PLANNING COMMISSION AGENDA REPORT

MEETING DATE: JULY 27, 2026 **ITEM NUMBER: PH-2**

SUBJECT: **DEVELOPMENT REVIEW PDVR-25-0013, TENTATIVE TRACT MAP NO. 19458, AND DENSITY BONUS FOR A 15-UNIT RESIDENTIAL COMMON INTEREST DEVELOPMENT AT 2075 HARBOR BOULEVARD**

FROM: **COMMUNITY DEVELOPMENT DEPARTMENT/ PLANNING DIVISION**

APPLICATION DATE: NOVEMBER 6, 2025

PRESENTATION BY: **VICTOR MENDEZ, SENIOR PLANNER**

FOR FURTHER INFORMATION CONTACT: **VICTOR MENDEZ**
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RECOMMENDATION:

Staff recommends the Planning Commission:

1. Find that the project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080.66 (Assembly Bill 130); and,

2. Adopt a Resolution to taking the following actions:

   a. Development Review: Approve the Development Review for the development of the project including 15 dwelling units with a maximum height of 3 stories/38 feet, six inches;

   b. Tentative Tract Map No. 19458: Approve the Tentative Tract Map to subdivide the property into a residential common interest development; and

   c. Density Bonus: Approve the density bonus request which will provide two moderate income units.

APPLICANT OR AUTHORIZED AGENT:

Brian Cunningham, on behalf of The Olson Company.

PLANNING APPLICATION SUMMARY

Location:	2075 Harbor Boulevard	Application Number:	PDVR-25-0013
Request:	The proposed project would redevelop the 0.63-acre subject property with 15 residential ownership units (including a minimum of two moderate income units) with six duplexes and one triplex, and 7,209 square feet of on-site open space. The request includes approval of Development Review PDVR-25-0013, Tentative Tract Map No. 19458, and a density bonus. The density bonus request includes associated concessions and waivers for the development, in conjunction with State Density Bonus Law (SDBL).		

	SUBJECT PROPERTY:		SURROUNDING PROPERTY:
Zone:	General Business (C2)	North:	General Business (C2) developed with a commercial building and Planned Development Commercial (PDC) developed with single family residences
General Plan:	General Commercial	South:	General Business (C2) developed with a commercial building
Lot Dimensions:	Irregular - Approximately 75 feet by 445 feet	East (across Harbor Boulevard):	Local Business (C1) developed with auto dealership
Lot Area:	0.63	West (across Charle Street):	R2-HD (Multiple-Family Residential, High Density) developed with apartment building
Existing Development:	Commercial building		

DENSITY BONUS CALCULATION

Item	Calculation	Result
Base Density (calculation based off minimum density)	20 du/acre x 0.63 acres	12.6, rounded up to 13 units
Required Moderate Income Units	13 x 15%	1.95 rounded up to **2 units total**
Affordable Unit Percent Calculation	2 moderate income / 13 base units = 15 percent affordability	10% bonus unit increase and/or 1 concession*
Bonus Units Allowed	10% of base units	1.3 rounded up to **2 units***
Total Units Permitted	50 du/acre x 0.63 acres	31.5, rounded up to 32 units
*Bonus units are not being requested under SDBL because the maximum allowable density is 50 du/acre and is therefore not needed to achieve the proposed units for the project. However, by providing the required affordable units, the application still qualifies as a density bonus project.		

DEVELOPMENT STANDARDS COMPARISON

Development Standard	Requirement	Proposed/Provided	Compliance
Minimum Density (du/acre)	20 (13 units)	23.8 (15 units)	Yes
Maximum Density (du/acre	50 (32 units)	23.8 (15 units)	Yes
Front Setback (Harbor Boulevard)	10 FT	8 FT, 4 IN	No (Density Bonus Waiver Requested)
Side Setback	5 FT	10 FT, 6 IN	Yes
Rear Setback (Charle Street)	0 FT	9 FT, 6 IN	Yes
Distance Between Buildings	10 FT for main buildings	5 FT	No (Density Bonus Waiver Requested)
Driveway Width	10 FT	8 FT, 4 IN	No (Density Bonus Waiver Requested)
Minimum Lot Size	None	23,340 SF	Not applicable
Maximum Lot Coverage	90%	38.9% (10,657 SF / 27,340 SF = 38.9)	Yes
Maximum Building Height	60 FT	38 FT, 6 IN	Yes
Usable Common Residential Open Space	30% of lot	13.83%	No (Density Bonus Waiver Requested)
Usable Private Open Space	Minimum 100 SF/unit provided on the ground floor for dwelling units located on the ground floor	3,533 SF (235 SF/Unit)	Yes
Combined Parkway Width	10 FT	0 FT	No (Density Bonus Waiver Requested)
Storage	200 cubic feet for townhomes	0 cubic feet	No (Density Waiver Requested)
Residential Parking	0	41	Yes

CEQA Status	Exempt pursuant to Public Resources Code Section 21080.66
Final Action Body	Planning Commission

EXECUTIVE SUMMARY

The Olson Company (applicant) has filed applications for the development of a 15-unit residential common interest development located at 2075 Harbor Boulevard. The application includes a Development Review, Tentative Tract Map, and Density Bonus request. The 0.63-acre site (approx.) is currently developed with commercial uses. The applicant proposes to demolish the existing development to accommodate the new residential development.

The project includes 13 market rate units and two moderate income ownership units and therefore qualifies for benefits under State Density Bonus Law. Although the applicant is not requesting additional density bonus units because the proposed 15 units are permitted under the Mixed-Use Overlay District (MUOD), the application includes one concession and several waivers or reductions of development standards. The requested concession would allow the existing overhead utility lines along Charle Street to remain, while the requested waivers would provide relief from certain development standards that would otherwise physically preclude construction of the project at the proposed density.

