



PLANNING COMMISSION AGENDA REPORT

MEETING DATE: March 23, 2026

ITEM NUMBER: OB-1

SUBJECT: OVERVIEW OF PROPOSED AMENDMENTS TO THE COSTA MESA MUNICIPAL CODE (TITLE 13 - ZONING CODE) TO UPDATE LAND USE CLASSIFICATIONS FOR PERSONAL SERVICES, ARTISAN STUDIO AND RETAIL USES, ACTIVE ENTERTAINMENT USES, EVENT CENTERS AND ASSEMBLY USES, SPECIALIZED FITNESS STUDIOS, AND RELATED COMMERCIAL USES - PCTY-26-0001.

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

PRESENTATION BY: AMBER GREGG, CONTRACT PLANNER, AND MARTINA CARON, PLANNING MANAGER

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RECOMMENDATION:

Staff recommends that the Planning Commission:

1. Receive a presentation regarding proposed updates to the Costa Mesa Zoning Code related to emerging commercial uses and zoning implementation issues; and
2. Provide feedback and policy direction regarding the proposed amendments.

If the Planning Commission is supportive of the proposed approach, staff will return with a formal Zoning Code Amendment for consideration at a future public hearing.

APPLICANT OR AUTHORIZED AGENT:

City Initiated request for economic development purposes.

INTRODUCTION:

A City's Zoning Code and regulations play an important role in supporting economic development by establishing the framework for where businesses may locate, how commercial properties may be used, and the extent to which sites can adapt to changing market conditions. A clear and functional Zoning Code helps create predictability for property owners, tenants, and investors, while also allowing the City to implement broader land use, design, and compatibility objectives. When zoning regulations are outdated, unclear, or difficult to apply, they can create barriers to tenant occupancy, business investment, and reinvestment in existing commercial areas. Periodic updates to the Zoning Code are therefore important not only to maintain consistency with planning goals, but also to ensure the City's regulatory framework supports a healthy and evolving local economy.

Over time, the City's Zoning Code has evolved to address a wide range of land uses and development patterns. However, staff has identified several areas where existing land use classifications, definitions, and development standards no longer fully reflect current commercial trends, tenant needs, or operational realities. As a result, portions of the Code can be difficult to administer consistently and may create uncertainty for property owners, business operators, and staff.

The Citywide Land Use Matrix, contained within the Zoning Code, serves as the primary tool for identifying which land uses are permitted, conditionally permitted, or prohibited within each zoning district. While the Matrix has been updated periodically, its overall framework has remained largely unchanged since its original adoption in 1997, when approximately 146 land use categories were introduced. Since that time, commercial business models have evolved significantly, and a growing number of emerging uses—such as wellness services, specialized fitness studios, artisan production spaces, active entertainment venues, and e-sports related facilities are not clearly defined or consistently classified within the existing Zoning Code.

Over the past several years, the commercial real estate market has changed significantly, particularly as property owners and tenants work to reposition existing brick-and-mortar commercial spaces to respond to changing consumer preferences and evolving business models. Additionally, the commercial real estate market has also changed significantly. Many new business types, particularly in the wellness, recreation, entertainment, and creative industries, do not fit squarely within traditional zoning categories developed decades ago. Thereby, businesses seeking to locate in Costa Mesa may encounter regulatory uncertainty or inconsistent land use classifications. One of the primary issues involves the Citywide Land Use Matrix, which identifies uses that are permitted, conditionally permitted, or prohibited within the City's Zoning Districts.

Uses listed on the Land Use Matrix as permitted are allowed “by-right” and do not require discretionary approval. Uses listed as conditionally permitted require discretionary approval. Both situations create a clear path. When a proposed use is not listed on the Land Use Matrix, the Development Services Director is able to determine whether the use is substantially similar to an existing listed use. If no substantial similarity exists, the use requires approval of a conditional use permit. In practice, this process is subjective and can create uncertainty for applicants and staff, particularly for newer business types that do not fit squarely within older land use categories or parking standards. Applicants have expressed that this can result in unpredictability from increased processing time and added cost when leasing tenant spaces or establishing new businesses in the City.

