

ECONOMIC IMPACT OF TOURISM REPORT FOR 2023

March 18, 2025



**TRAVEL
COSTA
MESA**

Prepared for Travel Costa Mesa

- **Received report 4th QTR 2024 for calendar year 2023**
 - **Last report 2017**
- **Quantify the significance of tourism within the city**



**TOURISM
ECONOMICS**

AN OXFORD ECONOMICS COMPANY

KEY ECONOMIC IMPACT



VISITOR SPENDING
\$883M



TOTAL ECONOMIC
IMPACT
\$1.1B

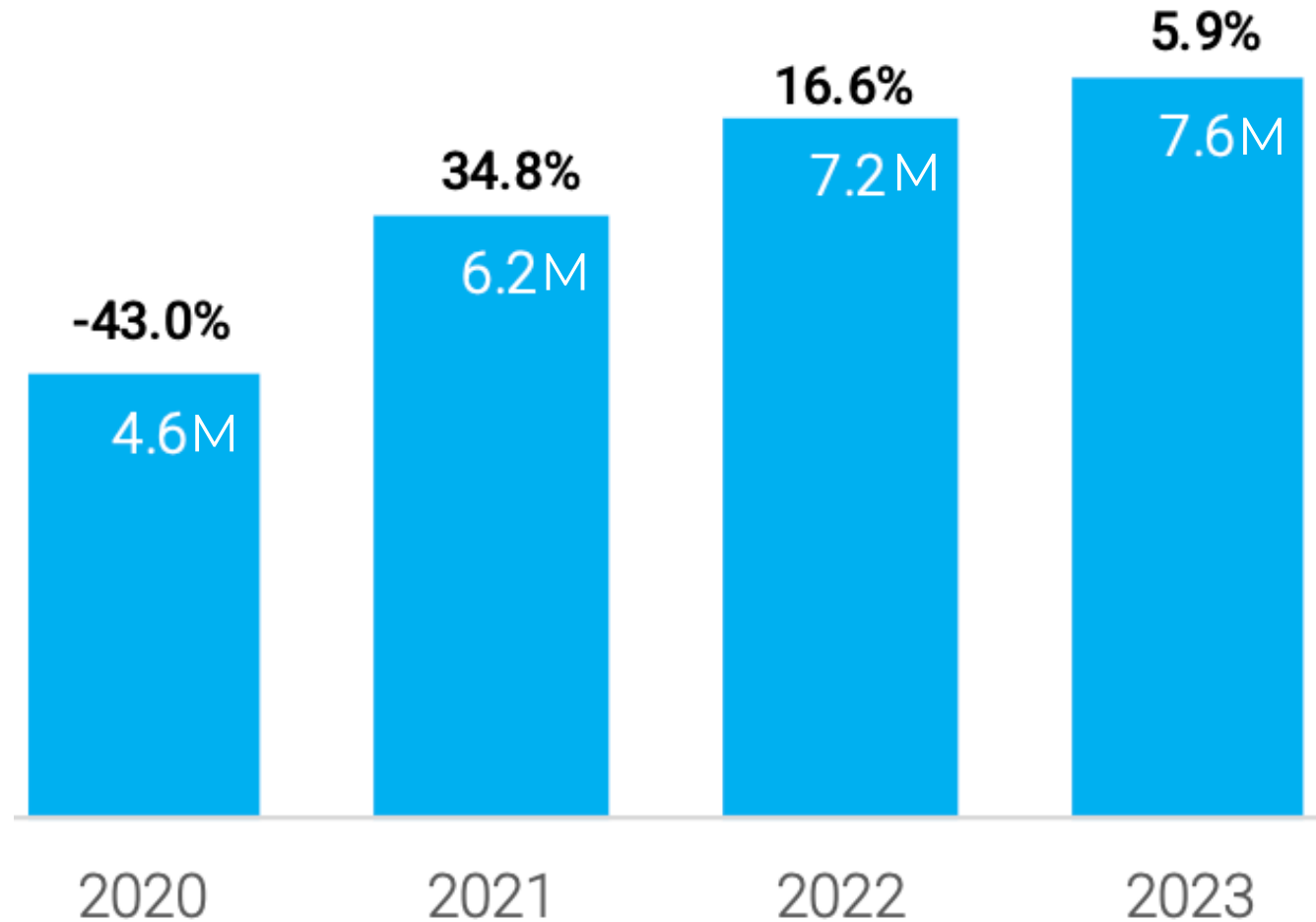


TOTAL JOBS
8,421



GENERATED STATE
& LOCAL TAXES
\$50.2M

VISITOR VOLUME YEAR-OVER-YEAR CHANGE

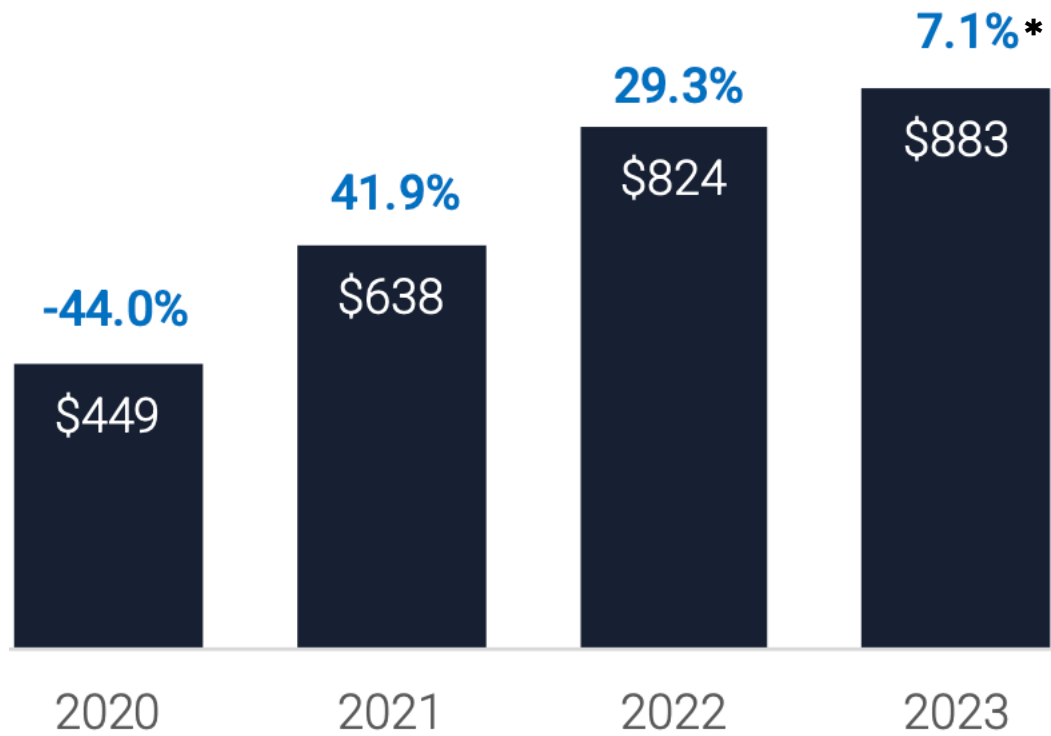


VISITOR VOLUME BY MARKET YEAR-OVER-YEAR CHANGE



	2020	2021	2022	2023
Total visitor volume	4.57	6.16	7.18	7.60
Day	4.10	5.50	6.36	6.75
Overnight	0.47	0.66	0.83	0.86
Year-over-Year Change:	-43.0%	34.8%	16.6%	5.9%
Day	-42.4%	34.1%	15.6%	6.1%
Overnight	-47.1%	40.4%	25.3%	3.7%

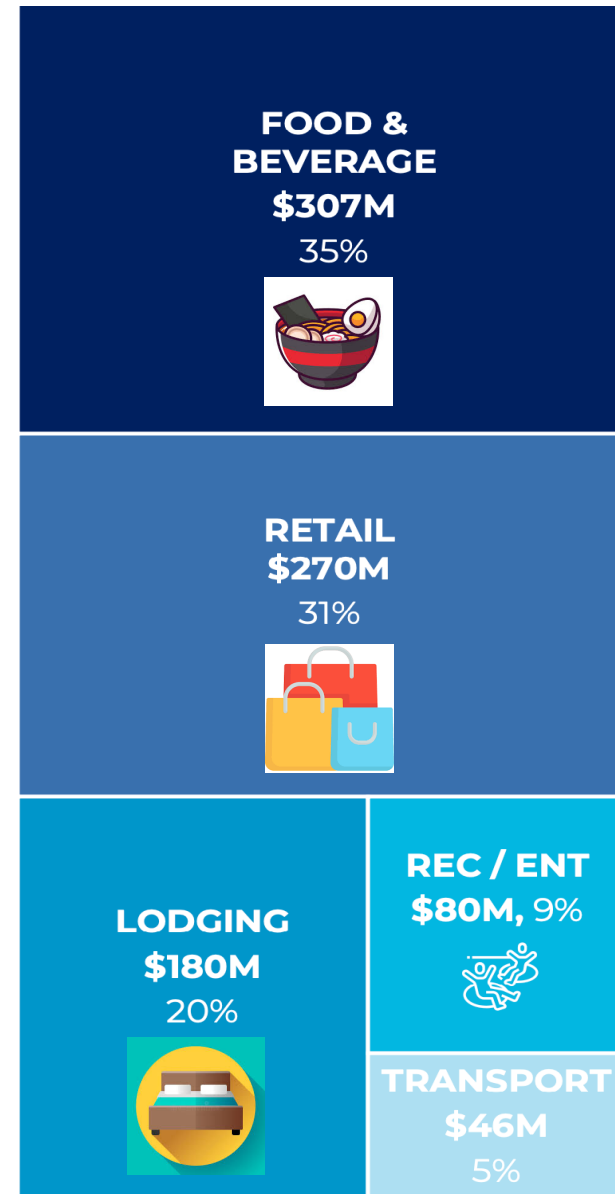
DIRECT VISITOR SPEND YEAR-OVER-YEAR CHANGE



***Visitor Spending
10% Above Pre-Pandemic Levels**

DIRECT VISITOR SPENDING

	2023	2023 Growth	% of 2019
Total visitor spending	\$883.2	7.1%	110.2%
Food & beverage	\$307.1	6.9%	114.7%
Retail	\$270.0	6.8%	103.6%
Lodging*	\$179.7	8.8%	110.5%
Recreation	\$80.5	9.7%	110.5%
Transportation	\$46.0	0.6%	120.7%



