



Agenda Report

Item #: 26-327

Meeting Date: 8/4/26

TITLE: INTRODUCE AND GIVE FIRST READING OF AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COSTA MESA CALIFORNIA AMENDING TITLE 13 (PLANNING, ZONING, AND DEVELOPMENT), OF THE COSTA MESA MUNICIPAL CODE UPDATING LAND USE CLASSIFICATIONS FOR VARIOUS NON-RESIDENTIAL USES INCLUDING BUT NOT LIMITED TO, PERSONAL SERVICES, ARTISAN STUDIO, ACTIVE ENTERTAINMENT USES, EVENT CENTERS AND ASSEMBLY USES, FITNESS USES, AND OTHER NON-RESIDENTIAL USES AND STANDARDS– PCTY-26-0001

DEPARTMENT: COMMUNITY DEVELOPMENT DEPARTMENT - PLANNING DIVISION

**PRESENTED BY: AMBER GREGG, CONTRACT PROJECT MANAGER, AND
MARTINA CARON, PLANNING MANAGER**

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RECOMMENDATION:

Staff recommends the City Council:

1. Find that the proposed Zoning Code Amendment is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15061(b)(3) and 15305; and
2. Introduce for first reading, by title only, an Ordinance approving amendments to Title 13 (Planning, Zoning and Development) of the Costa Mesa Municipal Code to update land use classifications for various non-residential uses including but not limited to, personal services, artisan studio, active entertainment uses, event centers and assembly uses, fitness uses, and other non-residential uses and standards.

BACKGROUND:

The Costa Mesa Zoning Code serves as the City's primary regulatory framework governing land use and development. While the Code has been periodically amended, many of the City's commercial land use classifications have remained largely unchanged since adoption of the Citywide Land Use Matrix in 1997.

Over the past several decades, commercial business models, consumer preferences, and tenant demands have evolved significantly. Emerging uses such as wellness-oriented services, specialized fitness facilities, active entertainment venues, artisan production spaces, food halls, ghost kitchens, commercial kitchens, and e-sports-related businesses have become increasingly common but are not clearly addressed within the City's existing regulatory framework.

As a result, applicants frequently require use determinations or discretionary approvals for uses that are not specifically identified in the Zoning Code. This can increase processing time, create uncertainty for property owners and tenants, and limit opportunities for reinvestment in existing commercial properties. To address these issues, staff initiated a comprehensive review of commercial land use classifications and related development standards.

On April 13, 2026, the Planning Commission conducted a public study session to review potential amendments to the Zoning Code related to personal services, fitness uses, active entertainment venues, artisan production spaces, food halls, ghost kitchens, commercial kitchens, and e-sports-related businesses, and regulations pertaining to commercial height limits and floor area ratio..

On June 22, 2026, the Planning Commission conducted a public hearing on the proposed Zoning Code amendments and expressed support for the overall direction of the amendments and recognized the proposal as a strong foundation for modernizing the City's regulations. After receiving public comments and conducting discussion, the Commission requested additional analysis and refinement regarding the parking requirements and applicable size or operational thresholds for small fitness studios and requested additional review of the proposed exclusions from floor area ratio calculations, particularly the treatment of storage areas, equipment rooms, and other non-occupied spaces. The Commission therefore reopened and continued the public hearing to the July 13, 2026, Planning Commission meeting.

On July 13, 2026, the Planning Commission held a continued public hearing and reviewed the revision to the small fitness modifications and proposed modifications to the definition of Gross Floor Area. After receiving public comments and conducting discussion, the Planning Commission requested that the small fitness studio category be revised to up to 5,000 square feet. After discussion, the definition was revised and the Commission recommended (6-0) that the City Council adopt the ordinance, with a series of clarifying revisions and editorial changes.

Links to the April 13, 2026, June 22, 2026, and July 13, 2026, Planning Commission Agenda Reports are provided below.

April 13, 2026, Agenda Report:

<https://costamesa.legistar.com/LegislationDetail.aspx?ID=7976488&GUID=694B0C33-AB5F-4F28-8F1C-4E67CB6704A9&Options=&Search=>

June 22, 2026, Agenda Report:

<https://costamesa.legistar.com/LegislationDetail.aspx?ID=8074127&GUID=C2A16155-8437-4BD9-BE88-51D5394B7C4C&Options=&Search=>

July 13, 2026, Agenda Report

<https://costamesa.legistar.com/LegislationDetail.aspx?ID=8131437&GUID=00F74BC6-2C2D-40D5-B7F2-398AEE96F1AA&Options=&Search=>

ANALYSIS:

The proposed amendments represent a targeted effort to modernize the City's commercial land use framework and address recurring implementation issues identified by staff, property owners, business operators, and applicants. The amendments establish clearer land use classifications, improve

consistency in code administration, provide flexibility for commercial reinvestment, and better accommodate evolving business models while maintaining compatibility with surrounding development.

