HOUSING ELEMENT

For the Costa Mesa General Plan

2013-2021

Prepared By:

City of Costa Mesa
Development Services Dept.
77 Fair Drive
Costa Mesa, CA 92626
(714) 754-5245
(714) 754-4856 fax

Adopted January 21, 2014

TABLE OF CONTENTS

5.1 PURPOSE 1
ORGANIZATION 2

5.2 RELATIONSHIP TO OTHER GENERAL PLAN ELEMENTS 2

5.3 CITIZEN PARTICIPATION 2
PUBLIC MEETING 2
PUBLIC REVIEW OF DOCUMENTS 3

5.4 REVIEW OF PREVIOUS HOUSING ELEMENT 3
SUMMARY OF PROGRESS 10

5.5 HOUSING NEEDS ASSESSMENT 11
POPULATION AND EMPLOYMENT 11
HOUSING PROFILE 26

5.6 HOUSING CONSTRAINTS ANALYSIS 36
GOVERNMENTAL CONSTRAINTS 36
MARKET CONSTRAINTS 53

5.7 OPPORTUNITIES FOR NEW RESIDENTIAL DEVELOPMENT 55
REGIONAL HOUSING NEEDS 55
FINANCIAL AND ADMINISTRATIVE RESOURCES 60
ENERGY CONSERVATION, GREEN BUILDINGS, AND SUSTAINABLE RESOURCES 61

5.8 GOALS, POLICIES, AND PROGRAMS 63
FRAMEWORK FOR IMPLEMENTATION 63
GOALS AND POLICIES 64
IMPLEMENTING PROGRAMS 67
QUANTIFIED OBJECTIVES SUMMARY 73

List of Tables

Table HOU-1: Housing Program Review 4
Table HOU-2: Progress toward RHNA (2006-2014) 10
Table HOU-3: Progress toward Quantified Objectives (2008-2014) 11
Table HOU-4: Regional Population Trends 12
Table HOU-5: Population Trends – Costa Mesa and Surrounding Cities (1980-2010) 13
Table HOU-6: Population by Age Groups (2000 - 2010) 14
Table HOU-7: Race and Ethnicity (2000 - 2010) 14
Table HOU-8: Costa Mesa Employment by Industry (2000-2010) 15
Table HOU-9: Major Employers 16
Table HOU-10: Household Trends (1960 - 2010) 17
Table HOU-11: Household Size Trends (Costa Mesa and Orange County – 2000-2010) 18
Table HOU-12: Households by Tenure Trends (2000-2010) 18
Table HOU-13: Households by Income Level (2000-2010) 19
Table HOU-14: Income Distribution and Cost Burden for Elderly Households (2005-2009) 21
Table HOU-15: Disabled Persons by Age (2009-2011) 21
Table HOU-16: Developmentally Disabled Residents by Status 22
Table HOU-17: Household type (2000-2010) 23

Table HOU-18: Overcrowding (2000-2010) 24
Table HOU-19: Households by Tenure and Unit Size (2010) 24
Table HOU-20: Households by Tenure and Household Size (2010) 25
Table HOU-21: Income Distribution and Cost Burden for Large Households (2005-2009) 25
Table HOU-22: Housing Units by Type (1990-2010) 27
Table HOU-24: Affordability by Income Group (2012) 29
Table HOU-25: Apartment Rents (2012) 31
Table HOU-26: Inventory of Public Assisted Complexes (2012) 32
Table HOU-27: Market Value of At-Risk Projects 34
Table HOU-28: Rent Subsidies Required to Preserve At-Risk Rental Units 34
Table HOU-29: Development Standards by Residential Zone 38
Table HOU-30: Development Standards by Planned Development District 38
Table HOU-31: Parking Standards by Residential Zone 39
Table HOU-32: Permitted Residential Uses by Residential Zone 42
Table HOU-33: Development Review and Approval Procedures 48
Table HOU-34: Planning Application Fees – Surrounding Jurisdictions 50
Table HOU-35: Traffic Impact Fee Schedule 51
Table HOU-36: Development Fees Schedule 51
Table HOU-38: Underutilized Sites in 19 West Urban Plan Area 57
Table HOU-38: Affordable Housing with Densities of 25 Units/Acre or Less 58
Table HOU-39: Quantified Objectives Summary (2013-2021) 73

CHAPTER 5
HOUSING ELEMENT

Accommodating the housing needs of the State of California is an important goal for the City of Costa Mesa, regional agencies and State agencies. As the population of the State continues to grow and pressure on resources increase, Costa Mesa is concerned with providing adequate housing opportunities while maintaining a high standard of living for all citizens in the community.

Recognizing the importance of providing adequate housing, the State has mandated a Housing Element within every General Plan since 1969. The City of Costa Mesa adopted its first Housing Element in April 1971 and has continued to work towards the needs of the State, region and community. Changes in market conditions and state legislation resulted in amendments to the City's Housing Element in 1974, 1978, 1980, 1988, 1992, 2000, and 2008. This Housing Element (2013-2021) complies with State General Plan law pertaining to Housing Elements.

5.1 PURPOSE

The State of California has declared that "the availability of housing is of vital statewide importance and the early attainment of decent housing and a suitable living environment for every California family is a priority of the highest order." In addition, government and the private sector should make an effort to provide a diversity of housing opportunities and accommodate regional housing needs through a cooperative effort, while maintaining a responsibility toward economic, environmental and fiscal factors and community goals within the general plan.

Further, State Housing Element law requires "An assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs." The law requires:

- An analysis of population and employment trends.
- An analysis of the City's fair share of the regional housing needs.
- An analysis of household characteristics.
- An inventory of suitable land for residential development.
- An analysis of governmental and non-governmental constraints on the improvement, maintenance and development of housing.
- An analysis of special housing needs.
- An analysis of opportunities for energy conservation.
- An analysis of publicly-assisted housing developments that may convert to non-assisted housing developments.

The purpose of these requirements is to develop an understanding of the existing and projected housing needs within the community and to set forth policies and programs that promote preservation, improvement and development of diverse types and costs of housing throughout Costa Mesa.

ORGANIZATION

Costa Mesa's Housing Element is organized into three primary sections:

- Summary of Existing Conditions: This section includes a housing needs assessment, an inventory of resources and a section discussing constraints, efforts and opportunities.

- Housing Issues/Trends: This section includes a discussion of State issues and policies, regional housing policies, and Costa Mesa's housing issues and strategies.

- Housing Program: This section identifies housing goals, policies and objectives. Funding sources are identified and schedules for implementation are set forth. In addition, quantified objectives are provided.

5.2 RELATIONSHIP TO OTHER GENERAL PLAN ELEMENTS

State Law requires that "…the general plan and elements and parts thereof comprise an integrated, internally consistent, and compatible statement of policies…" The purpose of requiring internal consistency is to avoid policy conflict and provide a clear policy guide for the future maintenance, improvement and development of housing within the City.

The Costa Mesa General Plan is comprised of the following elements: Land Use; Circulation; Growth Management; Housing; Conservation; Noise; Safety; Community Design; Open Space and Recreation; and Historic and Cultural Resources. The City is currently updating several of these elements, including the Land Use Element and Circulation Element. As part of that update, the City has reviewed its land use policies to ensure consistency with this Housing Element and has updated the Land Use Element to address flood hazards and management.

As portions of the General Plan are amended in the future, the Housing Element will be reviewed along with other elements to ensure internal consistency is maintained.

5.3 CITIZEN PARTICIPATION

The City of Costa Mesa has made diligent efforts to solicit public participation pertaining to the formulation of this Housing Element update. Public participation for the 2013-2021 Housing Element included the following components:

PUBLIC MEETINGS

The 2013-2021 Housing Element was updated in conjunction with the General Plan Update. The City designed a public participation program as part of the update process (see Appendix A). Specific meetings were dedicated for obtaining community input on the Housing Element:

- May 15, 2013 – Community Workshop
- May 28, 2013 – Planning Commission meeting
- June 13, 2013 – Community Workshop
- June 19, 2013 – Community Workshop
- June 24, 2013 – Planning Commission meeting
- September 17, 2013 – City Council meeting

The Planning Commission and City Council meetings were advertised in the *Daily Pilot* and the City's website. Special notifications were also sent to those on the City's list of interested parties, including nonprofit service providers, community stakeholders, and developers.

PUBLIC REVIEW OF DOCUMENTS

Throughout the process of updating the Housing Element, the City posted relevant documents, including presentation materials and draft documents on the website for easy download and review by residents and interested parties.

A public review draft was prepared and made available to the community as of May 28, 2013. The public review draft was sent to the State Department of Housing and Community Development (HCD). A notice announcing the availability of the Draft Housing Element for public review was sent to Orange County Housing Authority (OCHA), non-profit organizations, and various service providers.

Public comments received on Draft Housing Element are summarized in Appendix A. As appropriate, the Housing Element has been revised to address the comments.

5.4 REVIEW OF PREVIOUS HOUSING ELEMENT

State law requires the City of Costa Mesa to review its previous Housing Element in order to evaluate:

1) The appropriateness of the housing goals, objectives and policies in contributing to the attainment of the state housing goal.
2) The effectiveness of the Housing Element in attainment of the community's housing goals and objectives.
3) The progress of the city, county, or city and county in implementation of the Housing Element.

The previous Housing Element originally covered the period of July 1, 2008 through October 15, 2013 (as revised from June 30, 2014 by SB 375). A summary of the City's achievements under the previous Housing Element is presented in this section. Table HOU-1 presents a program-by-program review of the previous Housing Element, containing a discussion on the effectiveness and continued appropriateness of each program.

Table HOU-1: Housing Program Review

Housing Program Action	Objectives	Achievements
Goal: Preservation and Enhancement		
1. Single-Family Rehabilitation Loan Program	♦ Assist 10 households annually for a total of 60 households	***Effectiveness:*** Between 2007 and 2011, 116 units received single-family loans and 438 received rehabilitation grants. ***Continued Appropriateness:*** The community continues to have a significant need for rehabilitation assistance. This program is included in the 2013-2021 Housing Element.
2. Neighborhood Improvement Grant Program	♦ Assist 30 households annually for a total of 180 households	***Effectiveness:*** Between 2007 and 2011, 130 units were assisted through the Neighborhood Improvement Grant Program. On average approximately 27 households per year have been assisted. ***Continued Appropriateness:*** This program was previously funded with HOME and redevelopment set-aside funds. Between FY 2010 and FY 2012, the City's HOME allocation decreased by more than 50 percent. Dissolution of redevelopment in California also eliminated a significant funding source for the City. This program has been discontinued.
3. Neighborhood Clean Up	♦ Assist 10 households annually for a total of 60 households	***Effectiveness:*** The City uses CDBG funds to support the Neighbors for Neighbors program, which organizes volunteers to help clean up neighborhoods and perform minor repairs for needy families. Between 2007 and 2011, 171 households had been assisted through the Neighbors for Neighbors program. ***Continued Appropriateness:*** Between FY 2010 and FY 2012, the City's CDBG allocation decreased by about 40 percent. This program is no longer included in the City's CDBG program and therefore, not included in the 2013-2021 Housing Element.
4. Mobile Home Park Preservation	♦ Maintain and preserve the mobile home housing stock. ♦ Provide mobile home rehabilitation loans through the Neighborhood Improvement Grant Program	***Effectiveness:*** Between 2008 and 2011, the program provided 93 loans and grants to assist in the rehabilitation of mobile homes. ***Continued Appropriateness:*** The City continues to support a Owner-Occupied Housing Rehabilitation program that provides rehabilitation assistance to mobile home owners. This program is included in the 2013-2021 Housing Element.
Goal: Preserving and Expanding Affordable Housing Opportunities		
5. Incentives for Affordable Housing	♦ Promote the use of density bonus incentives and deferral of fees for affordable housing projects	***Effectiveness:*** Since 2008, 7 affordable density bonus units were created. The City provides expedited reviews for projects within the Urban Plan areas and defers park and traffic

Table HOU-1: Housing Program Review

Housing Program Action	Objectives	Achievements
	♦ Provide information at City Hall on the density bonus ordinance ♦ Meet with developers and establish a strategy by December 2009 for promoting new construction of rental units affordable to lower income families in the Urban Plan Areas	impact fees to prior to issuing a certificate of occupancy. Due to the housing market condition, there has been limited development interest in City until late 2012. Many developers did not proceed with or withdrew their applications, or allowed the approval to lapse. The City did not conduct a specific meeting with developers to discuss affordable housing in the Urban Plan areas; however, affordable hosuing opportunities are discussed with interested developers as meetings arise. As part of the Land Use Element update that is currently underway, the City is exploring opportunities for residential development in other parts of the City. ***Continued Appropriateness:*** The City continues to foster the development of affordable housing in the community. This program is included in the 2013-2021 Housing Element.
6. Second Units and Granny Flats	♦ Promote the use of accessory apartments and second units by providing information on the City's website and at public counters.	***Effectiveness:*** The City updated its second unit ordinance in 2011 allowing the construction of accessory second units in the R-1 zone and has adopted conditions under which second dwelling units may be permitted. These conditions are consistent with State law. Since 2008, 3 second units have been built. ***Continued Appropriateness:*** The City continues to promote second units and granny flats as alternative affordable housing options. This program is included in the 2013-2021 Housing Element.
7. Federal and State Housing Programs	♦ Encourage private sector to utilize available State and Federal housing programs to increase the supply of affordable housing. ♦ Annually, the City will contact nonprofit housing developers to explore potential affordable housing projects and funding possibilities.	***Effectiveness:*** A total of 618 affordable units were constructed between 2008 and 2011. ***Continued Appropriateness:*** The City continues to pursue funding and partner with affordable housing developers. This program is included in the 2013-2021 Housing Element.
8. Rental Housing Assistance	♦ Provide rental assistance to 463 households annually through the Section 8 program. ♦ Continue to promote the use of Housing Choice vouchers by providing program information on City website and at public counters. ♦ Encourage property owners to	***Effectiveness:*** On-going Housing Choice Vouchers through the Orange County Housing Authority (OCHA). As of March 2013, 442 very low income households in Costa Mesa were receiving rental assistance. ***Continued Appropriateness:*** Housing Choice Vouchers continue to be an important resource for very low income households in Costa Mesa. This program is included in the 2013-2021

Table HOU-1: Housing Program Review

Housing Program Action	Objectives	Achievements
	accept Housing Choice Vouchers.	Housing Element.
9. First-Time Homebuyer Assistance	♦ Assist a total of 8 households annually	***Effectiveness:*** Between 2008 and 2011, the City provided assistance to 5 first-time homebuyers with household incomes that were considered low or moderate to assist these households achieve homeownership. ***Continued Appropriateness:*** With the significant reductions in HOME funds and elimination of redevelopment funds, the City no longer has a sustainable funding source to support first-time homebuyer assistance. The program is currently inactive due to lack of funding and is not expected to restart in the near future and is therefore not included in the 2013-2021 Housing Element.
10. First-Time Homebuyer New Construction and Acquisition/Rehabilitation	♦ Monitor properties available in the community and pursue funding alternatives to implement program.	***Effectiveness:*** Since 2008, there has been no land acquisition intended for first-time homeownership. ***Continued Appropriateness:*** With the dissolution of the Redevelopment Agency, the City's ability to pursue land acquisition has been seriously impacted. This program is not included in the 2013-2021 Housing Element.
11. Preservation of At-Risk Housing	♦ Preserve the existing affordable housing stock in the City, including Casa Bella (75 units), and Bethel Towers (270 units) ♦ Notify tenants of potential risk of conversion at least one year prior to conversion.	***Effectiveness:*** Affordability for both at-risk developments was maintained through the Housing Element planning period. Casa Bella has a new Section 8 expiration date of 2015 and in 2012 Bethel Towers, through tax-exempt revenue bonds, has extended its affordability covenant for 55 years. ***Continued Appropriateness:*** The City will continue to monitor the status of all affordable housing projects. This program is included in the 2013-2021 Housing Element.
12. Single-Room Occupancy (SRO), Family Residential Occupancy (FRO), Extended Stay Units	♦ Maintain a list of existing motels with potential for conversion into SRO, FRO, or extended stay units in 2009 and make list available to interested affordable housing developers. ♦ Promote the conversion of motel rooms into 170 SRO or FRO units by adopting development incentives in 2009.	***Effectiveness:*** The City adopted the SRO policy in 1991 to encourage the development of SRO units. Since adoption of the policy, three projects have been completed and occupied, providing a total of 247 units, including 91 senior. During the Housing Element period one motel was converted into an 11-unit SRO. In 2009, the City contacted affordable housing developers and hotel owners to discuss potential conversions. As no financial assistance was available (due to economic crisis), no feedback or interest was expressed. Staff maintains a list of existing motels with potential for conversion into SRO, FRO, or extended stay units and makes it available to interested parties.

Table HOU-1: Housing Program Review

Housing Program Action	Objectives	Achievements
		Continued Appropriateness: SRO continues to represent a viable alternative affordable housing option in the community. This program is included in the 2013-2021 Housing Element. This program also includes a new component to encourage the conversion of old motels to family housing.
13. Supportive Services for Persons with Special Needs	♦ Conduct needs assessment through the annual planning and performance review processes of the CDBG program. ♦ Through the CDBG Request for Proposal process, identify service gaps and prioritize funding allocations. ♦ Support emergency shelters for 30 persons annually (180 persons total) ♦ Support senior services for 600 seniors annually (3,600 seniors total) ♦ Provide employment training, housing, and other services for 100 persons with disabilities (600 persons total) ♦ Provide supportive services for 20 low income persons at risk of homelessness annually (120 persons total)	***Effectiveness:*** Between 2008 and 2011, the City funded services through their CDBG program to assist 235 individuals with emergency shelter and homeless services, 3,481 seniors with a variety of senior services, and 230 individuals were provided access to services for the disabled, The City continues to conduct needs assessment through the annual planning and performance review processes of the CDBG program. ***Continued Appropriateness:*** The City recognizes the myriad of supportive service needs of its special needs populations. This program is included in the 2013-2021 Housing Element.
14. Reasonable Accommodation Ordinance	♦ Adopt Reasonable Accommodation Amendment by December 2008.	***Effectiveness:*** In 2009, the City's Reasonable Accommodation ordinance was modified to streamline the request process and to eliminate the requirement for a public hearing or public notice. ***Continued Appropriateness:*** The City will continue to implement the Reasonable Accommodation Ordinance. However, this ongoing effort is not included in the 2013-2021 Housing Element as a housing program.
15. Fee Deferral for Reasonable Accommodation and Affordable Housing	♦ Establish a Fee Deferral program for projects requesting Reasonable Accommodation or for affordable housing projects by December 31, 2008.	***Effectiveness:*** The City has not received any recent applications for reasonable accommodation; if such application is submitted, the City Council has the authority to defer or waive the fees. ***Continued Appropriateness:*** The City will continue to implement the Reasonable Accommodation Ordinance. However, this ongoing effort is not included in the 2013-2021 Housing Element as a housing program.
16. Build Green Program	♦ Implement the Build Green Program in FY 2008/09.	***Effectiveness:*** The Go Green Program (previously known as the Build Green Program)

Table HOU-1: Housing Program Review

Housing Program Action	Objectives	Achievements
		ended in June 2009 due to budget constraints. However, the City continues to offer a 50 percent discount on permits for solar panels. ***Continued Appropriateness:*** This program is included in the 2013-2021 Housing Element.
Goal: Provision of Adequate Sites		
17. Adequate Sites	♦ Update inventory of vacant and underutilized sites annually and provide information to interested developers. ♦ When rezoning occurs, evaluate the impact of rezoning on the City's continued ability to meet its RHNA.	***Effectiveness:*** The City has developed several neighborhood improvement strategies and urban plans that identify the residential and mixed use opportunities available within neighborhoods. This information is made available to interested developers. ***Continued Appropriateness:*** The City's Regional Housing Needs Allocation for the 2014-2021 RHNA planning period is two units (one very low income and one low income units). The City will be able to accommodate this need with mixed use opportunities offered in the Urban Plan areas. The City will continue to provide information on available sites for development. This program is included in the 2013-2021 Housing Element.
18. Fairview Developmental Center	♦ Process General Plan amendment and rezone by December 31, 2008. ♦ Work with the Fairview Developmental Center to include 170 affordable units to lower income households.	***Effectiveness:*** Due to the State's budgetary issues and collapsed housing market, the Fairview Development Center did not pursue the affordable housing project. The City identified other available sites for residential development to accommodate the RHNA. ***Continued Appropriateness:*** This program is no longer appropriate and is not included in the 2013-2021 Housing Element.
19. Land Acquisition	♦ Maintain a list of opportunity sites and monitor for-sale status of available properties. ♦ Offer special assistance as presented.	***Effectiveness:*** the City has developed several neighborhood improvement strategies and urban plans that identify the residential and mixed use opportunities available within neighborhoods. The City has not acquired any land during the Planning Period. ***Continued Appropriateness:*** Due to limited funding, this program is not included in the 2013-2021 Housing Element.
20. Mixed-Use Developments	♦ Update inventory of opportunity sites at least every six months and make inventory available to interested developers. Evaluate incentives package annually.	***Effectiveness:*** the City has developed several neighborhood improvement strategies and urban plans that identify the residential and mixed use opportunities available within neighborhoods. This information is made available to interested developers. The Urban Plans are updated as needed for consistency, revision of standards, etc.

Table HOU-1: Housing Program Review

Housing Program Action	Objectives	Achievements
		Continued Appropriateness: The City will continue to facilitate mixed use developments within the Urban Plan areas. This program is included in the 2013-2021 Housing Element.
21. Emergency Shelters, Transitional Housing, and Supportive Housing	♦ Amend the Zoning Code by December 31, 2009 Code to allow emergency shelters as a permitted use.	***Effectiveness:*** In 2013, City's Municipal Code was amended to provide for emergency homeless shelters as a permitted use in the MP zone as required by Senate Bill 2 (SB 2). ***Continued Appropriateness:*** This program is completed and not included in the 2013-2021 Housing Element.
22. Removing Governmental Constraints in Processing and Permit Procedures	♦ Amend the Zoning Code by December 31, 2009 to eliminate any discretionary review of an affordable housing project to ensure that development is not constrained.	***Effectiveness:*** This program was not implemented. Due to the depressed housing market and economy, there have been only limited residential development activities in the City. ***Continued Appropriateness:*** The City will continue to monitor its development process to ensure it complies with the Streamlined Processing Act. This program is not included in the 2013-2021 Housing Element as a separate housing program.
23. Annual General Plan Review	♦ As part of the City's annual report to State Department of Housing and Community Development (HCD) for the implementation of the General Plan (including Housing Element), provide detailed progress in residential, commercial, and industrial development.	***Effectiveness:*** The City submits Annual Reports on the General Plan to the State Legislature which includes an update on the City's implementation of the General Plan. ***Continued Appropriateness:*** Pursuant to State requirement, the City will continue to submit Annual Reports on the implementation of the General Plan. This program is included in the 2013-2021 Housing Element.
Goal: Equal Housing Opportunity		
24. Fair Housing Assistance	♦ Provide specialized housing services to residents to ensure equal access to available housing opportunities.	***Effectiveness:*** The City continues to contract with the Fair Housing Foundation to provide fair housing and tenant/landlord dispute resolution services. ***Continued Appropriateness:*** The City continues to promote equal housing opportunity in the community. This program is included in the 2013-2021 Housing Element.
25. Promotion of Child Care Facilities	♦ Continue to apply development incentives pursuant to the State density bonus law and Costa Mesa Zoning Code to incorporate child care centers as part of an affordable housing development. The City will allow all incentives related to	***Effectiveness:*** The City continues to provide development incentives associated with the State density bonus provisions. ***Continued Appropriateness:*** The City encourages the provision of family housing coordinated with child care services. This program is included in the 2013-2021 Housing

Table HOU-1: Housing Program Review

Housing Program Action	Objectives	Achievements
	child care centers as afforded by the State density bonus provisions.	Element.

SUMMARY OF PROGRESS

PROGRESS TOWARD RHNA

Pursuant to State law, each jurisdiction in California is responsible for a share of the region's housing growth needs. The process of determining that "fair share" is called Regional Housing Needs Assessment (RHNA). For the 2008-2014 Housing Element cycle, the City of Costa Mesa was assigned a RHNA of 1,682 units, divided into four income categories:

- Very Low Income (0-50 percent Area Median Income): 353 units
- Low Income (51-80 percent Area Median Income): 289 units
- Moderate Income (80-120 percent Area Median Income): 330 units
- Above Moderate Income (>120 percent Area Median Income: 710 units

The RHNA for the 2008 2014 Housing Element cycle in the SCAG region used January 1, 2006 as the baseline for projecting housing needs. As such, housing units constructed, permitted, approved, or affordable housing units preserved from January 1, 2006 to 2008 were credited toward the RHNA. Table HOU-2 summarizes the City's accomplishments in meeting the remaining RHNA.

