



Agenda Report

Item #: 26-207

Meeting Date:
04/07/2026

TITLE: ADOPTION OF AN ORDINANCE AMENDING TITLE 13 OF THE MUNICIPAL CODE 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, AND A RESOLUTION FOR ADOPTION OF FEES ASSOCIATED WITH NEW PROCESSES – PCTY-25-0008 AND FINDING OF EXEMPTION FROM CALIFORNIA ENVIRONMENTAL QUALITY ACT

DEPARTMENT: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/PLANNING DIVISION

PRESENTED BY: MELINDA DACEY, PRINCIPAL PLANNER AND ANNA MCGILL, ADVANCE PLANNING MANAGER

CONTACT INFORMATION: MELINDA DACEY (714) 754-5611

RECOMMENDATION:

1. Staff recommends the City Council find that the following actions 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
2. Staff recommends that the City Council adopt Ordinance No. 2026-03 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 (Attachment 1); and
3. Staff recommends the City Council adopt Ordinance No. 2026-04 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
4. Staff recommends the City Council adopt Resolution No. 2026-XX establishing fees for new development review processes for housing projects (Attachment 4).

BACKGROUND:

On February 9, 2026, the Planning Commission considered and recommended the City Council approve proposed Zoning Code and North Costa Mesa Specific Plan amendments to rezone Housing Element sites through an updated Mixed-Use Overlay District (MUOD) to allow residential development on Housing Element 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 that requested their sites be removed from the Housing Element sites inventory and to be excluded from the MUOD.

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

At its regular meeting of March 17, 2026, the City Council conducted a legally noticed public hearing and introduced for first reading an ordinance amending Costa Mesa Municipal Code Title 13 to rezone Sixth Cycle (2021-2029) Housing Element sites and implement specific Housing Element programs. The City Council subsequently introduced for first reading an additional ordinance 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.

- March 17, 2026, Agenda Report and Attachments:
<https://costamesa.legistar.com/LegislationDetail.aspx?ID=7949569&GUID=A43BC48B-BB4A-4B37-9245-5F818392F704>

The City Council unanimously introduced for first reading by title only, Ordinance No. 2026-XX to amend Costa Mesa Municipal Code Title 13 and proposed non-substantive revisions to the exception language within section 13-83.58(b)(3) as recommended by the Planning Commission to include 17 sites where property owners requested removal of their sites from the Housing Element identified in the General Plan Amendment (PSPA-26-0001) and included 3333 Susan Street (unique ID 196). Additional revisions included within the City Council's motion included the removal of parking minimums for MUOD projects in Table 13-83.58-A and allow flexibility in the open space standards in Table 13-83.58-B. The specific direction provided on the open space development standards was to allow the option for private open space requirements to be achieved through common and/or publicly accessible open space and common open space requirement could be achieved through publicly accessible open space. In the same motion the City Council introduced for first reading by title only, Ordinance No.2026-XX to amend Costa Mesa Municipal Code Title 9.

Finally, the City Council reviewed, discussed, and heard public comment on draft Resolution No. 2026-XX establishing fees for new development review processes for housing projects. The City Council directed staff to return with the draft Resolution No. 2026-XX (including staff recommended fees) for City Council adoption on April 7, 2026. The draft Resolution is included as Attachment 4.

ANALYSIS:

Ordinance No. 2026-XX and Ordinance No. 2026-XX are included as Attachment 1 and Attachment 3 to this report. The Ordinances are being presented for final adoption. If approved, the Ordinances would become effective on the 31st day after adoption. Ordinance No. 2026-XX (Attachment 1) includes the substantive revisions requested by the City Council on March 17, 2026, which include the following text that has been added to the Ordinance shown in red underlined on the following page for ease, and are also provided in Attachment 5.

Section 13-83.58(b)(3)

- (3) **Exception.** The provisions of this Section shall not apply to residential projects, ~~or mixed-use projects, or other projects having residential units~~ located within the boundaries of the Fairview Developmental Center Specific Plan ~~or any of the following properties identified in Table B-6 of the Housing Element by address or APN:~~

