77 Fair Drive
Costa Mesa, CA 92626

Item #: 25-377 **Meeting Date: 08/05/2025**

TITLE: MITIGATED NEGATIVE DECLARATION, GENERAL PLAN AMENDMENT (PGPA-24-0002), REZONE, DESIGN REVIEW, TENTATIVE TRACT MAP NO. 19334, AND DENSITY BONUS, FOR A 142-UNIT, OWNERSHIP RESIDENTIAL DEVELOPMENT AT 3150 BEAR STREET (MERITAGE HOMES)

DEPARTMENT: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/PLANNING DIVISION

PRESENTED BY: CHRIS YEAGER, SENIOR PLANNER

CONTACT INFORMATION: CHRIS YEAGER, 714-754-4883, CHRISTOPHER.YEAGER@COSTAMESACA.GOV

RECOMMENDATION:

The Planning Commission recommends the City Council:

1. Adopt a resolution (Attachment 1) to approve the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program

2. Adopt a resolution (Attachment 2) to approve the General Plan Amendment, Design Review, Tentative Tract Map, Density Bonus, and

3. Give first reading to the Ordinance for the Rezone (Attachment 3).

APPLICANT OR AUTHORIZED AGENT:

The authorized agent is Vanessa Scheidel representing Meritage Homes.

PLANNING APPLICATION SUMMARY

Location:	3150 Bear Street	Application Number:	MND (SCH No. 2025050135); PGPA-24-0002
Request:	The proposed project would redevelop the 6.12-acre subject property with up to 142 residential ownership units (including a minimum of 7 very-low-income units) with 20 single family dwellings and 122 townhomes, and 93,500 square feet of on-site open space. The request includes a General Plan Amendment to change the General Plan land use designation of the subject property from General Commercial to High Density Residential, Rezone to change the site's zoning designation from Administrative Professional (AP) to Multiple Family Residential (R3), Design Review to provide site plan and architectural details, and a Tentative Tract Map to allow for individual ownership of the units.		

	SUBJECT PROPERTY:		SURROUNDING PROPERTY:
Zone:	Current: Administrative and Professional (AP) Proposed: R3	North (across the 405 freeway):	PDC (Planned Development Commercial) developed with South Coast Plaza
General Plan:	Current: General Commercial Proposed: High Density Residential	South:	PDR-LD (Planned Development Residential – Low Density) developed with single family residences and CL (Commercial Limited) developed with an office building
Lot Dimensions:	Irregular - Approximately 469 feet by 600 feet	East:	R1 (Single Family Residential) developed with single-family residences
Lot Area:	6.12 acres	West (across Bear Street):	I&R (Institutional and Recreational) developed with Shiffer Park
Existing Development:	Office building and event center that was formerly occupied by Trinity Broadcasting Network.		

DEVELOPMENT STANDARDS COMPARISON

Development Standard	Requirement	Proposed/Provided	Compliance
Base Dwelling Units per Acre	20	20	Yes
Front Setback	20 feet	From 7.29 feet to 45 feet	No -Density Bonus Waiver Requested
Side Setback (L/R)	(10 ft/5 ft)	(45 ft/15.75 ft)	Yes
Rear Setback	15 ft	15.5 ft	Yes
Distance Between Buildings	10 Feet for main buildings	10 Feet	Yes
Driveway Width	16 feet	26 feet	Yes
Individual Dwelling Unit Minimum Lot Area	3,000 square feet with an overall average of 3,500 square feet	2,017 square feet with an overall average of 2,395 square feet	No – Density Bonus Concession Requested
Maximum Building Height	2 stories 27 FT Maximum	4 stories 52 feet	No – Density Bonus Waiver Requested
Minimum Open Space	40%	35%	No -Density Bonus Waiver Requested
Individual Dwelling Unit Lot	40% of induvial lot with minimum 400 square feet and no dimension less than 15 feet	Approx 50% with minimum of approximately 500 square feet and min dimensions of 15.5 feet	Yes

Townhome Private Open Space	An adjoining patio required with no dimension less than 10 feet.	Units include minimum 55 square foot balconies	No -Density Bonus Waiver Requested
Combined Parkway Width	10 feet	0 feet	No – Density Bonus Waiver Requested
Storage	200 cubic feet for townhomes	Minimum 200 cubic feet	Yes – Condition of Approval
Parking			
Residential (Density Bonus)	236	319	Yes
CEQA Status	Mitigated Negative Declaration (SCH No. 2025050135)		
Final Action Body	City Council		

BACKGROUND:

The project site, located at 3150 Bear Street, was used for agricultural purposes until the late 1970's when the existing development was constructed. The site was occupied by Trinity Broadcasting Network (TBN), as their international headquarters for over 20 years. TBN ceased operations in 2017. The site was then occupied as an office space and event center.

Figure 1 Project Location

As shown in Figure 1 above, the project site is located at 3150 Bear Street and is bound by the 405 Freeway to the north, single-family residences to the east and south, a two-story office-building to the south, and across Bear Street, to the west, is Shiffer Park. The site has a General Plan Land Use Designation of "General Commercial" and is zoned "Institutional and Recreational" (I&R).

The project site is entirely within the Airport Planning Area for John Wayne Airport, as defined by the Airport Land Use Commission (ALUC) of Orange County. Consequently, any proposed amendments to the General Plan must be referred to the ALUC for a consistency determination prior to adoption by the City Council. Following a recommendation from the Planning Commission, ALUC consistency must be confirmed before City Council action. This requirement aligns with Section 21676(b) of the California Public Utilities Code, which mandates that local agencies submit such proposals to the ALUC to ensure compatibility with the Airport Environs Land Use Plan (AELUP). The project was heard by ALUC at its regular meeting on July 17, 2025, finding that the project is compatible with the Airport Environs Land Use Plan (AELUP).

The project site also resides within a "Measure K" corridor. This measure, approved by Costa Mesa voters on November 8, 2022, seeks to reinvigorate commercial corridors by promoting new housing in commercial and industrial areas while preserving the character of adjacent residential neighborhoods. The measure allows for land use changes within identified corridors, including general plan amendments, rezoning, and specific plan amendments without a vote of the people.

General Plan Amendment Screening

City Council Policy 500-2 establishes a procedure for processing privately-initiated General Plan Amendments. This procedure involves a City Council screening of these requests prior to their acceptance for formal processing. The General Plan Screening is not a public hearing but requires a majority vote by the City Council in order for the application to proceed and be evaluated under the City's entitlement process.

On September 3, 2024, the City Council conducted a General Plan Screening for the proposed development. At that meeting, the City Council on a 7-0 vote directed staff to allow for the submittal of a land use application for a General Plan Amendment. The City Council staff report, minutes, and video of the General Plan Screening are available at these links:

September 3, 2024 City Council staff report:
https://costamesa.legistar.com/LegislationDetail.aspx?ID=6845949&GUID=403DA47F-9344-43A8-9509-1941A24CED2E

Minutes from September 3, 2024 City Council meeting:
https://costamesa.legistar.com/View.ashx?M=M&ID=1213770&GUID=368AD39B-871F-4F01-95A1-02496FFA4FD2

Video from September 3, 2024 City Council meeting:
https://costamesa.granicus.com/player/clip/4167?view_id=14&redirect=true

Based on the feedback provided in the screening, modifications to the project include reorienting the townhomes along the main entry street to have their front entrances face the street and the inclusion of sidewalks along all private streets.

Planning Commission Hearing

The project was presented to the Planning Commission during its regularly scheduled July 14, 2025, meeting. Public comments received regarded concerns that the proposed pedestrian gate on the eastern boundary of the project connecting the adjacent neighborhood at Olympic Avenue could allow future project residents to park on nearby public streets, reducing the availability of on-street parking for the existing residents. (The gate is further described in the Analysis section below).

