



PLANNING COMMISSION AGENDA REPORT

MEETING DATE: June 26, 2023

ITEM NUMBER: CC-3

**SUBJECT: 2021 AND 2022 ANNUAL REVIEW OF THE COSTA MESA 2015-2035
GENERAL PLAN**

DATE: JUNE 26, 2023

**FROM: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT /
PLANNING DIVISION**

**PRESENTATION BY: PHAYVANH NANTHAVONGDOUANGSY, PRINCIPAL
PLANNER AND JUSTIN ARIOS, ASSOCIATE PLANNER**

**FOR FURTHER
INFORMATION
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RECOMMENDATION:

Staff recommends that the Planning Commission review the 2021 and 2022 Annual Progress Report for the 2015-2035 Costa Mesa General Plan, and recommend City Council approve the requisite documentation for submittal to the State Office of Planning and Research (OPR) and the State Department of Housing and Community Development (HCD).

BACKGROUND / ANALYSIS:

The General Plan Annual Progress Report (APR) provides an overview of the actions taken by the City during the 2021 and 2022 calendar years to implement the City's General Plan programs and policies, including the City's Housing Element.

State Land Use and Zoning Law, Government Code section 65000 et seq., requires that an APR from the City's legislative body be submitted to the State each year for review. The State uses the General Plan APR to identify state wide trends in land use decision-making, and how local planning and development activities relate to statewide planning goals and policies. A Housing Element APR is also required and is used by HCD to track the progress of the implementation of a jurisdiction's Housing Element, and requires its submission as a threshold for several State Housing Funding Programs.

The attached APRs address implementation of the City's 2015-2035 General Plan, which was adopted in July 2016. The City's current APR submittal also addresses the City's adopted General Plan Housing Element and includes a 2021 APR for the 5th Cycle Housing Element which was adopted in January 2014 and covers the Regional Housing Needs Assessment (RHNA) planning period between January 2014 through October 2021, and the 2022 APR for the 6th Cycle Housing Element, which was adopted November 2022 and covers the RHNA planning period between October 2021 and 2029.

Pursuant to State Law, the Annual Progress Reports include the following elements:

- An overview of the City's General Plan implementation status and its consistency with State general plan guidelines; and
- A review of the City's progress in meeting the Regional Housing Needs Allocation (RHNA) objectives and a summary of local efforts towards development, preservation and rehabilitation of housing.

As summarized in the attached 2021 and 2022 APRs, the City continues to implement General Plan programs, has satisfied its 5th Cycle RHNA obligation and has progressed toward meeting its 6th Cycle RHNA obligation. As required by the State, the APR specifically addresses the following topics.

- **General Plan Implementation:** The degree to which the General Plan complies with the General Plan guidelines developed and adopted by the State Office of Planning and Research pursuant to section 65040.2. This information is included in Table 1 of the General Plan Annual Review.
- **Housing Element Annual Progress Report Forms:** These forms for calendar years 2021 and 2022 are respectively attached to the General Plan Annual Review as Attachments 3 and 4. The forms are formatted by State HCD and require the City to report the following information.
 - a. The City's progress in meeting its share of the RHNA allocation;
 - b. The number of housing development applications received over the prior year and the number of housing units included in these applications;
 - c. The number of housing units approved and disapproved in the prior year;
 - d. A listing of sites rezoned to accommodate the City's share of regional housing need; and
 - e. The number of net new housing units provided thus far in the housing element cycle.

Each of these reporting requirements (a-e) are addressed under the "Housing Element" heading for years 2021 and 2022 below.

City's General Plan Consistency with the State OPR General Plan Guidelines

The City of Costa Mesa's General Plan consists of seven elements that are required by State statutes and three optional elements. The seven required elements include: Land Use, Circulation, Housing, Conservation, Open Space and Recreation, Noise, and Safety. The City's General Plan provides goals and policies that addresses these categories consistent with the State General Plan statutes. The optional elements address additional topics that are of particular local significance and include: Growth Management, Community Design, and Historic and Cultural Resources.

As shown through various City actions and approved projects that are summarized in the General Plan APR, the City's General Plan serves as an effective guide for orderly growth and development, preservation and conservation of open space and natural resources, and efficient expenditure of public funds.

Note that to implement the 6th Cycle Housing Element and specifically to accommodate the City's RHNA allocation, future General Plan updates will be necessary to ensure that the City's General Plan will remain internally consistent and remain an effective guiding document for orderly growth. The future updates will also address other topics that are prompted by various State statutes, including incorporating "Environmental Justice" policies and incorporating reference to the recently adopted Local Hazard Mitigation Plan, in accordance to the State OPR General Plan Guidelines.