Table HOU-2: Progress toward RHNA (2006-2014)

Income Group	Remaining RHNA	Units Constructed
Very Low Income	244	0
Low Income	201	1
Moderate Income	---	617
Above Moderate Income	---	430
TOTAL	**445**	**1,048**

PROGRESS TOWARD QUANTIFIED OBJECTIVES

The City recognized it had limited resources to address the varied affordable housing needs in the community. As part of the 2008-2014 Housing Element, the City established a set of quantified objectives for housing construction, rehabilitation, and preservation. These objectives are presented in Table HOU-3, along with the City's accomplishments. A Summary of Accomplishments is provided in Table HOU-3 and details of accomplishments are described in Table HOU-1.

Table HOU-3: Progress toward Quantified Objectives (2008-2014)

Objective	Very Low	Low	Moderate	Above Moderate	Total
Construction Objective					
Goal	319	219	1,424	2,051	4,013
Progress	16	14	617	563	1,210
Rehabilitation (SF Rehab. Loans, Neighborhood Improvement Grants, Neighborhood Cleanup)					
Goal	215	85	---	---	300
Progress	128	108	5	0	238
Affordability (Rental Assistance)					
Goal	463	---	8	---	471
Progress	485	---	0	---	490
Preservation of At-Risk Housing					
Goal	345	---	---	---	345
Progress	345	---	---	---	345

5.5 HOUSING NEEDS ASSESSMENT

The purpose of this section is to summarize and analyze the existing housing conditions in Costa Mesa. The section consists of two major sections: an analysis of population and employment trends; and a housing profile which includes an analysis of existing housing characteristics, housing conditions, vacancy trends, housing costs and availability, coastal zone housing, neighborhood and community resources, “at-risk housing” and suitable lands for future development.

POPULATION AND EMPLOYMENT

When evaluating housing needs in a community, demographic variables, such as population, employment, and households must be examined to assess the present and future housing needs. This section utilizes various data sources, including:

- 1970-2010 U.S. Census reports;
- 2006-2010 American Community Survey (ACS)[1];
- State Department of Finance Population and Housing Estimates;
- State Employment Development Department Labor Market Statistics; and
- Southern California Association of Governments (SCAG) Population, Household, and Employment projects.

Specific sources of data are noted in the tables, figures, and associated texts.

[1] The American Community Survey (ACS) by the Bureau of the Census surveyed only a small sample of the population and therefore tends to contain large margins of errors. As such, data from the ACS throughout this report are presented only as percentages to show magnitude and prevalence. Furthermore, certain data that are too detailed may have inherent margins of errors that are too large to be accurate. In such cases, ACS data, although available, are not presented in this Housing Element.

POPULATION TRENDS

Orange County or the Orange County Primary Metropolitan Statistical Area (PMSA) is part of the Los Angeles Consolidated Metropolitan Statistical Area (CMSA) that also consists of the Los Angeles-Long Beach PMSA, Riverside-San Bernardino PMSA and Ventura County PMSA. The City of Costa Mesa is located in Orange County which remains the second largest PMSA in the Los Angeles CMSA.

Movement of the population from the central Los Angeles County to adjacent counties resulted in proportionate booms initially in the coastal counties and more recently in the inland counties. In 1980, Orange County's population was 1,932,921 and increased by nearly 25.0 percent to 2,410,556 in 1990. Between 1990 and 2000, the population of Orange County further increased by 18.1 percent to 2,846,289. According to the 2010 Census, the population of Orange County is now 3,010,232, an increase of 5.7 percent from the 2000 Census estimates. The largest gains in population are being recorded in the inland counties: Riverside and San Bernardino. However, proportionate increases have slowed for all counties over the last seven years.

Table HOU-4: Regional Population Trends

County	1980	1990	2000	2010
Los Angeles	7,477,238	8,863,164	9,519,338	9,818,605
Orange	1,932,921	2,410,556	2,846,289	3,010,232
Riverside	663,199	1,170,413	1,545,387	2,189,641
San Bernardino	895,016	1,418,380	1,709,434	2,042,441
Ventura	529,174	669,016	753,197	843,318
TOTAL	**11,499,528**	**14,533,519**	**16,377,645**	**17,877,006**

Source: U.S. Bureau of the Census, 1960-2010 Census.

The City of Costa Mesa is surrounded by five cities: Fountain Valley, Huntington Beach, Irvine, Newport Beach and Santa Ana. Between 1980 and 2010, Santa Ana and Irvine experienced the largest numerical and proportionate gains for the six-city area, but Costa Mesa also experienced a fair amount of population gains. In 2010, Costa Mesa has a total population of 109,960 persons (Table HOU-5).

Table HOU-5: Population Trends – Costa Mesa and Surrounding Cities (1980-2010)

City	1980	1990	2000	2010	Change (1980-2010)	
					Number	Percent
Costa Mesa	**82,562**	**96,357**	**108,724**	**109,960**	27,398	**33.2%**
Fountain Valley	55,080	53,691	54,978	55,313	233	0.4%
Huntington Beach	170,505	181,519	189,594	189,992	19,487	11.4%
Irvine	62,134	110,330	143,072	212,375	150,241	241.8%
Newport Beach	62,556	66,643	70,032	85,186	22,630	36.2%
Santa Ana	203,713	293,742	337,977	324,528	120,815	59.3%
Six-City Total	636,550	804,272	904,377	997,354	340,804	53.5%
TOTAL COUNTY	**1,932,921**	**2,410,556**	**2,846,289**	**3,010,232**	**1,077,311**	**55.7%**

Source: Bureau of the Census, 1980 - 2010 Census.

AGE CHARACTERISTICS

According to the 2010 Census, approximately 35 percent of the population in the City of Costa Mesa is between the ages of 25-44 (Table HOU-6). The 55-64 age group experienced the largest proportionate growth between 2000 and 2010, suggesting that in the coming years, there may be an increased demand for senior housing. The proportion of small children (under the age of five) as well as the proportion of older children (between the ages of five and 14) both decreased over the ten-year period. Generally, the population of persons age 55 and above all increased.

Since 1990, City, County and State median age figures closely paralleled each other with no more of a difference than 1.5 years. In 1990, the State median age was 31.5 years, while the City and County median ages were 31.1 years and 31.4 years, respectively. In Costa Mesa, the 2000 median age was estimated to be 32.0 years, and by 2010 it had risen to 33.6 years. Like the median ages of the County and the State, the median age of Costa Mesa residents will likely continue to increase over this Housing Element period.

Table HOU-6: Population by Age Groups (2000 - 2010)

Age Group	2000		2010	
	Number	Percent	Number	Percent
Less Than 5 Years	7,719	7.1%	7,191	6.5%
5-14 Years	14,134	13.0%	12,555	11.4%
15-19 Years	6,415	5.9%	7,186	6.5%
20-24 Years	9,242	8.5%	9,597	8.7%
25-34 Years	23,376	21.5%	21,061	19.2%
35-44 Years	19,027	17.5%	17,150	15.6%
45-54 Years	12,503	11.5%	14,958	13.7%
55-64 Years	7,067	6.5%	10,148	9.2%
65-74 Years	5,001	4.6%	5,291	4.8%
75-84 Years	3,153	2.9%	3,348	3.0%
Greater Than 85 Years	1,087	1.0%	1,475	1.4%
TOTAL	**108,724**	**100.0%**	**109,960**	**100.0%**
Median Age	32.0 Years		33.6 Years	

Source: Bureau of the Census, 2000 and 2010 Census

RACE AND ETHNICITY

According to the 2010 Census, the race/ethnic makeup of the Costa Mesa population is comprised of White (51.8 percent), Hispanic or Latino (35.8 percent), Asian (7.7 percent), Black or African-American (1.2 percent), American Indian and Alaska Native (0.2 percent), or other races (1.7 percent). The City's racial/ethnic composition has changed slightly since 2000, reflecting a statewide trend. Since the 2000 Census, the proportion of Hispanic residents had increased to approximately 36 percent, with corresponding declines in other racial/ethnic groups.

Table HOU-7: Race and Ethnicity (2000 - 2010)

Race/Ethnicity	2000		2010	
	Number	Percent	Number	Percent
White	61,778	56.8%	56,993	51.8%
Black	1,313	1.2%	1,352	1.2%
Native American	329	0.3%	266	0.2%
Asian	7,421	6.8%	8,483	7.7%
Non-Hispanic Other	3,360	3.1%	3,463	3.3%
Hispanic (of any race)	34,523	31.7%	39,403	35.8%
TOTAL	**108,724**	**100.0%**	**109,960**	**100.0%**

Source: Bureau of the Census, 2000 and 2010 Census

EMPLOYMENT TRENDS

Employment by Industry

In 2010, the American Community Survey (ACS) estimates Costa Mesa's total employment is 59,932 persons. The figure represents an increase of 3,482 persons since 2000 (Table HOU-8). Comparatively, Costa Mesa and Orange County are similar in terms of employment industry proportions. The largest sectors in Costa Mesa are education, health and social services (17.0 percent) and arts, entertainment, recreation, accommodation and food services (13.7 percent).

According to the California State Employment Development Department, as of June 2012, Costa Mesa had an estimated unemployment rate of 7.1 percent, comparable to the countywide rate of 7.9 percent.

Table HOU-8: Costa Mesa Employment by Industry (2000-2010)

Type of Industries	2000		2010	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining	154	0.3%	277	0.5%
Construction	3,899	6.9%	3,237	5.4%
Manufacturing	7,184	12.7%	6,289	10.5%
Wholesale trade	2,560	4.5%	2,245	3.7%
Retail trade	6,213	11.0%	7,129	11.9%
Transportation and warehousing, and utilities	1,589	2.8%	1,527	2.5%
Information	1,735	3.1%	1,334	2.2%
Finance, insurance, real estate, and rental and leasing	5,412	9.5%	5,839	9.7%
Professional, scientific, management, administrative, and waste management services	8,424	14.9%	8,860	14.8%
Educational, health and social services	8,834	15.6%	10,204	17.0%
Arts, entertainment, recreation, accommodation and food services	6,274	11.1%	8,217	13.7%
Other services (except public administration)	3,554	6.3%	3,638	6.1%
Public Administration	849	1.5%	1,136	2.0%
TOTAL	**56,450**	**100.0%**	**59,932**	**100.0%**

Sources:
1. Bureau of the Census, 2000 Census.
2. 2008-2010 American Community Survey 3-Year Estimates.

Major Employers

Over 30 employers in the City have more than 250 employees. A handful have more than 1,000 employees (Table HOU-9). Experian Information Systems the credit reporting industry has consistent been a major employer in the City, followed by Coast Community College and Orange Coast College.

Table HOU-9: Major Employers

Name	Number of Employees
Experian Information Solutions	3,700
Coast Community College District Foundation	2,900
Orange Coast College	2,500
Coast Community College District	2,500
Hyundai Motor America	1,600
Fairview Developmental Center	1,500
Automobile Club of Southern California	1,200
First Team Real Estate	1,025
Pacific Building Care	850
IBM	750

Source: City of Costa Mesa, Costa Mesa Comprehensive Annual Financial Report, 2011.

Employment in various sections in Costa Mesa has been steadily increasing over the last eight years, which in turn can generate demand for additional housing. As employers in the City offer a variety of wage types, the City should continue to accommodate a wide range of housing types that match the wages, such as single room occupancy (SRO) units, apartments, attached single-family and detached single-family homes.

HOUSEHOLD TRENDS

A household is defined as all persons occupying a housing unit. Families are a subset of households, and include all persons living together who are related by blood, marriage, or adoption. Single households include persons living alone in housing units, but do not include persons in group quarters such as convalescent homes or dormitories. Other households are unrelated people living together, such as roommates.

Household Growth

In 1960, 12,973 households resided in the City of Costa Mesa and that number nearly doubled by 1970 (Table HOU-10) Between 1950 and 1970, the City added 20,312 households, while increasing its land area through annexations from 3.5 square miles to 14.7 square miles. The City continued to experience large increases in the number of households through the 1970s but its growth had slowed over the past 30 years as the City became increasingly built-out. As of 2010, there were 39,946 households within 16 square miles in the City.

Table HOU-10: Household Trends (1960 - 2010)

	Households	Numeric Change	Percent Change
1960	12,973	---	---
1970	24,152	11,179	86.2%
1980	32,637	8,485	35.1%
1990	37,467	4,830	14.8%
2000	39,206	1,739	4.6%
2010	39,946	741	1.9%

Source: Bureau of the Census, 1950-2010 Census.

Household growth rate is the primary factor in determining housing needs. Even during periods of fairly static population growth, there may be an increase in households due to: 1) young people leaving home; 2) divorce; 3) aging of the population; and 4) other social activities that cause people to occupy a new residence. Conversely, the population may increase in fairly static household growth periods. Between 1970 and 1980, household growth far exceeded population growth, while in more recent times population has been slightly greater than household growth. The difference between population and household growth rates has resulted in a fluctuating household size over the years.

Household Size

The City of Costa Mesa has a smaller average household size (2.68 persons per household) than the County (2.99 persons per household) and the State (2.90 persons per household), generally reflecting a community where young families with children and young adults represent a smaller component of the community. However, consistent with countywide and statewide trends, average household size in Costa Mesa has held steady over the last decade.

In 2010, nearly 60 percent of the Costa Mesa population was in a one or two person household, similar to the County in general (Table HOU-11). Generally between 2000 and 2010, the distribution of households based on their size remained the same, with a slight increase in the number of 3 and 4 person households.

Table HOU-11: Household Size Trends (Costa Mesa and Orange County – 2000-2010)

	2000		2010	
	Number	Percent	Number	Percent
City of Costa Mesa				
1 person	11,006	28.1%	10,963	27.4%
2 person	12,398	31.6%	12,605	31.6%
3-4 person	10,351	26.4%	11,050	27.7%
5+ person	5,452	13.9%	5,328	13.3%
TOTAL	**39,207**	**100.0%**	**39,946**	**100.0%**
Orange County				
1 person	197,010	21.0%	207,849	20.9%
2 person	277,708	29.7%	290,542	29.3%
3-4 person	298,241	31.9%	325,599	32.8%
5+ person	163,195	17.4%	168,809	17.0%
TOTAL	**936,154**	**100.0%**	**992,781**	**100.0%**
Source: Bureau of the Census, 2000 and 2010 Census.				

Tenure

Costa Mesa has a higher proportion of renters than most communities in Orange County. From 2000 to 2010, according to the Census, the percentage of renters decreased slightly from 60 percent to 57 percent. Among all renter-households, about 20 percent were using single-family homes as rentals. Countywide, 41 percent of the households were renters in 2010.

Table HOU-12: Households by Tenure Trends (2000-2010)

Tenure Type	2000		2010	
	Number	Percent	Number	Percent
Owners	15,800	40.5%	17,421	43.4%
Renters	23,406	59.5%	22,683	56.6%
Source: Bureau of the Census, 2000 and 2010 Census.				

Household Income

Over the ten-year period between 1990 and 2010, median household income in Costa Mesa increased from $55,456 to $64,864, an increase of 17 percent. The number of households with incomes below $50,000 decreased by 22 percent, while households earning above $75,000 increased substantially (Table HOU-13). The most dramatic increases occurred in the greater than $100,000 income groups. From 2000 to 2010, the largest numeric increase (+2,847 households or 126 percent) occurred in the number of households earning greater than $150,000 annually. Conversely, the largest numeric decrease occurred in the $25,000 to $34,999 income group. Generally, the 2010 Census reflects a continuing shift to the higher income categories in the City. The shifts in income distribution are a combined result of inflation, real change in earning power, and higher housing prices affordable only to higher income households. Overall, Costa Mesa has a lower median household income than the County.

Between 2000 and 2010, the median household income increased at 1.7 percent annually, while values of owner-occupied homes increased at 6.8 percent and median rents increased at 29.9 percent. In 2010, the median home price in Costa Mesa was $644,900, a 136-percent increase from 2000. In summary, household incomes are not keeping pace with housing prices in Costa Mesa, much like the rest of California.

Table HOU-13: Households by Income Level (2000-2010)

Income Groups	2000		2010		Change (2000-2010)	
	Number	Percent	Number	Percent	Number	Percent
Less than $10,000	2,334	6.0%	1,688	4.2%	-646	-27.7%
$10,000 to $14,999	1,727	4.4%	1,407	3.5%	-320	-188.5%
$15,000 to $24,999	3,966	10.1%	3,318	8.3%	-648	-16.3%
$25,000 to $34,999	4,437	11.3%	2,939	7.3%	-1,498	-33.8%
$35,000 to $49,999	6,742	17.2%	5,466	13.6%	-1,276	-18.9%
$50,000 to $74,999	8,834	22.5%	8,113	20.2%	-721	-8.2%
$75,000 to $99,999	4,887	12.5%	5,714	14.2%	827	17.4%
$100,000 to $150,000	4,020	10.3%	6,352	15.8%	2,332	58.0%
Greater than $150,000	2,260	5.7%	5,107	12.8%	2,847	126.0%
TOTAL	**39,207**	**100.0%**	**40,104**	**100.0%**	**897**	**2.3%**
Median Income	$55,456		$64,864		$9,408	17%
County Median Income	$58,820		$74,344		$15,524	26%

Source: Bureau of the Census, 2000 and 2010 Census.

SPECIAL NEEDS POPULATIONS

Certain segments of the community may need special consideration with regards to housing. For the purposes of the Housing Element, special needs groups are defined as: elderly, persons with disabilities, large households, single-parent households, farmworkers, and the homeless.

Elderly

Elderly persons (age 65 or older) may live in housing that costs too much or live in housing that does not accommodate their specific needs for assistance. In 2000, there were 5,717 elderly-headed households, which represented 14.7 percent of the total households in the City. Between 2000 and 2010, the number of elderly-headed households increased to 6,339 at an average of 1.1 percent annually, much faster than the rate of general household growth (0.5 percent). Elderly households represented 15.9 percent of the City's total households in 2010. As the proportion of elderly households continues to increase in Costa Mesa, the provision of housing options for elderly persons should be a priority.

In 2010, 29.6 percent of the elderly households in the City were renters, compared to 23 percent in Orange County. The proportion of senior renters in Costa Mesa has decreased since 1990 when 36.5 percent of elderly households were renters. Change in the proportion of senior renters is dependent on the quantity of housing options and the propensity to convert to ownership. A majority of the elderly population (56.3 percent) was living in family households,

which are defined as a householder living with one or more persons related by birth, marriage or adoption.

Elderly households tend to rely on fixed and lower incomes. According to the CHAS data[2], more than half of the City's elderly renter-households had extremely low and low incomes. In comparison, a majority of the City's elderly owner-households had moderate or above moderate incomes (Table HOU-**14**).

An important measure of housing affordability is "cost burden." Cost burden is defined as monthly housing costs in excess of 30 percent of a household's gross income, and severe cost burden is defined as housing costs exceeding 50 percent of gross household income. According to the CHAS data, Census, 56.1 percent of the elderly renter-households had a housing cost burden in Costa Mesa, compared to 35.8 percent of the elderly owner-households (Table HOU-14). Among the extremely low income group, cost burden impacted owner- and renter-households almost equally. However, for very low and low income households, cost burden was more prevalent among renters than among owners.

Three senior apartment complexes are located in the City of Costa Mesa. All are subsidized through various public programs, such as the HUD Section 202. Currently, the vacancy rate is zero percent in these properties and the turnover is low. Subsequently, waiting lists for these units are very long. The three complexes include: Bethel Towers (268 units), St. John's Manor (36 units), and Casa Bella (74 units). Some elderly residents are served through other publicly assisted properties with smaller unit sizes, such as Costa Mesa Village (96 units), Park Place Village (60 units), and Newport Senior Village (91 units for seniors only). These are single-room occupancy units (SROs). In addition the City is home to several senior mobile home parks and many assisted living/skilled nursing facilities. A 215-unit market-rate senior housing project is also under construction (at 1500 Mesa Verde Drive East).

The City of Costa Mesa is committed to serving the needs of its elderly population and therefore supports efforts related to: age restricted mobile home parks, independent retirement living, assisted living, residential care, and skilled nursing facilities. In addition, the City also has a second unit ordinance (updated in 2011) that offers affordable housing opportunities for lower and moderate income households.

[2] Comprehensive Housing Affordability Strategy (CHAS) data were developed by the Bureau of the Census for the U.S. Department of Housing and Urban Development (HUD) using 2005-2009 American Community Survey.

Table HOU-14: Income Distribution and Cost Burden for Elderly Households (2005-2009)

Income	Elderly Owner-Households			Elderly Renter-Households		
	Total Households	% Cost Burden	% Severe Cost Burden	Total Households	% Cost Burden	% Severe Cost Burden
TOTAL ELDERLY HOUSEHOLDS	**4,370**	**35.8%**	**19.8%**	**2,220**	**56.1%**	**38.5%**
Extremely Low (Up to 30% AMI)	820	59.7%	48.1%	900	83.3%	64.4%
Very Low Income (31-50% AMI)	510	68.6%	38.2%	340	73.5%	60.3%
Low Income (51-80% AMI)	900	30.5%	13.3%	340	48.5%	20.6%
Moderate/Above Moderate Income (More than 80% AMI)	2,140	21.0%	7.2%	640	15.6%	0.0%

Source: HUD Comprehensive Housing Affordability Strategy (CHAS), 2005-2009.

Persons with Disabilities

Persons with disabilities usually have special housing needs, particularly in terms of affordability, accessibility, and proximity to employment, social services, and medical services. The Census defines disability as a long-lasting physical, mental, or emotional condition. This condition can make it difficult for a person to do activities such as walking, climbing stairs, dressing, bathing, learning, or remembering. This condition can also impede a person from being able to go outside the home alone or to work at a job or business.

In 2011, a total of 8,259 persons age five and above in Costa Mesa had one or more disabilities, representing 16.1 percent of the population (Table HOU-15). In comparison, 16.6 percent of the County of Orange residents aged five and above were considered disabled. Among the City's disabled residents (in working age), the majority (61 percent) were employed, although many may be under-employed or not making adequate incomes to afford housing, health care, and other necessities.

Table HOU-15: Disabled Persons by Age (2009-2011)

Age Group	Number	Percent of Total Population (Age 5+)
Age 5 to 17	489	0.5%
Age 18 to 64	4,315	4.2%
Age 65 and Above	3,455	3.4%
	8,259	**8.1%**

Source: 2009-2011American Community Survey 3-Year Estimates

Persons with Developmental Disabilities

According to Section 4512 of the California Welfare and Institutions Code a "Developmental disability" means a disability that originates before an individual attains age 18 years, continues, or can be expected to continue, indefinitely, and constitutes a substantial disability for that individual which includes mental retardation, cerebral palsy, epilepsy, and autism. This term shall also include disabling conditions found to be closely related to mental retardation or to require treatment similar to that required for individuals with mental retardation, but shall not include other handicapping conditions that are solely physical in nature.

Many developmentally disabled persons can live and work independently within a conventional housing environment. More severely disabled individuals require a group living environment where supervision is provided. The most severely affected individuals may require an institutional environment where medical attention and physical therapy are provided. Because developmental disabilities exist before adulthood, the first issue in supportive housing for the developmentally disabled is the transition from the person's living situation as a child to an appropriate level of independence as an adult.

The State Department of Developmental Services (DDS) currently provides community based services to approximately 243,000 persons with developmental disabilities and their families through a statewide system of 21 regional centers, four developmental centers, and two community-based facilities. The Regional Center of Orange County and the Fairview Developmental Center provide point of entry to services for people with developmental disabilities. These centers are private, non-profit community agencies that contract with local businesses to offer a wide range of services to individuals with developmental disabilities and their families.

Table HOU-16 provides information from the Regional Center of Orange County on the number of developmentally disabled individuals in Costa Mesa. In 2012, there were approximately 675 individuals (0.6% of the total population) actively utilizing services at the Regional Center for a developmental disability.

Table HOU-16: Developmentally Disabled Residents by Status

Status	Number of Individuals	Percent of Age Group Population
Early Start	160	0.15%
Active Cases	515	0.45%
Total with Disability	**675**	**0.60%**
Source: 2012, Regional Center of Orange County.		

The City of Costa Mesa is dedicated to accommodating the needs of disabled persons and supports the Fairview Developmental Center and other residential facilities in the City. In September 2012, a total of 10 community care facilities in Costa Mesa are licensed by the State Department of Social Services to serve the supportive housing and service needs of persons with disabilities. These facilities provide 89 beds for developmentally disabled residents; another 90 clients are served by two adult day care facilities. In addition, the City of Costa Mesa is home to the Fairview Developmental Center that serves developmentally disabled persons. Fairview is licensed for 1,200 beds and currently has 850 beds. As of June 2012, there were approximately 375 individuals living at the facility. Harbor Village (formerly the Fairview Housing Project) gives priority to employees and transitional patients of Fairview Developmental Center.

