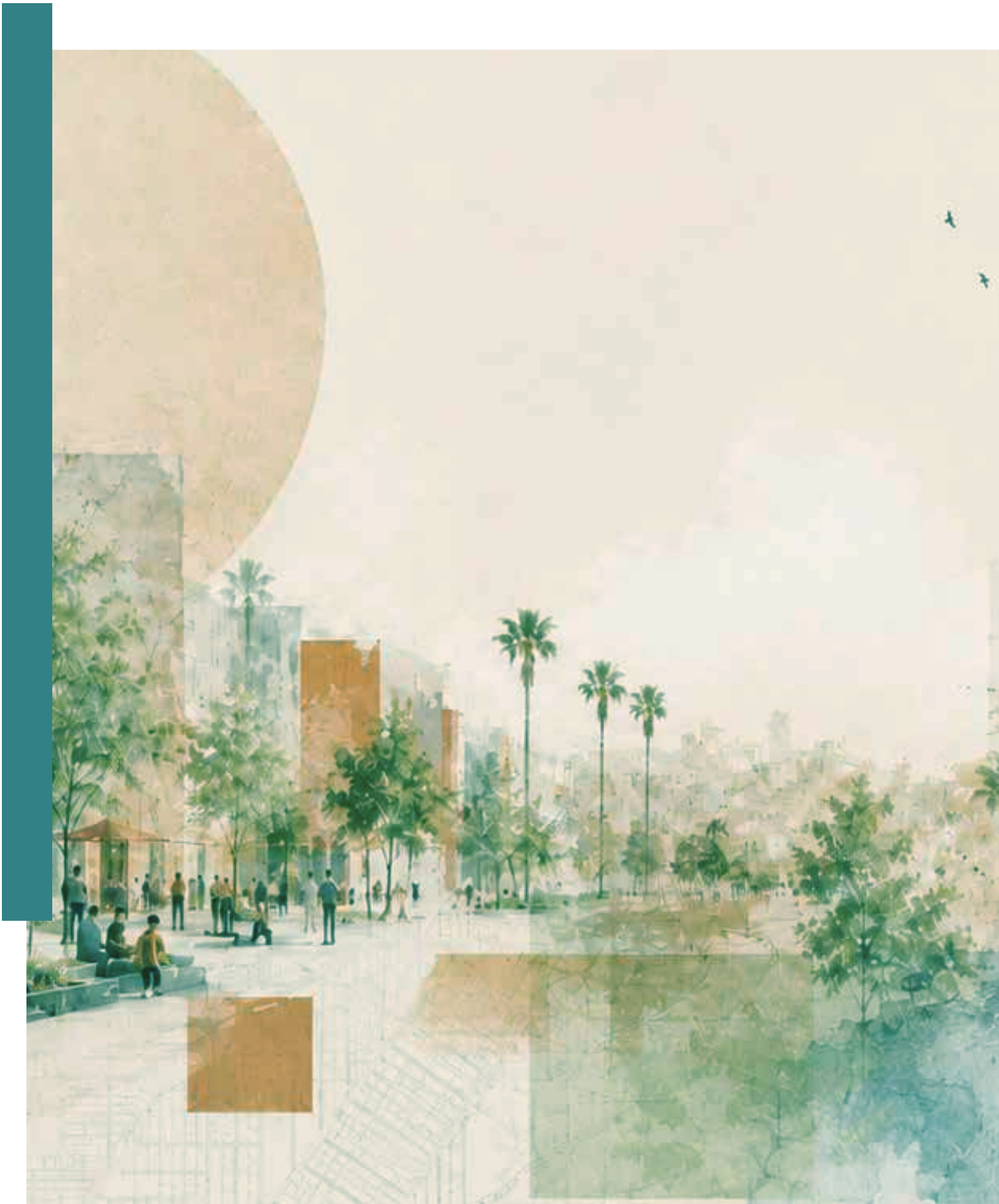
While a comprehensive fiscal impact analysis of new development is beyond the scope of this report, Table 1.3-A identifies three key municipal revenue sources that can be directly estimated from this study's conceptual models to provide helpful fiscal context:

- **Building Permit Application Fees:** The City charges fees for services covering plan checks, inspections, and issuance of certificates of occupancy. Across the evaluated scenarios, initial building permit application fees are estimated to range from \$71,145 to \$1,262,100.
- **Development Impact Fees for Parks:** The financial feasibility models incorporate an overall average Development Impact Fee (DIF) of \$19,945 per unit, with the park fee representing the largest component of this total. These revenues help fund capital improvements for parks citywide, with projected DIF revenues estimated between \$432,720 and \$1,262,100.
- **General Fund Property Tax Revenue:** In the first full year of occupancy, the evaluated development scenarios are each estimated to generate between \$20,301 and \$38,955 in new, annual property tax revenue directly for the City's General Fund.

These estimates represent a baseline for revenue potential. Should the City move forward with soliciting developer proposals for its city-owned surplus properties, final fiscal terms and public benefits can be negotiated during the land disposition process. However, given the strong financial viability of transit-oriented projects utilizing SB 79 densities and parking exemptions, private developers are highly likely to pursue independent infill development within a half-mile of the rail station. Accordingly, the City may want to consider conducting a more detailed, citywide fiscal impact analysis of potential downtown redevelopment.

TABLE 1.3-A Executive Summary Table

	118 W SANTA FE	122 N POMONA	125 W CHAPMAN	401 N HARBOR	125 CHAPMAN / 401 HARBOR JOINT PROJECT	2200 W ORANGETHROPE
Site Area (sq. ft.)	19,698	30,000	42,968	28,340	71,308	23,000
Site Area (acres)	0.45	0.69	0.99	0.65	1.64	0.53
Building Permit Fee (\$)	87,554	134,105	196,596	104,868	-	71,154
Park DIF (\$)	721,200	1,202,000	1,262,100	781,300	-	432,720
SB 79 DEVELOPMENT SCENARIOS						
EXTREMELY LOW INCOME (7%)						
Total Number of Units	57	100	99	65	157	-
Final Density (du/acre)	126.0	145.2	100.4	99.9	95.9	-
Leverage Yield (8% threshold)	9.3%	8.8%	7.8%	8.1%	8.5%	-
Feasibility Gap (Land Value Reduction to be Feasible)	-	-	-11%	-	-	-
Annual General Fund Property Tax @15.76%	29,590	32,007	37,653	21,351	79,146	-
VERY LOW INCOME (10%)						
Total Number of Units	60	100	105	65	157	-
Final Density (du/acre)	132.7	145.2	106.4	99.9	95.9	-
Leverage Yield (8% threshold)	9.6%	8.8%	8.0%	8.2%	8.5%	-
Feasibility Gap (Land Value Reduction to be Feasible)	-	-	-	-	-	-
Annual General Fund Property Tax @15.76%	30,408	31,326	38,955	21,001	79,146	-
LOW INCOME (13%)						
Total Number of Units	57	100	99	65	157	-
Final Density (du/acre)	126.0	145.2	100.4	99.9	95.9	-
Leverage Yield (8% threshold)	9.3%	8.6%	7.6%	7.9%	8.5%	-
Feasibility Gap (Land Value Reduction to be Feasible)	-	-	-26%	-6%	-	-
Annual General Fund Property Tax @15.76%	28,473	30,250	35,629	20,301	79,146	-
SB 4 SCENARIO						
MIXED LOWER-INCOME (100%)						
Total Number of Units	-	-	-	-	-	36
Final Density (du/acre)	-	-	-	-	-	68.2





2

SITE SELECTION SUMMARY

2.1 Site Identification Process	12
2.2 Comparative Analysis of Candidate Sites.....	12
2.3 Relevant State Legislation.....	22
2.4 Final Site Selection Rationale.....	23

2.1 EVALUATION AND SELECTION OF CANDIDATE SITES

The initial phase of this study involved a collaborative site-identification process to assemble and evaluate potential multifamily housing opportunity sites throughout Fullerton. Working in close coordination with City staff, the project team utilized interactive GIS-based software to map and inventory a broad range of parcels for consideration. This initial search focused largely on the downtown core targeting City-owned surplus land, Housing Incentive Overlay Zone (HIOZ) properties, and religious institutional sites. To ensure the screening was grounded in real-world economics, the evaluation was further informed by local real estate economics and developer interviews to verify the types of housing products and price points the local market could actively support. Eight sites were ultimately chosen by the City for further analysis with the intent to study some of the more challenging City-owned infill properties not included in the HIOZ.

To provide a data-driven basis for prioritizing development opportunities, a detailed evaluation rubric was established to score and screen the initial candidate sites. This methodology assessed each parcel across a range of physical, regulatory, and logistical metrics, divided into two primary categories:

- **Yield Constraints:** This category evaluated factors that could limit the efficiency and density potential of a project. Key criteria included the site's physical geometry, underlying zoning context, and compatibility with adjacent land uses.
- **Development Constraints:** This category assessed potential physical and logistical constraints that could add high cost or complexity to a project. Key criteria included topographic and grading challenges, the potential capital costs of demolishing existing structures, and the need to accommodate existing or required parking.

Each criterion was evaluated and scored on a scale from 1 (Challenged) to 5 (Workable), resulting in a cumulative "Net Score" for each parcel. This scoring system provided the City with a clear framework to comparatively rank the sites into a Top 5 for deeper analysis, which is covered in Section 4 of this report.

2.2 COMPARATIVE ANALYSIS OF CANDIDATE SITES

Following the scoring rubric, the project team conducted side-by-side comparative analysis of the candidate sites to evaluate their key trade-offs. For example, some parcels offered favorable zoning and high development potential but carried higher physical or financial challenges.

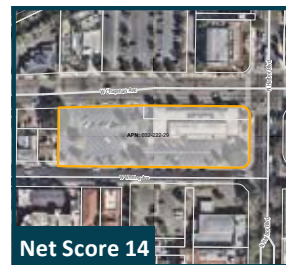
The summarized scorings are shown on the facing page. A more detail breakdown and comparison of the properties are shown on the following pages.



220 W. Orangethorpe Ave.



122 Pomona Ave.



401 N. Harbor Blvd.



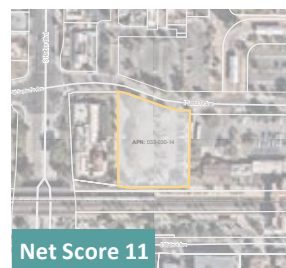
118 W. Santa Fe Ave.



125 W. Chapman Ave.



799 Rolling Hills Dr.

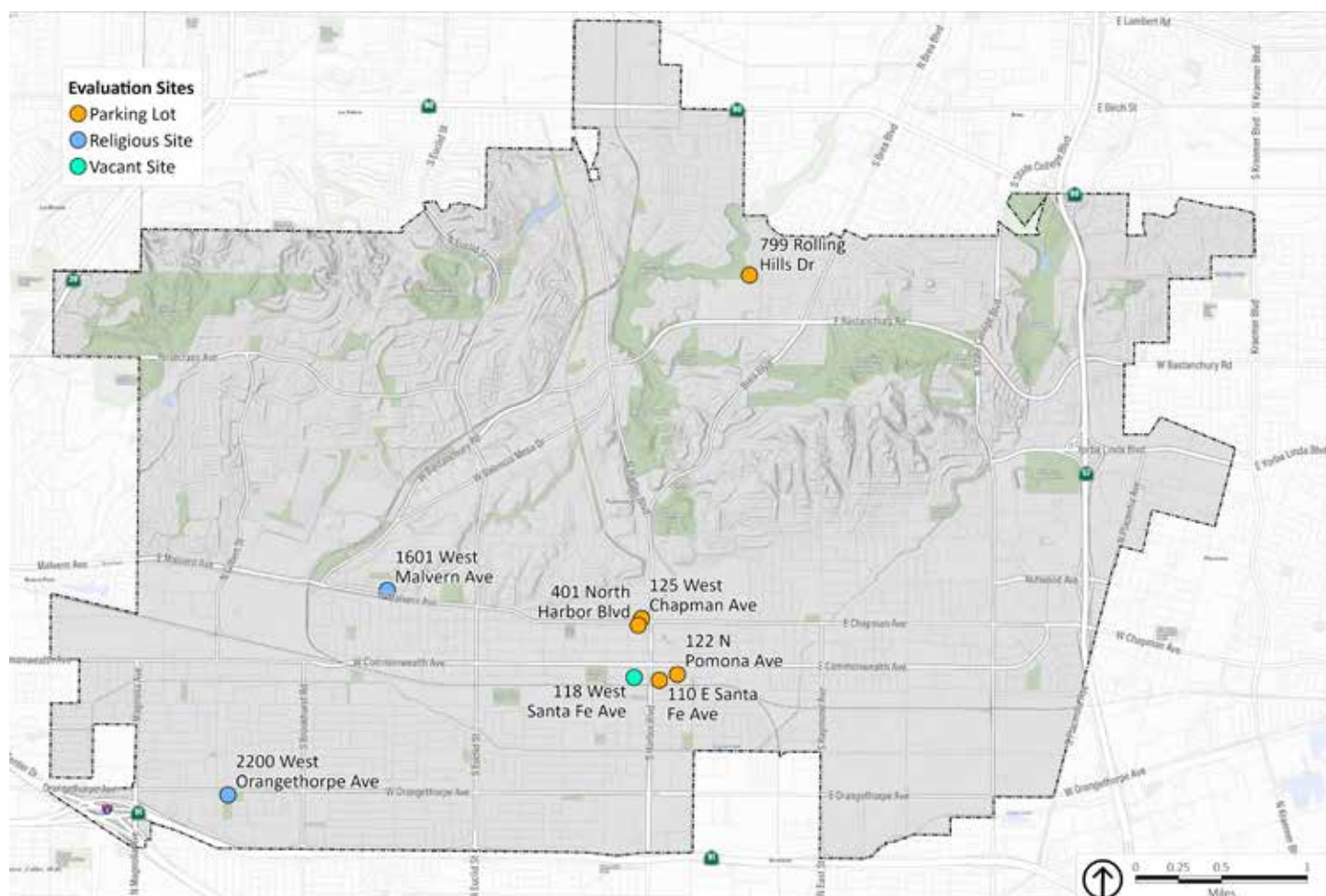


120 E. Santa Fe Ave.



1601 W. Malvern Ave.

EXHIBIT 2.2-A Locations of the evaluated sites



2200 ORANGETHORPE AVENUE

Evaluation Rubric

Net Score
15

YIELD CONSTRAINTS

Site geometry

Challenged (1)

Workable (5)



YIELD CONSTRAINTS

Context and adjacent zoning

Challenged (1)

Workable (5)



DEVELOPMENT CONSTRAINTS

Topography

Challenged (1)

Workable (5)

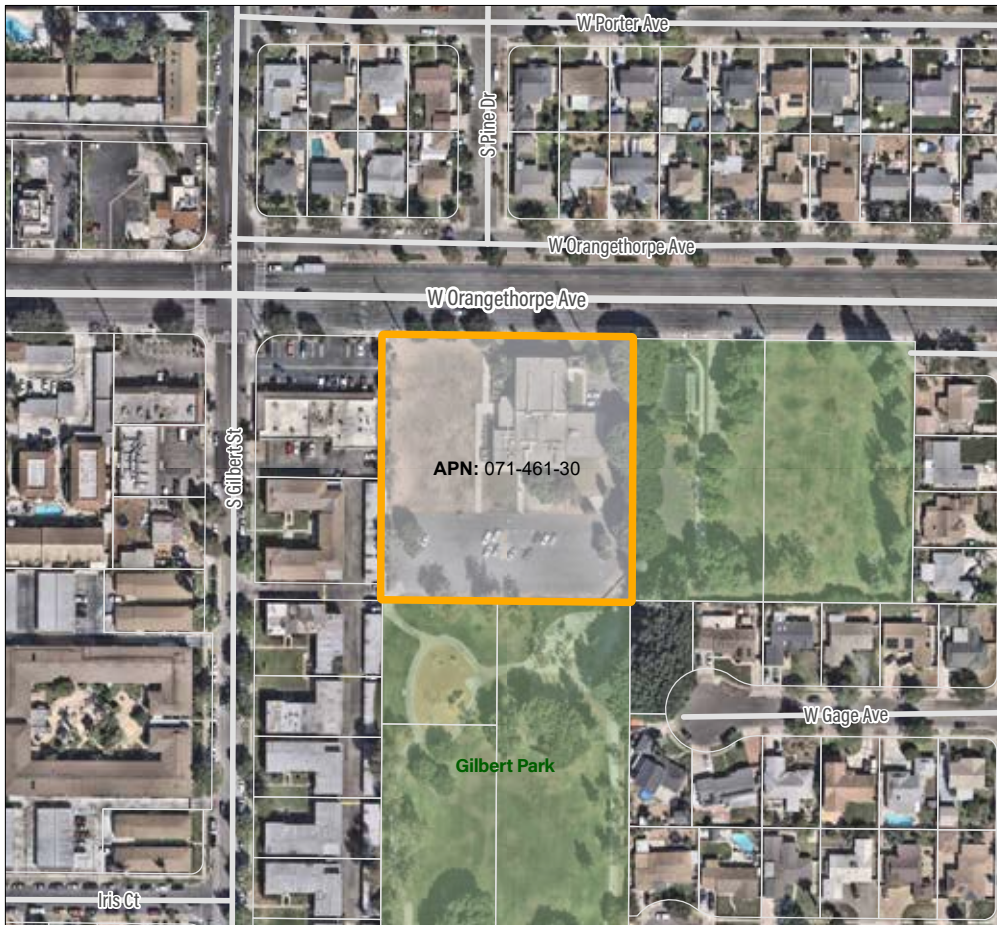


DEVELOPMENT CONSTRAINTS

Existing buildings and/or parking requirements

Challenged (1)

Workable (5)



Site Information

APN: 071-461-30

Address: 2200 W ORANGETHORPE AVE

Parcel Area (ac.): 2.13

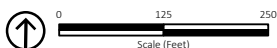
Parcel Area (Sq ft.): 92,683.48

I/L Ratio: 2.01

General Plan Designation: Religious Use

Zoning Designation: R-1-7.2 One-Family Residential (7,200 SF min. lot size)

Source: City of Fullerton, 2026; PlaceWorks, 2026



1601 W. MALVERN AVENUE

Evaluation Rubric

Net Score

8

YIELD CONSTRAINTS

Site geometry

Challenged (1) Workable (5)



YIELD CONSTRAINTS

Context and adjacent zoning

Challenged (1) Workable (5)



DEVELOPMENT CONSTRAINTS

Topography

Challenged (1) Workable (5)



DEVELOPMENT CONSTRAINTS

Existing buildings and/or parking requirements

Challenged (1) Workable (5)

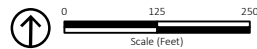


Source: City of Fullerton, 2026; PlaceWorks, 2026

Site Information
APN: 281-151-19
Address: 1601 W MALVERN AVE

Parcel Area (ac.): 3.46
Parcel Area (Sq ft.): 150,673.48
I/L Ratio: 2.25

General Plan Designation: Religious Use
Zoning Designation: R-1-7.2 One-Family Residential (7,200 SF min. lot size)



118 SANTA FE AVENUE

Evaluation Rubric

Net Score
13

YIELD CONSTRAINTS

Site geometry

Challenged (1)

Workable (5)



YIELD CONSTRAINTS

Context and adjacent zoning

Challenged (1)

Workable (5)



DEVELOPMENT CONSTRAINTS

Topography

Challenged (1)

Workable (5)

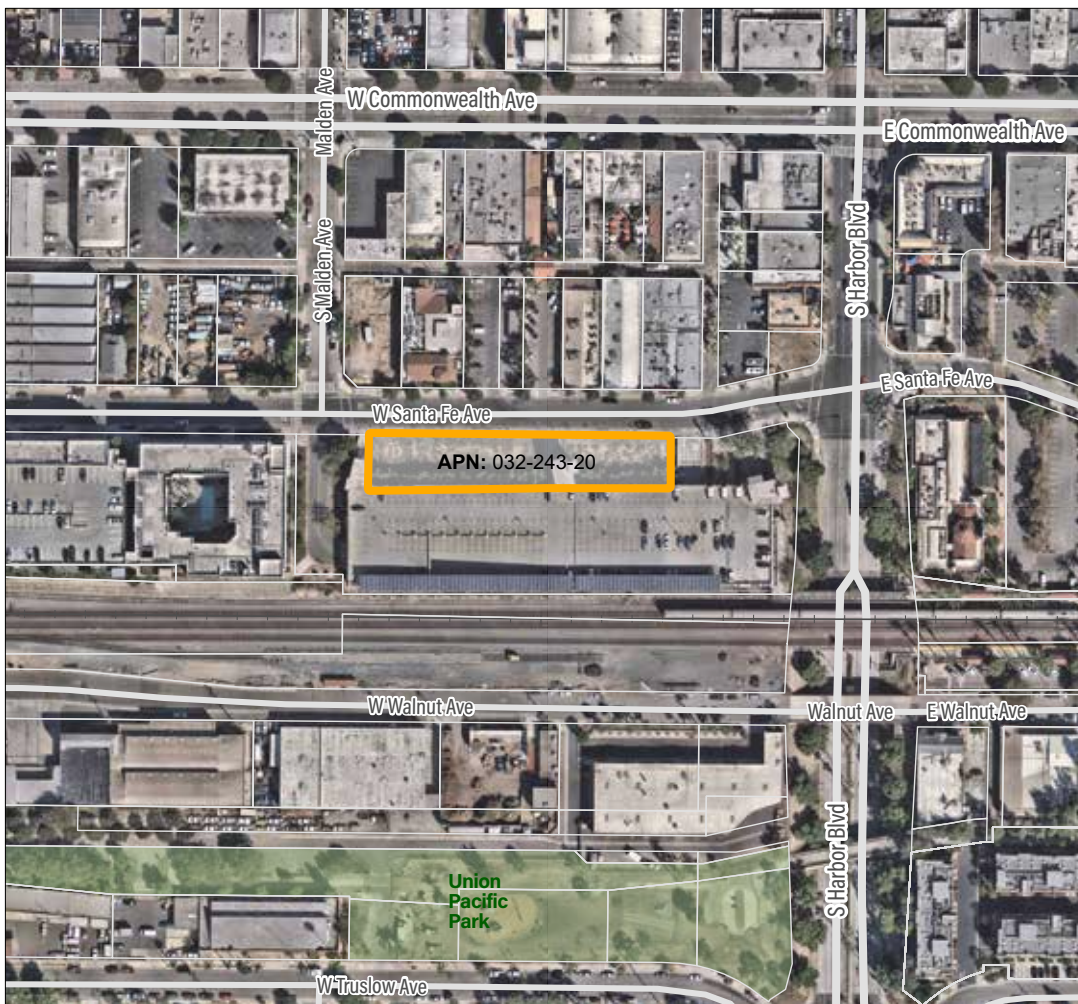


DEVELOPMENT CONSTRAINTS

Existing buildings and/or parking requirements

Challenged (1)

