## DEVELOPMENT IMPACT FEES \& TRAFFIC FEE ANALYSIS

NOVEMBER 15, 2022


# DEVELOPMENT IMPACT FEE ANNUAL REPORT 

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## State Requirements

- California Government Code 66006 specifies that local agencies must prepare annual reports of Development Impact Fees (DIF) within 180 days of the close of the fiscal year.
- The report must describe the fee, the amount of fees collected, interest earned if any, and identifications of any expenditures from those funds.
- California Government Code 66006 also specifies that the report must be reviewed the by agency's legislative body at a regularly scheduled meeting not less than 15 days following release to the public. The DIF was noticed to the public on November 1, 2022.


## Types of Development Impact Fees

- Park Development Impact Fees - developer fees that provide funding for additional or improved park and/or recreational improvements.
- Drainage Impact Fees - developer fees that provide funding for the additional construction and maintenance of the City drainage system.
- Traffic Impact Fees - developer fees that provide funding for additional or improved traffic signal, operation, and infrastructure improvements.
- Fire System Development Fees - developer fees that provide funding for additional fire protection facilities, equipment and paramedic support.


# Statement of Revenues, Expenditures and Changes in Fund Balance as of June 30, 2022 <br> (Preliminary unaudited actuals) 

| (Preliminary unaudited actuals) |  |  |  |  |
| :--- | ---: | ---: | ---: | ---: |
| Description <br> Park <br> Development <br> Fees | Drainage <br> Fees | Traffic Impact <br> Fees | Fire System <br> Development <br> Fees |  |
| Beginning Fund Balance | $\mathbf{4 , 6 5 1 , 4 5 6}$ | $\mathbf{2 , 0 9 6 , 3 9 2}$ | $\mathbf{5 , 4 9 0 , 2 1 4}$ | $\mathbf{6 5 1 , 5 4 1}$ |
| Revenue Total | $1,178,149$ | 291,679 | 294,773 | 15,857 |
| Expense Total | $2,214,169$ | 145,850 | 127,222 | 0 |
| Ending Fund Balance | $\mathbf{3 , 6 1 5 , 4 3 6}$ | $\mathbf{2 , 2 4 2 , 2 2 1}$ | $\mathbf{5 , 6 5 7 , 7 6 6}$ | $\mathbf{6 3 5 , 6 8 5}$ |

## TRAFFIC IMPACT FEE ANNUAL REVIEW



## TIF AD HOC COMMITTEE REVIEW

-Ad Hoc Committee met on October 20, 2022
-TIF Analysis included:

- TIF range between $\$ 176$ and $\$ 476$ per ADT
- Recently Completed Projects
- Consideration of Active Transportation Projects
- Traffic Signal Synchronization Projects
- TIF Fund Balance
-Revised calculation of $\$ 232$ per ADT based on revised list of CIP projects and inclusion of Active Transportation projects.


## TRAFFIC IMPACT FEE FUND BALANCE

-Beginning fund balance July 1, 2021 -
\$5,490,214
-Revenues -
294,773

- Expenditures -
-Fund Balance as of June 30, 2022 -
$(127,222)$
\$5,657,766
- Capital Projects Current and five-year CIP - \$3,255,657


## TIF AD HOC COMMITTEE RECOMMENDATION

-Adopt proposed resolution which includes:

- Continue traffic impact fee of $\$ 235$ per ADT with the inclusion of Active Transportation projects;
- Continue allocation of up to 10\% of traffic impact fees towards traffic signal synchronization projects;
- Continue 5\% reduction in automobile trips as result of ATP implementation and additional 5\% reduction in automobile trips for developments proposing to implement active transportation improvements beyond typical development requirements.


