Agenda Report

Fullerton City Council

MEETING DATE: AUGUST 18, 2026

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: SUNAYANA THOMAS, DIRECTOR OF COMMUNITY AND ECONOMIC DEVELOPMENT

PREPARED BY: CHRIS SCHAEFER, AICP, PLANNING MANAGER

SUBJECT: HOUSING OPPORTUNITIES SITES REVIEW

SUMMARY

Staff and the City's consultants conducted an analysis in support of housing production on select sites and is presenting the findings. The work was done as per the City's adopted Housing Element which was funded through the Regional Early Action Planning (REAP) 2.0 grant.

PROPOSED MOTION

1. Receive and file REAP 2.0 Technical Assistance Recommendations Report
2. Direct the Director of Community and Economic Development to prioritize 118 West Santa Fe Avenue and advance the three City-owned sites through due diligence, the Surplus Land Act, and developer solicitation as site readiness, market interest, and staff capacity allow.

ALTERNATIVE OPTIONS

- Approve the Proposed Motion
- Provide direction identifying which City-owned properties, including those identified in the report and any previously declared surplus, staff should prioritize for due diligence, Surplus Land Act actions, and developer solicitation.
- Provide other direction to staff
- Other options brought by City Council.

STAFF RECOMMENDATION

Staff recommends the Proposed Motion. Our recommendation would be to move forward with all three Surplus Land opportunities while prioritizing the efforts at 118 W. Santa Fe

Avenue (Soco) because it is the most feasible according to the report. This direction would allow staff to dedicate the necessary time and resources to address site constraints, complete due diligence, and prepare the property for the Surplus Land Act and future developer solicitation process. Staff would return to City Council for the required Surplus Land Act action, public hearing and with more specific recommendations regarding the site and next steps before proceeding.

CITY MANAGER REMARKS

None.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Fiscal and Organizational Stability
- Public Safety
- Infrastructure and City Assets.

FISCAL IMPACT

There is no fiscal impact to the City's General Fund. The analysis for this project was conducted by planning consulting firm Placeworks that was supported by a $300,000 REAP 2.0 grant awarded to the City by Southern California Association of Governments (SCAG) through the Orange County Council of Governments (OCCOG). There was no requirement for City matching funds for the REAP 2.0 grant. However, the City was required to complete its work prior to the grant's deadline of August 30, 2026, and present its findings to City Council before the deadline.

BACKGROUND AND DISCUSSION

City Council adopted the Fullerton Housing Element on January 7, 2025, which conforms to the 6th Cycle of the Regional Housing Needs Assessment (RHNA). The Housing Element is divided into four chapters which covers all state-mandated requirements. Specially, Chapter 4: Housing Policy Plan "describes the specific policies and program actions necessary to address present and future housing needs, meet the specific requirements of State law, and consider the input by residents and stakeholders." The Policy Actions contained in Chapter 4 are organized into 18 major categories with approximately 104 subtasks.

With a RHNA number of 13,209 housing units, the City of Fullerton is tasked with looking at ways to encourage housing development on various sites, both City-owned and privately-owned. The relevant Policy Actions that relate to this requirement are summarized as follows:

- Policy Action 3.1-e – To the extent feasible, the City will pursue projects to develop affordable housing on public owned properties.

- Policy Action 3.3-f – Conduct outreach to religious institutions and provide technical assistance for interested parties to develop affordable housing on sites zoned for religious institutions.
- Policy Action 3.7-b – Actively promote sites available for affordable housing development to potential developers.
- Policy Action 3.7-c – Acquire funds from local, State, and federal grant opportunities to support the development of affordable housing.

Staff competed against other Orange County cities and was successful in obtaining award of the Regional Early Action Planning Grants 2.0 (REAP 2.0), managed through SCAG and the OCCOG. Launched in 2021 under Assembly Bill 140 as part of the California Comeback Plan, REAP 2.0 builds on the 2019 REAP program but expands its scope to integrate housing and climate objectives. It aims to:

- Accelerate infill housing development to increase supply, choice, and affordability
- Reduce per capita VMT through multimodal community design and transit improvements
- Affirmatively further fair housing by addressing equity and inclusion
- Implement adopted regional and local plans to meet state priorities.

Staff worked with consultants from Placeworks to develop conceptual plans for the purpose of determining the feasibility of developing residential projects on select properties, both City-owned and privately-owned. In addition, the Community and Economic Development Department held a public workshop specifically targeted to presenting opportunities for development of housing on religious properties on April 30, 2026.

Sites Analysis

In preparation of conducting the sites analysis for sites, staff developed a list of properties it determined would be potentially feasible for residential development that were not part of the Housing Incentive Overlay Zone (HIOZ) list. This included both City-owned sites, such as parking lot sites, and privately-owned sites, to include religious sites. In choosing the two religious sites, these are properties that had previously been approached by developers and had conceptual plans drawn up that didn't progress to entitlement.

