

**RESOLUTION NO. 2024-10**

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

THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA DOES 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 includes Housing Plan Program 2A which 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 in order to evaluate supportable affordable housing requirements and make policy recommendations for a potential affordable housing ordinance; and

WHEREAS, on January 16, 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 with the second reading of the ordinance; 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, 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, 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 one public hearing and received oral and written presentations with respect to the proposed fees before adopting this Resolution; and

WHEREAS, the City Council is currently considering adopting an ordinance titled “An Ordinance of the City Council of the City of Costa Mesa Amending Title 13 (Planning, Zoning, and Development) of the Costa Mesa Municipal Code to Establish Affordable Housing Requirements for New Residential Projects” (“Affordable Housing Ordinance”); 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. Exhibit A. 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 2nd day of April, 2024.**

\_\_\_\_\_  
John Stephens, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Brenda Green, City Clerk

\_\_\_\_\_  
Kimberly Hall Barlow, City Attorney

STATE OF CALIFORNIA )  
COUNTY OF ORANGE ) ss  
CITY OF COSTA MESA )

I, BRENDA GREEN, City Clerk of the City of Costa Mesa, DO HEREBY CERTIFY that the above and foregoing is the original of Resolution No. 2024-10 and was duly passed and adopted by the City Council of the City of Costa Mesa at a regular meeting held on the 2<sup>nd</sup> day of April, 2024, by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

IN WITNESS WHEREOF, I have hereby set my hand and affixed the seal of the City of Costa Mesa this 3<sup>rd</sup> day of April, 2024.

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Brenda Green, City Clerk

## EXHIBIT A

### Affordable Housing In-Lieu Fee Schedule

#### In-Lieu Fee Payment Schedule – Rental and Ownership Housing Projects

Recommended In-Lieu Fee Payment Schedule Per Square Foot of Total Leasable or Saleable Area in a Residential Development			
Total Units	Apartment Development		Ownership Housing Development
	Density: 60+ Units Per Acre	Density: <60 Units Per Acre	
15	\$3.73	\$1.97	\$2.53
16	\$7.46	\$3.94	\$5.06
17	\$11.19	\$5.91	\$7.59
18	\$14.91	\$7.89	\$10.11
19	\$18.64	\$9.86	\$12.64
20	\$22.37	\$11.83	\$15.17
21+	\$26.10	\$13.80	\$17.70

#### 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

#### Fractional In-Lieu Fee Payment Schedule – Ownership Housing Projects

Fractional In-Lieu Fee Payment Calculations Per Square Foot of the Saleable Area of One Unit in the Ownership Housing Development Prototype	
Fraction	Per Square Foot of One Unit
0.10	\$37.53
0.20	\$75.06
0.30	\$112.59
0.40	\$150.12
0.50	\$187.66
0.60	\$225.19
0.70	\$262.72
0.80	\$300.25
0.90	\$337.78
1.00	\$375.31