Workable (5)



Site Information

APN: 032-243-20

Address: 118 W SANTA FE AVE

Parcel Area (ac.): 0.55

Parcel Area (Sq ft.): 23,893.14

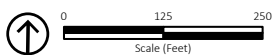
I/L Ratio: 3.27

General Plan Designation: Industrial

Zoning Designation: M-G

Manufacturing, General

Source: City of Fullerton, 2026; PlaceWorks, 2026



122 N. POMONA AVENUE

Evaluation Rubric

Net Score
15

YIELD CONSTRAINTS

Site geometry

Challenged (1)

Workable (5)



YIELD CONSTRAINTS

Context and adjacent zoning

Challenged (1)

Workable (5)



DEVELOPMENT CONSTRAINTS

Topography

Challenged (1)

Workable (5)

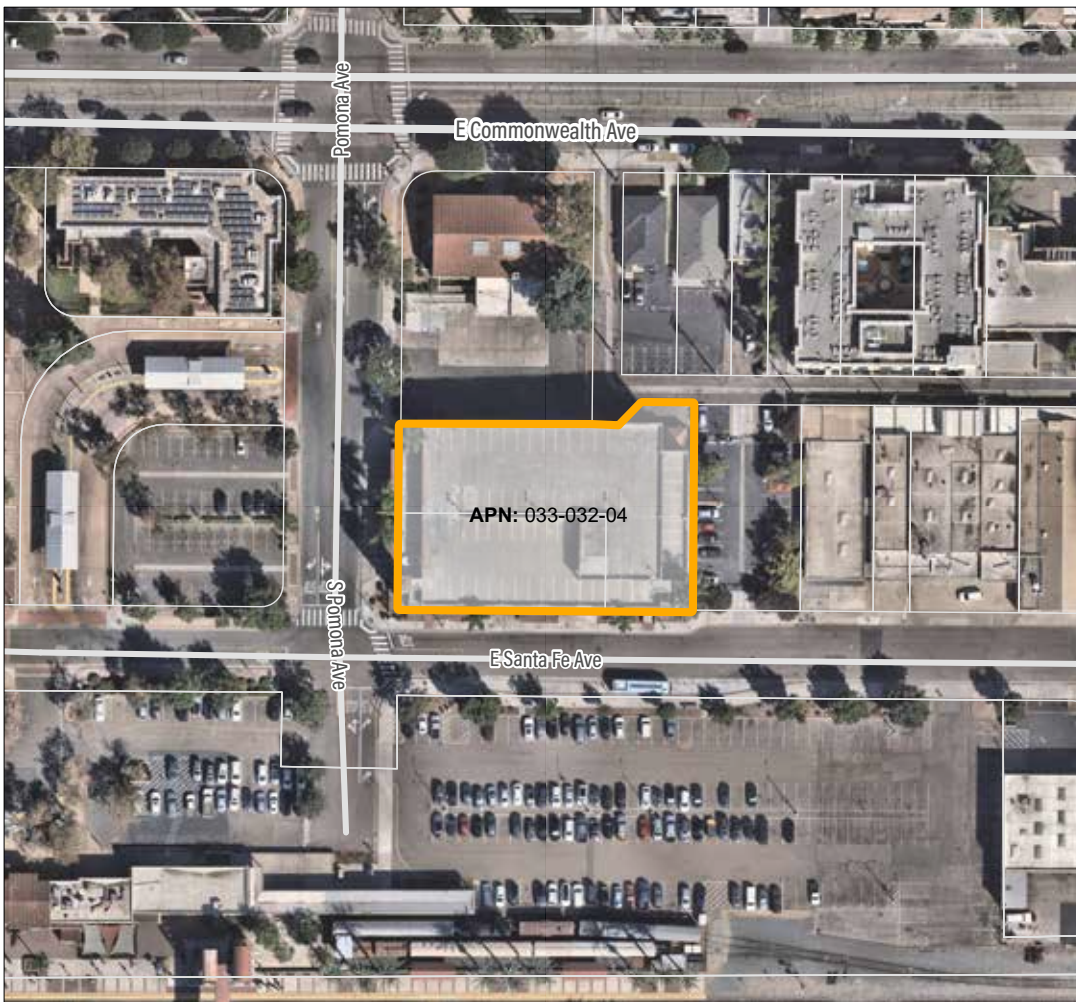


DEVELOPMENT CONSTRAINTS

Existing buildings and/or parking requirements

Challenged (1)

Workable (5)



Site Information

APN: 033-032-04

Address: 122 N POMONA AVE

Parcel Area (ac.): 0.59

Parcel Area (Sq ft.): 25,719.76

I/L Ratio: 3.36

General Plan Designation: Fullerton
Transp Cntr Specific Plan

Zoning Designation: SPD Specific Plan
District

Source: City of Fullerton, 2026; PlaceWorks, 2026



125 W. CHAPMAN AVENUE

Evaluation Rubric

Net Score
13

YIELD CONSTRAINTS

Site geometry

Challenged (1)

Workable (5)



DEVELOPMENT CONSTRAINTS

Topography

Challenged (1)

Workable (5)



YIELD CONSTRAINTS

Context and adjacent zoning

Challenged (1)

Workable (5)



DEVELOPMENT CONSTRAINTS

Existing buildings and/or parking requirements

Challenged (1)

Workable (5)



Site Information

APN: 032-212-15

Address: 125 W CHAPMAN AVE

Parcel Area (ac.): 1.20

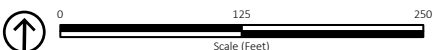
Parcel Area (Sq ft.): 52,418.58

I/L Ratio: 0.00

General Plan Designation: Downtown Mixed Use

Zoning Designation: C-3 Central Business District Commercial

Source: City of Fullerton, 2026; PlaceWorks, 2026



401 N. HARBOR BOULEVARD

Evaluation Rubric

Net Score
14

YIELD CONSTRAINTS

Site geometry

Challenged (1) Workable (5)



DEVELOPMENT CONSTRAINTS

Topography

Challenged (1) Workable (5)



YIELD CONSTRAINTS

Context and adjacent zoning

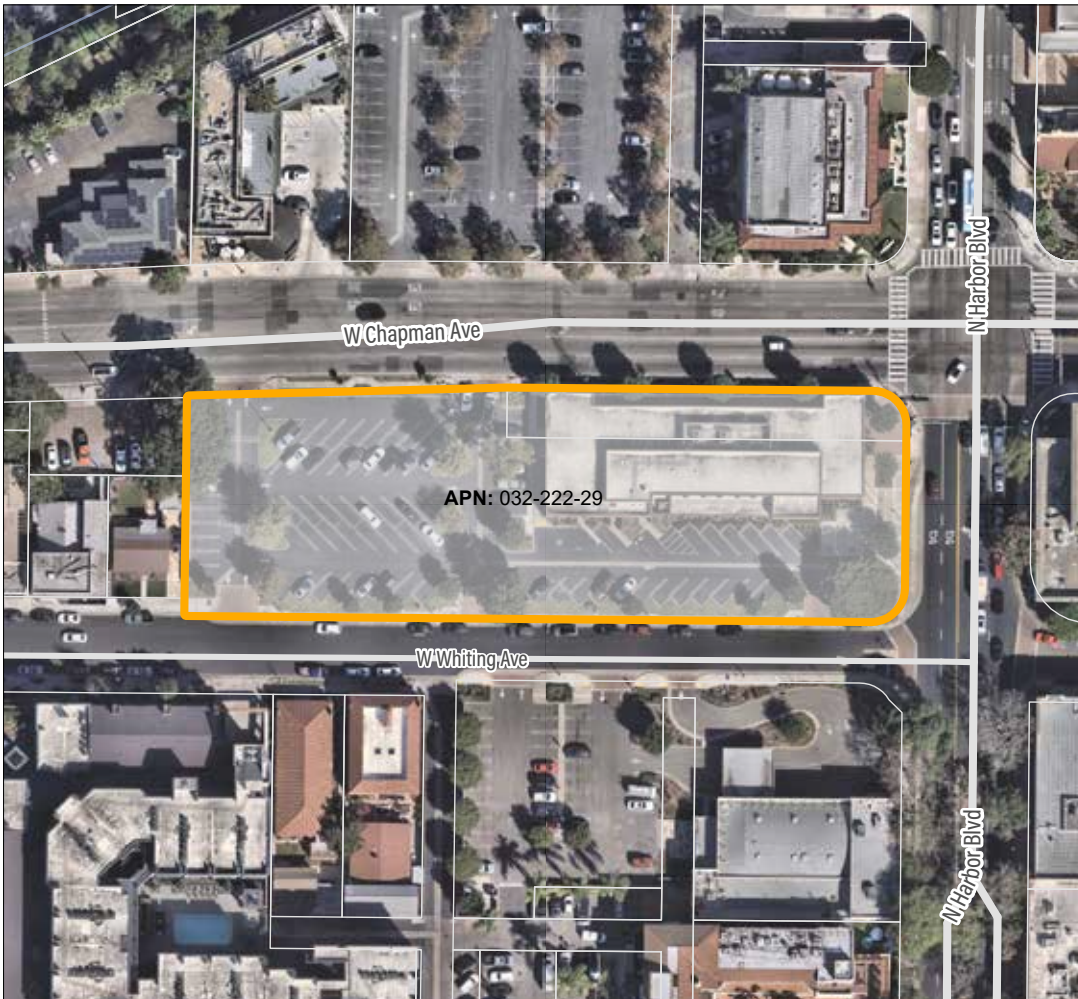
Challenged (1) Workable (5)



DEVELOPMENT CONSTRAINTS

Existing buildings and/or parking requirements

Challenged (1) Workable (5)



Site Information

APN: 032-222-13

Address: 401 N HARBOR BLVD

Parcel Area (ac.): 1.46

Parcel Area (Sq ft.): 63,434.11

I/L Ratio: 0.96

General Plan Designation: Downtown Mixed Use

Zoning Designation: C-3 Central Business District Commercial

Source: City of Fullerton, 2026; PlaceWorks, 2026



120 E. SANTA FE AVENUE

Evaluation Rubric

Net Score

11

YIELD CONSTRAINTS

Site geometry

Challenged (1)

Workable (5)



DEVELOPMENT CONSTRAINTS

Topography

Challenged (1)

Workable (5)



YIELD CONSTRAINTS

Context and adjacent zoning

Challenged (1)

Workable (5)



DEVELOPMENT CONSTRAINTS

Existing buildings and/or parking requirements

Challenged (1)

Workable (5)



Site Information

APN: 033-030-14

Address: 120 E SANTA FE AVE

Parcel Area (ac.): 0.91

Parcel Area (Sq ft.): 39,485.91

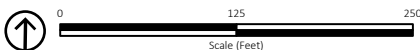
I/L Ratio: 0.35

General Plan Designation: Fullerton

Transp Cntr Specific Plan

Zoning Designation: SPD Specific Plan District

Source: City of Fullerton, 2026; PlaceWorks, 2026



799 ROLLING HILLS DRIVE

Evaluation Rubric

Net Score
12

YIELD CONSTRAINTS

Site geometry

Challenged (1)

Workable (5)

2

YIELD CONSTRAINTS

Context and adjacent zoning

Challenged (1)

Workable (5)

2

DEVELOPMENT CONSTRAINTS

Topography

Challenged (1)

Workable (5)

3

DEVELOPMENT CONSTRAINTS

Existing buildings and/or parking requirements

Challenged (1)

Workable (5)

5



Site Information

APN: 293-154-37

Address: 799 ROLLING HILLS DR

Parcel Area (ac.): 2.49

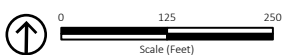
Parcel Area (Sq ft.): 108,484.80

I/L Ratio: 0.00

General Plan Designation: Low-Density Residential

Zoning Designation: R-1-20 One-Family Residential (20,000 SF min. lot size)

Source: City of Fullerton, 2026; PlaceWorks, 2026



2.3 RELEVANT STATE LEGISLATION

The California State Legislature continues to adopt new legislation or refine existing legislation to remove local barriers to housing development. For purposes of this study, the application of the following laws, where relevant, was modeled as part of the site concepts and financial feasibility analysis.

Senate Bill (SB) 79, the “Abundant and Affordable Homes Near Transit Act”. This law goes into effect on July 1, 2026 and is intended to accelerate transit-oriented housing production by making qualifying housing projects an allowed use on sites zoned for residential, mixed-use, or commercial development, along with additional development incentives. SB 79 requires housing development to dedicate a percentage of their units to affordable. Developers can choose one of three affordability levels: 7% Extremely Low, 10% Very Low, or 13% Low income. SB 79 requires each metropolitan planning organization to develop and maintain an official SB 79 “Stops, Zones, and Tiers Map” for its region. This map identifies qualifying transit stops and corresponding TOD zones that permit taller heights and higher densities regardless of local zoning. Although Orange County is currently not designated as an urban transit county and therefore subject to the provisions of SB 79, once the OC Streetcar opens, the County will meet the threshold and qualify as an urban transit county. The OC Streetcar is currently scheduled to open in 2026.

Of the five sites studied, four were evaluated under the SB 79 provisions associated with Tier 2 transit. These provisions allow between a maximum of 55-65 feet in height and 80-100 dwelling units per acre, depending on the distance to the station. An additional height of 20 feet also applies to the 122 Pomona Avenue site because it qualifies as adjacent to a Tier 2 facility.

Assembly Bill (AB) 2097. This law went into effect in 2022 and prohibits public agencies from imposing a minimum automobile parking requirement for most projects located within a half-mile radius of a major transit stop. This includes residential, commercial, and industrial projects but excludes hotels, motels, bed-and-breakfast inns, and other transient lodging. Local agencies may impose minimum parking requirements in limited instances, based on findings detailed in the legislation. Major transit stops include existing rail or bus rapid transit,

the intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during morning or afternoon peak commute periods. AB 2097 does not prohibit a developer from voluntarily providing parking to meet the needs of the project’s future users.

Of the five sites studied, four were evaluated using the parking provisions of AB 2097 to improve the financial feasibility of a project.

Senate Bill (SB 4), the “Affordable Housing on Faith Lands Act”. Signed into law in 2023, this legislation allows faith-based institutions and non-profit colleges to build affordable, multi-family homes on their own land by streamlining the permitting process and overriding local zoning restrictions. The legislation requires that 100% of the units, exclusive of manager units, in a housing development project must be affordable to lower-income households. Up to 20% of the units may be for moderate-income households. Residential is allowed by right, and a local government may apply objective planning standards. Parking requirements are limited to one space per unit, unless a state law or local ordinance provides for a lower standard of parking. Proposed projects are also eligible for a density bonus, incentives, concessions, or waivers. Construction workers on SB 4 projects with over 10 homes must be paid prevailing wages.

Of the five sites studied, one site is a church property with available land for potential housing. The future application of SB 4 to other religious institutions within the City was promoted through a public workshop, as further described on page 6.

California’s Density Bonus Law (Government Code Sections 65915-65918). Requires local municipalities to grant developers significant increases in residential density, reduced parking requirements, and other development concessions in exchange for affordable housing. The density increase is based on a sliding scale ranging on the amount and level of affordable units. Projects within a half-mile of a major transit stop can qualify for unlimited density. Additional concessions or incentives, such as reductions in development standards, are also allowed based on the level of affordability. The state legislature continually updates the law to further incentivize affordable and transit-oriented housing.

Of the five sites studied, four sites were evaluated assuming the use of density bonus law in conjunction with SB 79 to improve financial feasibility.

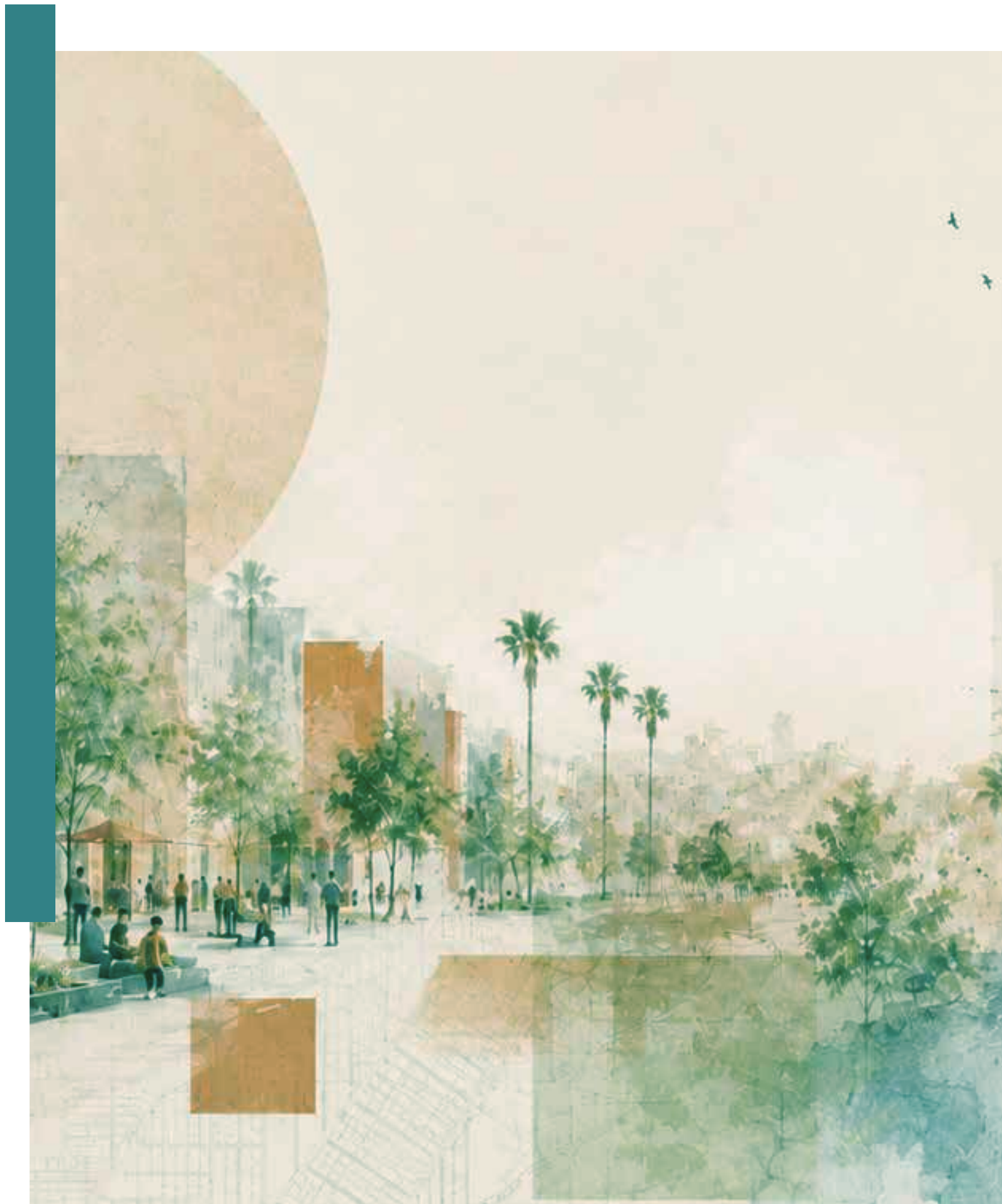
2.4 FINAL SITE SELECTION RATIONALE

Following the comparative analysis in Section 2.2, which scored and ranked candidate sites based on physical yield and development constraints, the consultant team and City staff conducted a collaborative review to finalize the five sites for conceptual study. While the initial scoring identified some physical and financial hurdles for several transit-adjacent parcels—such as demolition and site-preparation costs, the final selection rationale shifted strategically when factoring in emergent and existing state legislative frameworks intended to accelerate housing production.

Specifically, the anticipated implementation of Senate Bill 79 factored strongly in the final selections. Although some of the selected sites scored lower on physical “Development Constraints” due to upfront capital costs, their proximity to the Fullerton rail station makes them highly eligible for the transit-oriented density bonuses offered under SB 79. When layered with the State Density Bonus Law and the parking exemptions of Assembly Bill 2097, the regulatory incentives of SB 79 generate the scale and efficiencies needed for developers to financially absorb those initial physical site barriers.

Similarly, the strategic opportunity presented by Senate Bill 4 favored the inclusion of a religious institutional property. This allowed the team to evaluate and demonstrate the viability of a 100 percent affordable housing project using streamlined, by-right permitting to bypass local zoning constraints.

Ultimately, the final five sites were selected not merely on comparative analysis scores, but on each site’s strategic ability to maximize legislative tools to deliver financially feasible housing for the City.





3

CONCEPTUAL SITE PLANS

3.1 Financial Feasibility Evaluation	26
3.2 2200 W. Orangethorpe Ave.....	33
3.3 118 W. Santa Fe Avenue	39
3.4 122 Pomona Ave.....	47
3.5 401 Harbor Ave.....	55
3.6 125 Chapman Ave.....	63
3.7 Financial Feasibility Takeaways.	71

3.1 FINANCIAL FEASIBILITY EVALUATION

Understanding the real potential to expand housing development opportunities in Fullerton requires an evaluation of the development's financial feasibility. Simply put, a financial feasibility analysis determines whether a developer can afford to purchase the land and construct the buildings based on expected rents or sale values. Conceptual plans and supportive zoning standards do little to accelerate housing production if it is not financially feasible for developers.

Basics of Financing for Development

While much of this project focuses on development aspects important to the City and the community—such as the scale and appearance of buildings or the fiscal impacts on the City's general fund—the financial feasibility evaluation examines each site from the developer's perspective. In a typical development process, the developer obtains a construction loan to pay for the costs of development. If the new housing or non-residential buildings are going to be sold and owner-occupied, the proceeds paid by purchasers as individual units close escrow are used to pay off the construction loan. If the new housing or non-residential buildings are to be offered for rent, the developer takes out a permanent loan at the end of construction and stabilization, uses it to pay off the construction loan, and then uses tenant rent payments to repay the permanent loan over time.

As with a home mortgage, though, banks do not lend the full amount for a construction loan. The developer is required to contribute money to the project to cover the gap. The money the developer puts into the project is referred to as the equity investment. Currently, due to tighter credit market conditions, a typical construction loan may cover approximately 60 to 65 percent of the total development cost (a 60–65 percent Loan-to-Cost, or LTC, ratio), with the developer's equity investment funding the remaining 35 to 40 percent. In most cases, developers cannot obtain construction financing until the project has received the necessary planning and development approvals (entitlements). Consequently, the developer's pre-development equity investment typically covers the full cost of securing those entitlements.

For developments of the size and scale considered for the sites in this project, the developer typically

does not provide all the equity investment. Rather, the developer obtains a majority of the equity investment from out-side investors, such as institutional private equity funds, family offices, and high-net-worth individuals. Such investors use the expected rate of return (described below) to weigh whether to invest in a development project in downtown Fullerton versus development projects in other cities and states. Part of a developer's job is to attract that investment to Fullerton rather than to competing markets.

