



Agenda Item

Orange City Council

Item #: 9.2.

5/26/2026

File #: 26-0252

TO: Honorable Mayor and Members of the City Council

THRU: Jarad Hildenbrand, City Manager

FROM: Russell Bunim, Community Development Director

1. SUBJECT

Public Hearing to consider a proposal to redevelop a commercial property with 71 three-story single-family small lot homes at 2375 N. Tustin Street, the Introduction and First Reading of Ordinance No. 06-26 approving Zone Change No. ZC25-0002, and adoption of Mitigated Negative Declaration No. ENV25-0001 and associated Mitigation Monitoring and Reporting Program

2. SUMMARY

Melia Homes proposes to redevelop an existing 4.23-acre vacant commercial site (former Best Buy) with 71 three-story single-family small lot homes, open space recreation area, guest parking, and related site improvements. To allow for residential development at this location, the proposal includes a request to amend the General Plan land use designation from General Commercial (Max. 1.0 FAR) (GC) to Medium Density Residential, 15-24 dwelling units per acre (MDR) and a request to amend the zoning from Limited Business Tustin Redevelopment Project Area (C-TR) to Residential Multiple Family (R-3). A Tentative Tract Map is proposed for the small lot subdivision including establishment of private and common use areas.

3. RECOMMENDED ACTION

1. Conduct and close the Public Hearing.
2. Adopt Resolution No. 11685. A Resolution of the City Council of the City of Orange adopting Mitigated Negative Declaration No. ENV25-0001 and associated Mitigation Monitoring and Reporting Program, and approving General Plan Amendment No. GPA25-0003, Tentative Tract Map No. TTM25-0001, Major Site Plan No. MJSP25-0002, and Administrative Design Review No. ADR25-0018 for the redevelopment of a vacant commercial site with 71, three-story single-family small lot homes, open space recreation area, guest parking, and related site improvements on a 4.23-acre site located at 2375 N. Tustin Street.
3. Introduce and conduct First Reading of Ordinance No. 06-26. An Ordinance of the City Council of the City of Orange approving Zone Change No. ZC25-0002 to change the zoning classification from Limited Business Tustin Redevelopment Project Area (C-TR) to Residential Multiple Family (R-3) on a 4.23-acre site located at 2375 N. Tustin Street.

4. FISCAL IMPACT

None.

5. STRATEGIC PLAN GOALS

Goal 3: Enhance Economic Development and Achieve Fiscal Sustainability.

6. DISCUSSION AND BACKGROUND

Existing Site

The 4.23-acre site is located on the east side of Tustin Street between Heim and Meats Avenues. The site is currently developed with a vacant former Best Buy building, surface parking lot, and mature landscaping. There is one signalized driveway access point off Tustin Street.

The site is surrounded by single-story condominiums to the north, single-story condominiums and mobile homes to the south, a vacant site with a billboard sign to the east, and single-story commercial buildings and Tustin Street to the west. More detailed information about surrounding zoning is provided in Attachment 10.

Proposed Project

The applicant proposes to develop the site with 71 three-story single-family small lot homes, open space recreation area, guest parking, and related site improvements. The project includes small lots ranging from 1,515 to 3,376 square feet. There are 36 residences located within the interior cluster that have primary entries off landscaped paseos and walkways, and 35 residences along the northern, southern, and southwestern boundaries that have primary entries off the looped roadway and interior walkways. Each unit is provided with an attached two car garage. The four-bedroom units are provided with one additional unenclosed parking space on the same lot. In addition, there are 23 open guest spaces, for a total of 179 parking spaces provided for the project.

The architectural design of the residential units is contemporary and intended to respond to the eclectic visual character of the area. There are five plan types, all with coordinating architectural styles. All units are three stories. Units within the interior cluster incorporate roof decks. No roof decks are proposed on units along the perimeter boundaries, adjacent to existing single-story condominiums and mobile homes to the north and south. Windows on the second and third story rear elevations along the north, south, and southwest property lines will incorporate clerestory and/or frosted glass to maintain privacy for the adjacent one-story neighbors.