The Planning Commission recommended that the City Council approve the project on a 5-0 vote (Zich and Dickson absent). In making a motion to recommend approval, the Planning Commission noted that the project would provide additional ownership opportunities to very low-income families. In addition, the majority of the proposed units are approximately 1,000 square feet, which is more affordable for first-time buyers. The links below provide additional details.

July 14, 2025 Planning Commission Staff Report and attachments:
https://costamesa.legistar.com/LegislationDetail.aspx?ID=7477374&GUID=B3C08CAF-7B2B-406E-8F90-9853962FA194

Video from the July 14, 2025 Planning Commission meeting:
https://costamesa.granicus.com/player/clip/4280?view_id=14&redirect=true

Following the Planning Commission meeting, a community meeting occurred on July 25, 2025 with members of the public and City representatives. During the meeting, several community members expressed their opposition to the pedestrian gate and the potential parking impacts that would have on the adjacent neighborhood.

ANALYSIS:

The project proposes to demolish the existing development and construct a residential common interest development (RCID) consisting of 20 two-story, detached, single-family dwellings along the southern and eastern project limits, and 122 stacked townhomes within eight, four-story buildings, including a minimum of 7 very-low-income units. The project also proposes to include 93,500 square feet of onsite open space. (i.e., common recreation area, passive recreation areas, decorative plantings, and private balconies). An additional 13,278 square feet of passive recreation area is proposed within the public right-of-way, which is maintained by the property owner through an existing maintenance agreement. All proposed infrastructure improvements would be located on-site with lateral connections located in the public right-of-way.

Vehicular access is provided by a new drive approach and traffic signal in the same general location as the existing driveway. An existing emergency access gate will be reconstructed at the project intersection with Olympic Avenue. Pedestrian access is provided by sidewalks accessing the public right of way and the proposed pedestrian gate accessing Olympic Avenue. The pedestrian gate would be locked outside of the operating hours of Shiffer Park.

The proposed development requires the following planning applications:

- General Plan Amendment
    - Existing Land Use Designation: General Commercial
    - Proposed Land Use Designation: High Density Residential

- Zone Change
    - Existing Zoning District: Administrative Professional.
    - Proposed Zoning District: R3 – Multiple Family Residential.

- Design Review – Required for construction, which results in three or more dwelling units on residential zones except for planned development.

- Tentative Tract Map – Proposed to establish easements and allow for individual ownership of the units.
- Density Bonus– Request to provide 122 units, with 5% affordable income units at the very low income level (7 units proposed) for a 20% density bonus. The request includes waivers to deviate from development standards related to maximum height, front setback, open space, parkways, individual unit lot size, and side-by-side units. A concession is requested to deviate from the residential design guidelines. The project also proposes to utilize density bonus parking ratios.

- Mitigated Negative Declaration – Environmental analysis stating that the project will not have significant environmental impacts after specific mitigation measures are implemented pursuant to California Environmental Quality Act ("CEQA").

Proposed Land Use

As shown in Figure 2 below, the project site has a current General Plan land use designation of "General Commercial" which is intended to permit a wide range of commercial uses that serve both local and regional needs. The overall City-wide land area dedicated to "General Commercial" is 614.44 acres (this proposed site accounts for approximately one percent of the City's "General Commercial" land use area).

To allow for the development of the project, an amendment to the Land Use Element of the General Plan is proposed. The amendment would change portions of the text, graphics, and tables within the Land Use Element; all other General Plan elements would remain the same. The Land Use Element would be amended to change the site's existing General Commercial land use designation to High Density Residential. High-Density Residential land use designations are intended for residential development with a density of up to 20 units to the acre.

According to the City's General Plan Land Use Element, areas designated as High-Density Residential are intended for residential development with a density of up to 20 dwelling units per acre, with some exceptions. The proposed base density for the project complies with a proposed 20 units per acre. These exceptions include "density bonuses" or density as permitted through approved Specific Plans or Master Plans. The General Plan includes a policy that "High-Density Residential areas should be in proximity to transportation routes, especially those served by public transit, and also within convenient distances to shopping and employment centers. Although proximity to transportation routes can result in a residential development being subject to impacts, High-Density Residential development can be less susceptible to impacts when visual and acoustical shielding techniques are incorporated into the project."

Figure 2 General Plan Amendment

The site is generally consistent with this policy in that it is in proximity to major streets and transportation routes, including Bear Street, Bristol Street, Baker Street, and South Coast Drive. The project site is also easily accessible to the I-405 freeway and the 77 freeway. The Orange County Transportation Authority (OCTA) operates the 55 bus route nearby with two bus stops located approximately a half mile away on Baker Street. There are also on-street Class 2 bike lanes on Bear Street, which connects to the City's bicycle infrastructure. The project site is surrounded primarily by residential uses with the exception of an existing office building to the south of the project site. To the north of the project, across from the 405 is a variety of commercial and retail uses, including South Coast Plaza and Metro Pointe. Additional resident serving retail and restaurants exist in the area along Bristol Street, Baker Street, and Paularino Avenue.

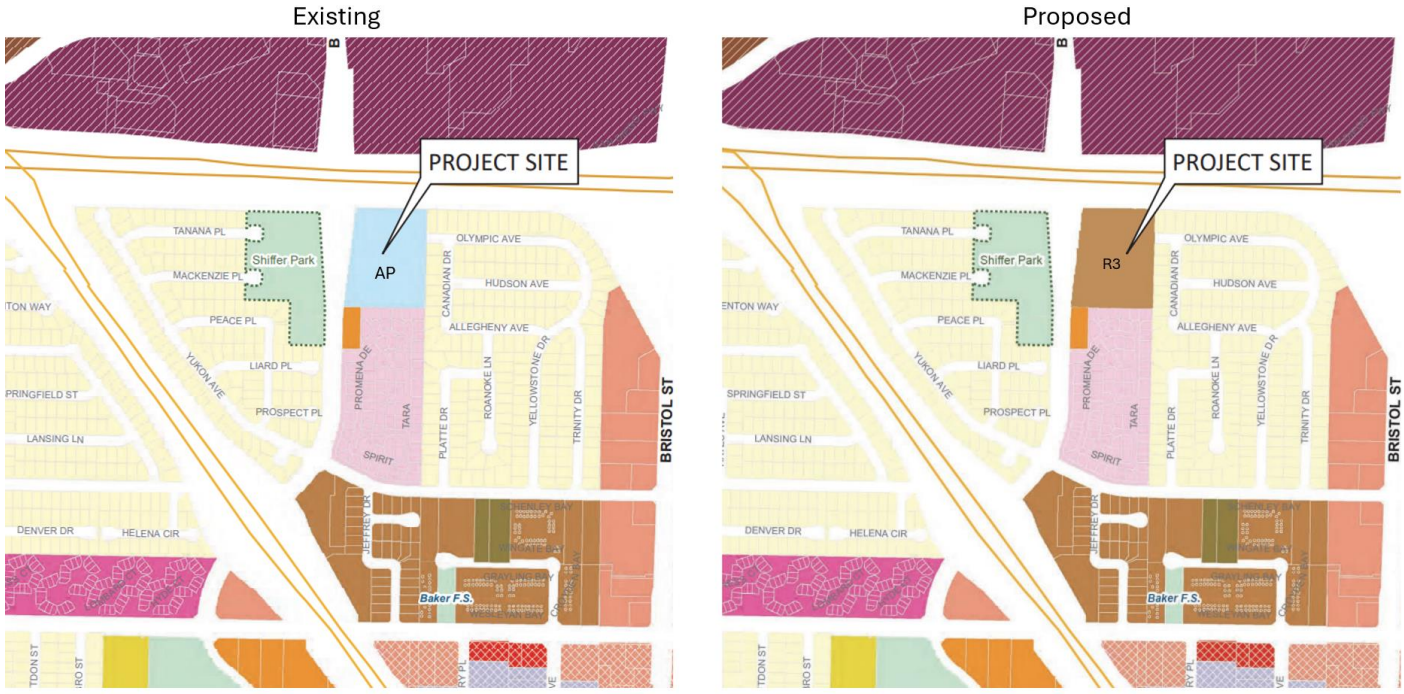
Commercial Uses and Employment

As shown in Figure 3 below, the proposed rezone would replace the site's current AP zoning district with R3 to allow residential uses. Pursuant to Costa Mesa Municipal Code (CMMC) Section 13-20, Zoning Districts, R3 districts are intended to promote the development of multi-family rental as well as ownership dwelling units.

