



Agenda Report

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**Item #:**

**Meeting Date:**

**03/17/2026**

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**TITLE: A ZONING CODE AMENDMENT TO REZONE SIXTH CYCLE (2021-2029) HOUSING ELEMENT SITES AND IMPLEMENT HOUSING ELEMENT PROGRAMS TO COMPLY WITH STATE LAW, A CONFORMING CODE AMENDMENT TO TITLE 9 OF THE MUNICIPAL CODE, A RESOLUTION TO AMEND THE NORTH COSTA MESA SPECIFIC PLAN FOR CONSISTENCY WITH THE HOUSING ELEMENT SITES REZONING, AND DISCUSSION OF A RESOLUTION FOR THE FUTURE CONSIDERATION OF ADOPTION OF FEES ASSOCIATED WITH NEW PROCESSES – PCTY-25-0008 AND PSPA-26-0001**

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

**PRESENTED BY: MICHELLE HALLIGAN, SENIOR PLANNER AND ANNA MCGILL, ADVANCE PLANNING MANAGER AND CATHY TANG-SAEZ, DUDEK**

**CONTACT INFORMATION: MICHELLE HALLIGAN, (714) 754-5608**

**RECOMMENDATION:**

Staff recommends the City Council find that the following actions are statutorily exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080.085(a) (Senate Bill 131) and CEQA Guidelines Section 15061(b)(3); and

The Planning Commission recommends the City Council adopt Ordinance No. 2026-XX to amend Title 13 of the Costa Mesa Municipal Code (Planning, Zoning, and Development) to rezone Sixth Cycle (2021-2029) Housing Element sites and implement specific Housing Element programs, and find that the project is statutorily exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080.085(a) (Senate Bill 131) (Attachment 1); and

Staff recommends the City Council adopt Ordinance No. 2026-XX to amend Title 9 of the Costa Mesa Municipal Code (Licenses and Business Regulations) Article 23 for consistency with amendments to Chapter XVI of Title 13 (Planning, Zoning, and Development) (Attachment 3); and

The Planning Commission recommends the City Council adopt Resolution No. 2026-XX to amend the North Costa Mesa Specific Plan for consistency with the application of the Mixed-Use Overlay District on Housing Element sites and find that the project is statutorily exempt from the provisions of CEQA pursuant to Public Resources Code Section 21080.085(a) (SB 131) (Attachment 4); and

Staff recommends the City Council discuss and provide feedback on the draft Resolution No. 2026-XX establishing fees for new development review processes for housing projects, to be brought back to City Council for adoption on April 7, 2026 (Attachment 6).

**ENVIRONMENTAL DETERMINATION:**

On November 15, 2022, the Costa Mesa City Council adopted Resolution No. 2022-67, certifying and adopting the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program that analyzed the candidate housing sites for the Sixth Cycle (2021-2029) Housing Element. The Mitigated Negative Declaration provided environmental clearance for the adoption of the Housing Element but did not study and mitigate the potential impacts of the rezoning actions. On July 1, 2025, a new statutory CEQA exemption, Public Resources Code Section 21080.085(a) (adopted by Senate Bill 131) went into effect, providing a CEQA exemption for rezoning actions needed to implement Housing Elements. The City's proposed amendments implement a schedule of actions contained in the approved Housing Element pursuant to Government Code Section 65583 and do not allow the construction of a distribution center, or oil and gas infrastructure. Therefore, the proposed amendments are statutorily exempt from CEQA pursuant to Public Resources Code Section 21080.085(a). In addition, certain amendments are exempt pursuant to CEQA Guidelines Section 15061(b)(3).

**BACKGROUND:**

Since Spring 2025, the City has progressed on Neighborhoods Where We All Belong (NWAAB) effort, which implements Measure K and the adopted Housing Element to create housing development opportunities through rezoning and updating City regulations. The NWAAB effort was originally envisioned as a joint effort to conclude Fall 2026. In July 2025, the State of California passed Senate Bill (SB) 131, which established new CEQA statutory exemptions effective July 1, 2025, for specific housing and infrastructure projects. The City has been coordinating with the California Department of Housing and Community Development (HCD) on expediting Housing Element related actions to pursue a certified Housing Element.