## Questions?

## Appeal Hearing for

Planning Application 21-07 \& Zoning Application 19-50 (ZA-17-16 A1)
1661 Superior Avenue, Suite C \& D and 1645 Superior Avenue

City Council Meeting


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VICINITY MAP
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## EXISTING PROJECT SITE PHOTOS



## ZONING MAP



## PRIOR LAND USE APPROVALS - MCUP

## Minor Conditional Use Permit (MCUP) ZA-17-16

- On June 22, 2017, the Zoning Administrator approved MCUP ZA-17-16, allowing a deviation from shared parking requirements for a restaurant (Superior Pie \& Liquor) with more than 300 square feet of public seating area, including a 245-square-foot outdoor patio
- Approval was based on offset hours of operation of the restaurant with the other businesses on-site at that time
- The previously approved hours of operation for the restaurant use are:
- Monday through Friday, 8 AM to 12 PM and 4 PM to 11 PM (restaurant closed between 12 PM and 4 PM, Monday through Friday); and
- Saturday and Sunday, 8 AM to 11 PM
- Trenta Pizza and Cucina took over the entitlements from Superior Pie \& Liquor and began operating in 2019.


## PRIOR LAND USE APPROVALS - TUP

## Temporary Use Permit (TUP) for Outdoor Dining

- On November 30, 2020, during the COVID-19 pandemic, a Temporary Use Permit (TUP) for outdoor dining was approved for the current restaurant, in accordance with Ordinance No. 2020-15
- TUP approved the use of onsite parking spaces to accommodate an additional 842 square feet of outdoor patio seating area
- The TUP will expire on December 31, 2023 as extended by the City Council at their November 1, 2022 meeting
- The outdoor seating area is improved with artificial turf beneath the seating, portable planters and empty wine barrels separating the seating area from the drive aisle, and portable propane heaters


## CUP APPLICATION PA-22-07 \& MCUP APPLICATION ZA-19-50 (ZA-17-16 A1)

The applicant originally requested a Conditional Use Permit and Minor Conditional Use Permit to:

1. Allow the restaurant to occupy Suite $C$ (in addition to the existing restaurant space located in Suite D)
2. Permanently allow the use of the temporary outdoor seating area (located on a portion of the site's parking area) approved by TUP
3. Modify previously approved hours of operation to:

- Sunday through Thursday 5PM to 9PM
- Friday and Saturday 5PM to 10PM
- Saturday and Sunday 11:30AM to 2:30PM (use of 245-square-foot patio only)

4. Allow the use of offsite valet parking at 1645 Superior (Beach Cities Carwash) to meet parking requirements

## PROJECT PLANS - PROJECT SITE PLAN



## PLANNING COMMISSION APPROVAL

- September 12, 2022 Planning Commission meeting
- During the hearing, the applicant requested to add weekday lunchtime hours (from 11:30 AM to 2:30 PM, Monday through Friday):
- Sunday - Thursday: 11:30 AM to 2:30 PM \& 5 PM to 9 PM
- Friday \& Saturday: 11:30 AM to 2:30 PM \& 5 PM to 10 PM
- Planning Commission approved the project on a 6-1 vote, subject to conditions
- Added a condition of approval to allow the requested lunchtime hours, conditioned upon the submittal and approval of a Parking Management Plan and limiting the outdoor dining area to the originally approved 245-square-foot patio (specifically excluding use of the larger patio area) during those lunchtime hours


## APPEAL OF PLANNING COMMISSION APPROVAL

- On September 19, 2022 an appeal of the Planning Commission's approval of the project was filed by a neighboring resident
- In summary, the application for appeal noted the following topics/areas of concern:
- Parking Shortage;
- Safety Concerns;
- Community/Resident Objection;
- Need for a Traffic Study; and
- Evening Noise Impacts at the Car Wash Site