The proposed project would reduce the land area zoned for commercial uses, which would incrementally reduce the City's revenue stream from commercial land uses. The Land Use change may result in fewer employment opportunities in the commercial sector. However, the project would replace the commercial with different jobs, such as remote positions. Given the housing shortage in the State

and the City's RHNA number, the addition of ownership housing with affordable units would increase the City's housing stock and improve the City's jobs/housing balance. Providing housing in proximity to major employment areas such as the commercial corridors along Bristol Street, Paularino Avenue, Baker Street and the areas north of the I-405 Freeway is encouraged as a means to reduce vehicle miles traveled and encourage a more integrated horizontal mixed-use land use strategy.

Figure 3 Rezone



Traffic, Vehicular Circulation, and Parking

Vehicular traffic to the site is provided from Bear Street through the one driveway at the southwest corner of the property. Private two-way streets are proposed throughout the site. Raised crosswalks are provided adjacent to the common open space areas, which double as a speed table to reduce traffic speed. Bicycle access to the site is available on the driveway, sidewalks, and through the pedestrian gate on Olympic Avenue and bicycle storage may be located within the units or garages.

A trip generation assessment was prepared to compare the trip generation of the existing site use with the proposed project. The findings of the assessment are below in Table 1. City of Costa Mesa guidelines require a Level of Service (LOS) based traffic study for development projects that generate 50 or more vehicle trip ends during a peak-hour. The proposed project is anticipated to generate fewer than 50 net new peak-hour trips in either peak-hour, which falls below the City's threshold. As such, no further analysis is required beyond what was analyzed in the project-specific Trip Generation Memorandum.

Table 1 Trip Generation Comparison							
Land Use	AM Peak Hour			PM Peak Hour			Daily
	In	Out	Total	In	Out	Total	
Existing TBN Building	90	7	97	8	79	87	530
Residential Use	16	47	63	51	30	81	1,000
Net Change in Trips	**-74**	**40**	**-34**	**43**	**-49**	**-6**	**470**

The project is subject to the City's traffic impact fees based on the project's net trips at $235 per net increase in trips. Payment of traffic impact fees is required by the CMMC and is also included as a condition of approval.

Traffic Signal

In coordination with the Public Works and Parks and Community Services Departments, the project proposes to install a new traffic signal at the intersection of Bear Street and the project entrance. The new signal will allow for signalized turning in and out of the project and a new crosswalk for pedestrians to cross Bear Street to access Shiffer Park. The new signal will result in one vehicular entrance to Shiffer Park being closed. The closed driveway will be replaced by landscaping. The new signal will still allow for unobstructed circulation for the office building to the south of the project.

Design Review

The proposed site plan is shown as Figure 4 below. The project includes eight four-story buildings, including 122 dwelling units and an additional 20 single family dwellings along the south and west property lines for a total of 142 units. Pedestrian circulation is provided by sidewalks and pathways throughout the project site. Raised crosswalks are included near the central amenity area, which will act as a walkway across the street and a speed bump for vehicles. The project includes the reconstruction of the vehicular entrance on Bear Street and the emergency access gate accessing Olympic Avenue. Within the project site, easement access is provided for various utility agencies.

Figure 4 Overall Site Plan

Detached Units

As shown in Figure 5 below, the 20 detached units consist of two specific plan types. All units are proposed to include an attached two-car garage with ground floor living space. Each proposed detached unit would have its own private open space in the form of private backyards. Each unit will include stucco, stone veneer, wood-like siding, flat roof tiles, and traditional fenestration patterns. Each unit is proposed to be 2 stories with a maximum height of 27 feet, which complies with the maximum permitted height.

Figure 5 Detached Units

Plan 1

Plan 2

Plan 1 proposes to include three bedrooms on the second floor as well as a laundry room and two bathrooms. Plan 1 is proposed with a modern farmhouse architectural element. It includes elements such as board-and-batten siding, a steep gable roof, and a welcoming front porch with simple columns. Plan 2 proposes to include one bedroom on the first floor and three additional bedrooms on the second floor. Plan 2 includes Contemporary Craftsman architectural elements. It has a more streamlined appearance with stucco and vertical siding, a modest front porch entry, and decorative elements like the over-garage trellis.

Attached Units

122 of the units are proposed to be spread across eight, four-story buildings with a maximum height of 52 feet. As proposed, and discussed further below, the project requests a waiver to allow for the maximum building height to exceed the CMMC standard. Specifically, the townhome portion of the project would have a maximum height of four stories/52-feet (two stories and 25 feet above the CMMC maximum height). The townhome component has been located as far as possible (greater than 120 feet) from the established residential units to reduce any privacy or shade impacts.

As shown in Figure 6 below, the townhomes include modern craftsmen architectural styles. Key architectural elements include the varied gabled rooflines with dormer accents, which reference modern craftsmen and farmhouse forms. The buildings feature a combination of vertical board-and-batten siding and horizontal lap siding that creates visual interest and breaks up the massing, typical of contemporary craftsmen and farmhouse aesthetics. The project will feature a mix of neutral earth tones (grays, whites, and natural wood-like finishes), which results in a clean, modern appearance while maintaining warmth. The repeated rectangular windows with simple trim and awnings provide a modern, functional feel. The use of wooden trellis-style structures and integrated balconies contributes to a pedestrian-friendly and layered facade.

Figure 6 Attached Unit Architecture

As shown in Figure 7 below, each unit is accessed via a ground-floor entry and is proposed to include an attached, tandem, two-car garage. Units 1 and 2 include an entry on the first-floor with the remainder of the living space being located on the second-floor. Plan 1 (green) includes two bedrooms, two bathrooms, an open main living space, and a private balcony. Plan 2 (pink) includes three bedrooms, two full bathrooms, one half bathroom, open living space, and a private balcony. Plan 3 (blue) and 4 (orange) include an attached, tandem, two-car garage and ground floor entry. The main living space for the units is located on the third and fourth floors and includes an open living area and multiple balconies. Plan 3 proposes to have three bedrooms and three bathrooms, and Plan 4 proposes to have four bedrooms and three bathrooms.

Figure 7 Attached Unit Floor Plans

As proposed, the project is consistent with the City of Costa Mesa residential design guidelines ("Guidelines"). The Guidelines are intended to promote design excellence in new residential construction. The Guidelines encourage architectural diversity that considers the existing neighborhood character and anticipated trends and development. It recognizes that there will be instances when these guidelines may yield an unsatisfactory design and that an applicant may propose a design that meets the intent of these design guidelines but not the specific criteria. In these instances, overriding consideration will be given to meeting the intent of the Residential Design Guidelines and promoting design excellence.

The proposed design of the detached and attached units meets the intent of the City's Residential Design Guidelines including:

- ***Second-Story Design*:** Two story structures shall be designed with articulation and off-sets on all elevations to avoid a boxy appearance from the street and neighboring views.

- ***Building Mass*:** The Guidelines establish that long, unbroken facades should be avoided. Variety should be accomplished through variation in building heights and forms.

- ***Second Story Side Setbacks***: Two-story unit construction with less than 2,700 square feet of living space are exempt from the second story side setback requirement.

- ***Elevation Treatments***: The project incorporates architectural projections, stepped forms to soften and provide transitions, emphasis on street facing elevations, and the incorporation of multiple building planes and offsets. In addition, the front elevations of Buildings 1 and 8 both face Bear Street and provide additional detailing as discussed above. Building 7 is located on the main entry to the project site and faces the private street with the enhanced front elevation.
- ***Roof Form**:* The project provides variation in roof form, orientation, and pitch to provide visual interest.

