



# City of Costa Mesa

## Agenda Report

77 Fair Drive  
Costa Mesa, CA 92626

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**Item #: 25-136**

**Meeting Date:  
03/18/2025**

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**TITLE: AFFORDABLE HOUSING / DISPOSITION AND DEVELOPMENT AGREEMENT AND GROUND LEASE, SUBDIVISION OF THE SUBJECT PROPERTY INTO TWO PARCELS, AND MASTER PLAN WITH DENSITY BONUS, FOR THE DEVELOPMENT OF A 70-UNIT SENIOR AFFORDABLE MULTI-FAMILY RESIDENTIAL PROJECT LOCATED ON A PORTION OF THE SENIOR CENTER PARKING LOT AT 695 WEST 19TH STREET**

**DEPARTMENT: ECONOMIC AND DEVELOPMENT SERVICES  
DEPARTMENT/PLANNING DIVISION**

**PRESENTED BY: VICTOR MENDEZ, SENIOR PLANNER**

**CONTACT INFORMATION: VICTOR MENDEZ, SENIOR PLANNER (714) 754-5276**

**RECOMMENDATION:**

Planning Commission recommends the City Council:

1. Find the project is categorically exempt from the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15332 (Class 32), In-Fill Development Projects.
2. Approve the Affordable Housing / Disposition and Development Agreement (AH/DDA) (including a Regulatory Agreement) and Ground Lease, subject to such non-substantive changes as may be approved by the City Manager and the City Attorney.
3. Approve the Master Plan (PMAP-24-0001) with Density Bonus, and Tentative Parcel Map 2023-160.

**APPLICANT OR AUTHORIZED AGENT:**

The applicant is Tish Kelly, on behalf of Jamboree Housing Corporation (JHC) via an Option-To-Lease Agreement with the City of Costa Mesa.

## **BACKGROUND:**

Jamboree Housing Corporation (JHC) has filed applications to develop a 70-unit affordable senior and permanent supportive housing project at the northeast corner of the Senior Center parking lot, which is located at 695 West 19<sup>th</sup> Street. The project site is directly across from an existing senior housing project known as “The Tower on 19<sup>th</sup>.” Jamboree Housing Corporation (JHC) is a local non-profit affordable housing developer which has built approximately 100 affordable housing projects throughout California consisting of over 2,000 units since 1990.

Since the 4th Cycle Housing Element in 2008, the Senior Center parking lot has been identified as a contemplated site for affordable senior housing. This concept has been included in both the previous 5th and current 6th Housing Element cycles. Specifically, Housing Program 2D of the Costa Mesa 6<sup>th</sup> Cycle Housing Element states “Pursue opportunities for senior housing on the Senior Center parcel identified as part of the candidate housing site analysis and/or other sites within the City.”

On July 21, 2020, the City Council approved an Exclusive Negotiating Agreement (ENA) with JHC. The ENA provided an exclusive opportunity for JHC to study the feasibility of acquiring a long-term leasehold interest at the site for the purpose of developing an affordable senior housing project. While the exclusivity of the ENA expired in 2022, conversations between the City and JHC continued.

On February 20, 2024, the City Council reviewed JHC's concept (“screening”) for a senior affordable housing project in the Senior Center's parking lot. The proposed project at that time included a combination of 60 independent living and permanent supportive housing units located in a podium style four-story building over surface parking. The City Council was supportive of the proposed development plan and also suggested more units and amenities, including pedestrian improvements, and supported a reduction in parking because of the project's location in a walkable and transit-rich area.

The February 20, 2024, agenda report and meeting video can be viewed at the links below:

Report:

<https://costamesa.legistar.com/LegislationDetail.aspx?ID=6504116&GUID=ADB4CE5A-CCEE-4094-9DA6-10D826406BD9>

Video: [https://costamesa.granicus.com/player/clip/4088?view\\_id=14&redirect=true](https://costamesa.granicus.com/player/clip/4088?view_id=14&redirect=true)

Subsequently, on July 16, 2024, the City Council approved an Option to Lease with JHC. The purpose of the Option was for JHC and the City to negotiate the form and terms of the required Affordable Housing Agreement and for JHC to seek the necessary project approvals. An amendment to the Option to Lease was signed on October 31,

2024, extending the term until February 28, 2025. On February 18, 2025, the City Council extended the term of the Option to Lease to April 30, 2025.