In addition to land use classification issues, staff has identified challenges associated with certain commercial development standards, particularly commercial height limits and the Floor Area Ratio (FAR) framework. In many commercial zones, building height is generally limited to two stories or 30 feet, with only narrow exceptions, which can make it difficult for existing businesses or property owners to incorporate features such as parapets, varied roof forms, rooftop screening, or usable rooftop amenities that may improve building design and functionality without substantially increasing activity on the site. As a result, relatively modest design enhancements would require variances even when the change would not meaningfully alter the scale or intensity of the use.

Staff has also identified practical issues with the City’s FAR framework, which links allowable building area to traffic generation categories. While this approach was intended to help manage development intensity and traffic impacts, it can create complications when an existing commercial space is re-tenanted or modestly improved. For example, the framework limits tenant improvements for adding small amounts of floor area, reconfigure interior space, or improve building functionality, despite having little or no material effect on overall site intensity. In some cases, the framework requires building areas devoted to mechanical, circulation, or service functions toward FAR to be counted, even though those areas do not generate customer activity nor do they contribute to traffic trip generation analyses.

The proposed future code update is intended to address these issues by modernizing land use classifications, clarifying definitions, and refining select development standards. The purpose of this study session is to provide the Planning Commission with an overview of the proposed Zoning Code updates, describe the problems staff is attempting to resolve, and obtain preliminary feedback before returning with a formal Zoning Code Amendment for consideration.

DISCUSSION:

Staff is proposing approximately eleven targeted Zoning Code updates intended to modernize land use classifications and development standards and improve regulatory clarity. These updates are also intended to support the City’s economic development goals by facilitating reinvestment in commercial properties, reducing uncertainty in the entitlement process, and better accommodating evolving business models. The proposed amendments are intentionally narrow in scope and focus on a limited set of high-priority issues that commonly recur. Although there are additional Code topics that may merit future evaluation, the current effort is designed to advance a manageable package of amendments that can be effectively studied and implemented within existing staffing capacity and current departmental work program constraints. See a summary of the proposed amendments below:

Table 1. Summary of Proposed Zoning Code Updates

PROPOSED UPDATES TO LAND USE MATRIX	
TOPIC	DESCRIPTION
1. Personal Services	Establish 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. Parking requirements and definition will be added.
2. Artisan Studio and Retail	Consolidate small-scale creative production, maker spaces, and related accessory retail uses into one category. This would provide a clearer framework for hybrid businesses that produce and sell goods on-site. Parking requirements and definition will be added.
3. Active Entertainment	Create a new category for indoor, participant-based entertainment uses where customers actively engage in recreation or gaming activities. Examples include escape rooms, virtual reality venues, indoor mini-golf, simulators, and similar uses. Parking requirements and definition will be added.
4. Event Centers and Assembly Uses	Consolidate banquet halls, assembly halls, reception venues, conference facilities, and spectator-oriented e-sports arenas into a single classification. This update would distinguish assembly uses from active entertainment and apply consistent operating standards. Parking requirements and definition will be added.
5. Small Fitness Studios	Establish a category for smaller instructional fitness uses, generally 15,000 square feet or less, such as yoga, Pilates, martial arts, dance, and similar studios. This would distinguish these uses from larger fitness clubs and health clubs that operate at a greater scale and intensity. Parking requirements and definition will be added.