On December 8, 2025, staff presented an update to the Planning Commission regarding the potential approach to rezoning Housing Element sites. The update included an overview of SB 131. With input from HCD, staff confirmed that under SB 131, carrying out actions in the Housing Element, such as amending the Zoning Code and North Costa Mesa Specific Plan to accommodate the Regional Housing Needs Assessment (RHNA), would be exempt from CEQA. Accordingly, the NWAAB rezoning effort has been bifurcated into two simultaneous work streams: one work stream focusing on expediting the rezoning of Housing Element sites, and a second work stream focusing on creating residential development opportunities on non-Housing Element Measure K sites on the City's original NWAAB timeline.

- December 8, 2025, Agenda Report and Attachments:  
<https://costamesa.legistar.com/LegislationDetail.aspx?ID=7773717&GUID=27C0C59C-E645-40FE-9970-1CF616A43895>

On January 26, 2026, the Planning Commission held a Study Session to discuss the draft rezoning of Housing Element sites, including within the North Costa Mesa Specific Plan, and draft amendments to Title 13 of the Costa Mesa Municipal Code (Zoning Code) to implement Housing Element programs.

- January 26, 2026, Agenda Report and Attachments:  
<https://costamesa.legistar.com/LegislationDetail.aspx?ID=7826361&GUID=F156048D-17ED-4207-AD1F-00C34ADD4BC9>

On February 9, 2026, the Planning Commission considered and recommended the City Council to approve proposed Zoning Code and North Costa Mesa Specific Plan amendments to rezone Housing Element sites, adopt an updated Mixed Use Overlay District (MUOD) to allow residential development on non-residential sites, and other Zoning Code amendments to implement specific Housing Element Programs, encourage and facilitate housing development, and comply with State law. As part of their motion, the Planning Commission also directed staff to honor the requests of several property owners to exclude those sites from the MUOD.

- February 9, 2026, Agenda Report and Attachments:  
<https://costamesa.legistar.com/LegislationDetail.aspx?ID=7869925&GUID=46ADE2E0-93B1-4307-BB85-FCF45BA3A0C2>

On February 23, 2026, the Planning Commission considered and recommended the City Council approve an amendment to the Housing Element of the General Plan to add two sites and remove 17 sites at the request of their respective owners. This targeted amendment simply added text references to two Measure K sites joining the inventory and removed text references regarding 17 sites. If adopted by the City Council, the amendment of the sites inventory will trigger a 180-day time period wherein the City must conduct a “no net loss” analysis, identify adequate sites to maintain capacity to meet the RHNA, and obtain approval from the HCD. Comprehensive updates to the Housing Element to reflect revised sites and capacities, related text, figure and table changes, and celebrate the City’s progress in implementing dozens of programs would be conducted as part of this “no net loss” analysis and HCD compliance process.

- February 23, 2026, Agenda Report and Attachments:  
<https://costamesa.legistar.com/LegislationDetail.aspx?ID=7922544&GUID=692D0434-F1D3-4FC7-A9F2-21B75AC2D44B>

On March 17, 2026, under a separate action, the City Council will consider amending the Housing Element of the General Plan to add two sites and remove 17 sites from the Housing Element Sites Inventory. This item has been prepared for consistency with the Housing Element amendment action. However, if the City Council does not approve the amendment of the Housing Element of the General Plan or makes modifications, consistent modifications may need to be incorporated into these actions.

### **DESCRIPTION:**

The City is actively implementing programs identified in the adopted Housing Element and is working toward certification by HCD. Rezoning Housing Element Sites is a key component required to achieve certification as it establishes the anticipated development capacity of each site. To expedite certification, staff proposes rezoning actions for Housing Element sites only (excluding the Fairview Development Center as it will be rezoned through a new specific plan), as well as other associated Zoning Code text amendments to implement Housing Element programs, and meeting State requirements.

The proposed Zoning Code amendments would establish a new section of the Mixed-Use Overlay District (MOUD) in the Zoning Ordinance to apply to all Housing Element Sites (excluding the 17 properties proposed to be removed and areas within the Fairview Developmental Center). Housing Element Opportunity Sites are outlined in red in Attachment 8 and reflect the staff recommendation to remove 17 sites and add an additional 2 sites. Additionally, the Zoning Code Amendment proposes to amend specific definitions related to housing including group homes and sober living homes, add land uses to the Land

Use Matrix, streamline specific application procedures, reduce select residential parking minimums, align the City's motel conversion termination of tenancy procedures with State and Federal law, and update the City's regulations pertaining to group homes, reasonable accommodation, and emergency shelters. Additional amendments to those areas of the Zoning Code are proposed to provide clarity, internal consistency, and remove outdated text.

