



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

Item No. _____

FROM: City Manager

SUBJECT: ADOPTION AND WAIVING OF THE SECOND READING OF ORDINANCE NO. 828 OF THE CITY COUNCIL OF THE CITY OF COMMERCE, CALIFORNIA, AMENDING TITLE 19 (ZONING) OF THE COMMERCE MUNICIPAL CODE TO ESTABLISH A NEW ZONING OVERLAY (ZONING ORDINANCE TEXT AMENDMENT NO. 25-03) TO IMPLEMENT HOUSING ELEMENT POLICY (HEREINAFTER, THE "ZTA"), APPLY THE NEW ZONING OVERLAY TO THOSE SITES IDENTIFIED IN THE HOUSING ELEMENT AS REZONING SITES TO MEET THE REGIONAL HOUSING NEEDS ALLOCATION (RHNA) (ZONE CHANGE ("ZC") NO. 25-01, HEREINAFTER, THE "ZONE CHANGE"), AND ADOPT GENERAL PLAN AMENDMENT NO. 25-01 (HEREINAFTER, THE "GPA") (COLLECTIVELY "PROJECT").

MEETING DATE: November 25, 2025

RECOMMENDATION:

It is recommended that the City Council consider adopting and waiving the Second Reading of Ordinance No. 828 (Attachment "A") amending the Commerce Municipal Code ("CMC") establishing a new zoning overlay (ZTA No. 25-03) to implement Housing Element policy, and applying the new zoning overlay to those sites identified in the Housing Element as rezoning sites to meet the regional housing needs allocation (RHNA) (ZC No. 25-01); and adopting a Categorical Exemption under the provisions of the California Environmental Quality Act (Public Resources Code §§ 21000, et seq. "CEQA") and the regulations promulgated thereunder (14 Cal. Code of Regs. §§ 15000, et seq., the "CEQA Guidelines") (CEQA Guidelines § 15060(c)(2), § 15378(b)(5), § 15301, § 15303 and § 15061(b)(3)).

PUBLIC NOTICE REQUIREMENTS:

Chapter 19.39.140 of the CMC requires the City of Commerce (the "City") to publish a notice of the public hearing including the time and place of the public hearing in a newspaper of general circulation in the City not less than ten (10) days prior to the date of the public hearing. Said notice was published in the Los Cerritos Community News on October 8, 2025.

CEQA REVIEW AND NATIVE AMERICAN CONSULTATION

Pursuant to California Environmental Quality Act (“CEQA”) and CEQA Guidelines, the City reviewed the environmental impacts of the Project. An Initial Study/Addendum to the Final Environmental Impact Report for the project has been prepared pursuant to the CEQA. The Addendum concluded that potential impacts were previously analyzed and mitigated by the City of Commerce General Plan Environmental Impact Report (SCH No. 2001101128) and no subsequent environmental review is required in accordance with Public Resources Code Section 21166 and State CEQA Guidelines Section 15162. Additionally, pursuant to Assembly Bill 130 (Public Resources Code § 21080.66), the Housing Element rezoning effort is statutorily exempt from CEQA.

Senate Bill (“SB”) 18 requires local governments to consult with Tribes prior to making certain planning decisions and requires consultation and notice for a General Plan and Specific Plan adoption or amendment in order to preserve, or mitigate impacts to cultural places that may be affected. California Public Resource Code § 21080.3.1 (Assembly Bill (“AB”) 52) requires local governments to conduct meaningful consultation with the California Native American tribes that have requested to be notified by lead agencies of proposed projects in the geographic area with which the tribe is traditionally and culturally affiliated.

In 2024, in conjunction with the 2021-2029 Housing Element public review and adoption, the City conducted consultation with local Native American Tribes, consistent with SB 18 and AB 52. This Project, adopting implementing Zoning and General Plan amendments, was identified in the Housing Element as an implementation measure. The project does not identify any new sites or changes to Housing Element policy. As such, the consultation for this Project has already been conducted and completed.

BACKGROUND:

On September 17, 2025 at a noticed public hearing, the Planning Commission reviewed the Ordinance for ZTA No. 25-05 and recommended that the City Council: 1) adopt the draft Ordinance enacting for ZTA No. 25-03 and ZC No. 25-01; 2) adopt a resolution enacting GPA No. 25-01; and 3) adopt a Categorical Exemption under the provisions of CEQA with a 4-0-1 vote.

Every eight years, Commerce and all other California jurisdictions are required under State law to revise and update their General Plan Housing Element. On September 10, 2024, the City Council approved the 2021-2029 General Plan Housing Element (subsequently amended on November 12, 2024).