PROPOSED UPDATES TO LAND USE MATRIX	
TOPIC	DESCRIPTION
6. Food Halls and Ghost Kitchens	Add food halls and 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 and definition will be added.
7. Electric Vehicle Charging	Clarify that electric vehicle charging stations are a permitted use, whether primary or accessory, consistent with State law.
8. Sports Clubs	Clarify that indoor sports clubs, such as basketball, pickleball, volleyball, and soccer training facilities, are regulated under the existing “physical fitness facilities” uses. These uses would require a Conditional Use Permit consistent with the existing framework for larger fitness and recreation facilities. Parking clarifications and definition may be needed.
9. Commercial Kitchens	Establish a land use classification for commercial kitchens, including catering kitchens, shared kitchens, and similar food preparation facilities without traditional on-site dining. This would provide a clearer framework for evaluating newer food service business models. Parking requirements and definition will be added.
PROPOSED UPDATE TO DEVELOPMENT STANDARDS	
TOPIC	DESCRIPTION
10. Height Deviation	Allow limited height deviations for nonresidential 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.
11. Floor Area Ratio Definition	Clarify how “Gross Floor Area” is measured for 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.

Land Use Matrix Updates

Nine amendments are proposed to consolidate specific uses into general categories, add specified uses, and clarify existing uses. The proposed amendments would modernize several land use categories to reflect emerging commercial trends. The following provides additional detail on the consolidation of specific uses into general categories.

1. Personal Services

The current Zoning Code contains several individual uses such as barber shops, massage establishments, and laundry services that function similarly but are regulated separately. These individual uses make it difficult to consistently classify similar businesses, make it challenging to determine other uses as “similar” when not explicitly permitted, and often require staff to interpret how new or hybrid service models fit within outdated or narrowly defined categories. For example, the Code specifically permits barber shops but is silent on beauty salons and nail salons.

The proposed amendment establishes a comprehensive Personal Services category encompassing personal care, grooming, and wellness-related services provided directly to customers. These individual uses would be combined into one similar “Personal Services” category for regulation purposes. Examples include:

- Barber and beauty salons
- Nail salons
- Day spas
- Wellness centers offering services such as cryotherapy or infrared therapy
- Massage establishments (subject to existing regulations)
- Tattoo and body art establishments (subject to Conditional Use Permit requirements)

One on one services would be permitted by right, and services offering group services or instruction would require a Minor Conditional Update Permit (MCUP) consistent with existing Zoning Code requirements for the existing listed uses. This change improves clarity and aligns the Zoning Code with the regulatory framework used by many Southern California jurisdictions.

2. Artisan Studio and Retail

Several creative and production-related uses are currently listed separately in the Zoning Code, including:

- Artist studios
- Photography studios
- Recording studios
- Furniture repair and refinishing

Regulating these uses as separate categories can create complexity and make it difficult to consistently classify businesses that combine elements of production, design, and retail. In recent years we are seeing more and more of these types of businesses emerging and helping to fill once vacant brick and mortar spaces. These businesses often operate as hybrid spaces, for example, a maker may produce goods

on-site while also selling them directly to customers (i.e. a ceramicist or other small scale production). Under the current structure, these types of uses may not fit neatly into a single category, requiring staff interpretation or additional entitlement review.

The proposed amendment consolidates these uses into a new “Artisan Studio and Retail” Commercial category that allows small-scale creative production with accessory retail sales. Examples include:

- Artist and maker studios
- Custom woodworking
- Photography studios
- Recording studios
- Small-scale craft production

Consolidating these uses into a single category improves clarity and provides greater flexibility for evolving business models by regulating them based on shared operational characteristics rather than narrowly defined activities. For example, a furniture maker who designs, builds, and sells products on-site would be clearly permitted within this category, rather than being split between manufacturing and retail classifications or requiring a use determination.

Staff did examine if this category of uses could fit under personal services. However, while “Personal Services” involve services performed directly on or for a customer (such as grooming, wellness treatments, or body care), Artisan Studio and Retail uses are centered on the creation, fabrication, or production of goods, often with accessory sales. These uses may involve equipment, materials, and operational characteristics more similar to light production or workshop environments than customer-focused service activities. Maintaining a separate classification ensures that these uses can be appropriately regulated based on their operational impacts, including potential noise, equipment, or workspace needs.

This category supports creative industries and aligns with trends in adaptive reuse of commercial spaces. For commercial zones, it does not permit more intense industrial uses such as automotive uses or food manufacturing.

