PLANNING COMMISSION AGENDA REPORT

MEETING DATE: OCTOBER 26, 2026 **ITEM NUMBER: PH-1**

SUBJECT:	**ONE-YEAR TIME EXTENSION FOR CONDITIONAL USE PERMIT PA-22-08, WHICH ALLOWED FOR A NEW CANNABIS STOREFRONT AT 2490 NEWPORT AVENUE**
FROM:	**COMMUNITY DEVELOPMENT DEPARTMENT/PLANNING DIVISION**
APPLICATION DATE:	**SEPTEMBER 24, 2026**
PRESENTATION BY:	**GABRIEL VILLALOBOS, ASSISTANT PLANNER**
FOR FURTHER INFORMATION CONTACT:	**GABRIEL VILLALOBOS 714-754-5610 gabriel.villalobos@costamesaca.gov**

RECOMMENDATION

Staff recommends the Planning Commission:

1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15301 (Existing Facilities); and

2. Adopt a Resolution approving a one-year extension of time for Conditional Use Permit (CUP) PA-22-08, which allowed for a new cannabis storefront at 2490 Newport Boulevard, extending the approval through November 3, 2027.

APPLICANT OR AUTHORIZED AGENT

The authorized agent is Keith Scott, representing the proposed business Newport Wellness, LLC.

BACKGROUND

The subject site is a 16,000-square-foot property located at 2490 Newport Boulevard, which is on the southeast corner of Newport Boulevard and Monte Vista Avenue. The site is zoned C1 (Local Business District) and is surrounded by C1 zoned properties to the south and east, the State Route 55 to the west, and residential properties, zoned R3 (Multiple-Family Residential District, High Density) located to the north. The site has a General Plan land use designation of "Commercial Residential". Vehicular ingress/egress is obtained from a driveway located on Monte Vista Avenue. The subject property is located on one of the City's primary corridors paralleling State Route 55. Existing uses in the area include a mix of commercial and residence land uses.

