

HOUSING IN COSTA MESA STUDY SESSION AND UPDATE

July 12, 2022



CITY COUNCIL HOUSING GOAL

Diversify, Stabilize and Increase Housing to Reflect Community Needs



- Complete resource planning to implement longer-term programs such as ADU's, STR's, and HOME funds and present the results to the City Manager.
- Evaluate and identify short-term and long-term staffing needs to assist with core Development Services Department programs.
- Complete a Public Review Draft Housing Element and present to the City Council.
- Present a Development Program to the City Council for senior housing at the Senior Center site.

- Present to the City Council opportunity sites for potential motel conversions with site control options.
- Present to the City Council for action necessary code amendments to address SB 8, 9, and 10.
- Initiate and convene a Citizens Advisory Group to discuss Measure Y and Housing Element compliance.
- Present to the City Council for action the Housing Element.
- Present to the Planning Commission a draft Inclusionary Housing Ordinance.
- Initiate a draft STR Ordinance and an evaluation of program implementation options.
- Present to the City Council for consideration a development plan and land use documentation for affordable housing at the Senior Center.



OVERVIEW

- Current Housing Data
- Current Housing Strategies
- Housing Element
- Ad Hoc Recommendations
 - Proposed Ballot Measure



CURRENT COSTA MESA HOUSING DATA

HOUSING DATA

- Approximately 47 percent of Costa Mesa households are low, very low or extremely low income, i.e. less than \$72,296 in annual household income or 80% Area Median Income or less
- Half of renters and one-third of homeowners spend more than 30 percent of their income on housing

Households by Income Category, 2020		
Income Category (% of Orange County's AMI)	No. Households	Percent
Extremely Low (30% AMI or less)	6,610	16.3%
Very Low (31 to 50% AMI)	5,220	12.9%
Low (51 to 80% AMI)	7,325	18.1%
Moderate or Above (over 80% AMI)	21,405	52.8%
Total	40,555	100%
Source: Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Strategy (CHAS), 2013-2017		

HOUSING DATA

- Average sales price for ownership housing - \$870,000
- Average monthly rent - \$2,200 for a studio to \$3,200 for a 3 bedroom
- Comparing income with monthly housing costs:
 - Moderate-income households (i.e. making \$108,444 or less in annual household income, 81% to 120% AMI) cannot afford to own a home in Costa Mesa
 - Lower income households (making \$72,296 or less in annual household income) cannot afford to own or rent in Costa Mesa without experiencing overpayment
 - Costa Mesa also has a low vacancy rate at 2.8%

AVERAGE RENT IN COSTA MESA

Avg. Rent

Annual Change

Studio - \$2,162

+23%

1 Bed - \$2,610

+15%

2 Beds - \$3,101

+21%

3 Beds - \$3,326

+11%

🔄 Last updated 6/26/2022

Source: <https://www.rent.com/california/costa-mesa-apartments/rent-trends>

COSTA MESA RENT TRENDS



Source: <https://www.zumper.com/rent-research/costa-mesa-ca>

HOUSING CONDITIONS

- **46.5% of Costa Mesa households have at least one of the following housing problems, which include:**
 - ✓ Overcrowded conditions (housing units with more than one person per room – excluding bathrooms and kitchens);
 - ✓ High housing cost burdens where monthly housing costs exceed 30 percent of income;
 - ✓ Severe housing cost burden, where monthly housing costs exceed 50 percent of income; and
 - ✓ Units with physical condition defects (e.g. lacking complete kitchen or bathroom).

OVERCROWDING

Table 17: Overcrowded Housing Units

Jurisdiction	Total Overcrowded Units	Percent of Total Housing Units
Newport Beach	570	1.5%
Costa Mesa	3,686	9%
Irvine	5,879	6.2%
Santa Ana	23,845	31.2%
Huntington Beach	2,848	3.7%
Orange County	91,513	8.9%
<i>Source: American Community Survey, 5-Year Estimates, 2018.</i>		