See a summary of the proposed amendments in Table 1 with detailed descriptions following the table.

Table 1. Summary of Proposed Zoning Code Updates

PROPOSED UPDATES TO LAND USE MATRIX			
TOPIC	DESCRIPTION	CURRENT PROCESS	PROPOSED PROCESS
1. Personal Services	Establishes a broader Personal Services category for one-on-one customer-serving grooming, wellness, and similar uses that are currently regulated separately or not clearly identified. Adds regulations for group setting instruction. New definition and special land use regulations proposed.	CUP* if not expressly called out	Permitted by right
2. Artisan Studio	Consolidates small-scale creative production, artist spaces, and related accessory retail uses into one category. Provides a clearer framework for hybrid businesses that produce and sell goods on-site. New definition and special land use regulations proposed.	CUP if not expressly called out	Permitted by right
3. Active Entertainment	New category for indoor, participant-based entertainment uses of 15,000 square feet or less, where customers actively engage in recreation or gaming activities. Uses would be allowed by right in Commercial zones and require MCUP in MG and MP Industrial zones. Examples include escape rooms, virtual reality venues, and similar uses. Parking requirements and definition added. Uses larger than 15,000 square feet would fall under Amusement Centers and would require a CUP. New definition and special land use regulations proposed.	CUP if not expressly called out	Permitted by right; MCUP* Industrial Zones; and CUP >15,000 sf
4. Event Center and Assembly Uses	Consolidates banquet halls, assembly halls, reception venues, conference facilities, and spectator-oriented e-sports arenas into a single classification of event center. This update distinguishes assembly uses from active entertainment and applies consistent operating standards. New definition and special land use regulations proposed.	CUP	CUP Clarifies Standard
5. Fitness Uses	Establishes two categories for smaller and mid-sized fitness uses, 1) Small Fitness Studio for uses less than 5,000 square feet in size, and 2) Fitness Studio for uses from 5,000 square feet to 15,000 square feet. These categories would distinguish smaller facilities from larger fitness clubs that operate at a greater scale and intensity and are regulated under existing "Physical Fitness Facility" uses. Parking requirements, new definition, and special land use regulations proposed.	CUP if not expressly called out	Permitted by right
6.a. Food Halls	Defines food halls as a specifically identified restaurant-related use to clarify how multi-vendor dining spaces are classified and reviewed. Food Halls are regulated under existing standards.	Limited Definition	Clarifies Standard

6.b. Ghost Kitchen	Defines and adds ghost kitchens to the Food And Beverage Section of the Zoning Code as a specifically identified restaurant-related use to clarify how multi-vendor dining spaces are classified and reviewed. Parking requirements, new definition and special land use regulations proposed.	CUP if not expressly called out	Ghost Kitchen Permitted or MCUP*
7. Electric Vehicle Charging	Establishes electric vehicle charging stations as a permitted use, consistent with State law. New definition and development standards proposed.	Silent	Permitted by right
8. Sports Clubs	Clarifies that indoor sports clubs, such as basketball, pickleball, volleyball, and soccer training facilities, are regulated under the existing "Physical Fitness Facility" uses. These uses require a Conditional Use Permit consistent with the existing framework for larger fitness and recreation facilities. New definition proposed.	CUP	Clarifies Standard
9. Commercial Kitchens	Establishes land use classification for commercial kitchens, including catering kitchens, shared kitchens, and similar food preparation facilities without traditional on-site dining. Provides a clearer framework for evaluating newer food service business models. Parking requirements and a new definition proposed.	CUP if not expressly called out	Permitted by right in Industrial Zones
10. Height Deviation	Allows limited height deviations for commercial development through Minor Conditional Use Permit review to accommodate architectural features and functional rooftop elements. The amendment is intended to provide flexibility for building modernization while maintaining compatibility with surrounding development. Revised development standards proposed.	Variance	Up to 12 ft or 40% increase with MCUP
11. Floor Area Ratio	Clarifies how "Gross Floor Area" is measured for non-residential FAR implementation by identifying which building areas are included and excluded from the calculation. The amendment is intended to improve consistency and better align FAR with occupiable area and site intensity. Revised definitions proposed.	Limited Definition	Clarifies Standard
*CUP means Conditional Use Permit; MCUP means Minor Conditional Use Permit			

1. Personal Services

The Zoning Code currently regulates many personal service businesses individually, including barber shops and massage establishments, while other common uses such as beauty salons and nail salons are not expressly identified. This often requires staff interpretation and creates uncertainty for applicants.