Female-Headed Households

According to the 2010 Census, female-headed families represented 10.5 percent of all households in the City, with approximately half of these families consisting of single-parents with children. In 2010, the poverty level was $17,288 for a four-person family. Of the female-headed families with children, 10.4 percent were living below the poverty level in 2010, compared to 6.1 percent of all families with children.

The City of Costa Mesa recognizes the needs of single-parent households. To expand housing opportunities in areas near schools, jobs, child care, and transportation, the City created three Urban Plans to encourage mixed-use developments in three distinct areas. Programs that address affordable housing for lower and moderate income households benefit female-headed households. In addition, incentives are provided in the City's density bonus provisions to encourage affordable housing that incorporates child care facilities. The City's new Family Residential Occupancy (FRO) program encourages the development of or conversion of hotel rooms into small housing units that are geared toward small households, including single-parent households.

Table HOU-17: Household type (2000-2010)

	2000		2010	
Household Type	**Number**	**Percent of Total**	**Number**	**Percent of Total**
TOTAL	**39,206**	**100.0%**	**40,104**	**100.0%**
Families	22,776	58.1%	23,887	59.6%
Married Couples	16,762	42.8%	17,127	42.7%
With Children	8,435	21.5%	8,304	20.7%
Female-Headed	4,028	10.3%	4,196	10.5%
With Children	2,137	5.5%	2,300	5.7%
Non-Families	16,440	41.9%	16,217	40.4%
Singles	11,006	28.1%	11,479	28.6%
Elderly (65+)	2,489	6.3%	2,769	6.9%

Source: Bureau of the Census, 2000 and 2010 Census.

Large Households

A large household is defined as a household consisting of five or more persons. In 2010, 13.3 percent of the households in the City of Costa Mesa consisted of five or more persons, indicating a slight decrease from 2000 when 13.9 percent of the City households were large households (see Table HOU-11). In 2010, large households comprised 17 percent of County households.

Often, an issue with housing large households, particularly those of lower incomes, is overcrowding. Overcrowding is defined as a housing unit occupied by more than one person per room. A severely overcrowded housing unit is one with more than 1.5 persons per room. A room is defined as a bedroom, living room, dining room, or finished recreation room, but excludes kitchen and bathroom.

In 2010, 6 percent of the households in the City were considered overcrowded and 2 percent were considered severely overcrowded. Overcrowding tends to impact renter-households more severely than owner-households. According to the American 2006-2010 American Community Survey, 2,912 renter-households (12.8 percent of all renters) and 294 owner-households (1.7 percent of all owners) were overcrowded.

Table HOU-18: Overcrowding (2000-2010)

	2000		2010		Change	
	Number	Percent	Number	Percent	Number	Percent
Owner-Households	**15,811**	**40.3%**	**17,421**	**43.4%**	**1,610**	**10.2%**
Overcrowding	350	2.2%	259	1.5%	-91	-26.0%
Severe Overcrowding	409	2.6%	35	0.2%	-374	-91.4%
Renter-Households	**23,377**	**59.7%**	**22,683**	**56.6%**	**-694**	**-2.9%**
Overcrowding	1,433	6.1%	2,093	9.2%	328	29.7%
Severe Overcrowding	3,893	16.7%	819	3.6%	1,787	84.5%
TOTAL HOUSEHOLDS	**39,188**	**100%**	**40,104**	**100%**	**758**	**1.9%**
Overcrowding	1,783	4.5%	2,352	5.9%	569	31.9%
Severe Overcrowding	4,302	11.0%	854	2.1%	-3,448	-80.1%

Sources:
1. Bureau of the Census, 2000 Census.
2. 2006-2010 American Community Survey.

Note: Overcrowding data is based on sample data. Total number of households deviates slightly from 100-percent Census counts.

Overcrowding is largely a result of the lack of large rental units and the fact that most large renter-households are unable to afford the large ownership units. For example, a total of 3,521 large renter-households resided in Costa Mesa in 2010, while there were only 710 rental units with four or more bedrooms. In comparison, 5,906 large owner units were potentially available to 1,807 large owner-households in the City (see Table HOU-19 and Table HOU-20).

Table HOU-19: Households by Tenure and Unit Size (2010)

Bedroom Type	Owner-Households		Renter-Households	
	Number	Percent	Number	Percent
0 Bedroom	48	0.3%	916	4.0%
1 Bedroom	401	2.3%	6,932	30.5%
2 Bedrooms	2,763	15.9%	11,435	50.4%
3 Bedrooms	8,303	47.7%	2,690	11.9%
4 Bedrooms	5,109	29.3%	592	2.6%
5+ Bedrooms	797	4.5%	118	0.6%
TOTAL	**17,421**	**100.0%**	**22,683**	**100.0%**

Source: Bureau of the Census, 2010 Census.

Table HOU-20: Households by Tenure and Household Size (2010)

Household Size	Owner Households		Renter Households	
	Number	Percent	Number	Percent
1 Person	3,585	22.7%	7,378	30.6%
2 Persons	5,457	34.5%	7,148	29.6%
3 Persons	2,648	16.8%	3,537	14.6%
4 Persons	2,302	14.6%	2,563	10.6%
5 persons	979	6.2%	1,548	6.4%
6 Persons	406	2.6%	897	3.7%
7+ Persons	422	2.6%	1,076	4.5%
TOTAL	**15,799**	**100.0%**	**24,147**	**100.0%**

Source: Bureau of the Census, 2010 Census.

Aside from overcrowding, large households are also impacted by housing cost burden. Overall, cost burden affected large owner- and renter-households almost equally (see Table HOU-21). However, cost burden decreased with income increases for renter-households. The decrease was less prominent among owner-households.

The City's strategy for addressing overcrowding is to expand rental and ownership housing opportunities in the City, allowing persons/families that double up in housing arrangements to occupy separate housing. In addition, room addition is an eligible activity under the City's Single-Family Rehabilitation Program if overcrowding is an issue. Furthermore, renter-occupied detached homes also help address the issue of overcrowding.

Table HOU-21: Income Distribution and Cost Burden for Large Households (2005-2009)

Income	Large Owner-Households			Large Renter-Households		
	Total Households	% Cost Burden	% Severe Cost Burden	Total Households	% Cost Burden	% Severe Cost Burden
TOTAL LARGE HOUSEHOLDS	**1,455**	**51.5%**	**28.2%**	**2,005**	**69.9%**	**31.4%**
Extremely Low (Up to 30% AMI)	95	100.0%	100.0%	530	92.5%	93.4%
Very Low Income (31-50% AMI)	265	66.0%	50.9%	665	67.9%	16.5%
Low Income (51-80% AMI)	210	52.3%	16.7%	540	14.0%	5.6%
Moderate/Above Moderate Income (More than 80% AMI)	885	41.8%	16.4%	270	2.7%	0.0%

Source: HUD Comprehensive Housing Affordability Strategy (CHAS), 2005-2009.

Farmworkers

Currently, there are two remaining farms in the City of Costa Mesa: Sakioka Farm and Segerstrom Farm. In 2009, the City of Costa Mesa requested the California Department of Conservation remove Sakioka Farms from the State Farmland Map. Specifically, the properties listed above be designated as Land Committed to Non-Agricultural Use and designated on the Farmland Map as Urban and Built-Up Land. Segerstrom Farm is designated for Commercial Center use. The General Plan Land Use Designations and Development

Agreements on each of the subject properties allow for commercial and/residential development. Limited agricultural activities on these properties will be phased out.

Due to the limited nature of agricultural activities in the City, the housing needs of farmworkers in the City of Costa Mesa are considered to be minor and may be addressed through existing housing strategies.

Homeless Persons

Specific information on the homeless in individual jurisdictions within Orange County is not available. Service providers can only comment on the number of homeless persons they serve but are not able to estimate the number of those who do not seek assistance from their agencies, nor are the agencies able to address the duplicative count issue (one person seeking assistance in several agencies are often counted more than one time).

According to the 2010-2014 Consolidated Plan for Costa Mesa, the 2009 Point In Time Survey of the homeless conducted by the County of Orange and OC Partnership, it is estimated there may be as many as 930 homeless individuals that consider themselves to be Costa Mesa residents (1,295 over the course of a year). Similar to other Orange County cities, the seasonal need for homeless/emergency shelters is typically heightened during late fall, winter, and early spring seasons, and it is during these cold-weather periods that the demand for shelter is generally higher. According to the Consolidated Plan, based on accomplishment data submitted by service providers funded by the City, about 113 persons were provided emergency shelter assistance and 257 persons were provided transitional housing between 2006 and 2012.

A number of agencies in Costa Mesa provide shelters and services for the homeless and persons at risk of becoming homeless. These include:

- HOPE Institute (YWCA of Central Orange County)
- Human Options
- Mental Health Activities Center
- Orange Coast Interfaith Shelter
- Serving People in Need (SPIN)
- Share Our Selves (SOS) Emergency Services
- Someone Cares Soup Kitchen

Through the annual CDBG allocation process, the City provides funding to agencies that serve various special needs groups in the City.

HOUSING PROFILE

This section analyzes housing characteristics, housing conditions, housing costs, and vacancy trends, in order to assess the present and future supply of housing in Costa Mesa.

HOUSING GROWTH

Consistent with an urbanized, built-out community, Costa Mesa has seen modest housing growth since 1990. The housing stock grew from 39,611 in 1990 to 42,867 in 2010, an 8 percent increase over 20 years. In comparison, Orange

County experienced the same proportion of housing unit growth (8 percent) in just the last 10 years.

Table HOU-22: Housing Units by Type (1990-2010)

Housing Type	1990		2000		2010	
	Number	Percent	Number	Percent	Number	Percent
Single-Family	18,847	47.6%	19,467	48.2%	21,275	49.6%
2-4 Units	5,922	14.9%	5,855	14.4%	5,811	13.6%
5+ Units	13,620	34.4%	13,871	34.4%	14,835	34.7%
Mobile Home/Other	1,222	3.1%	1,213	3.0%	946	2.1%
TOTAL	**39,611**	**100.0%**	**40,406**	**100.0%**	**42,867**	**100.0%**

Sources:
1. Bureau of the Census, 1990 and 2000 Census.
2. 2006-2010 American Community Survey 5-Year Estimates.

VACANCY TRENDS

Vacancy trends in housing establish the relationship between housing supply and demand. For example, if the demand for housing is greater than the available supply, then the vacancy rate is probably low, and the price of housing will most likely increase or remain stable.

According to the 2010 Census, the overall vacancy rate was 6.4 percent (2,763 vacant units) in the City of Costa Mesa, compared to 5.5 percent for Orange County. Most of the vacant units were rental units, comprising 68 percent of all vacant units. Vacant units for sale comprised 11 percent of all vacant units (Table HOU-23). The remaining vacant uses are occupied seasonally or for recreational uses.

Table HOU-23: Vacancy by Type (2006-2010)

Type of Vacant Units	Number	Percent of all Vacant Units
For Rent	1,868	67.6%
For Sale Only	298	10.8%
For Seasonal, Recreational, or Occasional Use	304	11.0%
Other	293	10.6%
TOTAL	**2,763**	**100.0%**

Source: U.S. Census Bureau, 2006-2010 American Community Survey

Note: “Other” vacant units include units that are boarded up, and held vacant by the owners for personal reasons.

HOUSING CONDITIONS

As a general rule, housing units require major repairs and rehabilitation after 20 to 30 years. As an older and built out community, more than 75 percent of the housing units were built prior to 1980. Specifically, 79 percent of the owner units and 77 percent of the renter units were constructed prior to 1980; these units are either older than or approaching 30 years of age, potentially requiring major repairs or rehabilitation.

Substandard is defined as either in need of rehabilitation or replacement. Overall, the City's housing stock is in good conditions. According to the City's Code Enforcement staff, less than ten percent of the City's housing stock is in need of minor repairs. Only two percent of the housing units may be considered in need of substantial rehabilitation and fewer than five units in the entire City are in need of replacement.

The City of Costa Mesa takes a proactive approach toward housing conditions through housing rehabilitation programs and code enforcement programs. Existing housing rehabilitation and code enforcement programs are successfully correcting code violations and maintaining the housing stock.

In 2000, the City of Costa Mesa adopted Title 20: Costa Mesa Property Maintenance Regulations intended to identify property maintenance standards and establish procedures for the prosecution and abatement of public nuisance conditions identified therein. Through these regulations, City Code Enforcement staff is able to encourage homeowners and apartment building owners to maintain their property by painting, relandscaping and correcting various property maintenance issues such as, removal of inoperative vehicles, enclosure of trash bins, onsite drainage issues, abatement of weeds and rubbish from properties and other issues identified in Title 20. It is through these efforts that the number of substandard housing units in Costa Mesa is minimized.

HOUSING COSTS AND AFFORDABILITY

One of the major barriers to housing availability is the cost of housing. In order to provide housing to all economic levels in the community, a wide variety of housing opportunities at various prices should be made available. The following table describes the ideal monthly payment for households in the five major income groups: extremely low, very low, low, moderate, and above-moderate.

Table HOU-24: Affordability by Income Group (2012)

	Annual Income	Affordable Monthly Housing Costs (Includes Taxes, Insurance, and Utilities)		Affordable Home Price	Affordable Rent
		Ownership	Rental		
Extremely Low Income					
1-Person	$20,475	$512	$512	$86,944	$462
3-Person	$23,025	$576	$576	$87,798	$476
4-Person	$25,590	$640	$640	$95,568	$515
5-Person	$27,630	$691	$691	$94,657	$516
Very Low Income					
1-Person	$29,850	$746	$746	$120,307	$696
3-Person	$38,375	$959	$959	$150,966	$859
4-Person	$42,650	$1,066	$1,066	$165,842	$941
5-Person	$46,050	$1,151	$1,151	$172,052	$976
Low Income					
1-Person	$41,790	$1,045	$1,045	$175,363	$997
3-Person	$53,725	$1,343	$1,343	$212,801	$1,218
4-Person	$59,710	$1,493	$1,493	$229,282	$1,318
5-Person	$64,470	$1,612	$1,612	$246,668	$1,412
Median Income					
1-Person	$65,670	$1,915	$1,642	$284,675	$1,507
3-Person	$84,425	$2,462	$2,111	$378,855	$1,954
4-Person	$93,830	$2,737	$2,346	$404,585	$2,135
5-Person	$101,310	$2,955	$2,533	$432,354	$2,295

Source: Hogle-Ireland, Inc. 2012.

Assumptions: 2012 HCD median income for Orange County - $83,500; affordable housing costs based on Health and Safety Code standards; 15% of monthly affordable cost for taxes and insurance; 10% downpayment; and 6% interest rate for a 30-year fixed-rate mortgage loan.

Single-Family Home Sales

Regional home prices of single-family homes tripled between 1970 and 1979 and continued to increase through the 1980s. In the early 1990s, the residential market declined and continued to decline until approximately 2000. Starting in the year 2000, extending until 2008, housing prices increased dramatically in Costa Mesa and throughout California. However, following the economic downturn of 2008, housing prices have fallen drastically. With the decline of housing prices, a new problem occurred throughout California – defaults on subprime mortgages. Between 2000 and 2006 (during the peak of the housing market), many homeowners acquired mortgages that they could not afford, often due to variable interest rate loans, or other “creative” financing such as zero downpayment or negative amortization loans. From 2008 to 2011 numerous homeowners were faced with foreclosure on their properties resulting in an increased demand for rental housing. As the home ownership market evens out, many homeowners are still addressing their financing and the rental market in the City and County is tight, due to high demand.

In 2007, the median single-family home price (based on units sold) in Costa Mesa was approximately $750,000, but by June 2012, the median price had decreased to $530,000.[3] Nevertheless, current home prices are significantly higher than they were 10 years ago. For example, in 1997, the median single-family home price was $220,000.

In Orange County, the median single-family sales price decreased from $610,000 in the third quarter of 2007 to $462,100 by the second quarter of 2012. In comparison to surrounding jurisdictions, the City of Costa Mesa offers a fair range of single-family prices. In the second quarter of 2012, Costa Mesa had a median single-family sales price of $515,000, which was much less than Newport Beach, but comparable to surrounding jurisdictions, including Huntington Beach, Irvine, and Fountain Valley.

Condominium Sales

According to Zillow.com, a real estate data service, the median price of condominiums in the City of Costa Mesa was $322,300 in 2012 (second quarter). By comparison, median condominium sales price in the City of Costa Mesa was moderately expensive amongst surrounding jurisdictions, below Irvine and Newport Beach, but above Huntington Beach, Fountain Valley, and Santa Ana. The City condominium sales were priced just below the county median of $329,800 as of the second quarter of 2012.

Condominiums offer a niche in the housing market between the single-family sales and the rental market. With sales prices in the $260,000 to $700,000 range, moderate income groups could afford to own condominiums priced in the lower end of this range in Costa Mesa. However, most condominiums are not affordable for lower income households.

Rental Units

According to a citywide apartment survey conducted in May and June 2007 as part of this Housing Element update, rental rates for apartments in Costa Mesa range from $750 a month for a studio to $2,550 a month for a three-bedroom apartment (Table HOU-**25**). According to interviews with property owners/managers, apartment rents have been increasing at approximately $50 per year.

As shown in Table HOU-25, market rents in Costa Mesa are affordable to all moderate income households and some low income households. Very low and extremely low income households are not able to afford the rent in the City without the cost being a burden. A key problem in comparing Table HOU-24 and Table HOU-25 is the rent for larger units of 3 or more bedrooms, and the affordable rent for large households. Larger households in each income category are unlikely to be able to afford the rent for a larger unit.

[3] 2012 home price data obtained from Dataquick and Zillow.

Table HOU-25: Apartment Rents (2012)

Unit Size	Average Rent	Rent Range
Studio	$955	$550-$1,360
One-Bedroom/One-Bathroom	$1,250	$800-$1,609
Two-Bedroom/One-Bathroom	$1,630	$1,185-$1,855
TOTAL	$1,**590**	**$550-$3,150**

Source: Hogle-Ireland, Inc. 2012, based on an online survey of units available for rent in the City. A total of 75 complexes were reviewed.

Affordability

Affordability can be defined as a household spending 30 percent or less of household income for housing. Housing costs include rent or mortgage payments, insurance, taxes, and utilities.

According to the California Association of Realtors (CAR), Orange, Los Angeles, and San Diego counties had the least affordable home prices to first-time homebuyers. To afford a median priced single-family home in Costa Mesa, an annual salary of $107,360 would be needed and a person has to make approximately $67,080 to afford a median priced condominium. Most occupations in Orange County offer much lower salaries. Similarly, most occupations offer wages below what would be needed to afford an average priced three-bedroom apartment in Costa Mesa. As shown in Table HOU-24, the median home prices are only affordable to some moderate income households and not to households earning less. Comparing Table HOU-24 and Table HOU-25 for a low-income family of four, the affordability gap to buy a home in Costa Mesa is approximately $285,720 and the gap for a moderate income family of four is still $110,415.

COASTAL ZONE HOUSING

California Government Code requires that Housing Elements include information regarding changes to the housing stock within the Coastal Zone. A majority of the Coastal Zone property in Costa Mesa is in public ownership and is designated as open space. Of the total 125.1 acres, approximately 97.7 acres are owned by the County of Orange, while 27.3 acres are owned by the City of Costa Mesa. The remaining acreage includes a privately owned 0.28-acre parcel containing a 16-unit condominium project. There has been no change to the City's Coastal Zone housing stock since 1991.

AFFORDABLE HOUSING AND AT-RISK STATUS

California Housing Element Law requires all jurisdictions to include a study of all low-income housing units which may be lost to the affordable inventory by the expiration of some type of affordability restrictions. The law requires that the analysis and study cover a ten-year period. For this Housing Element, the at-risk analysis covers the ten-year period from October 15, 2013 through October 15, 2023.

Inventory of Publicly Assisted Rental Housing

The following inventories include all government assisted rental properties in the City of Costa Mesa. Generally, the inventory consists of HUD Orange County multi-family bonds and density bonus properties. Target levels include the very low and the low income groups. Many affordable housing projects in the City maintain 55-year affordability covenants.

In 2006, the Costa Mesa City Council approved an agreement with St. John's Manor to extend the affordability covenant for 55 years in exchange for financial assistance to address rehabilitation needs. In 2012, Bethel Towers, through tax-exempt revenue bonds, extended its affordability covenant for 55 years.

Table HOU-26: Inventory of Public Assisted Complexes (2012)

Name of Project	Address	Target Group	Potential Expiration	Funding	Target Level	Assisted Units
Bethel Towers	666 W. 19th St.	Senior	2067	LIHTC	Low	270
Casa Bella	1840 Park Ave.	Senior	9/11/2015	HUD Section 8	Low	75
St. John's Manor	2031 Orange Ave.	Senior	12/2/2015 5/2062	HUD Section 8 HOME, CM Redevelopment, Federal Rental Rehab	Very Low	36
Costa Mesa Family Village	2015 -2019 Pomona Ave. 755-771 W. 20th St. 1924-1932 Wallace Ave.	General	12/2038	CM Redevelopment Ground Lease	Very Low/Low	72
Park Place Village (SRO)	1662 Newport Blvd.	General	Perpetuity	Land Use Restriction	Very Low	60
Costa Mesa Village (SRO)	2450 Newport Blvd.	General	Perpetuity	OC Housing Authority, CM Redevelopment	Very Low	96
Newport Senior Village (SRO)	2080 Newport Blvd.	Senior	Perpetuity	Land Use Restriction	Very Low/Low	91
HOME Rehabilitation Project #1	734-744 James Street	General	4/2049	HOME	Very Low/Low	11
HOME Rehabilitation Project #3A	745 W. 18th Street	General	5/2056	HOME	Very Low/Low	3
HOME Rehabilitation Project #6	717-721 James Street	General	6/2058	HOME, Federal Rental Rehab	Very Low/Low	8
HOME Rehabilitation Project #3B	707-711 W. 18th Street	General	5/2056	CM Redevelopment	Very Low/Low	8
Other Density Bonus Units	Scattered	General	Various	Land Use Restriction	Very Low/Low/ Moderate	156
Harbor Village	2501 Harbor	Developmentally Disabled and General	Perpetuity	State-Owned	Very Low/Low/ Moderate	550

Sources:
1. U.S. Department of Housing and Urban Development.
2. California Housing Partnership Corporation.
3. City of Costa Mesa., 2013

At Risk Status

Twenty-five properties with 156 affordable units have density bonus agreements that were executed mostly in the late 1990s. These agreements are expiring between 2018 and 2020. Among these units, 85 units are for very low income and 71 are for low-moderate income.

St. John's Manor was refinanced in 2006 to extend the affordability covenant for 55 years and continues to receive project-based Section 8 assistance. The current Section 8 contract will expire in December 2015.

Another property, Casa Bella, is at risk of converting to market-rate housing or losing their low income subsidies within the next ten years. Casa Bella was constructed with a long-term Section 8 contract, which has long expired. The project is currently maintained as affordable housing using short-term (five-year) Section 8 contracts that require renewal periodically. At Casa Bella, a total of 75 units are "at-risk" of converting to market rate rents over the next ten-year period. Specifically, Section 8 contract at Casa Bella is set to expire on September 11, 2015. Casa Bella is considered the highest priority, due to the owner being a for-profit entity. However, the City imposed a land use restriction on Casa Bella in exchange for the initial land write down, density increases, parking reductions and participation in HUD financing. The land use restrictions require Casa Bella to remain affordable for the length of the mortgage, 40 years. In other words, Casa Bella is not "at-risk" of converting to market rate through a mortgage prepayment. The risk with Casa Bella converting to market rate is associated with the termination of a tenant-based Section 8 contract.

Preservation and Replacement Options

Preservation of at-risk projects can be achieved in a variety of ways, with adequate funding availability. These include:

- Transfer of ownership to nonprofit developers and housing organizations
- Providing rental assistance to renters through other funding sources
- Purchase affordability covenants
- Refinance mortgage revenue bonds

Alternatively, units that are converted to market rate may be replaced with new assisted multi-family units with specified affordability timeframes.

Transfer of Ownership

Transferring ownership of the affordable units to a nonprofit housing organization is a viable way to preserve affordable housing for the long term and increases number of government resources available to the project. The feasibility of this option depends on the willingness of the owner to sell, funding sources to actually buy the property, and the existence of a nonprofit organization with sufficient administrative capacity to manage the property. The City can explore transfer of ownership options with potential agencies or organizations included in the State's Department of Housing and Community Development qualified entities list. The entities will be select from the State's list of qualified entities to acquire/manage affordable housing.