- ***Window Placement***: Consideration was given to the effect of proposed development on the privacy of adjacent properties. The sight line visibility study indicates that any privacy impacts of the 4-story townhomes would be reduced due to the fact that the two story detached units are located between the townhomes and the existing neighborhoods. Additionally, new trees will be planted in the rear yards of the detached units to provide additional privacy to the existing neighborhood.

- **Site Planning Considerations**: The location and orientation of all buildings are designed and arranged to preserve natural features by minimizing the disturbance to the natural environment. The existing Bear Street slope is proposed to be maintained in a natural state by the development.

- ***Consistency in Architectural Design***: The proposed design includes contemporary craftsmen and modern farmhouse architectural features that consist of materials and finishes of stucco, wood-like siding, and accents, which are durable and require minimal maintenance. In addition, the facades feature a variety of overhangs, materials, and roof forms, which provide visual interest and façade articulation. The top floor has been incorporated into the roof, which reduces the perceived height of the structures.

Unit Breakdown

The proposed unit mix includes detached units and attached units. A summary of the unit type and unit breakdown is shown in Table 1 below.

Table 2	Proposed Unit Breakdown				
Unit Type	Bedrooms	Baths	Unit SF	Private Open Space	Unit Count
Detached 1	3	2.5	1,442 SF	Approx. 600 SF	13 (9%)
Detached 2	4	3	1,946 SF	Approx. 600 SF	7 (5%)
Attached 1	2	2	1,062 SF	55 SF	45 (32%)
Attached 2	3	2.5	1,436 SF	74 SF	16 (11%)
Attached 3	3	3	1,832 SF	159 SF	45 (32%)
Attached 4	4	3	2,364 SF	194 SF	16 (11%)

Open Space

The proposed project includes a total of 93,500 square feet of public and private open space located on the subject property. Each unit is afforded a minimum 55 square foot balcony or private back yard space. An additional 13,278-square-feet of open space is proposed within the public right of way located along the east side of Bear Street where an existing maintenance agreement is in place. The maintenance agreement allows the property owner to utilize the space while maintaining and accepting liability for any use of the area.

The project includes various amenities, including an approximately 10,000 square foot tot lot and shaded BBQ area, and an approximately 12,000 square foot passive recreation turf area.

The project is not providing dedicated parkland and therefore is required to pay parkland impact fees for all new units. In addition to the required parkland impact fees, the applicant proposes to include a one-time payment of $250,000 to the City for the purposes of improving Shiffer Park.

Landscaping

Landscaping is proposed to be included throughout the project site, including within the front setback, along all roads and sidewalks, between garage doors, and within the open space areas. The project is proposed to include a combination of street trees, shade trees, specimen trees, flowering trees, and screening trees in addition to a variety of shrubs and ground covers.

The project site includes an existing hedge of mature Ficus trees along the southern property line. The trees are overgrown and poorly maintained and are therefore proposed to be removed as part of the project. A new hedge of either Carolina Cherry Laurel or Yew Pine is proposed to be planted along the property line, which will provide screening between the project site and neighboring properties. The existing east property line includes a variety of trees and shrubs that will also be removed. New screening trees will be strategically placed in the rear yard of the single-family dwellings to block direct views into the neighboring properties. In addition to the backyard screening trees, the project proposes to include 186 additional trees throughout the project site (178 required). An arborist report was submitted with the project outlining the feasibility of retaining on-site trees. The report found that the project would require the removal of 138 existing trees throughout the property because they cannot safely coexist with the required site redevelopment footprint. Twenty-nine trees will be protected in place and preserved in their current location on the undisturbed slope adjacent to Bear Street.

Parking

Density Bonus projects are permitted to utilize reduced parking standards consistent with the State Law. Two- and three-bedroom units are required to provide 1.5 parking spaces per unit, and four-bedroom units are required to provide 2.5 parking spaces per unit. In addition, tandem parking is permitted. Therefore, the project is required to provide a minimum of 236 parking spaces. The project exceeds the requirement by proposing 319 parking spaces, including 284 tandem garage spaces (two per unit) and 35 open parking spaces (0.25 per unit). Use of these parking standards is not considered an incentive or concession and must be allowed for projects proposing density bonuses.

Tentative Tract Map

A tentative tract map (TTM) is a preliminary subdivision map. The TTM outlines the proposed division of land subject to review and approval by the local agency before final mapping and development. The project's TTM proposes to allow for individual ownership of each unit as a condominium. The TTM would establish the required common lot in which all units would be constructed upon. In addition, the Tract Map establishes easements located throughout the property for utilities, access, and for public pedestrian access to pass through the lot from Olympic Avenue to Bear Street. A draft Declaration of Covenants, Conditions and Restrictions (CC&Rs) have been provided as part of the application submittal. Prior to issuance of permits, the CC&Rs will be reviewed and approved by the City Attorney's Office and the Planning Division to ensure compliance with all required laws and conditions of approval.

Density Bonus

California's Density Bonus Law allows a developer to increase the maximum number of dwelling units permitted on a property if the project meets certain criteria. In exchange for the increased density, a certain number of the new affordable dwelling units must be provided. As shown in Table 3 below, the base density of the project site would allow for 122 dwelling units. By providing 5 percent of the units at a very-low-income level, the applicant is entitled to a 20 percent density bonus, which would allow for a total of 147 dwelling units. The law also allows for reductions in required development standards, known as incentives, concessions, or waivers. Greater benefits are available for projects that reach higher percentages of affordability. Under Density Bonus Law, an ownership affordable unit maintains its affordability for 55 years through a recorded density bonus agreement or resale restriction. This agreement is recorded against the property and ensures that the unit is sold only to income-qualified buyers at an affordable price, with restrictions on resale value and buyer eligibility enforced by the City or designated monitoring entity throughout the 55-year term.

Table 3 Density Bonus Calculations	
Category	**Value**
Base Project Units (20 du/acre)	122 Units
Affordable Units Provided	7 units (5% of base units, very low-income)
Applicable Density Bonus	20% (Per CA Gov. Code §65915)
Bonus Units Allowed	25
Total Units Allowed	147
Total Units Proposed	**142**

Besides granting rights to housing developments to increase density, the law provides three provisions that require local governments to grant qualifying projects:

1) Incentives or concessions which result in identifiable and actual cost reductions;
2) Waivers of development standards that would physically preclude the development of a project at the density permitted and with the incentives granted; and,
3) Reductions in parking requirements.

The applicant is requesting one concession to deviate from the design guidelines for the detached units which would result in an identifiable and actual cost reduction.

