



**City of Santa Ana**  
**20 Civic Center Plaza, Santa Ana, CA 92701**  
**Planning Commission Staff Report**  
**September 25, 2023**

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**Topic:** Residential Development at Site Plan Review No. 2023-02 and Density Bonus Agreement No. 2023-02 (322 N. Harbor Blvd.)

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**RECOMMENDED ACTION**

1. Adopt a resolution approving Site Plan Review No. 2023-02 as conditioned.
2. Adopt a resolution approving Density Bonus Agreement No. 2023-02 as conditioned.

**EXECUTIVE SUMMARY**

The Jager Company, Ltd. (applicant), on behalf of P&P Bros Corp. (property owner), is requesting approval of site plan review (SPR) No. 2023-02 and density bonus agreement (DBA) No. 2023-02 to allow the construction of a rental residential development consisting of twenty-two apartment units, with two units proposed as affordable to very low-income households earning less than 50-percent of the area median income (AMI), on a 0.34-acre site located at 322 North Harbor Boulevard. As proposed, the project requires review and approval of an SPR as the development would be over three stories in height. In addition, the project will utilize waivers from development standards and/or development concessions through the density bonus agreement pursuant to California Government Code sections 65915 through 65918 and Santa Ana Municipal Code (SAMC) Section 41-1600 through 41-1607. Moreover, the project requires approval by the Planning Commission and City Council for a density bonus to allow up to 64.71 dwelling units per acre (du/ac). The request satisfies the purpose and intent of the Harbor Mixed Use Corridor Specific Plan (SP2) to provide additional affordable housing stock to an underserved segment of the region's population. As a result, staff recommends approval of the SPR and DBA.

**DISCUSSION**

**Table 1: Project and Location Information**

Item	Information
Project Address and Council Ward	322 N. Harbor Blvd. – Ward 1
Nearest Intersection	North Harbor Boulevard and West Fifth Street
General Plan Designation	Urban Neighborhood-Medium High (UN-50)

Zoning Designation	Corridor (CDR) district within the Harbor Mixed Use Corridor Specific Plan (SP2)	
Surrounding Land Uses	North	Commercial
	East	Vacant
	South	Commercial
	West	Multi-Family Residential
Property Size	0.34-acres (14,824 square feet)	
Existing Site Development	The site is currently developed with a 1,495 square-foot single story commercial building.	
Use Permissions	Multi-Family Residential (permitted under Corridor district within SP2)	
Zoning Code Sections Affected	Uses	Article XVI.I (Density Bonus); CDR, Table 3-2. Permitted Uses
	Development Standards	CDR, Tables 3-3 through 3-9.

## **Project Description**

The project includes the construction of a new four-story residential building with flats consisting of twenty-two apartment units, 3,377 square feet of open space, twenty-two parking spaces, and five bicycle spaces. The residential development will include eighteen one-bedroom units, four two-bedroom units, a fitness room, and a community room/leasing office. Each of the twenty-two units will contain full kitchens, bedrooms, bathrooms, and open/common (living) areas, and private decks. Of the total units in the development, two units are proposed to be affordable to very low-income households earning less than 50-percent of the area median income (AMI), which is currently set at \$71,750, adjusted for a four-person household size, as published by California Department of Housing and Community Development (HCD).

The project features a contemporary architectural style similar to many multiple-family or mixed-use residential communities under construction in the region and is complementary to the emerging architectural style in the Specific Plan area. The overall design, massing, features, and materials of the new construction will be compatible with, but differentiated from the existing neighborhood. The contemporary architectural style would include synthetic exterior board siding, stucco finishes, vinyl frame windows, metal railings for proposed decks, wood framed awnings, split-face CMU walls, and high-quality architectural detailing. Moreover, the structure is designed to fully screen all mechanical equipment within the structure and parapet walls. Overall, the project will include a design and solid construction materials that will ensure that the project ages well for the duration of the building's lifetime.

### ***Density Bonus***

The California Density Bonus law allows developers proposing five or more residential units to seek increases in base density for providing on-site housing units in exchange for providing affordable units on site. To help make constructing on-site affordable units

feasible, the law allows developers to seek up to three incentives/concessions and an unlimited number of waivers that facilitate production of units, which are essentially variances from development standards that would help the project be built without significant burden and without detriment to public health. The first version of the Density Bonus Law was adopted in 1979 and has since been amended at various times. In early 2017, the law was amended to restrict the ability of local jurisdictions to require studies to “justify” the density bonus and requested incentives/waivers and places the onus on local jurisdictions to prove that the incentives/concessions or waivers are not financially warranted.