## PARKING

| Restaurant Hours | Parking Required | Parking Provided |
| :---: | :---: | :---: |
| $\begin{aligned} & \text { Monday - Thursday \& Sunday } \\ & \hline \text { 5PM - 9PM } \\ & \frac{\text { Friday \& Saturday }}{5 P M-10 P M} \end{aligned}$ | 38 spaces ${ }^{1,2}$ | Onsite - 22 spaces <br> Offsite valet - 39 spaces <br> Total - 61 spaces |
| $\frac{\text { Saturday \& Sunday }}{11: 30 \mathrm{AM}-2: 30 \mathrm{PM}}$ | 21 spaces ${ }^{1,3}$ | Onsite - 25 spaces |
| $\frac{\text { Monday - Friday }}{\text { 11:30AM - 2:30PM }}$ | 38 spaces ${ }^{1,3}$ | Onsite - 25 spaces <br> *Subject to a City-approved Parking Management Plan * |
| Note 1: Based on the shared parking demand analysis; <br> Note 2: Including the 1,092-square-foot outdoor patio (250-square-foot patio approved pursuant to ZA-17-16 plus the 842 -suqare-foot outdoor patio area using the parking lot); <br> Note 3: Including the 250-square-foot outdoor patio approved pursuant to ZA-17-16. |  |  |

## VALET \& TRAFFIC SAFETY

- The Transportation Division has confirmed that the proposed modifications to the existing restaurant operations are anticipated to perform sufficiently, without interruptions to the City's local circulation system and does not necessitate a Traffic Study.
- Pursuant to the Costa Mesa Municipal Code, a traffic study is required when a project generates more than 100 peak daily trips; the proposed project would generate 24 peak daily trips.
- In addition, the Building, Fire, and Police Departments have reviewed the proposal and no safety issues are anticipated.


## NOISE

- Condition No. 16 requires the valet operator to minimize potential noise generating sources, including valet attendants keeping their voices low, keeping car radios off, and not revving engines during operations.
- In addition the use is required to comply with the City's Noise Ordinance
- Furthermore, the approval for the adjacent residential projects included a standard condition of approval requiring a "Notice to Buyers"
- The purpose of the notice is to disclose that the project is located within an area designated as Light Industry in the City's General Plan and is subject to existing and potential annoyances or inconveniences associated with industrial land uses


## CUP REQUIRED FINDINGS

- The proposed use, as conditioned, is substantially compatible with developments in the same general area and would not be materially detrimental to other properties within the area.
- The proposed use and improvements will not be materially detrimental to the health, safety and general welfare of the public or otherwise injurious to property or improvements within the immediate neighborhood.
- Granting the conditional use permit will not allow a use, density or intensity, which is not in accordance with the general plan designation and any applicable specific plan for the property.


## REQUIRED FINDINGS (cont.)

- Site will be in conformance with Code required parking requirements for the restaurant and would maintain a surplus of customer parking with the implementation of offsite valet parking
- Valet parking plan has been reviewed by the City's Transportation Division and would be implemented by a professional valet service operator
- The existing restaurant is a complementary use to the area and does not generate noise or parking impacts unusual for an industrially-zoned property
- Outdoor seating operations do not adversely effect the surrounding uses


## RECOMMENDATION

Staff recommends the City Council uphold the Planning Commission's decision and:

- Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301 (Class 1), Existing Facilities.
- Approve Planning Application 21-07 and Zoning Application 1950 (ZA-17-16 A1), subject to conditions of approval


## Appeal Hearing for

Planning Application 21-07 \& Zoning Application 19-50 (ZA-17-16 A1)
1661 Superior Avenue, Suite C \& D and 1645 Superior Avenue

City Council Meeting


## 2021-2029 Sixth Cycle Housing Element

\& ALUC Determination Overrule

## City Council Meeting

November 15, 2022

## HOUSING ELEMENT BACKGROUND

- One of seven required elements of the General Plan
- Analysis of the City's demographics, economic, and housing characteristics, identifies community housing needs, and establishes objectives, policies and programs to meet those needs
- Community Outreach
- Must be adopted by City Council and Certified by California State Department of Housing and Community Development (HCD)