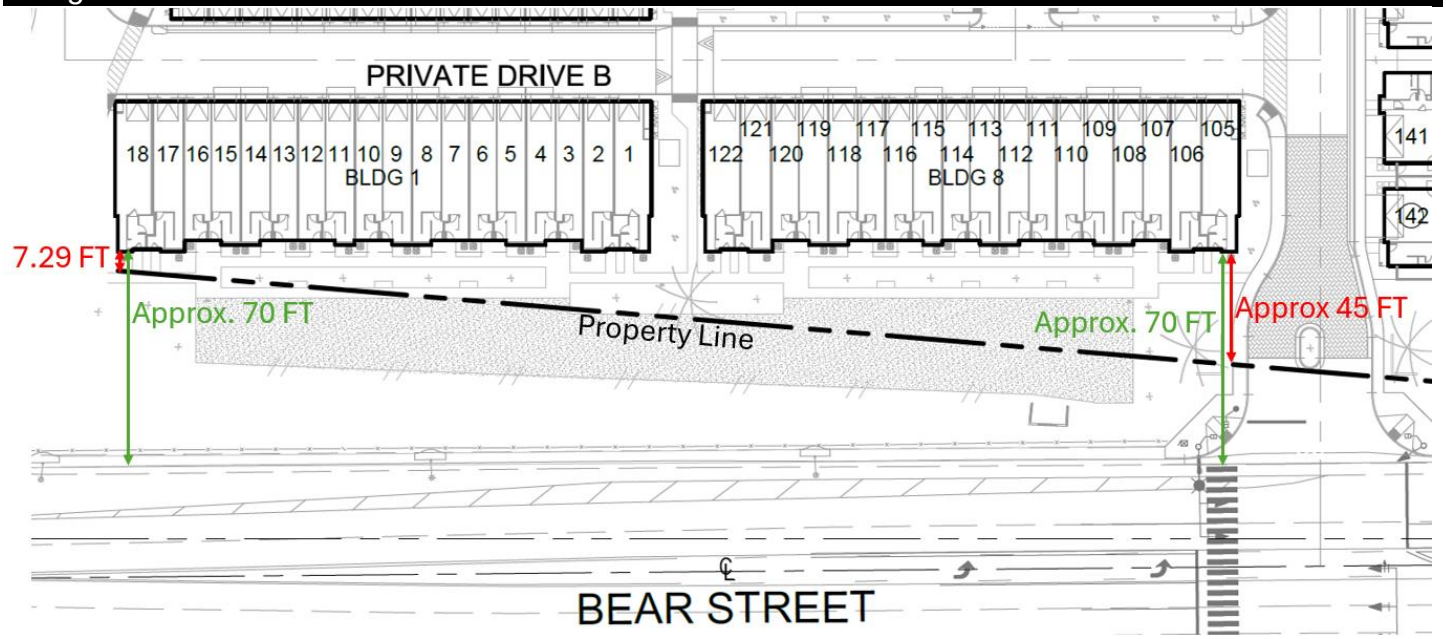
1. **Detached Unit Second Story Design**. The applicant requests a concession of the City's Residential Design Guidelines that require articulation and offsets on all building elevations to avoid a boxy appearance and mandate consistent architectural treatment on all sides of the structure. The requested waiver applies to detached Units Plan 1 and Plan 2. While both plans incorporate articulation on the front elevations—such as a stepped-back second story (Plan 1), a front porch and wrapping band feature (Plan 2)—the side and rear elevations do not include the same level of articulation or material treatment, as required by the guidelines. However, these elevations are largely screened by landscaping. Strict compliance with these design standards would reduce the interior square footage of the units, which are already modest in size, thereby reducing their functionality and affordability. Furthermore, requiring offsets on all elevations would increase design complexity, construction costs, and potentially result in a reduction in the number of units achievable on the site. As such, the enforcement of the standard would physically preclude the applicant from constructing the density bonus units permitted under state law. Therefore, the requested concession is necessary to physically accommodate the density, including the affordable units.

The applicant is requesting five waivers, or a reduction of a development standard, including a waiver to increase the maximum height for the townhomes, to reduce the front setback, to not include landscaped parkways, to include reduced common and private open space, to allow for a reduced individual lot size for the detached units and deviate from the requirements for side-by-side units. The waivers are requested because the development standards have the effect of physically precluding the construction of the proposed project at its permitted density. The City is not permitted to apply any development standard which physically precludes the construction of the project at its permitted density. The City is not required to waive or reduce development standards that would cause a public health or safety problem, cause an environmental problem, harm historical property, or would be contrary to law. Below is a summary of the waiver requests:

1. **Maximum Building Height.** The R3 zoning district allow for buildings to be constructed up to 2 stories and 27 feet. The project proposes 20 compliant single-family dwellings. The townhomes are proposed to be four stories and 52 feet. The waiver from the maximum height would allow additional units to be constructed within the townhome portion of the project and therefore would allow the project to be constructed at the proposed density.

2. **Front Setback.** The R3 zoning district requires a front setback of 20 feet. As shown in Figure 12 below, the property is uniquely shaped, which results in a varying front setback of approximately 45 feet near the project driveway down to 7.29 feet. While the actual proposed setback is less than 20 feet for a portion of the project, the visible setback from Bear Street is 70 feet for the townhomes. If the 20-foot setback was maintained along the entirety of the front property line, it would result in a reduction of the buildable lot and would reduce the allowable number of dwelling units.

Figure 8 Front Setback



3. **Landscape Parkways.** In all residential zones, except R-1, landscape parkways with a combined width of 10 feet, but not less than three feet on one side, are required to be provided along the sides of interior private streets and/or common driveways. After the City Council

screening, the applicant modified the plans to include sidewalks along all interior streets to allow for safe interior pedestrian circulation. The intent of the parkway requirement is to provide lush and attractive public spaces. While the project does not include the parkways at all streets, the intent is accomplished with the inclusion of enhanced landscaping and shade trees throughout the project site. If a 10-foot combined parkway was installed with the sidewalks, the developable lot would reduce, and it would result in a reduction of units.

4. **Open Space.** The R3 zoning designation requires that 40% of the total lot area be provided as open space. This would result in a requirement of 106,722 square feet of open space. The project proposed 93,500 square feet (35%) of on-site open space including tot lot, BBQ area, passive recreation, and decorative plantings and landscaping. The project includes 13,278 square feet of additional off-site passive recreation area within the public right of way adjacent to Bear Street. This landscape area is already maintained by the subject property through a maintenance agreement. The inclusion of the off-site open space would provide 106,778 square feet of open space which is six square feet more than the requirement. If 40% open space was provided on-site, it would reduce the size of the developable lot, which would result in a reduction of units. The required open space can be provided with the inclusion of the open space in the maintenance agreement area. The application also requests a waiver for individual unit open space requirements for the townhome component of the project. The CMMC requires that the townhome units be provided a patio with no dimension less than 10 feet. The requirement is meant to allow townhomes to have a ground level outdoor space. The proposed townhome units are stacked to allow for the project to develop the number of units allowed pursuant to the Density Bonus Law. The stacked units do not allow for adjoining patio areas. Instead of a ground floor patio, balconies have been included with each individual unit. The square footage of balconies per unit ranges from 55 square feet to 194 square feet. If the adjoining patio was provided, the buildable lot area would be reduced which would reduce the allowable units on site.

5. **Individual Dwelling Unit Minimum Lot Area**. Individual units on residential common interest developments are required to be located on a minimum 3,000 square foot lot with an average lot area of 3,500 across the project. The project includes a range of lot areas from 2,017 square feet to 2,608 square feet with an average individual lot area of 2,395 square feet. While the lots are smaller than required, they still include the conforming private open space. The project proposed to include 20 single-family dwellings along the permitter of the project site to buffer any impacts of the project to the neighboring single-family dwellings. The lot sizes are reduced to allow for the number of units allowed pursuant to the density bonus law.

6. **Side by Side Units**. Residential Common Interest Developments should not have more than six dwelling units attached side by side to avoid long row effects. In addition, dwellings with side-by-side units shall include breaks in the façade by having an offset in the front building line of at least four feet for every two dwelling units within the structure. The CMMC indicates that the final review authority may allow for alternative designs that accomplish the same purpose. The project proposes up to 16 units in a row within the townhome buildings. As discussed above, the project meets the intent of the requirements by providing offsets on the end two units on each side of the building project out 4 feet 6 inches. In addition, every two units for the interior units includes a 1-foot 6-inch offset in the buildings. The project also includes balconies, additional insets above the first floor, and multiple cladding materials, which further help to avoid a long, row-like effect. If the project included a maximum of six units in side-by-side configuration, the buildable area of the lot would be reduced, which would reduce the allowable units on the site.

Staff has reviewed the waiver requests and found that the proposed waivers will not create any unsafe conditions. The waivers increase the square footage dedicated to dwelling units which allows for the project to provide the number of units permitted by Density Bonus Law. The final Density Bonus Agreement is subject to the terms within this report, will be drafted by the applicant, and reviewed by the City Attorney's Office and Development Services division. The agreement shall be recorded prior to issuance of any building permits.