Key Parameters for Evaluating Financial Feasibility

A financial feasibility analysis lays out the various costs of development and the expected project income after development in a table or a series of tables. The tables are collectively referred to as a pro forma, and the overall financial feasibility analysis is called a pro forma analysis. The detailed pro formas for this project are provided in the Appendix to this report.

Although there are many assumptions and considerations embedded in any pro forma, there are a few key variables that serve as the primary drivers of feasibility.

Return on Investment

The most important parameter in a financial feasibility analysis is the return on investment. The entire purpose of a pro forma is to determine whether the projected revenue can support the expected return. Because a developer must make a substantial equity investment in the development project, the return is measured directly against that cash equity. There are two primary ways the real estate industry measures this return, depending on whether the project is designed to be for-sale or for-rent.

For-Sale Return: Internal Rate of Return

The internal rate of return (IRR) measures the development project's monthly inflow and outflow of cash from the date money begins to be spent on entitlement until the final units are sold and all payments are completed. Technically speaking, the IRR is the discount rate at which the net present value of all cash flows equals zero. In practical terms, the IRR accounts for the time value of money by measuring not just how much profit is made, but how fast that profit is returned to investors.

The standard industry threshold for a for-sale residential project to be considered financially feasible is a 15 to 18 percent leveraged IRR. For a developer to attract outside equity investment, they must demonstrate to potential investors that the project can meet or exceed this target.

For-Rent Return: Leveraged Cash-on-Cash Yield

For a rental development project, the leveraged cash-on-cash yield (or simply “the yield”) measures the project’s cash flow in the first full 12 months of operations and occupancy as a percentage of the equity investment. The cash flow is estimated after allowing for annual costs for operations and maintenance, vacancies, and debt service on the permanent loan. Unlike IRR, the yield provides a more intuitive measure of direct profit. The developer will also realize additional profit when the project is eventually sold, but that is not factored into this initial yield.

The threshold for a for-rent project to be considered financially feasible is a leveraged cash-on-cash yield of 8 percent or higher. Typically, a for-rent project will be held by the original developer for about five years and then sold, as certain tax depreciation benefits tend to become less valuable after five years. Because of this five-year holding period, for-rent projects tend to attract a different set of investors than do build-to-sell projects.

Residual Land Value

Another use for a development pro forma is to determine how much developers can afford to pay to purchase a site after accounting for expected costs of development and project sales value or income and given the threshold rate of return. This is often referred to as the residual land value, which is the value of the underlying land given how much development the current land use standards and regulations allow.

The City’s Housing Element identifies land prices in the range of \$60 to \$110 per square foot. Based on a review of publicly available data the analysis assumes that the cost of land in the downtown area would be \$85 per square foot, which is within the range from the Housing Element. The initial financial feasibility analysis uses this land value to determine the rate of return, and for development scenarios that are not feasible, it provides an estimate in the land price that would make a scenario financial feasible.

Permanent Financing

Similar to the construction loan, banks providing permanent financing do not finance to the full value of the new development. Instead, the maximum size of the permanent loan is strictly limited by what can be repaid using a portion of the property’s Net Operating Income (NOI).

Lenders measure this risk using the Debt Service Coverage Ratio (DSCR), which divides the property’s NOI by its annual mortgage payments. In this analysis, a DSCR of 1.43 is applied, meaning that the mortgage payment is limited to approximately 70 percent of the project’s stabilized income.

In some cases, expected market-rate rents are not sufficient to support a permanent loan large enough to pay off the outstanding construction loan. When this cash gap cannot be bridged, the development scenario is flagged as unfeasible, and no return on investment is calculated.

A Conservative, Stress-Tested Methodology

Real estate financial feasibility can be measured through several metrics. While some long-range models rely on un-leveraged Yield-on-Cost (YOC) to evaluate a project’s intrinsic physical value independent of interest rates, this report intentionally evaluates capacity sites using Leveraged Cash-on-Cash (CoC) yield.

This methodological choice directly reflects the challenging realities of today’s capital markets. The macroeconomic consensus is that the era of near-zero interest rates has permanently ended. In this “new normal,” developers do not have the luxury of ignoring borrowing costs. To successfully secure capital and break ground, they must demonstrate strong, immediate cash returns to investors who now have high-yield, low-risk alternatives.

This report evaluates feasibility based on the strict metrics developers actually face today, and includes a higher 8% Year 1 CoC target and a more restrictive lending parameter like a 1.43 DSCR as part of the modeling. It ensures the City is recommending density increases that will actively unlock housing production in the real world, rather than relying on an idealized future where borrowing costs eventually decline.

Affordable Housing and Density Bonuses

Income Tiers for Affordable Housing

Affordable housing is a term applied to housing units that are restricted to being occupied by households with lower incomes. The specific income levels are defined as a percentage of the area median income (AMI), which is calculated each year at the county level. Currently, the AMI for a four-person household in Orange County is \$136,600, and Table 3.1-A provides the affordable housing income tiers that are relevant to this project.

The income limits vary based on the number of people in the household. Regardless of the income range, the rent paid by each household and the average utility costs must not exceed 30 percent of their household income. The affordable rent does not vary by the type of unit or size; it is based solely on the income of the household and the number of people in the household.

Fully Below Market Rate Housing

One common way that affordable housing is developed is when an affordable housing developer constructs a project in which all of the units are offered at below-market rates (BMR units) and restricted to occupancy by lower-income households. Affordable developers most often obtain federal Low-Income Housing Tax Credits (LIHTC), which are distributed by the state, and pull in other sources of grants to make up for the difference between the affordable rents and the costs of development. What is feasible for an affordable developer is dependent upon the amount of outside funding and the competition for that funding, rather than the standard return-on-investment metrics used by market-rate real estate investors.

For this report, one site was studied as a fully below-market-rate housing project: the 2200 W. Orangethorpe Avenue site. While this site has not been run through a traditional market-rate return model, its scale, parcel size and current use are well-aligned with the criteria required to secure affordable housing funding.

TABLE 3.1-A Affordable Housing Income Tiers

INCOME CATEGORY	GENERAL INCOME RANGE	UPPER INCOME LIMIT, ORANGE COUNTY, 4-PERSON HOUSEHOLD
Extremely low-income (ELI) households	Less than 30% of AMI	\$50,750
Very low-income (VLI) households	30% to 50%	\$84,600
Low-income (LI) households	50% to 80% of AMI	\$135,350
Moderate-income (MI) households	80% to 120% of AMI	\$163,900

TABLE 3.1-B Basic Density Bonuses, California Density Bonus Law

	VERY LOW INCOME (VLI)		LOW INCOME (LI)		MODERATE INCOME (MI)*	
	PERCENTAGE OF UNITS AFFORDABLE	DENSITY BONUS	PERCENTAGE OF UNITS AFFORDABLE	DENSITY BONUS	PERCENTAGE OF UNITS AFFORDABLE	DENSITY BONUS
Minimum Required	5%	20%	10%	20%	10%	5%
Maximum Density Required	15% to 99%	50%	24% to 99%	50%	44% to 99%	50%
Fully MBR Bonus	100%	80%	100%	80%	100%	80%

* Moderate-income affordable housing only earns a density bonus if the units are offered for sale.

Source: California Government Code, sections 65915 (f) (1), (2), and (4).

Density Bonus Housing

California law allows residential development projects that provide some housing units restricted to occupancy by income-qualified households to exceed the local zoning code's and general plan's maximum densities (California Government Code, sections 65915 – 65918). The intention is that, by allowing developers to construct more units than otherwise allowed, developers will be able to lease or sell some of the units at a reduced cost. This is known as the California Density Bonus Law, and it was first adopted in 1979.

The increased density allowed by the Density Bonus Law varies by the percentage of the units and the income tier to which the affordable units are restricted. Density bonuses are provided for VLI households (which would include extremely low-income households) and LI households. Density bonuses are also provided for MI households, but only for units that are sold for owner occupancy, not for rentals. The range of density bonuses are provided in Table 3.1-B.

There are other benefits for residential projects that provide some affordable housing units, such as reduced parking requirements and waivers from some development standards. These are more important to the physical design of residential development projects and are discussed in conjunction with the conceptual site plans.

SB 79

The density bonuses described above are based on the maximum density allowed under a jurisdiction's general plan and zoning code. SB 79, the Abundant and Affordable Homes Near Transit Act (Government Code Sections 65912.155 through 65912.162) provides a minimum base density that supersedes any maximum density in local plans and codes for certain types of transit-oriented development. Although the provisions of SB 79 do not yet apply in Orange County, it is anticipated that once the OC Streetcar begins full operations in 2026, Orange County will have the required number of passenger rail stations to be designated an urban transit county. At that point, SB 79's housing development provisions will apply to qualifying residential projects within one-quarter or one-half mile of the downtown Fullerton rail station.

Generally, the highest residential density currently allowed in Fullerton is 60 dwelling units per acre. The State Density Bonus Law (SDBL) allows new residential development to exceed that density if the project provides dedicated affordable housing units. Once SB 79 becomes applicable in Orange County, the statutory framework will shift:

- **New Base Density:** Qualified sites in proximity to the rail station will see their base densities increase to 80 or 100 units per acre, depending on proximity to transit for a Tier 2 station.
- **With Density Bonus:** Applying a maximum 50% density bonus on top if this new base density yields a maximum allowable density of 120 to 150 dwelling units per acre.
- **Affordability Qualifications:** To qualify for these SB 79 density provisions, residential projects must dedicate at least 7% of units for extremely low-income, 10% for very low-income, or 13% for low-income households.

Development Scenarios

This report evaluates the financial feasibility of several development scenarios for each site (excluding the 2200 W. Orangethorpe Ave site, which was considered as a fully BMR development under SB 4). The development scenarios are:

SB 79: ELI (7%)

- Base density of 80 or 100 units per acre
- 7 percent of the units would be restricted to extremely low-income households
- Density bonus of 25% (per density bonus law)
- Ultimate density up to 100 or 125 units per acre

SB 79: VLI (10%)

- Base density of 80 or 100 units per acre
- 10 percent of the units would be restricted to very low-income households
- Density bonus of 33% (per density bonus law)
- Ultimate density up to 106 or 133 units per acre

SB 79: LI (13%)

- Base density of 80 or 100 units per acre
- 13 percent of the units would be restricted to low-income households
- Density bonus of 25% (per density bonus law)
- Ultimate density up to 100 or 125 units per acre

Density Bonus Law Only: VLI (20%)

- Base density of 60 units per acre
- 20 percent of the units would be restricted to very low-income households
- Density bonus of 50%
- Ultimate density up to 90 units per acre

Density Bonus Law Only: LI (20%)

- Base density of 60 units per acre
- 20 percent of the units would be restricted to low-income households
- Density bonus of 35%
- Ultimate density up to 81 units per acre

For the SB 79 scenarios, the percentage of affordable housing units is based on the minimum requirements in the law. The base density of 80 or 100 units per acre is determined by each of the four evaluated sites' proximity to the rail station. The specific base density for each location is detailed alongside the conceptual site plans in Section 4 of this report.

For the State Density Bonus Law scenarios, the base density is determined by the existing zoning for three of the evaluated sites. For the purpose of evaluating financial feasibility, the analysis assumes that the general plan designation and zoning for the 118 W. Santa Fe Avenue site would be changed to allow a base development density of 60 units per acre. The 20 percent affordability requirement in the scenarios reflects the general inclusionary housing requirements outlined in the City's Housing Element, as well as the standard requirements applied to Housing Incentive Overlay Zone (HIOZ) sites elsewhere in Fullerton.

Financial Feasibility General Observations

Interest Rates

Currently, interest rates are elevated as the Federal Reserve keeps borrowing costs high to combat inflation. The general consensus among economists at the time this report was prepared is that rates will remain restrictive over the next two years and could increase slightly in 2026.

These elevated interest rates limit development because construction relies on borrowed money. For ownership housing, high rates reduce what buyers can afford, lowering the prices that developers can charge. For rental housing, the interest accrued during construction is ultimately rolled into the permanent loan; thus, high interest rates hit twice and raise ongoing operating costs.

For each site, one or more development scenarios would become feasible if interest rates were one percentage point lower. The findings of the financial feasibility evaluation must be understood in this context: projects that do not pencil out today could become viable in a few years as rates decline, assuming construction costs and market rents remain stable.

Density Bonus Projects Challenging

In the financial analyses conducted for this project, none of the Density Bonus Law scenarios proved feasible. In part, this results from high interest rates. However, the bigger challenge is that it is difficult for a developer to subsidize a twenty percent affordable housing requirement using only the standard density bonus to offset the lower rents. Because the discount required on those affordable units is so steep, the extra market-rate units allowed by the bonus do not generate enough revenue to cover the financial gap.

In fact, the analysis suggests that even if interest rates were to decline, a 20% affordability requirement would still be very difficult to make work financially. Because standard density bonus projects face these steep economic hurdles, utilizing statutory overrides like SB 79 near the transit station represents a much more viable path forward. By offering a significantly higher base density alongside lower, more manageable affordability requirements, SB 79 represents the path of least resistance to successfully expand housing opportunities in Fullerton.

Page intentionally left blank



2200 ORANGETHORPE AVENUE



3.2 2200 W. ORANGETHORPE AVE

LOCATION AND CONTEXT

This site is occupied by a church and comprises just over two acres. The land is currently organized with the church building occupying roughly half of the property along the Orangethorpe Avenue frontage, while the remaining half is maintained as a large lawn. Church parking is provided in a surface lot located toward the rear of the property, adjacent to Gilbert Park. The site is bordered by the Gilbert Community Center to the east, a low-scale retail strip center to the west, and single- and multi-family residential uses in the surrounding area.

SITE CONCEPT

The development concept for the site utilizes the existing parking lot at the rear of the property to accommodate a new SB 4-qualified residential building on approximately half an acre. There are approximately 60 existing church parking spaces which would be relocated on a one-to-one basis to a new surface lot in the area currently occupied by the lawn immediately east of the church. This maintains the church’s visibility along Orangethorpe Avenue while improving direct access from the street.

As illustrated in Exhibit 3.2-B, right, the proposed residential building would consist of three stories of wood-frame construction over one level of at-grade parking, providing approximately 36 affordable or senior housing units with onsite services, outdoor amenities, and excellent access to Gilbert Park. Access to the building would be from the entrance drive on the east side of the church, separate from the access drive to the new parking lot.

TABLE 3.2-A Site 1 Development Yield

CATEGORY	YIELD	NOTES
Site Area	0.52 ac development area	2.13-acre site may or may not require a lot split
Residential	36 units	Affordable mix to be determined by developer
Building Height	up to 50 feet (includes top of elevator core)	
Setbacks	Front – N/A (building is at back of lot) Side – 5 feet Rear – 5 feet	
Parking	36 spaces	

EXHIBIT 3.2-A Existing Site 1 Location



EXHIBIT 3.2-B Site 1 Massing Diagram

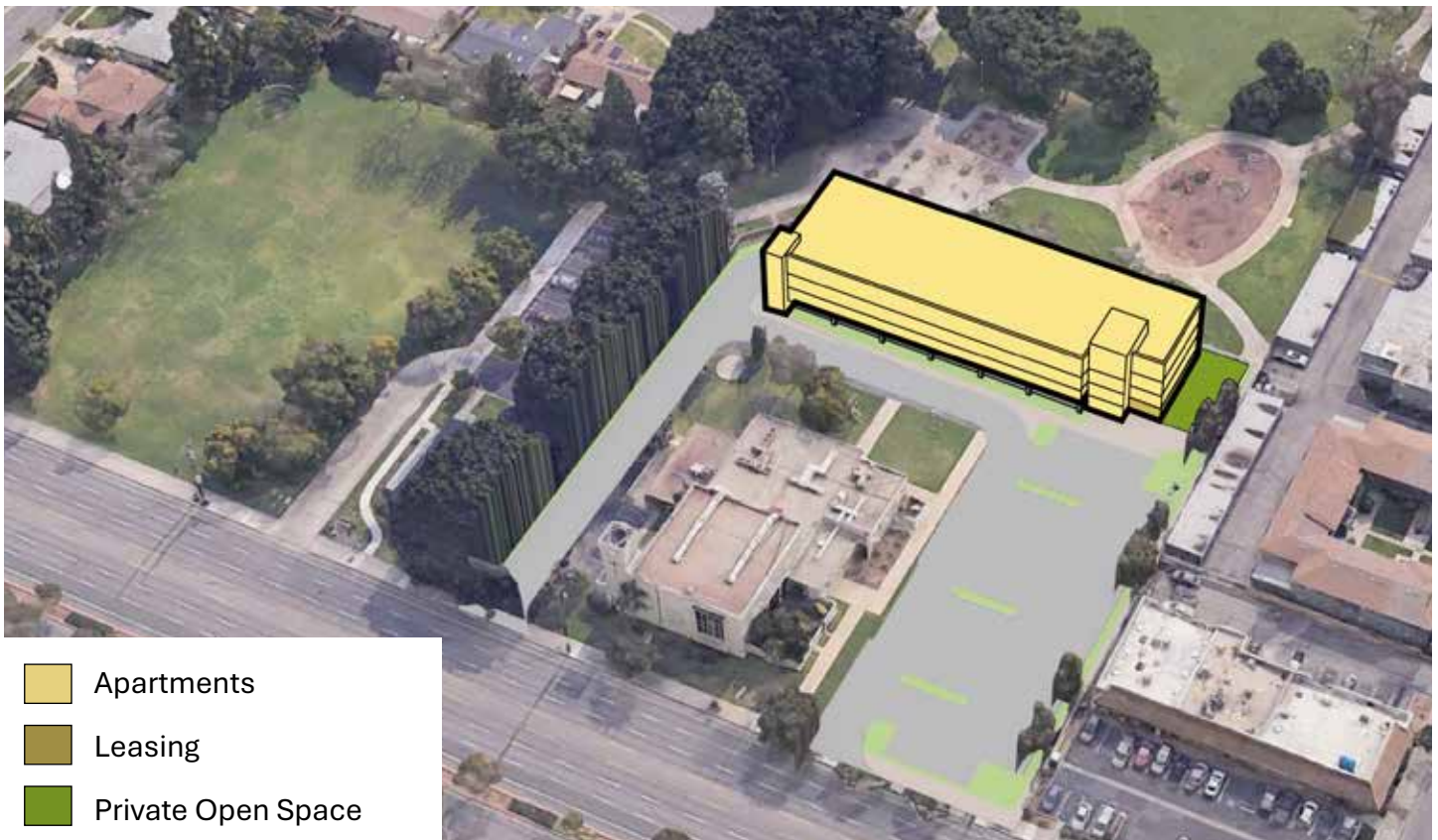


EXHIBIT 3.2-C Conceptual Site Plan



EXHIBIT 3.2-D Conceptual Rendering



DEVELOPMENT PATHWAYS AND RECOMMENDATIONS

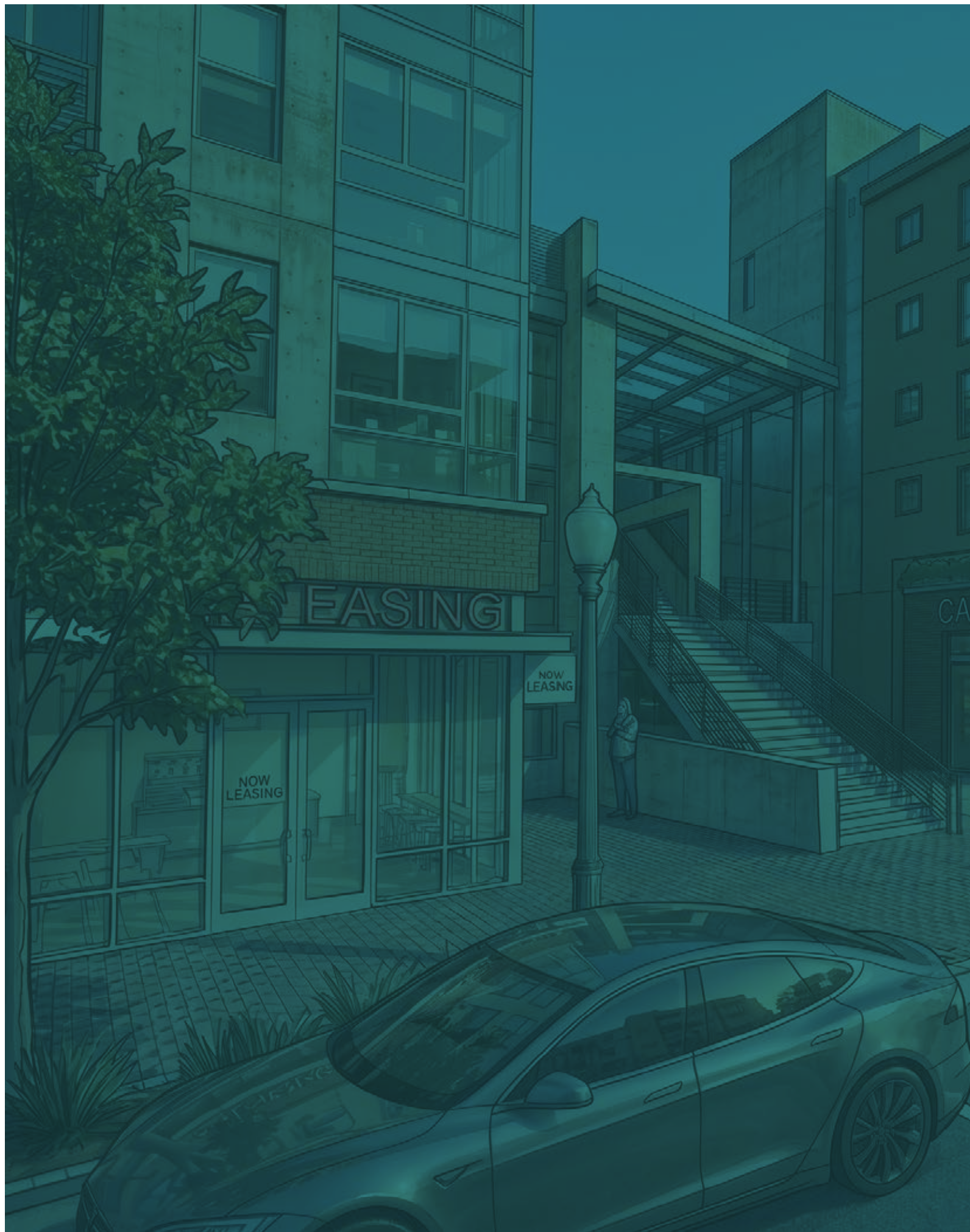
The property is currently zoned R-1 (One-Family Residential), which ordinarily limits development to low-density single-family homes. To accommodate the proposed density of 69 du/ac and a four-story building, the site concept relies on the development standards established by SB 4 together with the additional incentives available under the State Density Bonus Law (SDBL). For qualifying projects, SB 4 establishes a minimum allowable residential density of 30 du/ac, superseding the underlying R-1 density limitation. The developer may then apply the State Density Bonus Law to this baseline to obtain additional density and height waivers necessary to construct the proposed 36-unit project.