Pursuant to the California Density Bonus law, a project’s affordability level is determined by dividing the number of proposed affordable units by the allowable “base” density (i.e., 50 du/ac). Moreover, the State density bonus law states that units added by a density bonus are excluded from the calculations. As outlined by Table 2 below, the base density for the 0.34-acre site at 50 du/ac is 17 units. Of the total units in the development, two units are proposed to be affordable to very low-income. Therefore, the project would have an eleven-percent affordability rate. As such, State density bonus law allows the developer to request a maximum density bonus of 35-percent.

Due to the project’s eleven-percent affordability rate, the developer can seek two density bonus concessions and unlimited waivers that assist with production of the units onsite, pursuant to Section 65915 et al. of the California Government Code (Density Bonuses and Other Incentives). In addition, California Assembly Bill No. 2345, approved September 28, 2020, revised the State Density Bonus Law originally adopted in 1979 to provide additional benefits for projects that include qualifying affordable housing. Pursuant to Section 65915 et al. of the California Government Code, the developer is requesting a 35-percent density bonus. As such, the maximum unit yield for the 0.34-acre site using the most “intense” building type allowed in CDR and the State density bonus is twenty-three units, as outlined in Table 2. However, the applicant is proposing to develop twenty-two units on the site.

**Table 2: Density Bonus Calculation**

<b>Affordable Unit – 11% (2 units)*</b>	<b>Density Bonus Calculation</b>	<b>Units Allowed</b>
Base Density - Stacked Dwelling Building type (most “intense” type allowed in CDR)	0.34 acres x 50 du/ac	17 Units**
35-Percent State Density Bonus	(17 units x 0.35)	+6 Units**
<b>Total Units Allowed</b>		<b>23 Units</b>
<b>Total Units Proposed</b>		<b>22 Units</b>
*Affordable unit percentage is calculated excluding units added by a density bonus. **AB 2501 states that any density calculations resulting units shall be rounded up to the next whole number. Applies to: Number of affordable units required to be eligible for the density bonus; Base density (i.e. the number of affordable units in the base project); and Eligible bonus units.		

The purpose of the State’s Density Bonus Law is to encourage the development and availability of affordable housing by requiring the inclusion of affordable housing units within new developments. Pursuant to California Government Code sections 65915 (d)(1) and 65915 (e)(1), a local jurisdiction is limited in its ability to deny requested concessions and

waivers and is preempted from denying the Density Bonus Agreement application. Although the City has analyzed the project and has identified several areas of concern, the conditions of approval proposed for the project are intended to address any of the project's potential impacts. Table 3 outlines the incentives/concessions and waivers requested by the applicant.

**Table 3: Requested Incentives/Concessions**

<b>SP2 Standard</b>	<b>Requirement</b>	<b>Provided</b>
<b>Open Space – Minimum Common Open Space (Stacked Dwelling building type)</b>	<ul style="list-style-type: none"> <li>Common Open Space - 15% of lot (2,224 square feet)</li> </ul> <b><i>SP-2, Table 3-9. Onsite Open Space Requirements</i></b>	<ul style="list-style-type: none"> <li>Common Open Space - 5% of lot (800 square feet)</li> </ul> <b><i>Requires Concession (1 of 2), Cal. Gov't Code Sec. 65915 (d)(1)(2)(B)</i></b>
<b>Building Frontage Type and Floor Height</b>	<ul style="list-style-type: none"> <li>Requires building to provide a Frontage Type identified.</li> </ul> <b><i>SP-2, Table 3-4. Frontage Floor Height Minimums and Districts</i></b>	<ul style="list-style-type: none"> <li>Proposed design does not provide a frontage consistent with the SP2.</li> </ul> <b><i>Requires Concession (2 of 2), Cal. Gov't Code Sec. 65915 (d)(1)(2)(B)</i></b>
<b>Lot Size/Width (Stacked Dwelling building type)</b>	<ul style="list-style-type: none"> <li>Lot width required for Stacked Dwellings is between 125 feet and 200 feet.</li> </ul> <b><i>SP2, Table 3-3. Building Type and Form</i></b>	<ul style="list-style-type: none"> <li>Existing lot width is 100 feet</li> </ul> <b><i>Requires Waiver, Cal. Gov't Code Sec. 65915 (e)(1)</i></b>
<b>Onsite Open Space (Stacked Dwelling Type)</b>	<ul style="list-style-type: none"> <li>Minimum 2/3 of open space is required to be open to the sky (1,482 square feet)</li> <li>Designed as courtyard or forecourt.</li> </ul> <b><i>SP-2, Table 3-9. Onsite Open Space Requirements</i></b>	<ul style="list-style-type: none"> <li>800 square feet of open space provided that is open to sky, deficient 682 square feet; does not meet definition of courtyard or forecourt</li> <li>Open space that is open to the sky is design as a deck</li> </ul> <b><i>Requires Waiver, Cal. Gov't Code Sec. 65915 (e)(1)</i></b>

