



CITY OF COSTA MESA

77 Fair Drive
Costa Mesa, CA 92626

Agenda Report

File #: 26-231

Meeting Date: 4/21/2026

TITLE:

APPROPRIATION OF FUNDS FOR THE REHABILITATION OF RENTAL UNITS AT THE JAMES/18TH STREET APARTMENTS

DEPARTMENT: CITY MANAGER

PRESENTED BY: NATE ROBBINS, NEIGHBORHOOD IMPROVEMENT MANAGER

CONTACT INFORMATION: NATE ROBBINS, 714-754-5274

RECOMMENDATION:

Appropriate and transfer \$200,000 from the Housing Trust Fund (Fund 226) to the Costa Mesa Housing Authority James/18th Street Property Fund (Fund 223) to rehabilitate four (4) rental housing units at the James/18th Street apartments.

BACKGROUND:

On April 2, 2024, the City Council provided direction for the creation of the Housing Trust Fund to be used for the development of affordable housing. The FY 2024-25 Adopted Budget included a transfer of approximately \$2.47 million from American Rescue Plan Act (ARPA) funds into the Housing Trust Fund and the transfer was completed before the deadline of December 31, 2024. Staff is recommending a reallocation of the ARPA dollars in the Housing Trust Fund to the Costa Mesa Housing Authority James/18th Street Property Fund to rehabilitate vacant rental housing units located at the James/18th Street apartments in Costa Mesa.

ANALYSIS:

Housing Trust Fund

The Housing Trust Fund was created to address housing affordability within the City of Costa Mesa and has a current fund balance of approximately \$2.35 million, of which \$2.1 million has been pledged to support the Jamboree Senior Center Housing project. Staff is requesting an appropriation and transfer of \$200,000 from the Housing Trust Fund to the Costa Mesa Housing Authority James/18th St Property Fund for the rehabilitation of low-income rental units at the James/18th Street apartments.

James/ 18th Street Apartments

The James/18th Street apartments are a combined 30 rental units located within eight (8) separate buildings that are owned and operated by the City of Costa Mesa Housing Authority (CMHA). All 30 rental units are deed-restricted affordable units and must therefore be leased to low-income households at an affordable rent. The CMHA acquired the properties in FY 2015-16 and has since

managed the units as affordable rental housing. Currently, four (4) of the units are vacant and need renovations before they can be leased. The proposed scope of work is estimated at \$34,000 to \$37,000 per unit and includes the following improvements: kitchen countertops and sinks, all-new doors throughout, new stove and hood, fresh paint throughout, new bathtubs, and electrical upgrades. The \$200,000 will be utilized to complete the rehabilitation of the remaining four (4) units, which will then be leased to low-income households.

In 2025, the City received approximately \$177,000 in rental revenue from the James/18th Street apartments. Historically, these funds have been used to make minor repairs to the existing units, as well as to develop new affordable housing units. Vacancies reduce revenue, hindering the City's ability to maintain existing units and develop additional affordable units.

ALTERNATIVES:

The City Council can choose to deny staff's recommendation, which will delay the much needed improvements in order to lease the units, resulting in affordable rental units remaining vacant.

FISCAL REVIEW:

Funding for the budget reallocation to rehabilitate the CMHA James/18th St property in the amount of \$200,000 is available in the Housing Trust Fund (Fund 226), which has a current available fund balance of approximately \$250,000.

LEGAL REVIEW:

The City Attorney has reviewed this report and approves it as to form.

CITY COUNCIL GOALS AND PRIORITIES:

Diversify, stabilize and increase housing to reflect community needs.

CONCLUSION:

Appropriate and transfer \$200,000 from the Housing Trust Fund (Fund 226) to the Costa Mesa Housing Authority James/18th Street Property Fund (Fund 223) to rehabilitate the James/18th Street apartments.