The proposed amendment establishes a comprehensive Personal Services category encompassing customer-oriented grooming, wellness, and personal care services. Examples include barber shops, beauty salons, nail salons, day spas, wellness centers, and massage establishments. Uses providing group instruction or group-oriented services would be subject to additional operational standards contained in the Zoning Code's "Special Land Use Regulations". This amendment simplifies administration, improves consistency, and allows common service-oriented businesses to be permitted by right in appropriate commercial zones.

2. Artisan Studio

The existing Zoning Code does not adequately address modern artisan and maker-based businesses that combine creative production, fabrication, and accessory retail sales within the same space. The proposed amendment establishes an Artisan Studio classification that consolidates artist studios, photography studios, recording studios, custom woodworking shops, and similar small-scale production uses into a single category. The amendment recognizes the growing trend of businesses that both create and sell products on-site.

The new classification supports adaptive reuse of commercial space, encourages creative industries, and provides a clearer regulatory framework for hybrid business models.

3. Active Entertainment

Entertainment uses are currently regulated through a series of individual use categories that do not adequately reflect newer interactive recreation businesses. The proposed amendment establishes a new Active Entertainment classification for indoor participant-based recreational uses that are 15,000 square feet or less. Examples include escape rooms, virtual reality gaming facilities, sports simulators, interactive arcades, and e-sports gaming lounges.

Smaller facilities would be permitted by right in commercial zones. Facilities exceeding 15,000 square feet would be classified as Amusement Centers and require a Conditional Use Permit due to their potential for increased traffic, parking demand, and operational impacts. This amendment provides a clear framework for emerging recreation uses while maintaining appropriate review of larger regional-serving facilities.

4. Event Centers and Assembly Uses

Several assembly-related uses are currently regulated separately despite having similar operational characteristics. The proposed amendment consolidates banquet facilities, reception venues, assembly halls, conference facilities, and spectator-oriented e-sports venues into a single Event Center classification. The amendment maintains the Conditional Use Permit requirement while establishing consistent operational standards and review criteria. The revised framework improves regulatory clarity and ensures similar assembly uses are evaluated consistently.

5. Fitness Uses

The fitness industry has evolved significantly, with many businesses now operating as specialized instructional studios rather than traditional health and fitness clubs. The proposed amendment establishes a new Small Fitness Studio category would apply to facilities of up to 5,000 square feet that are generally designed for one-on-one instruction, personal training, or small classes. An intermediary Fitness Studio category would apply to facilities that are 5,000 square feet or larger but do not exceed 15,000 square feet. These new categories are intended to accommodate small- to mid-sized class-based fitness businesses, such as yoga, Pilates, barre, cycling, martial arts, dance-based fitness, circuit training, and similar uses, without classifying them as large fitness centers or health

clubs. The amendment distinguishes these uses from larger Physical Fitness Facilities and allows them to be permitted by right in commercial zones while maintaining appropriate operational standards.

6. Food Halls and Ghost Kitchens

The City's Zoning Code currently does not specifically identify Food Halls or Ghost Kitchens despite their increasing popularity throughout Southern California.

Food Halls - The amendment establishes a definition for Food Halls as multi-vendor dining destinations where several independent food operators share common seating and customer areas. Food Halls would continue to operate under existing restaurant regulations and parking standards. The amendment primarily provides clarity regarding classification and review procedures.

Ghost Kitchens - The amendment establishes a definition and operational standards for Ghost Kitchens, which are food preparation facilities designed primarily for delivery, mobile ordering, and customer pickup rather than on-site dining. Because these facilities may generate significant delivery and pickup traffic, Ghost Kitchens would require a Minor Conditional Use Permit in the C1 District while remaining permitted by right in C2 and Industrial districts.

The amendment ensures these uses are reviewed in a manner consistent with their operational characteristics and potential impacts.

7. Electric Vehicle Charging Stations

State law requires local agencies to provide streamlined permitting for electric vehicle charging infrastructure. However, EV charging stations are not clearly identified within the City's Zoning Code. The proposed amendment expressly identifies EV charging stations as permitted uses and clarifies that they may be established as primary or accessory uses subject to ministerial review. The amendment ensures consistency with State law and supports continued expansion of electric vehicle infrastructure throughout the City.

8. Sports Clubs

Indoor sports facilities have become increasingly common but are not clearly distinguished from other fitness-related uses within the Zoning Code. The proposed amendment clarifies that Sports Clubs, including indoor basketball facilities, pickleball centers, soccer training facilities, volleyball facilities, and similar uses, are regulated under the existing Physical Fitness Facility classification. These uses would continue to require a Conditional Use Permit due to their larger size, operational intensity, and parking demand. The amendment improves clarity without substantially changing existing entitlement requirements.