3. Active Entertainment

“Active Entertainment” refers to indoor uses that provide interactive, participant-based recreation where customers are actively engaged in an activity, rather than observing or receiving a service. For example, an escape room or virtual reality gaming venue where customers rotate through timed sessions, or an indoor mini-golf facility where patrons move through a course.

The existing Zoning Code identifies entertainment uses individually, including bowling centers, billiard parlors, and skating rinks, while imposing the same development standards for the uses, for example parking requirements are 10 spaces per 1,000 sf. Staff proposes establishing a broader “Active Entertainment” category that would consolidate these listed uses and would also capture other interactive and participant-based indoor recreation uses. Examples include:

- Escape rooms
- Virtual reality gaming venues
- Indoor mini-golf
- Sports simulators
- Interactive arcades
- E-sports gaming lounges
- Bowling and billiards facilities

4. Event Centers and Assembly Uses

The proposed amendment would also consolidate several assembly-related uses into a single classification. The proposed Event Center / Banquet Facility / Assembly Hall / E-Sports Arena category would include indoor or outdoor venues designed to host organized gatherings such as:

- Banquet halls
- Reception facilities
- Conference venues
- Event centers
- E-sports arenas designed for spectator events

This classification would continue to distinguish these uses from active entertainment uses and ensures consistent parking and operational standards.

5. Small Fitness Studios

Fitness-related uses have evolved significantly in recent years, with many smaller studios focusing on specialized instruction rather than traditional gym facilities. Staff proposes establishing a “Small Fitness Studio” category to address smaller-scale instructional fitness uses and are generally designed for one or two concurrent class oriented uses. Examples include:

- Yoga studios
- Pilates studios
- Martial arts studios
- Dance instruction studios
- High-intensity interval training (HIIT) studios

The proposed definition would include operational characteristics typical of these uses, such as scheduled classes and smaller class sizes. Establishing an operational threshold helps provide a clear objective standard to distinguish Small Fitness Studios from larger fitness facilities and health clubs currently permitted with a CUP under “Physical Fitness Facilities”, which operate at a greater scale and intensity. Small Fitness Studios typically have limited occupancy at any given time, shorter customer durations, and activity patterns that are more predictable. In contrast, larger fitness facilities such as 24 Hour Fitness, often include multiple activity areas, extended hours of operation, and higher membership volumes, which can result in increased parking demand and traffic generation.

6. Food Halls and Ghost Kitchens

The current Zoning Code regulates food and beverage uses under Article IV; however, the Zoning Code does not specifically identify food halls or ghost kitchens as permitted uses. As these business models have become more common, the absence of clear classifications can create uncertainty during project review and make it difficult to consistently regulate these uses under existing restaurant categories.

Staff proposes adding both Food Halls and Ghost Kitchens to the Zoning Code as specifically identified land uses with regulations. Food halls generally consist of multiple food vendors operating within a shared indoor space with common seating and dining areas, and typically generate high levels of customer activity, parking demand, and site circulation. Ghost kitchens also represent a more intensive food service model, often involving multiple kitchen operators within a single facility and generating substantial pick-up and delivery traffic, even where on-site dining is limited or absent.

Because both uses operate at a greater intensity than many traditional food service establishments, clearly identifying them in the Zoning Code will improve regulatory clarity, reduce reliance on staff interpretation, and ensure that they are evaluated and regulated consistent with their operational characteristics and potential impacts.

7. Electric Vehicle Charging Stations

Electric vehicle (EV) charging infrastructure is an increasingly important component of commercial and mixed-use development. The California Building Code also requires inclusion of EV charging infrastructure in new or remodeled developments. Furthermore, State law (Assembly Bill 1236) requires that EV charging stations be permitted and subject to streamlined, ministerial review. However, EV charging stations and associated equipment are not clearly identified within the Zoning Code, which can create uncertainty for applicants.