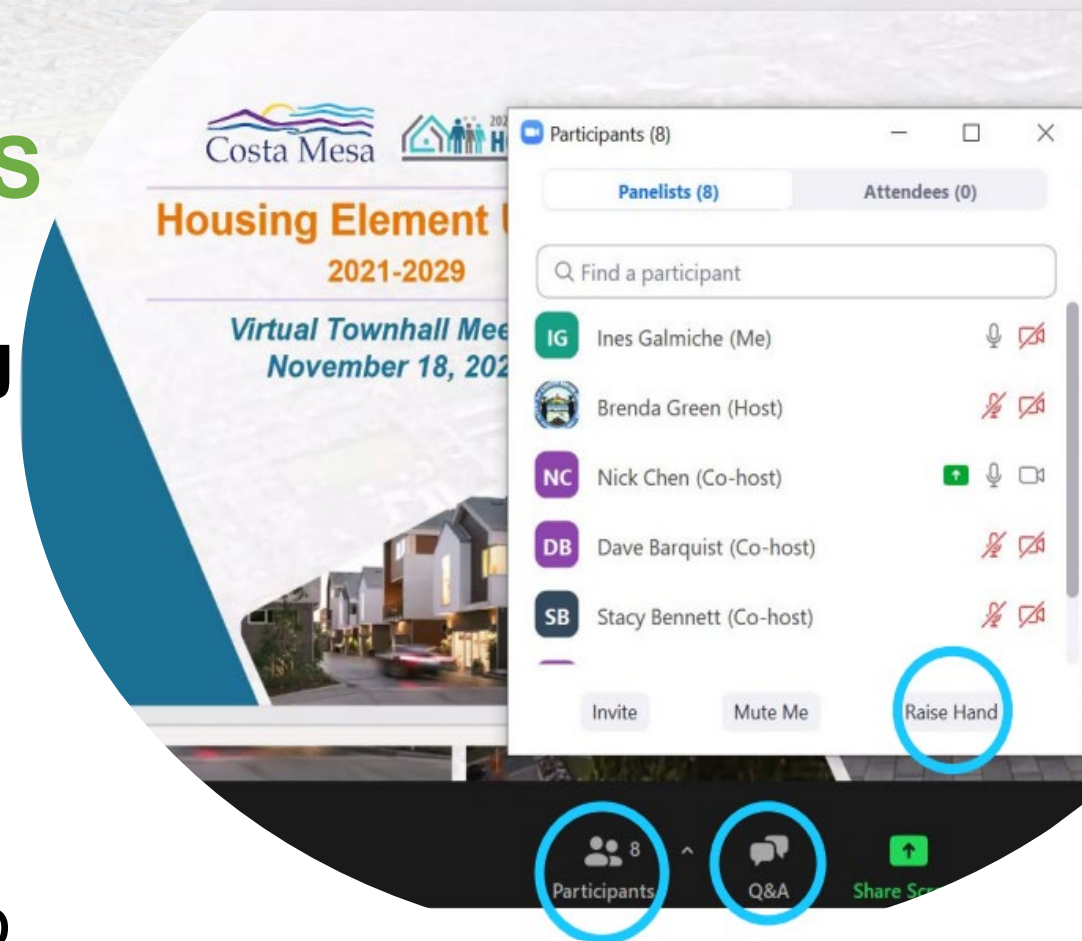
HOUSING ELEMENT COMMUNITY OUTREACH

- Housing Element Update kickoff in Summer 2020
- Community Outreach
 - ✓ Town Halls & District Specific Meetings
 - ✓ Community Survey with 465 responses
 - ✓ Subject Matter Expert / Group Meetings
 - ✓ Multiple Study Sessions
 - ✓ Three Planning Commission public hearings
 - ✓ Two City Council public hearings



SUMMARY OF PUBLIC COMMENTS

- **Overall, the City needs more housing**
- Housing should be focused on increasing quality of life for residents
- Need education about affordable housing to increase awareness and understanding
- Accessory Units should be affordable to lower income households
- Need supportive services along with housing



SUMMARY OF PUBLIC COMMENTS

- Overcrowding often occurs and there is a need for multigenerational living
- Senior housing should be prioritized, followed by housing for persons with disabilities
- Established residential neighborhoods should be preserved
- More affordable housing near transit and jobs
- Overall need for more affordable housing for residents of Costa Mesa, both for renters and owners





CURRENT CITY COUNCIL HOUSING STRATEGIES

CURRENT CITY COUNCIL HOUSING STRATEGIES

- More than **\$18 Million** in State COVID Rental Relief Funds
- Total of **\$1.6M** in local funding towards rental assistance
- **20%** Reduction in Citywide Unsheltered Homelessness
- Project Homekey (motel conversions to permanent housing)
- ADU Development in the City (575 units projected in the next 8 years)
- Fairview Development Center (2,500 potential housing units)