General Plan Conformance

The following analysis evaluates the proposed project's consistency with specific goals, objectives, and policies of the General Plan including the Land Use, Housing, Circulation, and Open Space Elements.

Policy 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.*

Consistent. Table HOU-12 in the City's General Plan Housing Element indicates that 43 percent of Costa Mesa households are owners while 57 percent are renters. The proposed development would provide 142 additional ownership housing units that will reduce the gap between ownership and rental housing in the City.

Policy LU-6.1: *Encourage a mix of land uses that maintain and improve the City's long-term fiscal health.*

Consistent. The conducted fiscal analysis found that once the project is fully occupied, it would generate approximately $78,058 of net new revenue for the City.

Policy LU-7.1: *Endeavor to create mixture of employment opportunities for all economic levels of residents and businesses.*

Inconsistent. The project will modify the land use, removing approximately 6.12 acres of land from the General Commercial land use designation, which could result in a reduction of employment opportunities. However, in keeping with this policy, the City will need to retain a sustainable level of commercial land uses to create a mixture of employment opportunities for all economic levels of residents and businesses. Although there will be fewer employment opportunities with the residential proposal in comparison with the current Administrative and Professional use, considering the State and regional objective to increase housing supply, housing units may be considered a higher local/regional priority at the Council's discretion. In addition, employment patterns have changed over the past five years, where more employees are telecommuting, reducing the necessity for office space.

Policy HOU-2.1: *Facilitate the development of housing that meets the needs of all segments of the population including affordable housing and households with specialized needs.*

Consistent. The project proposes to include 142 residential units, including 7 very low-income units. The project will be required to meet all building code requirements including the provision of accessible units.

Policy HOU-3.2: *Encourage the development of well-planned and designed residential or mixed-use projects which, through vertical or horizontal integration, provide for the development of compatible residential, commercial, industrial, institutional, or public uses within a single project, neighborhood, or geographic area within the City.*

Consistent. The project is subject to the development standards of the R3 zone. The project proposes a mixture of single-family and multiple-family dwelling units. As proposed, the project places the smaller, detached single-family units adjacent to the existing established neighborhoods to reduce any impacts. The design elements proposed are high quality and internally consistent and complementary to the surrounding area.

Policy HOU-3.4*: Consider the potential impact of new housing opportunities and their impacts on existing residential neighborhoods when reviewing development applications affecting residential properties.*

Consistent. As proposed, the project places the smaller, detached units adjacent to the existing established neighborhoods to reduce massing impacts. The design elements, as proposed, are high quality and internally consistent and complementary to the surrounding area. The project incorporates public realms including the active and passive recreation areas. Additionally, new screening trees are proposed along the south and east property lines, which further reduces the aesthetic impacts of the project on the existing neighborhoods.

Policy OSR-1.18: *Provide a minimum of 4.26 acres of parkland per 1,000 residents.*

Consistent. Parkland requirements may be met with land dedication or by paying in-lieu fees. The applicant proposes to pay the in-lieu fees. In addition, the construction of a new intersection will allow for better pedestrian connectivity. The project applicant is also submitting a one-time public benefit payment of $250,000 for the City's sole use of improving Shiffer Park.

Policy CD-9.5: *Promote new types of urban housing that could be target-marketed to people seeking alternative housing choices in proximity to a major commercial area.*

Consistent. The project proposes a mix of single-family and multiple-family units. The unique mix is intended to be starter homes. In addition, the project is also in close proximity to major commercial corridors and retail centers, including South Coast Plaza, Metro Pointe, and commercial corridors along Baker Street, Bristol Street, and Paularino Avenue.

Policy C-1.10: *Encourage non-motorized transportation in residential areas by providing sidewalks, implementing pedestrian and bicycle friendly design of local streets, and incorporating street trees in new projects wherever feasible.*

Finding: The project includes pedestrian connectivity into and throughout using a pedestrian gate and sidewalks, which encourage active transportation. The project also encourages bicycling by providing traffic calming measures throughout the project and providing access to the Class II bike lanes on Bristol Street. Street trees are proposed throughout the project site. The new signalized intersection allows for safe pedestrian and bicycle access to Shiffer Park. This reduces reliance on motor vehicles for short trips, encourages walking as a primary travel mode, and supports the City's goals of creating pedestrian-friendly environments.

Objective C-9B: Integrate bicycle and pedestrian facility improvements during planning, design and implementation of transportation projects.

Finding: The project includes pedestrian improvements including sidewalks and traffic calming measures throughout the site that promotes bicycle and pedestrian mobility as part of the overall project design.

FINDINGS

Pursuant to Title 13, Section 13-29(g), Findings, of the Costa Mesa Municipal Code, in order to approve the project, the City Council must find that the evidence presented in the administrative record substantially meets specified findings as follows.

General Plan Amendment

There are no specifically required findings for a General Plan Amendment. However, amendments must be internally consistent and not conflict with other regulatory documents. Such amendments are considered legislative actions and are subject to the discretion of the City Council. In this case, the proposed General Plan Amendment seeks to modify the Land Use Element's maps, figures, text, and tables to apply High Density Residential land use designation to the subject property. The justification in support of the proposed General Plan amendment is below:

- *The proposed project would contribute to the City meeting its City's 6th cycle RHNA allocations.*

  The City of Costa Mesa's 6th Cycle (2021–2029) Housing Element identifies specific sites to meet the State-mandated Regional Housing Needs Allocation (RHNA) of 11,760 units. The proposed project site is not designated as a housing opportunity site but would still contribute to the City's required RHNA allocation. Specifically, the project will provide seven very low-income units and 135 above moderate-income units.

- *The proposed base density at 20 du/acre is appropriate given the property's location, site size, and design of the project.*

  The project location and design foster a pedestrian-friendly environment, allowing residents to access nearby amenities and commercial corridors. The location is appropriate because of the proximity to South Coast Plaza, Metro Pointe, and other commercial corridors along Baker Street, Bristol Street, and Paularino Avenue. The project provides options to walk or bike to retail centers, coffee shops, and entertainment uses because the internal sidewalk network connects to the existing sidewalks on Bear Street. The higher density townhome component of the project is located away from existing established neighborhoods to reduce massing impacts. In addition, the site was identified as an area for development since it was included in the Measure K zone.

Rezone

Pursuant to Title 13, Section 13-29(g)(11), Findings, of the CMMC, in order to approve the project, the City Council must find that the evidence presented in the administrative record substantially meets the following applicable required Rezone findings:

- *The proposed rezone is consistent with the Zoning Code and the General Plan and any applicable specific plan.*

  Consistent. The proposed rezone is consistent with the Zoning Code, the proposed General Plan amendment, and applicable planning documents. Specifically, the applicant is requesting to rezone the project site by applying the R3 zoning district. This rezone would allow for the development of the 142 dwelling unit project pursuant to the provisions of Article 1 (Residential Districts) of Chapter V of the Zoning Code.

  To facilitate this rezoning, a General Plan Amendment is also proposed to formally apply the zoning districts to the site. The General Plan Amendment would modify the Land Use Element maps, figures, text, and tables to reflect the new High-Density Residential land use designation. Per *Table LU-19: General Plan and Zoning Consistency* of the General Plan Land Use Element, the zoning districts are considered consistent with the High-Density Residential land use designation. Therefore, the proposed rezone and General Plan Amendment align with the City's land use framework and are necessary to support the proposed residential development.

Tentative Tract Map No. 19334

Pursuant to Title 13, Section 13-29(g)(13), Findings, of the CMMC, in order to approve the project, the City Council must find that the evidence presented in the administrative record substantially meets the following applicable required Tentative Tract Map findings:

- *The creation of the subdivision and related improvements is consistent with the General Plan, any applicable specific plan, and this Zoning Code.*

  Consistent. The creation of the subdivision aligns with the amendment land use designation of the General Plan by promoting residential ownership. Additionally, the subdivision complies with the local Zoning Code, amended zoning district, and State laws by conforming to established development regulations. The proposed map will allow for each individual unit to be sold separately.