All at-risk projects are held by private profit-motivated entities. In Costa Mesa the estimated market value for the 267 affordable units in the at-risk developments is evaluated in Table HOU-27. The current market value for all affordable at-risk

units is estimated to be just under $39 million. The market value is only an estimate based on general assumptions on unit sizes, building conditions, and market rents. This analysis is only intended to establish some order of cost impact and not intended to reflect the actual value of the at-risk properties. Furthermore, affordable units at density bonus projects represent only a small portion of the total units at these projects. Transferring ownership of projects in their entirety to retain a small number of affordable units may not be the most cost-effective approach. Another approach is to replenish the City's affordable housing inventory with new construction and encourage the use of density bonus.

Table HOU-27: Market Value of At-Risk Projects

Units	Total Units in At-Risk Rental Developments
1-Bedroom	180
2-Bedroom	69
3-Bedroom	18
Annual Operating Costs	($1,048,500)
Gross Annual Income	$4,600,440
Net Annual Income	$3,551,340
Market Value	$39,071,340

1. Median Rent: 0-bed = $955; 1-bed = $1,250; 2-bed = $1,630; 3-bed = $2,550
2. Average Size: Studio = 500 sf; 1-bed = 700 sf; 2-bed = 900 sf; 3-bed = 1200 sf
3. 5% vacancy rate and annual operating expenses per square foot = $5.00
4. Market value = Annual net project income * multiplication factor
5. Multiplication factor for a building in moderate condition = 11

Rental Assistance

State, local, or other funding sources can be used to provide rental subsidies to maintain the affordability of at-risk projects. These subsidies can be structured to mirror the Section 8 program, whereby the subsidy covers the cost of the unit above what is determined to be affordable for the tenant's household income (including a utility allowance) up to the fair market value of the apartment. The total estimated annual subsidy to maintain the 267 at-risk units is estimated at about $1,166,700.

Table HOU-28: Rent Subsidies Required to Preserve At-Risk Rental Units

Unit Size	Total Units	Fair Market Rents	Very Low Income (<50% AMI)	Affordable Monthly Cost (30% AMI)	Cost of Utilities	Per Unit Subsidy	Total Annual Subsidy
Very Low Income							
1-bd/2-Person	155	$1,294	$38,550	$964	$73	$403	$62,504
2-bd/3-Person	36	$1,621	$43,350	$1,084	$91	$628	$22,617
3-bd/4-Person	5	$2,268	$48,150	$1,204	$130	$1,194	$5,971
Low Income							
1-bd/2-Person	35	$1,294	$61,650	$964	$73	($174)	---
2-bd/3-Person	33	$1,621	$69,350	$1,084	$91	($22)	---
3-bd/4-Person	13	$2,268	$77,050	$1,204	$130	$472	$6,133
Total	231						$1,166,697

Incentives to Purchase Affordability Covenants

Another option to preserve the affordability of at-risk projects is to provide an incentive package to the owners to maintain the projects as low-income housing. Incentives could include writing down the interest rate on the remaining loan balance and/or supplementing the Section 8 subsidy received to market levels. The feasibility of this option depends on whether the complexes require rehabilitation or are too highly leveraged. By providing lump-sum financial incentives or on-going subsidies in rents or reduced mortgage interest rates to the owner, the City can ensure that some or all of the units remain affordable.

Construction of Replacement Units

The construction of new low-income housing can be a means to replace at-risk units. The cost of developing new housing depends on a variety of factors including density, size of units, construction quality and type, location, and land cost. Assuming a development cost of $200,000 for a multi-family rental unit, the cost of replacing all 267 affordable at-risk units would be approximately $53.4 million.

Preservation Resources

Efforts by the City to retain low-income housing must be able to draw upon two basic types of preservation resources: organizational and financial. Qualified, non-profit entities need to be made aware of the future possibilities of units becoming "at risk." Groups with whom the City has an on-going association are the logical entities for future participation. The City can explore transfer of ownership options with potential agencies or organizations included in the State's Department of Housing and Community Development qualified entities list.

The following is a list of potential financial resources considered a part of the City's overall financial plan to deal with retaining affordable units.

- **HOME Program:** The City of Costa Mesa receives approximately $360,000 in HOME funds annually. HOME funds are used primarily for rehabilitation loans and grants, and acquisition/rehabilitation of rental units.

- **Community Development Block Grant (CDBG) Funds:** The City of Costa Mesa receives approximately $1 million in CDBG funds annually. CDBG funds are used primarily for infrastructure and public facility improvements, public services, fair housing services, and code enforcement.

- **Costa Mesa Housing Authority:** The Costa Mesa Housing Authority was formed in 2012 to serve as the city agency responsible for the provision of quality, affordable housing in Costa Mesa after the dissolution of the Redevelopment Agency. The Housing Authority can carry out a broad range of activities such as acquiring and leasing land, acquiring and rehabilitating existing units, clearing sites for development, financing the construction of new or rehabilitated units, constructing public improvements to facilitate housing, owning and operating units, and operating programs and services that promote home ownership and responsible tenancy for persons of low income.

- **Orange County Housing Authority (OCHA):** The Orange County Housing Authority administers two programs: Conventional Public Housing and Section 8 Housing Choice Voucher Program. The Conventional Public Housing Program includes housing developments that are owned and managed by OCHA. The Section 8 Housing Choice Voucher Program is a tenant-based rental subsidy. As of March 2013, OCHA served 442 Costa Mesa households through Section 8 vouchers. Among the households assisted, 122 were families, 168 were households with disabled members, and 152 were elderly households.

5.6 HOUSING CONSTRAINTS ANALYSIS

A number of factors can serve to constrain the development, preservation, and improvement of housing in Costa Mesa.

GOVERNMENTAL CONSTRAINTS

Actions or policies of numerous governmental agencies, whether involved directly or indirectly in the housing market, can impact the ability of the private sector to provide adequate housing to meet consumer demands. One example is the impact of federal monetary policies. Federal budgeting and funding policies of a variety of departments can either stimulate or depress various aspects of the housing industry. Local or state government compliance or the enactment of sanctions (sewer connection or growth moratoriums) for noncompliance with the federal Clean Air and Water Pollutions Control Acts can impact all types of development.

State agencies and local government compliance with state statutes can complicate the development of housing. The California Environmental Quality Act and sections of the Government Code relating to rezoning and General Plan amendment procedures can also act to prolong the review and approval of development proposals by local governments. In many instances, compliance with these mandates establishes time constraints that cannot be altered by local governments.

Local governments also exercise a number of regulatory and approval powers that directly impact residential development within their respective jurisdictional boundaries. These powers establish the location, intensity, and type of units that may or may not be developed. The City's General Plan, zoning regulations, project review and approval procedures, development and processing fees, utility infrastructure, public service capabilities, and development attitudes all play important roles in determining the cost and availability of housing opportunities in Costa Mesa.

LAND USE CONTROLS

General Plan and Zoning

The Costa Mesa General Plan establishes the location and amount of land that will be allocated to residential development, and the intensity of development (in terms of unit densities and total number of units) that will be permitted. While nearly all components or elements of the General Plan contain goals and policies that influence residential development, the Land Use Element has the most direct influence.

The Land Use Element (as of October 2012) provides the following residential designations:

- Low Density Residential (up to 8 units per acre)
- Medium Density Residential (up to 12 units per acre)
- High Density Residential (up to 20 units per acre)

Residential uses may also be permitted in the following nonresidential areas at a density of no more than 20 units per acre in conjunction with a planned development except at specific sites:

- General Commercial
- Commercial Center
- Regional Commercial
- Urban Center Commercial
- Industrial Park
- Light Industrial

In implementing the residential land use designations, the R1 zoning district promotes low-density, detached single-family development. The R2-MD district promotes medium-density, multi-family development. The R2-HD and R3 are zones intended for high-density multi-family dwelling units.

In addition the Costa Mesa Zoning Code includes several additional zones aimed at facilitating a variety of residential development throughout the City:

- Planned Development Residential - North Costa Mesa (PDR-NCM)
- Mixed-Use Overlay (MU)

The PDR-NCM zone allows for densities up to thirty-five (35) dwelling units per acre. This district is intended to provide for excellence in the design of residential projects. Site design could include single-and multiple-family residential developments containing any type or mixture of housing units, either attached or detached, such as clustered development, townhouses, patio houses, detached houses, duplexes, garden apartments, high rise apartments or common interest developments. Complementary non-residential uses could also be included in the planned development.

The MU district may overlay the R2-MD, R2-HD, R3, CL, C1, C2, MG, PDR-HD, PDR-MD districts, and is intended to allow development of residential and nonresidential uses as mixed, integrated projects. This overlay district is intended to be applied to the City's zoning map in conjunction with the adoption of an urban plan for the designated area. The urban plan is a regulating plan that shall define the unique characteristics of the overlay area, include a matrix of permitted, conditionally permitted, and prohibited uses and provide development standards. A master plan is required to activate the overlay zone.

DEVELOPMENT STANDARDS

General Residential Development Standards

Generally, minimum lot sizes, minimum open space, maximum height and parking requirements are similar for residential zones R1 through R3, except for a larger minimum lot size in the R2-MD zone and do not create negative impacts for the community and developers (Table HOU-29).

In addition, the City has several planned development zoning districts including the PDR-NCM, which is a special high-density district in North Costa Mesa. The planned development districts provide incentives for innovative designs that incorporate small lots, zero lot lines, residential clustering, mixed densities and mixed income types. The Medium, High and North Costa Mesa PDR zones also allow high-rise apartments and common interest developments (Table HOU-30). Furthermore, common interest development allows small detached and attached units a higher densities.

Table HOU-29: Development Standards by Residential Zone

Development Standard	R1	R2-MD	R2-HD	R3
Min. Lot Size	6,000 sq. ft.	12,000 sq. ft.	12,000 sq. ft.	12,000 sq. ft.
Max. Density	1 du/6,000 sq. ft.	1 du/3,630 sq. ft.	1 du/3,000 sq. ft.	1 du/2,178 sq. ft.
Min. Open Space[1]	40%	40%	40%	40%
Max. Height	2 stories/27 ft.	2 stories/27 ft.	2 stories/27 ft.	2 stories/27 ft.
Front Setback	20 ft.	20 ft.	20 ft.	20 ft.
Side Setback[2]	5 ft.	5 ft.	5 ft.	5 ft.
Rear Setback[2]	10-20 ft.	10-20 ft.	10-20 ft.	10-15 ft.

Source: City of Costa Mesa Zoning Code, 2012.
Notes:
1. Open space is an area of land reserved for recreational purposes and does not include driveways, parking areas, and buildings.
2. Accessory structures that do not exceed 6.5 feet in height in the R1 zone or 15 feet in height in the R2 zones may have a zero side and a zero rear yard setback.

Table HOU-30: Development Standards by Planned Development District

Development Standard	PDR-LD	PDR-MD	PDR-HD	PDR-NCM	PDC	PDI
Max. Density	8	12	20	35	20	
Max. Site Coverage	Not Applicable				30-35%	50%
Perimeter Open Space	20 ft. abutting all public right-of-ways (may be reduced in PDC and PDR-NCM zones)					
Open Space	45% of total site area, inclusive of perimeter open space		42% of total site area, inclusive of perimeter open space		Not Applicable	

Source: City of Costa Mesa Zoning Code, 2012.

Parking requirements are shown in Table HOU-31. Residential uses are required to provide garaged or covered parking, open parking, and guest parking. While these parking standards appear high, they do not impact areas where future residential development are targeted (e.g. in the City's four Urban Plan areas as discussed later). Furthermore, affordable and senior housing development meeting the State Density Bonus Law would be eligible to use the required parking standards under State law.[4]

Table HOU-31: Parking Standards by Residential Zone

Parking Standard	R1	R2-MD, R2-HD, R3, PDR-LD, PDR-MD, PDR-HD, PDR-NCM, PDC, PDI
Garage Parking	2 spaces	Not Applicable
Covered Parking (Garage or Carport)	Not Applicable	Bachelor: 1 space 1 Bedrooms: 1 space 2 Bedrooms: 1 space 3+ Bedrooms: 1 space
Open Parking[1]	Lot without garage access from alley: 2 spaces Lot with garage access from alley: 1 space	Bachelor: 0.5 space 1 Bedrooms: 1 space 2 Bedrooms: 1.5 spaces 3+ Bedrooms: 2.5 spaces
Guest Parking[2]	Not Applicable	Bachelor: 0.5 space 1 Bedrooms: 0.5 space 2 Bedrooms: 0.5 space 3+ Bedrooms: 0.5 space
Second Unit	2 spaces	Not Applicable

Source: City of Costa Mesa Zoning Ordinance, 2012

Notes:
1. Open parking for multi-family residential can be reduced by 0.25 space per unit for (1) one bedroom and larger units if the covered parking is provided within either a carport or a parking structure.
2. Guest parking is calculated separately from covered and open parking. Guest parking may be reduced to 0.25 space per unit for each unit above fifty (50) in a large residential development.
3. In R1 zones, required open parking may be provided in a garage or on a minimum 19-foot long, individual driveway leading to a garage.

Urban Plans

As the City of Costa Mesa approaches build-out and with 50.8 percent of the housing stock built before 1970, the identification and preservation of resources becomes essential with respect to long-term planning. Through coordinated efforts the City has developed several neighborhood improvement strategies and urban plans that identify the opportunities available within neighborhoods. These urban plans were created to establish overlay zones in specific areas of the City, with flexible development standards to encourage mixed-use developments. Flexibility in development standards include:

- Reduced setbacks;
- Reduced parking requirements;

[4] State Density Bonus On-Site Parking Standards: Studio to one-bedroom: one parking space; two- to three-bedroom: two parking spaces; four or more bedrooms: 2.5 parking spaces. These requirements include guest and handicapped parking.

- Reduced open space;
- Tandem parking permitted;
- Increased lot coverage; and
- Increased height limits.

South Bristol Entertainment and Cultural Arts (SoBECA) Urban Plan: The SoBECA urban plan area covers 39 acres located south of Baker Street, east of the 73rd freeway, and north of the intersection of the SR-73 and SR-55 freeways. The emphasis of the plan is to improve the visual appearance of this area and provide a live/work environment. The plan includes a focus on mixed-use development comprised of residential uses and commercial uses. This plan was adopted on April 4, 2006.

Westside Implementation Plan: The Westside Implementation Plan was adopted on April 4, 2006 and includes the Mesa West Residential Ownership Urban Plan, 19 West Urban Plan, and Mesa West Bluffs Ownership Urban Plan. The Westside Implementation Plan encompasses an area of 238 acres and includes several multi-family neighborhoods primarily south of West 19th Street. Additional areas north of West 19th Street include portions of neighborhoods that are near Wilson Elementary School, Pomona Elementary School, and Rea Center.

The following generally summarizes the intended residential uses in the Urban Plan areas:

- **Mesa West Residential Ownership Urban Plan:** The Plan encourages owner-occupied housing by permitting rebuilding to the existing number of units on site even if that exceeds the current zoning allowance. Height limit is three stories and 45 feet.

- **19 West Plan:** This Plan encourages live/work and residential loft units in mixed-use developments (FAR 1.25); height limit for residential component is four stories and 60 feet.

- **Mesa West Bluffs:** This Plan encourages live/work (FAR 1.25) and residential common interest developments (13 units per acre); height limit is four stories and 60 feet.

The creation of the mixed-use overlay zone allows new mixed-use and residential development opportunities. The Urban Plans serve as economic incentive plans that provide guidance to property owners and developers for mixed-use development.

Intensity refers to the magnitude of vehicle traffic activity generated by a development. Density refers to the number of dwelling units per acre of land. It is important to note that the density and intensity of mixed-use development are limited by Floor-Area-Ratio (FAR) limits and circulation system capacity. Both the FAR and vehicle trip generation work in concert to ensure that new residential and mixed-use development, as measured by average daily trip generation, do not exceed the capacity of the circulation system.

In the Urban Plan areas, density and intensity are therefore not exclusively measured by the number of dwelling units per acre of land. In the SoBECA, 19 West, and Mesa West Bluffs Urban Plans, a maximum 1.0 FAR (and up to 1.25 FAR in some cases) may be allowed provided that the proposed project will not result in adverse, unmitigable impacts to the City's circulation system. The

circulation system must continue to operate consistent with adopted Master Plan of Highways and General Plan goals/policies/objectives.

Specific Plans

Newport Boulevard Specific Plan: This specific plan represents a long-term vision for the eastside of Newport Boulevard impacted by the 55 Freeway extension (between 19th Street and Mesa Drive). The Specific Plan includes issue identification, land use options, development standards and an implementation program. The intent of the Plan includes working with existing businesses to provide for a prosperous environment and encouraging marginal commercial uses to redevelop to residential and less intensive commercial uses.

North Costa Mesa Specific Plan: This specific plan provides a comprehensive review and analysis of the larger remaining pieces of vacant land and major land holdings in the northern portion of the City. This plan provides opportunities for mixed use projects and provisions for affordable housing in selected areas.

Density Bonus Program

Consistent with State law, the City of Costa Mesa offers density bonus incentives for senior housing projects and projects that reserve a portion of the units as housing affordable to very low, low, and moderate income households. To qualify for a density bonus and concessions or other incentives, the developer of a proposed housing project of at least five units must provide housing units affordable to very low, low or moderate income households, housing for seniors, donate land, and/or construct a child care facility. The review of an application for a density bonus and concession or incentive request is processed as a planning application and goes through the same processes as a typical planning application. The City monitors the use of density bonus via its annual reporting process.

VARIETY OF HOUSING TYPES

General Provisions

Generally, single-family homes (including manufactured homes) are permitted in all residential zones. Multi-family units are also permitted in all residential zones, except in R1 zone. Through a Conditional Use Permit (CUP) process, mobile home parks are permitted in all residential zones, except in R1. Second units are permitted in the R1 zone.

In addition, residential uses are also allowed in the Planned Development-Commercial (PDC) and Planned Development-Industrial (PDI) zones. The City's Planned Development zones encourage a more efficient use of land through innovative planning incentives.

Table HOU-32: Permitted Residential Uses by Residential Zone

	R1	R2-MD	R2-HD	R3	PDR-LD	PDR-MD	PDR-HD	PDR-NCM	PDC	PDI
Single-Family/Manufactured	P	P	P	P	P	P	P	P	P	P
Multi-Family	■	P	P	P	P	P	P	P	P	P
Mobile Home Parks	■	CUP	CUP	CUP	CUP	CUP	CUP	CUP	CUP	CUP
Second Units	P	■	■	■	■	■	■	■	■	■
Live/Work Units	■	■	■	■	P*	P*	P*	P*	P*	P*
Residential Care Facility (6 or fewer)	P	P	P	P	P	P	P	P	P	P
Residential Services Facility (6 or fewer, not State licensed)	P	P	P	P	P	P	P	P	P	P
Residential Care Facility (7 or more)	■	C	C	C	■	C	C	C	C	C
Residential Services Facility (7 or more, not State licensed)	■	C	C	C	■	C	C	C	C	C
Referral Facility	■	C	C	C	■	CUP	CUP	■	■	■
Emergency Shelters	■	■	■	■	■	■	■	■	■	P

P = Permitted; ■ = Prohibited; CUP = Conditional Use Permit, P* = Master Plan Required

Notes:

1. Certain residential uses are also permitted or conditionally permitted in nonresidential zones. Refer to City Zoning Ordinance for details.
2. Transitional housing and supportive housing are considered

Source: City of Costa Mesa Zoning Ordinance, 2012.

Second Units

A second dwelling unit established in conjunction with and subordinate to a primary dwelling unit. The second unit may be attached to the primary dwelling unit or located in a detached accessory building on the same lot. It may also be referred to as an accessory apartment, granny unit, granny flat, or in-law apartment. Due to the small lot sizes and built out character of the City, opportunities for second units are limited. Nevertheless, second units offer affordable housing opportunities for lower and moderate income households. The passage of AB 1866 (effective July 2003) requires cities to use a ministerial process to consider accessory dwelling units in an effort to facilitate the production of affordable housing statewide. Accessory units should be permitted in all residential zones where a primary single family unit already exists.

The City updated its second unit ordinance in 2011 allowing the construction of accessory second units in the R-1 zone and has adopted conditions under which second dwelling units may be permitted. These conditions are consistent with State law and include:

- a minimum lot size of 8,500 square feet
- Unit size not to exceed 1,200 square feet if detached from the primary dwelling unit, not to exceed 30 percent of the existing living area of the primary dwelling unit if attached to the primary dwelling unit
- Two open parking spaces shall be provided for the second unit

Special Needs Housing

The City of Costa Mesa offers a range of housing options for persons with special needs.

Residential Care Facility: A residential facility is licensed by the State where care, services, or treatment is provided to persons living in a community residential setting. Residential care facilities that serve six or fewer persons are treated as regular residential use and are permitted where residential uses of the same types are permitted. Residential care facilities for seven or more persons are conditionally permitted in R2-MD, R2-HD, R3, PDR-MD, PDR-HD, PDR-NCM, PDC, and PDI zones.

Currently, 71 State-licensed community care facilities with a total capacity of 767 beds are operating in Costa Mesa, including:[5]

- Adult Residential Care Facilities: 10 facilities totaling 89 beds
- Elderly Residential Care Facilities: 44 facilities totaling 491 beds
- Group Homes: 10 facilities totaling 69 beds
- Small Family Homes: 3 facilities totaling 16 beds
- Adult Day Care Facilities: 2 facilities totaling 90 beds
- Social Rehabilitation Facilities: 2 facilities totaling 12 beds

Residential Services Facility: The Costa Mesa Municipal Code defines a residential services facility as a residential facility, other than a residential care facility, boardinghouse, or single housekeeping unit, where the operator provides to the residents personal services, in addition to housing, including, but not limited to, protection, supervision, assistance, guidance, training, therapy, or other nonmedical care. An example of this type of facility is a sober living program. Residential services facilities that serve six or fewer persons are permitted where residential uses of the same types are permitted. Residential services facilities for seven or more persons are conditionally permitted in R2-MD, R2-HD, R3, PDR-MD, PDR-HD, PDR-NCM, PDC, and PDI zones. There are a number of unlicensed facilities in the City, which number is unknown since a license is not required and they are permitted by right.

---

[5] State Department of Social Services, http://www.ccld.ca.gov/docs/ccld_search/ccld_search.aspx, accessed on November 1, 2012.

- *Adult Residential Facilities (ARF) are facilities of any capacity that provide 24-hour non-medical care for adults ages 18 through 59, who are unable to provide for their own daily needs. Adults may be physically handicapped, developmentally disabled, and/or mentally disabled.*
- *Residential Care Facilities for the Elderly (RCFE) provide care, supervision and assistance with activities of daily living, such as bathing and grooming. They may also provide incidental medical services under special care plans.*
- *Group Homes are facilities of any capacity and provide 24-hour non-medical care and supervision to children in a structured environment. Group Homes provide social, psychological, and behavioral programs for troubled youths.*
- *Small Family Homes (SFH) provide 24-hour-a-day care in the licensee's family residence for six or fewer children who are mentally disabled, developmentally disabled, or physically handicapped, and who require special care and supervision as a result of such disabilities.*
- *Adult Day Care Facilities are community-based facilities or programs that provide care to persons 18 years of age or older in need of personal services, supervision, or assistance essential for sustaining the activities of daily living or for the protection of these individuals on less than a 24-hour basis.*
- *Social Rehabilitation Facilities are any facilities that provide 24-hour-a-day non-medical care and supervision in a group setting to adults recovering from mental illnesses, who temporarily need assistance, guidance, or counseling.*

Referral Facility: A residential care facility or a residential services facility where one or more person's residency in the facility is pursuant to a court order or a directive from an agency in the criminal justice system. Referral facility does not include any residential care facility containing six or fewer residents that is required to be treated as a regular residential use by State law.

Referral facilities are conditionally permitted R2-MD, R2-HD, R3, PDR-MD, and PDR-HD zones, subject to the following conditions:

- No referral facility may be located within 500 feet of property that is as zoned as R-1 or PDR-LD, or within 500 feet of a school, park, place of worship, or licensed day care facility.

- A referral facility must have a manager on-site, 24 hours every day to ensure the orderly operation of the facility and its compliance with all applicable laws, regulations, and conditions.

- No referral facility shall admit a resident who has been convicted of any crime involving physical force against a person, illegal possession of a weapon, possession, or use of a weapon in the commission of a crime, or a felony involving a controlled substance.