The project provides common open space area with shaded picnic tables, and multipurpose lawn area across from the main entrance to the development. The project also provides private open space in the form of roof decks for units within the interior cluster or 10-foot rear yards for units along the northern, southern, and southwestern boundaries.

Site access is provided by an existing signalized shared two-way entrance driveway on Tustin Street. There is an emergency vehicle gate that leads to an emergency access easement dedicated to the City of Orange located at the northeast corner of the site and on the adjacent property to the north.

Existing mature landscaping will be protected in place along both sides of the shared entrance driveway. Landscaping is also provided along the private interior roadway and in landscape pockets between units. The landscape palette is a mix of water efficient groundcover, shrubs, and trees that will complement the contemporary architectural style.

Detailed information regarding site design, unit plan types, site access, parking, architecture, and landscaping is provided in the Planning Commission Staff Report (Attachment 10).

General Plan Amendment and Zone Change

The existing 45,676-square-foot building on the site has been vacant for two years with no viable lease or commercial development options despite continuous efforts by the property owner. In order to support redevelopment of the property with the proposed residential project as opposed to the continuance of commercial uses at the site, the applicant has submitted a Fiscal Impact Analysis by Stanley R. Hoffman Associates, Inc. (Attachment 5), which demonstrates a positive economic impact to the City including an annual recurring net contribution to the City's general fund and one-time development impact fees. The study also indicates that "the project will have a stabilizing effect on the neighborhood through community ties and economic development benefits from new household spending on goods and services captured within the City".

To allow residential development at this location, the applicant is requesting approval of a General Plan Amendment (GPA) to change the General Plan Land Use Element designation from General Commercial (Max. 1.0 FAR) (GC) to Medium Density Residential (15-24 dwelling units per acre) (MDR), and a Zone Change (ZC) from Limited Business Tustin Redevelopment Project Area (C-TR) to Residential Multiple Family (R-3) to accommodate a small lot subdivision in accordance with the City's Small Lot Subdivision Ordinance (OMC Section 17.14.270). The project has a density of 16.76 dwelling units per acre which is within the range allowed under the MDR General Plan land use designation and the R-3 zoning.

The MDR General Plan designation and R-3 zoning are consistent with the General Plan and zoning designations to the north and zoning to the south. The land uses allowed under the MDR land use designation and R-3 zoning are compatible with the abutting residential land uses that would remain to the north and south, and commercial land uses that would remain to the west, which accommodates a mix of retail and service commercial uses and professional offices. The land use changes enable the implementation of the Small Lot Subdivision Development Standards, which allows for alternative in-fill housing typologies within multiple-family residential zones. These development standards allow for the development of smaller residential lots on infill development sites which ultimately provides alternative options for single-family home ownership in the City.

The proposed small lot development is also consistent with the intent of the MDR land use designation and R-3 zoning, in that the project provides private and common open space with amenities, a pedestrian-friendly integration along Tustin Street and project interior, is adjacent to public transportation, and is in close proximity to commercial, retail, medical and professional offices, and recreational uses.

The proposal repositions the project site from commercial to residential General Plan and zoning designations, and represents a continuation of the existing multifamily land use designations and development to the north and south between Heim and Meats Avenues. These long-established multifamily developments have MDR and Low Medium Density Residential (LMDR) General Plan designations and are zoned R-3(A). While the Tustin Street corridor is predominately commercial, and the segment between Heim and Meats consists of a mix of commercial uses along the street frontage and residential development behind the commercial development, the presence of residential uses along this portion of Tustin Street is logical given the neighborhood-serving goods and services in the area, interface with residential neighborhoods, and proximity to public transportation.

The proposed land use change for the project and implementation of the Small Lot Subdivision Development Standards will provide additional housing options that contribute to the Medium Density Residential development between Heim and Meats Avenues and supports the City's Regional Housing Needs Allocation (RHNA) by adding units to the overall housing inventory on a site that had not previously been identified as a Candidate Housing Site in the Housing Element.