Because qualifying SB 4 projects are approved through a ministerial process, they are not subject to CEQA. As a result, no CEQA exemption or environmental document, including a Class 32 Categorical Exemption, is required.

However, if the City were to solicit developer interest, two key operational and design challenges should not be overlooked:

- **The Parking Strategy:** Because this site is located outside the half-mile transit radius under SB 4, the City retains the authority to require up to one parking space per residential unit. Developers can comfortably accommodate these required residential spaces within the proposed at-grade podium parking level directly underneath the three-story building. To protect the church's 60-space surface parking lot from resident overflow, the City's RFP should strictly enforce this one-space-per-unit requirement and mandate a binding shared-use agreement that restricts residents to the podium level and preserves the surface lot exclusively for church operations. The City should also be willing to work with Church property to identify and right-size the amount of parking that is required for Church patrons.
- **Fire Apparatus Access:** The site concept occupies the back portion of the property and relies on a one-way entrance drive to access the residential building. To comply with California Fire Code (CFC) standards for multi-story residential

structures over 30 feet in height, this access road must maintain a 26-foot clear width to accommodate aerial ladder truck operations. City staff must ensure the developer's design maintains this 26-foot width, as this constraint may directly impact the physical building footprint and site plan relationships.



118 W. SANTA FE AVENUE



3.3 118 W. SANTA FE AVENUE

LOCATION AND CONTEXT

This property is a city-owned, 0.45-acre parcel located just west of Harbor Boulevard along W. Santa Fe Avenue in the downtown area. The land is a vacant, linear strip directly fronting the SOCO District Downtown Fullerton Parking Structure, as shown in Exhibit 3.3-A. The parking structure serves the Fullerton Transit Station, which is located just east of Harbor Boulevard. Across the street from the property, on the north side of W. Santa Fe Avenue is a mix of restaurants, service commercial, and light industrial. To the west is a five-story mixed-use development called Malden Station by Windsor Apartments. South of the site are the train tracks.

SITE CONCEPT

The development concept comprises two six-story, single-loaded residential buildings flanking the front of the municipal parking structure. Units are accessed via a corridor running parallel to the structure, with all units oriented toward Santa Fe Avenue. The buildings are configured to preserve the existing vertical circulation towers and avoid obstructing existing pedestrian access points into the garage, as shown in Exhibits 3.3-B and 3.3-C.

Designed to maximize residential density utilizing 5-over-1 construction, the site concept includes 4,500 square feet of ground-floor retail and restaurant space. This commercial area incorporates an expanded, publicly accessible central plaza intended to support outdoor dining. Ground-floor residential units along the remainder of the frontage are set back from the sidewalk and positioned five feet below grade to expand private patios and maximize daylight access while maintaining full ADA accessibility. This configuration increases residential density while reducing the building’s perceived height and massing along the street edge. All resident parking is assumed to be accommodated within the adjacent municipal parking structure.

TABLE 3.3-A Development Summary

CATEGORY	YIELD	NOTES
Site Area	.45 acres (19,698 sf) - Vacant land fronting parking structure	The project would require a lot split with the city-owned parking structure
Residential	60 units with application of State Housing Laws Up to 133 du/ac	See feasibility analysis for affordable and market-rate housing scenarios
Commercial	4,500 sf, not including outdoor patio	
Building Height	Up to 65 feet (includes top of elevator core)	
Setbacks	Front – 10 feet From Driveways – 10 feet From Parking Structure – 0 feet	
Parking	0 spaces on-site	Parking for the project could be provided in the adjacent city-owned parking structure

EXHIBIT 3.3-A Existing Site



EXHIBIT 3.3-B Conceptual Program and Massing

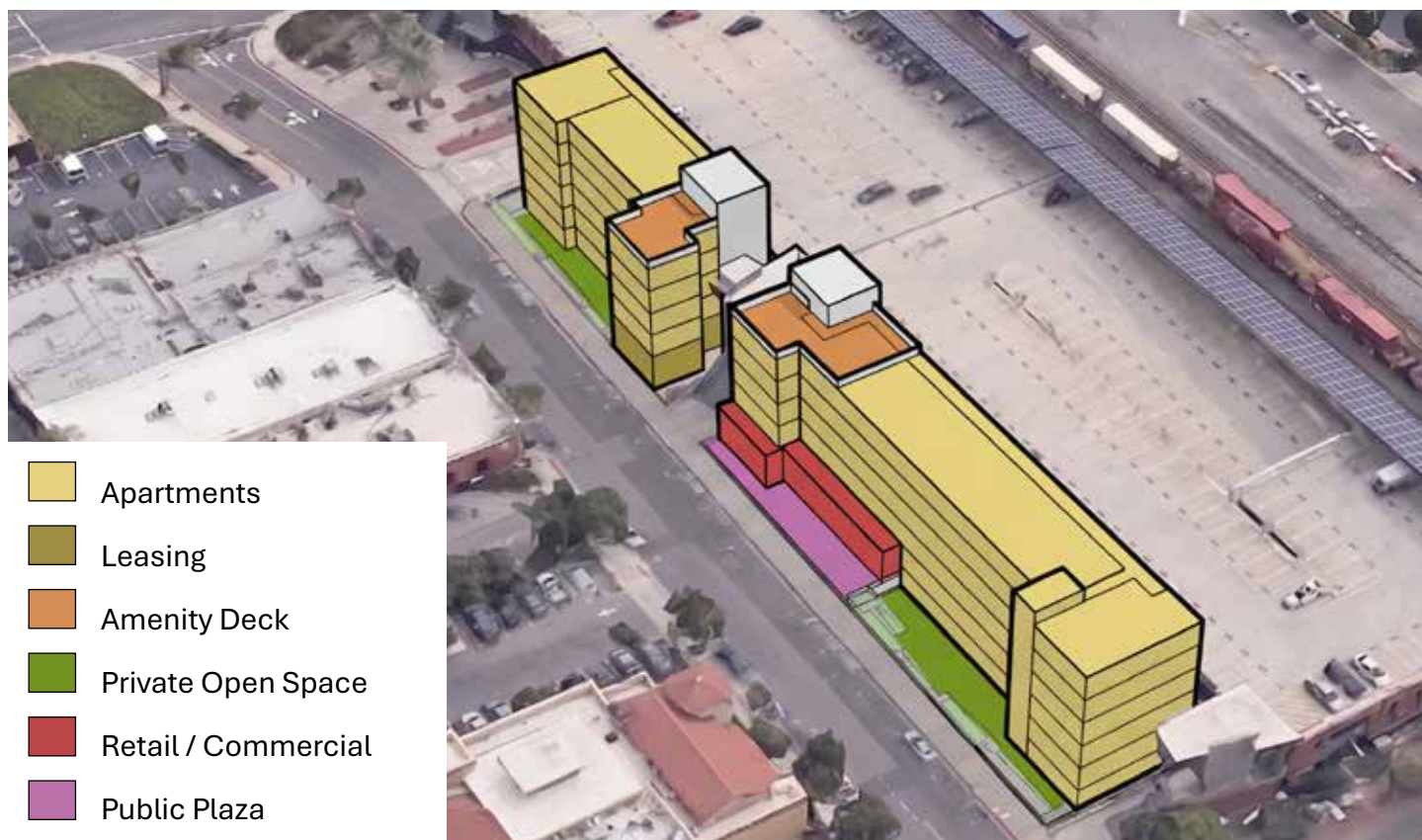


EXHIBIT 3.3-C Conceptual Site Plan



EXHIBIT 3.3-D Conceptual Rendering



DEVELOPMENT PATHWAYS AND RECOMMENDATIONS

Because the property is currently zoned General Industrial (M-G), residential uses are entirely prohibited. To transition this city-owned site to housing, the City must first initiate and approve a General Plan Amendment (GPA) and a concurrent Rezone to establish residential development standards. Once this legislative change is initiated, several regulatory pathways are available to a developer. While the CEQA implications of each pathway are analyzed in Section 5, as the City prepares to move this site toward development, three key operational considerations remain:

- **OCTA Parking Management & Lease**

Negotiations: Under AB 2097, the City cannot enforce residential parking minimums due to the site's adjacency to the transit station. While the conceptual plan assumes residents will use the existing parking structure—a key driver of the site's financial viability—the City must navigate the OCTA Parking Management Plan that governs a portion of the facility. The Plan identifies transit-user parking as the structure's primary purpose, while also recognizing support for mixed-use transit-oriented development and reasonable joint use when appropriate and validated by a parking demand analysis.

Accordingly, the City or selected developer may need to coordinate with OCTA to determine whether a dedicated block of spaces, shared-use arrangement, or other parking access agreement is feasible. The terms, costs, availability, and duration of any such arrangement would be material to developers as they model long-term operating expenses and project feasibility.

- **Mechanized Lower Garage Ventilation**

Requirement: Physically flanking the front of the existing open-air parking structure with two six-story residential buildings will obstruct its natural, passive cross-ventilation. To comply with building and safety codes, the developer may be required to design and install a mechanical ventilation system for the lower levels of the parking garage. This may represent a substantial capital cost that should be highlighted in an RFP so that developers' expectations and garage operations are fully aligned.

- **Active Retail Programming & Frontage**

Expectations: To deliver the active, programmed streetscape expected by the City, the upcoming RFP should require developers to detail programming the proposed 4,500 square feet of ground-floor commercial space. The conceptual design directly supports this goal by incorporating an expanded, publicly accessible

TABLE 3.3-B Development Pathways

PATHWAYS TO ENTITLEMENT	APPLICATION TO DEVELOPMENT CONCEPT	NOTES ON ENTITLEMENT
Zone Change and General Plan Amendment	Requires a zone change to allow mixed-use. Zone change to C-3 or inclusion in FTC SP with a designation of MU-B. Limit of 60 du/ac or 27 units. Can use density bonus to increase units	Discretionary action by Council. High degree of uncertainty.
Housing Incentive Overlay Zone (HIOZ)	Currently not in the HIOZ. Option for City to include it. Same 60 du/ac limit applies. Need to use density bonus to increase unit count/feasibility	Project must meet affordable housing requirements per the HIOZ, or 20%. This achieves up to 41 units, with density bonus.
SB 79*	Not eligible, given existing zoning. If City rezoned, the site is within ¼ mile from Tier 2 transit; allows 65' max. height, 100 du/ac and 3.0 FAR	Would need to apply for density bonus as part of SB 79 application to reach the potential of 133 du/ac with affordable housing.
AB 2097	Site qualifies for no minimum parking requirements, and no parking is provided within the site concept	If parking is provided in the adjacent structure, a parking agreement with the City for the use of the parking structure will be needed.

*SB 79 does not currently apply to Orange County. County is expected to qualify once the OC Streetcar opens later in 2026.

central plaza optimized for outdoor dining and community gathering. Developer proposals should be evaluated based on a clear leasing strategy and a demonstrated track record of securing high-quality, transit-supportive tenants (such as cafes, specialty markets, or local eateries) to ensure a vibrant, pedestrian-oriented street frontage.

Financial Feasibility Summary

A unique attribute of this conceptual development is that parking could be allocated within the existing SOCO parking structure, eliminating the need for a developer to construct costly new parking facilities. Additionally, a developer would only need to purchase sufficient land to accommodate the proposed residential and commercial building space. Removing these substantial capital cost items from the project budget makes this site significantly more financially resilient, from a developer's perspective, than the other sites in this report.

Development Scenarios

To evaluate the financial feasibility of the conceptual site plan, this analysis looks at six development scenarios, including a fully market-rate scenario for baseline context. Because the current industrial zoning does not permit residential uses, the site requires a General Plan Amendment (GPA) and Rezone to establish a baseline residential density of 60 dwelling units per acre (du/ac). Once this residential framework is established, the site becomes eligible to leverage transit-oriented state legislation. Specifically, because the site is less than a quarter-mile from the rail station, the 60 du/ac baseline would be superseded by an SB 79 base density of 100 du/ac once the law becomes active in Orange County. The resulting densities and unit counts for each of the six scenarios are detailed in Table 3.3-C on the next page.

The financial feasibility for each development scenario, measured by the leveraged cash-on-cash yield, is detailed in Table 3.3-D. Under these parameters, the three SB 79 development scenarios are financially feasible, each generating a yield exceeding 8 percent. Among these, the Very Low Income (VLI 10%) scenario generates the highest overall yield, making it the most financially resilient option for a developer to pursue on this site.

In contrast, the Density Bonus Law scenarios (60 du/ac) are not financially feasible under current market conditions. While the VLI (20%) and fully market-rate

scenarios approach the feasibility threshold, they ultimately fall short.

This outcome highlights a key policy consideration for the City. Even when a project completely avoids the capital cost of constructing structured parking, a base density of 60 du/ac is mathematically insufficient to absorb the cost of providing deeper (20 percent) affordable units under the standard Density Bonus Law. Consequently, achieving the higher density levels evaluated under the transit-oriented SB 79 scenarios is the primary mechanism available to the City to unlock the site's capacity and make the integration of affordable housing financially viable.

Conclusion

Because the SB 79 development scenarios comfortably exceed the target threshold yield of 8.0 percent, the City possesses negotiating leverage to secure additional public and financial benefits during the disposition process.

These negotiated benefits could include:

- **Lease or Use Payments:** Charging the developer for long-term use of the adjacent municipal parking structure, generating a new revenue stream for the City's general fund.
- **Land Premium:** Securing a higher acquisition price for the site.
- **Additional Community Benefits:** Requiring on-site public amenities, enhanced streetscapes, or deeper affordability targets.

Furthermore, the strong yield margins in these higher-density scenarios provide the project with a built-in cushion to absorb ongoing capital-market and interest-rate volatility. Because this site avoids the immense capital cost of constructing structured parking, it represents the most financially resilient and immediately viable development opportunity of the five sites evaluated in this report.

If the City's goal is to rapidly accelerate housing production on city-owned land, the 118 W. Santa Fe Avenue site is the ideal catalyst project to initiate the process. In the City's forthcoming Request for Proposals (RFP), staff should structure the evaluation criteria to score developers not only on their land acquisition bid, but also on the specific, binding public benefits and design enhancements they commit to deliver.

TABLE 3.3-C Unit Counts and Densities by Development Scenario; 118 W. Santa Fe Avenue

DEVELOPMENT SCENARIOS:	SB 79 PROJECT			DENSITY BONUS LAW PROJECT		
	ELI (7%)	VLI (10%)	LI (13%)	FULLY MARKET RATE	VLI (20%)	LI (20%)
Site area (sq. ft.)	19,698	19,698	19,698	19,698	19,698	19,698
Site area (acres)	0.45	0.45	0.45	0.45	0.45	0.45
Base density	100 du/acre	100 du/acre	100 du/acre	60 du/acre	60 du/acre	60 du/acre
Number of units, base density	45	45	45	27	27	27
Percent affordable	7%	10%	13%	0%	20%	20%
Number of affordable units	4	5	6	0	6	6
Density bonus percentage	25%	33%	25%	0%	50%	35%
Density bonus (increase in MR units)	12	15	12	0	14	10
Total number of units	57	60	57	27	41	37
Total market rate units	53	55	51	27	35	31
Total affordable units	4	5	6	0	6	6
Final Density	126 du/acre	133 du/acre	126 du/acre	60 du/acre	91 du/acre	82 du/acre

Source: PlaceWorks, 2026.

TABLE 3.3-D Financial Feasibility Summary by Development Scenario; 118 W. Santa Fe Avenue

DEVELOPMENT SCENARIOS:	SB 79 PROJECT			DENSITY BONUS LAW PROJECT		
	ELI (7%)	VLI (10%)	LI (13%)	FULLY MARKET RATE	VLI (20%)	LI (20%)
Net operating income after debt service	803,000	866,000	805,000	380,000	519,000	457,000
Equity investment	8,630,000	8,990,000	8,630,000	4,820,000	6,600,000	6,100,000
Leveraged yield (target 8%)	9.3%	9.6%	9.3%	7.9%	7.9%	7.5%
Feasibility gap	none	none	none	-3%	-6%	-22%

Note: Feasibility gap represents the reduction in land price required for the development scenario to be feasible.

Source: PlaceWorks, 2026.



122 POMONA AVENUE



3.4 122 POMONA AVENUE

LOCATION AND CONTEXT

This property is located at the northeast corner of Santa Fe Avenue and Pomona Avenue, across from the Fullerton Transit Station. The approximately 0.69-acre lot is owned by the City of Fullerton and is currently occupied by a four-level parking structure. The structure serves the Fullerton Transportation Center, which includes the OC Bus terminal to the west and the Transit Station to the south.

East of the property are low-scale light industrial buildings. To the north, across a shared alley, are a four-story affordable housing building, several smaller single-story commercial properties, and a USPS office immediately adjacent to the study site. The property is regulated by the Fullerton Transportation Center Specific Plan, which establishes a transit-oriented mixed-use district and promotes higher-density residential and commercial development around walkability and multimodal connectivity.

SITE CONCEPT

The site would require demolition of the existing parking structure to allow redevelopment of the entire site. The structure lacks adequate lighting, has access constraints and maintenance needs, and presents accessibility and safety concerns. Sufficient parking for the Fullerton Transportation Center

would continue to be provided by the SOCO District Parking Structure and other nearby parking options.

Given the property’s location adjacent to the Fullerton Transportation Center, the site is well positioned to support higher-density residential use with a reduced parking profile. The concept envisions a five-story apartment building with approximately 100 units, capitalizing on the site’s transit-oriented setting and prominent corner location at Santa Fe Avenue and Pomona Avenue. The proposed building would include one level of parking located partially below grade, balancing parking needs with development feasibility by limiting excavation, reducing construction cost and complexity, and allowing the garage to remain naturally ventilated where possible.

Active building uses, including the residential lobby and leasing office, would be oriented toward the corner of Santa Fe and Pomona avenues to establish a clear project identity and improve the pedestrian experience. Because the residential podium and parking level would likely sit above the adjacent sidewalk grade, lobby access would be provided through stairs and an ADA-compliant ramp, allowing the building frontage to address the street while accommodating grading and parking design requirements.

TABLE 3.4-A Development Summary

CATEGORY	YIELD	NOTES
Site Area	.69 acres	
Residential	up to 100 dwelling units, 145 du/acre	Exceeds maximum density of 60 dwelling units/acre allowed in the General Plan
Commercial	None	Specific Plan requires storefronts along Pomona
Building Height	65 feet 5 stories, not including ground-level parking	Under the maximum allowed in the Specific Plan or 6 floors, 80 feet maximum
Setbacks	Street Frontage – 8 feet provided for podium screening, Side – 5 feet, Alley – 5 feet	0’ frontage setback required under FTC SP
Parking	0.7 spaces per unit, including guest parking	

EXHIBIT 3.4-A Existing Site

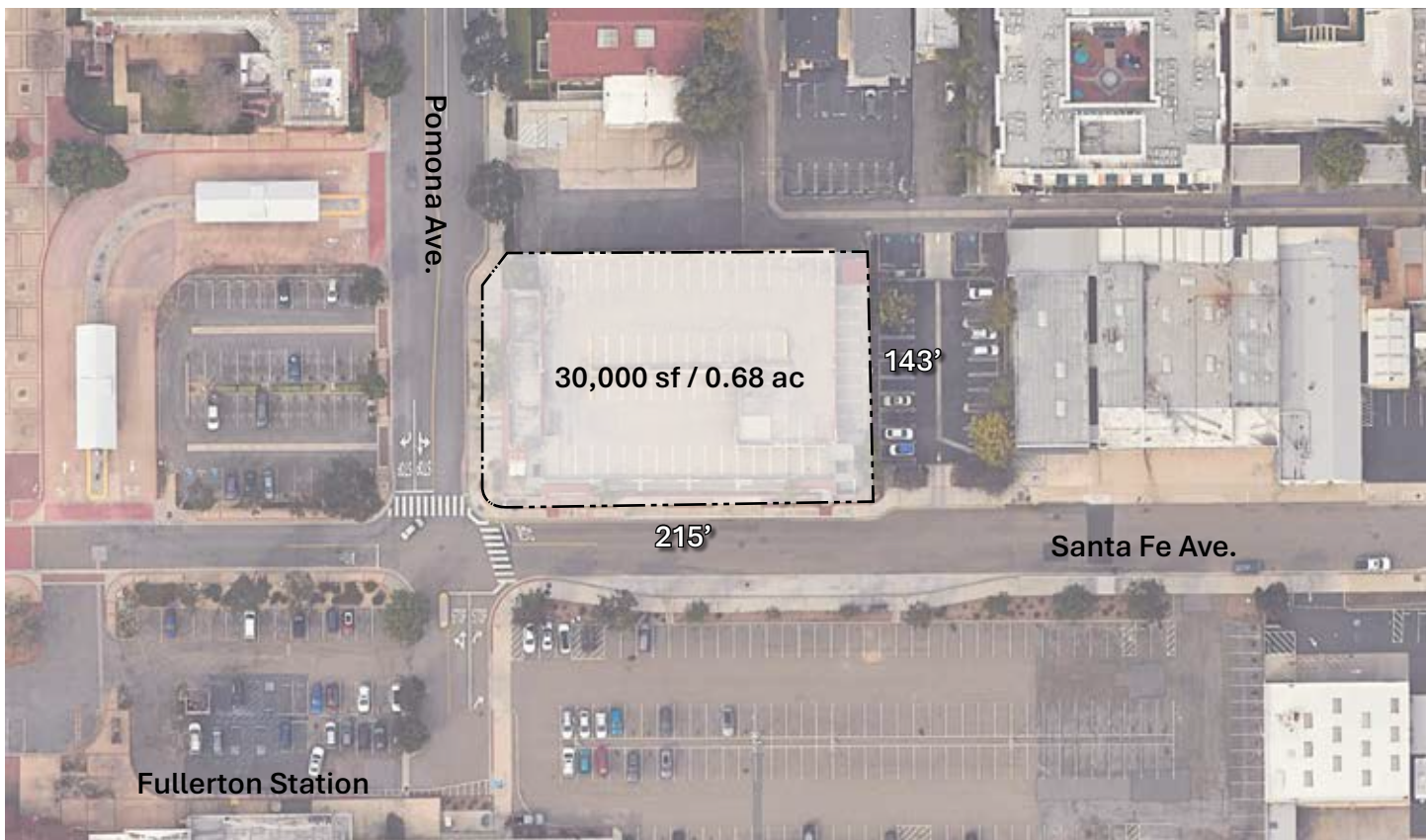


EXHIBIT 3.4-B Conceptual Massing and Program



EXHIBIT 3.4-C Conceptual Site Plan



EXHIBIT 3.4-D Conceptual Rendering



DEVELOPMENT PATHWAYS AND RECOMMENDATIONS

The property is currently zoned Mixed-Use B within the Specific Plan, offering several development options. To establish a clear pathway for project approval, the following section provides a financial evaluation of each regulatory approach, recommends the optimal zoning strategies, and details the corresponding CEQA implications, summarized in Table 3.4-B.

