



## MEMORANDUM

TO: Honorable Mayor and City Council  
Cecilia Gallardo-Daly, City Manager

FROM: Carrie Tai, AICP, Economic and Development Services Director *CT*  
Anna McGill, Advanced Planning Manager *AMG*

DATE: March 17, 2026

SUBJECT: March 17, 2026 City Council Meeting Agenda Public Hearing Item #4

Following publication of the March 17, 2026 City Council Agenda and material, Drawbridge Realty, the property owner for 3333 Susan Street, and tenant Anduril, expressed concerns about the proposed Mixed-Use Overlay District (MUOD) affecting future land use options. There was no timely option for this property owner to request removal from the City's Housing Element Sites Inventory, as the property owner's request letter was received on March 5, 2026, following the Planning Commission recommendation hearing.

On February 9, 2026, as part of their recommendation to the City Council, the Planning Commission requested that the proposed MUOD (Section 13-83.58(b)(3)) include an exception for certain properties to be excluded from the MUOD. (While the exception was intended to apply to those currently requesting to be removed from the City's Housing Element Sites inventory, the Planning Commission recognized timing implications and encouraged staff to also include other properties, as appropriate timing and actions allowed.)

The exception language was not included in the proposed Zoning Code Amendments for the March 17, 2026 agenda due to agenda timing initially rendering the exception language moot. However, to address the concerns of Drawbridge and Anduril and provide reassurance that the MUOD will not be applicable to their property, staff recommends that the City Council include the following three additional actions as part of the recommendation:

- 1) In Attachment 2 – Exhibit A - Insertion of the following language (shaded) into Section 13-83.58(b)(3):

**Exception.** The provisions of this Section also shall not apply to residential, mixed-use, or other projects located within the boundaries of the Fairview Developmental Center Specific Plan or of any of the following properties identified in Table B-6 of the Housing Element:

| <u>HE Site</u> | <u>Address or APN</u>             | <u>HE Site</u> | <u>Address or APN</u>     | <u>HE Site</u> | <u>Address or APN</u>    |
|----------------|-----------------------------------|----------------|---------------------------|----------------|--------------------------|
| <u>96</u>      | <u>610 W. 18<sup>th</sup> St.</u> | <u>140</u>     | <u>685 Sunflower Ave.</u> | <u>195</u>     | <u>2180 Harbor Blvd.</u> |
| <u>134</u>     | <u>3390 Harbor Blvd.</u>          | <u>141</u>     | <u>3410 Bristol St.</u>   | <u>198</u>     | <u>APN: 140-041-83</u>   |
| <u>136</u>     | <u>3390 Harbor Blvd.</u>          | <u>145</u>     | <u>3333 Bristol St.</u>   | <u>203</u>     | <u>1590 Adams Ave.</u>   |
| <u>137</u>     | <u>3315 Fairview Rd.</u>          | <u>146</u>     | <u>APN: 412-491-11</u>    | <u>204</u>     | <u>1590 Adams Ave.</u>   |
| <u>138</u>     | <u>1201 S. Coast Dr.</u>          | <u>147</u>     | <u>3333 Bristol St.</u>   | <u>205</u>     | <u>3420 Bristol St.</u>  |
| <u>139</u>     | <u>3400 Bristol St.</u>           | <u>194</u>     | <u>2180 Harbor Blvd.</u>  | <u>196</u>     | <u>3333 Susan St.</u>    |

- 2) In Attachment 2 – Exhibit B – Direct staff to revise the draft zoning map to remove the proposed MUOD from 3333 Susan Street.
- 3) In Attachment 5 – Exhibit A - Direct staff to revise the draft maps (Figures 3 and 4 of the North Costa Mesa Specific Plan) to remove the proposed MUOD from 3333 Susan Street.

Attachments: 1) Revised Attachment 2 – Exhibit A

## Article 11. Mixed-Use Overlay District (MUOD)

### 13-83.50. Purpose

### 13-83.51. Definitions

### 13-83.52. Mixed-use development types

### 13-83.53. Application review procedures in mixed-use overlay district

### 13-83.54. Mixed-use development standards

### 13-83.55. Mixed-use compatibility standards

### 13-83.56. Phase mixed-use developments

### 13-83.57. Harbor Mixed-Use Overlay

### 13-83.58. Properties identified in Housing Element

#### (a) Purpose.

- (1) The purpose of this Section is to implement the City's currently adopted Housing Element by establishing zoning provisions for sites identified in the Housing Element Sites Inventory to accommodate the City's lower-, moderate-, and above-moderate-income Regional Housing Needs Allocation (RHNA) consistent with Government Code sections 65583 and 65583.2, Subsections (c), (h) and (i).

#### (b) Applicability.

- (1) The provisions of this Section shall apply to all sites identified in the City's currently adopted Housing Element Sites Inventory to accommodate the City's RHNA, shown in the Housing Element as Table B-6: Sites to Accommodate Costa Mesa 2021-2029 RHNA or any future adopted Housing Element Sites Inventory to accommodate the City's RHNA.
- (2) **Previously Identified Sites.** The provisions of this Section shall also apply to any non-vacant Housing Element Site that was identified in a prior Housing Element and any vacant Housing Element Site that was identified in two or more consecutive prior Housing Elements, consistent with Government Code Section 65583.2 Subsection (c). Such sites shall be subject to the minimum density and by-right approval standards established in this Section. Such sites are identified in the City's currently adopted Housing Element Sites Inventory, shown as Table

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ERRATA – PH #4 – ATTACHMENT 2 – EXHIBIT A

B-6: Sites to Accommodate Costa Mesa 2021-2029 RHNA or any future adopted Housing Element Sites Inventory to accommodate the City’s RHNA.

- (3) **Exception.** The provisions of this Section shall not apply to residential projects or mixed-use projects having residential units located within the boundaries of the Fairview Developmental Center Specific Plan or of any of the following properties identified in Table B-6 of the Housing Element by address or APN:

| HE Site | Address or APN              | HE Site | Address or APN     | HE Site | Address or APN    |
|---------|-----------------------------|---------|--------------------|---------|-------------------|
| 96      | 610 W. 18 <sup>th</sup> St. | 140     | 685 Sunflower Ave. | 195     | 2180 Harbor Blvd. |
| 134     | 3390 Harbor Blvd.           | 141     | 3410 Bristol St.   | 198     | APN: 140-041-83   |
| 136     | 3390 Harbor Blvd.           | 145     | 3333 Bristol St.   | 203     | 1590 Adams Ave.   |
| 137     | 3315 Fairview Rd.           | 146     | APN: 412-491-11    | 204     | 1590 Adams Ave.   |
| 138     | 1201 S. Coast Dr.           | 147     | 3333 Bristol St.   | 205     | 3420 Bristol St.  |
| 139     | 3400 Bristol St.            | 194     | 2180 Harbor Blvd.  | 196     | 3333 Susan St.    |

(c) **Severability and State Law Consistency.**

- (1) This Section is intended to be consistent with, and shall be interpreted and applied to comply with, all applicable requirements of State housing law, including Government Code Sections 65915(c)(3), 65583 and 65583.2 as those provisions may be amended from time to time, and any successor statutes. If any provision of this Section conflicts with State law, the applicable State law shall control.
- (2) If any provision of this Section, or its application to any person or circumstance, is held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect other provisions or applications of this Section that can be given effect without the invalid provision or application. The City Council declares that it would have adopted this Section and each provision, section, sentence, clause, and phrase thereof, irrespective of the fact that any one or more provisions may be declared invalid or unenforceable.

(d) **Definitions**

- (1) **“Housing Element Site”** means any site identified in the currently adopted Housing Element Sites Inventory to accommodate the City’s (RHNA), shown in the Housing Element as Table B-6: Sites to Accommodate Costa Mesa 2021-2029 RHNA.

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- (2) **“Lower-Income Household”** has the same meaning as defined in Health and Safety Code Section 50079.5.
  - (3) **“Lower-Income Housing Element Site”** means any Housing Element Site identified in the currently adopted Housing Element that accommodates any portion of the City’s lower-income RHNA and subject to the requirements of Government Code Section 65583.2 (h) and (i), shown in the Housing Element as Table B-6: Sites to Accommodate Costa Mesa 2021-2029 RHNA.
  - (4) **“Use by Right”** has the same meaning as in Government Code Section 65583.2 Subsection (i) and requires ministerial approval for multifamily housing developments in which at least 20 percent of the total number of units are affordable to lower-income households. **“Use by Right”** means that the review of an owner-occupied or renter-occupied multifamily residential use may not require a conditional use permit, planned unit development permit, or other discretionary review or approval that would constitute a “project” for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code.
  - (5) **“Prior Housing Element Site”** means any non-vacant Housing Element Site that was identified in the prior Housing Element and any vacant Housing Element Site that was identified in two or more consecutive prior Housing Elements. Such sites are identified in the City’s currently adopted Housing Element Sites Inventory, shown as Table B-6: Sites to Accommodate Costa Mesa 2021-2029 RHNA.
  - (6) **“Protected Unit”** means any unit that, within the past five years, was occupied by a lower-income household regardless of whether the unit was deed-restricted or that was subject to an affordability covenant or rent control.
- (e) **Supersession of Overlay**
- (1) **For Lower-Income Housing Element Sites:**
    - **Supersession of Other Zoning Provisions.** Projects on Lower-Income Housing Element Sites shall be governed by this Section, and the provisions in this Section shall supersede and prevail over any conflicting provisions of the underlying base zone, including, but not limited to, minimum residential floor area, minimum residential capacities and densities, unit caps, trip budgets (if applicable), ministerial review and approval requirements, and permitted uses, and all other applicable zoning provisions, such as other urban plans, overlays, and specific plans, and the provisions of this Article that apply to non-Lower-Income Housing Element sites. Notwithstanding the foregoing, to the extent an applicable Specific Plan allows for more permissive standards or greater heights, projects on Lower-Income Housing Element Sites may utilize such standards or heights.

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- **Ministerial Review and Approval.** Projects on Lower-Income Housing Element Sites shall be a Use by Right pursuant to Subsection (f)(1).
- **Minimum Residential Floor Area.** Projects on Lower-Income Housing Element Sites shall satisfy the minimum residential floor area requirements established in Subsection (g)(3).
- **Minimum Residential Site Capacity and Density.** Projects on Lower-Income Housing Element Sites shall satisfy the minimum residential capacity and density requirements established in Subsection (h)(1)(ii) and (h)(1)(iii).

(f) **Review and Approvals Procedures**

- (1) **Use by Right.** A project on a Lower-Income Housing Element Site that provides at least 20 percent of the total dwelling units affordable to Lower-Income Households shall be processed as a Use by Right, consistent with Government Code Section 65583.2(h) and (i). Such projects shall be subject only to ministerial review to verify compliance with all applicable objective design and development standards in accordance with a Streamlined Development Review process per CMMC Title 13, Chapter III (Planning Applications). A project that does not qualify as a Use by Right shall be processed in accordance with a Development Review process per CMMC Title 13, Chapter III (Planning Applications).
- (2) **Subdivision.** Any subdivision of a Lower Income Housing Element Site shall comply with all applicable provisions of CMMC Title 13, Chapter XI (Subdivisions) and the Subdivision Map Act.

(g) **Permitted Uses**

- (1) **Multi-Family Dwellings.** Multi-family dwellings shall be permitted on all Housing Element Sites subject to the requirements of this Section.
- (2) **Non-Residential Uses.** Those non-residential uses permitted in Commercial Zones in accordance with CMMC Title 13, Chapter IV (Citywide Land Use Matrix) shall be permitted as part of mixed-use projects on all Housing Element Sites.
- (3) **Mixed-Use on Lower-Income Housing Element Sites.** Mixed-use projects shall be permitted on Lower-Income Housing Element Sites so long as at least 50 percent of total floor area is provided as residential uses, consistent with Government Code Section 65583.2, Subsection (h)(1)(B).
- (4) **Multi-Family Dwellings on Lower-Income Housing Element Sites.** Multi-family dwellings consisting of 100 percent residential uses shall be permitted on Lower-Income Housing Element Sites, consistent with Government Code Section 65583.2, Subsection (h)(1)(B).

(h) **Development Standards**

(1) **Density Standards**

- **Maximum Densities.** Maximum residential densities shall be permitted as specified in the Housing Element Sites Inventory.
- **Minimum Site Capacity for Lower-Income Housing Element Sites.** If the identified maximum density of a Lower-Income Housing Element Site does not allow at least 16 dwelling units on site, then the maximum density identified shall be waived, and the maximum number of dwelling units permitted shall be 16 dwelling units on site consistent with Government Code Section 65583.2 Subsection (h).
- **Minimum Densities for Lower-Income Housing Element Sites.** A project proposed on a Lower Income Housing Element Site shall meet a minimum density requirement of 20 units per acre, inclusive of Accessory Dwelling Units, consistent with Government Code Section 65583.2, Subsection (h).

(2) **Off-Street Parking Standards**

- **Residential Uses.** Minimum off-street parking requirements for multi-family dwellings on Housing Element sites are provided in Table 13-83.58-A. Minimum Off-Street Parking Requirements.
- **Non-Residential Uses.** Minimum off-street parking requirements for those permitted non-residential uses on Housing Element sites shall be subject to CMMC Title 13, Chapter VI (Off-Street Parking Standards).