The proposed rezoning also includes targeted amendments to the North Costa Mesa Specific Plan (NCMSP) to reflect the application of the MUOD to Housing Element Opportunity Sites the NCMSP. The draft amendments are depicted as underline text for text being added to the Element and ~~strikethrough text~~ for text being removed as depicted in Attachment 7.

While this expedited pathway focuses on Housing Element Sites, non-Housing Element Measure K sites shown in Attachment 8 are still being considered and rezoned as part of the Neighborhoods Where We All Belong (NWWAB) rezoning effort.

## **ANALYSIS:**

### **Zoning Amendments**

#### *Mixed-Use Overlay District (Housing Element Programs 2N, 3C, and 3D)*

Per California Government Code Section 65583, cities and counties must identify adequate zoning and site capacity to accommodate their RHNA. In Costa Mesa, rezoning is necessary to establish adequate residential development capacity and a buffer of additional capacity to address California Government Code Section 65863 "no net loss" provisions that require jurisdictions to maintain capacity throughout the planning period.

To increase the development capacity of Housing Element Opportunity Sites, staff proposes to amend the City's Zoning Map and MUOD. The proposed amendment would create a new section of the MUOD, Section 13-83.58, Properties Identified in Housing Element, to be applied to all Housing Element Opportunity Sites, except the Fairview Developmental Center. The new section of the MUOD specifically establishes development criteria on Housing Element Opportunity Sites to encourage and facilitate residential development, subject to the following:

- Densities ranging from 20 units per acre up to the specific site density identified in the Housing Element (40, 50, and 90 units per acre);
- Basic objective design standards such as height and minimum setbacks that can accommodate the Housing Element-identified densities; and
- Ministerial review and approval procedures consistent with State law.

Additionally, amendments to the NCMSP only pertaining to Housing Element Opportunity Sites within the NCMSP are necessary for consistency with the Housing Element, Land Use Element revisions adopted by the City Council on November 4, 2025, and proposed MUOD.

To comply with state law (AB 1397), the amendment to the MUOD would allow "by-right" (ministerial) approval for projects on Housing Element Opportunity Sites that include at least 20 percent lower-income units. If adopted, the new section of the MUOD, along with an amendment to the Zoning Map (Attachment 2), would constitute the rezoning of Housing Element Opportunity Sites, except for the Fairview Developmental Center site which will be subject to a new specific plan, and is undergoing a separate

process under state law. See the updated Zoning Map (Attachment 2), new MUOD section (Attachment 7, Exhibit E), and amendments to the North Costa Mesa Specific Plan (Attachment 7, Exhibit N).

Finally, as part of their motion to the City Council, the Planning Commission directed revisions to Section 13-83.58(b)(3) to include an exception for the 14 properties listed in the public comment letter provided on February 7, 2026, on behalf of C.J. Segerstrom & Sons (CJS), requesting to be removed from the City's Housing Element Sites inventory and excluded from the MUOD. As part of a separate action, staff has prepared a resolution for the City Council amending the Sixth Cycle Housing Element (2021-2026 of the City of Costa Mesa's General Plan) to remove 17 sites (including the 14 CJS sites) from the Housing Element Sites Inventory. Therefore, when the City Council takes action to establish the MUOD and apply the overlay to the Housing Element Opportunity Sites, the overlay will not be proposed at these 14 sites and revisions to section 13-83.58(b)(3) are no longer needed. These 14 CJS sites are still Measure K sites and will be considered for rezoning as part of the broader NWWAB effort.

### *Planning Applications (Housing Element Program 3S)*

California Government Code Section 65583 mandates that cities and counties address governmental constraints to housing construction such as removing restrictive zoning and lengthy planning application processing. The proposed amendments to Title 13, Chapter III, Planning Applications, will create a new "Streamline Development Review" process for the ministerial review of residential uses that are permitted by right under State law, projects that are one story in the R1, R2-MD, R2-HD, and R3 zones, and small commercial/mixed-use additions. For qualifying applications, Planning Division will conduct an expedited review against objective standards only.