3 LEVELS OF IMPACT CALCULATED

DIRECT IMPACTS

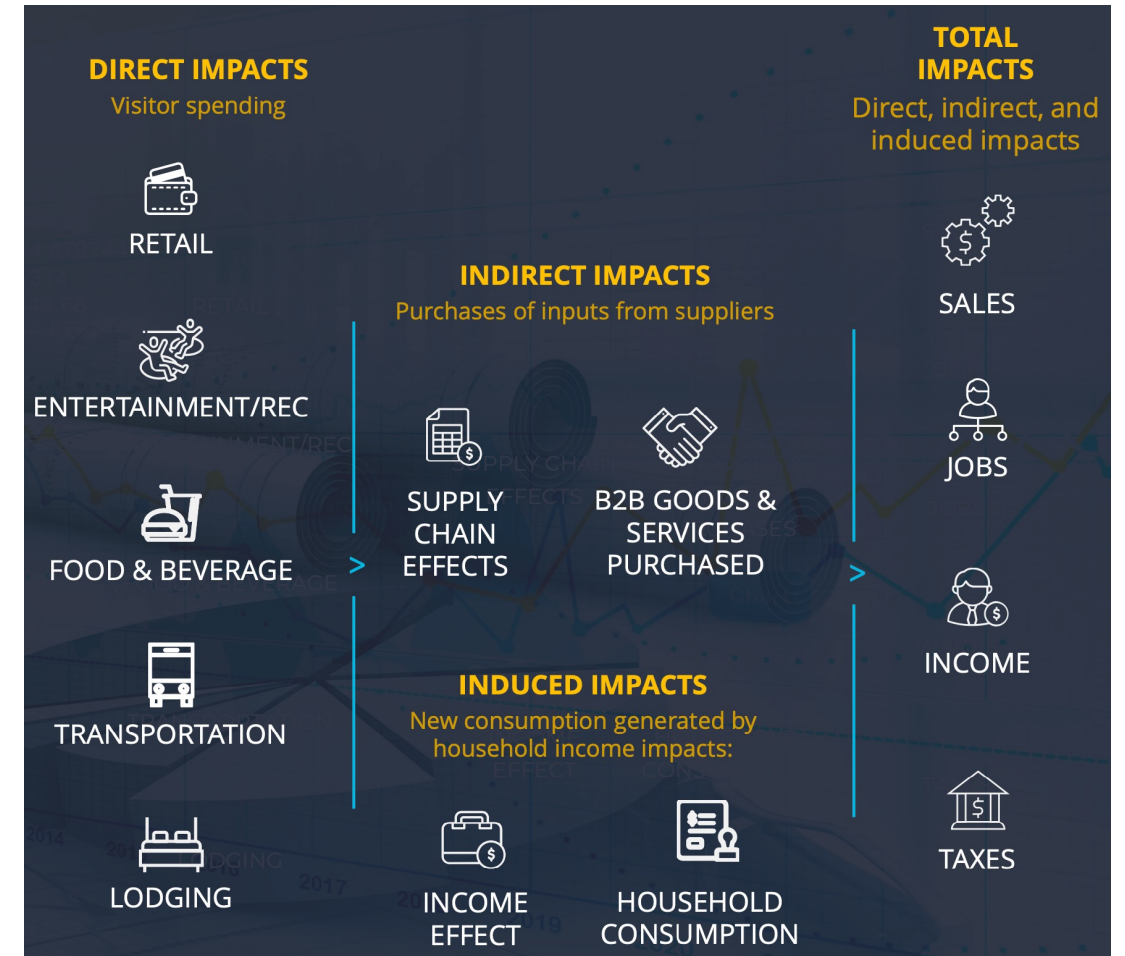
Visitor spending creates direct economic value within group sectors (retail, entertainment)

INDIRECT IMPACTS

Each sector purchases goods/services (utilities, food wholesalers)

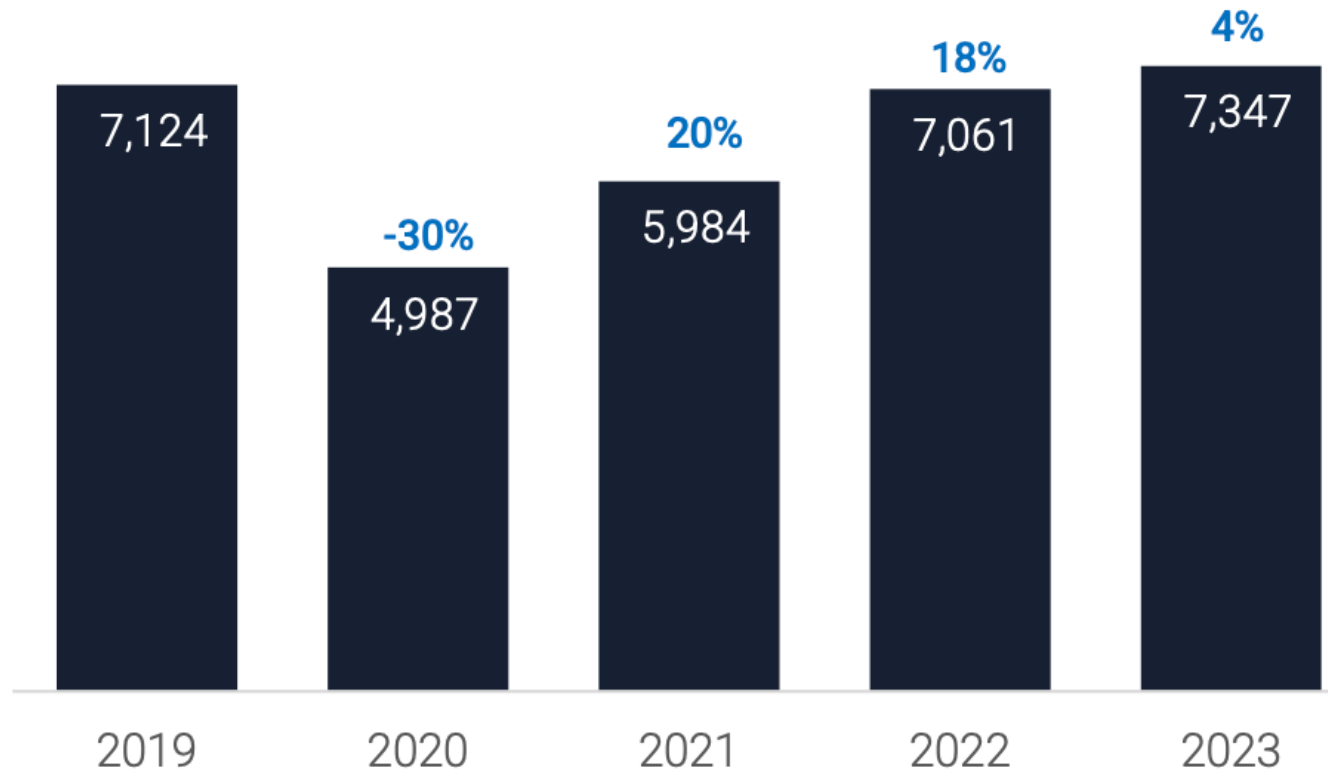
INDUCED IMPACTS

Employees who earn wages from visitor spending use their pay in the local economy



ECONOMIC IMPACT FINDINGS-

Direct Visitor Employment



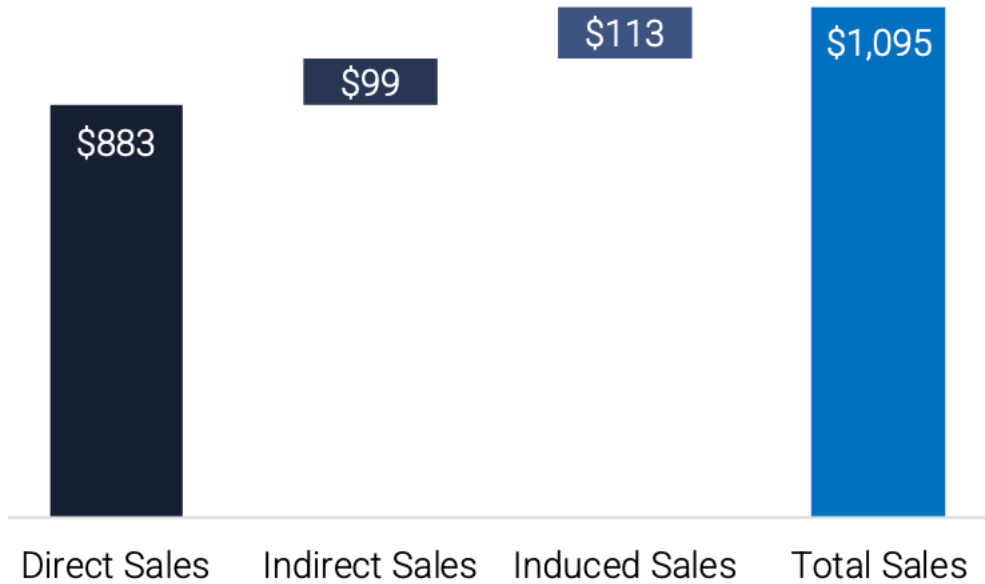
**2023 was the 1st year
direct visitor employment
surpassed 2019 levels**