**Table 13-83.58-A. Off-Street Parking Standards for Residential Uses**

| <b><u>TABLE 13-83.58-A. OFF-STREET PARKING STANDARDS</u></b> |  |  |
|--|--|--|
| <b><u>Dwelling Unit Type</u></b>                             | <b><u>Minimum Off-Street Parking Requirement</u></b> | <b><u>Minimum Off-Street Guest Parking Requirement</u></b> |
| <u>Studio or 1-bedroom unit</u>                              | <u>1 space per unit</u>                              | <u>0.25 space per unit</u>                                 |
| <u>2 or more bedrooms per unit</u>                           | <u>2 spaces per unit</u>                             | <u>0.25 space per unit</u>                                 |

(3) **Development Standards**

- **Minimum and maximum requirements for building height, non-residential intensity, setbacks, lot coverage, and open space are provided in Table 13-83.58-B. Development Standards.**

**Table 13-83.58-B. Development Standards.**

| <b>TABLE 13-83.58.B. DEVELOPMENT STANDARDS</b>           |  |                             |   |
|--|--|-----------------------------|---|
| <b>RESIDENTIAL DENSITY AND BUILDING HEIGHT STANDARDS</b> |  |                             | <b>ADDITIONAL PROVISIONS</b>  |
| <u>Min. Residential Density<sup>1</sup></u>              | <u>Max. Residential Density<sup>2</sup></u>  | <u>Max. Building Height</u> |   |
| 20 du/ac   | 40 du/ac   | 60 ft.                      |   |
|  | 50 du/ac   |                             |   |
|  | 60 du/ac   | 72 ft.                      |   |
|  | 90 du/ac   | 108 ft.                     | Or an applicable Specific Plan, whichever is higher   |
| <b>NON-RESIDENTIAL INTENSITY STANDARDS</b>               |  |                             | <b>ADDITIONAL PROVISIONS</b>  |
| <u>Min. FAR</u>  | None   |                             |   |
| <u>Max. FAR</u>  | 1.0  |                             |   |
| <b>SETBACK STANDARDS<sup>3</sup></b>                     |  |                             | <b>ADDITIONAL PROVISIONS</b>  |
| <u>Front or side abutting a public street</u>            |  | Min. 10 ft. and max. 20 ft. |   |
| <u>Side or rear abutting alley</u>                       |  | 0 ft.                       |   |
| <u>Side or rear abutting:</u>                            |  |                             |   |
| • <u>Residential zone</u>                                |  | 20 ft.                      |   |
| • <u>Industrial use</u>                                  |  |                             |   |
| <u>Side or rear abutting bluff crest</u>                 |  | 10 ft.                      | Section 13-34 (Bluff-Top Development) of Chapter V of Title 13 of the Costa Mesa Municipal Code |
| <b>LOT STANDARDS</b>                                     |  |                             | <b>ADDITIONAL PROVISIONS</b>  |
| <u>Min. lot size</u>                                     | None   |                             |   |
| <u>Max. lot coverage</u>                                 | 90%  |                             |   |
| <b>OPEN SPACE STANDARDS</b>                              |  |                             | <b>ADDITIONAL PROVISIONS</b>  |
| <u>Usable common residential open space</u>              | Total area equivalent to min. 30% of lot   |                             | Or as provided in an applicable Specific Plan   |
| <u>Usable private open space</u>                         | Min. 100 sq. ft./unit provided on the ground floor for dwelling units located on the ground floor, and min. 50 sq. ft./unit provided for dwelling units located above the ground floor |                             | Or as provided in an applicable Specific Plan   |

**Table 13-83.58-B. Development Standards.**

| <b>TABLE 13-83.58.B. DEVELOPMENT STANDARDS</b>           |   |
|--|---|
| <b>RESIDENTIAL DENSITY AND BUILDING HEIGHT STANDARDS</b> | <b>ADDITIONAL PROVISIONS</b>  |
| <u>Publicly accessible open space</u>                    | <u>Total area equivalent to min. 5% of commercial gross floor area for developments with a commercial gross floor area greater than 100,000 sq. ft.</u> |

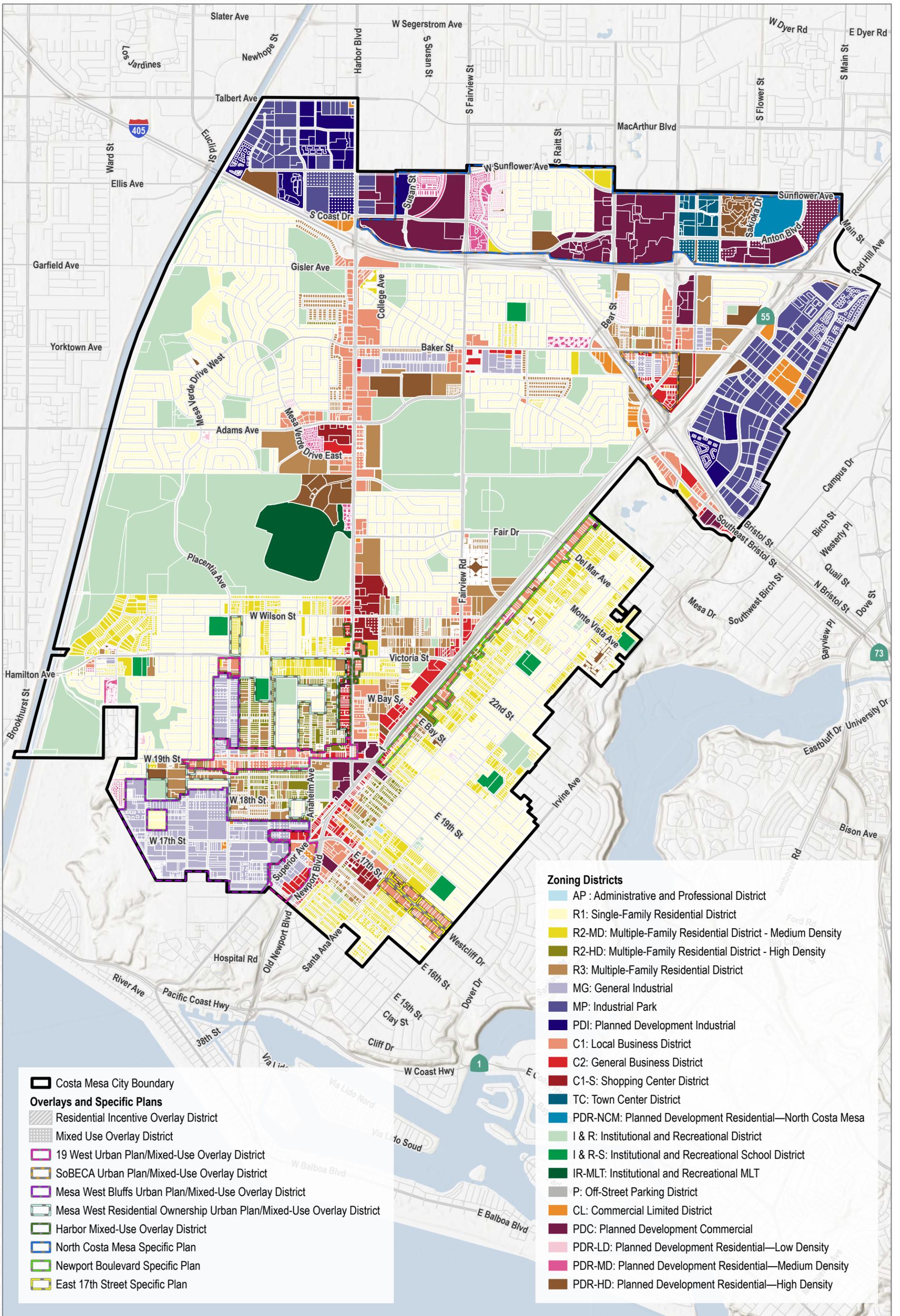
- 1 Based on the currently adopted Housing Element Sites Inventory
- 2 Only applicable to Lower-Income Housing Element Sites and inclusive of Accessory Dwelling Units.
- 3 Minimum setbacks shall apply to all portions of a building or structure. Maximum setbacks along public streets shall only apply to a building or structure's ground floor, with exceptions for driveways, walkways, and open space.

**(4) Objective Design Standards forthcoming.**

- The City intends to prepare and adopt design standards to further guide the physical form and character of development on the rezoned sites. Until such standards are adopted, projects shall be subject only to the objective development standards contained in this Section. Upon adoption, the objective design standards shall apply to all projects subject to this Section and shall serve as the sole design criteria for ministerial review, consistent with Government Code Sections 65583.2 and 65589.5.

**(i) Replacement of Protected Units**

- (1) **Demolition or Conversion of Protected Units.** Any project that involves the demolition or conversion of Protected Units, or that is located on a site where Protected Units were demolished or converted within the previous five years, shall comply with all applicable replacement housing, tenant protection, and right-of-return requirements under State Density Bonus Law, including Government Code Section 65915, Subsection (c)(3), and any successor statutes.



- Zoning Districts**
- AP : Administrative and Professional District
  - R1: Single-Family Residential District
  - R2-MD: Multiple-Family Residential District - Medium Density
  - R2-HD: Multiple-Family Residential District - High Density
  - R3: Multiple-Family Residential District
  - MG: General Industrial
  - MP: Industrial Park
  - PDI: Planned Development Industrial
  - C1: Local Business District
  - C2: General Business District
  - C1-S: Shopping Center District
  - TC: Town Center District
  - PDR-NCM: Planned Development Residential—North Costa Mesa
  - I & R: Institutional and Recreational District
  - I & R-S: Institutional and Recreational School District
  - IR-MLT: Institutional and Recreational MLT
  - P: Off-Street Parking District
  - CL: Commercial Limited District
  - PDC: Planned Development Commercial
  - PDR-LD: Planned Development Residential—Low Density
  - PDR-MD: Planned Development Residential—Medium Density
  - PDR-HD: Planned Development Residential—High Density

- Costa Mesa City Boundary**
- Overlays and Specific Plans**
- Residential Incentive Overlay District
  - Mixed Use Overlay District
  - 19 West Urban Plan/Mixed-Use Overlay District
  - SoBECA Urban Plan/Mixed-Use Overlay District
  - Mesa West Bluffs Urban Plan/Mixed-Use Overlay District
  - Mesa West Residential Ownership Urban Plan/Mixed-Use Overlay District
  - Harbor Mixed-Use Overlay District
  - North Costa Mesa Specific Plan
  - Newport Boulevard Specific Plan
  - East 17th Street Specific Plan

SOURCE: City of Costa Mesa, Orange County Sanitation District, Open Street Map

**FOR DISCUSSION PURPOSES ONLY**  
**Zoning Districts**



Neighborhoods Where We All Belong Zoning Updates and Housing Element Implementation