Tentative Tract Map

The applicant is requesting approval of a Tentative Tract Map to establish small lots, with common and private space areas on the site. Common areas include private interior roadways and unenclosed parking, open space recreation area, and common landscape areas. Private space areas are provided in rear yards, and on roof decks. The Tentative Tract Map has been reviewed and found in compliance with the Subdivision Map Act and Orange Municipal Code (OMC) Title 16, Subdivisions.

Environmental Review

Initial Study/Mitigated Negative Declaration (MND) No. ENV25-0001 (State Clearinghouse No. 2026020142) was prepared to evaluate the physical environmental impacts of the project, in conformance with the provisions of the California Environmental Quality Act (CEQA) per State CEQA Guidelines Section 15070 and in conformance with local CEQA guidelines. The analysis contained in the MND determined that the project will have less than significant impacts to the environment with the implementation of Project Design Features, Plans, Programs, and Policies, relating to Aesthetics, Air Quality, Cultural Resources, Energy, Geology and Soils, Greenhouse Gas Emissions, Hydrology and Water Quality, Noise, and Tribal Cultural Resources, and Mitigation Measures relating to Biological Resources, Noise, and Tribal Cultural Resources. In addition, a Mitigation Monitoring and Reporting Program has been prepared and is included in the final MND that summarizes the Project Design Features, Plans, Programs, and Policies, Mitigation Measures, and the responsible party for the implementation and monitoring (Attachments 7 and 8).

The MND was circulated for public review for a 20-day period beginning on February 5, 2026 and ending on February 25, 2026. A Notice of Intent (NOI) to Adopt the MND was filed with the Orange County Clerk Recorder, posted at the site, mailed to property owners and tenants within a 300-foot radius of the project site, potentially affected cities, public agencies, utility service providers, and published in the Anaheim Bulletin newspaper on February 5, 2026. The MND was made publicly available at the Community Development Department, City Clerk's office, and the City's website.

Public comments on the MND were received from the California Department of Transportation (Caltrans), Pala Band of Mission Indians, and six community members. Caltrans discusses the pattern of land uses that affect both local vehicle miles traveled and number of trips, supports local developments that promote equity, strengthen the economy, protect the environment, and provide a diversity of housing choices accessible to transportation facilities, promotes Complete Streets with high-quality pedestrian, bicycle, and transit facilities, project adjacency to bike lanes, supports inclusion of secure short term bike parking and provides guidance on bicycle parking best practices, discretionary approval required for work within Caltrans right-of-way, and requests coordination with Caltrans for this and future projects. The Pala Band of Mission Indians commented that the project is not within the boundaries of the recognized Pala Indian Reservation and is beyond the boundaries of the Traditional Use Area and requests to receive project notifications. Community members provided

general comments related to traffic, parking, privacy, rezoning and reduction of sales tax revenue, waste management, construction noise, site demolition impacts, emergency access, property values, need for more restaurant and retail uses, project should include a commercial component, and noted corrections and/or modifications to the IS/MND document. Responses to comments were prepared and forwarded to the respective authors in accordance with the requirements of CEQA, and in advance of the City's consideration of any determination. Copies of the comment letters and responses to comments to address feedback relevant to environmental impacts received during the public review period were incorporated into the final MND (Attachment 7).

Planning Commission Review

On April 6, 2026, the Planning Commission conducted a public hearing for the project. Five public comments were posted on the City's website, and four community members spoke at the meeting. Written public comments from the April 6, 2026 meeting are included as Attachment 12.

Public Comments

One community member spoke in support of the project and stated the benefits of this type of development for the community in terms of affordability, walkability, adjacency to commercial uses, and traffic reduction as opposed to commercial development. Other general community concerns included the project's lack of conformance with the Small Lot Subdivision Guidelines in that the mass and scale of buildings should respond to the adjacent one-story neighborhoods to the north and south, project should consider building setbacks, line of sight, privacy, and implementation of two-story building heights along north and south property lines, three-story building height will reduce the value of adjacent one-story residential properties, dens on first floor could be converted to bedrooms, inadequate fire access and utilization of easement on adjacent property to the north, missed opportunity to include commercial bank property to the west as part of the project, problematic traffic signal synchronization along Tustin Street, construction traffic impacts, unproductive community meeting with developer, challenge of integrating housing in commercial zones, loss of sales tax revenue, and the need for more time to consider the project.