Transitional Housing: As defined by Section 50675.2(h) of Health and Safety Code, transitional housing means buildings configured as rental housing developments, but operated under program requirements that call for the termination of assistance and recirculation of the assisted unit to another eligible program recipient at some predetermined future point in time, which shall be no less than six months. The goal of transitional housing is to provide the support needed for participants to move into permanent housing or permanent supportive housing.

In December 2012, the City amended the Zoning Code to define transitional housing meeting the definition as outlined in the Health and Safety Code Section 50675.2 as a regular residential use and be permitted in same manner as other similar uses in the same zones.

Supportive Housing: As defined by Section 50675.14(b) of Health and Safety Code, supportive housing is housing with no limit on length of stay, that is occupied by the target population as defined in subdivision (d) of Section 53260, and that is linked to onsite or offsite services that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community. Typically, supportive housing is permanent housing.

In December 2012, the City amended the Zoning Code to define supportive housing meeting the definition as outlined in the Health and Safety Code Section 50675.14 as a regular residential use and be permitted in same manner as other similar uses in the same zones.

Single Room Occupancy (SRO): SROs are allowed in the commercial C1 and C2 zones with a Conditional Use Permit.

Emergency Shelters: Senate Bill No. 2 amended Sections 65582, 65583, and 65589.5 of the Government Code relating to local planning. This bill added emergency shelters to these provisions and required that the Housing Element identify zones in the City where emergency shelters are allowed as a permitted use without a Conditional Use Permit.

State law defines an emergency shelter as a means of housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person. No individual or household may be denied emergency shelter because of an inability to pay. Special needs housing include boarding houses, residential care facilities, and residential service facilities.

Currently, the Municipal Code allows small boarding houses and residential care facilities for six or fewer persons as permitted uses in all residential zones (R1, R2-MD, R2-HD, and R3). For example, a small boarding house is a dwelling designed or used to accommodate a maximum of three guests, where guestrooms are provided in exchange for an agreed payment of a fixed amount of money or other compensation based on the period of occupancy. Special needs housing may be provided in large boardinghouses, and these facilities require a conditional use permit in the R2-MD, R2-HD, and R3 zones.

In 2012, City's Municipal Code was amended to provide for emergency homeless shelters as a permitted use in the (PDI) Planned Development Industrial) zone as required by Senate Bill 2 (SB 2). Properties zoned PDI are located north of 405 Freeway and on the east side close to John Wayne Airport and contain over 115 acres of land. Both areas are primarily located along major transportation corridors (Harbor Boulevard and Red Hill Avenue), which make them suitable for emergency shelters. The PDI zones are appropriate zoning districts for accommodating emergency shelters because they offer easy access to public transportation and services. The PDI zones include single tenant buildings as well as office condominium complexes with smaller tenant spaces that could potentially be converted to emergency shelters. Because of high land values in Orange County, the industrial zoned areas in Costa Mesa no longer contain heavy industries; existing uses generally consist of small manufacturing facilities, office uses and ancillary commercial and service uses. In addition, uses that require larger tenant spaces in a comparable commercial setting such as religious and physical fitness studios (yoga and pilate classes) find these areas suitable because of more affordable rents and proximity to major roadways.

Overall, 115 acres of land in the City are zoned PDI. With even one percent of these properties converted to emergency shelters, there is potential for a development capacity of 1.2 acres of land. Given that the shelters can be accommodated at a high density, the development of emergency shelters as permitted uses in the PDI zone could satisfy the majority of the annual demand for homeless persons in the City. Emergency shelters can be accommodated with reuse of underutilized properties. Existing buildings may also be converted to accommodate emergency shelters.

The Zoning Code establishes the following standards for emergency shelters:[6]

- The maximum length of stay shall not exceed 120 days in a 365-day period.
- Each shelter may have a maximum of thirty (30) beds.

[6] In developing the standards for emergency shelters, the City reviewed standards for similar uses. Industrial uses require three spaces per 1,000 square feet, commercial uses require four spaces per 1,000 square feet, and motels require one parking space per room. As an example, an 80-bed facility would be equivalent in size to an 8,000-square foot industrial or commercial building, or a 40-room motel; all would require similar or greater number of parking spaces. These development standards were also established after consulting the standards established by five similar and nearby jurisdictions in Orange County – Newport Beach; Huntington Beach; Irvine; Garden Grove; and Brea. The standards adopted by Costa Mesa are the same or similar to those adopted by Huntington Beach, Irvine, and Brea.

- Off-site parking shall be provided at a parking rate of one parking space per four beds and one space per employee.
- Stays at the Emergency Shelter facility shall be limited between the hours of 5:00 p.m. and 8:00 a.m.
- Nonoperational and unregistered vehicles shall not be kept on site. Towing shall be the responsibility of the shelter operator.
- Each emergency shelter shall provide an interior and exterior waiting area adequate to accommodate waiting clients and to prevent queuing into the public right-of-way. An exterior waiting area shall be physically separated and visually screened from the public right-of-way.
- The emergency shelter facility shall provide an on-site resident manager on-site at all times.
- A minimum distance of 300 feet shall be maintained from another emergency shelter. The distance of separation shall be measured in a straight line between the property lines of each use without regard to intervening structures or objects.
- The shelter operator shall provide minimum exterior lighting in compliance with City's Security requirements. In addition, the operator shall regularly patrol the area surrounding the shelter site during hours that the shelter is in operation to ensure that homeless persons who have been denied access are not congregating in the neighborhood.
- Alcohol and narcotics use and consumption are prohibited within the facility and on the property.
- An operations plan shall be submitted for review and approval by the Development Services Director and Police Chief prior to operation of the Emergency Shelter. The plan shall include minimum provisions related to on-site security and safety, staff training, loitering control, client eligibility, counseling services, and indoor and outdoor management of the facility.

Constraints on Housing for Persons with Disabilities

The City of Costa Mesa recognizes the importance of addressing the housing needs of persons with disabilities. This section review potential governmental constraints to the development and improvement of housing for persons with disabilities.

Definition of Family: The City's Zoning Ordinance defines "family" as "one or more persons occupying one dwelling unit and living together as a single housekeeping unit." This definition is accommodating to different household types including unrelated persons living together. This definition would not constrain the development and rehabilitation of housing for persons with disabilities.

Zoning and Land Use: The Zoning Ordinance provides for a range of housing options for persons with special needs, including persons with disabilities. Specifically, the Zoning Ordinance provides for the permitting of residential care facilities, residential services facilities, and referral facilities (see respective discussions above). Such flexible standards have resulted in a large number of

residential facilities for persons with disabilities in the City. The Fairview Developmental Center (FDC) is one of the largest residential facilities for developmentally disabled persons in the State. As of September 2012, the FDC had 369 residents and employed a staff of 1,500.[7]

The state-operated Fairview Developmental Center (formerly Fairview State Hospital) provides affordable housing for hospital employees and transitional patients/clients. A long-term lease extending through 2039 was executed between the State of California and the City of Costa Mesa. Entitlements have been established in the late 1970s to allow construction of the Harbor Village apartment housing project in two phases.

Phase One of the Harbor Village multi-family residential project included a 144-unit affordable apartment project developed on the Fairview State Hospital property for employee and patient/client housing. This project was approved on December 7, 1981 and became an accessory residential use to the hospital.

Phase Two involved the construction of an additional 406 apartments, for a total of 550 units. All of the 550 units in Harbor Village will remain affordable through 2039. With a 50-year lease, the long-term affordability of this large apartment community continues to provide housing to numerous low to moderate income FDC employees and patients, which include developmentally disabled persons.

The City of Costa Mesa, in its Zoning Ordinance specifically requires the number of handicapped parking spaces to conform to Title 24 of the California Code. All multi-family complexes are required to provide handicapped parking spaces, depending on the size of the development. The City is flexible and would work with the developers of special needs housing and would reduce parking requirements if the applicant can demonstrate a reduced need for parking.

Reasonable Accommodation: The Fair Housing Act requires that cities and counties provide reasonable accommodation to rules, policies, practices, and procedures where such accommodation may be necessary to afford individuals with disabilities equal opportunity to housing. The City adopted a reasonable accommodation ordinance in 2000. A 2009 Zoning Code amendment establishes a procedure to process reasonable accommodation requests as a "minor modification" process (Title 13, Article 15 of the Zoning Code). This article describes the City's policy to provide reasonable accommodation in accordance with federal and state Fair Housing Acts (42 USC Section 3600 et seq. and Government code Section 12900 et seq.) for persons with disabilities seeking fair access to housing in the application of the City's zoning laws. The procedure applies to requests for relief from the Zoning Code provisions, regulations, policies, or conditions, and applies to both new construction and modifications.

The minor modification process allows City staff to approve these requests administratively. For example, an application for a minor modification is reviewed by the Planning Division with no public notice or public hearing, nor any application fees. Requests can be made by the disabled persons occupying the unit, or owner/operator of housing for persons with disabilities.

Costa Mesa continually reviews its ordinances, policies, and practices for compliance with fair housing laws. Costa Mesa broadened and revised definition of "family" to include State and federal definitions relating to unrelated adults. The

[7] State Department of Developmental Services, http://www.dds.cahwnet.gov/Fairview/Fairview.cfm, accessed November 1, 2012.

City's Municipal Code defines family as being "One (1) or more persons occupying one (1) dwelling unit and living together as a single housekeeping unit." This is a broad definition and does not constrain or limit development of residential care facilities or other types of specialized housing for unrelated individuals. The Residential Care Facility and Residential Service Facility are defined as follows:

- **Residential Care Facility:** A residential facility licensed by the state where care, services, or treatment is provided to persons living in a community residential setting.

- **Residential Service Facility:** A residential facility, other than a residential care facility, boardinghouse, or single housekeeping unit, where the operator provides to the residents personal services, in addition to housing, including, but not limited to, protection, supervision, assistance, guidance, training, therapy, or other nonmedical care.

Both uses, if serving six or fewer persons are permitted in all residential districts including single family detached low density districts. Residential care and service facilities serving seven or more persons are subject to a conditional use permit.

LOCAL ENTITLEMENT PROCESSING AND FEES

Two aspects of local government have been criticized as placing undue burdens on the private sector's ability to build affordable housing. These are: (1) the fees or other exactions required of developers to obtain project approval and, (2) the time delays caused by the review and approval process. Critics contend that lengthy review periods increase financial and carrying costs and that fees and exactions increase expenses. These costs are in part passed onto the prospective homebuyer in the form of higher purchase prices or rents.

Processing Procedures

The time required to process a project varies tremendously from one project to another and is directly related to the size and complexity of the proposal and the number of actions or approvals needed to complete the process. Table HOU-33 identifies the most common steps in the entitlement process. It should be noted that each project does not necessarily have to complete each step in the process (i.e., small-scale projects consistent with General Plan and zoning designations do not generally require Environmental Impact Reports (EIRs), General Plan Amendments, Rezones, or Variances). Also, certain review and approval procedures may run concurrently. Since most EIRs are prepared in response to a General Plan Amendment request, these two actions are often processed simultaneously. Costa Mesa also encourages the joint processing of related applications for a single project. As an example, a rezone petition for a Planned Development Zone may be reviewed in conjunction with the required Development Plan, a tentative tract map and any necessary variances. Such procedures save time, money and effort for both the public and private sector.

Generally, the process begins when the applicant submits their planning application, fees, and required number of plans. A Development Review committee determines if the plans are accurate and complete. This review generally takes about 30 days. If the plans are accurate and complete, the application is accepted for processing, a Project Planner is assigned to the project, and a public hearing is scheduled. An Office Specialist then prepares draft publications and notices and distributes the file

and plans to the Project Planner who then reviews and analyzes the plans and application. The Project Planner prepares a staff report, and at the same time, the Office Specialist mails, posts, and publishes public notices. When staff reports are completed, they are distributed and posted to the website prior to the public hearing. The Planning Commission conducts a public hearing and approves, conditionally approves, or denies the application. The process from the time that the Project Planner is assigned to the project to the time that it goes to the Planning Commission is typically six to eight weeks.

Table HOU-33: Development Review and Approval Procedures

Action/Request	Processing Time	Comments
Environmental Impact Report (Fee: Consultant contract estimate plus 10%)	6-9 Months	Processing and review time limits as specified by State law. Certified by decision making body.
Negative Declaration (Fee: Consultant contract estimate plus 10%)	8-10 Weeks	Processing time can be extended if the project has a longer review and approval period. Adopted by decision making body.
General Plan Amendment (Fee: $3,560)	4-6 Months	Gov. Code Section 65358 limits the number of times any element of the General Plan can be amended each calendar year. Decided by the City Council upon recommendation by Planning Commission.
Rezone (Fee: $1,910)	90 days	Certain procedures and time limits established by Gov. Code Sections 65854-65857. Decided by the City Council upon recommendation by the Planning Commission.
Parcel Map (Fee: $1,445)	90 days	Planning Commission / Final Review Authority
Tentative Tract Map (Fee: $1,445)	90 days	Planning Commission / Final Review Authority
Variance (Fee: $1,685)	90 days	Planning Commission / Final Review Authority
Administrative Adjustment (Fee: $1,035)	3-4 Weeks	Zoning Administrator / Final Review Authority
Development Review (Fee: $915)	3 Weeks	Staff level review
Note: Fee reflects 2009 fee schedule; fee review is conducted on an annual basis.		

Design Review: For projects that require a Design Review, the conditions for project approval are determined on a case-by-case basis under the following criteria for consideration:

- Ensure adequate light, air, privacy and open space for each dwelling unit.
- Minimize traffic congestion and avoid overloading of public services and utilities.
- Protect residential neighborhoods from excessive noise, illumination, unsightliness, odor, smoke and other objectionable influences.
- Locate development which retains the scale and character of existing residential neighborhoods and facilitates the upgrade of declining and mixed-density residential neighborhoods.

Planning and Development Fees

A brief survey shows that the planning application fees charged by the City of Costa Mesa are generally lower than surrounding cities (Table HOU-34). For example, Costa Mesa imposed a fee of $3,560 for a General Plan Amendment which is significantly lower than fees charged by Huntington Beach, Fountain Valley, and the deposits required by Newport Beach and Irvine. Only Santa Ana had a lower fee for General Plan Amendment. The City of Irvine charges the processing of a General Plan Amendment hourly at $128 per hour and Newport Beach at a rate of $155 per hour. Based on the deposit required, it is estimated that this cost is higher than the fixed fee charged by Costa Mesa.

Furthermore, the City provides fee credits for existing development against new development. The developer is required to pay certain fees for only the net increase of residential units on site. Fee credits are available for park fees, sanitation district fees, and traffic impact fees. Park fees and traffic impact fees can also be deferred until the issuance of Certificates of Occupancy. The City is also in the process of re-evaluating the park fees, potentially reducing the fee.

Table HOU-34: Planning Application Fees – Surrounding Jurisdictions

Jurisdiction	General Plan Amendment	Zone Change	Parcel Map	Variance
Costa Mesa	$4,560	$1,910	$1,445	$1,685
Huntington Beach	$17,998 (minor) $32,948 (major)	$8,437	$4,068	$2,446
Fountain Valley	$9,265	$4,795	$1,155 + reproduction costs	$2,960
Newport Beach	$166/Hr. ($7,500 initial deposit)	$166/Hr. ($7,500 initial deposit)	$3,164	$166/Hr. ($5,000 initial deposit)
Santa Ana	$2,830	$2,260	$1,060	$2,265
Irvine	$128/Hr. ($12,000 initial deposit)	$128/Hr. ($12,000 initial deposit)	$128/Hr. ($4,000 initial deposit)	$128/Hr. ($1,500 initial deposit)

Source: Planning Departments of Respective Jurisdictions, 2012

Fees, land dedications, or improvements are also required in most instances to provide an adequate supply of public park land and to provide necessary public improvements (streets, sewers, and storm drains) to support the new development. While such costs are charged to the developer, most, if not all, additional costs are passed to the ultimate product consumer in the form of higher prices or rents. The significance of the necessary public works improvements in determining final costs varies greatly from project to project. The improvements are dependent on the amount of existing improvements and nature of the project.

Costa Mesa also assesses a traffic impact fee on an incremental basis, as shown in Table HOU-35. Various governmental agencies also charge fees depending on the service and the location of the project. A summary of these fees are presented in Table HOU-36. Based on the City's schedules of fees, the development of a typical multi-family apartment complex is estimated to require $29,581 in fees per unit. This is a nine-percent increase from the estimate made in 2007, indicating an annual increase of approximately 1.8 percent in fees.

Table HOU-35: Traffic Impact Fee Schedule

Average Daily Trip Ends (ADT)	Traffic Impact Fee
0 to 25 ADT	$0 / ADT
26 to 50 ADT	$50 / ADT
51 to 75 ADT	$75 / ADT
76 to 100 ADT	$100 / ADT
101 ADT and More	$181/ADT
Source: City of Costa Mesa, 2012.	

Table HOU-36: Development Fees Schedule

Agency	Activity	Rate
Building Division	Building Plan Check	Based on Valuation of Improvements
Building Division	Building/plumbing/mechanical/electrical permits	Based on Valuation of Improvements
Planning Division	Letter of Confirmation (flood zone, zoning)	$40
Planning Division	Parkland Impact Fee Single-Family Multifamily	 $13,572/du $13,829/du
Engineering Division	Drainage Fee	$6,283.00-11,309.00/acre
Engineering Division	Final map check fee	$90/hour
Engineering Division	Off-site plan check	$90/hour
Engineering Division	Street improvement plan check fee	$90/hour
Engineering Division	Deposit/bond – off site work	2x the amount of the cost estimate of off-site work
Engineering Division	Construction Access permit	$230
Engineering Division	Curb and Gutter permit	$365
Engineering Division	Driveway approach	$425
Engineering Division	Sidewalk permit	$380
Engineering Division	Wheelchair ramp	$365
Engineering Division	Public right-of-way inspection	$125/hour
San Joaquin Hills Trans. Corridor Agency	Single-family residential Multifamily residential	$3,698/du $2,158/du
Newport Mesa Unified School District	Residential	$1.84/sf
Santa Ana Unified School District	Residential Residential exclusively for senior citizens	$2.63/sf of assessable space $0.42/sf of assessable space
Source: City of Costa Mesa, 2012.		

ON-/OFF-SITE IMPROVEMENT STANDARDS

Costs associated with site improvements are an important component of new residential development costs. Site improvements costs are applied to provide sanitary sewer and water service to a project, to make necessary transportation improvements, and to provide other infrastructure to the project. Improvements required may include grading, surfacing, sidewalks, curbs, gutters, culverts, bridges, storm drains, water mains and service connections to the property line with cutoff valves, sanitary sewers and such other structures or improvements as may be required by ordinance for the general use of the lot owners in the

subdivision and for local neighborhood traffic and drainage needs. In addition, the City may require the payment for various offsite improvements as part of project mitigation measures (e.g., payment towards an offsite traffic signal).

Developers of new residential projects are also required to construct all onsite streets, sidewalks, curb, gutter, and affected portions of offsite arterials. The cost for site improvements varies from project to project. Even for infill projects where infrastructure may already be available, there is often a need to upgrade and/or expand the existing improvements to serve new residential development. Curbs, gutters, and drainage facilities direct storm and runoff water out of residential developments.

City roadways are required to be paved. Pavement creates an all-weather roadway, facilitates roadway drainage, and reduces dust. It also produces a high speed circulation system and facilitates relatively safe traffic movement. Roadways are classified by the City according to traffic needs. They are as follows:

- Major Arterial – 6-Lane Divided Roadway (104 feet)
- Primary Arterial – 4-Lane Divided Roadway (80 feet)
- Secondary Arterial – 4-Lane Undivided Roadway (72 feet)
- Collector Arterial – 2-Lane Undivided Roadway (60 feet)

Arterials and collectors are designated on the General Plan according to existing and projected needs. Developers are responsible for the development of roadways associated with the residential project. As the City's circulation system is already well established, street improvements required relate primarily to traffic mitigation measures, such as installation of stoplights or stop signs, curb cuts for ingress/egress, installation of turn lanes, or bike paths. Significant dedication of land for new streets is not anticipated for most residential developments in the City.

Development of and connection to municipal water and sewer services are required as a condition of approving tract maps. Water service is necessary for a constant supply of potable water. Sewer services are necessary for the sanitary disposal of wastewater. These off-site requirements, which increase costs of development, also allow for the development of much higher residential densities.

The City's on- and off-site improvement requirements are typical for urban development in a highly developed community. While these improvements add to the cost of housing, they do not constrain housing development as these improvements are similarly required in all surrounding communities.

BUILDING CODES AND ENFORCEMENT

Compliance with Building Code standards is necessary to protect the health, safety and welfare of the citizens. The City of Costa Mesa currently uses the California 2010 Building Code (effective January 1, 2011) and no local amendments have been made to the Code that might diminish the ability to accommodate housing development in general or housing for persons with disabilities in particular.

DISSOLUTION OF REDEVELOPMENT

Redevelopment tax increment financing was once the most significant resource the City of Costa Mesa had in facilitating the provision of affordable housing in the community. With the dissolution of redevelopment in California as of January 2012, the City's ability to provide affordable housing has been seriously compromised. Without the low and moderate income housing funds from tax increments, the City has limited financial resources to provide direct gap financing or provide assistance through land write-downs or land banking activities.

MARKET CONSTRAINTS

The private market influences the selling and rental prices of all types of housing. While actions within the public sector play important parts in determining the cost of housing, the private sector affects the residential markets through such mechanisms as supply costs (i.e., land, construction, financing) and value of consumer preference.

AVAILABILITY OF FINANCING

A constraint affecting housing costs is the cyclical nature of the housing industry. Housing production can vary widely from year to year with periods of above-average production followed by periods of below-average production. Fluctuations are common in most industries but appear to be more volatile in the homebuilding sector because of susceptibility of the industry to changes in federal fiscal and monetary policies.

One significant component to overall housing cost is financing. After decades of slight fluctuations in the prime interest rate, the 1980s saw a rise in interest rates that peaked at approximately 18.8 percent in 1982. As the decade closed and the economy weakened, the prevailing interest rate was around ten percent. The decade of the 1990s saw interest rates drop dramatically, fluctuating between six and eight percent. During the past five years interest rates dropped substantially and currently, interest rates are around three to four percent. The substantial drop in the cost of fixed rate mortgages and the widespread use of adjustable rate mortgages have substantially decreased the effects of financing on the purchase of a home.

However, as creative financing (e.g., zero downpayment, short-term fixed rate, and interest only loans) allowed an increased number of households to enter homeownership, it also led to escalations in home prices and increased number of households buying beyond their financial means. Since late 2006, foreclosures have become an issue impacting many households in Southern California. In October 2012, mortgage default filings hit their lowest point since first-quarter 2007, due in large part to a stronger economy and housing market and more short sales, a real estate information service reported. According to Dataquick, between 2011 and 2012 notices of default decreased by 32 percent.[8]

COST OF LAND

The cost of residential land has a direct impact on the cost of a new housing unit and is, therefore, a potential market constraint. The higher the land costs, the higher the price of a new unit.

[8] http://www.DQNews.com, CA Foreclosures, accessed November 1, 2012.

The City of Costa Mesa is almost built out. Available vacant residential land will become increasingly scarce over time, especially when considering the lack of annexation opportunities. The cost of residential vacant land will continue to increase in the City of Costa Mesa and will play a role in the prices passed on to the consumer. The scarce supply of vacant land will influence residential intensification and conversion in the future.

According to listings on Homes.com, there was only one residentially zoned vacant lot for sale in the City of Costa Mesa in 2012. The 8,570 square foot lot was for sale for $599,000 equating to $70.31 per square foot. However, the property has been listed for sale for several months.

COST OF CONSTRUCTION

The costs of building materials are a major cost associated with constructing a new housing unit. A reduction in amenities and the quality of building materials (above a minimum acceptability for health, safety, and adequate performance) could result in lower sales prices. In addition, prefabricated, factory-built housing may provide for lower priced housing by reducing construction and labor costs. Another factor related to construction costs is the number of units built at one time. As the number increases, overall costs generally decrease, as builders are able to take advantage of the benefits of economies of scale. This type of cost reduction is of particular benefit when density bonuses are used for the provision of affordable housing.

Product design and consumer expectations also influence the types and styles of units being constructed in this area. Today's new homes are quite different than those produced during the 1960s. Numerous interior and exterior design features (larger master bedroom suites, microwave ovens, trash compactors, dishwashers, wet bars, decorative roofing materials, exterior trim, and architectural style) make it difficult to make direct comparisons in costs over the years. In a highly competitive and sophisticated market such as Southern California, many consumers consider these "extra touches" as necessities when buying a new home. While the basic shelter or "no frills" house has met with varying degrees of consumer acceptance, the high costs of homeownership may lead to a return to less complicated designs.