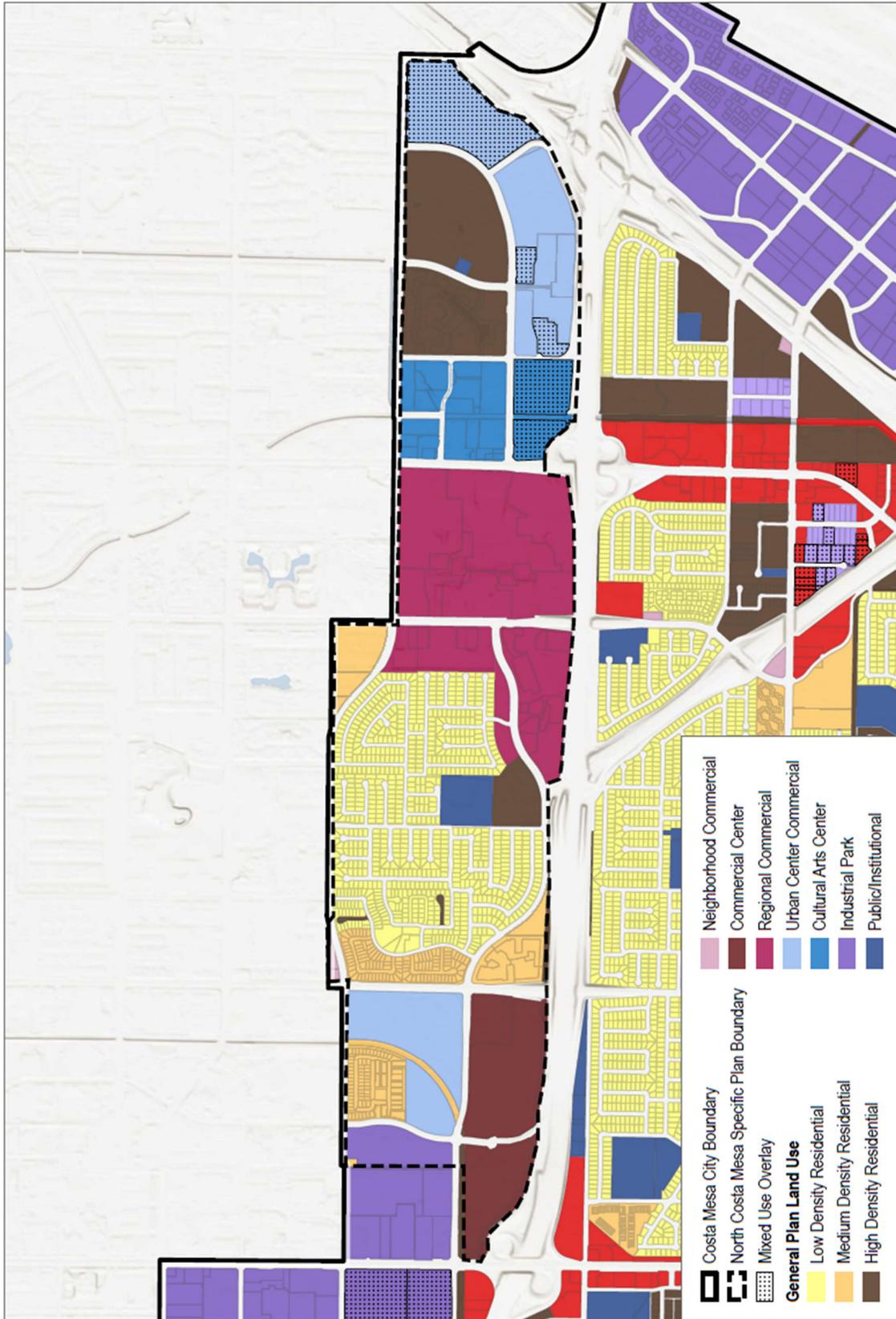


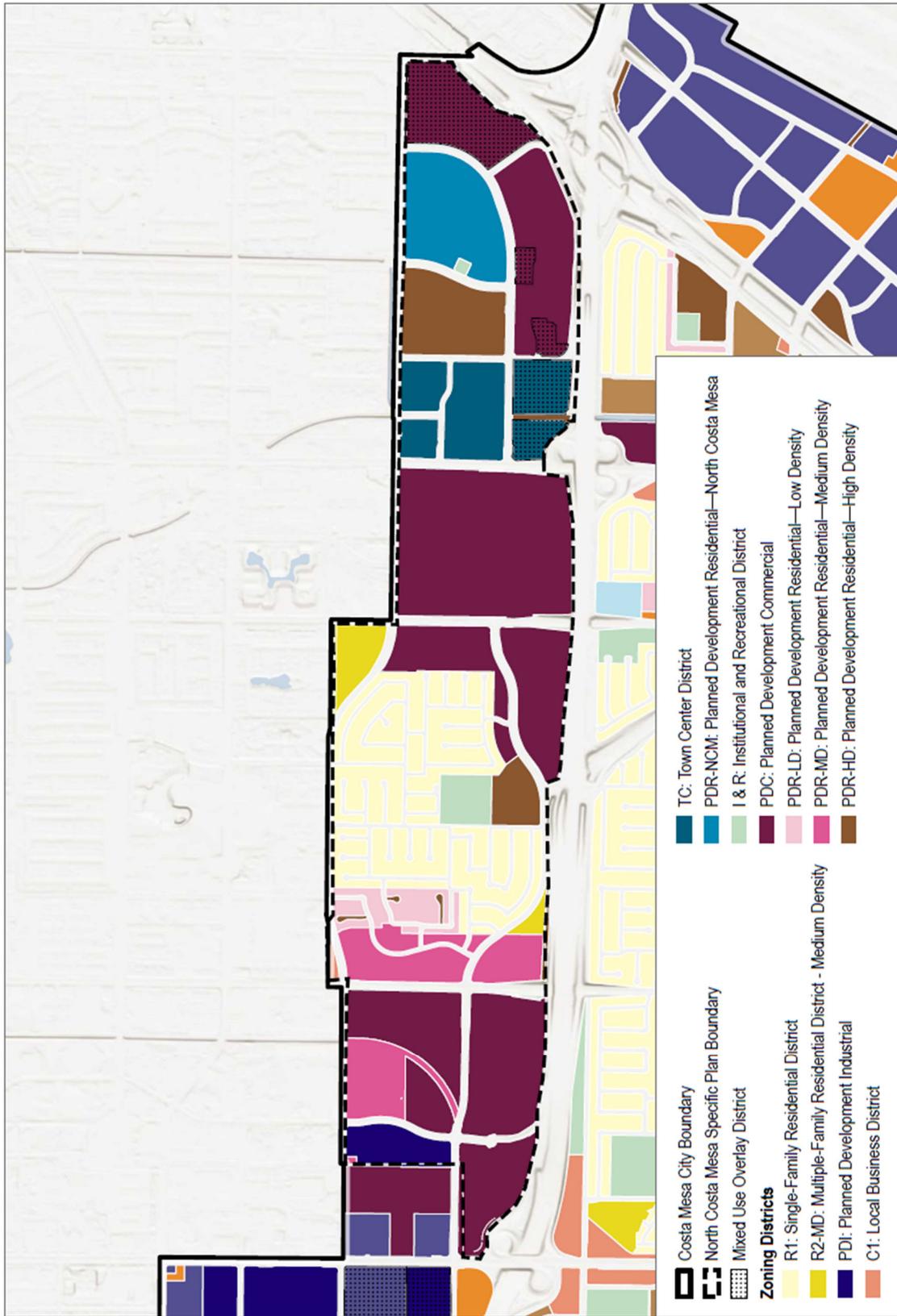
FIGURE 3

General Plan Land Use  
North Costa Mesa Specific Plan

SOURCE: City of Costa Mesa, Open Street Map







**FIGURE 4**  
 Zoning  
 North Costa Mesa Specific Plan



anduril.com

1400 Anduril  
Costa Mesa, CA  
92626

March 17, 2026

**SENT VIA EMAIL [[CECILIA.GALLARDODALY@COSTAMESACA.GOV](mailto:CECILIA.GALLARDODALY@COSTAMESACA.GOV)]**

Ms. Cecilia Gallardo Daly  
City Manager  
City of Costa Mesa  
77 Fair Drive  
Costa Mesa, CA 92626

**Re: *Public Hearing Items 3 and 4; Proposal to Exempt 3333 Susan Street from Mixed Use Overlay District***

Dear Ms. Gallardo-Daly:

On behalf of Anduril Industries, I am writing to confirm that we have reviewed staff's proposed revision to the Mixed Use Overlay District (MUOD), expressly exempting 3333 Susan Street. We agree with staff's conclusion that should the City Council incorporate such an express exemption, Anduril would not be precluded from proposing non-residential development at 3333 Susan Street. It does remain our view that the site must ultimately be removed from the Housing Element Sites Inventory during the City's 180-day Housing Element amendment process. We look forward to continuing to work closing with staff, the Planning Commission and the City Council over the next several months to ensure this occurs.

We very much appreciate the swift and careful attention you and your staff have given to our concerns.

Sincerely,

Jennifer Lynch  
Legal Counsel  
Anduril Industries

Cc: Carrie Tai, AICP, Director, Economic and Development Services Department

**Amending the Tenant Protection  
Ordinance to Require Reporting of  
At-Fault Evictions**

**City Council Meeting  
March 17, 2026**



# Background

October 2019 – CA adopted the Tenant Protection Act of 2019 (AB1482)

- Requires “just cause” to evict tenants who have occupied a multi-family rental unit for 12+ months
- Just cause can be at-fault or no-fault

November 2023 – City Council adopted Urgency Ordinance No. 2023-04 to support Costa Mesa renters facing no-fault eviction. The Ordinance requires property owners to:

- Notify the City within 72 hours of serving a no-fault eviction notice.
- Pay relocation assistance equal to one (1) month of Fair Market Rent.
- Notify the City during the permitting process when evicting tenants to perform a substantial remodel.

September 2025 – City Council directed staff to amend the Ordinance to require notification of at-fault evictions.



# Current Landlord/Tenant Services

Since adopting the Tenant Protection Ordinance in November 2023, the City has provided the following services to landlords and tenants of rental properties in Costa Mesa:

- Education regarding state and local housing laws
- Mediation regarding landlord/tenant issues
- Technical assistance to property owners contemplating an eviction
- Guidance to residents facing an eviction

# Proposed Amendments to the Ordinance

The draft Ordinance proposes updating two (2) sections:

- Section 9-402.D. An owner of residential property who has issued a no-fault notice to terminate a tenancy, ***or who has filed an at-fault unlawful detainer complaint in the superior court, for*** just cause as provided in this Article, shall provide notice in writing to the City of Costa Mesa... within 72 hours of issuing the notice to terminate the tenancy to the tenant ***or filing the unlawful detainer complaint.*** The notice shall be provided using a form prepared by the City and available on its website.
- Section 9-403.C. An owner's failure to strictly comply with section 9-402 or this section shall render ***a*** notice of ***no-fault*** termination void.

# Penalties for Noncompliance

No-Fault Evictions: Failure to comply with the provisions of the Ordinance regarding no-fault evictions results in the notice of termination of tenancy being **rendered void**.

At-Fault Evictions: Failure to comply with the provisions of the Ordinance regarding at-fault evictions **would not** affect a property owner's ability to move forward with the eviction but may result in the issuance of a Civil Citation for violation of the City's Municipal Code.

- Civil Citation fines start at \$150 and increase to \$300 and \$500 for second and third violations within a 12-month period.

Grace Period: Staff recommends a 12-month grace period where **no enforcement action** will be taken against property owners who fail to comply with the at-fault eviction noticing requirements.

# Community Outreach & Education

During the 12-month grace period, staff will conduct community outreach and education, including:

- Updating the City's website to include the adopted provisions and provide technical information and documentation to assist property owners in satisfying the requirements of the law.
- Posting flyers at key locations around the City, including City Hall, libraries, community centers, etc.
- Mailing information to property owners of residential units covered by the Ordinance.
- Providing direct assistance to property owners via phone or email.



# Recommendation

Introduce and give first reading to Ordinance No. 2026-xx repealing, replacing and amending Title 9 (Licenses and Business Regulations) of the Costa Mesa Municipal Code, Chapter II (Regulation of Certain Businesses), Article 24 (Just Cause Residential Tenant Protections).



# Direction Regarding Implementation of a Rental Registry and Establishment of a Network for Renters' Solutions

City Council Meeting  
March 17, 2026



# What is a rental registry?

A rental registry is a mechanism by which a local government can collect information regarding rental properties within their jurisdiction.

- Operated through an online portal
- Requires property owners to pay a fee to register multi-family rental units
- Only applies to units covered by the Tenant Protection Act of 2019
  - Exemptions: Single-family homes, townhomes, condos, and most owner-occupied dwellings.
- Collects housing-related data, including:
  - Property address
  - Property owner contact info
  - Unit count
  - Unit types (i.e., 1-bedroom, 2-bedroom)
  - Rental rates



# What is a rental registry?

A rental registry can also be used to collect required documentation, including notices of:

- Eviction
- Rent increase
- Vacancy
- Lease-up

More comprehensive rental registries can be used to uphold property standards via housing unit inspections performed by code enforcement officers or building inspectors.

# How is a rental registry funded?

Rental registries are funded via annual fees paid by property owners who register their housing units.

- Fees are collected to make the program self-sustaining
- Fees are calculated based on total cost of the program divided by the number of covered rental units in the jurisdiction. For example:
  - \$1,000,000 total operating cost divided by 10,000 covered rental units equals an annual registration fee of \$100 per unit.
- Additional revenue is generated via civil citations issued to property owners who fail to register their covered units.
  - Civil citation penalties escalate by occurrence: \$150 for the initial offense, \$300 for the second, and \$500 for the third.

# What are the advantages of a rental registry?

- Allows monitoring of rental units to ensure compliance regarding evictions, rent increases, and property standards.
- Provides empirical data regarding eviction trends, rental rates, rental housing conditions, and occupancy/vacancy rates.
- Allows allocation of resources to mitigate potentially negative impacts to the community.
- Improves housing stability by ensuring rent increases comply with state and local rent cap regulations.
- Ensures property standards comply with local requirements.
- Provides the public with a database of vacant rental units.

# What are the disadvantages of a rental registry?

- Rental registries may have negative impacts on **property owners**, including:
  - Increased administrative burdens
  - Increased costs
  - Delay in legal proceedings (i.e., evictions)
  - Privacy concerns
  - Reduced rental housing supply
  - Removal and/or frequent turnover of rental housing
- Rental registries may have negative impacts on **municipalities**, including:
  - Significant one-time and ongoing costs to implement and operate
  - Legal challenges prior to and after launch
- Rental registries may have negative impacts on **renters**, including:
  - Increased costs passed down by property owners

# City of Santa Ana's Rental Registry Program

- October 2022 – Santa Ana City Council adopted an ordinance implementing a rental registry and rent stabilization program.
  - Legal challenges impeded implementation for over two (2) years
- November 2024 - Santa Ana placed Measure CC on the ballot and was subsequently approved by 55% of the voters.

## Key provisions of Measure CC:

- Rental Registry – Requires property owners to annually register all rental units (including mobile homes) at a cost of \$100 per unit.
  - Requires submission of eviction notices and rent increases for staff review and approval.
- Housing Unit Inspections – Allows tenants to submit petitions to have their units inspected when they believe substandard living conditions exist.

# City of Santa Ana's Rental Registry Program

Santa Ana's total annual cost to operate their rental registry is \$2,300,000 and projected annual revenue is \$2,400,000. Costs include:

- Organizational – Created a new division and oversight board.
- Staffing – Hired nine (9) new staff.
- Contracted Services – Contracts with two (2) vendors to provide mediation services and to conduct administrative hearings.
- Software – Initial development and ongoing support to provide an online portal for property owners and in-house data management.
- Office Space – Lease office space due to capacity constraints at city hall.
- Vehicles – Purchased two (2) vehicles for site visits and inspections

**Note:** Santa Ana shared that they had two years of drastically reduced revenue due to community outreach and education efforts.



