



Agenda Report

Item #: 25-206

Meeting Date: 03/18/2025

TITLE: 2024 6TH CYCLE HOUSING ELEMENT ANNUAL PROGRESS REPORT

DEPARTMENT: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/PLANNING DIVISION

PRESENTED BY: PHAYVANH NANTHAVONGDOUANGSY, PRINCIPAL PLANNER, AND CAITLYN CURLEY, ASSISTANT PLANNER

CONTACT INFORMATION: PHAYVANH NANTHAVONGDOUANGSY, PRINCIPAL PLANNER, 714-754-5611

RECOMMENDATION:

Staff recommends the City Council receive and file the 2024 6th Cycle Housing Element Annual Progress Report (APR) for submittal to the State Department of Housing and Community Development (HCD) and the Governor's Office of Land Use and Climate Innovation (LUCI), formerly known as the Office of Planning and Research (OPR).

BACKGROUND:

In November of 2022, the City Council adopted the City's 6th Cycle Housing Element. The Housing Element included 47 implementation programs and the Housing Element Sites Inventory with 97 housing opportunity sites and planned development capacity to accommodate the City's Regional Housing Needs Assessment (RHNA) allocation. The RHNA allocation assigned to Costa Mesa for this planning period is the largest in City history at 11,760 units.

State Land Use and Zoning Law, Government Code Section 65000, et. seq., requires jurisdictions to submit an annual progress report to the State agencies identified above. The Housing Element APR is used by HCD to track the progress of a jurisdiction's implementation of its Housing Element and requires its submission as a threshold for several State Housing Funding Programs. The Housing Element APR provides an overview of the actions taken by the City during the 2024 calendar year to implement the City's Housing Element.

ANALYSIS:

Housing Element Annual Progress Report Summary

HCD created a standard worksheet intended to provide information on the how the City is moving towards meeting its RHNA obligations and implementation of the Housing Element Programs. The HCD APR form tracks housing development from building permit approval and issuance to final construction of each housing unit.

As summarized in the attached 2024 Housing Element APR, the City continues progress towards meeting its 6th Cycle Housing Element objectives, including meeting its Regional Housing Needs Assessment (RHNA) obligations as follows:

A. The City’s progress in meeting its share of the Regional Housing Needs Assessment (RHNA) allocation:

The 6th Cycle Housing Element planning period is between October 15, 2021 through October 15, 2029. The City’s 6th Cycle RHNA allocation is 11,760 total units including 6,801 lower income units (2,919 very-low, 1,794 low and 2,088 moderate-income units) and 4,959 above moderate-income units.

1. Building Permits Issued during the 6th Cycle Housing Element (thus far) and Building Permits Issued during 2024:

From October 15, 2021 (start of the 6th Housing Element Cycle) to December 31, 2024, the City issued building permits for a total of 373 residential units, including 312 affordable units and 60 above moderate-income units (shown in Table 1 Below and Housing Element APR Attachment 1 - Table B). The majority of the affordable units were accessory dwelling units (ADUs) with 58 ADUs in the very low-income category, 162 ADUs in the low-income category and 32 ADUs in the moderate-income category. Additionally, completion of Phase I of the Mesa Vista Homekey development (2274 Newport Boulevard) provided 40 extremely low-income units and one above moderate manager’s unit. With the exception of the Mesa Vista project, these permitted housing units are all within existing residential neighborhoods.

Table 1: Total Building Permits Issued in 6th Housing Element Cycle					
Income Category	RHNA Allocation (Housing Units)	October 2021- December 2022	2023	2024	Total Progress in Housing Element Reporting Period (October 2021- December 2029)
Very Low Income	2,919 units	27	47	24	98
Low Income	1,794 units	56	61	45	162
Moderate Income	2,088 units	19	13	20	52
Above Moderate Income	4,959 units	16	11	34	61
Total:	11,760 units	118	132	123	373

Costa Mesa Housing Construction Calendar Year 2024

During the calendar year 2024, a total of 284 housing units were constructed in the City. Because some new projects required demolition of existing housing units, the net increase of housing units for 2024 was 273 units. Of the 284 units constructed, nine were single-family residences, 66 were ADUs, and 209 were multifamily housing units associated with the Lux Apartments (2277 Harbor Boulevard) which were completed this year. Of the 284 units constructed in 2024, 75 were in the affordable category.

In previous APR reporting periods, ADU affordability levels were determined using the Southern California Association of Governments (SCAG) ADU Affordability Analysis, along with project-specific factors such as size, number of bedrooms, and location. However, for the “2024 HE APR form, updated guidance from HCD” (released in January 2025), jurisdictions are required to provide clear justification for how ADU affordability levels are determined, with surveys being one acceptable method. To comply with this requirement, the City Planning Division conducted a survey in February to assess the affordability of recently constructed ADUs. The results were analyzed, and staff extrapolated the survey data to determine the affordability levels for ADUs applied for in 2024. Moving forward, ADU application affordability data will be collected through TESSA, as part of the building permit application, enabling more accurate ADU affordability tracking. Additionally, the previous survey and future data collection in TESSA will support the City’s implementation of Housing Program 3M, which mandates the development of a program to track ADU development and affordability. This program will continue to be refined throughout the 6th Cycle Housing Element planning period.