However, because the financial feasibility of this site is highly sensitive to upfront site-preparation costs, two key parameters should be addressed before the City solicits development proposals:

- Active Sewer Realignment & Easement Coordination:** The Public Works Department has identified an active sewer line running north-south along the east side of the existing parking structure. While the conceptual site design and financial analysis did not factor in this utility alignment, future development will require the line to be physically relocated. To manage this constraint, the City could coordinate with Public Works to define the necessary adjacent easements and relocation costs prior to issuing an RFP. Providing this critical data directly in

the RFP would de-risk the site for bidders, accelerate the project timeline, and secure more competitive land bids.

- Mitigating the Demolition Capital Hurdle:** The existing four-story parking structure requires complete demolition, adding an estimated \$1.36 million in non-value-add, upfront capital costs. To make this site financially viable, the conceptual plan incorporated several design flexibilities to compensate. The City should expect developers to take a similar approach by building smaller, efficient one- and two-bedroom units, omitting ground-floor retail to maximize housing space, and using parking reductions to target a low ratio of 0.70 spaces per unit.

Development Scenarios

To evaluate the financial feasibility of the conceptual site plan, six development scenarios are analyzed, including a fully market-rate scenario provided for baseline context.

The site’s current zoning allows a maximum residential density of up to 60 dwelling units per acre. Because the site is adjacent to the rail station, the analysis also evaluates a high-density scenario of 145 du/ac under the anticipated framework of

TABLE 3.4-B Development Pathways

PATHWAYS TO ENTITLEMENT	APPLICATION TO DEVELOPMENT CONCEPT	NOTES ON ENTITLEMENT
Zone Change and General Plan Amendment	Option to amend the FTC Specific Plan to increase base density.	Discretionary action by Council. High degree of uncertainty.
Housing Incentive Overlay Zone (HIOZ)	Currently not in the HIOZ. Option for City to include within the overlay. Limit of 60 du/ac or 41 units. Need to use density bonus to increase unit count and feasibility.	Project must meet affordable housing requirements per the HIOZ, or 20%. This yields up to 62 units with a density bonus.
SB 79*	Site is adjacent to Tier 2 transit; allows 85’ max. height, 140 du/ac and 4.0 FAR. An additional height bonus of 20 feet applies given proximity to the station.	Unit mix could be adjusted to achieve 140 du/ac (a reduction of 7 units, which may impact feasibility). Or, project can use a density bonus as part of SB 79 application to achieve concept density.
AB 2097	Site qualifies for no minimum parking requirements.	70 spaces included in the financial feasibility analysis.

*SB 79 does not currently apply to Orange County. County is expected to qualify once the OC Streetcar opens later in 2026.

SB 79. The base density utilized in the scenarios is calibrated lower so that the final density—including any affordable housing bonus units—remains within the maximum threshold for cost-effective wood-frame construction. The densities and unit counts for each of the six scenarios are provided in Table 3.4-C.

The financial feasibility for each development scenario, measured as the leveraged cash-on-cash yield, is detailed in Table 3.4-D. The three SB 79 development scenarios (145 du/ac) are financially feasible, each generating a yield slightly in excess of 8 percent. The VLI (10%) scenario would generate the highest yield and, from a developer's perspective, be the most financially resilient option to pursue on this site.

In contrast, the Density Bonus Law scenarios (60 du/ac) are completely unfeasible. Even if the land were provided to a developer at zero cost, the net operating income at stabilized occupancy would not be sufficient to secure a permanent loan to repay the development costs, which include the demolition cost of the existing parking structure.

Conclusion

New housing development on this site will be structurally constrained by the \$1.36 million cost to demolish the existing four-story parking structure. To compensate, the conceptual development plan purposely utilizes cost-saving planning flexibilities—specifically, omitting ground-floor commercial space, reducing parking ratios, and focusing on smaller, highly efficient one- and two-bedroom units.

Under the high-density SB 79 framework (145 du/ac), these cost-saving measures are successful in bringing the project into financial feasibility. While the VLI (10%) scenario generates a slightly higher return than the ELI (7%) scenario, the difference is marginal and essentially disappears when rounding

the financial values. While the SB 79 development scenarios generate a yield above the 8.0 percent feasibility threshold, this margin is exceptionally narrow. In today's volatile capital market, a developer must retain this minor yield cushion as a vital risk buffer against interest rate fluctuations and construction contingencies. Consequently, the City should expect nominal land value bids for this site, as any attempt by a developer to bid up the acquisition price would instantly push the project back into unfeasibility.

TABLE 3.4-C Unit Counts and Densities by Development Scenario; 122 Pomona Avenue

DEVELOPMENT SCENARIOS:	SB 79 PROJECT			DENSITY BONUS LAW PROJECT		
	ELI (7%)	VLI (10%)	LI (13%)	FULLY MARKET RATE	VLI (20%)	LI (20%)
Site area (sq. ft.)	30,000	30,000	30,000	30,000	30,000	30,000
Site area (acres)	0.69	0.69	0.69	0.69	0.69	0.69
Base density	116 du/acre	109 du/acre	116 du/acre	60 du/acre	60 du/acre	60 du/acre
Number of units, base density	80	75	80	41	41	41
Percent affordable	7%	10%	13%	0%	20%	20%
Number of affordable units	6	8	11	0	9	9
Density bonus percentage	25%	33%	25%	0%	50%	35%
Density bonus (increase in MR units)	20	25	20	0	21	15
Total number of units	100	100	100	41	62	56
Total market rate units	94	92	89	41	53	47
Total affordable units	6	8	11	0	9	9
Final Density	145 du/acre	145 du/acre	145 du/acre	60 du/acre	90 du/acre	81 du/acre

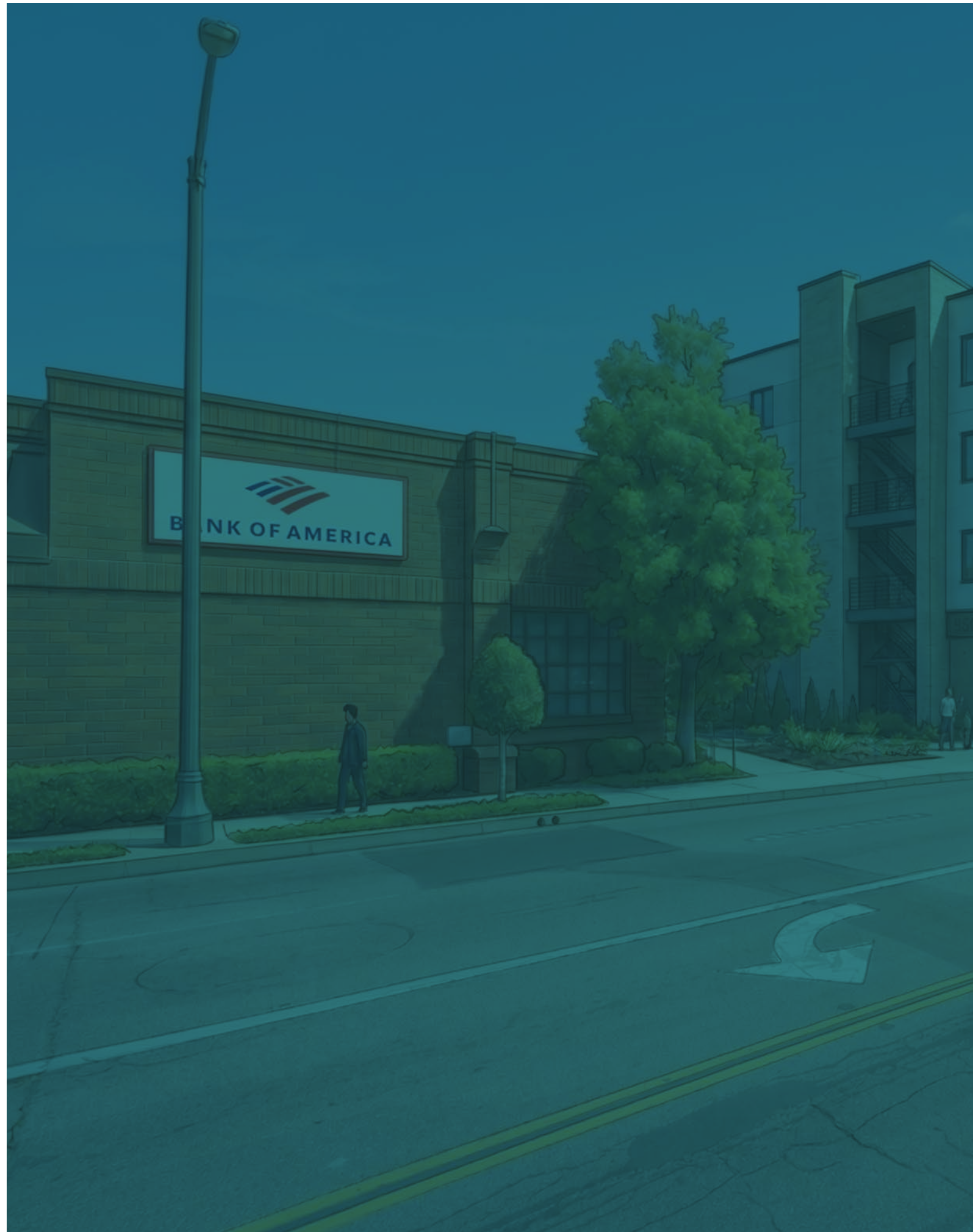
Source: PlaceWorks, 2026.

TABLE 3.4-D Financial Feasibility Summary by Development Scenario; 122 Pomona Avenue

DEVELOPMENT SCENARIOS:	SB 79 PROJECT			DENSITY BONUS LAW PROJECT		
	ELI (7%)	VLI (10%)	LI (13%)	FULLY MARKET RATE	VLI (20%)	LI (20%)
Net operating income after debt service	1,361,000	1,365,000	1,327,000	478,000	666,000	601,000
Equity investment	15,470,000	15,470,000	15,440,000	8,630,000	10,860,000	10,340,000
Leveraged yield (target 8%)	8.8%	8.8%	8.6%	5.5%	6.1%	5.8%
Feasibility gap	none	none	none	n/a	n/a	n/a

Note: Feasibility gap represents the reduction in land price required for the development scenario to be feasible. The Density Bonus Law scenarios would not generate sufficient revenue to obtain permanent financing, even with a zero land cost.

Source: PlaceWorks, 2026.





401 N. HARBOR AVENUE

3.5 401 HARBOR AVENUE

LOCATION AND CONTEXT

This site is located west of Harbor Boulevard and fronts Chapman Avenue along its northern property line. The 1.45-acre site is divided between an existing brick commercial building, occupied by Bank of America, and an adjacent surface parking lot.

The property sits at the western edge of the downtown area and is within walking distance of Fullerton Downtown Plaza. The surrounding context includes medium-density residential apartments and various commercial buildings to the south fronting Whiting Avenue, with low- to medium-density residential properties to the west. Together, these uses reflect the site’s location within a transitional area between the downtown core and nearby residential neighborhoods.

SITE CONCEPT

The development concept would divide the existing property into two functional areas, preserving the Bank of America building on the eastern portion of the site while redeveloping the adjacent surface parking lot with a new residential building. The concept envisions a 65-unit apartment building with three stories of residential units over one level of podium parking. Existing surface parking located

behind the commercial building would be retained to serve the bank’s parking needs.

The proposed building would establish a more continuous frontage along Chapman Avenue while orienting a south-facing residential courtyard toward Whiting Avenue. The building would be generously set back from both the street and adjacent properties to provide a buffer from surrounding uses and reinforce the site’s transitional setting between downtown commercial activity and lower-scale residential neighborhoods to the west. Along Chapman Avenue, ground-floor residential units with street-facing patios would be buffered from the public right-of-way by planter walls, creating a residential edge that is active but appropriately separated from the street.

At the eastern edge of the new building, the ground-floor lobby and leasing office would line the parking podium and help create an active corner and paseo condition where the residential building faces the retained Bank of America building. This frontage strategy allows the project to screen and activate the podium while improving pedestrian experience through the site. Overall, the concept uses building placement, setbacks, patios, landscaping, and active ground-floor uses to mediate the transition from the existing commercial use on the property to the more residential context west of the site.

TABLE 3.5-A Development Summary

CATEGORY	YIELD	NOTES
Site Area	1.45-acre site, concept shown on 0.65 acres	Site currently occupied by Bank of America, lot split required.
Residential	65 units, 100 du/ac	
Commercial	None. However, active ground-floor uses are proposed	Current zoning (C-3) requires commercial to be part of the development
Building Height	Up to 55 feet	
Setbacks	Front - Varies, Side - 5 feet, Rear - 5 feet	No front setback required with C-3 zoning
Parking	40 spaces	Qualifies for no minimum parking under AB 2097

EXHIBIT 3.5-A Existing Site



EXHIBIT 3.5-B Conceptual Massing and Program

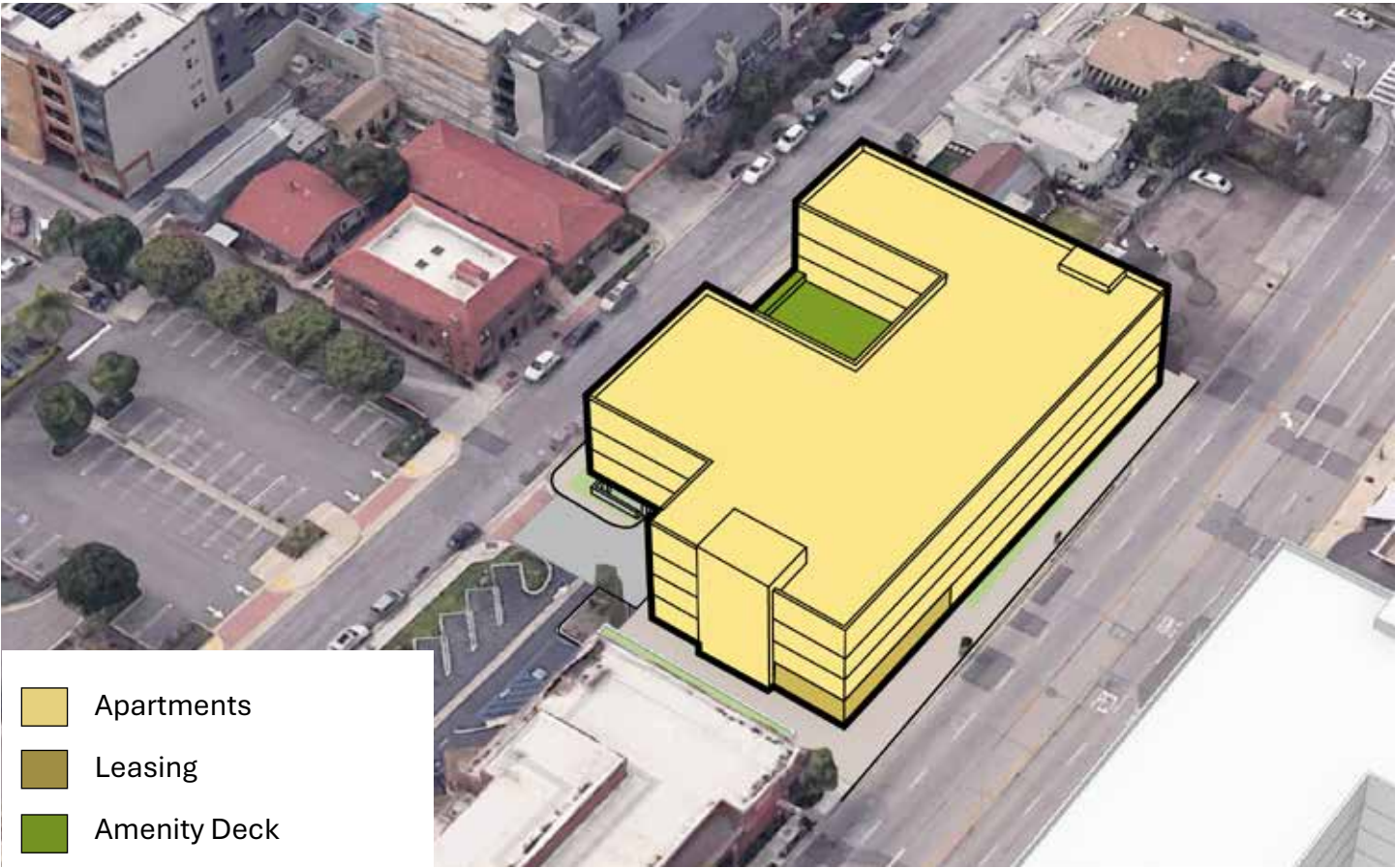


EXHIBIT 3.5-C Conceptual Site Plan



EXHIBIT 3.5-D Conceptual Rendering



DEVELOPMENT PATHWAYS AND RECOMMENDATIONS

This site consists of an existing surface parking lot with few, if any, physical constraints that would add substantial costs to potential new housing development. Unlike other parcels in this study, this site is privately owned rather than city-owned. It is included in this analysis to illustrate how the City’s zoning policies can successfully incentivize private landowners to redevelop underutilized commercial land into housing.

Because this parcel is privately owned, the transition to housing relies entirely on market interest rather than a city-led RFP process. To successfully catalyze development, the City must navigate two key private-ownership challenges:

- **Private Ownership Challenges:** Without land control, the City cannot dictate project timelines. If the owner is content holding the property as a low-maintenance parking lot, development will stall. To overcome this inertia, the City can authorize high-density zoning and leverage SB 79 to make redevelopment significantly more financially attractive than maintaining the status quo.

- **Proactive Landowner Engagement:** Because the City cannot force a sale, staff can act as facilitators. Proactively educating the owner on the increased land value and development potential unlocked by new zoning can motivate them to either partner with a residential builder or sell the parcel on the open market.

Development Scenarios

To assess the financial feasibility of the conceptual site plan, this analysis examines six development scenarios, including a fully market-rate scenario for baseline context. The site’s current zoning allows a maximum residential density of up to 60 dwelling units per acre.

Because of its close proximity to—but not immediate adjacency to—the rail station, the analysis also evaluates a base scenario of 80 du/ac under the anticipated framework of SB 79.

For comparison purposes, the baseline density for the VLI (10%) scenario was adjusted slightly downward so that all three SB 79 scenarios yield a consistent building scale and total unit count. This allows for a direct, “apples-to-apples” comparison

TABLE 3.5-B Site 4 Development Pathways

PATHWAYS TO ENTITLEMENT	APPLICATION TO DEVELOPMENT CONCEPT	NOTES ON ENTITLEMENT
Zone Change and General Plan Amendment	Option to seek a zone change to a higher density residential zone (R-5) to achieve concept density and height.	Discretionary action by Council. High degree of uncertainty.
Housing Incentive Overlay Zone (HIOZ)	Currently not in the HIOZ. Option for City to include it within the Overlay. Limit of 60 du/ac or 39 units. Need to use density bonus to increase unit count and feasibility.	Project must meet affordable housing requirements per the HIOZ, or 20%.
SB 79*	Site is within 1/2 mile of Tier 2 transit; allows 55’ max. height, 80 du/ac and 2.5 FAR	Would need to apply for a density bonus as part of the SB 79 application to reach potential of 100 du/ac.
AB 2097	Site qualifies for no minimum parking requirements.	40 spaces included in the financial feasibility analysis.

*SB 79 does not currently apply to Orange County. County is expected to qualify once the OC Streetcar opens later in 2026.

of how different affordable housing requirements impact project returns. The resulting densities and unit counts for each of the six scenarios are detailed in Table 3.5-C, next page. To maximize layout efficiency, the development scenarios focus on a mix of one- and two-bedroom units.

Feasibility Summary

The financial feasibility for each development scenario, measured as the leveraged cash-on-cash yield, is detailed in Table 3.5-D, next page. Under these parameters, both the ELI (7%) and VLI (10%) SB 79 scenarios would be financially feasible to develop. Of the two, the VLI (10%) scenario represents the most financially resilient option to pursue on this site.

The remaining four scenarios do not meet standard feasibility requirements. However, because this site is free of major physical development constraints, these remaining scenarios can achieve financial feasibility through a private land-cost adjustment. To bridge the cash flow gap and hit the required 8.0 percent yield, the necessary discount on the land's acquisition price ranges from a 10 percent reduction for the LI (13%) scenario to a moderate 52 percent reduction for the LI (20%) scenario.

Conclusion

It is financially feasible for a developer to purchase this privately owned site at its estimated market value and execute the SB 79 development plan. The projected 8.2 percent yield—sitting just above the target threshold—provides a sufficient financial cushion to absorb ongoing interest rate uncertainty, making it a highly viable candidate for new housing.

TABLE 3.5-C Unit Counts and Densities by Development Scenario; 401 Harbor Blvd.

DEVELOPMENT SCENARIOS:	SB 79 PROJECT			DENSITY BONUS LAW PROJECT		
	ELI (7%)	VLI (10%)	LI (13%)	FULLY MARKET RATE	VLI (20%)	LI (20%)
Site area (sq. ft.)	28,340	28,340	28,340	28,340	28,340	28,340
Site area (acres)	0.65	0.65	0.65	0.65	0.65	0.65
Base density	80 du/acre	76 du/acre	80 du/acre	60 du/acre	60 du/acre	60 du/acre
Number of units, base density	52	49	52	39	39	39
Percent affordable	7%	10%	13%	0%	20%	20%
Number of affordable units	4	5	7	0	8	8
Density bonus percentage	25%	33%	25%	0%	50%	35%
Density bonus (increase in MR units)	13	16	13	0	20	14
Total number of units	65	65	65	39	59	53
Total market rate units	61	60	58	39	51	45
Total affordable units	4	5	7	0	8	8
Final Density	100 du/acre	100 du/acre	100 du/acre	60 du/acre	91 du/acre	81 du/acre

Source: PlaceWorks, 2026.

TABLE 3.5-D Financial Feasibility Summary by Development Scenario; 401 Harbor Blvd.

DEVELOPMENT SCENARIOS:	SB 79 PROJECT			DENSITY BONUS LAW PROJECT		
	ELI (7%)	VLI (10%)	LI (13%)	FULLY MARKET RATE	VLI (20%)	LI (20%)
Net operating income after debt service	843,000	854,000	829,000	478,000	693,000	606,000
Equity investment	10,450,000	10,450,000	10,450,000	7,120,000	9,650,000	8,820,000
Leveraged yield (target 8%)	8.1%	8.2%	7.9%	6.7%	7.2%	6.9%
Feasibility gap	0%	0%	-10%	-49%	-43%	-52%

Note: Feasibility gap represents the reduction in land price required for the development scenario to be feasible.