CONDOMINIUM CONVERSION

As the willingness to pay rent decreases, the private market can push apartment owners toward conversion to condominiums units. A condominium conversion can be a constraint on the maintenance of affordable housing and especially impact rental units that may serve the lower income segments of the community. Recent legislation has sought to curb the effects of condominium conversions on the maintenance of housing.

The City of Costa Mesa manages condominium conversions or residential common interest development conversions through the City Zoning Code. The City recognizes condominium conversion serve as an important source of moderately priced homeownership opportunities compared to new construction. Due to the increase in conversion activities over the past few years and concern over the quality of converted units, the City Council adopted a new Condominium Conversion Ordinance on September 4, 2007. The ordinance removed the critical rental vacancy rate as a condition for permitting conversion but included specific development standards to ensure the quality of the converted units. In

addition, requirements are established for life safety, plumbing, security, refurbishing and restoration, condition of equipment and appliances, and onsite utilities. However, condominium conversion is not expected to impact the rental market significantly over the next few years due to the current credit market crisis.

5.7 OPPORTUNITIES FOR NEW RESIDENTIAL DEVELOPMENT

REGIONAL HOUSING NEEDS

State Housing Element law requires that a local jurisdiction accommodate a share of the region's projected housing needs for the planning period. This share, called the Regional Housing Needs Allocation (RHNA), is important because State law mandates that jurisdictions provide sufficient land to accommodate a variety of housing opportunities for all economic segments of the community. Compliance with this requirement is measured by the jurisdiction's ability in providing adequate land to accommodate the RHNA.

The Southern California Association of Governments (SCAG), as the regional planning agency, is responsible for allocating the RHNA to individual jurisdictions within the six-county region, including the County of Orange.[9] The Orange County Council of Governments (OCCOG), a subregional planning organization, worked closely with SCAG to develop the RHNA for Orange County jurisdictions.

ADEQUATE SITES COMMITMENT FROM PRIOR RHNA (2008-2013)

AB 1233 amended the State Housing Element law to promote the effective and timely implementation of local housing elements. If a jurisdiction fails to implement programs in its Housing Element to identify adequate sites or fails to adopt an adequate Housing Element, this bill requires local governments to zone or rezone adequate sites by the first year of the new planning period. The rezoning of sites is intended to address any portion of the Regional Housing Needs Allocation (RHNA) that was not met because the jurisdiction failed to identify or make available adequate sites in the previous planning period.

For the 2008-2014 Housing Element, the City of Costa Mesa was allocated a RHNA of 1,682 units as follows:

- Extremely Low/Very Low-Income (up to 50 percent of AMI): 353 units (21.0 percent)
- Low-Income (51 to 80 percent of AMI): 289 units (17.2 percent)
- Moderate-Income (81 to 120 percent of AMI): 330 units (19.6 percent)
- Above Moderate-Income (more than 120 percent of AMI): 710 units (42.2 percent)

The 2008-2014 Housing Element includes a sites inventory with a capacity for 4,155 units: 407 very low-income units; 291 low-income units; 1,424 moderate income units; and 2,051 above moderate-income units. To reach this capacity, the City committed to two specific actions:

[9] Southern California Association of Governments (SCAG) covers a six-county region, including Los Angeles, Orange, Riverside, San Bernardino, Ventura, and Imperial.

- Extend affordability control on 160 units at Bethel Towers for 55 years (88 very-low income units and 72 low-income units). In exchange, the City would provide finance assistance for rehabilitating the property.

- Amend the General Plan and rezone 13.6 acres of land of the Fairview Developmental Center site by the end of 2009 to High-Density Residential to allow development at a density of 30 units per acre. The 2008 Housing Element assumed 320 total units on this site, with 170 units set aside as lower income housing (85 very-low income and 85 low-income units).

Status Update on Adequate Sites Commitments

Due to various reasons, the owner of Bethel Towers withdrew participation in the City's program to extend the affordability covenant in exchange for financial assistance. While in 2012 Bethel Towers, through tax-exempt revenue bonds, extended its affordability covenant for 55 years, this extension was not completed within the allowable timeframe under State law, or utilized any City funding to receive RHNA credits. The State Department of Developmental Services also withdrew its application for residential development on the Fairview Developmental Center.

Combined these two actions would have accounted for 330 lower income units (173 very-low income and 157 low-income units) and 150 above moderate-income units. The 2008-2013 Housing Element demonstrated an excess capacity of over 1,340 units for above moderate income households, more than adequate to compensate for the 150 above moderate-income units due to the withdrawal of the Fairview Developmental Center project. However, the City would need to demonstrate its ability to accommodate the 330 lower income units (173 very-low income and 157 low-income units).

Replacement Sites for the RHNA Shortfall

Sakioka Lot 2: Located within the North Costa Mesa Specific Plan, Sakioka Lot 2 is a 33-acre site that is designated for future commercial and residential development. The site was designated Urban Center Commercial by the General Plan and zoned PDC (Planned Development Commercial). The General Plan/Specific Plan originally established a maximum FAR of 0.50 for retail and 0.50 for office uses, and a density limit of 20 units per acre for residential uses.

This vacant lot was included in the 2008-2014 Housing Element for being able to accommodate moderate income housing at an average density of 16 units per acre and for a total of 528 units. The 2008-2014 Housing Element demonstrated a capacity for 1,424 moderate income units, compared to a RHNA of 330 moderate income units.

The original FAR and density limits were found to have unintended effects of excluding different types of mixed use development. In November 2011, the City amended the General Plan and Specific Plan to remove the office and retail FAR limits and to increase the maximum density of residential mixed use development to 28 units per acre at Sakioka Lot 2. Assuming an average density of 22.4 units per acre (at 80 percent of the maximum allowable density), up to 739 units can be accommodated on this site.

Urban Plan Areas: The 19 West Urban Plan area consists of 103 acres of industrial, commercial, and residential uses. The plan area is located in the

Westside, generally along 19th Street, Superior Boulevard, and southeast of Victoria Street and Placentia Avenue. The mixed-use overlay zone allows horizontal and vertical mixed-use development pursuant to an approved Master Plan. Live/work developments are conditional uses in this plan area.

Approximately 29 acres of commercially-zoned property within the 19 West mixed-use overlay district could potentially serve as future adequate sites for affordable housing, at residential densities of up to 30 units per acre as part of a mixed-use development. The 19 West Urban Plan area is identified as a revitalization area. Existing uses on these parcels include marginal commercial uses with aging structures, bars, mini-markets, and neighborhood retail centers which do not fully realize the development potential in the mixed-use overlay zone. Mixed-use development along a major arterial such as West 19th Street could become dynamic, commercial destinations.

In the 2008-2014 Housing Element, only a handful of underutilized sites were included in the sites inventory to fulfill the previous RHNA. The 19 West Urban Plan contains more opportunities than identified in the 2008-2014 Housing Element. Table HOU-38 identifies a list of underutilized sites that were not included in the 2008-2014 Housing Element. No development has occurred on these sites due to the housing market conditions. These properties are available for lower income housing through the Mixed Use Overlay.

Mixed Use Overlay can be applied to these parcels for mixed use developments up to 30 units per acre. The allowable FAR in the 19 West Urban Plan area is 1.0. The selected parcels all have existing FAR of less than 0.30, indicating significant potential for intensification on these properties. The parcels identified in Table HOU-38 can potentially be redeveloped as mixed-use developments, with a capacity for 75 additional units.

With the General Plan and Specific Plan amendments for Sakioka Lot 2 and additional underutilized sites in the 19 West Urban Plan area, the City has more than replaced the 330-unit shortfall in sites resulted from the withdrawn Fairview Development Center project and delayed preservation of Bethel Tower.

Table HOU-37: Underutilized Sites in 19 West Urban Plan Area

Site	APN	Address	Acreage	Existing Zoning	Existing GP	Existing Uses	Potential Units (@ average 24 du/ac)
1	424-202-01	745 W. 19th St.	0.63	C1	General Commercial	Restaurant and bar with large service parking under common ownership and with a combined existing FAR of 0.23	15
	424-202-02	719 W. 19th St.	1.29				31
2	424-211-02	647 W. 19th St.	0.60	C1	General Commercial	Restaurant, small office building, and printing services with a combined existing FAR of 0.24.	14
	424-211-03	657 W. 19th St.	0.36	C1	Office		9
	424-211-04	659 W. 19th St.	0.27	C1	General Commercial		6
						Total Capacity:	75

Affordable Housing Densities

State Housing Element law has established a default density of 30 units per acre as being feasible for facilitating housing for lower income households in urbanized communities within a metropolitan area. The table below lists many affordable housing projects in Orange County and north San Diego County that have been approved or constructed at less than 25 units per acre. Affordable apartment projects approved or built in recent years include, Ability First Apartments (12.0 du/ac), Avocado Court (16.2 du/ac), Brighton Place (18.9 du/ac), Bonterra Apartment Homes (19.0 du/ac), Parkview Apartments (20.7 du/ac), The Arbor at Woodbury (22.0 du/ac), Westlake Village (22.6 du/ac), and Springbrook Grove (24.9 du/ac). Based on these numerous examples in the region, development of affordable housing in Costa Mesa at a maximum density of 28 units per acre (average density of 22.4 units per acre) at the Sakioka Lot 2 is feasible.

Table HOU-38: Affordable Housing with Densities of 25 Units/Acre or Less

Project/Location	Year Built/ Acquired	Affordable Units	Project Density (du/ac)	Affordability
Little Hollywood / San Juan Capistrano	2000 / 2009	24	4.7	50 and 80% AMI
Habitat for Humanity / San Juan Capistrano	2010	27	10.4	50 and 80% AMI
Ability First Apartments / Irvine	2008	24	12.0	30% AMI
Casa de Esperanza / Stanton	2003	10	14.5	30% AMI
Avocado Court / Escondido	Under Construction	36	16.2	30, 40, 50, and 60% AMI
Brighton Place / Poway	2012	77	18.9	30, 35, 40, 50, and 60% AMI
Bonterra Apartment Homes / Brea	2012	94	19.0	Unknown
Mendocino at Talega / San Clemente	2003	186	20.0	50 and 60% AMI
Parkview Apartments / San Marcos	Approved	84	20.7	30, 40, 50, and 60% AMI
Windrow Apartments / Irvine	2006	96	21.0	30 and 50% AMI
Laguna Canyon / Irvine	2006	120	21.0	30 and 50% AMI
Escalones Nuevos / San Clemente	2002	6	21.8	50% AMI
Bellecour Way / Lake Forest	2002-2003	6	22.0	80 and 120% AMI
The Arbor at Woodbury / Irvine	2009	90	22.0	Unknown
Westlake Village / San Marcos	2011-2012	49	22.6	35, 45, 50, and 60% AMI
Montecito Vista Apartments / Irvine	2006	162	23.0	30,50 and 60% AMI
Springbrook Grove / Fallbrook	2010	44	24.9	35 and 45% AMI

Sources: Orange County Housing & Community Services Department, 2008; City of San Juan Capistrano, 2013; Jamboree Housing, 2013; Keyser Marston Associates, 2012.
Note: North San Diego County projects are from the report "County of San Diego Housing Element Update, Housing Resources" prepared by Keyser Marston Associates, December 7, 2012.

RHNA FOR 2014-2021 PLANNING PERIOD

For the 2013-2021 Housing Element, the RHNA covers a planning period from January 1, 2014 through October 31, 2021. The RHNA is distributed by income category. For the 2014-2021 RHNA period, the City of Costa Mesa has been allocated a RHNA of only two units as follows:

- Extremely Low/Very Low-Income (up to 50 percent of AMI): one unit (50 percent)
- Low-Income (51 to 80 percent of AMI): one unit (50 percent)

The City must ensure the availability of residential sites at adequate densities and appropriate development standards to accommodate these two units.

As demonstrated in Table HOU-37 above, the City has identified underutilized sites in the 19 West Urban Plan area with the capacity to accommodate 75 units. Furthermore, Sakioka Lot 2 has to potential to accommodate 739 units, more than adequate to accommodate the new RHNA of two units.

Development potential is also available at the "Argotech" site. This 9.1-acre site located at 671 West 17th Street has a General Plan designation of Light Industrial and is zoned MG (General Industrial). Located within the Mesa West Bluffs Urban Plan area, the site can accommodate residential uses under the current overlay zoning, which allows residential development at 13 units per acre or 20 units per acre if live/work housing is proposed.

This large industrial site contains multiple buildings (office and manufacturing) and has not been in full operation for many years, with subleases to multiple users. Prior to the economic downturn, the site was in the market for sale. Currently, there is new development interest for this site.

Figure HOU-1: ArgoTech Site

ENVIRONMENTAL CONSTRAINTS

Based on Flood Insurance Rate Maps (last updated December 3, 2009), there are no residential properties located in flood hazard areas in City of Costa Mesa. All residentially zoned properties are within Zone X (either areas outside the 0.2 percent annual chance floodplain or areas of 0.2 percent annual chance flood with one percent annual chance with average depth of less than one foot or with drainage areas less than 1 square mile). This is also applicable to Sakioka Lot 2 (14850 Sunflower Ave.) zoned Planned Development Commercial proposed with residential uses of up to 28 du/acre.

The Urban Plan areas are urbanized areas with existing development on the majority of the properties. Future development will involve recycling of existing uses and will be subject to CEQA Guidelines. No major environmental constraints exist to preclude residential/mixed use developments in the Urban Plan areas; however, each development site will be evaluated during the entitlement process and appropriate mitigation measures will be required as applicable. Development on the Sakioka Lot 2 and Argo Tech site may require remediation of hazardous materials due to agricultural and industrial uses, respectively.

FINANCIAL AND ADMINISTRATIVE RESOURCES

Efforts by the City to provide affordable housing through new construction, acquisition/rehabilitation, and preservation (of at-risk housing) must be able to draw upon two types of resources: organizational and financial.

ORGANIZATIONAL RESOURCES

The following agencies are potential organizations with interest, experience, and capacity in the development and preservation of affordable housing in Orange County:

- Habitat for Humanity of Orange County (Santa Ana)
- Orange County Community Housing Corporation (Orange)
- Jamboree Housing Corporation (Irvine)
- BRIDGE Housing Corporation (San Francisco)
- Century Housing Corporation (Culver City)
- National Community Renaissance of California (Rancho Cucamonga)

FINANCIAL RESOURCES

The following is a list of potential financial resources considered a part of the City's overall financial plan to address affordable housing needs.

- **HOME Program:** The City of Costa Mesa receives approximately $360,000 in HOME funds annually. HOME funds are used primarily for rehabilitation loans and grants, and acquisition/rehabilitation of rental units.

- **Community Development Block Grant (CDBG) Funds:** The City of Costa Mesa receives approximately $1 million in CDBG funds annually. CDBG funds are used primarily for rental and owner housing rehabilitation activities, infrastructure and public facility improvements, and public services.

- **Orange County Housing Authority (OCHA):** The Orange County Housing Authority administers two programs: Conventional Public Housing and Section 8 Housing Choice Voucher Program. The Conventional Public Housing Program includes housing developments that are owned and managed by OCHA. The Section 8 Housing Choice Voucher Program is a tenant-based rental subsidy. As of March 2013, 442 very low income households in Costa Mesa were receiving rental assistance.

- **Redevelopment Agency Tax Increment Funds:** The elimination of redevelopment agencies in the State of California prompted the creation of the Costa Mesa Housing Authority to serve as the Successor Agency to the Costa Mesa Redevelopment Agency. The Housing Authority performs the City‘s housing functions, administers Recognized Obligation Payment Schedule (ROPS), liquidates the Redevelopment Agency‘s (RDA) assets, and pays off debts. The loss of the Costa Mesa RDA may significantly impair the production of affordable housing in the future unless the City can identify an alternate funding source. The status of obligated funds is unknown at this time. The Housing Authority is waiting for the State Department of Finance to issue a Finding of Completion that will indicate whether any obligated funds can be retained.

ENERGY CONSERVATION, GREEN BUILDINGS, AND SUSTAINABLE RESOURCES

CITY PROGRAMS

The City of Costa Mesa recognizes the urgent need for regional energy conservation. Conservation at average consumer level can be accomplished by reducing the use of energy-consuming items, or by physically modifying existing structures and land uses. Current state requirements such as Title 24 of the California Administrative Code, with specifications relating to insulation, glazing, heating and cooling systems, water heaters, swimming pool heaters, and several other items require the minimum standards. The City of Costa Mesa has far exceeded the minimum standards by inclusion of conservation measures in the City’s General Plan Conservation Element, creating zoning districts promoting urbanized and sustainable development by adoption of urban plans and, in day to day building permit and construction operation by creation of the Costa Mesa Build Green Programs. Each of these policies and programs are discussed in detail as follows.

At the land use and policy level, the General Plan Conservation Element encourages uses of alternative energy sources and passive and active solar energy such as:

1) Passive solar energy referring to the design of buildings to take maximum advantage of the sun for heating and cooling through

appropriate use of windows, overhangs and other shading devices, building materials, and landscaping.

2) Active solar energy involving the use of solar collectors and related plumbing and mechanical facilities to heat water, building interiors, or swimming pools.

Urban Plans Promote Sustainable Communities and Green Technology

The City of Costa Mesa recognizes that land use policies could have a direct affect on sustainable development and consequently consumption of energy for transportation. Concentration of higher density housing and employment centers along major transportation corridors increases the convenience of public transit and may encourage reduced use of private automobiles with a corresponding reduction in vehicular fuel consumption.

In an effort to promote revitalization of older industrial properties and provide more housing opportunities, the City of Costa Mesa adopted three urban plans as land use/zoning tools for the west side that promote integrated or mixed-use developments and offer the opportunity for people to live within walking distance of employment and/or shopping and services. The urban plans are intended for more intense land uses compatible with the urban nature of the surroundings.

Build Green

The City's promotes green building techniques through the City website. A dedicated section of the website provides links to important resources and educational materials on the benefits of building green. Furthermore, the City offers a 50-percent discount on permits for solar panels.

Citywide Landscape Design Ordinance

The City will continue to implement the citywide landscape design ordinance and water efficient landscape guidelines which encourage use of plant materials suitable for soil and climate conditions and plant selection that are drought tolerant plants and require low-flow irrigation systems. The ordinance also requires landscape maintenance practices which foster long-term water conservation such as performing routine irrigation system repair and adjustments, scheduling irrigation based on the California Irrigation Management Information System, use of moisture-sensing or rain shut-off devices, and conducting water audits.

COLLABORATIVE EFFORTS

Water and Energy Conservation

The City's water/sewer service provider, Mesa Consolidated Water District, implements the Ultra-Low Flush Toilet Rebate Program and other water conservation programs. The district provides monthly newsletters highlighting water conservation and the current California water crisis. As a public education service, the Water District has recently planted a Demonstration Garden as an example and resource to demonstrate reducing outdoor water usage, and protecting natural resources. The City will continue collaborative efforts with the water district to promote water conservation and public awareness. A link to these programs is provided on the City's website. Additionally, in congruence

with Senate Bill 1087 the City will provide a copy of the adopted 2013-2021 Housing Element to Mesa Consolidated Water District within 30 days of adoption.

Southern California Edison (SCE) Conservation Programs

The City will continue to cooperate with SCE for disseminating public information about SCE energy conservation programs. This information is currently provided under the City's website.

In addition to the noted efforts by the utility providers, public awareness bulletins and articles are regularly included in the Costa Mesa Community News as part of City's effort to encourage energy conservation and to offer information on build green incentives and programs.

5.8 GOALS, POLICIES, AND PROGRAMS

Costa Mesa's housing goals concentrate on five specific aspects of the housing market. Goals are provided to address each of these issues, and policies are developed to support and implement each goal. The five priorities are:

- Preserving and enhancing existing housing and neighborhoods;
- Preserving affordability;
- Providing adequate sites;
- Providing adequate housing opportunities and accessibility for all segments of the community; and
- Encouraging coordination and cooperation.

FRAMEWORK FOR IMPLEMENTATION

Prior to the development of a program-specific housing strategy, it is necessary to establish the relative priorities of the identified housing needs and to assess the nature and extent of the City's existing housing programs.

The process of prioritizing housing needs involves the identification of target households and neighborhoods as well as a preliminary analysis of the most appropriate housing programs and/or resources to meet these needs.

TARGET HOUSEHOLDS AND NEIGHBORHOODS

High construction costs, coupled with the diminishing availability of vacant land, limit the large scale expansion of the housing stock. Preservation and enhancement of the City's existing neighborhoods is vital to the maintenance of a viable urban community.

In particular, target neighborhoods have: 1) significant concentrations of low- and moderate-income persons, or blighted and deteriorated housing; and 2) community development needs in terms of housing, public facilities, and public improvements. As such, these neighborhoods should be targeted for housing programs/assistance.

Currently, there are several target neighborhoods identified throughout the southwest section of the City. Specific Plans have been created to address these neighborhoods such as the SoBeca Urban Plan, the Westside

Implementation Plan, Newport Boulevard Specific Plan, and the North Costa Mesa Specific Plan, all discussed previously.

GOALS AND POLICIES

GOAL HOU-1:
PRESERVATION AND ENHANCEMENT

It is the goal of the City of Costa Mesa to preserve the availability of existing housing opportunities and to conserve as well as enhance the quality of existing dwelling units and residential neighborhoods.

POLICIES HOU-1:

HOU-1.1 Develop standards and/or guidelines for new development with emphasis on site (including minimum site security lighting) and building design to minimize vulnerability to criminal activity.

HOU-1.2 Encourage existing stabilized residential neighborhoods, including but not limited to mobile home parks and manufactured home parks, from the encroachment of incompatible or potentially disruptive land uses and/or activities.

HOU-1.3 Actively enforce existing regulations regarding derelict or abandoned vehicles, outdoor storage, and substandard or illegal buildings and establish regulations to abate weed-filled yards when any of the above is deemed to constitute a health, safety or fire hazard.

HOU-1.4 Establish code enforcement as a high priority and provide adequate funding and staffing to support code enforcement programs.

HOU-1.5 Install and upgrade public service facilities (streets, alleys, and utilities) to encourage increased private market investment in declining or deteriorating neighborhoods.

HOU-1.6 Continue existing rehabilitation loan and grant programs for low and moderate-income homeowners as long as funds are available.

HOU-1.7 Minimize the displacement of existing residences due to public projects.

HOU-1.8 Encourage the development of housing that fulfills specialized needs.

GOAL HOU-2:
PRESERVING AND EXPANDING AFFORDABLE HOUSING OPPORTUNITIES

It is the goal of the City of Costa Mesa to provide a range of housing choices for all social and economic segments of the community, including housing for persons with special needs. This goal can be achieved by implementing the following policies:

HOU-2.1 Encourage concurrent applications (i.e., rezones, tentative tract maps, conditional use permits, variance requests, etc.) if multiple

approvals are required, and if consistent with applicable processing requirements.

HOU-2.2 Promote the use of State density bonus provisions to encourage the development of affordable housing for lower and moderate income households, as well as senior housing.

HOU-2.3 Provide incentive bonus units to encourage the redevelopment of residential units that are nonconforming in terms of density. The incentive shall be limited to the multi-family residential land use designations. The density incentive shall be limited to an increase of 25 percent above Medium-Density or an increase of 50 percent above High-Density. In no case shall the resulting number of units exceed the existing number of units on each site.

HOU-2.4 Encourage developers to employ innovative or alternative construction methods to reduce housing costs and increase housing supply.

HOU-2.5 Continue membership in the Orange County Housing Authority to provide rental assistance to very low income households.

HOU-2.6 Provide clear rules, policies, and procedures, for reasonable accommodation in order to promote equal access to housing. Policies and procedures should be ministerial and include but not be limited to identifying who may request a reasonable accommodation (i.e., persons with disabilities, family-members, landlords, etc.), timeframes for decision-making, and provision for relief from the various land-use, zoning, or building regulations that may constrain the housing for persons of disabilities.

HOU-2.7 Monitor the implementation of the City's ordinances, codes, policies, and procedures to ensure they comply with the "reasonable accommodation" for disabled provisions and all fair housing laws.

GOAL HOU-3:
PROVISION OF ADEQUATE SITES

It is the goal of the City of Costa Mesa to provide adequate, suitable sites for residential use and development or maintenance of a range of housing that varies sufficiently in terms of cost, design, size, location, and tenure to meet the housing needs of all segments of the community at a level that can be supported by infrastructure. This goal can be achieved by adhering to the following policies.

HOU-3.1 Encourage the conversion of existing marginal or vacant motels, commercial, and/or industrial land to residential, where feasible and consistent with environmental conditions that are suitable for new residential development.

HOU-3.2 Provide opportunities for the development of well planned and designed projects which, through vertical or horizontal integration, provide for the development of compatible residential, commercial, industrial, institutional, or public uses within a single project or neighborhood.