### *Onsite Parking*

In addition, the site is parked in compliance with California Government Code 65915 (p)(2)(A) and provides twenty-two total surface parking spaces or one space per unit. Per the California Density Bonus Law, a jurisdiction cannot impose a vehicular parking ratio that exceeds 0.5 spaces per unit, inclusive of handicapped and guest parking, when the development includes a minimum of eleven-percent very low-income units, is located within one-half mile of a major transit stop, and when there is unobstructed access to the major transit stop from the development. At one space per unit, the proposed development exceeded the minimum required parking ratio by 0.5 space per unit.

## **Analysis of the Issues**

### *Density Bonus Agreement*

Pursuant to Section 41-1607 of the SAMC, an application for a density bonus agreement is required to be approved by the Planning Commission for any project containing “deviations” (incentives/concessions and/or waivers). The Planning Commission’s review of the density bonus agreement is based on the following findings:

1. The proposed development will materially assist in accomplishing the goal of providing affordable housing opportunities in economically balanced communities throughout the city.
2. The development will not be inconsistent with the purpose of the underlying zone or applicable designation in the general plan land use element.
3. The deviation is necessary to make it economically feasible for the applicant to utilize a density bonus authorized for the development pursuant to section 41-1603.

**Table 4: Analysis of the Requested Incentives/Concessions (2) and Waivers (2)**

Standard	Analysis
Minimum Common Open Space Requirement	<p>Table 3-9 (Onsite Open Space Requirements) in the Harbor Mixed-Use Transit Corridor Plan (SP2) requires a minimum of 15% of the lot size to be provided as common open space or plaza space.</p> <p>As proposed, the project provides 5 percent common open space or 800 square feet in the form of a common open deck on the second floor. Strict adherence to this common open space requirement would result in a reduction in the number of units that can be provided in the overall project, thus reducing the applicant’s ability to achieving the full 35-percent density bonus to which the applicant is entitled under State Housing Law and affecting the feasibility to construct the project. In order to provide the required common open space and maintain the current proposed unit count, the developer would be required to construct additional floor levels, which would exceed the maximum allowable height as part of the Harbor Mixed Use Transit Corridor Plan (SP-2), and would further increase development costs making the project economically infeasible. To help alleviate the common open space deficiency, the project proposes a 1,477-square-foot community room, a separate fitness room, and an average of 50 square feet of private open space per unit (1,100 square feet total), through use of private balconies/decks for each unit.</p>

<p>Building Frontage Type and Floor Height</p>	<p>Table 3-4 (Frontage Floor Height Minimums and Districts) of the SP2 indicate that arcade, gallery, shop front, forecourt, stop, and front yard/porch are the six allowed frontage types. As proposed, the project does not identify a frontage type that is consistent with SP2.</p> <p>Maintaining the required frontage type and minimum floor heights would result in a complete site and architectural redesign, involving more of the site area dedicated to the frontages design. In order to maintain the current proposed unit count, the developer would be required to redesign the site and elevation design, further increasing development costs and potentially leading to a loss of residential units, and a loss of further open space. Additionally, adherence to the frontage and floor height minimum requirements would be economically infeasible, as it would require additional cost to provide the materials required for the allowed frontage types.</p>
<p>Lot Size/Width (Stacked Dwelling building type)</p>	<p>Table 3-3 (Building Type and Form) of the SP2 required Stacked Dwellings to have the minimum lot size dimensions of 130 feet deep and 125-200 feet wide. As proposed, the project is located in a lot with the lot size dimensions of 148.25 feet deep and 100 feet wide.</p> <p>The proposed development is located on an existing lot surrounded by existing commercial and residential development. Specifically, the project is abutting an apartment complex that was first constructed in 1986 to the west and commercial buildings that were constructed in 1962 to the north and south. In order to comply with lot width standards, the developer would be required to purchase a lot to the north or south and demolish the existing development on either site. This would result in increasing costs and would make the project infeasible. Moreover, the development site and adjacent properties all have smaller than average lot widths, compared lots along north Harbor Boulevard. These lots range in lot depth and width, but most exceed 200 feet in lot width. In comparison, the site would have a lot width and depth of 148.25 feet deep and 100 feet wide, with a deviation of 25 feet for the minimum required lot width. Although the site has a deviation of 25 feet in the lot width, the applicant's stacked dwelling building design still accomplishes the intention of the SP2 by providing a compatible design and balanced composition of massing on the project site, with appropriate interior floor area and individual unit sizes.</p>
<p>Onsite Open Space (Stacked Dwelling building type)</p>	<p>Pursuant to the Open Space Standards in SP2, the total onsite open space open to the sky must be two-thirds and designed as a courtyard or forecourt. Based on the lot size for the proposed project, the total onsite open space open to the sky should be 1,482 square feet and designed as a courtyard or forecourt. As proposed, the project will have an 800 square-foot deck.</p> <p>As proposed, the project provides 800 square feet of open space that is designed as a deck open to the sky. The deck will be furnished, landscaped, and connected to the interior 1,477-square-foot community room. The proposed configuration would provide a contiguous 2,277 square feet of open space. Strict adherence to the two-thirds requirement would lead to the elimination of two or more units, which would affect the feasibility to construct the project. In order to maintain the current proposed unit count, the developer would be required to construct additional floor levels or required to provide underground parking, which would further increase development</p>