Source: Tourism Economics

BUSINESS SALES IMPACTS

SUMMARY ECONOMIC IMPACT 2023 IN MILLIONS



Outside of direct impacts, significant benefits accrued in sectors that include:

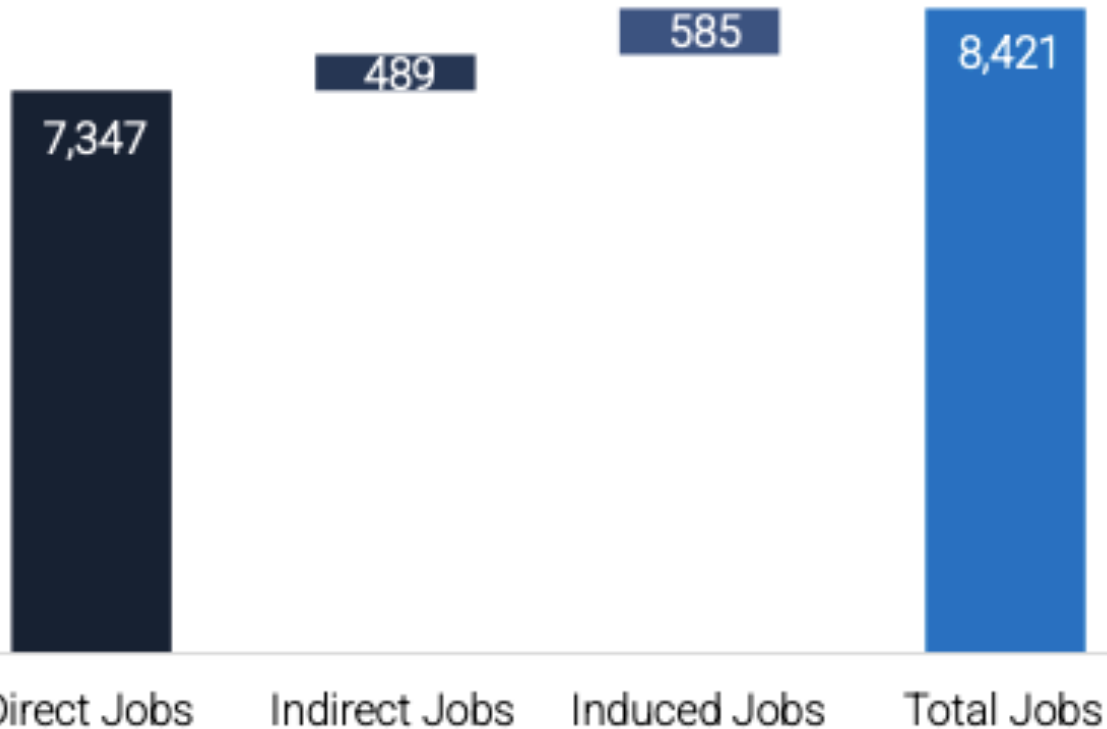
- Finance
- Insurance
- Real Estate & business services

SALES IMPACT BY INDUSTRY 2023 TOP 5 IN MILLIONS

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$883.2	\$99.2	\$112.9	\$1,095.3
Food & Beverage	\$307.1	\$2.0	\$7.1	\$316.3
Retail Trade	\$270.0	\$4.4	\$11.1	\$285.5
Lodging	\$177.1	\$0.1	\$0.1	\$177.2
Recreation and Entertainment	\$78.7	\$4.7	\$2.3	\$85.7
Finance, Insurance and Real Estate	\$8.9	\$28.3	\$36.6	\$73.8

JOBS IMPACTS

Employment-Number of Jobs 2023

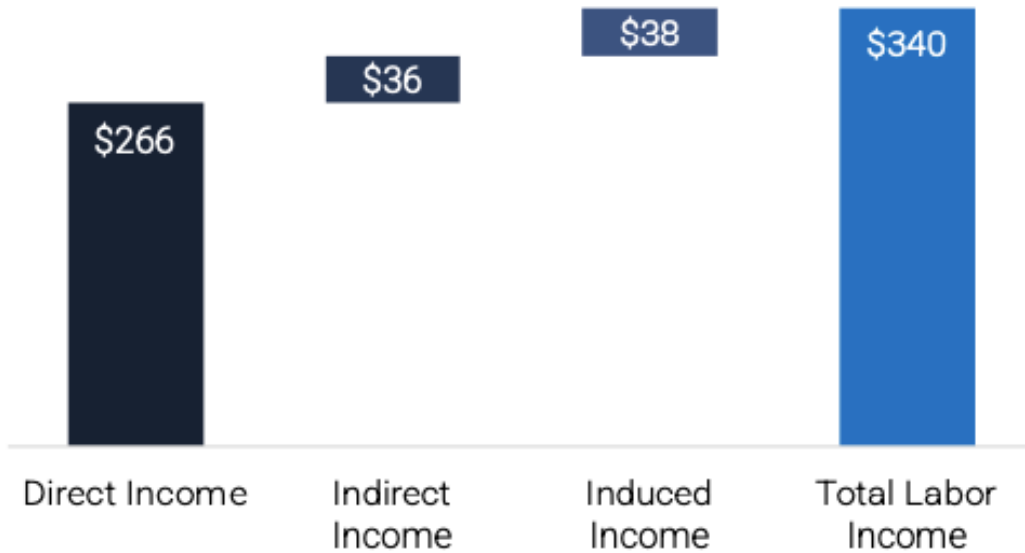


Job Impacts by Industry 2023 Top 6 by Industry

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	7,347	489	585	8,421
Food & Beverage	3,861	29	75	3,965
Lodging	1,330	1	1	1,331
Retail Trade	1,127	36	88	1,251
Recreation and Entertainment	827	47	19	894
Business Services		180	64	244
Finance, Insurance and Real Estate	38	87	83	207

LABOR INCOME IMPACTS

SUMMARY LABOR INCOME IMPACT 2023 IN MILLIONS



7 industries in which visitor activity supports more than \$10 million in personal income.

SALES LABOR INCOME IMPACTS BY INDUSTRY 2023 TOP 7 IN MILLIONS

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$265.9	\$36.0	\$38.0	\$339.9
Food & Beverage	\$123.1	\$1.0	\$2.6	\$126.7
Lodging	\$55.1	\$0.0	\$0.0	\$55.1
Retail Trade	\$43.5	\$1.4	\$4.2	\$49.0
Recreation and Entertainment	\$33.4	\$2.8	\$1.1	\$37.3
Business Services		\$15.2	\$5.4	\$20.6
Finance, Insurance and Real Estate	\$2.1	\$6.7	\$7.1	\$16.0
Education and Health Care		\$0.2	\$10.3	\$10.5

TAX IMPACTS

	Tax Revenue
Total Tax Revenues	\$114.0
Federal Taxes	\$63.9
Personal Income	\$28.4
Corporate	\$12.5
Indirect Business	\$5.5
Social Insurance	\$17.5
State Taxes	\$34.7
Sales	\$18.8
Corporate Income	\$2.0
Personal Income	\$10.1
Social Insurance	\$0.7
Excise and Fees	\$3.1
Local Taxes	\$15.5
Sales	\$4.3
Hotel Tax	\$10.2
Excise and Fees	\$1.1

Source: Tourism Economics

Each household in Costa Mesa would pay an extra \$1,212 in taxes to replace the visitor taxes collected by state and local government.

100% of transient occupancy tax (only hotel guests pay this) goes directly into the city's general funds.





Thank you!

Don't Forget to Follow Us!