HOU-3.3 Cooperate with large employers, the Chamber of Commerce, and major commercial and industrial developers to identify and implement programs to balance employment growth with the ability to provide housing opportunities affordable to the incomes of the newly created job opportunities.

HOU-3.4 Consider the potential impact on housing opportunities and existing residential neighborhoods when reviewing rezone petitions affecting residential properties.

HOU-3.5 Encourage transit-oriented development along transportation corridors.

GOAL HOU-4:
EQUAL HOUSING OPPORTUNITY

It is the goal of the City of Costa Mesa to ensure that all existing and future housing opportunities are open and available to all social and economic segments of the community without discrimination on the basis of race, color, religion, sex, sexual orientation, disability/medical conditions, national origin or ancestry, marital status, age, household composition or size, source of income, or any other arbitrary factors.

HOU-4.1 Support the intent and spirit of equal housing opportunities as expressed in Federal and State fair housing laws.

HOU-4.2 Continue to provide fair housing and counseling services for all Costa Mesa residents in an effort to remove barriers and promote access to affordable housing in the City.

HOU-4.3 Encourage programs that address the housing needs of senior citizens.

HOU-4.4 Encourage and support the construction, maintenance and preservation of residential developments which will meet the needs of families and individuals with specialized housing requirements.

HOU-4.5 Encourage and support the construction, maintenance and preservation of residential developments to meet the needs of the developmentally disabled.

GOAL HOU-5:
COORDINATION AND COOPERATION

It is the goal of the City of Costa Mesa to coordinate local housing efforts with appropriate federal, state, regional, and local governments and/or agencies and to cooperate in the implementation of intergovernmental housing programs to ensure maximum effectiveness in solving local and regional housing problems.

HOU-5.1 Investigate alternative intergovernmental arrangements and program options to deal with area-wide housing issues and problems.

IMPLEMENTING PROGRAMS

PRESERVATION AND ENHANCEMENT

1. Owner-Occupied Housing Rehabilitation

This program is designed to assist qualified property owners to improve single-family properties. The program provides rehabilitation loans (up to $50,000) and grants (up to $7,000) to assist homeowners improve their primary residences to correct code violations, address deferred maintenance, and improve neighborhood aesthetics. Eligible improvements include, but not limited to, health and safety code items such as plumbing, electrical, roofing, etc. Room addition to correct overcrowding issues is also an eligible activity under this program. The program offers deferred payment loans at zero-percent interest that is fully deferred until sale or refinance of the property. Maximum loan-to-value is 85 percent of the current market value. The City encourages the participation of seniors, veterans, and the disabled in this program.

2013-2021 Objectives: Assist 3 households annually for a total of 24 households (8 extremely low income, 8 very low income, and 8 low income)

Funding Sources: HOME

Responsible Agencies: Development Services/Housing and Community Development Division

2. Mobile Home Rehabilitation

The City encourages the preservation of mobile homes as an affordable housing resource. Specifically, the City provides financial assistance (up to $10,000) as a grant to eligible owner-occupants to rehabilitate existing dwelling units.

2013-2021 Objectives: Rehabilitation objectives are included under Program 1, Neighborhood Improvement.

Funding Sources: CDBG

Responsible Agencies: Development Services Department/Housing and Community Development Division

3. Go Green

Under the Go Green program, the City offered incentives for green development:

1. A fee waiver program for remodeling and upgrading existing residential structures such as installation of solar or tankless water heaters, replacement of HVAC equipment with Energy efficient units, installation of cool roofs, and reroofs with Class A assembly. The fee waiver ranges from $50 for installation of a tankless water heater to $800 for Energy Star certification of existing structures and could go up to $30,000 for LEED certification of new construction.

2. A rebate program for projects with Green certification (i.e., CA Green Builder, LEED, and GreenPoint Rated). To promote energy conservation, the City's Go Green program offers a 100 percent discount on permits for solar panels.

Due to budget constraints, the City suspended this program in 2009 but continues to offer a 50 percent discount for permit fees for solar panels.

2013-2021 Objectives: Continue to offer discount on permit fees for solar panels and promote the program on City website and public counters. Pursue funding to reinstate the Go Green program.

Funding Sources: General; State and Federal grants as available

Responsible Agencies: Development Services Department/Building Division

PRESERVING AND EXPANDING AFFORDABLE HOUSING OPPORTUNITIES

4. Incentives for Affordable Housing

The City will continue to pursue funding, partner with nonprofits and provide incentives (such as density bonus and deferred impact fees) to developers that agree to reserve a portion of the project units for lower income households (including extremely low income), moderate income households (common interest developments only), or for seniors and the disabled. The City will also defer payment of fees for affordable housing projects upon certificate of occupancy.

2013-2021 Objectives: Promote the use of density bonus incentives and deferral of fees for affordable housing projects, including but not limited to, the Urban Plan areas and in North Costa Mesa Specific Plan area. Density bonus information is available on the City's website and at the public counter, and will be provided to developers of projects in the Urban Plan, North Costa Mesa Specific Plan areas, and other areas targeted for future residential and transit-oriented developments. Annually utilize the HOME Community Housing Development Organization (CHDO) funds to pursue affordable housing projects, especially for permanent affordable projects that may include accessible units for the disabled. Provide a fee waiver to projects that include at least ten percent housing affordable to extremely low income households. Engage the community and stakeholders to explore and establish additional incentives and funding sources, as appropriate, to promote affordability in targeted growth areas by 2015 and monitor and revise strategies, as appropriate, to assure effectiveness as part of the annual progress report.

Funding Sources: HOME CHDO funds, Department/Division budget provided by General Fund, State Department of Housing and Community Development Funds, Low Income Housing Tax Credits and CalHFA

Responsible Agencies: Development Services Department/Planning Division

5. Second Units

Due to the small lot sizes and built out character of the City, opportunities for second units are limited. Nevertheless, second units offer affordable housing opportunities for lower and moderate income households. Since 2008, three second units have been built.

2013-2021 Objectives: Promote the use of second units by providing information on the City's website and at public counters.

Funding Sources: Department/Division budget provided by General Fund

Responsible Agencies: Development Services Department/Planning Division

6. Federal/State Housing Programs

The City will provide technical assistance to developers, nonprofit organizations, or other qualified private sector interests in the application and development of projects using Federal and State housing programs/grants.

2013-2021 Objectives: Encourage private sector to utilize available Federal and State housing programs to increase the supply of extremely low, very low, low and moderate income housing. If proposed projects are consistent with the vision, goals, and objectives of the City's General Plan and other planning documents that guide residential development, the City will provide letters of support for funding applications. In conjunction with potential affordable housing projects in the City, the City will pursue affordable housing funds from HCD to leverage local resources. Annually, the City will contact nonprofit housing developers to explore potential affordable housing projects and funding possibilities.

Funding Sources: Department/Division budgets provided by General Fund

Responsible Agencies: Development Services Department/Housing and Community Development Division

7. Rental Housing Assistance

The City will continue to participate in the Orange County Housing Authority's Housing Choice Vouchers program to provide rent subsidies to very low income households.

2013-2021 Objectives: Continue to provide assistance to 442 very low income households in the City. Continue to promote the use of Housing Choice vouchers by providing program information on City website and at public counters. Encourage property owners to accept Housing Choice Vouchers.

Funding Sources: HUD Section 8 Housing Choice funds administered by the Orange County Housing Authority

Responsible Agencies: Orange County Housing Authority and Development Services Department/Housing and Community Development Division

8. Preservation of At-Risk Housing

Overall, 267 housing units in the City of Costa Mesa are considered at risk of converting to market-rate housing. Specifically 25 projects with 156 affordable units are at risk due to the expiring density bonus agreements executed during the 1990s. Two projects – 75-unit Casa Bella and 36-unit St. John's Manor – are at risk due to the potential expiration of the Section 8 contracts.

2013-2021 Objectives: Monitor at-risk status of affordable units. For Casa Bella, work with HUD and the property owner to extend the Section 8 rent subsidy contract. Notify tenants of potential risk of conversion at least one year prior to

conversion. Provide information regarding HUD's special vouchers set aside for households losing project-based Section 8 assistance (applicable to Casa Bella only). Work with property owners and nonprofit housing providers to pursue State and federal funds for preserving at-risk housing. For density bonus projects, require property owners to inform the tenants of affordable units at least two years in advance of the expiration of affordability controls to allow tenants adequate time to explore other affordable housing options. Work to replenish the City's affordable housing inventory via the City's Density Bonus ordinance to create new affordable units.

Funding Sources: State and federal preservation funds

Responsible Agencies: Development Services Department/Housing and Community Development Division

9. Condominium Conversion

According to the 2010 U.S. Census, the percentage of owner-occupied households compared to renter households is 43% (owner) and 57% (renter). The City recognizes the importance of offering affordable homeownership opportunities in order to promote a balanced and diverse community. The City will revisit its condominium conversion ordinance to remove potential constraints to conversion. Specifically, many apartment developments would not be able to meet the City's current parking and open space requirements. The City will adopt an ordinance to promote development streamlining and condominium conversion.

2013-2021 Objectives: Adopt condominium conversion ordinance in Zoning Code in 2014 with the objective of removing constraints to conversion.

Funding Sources: Department/Division budget provided by General Fund

Responsible Agencies: Development Services Department/Planning Division

10. Adaptive Reuse for Multi-Family Housing

To expand housing options in the community, the City may allow, subject to a Zoning Code Amendment authorized by the City Council, the adaptive reuse of an existing motel use to a residential use for multi-family housing.

2013-2021 Objectives: Process Zoning Code Amendment in 2014/15 to allow a discretionary review of motel conversions to multi-family housing.

Funding Sources: Department/Division budget provided by General Fund
Responsible Agencies: Development Services Department/Planning Division

11. Supportive Services for Persons with Special Needs

The City recognizes certain segments of the population require additional assistance to secure decent housing and supportive services. Special needs groups in Costa Mesa include: seniors, persons with disabilities (including developmental disabilities), homeless and at-risk homeless, and low income families (including large households, female-headed households).

Through the annual action plan process for the CDBG program, the City evaluates the needs of various special needs groups and allocation CDBG Public Service dollars accordingly. The City will continue to expend CDBG funds in a manner that

addresses local needs and augments the regional continuum of care system in Orange County.

2013-2021 Objectives: Conduct needs assessment through the annual planning and performance review processes of the CDBG program. Through the CDBG Request for Proposal process, annually identify service gaps and prioritize funding allocations. Provide public service grants to:

- Support existing local service providers that assist households that are at risk of becoming homeless. Assistance may include short-term financial subsidy to prevent eviction, foreclosure and/or utility termination and support services such as case management, budgeting/job search assistance, and food/clothing (160 persons total).

- Support existing local service agencies that provide short-term shelter (up to 3 months) to households that are in immediate need of shelter and support services. Funding may be focused on but not limited to assisting households that are escaping domestic violence (40 persons total).

- Support existing local service agencies that provide transitional housing (3 to 24 months) to homeless households that are stabilized yet still require housing, case management, and other life skills in order to become self sufficient (80 persons total).

- Provide financial support to public and nonprofit organizations that provide direct services to seniors and frail elderly. Services should help seniors and the frail elderly maintain their independent living situation or ensure they are provided service that improves quality of life (1,600 seniors total).

- Provide financial support to public and nonprofit organizations that provide direct services to disabled and developmentally disabled. Services will help clients maintain their independent living situation or ensure they are provided service that improves quality of life (240 persons total).

Funding Sources: CDBG

Responsible Agencies: Development Services Department/Housing and Community Development Division

PROVISION OF ADEQUATE SITES

12. Adequate Sites

The City will maintain an inventory of vacant and underutilized sites and provide this inventory to interested developers. The City will monitor its status of meeting the Regional Housing Needs Allocation (RHNA) annually and ensure that the City has adequate sites available to accommodate its RHNA of two units. The City will promote incentives available for housing, live/work development, and mixed-use development in its Urban Plan areas.

2013-2021 Objectives: Update inventory of vacant and underutilized sites annually and provide information to interested developers. Pursue opportunities for transit-oriented development as part of the City's General Plan update. Annually monitor the status of the Fairview Developmental Center's intent for the future use of this site.

Funding Sources: Department/Division budget provided by General Fund

Responsible Agencies: Development Services Department/Planning Division

13. Mixed-Use Developments

The City will continue to promote mixed-use development in the Urban Plans and the North Costa Mesa Specific Plan, and the former Downtown Redevelopment Plan areas. Specifically the City will maintain a list of opportunity sites and market these sites to interested developers. The City will respond to market conditions and offer appropriate incentives through the Mixed Use Overlay zone. Incentives include:

- Reduced parking standards
- Reduced open space
- Increased densities
- Increased height limit
- Increased lot coverage
- Reduced setbacks

2013-2021 Objectives: Update inventory of opportunity sites annually and make inventory available to interested developers. Evaluate incentives package annually.

Funding Sources: Department/Division budget provided by General Fund

Responsible Agencies: Development Services Department/Planning Division

14. Annual General Plan Review

The City will continue to monitor the extent of residential, commercial, and industrial development on an annual basis. Sufficient detail should be provided to monitor employment growth and housing production to enhance jobs/housing balance in the City.

2013-2021 Objectives: As part of the City's annual report to State Development of Housing and Community Development (HCD) for the implementation of the General Plan (including Housing Element), provide detailed progress in residential, commercial, and industrial development. As part of this annual review process, evaluate the effectiveness of the PD Industrial zone in facilitating the development of emergency shelters.

Funding Sources: Department/Division budget provided by General Fund

Responsible Agencies: Development Services Department/Planning Division

EQUAL HOUSING OPPORTUNITY

15. Fair Housing Assistance

The City contracts with the Fair Housing Foundation to provide fair housing and tenant/landlord mediation services.

2013-2021 Objectives: Continue to provide fair housing services for all residents of the City. Promote awareness of fair housing via the City's website and distribute fair housing brochures at public counters and community locations. Make fair housing

brochures available to nonprofit agencies. Recognize April as the "Fair Housing Month" and promote fair housing events through public service announcements.

Funding Sources: CDBG

Responsible Agencies: Development Services Department/Housing and Community Development Division; Fair Housing Foundation

CHILD CARE FACILITIES

16. Promotion of Child Care Facilities

The City understands that finding adequate and convenient child care is critical to maintaining the quality of life for Costa Mesa families. The City currently allows large family day care facilities of up to 14 children in many residential zones (R1, R2-MD, R2-HD, R3) as permitted uses. Day care facilities of 15 or more children would require a conditional use permit in all residential and commercial zones, but are considered as permitted uses in the I&RS zone.

2013-2021 Objectives: Continue to apply development incentives pursuant to the State density bonus law and Costa Mesa Zoning Code to incorporate child care centers as part of an affordable housing development. Allow all incentives related to child care centers as afforded by the State density bonus provisions.

Funding Sources: Department/Division budget provided by General Fund

Responsible Agencies: Development Services Department/Planning Division

QUANTIFIED OBJECTIVES SUMMARY

Table HOU-39 summarizes the City of Costa Mesa's quantified objectives with regard to the construction, rehabilitation and preservation of housing. These objectives are established based on the City's resources available over the planning period.

Table HOU-39: Quantified Objectives Summary (2013-2021)

	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total
New Construction						
RHNA	---	1	1	---	---	2
Rehabilitation						
Owner-Occupied Housing Rehabilitation (Program 1)	8	8	8	---	---	24
Affordability						
Rental Assistance (Program 7)	442		---	---	---	442
Preservation of At-Risk Housing (Program 8)	**196**		**71**	**---**	**---**	267

Appendix A: Public Participation

A-1: Summary of Public Comments

During the first two public meetings held for the Housing Element, the focus of the discussion was on the outreach program and how the Housing Element update schedule should be adjusted so that housing issues can be considered along with the General Plan update in progress in order to achieve a cohesive vision for the community. In response to these comments, the City retooled its public outreach program and schedule for the Housing Element update and provided additional opportunities for community input.

Key comments received during the outreach process include:

- There should be a balance between ownership and rental housing.
- Affordable housing efforts should focus on permanent affordable housing.
- Preservation of neighborhood quality and housing condition is important.
- Affordable housing especially for seniors and disabled is needed.
- Housing for the homeless is needed.
- The City should reconsider density and location of higher density housing; high density ownership housing is being used as rental housing.
- A concerned is expressed that reduced parking standards, reduced open space, and increased density would impact quality of life standards for residents.
- The City should consider opportunities for transit-oriented development.
- Developmentally disabled population requires special attention regarding affordable and accessible housing.
- The City should reconsider its policy on motel conversion.
- Establish a land trust for affordable housing.
- Continue to pursue rezoning of the Fairview Developmental Center site for high density residential development.

THE Kennedy COMMISSION
www.kennedycommission.org
17701 Cowan Ave., Suite 200
Irvine, CA 92614
949 250 0909
Fax 949 263 0647

June 21, 2013

Chair Jim Fitzpatrick and Planning Commissioner Members
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626

RE: Comments on Draft 2014-2021 Housing Element Update (May 2013)

Dear Chair Fitzpatrick and Planning Commission Members:

The Kennedy Commission (the Commission) is a broad based coalition of residents and community organizations that advocates for the production of homes affordable for families earning less than $20,000 annually in Orange County. Formed in 2001, the Commission has been successful in partnering and working with jurisdictions in Orange County to create effective policies that has led to new construction of homes affordable to lower income working families.

The Commission is submitting this letter in support of the Costa Mesa Affordable Housing Coalition's letter dated June 21, 2013 in regards to the City's 2014-2021 draft Housing Element.

The Commission looks forward to working in partnership with the City to create and implement effective policies and programs in the City's draft Housing Element that will incentivize the development of homes affordable to lower income working families. Please keep us updated on the City's responses to the Coalition's recommendations and on any revisions regarding the draft Element.

If you have any questions, please free to contact Cesar Covarrubias at (949) 250-0909 or cesarc@kennedycommission.org.

Sincerely,

Cesar

Cesar Covarrubias
Executive Director

cc: Lisa Bates, California Housing and Community Development Department
Christian Abasto, Public Law Center
Kathy Esfahani, Costa Mesa Affordable Housing Coalition

Working for systemic change resulting in the production of homes affordable to Orange County's extremely low-income households

Costa Mesa Affordable Housing Coalition

June 21, 2013

Chair Jim Fitzpatrick and Planning Commissioner Members
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626

RE: Comments on Draft 2014-2021 Housing Element Update (May 2013)

Dear Chair Fitzpatrick and Planning Commission Members:

On behalf of the Costa Mesa Affordable Housing Coalition (the Coalition), we thank you for the opportunity to review and comment on the City of Costa Mesa's 2014-2021 draft Housing Element. We have reviewed the draft and are submitting this letter to provide public comments.

As the City moves forward with the draft Housing Element update, the Coalition urges the City to support and create effective policies that incentivize the development of homes affordable to lower income working families. Although for this new planning period the City has a total Regional Housing Needs Assessment (RHNA) of two dwelling units for very low- and low-income households, it is important to note that the RHNA is the bare minimum and not a maximum ceiling for future development in the City. Significantly, the City's draft Housing Element makes clear that the RHNA does not reflect or address the *existing* housing needs for lower income working families and special needs residents living in the City. Given the depth of these unmet housing needs, we are understandably disappointed at the City's lack of progress in meeting the corresponding housing production goals set forth in the 2008-2014 Housing Element.

Mindful of the need for new, effective policies that will lead to the actual development of homes affordable to lower income working families, the Coalition provides the following recommendations for the City:

1. Meaningfully engage and collaborate with the Coalition and community stakeholders to develop effective housing policies and programs that will increase affordable home opportunities for lower income working households.

2. Prioritize and facilitate the development of new rental homes affordable to lower income working families, specifically including two- and three- bedroom units for large families, on city-owned sites (e.g. Senior Center parking lot site).

    a. Create Request for Proposals (RFPs) on city-owned sites to leverage the land and funding to create deeper affordability levels.

3. Provide attractive by-right incentives and concessions of certain development standards that developers are not otherwise entitled to, in exchange for a dedication of 20% of homes affordable to extremely low-, very low- and low-income families in the City.

4. Amend the City's overlay zones (e.g., 19 West Urban Plan Area and North Costa Mesa Specific Plan) to facilitate the development of affordable homes in areas with existing commercial and light-industrial uses. Housing Program 4 in the past planning period (also offered in the current draft Element) promoted density bonus incentives and the deferral of fees for affordable home developments but it has not effectively produced rental homes for lower income families in mixed-use designations in the City. To incentivize the development of affordable homes, residential and mixed-use developments in the overlay zones should be allowed by-right if at least 20% of the homes constructed are set-aside as affordable for lower income working families.

5. Commit specific funding or financial resources to facilitate the development of homes affordable for extremely low-income, very low, and low-income working families. Examples include:

    a. Leveraging housing funds and resources (e.g,. in-lieu fees or impact fees) on potential candidate sites (e.g., Senior Center parking lot) for lower income homes that will help increase the development's competitiveness when applying for Low-Income Housing Tax Credits.

    b. Prioritizing 20% of SERAF repayments (boomerang funds) to proposed extremely low-income affordable rental developments that leverage additional funding sources (e.g., Low-Income Housing Tax Credits).

6. Create an affordable housing strategic plan, similar to the City of Anaheim, where the City commits to constructing a specific number of multi-family rental homes that will be affordable to lower income working families.

7. Prioritize the implementation of Program 4: Incentives for Affordable Housing specifically regarding the City's support to "work with the Fairview Developmental Center and its project proponent towards the provision of 100% affordable housing units on this site."[1]

8. Continue monitoring and negotiating the preservation of affordable homes that are at risk or have affordability covenants that are set to expire during the 2014-2021 planning period.

[1] Chapter 5 2013-2021 Housing, City of Costa Mesa, p.67, May 2013.

Chair Fitzpatrick and Planning Commissioner Members
June 21, 2013
Page 3 of 3

9. Reduce the parking requirement for Granny units from two to one space to make these units less expensive to develop.

Given the City's high housing costs and dearth of affordable homes, many workers and families, especially those on the lower economic rung, overpay for housing and struggle financially to live and work in this City. The significant impacts of high housing costs and lack of affordable homes not only hurt workers and families but also impact the city's economic competitiveness and attractiveness to major employers. From a major employer's perspective, the lack of affordable homes in the City means workers have to commute from elsewhere, adding to congestion and spending money and time on commuting rather than spending and reinvesting their money in the City.

Given the importance of the draft 2014-2021 Housing Element update, the Coalition welcomes the opportunity to continue our dialogue on how we can partner with City staff to ensure that the draft Housing Element includes specific policies that will result in new affordable homes for extremely low-, very low- and low-income working families in the City.

Please keep us informed of any revisions, updates and meetings regarding the draft 2014-2021 Housing Element and if you have any questions, please free to contact me at: (714) 932-1174 or kmesfahani@att.net.

Sincerely,

Kathy Esfahani

Kathy Esfahani
Member, Costa Mesa Affordable Housing Coalition

cc: Lisa Bates, California Housing and Community Development Department
Christian Abasto, Public Law Center
Cesar Covarrubias, The Kennedy Commission

THE Kennedy COMMISSION
www.kennedycommission.org
17701 Cowan Ave., Suite 200
Irvine, CA 92614
949 250 0909
Fax 949 263 0647

September 17, 2013

The Honorable Mayor Jim Righeimer, Mayor of Costa Mesa
and Members of the Costa Mesa City Council
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626

RE: Comments on Draft 2014-2021 Housing Element Update (September 2013)

Dear Mayor Righeimer and Members of the City Council:

The Kennedy Commission (the Commission) is a broad based coalition of residents and community organizations that advocates for the production of homes affordable for families earning less than $20,000 annually in Orange County. Formed in 2001, the Commission has been successful in partnering and working with jurisdictions in Orange County to create effective policies that has led to the new construction of homes affordable to lower income working families.

The Commission is submitting this letter in support of the Costa Mesa Affordable Housing Coalition's recommendations that are outlined in their letter dated September 3, 2013 in regards to the City's 2014-2021 draft Housing Element. In addition, the Commission recommends the City to strengthen Housing Program 10: Adaptive Reuse for Multi-Family Housing to include specific language that prioritizes the construction of homes affordable to extremely low-, very low- and low-income working households.

The Commission looks forward to working in partnership with the City to create and implement effective policies and programs in the City's draft Housing Element that will incentivize the development of homes affordable to lower income working families. Please keep us updated on the City's responses to the Coalition's recommendations and on any revisions regarding the draft Element.

If you have any questions, please free to contact Cesar Covarrubias at (949) 250-0909 or cesarc@kennedycommission.org.