	costs and make the project financially infeasible. Moreover, due to the site's limited size, the project proposed podium level parking, and the residential units stacked above the podium parking. Creating a courtyard or forecourt, would result in the project reducing the number of units by two or more in order to adhere to the open space standards.
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When analyzed cumulatively, the requested concessions and waivers could be avoided if the project were designed on a different site or using a different site plan. If the project were designed on a larger site with a multi-level parking and/or subterranean parking structure, or if the applicant used different building materials to construct a taller project on a larger site, additional area on site would become available to provide the open space requirements and the allowed building frontage type. However, these changes would increase development costs, resulting in the housing project becoming financially infeasible due to the significantly increased financial implications of an alternative construction type compared to the relatively smaller scale of the project. In addition, these changes would reduce the number of units that could be constructed on the site and therefore eliminate the affordable housing units that would result from the project.

In addition, the changes would increase development costs and reduce the financial feasibility of redeveloping the site, resulting in the affordable housing project becoming financially infeasible due to the significantly increased financial implications. Lastly, the proposed deviations are necessary to make the project economically feasible for the applicant to utilize a density bonus authorized for the development pursuant to Section 41-1603 of the SAMC.

#### *Site Plan Review*

Pursuant to Chapter 3 (Land Use Plan and Development Standards) of the SP2, any structure that exceeds three (3) stories in height is subject to discretionary review and approval of a site plan review (SPR) by the Planning Commission, for compliance with the SP2. Planning staff has reviewed the project for compliance with the SP2 and all applicable development standards and City design guidelines. As proposed, the development would meet all required SP2 development standards and City design guidelines, with exception of the requested concessions and waivers identified as part of the density bonus agreement analysis (i.e., minimum common open space, building frontage and floor height, lot width, and onsite open space requirements).

The proposed development will incorporate residential units that are in close proximity to the corridor, which will increase street presence and create new activity throughout the day. It would also add further visibility along the street, contributing to an improved sense of community and safety. As a result, the proposed project will bring a safer and more vibrant atmosphere for corridor users. Moreover, the proposed project will be compatible with adjacent development and achieve the design and development principles outlined in SP2. As previously mentioned, the project features a contemporary architectural style similar to many multiple-family or mixed-use residential communities under construction in the

Specific Plan area and the region. The overall design, massing, features, and materials of the new construction will be compatible with, but differentiated from the existing neighborhood. Furthermore, the City's Development Review Committee (DRC) has reviewed the project and finds that it is in compliance with the majority of development standards contained within SP2, with the exception of the noted request for concessions/incentives and waivers to allow deviation from the code requirements aforementioned.

### *General Plan Consistency*

The proposed project is located in the Urban Neighborhood-Medium High (UN-50) land use designation of the General Plan, which allows for development of semi-urban villages that are well connected to schools, parks, and shopping centers. Additionally, projects in the UN-50 are in areas that are accessible by multiple modes of transportation, have lively and pedestrian-friendly streetscapes and are designed to foster community interaction. The land use designation allows a mix of uses, including medium and medium-high density apartments, townhomes, garden- or motor-court homes, and neighborhood- serving commercial. Moreover, approval of the SPR will be consistent with the goals and policies of the General Plan.