Source: PlaceWorks, 2026.



125 CHAPMAN AVENUE



3.6 125 CHAPMAN AVENUE

LOCATION AND CONTEXT

This site is just under one acre in size and is owned by the City of Fullerton. The property is currently maintained as a surface parking lot. It is located just west of Harbor Boulevard and fronts Chapman Avenue along its southern property line.

The site is bordered to the east by an event center that currently relies on the surface lot for parking. To the west are low-scale commercial buildings with restaurant tenants. Brea Creek is located north of the site, with neighborhoods zoned as medium density residential beyond the creek. South of the site, across Chapman Avenue, is a commercial property occupied by Bank of America.

SITE CONCEPT

The development concept proposes a five-story apartment building over a two-level parking podium. The building is organized in a C-shaped configuration, with the central amenity courtyard oriented north toward Brea Creek. This massing strategy allows the building to step back visually from the creek edge and reduces the amount of continuous building frontage facing the residential neighborhood to the north. By breaking the building into two wings rather than creating a single uninterrupted frontage, the concept helps reduce perceived scale and visual impacts when viewed from across the creek.

Along Chapman Avenue, the podium would be lined with active residential and building-support uses rather than ground-floor retail, which may be less viable in this location due to limited pedestrian activity, retail continuity, and market demand. Street-level residential units would be set slightly above sidewalk grade and accessed by individual stoops, providing a more human-scaled edge while maintaining privacy for residents. The leasing office and resident amenity spaces would also face Chapman Avenue, adding visibility, activity, and visual interest along the frontage.

TABLE 3.6-A Development Summary

CATEGORY	YIELD	NOTES
Site Area	1.2 acres (52,481 sq. ft.)	Boundary includes Break Creek, which reduces development area to 0.99 acres
Residential	up to 105 units, 107 du/ac	Exceeds maximum density of 60 du/ac of General Plan
Commercial	None. However, active ground-floor uses are proposed	Current zoning (C-3) requires commercial to be part of the development
Building Height	70 feet, 5 stories above 2 levels of parking podium	Exceeds maximum height of 60 feet per C-3 zoning
Setbacks	Font - 10 feet, Side - 5 feet, Rear - 5 feet	No front setback required with C-3 zoning
Parking	1.6 spaces per units, including guest parking	In this scenario, the existing public parking will not be replaced in-site

EXHIBIT 3.6-A Existing Site



EXHIBIT 3.6-B Conceptual Massing and Program

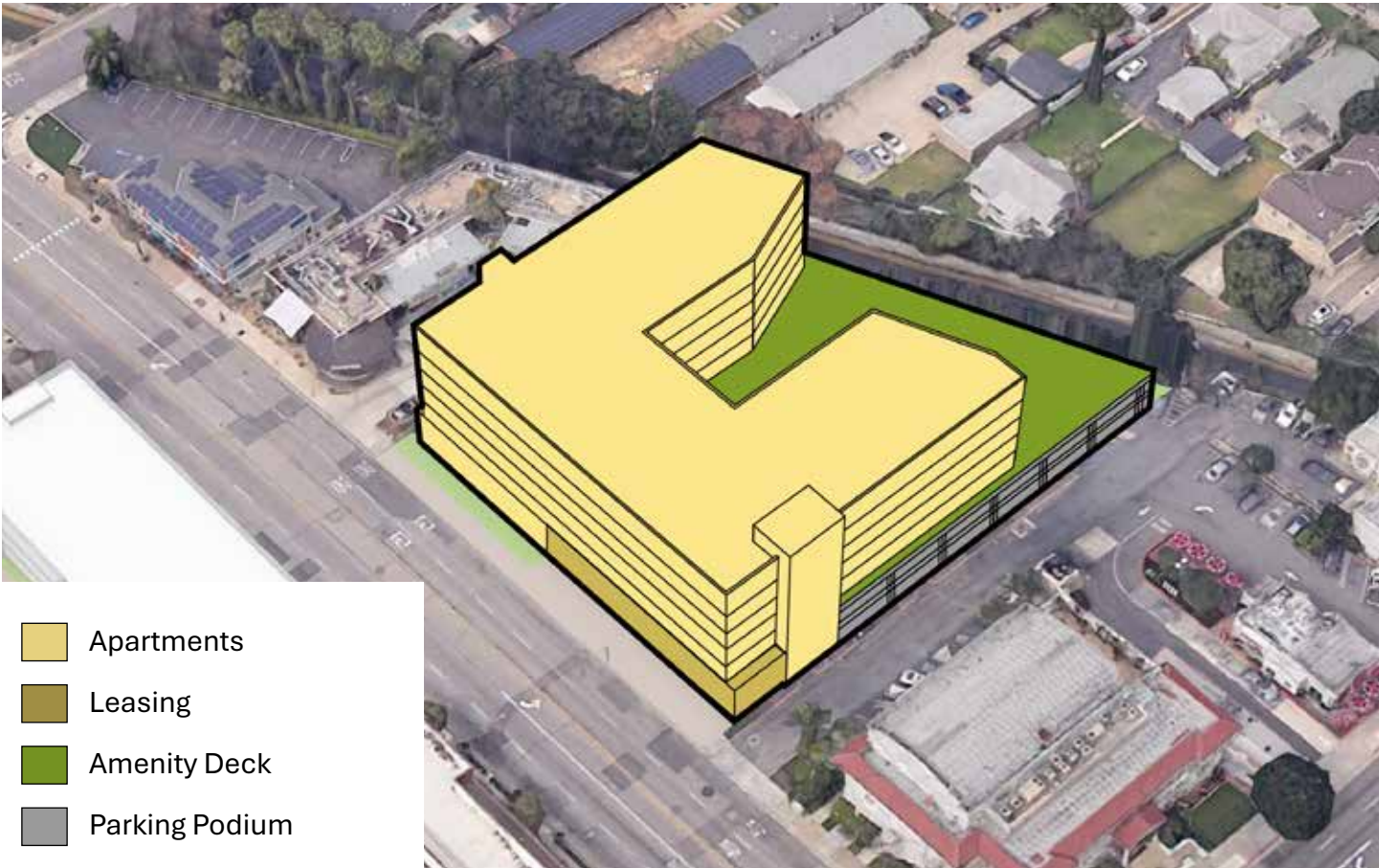


EXHIBIT 3.6-C Conceptual Site Plan



EXHIBIT 3.6-D Conceptual Rendering



DEVELOPMENT PATHWAYS AND RECOMMENDATIONS

The 125 W. Chapman Avenue site is currently utilized as a city-owned surface parking lot. While the parcel itself is physically flat and presents few site-preparation hurdles, City staff must consider some key constraints prior to preparing an RFP:

- **The Events Center Parking Replacement Penalty:** A major programmatic challenge is the City’s desire to replace and accommodate the existing on-site parking currently serving the adjacent events center. To preserve this public parking capacity alongside a new residential development, the project would necessitate constructing a below-grade parking level. Subterranean parking introduces substantial capital costs that severely curtail project economics. In future RFP solicitations, the City must weigh the operational benefit of this public parking against the potential impact it will have on developer interest and land bid values.
- **Lower Transit-Oriented Density Allowances:** Because this site is located farther from the rail station, it does not qualify for the maximum transit-oriented density allowances analyzed for the City’s transit-adjacent parcels. Under the anticipated SB 79 framework, the site’s density

is capped at a lower threshold of 80 du/ac. This lower density limit means the project has fewer residential units over which to spread any increase in costs, making it much more difficult for a developer to absorb the high expense of a subterranean parking garage.

Development Scenarios

To evaluate the financial feasibility of the conceptual site plan, this analysis evaluates six development scenarios, including a fully market-rate scenario provided for baseline context. The site’s current zoning allows a maximum residential density of up to 60 dwelling units per acre. Because of its proximity to—but not immediate adjacency to—the rail station, the analysis also evaluates a base density scenario of 80 du/ac under the anticipated framework of SB 79. The densities and unit counts for each of the six scenarios are detailed in Table 3.6-C, next page. To serve a broad range of local housing needs, the development scenarios incorporate a diverse mix of family-friendly one-, two-, and three-bedroom units.

Feasibility Summary

The financial feasibility for each development scenario, measured as the leveraged cash-on-cash yield, is detailed in Table 3.6-D, next page.

TABLE 3.6-B Development Pathways

PATHWAYS TO ENTITLEMENT	APPLICATION TO DEVELOPMENT CONCEPT	NOTES ON ENTITLEMENT
Zone Change and General Plan Amendment	Option to seek a zone change to a higher density residential zone (R-5) to achieve concept density and height.	Discretionary action by Council. High degree of uncertainty.
Housing Incentive Overlay Zone (HIOZ)	Currently not in the HIOZ. Option for City to include it within the Overlay. Limit of 60 du/ac or 58 units. Need to use density bonus to increase unit count and feasibility.	Project must meet affordable housing requirements per the HIOZ, or 20%. This achieves up to 89 units with density bonus.
SB 79*	Site is within 1/2 mile of Tier 2 transit; allows 55’ max. height, 80 du/ac and 2.5 FAR	Would need to apply for a density bonus as part of the SB 79 application to reach potential of 107 du/ac. The density bonus law also allows for concessions that could be applied to increase the height limit.
AB 2097	Site qualifies for no minimum parking requirements.	170 spaces included in the financial feasibility analysis

*SB 79 does not currently apply to Orange County. County is expected to qualify once the OC Streetcar opens later in 2026.

Due to the site's lower maximum SB 79 density threshold (80 du/ac), the project lacks the economies of scale seen on higher-density transit-adjacent parcels. Consequently, only the VLI (10%) scenario is immediately financially feasible under current market conditions, precisely meeting the 8.0 percent target threshold.

However, the remaining five scenarios could achieve financial feasibility through land-cost adjustments. To bridge the feasibility gap, the required reductions in estimated land acquisition costs range from 11 percent for the ELI (7%) scenario to a substantial 82 percent for the LI (20%) scenario.

This variance provides the City with a clear blueprint of the financial trade-offs and potential public land write-downs required to incentivize deeper levels of affordability on this site.

Conclusion

Under standard market conditions, it is financially feasible for a developer to purchase this site at its estimated market value and successfully execute the high-density SB 79 development plan.

However, given ongoing capital market volatility and interest rate uncertainty, developers are likely to approach near-term acquisitions with heightened caution. If the City intends to move forward with a formal solicitation for this property and mandate the inclusion of deed-restricted affordable units, the City should expect developers to request a land sale priced below the estimated market rate to offset their financing risk.

When drafting a future RFP for this site, the City might utilize a flexible pricing structure. Rather than enforcing a rigid minimum land bid, the RFP evaluation criteria could allow developers to trade a portion of the land purchase price in exchange for delivering deeper, guaranteed community benefits and deed-restricted affordable housing units.

TABLE 3.6-C Unit Counts and Densities by Development Scenario; 125 Chapman Avenue

DEVELOPMENT SCENARIOS:	SB 79 PROJECT			DENSITY BONUS LAW PROJECT		
	ELI (7%)	VLI (10%)	LI (13%)	FULLY MARKET RATE	VLI (20%)	LI (20%)
Site area (sq. ft.)	42,968	42,968	42,968	42,968	42,968	42,968
Site area (acres)	0.99	0.99	0.99	0.99	0.99	0.99
Base density	80 du/acre	80 du/acre	80 du/acre	60 du/acre	60 du/acre	60 du/acre
Number of units, base density	79	79	79	59	59	59
Percent affordable	7%	10%	13%	0%	20%	20%
Number of affordable units	6	8	11	0	12	12
Density bonus percentage	25%	33%	25%	0%	50%	35%
Density bonus (increase in MR units)	20	26	20	0	30	21
Total number of units	99	105	99	59	89	80
Total market rate units	93	97	88	59	77	68
Total affordable units	6	8	11	0	12	12
Final Density	100 du/acre	106 du/acre	100 du/acre	60 du/acre	90 du/acre	81 du/acre

Source: PlaceWorks, 2026.

TABLE 3.6-D Financial Feasibility Summary by Development Scenario; 125 Chapman Avenue

DEVELOPMENT SCENARIOS:	SB 79 PROJECT			DENSITY BONUS LAW PROJECT		
	ELI (7%)	VLI (10%)	LI (13%)	FULLY MARKET RATE	VLI (20%)	LI (20%)
Net operating income after debt service	1,427,000	1,542,000	1,387,000	785,000	1,159,000	982,000
Equity investment	18,320,000	19,240,000	18,320,000	12,760,000	16,730,000	15,480,000
Leveraged yield (target 8%)	7.8%	8.0%	7.6%	6.2%	6.9%	6.3%
Feasibility gap	-11%	0%	-26%	-83%	-58%	-82%

Note: Feasibility gap represents the reduction in land price required for the development scenario to be feasible.

Source: PlaceWorks, 2026.

Alternative Approach for 125 W. Chapman Avenue and 401 N. Harbor Boulevard

To maximize local housing production, the feasibility analysis evaluated an alternative joint-venture strategy. Under this approach, a master developer would acquire and consolidate both the 125 W. Chapman Ave. and 401 N. Harbor Blvd. sites under a single, unified SB 79 entitlement. This divides the program into two distinct projects:

- **Dedicated Affordable Site:** A 100% affordable housing project (52 units) built on the 0.65-acre Harbor Blvd. parcel.
- **Market-Rate Site:** A high-density, fully market-rate project built on the 0.99-acre Chapman Ave. parcel, utilizing the massive density bonuses generated by the adjacent affordable units.

Development Scenario

The combined development scenario leverages the physical capacity of both sites to maximize efficiency:

- **401 N. Harbor Blvd. (0.65 acres):** A base SB 79 density of 80 dwelling units per acre; this parcel could accommodate up to 52 affordable housing units.
- **125 W. Chapman Ave. (0.99 acres):** At a base density of 80 dwelling units per acre, this parcel establishes a baseline of 79 market-rate housing units.

Combining these programs yields a consolidated baseline of 131 units. Because the 52 affordable units represent 39 percent of this total, the unified

project easily qualifies for the maximum state-allowable 50 percent density bonus (equal to 66 additional market-rate units).

This bonus allows the site at 125 W. Chapman Avenue to accommodate up to 145 market-rate units. However, to maintain the realistic physical building envelope established in the conceptual site plan, the feasibility model conservatively evaluates this site with 105 market-rate units (resulting in a final density of 106.4 du/ac). Further study of this site may reveal a more optimized envelope to accommodate the higher-density scenario.

Feasibility Summary

Under this joint structure, the market-rate developer acquires both sites, funds the initial site work, and then transfers the Harbor Blvd. parcel to an affordable housing partner. The master developer’s financial feasibility is measured by the return generated solely on the Chapman Ave. site.

As shown in Table 3.6-E, lower left, this combined approach projects a 8.5% Leveraged Cash-on-Cash yield, which exceeds the yields of the two separate, stand-alone SB 79 development scenarios. This demonstrates that joint-venture consolidation is highly viable and financially superior for both the City and the developers.

Conclusion

This scenario is financially viable because the affordable developer utilizes Low-Income Housing Tax Credits and other outside funding to construct the affordable units. This approach also yields significantly more affordable housing—52 units, compared to the 10 to 13 units that two separate SB 79 projects would produce. Finally, the higher expected yield provides the market-rate developer with a larger financial cushion to absorb interest rate uncertainty.

One important challenge is ensuring the affordable housing portion is actually developed. It may take two or more years for an affordable developer to secure funding and be awarded tax credits. A market-rate developer would likely be unwilling to purchase the site and delay their own construction while waiting for the affordable phase to be fully funded.

TABLE 3.6-E Financial Feasibility Summary for Alternative 125 W. Chapman Ave. and 401 N. Harbor Blvd. Approach

Net operating income after debt service	1,828,000
Equity investment	21,600,000
Leveraged yield (target 8%)	8.5%
Feasibility gap	0%

Note: Feasibility gap represents the reduction in land price required for the development scenario to be feasible.

Source: PlaceWorks, 2026.

3.7 FINANCIAL FEASIBILITY TAKEAWAYS

118 W. Santa Fe Avenue: The Near-Term Catalyst

From a financial feasibility perspective, the most financially resilient site and scenario in this study is the 118 W. Santa Fe Avenue transit-oriented (SB 79) scenario, utilizing a 10 percent Very Low-Income (VLI) affordability tier. Because this site completely avoids parking construction costs, the analysis suggests it is highly positioned to attract strong developer interest in the near term, whereas other sites may need to wait until the macroeconomic outlook and interest rates stabilize.

122 N. Pomona Avenue: Overcoming Demolition Hurdles

The conceptual site plan for 122 N. Pomona Avenue features the highest density (140 du/ac) and lowest parking ratio (0.70 spaces/unit) of the studied sites. These aggressive planning flexibilities are mathematically necessary to offset the \$1.36 million upfront cost of demolishing the existing four-story parking structure.

While the site is financially feasible under the proposed plan, any municipal push to lower the density or increase parking requirements will break the project's economics. If the City desires a lower-density or higher-parking project on this site, it must consider demolishing the parking structure at municipal expense prior to issuing a Request for Proposals (RFP).

125 W. Chapman Avenue & 401 N. Harbor Boulevard: Managing Land Value Expectations

While both the 125 W. Chapman Avenue and 401 N. Harbor Boulevard sites are financially feasible under the conceptual plans, ongoing interest rate volatility remains a challenge. In the near term, developers bidding on these sites may request land write-downs below the estimated market value to offset financing risk. If the City is unwilling to accept lower land bids, it may choose to defer soliciting development proposals for these sites until capital markets stabilize.

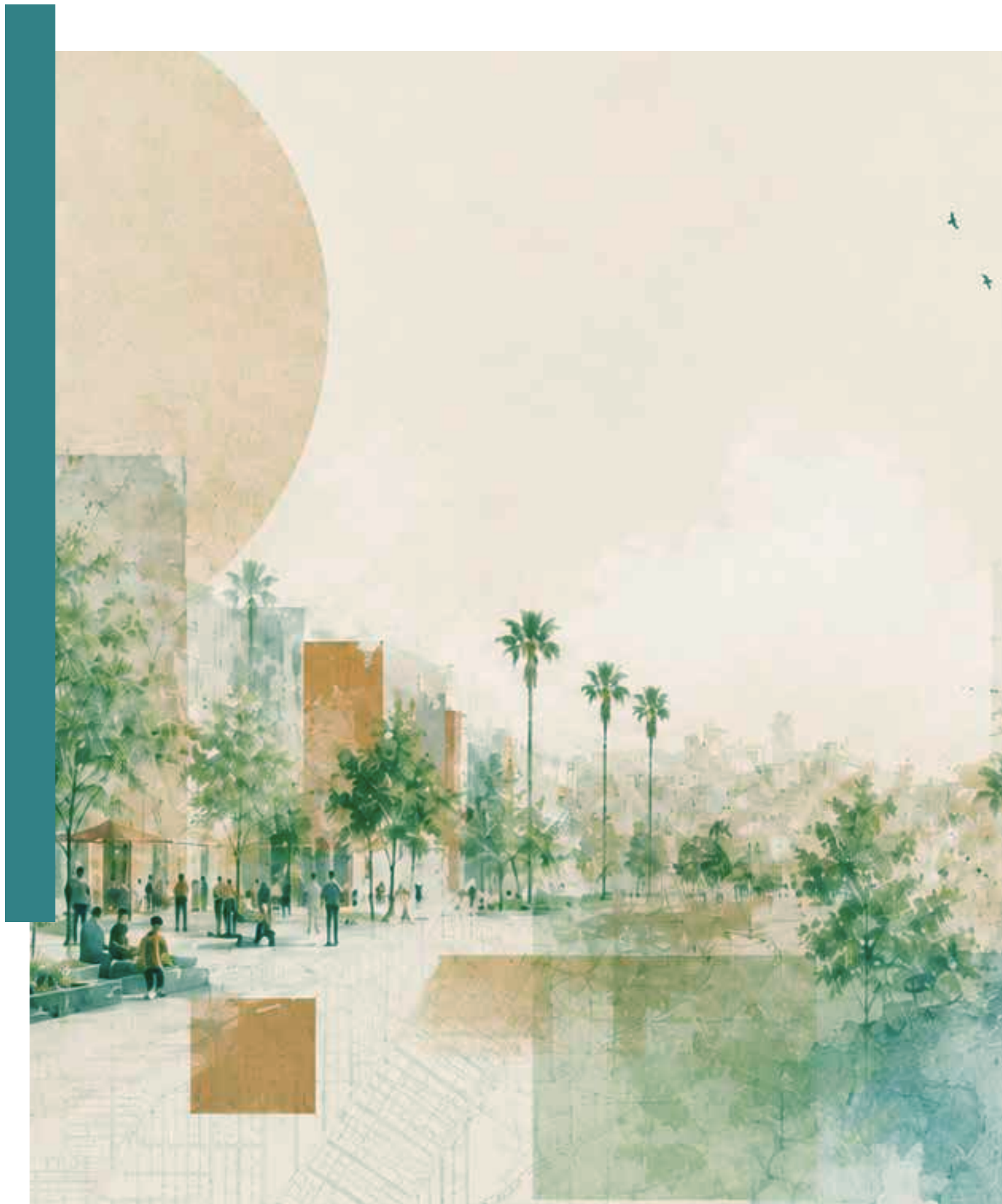
The Joint-Venture Alternative: Maximizing Affordable Delivery

Alternatively, the City could solicit the 125 W. Chapman Avenue and 401 N. Harbor Boulevard sites as a single, unified joint-venture project. This structures a market-rate project (with density bonuses) on the Chapman site to subsidize a 100% affordable project on the Harbor site. While coordinating the non-profit funding timeline will require patience, this unified approach has the potential to deliver a substantially higher yield of affordable housing units (52 units) and the possibility of reducing direct public land write-downs or municipal financial subsidies.

Limits of the Density Bonus Law: The Need for High Density

None of the baseline Density Bonus Law (60 du/ac) scenarios evaluated across the study sites are financially feasible under current market conditions. The primary barriers are the 20 percent affordability requirement, current interest rates, and estimated land acquisition costs.

While separate analyses of the Housing Incentive Overlay Zone (HIOZ) sites may yield different results, these findings strongly suggest that little to no housing production will occur under standard 60 du/ac density limits until interest rates decline. Even in a lower-rate environment, a 20 percent affordability mandate will remain highly challenging, and further study of those sites may be necessary.