Below are a list of 2021 and 2022 City actions and project examples that help achieve the goals and objectives of the General Plan. The list below is not exhaustive and the attached annual report notes further specific projects, efforts, and details.

2021 General Plan Implementation Highlights

Land Use Element

- **Adoption of Ordinance No. 2021-20** – An ordinance that amends various sections of the Zoning Code to resolve internal inconsistencies, clarify intent and to conform the requirements of State Law. (Implements Land Use Element Goal LU-1 – *"A Balanced Community with a Mix of Land Uses to Meet Resident and Business Needs"*).

The update was a zoning code "clean-up" and was necessary to ensure that the City's Zoning Code effectively implements the City's General Plan Land Use Element. In doing so, the General Plan and Zoning Ordinance guide development of a balanced community with a mix of land uses to meet resident and business needs. The ordinance updated the definitions for Accessory

Dwelling Units (ADUs), Convenience Store, Mini-market, Specialty store, finished grade, natural grade, and boardinghouse (small and large); and, special use permit and reasonable accommodation provisions as set forth in City Ordinances and federal law.

- **Adoption of Ordinance No. 2021-02** - An ordinance that amends various sections of the Costa Mesa Municipal Code (CMMC) to clarify existing law in the City of Costa Mesa regarding the powers of code enforcement officers and civil responsibility for code violations in connection with any entitlement, permit, monetary grant, or other discretionary decision of the City. (Implements Land Use Element Goal LU-3 – *“Development that Maintains Neighborhood Integrity and Character”*).

This update was adopted to achieve the Land Use Element Objective LU-3A: *“Establish policies, standards and procedures to minimize blighting influences, and maintain the integrity of stable neighborhoods.”* The updates help the City achieve community improvement through enforcement of applicable regulations.

Circulation Element

- **Merrimac Way Active Transportation Improvement** – This project constructed improvements between Harbor Boulevard and Fairview Road that included cycle tracks, a multiuse path, and pedestrian crossing with pedestrian hybrid beacons. Construction was completed in August 2021. (Circulation Element Goal C-2 – *“Effectively Manage and Improve the Roadway System”*).
- **Fairview Road (Adams to Baker) Improvements** – This project improved traffic operations on Fairview Road and improved bicycle and pedestrian mobility with new Class II bike lanes, enhanced pedestrian crosswalks, new ADA access ramps, sidewalk replacement and a new traffic signal at Village Way. Construction was completed in December 2021. (Circulation Element Goal C-2A – *“Implement policies that encourage and accommodate all users while maintaining the efficiency of the circulation system”*).
- **Complete Streets Safety Assessment, Berkeley Safe TREC**, November 2021. (Circulation Element Goals C-4 – *“Promote Transportation Demand Management, Transit, and Efficiency”*; C-5 – *“Ensure Coordination Between the Land Use and Circulation Systems”*. and C-8 – *“Create a Safer Place to Walk and Ride a Bicycle”*).

Housing Element

Below is a summary of the 2021 Housing Element APR.

a. The City's progress in meeting its share of the RHNA allocation:

The City met its 5th Cycle Housing Element RHNA allocation for the planning period which included two lower-income units (one very-low and one low-income).

Overall Building Permits Issued during the 5th Cycle Housing Element and Building Permits Issued during 2021:

For the 5th Cycle Housing Element planning period, the City issued building permits for 1,232 new housing units (see the General Plan APR Attachment 1 Table B). Of the 1,232 building permits issued since 2014, 73 fell into affordable categories. Nine units are deed-restricted very-low income units associated with the approved project at the former Costa Mesa Motor Inn site (LUX Apartment Homes at 2277 Harbor Boulevard). The remaining affordable 64 units are accessory dwelling units (eight ADUs fell into the very-low income category, 37 ADUs fell into the low-income category and 19 ADUs fell into the moderate-income category). ADU affordability is determined by utilizing the Southern California Association of Government's (SCAG's) ADU Affordability Analysis as well as project specific information including ADU size, number of bedrooms and location.

For calendar year 2021, a total of 74 housing units were permitted and 90 completed construction. Nine building permits in 2021 were issued for single-family attached (SFA) units and 39 completed construction, 21 building permits were issued for single-family detached (SFD) units and 42 completed construction, for structures with "2-4 units", one unit was permitted and no "2-4 units" completed construction. In 2021, 43 building permits were issued for ADUs and nine completed construction. No mobile home housing unit development occurred in 2021.