An evaluation of eight sites was conducted looking at the feasibility of constructing housing. This evaluation included a rubric looking at such things as site geometry, context, adjacent zoning, topography and existing improvements and/or parking requirements.

The sites that were evaluated include the following:

1. 2200 West Orangethorpe Avenue – church property
2. 1601 West Malvern Avenue – church property
3. 118 West Santa Fe Avenue – vacant portion of SoCo parking structure lot (city-owned)

4. 122 North Pomona Avenue – Fullerton Transit Center parking structure (city-owned)
5. 125 West Chapman Avenue – surface parking lot (city-owned)
6. 401 North Harbor Boulevard – Bank of America – western portion of surface parking area
7. 120 East Santa Fe Avenue – surface parking lot (City-owned)
8. 799 Rollings Hills Drive – vacant lot (City-owned)

After completing the initial evaluation, sites 1, 3, 4, 5 and 6 (above) scored the highest and were then used for further analysis and then to create conceptual plans. The remaining sites not selected for further evaluation scored well; however, due to the time limits placed on the grant, were not analyzed.

In addition to the selection criteria that was used to evaluate each site, relevant state laws were evaluated to determine those that would benefit development of each site. In particular, the following laws were utilized:

- Senate Bill (SB) 79 - “Abundant and Affordable Homes Near Transit Act”
- Assembly Bill (AB) 2097
- SB 4 - “Affordable Housing on Faith Lands Act”
- Government Code Sections 65915 - 65918 – California Density Bonus Law

While the use of these laws alone won’t guarantee development of a site, they reduce hurdles that make housing production more economically feasible for private developers.

Conceptual Plans

Conceptual plans for housing projects were developed for each of the sites that looked at existing zoning and the use of the aforementioned state laws. The development of plans for the privately-owned sites was done as an exercise or demonstration to show what could potentially be done on those properties. Conversely, the development of plans for the City-owned sites utilized the relevant laws; however, has the added benefit of the City’s ability to negotiate with potential developers for concessions should the properties be released for requests for proposals (RFPs). Here are summaries of each site below:

2200 West Orangethorpe Avenue
- Religious property
- 36 affordable or senior housing units

118 West Santa Fe Avenue
- City-owned SoCo parking structure property
- 60 housing units
- 4,500 square feet of ground floor retail space

122 North Pomona Avenue
- City-owned Fullerton Transit Center parking structure property
- 100 housing units

401 North Harbor Boulevard

- Privately-owned Bank of America parking lot
- 65 housing units

125 West Chapman Avenue
- City-owned surface parking lot
- 105 housing units

An executive summary table in the report provides a snapshot of the five projects that breaks down the feasibility of each project based off of the affordability level of the units at the extremely low, very low, and low-income levels (see Figure 1 below). A threshold of eight percent was used as a standard rate for the leverage yield that determined if a project was feasible for most developers. The report also indicates near term benefits to the City including the collection of permit fees and park fees. However, the report didn't include changes in property taxes as municipal property is converted to private property, thereby adding them back to the property tax rolls some time after development which could take a couple of years.

	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

Figure 1 – Executive Summary Table

As shown, a residential project for the vacant portion of 118 West Santa Fe Avenue scored the best and would be the most favorable to development; however, projects at the other sites scored well, depending on the affordability levels being utilized.

Surplus Land Act and Development Solicitation Process

For any City-owned property directed by City Council to proceed toward disposition or development, staff would complete the applicable Surplus Land Act ("SLA") process prior to disposition of the property. The process generally includes formal City Council action declaring the property surplus, issuance of the required Notice of Availability, and any required good-faith negotiations with qualified entities expressing interest in the property.

Staff may concurrently conduct site due diligence and prepare development solicitation documents so that a Request for Proposals ("RFP") can proceed following completion of the applicable SLA noticing and negotiation requirements. Subsequent development activities may also require separate land use approvals, including General Plan, zoning, specific plan, environmental, or entitlement actions, as applicable. Any such actions requiring a noticed public hearing would return to the Planning Commission and/or City Council at the appropriate stage.

In summary, the purpose of this effort was not to establish a specific development proposal for any one property, but to evaluate what may be possible under current market conditions and identify realistic pathways for future development. The conceptual planning and financial feasibility work has been instrumental in helping staff better understand the opportunities and constraints associated with each site and identify where limited staff resources can be most effectively focused in the near term. Beyond housing production, advancing viable City-owned sites can support the City's economic development goals by leveraging underutilized public property to attract private investment, add commercial and residential activity, and strengthen the economic vitality of Downtown Fullerton. Based on the study's findings, staff believes 118 West Santa Fe Avenue represents the strongest near-term opportunity to focus City resources and advance toward implementation.

Based on this analysis, staff recommends focusing initial efforts on 118 West Santa Fe Avenue as the first City-owned site to advance to RFP, while continuing preliminary evaluation of the remaining City-owned sites for subsequent consideration.

<u>Attachments:</u>

- Attachment 1 – Recommendations Report

cc: City Manager Eddie Manfro