



City of Costa Mesa

Agenda Report

77 Fair Drive
Costa Mesa, CA 92626

File #: 22-817

Meeting Date: 7/19/2022

TITLE:

APPROVAL OF A CITY BALLOT INITIATIVE ENTITLED "THE CITY OF COSTA MESA REVITALIZATION AND RESIDENTIAL NEIGHBORHOODS PROTECTION MEASURE"

DEPARTMENT: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/ PLANNING DIVISION

PRESENTED BY: JENNIFER LE, DIRECTOR OF ECONOMIC AND DEVELOPMENT SERVICES

CONTACT INFORMATION: JENNIFER LE, DIRECTOR OF ECONOMIC AND DEVELOPMENT SERVICES, (714) 754-5617

RECOMMENDATION:

Staff recommends the City Council:

1. Approve the proposed ballot initiative (Attachment 2) entitled "The City of Costa Mesa Revitalization and Residential Neighborhoods Protection Measure"; and
2. Provide direction on whether to place the proposed initiative on the November 8, 2022 ballot by adoption of the following resolutions:
 - a. Adopt Resolution 2022-xx (Attachment 1): Ordering the submission to the qualified electors of the City of Costa Mesa "The City of Costa Mesa Revitalization and Residential Neighborhoods Protection Measure" at the General Election to be held on Tuesday November 8, 2022, as called by Resolution No. 2022-27.
 - b. Adopt Resolution 2022-xx: Authorizing written arguments for or against the proposed initiative "The City of Costa Mesa Revitalization and Residential Neighborhoods Protection Measure", setting priorities for filing written arguments, determining the authors of the written arguments, and directing the City Attorney to prepare an impartial analysis (Attachment 4); and
 - c. Adopt Resolution 2022-xx: Authorizing the filing of rebuttal arguments for "The City of Costa Mesa Revitalization and Residential Neighborhoods Protection Measure" (Attachment 5); and
 - d. Adopt Resolution 2022-XX: Authorizing the filing of a Notice of Exemption pursuant to the provisions of the California Environmental Quality Act (Attachment 6).

BACKGROUND:**City Council Housing Goals**

In January 2021, the City Council established a three-year goal to “*Diversify, Stabilize and Increase Housing to Reflect Community Needs*”. This goal was established by the Council to address housing instability in the community and to prioritize efforts to plan for future housing for all segments of Costa Mesa’s population.

With nearly half of Costa Mesa’s residents experiencing a high to severe housing cost burden and housing prices increasing at unprecedented rates, housing instability and the need for housing options for Costa Mesa residents has become paramount to a sustainable community future. Similarly, the Costa Mesa business community is experiencing challenges to attract and retain employees due to the high cost and limited availability of housing in Costa Mesa.

Housing Plan

Concurrently, as required by State law, the City began its update of its General Plan Housing Element in 2020, which generally outlines the City’s policy framework and action items for housing for the next eight years. The City held its first community outreach meeting in November 2020.

Over the course of the Housing Element Update process, the City held 12 public meetings in the form of community townhalls, study sessions and public hearings to obtain feedback on the need for housing and appropriate housing locations (known as “housing opportunity sites”) for potential future housing development. In addition, a community housing survey was posted online in both English and Spanish with over 400 community responses received. These meetings were widely publicized in both English and Spanish and at each step there were opportunities for public involvement and comment in crafting the City’s housing plan. The community input for this Housing Element process was significantly higher than previous cycles, reflecting the critical importance of housing solutions for our community.

In summary, early community feedback highlighted the need for more housing options and specifically more housing that was affordable to Costa Mesa’s middle- and working-class families, seniors and individuals. Community feedback also highlighted a desire to preserve open space and existing established residential neighborhoods in Costa Mesa, while planning for future housing opportunities through the redevelopment and revitalization of the City’s commercial and industrial corridors, the area north of the I-405 freeway and on State-owned property at the Fairview Developmental Center.