As proposed, mixed-use applications that include residential development would be no longer subject to the discretionary process of a Master Plan application and Master Plan screening before the City Council. This amendment is anticipated to expedite the approval of mixed-use applications, which is an important component of Housing Element implementation strategy given that all Housing Element Opportunity Sites would be rezoned to be within a new section of the MUOD.

The proposed amendments, seen in Attachment 2 and in strikethrough format in Attachment 7, Exhibit C would remove Design Review and Minor Design Review. Currently, projects proposing three or more dwelling units must complete a subjective design review process which does not align with State housing law. Applications for two-story residential development that do not currently conform to adopted residential design guidelines are subject to a subjective minor design review. As proposed, those projects would be processed through the standard Development Review and approved if they comply with objective standards. If varying from objective standards, the projects would need a Major Modification or Minor Modification for approval. As proposed, the review of design will be accomplished through the Streamline Development Review and Development Review processes, with a focus on objective design standards. Additional objective design standards beyond those adopted today are forthcoming as part of the NWWAB effort. The proposed changes would:

- Create a new ministerial approval process called Streamline Development Review, applicable to:
  - Projects where 20 percent of the units are affordable to lower income households;
  - Residential uses permitted by-right consistent with State law;
  - One-story residential construction in the R1, R2-MD, R2-HD, and R3 zones; and
  - Limited commercial building additions.

- Replace the discretionary Design Review and Minor Design Review procedures with staff-level objective review procedures; and
- Encourage MUOD applications by removing the Master Plan requirement for projects within that district.

Overall, the proposed amendments to Chapter III, Planning Applications are intended to reduce governmental constraints to residential and mixed-use development and shift the City's review framework away from subjectivity and toward objective standards. These amendments partially implement Housing Element Program 3S and would further encourage and facilitate residential and mixed-use development.

*Definitions (Housing Element Programs 2J, 2N, 2O, 2P, and 3F)*

Zoning Code Chapter 1, Article 2, Definitions establishes the meaning of certain words and phrases which are used in the Zoning Code. Amendments include adding a definition of "employee housing" per California's Employee Housing Act (in California Health and Safety Code Sections 17000–17011) and adding a definition of "efficiency unit" that complies with Health & Safety Code § 17958.1. Other amendments include updating the definitions of group home, single housekeeping unit, single residential occupancy unit, sober living home, supportive housing, and transitional housing to meet State regulations and implement certain Housing Element Programs. Additionally, the name "administrative adjustment" is proposed to change to "major modification" for consistency with proposed changes in Chapter III, Planning Applications. See Attachment 7, Exhibit A for the proposed amended definitions.

*Subsequent Administrative Adjustment References*

Staff proposes to update the reference to "administrative adjustment" to "major modification" in Chapter I Section 13-11, Zoning Administrator, Review Authorities (Attachment 7, Exhibit B), and in Chapter XII Section 13-272, Transportation System Management, Definitions (Attachment 7, Exhibit J), for consistency with the amendment to the naming convention in Chapter III Planning Applications (Attachment 7, Exhibit C).

*Land Use Matrix (Housing Element Programs 2J and 4E)*

Amendments to Title 13, Chapter IV, Citywide Land Use Matrix, are proposed for consistency with amendments to the Definitions chapter related to housing and to allow a "low barrier navigation center" use by right per Government Code Section 65660. The table and footnotes are proposed to be updated to add employee housing, supportive housing, transitional housing, and low barrier navigation center uses.

Other amendments would be minor clean-up items to remove typographical errors, unnecessary "reserved" and "reserved for future use" categories, as well as "incidental residential use that includes a toilet in combination with a bathtub or shower..." as it is now covered by the accessory dwelling unit use in the Accessory Uses section of the matrix. See Attachment 7, Exhibit D for the strikethrough version of the amendments to the Land Use Matrix.

At this time, an update of the order and numbering of uses in the Land Use Matrix is not proposed because the Planning Division is in the process of preparing an overhaul to the formatting and organization, anticipated to be presented to the Planning Commission in Spring 2026.

### *Off-Street Residential Parking Standards (Housing Element Program 2M)*

The City has been collaborating with HCD to assess if the adopted residential parking minimums meet State requirements and do not unduly burden residential development. The proposed update to Table 13-85(A) would remove the requirement to add parking for bedroom additions in single-family residential units per Assembly Bill 1308, which became effective on January 1, 2025.

