



CITY OF COSTA MESA

77 Fair Drive
Costa Mesa, CA 92626

Agenda Report

File #: 26-167

Meeting Date: 3/17/2026

TITLE:

APPROVE A TOTAL FUNDING COMMITMENT OF \$1,500,000 OF HOME INVESTMENT PARTNERSHIP FUNDS TO JAMBOREE HOUSING CORPORATION FOR THE DEVELOPMENT OF THE COSTA MESA SENIOR PROJECT AND TO AMERICAN FAMILY HOUSING FOR AVON RIVER APARTMENTS LOCATED AT 1400 BRISTOL AVENUE IN COSTA MESA

DEPARTMENT: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/HOUSING AND COMMUNITY DEVELOPMENT

PRESENTED BY: CARRIE TAI, AICP, ECONOMIC AND DEVELOPMENT SERVICES DIRECTOR

CONTACT INFORMATION: CARRIE TAI, AICP, ECONOMIC AND DEVELOPMENT SERVICES DIRECTOR, 714-754-5270; CARRIE.TAI@COSTAMESACA.GOV

RECOMMENDATION:

Staff recommends the City Council:

1. Approve the recommended allocation of \$750,000 to Jamboree Housing Corporation for the development of the Costa Mesa Senior project from HOME Investment Partnerships 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, 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 affordable housing 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.

BACKGROUND:

HOME Investment Partnerships Program

The City of Costa Mesa is a recipient of two U.S. Department of Housing and Urban Development (HUD) grant program funds, the Community Block Grant (CDBG) Program and the HOME

Investment Partnerships Program (HOME).

The Housing and Community Development Division (HCD) of the Development Services Department is responsible for administering the City's CDBG and HOME grants. CDBG and HOME-funded activities must address the needs outlined in the City's Consolidated Plan. The Consolidated Plan is a five-year planning document required by HUD for all communities receiving federal community development grant funds. The Annual Action Plan is the one-year expenditure plan for the use of HUD's annual allocation of funds.

On May 2, 2025, the Costa Mesa City Council approved the FY 2025-2026 Annual Action Plan, which included the authorization to issue a Request for Proposals (RFP) to solicit applications for funding to support permanent affordable rental housing in the City using HOME Program funds. The total funds allocated to this effort for 2025-2026 include HOME program income and prior year uncommitted HOME entitlement funds in the amount of \$1,500,000. HOME funds may be structured as a loan or grant.

On August 12, 2025, the City issued a Request for Proposal (RFP) for a loan of \$1.5 million in Home Investments Partnership Program (HOME) funds in August 2025, with a first review date of October 16, 2025. The RFP was published on the City website, and an electronic letter was emailed to interested developers and nonprofit organizations who had previously requested to be informed of affordable housing development opportunities and funding.

The RFP process is open ("Open RFP Process") and funds are available to eligible applicants on a continuous basis, rather than on a competitive basis. As proposals are received, staff forms an ad hoc review panel to perform a minimum threshold review to ensure programmatic and RFP-process requirements are satisfied.

ANALYSIS:

Following the release of RFP #26-03, the City received two proposals by the first review date of October 15, 2025. The first was from Jamboree Housing (Jamboree) in support of the Costa Mesa Senior Housing Development on 19th Street, which has an approved entitlement. The second was from American Family Housing (AFH) in support of the Travelodge conversion to the Project Homekey project (Avon River Apartments).

Proposal 1: Jamboree Housing Corporation - Costa Mesa Senior Housing

Jamboree submitted a proposal requesting \$1,500,000 to fill a critical funding gap for the Costa Mesa Senior housing project. The funding gap is related to re-allocation of Orange County Permanent Supportive Housing Funds of over \$1,800,000 for which the project was no longer eligible. This project has been approved by the City Council, but has not submitted construction drawings for

review or commenced construction. Jamboree is in the process of completing tax credit applications.

Previous City Funding: The Costa Mesa Senior housing project is approved to be constructed on City-owned land, with the “Land Value” of the approved 99-year ground lease identified as \$10.5 million. The City has also agreed to loan the project up to \$700,000 in deferred permitting and inspection fees.

Proposal 2: American Family Housing - Avon River Apartments

AFH submitted a proposal identifying an additional funding gap of \$2,700,000 for the Avon Rivers Apartments project, a motel conversion project currently under construction at 1400 Bristol Avenue. The additional needs for funding relate to Mesa Water District requirements, unanticipated roof work and replacement, and timing-related expenses. The project is currently under construction, with active drywall and plumbing inspections, with an anticipated completion in summer 2026.

Previous City Funding: AFH previously received \$3 million from the City of Costa Mesa for this project.

Review Panel and Process

The Finance Department convened a 3-member ad-hoc review panel comprised of staff members not currently or previously involved in the evaluation or approval of either development project to conduct a minimum threshold review and determine if the proposals could be recommended for a pre-loan commitment at the next available City Council meeting.

On December 16, 2025, the Finance Department Purchasing Division reported that both applications qualified for funds under the RFP. The average scores were out of 100, with Jamboree scoring 93.3 and AFH scoring 82. Both applications have demonstrated the need to secure as much funding as possible. Both proposals met the minimum threshold requirement of 75 points and as such, both proposals qualify to be brought before the City Council for review and potential funding recommendation.

Developer: **Jamboree Housing Corporation**

Project Name: **Costa Mesa Senior**

Award Recommendation:

| | |
|---|------------------|
| HOME Investment Partnerships Program (HOME) funds | \$750,000 |
| Total Financial Award | \$750,000 |

Developer: **American Family Housing**

Project Name: **Avon River Apartments**

Award Recommendation:

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|---|-----------|
| HOME Investment Partnerships Program (HOME) funds | \$750,000 |
|---|-----------|

| | |
|------------------------------|------------------|
| Total Financial Award | \$750,000 |
|------------------------------|------------------|

The draft Commitment Letters (Attachment 1) for both recipients provide the enforceable funding commitment from the City of \$750,000 in HOME Investment Partnerships Program funds for development of the respective projects. The Commitment Letter for HOME funds is contingent upon both developers verifying all other sources of funding needed to fully subsidize the project, as well as staff's successful completion of the NEPA review process and HOME Subsidy Layering Review.

The pre-commitment does not obligate the City or any department thereof to approve any application or request or take any other action in connection with any planning approval, permit or other action necessary for the construction of the project.

ALTERNATIVES:

The City Council can choose a different allocation of the \$1,500,000 in available HOME funds by directing staff to bring forward revised documents for consideration.

The City Council may also decline to award any funds.

FISCAL REVIEW:

The requested appropriation amount of \$1,500,000 for the projects is available in the HOME Program Fund (Fund 205), which has a current available fund balance of approximately \$1.8 million.

LEGAL REVIEW:

The City Attorney's Office has reviewed and approved this agenda report and the attached resolution as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This item supports the following City Council goals:

- Diversify, Stabilize and Increase Housing to Reflect Community Needs

CONCLUSION:

Staff recommends the City Council:

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development of the above-mentioned projects.

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