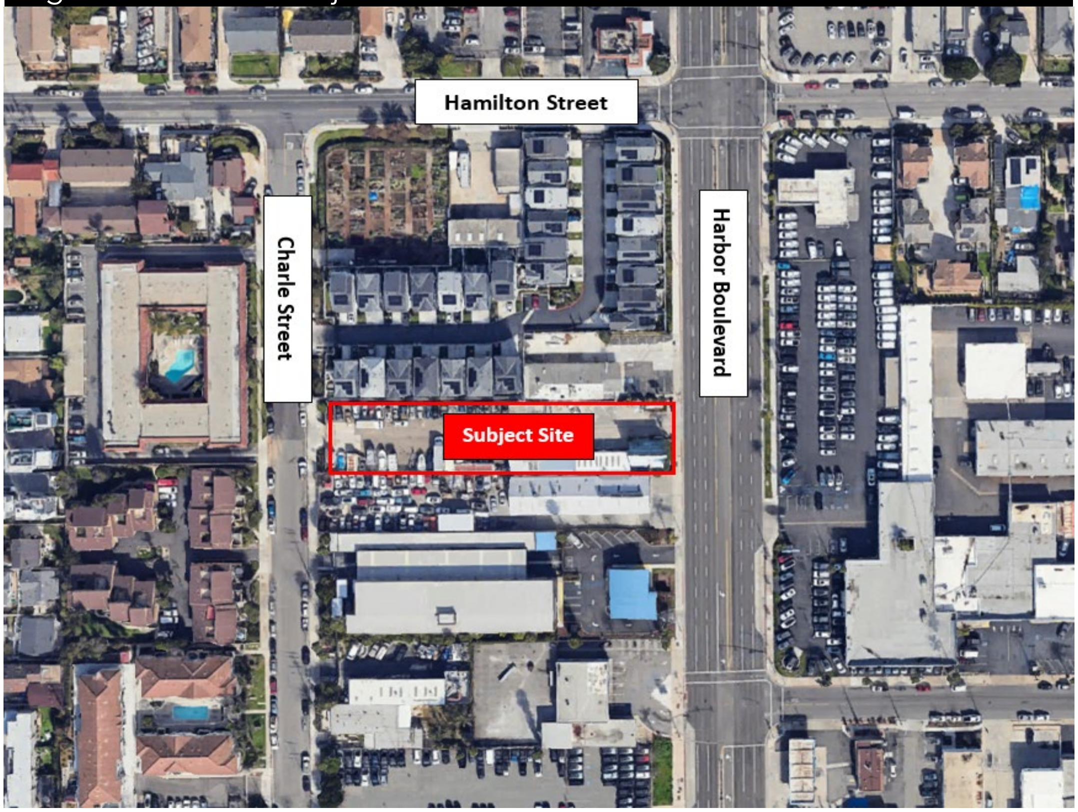
This project is subject to Costa Mesa Municipal Code (CMMC) Section 13-28(e), which requires Development Review for residential construction of two or more stories in any zone. While the Planning Division typically serves as the final review authority for a Development Review application, the Tentative Tract Map and Density Bonus applications are acted upon by the Planning Commission. In this case, all three applications are being concurrently considered by the Planning Commission to facilitate a comprehensive and coordinated review of the proposed project. Additionally, the applicant proposes to develop the project pursuant to the MUOD regulations, utilizing the overlay's residential development provisions and applicable development standards.

Based on the project’s compliance with the applicable objective General Plan, Zoning Code, subdivision, and State Density Bonus Law requirements, staff recommends that the Planning Commission find the project exempt from the California Environmental Quality Act (CEQA), approve the associated planning applications, based on findings of fact and subject to conditions of approval.

BACKGROUND

The project site is located at 2075 Harbor Boulevard and is bound by Harbor Boulevard to the east, Charle Street to the west, single-family residences to the north, and commercial building to the south. The site has a General Plan Land Use Designation of “General Commercial” and is zoned “General Business” (C2) (see Figure 1).

Figure 1 Project Location



Site History

The project site was originally developed for an equipment rental business in the early 1970s and was occupied by Red-E-Rentals for more than 50 years. The equipment rental use ceased operations in 2022. The site was subsequently occupied by an auto retail parts store, which has since vacated the premises.

Measure K and Housing Element Site

The project site is a "Measure K" site located along a "Measure K" corridor along Harbor Boulevard and is identified as a Housing Element opportunity site in the adoption of the City's 6th Cycle (2021–2029) Housing Element. Under the Housing Elements Sites Inventory, the site is identified with an anticipated residential capacity of 30 units. Housing Element sites must meet a minimum density of 20 du/acre but up to a maximum of 50 and include at least 50 percent residential development.

Additionally, as part of the City's Housing Element implementation program, the site is subject to the MUOD, which permits residential development on designated Housing Element opportunity sites and establishes the applicable development standards for the project. Pursuant to the MUOD, the MUOD standards supersede any conflicting provisions of the underlying zoning district and other applicable zoning regulations. Where the MUOD contains specific development standards, those standards govern the project.

Exhibit 1 Candidate Housing Sites

Table B-6: Sites to Accommodate Costa Mesa 2021-2029 RHNA (to be comprehensively updated following a No Net Loss analysis later in 2026)

Note: This table is sorted by unique identifier (Unique ID). The unique identifiers were established at the beginning of the sites analysis process. Some sites were removed as part of the analysis and sites were not renumbered to retain continuity for the community and other users when referring to specific sites.

APN	Unique Id	Address	Owner	Zoning	General Plan Land Use	Council District	Specific Plans	Size (Ac)	Density	Vacant	Potential Consolidation	Used In 5th Cycle	Net Units	Very Low	Low	Moderate	Above Moderate	Notes
																		as opposed to remaining as a more difficult to lease larger commercial space.
419-171-58	56	2150 Harbor Blvd	2150 HARBOR BLVD LLC	C1	G	5	Harbor Mixed-Use	1.17	50				58	11	6	11	31	Norms restaurant with large surface parking lot adjacent to major transportation corridor (Harbor Blvd).
422-021-09	57	2131 Harbor Blvd	SHERMAN DONALD L H	C2	G	4	Harbor Mixed-Use	0.83	50				41	7	4	8	21	Auto parts store, retail store, and pet grooming store, with large surface parking area adjacent to major transportation corridor (Harbor Blvd).
422-091-11	58	2075 Harbor Blvd	LEWIS JOHN T & LEWIS MARY K	C2	G	5	Harbor Mixed-Use	0.63	50				31	5	3	6	16	Tools and equipment rental yard adjacent to major transportation corridor (Harbor Blvd).

Senate Bill (SB) 330

On November 6, 2025, the applicant submitted an SB 330 Preliminary Application (Development Review PDVR-25-0013) application to the City, thereby establishing the applicable development standards, policies, and fees in effect at that time pursuant to Government Code Section 65941.1.

Subsequently, on November 21, 2025, the applicant submitted applications for a General Plan Amendment, Rezone, Density Bonus, and Tentative Tract Map to facilitate development of the proposed residential project. These submittals predated City Council approval of the MUOD overlay to Housing Element sites. Given these actions on March 17, 2026 by the City Council, the General Plan Amendment and Rezone are no longer necessary for the project or being requested. As part of the entitlement requests, the project is seeking review and approval of Development Review, Tentative Tract Map and a Density Bonus application.