**TRAVEL
COSTA
MESA**



@TravelCostaMesa

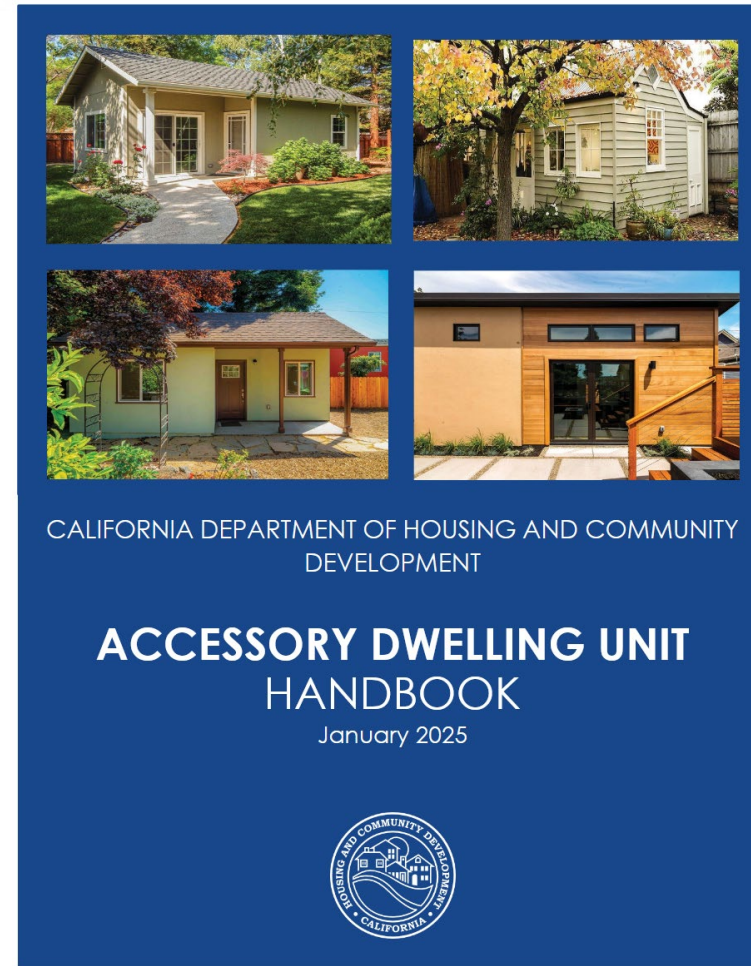
Statutory Accessory Dwelling Unit Ordinance Amendments

City Council Meeting
March 18, 2025



Accessory Dwelling Unit (ADU) Ordinance Update

- California Government Code ADU regulations recently changed
- Recent State changes are inconsistent with current City ADU provisions
- California Department of Housing and Community Development (HCD) sent a letter requesting modifications to City ADU provisions
- Requires ADU Ordinance update



What is an Accessory Dwelling Unit (ADU)?

- ADUs are small housing units on residential properties that provide for additional housing in California.
- ADUs are accessory to the main unit but serve as individual housing units (can be rented).
- Previously called “granny flats” or “guest houses”.



City ADU Ordinance History



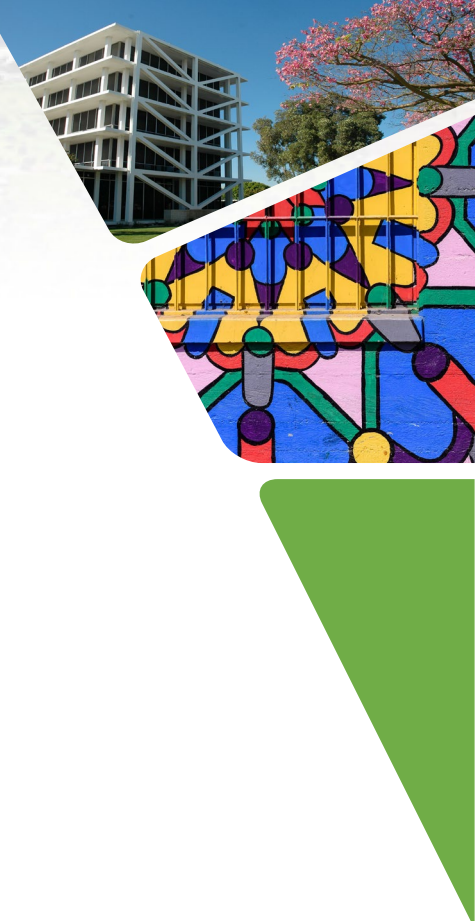
- 2019 Urgency Ordinance
- ADU Ordinance No. 2021-03
- ADU Ordinance No. 2023-03
- Planning Commission Study Session (Jan 27) and Recommendation (Feb 24)

Proposed Code Amendments

- State ADU changes (SB 477, SB 1211, & AB 2533) require local ADU Code update regarding ADU density, size, parking and development standards
- Consistency and clarification per HCD Letter
- Public Comment from California Housing Defense Fund



Changes to the Number of Allowed ADUs



	Existing Maximum ADUs	Proposed Maximum ADUs
Single-Family Dwelling Properties	<ul style="list-style-type: none"> • 1 ADU • 1 JADU 	<ul style="list-style-type: none"> • 1 conversion ADU • 1 JADU • 1 detached/attached ADU
Multi-Family Dwelling Properties	<ul style="list-style-type: none"> • 2 detached ADUs • No ADUs within new construction • ADUs converted from non-livable space up to 25% of the existing units 	<ul style="list-style-type: none"> • 8 detached ADUs* • 1 ADU within new construction • ADUs converted from non-livable space up to 25% of the existing units

*Provided ADUs do not exceed the number of existing units. One ADU can be attached.

Multi-Family ADU Square Footage

	Current Maximum Size	Proposed Maximum Size
Multi-Family Dwelling Properties	Detached – 800 SF per ADU if more than one ADU is proposed. Otherwise, 1,200 SF for one ADU.	Detached – 850 SF or 1,000 SF for an ADU with more than 1 bedroom
	Attached > of, 1000 SF or 50% of average existing residence size	No Changes
	Conversions – No Maximum	No Changes



Types of ADUs Exempt From Local Standards

Single Family Development:

- ADUs and JADUs that are converted from existing floor area and accessory structures
- Detached ADU less than 800 SF with:
 - Four-foot side and rear setbacks
 - 18' Height (plus 2 feet to align with roof of main building)

Multi-Family:

- ADUs that are converted from existing floor area and accessory structures
- Detached ADUs with:
 - Four-foot side and rear setbacks
 - Less than 18' Height (plus 2 more feet to align with roof pitch of main building)

Safe ADU Legalization Program:

- Unpermitted ADUS built prior to Jan 1, 2020, may seek legalization.



Objective Design Requirements

- All standards must be objective.
- Attached and detached ADUs shall match materials, finishes and colors of main residence.
- All converted units are State exempt and therefore are subject to minimal standards. (Garage conversion standards are now recommendations that cannot be enforced).



Parking Space Removal for ADUs

- Existing: Garages and carports may be removed to make room for ADUs.
- Proposed: Any parking space including garages, carports, or open parking may be removed to make room for an ADU.



Short Term Rentals (STRs)

- HCD's letter requested that City allow short-term rentals (STRs) in JADUs.
- A potential challenge is that JADUs used as STRs, will reduce the number of long-term housing units available to residents in the City.
- The City may adopt an ordinance without the requested changes if findings are explaining the reasons why the City believes that the ordinance complies with State ADU law.

New “Pre-Approved ADU Program”

City’s “pre-approved ADU designs” to be available soon on City website

- Building Dept. currently reviewing plans
- Faster processing times and cost reduction
- Plans available end of spring/early summer 2025



Noticing and CEQA

- Public Notice published in the Daily Pilot on March 1, 2025.
- Exempt CEQA pursuant to PRC Section 21080.174 and CEQA Guidelines Section 15282(h), “the adoption of an ordinance regarding second units in a single-family or multifamily zone by a city or county to implement the provisions of Sections 65852.1 and 65852.2 of the Government Code” relating to “granny” housing and “second unit ordinances” are exempt from the requirements of CEQA.



Recommendation and Alternatives

1. Find that the project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080.174 and CEQA Guidelines Section 15282(h); and
2. Introduce for first reading, by title only, Ordinance No. 2025-XX approving Code Amendment PCTY-24-0002, amending Title 13 of the Costa Mesa Municipal Code (CMMC) pertaining to ADUs to conform to recent revisions to State law.





**Senior Affordable Residential Development
695 W 19th Street (Site of Senior Center)**

**City Council Meeting
March 18, 2025**



Project Background

- **2008:** Costa Mesa includes Senior Housing in the 4th Cycle Housing Element
- **2016:** The City includes Senior Housing in the 6th Cycle Housing Element
- **2020 - 2021:** COVID-19 pandemic occurred; project focus shifted due to managing pandemic
- **July 2020:** Exclusive Negotiating Agreement with Jamboree Housing Corporation (JHC) is adopted
- **2022 - 2023:** JHC and City staff continue to meet to discuss proposed project
- **February 2024:** City Council Urban Master Plan screening
- **July 2024:** Option to Lease Agreement (OPL) approved by City Council
- **May 2024:** Urban Master Plan application submitted
- **December 2024:** Planning Commission recommended City Council approve the project



19 West Urban Plan

- Intent of Urban Plan allow opportunities for live/work and residential development in Westside Costa Mesa
- Allows for horizontal and vertical mixed-use developments
- Objectives of the Urban Plan includes new housing types to satisfy a diverse residential population and providing well designed and integrated urban residential development
- Original plan for Senior Center site in the early 1990s included a residential component
- Senior Center property has been identified as a housing opportunity site in the Housing Element since 2008