The proposed amendment would explicitly identify EV charging stations as a permitted use and clarify that they are allowed as both primary and accessory uses, consistent with State requirements. This update improves clarity, ensures consistency with State law, and supports the continued expansion of EV infrastructure throughout the City by allowing property owners and businesses to readily understand that these facilities are permitted without requiring additional interpretation.

8. Sports Clubs

The existing Zoning Code includes “physical fitness facilities” uses, which requires a CUP, but does not clearly distinguish larger indoor sports facilities or member clubs that are increasingly common in commercial areas. These uses often include specialized courts, training facilities or fields and operating as sports clubs, which are different from traditional gyms or smaller fitness studios.

Sports clubs are indoor recreational facilities focused on organized or league-based activities, often involving larger floor areas and specialized equipment. Examples include indoor soccer facilities, basketball training centers, pickleball courts, volleyball facilities, and similar uses.

The proposed amendment would incorporate sports clubs into the existing “physical fitness facilities” within the Zoning Code clarifying the City permits these uses with a Conditional Use Permit, and would be parked at 10 spaces per 1,000 square feet.

9. Commercial Kitchens

The current Zoning Code does not clearly define or classify commercial kitchens that operate independently of traditional restaurants, for example, a catering company preparing food for off-site events or a shared kitchen used by multiple small food entrepreneurs. Unlike traditional restaurants, these uses do not include on-site dining and have different operational characteristics, such as delivery activity, scheduled food preparation, and limited customer presence. As a result, these uses may be inconsistently categorized as restaurant or unlisted uses. These uses differ from ghost kitchens in that individual direct customer take-out services are not part of the use.

The proposed amendment would establish a classification for commercial kitchens, including catering kitchens and shared kitchen facilities, to align this with the current food manufacturing land use and clearly define how these uses are regulated within the Zoning Code. Establishing a clear classification improves consistency in code administration, ensures that appropriate development and operational standards are applied, and supports the growing demand for flexible, small-scale food production spaces. It also helps distinguish these uses from traditional restaurants and more intensive food manufacturing operations.

10. Non-residential Height Limits

In most non-residential zones, building height is currently limited to two stories or 30 feet, with only a narrow exception allowing up to a five percent increase when necessary to screen existing roof-mounted equipment. Height limits are an important tool for maintaining neighborhood compatibility and consistent building scale; however, when applied too rigidly, they can also limit the ability to incorporate architectural elements, functional rooftop features and may make it more difficult for nonresidential properties to modernize, reposition, and compete for new investment and tenants.

In many cities, commercial height standards allow limited flexibility for features such as parapets, cornices, elevator overruns, stair enclosures, screening elements, roof access structures, and rooftop amenities, provided the additional height does not create a full additional story or materially alter the perceived mass and scale of the building. Flexible standards allow for creativity and functional upgrades to existing buildings.

Staff is proposing to allow a height deviation up to 12 feet or 40%, whichever is less, of the allowable height through the minor conditional use permit process. The Municipal Code already provides a similar discretionary review framework for antenna-related height exceptions. Any request for additional height would be subject to the applicable planning application procedures, review criteria, and required findings. In addition, staff is will develop specific objective standards for eligible architectural features to help ensure that any approved deviations maintain an appropriate building massing and remain consistent with surrounding development patterns.

11. Floor Area Ratio (FAR)

Floor Area Ratio (FAR) is the City’s primary tool for regulating the intensity of nonresidential development. FARs are established within the General Plan and are further discussed within the Zoning Code. The FAR establishes the amount of building floor area permitted on a site in relation to the size of the lot and is used to help ensure that development intensity remains consistent with the General Plan and the City’s broader land use objectives. Because FAR is a foundational development standard, its definition must be clear and consistently applied.

The Zoning Code provides the following limited definitions for planning consideration in application review:

Floor area ratio.

The gross floor area of a building or project divided by the project lot area upon which it is located.

Gross floor area.

The area of all floors within the walls of a structure except elevator and other vertical shafts (including stairwells) and elevator equipment areas.