Planning Commission Discussion

Planning Commission discussion included comments regarding the preservation of privacy for the adjacent neighbors, project incompatibility with the neighborhood context in terms of height, density, and scale, request for modified windows to increase screening of sight line views onto neighboring properties to the north and south, parking on adjacent bank property, fire access on adjacent property, garage storage, conversion of ground floor dens to ADUs, roof top restrictions, improvement of landscaping with more space, laddering effects on landscaping, light synchronization on Tustin Street, designated guest parking, allowable uses under the GC General Plan designation, setback and height requirements of the C-TR zone, excellent architectural product and the enhancement of this portion of Tustin Street with the project.

The Planning Commission ultimately recommended approval of the project to the City Council by a 4-2 vote, subject to the following added conditions to Resolution No. PC 10-26:

98. Applicant shall work with Staff to modify second and third story north and south facing windows for units along the north and south property lines, similar to other projects with sight

line issues, and to provide additional renderings and sight line views from the modified windows onto adjacent properties to the north and south, particularly where there is a sight line view into a window or yard space.

99. Applicant shall provide sight line views from the nearest roof decks onto adjacent communities to the north and south.

Project Changes Subsequent to the Planning Commission Meeting:

The applicant has considered the Planning Commission's feedback and implemented the recommended conditions by incorporating the following changes to the project plans:

1. Frosted glass added to rear elevation third-story bedroom windows along the north and south property lines for lots 11-20, and 54-59 (Type B duplex units, Plans 2 and 5A), including notes added to Sheets SP, A13, A22.1, A22.4, and A22.5.
2. Reduced window sizes and raised sill heights to eye level (5 feet above floor level), creating clerestory windows on second story rear elevations for all perimeter units along the north, south, and southwest property lines for lots 1-4, 7-20, 54-67 (Type B duplex, Plans 2 and 5A); lots 5 and 68 (detached Plan 5B); and lot 6 (detached Plan 3A), including revisions to Sheets A3, A4, A8, A9, A13, A15, and A17.
3. Corrected clerestory stairwell windows on floor plans and elevations for Type B duplex, and Plans 5B and 3A, including revisions to Sheets A9, A15, and A17.
4. Revised and added Line of Sight Section Details on Sheets A22.1 - A22.5 to clearly illustrate the views at 5-foot eye levels from rear elevation second and third story adjusted windows and roof top decks onto adjacent properties to the north and south.

In addition, Staff has added conditions 47 - 55 to City Council Resolution No. 11685 regarding private open space requirements in rear yards, requirement of rear elevation second story clerestory windows for all perimeter units, requirement of frosted glass on third story bedroom windows for selected units, limitation on four-bedroom units, marking of unenclosed parking spaces, and attached patio cover limitations for units along the perimeter boundaries.

7. ATTACHMENTS

- Attachment 1 Resolution No. 11685
- Attachment 2 Ordinance No. 06-26
- Attachment 3 Vicinity Map
- Attachment 4 Existing Site Photographs
- Attachment 5 Fiscal Impact Analysis, dated December 12, 2025

- Attachment 6 Project Plans, dated April 10, 2026
- Attachment 7 Final Mitigated Negative Declaration No. ENV25-0001 and Mitigation Monitoring and Reporting Program, dated March 2026
- Attachment 8 Mitigated Negative Declaration No. ENV25-0001 Appendices
- Attachment 9 Planning Commission Resolution Nos. PC 08-26, PC 09-26, and PC 10-26, dated April 6, 2026
- Attachment 10 Planning Commission Staff Report, dated April 6, 2026
- Attachment 11 Draft Planning Commission Minutes, dated April 6, 2026
- Attachment 12 Written Public Comments from the April 6, 2026 Planning Commission meeting
- Attachment 13 Applicant's Summary of Plan Changes
- Attachment 14 Small Lot Subdivision Guidelines
- Attachment 15 Written Communications received after April 6, 2026 Planning Commission meeting