4

REAP METRICS

4.1 REAP METRICS

As part of all the SCAG-funded projects using the REAP 2.0 program dollars, a series of metrics needed to be used to evaluate project outcomes. Through coordination with OCCOG and City staff, several appropriate metrics were identified for the City of Fullerton work effort that focused on three main categories: Accelerating Supply, Choice, and Affordability; Affirmatively Furthering Fair Housing (AFFH); and Reducing Vehicle Miles Traveled (VMT). Below are the descriptions and approach associated with each metric. Table 4.1-A and Table 4.1-B on the following pages present the baseline and project outcome REAP metrics.

Accelerating Supply, Choice, Affordability

Metric 1: Increase in housing development potential through process improvements and streamlining, resulting in reduced time to entitlements and building permits.

Approach (Baseline): For this metric baseline data was sourced from the City's 5th Cycle Annual Progress Report and analyzed to determine the current development rate (units/year) by building type, as documented during the 5th cycle Housing Element.

Approach (Outcomes): Our project findings were used to determine the increased construction rate and the number of housing units that can be built as a result of implementing the project recommendations. Data for this metric was sourced from PlaceWorks development capacity and pro forma analysis which showed an Infill Construction Rate Increase in the project area from 0 to 366 (units/year) and total development rate in the jurisdiction from 274 to 652 (units/year).

Metric 2: Increase in available sites for housing.

Approach (Baseline): For this metric, PlaceWorks gathered the Housing Element sites (from the 5th cycle) to determine the current development rate (units per year) as the baseline data.

Approach (Outcomes): Data for this metric was sourced from PlaceWorks development capacity and pro forma analysis which showed a new residential unit capacity of 366 units based on the proposed housing projects.

Affirmatively Furthering Fair Housing (AFFH)

Metric 8: Increased capacity to achieve affordable housing in high or higher opportunity zones.

Approach (Baseline): The baseline data collected included the number of affordable buildings and units completed during the 5th planning cycle, and the development rate of affordable units by building size during the 5th planning cycle.

Approach (Outcomes): Data for this metric was sourced from PlaceWorks development capacity and pro forma analysis which showed an increase in the number of affordable low-income buildings from 13 to 14 and an increase in low-income units per year from 11 to 59 units/yr in high/higher opportunity zones. A new multifamily housing typology was also added to the study area as part of this study.

Metric 11: Direct dollars invested in areas of concentrated poverty, including planning projects and capital dollars.

Approach (Baseline): Through direct coordination with the City (City Manager's office, Public Works, Community Services) PlaceWorks compiled data on the local annual investment rate for FYI 2026-27 and analyzed which planning and capital improvement project or portions of the project were directly invested in low resource areas according to California Housing and Community Development's 2026 Neighborhood Opportunity layer data.

Outcomes (Approach): Of the five housing sites included in this report, only 2200 Orangethorpe Ave. is located within a Low Resource area, as identified by the California Department of Housing and Community Development's Neighborhood Opportunities data. However, a portion of the funds acquired through the development process can be used for capital improvements in any part of the city. See Exhibit 4.1 to understand how the project sites relate to Low Resource areas.

At full buildout, development of the five sites included in this report is estimated to generate approximately \$4,399,320 in Park Development Impact Fees. These revenues would be collected as the individual projects are permitted and developed, rather than as a single upfront or annual payment. The City proposes to direct 100 percent of the Park DIF revenues generated by these developments to eligible park capital improvement projects in Lower Resource areas. This brings the total annual CIP investments in lower resource areas from \$12,709,677 to \$17,108,997.

Reducing Vehicle Miles Traveled (VMT)

Metric 12: The number of residential units within a ¼ and ½ mile of transit and other mobility options as a proxy for VMT reduction.

Approach (Baseline): For the baseline, we used GIS to collect data on the number of existing units within ¼ and ½ mile of transit stops, and the number of units within ¼ mile of mobility connections.

Approach (Outcomes): For the outcome metric GIS was used to collect data on the number of new units proposed to be developed for the project within ¼ and ½ mile of transit stops, and the number of new units within ¼ mile of mobility connections. The same analysis area was used to gather both the existing and proposed unit counts. See tables 4.1-A and 4.1-B for details.

Metric 13: The number of land uses and number of easily accessed mobility options in and around the project area.

Approach (Baseline): For the baseline, GIS was used to identify, the number of distinct land uses around the project sites (within ¼ mile) and 23 distinct zoning classifications around the 5 sites. The number of housing units within ¼ mile of mobility connections was determined to be 5,101 units.

Approach (Outcomes): GIS was used to evaluate the potential changes in distinct land use categories based on project outcomes and since no new distinct land uses were adopted as part of this project, no change was reported. The number of housing units within ¼ mile of mobility connections increased from 5,101 to 5,467 units.

EXHIBIT 4.1-A Low Resource Areas

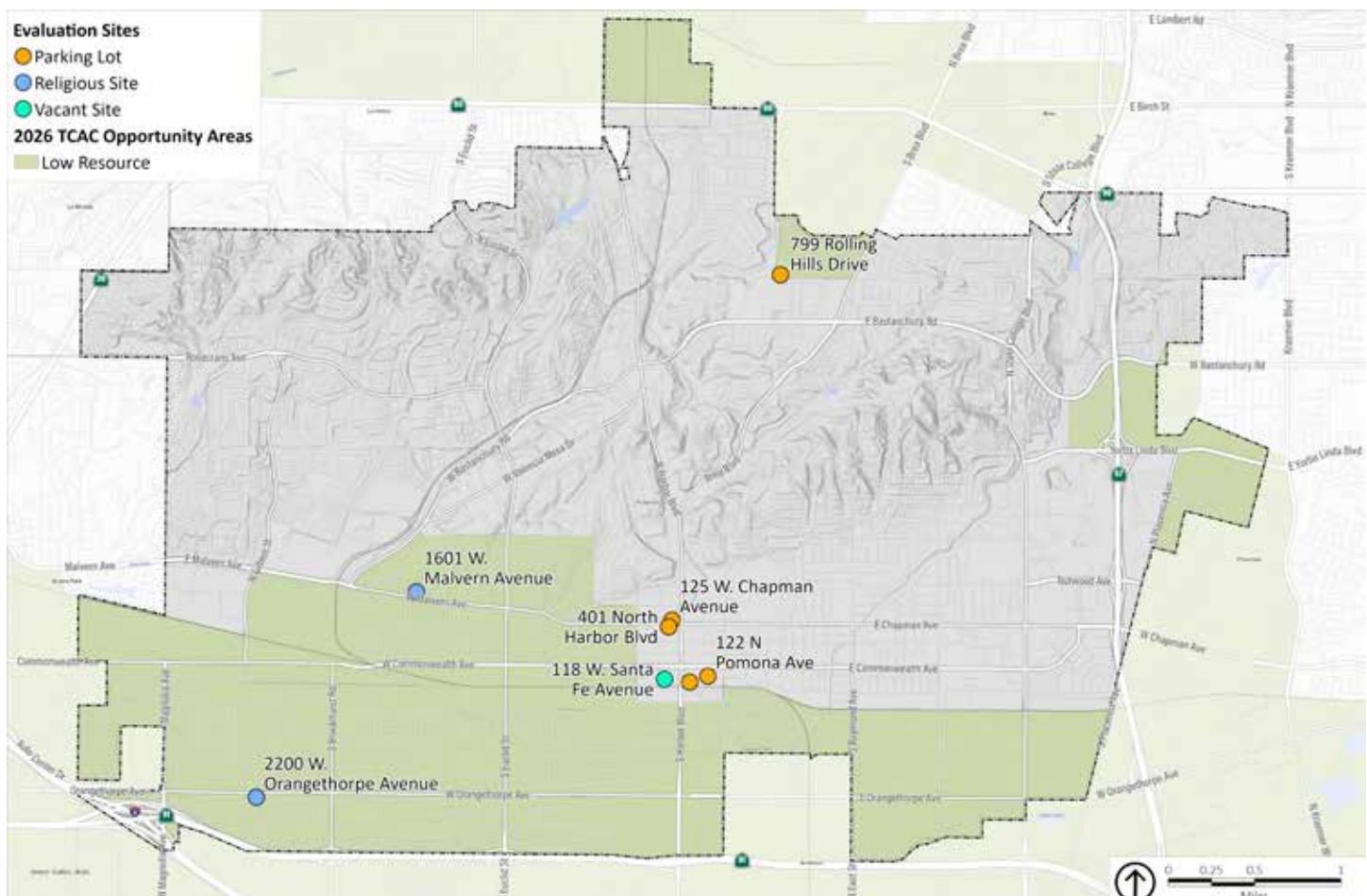


TABLE 4.1-A Baseline Metrics

TARGET OUTCOME	DESCRIPTION	METRIC	BASELINE
ACCELERATING INFILL DEVELOPMENT			
1. Increase infill housing development.	Collect the current development rate (units per year).	Total Development Rate in Jurisdiction	274 units/year
		Total Development Rate in Project Area	0
2. Increase in number of units served.	Collect the current development rate (units per year).	Total Development Rate in Jurisdiction	274 units/year
		Total Development Rate in Project Area	0
AFFIRMATIVELY FURTHERING FAIR HOUSING (AFFH)			
8. Increase capacity to achieve affordable housing.	Number of units served by existing utility and/or infrastructure capacity.	Number of affordable buildings/units by HE Annual Report Categories	VLI: 6 buildings, 28 units LI: 13 buildings, 35 units MI: 4 buildings, 20 units AMI 153 buildings, 738 units
	The development rate of affordable units.	Development rate (units/year) for the 5th Planning Cycle	VLI: 9 units/year LI: 11 units/year MI: 3 units/year AMI: 38 units/year
	Number of ADU, Missing Middle, MF units available.	ADU, Missing Middle and MF units available	ADU: 120 units Missing Middle: 41 units MF: 641 units
11. Direct \$ invested in lower resource and lower income areas.	Current local rate of annual investment \$ per year.	Local rate of investment (\$/year)	Local rate of annual investment in lower resources areas for FY2026/27 is \$17,108,977
REDUCING VEHICLE MILES TRAVELED (VMT)			
12. Increase in the number of residential units located in 1/4 and 1/2 of transit and other mobility options as a proxy for VMT reduction.	The existing number of units in the project area and within ¼ and ½ mile of a transit stop.	Housing units in project area and within ¼ to ½ mile of transit stops	Housing units in project area: 0 Housing units within ¼ mile of transit stops: 32,209 units Housing units within a ½ mile of transit stops: 57,357 units
	The existing number of units within ¼ mile of mobility connections.	Housing units within ¼ mile of mobility connections	5,101 units
13. Increase in the number of land uses and the number of easily accessed mobility options in and around the project area.	The number of existing distinct land uses in and around (within ¼ mile) the project area.	Number of Distinct Zoning Code Classifications within ¼ mile of Project Area	23 distinct zoning classifications around the 5 sites
	Existing number of housing units within ¼ mile of mobility connections (walking, biking routes, transit routes in and within ¼ mile of the project area).	Housing units within ¼ mile of mobility connections	5,101 units

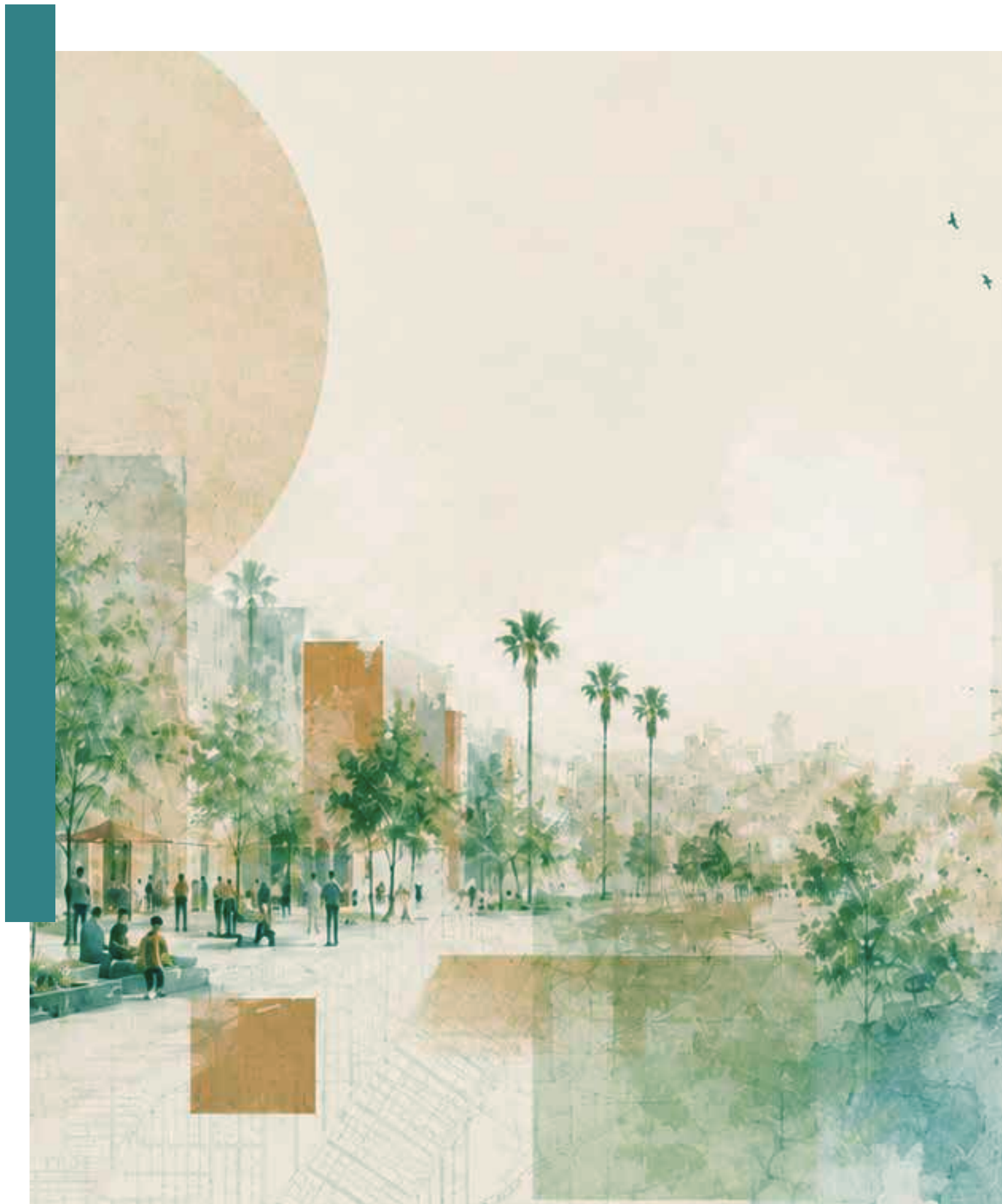
TABLE 4.1-B Outcome Metrics

TARGET OUTCOME	DESCRIPTION	METRIC	OUTCOMES
ACCELERATING INFILL DEVELOPMENT			
1. Increase infill housing development.	Collect the current development rate (units per year).	Increased Infill Construction Rate (Units/Year)	640 units/year
		Total Development Rate in Jurisdiction	640 units
		Total Development Rate in Project Area	366 units
		Increased Residential Capacity	366 units
2. Increase in number of units served.	Collect the current development rate (units per year).	New Residential Unit Capacity	366 units
		New Infrastructure Capacity (units)	366 units
		New Public Facilities Planned or Developed	0
AFFIRMATIVELY FURTHERING FAIR HOUSING (AFFH)			
8. Increased capacity to achieve affordable housing and/or housing choices in High or Higher Opportunity Zones.	Increase in development capacity for new Affordable Housing in infill, including, but not limited to, in relatively higher opportunity or higher income areas and in low-income communities; 1) Number of affordable buildings possible (organized by HE annual report categories); or 2) New affordable housing development rate; or 3) Increased housing choices (e.g., ADU, missing middle, multifamily).	Number of affordable buildings possible	VLI: 6 buildings
		Affordable Housing Development Rate (units/year)	VLI: 9 units/year
		Number of new housing typologies available	Multifamily: 1
11. Direct \$ invested in lower resource and lower income areas.	Increases in planning for Housing-supportive infrastructure and services in areas of concentrated poverty or similar areas. 1) The estimated amount of funding investments in infrastructure resulting from the project; and When available: 2) The amount of dollars invested in neighborhood stabilization in areas experiencing high rates of displacement.	Infrastructure Investments (\$)	Local rate of annual investment in lower resources areas for FY2026/27 that includes investments related to planned housing projects is: \$12,709,677
		Neighborhood Stabilization Investments (\$)	City data not available at the time of this reporting.

TABLE 4.1-B Outcome Metrics (continued)

TARGET OUTCOME	DESCRIPTION	METRIC	OUTCOMES
REDUCING VEHICLE MILES TRAVELED (VMT)			
12. Increase in the number of residential units located in ¼ and ½ of transit and other mobility options as a proxy for VMT reduction.	Expected units, new and/or preserved in the area and in ¼ and ½ mile of transit stop, and	New units within ¼ mile of Transit Stop	366 units
		New units within ½ mile of Transit Stop	366 units
	Expected number of housing units that will be generated within ¼ mile of mobility connections (walking, biking routes, transit routes).	Preserved units within ¼ mile of Transit Stop	32,575 units
		Preserved units within ½ mile of Transit Stop	57,723 units
13. Increase in the number of land uses and the number of easily accessed mobility options in and around the project area. Reduction in parking requirements on or near project sites.	Number of distinct land uses in and around the project areas, number of mobility connections, off street parking limits/reductions. 1) Number and type of change(s) adopted; or 2) New distinct land uses adopted in and around (within ¼ mile) the project area; and <i>When available:</i> 3) Expected number of housing units that will be generated within ¼ mile of mobility connections (walking, biking routes, transit routes).	Land Use Changes Adopted (#)	0
		Type of land use changes adopted	None
		Expected housing units within ¼ mile of mobility connections	366 units

Page intentionally left blank





5

REGULATORY COMPLIANCE MEMORANDUM

5.1 How to Use This Memo	82
5.2 Key Screening Factors	82
5.3 Compliance Pathways.....	83
5.4 Opportunity Sites.....	88
5.5 Key Findings and Takeaways	90
5.6 Applying this Framework to Future Sites	90

5.1 HOW TO USE THIS MEMO

This memo helps City of Fullerton staff quickly identify which streamlined CEQA compliance pathways may apply to a proposed housing site. As examples, this memo covers five opportunity sites evaluated as part of the REAP 2.0 Technical Assistance Project and provides a reusable framework for evaluating future sites. A glossary of terms and definitions is included in Appendix A, Glossary.

Follow these four steps:

1. Gather site characteristics: size, zoning, General Plan designation, transit proximity, affordability targets, and known environmental constraints. (biological, historical, cultural, etc.)
2. Compare against the Staff Screening Tool in Appendix B, Staff Screening Tool for Future Housing Opportunity Sites, to identify which CEQA streamlining pathways appear eligible.
3. Use this memo to understand the requirements and tradeoffs for each potentially applicable pathway.
4. Confirm eligibility through project-level environmental review and technical studies before making a formal CEQA determination.¹

5.2 KEY SCREENING FACTORS

Six factors determine whether a site qualifies for most CEQA exemptions and streamlining provisions. Understanding these upfront helps focus the screening.

FACTORS THAT EXPAND OPTIONS

- **Transit Proximity.**
Within ¼ to ½ mile of a qualifying transit stop or high-quality transit corridor (HQTC), depending on the requirements of the applicable streamlining tool. This single factor is the strongest predictor of eligibility for most tools.
- **Affordability.**
Projects targeting low-, very low-, or moderate-income households qualify for more pathways than market-rate projects.
- **GP and Zoning Consistency.**
Sites already zoned for residential or mixed-use development face fewer barriers and have access to the widest range of streamlining tools.
- **Infill Location.**
Sites substantially surrounded by urban uses on previously developed land.

FACTORS THAT LIMIT OPTIONS

- **Environmental constraints.**
Presence of historic resources, hazardous materials (Cortese List), biological resources, or unusual site conditions can disqualify a site from categorical and statutory exemptions.
- **Entitlement complexity.**
Sites requiring General Plan amendments, rezoning, or other discretionary approvals face more CEQA scrutiny and have fewer available shortcuts.

¹ Important: This memo is a screening tool, not a formal CEQA determination. Final applicability must be confirmed based on specific project design, applicable regulations at the time of review, and site-specific environmental conditions.

5.3 CEQA COMPLIANCE PATHWAYS

California law provides four categories of CEQA compliance options for qualifying housing projects. Each is described below with eligibility criteria and common disqualifiers side by side.

STATUTORY EXEMPTIONS

Statutory exemptions are established by the California Legislature. When a project meets all qualifying criteria, CEQA review is not required. These provide the most definitive protection from CEQA obligations but have strict threshold requirements.

TABLE 5.3-A Statutory Exemptions

EXEMPTION	AUTHORITY	ELIGIBILITY CRITERIA	COMMON DISQUALIFIERS
Affordable Housing Exemption	CEQA Guidelines §15194 / Public Resources Code §21159.23	• Site is less than 5 acres. • Located within an urbanized area. • 100 or fewer residential units. • Units affordable to low-income households. • Project qualifies as infill development. • All base criteria in §15192 are met.	• More than 100 units. • Units not affordable to qualifying low-income households. • Site does not qualify as infill. • Failure to satisfy any base criteria in §15192.
Residential Infill Exemption (Article 12.5)	CEQA Guidelines §15195 / Public Resources Code §21159.24	• Site is less than 4 acres. • Each building level is less than 100,000 sq. ft. • Within ½ mile of a major transit stop. • 100 or fewer residential units. • Affordable to moderate-, low-, or very low-income households. • All base criteria in §15192 are met.	• More than 4 acres or more than 100 units. • Not within ½ mile of a major transit stop. • Units not affordable to qualifying income levels. • Failure to satisfy any base criteria in §15192.
Housing Development Project Exemption	AB 130 / Public Resources Code §21080.66.	• Site is less than 20 acres. • Located within an urbanized area or incorporated municipality. • At least 75% of the site perimeter adjoins parcels with urban uses (or at least 3 of 4 sides developed with urban uses and ≥67% perimeter adjoins urban uses). • Consistent with applicable General Plan and zoning. • Density is at least ½ of the applicable density in Government Code §65583.2(c)(3)(B). • Meets requirements of Government Code §65913.4(6)(a).	• Site requires demolition of a historic structure. • Not in an urbanized area or incorporated municipality. • General Plan or zoning inconsistency. • Density below the minimum threshold.
100% Affordable Housing Exemption ⚠️ <i>Sunset Date: This exemption is not available after January 1, 2033.</i>	AB 1449 / Public Resources Code §21080.40	• Project consists primarily of multifamily residential uses. • All residential units (excluding manager's units) restricted to lower-income households. • Complies with prevailing wage and labor requirements. • Within an urbanized area and near qualifying transit or amenities. • Long-term affordability restriction recorded through a California Tax Credit Allocation Committee (CTCAC) regulatory agreement. • Existing utilities and public services available to serve the project. • Exemption also covers related rezoning, GP amendments, and public financing.	• Site is on environmentally sensitive or hazardous lands listed in the statute. • Units are not fully restricted to lower-income households. • Labor or prevailing wage requirements not met. • Project is proposed after January 1, 2033.