## REGIONAL HOUSING NEEDS ASSESSMENT (RHNA)

Plan and zone to facilitate housing production that meets the City's RHNA Allocation

| Income Category | \% of Area <br> Median <br> Income (AMI) | Income Range <br> Min. - Max. | RHNA <br> Allocation |  |
| :---: | :---: | :---: | :---: | :---: |
| Very Low Income | $0-50 \%$ AMI | -- | $\$ 64,050$ | 2,919 units |
| Low Income | $51-80 \%$ AMI | $\$ 64,051$ | $\$ 102,450$ | 1,794 units |
| Moderate Income | $81-120 \%$ AMI | $\$ 102,451$ | $\$ 123,600$ | 2,088 units |
| Above Moderate | $\% 120 \%$ AMI | $\$ 123,601$ | -- | 4,959 units |
| Income |  |  |  | Total RHNA |

## TIMELINE

- November 2020 Townhall Meeting
- February 2021 District Specific Virtual Meetings
- April 2021 City Council and Planning Commission Joint Session
- August 2021 Public Review Draft Housing Element
- September 2021 Townhall Meeting, Second City Council and Planning Commission Joint Session
- October 2021 Public Review of Draft Initial Study/Mitigated Negative Declaration


## TIMELINE

- October 2021 - Housing Ad Hoc Committee
- October - December 2021 HCD Review
- November - December 2021 Three Planning Commission Hearings
- December 2021 HCD Comment Letter
- January 2022
>City Council Ad Hoc Committee Study Session
$>$ City Council Public Hearing (Preliminary Review)


## TIME LINE

- February 2022
> City Council adopts the Housing Element and associated environmental determination
>Adopted Housing Element submitted to HCD for certification
- April 2022 - HCD Comment Letter advising further revisions in order to obtain Housing Element certification
- April - November 2022 - Continued discussions with HCD staff as to the revisions necessary to achieve certification
- November 2022 - Council Hearing to Re-Adopt, as revised
- November 2022 - Re-submit to State HCD for certification
- January 2023 - State certification


## HOUSING ELEMENT REVISION

- City Council approved and adopted the Housing Element (General Plan Amendment 21-01) and the associated Initial Study/Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program (MMRP) on February 1, 2022
- The staff report acknowledges comment letter from Airport Land Use Commission and the possibility of revisions that may be required in the Housing Element after State's review for certification


## HOUSING ELEMENT REVISIONS

- Additional supporting data, analysis, and clarifications regarding Housing Needs, Resources and Constraints, and new and modified Housing Programs
* No modifications to the City's fundamental approach and the element continues to meet the City's RHNA obligation
- Additional analysis and expanded programs related to Extremely Low Income Households and Affirmatively Furthering Fair Housing (AFFH)


## HOUSING ELEMENT REVISIONS

- Additional information regarding development trends and housing opportunity sites and new programs pertaining to small and large housing sites
- Program 3Q: Lot Consolidation - Streamline processes and establish incentives for lot consolidation for smaller housing sites
- Program 3R: Development of Large Sites - evaluate development status of large housing opportunity sites; if needed identify additional housing sites


## HOUSING ELEMENT REVISIONS

- Reduce projected number for ADU construction and expand ADU Programs
oProgram 3E: Promote the Development of ADUs oProgram 3M: ADU and JADU Monitoring Program
- Additional analysis and programs regarding the City's Code required "findings" for residential projects
oProgram 3S: Review and Revise Findings
- Additional information regarding Emergency Shelters and programs regarding Permanent Supportive Housing


## HOUSING ELEMENT REVISIONS

- Additional information and programs regarding Reasonable Accommodation procedures, and definition of Single Housekeeping Unit, and Group Home regulations
-Program 2N: Reasonable Accommodation
-Program 2O: Definition of Single Housekeeping Unit
-Program 2P: Group Homes


## HOUSING ELEMENT REVISIONS

- Modifications to Housing Element Programs 3B (Fairview Development Center), 3C and 3D related to required rezoning, and Program 3G (City-wide vote requirement)