Figure 1 Project Location – 2490 Newport Blvd

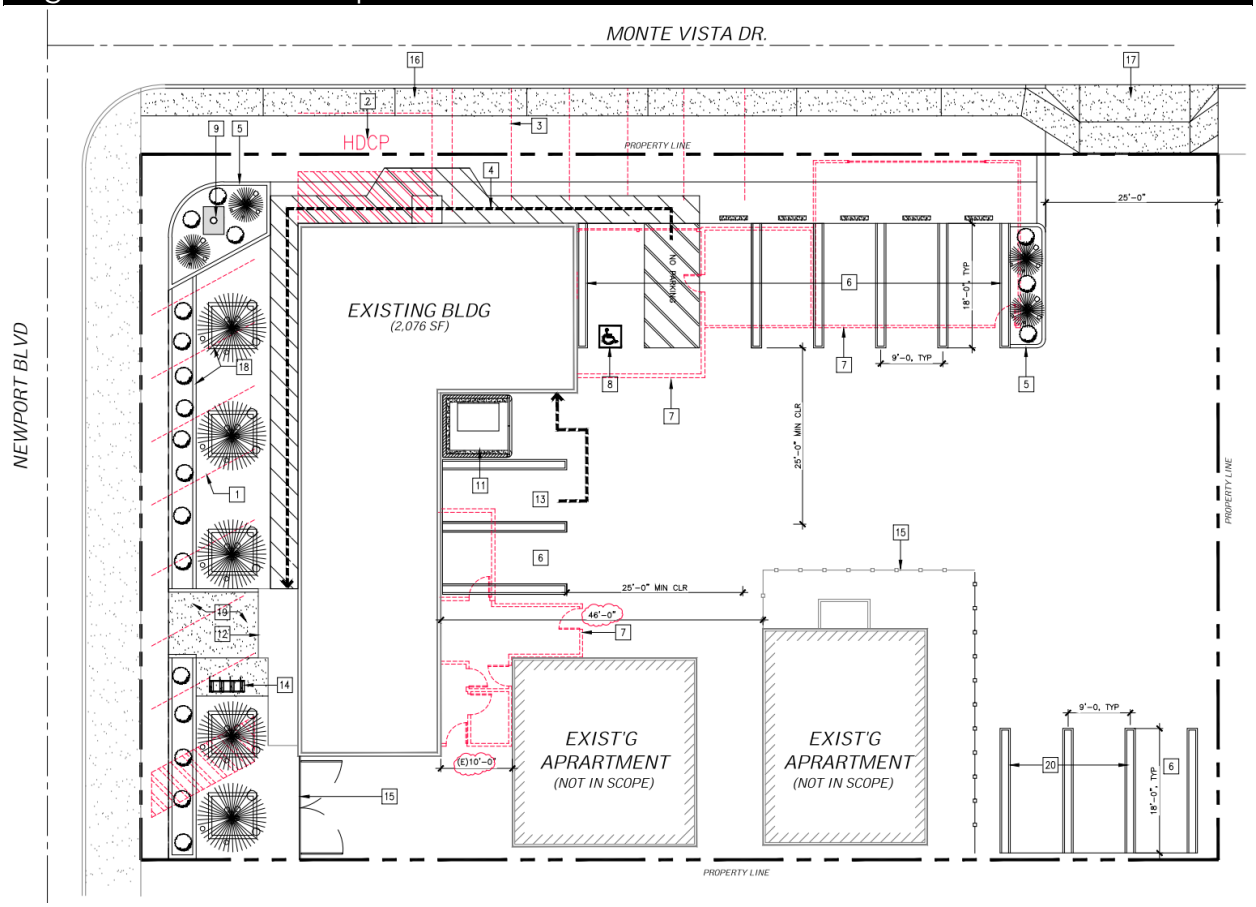


The subject property is developed with a 2,076-square-foot, one-story, multi-tenant commercial building, approximately 1,300 square feet of unpermitted commercial structures, and two detached residential units. The approved project includes demolition of unpermitted commercial structures, while the existing commercial building and two residential units would remain (Figure 2).

CUP PA-22-08 entitled a cannabis retail storefront use with delivery ("Newport Wellness"), that would occupy the entire 2,076 square-foot commercial building. The application also includes updating the structure to comply with current building and safety standards, and enhancing the building façade, landscaping, walls, and fences. Parking on site is considered legal nonconforming with 12 parking spaces proposed (including credit for one bike rack). As proposed, the cannabis retail establishment would operate Monday

through Sunday, between the hours of 7 AM and 10 PM, subject to conditions of approval as well as State and local laws pertaining to cannabis retail uses.

Figure 2 Proposed Site Plan



Project History

Planning Commission Hearing

On March 25, 2024, the Planning Commission approved CUP PA-22-08 by a vote of 3-2. This approval allowed for the development of a new cannabis storefront ("Newport Wellness") to operate Monday through Sunday from 7 AM to 10 PM. The commission determined that the project represented significant upgrades to the subject property and identified proposed conditions, site improvements, and added security as justification to support the findings made to approve the CUP.

A detailed description of the proposed use, operations, and improvements to the property are described in the March 25, 2024 Planning Commission staff report and attachments, linked below:
https://costamesa.legistar.com/LegislationDetail.aspx?ID=6600444&GUID=124AEE41-6B92-49A2-B68D-6C39DCF99C84

The Planning Commission meeting video is linked below:
https://costamesa.granicus.com/player/clip/4109?view_id=14&redirect=true

City Council "De Novo" Hearing

On April 1, 2024, Councilmember Harper submitted an application to call up for review the Planning Commission decision to consider potential impacts on residential uses, specifically related to hours of operation, parking, noise, signage, and lighting. On April 1, 2024, Councilmember Marr also submitted an application to call up for review the Planning Commission decision to consider land use compatibility and compliance with the General Plan.

A City Council hearing was held on May 7, 2024, where a motion was carried 5-2 to uphold staff's recommendation to approve CUP PA-22-08. Additional conditions of approval were added including a permanent 24-hour security guard and a permanent parking attendant during business hours and a modification of the condition of approval regarding landscaping to include enhanced landscaping on Monte Vista. This modification would include incorporating trees where feasible that improve the visual aesthetics consistent with the residential neighborhood and promote pedestrian friendly design to the satisfaction of the Director of Economic and Development Services.

A detailed description of the proposed use, operations, and improvements to the property are described in the May 7, 2024 City Council staff report and attachments, linked below:
https://costamesa.legistar.com/LegislationDetail.aspx?ID=6658307&GUID=8810DC29-53E3-4B0A-97C2-CA361D56D30D&Options=&Search=

The City Council meeting video is linked below:
https://costamesa.granicus.com/player/clip/4125?view_id=14&redirect=true

180-Day Extension

On April 6, 2026, the applicants submitted a formal written request for a 180-day extension of time for the CUP as required pursuant to CMMC section 13-29(k)(4)(a). The entitlement was initially set to expire on May 7, 2026, two years from the date of city council upholding staff's recommendation to approve the CUP. Pursuant to CMMC section 13-29(k)(2), any permit or approval not exercised within 24 months from the actual date of review authority approval shall expire and become void, unless an extension of time is approved. The 180-day extension of time request was ministerially approved by the Community Development Director on May 29, 2026, with an effective date of June 5, 2026. This approval granted a 180-day extension for the expiration date of the CUP to November 3, 2026 (Attachment 3).