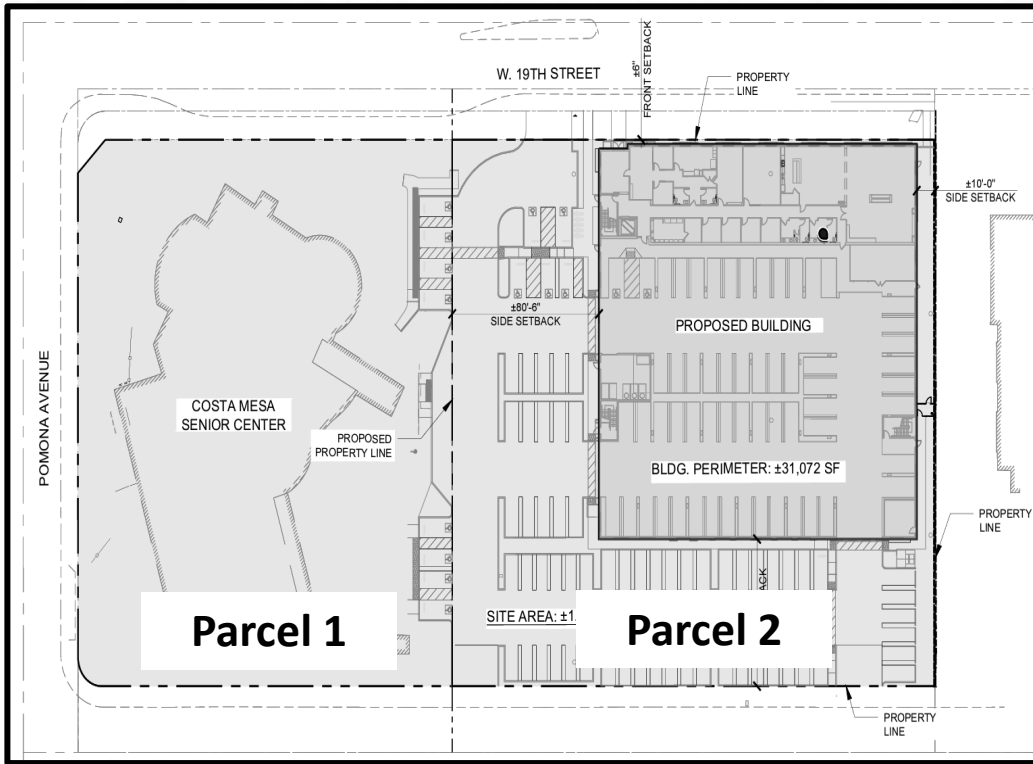
Project Location



Request

- Tentative Parcel Map 2023-160
- Master Plan with Density Bonus
- Affordable Housing Agreement and Affordable Housing Plan
- Disposition and Development Agreement (including a Regulatory Agreement) and Ground Lease
- City Financial Assistance/Loans

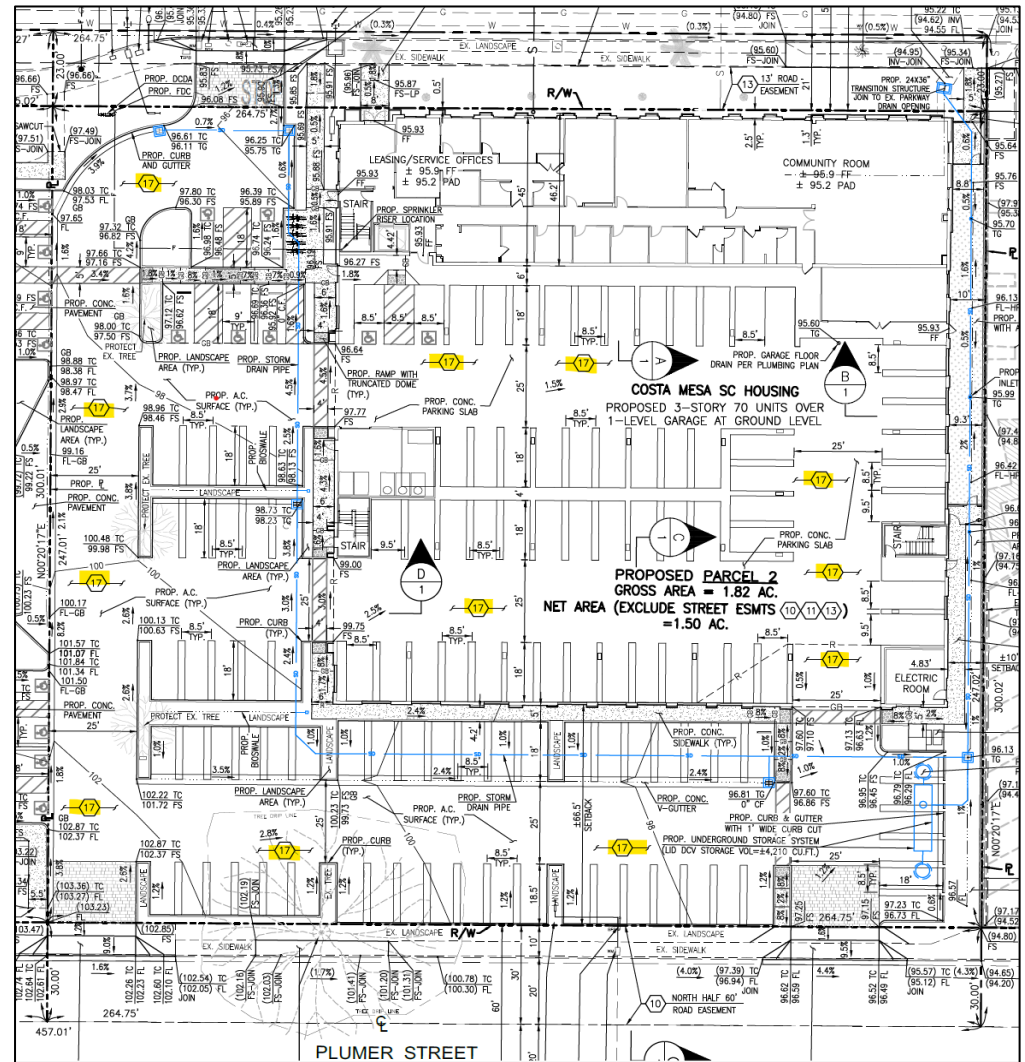
Tentative Parcel Map 2023-160



Parcel 1 (1.16 acres): Senior Center

Parcel 2 (1.50 acres): proposed senior housing project

17 AN EASEMENT FOR INGRESS, EGRESS, PUBLIC ACCESS, PARKING AND PUBLIC USE AS TO BE RECORDED AT THE COUNTY OF ORANGE.
 IN FAVOR OF: THE CITY OF COSTA MESA
 AFFECTS: AS DESCRIBED THEREIN