STANDARD OF REVIEW AND APPROVAL AUTHORITY

To approve a Tentative Tract Map application under CMMC Section 13-29(g)(13), the proposed subdivision must meet specific criteria. The project must be consistent with the General Plan and Zoning Code, the property must be suitable to accommodate the subdivision, must provide for future passive or natural heating and cooling opportunities to the extent feasible, cannot interfere with the free and complete exercise of the rights of way or easements, and must comply with State Regional Water Quality Control Board.

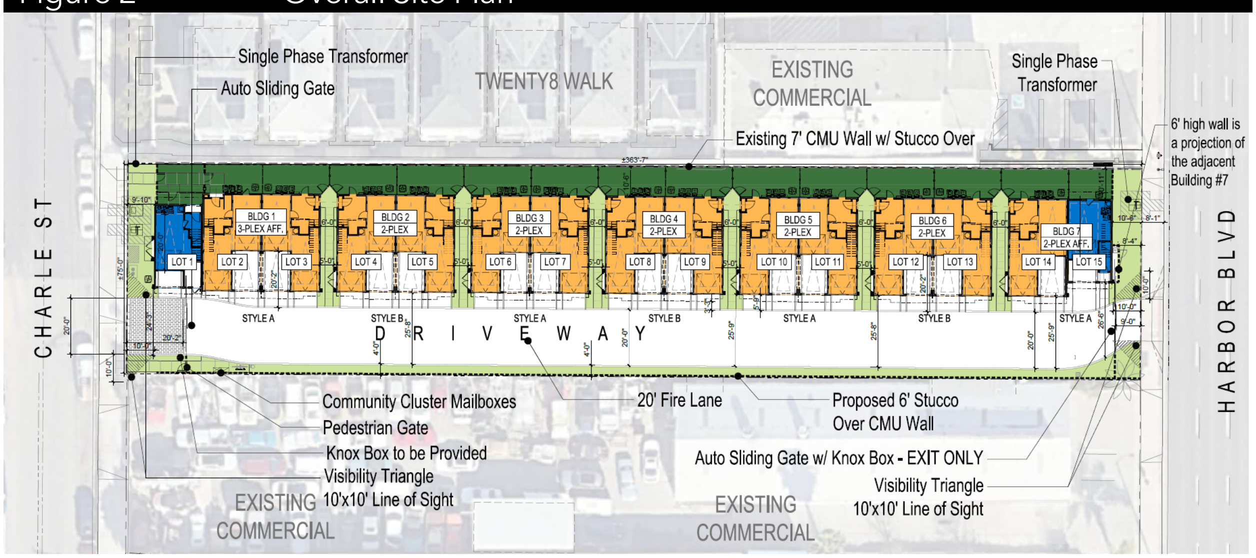
Ordinance 2026-03 modified the CMMC to remove Design Review as an Application type. Since the application is no longer listed as a planning application, the development will be processed by a Development Review which is required for two-story construction in residential zones. All applications, including the Development Review, must adhere to broader Review Criteria outlined in the CMMC. These include ensuring neighborhood compatibility, safety and design consistency, compliance with performance standards, and alignment with the general plan and/or applicable specific plans. Each application is project-specific and evaluated on its unique merits to ensure it aligns with the City's development standards.

To approve a Density Bonus application under CMMC Section 13-29(g)(13), the proposed development must meet specific criteria. The project must be consistent with State Density Bonus Law, the General Plan, the Costa Mesa Municipal Code, and any applicable specific plan; the requested density bonus, incentives, concessions, and waivers must be the minimum necessary to provide the proposed affordable housing; and the requests must not result in a specific adverse impact on public health, safety, the physical environment, or historical resources.

PROJECT DESCRIPTION

As shown in Figure 2 below, the project proposes to demolish the existing commercial development and construct a Residential Common Interest Development (RCID) consisting of 15 townhomes within seven, three-story buildings. The project proposes 3,676 square feet of usable common open space and each unit containing approximately 235 square feet of private open space. All proposed infrastructure improvements would be located on-site with lateral connections located in the public right-of-way. For additional details refer to the project plans provided in Attachment 5.

Figure 2 Overall Site Plan



Vehicular access to the development would be provided from Charle Street in the same general location as the existing site access. A new exit only gate and drive approach are proposed on the southeast side of the property along Harbor Boulevard. Pedestrian access is provided by sidewalks accessing the public right-of-way and an additional pedestrian gate accessing Charle Street.

The proposed development requires the following planning applications:

- Development Review – Required for residential construction of two or more stories within the MUOD Overlay zoning district.

- Tentative Tract Map – Proposed to establish easements and allow for individual ownership of the units.

- Density Bonus – Request to provide 15 units, with 13.33% affordable income units at the moderate-income level (two units proposed). The request includes one concession and waivers and reductions from development standards related to above-ground utilities, front setback, common lot landscaped setback, usable common open space, driveways, storage, building to building setback, and landscaped parkways. A concession is requested to deviate from undergrounding utility lines on Charle Street.

ANALYSIS

While the Planning Division typically serves as the final review authority for a Development Review application, the Tentative Tract Map and Density Bonus applications, are acted upon by the Planning Commission. For this project, the Development Review, Tentative Tract Map, and Density Bonus applications are being processed concurrently pursuant to CMMC Section 13-29(q), which allows multiple planning applications to be processed concurrently and requires that all necessary approvals be obtained prior to final project approval.

To streamline the entitlement process and provide a comprehensive review of the proposed development, staff, in coordination with the applicant, has elected to present all three applications to the Planning Commission through as one coordinated project.

Accordingly, the Planning Commission's scope of review includes consideration of the Development Review, Tentative Tract Map, and Density Bonus applications. The Planning Commission may approve, conditionally approve, or deny these applications based on the required findings and applicable provisions of the Costa Mesa Municipal Code and State law.

The applicant proposes to develop the RCID pursuant to the MUOD regulations and associated development standards. The project site is identified as a Lower-Income Housing Element Site in the City's adopted Housing Element, specifically within Table B-6: Sites to Accommodate Costa Mesa 2021–2029 RHNA and is therefore eligible to utilize the provisions applicable to Housing Element sites. The project provides 23.8 du/acre and complies with the minimum and maximum density requirements. The proposed 15-unit for-sale residential development qualifies as a density bonus project because it provides two moderate-income units, which represent at least 10 percent of the total units required for a for-sale housing development under Government Code Section 65915(b)(1)(D).