Following technical assistance from HCD, Table 13-85 is proposed to be updated to have multifamily units with 3 or more bedrooms subject to the same parking requirements as multifamily units with 2 or more bedrooms (2 off-street spaces and at least 0.25 off-street guest spaces). Opportunities for unbundled parking was briefly discussed at the January 26, 2026, Planning Commission study session. Staff has been exploring potential options for unbundled parking and plans to include these proposed revisions as part of the broader NWWAB zoning code updates. See Attachment 7, Exhibit F for the strikethrough version of these amendments.

### *Motel Conversions (Housing Element Program 3F)*

Costa Mesa has successfully converted multiple motels to affordable housing units through Project Homekey, a program administered by HCD, and funded by State and Federal resources. As proposed, Title 13, Chapter IX Special Land Use Regulations, Article 8 Motels would be updated to specify that in the motel conversion process, termination of tenancy procedures would follow the requirements of the funding source (State and Federal law). See Attachment 7, Attachment G.

### *Reasonable Accommodation (Housing Element Program 2N)*

The City has reviewed its Reasonable Accommodation procedures and proposed updates to promote access to housing for persons with disabilities and remove potential constraints. The proposed revisions include removal of Finding 7 and key revisions to Findings 3, 4 and 5 to provide greater certainty and objectivity in the procedures and process. See Attachment 7, Exhibit H for the strikethrough version of these amendments.

### *Emergency Shelters (Housing Element Program 4G)*

Cities and counties are limited in the scope of regulating how emergency shelters are operated by California Health and Safety Code Sections 50801 and 50801.5. Title 13, Chapter IX Special Land Use Regulations, Article 18 Emergency Shelters, is proposed to be amended to clarify parking requirements and remove regulations pertaining to the towing of vehicles and denying occupancy on conditions related to alcohol and narcotics. See Attachment 7, Exhibit I.

### *Group Homes (Housing Element Program 2P)*

The City has reviewed the relevant Zoning Code and application procedures pertaining to group homes to help promote greater objectivity and certainty similar to other residential uses in the same zoning districts. Proposed revisions include further clarifications to the group and sober living home definitions (as noted in the definitions analysis section), limiting the Special Use Permit (SUP) requirement to group homes that have an operator, removing parking requirements that exceed those for similar uses, eliminating the requirement for a hearing prior to issuance of a SUP for consistency with other ministerial permits, and reducing the courtesy public notice requirement from 500 feet to 100 feet. Finally, the one-

year grace period to obtain a SUP, applicable only to existing operators when the group home provisions were first adopted in 2014, was removed. See Attachment 7, Exhibits K and L.

Revisions to Title 9 Licenses and Business Regulations, Chapter II, Regulation of Certain Business, Article 23, Group Homes, for consistency with the revisions to Title 13, Chapter XV are also included in Attachment 7, Exhibit M. These revisions remove certain parking requirements for residents and house managers living or working within a group home.

#### *North Costa Mesa Specific Plan Amendment (Housing Element Program 3C)*

Several properties within the boundary of the North Costa Mesa Specific Plan are Housing Element Opportunity Sites. As such, the Specific Plan is proposed to be amended for consistency with the rezoning of Housing Element Opportunity Sites via the application of the new MUOD. Housing Element Program 3C calls for the amendment of the North Costa Mesa Specific Plan to permit residential development on Housing Element Opportunity Sites at a density of 90 dwelling units per acre. To implement this program, the following actions are proposed and illustrated in Attachment 5 and in strikethrough format in Attachment 7, Exhibit N:

- Add a new section specific to Housing Element Opportunity Sites reflecting the application of the new MUOD, with a density up to 90 dwelling units per acre and a minimum of 50% residential development;
- Update Figure 2, General Plan Land Use Designation, and Figure 3, Zoning;
- Update Table 1, General Plan Designations to include the MUOD;
- Update text related to building height to specify that maximum building heights apply unless a proposed project is utilizing the MUOD on a qualifying property (MUOD height limits would apply);
- Other minor text edits to reflect Housing Element sites;
- Update reference to Density Bonus Law; and
- Update Table 2, Maximum Building Heights to reference the MUOD.

As part of their motion to the City Council, the Planning Commission directed staff to review the public comment provided by Mr. Sakioka on February 9, 2026, and make any additional revisions needed for consistency between the NCMSP and the Housing Element. Since then, staff have met with Mr. Sakioka and his team. Since certain Housing Element sites within the NCMSP can already develop housing under the NCMSP, revisions were needed to allow the sites sufficient density and development standards to realize the housing capacity identified in the Housing Element. The proposed revisions would allow these sites to develop either under the NCMSP or the MUOD Overlay, consistent with the capacity identified in the Housing Element.

