



Agenda Item

Orange City Council

Item #: 3.6.

5/26/2026

File #: 26-0278

TO: Honorable Mayor and Members of the City Council

THRU: Jarad Hildenbrand, City Manager

FROM: Nathalie Adourian, City Attorney

1. SUBJECT

First Amendment to Memorandum of Understanding with Milan REI X, LLC

2. SUMMARY

The City Council approved a Memorandum of Understanding with Milan REI X, LLC on July 22, 2025. The Memorandum of Understanding does not mandate City of Orange approvals. It memorializes that the City of Orange will expeditiously process all applications and permit requests by July 1, 2026 with the understanding that Milan REI X, LLC will withdraw its Senate Bill 330 applications. The Memorandum of Understanding first amendment extends the July 1, 2026 deadline, extends the related tolling agreements, authorizes the City Manager to execute up to six months of additional extensions, and incorporates reporting requirements.

3. RECOMMENDED ACTION

Approve the first amendment to the Memorandum of Understanding with Milan REI X, LLC; and authorize the Mayor and City Clerk to execute on behalf of the City.

4. FISCAL IMPACT

None.

5. STRATEGIC PLAN GOALS

Goal 2: Enhance Economic Development and Achieve Fiscal Sustainability.

6. DISCUSSION AND BACKGROUND

On July 22, 2025, the Orange City Council approved a Memorandum of Understanding (MOU) with Milan REI X, LLC (Milan). While the MOU did not mandate or guarantee City approvals, it memorialized the City's intent to take all considered efforts to expeditiously review Milan applications and/or permit requests as it relates to:

- 22 single family homes north of the Santiago Creek (Mabury 22).
- 30 residential units at 6146 East Santiago Canyon Road (Residential Project); and
- Sully Miller open space project (Open Space Project)

Prior to executing the MOU, in November 2023, Milan submitted preliminary applications for residential projects pursuant to Senate Bill 330 (Builders Remedy). This prompted discussions

between the City and Milan which precipitated the existing Tolling Agreements that are subject to MOU Section 1.4, and the focal point of this first amendment.

Pursuant to MOU Section 1.4, the existing Tolling Agreements will expire on July 22, 2026. When the MOU was initially approved in July 2025, it was agreed that Milan would dismiss its Builders Remedy applications if the City issued ministerial permits for the Mabury 22 project by August 1, 2026, while also approving the Residential and Open Space Projects by July 1, 2026.

With the MOU deadlines approaching, Milan has requested a 30-day extension to the Tolling Agreements pursuant to MOU Section 1.4. Staff have evaluated Milan's request, and believes granting this extension serves the City's best interest. Overall, the proposed first amendment to the MOU includes the following changes:

- Tolling agreements will extend 30 days until August 21, 2026, without limiting the City's obligation to process applications in accordance with state law.
- The City's approval deadline will be extended to August 21, 2026.
- The City Manager will be granted authority to approve additional extensions to the Tolling Agreements and approval deadlines in 30-day increments provided:
 - That the 30-day increments do not exceed six months in total.
 - That the Developer provides written status updates on the Mabury-22 project, Residential Project, and Open Space Project.
- That any extension approved administratively be in the best interest of the City and not materially impact the City's ability to enforce the MOU's terms and performance expectations.

7. ATTACHMENTS

- First Amendment to Milan REI X, LLC Memorandum of Understanding