California Housing Element law requires that each city and county develop local housing programs designed to meet their “fair share” of housing needs for all income groups, based on projected population growth, also known as the Regional Housing Needs Allocation (RHNA) (Government Code Section 65580). The RHNA is the number of units that a jurisdiction must plan for during the 8-year Housing Element planning period. Commerce’s RHNA is 247 units.

The Housing Element indicated that while the City had made some progress toward meeting the RHNA through projects constructed and existing capacity on vacant sites,

there was a remaining RHNA for which the City must rezone to allow for future residential development. In the adopted Housing Element, the City identified sites, both City-owned and privately-owned, with capacity to redevelop with mixed-use or residential development, located on Washington Boulevard and Atlantic Boulevard. The Housing Element committed to rezoning these sites to meet the RHNA, as required by State Housing law.

These required rezone sites were identified due to their potential for redevelopment over the next eight years, consistent with California Department of Housing and Community Development (HCD) guidance. These sites were also preliminarily identified in the concurrent General Plan update with a mixed-use General Plan designation.

HCD is required, by State law, to review and comment on every jurisdiction's Housing Element. This process is very involved and time consuming. Staff worked with a consultant and HCD to review the draft Housing Element throughout 2024. After extensive negotiation and coordination with HCD, HCD determined that the Commerce Housing Element, including the promise to rezone the identified sites, met the statutory requirements of Housing Element law. However, HCD is not able to find the Housing Element in substantial compliance with State law until the rezoning of identified sites is complete.

Local governments have much to lose if they fail to bring their housing elements into compliance with State requirements. With a staff of 25 in its Housing Accountability Unit, HCD is resourced and ready to enforce state mandates on local housing plans and policies. In April 2025, HCD issued a letter of inquiry to Commerce to regarding the status of the promised rezoning; specifically, the City's commitment to complete Program 1.1 (Adequate Sites for Regional Housing Needs Allocation (RHNA) and Monitoring of No Net Loss) to rezone adequate sites to satisfy its RHNA shortfall. The letter highlighted financial and legal ramifications for noncompliance including possible actions from the California Office of the Attorney General along with court-imposed fines and penalties for persistent noncompliance. Other consequences of noncompliance include the loss of local land use authority to a court appointed agent and ineligibility to receive state funds that require a compliant housing element as a prerequisite. The City is also susceptible to housing application and permit streamlining mandates ("builder's remedy") aimed at jurisdictions that do not have a certified housing element.

On May 28, 2025, City staff consulted with HCD and identified a proposed timeline to adopt the promised rezoning, targeting the late summer/early fall for adoption of a new mixed-use zoning overlay that could be applied to the sites identified in the Housing Element for rezoning. HCD confirmed the timeline and approach. As required by HCD, the City submitted the draft zoning text amendment (ZTA) to HCD for their review on August 7, 2025. City staff and consultants met with HCD on August 7, 2025 to review the draft and worked with HCD to confirm that the ZTA complies with HCD requirements.

ANALYSIS:

To effectuate the required rezoning specified in the City's adopted Housing Element, three separate actions are required:

- Zoning Map Amendment;
- General Plan Amendment; and
- Zoning Text Amendments to implement the Zoning Map Amendments.

Zoning Map Amendment

As required by State Housing Element law, the project includes a Zoning Map amendment for 26 parcels, as identified in Table 2 (Existing and Proposed General Plan and Zoning for Housing Element Rezoning Sites). These sites were identified in the Housing Element as viable sites to meet the RHNA, given the underutilized nature and location in an area the concurrent General Plan update had identified for a mixed-use designation. The Zoning Map amendment would add an overlay zone to these identified 26 parcels only. As an overlay zone, the existing underlying zoning remains. The overlay zone is additive to the Commercial-Manufacturing (“C/M-1”) zone on these 26 parcels, providing additional flexibility to property owners to allow housing, live/work, and mixed-use in addition to other uses already allowed by the underlying zone.

General Plan Land Use Plan Amendment

The project includes a General Plan amendment to redesignate 16 parcels from Commercial Manufacturing to Mixed Use on the Land Use Plan, as identified in Table 2 (Existing and Proposed General Plan and Zoning for Housing Element Rezoning Sites). These parcels are located along Washington Boulevard and were identified in the Housing Element as viable sites to meet the RHNA, as City-owned sites located in an area the concurrent General Plan update had identified for a mixed-use designation. Under the existing Commercial Manufacturing General Plan land use designation, the sites currently do not allow housing. The General Plan amendment would allow housing on the identified 16 parcels and create consistency between the General Plan Land Use Element, Zoning Map, and Housing Element, given the proposed rezoning required by State Housing Element law. The Atlantic Boulevard sites are already designated Mixed Use, from the 2008 General Plan, so no General Plan Amendment is required for the rezoning sites identified on Atlantic Boulevard.