Specifically, goals 1, 3, and 4 of the Land Use Element. Goal 1 of the Land Use Element (LU) encourage responsible growth by providing a land use plan that improves the quality of life and respects the existing community. Policy 1.1 of the LU asks that new projects foster compatibility between land uses to enhance livability and promote healthy life styles. Policy 1.2 and 1.5 of the LU encourage innovative development policies to expand homeownership opportunities at all income levels and quality infill residential development that provide a diversity of housing type for all income levels and age groups. Policy 1.8 of the LU encourages development tradeoff to ensure that new development project provide a net community benefit. Goal 3 of the LU encourages the preservation and improvement of the character and integrity of the existing neighborhoods and districts. Policy 3.1 of the LU supports new development that provides a net community benefit and contributes to the neighborhood character and identity. Goal 4 supports a sustainable Santa Ana through improvements to the built environment. Policy 4.1 of the LU encourages the promotion of complete neighborhoods by encouraging a mix of complementary uses, community services, and people places within a walkable area. Lastly, Policy 4.6 supports diverse and innovative housing types that improve living conditions and promote a healthy environment.

Approval of the requested entitlements would contribute towards the City's rental housing stock to serve the needs of diverse and underserved populations. Moreover, the construction of this project will contribute toward an economically balanced community by providing housing for different demographic and income levels in an area rich with employment opportunities, commercial development, and market-rate housing. Lastly, approval of the requested entitlements would promote residential development,



enhanced/healthy life styles, and would contribute to the net community benefit by improving the corridor along Harbor Boulevard.

#### *Affordable Housing Opportunity and Creation Ordinance (AHOCO)*

The proposed development is subject to the requirements of the City's Affordable Housing Opportunity and Creation Ordinance (AHOCO), which requires rental unit developments to provide a minimum number of affordable units, depending on the proposed affordability level (i.e., low-income, very low-income, extremely low-income, or a combination). In this case, the developer is proposing to provide very low-income units. Pursuant to the AHOCO, the applicant is required to provide ten percent (10%) very low-income onsite affordable units. Therefore, two very low-income units would be required to be provided onsite to be rented for occupancy, or held vacant and available for immediate occupancy, by very low-income tenants.

The developer is proposing to satisfy the AHOCO by providing two onsite rental units for rent to very low-income tenants. These units will be dispersed throughout the community and will each contain one bedroom and will be approximately 633 square feet in size (gross area), with a 50-square-foot deck. The developer's Inclusionary Housing Plan has been reviewed and approved by the City's Housing Division, which determined the unit type to be restricted as affordable (i.e., one-bedroom) based on the breakdown of total unit types proposed (e.g., 18 one-bedroom units proposed).

#### **Public Notification and Community Outreach**

Project notifications were posted, published, and mailed in accordance with City and State regulations. Copies of the public notice, including a 1,000-foot notification radius map, and the site posting are provided in Exhibit 12. In addition, staff contacted the provided contacts for the Riverview West and Santa Anita Neighborhood Association to ensure they were aware of the project and public hearing. At the time this report was printed, no issues of concern were raised regarding the proposed development.

#### **ENVIRONMENTAL IMPACT**

Pursuant to the requirements of the California Environmental Quality Act (CEQA), an Environmental Impact Report (EIR) was prepared and certified in 2014 in order to address the potential environmental impacts associated with the Harbor Mixed Use Corridor Specific Plan. A mitigation monitoring and reporting program (MMRP), findings of fact, and a statement of overriding consideration were adopted with the 2014 EIR.

As proposed, the development is not anticipated to have additional environmental impacts not addressed in the 2014 EIR. Therefore, no additional environmental review will be required. Based on this analysis, a Notice of Exemption, Environmental Review No. 2022-12 will be filed for this project. However, all applicable mitigation measures in the original

EIR and associated MMRP will be enforced. The 2014 Harbor Mixed Use Plan EIR and MMRP have been provided as Exhibit 11 for reference.

**EXHIBIT(S)**

1. Resolution Approving SPR No. 2023-02 as conditioned
2. Resolution Approving DBA No. 2023-02 as conditioned
3. Vicinity Zoning and Aerial View
4. Site Photos
5. Site Plan
6. Unit Floor Plans
7. Building Elevations
8. Conceptual Rendering
9. Preliminary Landscape Plans
10. Draft Density Bonus Agreement
11. 2014 Harbor Mixed Use Plan EIR
12. Copy of Public Notice

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Approved By:  
Minh Thai, Executive Director, Planning and Building Agency