5th Cycle Planning Applications for Housing Development with Five or More Residential Units:

Within the 5th Cycle Housing Element planning period, the City approved a total of 35 housing development applications that comprised of five or more residential units (2,911 housing units), with the majority of the applications approved prior to 2017. For the calendar years between 2014 and 2016, the City approved 28 housing project applications with five or more residential units entitling 1,733 total units. For the remainder of the 5th Cycle between 2017 and 2021, the City approved seven housing project applications with five units or more for a total of 1,178 units (one project approved in 2021 included 1,057).

b. The number of housing development applications received over the prior year, and the number of units included in these applications:

For the calendar year 2021, the City received a total of 122 housing development applications with 123 total proposed units. For the purpose of the HCD Housing Element APR Forms, the housing development applications include data on housing units and developments for which an application was determined complete. This includes, but is not limited to, developments that involve both discretionary and nondiscretionary approvals. Thus, an application for a single-family unit and an ADU is counted as one housing development application with two housing units. The 2021 HCD Housing Element APR Form is attached to the General Plan APR as Attachment 1. Table A – “Housing Development Applications Submitted” shows that with very few exceptions, the type of housing development (“Unit Category”) proposed in 2021 in the City primarily included “single-family detached” (SFD) units and “accessory dwelling units” (ADUs).

c. The number of units approved and disapproved in the prior year:

For the calendar year 2021, the City approved 47 housing units and no units were denied.

d. A listing of sites rezoned to accommodate the City’s share of regional housing need:

For the calendar year 2021, there was no rezoning required or approved that specifically accommodated the City’s share of regional housing needs for the 5th Cycle Housing Element. The RHNA for the 5th Cycle Housing Element was two low-income units and capacity already existed to accommodate those units.

e. The number of net new housing units provided thus far in the housing element cycle:

For the calendar year 2021, 90 housing units completed construction and received building permit final.

- **Ordinance No. 2021-03** – An ordinance amending portions of Title 13 of the Costa Mesa Municipal Code Pertaining to Accessory Dwelling Units and Junior Accessory Dwelling Units Consistent with State Law (Adopted March 2021).

Staff updated Zoning Ordinance to be consistent with Assembly Bill (AB) 68, AB 881, Senate Bill (SB) 13, AB 587 and AB 670. The ADU application process, fees and City website was also updated to provide public information. (Implements 5th Cycle Housing Element Goal HOU 2 – “*Provide a range of housing choices for*

all social and economic segments of the community, including housing for persons with special needs”.)

- **Ordinance No. 2021-21** – An ordinance amending portions of Title 13 of the Costa Mesa Municipal Code relating to implementation of Senate Bill 9 for the creation of two (2) residential units per lot and urban lot splits in single family residential zones (Adopted December 2021).

Senate Bill 9 was signed into law on September 2021 and took effect in January 2022. This law provides an opportunity for property owners to establish a second unit and/or split an existing single family residentially-zoned lot through a ministerial process, provided that the proposed housing development meets specific criteria. (Implements Land Use Element LU 1.3 – *“Strongly encourage the development of residential uses and owner-occupied housing (single-family detached residences, condominiums, townhouses) where feasible to improve the balance between rental and ownership housing opportunities”.*)

2022 General Plan Implementation Highlights

Land Use Element

- **Adopted Ordinance No. 2022-09, Resolution No. 2022-53, Resolution No. 2022-54, Resolution No. 2022-55, and Resolution No. 2022-56** (Implements Land Use Element Goal LU-1 – *“A Balanced Community with a Mix of Land Uses to Meet Resident and Business Needs”*).

In November 2022, voters approved an ordinance to provide for housing opportunities and revitalization along commercial/industrial corridors.

Circulation Element

- **Bicycle Racks Citywide** – The Public Works Department installed 40 bicycle racks throughout the City in commercial areas and community centers. (Circulation Element Goals C-1 – *Implement “Complete Streets” Policies on Roadways in Costa Mesa*; and C-4 – *Promote Transportation Demand Management, Transit, and Efficiency*“.)
- **Draft Pedestrian Master Plan**, completed in June 2022. (Circulation Element Goals C-1 – *Implement “Complete Streets” Policies on Roadways in Costa Mesa*”; C-2 – *Effectively Manage and Improve the Roadway System*”; and C-4 – *Promote Transportation Demand Management, Transit, and Efficiency*“.)
- **Transit Stop Improvements** – This project improved public transit stops and constructed new transit shade structures at three locations: Fairview Road north Arlington Drive, Harbor Boulevard north of Wilson Street, and Placentia Avenue

south of 19th Street. Construction has commenced and is to be completed in May 2023. (Circulation Element Goals C-2 – “*Effectively Manage and Improve the Roadway System*”; and C-3 – “*Enhance Regional Mobility and Coordination*”).