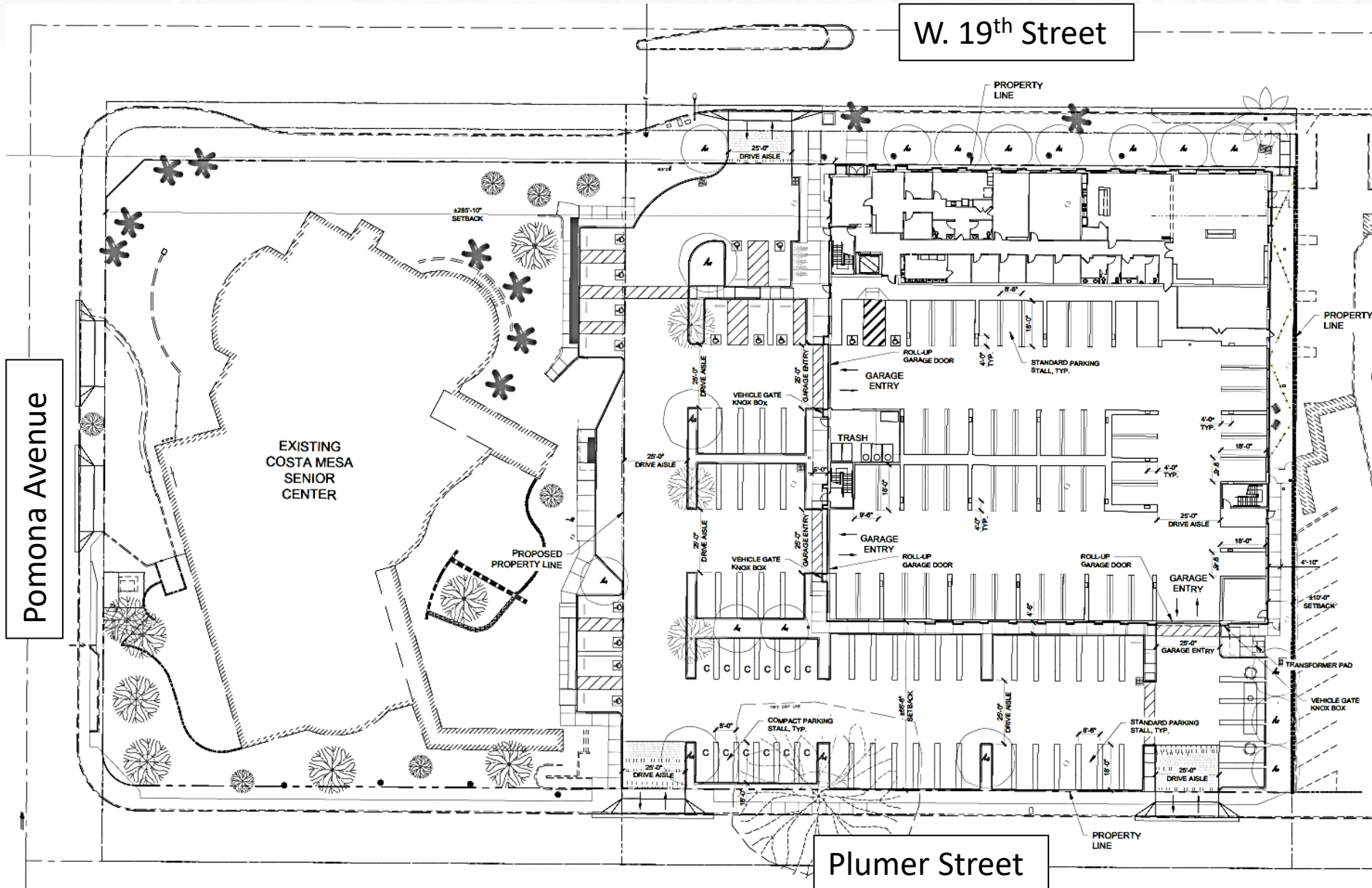


Master Plan

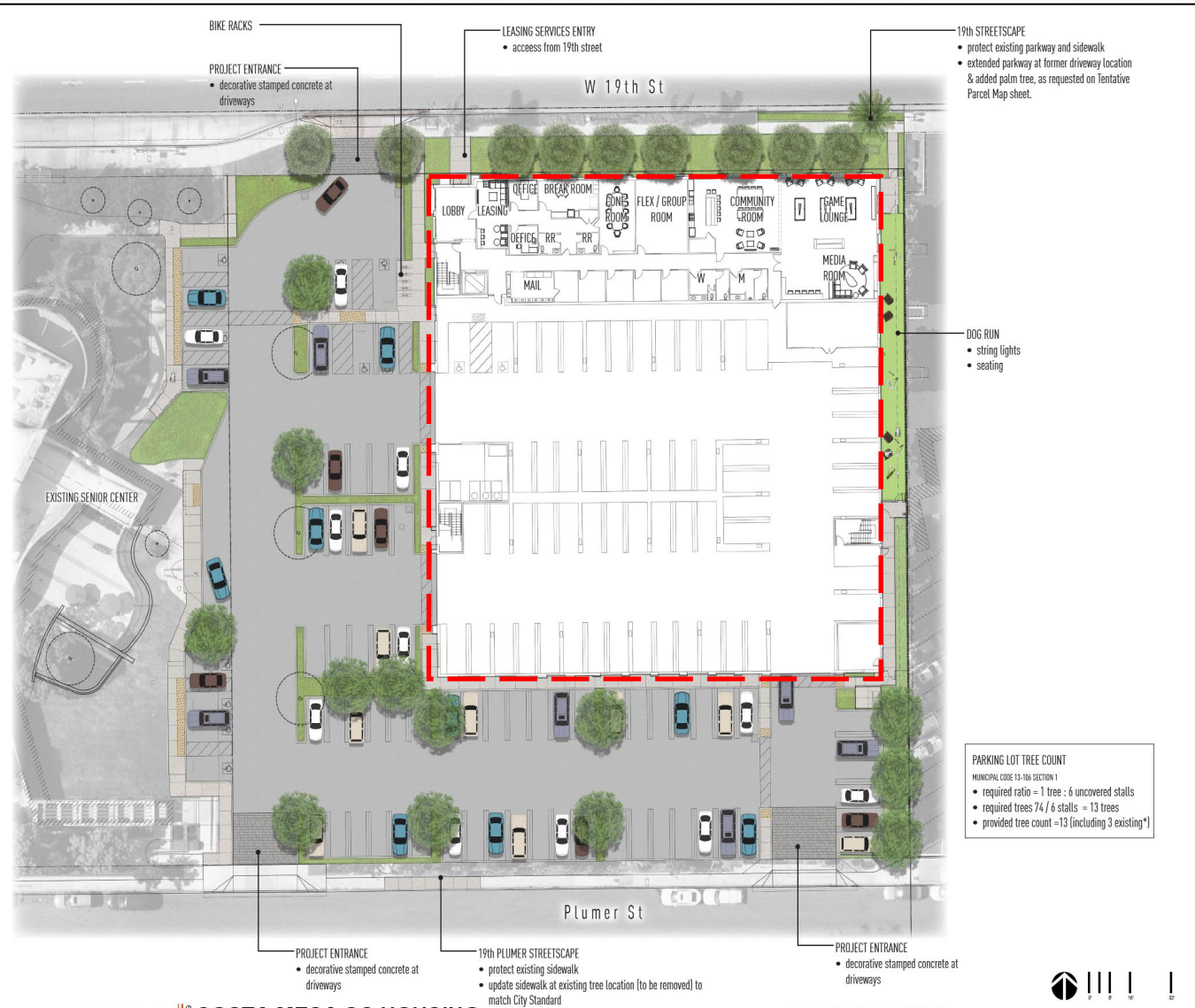
- 70 affordable units (35 low-income, 34 very-low income, and one manager's unit.)
- 1.44 Floor Area Ratio
- 57'-6" (4 stories) building height
- Fitness room, library/computer room, pet spa and dog run
- 59 parking spaces under podium – 40 reserved for housing development



Site Plan



Ground Floor



JAMBOREE HOUSING CORPORATION
17955 CROWN AVE
SUITE 200
IRVINE, CA 92614
949.261.6676

COSTA MESA SC HOUSING
COSTA MESA, CA

URBAN MASTER PLAN SUBMITTAL
DATE: 05.09.24
REVISED: 08.22.2024



2nd Floor



FITNESS LAWN

- synthetic lawn
- pottery screen

MULTI-USE LAWN

- lawn games
- yoga / tai chi

LOUNGE

- group seating
- pottery
- enhanced paving

PATIO DINING

- dining tables
- bbq counter
- olive tree grove in pots
- enhanced paving

PRIVATE PATIO

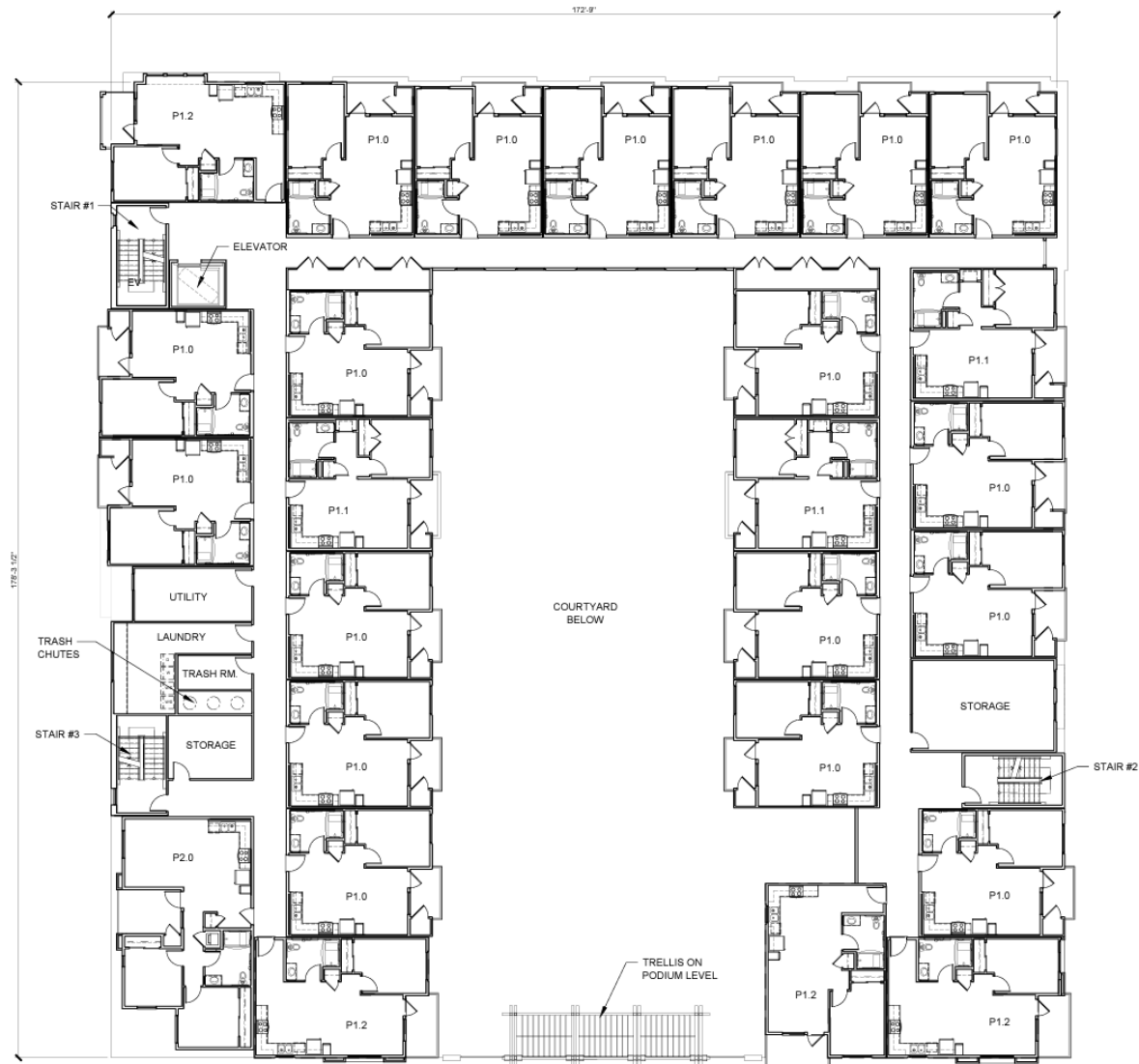
- wrought iron fence with gate
- *gate application varies
- pottery