The project is also subject to the RCID development standards; however, as noted above, pursuant to the MUOD provisions, the MUOD standards supersede any conflicting provisions of the underlying zoning district and other applicable zoning regulations. Where the MUOD is silent, the applicable RCID standards apply. The Development Standards Comparison Table (page 3 of this report) identifies the applicable development standards and demonstrates how the MUOD and RCID zoning regulations have been applied to the proposed project.

Development Review

Development review is required pursuant to CMMC Section 13-28(e)(1), as the project proposes residential construction of two or more stories, consistent with the provisions adopted by City Council on April 7, 2026 (Ordinance No. 2026-03). Until the City Council adopts citywide Residential and Mixed-Use Objective Design Standards, projects subject to Development Review are evaluated solely for compliance with the objective development standards of the Zoning Code.

As shown in the proposed site plan (Figure 2), the project includes six duplexes and one triplex, for a total of 15 units. The development will include 13 market-rate homes and 2 moderate-income affordable homes. The residential buildings are architecturally designed in the modern coastal style, with finishes that include stucco, vertical board and batten siding, composite shingle roof, and vinyl windows. Each unit is proposed to be three stories with a maximum height of 38 feet, six inches and complies with the maximum permitted height. Pedestrian circulation is provided by sidewalks and pathways between the buildings and from Charle Street. The project includes the reconstruction of the vehicular entrance on Charle Street and Harbor Boulevard. Within the project site, a private drive and fire lane easement is provided that runs along the southern portion of the property from east to west for the entirety of the lot.

<u>Market Rate Units</u>

The 13 market rate units are proposed to be spread across six duplexes and one triplex. Each unit will include an attached two-car off-set garage, a partially covered open parking space, and private open space, in the form of a private backyard. Plan P2 propose to include living, kitchen, dining area, and half bathroom on the second floor. The third floor will include three bedrooms and two bathrooms.

Figure 3 Market Rate Units

Affordable Units

The project includes two affordable units. Each unit will include an attached one-car garage and private open space, in the form of a private backyard. Plan 1A and Plan 1B propose to include living, kitchen, dining area, and one bedroom and one bathroom on the second floor. The third floor will include two bedrooms and two bathrooms. These units will be moderate-income level affordable units and are located adjacent to Charle Street and the other unit is located adjacent to Harbor Boulevard.

Figure 4 Affordable Units

Design Guidelines:

The project is not subject to the City of Costa Mesa Residential Design Guidelines ("Guidelines") because it is a housing development project subject to the Housing Accountability Act (HAA). Pursuant to Government Code Sections 65589.5(f) and (j), a housing development project that complies with applicable objective general plan, zoning, and subdivision standards shall not be denied, conditioned in a manner that renders it infeasible, or subject to subjective design standards that are not objective and uniformly applicable.

Although the City's Residential Design Guidelines remain in the Municipal Code, the Guidelines contain subjective design standards and therefore cannot be applied to the project as a basis for approval or denial under the HAA. Accordingly, the project has been reviewed based on the applicable objective development standards (page 3 of this report) and the City's Review criteria.

<u>Unit Breakdown</u>

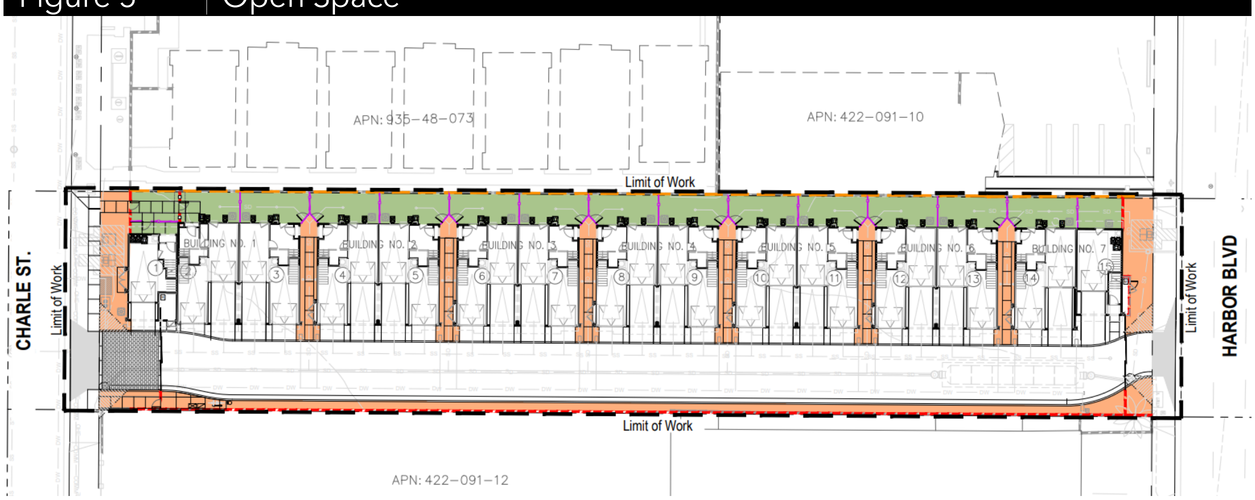
A summary of the unit type and unit breakdown is shown in Table 1 below:

Table 1	Proposed Unit Breakdown				
Unit Type	Bedrooms	Baths	Unit SF	Private Open Space	Unit Count
P1A1	3	3	1,446 SF	Approx. 238 SF	1 (6.67%)
P1B	3	3	1,508 SF	Approx. 186 SF	1 (6.67%)
P2	3	2.5	2,253 SF	Approx. 240 SF	13 (86.67%)

<u>Open Space</u>

As shown in Figure 5 below, the proposed project includes a total of 26,572 square feet of combined public and private open space located on the subject property. The project provides a total of 3,533 square feet of private open space, averaging approximately 235 square feet per dwelling unit. Individual private open space areas range from 186 square feet to 240 square feet, with the majority of units providing approximately 239 square feet of private open space.

Figure 5 Open Space



The project includes pedestrian esplanades between the buildings and pedestrian access gates along Charle Street. One of the pedestrian gates will feature an eight-foottall entry arbor that provides access to the two dwelling units located closest to Charle Street.

<u>Landscaping</u>

Landscaping is proposed to be included throughout the project site including within the front setback, along all driveways and sidewalks, between garage doors, and within the open space areas. The project includes a combination of flowering, shade, specimen, and screening trees distributed throughout the site. Figure 6, below, outlines the project's landscaping which is consistent with CMMC standards.