- **Neighborhood Traffic Improvement** – This project includes the implementation of neighborhood traffic improvements including signs, speed humps, crosswalk enhancements, and other landscape improvements to enhance the neighborhood character. Public outreach and surveys were conducted for the Meyer Place Traffic Calming Project and similar pilot projects for Royal Palm Drive, Cabrillo Street and East 18th Street. (Circulation Element Goals C-1 – “*Implement ‘Complete Streets’ Policies on Roadways in Costa Mesa*”; and C-2 – “*Effectively Manage and Improve the Roadway System*”).
- **Randolph Avenue Improvement** – This project included the installation of new signing, striping, on-street parking, pedestrian and traffic calming improvements along Randolph Avenue and St. Clair Street between Bristol Street and Baker Street. Construction was completed July 2022. This project supports a mix of land uses in the City’s SoBECA neighborhood. (Circulation Element Goals C-1 – “*Implement ‘Complete Streets’ Policies on Roadways in Costa Mesa*”; and C-2 – “*Effectively Manage and Improve the Roadway System*”).

Safety Element

- **The City completed and released its Draft Local Hazard Mitigation Plan (LHMP) for public review from September to October 2022** - The Local Hazard Mitigation Plan allows the City to better plan for future emergencies. After a disaster occurs, communities take steps to recover from the emergency event and rebuild. An LHMP is a way for the City to prepare in advance for disasters, so when they happen, less damage occurs, and recovery is more manageable. The City approved the its Local Hazard Mitigation Plan on April 4, 2023. Pursuant to State statute, future updates to the Safety Element are required to incorporate reference to City’s Local Hazard Mitigation Plan and address Climate Adaptation. (Safety Element Objectives S-1A – “*Work to mitigate and prevent potential adverse consequences of natural and human-caused disasters*”; and Safety Element Goal S-2 – “*Plan, promote, and demonstrate a readiness to respond and reduce threats to life and property through traditional and innovative emergency services and programs*”).

Housing Element

Below is a summary of the 2022 Housing Element APR.

a. The City’s progress in meeting its share of the RHNA allocation:

Staff completed, released for public review, and submitted the City’s 6th Cycle draft Housing Element to the State in 2021. The City Council adopted the Housing

Element on February 1, 2022. Following revisions that were made to respond to State comments, the City Council re-adopted the 6th Cycle Housing Element on November 15, 2022; and on May 9, 2023, HCD issued a letter acknowledging that the City's Housing Element is completed and meets the statutory requirements of State Housing Element Law. The 6th Cycle Housing Element planning period is between October 15, 2021 through October 15, 2029.

The City's 6th Cycle RHNA allocation is 11,760 total units including 6,801 lower income units (2,919 very-low, 1,794 low and 2,088 moderate-income units) and 4,959 above moderate-income units.

Building Permits Issued during the 6th Cycle Housing Element (thus far) and Building Permits Issued during 2022:

From October 15, 2021 to December 31, 2022, the City issued building permits for a total of 89 residential units, including 79 affordable units and 10 above moderate-income units. (See General Plan APR Attachment 2 - Table B). All 79 affordable units were accessory dwelling units (ADU's) with 24 ADU's in the very low-income category, 44 ADU's in the low-income category and 11 ADU's in the moderate-income category. These permitted housing units are all within existing residential neighborhoods.

Specifically, for calendar year 2022, the City issued 75 housing unit building permits, and 69 of the building permits were issued for ADUs (14 ADUs completed construction in 2022). No building permits were issued in 2022 for single-family attached (SFA) units; however, 11 SFAs completed construction (these housing unit applications were submitted during previous years). Six building permits were issued for single-family detached (SFD) units in 2022 and 13 completed construction.