Revitalizing Corridors and Preserving Established Residential Neighborhoods

In keeping with feedback from the community, the Housing Element was prepared and identifies future housing opportunity sites along commercial and industrial corridors, and north of the 405 freeway while protecting established single-family residential neighborhoods and open space areas.

The following corridors were identified as focus areas for housing and economic revitalization opportunities:

- Harbor Boulevard;
- Areas north of the I-405 freeway;
- West 17th, 18th and 19th Streets;
- Placentia Avenue;
- the SoBECA area; and
- Newport Boulevard.

Planning for potential housing along the above described corridors will require the City to amend its General Plan and undertake rezoning actions including updates to several outdated City land use plans. Many of these plans are 20 to 30 years old and no longer reflect the community's vision for housing or high quality development.

July 12, 2022 Study Session

On July 12, 2022 the City Council held a study session to receive an update and to discuss the future of housing in Costa Mesa and potential solutions to the current housing challenges. Staff provided an overview of community demographics, the status of Housing Element certification by the State, strategies to address housing instability implemented to date, feedback obtained by the most recent community survey on housing in Costa Mesa, and recommended next steps for planning for the future.

The City Council's Housing Ad Hoc Committee, comprised of Mayor Pro Tem Marr, Council Member Reynolds and Council Member Harlan, also provided an update. In light of the public comment related to community housing goals and a desire to move forward with a community visioning process for the revitalization of the City's commercial and industrial corridors, the Ad Hoc Committee recommended the City Council consider the placement of a measure on the November 8, 2022 ballot at its July 19, 2022 meeting. The Ad Hoc recommended that the measure amend the City's zoning code to allow the City Council to:

- Conduct a community visioning process resulting in updated land use plans for commercial/industrial corridors and the area north of the I-405.
- Revitalize corridors while keeping single family residential neighborhoods intact and restricting building heights.
- Provide affordable housing for working- and middle- class Costa Mesa families, seniors, and individuals.
- Protect open space and the environment.
- Require developers to pay impact fees to improve traffic, parks, and open space.

The Council received public comment and, after extensive discussion, directed staff to bring a ballot measure forward for discussion at the July 19, 2022 City Council meeting, reflective of the Ad Hoc's

and community's recommendations. The Study Session staff report is provided at the following link.

[Staff Report <https://costamesa.legistar.com/LegislationDetail.aspx?ID=5721130&GUID=1610EE75-86F3-4E01-A9CC-DA74CEECA32>](https://costamesa.legistar.com/LegislationDetail.aspx?ID=5721130&GUID=1610EE75-86F3-4E01-A9CC-DA74CEECA32)

ANALYSIS:

Following the City Council's direction from the study session, staff has prepared a ballot measure for discussion and potential action for placement on the November 8, 2022 ballot.

Ballot Measure

The proposed initiative ordinance amends Section 13-200.106 of the Costa Mesa Municipal Code to allow the City Council to approve and amend the City's General Plan, zoning, specific plans or overlay plans located in the following specific areas of the City:

1. Newport Boulevard/Old Newport Boulevard from Mesa Drive to the City limit and Superior between Newport Boulevard and the City limit
2. Harbor Boulevard from Baker Street to West 19th Street
3. Baker Street between SR-73 and SR-55 (commonly known as the SoBECA area)
4. West 17th Street from Newport Boulevard west to Monrovia, West 18th Street from Placentia west to Monrovia and 19th Street from Harbor Boulevard west to Whittier
5. Placentia Avenue from Victoria Street to West 16th Street
6. North of the 405 freeway as bordered by the City limits

Such land use plan updates would be for the purpose of planning for affordable housing opportunities and revitalization of existing commercial and industrial corridors. The updates to the City's land use plans would include restrictions on building heights and be subject to environmental studies and a robust public engagement process including community visioning meetings and noticed public hearings.