#### **GENERAL PLAN CONFORMANCE**

The proposed Zoning Code amendments and North Costa Mesa Specific Plan amendment are consistent with the City's General Plan, including amendments to the Land Use Element adopted by the City Council and effective on November 4, 2025. The proposed amendments are in conformance with the City's General Plan including:

- 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.

- HOU-2-4 Encourage housing programs and future actions that address the need for affordable housing options as well as the housing needs of Costa Mesa's senior resident population and the large households population.
- HOU-3.1 Encourage the conversion of existing marginal, underutilized, or vacant motels, commercial, and/or industrial land to residential, where feasible and consistent with environmental conditions that are suitable for new residential development.
- 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.
- HOU-3.5 Encourage residential and mixed-use development along transportation routes and major commercial/mixed use corridors.
- HOU-4.3 Encourage and support the construction, maintenance and preservation of residential developments which will meet the needs of families and individuals with specialized housing requirements, including those with developmental disabilities.
- Policy LU-1.1 Provide for the development of a mix and balance of housing opportunities, commercial goods and services, and employment opportunities in consideration of the needs of the business and residential segments of the community.
- Policy LU-1.2 Balance economic gains from new development while reserving the character and densities of residential neighborhoods.
- 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.
- Policy LU-1.5 Maintain a land use structure that strives to balance jobs and housing with available infrastructure and public and human services.
- Policy LU-2.9 Require appropriate building setbacks, structure orientation, and placement windows to consider the privacy of adjacent residential structures within the same project and on adjacent properties.
- Policy LU-3.1 Protect existing stabilized residential neighborhoods, including mobile home parks (and manufactured housing parks), from the encroachment of incompatible or potentially disruptive land uses and/or activities.
- Policy LU-3.4 Ensure that residential densities can be supported by the infrastructure and are compatible with existing residential neighborhoods in the surrounding area.
- Policy LU-3.5 Provide opportunities for the development of well-planned and designed projects which, through vertical or horizontal integration, provide for the development of compatible residential, commercial, industrial, institutional, or public uses within a single project or neighborhood.
- Policy LU-3.9 Locate high-intensity developments or high-traffic-generating uses away from low-density residential in order to buffer the more sensitive land uses from the potentially adverse impacts of the more intense development or uses.
- Policy LU-3.10 Minimize effects of new development on the privacy and character of surrounding neighborhoods.
- Policy LU-5.7 Encourage new development that is organized around compact, walkable, mixed-use neighborhoods and districts to conserve open space resources, minimize infrastructure costs, and reduce reliance on the automobile.

**ENVIRONMENTAL DETERMINATION**

On November 15, 2022, the Costa Mesa City Council adopted Resolution No. 2022-67, certifying and adopting the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program that analyzed the candidate housing sites for the 6th Cycle (2021-2029) Housing Element. The Mitigated Negative Declaration provided environmental clearance for the adoption of the Housing Element but did not study and mitigate the potential impacts of the rezoning actions. When the Professional Service Agreement for the Rezoning Program was signed in March 2025, an Environmental Impact Report was determined to be necessary for the rezoning to comply with CEQA. However, on July 1, 2025, a new statutory CEQA exemption, known as SB 131 or Public Resources Code Section 21080.085(a), went into effect, providing a CEQA exemption for rezoning actions needed to implement Housing Elements. The City's proposed amendments implement a schedule of actions contained in the approved Housing Element pursuant to Government Code Section 65583 and do not allow the construction of a distribution center, or oil and gas infrastructure. Therefore, the proposed amendments are statutorily exempt from California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080.085(a). In addition, the amendments to Chapters I, II, III, IX, XV and XVI of Title 13, the amendments to Title 9, and the fee Resolution are exempt under CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that none of these will have a significant effect on the environment.

**ALTERNATIVES:**

The City Council has the following alternatives:

1. **Approval with modifications.** The City Council may recommend approval with modifications to the amended Zoning Code sections and Specific Plan or removal of items from the amendments provided that the revisions are internally consistent and consistent with the General Plan and State law.
2. **Continue the Ordinance and Resolution review to a date certain.** The City Council may continue the item to a date certain with direction for staff to return with additional information, changes and/or clarifications for City Council consideration.