9. Commercial Kitchens

Commercial kitchens are becoming increasingly important for catering businesses, food entrepreneurs, and shared food production operations but are not clearly classified within the existing

Zoning Code. The proposed amendment establishes a Commercial Kitchen land use classification that includes catering kitchens, commissary kitchens, and shared-use kitchen facilities that do not provide traditional on-site dining. Commercial Kitchens would be permitted by right in Industrial districts and regulated separately from traditional restaurants and ghost kitchens. This amendment supports food-related entrepreneurship while ensuring these uses are located in appropriate areas.

10. Height Deviations

Many commercial properties face challenges when attempting to modernize buildings due to rigid height limitations that may restrict architectural improvements, screening features, rooftop equipment, and other functional building elements. The proposed amendment establishes a Minor Conditional Use Permit process that would allow height deviations of up to 12 feet or 40 percent above the permitted height limit, whichever is less.

Applications would be required to demonstrate compatibility with surrounding development, enhancement of architectural design, and avoidance of adverse impacts to neighboring properties. The amendment provides flexibility for building modernization while maintaining City oversight and compatibility protections.

11. Floor Area Ratio (FAR) Clarification

The General Plan regulates nonresidential development intensity through Floor Area Ratio (FAR). However, the current definition of Gross Floor Area provides limited guidance regarding which building areas are included in FAR calculations. The Planning Commission recommended the following revised definition:

Gross Floor Area. The total horizontal area of all floors within the exterior walls of a structure. The following areas do not contribute to the building's occupancy or intensity of use and shall be excluded from the gross floor area calculation: garages or carports used for parking, elevator and stair shafts, mechanical shafts, pipe chases, equipment and mechanical rooms, electrical rooms, and other accessory storage, utility or service spaces, that are devoted exclusively to development operations and maintenance.

The proposed amendment establishes a clearer definition of Gross Floor Area by excluding garages or carports used for parking, elevator and stair shafts, mechanical shafts, pipe chases, equipment and mechanical rooms, electrical rooms, and other accessory storage, utility or service spaces, that are devoted exclusively to development operations and maintenance as these areas do not contribute to intensity or trip generation.

Parking Standards

As part of the amendments, newly established land use classifications are aligned with existing parking standards. The amendments do not create new parking ratios but instead apply existing City parking standards to the newly defined uses based on their operational characteristics. Additionally, staff proposes removing minimum parking space requirements embedded within certain parking calculations to create greater consistency across all business sizes.

Economic Development Benefits

Collectively, the proposed amendments support the City's economic development objectives by:

- Reducing entitlement uncertainty;
- Improving predictability during tenant leasing and project review;
- Facilitating adaptive reuse of existing commercial buildings;
- Supporting emerging industries and business models;
- Encouraging reinvestment in aging commercial centers;
- Activating vacant commercial spaces;
- Improving permit processing efficiency; and
- Aligning the Zoning Code with contemporary market conditions and consumer trends.

The amendments modernize the City's regulatory framework while maintaining the City's longstanding goals related to compatibility, public safety, and orderly development.

ALTERNATIVES:

City Council alternatives include the following:

1. Introduce for first reading, by title only, an Ordinance approving amendments as recommended by the Planning Commission.
2. Introduce for first reading, by title only, an Ordinance approving amendments with modifications identified by the City Council.
3. Deny the proposed amendments and direct staff to return with alternative amendments for consideration.

FISCAL REVIEW:

The proposed amendments are administrative in nature and are not anticipated to have a direct fiscal impact on the City. By improving regulatory clarity and facilitating commercial reinvestment, the amendments may support future economic activity and private investment within the City.

LEGAL REVIEW:

The City Attorney's Office has reviewed the proposed Ordinance and approved it as to form.

PUBLIC NOTICE:

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

1. On-site posting. A public notice was posted at City Hall and on the City's website on July 24, 2026.

2. Newspaper publication. A public notice was published in the Daily Pilot newspaper on July 24, 2026.

As of the date of this report, no written public comment has been received. See Attachment 9 for the Planning Commission public comments.

Any public comments received for the August 4, 2026, City Council meeting, may be viewed at this link: [CITY OF COSTA MESA - Calendar \(legistar.com\)](https://legistar.com/CITY_OF_COSTA_MESA_Calendar)

CITY COUNCIL GOALS AND PRIORITIES:

The proposed amendments support the City Council's goals of maintaining a strong local economy, promoting business investment, improving government efficiency, encouraging reinvestment in commercial corridors, and ensuring that the City's regulatory framework remains responsive to evolving community and market needs.

CONCLUSION:

The proposed Zoning Code amendments represent a focused effort to modernize Costa Mesa's commercial land use regulations and address recurring implementation issues identified through project review and stakeholder feedback. The amendments establish clear classifications for emerging commercial uses, improve consistency in code administration, provide targeted flexibility for building modernization, and clarify implementation of key development standards. The amendments support economic development, adaptive reuse, and reinvestment in commercial properties while maintaining the City's long-standing planning objectives and development standards.