6th Cycle Planning Applications for Housing Development with Five or More Residential Units:

Thus far for the 6th Cycle Housing Element, the City has not approved any new housing development with five or more residential units.

b. The number of housing development applications received over the prior year and the number of units included in these applications:

For calendar year 2022, the City received a total of 119 housing applications for a total of 132 housing units. (The 2022 HCD Housing Element APR Form is attached to the General Plan APR as Attachment 2.)

c. The number of units approved and disapproved in the prior year:

For the calendar year 2022, the City approved 28 residential units and denied none.

d. **A listing of sites rezoned to accommodate the City's share of regional housing need:**

The City's 6th Cycle Housing Element includes several housing programs that require updating zoning for specific areas in the City to accommodate housing on housing opportunity sites ("candidate sites") based on the City's share of the "regional housing need". At this time, the City has not yet completed its rezoning of candidate sites that were identified in the 6th Cycle Housing Element; however, the City has assembled a staff team to work on the effort, secured project funding, and will be initiating the community visioning and re-zoning effort in Summer of 2023.

e. **The number of net new housing units provided thus far in the housing element cycle:**

For the calendar year 2022, 38 total housing units completed construction and received building permit final. These units include 11 single family attached (SFA) units, 13 single-family detached (SFD) units, and 14 ADUs.

- **Ordinance No. 23-03 - Accessory Dwelling Unit (ADU) development** - In late 2022, the City held public hearings at Planning Commission for Zoning Code amendments to streamline the development of Accessory Dwelling Units (ADUs) in compliance with State Housing Law. The Code amendments were adopted by the City Council in February 2023. (6th Cycle Housing Element Goal 1 – *"Preserve and enhance the City's existing housing supply"*.)
- **Senate Bill (SB) 9 – Urban Lot Split** - In 2022, staff met with several interested property owners and received one SB 9 application for processing. (6th Cycle Housing element Goal 1 – *"Preserve and enhance the City's existing housing supply"*.)
- **Fairview Developmental Center Re-Use** - In December of 2022, the City executed an agreement with the State of California, providing for \$3.5 million in State funds to the City for community outreach and land use planning efforts for the re-use of the Fairview Developmental Center for mixed use/mixed income housing. The City has assembled its staff team, secured project funding, and a Request for Proposal (RFP) was released in Summer 2023. (6th Cycle Housing element Goal 3 – *"Identify adequate, suitable sites for residential use and development to meet the City's Regional Housing Needs Assessment (RHNA) at all income levels and promote a range of housing types to meet the needs of all segments of the Costa Mesa community"*.)

- **Project Homekey - Motel Conversion to Permanent Supportive Housing -**
In 2022, the City of Costa Mesa and County of Orange were awarded over \$10 million in State “Homekey” funds to acquire and convert the Motel 6 located at 2274 Newport Boulevard into permanent supportive housing. The conversion of the motel will occur in two phases. Phase 1 includes converting 40 units to Homekey-assisted units with wraparound services for individuals earning 30% or less than Area Median Income (30 of which are permanent supportive housing units serving homeless veterans and 10 of which are set aside for homeless individuals who meet the Mental Health Services Act eligibility criteria). The leasing office and interior/exterior common area spaces will be updated, as well as performing necessary improvements as required by the Americans with Disabilities Act (ADA). A 2-bedroom manager unit will be added. Phase 2 will convert the remaining 48 non-Homekey units into permanent supportive housing with wraparound services for seniors (62+) earning 50% or less of the Area Median Income. The courtyard at the south-end of the property will be updated and additional design elements will be added. Building permits to construct Phase 1 were issued in December 2022. (6th Cycle Housing Element Goal 2 – *“Facilitate the creation and availability of housing for residents at all income levels and for those with special housing needs”.*)

ENVIRONMENTAL DETERMINATION:

The Annual Progress Report for 2021 and 2022 of the 2015-2035 Costa Mesa General Plan and Housing Element is not subject to the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15378(b)(2), as this report and review is not a project as defined by this section.

ALTERNATIVES:

1. Recommend City Council approval of the Annual Progress Reports for 2021 and 2022 regarding the 2015-2035 Costa Mesa General Plan and adopted Housing Element. Once approved by the City Council, staff will then forward to the State Office of Planning and Research and the State Department of Housing and Community Development for their review; or
2. Suggest modifications to the Annual Progress Reports for 2021 and 2022 regarding the 2015-2035 Costa Mesa General Plan and adopted Housing Element. The Planning Commission may recommend modifications to the Annual Progress Report for City Council consideration.

LEGAL REVIEW:

The report has been approved as to form by the City Attorney's Office.

PUBLIC NOTICE:

There is no public notice requirement for the Annual Report.

CONCLUSION:

As required by the Government Code, the Annual Progress Report for 2021 and 2022 provides a status of the City's General Plan and the City's progress in its implementation for the calendar year (including progress toward meeting Housing Element goals and regional housing needs). Following City Council approval, the final annual report will be submitted to the State Office of Planning and Research and the State Department of Housing and Community Development, as required by State law.