- [610 W. 18th St. \(HE Site 96\)](#)
- [3390 Harbor Blvd. \(HE Site 134\)](#)
- [3390 Harbor Blvd. \(HE Site 136\)](#)
- [3315 Fairview Rd. \(HE Site 137\)](#)
- [1201 S. Coast Dr. \(HE Site 138\)](#)
- [3400 Bristol St. \(HE Site 139\)](#)
- [685 Sunflower Ave. \(HE Site 140\)](#)
- [3410 Bristol St. \(HE Site 141\)](#)
- [3333 Bristol St. \(HE Site 145\)](#)
- [APN: 412-491-11 \(HE Site 146\)](#)
- [3333 Bristol St. \(HE Site 147\)](#)
- [2180 Harbor Blvd. \(HE Site 194\)](#)
- [2180 Harbor Blvd. \(HE Site 195\)](#)
- [APN: 140-041-83 \(HE Site 198\)](#)
- [3333 Susan St. \(HE Site 196\)](#)
- [1590 Adams Ave. \(HE Site 203\)](#)
- [1590 Adams Ave. \(HE Site 204\)](#)
- [3420 Bristol St. \(HE Site 205\)](#)

Section 13-83.58(h)(2), Table 13-83.58-A. Off-Street Parking Standards for Residential Uses

TABLE 13-83.58-A. OFF-STREET PARKING STANDARDS		
Dwelling Unit Type	Minimum Off-Street Parking Requirement	Minimum Off-Street Guest Parking Requirement
Studio or 1-bedroom unit	<u>No minimum</u>	0.25 space per unit
2 or more bedrooms per unit	<u>No minimum</u>	0.25 space per unit

Section 13-83.58(h)(3), Table 13-83.58-B. Development Standards

OPEN SPACE STANDARDS		ADDITIONAL PROVISIONS
Usable common residential open space ⁴	Total area equivalent to min. 30% of lot	Or as provided in an applicable Specific Plan
Usable private open space ⁵	Min. 100 sq. ft./unit provided on the ground floor for dwelling units located on the ground floor, and min. 50 sq. ft./unit provided for dwelling units located above the ground floor	Or as provided in an applicable Specific Plan
Publicly accessible open space	Total area equivalent to min. 5% of commercial gross floor area for developments with a commercial gross floor area greater than 100,000 sq. ft.	

1 Based on the currently adopted Housing Element Sites Inventory

2 Only applicable to Lower-Income Housing Element Sites and inclusive of Accessory Dwelling Units.

3 Minimum setbacks shall apply to all portions of a building or structure. Maximum setbacks along public streets shall only apply to a building or structure's ground floor, with exceptions for driveways, walkways, and open space.

4 Up to 50 percent of the required usable common residential open space may be substituted by publicly accessible open space.

5 Up to 50 percent of the required usable private open space may be substituted by usable common residential and/or publicly accessible open space.

The edits shown above address the City Council's direction received on March 17, 2026.

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. 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 may adopt the Ordinances as proposed, modify the Ordinances, or not adopt the Ordinances. If the City Council chooses to make substantive modifications to the Ordinances after introduction, the modified Ordinances would need to be brought back at a future meeting for re-introduction and adoption.

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 new fees are proposed to ensure that they appropriately align with the staff resources needed for proposed streamlined development review.

The proposed fees included in Attachment 4 Exhibit A 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 No. 2026-XX is included with the staff report as Attachment 4.

Table 1. Housing Development Review Fee Schedule

Activity Description	Fee	Charge Basis
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. However, this is not included for City Council consideration in Resolution No. 2026-XX.

The full impact of these fees will be subject to the levels of development in future years.

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) and Public Resources Code section 66016, public notification for the action relating to Resolution No. 2026-XX has been completed no less than 14 days prior to the April 7, 2026, public hearing:

1. On-site posting. A public notice was posted at City Hall and on the City's website on March 6 and 22, 2026.
2. Newspaper publication. A public notice was published in the Daily Pilot newspaper on March 6 and 22, 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, March 9, 2026, and April 2, 2026.

Any public comments received for the April 7, 2026 City Council meeting, may be viewed at this link: [CITY OF COSTA MESA - Calendar \(legistar.com\)](#).

CITY COUNCIL GOALS AND PRIORITIES:

The amendments to the Costa Mesa Municipal Code and new cost recovery fees to further implement the Housing Element supports the following City Council Goals:

- Diversify, stabilize and increase housing to reflect community needs.
- Achieve long-term fiscal sustainability.
- Advance environmental sustainability and climate resiliency.

CONCLUSION:

Staff initiated amendments to Title 13 and Title 9 of the City of Costa Mesa Municipal Code to implement Housing Element programs and comply with state law. Staff proposed the Housing Development Review Fees to recover the cost of processing housing project applications with 5 or more units.

Additionally, staff has initiated 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.