# City of Concord's Rental Registry Program

- July 2021 – Concord City Council adopted an ordinance to implement a rental registry program to collect data and inform policy decisions.
- April 2024 and April 2025 – Concord City Council voted to significantly expand the program.

## Key provisions of Concord's rental registry program:

- Rental Registry - Requires property owners to annually register all rental units (including mobile homes) at a cost of \$33-\$78 per unit.
  - Requires submission of eviction notices and rent increases for staff review and approval.
- Housing Unit Inspections – Rental properties containing four (4) or more units are subject to bi-annual inspections to ensure compliance with health and safety standards. Concord has roughly 8,700 rental units.

# City of Concord's Rental Registry Program

Concord's total annual cost to operate their rental registry is roughly \$1,961,000 and projected annual revenue is \$1,172,000. Costs include:

- Staffing – Hired four (4) new staff. Utilize six (6) Code Enforcement Officers
- Contracted Services – Contracts with a hearing officer to conduct administrative hearings and resolve appeals.
- Software – Initial development and ongoing support to provide an online portal for property owners and in-house data management.

# Costa Mesa's Proposed Rental Registry Program



## RENTAL REGISTRY - ESTIMATED COST

| DESCRIPTION                            | ANNUAL COST      | ONE-TIME         |
|--|------------------|------------------|
| <b>Software</b>                        |                  |                  |
| New Software Module                    |                  | \$200,000        |
| Software Annual License                | \$200,000        |                  |
| <b>Outreach &amp; Public Education</b> | \$1,335          | \$13,350         |
| <b>Legal Services</b>                  | \$120,000        |                  |
| <b>TOTAL</b>                           | <b>\$321,335</b> | <b>\$213,350</b> |

## RENTAL REGISTRY - ESTIMATED REGISTRATION FEE

|                               | Quantity | Rate | Annually  |
|-------------------------------|----------|------|-----------|
| <b>Unit Registration Fees</b> | 16,700   | \$19 | \$321,335 |

## RENTAL REGISTRY - FINANCIAL SUMMARY

| Description   | Amount           |
|---|------------------|
| <b>Revenue</b>  | \$321,335        |
| <b>Expenses</b>   |                  |
| Annual Operating  | \$321,335        |
| Start-Up Cost   | \$213,350        |
| Registration Fee Rate   | \$19             |
| Number of Units   | 16,700           |
| 1st Year Estimated Revenue  | \$160,668        |
| <b>1st Year General Fund Contribution<br/>(Start-Up Costs &amp; Reduction in Revenue)</b> | <b>\$374,017</b> |

Allows collection of property-level data regarding Costa Mesa's 16,700 multi-family rental units, including:

- Property address
- Property owner contact
- Unit Count
- Unit Types (1-Bd, 2-Bd)
- Rental Rates

\*Does *not* include monitoring rent increases or unit inspections

# Proposed Network for Renters' Solutions

Recent data estimates that 60% of the 41,000 housing units in Costa Mesa are renter-occupied. To support renters and property owners, the Council may choose to establish a Network for Renters' Solutions (NRS) to:

- Perform community outreach and education regarding tenant/ landlord rights and responsibilities.
- Improve outreach and communication between renters and landlords.
- Identify and propose solutions for key challenges renters/landlords face.

The NRS will be comprised of:

- Staff from the City Manager's Office (i.e., NHS, Constituent Services, Community Relations)
- Property owners
- Community stakeholders
- Apartment association representatives



# Recommendation

Staff recommends the City Council provide direction regarding the implementation of a Citywide rental registry and establishment of a Network for Renters' Solutions.



**Draft Amendments to Rezone Housing Element Sites,  
Implement Housing Element Programs, Update the North  
Costa Mesa Specific Plan, and Associated Fees**

**City Council Meeting  
March 17, 2026**

# OVERVIEW

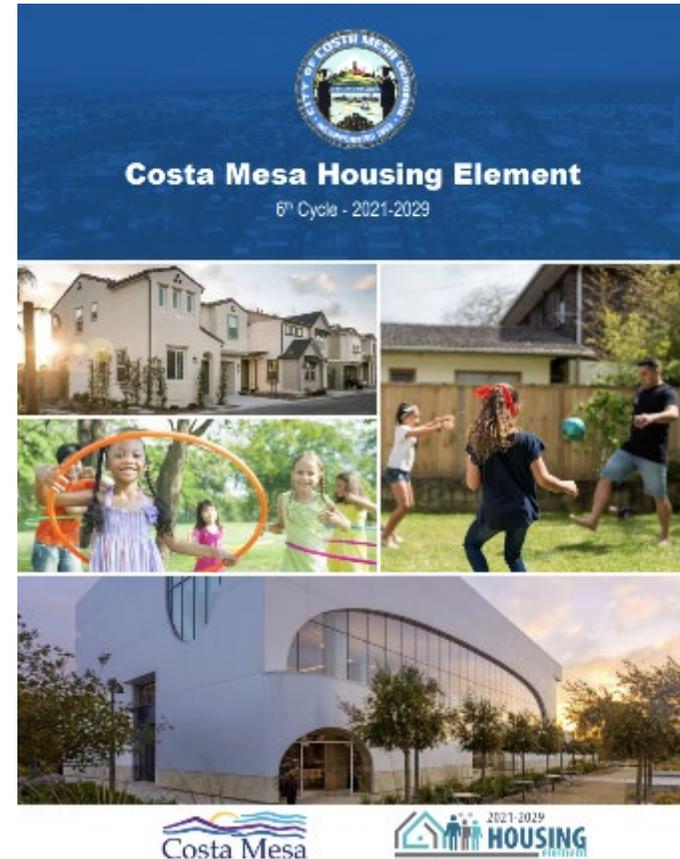


- Adopted by City Council in 2022
- State mandated chapter (element) of the City's General Plan
- Updated every 8 years (cycle)
- Studies housing conditions
- Establishes programs to address housing (like identifying sites to accommodate City's RHNA)
- City is required to implement the programs (like rezoning sites and updating zoning code)

- Ballot measure approved by Costa Mesa voters in 2022
- Authorizes City to update zoning regulations to allow housing in commercial and industrial areas
- Creates new opportunities while preserving existing neighborhoods
- Community visioning is required prior to rezoning

# OVERVIEW

- August 22, 2025 HCD letter: timely completion of rezoning to meet statutory requirements and obtain certification
- Path 1: New CEQA exemption allows the City to expedite the rezoning of Housing Element sites (Senate Bill 131)
- Path 2: rezoning Non-Housing Element Measure K sites following the original schedule (Fall 2026)
- Environmental Impact Report will still study potential impacts of rezoning Measure K sites, including Housing Element sites (Fall 2026)