Sincerely,

Cesar

Cesar Covarrubias
Executive Director

cc: Paul McDougall, California Housing and Community Development Department
Christian Abasto, Public Law Center
Kathy Esfahani, Costa Mesa Affordable Housing Coalition

Working for systemic change resulting in the production of homes affordable to Orange County's extremely low-income households

Costa Mesa Affordable Housing Coalition

September 3, 2013

Ms. Hilda Veturis, Management Analyst
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626

RE: Comments on Draft 2014-2021 Housing Element Update (May 2013)

Dear Ms. Veturis:

On behalf of the Costa Mesa Affordable Housing Coalition (the Coalition), we thank you for the opportunity to review and comment on the City of Costa Mesa's 2014-2021 draft Housing Element. We have reviewed the draft and are submitting this letter to provide public comments.

As the City moves forward with the draft Housing Element update, the Coalition urges the City to support and create effective policies that incentivize the development of homes affordable to lower income working families. Although for this new planning period the City has a total Regional Housing Needs Assessment (RHNA) of two dwelling units for very low- and low-income households, it is important to note that the RHNA is the bare minimum and not a maximum ceiling for future development in the City. Significantly, the City's draft Housing Element makes clear that the RHNA does not reflect or address the *existing* housing needs for lower income working families and special needs residents living in the City. Given the depth of these unmet housing needs, we are understandably disappointed at the City's lack of progress in meeting the corresponding housing production goals set forth in the 2008-2014 Housing Element.

Mindful of the need for new, effective policies that will lead to the actual development of homes affordable to lower income working families, the Coalition provides the following recommendations for the City:

1. Meaningfully engage and collaborate with the Coalition and community stakeholders to develop effective housing policies and programs that will increase affordable home opportunities for lower income working households.

2. Continue to support the development of affordable homes on the Fairview Developmental Center site by changing the land use designation and rezoning the site from Public/Institutional to High Density Residential. The Fairview Developmental Center project, which proposed 242 affordable apartment homes for families and the developmentally disabled, has been withdrawn by the State; however, the site still presents a great potential to provide affordable home opportunities and address the City's existing housing needs for lower income families.

Ms. Hilda Veturis
September 3, 2013
Page 2 of 4

3. Support and identify a specific site for the development of an emergency shelter for the City's homeless.

4. Reinstate Program 12: Single-Room Occupancy (SRO), Family Residential Occupancy (FRO) Extended Stay Units as a stand-alone program from the 2008-2014 Housing Element to the current draft 2014-2021 Housing Element.

5. Prioritize and facilitate the development of new rental homes affordable to lower income working families, specifically including two- and three- bedroom units for large families, on city-owned sites (e.g., Costa Mesa Senior Center parking lot site).

    a. Create an Affordable Housing Land Trust and donate city-owned sites to the trust.

    b. Create Request for Proposals (RFPs) on city-owned sites to affordable home developers who would effectively leverage the land and funding to create deeper affordability levels.

6. Provide attractive by-right incentives and concessions of certain development standards that developers are not otherwise entitled to, in exchange for a dedication of 20% of homes affordable to extremely low-, very low- and low-income families in the City.

7. Amend the City's overlay zones (e.g., 19 West Urban Plan Area and North Costa Mesa Specific Plan) to include effective incentives that will facilitate the development of affordable homes in areas with existing commercial and light-industrial uses. Housing Program 4 in the past planning period (also offered in the current draft Element) promoted density bonus incentives and the deferral of fees for affordable home developments; however, it has not effectively produced rental homes for lower income families in mixed-use designations in the City. To incentivize the development of affordable homes, residential and mixed-use developments in the overlay zones should be allowed by-right if at least 20% of the homes constructed are set-aside as affordable for lower income working families.

8. Commit specific funding or financial resources to facilitate the development of homes affordable for extremely low-income, very low, and low-income working families. Examples include:

    a. Leveraging housing funds and resources (e.g,. in-lieu fees or impact fees) on potential candidate sites (e.g., Costa Mesa Senior Center parking lot) for lower income homes that will help increase the development's competitiveness when applying for Low-Income Housing Tax Credits.

b. Prioritize and commit potential funding sources (e.g., SERAF repayments and boomerang funds) to proposed extremely low-income affordable rental developments that leverage additional funding sources (e.g., Low-Income Housing Tax Credits).

9. Identify city-owned sites in the draft Housing Element (e.g., Costa Mesa Senior Center parking lot, Civic Center Park etc.) and include these sites to the City's inventory of vacant and under-utilized sites under Program 11: Adequate Sites.

10. Encourage the development of housing affordable to extremely low-income households through application processing fee waivers for proposed developments with a minimum of ten percent very low-income homes (e.g., please refer to Huntington Beach's 2014-2021 Housing Element Program 14).

11. Create an affordable housing strategic plan in which the City commits to constructing a specific number of multi-family rental homes that will be affordable to lower income working families (e.g., please refer to Anaheim's Affordable Housing Strategic Plan).

12. Continue monitoring and negotiating the preservation of affordable homes that are at risk or have affordability covenants that are set to expire during the 2014-2021 planning period.

13. Reduce the parking requirement for Granny units from two to one space to make these units less expensive to construct.

14. Evaluate on an annual basis how successful the identified Planned Development Industrial (PDI) zone will be in facilitating the development of emergency homeless shelters.

Given the City's high housing costs and dearth of affordable homes, many workers and families, especially those on the lower economic rung, overpay for housing and struggle financially to live and work here. The significant impacts of high housing costs and lack of affordable homes not only hurt workers and families but also impact the City's economic competitiveness and attractiveness to major employers. From a major employer's perspective, the lack of affordable homes in the City means workers have to commute from elsewhere, adding to congestion and spending money and time on commuting rather than spending and reinvesting their money in the City.

Given the importance of the draft 2014-2021 Housing Element update, the Coalition welcomes the opportunity to continue our dialogue on how we can partner with City staff to ensure that the draft Housing Element includes specific policies that will result in new affordable homes for extremely low-, very low- and low-income working families in the City.

Ms. Hilda Veturis
September 3, 2013
Page 4 of 4

Please keep us informed of any revisions, updates and meetings regarding the draft 2014-2021 Housing Element and if you have any questions, please free to contact Kathy Esfahani at: (714) 932-1174 or kmesfahani@att.net.

Sincerely,

Kathy Esfahani

Kathy Esfahani
For The Costa Mesa Affordable Housing Coalition

cc: Lisa Bates, California Housing and Community Development Department
Christian Abasto, Public Law Center
Cesar Covarrubias, The Kennedy Commission

dailypilot.com/opinion/tn-dpt-me-0911-commentary1-20130909,0,1096795.story

Daily Pilot

Community: General plan must address affordable housing

By Ryan Esfahani

12:52 PM PDT, September 9, 2013

advertisement

Anyone who pays attention to the doings of the Costa Mesa City Council knows that our city is busy updating its general plan.

The press has covered the many public meetings, creative outreach efforts and road shows aimed at getting Costa Mesa residents involved in this communal act of visioning future development in the city.

But, sadly, scant attention has been paid to a crucial part of the general plan update. With little press coverage or public input, the City Council is currently reviewing proposed revisions to the city's housing element, the road map for meeting the city's housing needs for the next seven years.

Looking through the Draft 2014-2021 Housing Element, one thing is clear: The housing market is not meeting the needs of large numbers of Costa Mesans. Housing prices simply do not match most people's wages.

This is the result of the steep increase in home prices and rents over the past decade and the relatively modest growth in wages. Although the collapse of the housing market in 2008 caused a significant drop in home prices, from a median of $750,000 for a single family home in 2007 to $530,000 in 2012, that 2012 median price is still $300,000 higher than it was in 1997.

The housing element explains the affordability gap: "To afford a median priced single-family home in Costa Mesa, an annual salary of $107,360 would be needed, and a person has to make approximately $67,080 to afford a median-priced condominium. Most occupations in Orange County offer much lower salaries. Similarly, most occupations offer wages below what would be needed to afford an average-priced three-bedroom apartment in Costa Mesa."

Orange County is the fourth most expensive metropolitan area in the United States. In order to afford a market-rate two-bedroom apartment, an individual needs to earn an hourly wage of $31.17. But economists project that seven out of 10 job openings in Orange County this decade will be in jobs earning less than $12 an hour.

When the majority of jobs in a region do not pay enough for workers to afford housing, the problem is not a personal one but a challenge the community must tackle together.

What does it really mean to be unable to afford housing? Housing is not a luxury good. People need housing whether they can afford it or not. This fact forces thousands of Costa Mesans to live under great financial stress.

They have less money for healthcare and transportation and for paying down debt. And for those households struggling under a severe cost burden — hundreds of Costa Mesa households pay more than 50% of their income for housing — the situation is even more painful.

Growing up in Costa Mesa and attending local public schools, including Estancia High, I watched many of my peers struggle with the burden of high housing costs. For one friend, high mortgage payments meant her parents were unable to buy health insurance for the family. Sadly, this meant my friend has had to fight her undiagnosed depression alone and without the option of medication.

One guy I knew had to move three times during high school because his family's rent kept rising.

Another friend of mine lived during most of high school in a single room at the Costa Mesa Motor Inn, along with his parents and siblings. Recent articles in the Daily Pilot have highlighted the inadequacy of the motels for the hundreds of long-term residents, like my friend and his family, who live in the motels as a last resort, one step above homelessness.

The motels are expensive, but at least a family can get a room without putting up a security deposit and first and last months' rent. Most rooms have nothing but a sink for a "kitchen," and many of the motels have long-standing complaints of unsanitary and unsafe conditions, not to mention crime.

My friend's family eventually saved up enough to move out and get an apartment, making them unique. Most motel families are unable to save enough to move someplace better.

While the high cost of housing in Costa Mesa causes financial strain for many, including thousands of middle-income earners, the predicament of the poor, especially "very low" and "extremely low" income families, demands immediate action. By acting on a few crucial initiatives, Costa Mesa can improve life for countless families that face the threat of homelessness and the deprivations caused by paying unaffordable rents.

First, the city needs to do its best to renew the affordable housing agreements with apartment owners that are set to expire. We can't afford to lose what affordable housing we have.

Second, we need to consider how to provide better housing for those families trapped in unaffordable, squalid, crime-ridden motels. The city should use its savvy, clout and existing pot of "motel money" ($500,000 allocated this year and next) to assist a nonprofit developer in acquiring a motel for conversion into an "FRO" (family residential occupancy) complex that would provide two- and three-room units with real kitchen facilities for small families, at rates affordable to the extremely low-income.

With the help of grant money, the nonprofit could offer on-site supportive services like job training, child care, after-school tutoring and enrichment classes, and mental health services, to help the families build a better future for themselves, especially the children.

Third, the city should encourage the state to proceed with the long-promised affordable housing project for low-income families and for the developmentally disabled on 10 acres of the Fairview Developmental Center property. The project stalled in Sacramento this year, but Costa Mesa can encourage the development by rezoning the site to high-density residential and communicating its support for this important project to state officials.

Finally, the city should use the many tools at its disposal to encourage builders to develop outstanding, attractive rental housing that is affordable for low- and very-low-income working families. For example, the city should create effective incentives such as density bonuses, "by right" development, and the deferral of fees for affordable projects.

The city could really spark some action by donating a city-owned site to an affordable-housing land trust and issue a "request for proposal" (RFP) to developers for an affordable project to be built on the donated site.

There is much Costa Mesa can do to address its critical lack of affordable housing for low-income families. A strong first step would be for the City Council to revise the 2014-2021 Housing Element to include the four strategies suggested here.

RYAN ESFAHANI is a Costa Mesa resident and a college senior at UC Berkeley. He spent part of the summer as an intern with the Costa Mesa Affordable Housing Coalition, studying affordable-housing issues.

A-2: Response to Public Comments

In response to these comments, the Draft Housing Element includes policies and programs to encourage housing for persons with developmental disabilities, transit-oriented development, and condominium conversion. A new program is included in the Draft Housing Element to facilitate the conversion of motels into permanent housing for families. The public is reminded that many of the land use related issues are being discussed and explored as part of the General Plan Land Use Element update that is underway. Changes to the Land Use Element could potentially warrant revisions to the Draft Housing Element at a later stage. However, the City Council has determined that a land trust is infeasible for the City of Costa Mesa.

Public Input Received	Additions Made to Housing Element
The public commented on the following:	The following additions to the Housing Element were made pursuant to public input. They are in bold print below. New policies and goals were added under Section 5.8 GOALS, POLICIES, AND PROGRAMS in addition to other changes shown below :
1. Provide additional incentives for affordable housing related to proximity to transportation	Goal HOU-3: PROVISION OF ADEQUATE SITES ***Policy No. HOU-3.5 – Encourage transit-oriented development along transportation corridors.***
2. Encourage and support affordable residential development to meet the needs of the developmentally disabled based on universal design principles	Goal HOU-4: EQUAL HOUSING OPPORTUNITY ***Policy No. HOU-4.5 – Encourage and support the construction, maintenance and preservation of residential developments to meet the needs of the developmentally disabled.***
3. Facilitate the processing of permanent affordable housing projects, which include accessible units for the disabled and expand housing options in the community.	Preserving and Expanding Affordable Housing Opportunities: ➢ Page 68 – Program 4. Incentives for Affordable Housing 2013-2021 Objectives: Promote the use of density bonus incentives and deferral of fees for affordable housing projects, including but not limited to, the Urban Plan areas and in North Costa Mea Specific Plan area. Density bonus information is available on the City's website and at the public counter and will be provided to developers of projects in the Urban Plan and North Costa Mesa Specific Plan areas. ***Utilize the HOME Community Housing Development Organization (CHDO) funds to pursue affordable housing projects, especially for permanent affordable projects that may include accessible units for the disabled.*** ➢ Page 68 - Program 6. Federal/State Housing Programs 2013-2021 Objectives: Encourage private sector to utilize available Federal and Sate housing programs to increase the supply of extremely low, very low, low and moderate income housing. If proposed projects are consistent with the vision, goals, and objectives of the City's General Plan and other planning documents that guide residential

Public Input Received	Additions Made to Housing Element
	development, the City will provide letters of support for funding applications. ***In conjunction with potential affordable housing projects in the City, the City will pursue affordable housing funds from HCD to leverage local resources. Periodically, the City will contact nonprofit housing developers to explore potential affordable housing projects and funding possibilities.*** ➢ Page 70 – Program 10. Adaptive Reuse for Multi-Family Housing ***Adaptive Reuse for Multi-family Housing – the City may allow, subject to a Zoning Code Amendment authorized by City Council, the adaptive reuse of an existing motel use to a residential use for multi-family housing.***

A-3: Response to Comment Letter by the Costa Mesa Affordable Housing Coalition

The City received a comment letter by the Costa Mesa Affordable Housing Coalition, dated September 3, 2013 and provides the following responses:

Comment 1: Meaningful engagement and collaborate with the Coalition and community stakeholders to develop effective housing policies and programs.

Response: The City significantly expanded its outreach program for the General Plan update that includes the Housing Element. Specific meetings were dedicated for obtaining community input on the Housing Element:

- May 15, 2013 – Community Workshop
- May 28, 2013 – Planning Commission meeting
- June 13, 2013 – Community Workshop
- June 19, 2013 – Community Workshop
- June 24, 2013 – Planning Commission meeting
- September 17, 2013 – City Council meeting

In addition, the City held five Road Shows where residents and stakeholders discussed housing and other General Plan issues.

- July 10, 2013 – Meeting with local home builders
- August 20, 2013 – Meeting with Eastside Neighbors Group
- August 27, 2013 – Meeting with the Building Industry Association of Southern California
- September 24, 2013 – Meeting with the Costa Mesa Chamber of Commerce
- October 2, 2013 – Meeting with Mesa Verde Community Association

Several program revisions in the Draft Housing Element are direct response to public comments (see summary table provided earlier and further discussions below).

Comment 2: Continue to support the development of affordable homes on the Fairview Developmental Center site.

Response: The Fairview Developmental Center withdrew its application to develop affordable housing on site. The City has included a monitoring component in Program 12 (Adequate Sites) to monitor the State's intent for the site.

Comment 3: Support and identify a specific site for the development of an emergency shelter.

Response: As required by law, the City has identified the PD Industrial zone to permit emergency shelters by right. The City only has the authority to designate a zone for allowable uses but does not have the authority to designate private properties for public uses.

Comment 4: Reinstate Program 12 - Single-Room Occupancy, Family Residential Occupancy (FRO) as a stand-alone program.

Response: Currently, most motels in the City already incorporate an extended stay component. Based on comments from stakeholders at public meetings, FROs or existing motel rooms are not an appropriate housing arrangement for families. The City has introduced a new program to facilitate and encourage adaptive reuse of motels into permanent housing for families (Program 10).

Comment 5: Prioritize and facilitate the development of new rental homes affordable to lower income working families on City owned sites. Create an Affordable Housing Land Trust and issue RFP on City owned sites for affordable housing.

Response: The City owns only a few properties – two City-owned parking lots serving under-parked commercial areas; Senior Center with associated parking lot; and a vacant property at 111 Fair Drive that is set aside for an institutional use. Given the small portfolio, an Affordable Housing Land Trust is not an appropriate or feasible tool. No affordable housing developers have expressed interest in utilizing the Senior Center parking lot. Furthermore, the City is in the process of updating its Land Use Element, which will consider various options for the site.

Comment 6: Provide attractive by-right incentives and concessions of certain development standards that developers are not otherwise entitled to, in exchange for a dedication of 20 percent of homes affordable to extremely low, very low, and low income families.

Response: The City does not have an inclusionary housing ordinance. Given the current market conditions and the Governor's veto of AB 1229 (to restore inclusionary housing policies), the City is not in the position to consider inclusionary zoning at this time.

Comment 7: Amend the City's overlay zones to include effective incentives that will facilitate the development of affordable homes in areas with existing commercial and light industrial uses.

Response: The overlay zones (in Urban Plan areas) allow residential and mixed use developments in areas that normally do not allow residential uses. The flexible development standards are established to encourage a range of housing options in these areas. Affordable housing incentives are available citywide, including fee deferrals and density bonus.

The City has recently amended the Specific Plan to allow high density residential at 28 units per acre on Sakioka Lot 2. Overall, the City's residential sites inventory far exceeds its RHNA allocation of two units. Furthermore, as part of the City's General Plan update, the City is considering other areas for future residential development.

Comment 8: Commit specific funding or financial resources to facilitate the development of homes affordable for extremely low, very low, and low income working families. Leverage housing funds on

potential candidate sites). Prioritize and commit potential funding sources (SERAF repayments and boomerang funds) to proposed extremely low income affordable rental developments.

Response: The legislation and its interpretation governing the amount of redevelopment funds that a successor agency is able to retain is constantly changing. The amount of redevelopment funds that the Costa Mesa Successor Agency may be able to retain, if any, cannot be determined at this time. The City is not in the position to designate how such unknown funds may be expended in the future.

Comment 9: Identify city-owned sites in the draft Housing Element and include these sites to the City's inventory of vacant and underutilized sites.

Response: The City's RHNA is only two units and the City has identified an inventory of sites that is more than adequate to accommodate its RHNA. The City owns only a few properties – two City-owned parking lots serving under-parked commercial areas; Senior Center with associated parking lot; and a vacant property at 111 Fair Drive that is set aside for an institutional use. The Senior Center parking lot site has been available for affordable housing development as identified in the 2008 Housing Element. However, to this date no affordable housing developers have expressed interest. The future uses of these sites are being considered as part of the City's General Plan Update currently underway.

Comment 10: Encourage the development of housing affordable to extremely low income households through application processing fee waivers for proposed development with a minimum of ten percent very low income homes.

Response: The City has revised the Draft Housing Element to provide fee waivers for projects that include at least ten percent of the units as housing affordable to extremely low income households.

Comment 11: Create an affordable housing strategic plan in which the City's commits to constructing a specific number of multi-family rental homes that will be affordable to lower income working families.

Response: The City does not have an inclusionary housing policy and does not have adequate funding to subsidize new construction. The City is not in the position to commit to constructing a specified number of affordable units. The City will continue to partner with nonprofit and other housing developers as those opportunities arise to provide a range of housing options in the City.

Comment 12: Continue monitoring and negotiating the preservation of affordable homes that are at risk or have affordability covenants that are set to expire during the planning period.

Response: The City will continue to monitor the status of at risk housing units. The City has a demonstrated history of working with property owners to extend affordability controls on publicly assisted affordable housing projects. However, the City recognizes scattered sites affordable units provided through the Density Bonus ordinance are difficult to preserve, given that the rents for the affordable units are only restricted at affordable levels but not subsidized with public funds. The City's strategy is to replenish the affordable housing inventory by encouraging the use of density bonus on new developments. Also, the City has revised the program to require property owners of density bonus projects to provide a two-year notice to existing and potential tenants regarding the remaining length of affordability controls.

Comment 13: Reduce the parking requirement for granny units from two to one space.

Response: The City's second unit ordinance provides for the construction of a detached or attached accessory unit. The maximum unit size is 1,200 square feet for a detached unit or up to 30 percent of the footprint of the main unit for an attached unit. These standards were established to facilitate second units as affordable housing options not only for seniors but also for family households. Therefore, given the generous unit size, the two parking spaces per unit are appropriate.

Comment 14: Evaluate on an annual basis how successful the identified Planned Development Industrial zone will be in facilitating the development of emergency homeless shelters.

Response: The City will continue to monitor the effectiveness of the PD Industrial zone for emergency shelters.

A-4: Outreach Materials

CITY OF COSTA MESA

2012/2023 General Plan Update

The City of Costa Mesa is Updating its General Plan

State law requires that each city adopt a General Plan "for the physical development of a city and any land outside its boundaries which bears relation to its planning". A General Plan should be updated periodically every ten years.

"Great Reach" to the Community

The General Plan update may be best accomplished by receiving and incorporating input from a wide segment of the community. Staff was directed by City Council to hold monthly community workshops discussing the process and details of the draft plan in the next few months. We strongly encourage all residents, business owners and community leaders to participate in the public workshops since their input is invaluable to the process.

Please refer to the City's Website for updates. The website will be updated periodically for the final dates and locations of the community workshops and meetings. You may also contact the Planning Divisions at 714/754-5245 if you have any questions.

General Plan Road Shows

In addition to the workshops, monthly road shows will be held during business hours at various locations throughout the City. The following are tentative dates and locations; please refer to the website for updated information.

- **Wednesday, June 26, 2013**
  Meeting with Newport Beach Association of Realtors
  (includes Costa Mesa and Newport Beach)
  Time - 9:00 to 11:00 a.m.
  Location - City of Costa Mesa
  City Hall, Conf. Rm 1A

UPDATED, June 11, 2013

UPCOMING COMMUNITY WORKSHOPS

- **Thursday, June 13, 2013**
  Housing Element Workshop
  Time - 6:00 to 7:30 p.m.
  Location - City of Costa Mesa
  Emergency Operations Center (EOC)
  99 Fair Drive, Costa Mesa
- **Wednesday, June 19, 2013**
  Visioning Workshop
  Time - 6:00 to 7:30 p.m.
  Location - City of Costa Mesa
  Emergency Operations Center (EOC)
  99 Fair Drive, Costa Mesa
- **Friday, June 28, 2013**
  Visioning Workshop
  Time - 10:00a.m. to 5:00 p.m.
  Location - City of Costa Mesa
  Staff booth at the 60th Anniversary
  Weekend Celebration
- **Tuesday, July 9, 2013**
  Housing Element Workshop
  Time - 6:00 to 7:30 p.m.
  Location - City of Costa Mesa
  City Hall, Conference Room 1A
- **Wednesday, July 17, 2013**
  Visioning Workshop
  Time - 6:00 to 7:30 p.m.
  Location - City of Costa Mesa
  Emergency Operations Center (EOC)
  99 Fair Drive, Costa Mesa
- **Wednesday, August 21, 2013**
  Land Use Alternatives Workshop
  Time - 6:00 to 7:30 p.m.
  Location - City of Costa Mesa
  Emergency Operations Center (EOC)
  99 Fair Drive, Costa Mesa
- **Wednesday, September 18, 2013**
  Circulation Element Workshop
  Time - 6:00 to 7:30 p.m.
  Location - City of Costa Mesa
  Emergency Operations Center (EOC)
  99 Fair Drive, Costa Mesa
- **Wednesday, October 16, 2013**
  Circulation Element Workshop
  Time - 6:00 to 7:30 p.m.
  Location - City of Costa Mesa
  Emergency Operations Center (EOC)
  99 Fair Drive, Costa Mesa
- **Wednesday, November 20, 2013**
  Preferred Alternatives Workshop
  Time - 6:00 to 7:30 p.m.
  City of Costa Mesa
  Emergency Operations Center (EOC)
  99 Fair Drive, Costa Mesa

FL-526