Given these limited definitions, the "Gross Floor Area" definition is the primary basis for implementing Floor Area Ratio (FAR); however, the current definition can result in unintended limitations for development, particularly for building areas devoted to operations or support functions rather than occupancy or site activity, which also do not impact a use's trip generation calculations. The lack of clarity creates confusion for applicants and staff, complicates plan check and entitlement review, and may discourage tenant improvements or reinvestment in existing commercial properties.

To address this issue, staff is proposing to further expand the definitions of "Gross Floor Area" to better identify which building areas should be included in FAR calculations and which areas should be excluded. The intent of the proposed update is to ensure that FAR more accurately reflects occupiable building area and the functional intensity of a site, while excluding certain building service and utility areas that do not generate occupancy or increase operational demand or increase use trip calculations. This proposed clarification is intended to improve consistency in code administration, reduce ambiguity during project review, and better align FAR implementation with the practical way commercial and industrial buildings are designed and operated. By providing greater certainty regarding how floor area is measured, the amendment would help support tenant improvements, building modernization, and reinvestment in existing commercial properties, while maintaining the City's intent to regulate overall development intensity.

ADDITIONAL CONSIDERATIONS

Definitions and Regulations

As part of the proposed Zoning Code updates, staff anticipates developing new or revised definitions and regulations for several of the land use classifications discussed in this report. They will be prepared to clearly describe the types of activities included within each use category and to ensure consistent interpretation and administration of the Zoning Code. Clearly defined use categories assist staff, property owners, and business operators in understanding how specific businesses are regulated within the City's zoning framework.

Staff intends to develop draft language following this study session that reflect the policy direction provided by the Planning Commission.

Parking Standards

As part of the proposed Zoning Code updates, staff is also proposing to align certain land use classifications with the City's existing off-street parking standards contained in Table 13-89 of the Costa Mesa Municipal Code.

The proposed amendments do not introduce new parking ratios. Instead, the updated land use categories are being associated with the most appropriate existing parking standards based on the operational characteristics of each use. This approach maintains consistency with the City's established parking framework while ensuring that newly defined or consolidated land use classifications are clearly linked to the applicable parking requirements.

For example, uses categorized as Active Entertainment or Specialized Fitness Studios would follow the existing parking requirements currently applied to similar recreation and fitness-related uses. Similarly, Artisan Studio and Retail uses would be aligned with the parking standards that apply to retail and office uses.

Aligning the updated use classifications with existing parking standards helps ensure that parking requirements remain consistent with current City regulations while providing clarity for staff, property owners, and businesses regarding the applicable parking ratios.

The table below summarizes the applicable parking standards associated with the proposed land use classifications.

Table 2: Parking Standards

USE	PARKING STANDARD
Personal Services	6 spaces per 1,000 square feet
Small Fitness Studios	10 spaces per 1,000 square feet
Active Entertainment	10 spaces per 1,000 square feet
Artisan Studio and Retail	4 spaces per 1,000 square feet
Event Centers / Assembly Uses	1 space per 3 seats or 1 space per 35 square feet of seating area

ENVIRONMENTAL DETERMINATION

The Planning Commission study session is not a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(5), as the activity involves organizational or administrative actions and informational discussion.

Environmental review will be conducted as part of the future Zoning Code Amendment when formal adoption is considered.

PUBLIC NOTICE

There is no public notice requirement for a Planning Commission study session. However, the agenda and supporting materials were made available on the City's website in advance of the meeting.

CONCLUSION

The purpose of this study session is to provide the Planning Commission with an overview of the proposed Zoning Code updates, describe the problems staff is attempting to resolve, and obtain preliminary feedback before returning with a formal Zoning Code Amendment for consideration. The proposed code update is intended to address these issues by modernizing land use classifications, clarifying definitions, and refining select development standards to better align with current business practices and improve code administration. Overall, the effort is intended to reduce ambiguity, improve consistency in implementation, and support business reinvestment while maintaining the City's ability to evaluate compatibility and potential impacts.