○Program 3B: Fairview Development Center (FDC)

- Program 3C (Update the North Costa Mesa Specific Plan) and Program 3D (Update the City's Urban Plans and Overlays)
- Program 3G: Address City-wide Vote Requirement in Relation to Housing Element Compliance - includes specific milestones and timeline, revised to add specific course of action in the event there is a shortfall of sites


## OVERRULE ALUC'S DETERMINATION

- April 5, 2022 - City Council made the findings that the proposed Housing Element is consistent with the proposed AELUP pursuant to Public Utilities Code Section 21676
- Response to ALUC's noted issues:
oNoise - Noise Element adequately addresses the interface of potential residential development and airport noise impacts
oSafety - Housing Element does not propose changes to the height standards that were approved for North Costa Mesa Specific Plan


## RECOMMENDATIONS

Find that no further action is required to comply with CEQA

- Approve the Resolution to Overrule the Orange County Airport Land Use Commission's March 17, 2022 Determination
- Approve the Resolution to approve the City of Costa Mesa 2021-2029 (Sixth Cycle) Housing Element (General Plan Amendment 21-01), as revised
- Direct the City Manager or designee to submit the adopted Housing Element to the State for certification and authorize the City Manager or designee to make minor revisions to the adopted Housing Element as necessary to obtain State certification


## 2021-2029 Sixth Cycle Housing Element \& ALUC Determination Overrule

## City Council Meeting

November 15, 2022

## RENTAL ASSISTANCE PROGRAM

NOVEMBER 15, 2022
City Council Meeting


## BACKGROUND:

- CDBG-CV Rental Assistance Program (October 2020 and June 2021)
- Council allocated a total of $\$ 904,633$ in CDBG-CV funds to Mercy House, SPIN, and Families Forward to operate eviction prevention programs for Costa Mesa households.
- Assisted over 275 people total
- Of these, 72 people were assisted by Mercy House
- HOME TBRA PROGRAM (November 2020 and November 2021)
- Council allocated a total of \$300,000 in HOME funds to Families Forward to operate a long-term rental assistance program for Costa Mesa households with minor children.
- Assisted 10 families
- Remaining funds to be expended by November 2023
- ARPA Rental Assistance Program (June 2021)
- Council appropriated $\$ 500,000$ in ARPA funds to create an augmented rental assistance program for Costa Mesa households.


## PROGRAM HIGHLIGHTS:

## Administration

- Marketing \& Outreach
- Two (2) Bilingual Staff
- Application Workshops


## Assistance

- Rent, arrears \& deposits
- Client pays no more than $30 \%$ of AGI
- 3 months minimum
- 6 months maximum


## Eligibility

- Individuals \& Families
- Homeless \& At-Risk
- $50 \%$ AMI or less


## Accomplishments

- Projecting to assist 150 people (approx. 50 HH )
- Monthly, Quarterly \& Annual performance reports
- Monthly update meetings with City Staff


## RECOMMENDATIONS:

Staff recommends the City Council:

1. Approve proposed Amendment No. 3 to the Subrecipient Agreement with Mercy House Living Centers increasing the compensation by $\$ 500,000$ for a total Not-To-Exceed amount of an additional $\$ 500,000$ for program administration of the City's American Rescue Plan Act (ARPA) Rental Assistance Program for lower-income households.
2. Authorize the City Manager and City Clerk to execute all agreements and any amendments to the agreements.

## QUESTIONS?

## THE BUNGALOWS

Affordable Housing Project November 15, 2022

## BACKGROUND:

Families Forward is a local non-profit service provider established in 1984.

Families Forward opened an 8 -unit affordable housing project on $21^{\text {st }}$ Street in Costa Mesa in December 2019.

Families Forward later acquired 2039 Pomona Ave in March 2021 for $\$ 2.4 \mathrm{M}$ in private donor funds.