FAIRVIEW DEVELOPMENT CENTER

- 102 acre site, State-owned
- Up to 2,500 housing units development
- **State committed \$3.5 Million for City-led community outreach and planning efforts in most recent budget**



HOUSING ELEMENT



STATE MANDATED RHNA ALLOCATION FOR COSTA MESA

Income Category	% of Area Median Income (AMI)	RHNA Allocation (Housing Units)
Very Low Income	0 - 50% AMI	2,919
Low Income	51 – 80% AMI	1,794
Moderate Income	81 – 120% AMI	2,088
Above Moderate Income	>120% AMI	4,959
Total:		11,760

COSTA MESA HOUSING GUIDING PRINCIPLES

Principle #1

- The City will plan for future housing primarily along major commercial, industrial, and mixed-use corridors within Costa Mesa that are compatible with growth, while preserving established residential neighborhoods.

Principle #2

- Each neighborhood, community, and district within Costa Mesa has its own unique characteristics and needs. Future housing growth will build upon Costa Mesa's history and complement the diversity and unique characteristics that already exist within each area.

Principle #3

- The City will plan for a diverse range of housing forms, types, and densities to address the housing needs of an inclusive and diverse community and provide housing opportunities that meet the needs of all residents, including low-income households, seniors, multi-generational families, larger households, and special needs groups.