In order to be eligible, all residential and mixed use developments must include deed-restricted affordable housing pursuant to a City Council-adopted affordable housing ordinance or City Council approved Development Agreement. In addition, development impact fees would be required to be paid by developers to improve traffic, parks, and open space throughout the City.

The proposed ballot measure would allow the City Council to move forward with updates to the City's plans along the commercial and industrial corridors described above, thereby protecting established single family residential neighborhoods and open space while providing for corridor revitalization and opportunities for more affordable housing in areas of the City identified by the community. Such plan updates would allow the City to remain in compliance with State housing laws and avoid potential fines and State actions against the City that undermine local control of Costa Mesa's zoning and land use laws.

Updates to land use plans would be accompanied by in-depth community outreach and visioning exercises so that land use plans reflect community values and a desire for well-designed, high quality, compatible housing projects that fit into the context of its surroundings.

When drafts are complete, all land use plans would be released for a public comment period to ensure opportunities for community feedback. Ultimately, all land use plan updates would be reviewed by the Planning Commission and decided on by the City Council at a noticed public hearing to maintain local control.

Municipal Code Changes

In 2016, the voters approved a land use ballot measure commonly referred to as “Measure Y” which has since been incorporated into the City’s Municipal Code as Title 13, Chapter 9, Section 13-200. Since the measure was passed six years ago, only one project City-wide has come forward to the City Council that was eligible for a vote of the people under this Code section and no votes have yet taken place. The proposed amendment to the Municipal Code does not repeal or remove this Code section. Rather the amendment adds text to Section 13-200.106 of the Municipal Code that allows the City Council to adopt or amend City land use plans in specific areas of the City located along outdated commercial and industrial corridors for the purpose of corridor revitalization and provision of affordable housing opportunities, and clarifies the existing exception for affordable housing projects for that same purpose.

NEXT STEPS

If the City Council approves placing the measure on the ballot, the City Clerk will submit the Measure and required arguments and impartial analysis to the Registrar of Voters by the deadline of August 12, 2022, with rebuttal arguments submitted to the Registrar of Voters by the deadline of August 22, 2022.

ENVIRONMENTAL DETERMINATION

This measure including the amendments to the Zoning Code and Municipal Code proposed by this measure have been reviewed for compliance with the California Environmental Quality Act (CEQA) (Pub. Res. Code §§ 21000 et seq.), the CEQA guidelines (14 Cal. Code Regs. § 15000 et seq.) and the City’s environmental procedures, and has been found to be exempt pursuant to Sections 15378 (b)(5) (Not a Project) and 15061(b)(3) (General Rule) of the CEQA Guidelines, in that it is not a “project” under CEQA and it can be seen with certainty that there is no possibility that the proposed amendments to the Zoning Code or the Municipal Code will have a significant effect on the environment.

ALTERNATIVES:

1. Direct staff to place the proposed ordinance on the November 8, 2022 ballot incorporating specific revisions directed by the City Council.
2. Decline to place the initiative ordinance on the ballot.

FISCAL REVIEW:

The cost to place the initiative on the November 2022 ballot is estimated at \$25,000 and is included in the Fiscal Year 2022-2023 budget

The cost of citywide mailings would be approximately \$10,000 per mailing.

LEGAL REVIEW:

The City Attorney's office has reviewed this report for legal content and approved it as to form and prepared the draft Resolutions.

CITY COUNCIL GOALS AND PRIORITIES:

This item supports the following City Council Goals:

- Strengthen the Public's Safety and Improve Quality of Life
- Achieve Long-Term Fiscal Sustainability
- Advance Environmental Sustainability and Climate Resiliency
- Diversify, Stabilize and Increase Housing to Reflect Community Needs

CONCLUSION:

Staff is seeking direction whether to place a ballot measure on the November 8, 2022 ballot to allow the City to move forward with land use plans to revitalize outdated commercial and industrial corridors and provide for housing affordable to Costa Mesa residents.