CATEGORICAL EXEMPTION

Categorical exemptions cover classes of projects the California Secretary for Natural Resources has determined generally do not result in significant environmental effects. Unlike statutory exemptions, categorical exemptions are subject to the exceptions set forth in CEQA Guidelines Section 15300.2. Among these exceptions, a categorical exemption may be precluded when there is substantial evidence that unusual circumstances are present and that the project may result in a significant environmental effect due to those unusual circumstances.

Of the 33 CEQA categorical exemption classes, Class 32 is by far the most relevant for the types of infill housing projects evaluated here.

Class 32: In-Fill Development Projects

Authority: CEQA Guidelines §15332

Best suited for small-to-medium urban infill housing on previously developed sites that are already consistent with existing planning and zoning regulations. This is often the simplest and most widely applicable exemption for qualifying urban housing projects.

SB 131 - Near Miss Rule Condition

Authority: Public Resources Code §21080.1(b)

Allows a project to retain eligibility for a CEQA exemption when it “nearly” qualifies, by disregarding a single disqualifying condition while requiring compliance with all remaining exemption criteria.

- Project otherwise satisfies all requirements of a statutory or categorical exemption.
- Only one disqualifying condition prevents use of the exemption.
- No other independent basis exists to require CEQA review.

If a project is ineligible for an exemption due to only a single disqualifying condition, the lead agency prepares a focused CEQA document (Initial Study, Negative Declaration, Mitigated Negative Declaration, or EIR, as appropriate) that evaluates only the environmental effects caused solely by that condition. All other environmental issue areas otherwise covered by the exemption are not subject to CEQA analysis. If an EIR is required, it is not required to analyze alternatives or growth-inducing impacts.

CEQA STREAMLINING PROVISIONS

Streamlining provisions do not exempt a project from CEQA, but allow the lead agency to limit environmental review to issues not already analyzed in a prior certified EIR. These are most useful where a robust prior EIR exists for the applicable General Plan, specific plan, or program.

TABLE 5.3-B Categorical Exemptions

EXEMPTION	AUTHORITY	ELIGIBILITY CRITERIA	COMMON DISQUALIFIERS
Class 32: In-Fill Development Projects	CEQA Guidelines §15332	• Consistent with the applicable General Plan designation, General Plan policies, zoning designation, and zoning regulations • Site is within city limits, no larger than 5 acres, and substantially surrounded by urban uses • Site has no value as habitat for endangered, rare, or threatened species • Project would not result in significant effects on traffic, noise, air quality, or water quality • Site can be adequately served by required utilities and public services	• More than 100 units. • Units not affordable to qualifying low-income households. • Site does not qualify as infill. • Failure to satisfy any base criteria in §15192.

Tiering off a Prior EIR

Authority: CEQA Guidelines §15152

Allows a project to rely on analysis from a broader program-level EIR and limit new analysis to project-specific effects not previously covered.

- Project is consistent with General Plan designations and zoning (rezoning is permitted).
- Project is consistent with or is being carried out pursuant to a program, plan, policy, or ordinance with a certified EIR.

Use of an EIR from an Earlier Project

Authority: CEQA Guidelines §15153

Allows reliance on a certified EIR prepared for a substantially similar prior project.

- Project is essentially the same in terms of environmental impacts and circumstances as the project described in a prior certified EIR.

Program EIR

Authority: CEQA Guidelines §15168(c)

Allows individual projects within a program to rely on the program-level EIR if they are consistent with the program and no new significant impacts are identified.

- Project is consistent with land use type, density, geographic area, and infrastructure described in the Program EIR.
- Project incorporates applicable feasible mitigation measures from the Program EIR.
- No subsequent or supplemental environmental review is required under CEQA Guidelines §15162.

Specific Plan Consistency

Authority: CEQA Guidelines §15182

Projects that are consistent with a specific plan for which an EIR has been certified may be approved without additional environmental review, except as required by CEQA Guidelines Section 15162.

- Project is consistent with an adopted specific plan for which an EIR has been certified.
- Environmental effects of the project were adequately addressed in the certified EIR for the specific plan.

- No subsequent or supplemental environmental review is required pursuant to CEQA Guidelines Section 15162.

Community Plan or Zoning Consistency

Authority: CEQA Guidelines §15183

Projects that are consistent with the development density established by existing zoning, community plan, or general plan policies for which an EIR was certified may be approved without additional environmental review, except as necessary to examine project-specific effects that are peculiar to the project or site.

- Project is consistent with the development density established by applicable zoning, community plan, or general plan policies.
- An EIR was certified for the applicable zoning, community plan, or general plan.
- Any effects that are peculiar to the project or site, and were not adequately addressed in the prior EIR, must be evaluated.
- Infill Streamlining.

Authority: CEQA Guidelines §15183.3

- Project qualifies as infill development.
- Consistent with applicable General Plan designations, zoning, density, building intensity, and adopted policies.
- Located in an urban area with prior environmental review of the applicable planning framework.

COMMON DISQUALIFIER FOR ALL CEQA STREAMLINING PROVISIONS

- Project is inconsistent with the prior certified EIR, program EIR, specific plan, or zoning framework relied upon.
- Project would result in new or substantially more severe significant impacts not previously analyzed.
- Substantial changes in the project, surrounding circumstances, or new information trigger additional review under CEQA Guidelines §15162.

NON-CEQA HOUSING STREAMLINING LAWS

California has enacted several housing laws that reduce entitlement risk or create ministerial approval pathways. Ministerial approval means the decision is based on objective standards only, with no discretionary judgment, which typically eliminates CEQA applicability.

Two notes:

- SB 4 and AB 2162 create ministerial approval pathways, which may reduce or eliminate CEQA applicability, but neither provides a standalone CEQA exemption. Projects may also qualify for other CEQA pathways.
- AB 2097 removes parking requirements near transit but does not eliminate CEQA review.

Table 5.3-C, Non-CEQA Housing Streamlining Laws — Key Requirements, compares key eligibility requirements for each law.

COMMON DISQUALIFIER FOR ALL NON-CEQA LAWS

- Hazardous materials constraints or environmentally sensitive site conditions.
- Affordability levels do not meet the qualifying threshold for the specific law.
- Site is not within the required transit distance.
- Site does not qualify as urbanized or urban infill.
- Inconsistency with applicable General Plan or zoning, where required by the law.

TABLE 5.3-C Non-CEQA Housing Streamlining Laws — Key Requirements

LAW	WHAT IT DOES	SITE SIZE	AFFORDABILITY REQUIREMENT	TRANSIT REQUIREMENT	KEY LIMIT
SB 4 (2023)	Ministerial approval on faith/higher-ed lands	Any	100% lower-income	None	Religious/edu ownership required
<i>Implemented primarily through Government Code § 65913.16.</i>					
SB 6 (2022)	Allows housing in retail/office/parking zones	Any	Varies	None required	Must be in urbanized area
<i>Implemented primarily through Government Code § 65852.24.</i>					
SB 35	Ministerial approval for affordable housing	Any	10–50% affordable	None required	Only in RHNA-noncompliant jurisdictions
<i>Implemented primarily through Government Code § 65913.4.</i>					
SB 79	Transit-oriented development streamlining	≥5 units / ≥30 du/ ac	Varies	½ mile of qualifying transit	Effective July 1, 2026; local implementation procedures are still being developed in some jurisdictions
<i>Implemented primarily through Government Code § 65912.155–65912.162.</i>					
SB 375	CEQA streamlining for transit priority projects	<8 ac	≥25% very low-moderate	<½ mi rail / <¼ mi HQTC	<200 units; <75k sq ft per floor
<i>Implemented primarily through Government Code §§ 65912.155–65912.162</i>					
AB 2011 (2022)	Housing in commercial zones	<20 ac	All affordable or 13–30% BMR	None	Commercial zone; 50-ft street frontage
<i>Implemented primarily through Government Code §§ 65912.110–65912.124.</i>					
AB 2097	Removes minimum parking requirements	Any	None	½ mile of major transit	Does not eliminate CEQA review
<i>Implemented primarily through Government Code § 65863.2.</i>					
AB 2162	Ministerial approval for supportive housing	Any	100% lower-income	None	≥25% or 12 units must be supportive
<i>Implemented primarily through Government Code §§ 65650–65656 (and related amendments to section 65583).</i>					

5.4 OPPORTUNITY SITES

The City identified five opportunity sites for potential affordable housing development. Four are underutilized parking structures or surface lots within the downtown core; one is a religious institutional site.

Table 5.4-A, Opportunity Sites Overview, provides an overview of each site. Key observations:

- All five sites are within an urbanized area, making most pathway size thresholds achievable.
- Sites with existing residential or mixed-use zoning have the clearest CEQA pathways.
- The religious institutional site is the only one potentially eligible for SB 4.
- Sites requiring General Plan amendments or rezoning face greater entitlement risk and fewer streamlining options.

TABLE 5.4-A Non-CEQA Housing Streamlining Laws — Key Requirements

SITE	LOCATION	USEABLE ACREAGE	GENERAL PLAN & ZONING	EXISTING USE	PROPOSED USE	TRANSIT PROXIMITY	KEY CONSTRAINTS/ STRENGTHS
1	2200 W Orangethorpe Ave, Anaheim, CA 92803	0.52	REL, R-1	Religious uses	36 units; 44,700gsf; 100% affordable	Less than 100 feet from OCTA Orangethorpe/Gilbert bus stop and less than 700 feet from the Orangethorpe-Courtney bus stop.	No major transit stop within 0.5 mile.
2	118 W Santa Fe Ave, Fullerton, CA 92832	0.45	IND, M-G	Vacant, abutting parking structure	60 units; 55,200gsf; Mixed-Use; up to 4,500sf commercial	Less than 150 feet from the OCTA Harbor Boulevard/ Santa Fe Avenue bus stop and less than 350 feet from the Amtrak and Metrolink Fullerton Transportation Center.	Zone change and General Plan amendment required.
3	122 N Pomona Ave, Fullerton, CA 92832	0.69	FTC, SPD	Fullerton Transportation Center Parking structure	100 units 85,000gsf	Within the Amtrak and Metrolink Fullerton Transportation Center campus.	Acceptable distance from major transit stop.
4	401 N Harbor Blvd, Fullerton, CA 92832	0.65	DWN, C-3 ROD	Bank, parking lot	65 units; 66,280gsf	Appx. 0.35 mile from the Metrolink Fullerton Transportation Center campus.	Acceptable distance from major transit stop.
5	125 W Chapman Ave, Fullerton, CA 92832	0.99	DWN, C-3 ROD	Parking lot	105 units; 125,000gsf	Appx. 0.38 mile from the Metrolink Fullerton Transportation Center campus.	Acceptable distance from major transit stop.

Notes: REL = Religious; IND = Industrial; DWN Downtown Mixed Use; FTC = Fullerton Transportation Center Specific Plan; R-1 = One Family Residential; M-G = Manufacturing, General; SPD = Specific Plan District; C-3 = Central Business District Commercial; ROD = Restaurant Overlay District.

5.5 KEY FINDINGS AND TAKEAWAYS

Transit access is the strongest predictor of eligibility. Sites near qualifying transit, particularly within ½ mile of a rail station or HQTC, had access to substantially more streamlining options, including SB 79, SB 375, AB 2097, and the Residential Infill Exemption (§15195).

Zoning consistency matters most. Sites already zoned for residential or mixed-use development have the clearest CEQA pathways and the lowest entitlement risk. Sites requiring GP amendments or rezoning face greater scrutiny regardless of the pathway attempted.

Affordable and mixed-income projects have the most options. Projects targeting low- or very low-income households qualify for the broadest set of exemptions and streamlining tools, particularly the AB 1449 exemption (before 2033) and the Affordable Housing Exemption (§15194).

Some tools apply broadly; others are highly site-specific. Class 32 and the Affordable Housing Exemption can apply across multiple site types. SB 4 (faith/education lands), SB 6 (commercial zones), and AB 2162 (supportive housing) are limited to narrowly defined contexts.

Coordinated strategies may unlock otherwise non-viable sites. Sites that do not individually qualify for streamlining may become viable through public-private partnerships, land write-downs, structured affordability programs, or consolidation of adjacent parcels.

The “Near Miss” provision. This provides an additional pathway for projects that narrowly miss an exemption. Where only one condition precludes use of a statutory or categorical exemption, SB 131 allows CEQA review to focus solely on that issue rather than requiring comprehensive environmental review, reducing both the scope and complexity of the CEQA process.

5.6 APPLYING THIS FRAMEWORK TO FUTURE SITES

The screening framework in this memo and the Staff Screening Tool in Appendix B can be applied to any future housing opportunity site the City considers. Prioritize sites that are:

- Publicly owned or underutilized.
- Located near qualifying transit.
- Capable of accommodating the required residential density.
- Free of major environmental constraints.
- Already zoned or General-Plan-designated for residential or mixed-use development.

Conversely, sites requiring substantial discretionary entitlements, constrained by environmental limitations, or lacking sufficient development intensity present greater implementation risk and may not be worth prioritizing for near-term housing production.

Page intentionally left blank





6

IMPLEMENTATION & POLICY RECOMMENDATIONS

IMPLEMENTATION & POLICY RECOMMENDATIONS

Advancing these conceptual site plans from planning concepts to viable development opportunities will require deliberate City action. The City can support implementation by preparing priority sites for disposition or public-private development, updating local standards, completing targeted due diligence, and creating clearer pathways for private and nonprofit housing developers.

The following recommendations identify near-term actions and longer-term policy tools to help Fullerton facilitate housing production while maintaining local priorities for design quality, public access, parking management, and neighborhood compatibility.

ADVANCE NEAR-TERM CATALYST SITES

To build momentum, the City should prioritize sites most likely to attract developer interest and demonstrate a clear public benefit. This should begin with City-owned sites, while also evaluating opportunities to coordinate with privately owned parcels where doing so could increase housing production or affordability.

Complete Site-Control and Surplus Land Steps

Before issuing solicitations for City-owned land, the City should determine the appropriate site-control or disposition strategy for each property. This may include sale, ground lease, exclusive negotiating agreement, disposition and development agreement, or another public-private structure. Where applicable, the City should also complete the required Surplus Land Act process before releasing an RFP or entering into negotiations.

Clarifying the disposition pathway early will reduce uncertainty for developers and help the City align each site with its housing, fiscal, public-realm, and economic development goals.

Issue a Strategic RFP for 118 W. Santa Fe Avenue

The 118 W. Santa Fe Avenue site should be positioned as a near-term catalyst opportunity. After completing any required Surplus Land Act or site-control steps, the City should issue an RFP that clearly communicates the site's transit-adjacent location, development potential, and role in advancing downtown housing production.

The RFP should identify the City's preferred public-realm outcomes, including active ground-floor uses, frontage design, and plaza or gathering-space opportunities, while allowing development teams to propose financially feasible solutions.

The RFP should also disclose key implementation assumptions and constraints, including parking access, shared-use or lease requirements, parking-structure improvements, and any mechanical, operational, or management requirements that could affect project costs. If use of an adjacent parking structure is contemplated, the City should clarify whether parking would be leased, reserved, shared, or otherwise managed.

Evaluate a Unified Chapman/Harbor Strategy

For the 125 W. Chapman Avenue and 401 N. Harbor Boulevard sites, the City should evaluate whether a unified solicitation, development agreement, or phased covenant structure could support delivery of both market-rate and affordable housing. This approach could increase affordable housing production while concentrating higher-density development near transit and existing services.

Because the Harbor site is privately owned, this strategy would require coordination with the property owner and careful partnership structuring. The City should also account for the longer financing timeline often required for affordable housing. Any unified approach should include clear phasing requirements, delivery safeguards, and legal mechanisms to ensure that the affordable component is not indefinitely delayed.

Disclose Constraints at 122 N. Pomona Avenue

The 122 N. Pomona Avenue site should be marketed with a clear understanding of its physical and infrastructure constraints. Any future RFP should disclose the cost and complexity of demolishing the existing parking structure, along with known utility, easement, access, or site-preparation issues.

If confirmed through Public Works or engineering review, the RFP should also identify any active utility constraints, including potential sewer relocation requirements or easements that could affect building placement, construction phasing, or predevelopment timelines. Early disclosure will help developers prepare realistic bids and reduce later renegotiation.

PREPARE FOR SB 79 AND TRANSIT-ORIENTED GROWTH

Once Orange County qualifies for SB 79 transit-oriented provisions, Fullerton should be prepared for increased interest in high-density housing near the Fullerton Transportation Center. Because SB 79 may allow qualifying projects to exceed existing local density limits, the City should proactively update its General Plan, Zoning Code, downtown planning documents, and design standards.

This approach would help Fullerton retain as much local influence as state law allows while directing growth toward appropriate sites, protecting sensitive transitions, and setting clear expectations for project design.

Adopt Objective Design Standards

The City should adopt Objective Design Standards for high-density, transit-oriented housing. Clear, non-discretionary standards are one of the City's most important tools for shaping by-right and ministerial projects, particularly with respect to massing, frontage design, setbacks, materials, upper-story transitions, open space, parking access, and neighborhood compatibility.

These standards should be measurable, enforceable, and easy for both staff and applicants to apply. They should avoid subjective terms and focus on the physical outcomes most important to Fullerton's downtown character and pedestrian environment.

Evaluate a TOD Alternative Plan

The City should evaluate whether a state-compliant Transit-Oriented Development Alternative Plan could help guide where future housing capacity is concentrated. If available and appropriate, this tool could help shift capacity away from sensitive parcels and toward more suitable commercial, municipal, or transit-adjacent sites.

This effort should be coordinated with General Plan and zoning updates so the City can shape a local framework for where higher-density housing should occur and what public benefits it should provide.

Update Local Plans and Development Standards

The City should review its General Plan, Zoning Code, downtown planning documents, parking standards, and infrastructure requirements to identify inconsistencies with emerging state housing law. This review should remove unnecessary barriers to housing production while preserving clear expectations for design quality, public access, infrastructure capacity, and neighborhood compatibility.

MANAGE PARKING AND INFRASTRUCTURE PROACTIVELY

As state law reduces residential parking requirements near transit, and as City-owned parking lots are considered for redevelopment, the City should manage parking as a shared downtown resource rather than a parcel-by-parcel requirement.

Commission a Downtown Parking Utilization Study

The City should commission a Downtown Parking Utilization Study to establish a data-driven baseline of parking supply, occupancy, turnover, and shared-use opportunities. The study should evaluate public lots, private lots, on-street spaces, transit-user parking, commercial demand, evening and weekend conditions, and district-wide management options.

This study would help the City manage public parking assets, negotiate shared-use or transit-user parking arrangements, protect downtown commercial access, and make informed decisions about redeveloping existing surface lots.

Complete Infrastructure Due Diligence Before Solicitation

For City-owned sites, the City should complete targeted infrastructure due diligence before issuing RFPs. This should include review of utility locations, sewer and storm drain capacity, fire access, easements, parking replacement needs, environmental conditions, and site-preparation costs that could affect feasibility.

Completing this work upfront will improve developer responses and reduce the likelihood of major changes after award.

CREATE A CEQA STREAMLINING STRATEGY

To accelerate housing production, the City should identify early which projects may qualify for ministerial review, statutory exemptions, categorical exemptions, or other streamlined environmental review pathways.

Use SB 4 Ministerial Pathways Where Applicable

Qualifying SB 4 projects on eligible religious or nonprofit-owned sites may proceed through a ministerial approval process and would not require discretionary CEQA review, provided all statutory criteria are met. The City should establish an internal process for reviewing SB 4 eligibility, confirming applicable objective standards, and identifying site-specific issues.

This process would be especially useful for faith-based landowners that may be interested in affordable housing but are unfamiliar with development procedures, financing requirements, and entitlement pathways.

Evaluate Class 32 Infill Exemptions

For qualifying infill projects, the City should evaluate the use of Class 32 Categorical Exemptions where projects can demonstrate consistency with applicable plans, adequate utility and service capacity, and no significant traffic, noise, air quality, or water-quality impacts. Applicants should provide the technical studies needed to support the exemption early in the process.

Prepare Early Technical Studies

To support environmental streamlining, the City should consider preparing or requiring early technical studies for priority sites, including traffic screening, noise analysis, air quality screening, utility capacity review, hazardous materials assessment, and tribal or cultural resources screening where applicable.

Early technical review can identify constraints before the City issues solicitations or applicants make major design commitments.

CONTINUE FAITH-BASED HOUSING ENGAGEMENT

Following the April 30, 2026 public workshop, the City has established initial momentum with local religious institutions. To build on this outreach, City staff should create a streamlined intake process for faith-based landowners interested in SB 4 or other affordable housing pathways.

The intake process should help property owners understand eligibility criteria, site-planning considerations, parking and access issues, affordable housing financing, and partnership models. The City can also help connect faith-based landowners with experienced affordable housing developers, nonprofit partners, and technical assistance resources.

For site-specific opportunities, future solicitations or negotiations should address fire access, replacement parking, shared-use parking, continued institutional operations, and the long-term needs of the religious institution.

INTEREST RATES AND MARKET TIMING

The City should also monitor interest-rate conditions as part of its implementation strategy. The feasibility evaluation found that several development scenarios that are not financially feasible under current conditions could become feasible if interest rates decline by approximately one percentage point, provided that development costs and market rents remain generally proportional. This finding suggests that some sites may not require permanent subsidy or major policy changes, but instead may benefit from strategic timing, early due diligence, and readiness to issue solicitations when financing conditions improve. By preparing RFP materials, site constraints, parking strategies, and objective standards in advance, the City can be positioned to act quickly when market conditions become more favorable.

Page intentionally left blank



MAIN OFFICE

**900 Wilshire Blvd., Ste. 1700,
Los Angeles, CA 90017
Tel: (213) 236-1800**

REGIONAL OFFICES

IMPERIAL COUNTY

**1503 North Imperial Ave., Ste. 104
El Centro, CA 92243
Tel: (213) 236-1967**

ORANGE COUNTY

**OCTA Building
600 South Main St., Ste. 741
Orange, CA 92868
Tel: (213) 236-1997**

RIVERSIDE COUNTY

**3403 10th St., Ste. 805
Riverside, CA 92501
Tel: (951) 784-1513**

SAN BERNARDINO COUNTY

**Santa Fe Depot
1170 West 3rd St., Ste. 140
San Bernardino, CA 92418
Tel: (213) 236-1925**

VENTURA COUNTY

**4001 Mission Oaks Blvd., Ste. L
Ventura, CA 93012
Tel: (213) 236-1960**

LEARN MORE

SCAG.CA.GOV