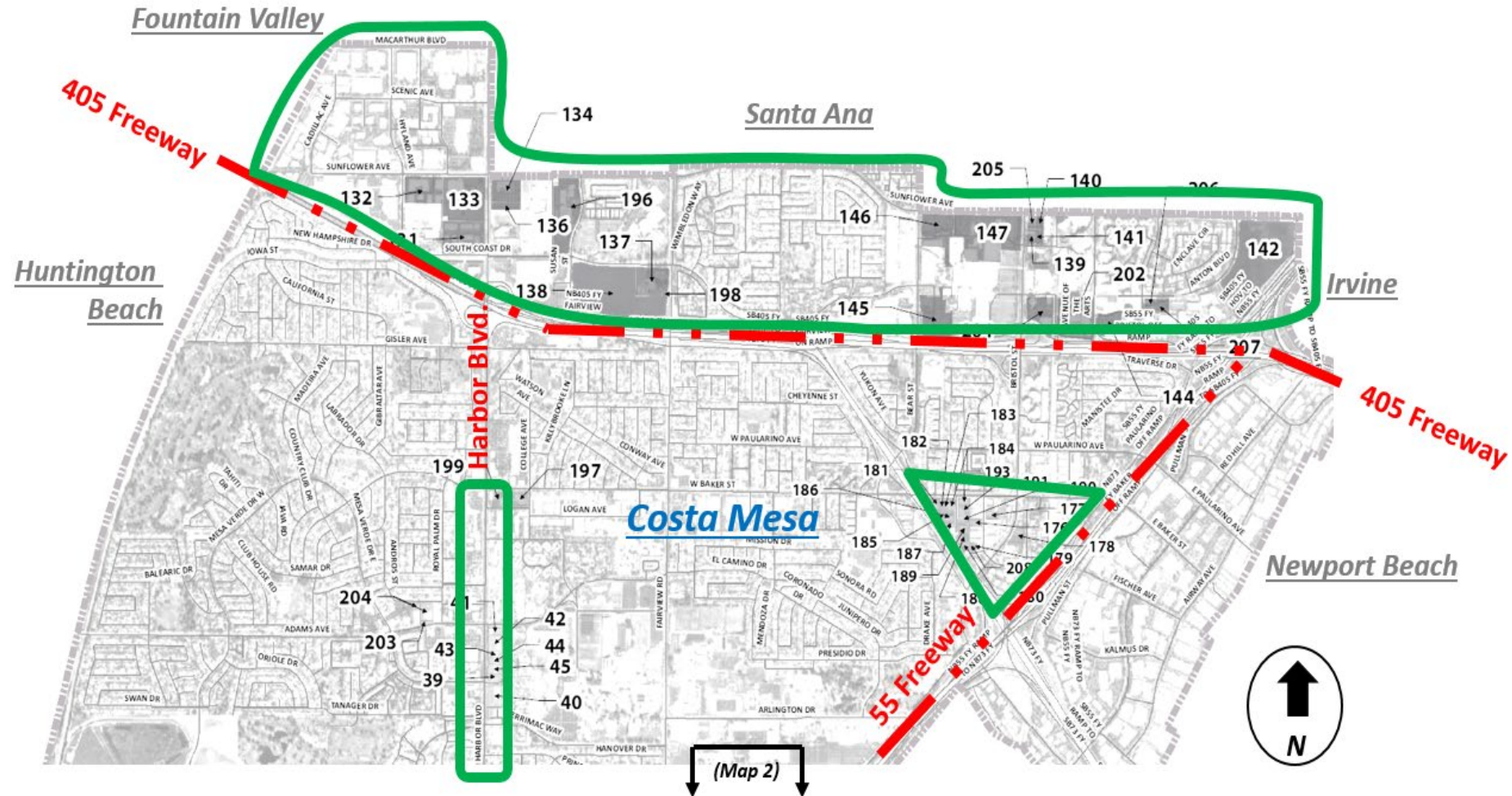


HOUSING OPPORTUNITY SITES

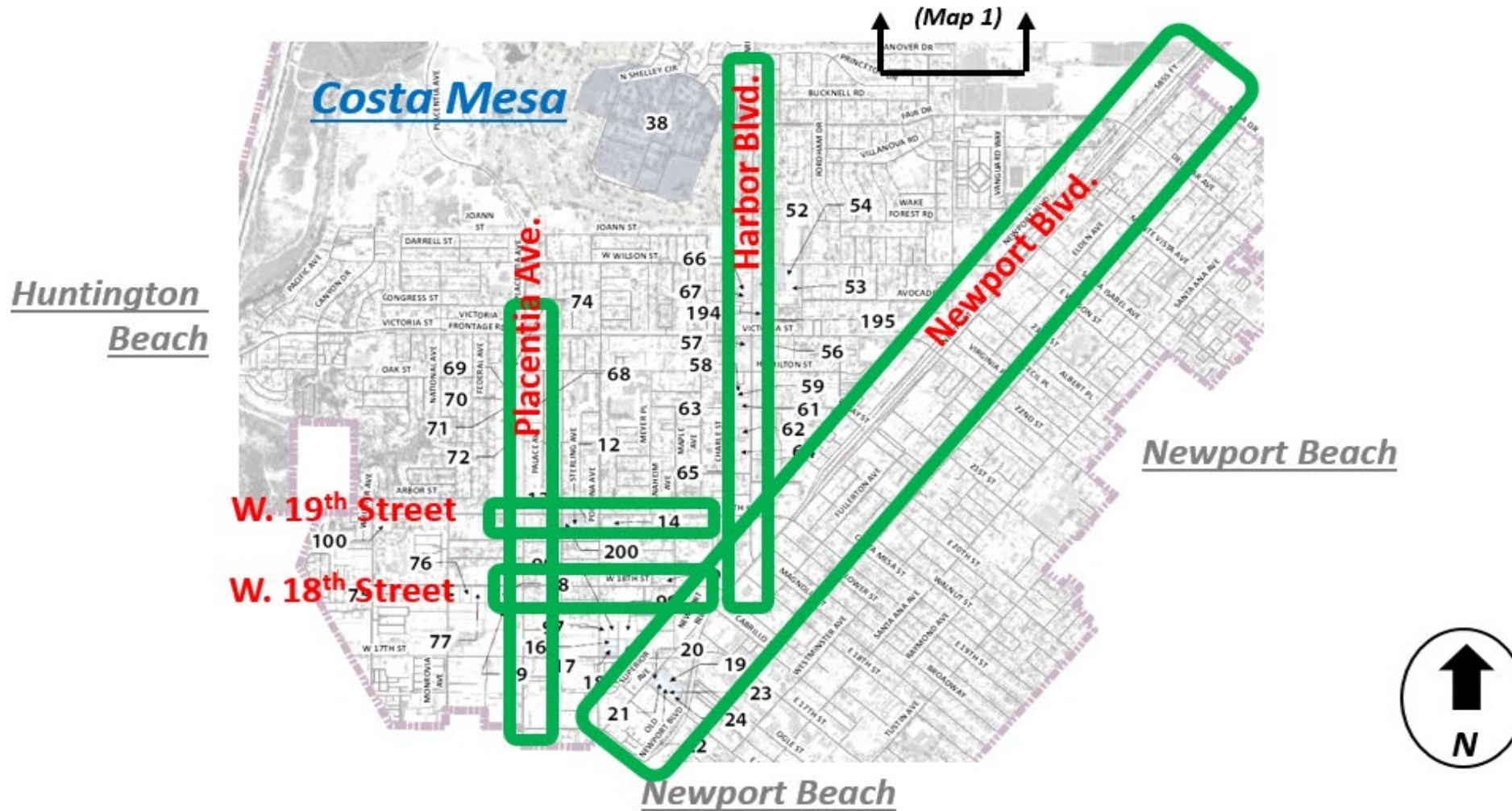
- Preserve open space and established residential neighborhoods
- Focus new housing opportunities on already developed properties along major commercial, industrial, and mixed use corridors:
 - ✓ Harbor Boulevard;
 - ✓ Areas north of the I-405 freeway;
 - ✓ West 18th and 19th Streets;
 - ✓ Placentia Avenue; and
 - ✓ the SoBECA area.
- Create walkable district that minimize traffic impacts