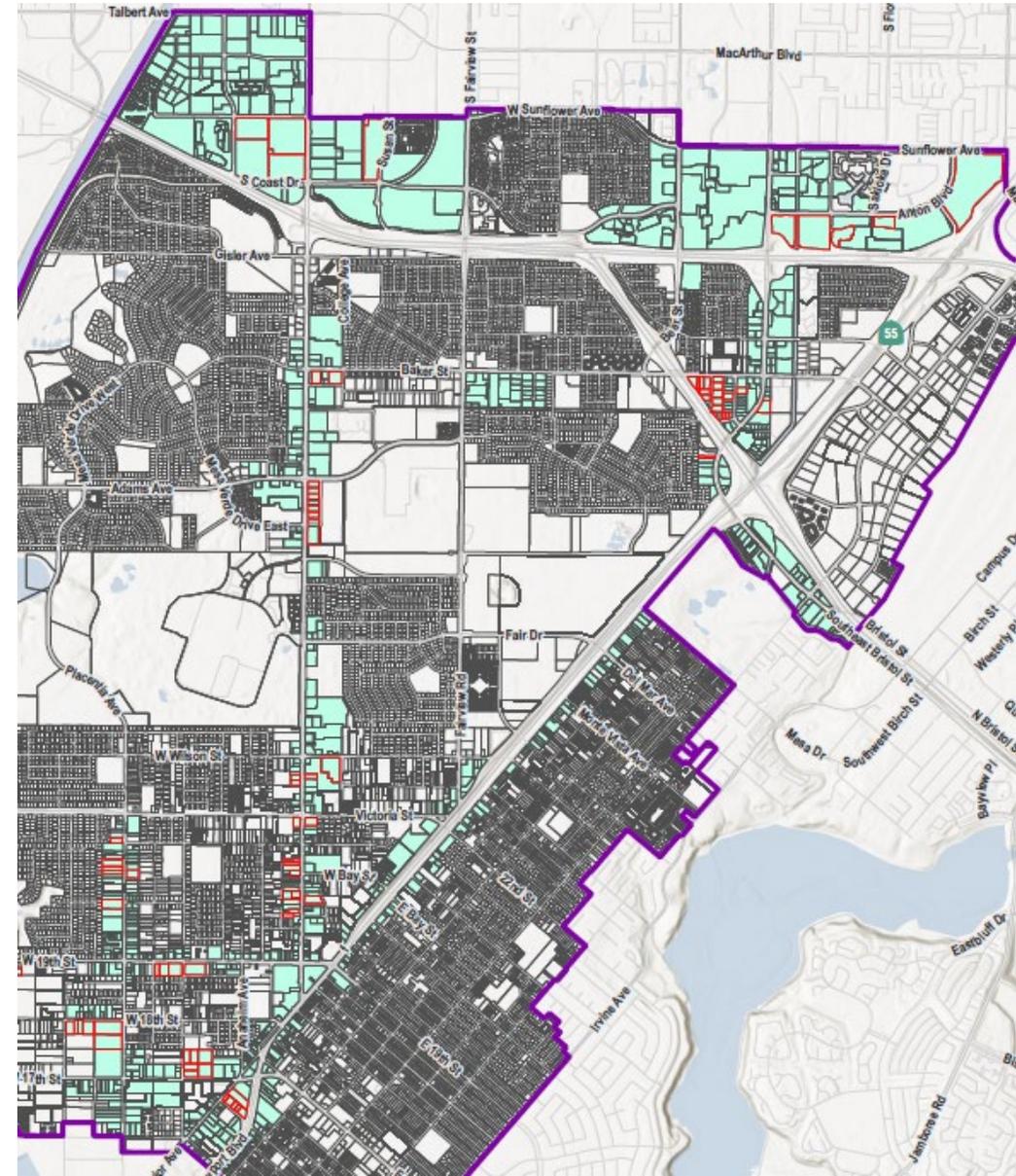


# DRAFT ZONING MAP AMENDMENT

# WHAT WILL BE REZONED?

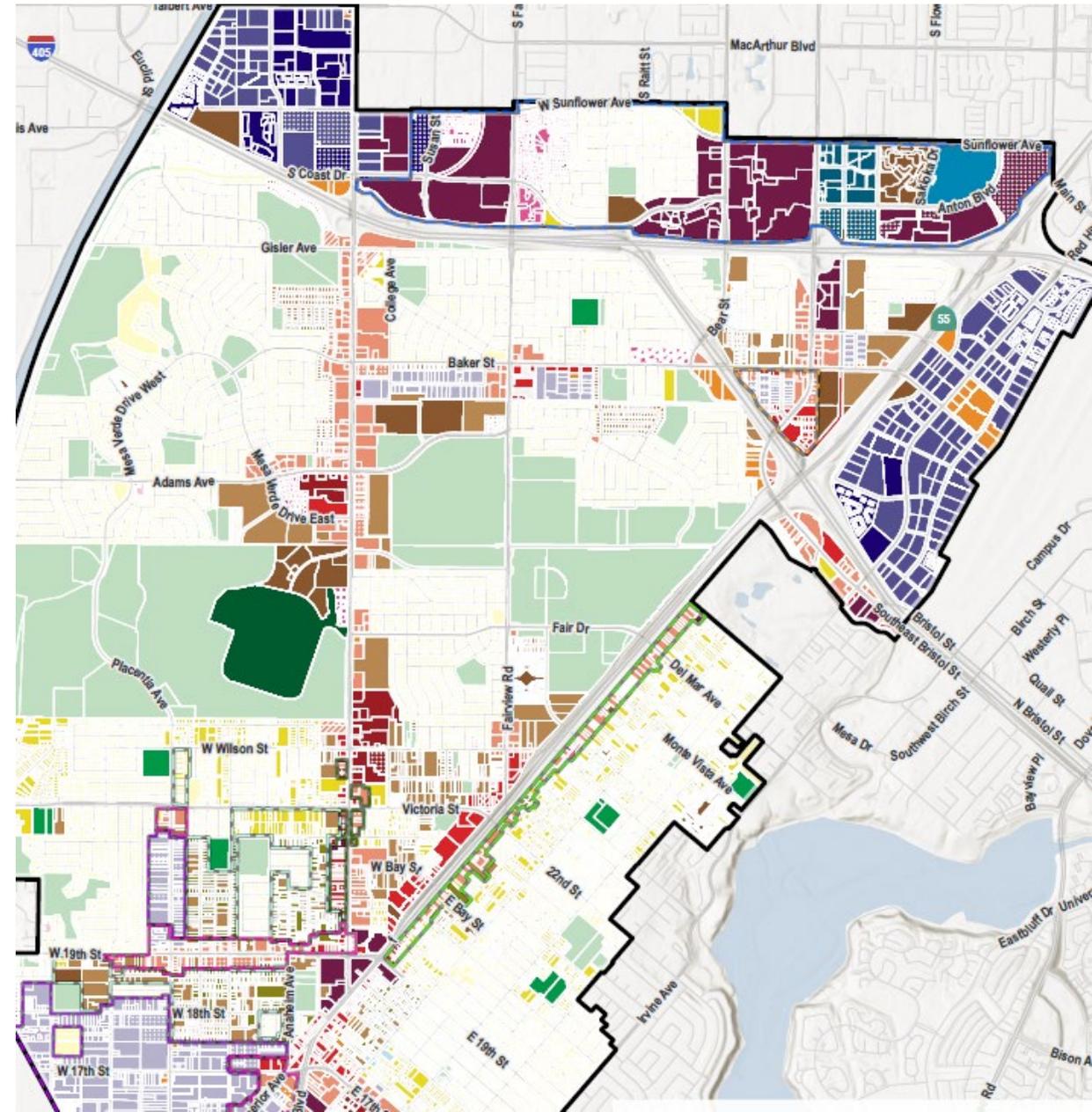
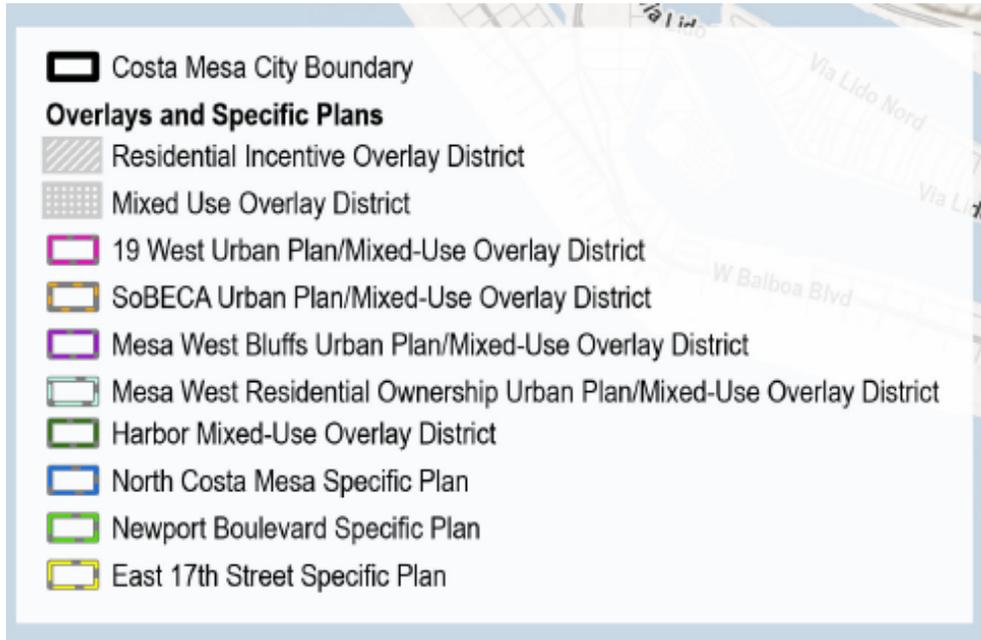
- Housing Element sites would be rezoned via a new section of the Mixed-Use Overlay District (MUOD)
- Unlike a typical overlay, Housing Element sites must use the new MUOD
  - 2025 case law – development must include at least 50% residential at a minimum density of 20 du/ac
  - Maximum densities per the adopted Housing Element

- Measure K Site (Housing Element Site)
- Measure K Site (non-Housing Element Site)



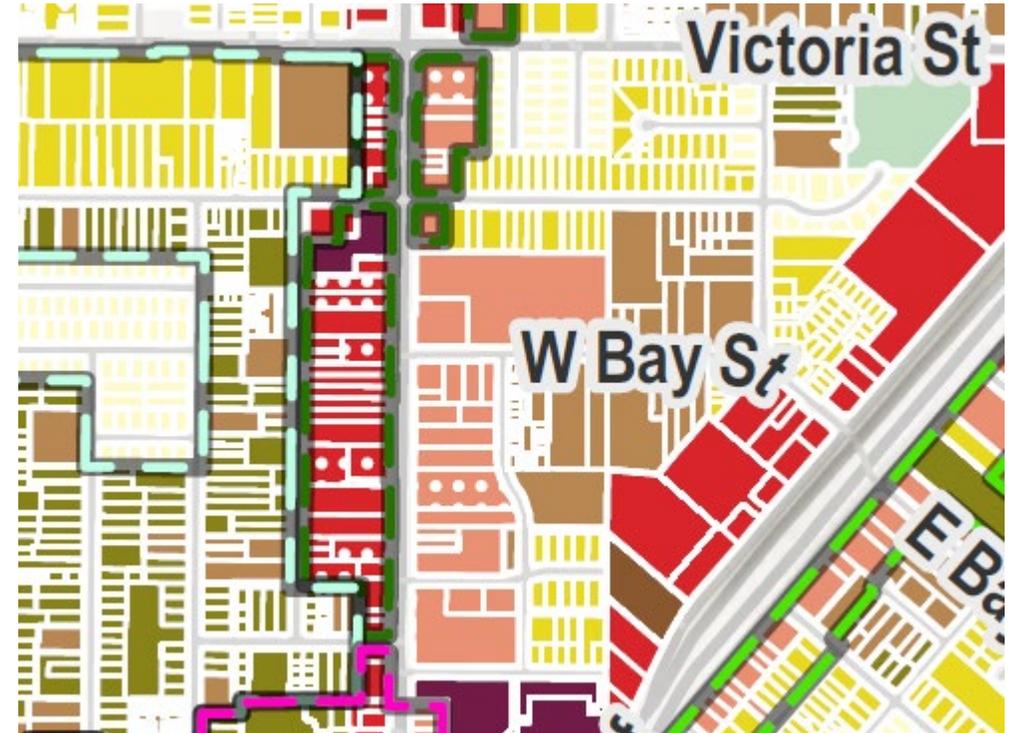
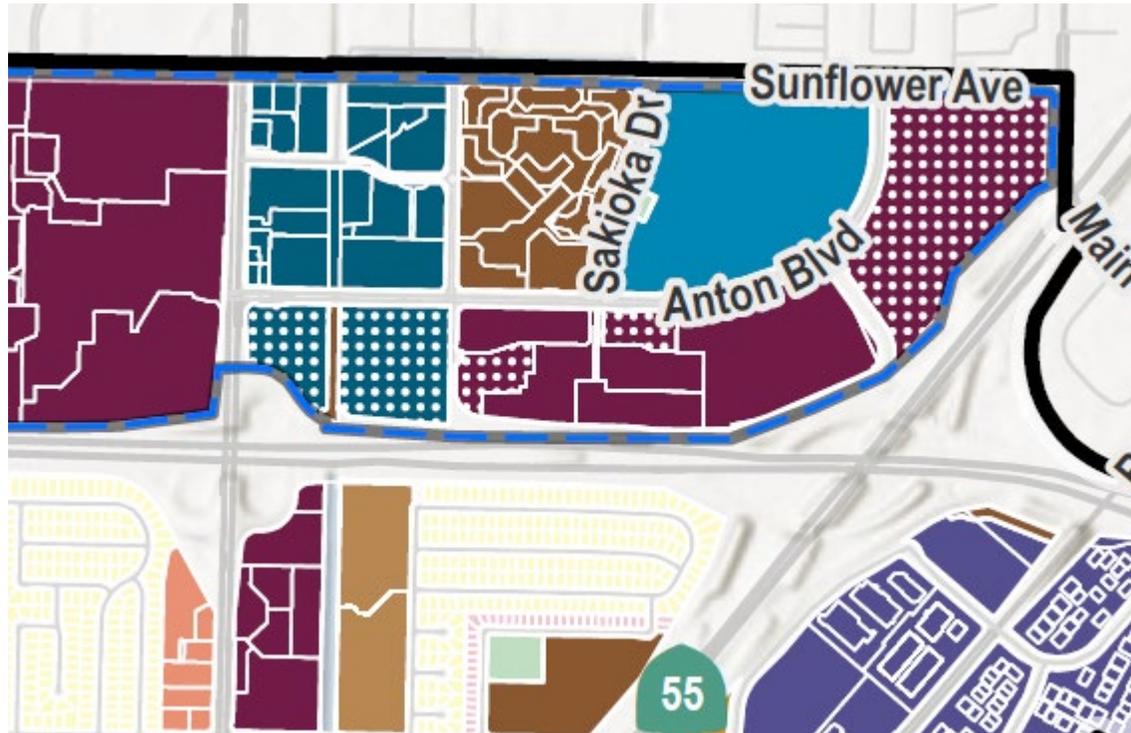
# DRAFT ZONING MAP

- Applied new MUOD to Housing Element Sites, except FDC
- The Urban Plans have not “sunsetted”



# DRAFT ZONING MAP

- Close-up examples of the MUOD applied to Housing Element sites



# **Draft Zoning Code Amendments**

# DRAFT ZONING CODE AMENDMENTS

Why are Zoning Code Amendments needed?

1. Implement Housing Element programs
2. Ensure consistency with State law
3. Encourage and facilitate housing development by removing regulatory barriers



# ZONING CODE AMENDMENTS

| Location in Title 13                                      | Draft Amendment Summary  |
|---|--|
| Ch. I, Art. 2: Definitions                                | <ul style="list-style-type: none"><li>• Update specific definitions to meet State law</li></ul>  |
| Ch. I, Art. 3: Review Authorities                         | <ul style="list-style-type: none"><li>• Replace Major Amendment with Major Modification</li></ul>  |
| Ch. II Zoning Districts Established                       | <ul style="list-style-type: none"><li>• Zoning Districts Map will be amended by reference</li></ul>  |
| Ch. III Planning Applications                             | <ul style="list-style-type: none"><li>• New streamline development review, including removing master plans/master plan screening/master plan findings for the MUOD</li></ul> |
| Ch. IV, Land Use Matrix                                   | <ul style="list-style-type: none"><li>• Add employee housing, supportive housing, transitional housing, and low barrier navigation center uses</li></ul>                     |
| Ch. V Development Standards, Article 11 Mixed-Use Overlay | <ul style="list-style-type: none"><li>• Add new section to the MUOD for Housing Element sites; minimum 50% residential at a minimum density of 20 units per acre</li></ul>   |

# ZONING CODE AMENDMENTS

| Location in Title 13   | Draft Amendment Summary  |
|--|--|
| Ch. VI Off-Street Parking Standards, Article 1 Residential Districts     | <ul style="list-style-type: none"><li>• Remove additional parking for bedroom additions</li><li>• Multifamily units with 3 or more bedrooms subject to the same parking requirements as those with 2 bedrooms</li><li>• Reduce multifamily open and guest parking minimums</li></ul> |
| Ch. IX Special Land Use Regulations, Article 8 Motels                    | <ul style="list-style-type: none"><li>• Amend a provision on termination of tenancy to comply with State and Federal laws</li></ul>  |
| Ch. IX Special Land Use Regulations, Article 15 Reasonable Accommodation | <ul style="list-style-type: none"><li>• Removing Finding 7 and revising Findings 3, 4, and 5 to provide more certainty</li></ul>   |
| Ch. IX Special Land Use Regulations, Article 18 Emergency Shelters       | <ul style="list-style-type: none"><li>• Clarify parking requirements and remove regulations pertaining to towing vehicles and alcohol/narcotics per State</li></ul>  |

# ZONING CODE AMENDMENTS

| Location in Title 13  | Draft Amendment Summary   |
|---|---|
| Ch. XII Transportation System Management  | <ul style="list-style-type: none"><li>• Replace Major Amendment with Major Modification</li></ul>   |
| Ch. XV Group Homes and Ch. XVI Group Homes in the R2-MD, R2-HD and R3 Residential Zones and the PDR-LD, PDR-MD, PDR-HD, PDR-NCM, PDC, and PDI | <ul style="list-style-type: none"><li>• Only require Special Use Permit for group homes with an operator, remove parking requirements not required for similar uses, and reduce noticing from 500 to 100 feet</li></ul> |
| <b>Title 9</b> , Article 23 Group Homes   | <ul style="list-style-type: none"><li>• Update Title 9 for consistency with amendments to Title 13 Ch. XV Group Homes</li></ul>   |

**DRAFT NCMSP AMENDMENT**

# DRAFT NCMSP AMENDMENT

- Apply the MUOD to Housing Element Sites within the NCMSP
- Consistent with the draft MUOD in the Zoning Code and the draft Zoning Districts Map

## Draft Amendments

- Add a new section on Housing Element sites; MUOD with a minimum 50% residential at a minimum density of 20 units per acre and a maximum of 90 units per acre on Housing Element sites unless the Specific Plan allows a higher density
- Update Figure 2 General Plan Land Use Designations and Figure 3 Zoning
- Minor text and table updates to reflect that the MUOD development standards apply to sites within the Housing Element inventory unless the Specific Plan allows more density or taller building heights

# **HOUSING DEVELOPMENT REVIEW FEES**

# HOUSING DEVELOPMENT REVIEW FEES

- Establish Housing Development Review Fees
- Cost recovery for development review of certain housing projects
- Draft fees provided for public awareness/notification
- Input received tonight, City Council action on April 7, 2026

| Activity Description  | Fee      | Charge Basis                            |
|---|----------|---|
| 1. Fee to be paid for the development review of housing projects proposing 5-29 units       | \$8,400  |   |
| 2. Fee to be paid for the development review of housing projects proposing 30-49 units      | \$21,000 |   |
| 3. Fee to be paid for the development review of housing projects proposing 50 or more units | \$30,000 | Time and materials with minimum deposit |

**NEXT STEPS & RECOMMENDATION**

# NEXT STEPS

- Round 2 Community Visioning – Development Standards & Measure K outreach underway
- 180-days to open and amend the Housing Element
- Continue the draft EIR process
- Draft Path 2 (non-Housing Element Measure K sites) residential/mixed-use overlay (MUOD) regulations
- Draft objective design standards
- Draft remaining Zoning Code amendments & General Plan Amendments

A woman with long blonde hair, wearing a light blue shirt and a brown shoulder bag, is seen from the side, participating in a community visioning activity. She is standing in front of a large white banner that reads "GOOD NEIGHBORHOODS for all!" and "BUENOS VECINARIOS para todos!". The banner also includes the instruction "Stick your ideas on a square." and "Pegue sus ideas en un cuadrado." The woman is holding a pink sticky note and a pen, and is looking at a large green sticky note on the banner. There are other sticky notes and small icons on the banner, including a house, a car, and a person. The background is slightly blurred, showing other people and the interior of a public meeting space.

