

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

651 Bannan Street, Suite 400
Sacramento, CA 95811
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



August 21, 2026

Anna McGill, Planning Manager
Advanced Planning and Housing Division
Economic and Development Services Department
City of Costa Mesa
77 Fair Drive
Costa Mesa, Ca 92626

Dear Anna McGill:

**RE: City of Costa Mesa 6th Cycle (2021-2029) Amendments to the Housing
Element and Rezones**

Thank you for submitting the City of Costa Mesa's (City) draft amendment to the housing element that was received on June 24, 2026 along with revisions received on August 20, 2026. The revisions were posted and made available to the public for seven days prior to review. In addition, the California Department of Housing and Community Development (HCD) received Ordinances Title 13 and 9, revisions to the North Costa Mesa Specific Plan and the Mixed-Use Overlay District, including proposed revisions, and various other documents (Rezoning Documents). These Rezoning Documents are intended to make zoning available to accommodate the regional housing need allocation (RHNA). HCD also received public comments from Disability Rights, the Public Interest Law Project, and the Law Office of Autumn Elliott, pursuant to Government Code section 65585, subdivision (c). Pursuant to Government Code section 65585, HCD is reporting the results of its review.

On May 9, 2023, HCD found the adopted housing element met the statutory requirements of State Housing Element Law (Gov. Code, § 65580 et seq). However, the housing element could not be found in substantial compliance until the City has adopted and completed the necessary rezones to accommodate the RHNA and comply with various statutory requirements. This draft amendment does not impact HCD's May 9, 2023, finding that the element meets statutory requirements. However, the element still cannot be found in substantial compliance until the City has adopted the draft amendments and completed necessary rezones to meet all statutory requirements and make zoning available to accommodate the RHNA. In accordance with recently amended state law, detailed below, the adopted housing element will substantially comply with State Housing Element Law *only after* rezoning is complete and all draft amendments are adopted, submitted to, and approved by HCD.

Pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), a jurisdiction that did not adopt a compliant housing element within one year from the statutory deadline cannot be found in compliance until rezones to make prior identified sites available or accommodate a shortfall of sites, pursuant to Government Code section 65583, subdivision (c) (1) (A) and Government Code sections 65583.2, subdivision (c) (h) and (i), are completed. As this year has passed and rezones have not been completed, the City is out of compliance and will remain out of substantial compliance until the rezoning has been completed. HCD recognizes the City's considerable rezoning efforts related to meetings its RHNA leading up to April 2026. However, the loss of sites led to insufficient capacity to accommodate the RHNA and as a result, the element still cannot be found in substantial compliance. At the same time, HCD has reviewed the Rezoning Documents, including proposed revisions and draft amendments with additional sites related to accommodating the RHNA. As proposed, the Rezoning Documents and additional sites (including zoning for the Fairview Developmental Center) meet statutory requirements and will be sufficient to accommodate the RHNA. Future scheduled hearing (e.g., September 1, 2026 and September 15, 2026) regarding adoption of the amendment and rezoning additional sites and the Fairview Developmental Center will facilitate meeting these requirements. The element can be found in substantial compliance once the draft amendments are adopted and the additional sites and zoning for the Fairview Developmental Center are completed.

As a reminder, the City's 6th cycle housing element was due October 15, 2021. As of today, the City has not completed the housing element process for the 6th cycle. HCD urges the City to expeditiously move forward with rezoning the additional sites, including zoning related to the Fairview Developmental Center, adoption of the draft amendments and submit all necessary documents to HCD to obtain substantial compliance with State Housing Element Law.

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City should continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate. Commenters on this review provided meaningful suggestions. HCD encourages the City to continue working with organizations and other members of the public, including commenters on this housing element review, throughout the remainder of the review process and planning period. Please be aware, any revisions to the element must be posted on the local government's website and to email a link to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting to HCD.

For your information, the element relies on nonvacant sites to accommodate 50 percent or more of the housing needs for lower-income households, which triggers requirements to make findings based on substantial evidence that the existing use is not an impediment and will likely discontinue in the planning period. Absent findings (e.g., adoption resolution) based on substantial evidence, the existing uses will be presumed to impede additional residential development and will not be utilized toward demonstrating adequate sites to accommodate the RHNA. HCD has reviewed the findings recommended by the Planning Commission and these findings are sufficient but must still be adopted by the City Council.

Pursuant to Government Code section 65583.3, subdivision (b), the City must utilize standards, forms, and definitions adopted by HCD when preparing the sites inventory and submit an electronic version of the sites inventory. While the City has submitted an electronic version of the sites inventory, since changes have occurred to prior submittals, any future re-adopted version of the housing element must also submit the electronic version of the sites inventory.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant, the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities program, and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City will meet housing element requirements for these and other funding sources.

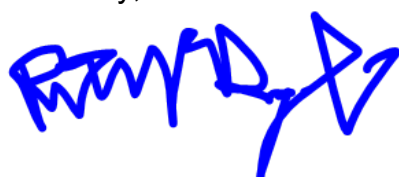
For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the City to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Land Use and Climate Innovation at:

<https://www.lci.ca.gov/planning/general-plan/guidelines.html>.

HCD recognizes the dedication of you and planning staff throughout the housing element update and review. HCD looks forward to receiving the City's adopted housing element and remaining rezones and welcomes the opportunity to provide technical assistance as the City completes its rezoning. If you have any questions or need additional technical assistance, please contact Jose Armando Jauregui at

Jose.jauregui@hcd.ca.gov.

Sincerely,



Paul McDougall
Senior Program Manager