HOUSING OPPORTUNITY CORRIDORS (MAP #1)



HOUSING OPPORTUNITY CORRIDORS (MAP #2)



HOUSING AD HOC RECOMMENDATIONS

HOUSING AD HOC COMMITTEE

- Housing Ad Hoc Committee was formed October 19, 2021
- The Ad Hoc Committee is comprised of three Councilmembers: Mayor Pro Tem Marr, Councilmember Harlan, and Councilmember Reynolds
- Formed to review and advise City staff on housing matters and to formulate housing recommendations to the City Council for action at public meetings.

STATE HOUSING ELEMENT CERTIFICATION

- The City submitted the Housing Element to the State for certification in October 2021 and resubmitted in February 2022.
- In its comments, the State identified the City's Municipal Code provisions which require a City-wide vote for land use plans and certain projects as "clearly a constraint on development and conflicts with meeting State requirements." (Measure Y, 2016)
- Failure to comply with State mandate can result in penalties including fines, losing the ability to issue housing permits, jeopardize future State funding, and losing local control of land use decisions.

STATE DIRECTION

- State HCD requested the City modify its *Housing Element Program 3G*:
 - ✓ Create a schedule to review and address Measure Y as a constraint to accommodating the City's RHNA allocation;
 - ✓ Consider exceptions to Measure Y to meet the City's RHNA;
 - ✓ Consider other land use changes that may assist in reducing the Measure Y impacts on meeting the City's RHNA; and
 - ✓ Identify steps that can be taken to reduce Measure Y as a housing constraint.

HOUSING AD HOC RECOMMENDATION

- In light of housing conditions and the State's comment letter, the Ad Hoc hosted a Town Hall meeting on January 11, 2022 to receive community input and discuss options for achieving community housing goals in the context of the Measure Y constraints.
- In addition, a community survey was conducted to obtain further feedback from Costa Mesa residents regarding their priorities as it relates to housing and economic revitalization. 400 residents surveyed.
- In order to move forward with community visioning efforts and land use plan updates, the Housing Ad Hoc Committee recommends that the City Council consider a ballot measure for the November 2022 election.

HOUSING AD HOC RECOMMENDATION

The proposed ballot measure should amend the City's zoning code and be based on the following objectives:

1. Conducting a public visioning process resulting in updated land use plans for corridors and area north of the I-405 freeway
2. Revitalize corridors while keeping single family residential areas intact and restricting building heights
3. Providing affordable housing for middle- and working Costa Mesa families, youth, seniors, and individuals
4. Protecting open space and the environment
5. Requiring developers to pay impact fees for traffic, parks and open space

NEXT STEPS

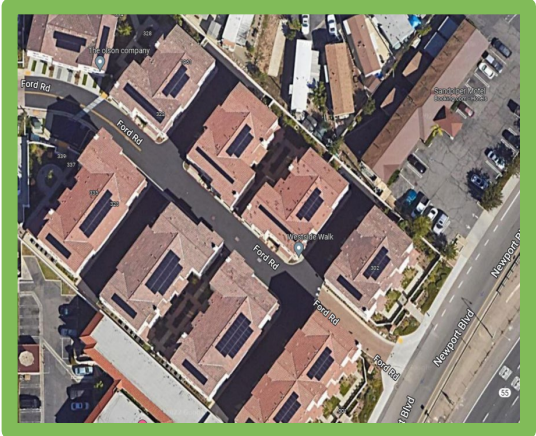
Should the City Council approve of the Housing Ad Hoc's recommendations, the City Council may provide the following direction:

1. Direct the Housing Ad Hoc to work with staff to develop ballot language
 2. Direct staff and Housing Ad Hoc present the proposed ballot measure language at the next Regular City Council Meeting on July 19, 2022
- Deadline to put a ballot measure in the November 2022 ballot is August 2022.
 - Should the City Council approve the ballot measure, the Measure would appear on the November 2022 ballot



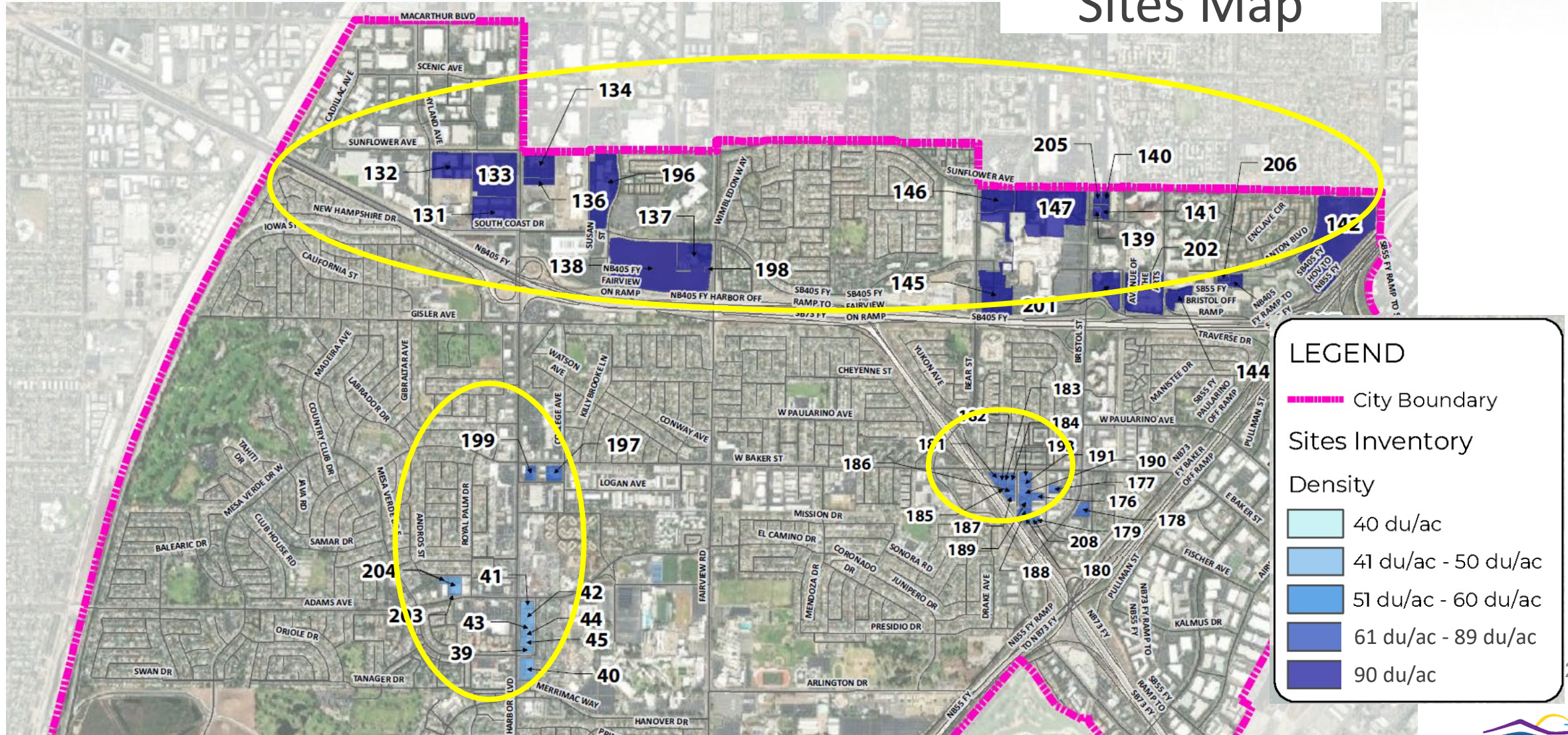
THANK YOU

FORD RD & NEWPORT BLVD– BEFORE & AFTER

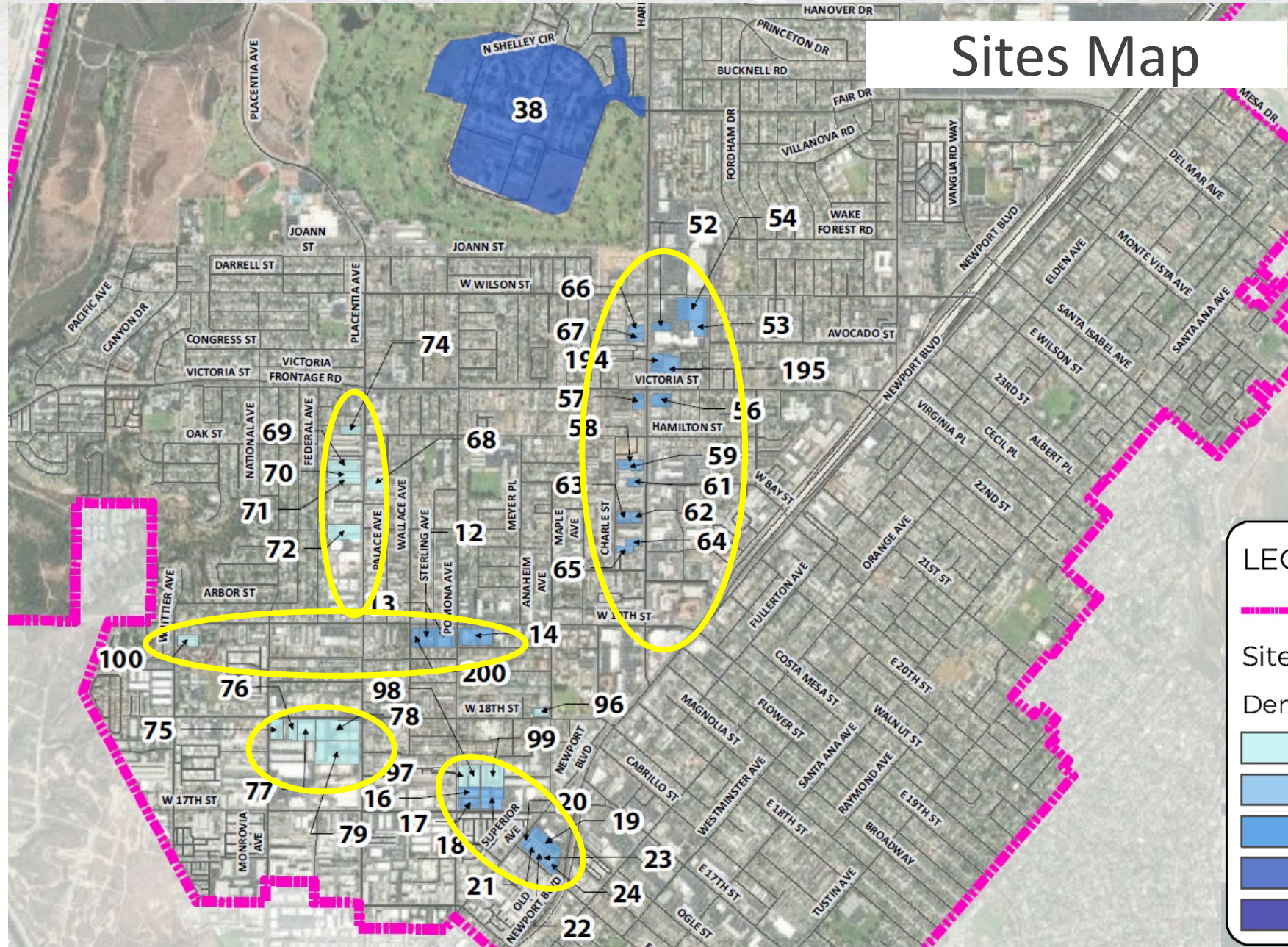


HOUSING OPPORTUNITY SITES

Sites Map



Sites Map

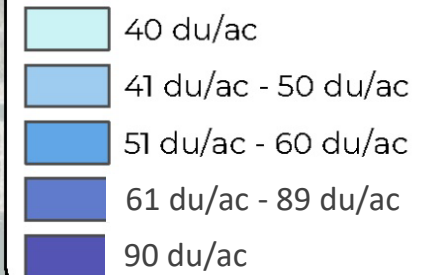


LEGEND

City Boundary

Sites Inventory

Density



WHY IS HOUSING AFFORDABILITY IMPORTANT?

- Social determinants of health