Figure 6 | Landscaping

As part of the building permit plan check review, final landscape plans will be prepared and certified by a California licensed landscape architect confirming that they comply with the CMMC and water efficiency landscape guidelines.

Lighting is required to be provided in all parking areas, vehicular access areas, and on major walkways. The applicant will be required to submit lighting and photometric plans with the building plans demonstrating that there is limited to no spillover of lighting onto neighboring properties. In addition, fences and walls are proposed throughout the project site and are conditioned to comply with the visibility and development standards.

<u>Parking</u>

Pursuant to the MUOD regulations, no minimum parking requirement applies to the residential development. Additionally, the project is subject to Assembly Bill (AB) 2097, as it is located within one-half mile of a major transit stop. Pursuant to AB 2097, the City is barred from imposing a minimum parking requirement on the project. Additionally, as a Density Bonus project, the project is eligible to utilize the reduced parking standards established under State Density Bonus Law. Under these standards, 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. Accordingly, the project would otherwise be required to provide a minimum of 23 parking spaces. The project proposes 41 parking spaces, including 28 garage spaces and 13 partially covered spaces, resulting in approximately 2.73 spaces per unit and exceeding the parking that would otherwise apply under State Density Bonus Law.

Traffic and Vehicular Circulation

Vehicular access to the site is provided from Charle Street via a single driveway located at the southwest corner of the property. This driveway also connects to a vehicular gate located at the southeast corner of the site adjacent to Harbor Boulevard. The Harbor Boulevard gate is designated for exit-only vehicular movement. Bicycle access is provided via the driveway, adjacent sidewalks, and a pedestrian gate along Charle Street.

The City's Transportation Division has determined that the proposed residential development is not subject to the City's traffic impact fee, as the proposed 15 residential units generate less trips than the previous commercial use.

Fire and Emergency Access

To ensure timely and adequate emergency responses, the project is conditioned to prepare and submit a Fire Master Plan (FMP) to the Costa Mesa Fire and Rescue Department for approval prior to the issuance of building permits. The FMP will include, but is not limited to identifying the designated on-site emergency access routes and lanes, all access points to every building, roof access ladders, location of hydrants, and location of stairways.

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 Charle Street to Harbor Boulevard. A draft Declaration of Covenants, Conditions and Restrictions (CC&Rs) have been provided as part of the application submittal. Prior to issuance of building 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 (Condition of Approval No. 59).

Density Bonus

California's State Density Bonus Law encourages the development of affordable housing by providing regulatory benefits to qualifying residential projects that include affordable units. Depending on the level of affordability provided, eligible projects may receive a density bonus, incentives or concessions, and waivers or reductions of development standards. 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.

The project consists of 15 dwelling units on a 0.63-acre site, resulting in a proposed density of 24 (23.8) dwelling units per acre. Because a minimum density (20 du/acre) is required for Housing Element sites, 'base density' (for the purposes of calculating bonus units and concessions/incentives) is calculated based on the minimum density (13 units). However, the site has a maximum density of 50 du/acre under the MUOD, which would allow up to 32 dwelling units on the site. The project includes two moderate-income units, representing approximately 15 percent of the base units (but 13.3 percent of the total units proposed). In this case, although the applicant qualifies for a density bonus, no additional density is requested because the proposed 15-unit project is already permitted under the site's underlying Mixed-Use Overlay District; instead, the applicant is requesting one incentive or concession and waivers of certain development standards pursuant to Government Code Section 65915.

Pursuant to Government Code Section 65915, the project qualifies for one incentive or concession as the development provides at least 10 percent for sale moderate-income units. 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. 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.

In addition, the project qualifies for a density bonus increase pursuant to Government Code Section 65915; however, the applicant is not requesting additional density bonus units because the maximum allowable density of 50 dwelling units per acre under the MUOD is sufficient to accommodate the proposed 15-unit development. As a density bonus project, the project may request waivers or reductions of development standards pursuant to Section 65915(e), subject to the required findings that such standards would physically preclude the construction of the project at the proposed density.

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 (as discussed above).

Concession

The applicant is requesting one incentive/concession to deviate from undergrounding overhead utility lines within the public right-of-way along Charle Street.

During plan review, the Engineering Division requested that the applicant underground the existing overhead utility lines located within the public right-of-way along Charle Street, consistent with the City's standard practice for new development. In response, the applicant requested a Density Bonus concession from this requirement, asserting that undergrounding the existing overhead utility lines would result in additional project costs that would reduce the economic feasibility of the proposed affordable housing development. The project frontage along Harbor Boulevard does not contain overhead utility lines and, therefore, no changes to utility infrastructure are proposed along Harbor Boulevard. The requested concession applies only to the existing overhead utility lines along Charle Street, which would remain in place.

Pursuant to California Government Code Section 65915, an applicant seeking a Density Bonus is entitled to request incentives, concessions, waivers, or reductions in development standards. A concession or incentive must be granted unless the City makes one of the written findings set forth in Government Code Section 65915(d), including that:

(1) the concession does not result in identifiable and actual cost reductions to provide for affordable housing costs;

(2) the concession would have a specific, adverse impact on public health or safety or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact without rendering the development unaffordable to low-income and moderate-income households; or

(3) the concession would be contrary to state or federal law.

The applicant has requested a concession from the City’s standard condition of approval requiring the existing overhead utility lines along Charle Street to be placed underground. Compliance with this requirement would result in additional project costs, reducing the financial resources available to support the proposed affordable housing units. The Engineering Division evaluated the request and determined that allowing the existing overhead utility lines to remain would not result in a specific adverse impact on public health or safety, and staff has not identified any conflict with state or federal law. Because the concession would provide an identifiable and actual cost reduction and none of the findings required under Government Code Section

65915(d) can be made to support denial, the applicant's request to forgo undergrounding the existing overhead utility lines along Charle Street must be granted as a Density Bonus concession.

Waivers

The applicant is requesting eight waivers or reductions of development standards to allow:

1) above-ground utilities in the street setback;
2) a reduced front setback;
3) a reduced common lot landscaped setback;
4) a reduction in the usable common open space;
5) a reduced driveway width;
6) no exterior storage;
7) a reduced distance between buildings; and
8) no landscaped parkways.