Building Permits

On March 6, 2026, building permit application BPCC-26-0055 was submitted for plan check for the proposed tenant and site improvements associated with PA-22-08. As of October 8, 2026, the plan check application has completed two rounds of review with outstanding corrections from the Building, Fire, Engineering, Planning, and Transportation divisions. A demolition permit was applied for on September 30, 2026, and is currently being processed by staff for the proposed demolition work associated with this project.

DESCRIPTION

The applicant requested an additional six-month extension of time, with an option for an additional six-month extension if needed. But after further discussion with staff, a formal request for a one-year extension is now requested to ensure adequate time to obtain all necessary permits and to commence construction. This one-year extension request would extend the approval of PA-22-08 through November 3, 2027.

As explained in the applicant's letter (Attachment 2), the extension is requested due to delays associated with securing project financing, completing required civil improvements, and obtaining building permits. The applicant indicates that additional time is needed to complete the plan check process, obtain the necessary permits, and commence construction. The request is limited to an extension of time, and no modifications to the previously approved entitlement are proposed.

ANALYSIS

Pursuant to the Costa Mesa Municipal Code (CMMC) section 13-29(k), an extension of time over six months must be considered by the original review authority. Pursuant to CMMC section 13-29(k)(6), the Planning Commission is authorized to grant the extension if it finds that there have been no changes in the conditions or circumstances of the site, such as a Zoning Code or General Plan amendment or other regulations affecting the approved development standards that serve as grounds for denial of the original project or any changes to the General Plan or Zoning Code that would preclude approval of the same project at the time of the requested extension.

Since the original CUP approval on May 7, 2024, the Municipal Code and General Plan have been amended. Staff reviewed these amendments and determined that they would not preclude approval of the previously approved project. However, Ordinance No. 2024-03, adopted on May 7, 2024, and effective in June 2024, amended the City's cannabis storefront regulations, as discussed below.

Ordinance No. 2024-03 became effective on June 7, 2024, and amended Titles 9 and 13 of the Costa Mesa Municipal Code (CMMC) regarding cannabis businesses. The

amendments included revisions to CMMC section 13-200.93(e)(1), establishing a minimum separation requirement of 250 feet from residentially zoned properties. The subject property is located approximately 60 feet from residentially zoned properties across Monte Vista Avenue and, therefore, does not comply with this separation requirement.

However, CMMC section 13-200.93(e)(6)(a) provides specific protections for previously approved cannabis retail storefronts that lawfully met the applicable separation requirements at the time of submittal of a Cannabis Business Permit application. The applicant submitted a Cannabis Business Permit application on November 18, 2021, and received a Notice to Proceed on January 13, 2022, confirming that the preliminary review requirements had been satisfied. This review included background checks of the business owners and verification of compliance with the separation requirements in effect at that time. At the time of CUP approval, the proposed use complied with the existing 1,000-foot separation requirement from K–12 schools, playgrounds, child daycare facilities, homeless shelters, and youth centers.

Pursuant to CMMC section 13-200.93(e)(6)(a), a previously approved cannabis retail storefront that does not meet the current separation requirements may retain its approval, provided the permitted cannabis retail operation has not been discontinued or abandoned for more than 180 days or replaced, in whole or in part, by another use for any period of time. If either circumstance occurs, the conditional use permit becomes null and void following an opportunity for a hearing before the issuing officer, as provided in Chapter II of Title 9.

At the time of CUP approval, the proposed use complied with the existing 1,000-foot separation requirement from K–12 schools, playgrounds, child daycare facilities, homeless shelters, and youth centers. The applicant is currently pursuing construction in accordance with the approved Conditional Use Permit (PA 22-08). Although the cannabis retail operation has not yet commenced, the entitlement remains valid, and the approved use has not been replaced by another use. Therefore, staff finds that the project remains eligible for the nonconforming protections established by CMMC Section 13-200.93(e)(6)(a) and is consistent with the applicable provisions of the Municipal Code. Additionally, there have been no changes in the conditions or circumstances of the site that would warrant reconsideration or denial of the previously approved project. The project is currently undergoing plan check and remains subject to the conditions of approval established by Resolution No. 2024-17, including those required to be satisfied prior to building permit issuance. Resolution No. 2024-17 is included as Exhibit B to the draft resolution for the extension request.