Families Forward submitted to the City a request for funding for the Bungalows in November 2022

## NEW PROJECT HIGHLIGHTS:

- 8 units of permanent affordable housing for up to 36 people
- 4-1BR, 3-2BR, 1-3BR
- 6 Rehab \& 2 New ADU's (RHNA eligible)
- Households w/ children earning at or below 50\% AMI are eligible to apply
- Costa Mesa "Live, Work, School" preference
- Units will be affordable for a minimum of 20 years
- Achieves Council Goal to "Diversify, Stabilize and Increase Housing to Reflect Community Needs"


## PROJECT AMENITIES:

- Case Management
- Wrap-Around Services
- Food Pantry
- Community Room
- Open Space
- On-Site Laundry Facility


## FUNDING SUMMARY:

Sources<br>Donations \$2.7M Private Loan \$900k ARPA Grant \$975k Total Dev Cost \$4.6M

Uses
Site Acquisition \$2.6M Construction $\$ 1.8 \mathrm{M}$
Fees \& Permits \$209k Total Dev Cost \$4.6M

## RECOMMENDATIONS:

## Staff recommends the City Council:

1. Approve the appropriation and allocation of $\$ 975,000$ in American Rescue Plan Act (ARPA) funds, or any other viable source of funds, to Families Forward for the development of The Bungalows Project, an affordable housing project to serve an estimated 36 individuals, contingent upon the successful completion of a financial feasibility analysis by the City's third-party underwriting consultant, Keyser Marston Associates.
2. Authorize the City Manager or their designee to execute the Funding Agreement and all associated documents, as needed, to bring the project to fruition.

## QUESTIONS?

MOTEL 6
AFFORDABLE HOUSING PROJECT NOVEMBER 15, 2022


## BACKGROUND

November 16, 2021
City Council approved an award of $\$ 3.5 \mathrm{M}$ in ARPA funds to approved Homekey Projects

April 25, 2022
Motel 6 Project awarded \$10,675,000 in State of California Homekey Program funds

July 19, 2022
City Council approved the award of $\$ 1.5 \mathrm{M}$ in HOME funds to the Motel 6 Project to further assist with financing.

October 27, 2022
Developer received updated construction quote at $+\$ 2 \mathrm{M}$ due to inflation and supply chain costs

## PROJECT HIGHLIGHTS

## Permanent Affordable Housing

- 88 Total Units
- 30 Veterans
- 10 Individuals
- 47 Seniors (Costa Mesa Preference)
- 1 Manager's Unit


## Project Amenities

- Community Garden
- Dog Park
- Community Room
- Demonstration Kitchen
- Fitness Room
- TV Lounge \& Computer Lab
$\checkmark$ Council Goal: Diversify, Stabilize and Increase Housing to Reflect Community Needs
$\checkmark$ RHNA: All 87 units count toward the City's RHNA
 Allocation of 11,760 new housing units


## LOCAL FUNDING

| SOURCE OF FUNDS | CURRENT <br> AMOUNT | REVISED <br> AMOUNT |
| :---: | :---: | :---: |
| City of <br> Costa Mesa | $\$ 5,000,000$ | $\$ 5,850,000$ |
| County of <br> Orange | $\$ 4,500,000$ | $\$ 5,350,000$ |
| TOTAL | $\$ 9,500,000$ | $\$ 11,200,000$ |

$\checkmark$ Low/Moderate Income Housing Asset Fund (LMIHAF) balance as of $12 / 31 / 21$ was $\$ 3,715,185$.

- LMIHAF funds can only be used develop affordable housing


## RECOMMENDATIONS

Staff recommends the City Council:

1. Approve an appropriation and allocation of \$850,000 in Low/Moderate Income Housing Asset Funds to CM Mercy House CHDO LLC for conversion of the Motel 6 Housing Project.
2. Authorize the City Manager or their designee to execute the Funding Agreement and all associated documents, as needed, to bring the project to fruition.