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. The details of the requested waivers are as follows:

1. **Utilities in the Street Setback.** New development is required to underground utilities and provide landscaping within all required setbacks adjacent to the public right-of-way. The project proposes above-ground transformers and mechanical equipment within the Harbor Boulevard and Charle Street setback areas, screened with landscaping. Compliance with these requirements would reduce the developable area of the site and physically preclude construction of the project at the proposed density. Accordingly, a waiver is requested to allow the project to be developed as proposed.

2. **Front Setback.** The MUOD development standards require a minimum 10-foot front setback adjacent to a public street. As shown in Figure 5, the project site has approximately 75 feet of frontage along both Charle Street and Harbor Boulevard. Harbor Boulevard is designated as the front property line because it is classified as a major arterial roadway. The project proposes a front setback of 8 feet, 4 inches along portions of the Harbor Boulevard frontage to accommodate an affordable housing unit and the community's vehicular security gate. Maintaining the full 10-foot setback along the entire Harbor Boulevard frontage would reduce the site's buildable area and constrain the project's ability to achieve the proposed residential density.

3. **Common Lot Landscaped Setback.** Residential common interest developments are required to include at least one lot held in common ownership and maintained by a homeowner's association. The common lot is intended to accommodate shared driveways, parking areas, and a minimum 10-foot landscaped street setback. The project complies with the requirement to provide a common lot. However, the project requests a waiver to allow an 8-foot, 6-inch rear street setback adjacent to Lot 1 and an 8-foot, 4-inch front street setback adjacent to Lot 15 to accommodate the affordable units. Notwithstanding these reductions, the site plan substantially complies with the minimum 10-foot landscaped street setback requirement along Harbor Boulevard. Limited encroachments occur in select locations, including a utility closet adjacent to Lot 1, the vehicular gate pocket adjacent to Lot 15, and portions of the wall configuration serving Lots 1 and 2. Compliance with the full 10-foot landscaped setback requirement would reduce the developable area of the site and physically preclude construction of the project at the proposed density. Accordingly, a waiver is requested pursuant to State Density Bonus Law.

4. **Usable Common Open Space.** The MUOD development standards require a usable common open space equal to 30 percent of the lot area. The project proposes approximately 14% of common open space. Compliance with the full 30% of usable common open space would reduce the developable area of the site and physically preclude construction of the project at the proposed density.

5. **Driveways.** Residential common interest developments are required to provide a minimum driveway width of 10 feet. The project proposes driveway widths of 8 feet, 4 inches. Providing 10-foot-wide driveways would require reductions in the width of adjacent townhomes and/or the passageways between buildings, resulting in building design constraints and reduced separation areas. In addition, increasing driveway widths would reduce the site's developable area and physically preclude construction of the project at the proposed density. Accordingly, a waiver is requested pursuant to State Density Bonus Law.

6. **Storage.** Residential common interest developments are required to provide 200 cubic feet of secure storage outside of each dwelling unit. Compliance with this requirement would reduce the site's developable area and physically preclude construction of the project at the proposed density. Accordingly, a waiver is requested pursuant to State Density Bonus Law to allow the project to proceed without providing the required exterior storage.

7. **Building to Building.** Residential common interest developments are required to provide a minimum of 10 feet between buildings. The project proposes five feet between buildings as a 10-foot setback would reduce the site's developable area and physically preclude construction of the project at the proposed density.

8. **Landscape Parkways.** In all residential zones, except R1, 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. The intent of the parkway requirement is to provide lush and attractive public spaces. While the project does not include the parkway, 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 be reduced, and it would result in a reduction of units.

General Plan Conformance

The City's 6th Cycle Housing Element has identified the project site as a potential site for affordable housing to assist in reaching the City's 2021-2029 Regional Housing Needs Allocation (RHNA) requirement. The proposed project will provide two moderate income for-sale units, along with 13 market-rate for-sale units.

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 Gray Plaza, Harbor Center, and other commercial corridors along Harbor Boulevard and Bay Street. The project provides option to walk or bike to retail centers, coffee shops, and entertainment uses because the site connects to the existing sidewalks on Harbor Boulevard and Charle Street. The residential buildings are located away from the adjacent auto repair use to the south, which contributes to improved compatibility with surrounding land uses and supports the revitalization of the area. In addition, the site was identified as an area for development since it was included in Measure K.

Pursuant to Senate Bill 166 (Government Code Section 65863), the "No Net Loss Law" was recently amended to ensure that housing development opportunities remain available throughout the housing element planning period to accommodate a jurisdiction's regional housing needs assessment (RHNA). One key requirement of this legislation states that "If the city approves a development of a parcel identified in its Housing Element sites inventory with fewer units than shown in the Housing Element, it must either make findings that the Housing Element's remaining sites have sufficient capacity to accommodate the remaining unmet RHNA by each income level or identify and make available sufficient sites to accommodate the remaining unmet RHNA for each income category".

The subject parcel is identified in the City's Housing Element Sites Inventory List to provide five very low-income units, three low-income units, six moderate-income, 16 above moderate-income, and totaling 30 units. The project proposes two moderate-income and 13 above moderate-income units, resulting in a site shortfall of five very-low-income, three low-income units, four moderate-income, and three above moderate-income units. While moderate-income and above-moderate units are provided, very low-income or low-income units are not proposed. However, due to the deficiency of 15 units, as specified in the City Housing Element "Site Analysis", the City is required to make No Net Loss findings pursuant to Government Code Section 65863.

The finding can be made as the City is currently identifying additional sites for inclusion in the Housing Element following the recent removal of 17 sites from the Housing Element Sites Inventory. To maintain adequate capacity to meet the Regional Housing Needs Allocation (RHNA), the City will need to amend the Housing Element, with consideration of those amendments anticipated in September or October of this year. This required finding is provided below in the "Findings" section of this report.

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 15 additional ownership housing units that will reduce the gap between ownership and rental housing in the City.

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 15 residential units including two moderate income units. The project will be required to meet all applicable building code requirements including the provision of accessible units.

FINDINGS

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

Development Review (PDVR-25-0013)

According to Costa Mesa Municipal Code Section 13-29(g), there are no specific findings required for a Development Review. The proposed Development Review and the other associated planning applications were evaluated against the review criteria set forth in CMMC13-29(e) and determined to be consistent.

Review criteria for all planning applications consist of the following:

1) *Compatible and harmonious relationship between the proposed building and site development, and use(s), and the building and site developments, and uses that exist or have been approved for the general neighborhood.*

   The proposed development is consistent and compatible with the surrounding neighborhood in terms of land use, scale, and overall site design. The project has been designed to provide an appropriate transition to adjacent development through the incorporation of building articulation, landscaping, architectural elements, and site design features that complement the character of existing development in the area. The proposed residential use is compatible with the surrounding area, which includes a mix of residential and commercial uses.