VISION GOOD NEIGHBORHOODS for all!  
BUENOS VECINARIOS para todos!  
Stick your ideas on a square.  
Pegue sus ideas en un cuadrado.

# RECOMMENDATION

- Staff recommends the City Council find that the following actions statutorily exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080.085(a) (Senate Bill 131); and
- The Planning Commission recommends the City Council adopt Ordinance No. 2026-XX to amend Title 13 of the Costa Mesa Municipal Code (Planning, Zoning, and Development) to rezone Sixth Cycle (2021-2029) Housing Element sites and implement specific Housing Element programs, and find that the project is statutorily exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080.085(a) (Senate Bill 131);
  - Staff recommends including the proposed language (underlined) into Section 13-83.58(b)(3): (on next slide) and adopting the alternative draft Zoning Map that includes removing the proposed MUOD from 3333 Susan Street; and
- Staff recommends the City Council adopt Ordinance No. 2026-XX to amend Title 9 of the Costa Mesa Municipal Code (Licenses and Business Regulations) Article 23 for consistency with amendments to Chapter XVI of Title 13 (Planning, Zoning, and Development); and

# RECOMMENDATION CONTINUED

1) In Attachment 2 – Exhibit A - Insertion of the following language (underlined) into Section 13-83.58(b)(3):

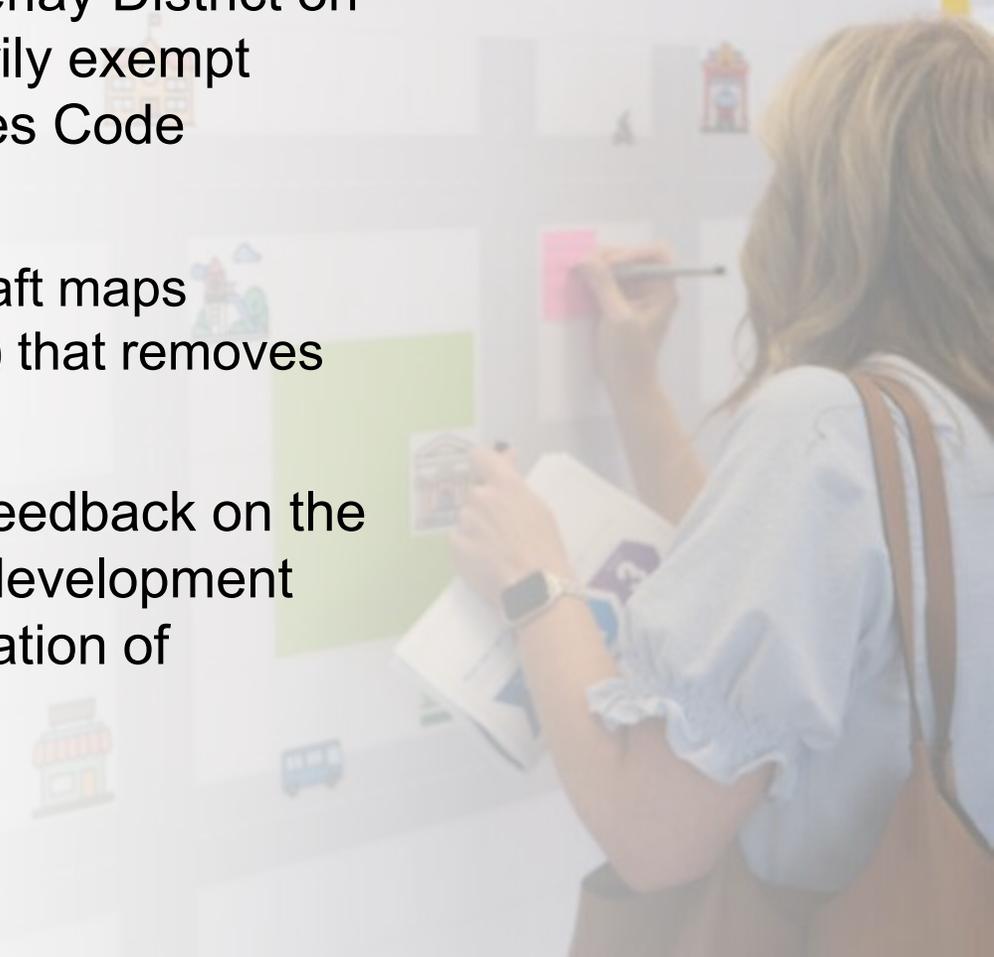
**Exception.** The provisions of this Section also shall not apply to residential, mixed-use, or other projects located within the boundaries of the Fairview Developmental Center Specific Plan or of any of the following properties identified in Table B-6 of the Housing Element:

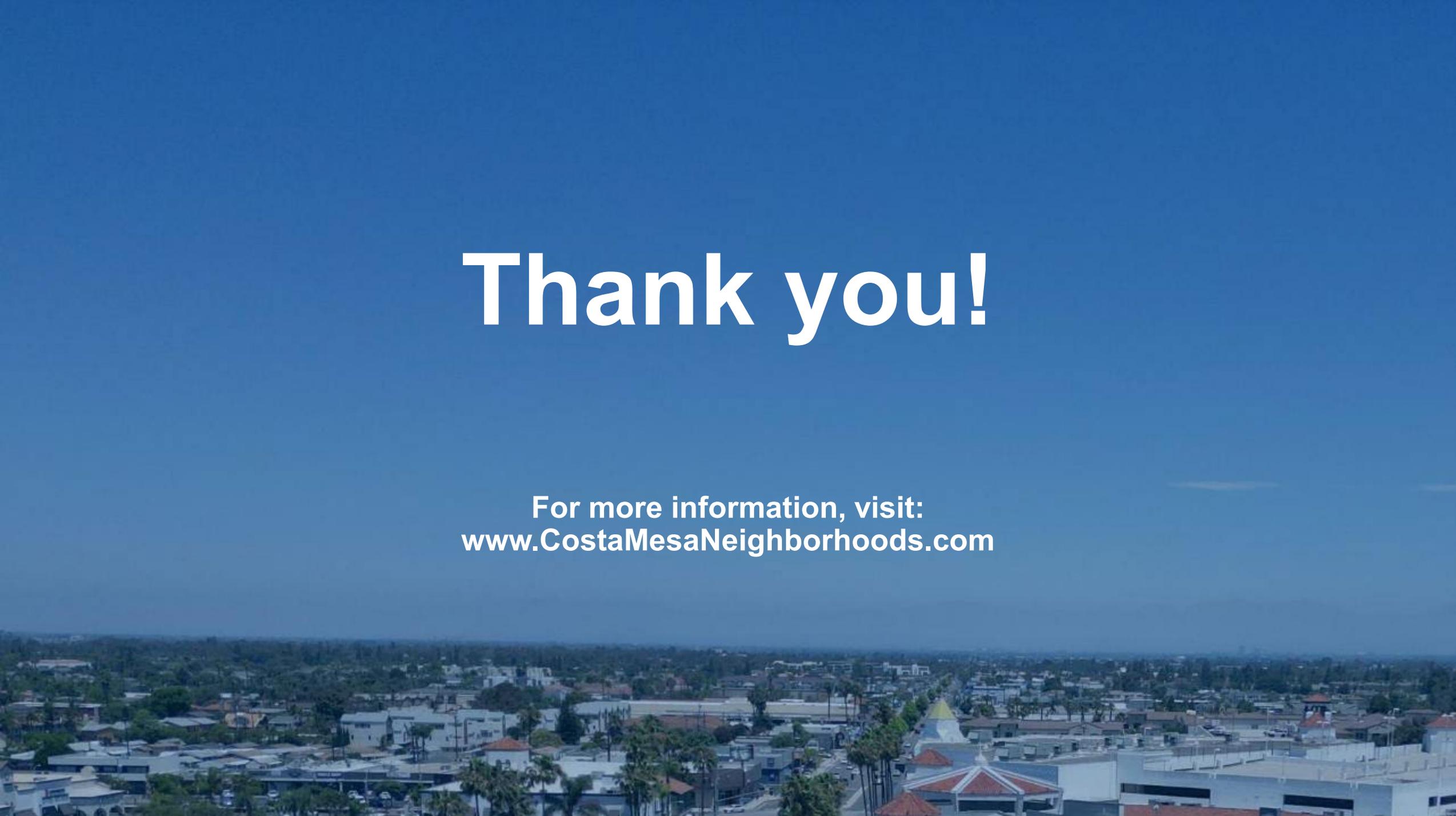
| <u>HE Site</u> | <u>Address or APN</u>             | <u>HE Site</u> | <u>Address or APN</u>     | <u>HE Site</u> | <u>Address or APN</u>    |
|----------------|-----------------------------------|----------------|---------------------------|----------------|--------------------------|
| <u>96</u>      | <u>610 W. 18<sup>th</sup> St.</u> | <u>140</u>     | <u>685 Sunflower Ave.</u> | <u>195</u>     | <u>2180 Harbor Blvd.</u> |
| <u>134</u>     | <u>3390 Harbor Blvd.</u>          | <u>141</u>     | <u>3410 Bristol St.</u>   | <u>198</u>     | <u>APN: 140-041-83</u>   |
| <u>136</u>     | <u>3390 Harbor Blvd.</u>          | <u>145</u>     | <u>3333 Bristol St.</u>   | <u>203</u>     | <u>1590 Adams Ave.</u>   |
| <u>137</u>     | <u>3315 Fairview Rd.</u>          | <u>146</u>     | <u>APN: 412-491-11</u>    | <u>204</u>     | <u>1590 Adams Ave.</u>   |
| <u>138</u>     | <u>1201 S. Coast Dr.</u>          | <u>147</u>     | <u>3333 Bristol St.</u>   | <u>205</u>     | <u>3420 Bristol St.</u>  |
| <u>139</u>     | <u>3400 Bristol St.</u>           | <u>194</u>     | <u>2180 Harbor Blvd.</u>  | <u>196</u>     | <u>3333 Susan St.</u>    |

# RECOMMENDATION CONTINUED

- The Planning Commission recommends the City Council adopt Resolution No. 2026-XX to amend the North Costa Mesa Specific Plan for consistency with the application of the Mixed-Use Overlay District on Housing Element sites and find that the project is statutorily exempt from the provisions of CEQA pursuant to Public Resources Code Section 21080.085(a) (SB 131),
  - Staff recommends including adopting the revised the draft maps (Figures 3 and 4 of the North Costa Mesa Specific Plan) that removes the proposed MUOD from 3333 Susan Street; and
- Staff recommends the City Council discuss and provide feedback on the draft Resolution No. 2026-XX establishing fees for new development review processes for housing projects for future consideration of adoption.

GOOD NEIGHBORHOODS for all!  
BUENOS VECINDARIOS para todos!



An aerial photograph of a city, likely Costa Mesa, showing residential buildings, palm trees, and a clear sky. The image is overlaid with a blue gradient that is darkest at the top and fades towards the bottom. Centered in the upper half of the image is the text "Thank you!" in a large, white, sans-serif font. Below this, in the lower half, is the text "For more information, visit: www.CostaMesaNeighborhoods.com" in a smaller, white, sans-serif font.

