

HALLIGAN, MICHELLE

PH-1

From: TAI, CARRIE
Sent: Monday, February 9, 2026 9:38 AM
Cc: PARTIDA, ANNA; MCGILL, ANNA; DACEY, MELINDA; HALLIGAN, MICHELLE; Tarquin Preziosi
Subject: CJ Segerstrom & Sons: February 9 PC Agenda Item PH-1
Attachments: CJ Segerstrom & Sons Letter to Planning Commission 020726(19234784.5).pdf

bcc: Planning Commission

Chair Harlan and Members of the Planning Commission,

Please find attached a letter from C.J. Segerstrom & Sons pertaining to the public hearing agenda item on tonight's Planning Commission agenda. C.J. Segerstrom & Sons is requesting that their properties be excluded from the rezoning item, in concert with a request to remove their properties from the housing element sites inventory (which will be considered at a future meeting). The reason for these requests relates to how cities must apply overlays given the findings of a recent case law.



Carrie Tai, AICP
Director
City of Costa Mesa | Economic and Development Services Department
(714) 754-5270
77 Fair Drive | Costa Mesa | CA 92626

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Cox, Castle & Nicholson LLP
3121 Michelson Drive, Suite 200 C
Irvine, California 92612-5678
P: 949.260.4600 F: 949.260.4699

Tim Paone
949.260.4655
tpaone@coxcastle.com

February 7, 2026

Jeffrey Harlan, Chair
Jon Zich, Vice Chair
Karen Klepack, Commissioner
Johnny Rojas, Commissioner
Angely Andrade Vallarta, Commissioner
David Martinez, Commissioner
Robert Dickson, Commissioner

c/o Carrie Tai
Director of Economic and Development Services
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626

Sent by Email to: Carrie.Tai@costamesaca.gov

Re: C.J. Segerstrom & Sons Properties in Zoning Ordinance

Chair Harlan and Members of the Planning Commission:

This letter serves as the adamant objection by C.J. Segerstrom & Sons ("CJS") to the adoption in its current form of the proposed Zoning Code Amendment which is Item Number PH-1 on your February 9 meeting agenda. As an overriding theme of this objection, we ask that you keep in mind that the purpose of the statewide RHNA-driven Housing Element update process is to heavily incentivize residential development, not to compel it.

In a letter to the City Council from our office on January 30, 2026, CJS requested that the City take "all actions necessary" to remove from the City's Housing Element the identification of fourteen properties owned by CJS (the "CJS Properties") as "Housing Element sites" with mixed-use overlays. All Planning Commissioners were copied on that letter. Today, we are asking the Planning Commission to recommend to the City Council that the CJS Properties be expressly exempted from the proposed zoning amendment's MUOD requirements.

The basis for this request is straightforward: In 2022, CJS was assured by the City that the mixed-use overlays in the subsequently adopted Housing Element would not jeopardize existing zoning designations on the CJS Properties, leaving CJS the option to pursue residential uses if, when, and to the extent consistent with CJS's business planning. As noted in our letter to the City Council,

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through no fault of the City, changing circumstances have lessened that assurance. The ongoing proliferation of new housing laws and uncertainty created by court rulings have delivered the reality of “unintended consequences.” If adopted as now written, the zoning code amendment before your Commission will effectively reverse the commitment made by the City to CJS in 2022.

HCD’s methodology for the preparation of an inventory of properties suitable and available for residential development includes factors related to ownership, existing uses, encumbrances, applicable development agreements, the landowner’s intent (or not) to pursue residential development, and much more. In hindsight, the cooperation of CJS in allowing the City to place the CJS Properties in mixed-use overlay districts based upon the good faith assurance that residential development would not be required may have limited the perceived need for a thorough evaluation of these factors. What understandably was not foreseen by the City was that the courts would upset HCD’s statewide practice of accepting Housing Element mixed-use overlays which allowed, but did not require, residential development.

By effectively requiring some residential in the City’s MUOD Housing Element sites, the zoning amendment before you appears to be an understandable strategic reaction to a court decision that did not involve the City. This change in course, however, negates the good faith assurance that the City had given CJS and, in our view, is not a strategy that should be applied to the CJS Properties. If needed to protect CJS’s critical commercial interests, we will provide appropriate clarification directly to HCD to demonstrate that the CJS Properties are not appropriate Housing Element sites.

There is, however, a better approach. A simple modification of the proposed zoning amendment would resolve our concern with that amendment. A similar provision already is included for another property. Article 11, Section 13-83.58(b)(3) of the proposed zoning amendment (see Exhibit E of the Staff Report) now states:

“Exception. The provisions of this Section shall not apply to residential projects or mixed-use projects having residential units located within the boundaries of the Fairview Development Center Specific Plan.”