- *The proposed use of the subdivision is compatible with the General Plan.*

  Consistent. The proposed development aligns with the General Plan by addressing the critical need for housing options within the community. Located near commercial corridors, this development promotes the City's goals of increasing residential density while enhancing accessibility to essential services and transportation.

- *The subject property is physically suitable to accommodate the subdivision in terms of type, design, and density of development, and will not result in substantial environmental damage nor public health problems, based on compliance with the Zoning Code and general plan, and consideration of appropriate environmental information.*

Consistent. The proposed project is an in-fill development and is located in an urbanized area. The site meets the minimum lot size requirement that can accommodate the density and necessary utilities. There are no wildlife habitats or bodies of water on the site or nearby, further ensuring that the development will not result in substantial environmental damage. This strategic location allows for the efficient use of already developed land, minimizing the need for additional site disturbance, and preserving green spaces elsewhere in the community.

- *The design of the subdivision provides, to the extent feasible, for future passive or natural heating and cooling opportunities in the subdivision, as required by State Government Code section 66473.1.*

  Consistent. The design of the proposed development thoughtfully considers the orientation of the lot, aligning in a manner that maximizes solar exposure, ensuring natural passive heating during colder months. Each townhome unit has operable windows and doors on each side of the building, which will allow for airflow through the units, allowing for natural heating and cooling opportunities. All buildings are spaced a minimum of 10 feet apart, which allows for airflow between buildings throughout the project site. Additionally, the layout incorporates various outdoor amenity areas at the center of the development and green spaces to promote natural airflow and cooling, minimizing the need for artificial heating or air conditioning. This approach reflects the principles outlined in State Government Code section 66473.1.

- *The division and development will not unreasonably interfere with the free and complete exercise of the public entity and/or public utility rights-of-way and/or easements within the tract.*

  Consistent. The proposed development has been designed to ensure that all existing public entity and utility rights-of-way and easements within the subdivision remain accessible and unobstructed. Coordination with utility providers and the City will be maintained throughout the development process to avoid any disruptions and ensure that essential services can continue to operate efficiently.

- *The discharge of sewage from this land division into the public sewer system will not violate the requirements of the State Regional Water Quality Control Board pursuant to Division 7 (commencing with State Water Code section 13000).*

  Consistent. The discharge of sewage from this infill project into the existing public sewer system will not violate the requirements of the State Regional Water Quality Control Board pursuant to Division 7 of the State Water Code (commencing with Section 13000), as the project site is currently served by existing utilities with adequate capacity, and the proposed development will not exceed the design limitations of the existing sewer infrastructure or treatment facilities.

In addition, pursuant to Section 66474 of the California Subdivision Map Act, a proposed subdivision must be denied if one or more of the below findings are made:

1. “That the proposed map is not consistent with applicable general and specific plans as specified in Section 65451;

2. That the design or improvement of the proposed subdivision is not consistent with applicable general and specific plans;

3. That the site is not physically suitable for the type of development;

4. That the site is not physically suitable for the proposed density of development;

5. That the design of the subdivision or the proposed improvements are likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat;

6. That the design of the subdivision or type of improvements is likely to cause serious public health problems; and

7. That the design of the subdivision or the type of improvements will conflict with easements, acquired by the public at large, for access through or use of, property within the proposed subdivision. In this connection, the governing body may approve a map if it finds that alternate easements, for access or for use, will be provided, and that these will be substantially equivalent to ones previously acquired by the public. This subsection shall apply only to easements of record or to easements established by judgment of a court of competent jurisdiction and no authority is hereby granted to a legislative body to determine that the public at large has acquired easements for access through or use of property within the proposed subdivision."

None of the above findings of Section 66474 can be made or associated with the proposed subdivision.

Design Review

Pursuant to Title 13, Section 13-29(g)(14), Findings, of the CMMC, in order to approve the project, the City Council must find that the evidence presented in the administrative record substantially meets the following applicable required Design Review findings:

- *The project complies with the City of Costa Mesa Zoning Code and meets the purpose and intent of the residential design guidelines, which are intended to promote design excellence in new residential construction, with consideration being given to compatibility with the established residential community. This design review includes site planning, preservation of overall open space, landscaping, appearance, mass and scale of structures, location of windows, varied roof forms and roof plane breaks, and any other applicable design features.*

  Consistent. The proposed project complies with the Zoning Code and meets the purpose and intent of the residential design guidelines. The proposed development has been designed with modern craftsmen features including varied roof forms, horizontal and vertical articulation, and the scale has been kept as low as possible by incorporating the fourth floor into the roof. The placement of the attached units has been kept as far as possible from the existing established single-family dwellings and privacy and light impacts have been considered.

- *The visual prominence associated with the construction of a two-story house or addition in a predominantly single-story neighborhood has been reduced through appropriate transitions between the first and second floors and the provision of second floor offsets to avoid unrelieved two-story walls.*

  Consistent. Although the project exceeds 2-stories (waiver requested), the project provides appropriate transitions to reduce visual prominence. The project includes construction of a

multiple-family neighborhood with attached townhomes and detached single-family units. The neighborhood will be constructed with two-story homes and four-story townhomes. The proposed two-story detached dwellings have been designed with traditional architectural elements including stucco and wood siding, a variety roof forms, and articulation in the form of entries. Plan 1 includes a second floor which is stepped back from the first floor at the front elevation. Plan 2 includes a front porch on the first floor, which provides relief on the front elevation. The plan also includes other architectural elements which provide transitions between the first and second floor, including a trellis above the garage and a band wrapping the home. While the rear elevations of the units do not offer second story offsets, landscaping is used to soften the appearance of the structures and to screen the development from the established neighborhoods to the east and south of the project site. In addition, the units are modestly sized with the rear and side walls not exceeding 30 feet in width. The units feature gable roofs which range from 27 feet in height to 20 feet in height, which also reduces the build of the structures. A concession is requested and discussed further below in the Density Bonus section to deviate from the design guidelines. The detached units buffer the existing neighborhoods from the attached units.

- *As applicable to affordable multi-family housing developments, the project complies with the maximum density standards allowed pursuant to the General Plan and provides affordable housing to low or very-low income households, as defined by the California Department of Housing and Community Development. The project includes long-term affordability covenants in compliance with state law.*

  Consistent. The proposed development includes 142 residential ownership units including seven very low-income units for no less than 55 years. The project complies with the maximum density standards allowed pursuant to the proposed General Plan in that the base density is 20 dwelling units per acre which is permitted. The inclusion of the affordable units provides the project a 20 percent density bonus, which would allow for 147 dwelling units on the property. The project proposes four less than the maximum allowed and therefore complies with density standards.

Density Bonus

Pursuant to Title 13, Section 13-29(g)(3), Findings, of the CMMC, in order to approve the project, the City Council must find that the evidence presented in the administrative record substantially meets the following applicable required Density Bonus findings:

- *The request is consistent with State Government Code section 65915, et. seq. regarding density bonuses and other incentives, the general plan, any applicable specific plan, and Chapter IX special regulations, Article 4 density bonuses and other incentives.*

  Consistent. The requested density bonus is consistent in that the applicants are requesting a 20 percent density bonus with the inclusion of 5 percent very-low-income units (7 units). Pursuant to the Government Code, the request allows the developer to request one concession and unlimited waivers. The request also allows the developer to utilize reduced parking ratios as established by the government code. The request is consistent with General Plan Land Use Land Use Policies LU-1.3, 6.1, 7.1, and Housing Element Policies HOU-2.1, 3.2, 3.4.

- *The requested density bonus and incentive or concession constitute the minimum amount necessary to provide housing at the target rents or sale prices and/or a childcare facility.*

  Consistent. The requested density bonus would allow the project to develop up to 147 dwelling units with the 20 percent density bonus. The project proposed 142 units while still including the 5 percent units dedicated to very low-income units. The requested concession is a request to deviate from the design guidelines. The concession request constitutes the minimum deviation necessary to allow for the project to provide seven affordable units at the very low-income level.