COMMUNITY GARDEN

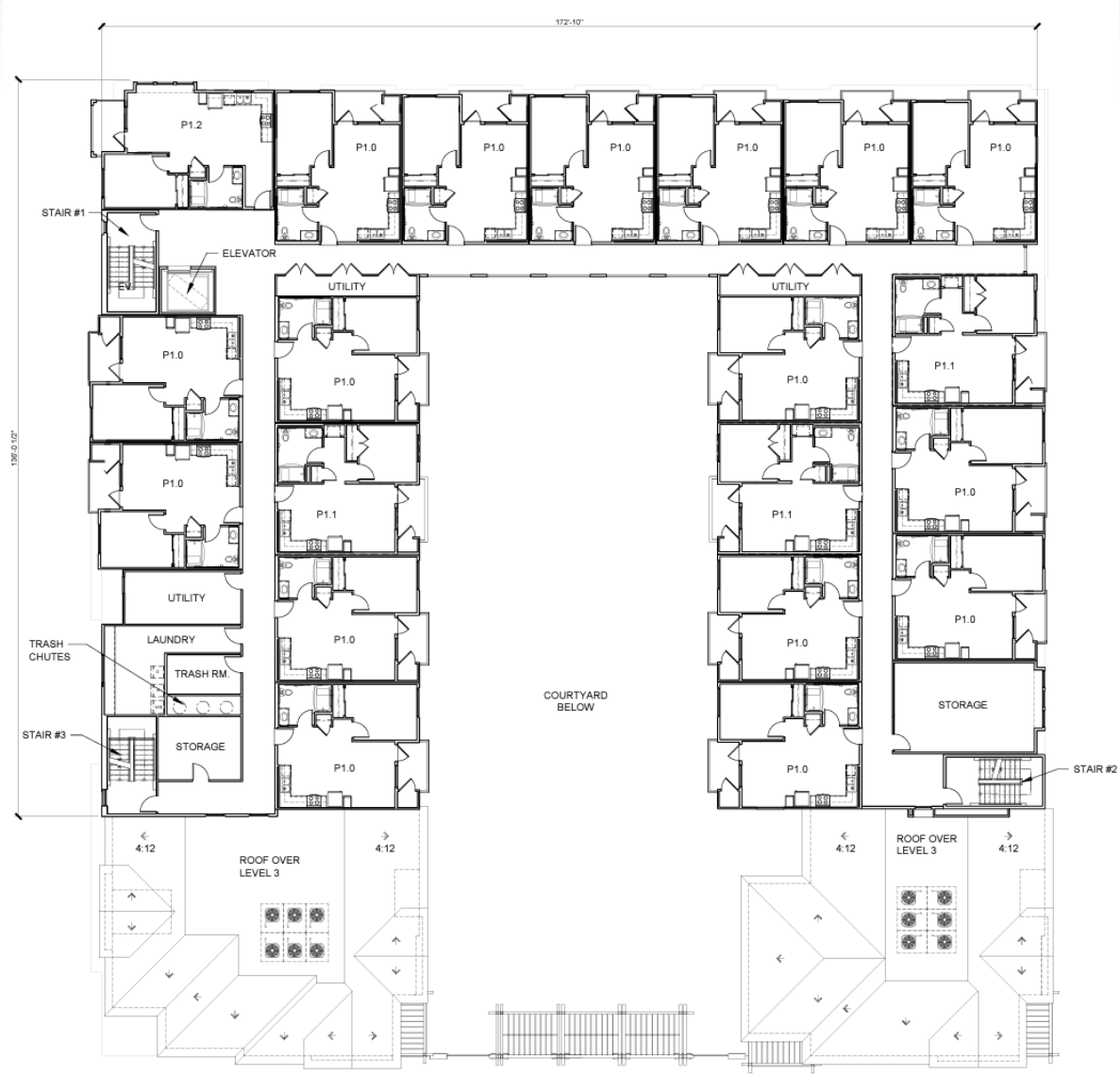
- raised planting beds
- planting work table and storage
- patio seating
- pergola / trellis



3rd Floor



4th Floor

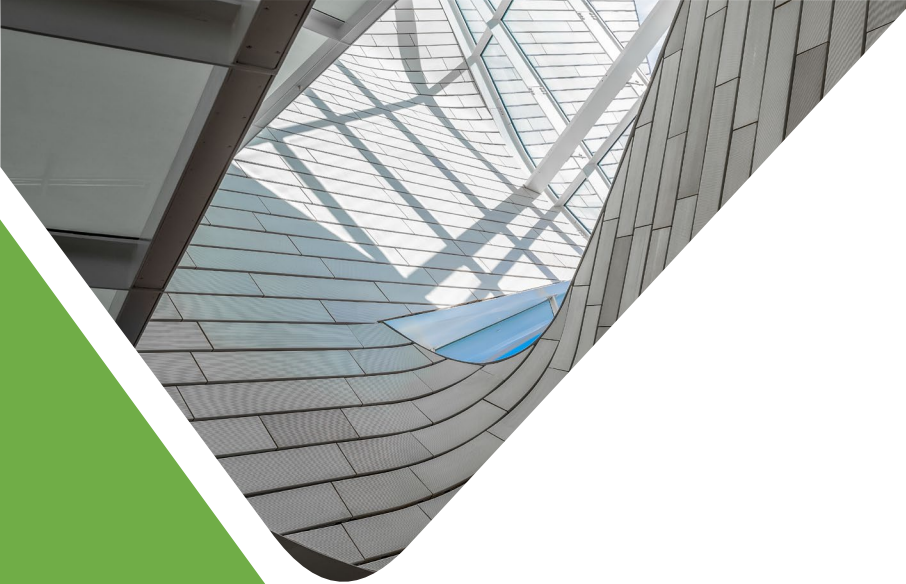


Density Bonus

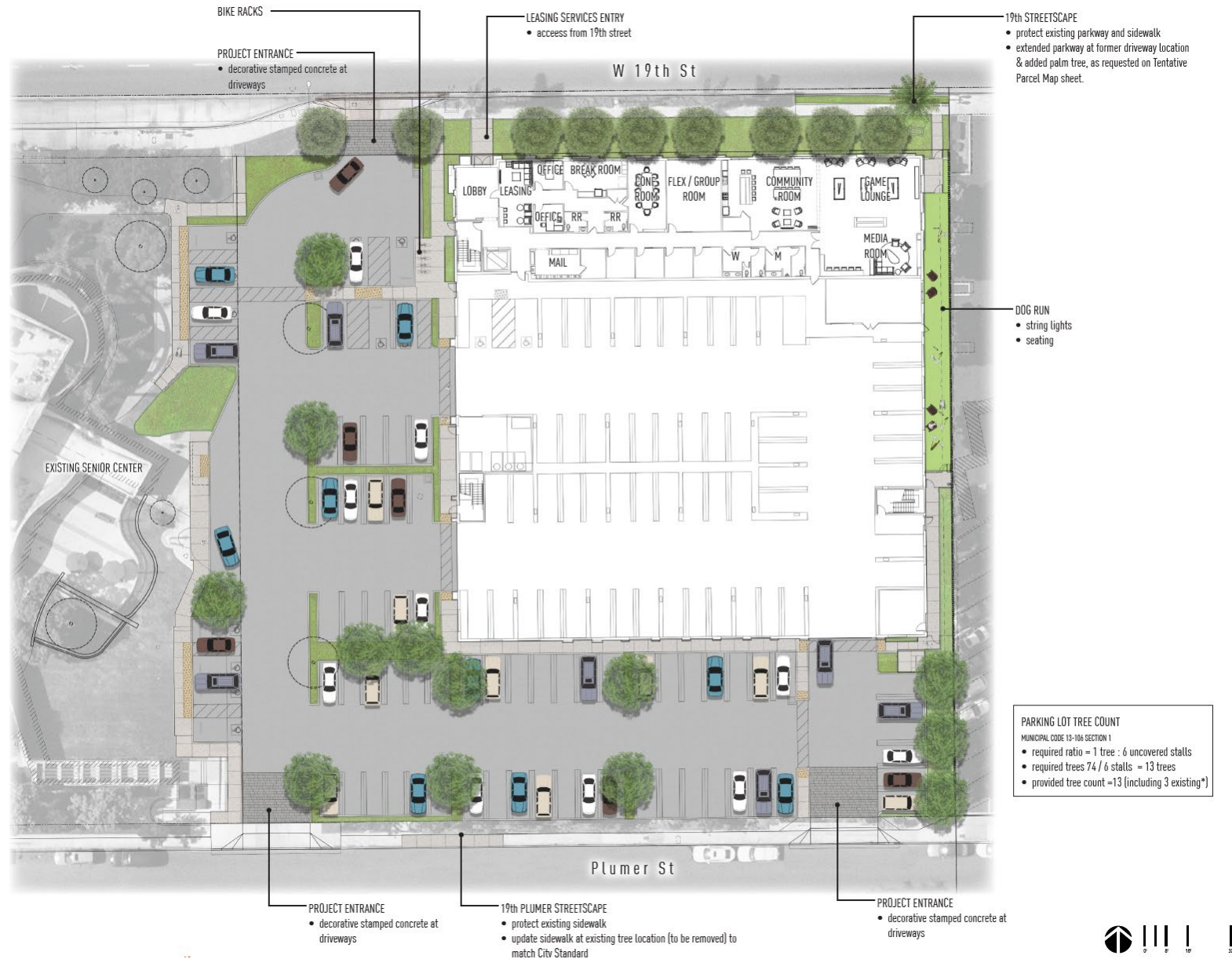
- State Density Bonus Law and Costa Mesa Municipal Code.
- No increase in number of units.
- State Density Bonus law permits 100-percent affordable projects to be entitled to five concessions and an unlimited number of waivers from development standards. JHC is requesting four concessions.