2) *Safety and compatibility of the design of buildings, parking area, landscaping, luminaries and other site features which may include functional aspects of the site development such as automobile and pedestrian circulation.*

   The project has been designed to provide safe and functional circulation for vehicles and pedestrians through the incorporation of designated drive aisles, parking areas, pedestrian pathways, landscaping, and lighting improvements. The project is a condominium development with a central driveway providing primary ingress and egress from Charle Street and a secondary exit-only access point onto Harbor Boulevard. Pedestrian access is provided by sidewalks accessing the public right-of-way and an additional pedestrian gate accessing Charle Street. The proposed site improvements have been reviewed by applicable City departments to ensure compliance with applicable safety requirements and standards.

3) *Compliance with any performance standards as prescribed elsewhere in this Zoning Code.*

   The project has been evaluated for consistency with the applicable objective development standards of the Costa Mesa Municipal Code. The applicant has requested waivers of certain development standards, including front setback, building separation, driveway width, open space, parkway width, and storage requirements, pursuant to the State Density Bonus Law (Government Code Section 65915). The requested waivers are permitted under the State Density Bonus Law and are necessary to accommodate the proposed development while providing affordable housing units. Therefore, with approval of the requested waivers and applicable conditions of approval, the project remains consistent with the applicable performance standards of the Zoning Code.

4) *Consistency with the general plan and any applicable specific plan.*

The proposed project is consistent with the broader goals of the General Plan by providing a development of residential uses and owner-occupied housing, as specified in General Plan Land Use Policy LU-1.3.

5) *The planning application is for a project-specific case and is not to be construed to be setting a precedent for future development.*

The application has been reviewed based on the specific characteristics of the proposed development, including the site constraints, applicable regulations, and project design. Approval of this application does not establish a precedent or authorize future projects to deviate from applicable standards, as each future application will be evaluated independently based on its own merits and applicable regulations.

6) *When more than one planning application is proposed for a single development, the cumulative effect of all the planning applications shall be considered.*

The proposed development has been evaluated based on the cumulative effects of all requested planning approvals associated with the project.

7) *For residential developments, consistency with any applicable design guidelines adopted by city council resolution.*

The project is a housing development project subject to the Housing Accountability Act. Pursuant to Government Code Section 65589.5, the City may not apply subjective design standards to the project as a basis for approval or denial. The project has therefore been evaluated based on applicable objective development standards.

8) *For affordable multi-family housing developments which include a minimum of 16 affordable dwelling units at no less than 20 dwelling units per acre, the maximum density standards of the general plan shall be applied, and the maximum density shall be permitted by right and not subject to discretionary review during the design review or master plan application process.*

The project does not qualify as an affordable multi-family housing development meeting the criteria identified above because it does not include a minimum of 16 affordable dwelling units at a density of no less than 20 dwelling units per acre. Therefore, this criteria is not applicable to the proposed development.

Tentative Tract Map No. 19458

Pursuant to Title 13, Section 13-29(g)(13), Findings, of the CMMC, in order to approve the project, the Planning Commission 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, 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 habitat 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 five 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 as the subdivision addresses, among other things, consistency with the General Plan, physical suitability of the site for the proposed type and density of development, potential environmental impacts, and potential conflicts with public easements. Based on the analysis of the proposed subdivision, the project is consistent with applicable General Plan and zoning designations, the site is physically suitable for the proposed residential density and improvements, and the design does not result in identified environmental or public health impacts. Furthermore, the proposed subdivision does not conflict with any recorded easements for public access.

Density Bonus

Pursuant to CMMC Section 13-29(g)(3) in order to approve the request for Density Bonus, the Planning Commission 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 proposed development is not requesting a density bonus as the 15-unit project can be accommodated within the maximum residential density permitted (50 du/acre) by the General Plan. Pursuant to Government Code Section 65915, the project qualifies for one incentive or concession and may request waivers or reductions of development standards because it provides two moderate-income units, representing approximately 15 percent of the base units and 13.3 percent of the total units. The request is consistent with State Density Bonus Law and Chapter IX, Special Regulations, Article 4, Density Bonuses and Other Incentives, which encourage the production of housing. The project is also consistent with General Plan Land Use Policies LU-1.3 and Housing Element Policies HOU-2.1 which support the development of diverse housing opportunities and the provision of affordable housing.

- *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 child care facility.*

  Consistent. The project proposes 15 dwelling units, including two moderate-income units, representing approximately 15% of the base units and 13.3% of the total units. Although the project is not requesting a density increase, it qualifies for one concession pursuant to Government Code Section 65915 based on the provision of moderate-income housing. The requested concession consists of relief from the requirement to underground existing overhead utility lines along Charle Street. The concession constitutes the minimum deviation necessary to reduce development costs and support the provision of the two moderate-income units at affordable sale prices.

- *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 required to reduce development costs associated with undergrounding the existing overhead utility lines along Charle Street. By avoiding these additional costs, the project can direct more resources toward the provision of the two moderate-income units proposed as part of the development. The project includes two moderate-income units, representing approximately 15% of the base units and 13.3% of the total units, which qualify the project for a concession under State Density Bonus Law. The concession supports the project's ability to provide the moderate-income units at affordable housing costs, as defined in Health and Safety Code Section 50052.5.

- *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 above-ground utilities, front setback, common lot landscaped setback, usable common open space, driveways, storage, building to building setback, and landscaped parkways. The requested concession is related to development standards related to the existing overhead utility lines along Charle Street. The requested waivers are minimal in that they will not impact the circulation or safety of the proposed development. The waivers are necessary to accommodate the number of units on the site. 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.

No Net Loss

As discussed above, Government Code Section 65863, the "No Net Loss Law" was amended to ensure that housing development opportunities remain available throughout the housing element planning period to accommodate a jurisdiction's regional housing needs assessment (RHNA). One aspect of this amended legislation requires that "If the city approves a development of a parcel identified in its Housing Element sites inventory with fewer units than shown in the Housing Element, it must either make findings that the Housing Element's remaining sites have sufficient capacity to accommodate the remaining unmet RHNA by each income level [emphasis added] or identify and make available sufficient sites to accommodate the remaining unmet RHNA for each income category".