- *The granting of the incentive or concession is required in order to provide for affordable housing costs, as defined in Health and Safety Code section 50052.5 or for rents for the targeted units.*

  Consistent. The requested concession is related to the residential design guidelines. Strict compliance with these design standards would reduce the interior square footage of the units, which are already modest in size, thereby reducing their functionality and increasing the costs of the development. Furthermore, requiring offsets on all elevations would increase design complexity, construction costs, and potentially result in a reduction in the number of units achievable on the site. As such, the enforcement of the standard would physically preclude the applicant from constructing the density bonus units permitted under state law because the market rate units subsidize the affordable units. Therefore, the requested concession is necessary to physically accommodate the density, including the affordable units.

- *The granting of the incentive or concession and/or the waiver or reduction of development standards does not have a specific, adverse impact, as defined in paragraph (2) of subdivision (d) of Government Code section 65589.5 upon health, safety, or the physical environment, and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact.*

  Consistent. The requested waivers are for maximum building height, front setback, landscaped parkways, open space, individual unit lot area, and side-by-side units. The requested concession is related to design guidelines related to second-story design. The requested waivers are minimal in that they will not impact the circulation or safety of the proposed development. The waivers are necessary to increase the number of units on the site to meet the density afforded per the density bonus. The buildings will be required to be constructed in compliance with the Building Code. Therefore, granting the waivers will have no negative impacts on the health, safety, or physical environment of the project site.

- *The granting of the incentive or concession and/or the waiver or reduction of development standards does not have an adverse impact on any real property that is listed in the California Register of Historical Resources.*

  Consistent. The proposed project is not located in proximity to real property listed in the California Register of Historic Resources and will therefore have no impacts.

ENVIRONMENTAL DETERMINATION

A Draft Mitigated Negative Declaration (MND) has been prepared in accordance with the California

Environmental Quality Act (CEQA). The MND is an information document that examines the potential environmental impacts of the proposed project and focuses on the changes to the existing environment that would result from the proposed project. The MND examines all stages of the project, including construction and operation.

The MND evaluated the proposed project's potential impacts on various environmental factors (e.g., air quality, aesthetics, hydrology and water quality, land use, etc.) and identified specific mitigation measures to lessen environmental impacts whenever feasible. In accordance with CEQA Guidelines Section 15072, the Draft MND was made available for a public comment period beginning on May 1, 2025, and ending at 5:00 p.m. on May 31, 2025. Copies of the Initial Study, the proposed MND, and supporting materials were available for public review at City Hall, Mesa Verde Library, and Donald Dungan Library. The MND was also posted online and was filed with the State Clearinghouse (SCH NO. 2025050135).

MND Including Response to Comments

A total of two comments were received from public agencies, one from the California Department of Transportation and the other from the Department of Toxic Substances Control. An additional comment was provided by a resident. Copies of all comments received and responses to the comments are provided under Exhibit B to Attachment 1 of this staff report. The Final MND consists of the response to public comments received during the public review period of the Draft MND, errata, and Mitigation Monitoring and Reporting Program (MMRP). The errata makes minor changes to the Draft MND that do not affect the overall conclusions of the environmental document. The MMRP is a comprehensive list of all mitigation measures identified in the Draft MND. The mitigation measures have been incorporated into the Conditions of Approval within Exhibit A3 of Attachment 2.

Summary of Significant Environmental Impacts and Mitigation Measures

The MMRP lists the mitigation measures required based on each environmental topic to reduce the project's potentially significant impacts. The MMRP also specifies which City department is responsible for monitoring and ensuring compliance with the mitigations. The MMRP also includes timing of when the mitigation measure applies e.g., prior to issuance of building permits, during ground disturbance activities, etc. The MMRP includes mitigation measures for environmental impacts that were found to be less than significant with mitigation incorporated for the following environmental factors identified in the Draft MND:

- Geology and Soils
- Cultural Resources
- Transportation
- Hazards and Hazardous Materials
- Tribal Cultural Resources

For additional details, the MMRP and details of the mitigation measures can be found under Exhibit B to Attachment 1.

ALTERNATIVES:

City Council alternatives include the following:

1. *Approve the project.* The City Council may recommend approval of the project as recommended by the Planning Commission, subject to the conditions outlined in the attached Resolution.

2. *Approve the project with modifications*. The City Council may suggest specific changes that are necessary to alleviate concerns. If any of the additional requested changes are substantial, the hearing could be continued to a future meeting to allow a redesign or additional analysis. In the event of significant modifications to the proposal, staff will return with a revised Resolution incorporating new findings and/or conditions. (If the City Council direction includes a reduction in the proposed project density, the below specified Government Code Section 65589.5 provisions are applicable.)

    a. *Approve the project without the pedestrian gate*. The City Council may approve the project without the proposed pedestrian gate, subject to the conditions outlined in the attached Resolution including the removal of Conditions of Approval 29 and 92, and removal of subsection J of Condition of Approval 87.

3. *Denial of the project*. If the City Council believes that there are insufficient facts to support the findings for approval, the City Council should deny the application, provide facts in support of denial, and direct staff to incorporate the findings into a Resolution for City Council denial. If the project is denied, the applicant could not submit substantially the same type of application for six months from the City Council's decision for denial. However, because this project is subject to the Housing Accountability Act (Government Code Section 65589.5), if the City Council denies or directs a reduction in the proposed density of the housing project, and the development is determined to be consistent with applicable, objective general plan, zoning, and subdivision standards and criteria, including design review standards, the City Council must make the following written findings:

    - The housing development project would have a specific, adverse impact upon the public health or safety unless the project is disapproved or approved upon the condition that the project be developed at a lower density; and
    - There is no feasible method to satisfactorily mitigate or avoid the adverse impact, other than the disapproval of the housing development project or the approval of the project upon the condition that it be developed at a lower density. (Feasible means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors.)

FISCAL REVIEW:

Due to the change of land uses of the proposed project, including a General Plan Amendment and Rezone, staff evaluated the project's fiscal impact on the City. A fiscal impact analysis is attached and was prepared by Zimmerman Group and reviewed by the City's Finance Department. The analysis projects the expenditure and revenue that directly impact the City because of the proposed project. If a project has a net fiscal surplus, then the use itself has a fiscal benefit to the City on its own. Zimmerman Group projected the new fiscal impacts generated by the proposed project and found that once it is fully operational, the project would result in an estimated $78,058 in annual net revenue to the City. Zimmerman Group determined that the property tax and sales tax revenue would exceed the projected annual city expenditures related to public services.

LEGAL REVIEW:

The City Attorney's Office has reviewed this report and approves it as to form.

PUBLIC NOTICE:

Pursuant to Title 13, Section 13-29(d), of the Costa Mesa Municipal Code, three types of public notification have been completed no less than 10 days prior to the date of the public hearing:

1. **Mailed notice.** A public notice was mailed to all property owners and occupants within a 500-foot radius of the project site on Monday, July 22, 2025. The required notice radius is measured from the external boundaries of the property.
2. **On-site posting.** A public notice was posted on each street frontage of the project site on Monday, July 22, 2025.
3. **Newspaper publication.** A public notice was published once in the Daily Pilot newspaper on Saturday, July 19, 2025.

Any public comments received for the August 5, 2025 City Council meeting, may be viewed at this link: CITY OF COSTA MESA - Calendar (legistar.com)

CITY COUNCIL GOALS AND PRIORITIES:

This item supports the City Council's Goal:

- Diversify, stabilize and increase housing to reflect community needs.

CONCLUSION:

The proposed residential ownership project would redevelop an existing office building into a high quality, 142 dwelling unit project, including 7 very low-income units. Planning Commission recommends that City Council conduct a public hearing and approve the project, subject to conditions of approval.