



# CITY OF COSTA MESA

77 Fair Drive  
Costa Mesa, CA 92626

## Agenda Report

---

**File #:** 24-355

**Meeting Date:** 10/1/2024

---

**TITLE:**

**AMENDMENTS TO PROFESSIONAL SERVICES AGREEMENTS WITH SPIN AND FAMILIES FORWARD TO EXPAND EVICTION PREVENTION SERVICES FOR COSTA MESA RESIDENTS**

**DEPARTMENT:** CITY MANAGER'S OFFICE

**PRESENTED BY:** NATE ROBBINS, NEIGHBORHOOD IMPROVEMENT MANAGER

**CONTACT INFORMATION:** NATE ROBBINS, 714-754-5274

**RECOMMENDATION:**

Staff recommends the City Council:

1. Approve Amendment No. One to the Professional Services Agreement with Families Forward, amending the Scope to allow eviction prevention services for Costa Mesa residents.
2. Approve Amendment No. One to the Professional Services Agreement with Serving People In Need (SPIN), amending the Scope to allow eviction prevention services for Costa Mesa residents.
3. Authorize the City Manager and City Clerk to execute all agreements and any amendments to the agreements.

**BACKGROUND:**

On November 7, 2023, the City Council voted to adopt Urgency Ordinance No. 2023-04, Just Cause Residential Tenant Protections, and declaring the Ordinance to be an emergency measure to take effect immediately upon adoption. The Ordinance codified the provisions of Assembly Bill 1482 (AB1482) and Senate Bill 567 (SB567), and further increased tenant protections by requiring property owners to notify the City within 72 hours of serving a tenant a no-fault just cause eviction and required property owners to pay relocation assistance.

In addition to adopting the Ordinance, the City Council appropriated \$300,000 in American Rescue Plan Act (ARPA) funds to be awarded to SPIN and Families Forward for the provision of supplemental case management and financial assistance exclusively for Costa Mesa households facing no-fault evictions. Specific services available through this program include:

- Up to \$500 for moving-related expenses (i.e., moving van, dumpster rental, boxes, etc.).
- Financial assistance related to move-in expenses (i.e., application fees, holding fees, security

deposit, utility deposit, etc.).

- Up to three (3) months of rental assistance to ensure financial stability.
- Ongoing case management and connection to benefits/resources to ensure housing stability.

The Professional Services Agreements with SPIN and Families Forward went into effect on April 2, 2024. Between March 26, 2024, and September 17, 2024, the City received eleven (11) notifications from property owners regarding no-fault evictions. Of the eleven (11) notifications:

- Two (2) were not applicable as they involved a breach of the lease;
- Five (5) were voided due to non-compliance with the requirements of the Ordinance; and
- Four (4) were upheld, which resulted in the eviction of ten (10) total housing units.

Of the ten (10) households facing no-fault eviction, only four (4) requested supplemental financial assistance and were subsequently referred to SPIN and Families Forward. In serving these four (4) households, SPIN and Families Forward have expended less than \$7,000 of the \$300,000 they were awarded, leaving an available balance of approximately \$293,000.

### **ANALYSIS:**

#### Costa Mesa Housing Data

According to the 2023 American Community Survey (ACS), Costa Mesa has approximately 44,000 housing units, of which 60 percent (26,400 units) are renter-occupied. For the 26,400 rental units, the median gross rent in Costa Mesa is \$2,458, with the average 2- and 3-bedroom units approaching and exceeding \$3,000, respectively. Rental rates in Costa Mesa are significantly higher than the national average of \$1,564/month, and just slightly lower than the Orange County average of \$2,678/month. Recent studies show nearly half of renters in Costa Mesa experience housing cost burdens that exceed 30-percent of their gross income, and over a quarter of renters experience severe housing cost burdens that exceed 50-percent of their gross income.

#### Costa Mesa Rental Assistance

Between June 21, 2022, and June 18, 2024, the City Council awarded Mercy House \$2,050,000 (\$1,550,000 in ARPA funds and most recently in June 2024, \$500,000 in FEMA funds) to provide rental assistance to Costa Mesa residents at risk of eviction due to non-payment of rent. To date, Mercy House has assisted 121 households (278 individuals) with supplemental financial assistance to keep families in their homes. Mercy House has adequate funding to assist the 35 households currently enrolled in the Program. However, they have received requests from over 60 households, which their remaining balance of funds is unable to support. As such, Mercy House has ceased taking new referrals for rental assistance and anticipates exhausting all funding before the end of the calendar year.

#### Proposed Amendments

As discussed above, SPIN and Families Forward have expended less than \$7,000 of the \$300,000 they were awarded to provide rental assistance to households facing no-fault eviction. The proposed amendments to the agreements with SPIN and Families Forward would also allow assistance to Costa Mesa households at or below 50% AMI, and who are at *imminent* risk of eviction (i.e., received a 3-day notice to pay or quit) due to non-payment of rent. Salient components of the proposed

amendments to the eviction prevention program include:

- Referrals to be made by a Costa Mesa Community Outreach Worker
- Maximum amount of rental arrears is \$10,000 per household
- Maximum term of rental assistance is six (6) months
  - Participating households will be reassessed after three (3) months to determine if continued assistance is needed

### Projected Accomplishments

The balance of unexpended funds between both providers is approximately \$293,000. SPIN has a remaining balance of \$109,500 and anticipates assisting 5-10 households. Families Forward has a remaining balance of \$178,765 and anticipates assisting 10-15 households. Combined, the providers estimate assisting 15-25 households with short-term rental assistance to prevent eviction due to non-payment of rent.

### ALTERNATIVES:

The City Council can choose to maintain the current program parameters to only assist Costa Mesa households who have been served a no-fault eviction.

### FISCAL REVIEW:

There is no impact to the General Fund (Fund 101). American Rescue Plan Funds (ARPA) funding in the amount of \$300,000 was approved by City Council on November 7, 2023, and appropriated in the Housing Authority Fund (Fund 222).

### LEGAL REVIEW:

The City Attorney's office has reviewed this report and approved it as to form.

### CITY COUNCIL GOALS AND PRIORITIES:

This item supports the following City Council Goal:

- Diversify, Stabilize and Increase Housing to Reflect Community Needs

### CONCLUSION:

Staff recommends the City Council:

1. Approve Amendment No. One to the Professional Services Agreement with Families Forward, amending the Scope to allow eviction prevention services for Costa Mesa residents.
2. Approve Amendment No. One to the Professional Services Agreement with Serving People In Need (SPIN), amending the Scope to allow eviction prevention services for Costa Mesa residents.
3. Authorize the City Manager and City Clerk to execute all agreements and any amendments to the agreements.