Table 2: Existing and Proposed General Plan and Zoning for Housing Element Rezoning Sites

Site Address/ Intersection	Assessor Parcel Number	Size (Ac.)	Current General Plan	Current Zoning	Proposed General Plan	Proposed Zoning	Description of Existing Uses	Consolidation Opportunities	City Owned (Y/N)
5736 Washington Blvd	6334-006-900	0.89	CM	C/M1	Atlantic MU	WB-O	Commercial	Consolidated Site E	Y
5733 Sheila St	6334-006-901	1.72	CM	C/M1	Atlantic MU	WB-O	Commercial		Y
5611 Washington Blvd	6335-023-900	0.59	CM	C/M1	Atlantic MU	WB-O	Public facilities	Consolidated Site F	Y
5600 Jillson St	6335-023-901	0.3	CM	C/M1	Atlantic MU	WB-O	Public facilities		Y
Jillson St/Daniel Ave	6335-023-902	0.07	CM	C/M1	Atlantic MU	WB-O	Public facilities		Y
Jillson St/Daniel Ave	6335-023-903	0.36	CM	C/M1	Atlantic MU	WB-O	Public facilities		Y
2500 Eastern Ave	6335-024-900	0.69	CM	C/M1	Atlantic MU	WB-O	Parking	Consolidated Site G	Y
Jillson St/Daniel Ave	6335-024-901	0.07	CM	C/M1	Atlantic MU	WB-O	Parking		Y
Jillson St/Daniel Ave	6335-024-902	0.07	CM	C/M1	Atlantic MU	WB-O	Parking		Y
Jillson St/Daniel Ave	6335-024-903	0.07	CM	C/M1	Atlantic MU	WB-O	Parking		Y
Jillson St/Daniel Ave	6335-024-904	0.07	CM	C/M1	Atlantic MU	WB-O	Parking		Y
Jillson St/Daniel Ave	6335-024-905	0.07	CM	C/M1	Atlantic MU	WB-O	Parking		Y
Jillson St/Daniel Ave	6335-024-906	0.07	CM	C/M1	Atlantic MU	WB-O	Parking		Y
Jillson St/Daniel Ave	6335-024-907	0.15	CM	C/M1	Atlantic MU	WB-O	Parking		Y
Washington Blvd/Daniel Ave	6335-024-908	0.41	CM	C/M1	Atlantic MU	WB-O	Parking		Y
5555 Washington Blvd	6335-024-909	0.53	CM	C/M1	Atlantic MU	WB-O	Commercial		Y
Atlantic Blvd/Jardine St	5244-024-001	0.13	Atlantic MU	C/M1	Atlantic MU	AB-O	Parking	Consolidated Site H	N
Atlantic Blvd/Jardine St	5244-024-002	0.05	Atlantic MU	C/M1	Atlantic MU	AB-O	Parking		N
Atlantic Blvd/Jardine St	5244-024-003	0.05	Atlantic MU	C/M1	Atlantic MU	AB-O	Parking		N
Atlantic Blvd/Jardine St	6335-005-053	0.05	Atlantic MU	C/M1	Atlantic MU	AB-O	Parking	Consolidated Site I	N
Atlantic Blvd/Jardine St	6335-005-054	0.05	Atlantic MU	C/M1	Atlantic MU	AB-O	Parking		N
Atlantic Blvd/Jardine St	6335-005-055	0.12	Atlantic MU	C/M1	Atlantic MU	AB-O	Parking		N
2358 Atlantic Blvd	6335-005-056	0.05	Atlantic MU	C/M1	Atlantic MU	WB-O	Parking	Consolidated Site J	N
2354 Atlantic Blvd	6335-005-057	0.11	Atlantic MU	C/M1	Atlantic MU	WB-O	Parking		N
Atlantic Blvd/Harbor Blvd	6335-003-002	0.05	Atlantic MU	C/M1	Atlantic MU	AB-O	Vacant	Consolidated Site K	N
2210 Atlantic Blvd	6335-003-003	0.11	Atlantic MU	C/M1	Atlantic MU	AB-O	Commercial		N

Zoning Text Amendments

Per Housing Element law, the rezoned sites must meet the requirements of Government Code 65583.2, including but not limited to a minimum density of 20 units per acre and zoned to allow ownership and rental housing by-right for development projects with at least 20 percent of the units affordable to lower income households. As part of the rezoning, appropriate development standards (e.g., setbacks, height, parking, etc.) must also be established to ensure the allowable maximum density of the zone can be achieved.