CJS requests the Commission to include in its recommendation to the City Council that the following language be added to the proposed zoning amendment as Section 13-83.58(b)(4):

“Exception. The provisions of this Section shall not apply to residential, mixed-use, or other projects located within the boundaries of any of the following properties identified in Table B-6 of the Housing Element:

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HE Site No.	CJS Site ID
134	Harbor Associates
136	Harbor Associates
137	Home Ranch
138	Home Ranch
198	Home Ranch
139	Town Center
140	Town Center

HE Site No.	CJS Site ID
141	Town Center
205	Town Center
145	South Coast Plaza
146	South Coast Plaza
147	South Coast Plaza
203	US Post Office
204	US Post Office

This narrowly tailored exemption would honor the representations made to CJS and, when combined with the requested removal of the CJS properties from the list of Housing Element sites, would avoid adverse consequences to long-standing, actively operated commercial properties which greatly benefit the community and the City.

CJS appreciates the Commission's consideration of this request and respectfully urges the Commission to recommend this amendment to the City Council. Please reach out to either me or Justin McCusker if you have any questions.

Thank you.

COX, CASTLE & NICHOLSON LLP



By: Tim Paone
Partner

cc: Costa Mesa City Council
Costa Mesa City Manager Cecilia Gallardo-Daly



Cox, Castle & Nicholson LLP
3121 Michelson Drive, Suite 200 C
Irvine, California 92612-5678
P: 949.260.4600 F: 949.260.4699

Tim Paone
949.260.4655
tpaone@coxcastle.com

January 30, 2026

Mayor John Stephens
Mayor Pro Tem Manuel Chavez
Council Member Jeff Pettis
Council Member Andrea Marr
Council Member Loren Gamos
Council Member Mike Buley
Council Member Arlis Reynolds

c/o Carrie Tai
Director of Economic and Development Services
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626

Sent by Email to: Carrie.Tai@costamesaca.gov

Re: CJS Properties in Housing Element

Mayor Stephens and Members of the City Council:

As you know, C.J. Segerstrom & Sons ("CJS") has deep roots in the City of Costa Mesa. The City and CJS not only have significantly benefited from each other's continued success, but also have a demonstrated history of cooperation to further that success. It was with that cooperative spirit that CJS agreed to the City's request that fourteen properties owned by CJS (the "CJS Properties") be identified "Housing Element sites" with mixed-use overlays as part of the City's Housing Element update process. CJS's cooperation relied on the City's assurance that these overlays would not jeopardize existing zoning designations, but instead would give CJS the option to pursue residential uses if and when consistent with CJS's business planning. Standing alone, the Housing Element as adopted by the City Council in 2022 reflected that assurance.

Through no fault of the City, however, changing circumstances have lessened that assurance. Since 2022, new State housing laws have continued to proliferate, with the prospect of more to come. Both the City and the State's Department of Housing and Community Development ("HCD") have had to adapt not only to evolving State housing laws, but also to court decisions interpreting those laws, often with unexpected results. Concurrently, the City has been working to reconcile the various implications of Measure Y, Measure K, the "Neighborhoods Where We

All Belong” program, planning for the Fairview Developmental Center, and HCD’s rezoning requirements. As a result, the risk of “unintended consequences” has become significant.

Unlike many landowners, CJS is neither in a hurry to develop its properties nor, at this time, focused upon residential development of the CJS Properties. To the contrary, the common reputational and economic interests of CJS and the City are to a significant degree tied to CJS’s thoughtfully planned and highly successful commercial development. While these shared interests do not preclude residential development in the future, CJS is not ready to commit the CJS Properties to residential development at this time, whether directly or inadvertently.

As we have communicated since before the holidays, it has become clear that sooner or later CJS will need to request the removal of the CJS Properties from the Housing Element. Therefore, CJS is formally requesting the City to take all actions necessary to remove the CJS Properties from the Housing Element.

HE Site No.	CJS Site ID
134	Harbor Associates
136	Harbor Associates
137	Home Ranch
138	Home Ranch
198	Home Ranch
139	Town Center
140	Town Center

HE Site No.	CJS Site ID
141	Town Center
205	Town Center
145	South Coast Plaza
146	South Coast Plaza
147	South Coast Plaza
203	US Post Office
204	US Post Office

Please reach out to either me or Justin McCusker if you have any questions or if there are further steps which CJS must take to facilitate the near-term removal of the CJS Properties from the City’s updated Housing Element.

Thank you.

COX, CASTLE & NICHOLSON LLP



By: Tim Paone
Partner

cc: Costa Mesa City Manager Cecilia Gallardo-Daly
Costa Mesa Planning Commissioners