2. Housing Development Projects

The City also approved four housing development projects that required discretionary review and provide a net increase of ten housing units (including five ADUs). Table 2 provides a list of these housing development projects that were approved in 2024.

Housing Development Projects	Proposed Units	Existing/Demolition	Net Total
Two-unit small lot subdivision at 1022 West Wilson Street	2	1 unit, to be demolished	1
Two-unit small lot subdivision at 146 Rochester Street	2	1 unit, to be demolished	1
Two-duplexes with four detached ADUs at 374 and 376 Hamilton Street	4 units + 4 ADUs	2 units, to be demolished	2 units + 4 ADUs
Two-units and ADU at 241 Ogle Street	2 units + 1 ADU	1 unit, to be demolished	1 unit + 1 ADU
Total Net Units			10 housing units

For calendar year 2024, the City received a total of eight housing applications that include two or more units for a total of 272 housing units. Table 3 provides a list of housing development projects that are currently being processed by the City as of December 2024.

Housing Development Projects	Proposed Units	Existing/Demolition	Net Total
Multifamily Apartments at 3333 Susan Street [Applied 2023]	1,050 units	0	1,050 units
Single Room Occupancy at 2205 Harbor [Applied 2023]	46 units	0	46 units
Small-lot subdivision at 215 and 223 Mesa Drive, Density Bonus Request [Applied 2024]	6 units	2 units, to be demolished	4 units
Small-lot subdivision at 734 W 20 th Street [Applied 2024]	3 units	0	3 units
Condominium at 220, 222, 234, 236 Victoria Street [Applied 2024]	40 units	0	40 units
Senior Housing (Jamboree) at 695 19 th Street [Applied 2024]	70 units	0	70 units
Single Family and Townhomes at 3150 Bear Street [Applied 2024]	142 units	0	142 units
Small-lot subdivision at 2195 Pacific Avenue [Applied 2024]	10 units	0	10 units
Detached Single Family Development at 2074 Pomona Avenue [Applied 2024]	2 units	1 unit, to be demolished	1 unit

Duplex, 1 Detached ADU at 210 Cabrillo Street [Applied 2024]	3 units	1 unit, to be demolished	2 units
Total Net Units			1,368 Units

B. 6th Cycle Housing Element Programs Implementation

There are 47 Housing Element Programs that have various completion timeframes within the 8-year Housing Element planning period. The Planning Division provided City Council an overview of the Housing Program implementation on October 15, 2024. The staff report is available online at:

<https://costamesa.legistar.com/LegislationDetail.aspx?ID=6891890&GUID=DD2DA70E-884A-4A93-A22F-A60A8D8D0444>

Since October 2024, the City has moved forward with its Rezoning Program that will implement 18 of the 47 Housing Element programs, including completing Housing Element Programs 3C, 3D, 3H, 3I, 3J, 3N and 3R, which specifically address increased densities and/or allowing housing as a permitted use in certain areas of the City. In addition, the City's progression towards completing various other critical Housing Element Programs is summarized in the 2024 HE APR Form Table D. Examples of City progress made on these Housing programs include, but is not limited to:

- (1) The adoption of an affordable housing ordinance (Housing Program 2A).
- (2) Continuing to promote the City's Accessory Dwelling Unit Ordinance (Housing Program 3E).
- (3) Partnering with affordable housing developers and assisting with funding for "Homekey" affordable housing projects by the adaptive re-use of two existing City hotels located at 2274 Newport Boulevard and 1400 Bristol Street (Housing Program 3F and 4A).
- (4) The City Council adoption of a Tennant Protection Ordinance and subsequent City implementation of a tenant protection program (Housing Program 4A).
- (5) Safety Element Update and Environmental Justice Policies [2G] - On October 15, 2024, City Council approved a professional services agreement with Dudek to begin the Climate Action Adaptation Plan process. A working draft of the Safety Element is being prepared, incorporating references to the Local Hazard Mitigation Plan and addressing relevant State laws (SB 1035, AB 747, SB 99). As part of this process, staff will evaluate other General Plan Elements to integrate environmental justice policies under SB 1000, which requires cities to address pollution and health risks in disadvantaged communities. This includes identifying existing policies that support environmental justice and advancing efforts to reduce pollution exposure, enhance community assets, and improve public health.

ALTERNATIVES:

The APRs highlights the City's progress towards implementation of its 6th Cycle Housing Element and meeting its RHNA obligation. The City Council may modify the report to include additional actions that showcase its commitment to implementing the Housing Element.

FISCAL REVIEW:

There are no fiscal impacts to the City for the approval of the recommended actions.

LEGAL REVIEW:

The City Attorney's Office has reviewed this Agenda Report and the attached 2024 Housing Element APR and approves them both as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This item supports the following City Council goals:

- Strengthen the Public's Safety and Improve the Quality of Life.
- Diversify, stabilize, and increase housing to reflect community needs.

CONCLUSION:

As required by the Government Code, the 2024 Housing Element APR is required to be prepared and submitted to the State annually and provides a status of the City's progress toward meeting Housing Element goals and the City's RHNA allocation. Following City Council approval, the 2024 Housing Element APR will be submitted to the State Department of Housing and Community Development.