

RESOLUTION NO. 2024-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, ESTABLISHING AND ADOPTING AN AFFORDABLE HOUSING IN-LIEU FEE SCHEDULE FOR THE AFFORDABLE HOUSING ORDINANCE

THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA HEREBY FINDS AND DECLARES AS FOLLOWS:

WHEREAS, the City Council adopted the 2021-2029 Housing Element on November 15, 2022; and

WHEREAS, the City's adopted 2021-2029 Housing Element, Housing Plan Program 2A, calls for the City to adopt an inclusionary housing ordinance; and

WHEREAS, the City retained an expert consultant, Keyser Marston Associates Inc. (KMA), to prepare a Financial Evaluation to evaluate supportable affordable housing requirements and make policy recommendations for an affordable housing ordinance; and

WHEREAS, on January 16, 2024, the City Council gave first reading to the Affordable Housing Ordinance (Ordinance No. 2024-02) and directed staff to present the Affordable Housing In-Lieu Fee Resolution for consideration along with the second reading of the ordinance; and

WHEREAS, the City Council held a study session on February 27, 2024 to separately discuss the proposed affordable housing in-lieu fee amounts prior to the second reading of Ordinance No. 2024-02 and with all persons having the opportunity to speak for and against the proposal; and

WHEREAS, on April 2, 2024, the City Council gave first reading of the Affordable Housing Ordinance (Ordinance No. 2024-02) and as part of their motion directed staff to present the Affordable Housing In-Lieu Fee Resolution at a later date; and

WHEREAS, the City Council made additional revisions to the ordinance for the threshold project size and affordability requirements for rental projects at 60+ dwelling units/acre, increased the applicability of the project size threshold to 50+ dwelling units, struck references to ownership projects in the ordinance, and voted 7-0 to adopt the Affordable Housing Ordinance and give another first reading of the ordinance as well as continue the fee resolution to a date uncertain; and

WHEREAS, a duly noticed public hearing was held by the City Council for the second reading of Ordinance No. 2024-02 on June 18, 2024, with all persons having the opportunity to speak for and against the proposal;

WHEREAS, the City Council requested additional information concerning threshold requirements and potentially modifying the threshold from 50+ units, to 30+ units, and voted 7-0 to continue the Affordable Housing Ordinance and In-Lieu fee resolution, to the regularly scheduled City Council meeting of August 6, 2024;

WHEREAS, a duly noticed public hearing was held by the City Council on August 6, 2024, for the Affordable Housing In-Lieu Fee Resolution, with all persons having the opportunity to speak for and against the proposal; and

WHEREAS, Government Code Section 65850(g) states that “The ordinance shall provide alternative means of compliance that may include, but are not limited to, in-lieu fees”; and

WHEREAS, KMA prepared the Affordable Housing In-Lieu Fee Analysis based on the proposed affordable housing requirements pursuant to Ordinance No. 2024-02; and

WHEREAS, pursuant to the provisions of the California Constitution and the laws of the State of California, the City of Costa Mesa is authorized to adopt and implement rates, fees, and charges for municipal services; provided, however, that such rates, fees, and/or charges do not exceed the estimated reasonable cost of providing such services; and

WHEREAS, Government Code Section 66016 requires notice to be given and data made available at specified times prior to the adoption of certain increases in rates, fees, and charges, or the adoption of new rates, fees, and charges for use permits and inspections; and

WHEREAS, the City has complied with the noticing requirements of Government Code Section 66016; and

WHEREAS, although the City is not required to comply with the noticing requirements of Government Code Section 66018, the City has nevertheless published all notices consistent with the requirements of that section, including having published notice in accordance with Government Code Section 6062a and having made the data available concerning rates, fees, and charges prior to conducting a public hearing on the fees; and

WHEREAS, the City Council has held at least two public hearings and received oral and written presentations with respect to the proposed fees before adopting this Resolution; and

WHEREAS, the City Council desires to establish the Affordable Housing In-Lieu Fee as an alternative means of compliance for the Affordable Housing Ordinance; and

WHEREAS, all legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COSTA MESA HEREBY RESOLVES as follows:

Section 1. Findings. The City Council hereby finds that based upon the data, information, analysis, oral and written documentation presented to the City Council concerning the fees described in Exhibit "A" attached hereto and by this reference incorporated herein, do not exceed the established reasonable cost of providing the service for which the fees are levied and that the fees solely recover an objectively reasonable approximation of the city's actual and reasonable costs.

Section 2. Approval. The fees set forth in Exhibit "A" are hereby adopted and approved.

Section 3. Effective Date. The fees set forth in Exhibit "A" shall be effective on the later to occur of (a) 60 days after Council adoption of this Resolution; or (b) the effective date of the Affordable Housing Ordinance or any other ordinance which authorizes the fees set forth in this resolution.

Section 4. Certification. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

PASSED AND ADOPTED this 6th day of August, 2024.

John Stephens, Mayor

ATTEST:

APPROVED AS TO FORM:

Brenda Green, City Clerk

Kimberly Hall Barlow, City Attorney

EXHIBIT A

Affordable Housing In-Lieu Fee Schedule

In-Lieu Fee Payment Schedule – Rental Projects

In-Lieu Fee Payment Schedule Per Square Foot of Total Leasable Area in an Apartment Development	
Developments greater than 60 units per acre	Developments less than 60 units per acre
Not to Exceed \$19.50 PSF	Not to Exceed \$13.80 PSF

Fractional In-Lieu Fee Payment Schedule – Rental Housing Projects

Fractional In-Lieu Fee Payment Calculations Per Square Foot of the Leasable Area of One Unit in an Apartment Development @ Density: 60+ Units Per Acre	
Fraction	Fractional In-Lieu Fee: Per Square Foot of One Unit
0.10	\$23.80
0.20	\$47.50
0.30	\$71.30
0.40	\$95.00
0.50	\$118.80
0.60	\$142.60
0.70	\$166.30
0.80	\$190.10
0.90	\$213.80
1.00	\$237.60

Fractional In-Lieu Fee Payment Calculations Per Square Foot of the Leasable Area of One Unit in an Apartment Development @ Density: <60 Units Per Acre	
Fraction	Fractional In-Lieu Fee: Per Square Foot of One Unit
0.10	\$23.70
0.20	\$47.50
0.30	\$71.20
0.40	\$95.00
0.50	\$118.70
0.60	\$142.40
0.70	\$166.20
0.80	\$189.90
0.90	\$213.70
1.00	\$237.40