Mixed-Use Overlay (New Chapter 19.49) Amendments

The Mixed-Use Overlay (“MU-O”) Zoning Ordinance Text Amendment is additive to the underlying zone. The MU-O zone allows for multi-family housing, supportive and transitional housing, live/work, and mixed-use development, which includes a combination of commercial and residential uses within a development. The MU-O zone allows for a maximum residential density of 60 units per acre, with a required minimum density of 27 units per acre. The MU-O zone also allows for increased density (up to 85 units per acre) and nonresidential intensity (up to 2.5 floor area ratio “FAR”) if the project includes affordable housing and additional community benefits, such as, a public plaza, rent subsidies to provide below-market rent to small legacy and community-serving businesses, a dedicated ground floor space for a food establishment, and public art, among others.

The MU-O zone includes standards for height, setbacks, and parking that will allow the identified density to be achieved. The MU-O zone also includes a requirement to plant trees to enhance the pedestrian environment and a provision to minimize shade/shadow on any adjacent residential zones. Objective design standards pertaining to façade composition and architecture are included to guide high-quality design, including:

- Requirement for building transparency (windows);
- Elevation of the first floor (within two feet of existing grade for commercial and six feet for residential) to contribute to the pedestrian experience;
- Pedestrian entrance orientation toward the primary street;
- Minimum width and façade modulation for building entries; and
- Building articulation via variable wall plane and a variety of colors, materials, and textures.

To ensure compliance with Housing Element law by preventing a reduction in Citywide housing capacity for lower-income units, any project that proposes less units for that site than identified in the Housing Element requires a finding of no net loss (i.e., that there is remaining capacity within the surplus of sites identified in the Housing Element, or another HCD-approved site has been identified, to meet the RHNA).

New Chapter 19.31, Division 24 (Live/work).

Live/work would be an allowed use in the new MU-O zone. This new chapter of the Zoning Ordinance provides development and operating standards for any new proposed live/work development within the MU-O zone, including a limitation on certain uses that would be

incompatible with residential uses, design standards requiring a minimum area devoted to commercial space, occupancy and business license requirements, and a prohibition on conversion of a live/work unit to either entirely residential use or entirely nonresidential use.

Amendments to Chapter 19.45 (Definitions).

In association with the new MU-O zone, revisions to Chapter 19.45 (Definitions) are proposed to add additional clarifying definitions to the Zoning Ordinance. The definition of “floor-to-area ratio” (“FAR”) is amended to clarify that the calculation is applicable only to the nonresidential portion of the building. New definitions are proposed for “mixed-use”, “major transit stop”, and various types of open space, for clarity in implementation.

Amendments to Chapter 19.39, Division 10 (Site Plan Review).

The existing Zoning Ordinance requires Site Plan review for residential development projects with more than four units, which involves Planning Commission review. The amendment would add a new Administrative Site Plan review process (Site Plan – Minor) to allow for streamlined review consistent with State Housing law, for projects with between one and 10 units. More than 10 units would continue to be reviewed by the Planning Commission.

NEXT STEPS

The City is in consultation with HCD and has advised the agency of the proposed adoption timeline. The City is required to submit the Zoning Text Amendment, General Plan Amendment, and Zone Change to HCD once it has been adopted in order to be found in substantial compliance with Housing Element law. Subsequently, the City will continue to report to HCD annually as part of the Housing Element annual reporting process.

FISCAL IMPACT

This activity can be carried out without additional impact on the current operating budget.

RELATIONSHIP TO STRATEGIC GOALS:

This item relates to the 2016 Strategic Action Plan’s goal of: Economic growth - Guiding Principle 2 to “Ensure that the City’s development services are continually streamlined, efficient, customer focused and responsive to efficiently support local and economic growth,” and Guiding Principle 3 to “Support a long-range planning vision through the City’s General Plan, zoning ordinance, and related land use planning documents that incorporate community and stakeholder input and provide a compass for strategic economic growth, infrastructure investments and city fiscal planning.”

ALTERNATIVES:

1. Approve recommendation;
2. Reject recommendation; or
3. Provide staff with further direction.

Recommended by: Jessica Serrano, Director of Community Development
Approved as to form: Noel Tapia, City Attorney
Respectfully submitted: Ernie Hernandez, City Manager

ATTACHMENTS:

- A. Ordinance No. ____ for ZTA No. 25-03 and ZC No. 25-01, including:
 - Attachment 1 - Initial Study/Addendum to the General Plan EIR,
 - Attachment 2 – Table of Existing and Proposed General Plan and Zoning for Housing Element Rezoning Sites
 - Attachment 3 – Proposed Zoning Maps