**FISCAL REVIEW:**

The City anticipates the proposed rezoning actions, coupled with streamlined planning application processing, will generate an increase in residential and mixed-use development through ministerial approvals. With the proposed transition to staff-level, ministerial review processes, staff anticipates a shift in processing time and associated discretionary review tasks. At the same time, it is important to ensure that staff time spent on reviewing housing projects for compliance with the Zoning Code and objective development standards is still accounted for in accordance with cost recovery practices. As a result, the fees currently charged have been evaluated and with new fees proposed to ensure that they appropriately align with the staff resources needed for proposed streamlined development review.

The proposed fees included in Attachment 6 are tiered based on project size, as indicated in table 1 below. Projects that propose 5-49 units are broken down into two categories of flat fees. These fees are intended to cover the costs of staff time associated with application processing, based on the size and complexity of the project. Development review projects with 50 or more units will be required to submit a

cost recovery deposit where staff time spent reviewing the project is appropriately tracked and charged. For each project type, the proposed fee will achieve full cost recovery. The draft resolution has been included with the staff report for discussion and to provide feedback. Staff anticipate bringing this resolution back to the City Council, with the anticipated second reading of the ordinance, on April 7, 2026, for City Council adoption.

Table 1. Housing Development Review Fee Schedule

<b>Activity Description</b>	<b>Fee</b>	<b>Charge Basis</b>
1. Fee to be paid for the development review of housing projects proposing 5-29 units	\$8,400	
2. Fee to be paid for the development review of housing projects proposing 30-49 units	\$21,000	
3. Fee to be paid for the development review of housing projects proposing 50 or more units	\$30,000	Time and Materials with Minimum Deposit

Additionally, state housing laws limit discretionary review for housing projects, particularly for Housing Element sites, that qualify for by-right or streamlined approval. Without being able to require conditions of approval or a Development Agreement, staff are in discussion with other departments about exploring development impact fees and/or updating existing fees. While the impacts of individual projects on public services and facilities may be incremental, the cumulative effect of new development over time could be substantial. To ensure that new development contributes its fair share toward the cost of public services and facilities, additional analysis, potentially through a nexus study, is warranted. This analysis would provide the necessary technical support to establish new impact fees (such as for public safety services and parks) or update existing impact fees.

**LEGAL REVIEW:**

The City Attorney’s Office has reviewed this staff report, the attached ordinances and resolutions, and approves them as to form.

**PUBLIC NOTICE**

Pursuant to California Government Code Section 65854 (amended by Assembly Bill 2904 in 2025) public notification for amending the Housing Element of the General Plan has been completed no less than 10 days prior to the date of the public hearing:

1. On-site posting. A public notice was posted at City Hall and on the City’s website on March 6, 2026.
2. Newspaper publication. A public notice was published in the Daily Pilot newspaper on March 6, 2026

Additionally, information about the associated actions was posted to the NWWAB webpage (<https://www.costamesaneighborhoods.com>) and distributed via email to the project interest list on January 21, 2026, February 6, 2026, February 17, 2026, February 20, 2026, and March 9, 2026.

All public comments received prior to the February 9, 2026 Planning Commission meeting have been included as Attachment 10.

Any public comments received for the March 17, 2026 City Council meeting, may be viewed at this link: [CITY OF COSTA MESA - Calendar \(legistar.com\)](#)

**CITY COUNCIL GOALS AND PRIORITIES:**

The focused update to the Land Use Element for consistency with the Housing Element supports the following City Council Goal:

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

**CONCLUSION:**

Following City Council action on these amendments, staff anticipate initiating a Housing Element update to increase housing capacity and/or identify additional sites necessary to maintain capacity for RHNA and 10-20 percent buffer. Staff will continue to collaborate with HCD in pursuit of certification.

Community engagement on the Measure K sites, as part of the NWWAB, is still actively and concurrently underway. Round 2 community workshops were held in the first week of March and stakeholder focus group meetings are scheduled for March 19th. City staff is also continuing the analysis of potential impacts of Measure K property development opportunities on the environment through the Environmental Impact Report process. Staff will continue to update the City Council, Planning Commission and community on project progress through the project website, [www.costamesaneighborhoods.com](http://www.costamesaneighborhoods.com), emails to the interest list, and study sessions.