- The subject property is identified in the City's Housing Element Sites Inventory as having the capacity to accommodate 30 dwelling units, including five very low-income units, three low-income units, six moderate-income units, and 16 above moderate-income units. The proposed project consists of 15 for-sale dwelling units, including two moderate-income units and 13 above moderate-income units. The City has evaluated the project pursuant to Government Code Section 65863 and determined that approval of the project would reduce the residential capacity assumed for the site, leading to a deficiency of five very-low income units, three low-income units, four moderate income units and three above moderate units. The City is currently revising its Housing Element and identifying additional sites for inclusion in the Housing Element to restore capacity and maintain compliance with its Regional Housing Needs Allocation (RHNA) obligations following City Council action on March 17, 2026 to remove 17 sites from and add two sites to the Housing Element Sites Inventory. An amendment to the Housing Element is anticipated to be considered by the City Council in September, 2026, to identify and restore capacity shortfall, including maintain a buffer in each income category, and maintain compliance with Government Code Section 65863.

A summary of the unit income type is shown in Table 2 below.

Table 2	Unit Income Breakdown				
	Very Low	Low	Moderate	Above Moderate	Unit Count
Housing Element	5	3	6	16	30
Project Proposal	0	0	2	13	15
Deficiency	-5	-3	-4	-3	-15

March 17, 2026, Agenda Report and Attachments: https://costamesa.legistar.com/LegislationDetail.aspx?ID=7949568&GUID=2DF17F34-C15C-4BEA-8151-5AA7F42D7753

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Pursuant to Public Resources Code Section 21080.66, as enacted by Assembly Bill 130, qualifying infill housing projects are exempt from CEQA if they satisfy the statutory eligibility criteria. However, tribal consultation is still required for these projects.

In accordance with AB 130, the City contacted the California Native American Heritage Commission (NAHC) on February 3, 2026, to request a list of Native American tribes that are traditionally and culturally affiliated with the project area. After receiving the list from the NAHC, the City notified the identified tribes of the proposed project and offered an opportunity for consultation. Notification letters were distributed via certified mail and email on February 12 and February 24, 2026.

The following tribes responded to the notification letters:

- Juaneño Band of Mission Indians Acjachemen Nation 84A – Responded on February 12, 2026; virtual consultation held on March 5, 2026.

- Gabrieleño Band of Mission Indians – Kizh Nation – Responded on February 13, 2026; consultation conducted via email on March 3, 2026.

- Gabrielino Tongva Indians of California Tribal Council – Responded on February 19, 2026; consultation held on February 26, 2026.

- Cahuilla Band of Indians – Responded on February 24, 2026, and declined consultation for the project.

Following subsequent discussions regarding tribal monitoring, consultation with the participating tribes concluded on May 18, 2026. As a result of the consultation process, conditions of approval have been incorporated into the project requiring tribal cultural resource monitoring, establishing procedures for the discoveries of tribal cultural resources and non-native resources, and requiring cultural resource awareness training for construction personnel.

Additionally, pursuant to AB 130, a Phase I Environmental Site Assessment (ESA) is required as a condition of approval. The applicant submitted both Phase I and Phase II ESAs, which identified potential environmental concerns related to groundwater, off-site contamination sources, and dumping activities. In response, soil vapor sampling was conducted and detected minor concentrations of petroleum-related contaminants identified in the soil. Based on these findings, the Phase II ESA recommended preparation of a Soil Management Plan (SMP).

The applicant subsequently submitted an SMP, and conditions of approval have been included requiring verification of the methane assessment and associated monitoring locations prior to issuance of a rough grading permit. Additionally, if contaminated soil is encountered, remediation plans must be submitted to the Building Division and County of Orange Health Care Agency for review and approval, and building permits shall not be issued until the soil is certified by the Soils Engineer as clean and suitable for development.

The proposed 15 unit, for sale residential development, including two moderate income units, satisfies the applicable eligibility criteria set forth in Public Resources Code Section 21080.66. The project is consistent with the residential density permitted by the General Plan and applicable zoning regulations. Although the project includes a density bonus, one incentive or concession, reduced parking standards, and waivers of development standards pursuant to Government Code Section 65915, Public Resources Code Section 21080.66 expressly provides that the approval of a density bonus, incentives or concessions, waivers or reductions of development standards, or reduced parking ratios under State Density Bonus Law does not constitute grounds for determining that a project is inconsistent with the applicable General Plan or zoning ordinance. The required tribal consultation process has also been completed, and appropriate conditions of approval have been incorporated to address tribal cultural resources. Therefore, the project is statutorily exempt from CEQA pursuant to Public Resources Code Section 21080.66, and preparation of an Initial Study, Negative Declaration, Mitigated Negative Declaration, or Environmental Impact Report is not required.

ALTERNATIVES

Planning Commission determination alternatives include the following:

1. *Approve the project*. The Planning Commission may approve the project as proposed, subject to the conditions outlined in the attached Resolution.

2. *Approve the project with modifications*. The Planning Commission 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 Planning Commission

direction includes a reduction in the proposed project density, the below specified Government Code Section 65589.5 provisions are applicable.)

3. *Deny the project*. If the Planning Commission believes that there are insufficient facts to support the findings for approval, the Planning Commission should deny the application, provide facts in support of denial, and direct staff to incorporate the findings into a Resolution for denial. If the project is denied, the applicant could not submit substantially the same type of application for six months. However, because this project is subject to the Housing Accountability Act (Government Code Section 65589.5), if the Planning Commission 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, the Planning Commission 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).

LEGAL REVIEW

The draft Resolution and this report have been approved as to form by the City Attorney's Office.

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 July 15, 2026. 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 July 16, 2026.

3. **Newspaper publication.** A public notice was published once at least 10 days before the Planning Commission meeting in the Daily Pilot newspaper on Friday July 17, 2026.

As of the date of this report, no written public comments have been received. Any public comments received prior to the July 27, 2026, Planning Commission meeting will be forwarded separately to the Planning Commission.

CONCLUSION

The proposed residential ownership project would redevelop an existing commercial building into a high quality, 15 dwelling units project including two moderate-income units. The proposed development, as conditioned, would be compatible with the surrounding residential and commercial development and would not be materially detrimental to other properties within the area. Therefore, staff recommends approval of the proposed project, subject to conditions of approval.

ATTACHMENTS

1. Draft Planning Commission Resolution (Project)
    - Exhibit A - Findings
    - Exhibit B – Conditions of Approval
    - Exhibit C to Engineering Conditions of Approval (Under Separate Cover)
2. Applicant Letter
3. Density Bonus Letter
4. Management Plan
5. Plans