GENERAL PLAN CONFORMANCE

The Costa Mesa General Plan establishes the long-range planning and policy direction

that guides change and preserves the qualities that define the community. The 2015-2035 General Plan sets forth the vision for Costa Mesa for the next two decades. This vision focuses on protecting and enhancing Costa Mesa's diverse residential neighborhoods, accommodating an array of businesses that both serve local needs and attract regional and international spending, and providing cultural, educational, social, and recreational amenities that contribute to the quality of life in the community. Over the long term, General Plan implementation will ensure that development decisions and improvements to public and private infrastructure are consistent with the goals, objectives, and policies contained in this Plan.

The following analysis evaluates the proposed project's consistency with applicable policies and objectives of the 2015-2035 General Plan.

1. **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 need of the business and residential segments of the community.

   Consistency: The requested extension of time for the proposed project would allow for a land use that would provide commercial goods, employment opportunities, and would maintain the existing housing on the subject property. An extension of the approval for the proposed use would allow for the revitalization and reuse of a blighted commercial space and would retain the nonconforming residential uses onsite.

2. **Objective LU-6B:** Encourage and facilitate activities that expand the City's revenue base.

   Consistency: Retail cannabis uses are subject to a unique local tax that does not apply to other retail businesses in Costa Mesa. This extension request would allow for the establishment of a new retail cannabis storefront subject to this specific tax. Retail cannabis uses are expected to generate increased tax revenues due to this seven-percent local tax on gross receipts pursuant to CMMC section 9-29.5(c). This revenue will then be used for community services and infrastructure improvements that serve the community.

3. **Policy LU-6.15:** Promote unique and specialized commercial and industrial districts within the City which allow for incubation of new or growing businesses and industries.

   Consistency: The proposed use is part of the specialized cannabis industry that is very limited in Orange County. As of the date of this written report, only four of the 34 cities in the county have cannabis storefronts:

Costa Mesa, Santa Ana, Stanton, and Laguna Woods. Approval of this extension of time request would facilitate a business opportunity in a specialized and expanding industry along one of the City's main commercial corridors.

ENVIRONMENTAL DETERMINATION

On May 7, 2024, the City Council approved Planning Application PA-22-08 and determined that the project was categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15301 (Class 1, Existing Facilities). The proposed one-year extension of time would not modify the previously approved project, including the approved use, site improvements, or conditions of approval. No changes to the project or circumstances have been identified that would result in new significant environmental effects or require additional environmental review. Therefore, the proposed time extension is consistent with the previously approved categorical exemption, and no further environmental analysis is required.

ALTERNATIVES

1. Deny the time extension. If the Planning Commission believes that there are insufficient facts to support the findings for approval, the Planning Commission may deny the request and provide facts in support of denial. If denied, the entitlement will expire on November 3, 2026. Any future application to establish a cannabis retail storefront at the property would be subject to the applicable Zoning Code requirements, including the current 250-foot separation requirement from residentially zoned properties.

PUBLIC NOTICE

Pursuant to CMMC section 13-29(d) three types of public notification have been completed no less than 10 days prior to the date of the public hearing:

1. **Mailed notice.** A public notice was mailed to all property owners and occupants within a 500-foot radius of the project site on October 14, 2026. The required notice radius is measured from the external boundaries of the property.

2. **On-site posting.** A public notice was posted on each street frontage of the project site on October 15, 2026.

3. **Newspaper publication.** A public notice was published once in the Daily Pilot newspaper on October 16, 2026.

CONCLUSION

Staff supports the applicant's request to extend the approval of CUP PA-22-08. The project remains consistent with the Zoning Code, General Plan, and conditions of approval and is in the process of obtaining the necessary building permits to exercise the original entitlement as required pursuant to CMMC section 13-29(k)(2). The approval extension would extend the expiration date of the CUP until November 3, 2027. To exercise the entitlement before its expiration, the applicant must obtain the necessary building permits and commence construction in accordance with CMMC Section 13-29(k)(2)."

ATTACHMENTS

1. Draft Planning Commission Resolution
2. Applicant Letter
3. 180-Day Extension Approval Letter