# Thank you!

For more information, visit:  
[www.CostaMesaNeighborhoods.com](http://www.CostaMesaNeighborhoods.com)

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**Housing Element Amendment:  
Sites Inventory (PCTY-26-0001)**

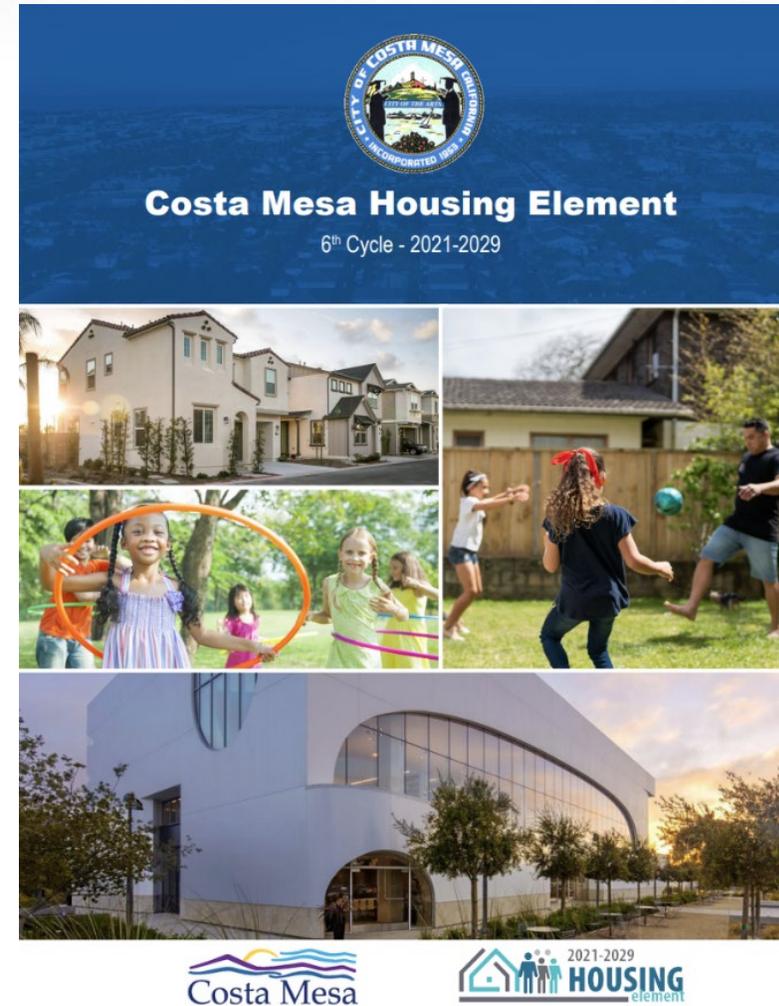
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**City Council Meeting  
March 17, 2026**



# Project Background

- One of seven State-mandated General Plan “Elements”
- State law requires this Element be updated every eight years (“cycle”)
- Adopted February 2022
- “Neighborhoods Where We All Belong” will implement 23 out of 47 programs
- Including applying an overlay to Housing Element sites to allow higher density residential development



# Project Background

- October 10, 2025, New Commune DTLA v. City of Redondo Beach Court of Appeals opinion issued.
- An overlay can only satisfy the Regional Housing Needs Allocation (RHNA) if it establishes the following minimums:
  - 50% residential use
  - 20 units/acre density
- Reduces the flexibility in the City's strategy to meet the RHNA.
- Overlay must require 50% residential use.
- City notified Housing Element site owners December 2025 and January 2026.

# Housing Element Update: Sites Inventory

- Three property owners requested to have properties removed from the sites inventory.
- Conflict between their long-term use or plans and the New Commune DTLA opinion.
- Sites proposed to be removed:

| HE Site | Address or APN              | HE Site | Address or APN     | HE Site | Address or APN    |
|---------|-----------------------------|---------|--------------------|---------|-------------------|
| 96      | 610 W. 18 <sup>th</sup> St. | 140     | 685 Sunflower Ave. | 195     | 2180 Harbor Blvd. |
| 134     | 3390 Harbor Blvd.           | 141     | 3410 Bristol St.   | 198     | APN: 140-041-83   |
| 136     | 3390 Harbor Blvd.           | 145     | 3333 Bristol St.   | 203     | 1590 Adams Ave.   |
| 137     | 3315 Fairview Rd.           | 146     | APN: 412-491-11    | 204     | 1590 Adams Ave.   |
| 138     | 1201 S. Coast Dr.           | 147     | 3333 Bristol St.   | 205     | 3420 Bristol St.  |
| 139     | 3400 Bristol St.            | 194     | 2180 Harbor Blvd.  |         |                   |

# Housing Element Update: Sites Inventory

- Two property owners requested to have their Measure K properties added to the Housing Element sites inventory.
- Sites proposed to be added:

| HE Site | Address or APN    | HE Site | Address or APN |
|---------|-------------------|---------|----------------|
| 209*    | 2000 Harbor Blvd. | 210*    | 418-181-11     |



# Housing Element Update: Sites Inventory

- Net loss of 15 sites and 5,431 units
- Triggers a “no net loss” analysis per State law
- Removes the City’s buffer
- Impacts lower income capacity
- City has 180 days to demonstrate adequate site capacity to meet the RHNA at specific income levels

|       | Net Units | Very Low | Low | Moderate | Above Moderate |
|-------|-----------|----------|-----|----------|----------------|
| Total | 5,431     | 843      | 455 | 869      | 3,264          |

# Housing Element Update: Sites Inventory

- Targeted amendments to sites inventory only
  - Remove text references to the 17 properties
  - Add text references about the 2 new properties
  - Add “to be updated” notes to impacted inventory tables and figures
- More substantial amendments in this chapter and others to follow identification of adequate sites to accommodate the RHNA

# Next Steps

- “No net loss” analysis triggers 180-days to open and amend the Housing Element
- Outreach to identify adequate sites
- Substantial update to the Housing Element
- HCD review
- Adopt the amended Housing Element (by September 2026)





# Recommendation

The Planning Commission recommends the City Council:

1. Find that the project is consistent with the Costa Mesa City Council adopted Resolution No. 2022-67, certifying the Mitigated Negative Declaration (MND) and adopting the Mitigation Monitoring and Reporting Program (MMRP) statutorily and that the project is statutorily exempt from the provisions of the California Environmental Quality Act pursuant to Public Resources Code Section 21080.085(a) (SB 131); and
  2. Adopt a resolution to amend the City of Costa Mesa Sixth Cycle (2021-2029) Housing Element of the City's General Plan to add two Housing Element Opportunity Sites and remove 17 Housing Element Opportunity Sites listed on the following page:
- 
- 

# Recommendation continued

Sites proposed to be removed:

| HE Site | Address or APN              | HE Site | Address or APN     | HE Site | Address or APN    |
|---------|-----------------------------|---------|--------------------|---------|-------------------|
| 96      | 610 W. 18 <sup>th</sup> St. | 140     | 685 Sunflower Ave. | 195     | 2180 Harbor Blvd. |
| 134     | 3390 Harbor Blvd.           | 141     | 3410 Bristol St.   | 198     | APN: 140-041-83   |
| 136     | 3390 Harbor Blvd.           | 145     | 3333 Bristol St.   | 203     | 1590 Adams Ave.   |
| 137     | 3315 Fairview Rd.           | 146     | APN: 412-491-11    | 204     | 1590 Adams Ave.   |
| 138     | 1201 S. Coast Dr.           | 147     | 3333 Bristol St.   | 205     | 3420 Bristol St.  |
| 139     | 3400 Bristol St.            | 194     | 2180 Harbor Blvd.  |         |                   |

Sites proposed to be added:

| HE Site | Address or APN    | HE Site | Address or APN |
|---------|-------------------|---------|----------------|
| 209     | 2000 Harbor Blvd. | 210     | 418-181-11     |

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**HOME Investment Partnership Funds**  
**Allocation Recommendation**

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**City Council Meeting**  
**March 17, 2026**



# Background

- Recipient of two U.S. Department of Housing and Urban Development (HUD) grant program funds:
  - Community Development Block Grant (CDBG); and
  - HOME Investment Partnerships (HOME).
- Grant funds address City's Consolidated Plan and Annual Action Plan.
- FY 2025 – 2026 Annual Action authorizes Request for Proposals (RFP) to solicit applications for funding
- City issued RFP for a loan of \$1.5 million in HOME Program funds (August 2025).
- The City received two proposals by the first review date.

# RFP Proposals Analysis

## Proposal 1: Jamboree Housing Corporation - Costa Mesa Senior

|                        |  |
|------------------------|--|
| Request                | \$1,500,000 <ul style="list-style-type: none"><li>To fill funding gap</li></ul>  |
| Previous City Funding  | <ul style="list-style-type: none"><li>Project site on City-owned land (valued at \$10.5 million)</li><li>Project loan up to \$700,000 in deferred permitting and inspection fees</li></ul>                       |
| Current Project Status | <ul style="list-style-type: none"><li>Project approved by City Council</li><li>Jamboree is in the process of completing tax credit applications</li><li>Construction drawings not submitted for review</li></ul> |

## Proposal 2: American Family Housing - Avon River Apartments

|                        |   |
|------------------------|---|
| Request                | \$2,700,000 <ul style="list-style-type: none"><li>To fill funding gap</li></ul>                               |
| Previous City Funding  | <ul style="list-style-type: none"><li>\$3,000,000 from the City of Costa Mesa</li></ul>                       |
| Current Project Status | <ul style="list-style-type: none"><li>Under construction with anticipated completion in Summer 2026</li></ul> |

# RFP Review Panel and Process

- Convened by the Finance Department
- Three-member ad-hoc review panel comprised of staff not currently or previously involved in the evaluation or approval of either development project.
- Both proposals met the minimum threshold requirement (75 points) and demonstrated need to secure as much funding as possible.
- Average Scores
  - Jamboree Housing Corporation: 93.3
  - American Family Housing: 82

# HOME Program Funds Award Recommendation

| Developer and Project Name                          | Funding Source        | Recommendation     |
|---|-----------------------|--------------------|
| Jamboree Housing Corporation<br>– Costa Mesa Senior | HOME Program<br>Funds | \$750,000          |
| American Family Housing –<br>Avon River Apartments  | HOME Program<br>Funds | \$750,000          |
| <b>Total Recommendation</b>                         |                       | <b>\$1,500,000</b> |

- Funds contingent on developers verifying all other sources of funding and successful completion of NEPA review process and HOME Subsidy Layering Review.
- Alternatives:
  - City Council can choose a different allocation of total available HOME funds
  - City Council may decline to award any funds



## Recommendation

1. Approve the recommended allocation of \$750,000 to Jamboree Housing Corporation for the development of Costa Mesa Senior project from HOME Investment Partnership Program funds (HOME) contingent upon the completion of a National Environmental Protection Act (NEPA) environmental review and HOME Subsidy Layering Review.
2. Approve the recommended allocation of \$750,000 to American Family Housing towards the construction of the Avon River Apartments from HOME funds contingent upon the completion of a NEPA environmental review and HOME Subsidy Layering Review.
3. Authorize the City Manager to execute funding commitment letters with Jamboree Housing Corporation and American Family Housing for \$750,000 each in HOME funds for development of the above-mentioned projects.
4. Authorize revenue and expense appropriations, respectively, each in the amount of \$750,000 (for a total of \$1,500,000) for both above-mentioned projects.



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**Fiscal Year 2024-25  
Financial Performance & Audited  
Financial Reports**

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**City Council Meeting  
March 17, 2026**



# Finance Overview

- Fiscal Year from July 1 to June 30
- Fiscal Year 2024-25 adopted budget appropriations: \$239.8 million – all Funds; \$189.9 million – General Fund
- Generally Accepted Accounting Principles (GAAP) based municipal accounting
- Governmental Accounting Standards Board (GASB) regulated municipal accounting and requirements for audited financial statements
- Presented the year-end results to FiPAC at their March 11, 2026

# Finance Overview

- A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting, pursuant to GAAP and GASB, to ensure and demonstrate compliance with finance-related legal requirements.
- Governmental Fund types:
  - General Fund
  - Special Revenue Fund
  - Capital Projects Fund
  - Debt Service Fund
  - Internal Service Fund
  - Custodial Fund

# Governmental Fund Accounting

- **General Funds** – chief operating fund for governmental general purposes. Tax revenue is the primary source of its revenue. Important to monitor the fund balance of the General Fund.
- **Special Revenue Fund** – tracks revenues from specific sources restricted for certain purposes (i.e. grants).
- **Capital Projects Fund** – used to track large capital projects.
- **Debt Service Fund** – used to pay long term debt obligations, such as bonded debt.
- **Internal Service Fund** – collect revenues from departments to pay for services to all city departments (i.e., equipment replacement, legal claims and settlements, and technology replacement).
- **Custodial Fund** – used to account for funds held by the city in a fiduciary capacity, previously known as “Agency Fund”.



# FY 24-25 Audit Overview

- FY 2024-25 ACFR received an unmodified (clean) opinion – the highest opinion possible.
- The City's ACFR is award winning – receiving the GFOA Certificate of Achievement for Excellence in Financial Reporting for the past 27 years.
- Annual financial audit conducted by CliftonLarsonAllen(CLA) LLP, an independent accounting firm.
- Audit covers the City's financial statements and internal controls.