Development Standard	Urban Plan Standard	DBL Concession
Open Space – Development Lot	30% (19,619 SF)	5.04% (3,297 SF)
Residential Open Space	200 SF (14,000 SF)	169 SF (11,857 SF)
Front Setback along W. 19 th St.	15 FT	0 FT 6 IN
Parking Stall Width next to Column	1-foot additional ¹	0 foot

¹ Pursuant to the City of Costa Mesa Parking Design Standard



Parking



Parking Management Plan

- A Construction Parking Plan will **maximize the number of onsite parking spaces** during construction.
- During construction, a Parking Management Plan will be implemented to **ensure accessibility to the Senior Center by Costa Mesa seniors.**
- Jamboree has entered into a partnership with **FC Parking, a Certified Parking Professional company**, to provide **both valet and shuttle service** to and from the Senior Center.
- Once construction starts, Jamboree, the City, and FC Parking will solicit input from Senior Center users to determine how to improve the parking management plan. A formal **six-week review meeting** will be a forum for stakeholder input to be considered.

Construction Phasing Plan

- **Project Timeline:** 22 months
- **Phase 1:** Demolition, site grading, infrastructure, and podium construction
- **Phase 2:** Ingress/egress modifications, right-of-way improvements, final building and landscaping
- **Parking Management Plan:** Will ensure site parking availability during construction, with off-site solutions and valet for seniors
- **Ongoing Coordination:** Regular evaluations and collaboration with the Senior Center and community to address parking needs



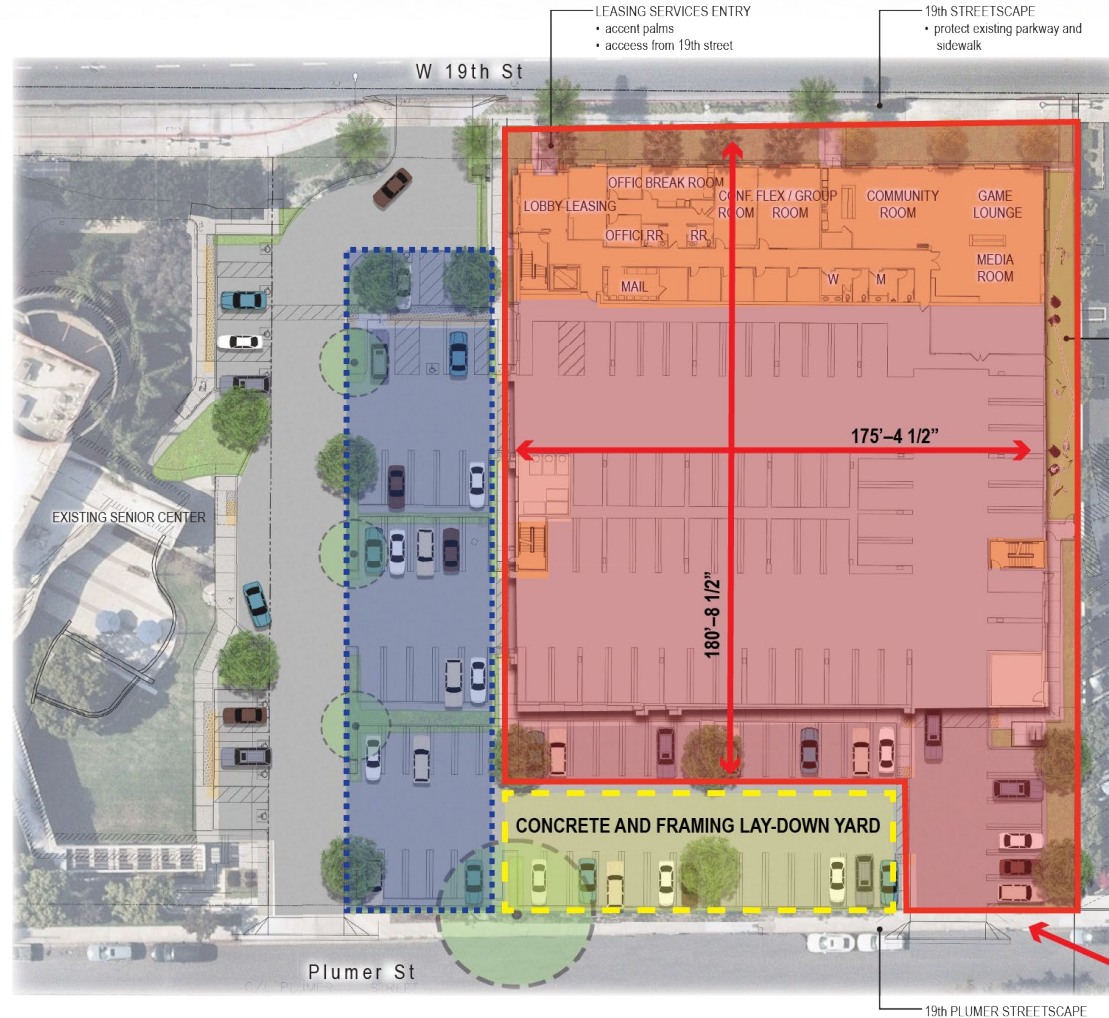
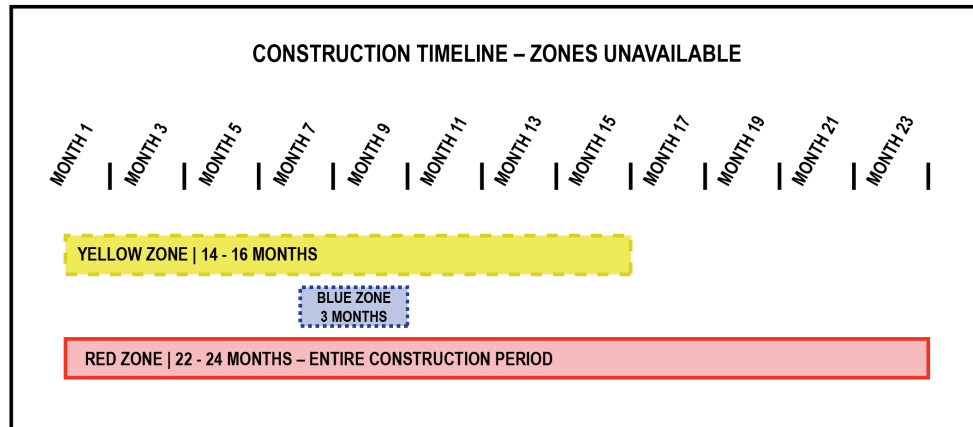
Construction Parking Plan

Providing as much onsite parking as possible during construction is a priority. Since the proposed development is a podium-style building, a level of flexibility is maintained.

Red Zone (~80 spaces) – Unavailable for duration of project (Approximately 22-24 months)

Blue Zone (~31 spaces) – Unavailable during podium pour (Approximately 3 Months)

Yellow Zone (~14 spaces) – Unavailable during concrete pour and framing (Approximately 16 months)



Affordable Housing Plan

- Affordable Housing Ordinance (Ordinance No. 2024-02) applies to residential developments with 50+ units
- JHC is required to submit an Affordable Housing Agreement and an Affordable Housing Plan, detailing unit distribution, income targets, site plans, and long-term affordability mechanisms
- All units, except the manager's unit will be affordable, with a mix of 30% to 60% Area Median Income (AMI)
- Minimum 55-year affordability term
- Maximum occupancy for each unit is two persons for each bedroom plus one additional person



Disposition and Development Agreement / Affordable Housing Agreement and Ground Lease

Terms Summary:

- 99-year affordability term and ground lease with a 55-year re-opener option. Annual lease cost = \$1
- Ground lease area used for senior affordable housing
- JHC responsible for maintenance, repairs, and coordination with Senior Center to allow for special events
- City approval required for property management plan, social services program, and parking management plan
- JHC to prioritize Costa Mesa residents
- Coordination of programming areas with Senior Center
- Improvements become property of City at end of lease

City Financial Assistance

Overview:

- **Ground Lease:** \$1 per year for use of City land
- **City Permit and Development Impact Fees:**
 - Initial deferral/waiver of up to \$700,000
 - Fees to be repaid starting after building is completed or paid in full if Jamboree loans are refinanced
- **Potential Use of HOME Funds:**
 - \$1.5 million (subject to competitive application process)
 - If approved, funds to be provided as a loan to be repaid
 - Repayment of the loans will occur after building is completed or if Developer's loans are refinanced from the net proceeds (50/50 split of proceeds to ensure loan repayment and City participation in net proceeds).

Findings

- **Tentative Parcel Map:** The subdivision aligns with the General Plan, Zoning Code, and State laws, supporting affordable senior housing and balanced growth.
- **Master Plan:** The project aligns with the General Plan, Zoning Code, and 19 West Urban Plan.
- **Density Bonus:** 100% affordable senior housing qualifies for density bonuses/incentives under State Code, meets General Plan/Urban Plan goals, and requires concessions for financial feasibility, with no adverse impact on health, safety, or environment.



Recommendation

Planning Commission recommends the City Council:

- Find the project is categorically exempt from the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15332 (Class 32), In-Fill Development Projects;
- Approve the Disposition and Development Agreement (DDA)/Affordable Housing Agreement (AHA) (including a Regulatory Agreement) and Ground Lease; and
- Approve the Master Plan (PMAP-24-0001) with Density Bonus, and Tentative Parcel Map 2023-160.

Staff recommends the City Council:

- Approve City Financial Assistance