*We'll get you there.*

CPAs | CONSULTANTS | WEALTH ADVISORS

# City of Costa Mesa 2025 Audit Results

# *Agenda*

- Audit Scope
- Audit Opinions
- Management Responsibility
- Auditors' Responsibility
- Report on Internal Controls Over Financial Reporting
- Governance Communications



# Audit Scope



Report on the  
City's financial  
statements



Internal control  
report



Required  
governance  
communications  
letter



Single Audit of  
Federal Awards



Agreed Upon  
Procedures – Gann  
Appropriation Limit



## AUDIT OPINIONS

**Unmodified opinions for June 30, 2025**



## MANAGEMENT'S RESPONSIBILITY

**Preparation and fair presentation of the financial statements**



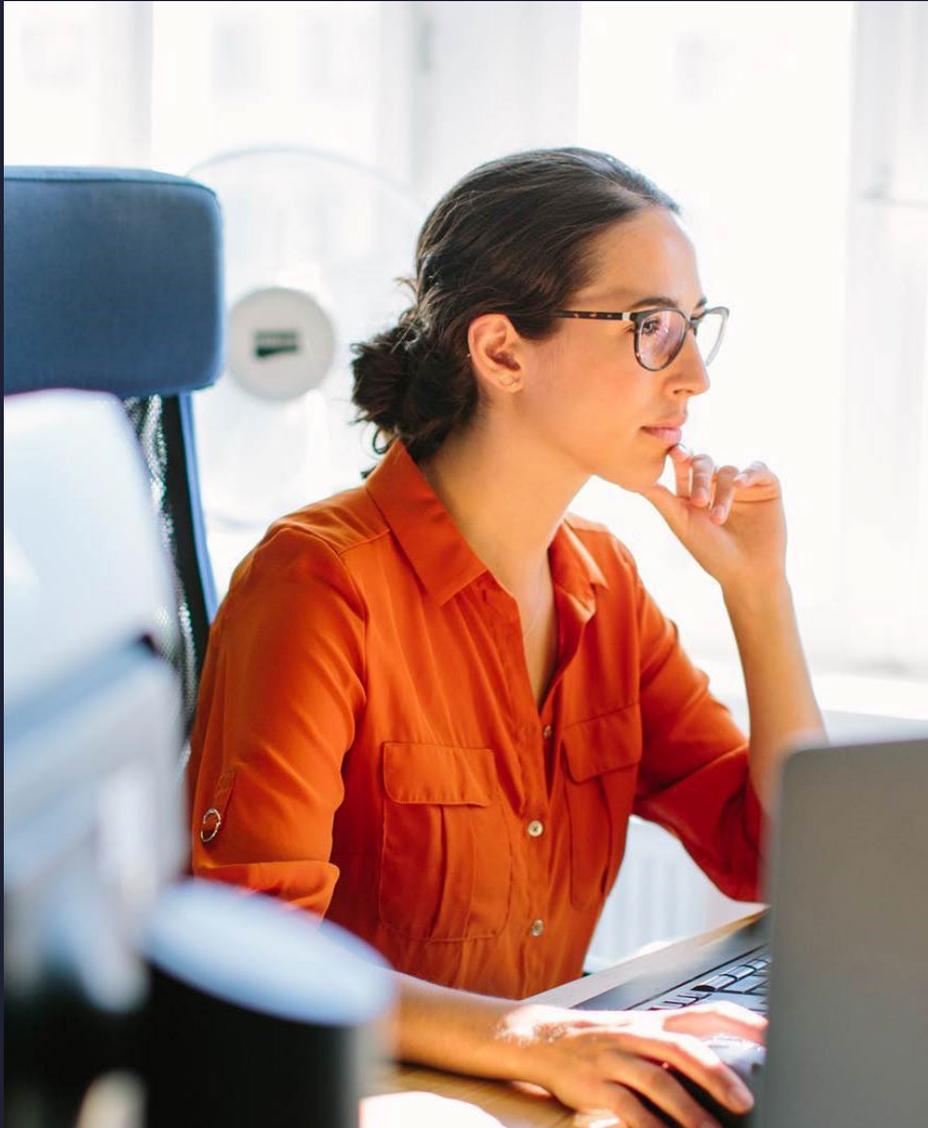
## AUDITORS' RESPONSIBILITY

**Express opinions on the financial statements**

**Obtain reasonable assurance that financial statements are free from material misstatement**

**Perform audit in accordance with GAAS and GAS**





# Report on Internal Controls Over Financial Reporting



## Material Weaknesses

- None



## Significant Deficiencies

- None



## Compliance and Other Matter

- None

# Governance Communications

## Overall

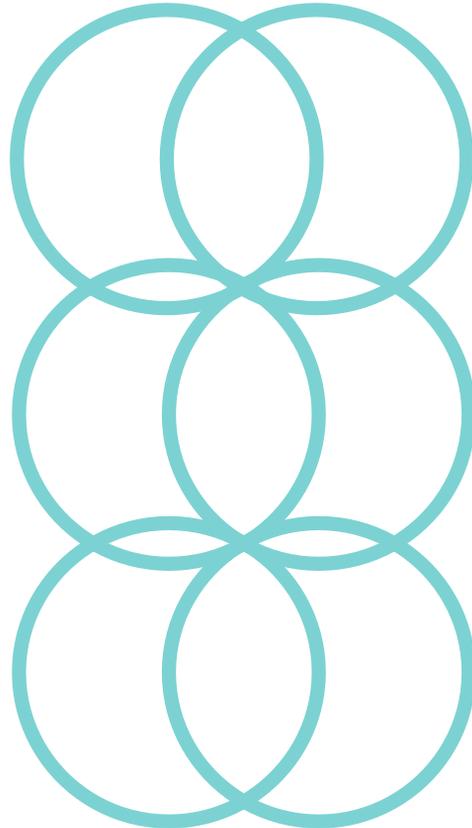
- Accounting polices used by the City are described in Note 1
- No disagreements arose

## Difficulties

- No significant difficulties
- No disagreements

## Corrected/Uncorrected Misstatements

- None



## Estimates

- Pension Liability
- OPEB
- Claims payable

## Other

- Representations related to audit obtained from management in a letter dated December 18, 2025
- To our knowledge, the City did not consult with other accountants regarding auditing or other matters

# Audit Results on Compliance

- No material instances of non-compliance with laws and regulations that are direct and material to the financial statements were identified.
  - General fund expenditures were within City Council approved budget
  - No purchasing compliance issues identified
  - No investment compliance issues identified
  - No debt compliance issues identified



# Financial Performance Review Fiscal Year 2024-25



# FY 2024-25 All Governmental Funds



|  | FY 2024-25<br>Actuals |
|--|-----------------------|
| <b>Beginning Fund Balance, July 1</b>                | <b>\$149,752,062</b>  |
| Total Revenues & Transfers In                        | 238,391,536           |
| Subscription Proceeds                                | 1,036,210             |
| Less: Total Operating                                | (203,529,794)         |
| Less: Total CIP                                      | (14,600,678)          |
| Less: Transfers Out                                  | (13,977,435)          |
| <b>Operating Results Before Debt Service Payment</b> | <b>\$7,319,839</b>    |
| Less: Debt Service Payment                           | (3,507,252)           |
| <b>Ending Fund Balance, June 30</b>                  | <b>\$153,564,649</b>  |
| Change in Fund Balance                               | \$3,812,587           |

# FY 2024-25 General Fund Year-end Audited Actuals

| General Fund                      | FY 23/24<br>Actual | FY 24/25<br>Actual | Difference         |
|-----------------------------------|--------------------|--------------------|--------------------|
| Total Revenues                    | 183,887,782        | 190,901,039        | 7,013,257          |
| Less: Total Operating Expenses    | (166,963,640)      | (180,490,132)      | (13,526,492)       |
| Less: Total Transfers, Net        | (15,598,195)       | (9,812,004)        | 5,786,191          |
| <b>Net Change in Fund Balance</b> | <b>\$1,325,947</b> | <b>\$598,903</b>   | <b>\$(727,044)</b> |

Note: Difference in transfers are due to decrease in one-time transfers for Capital Improvements Projects.

# General Fund Revenues

- Property Tax revenues increased by \$2.9 million or 5.5%. The increase is due primarily to a steady housing market, increase in the City's single-family homes median sales price, and an increase in overall property assessed valuations.
- Cannabis and Business Tax revenues increased by \$1.2 million or 29.7% due to higher annual receipts of Measure Q Cannabis businesses.
- Transient Occupancy Tax decreased by \$0.2 million or 1.9% due to a slight reduction in travel and tourism.
- Sales and Use Taxes increased by \$1.8 million or 2.4% due to improved consumer spending in general consumer goods and positive performance across various sectors during the remaining months of the fiscal year.



# Fund Balance in General Fund

| Fund Balance Category                  | FY 22/23 Audited | FY 23/24 Audited | FY 24/25 Audited | Difference   |
|--|------------------|------------------|------------------|--------------|
| <b>Committed</b>                       |                  |                  |                  |              |
| Declared Disaster                      | \$14,125         | \$14,125         | \$14,125         | -            |
| Self Insurance                         | 2,000            | 2,000            | 2,000            | -            |
| Economic Reserves                      | 9,000            | 9,000            | 9,000            | -            |
| <b>Assigned</b>                        |                  |                  |                  |              |
| Compensated Absences                   | 6,209            | 5,982            | 5,982            | -            |
| Police Retirement 1% Supplemental Plan | 1,737            | 1,572            | 1,572            | -            |
| Workers' Compensation                  | 2,000            | 2,000            | 2,000            | -            |
| Facilities Reserve                     | 2,000            | 2,000            | 2,000            | -            |
| Strategic Plan Projects                | 2,000            | 2,000            | 2,000            | -            |
| <b>Restricted</b>                      |                  |                  |                  |              |
| Pension and OPEB                       | 3,178            | 3,367            | 2,092            | (1,275)      |
| <b>Non-Spendable</b>                   | 460              | 630              | 883              | 253          |
| <b>Unassigned</b>                      | 16,328           | 17,686           | 19,307           | 1,621        |
| <b>TOTAL</b>                           | <b>\$59,037</b>  | <b>\$60,362</b>  | <b>\$60,961</b>  | <b>\$599</b> |



# Notable Fiscal Achievements

- General Fund Reserve now exceed the City Council Reserve Policy by \$5.9 million.
- Fully funded the 5-year IT Strategic Plan.
- Funded \$1.0 million toward the replacement of Police Department vehicles.
- Completed the acquisition and funding of 778 Shalimar Drive.
- No major audit findings or internal control breaches identified.
- Capitalized \$5.9 million in additions to our capital assets.



# Housing Authority Fiscal Year 2024-25



# Housing Authority

- Separate legal entity formed by the City in 2012
- Programs previously held by the former RDA
  - First time Homebuyers Program
  - Single Family Rehabilitation Program
  - Federal Neighborhood Stabilization Program (NSP)
  - Costa Mesa Family Village
  - Habitat for Humanity Loan Program
  - James Street/W. 18th Street Property (rental)
  - Affordable Housing Administration
- Established Programs as of FY19-20
  - Homeless Outreach Program
  - Homeless Bridge Shelter Operations



# FY 2024-25 HOUSING AUTHORITY YEAR-END ACCRUAL ACTUALS (in millions)

| Description  | FY 2024/25<br>Audited<br>Actuals |
|--|----------------------------------|
| <b>Beginning Fund Balance, July 1<sup>st</sup></b> | <b>\$8.3 M</b>                   |
| Revenues and Transfers In                          | 4.4 M                            |
| Less: Total Operating Expenses                     | (5.8) M                          |
| <b>Net Change in Fund Balance</b>                  | <b>\$(1.4) M</b>                 |
| <b>Ending Fund Balance, June 30<sup>th</sup></b>   | <b>\$6.9 M</b>                   |

Note: Revenues and transfers of \$4.4 million include \$1.2 million for subsidy of homelessness program costs; \$2.5 million for affordable housing; \$.5 million for tenant based rental assistance; \$.2 million for tenant relocation assistance.

# Next Steps

- March 2026: Proposed Capital Improvement Projects (CIP)
- April 2026: FY 2025/26 Mid-Year Update
- April/May 2026: FY 2026/27 Proposed Budget
- June 2026: FY 2026/27 Proposed Budget for City Council adoption and consideration



# Jamboree Housing Corporation

## Request for Additional Funds for the Development of the Costa Mesa Senior Project

Tuesday, March 17, 2026



# Background

- The Costa Mesa Senior Project was approved on March 18, 2025.
- Jamboree has experienced a funding shortfall and has requested a commitment of additional funds from the City.
- Jamboree has requested the commitment of additional funds in order to meet its Round 1 CTCAC tax credit application, due April 7, 2026.

# Request for Additional City Funds

- Jamboree has asked for a total commitment of \$3,250,000 from the City prior to the Round 1 deadline, in the form of a long-term loan. For example, Jamboree would request:
  - **\$750,000** in HOME Investment Partnerships Program (HOME) funds\*
  - **\$2,500,000** in other funds

*\*Based on the amount recommended as part of the Request for Proposals (RFP) #26-03.*

# Commitment Letter

- 3% annual interest rate.
- Permanent term of 55 years.
- Commitment expiration date of December 31, 2028.

# Source of Funding

**\$2,500,000 in other funds:**

- 1. Housing Trust Fund:** The City's Housing Trust Fund was created to set aside funding for the development of affordable housing. This Fund is meant to create a pathway to achieving the long-term goal of housing affordability for different income levels, including seniors.
  - **\$2.1 million** available from this Fund.
- 2. Development Agreements:** The City has development agreements that provide additional funding to specific causes. For example, the Development Agreement for the One Metro West (OMW) project includes a \$3 million "Economic Recovery and Community Enhancement Fund."
  - Using this funding would require a DA amendment to reach the **\$1 million** that OMW can provide by the deadline needed by Jamboree.



# Recommendation

1. Provide direction on the amount and source of funding, if any, to provide to Jamboree Housing Corporation for the development of the Costa Mesa Senior Project.
2. Authorize the City Manager to execute a funding commitment letter with Jamboree Housing Corporation for an amount authorized by the City Council for the development of the Costa Mesa Senior Project.
3. Authorize revenue and expense appropriations, and allocate the funds approved by the City Council for the Costa Mesa Senior Project.