On December 9, 2024, the Planning Commission reviewed JHC's proposal for a 70-unit senior housing project for residents aged 55 and over. As part of its review, staff recommended that the Planning Commission take the following actions:

1. Find that the lease and use of the City property for affordable senior housing purposes are consistent with the General Plan regarding location, purpose, and extent, as required by California Government Code Section 65402;
2. Recommend City Council approval of the Master Plan (PMAP-24-0001) with Density Bonus and Tentative Parcel Map 2023-160 (modified to reflect an easement identified as Note 17 for public access and parking areas); and
3. Find that the project qualifies for a categorical exemption from the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15332 (Class 32), for in-fill development projects.

Public comments at the Planning Commission meeting reflected a mix of project support and concerns. Supporters emphasized the project's alignment with the General Plan's Housing Element goals to expand senior housing options, the project site is close to transit and amenities, and the critical need for affordable housing for seniors on fixed incomes. Public concerns included potential parking shortages during construction, increased traffic on West 19th Street, impacts on Senior Center programming, and the reduction of Senior Center parking spaces.

The Planning Commission discussed off-site parking, shared amenities, construction impacts, on-site improvements, and off-site improvements on Pomona Avenue. A condition pertaining to Pomona Avenue improvements has not been included in the draft City Council resolution.

The Planning Commission voted (5-0-2, with Vice Chair Toler and Commissioner Zich absent) to adopt Resolution PC 2024-30 finding that the proposed long-term leasing of real property for the development of senior affordable housing is in conformance with the City of Costa Mesa General Plan, and recommend City Council approval of an updated Tentative Parcel Map with an easement identified as Note 17 for public access and parking areas, Master Plan with Density Bonus, and Affordable Housing / Disposition and Development Agreement (AH/DDA) (including a Regulatory Agreement) and Ground Lease.

The December 9, 2024, agenda report and meeting video can be viewed at the links below:

Report: [CITY OF COSTA MESA - File #: 25-102](#)

Video: [https://costamesa.granicus.com/player/clip/4198?view\\_id=14&redirect=true](https://costamesa.granicus.com/player/clip/4198?view_id=14&redirect=true)

### ***Public Engagement***

JHC, in collaboration with City staff, has also held two community outreach meetings to engage residents and stakeholders regarding the proposed project. The first meeting took place on February 1, 2024, at the Senior Center, with approximately 40-50 attendees, including City staff. The second meeting was held on December 3, 2024, also at the Senior Center, with approximately 40-50 attendees, including City staff. The goal of both events was to gather community input and to consider and address concerns about the project. During both meetings, JHC provided visual presentations and responded to questions from the event attendees. Several of the topics discussed by the attendees included, but was not limited to, the cost of the units, unit eligibility, safety and security of the site, parking impacts from the new housing on the senior center operations, noise and dust during construction and parking and access during the project construction period.

Throughout the planning process, the City and JHC have prioritized open communication and community engagement to ensure the project aligns with both community expectations and housing needs. Public outreach meetings provided an opportunity for residents to share feedback and express concerns regarding the project's impacts. In response, JHC and City staff have worked collaboratively to address key issues, including eligibility, safety, parking, and construction access.

The public expressed several concerns regarding the senior affordable housing project. The public inquiry included clarification of persons/income ranges eligible to rent, what priority would be given to Costa Mesa residents, and how tenants would be qualified. Additionally, there were concerns about safety, particularly due to the area's lack of adequate lighting at night. Many also raised worries about losing parking spaces and the availability of parking during construction, as well as the potential impacts to Senior Center programming.

For safety, the project incorporates secured access points, well-lit common areas, and design features enhancing resident security. In response to parking impacts, parking studies confirm adequate availability for both the Senior Center and the housing project, supplemented by a Parking Management Plan to optimize use and mitigate overflow concerns during peak times or special events. Regarding project construction and access to the Senior Center, JHC has coordinated a comprehensive construction parking and access plan, including temporary off-site parking, valet services, and shuttles to minimize disruptions to Senior Center operations. These efforts demonstrate a collaborative approach to balancing community needs with the benefits of the proposed development.

## **ANALYSIS:**

The Senior Center property is 2.66-acres in size and is currently occupied by the City of Costa Mesa Senior Center building and parking lot. The subject site is a corner lot located at the southeast corner of West 19<sup>th</sup> Street and Pomona Avenue. To the west of the project site (across Pomona Avenue) is Smart & Final, a retail grocery store chain, and to the south are one- and two-story multifamily residential properties along Plumer Avenue. To the east of the project site are existing commercial uses including restaurants and retail.

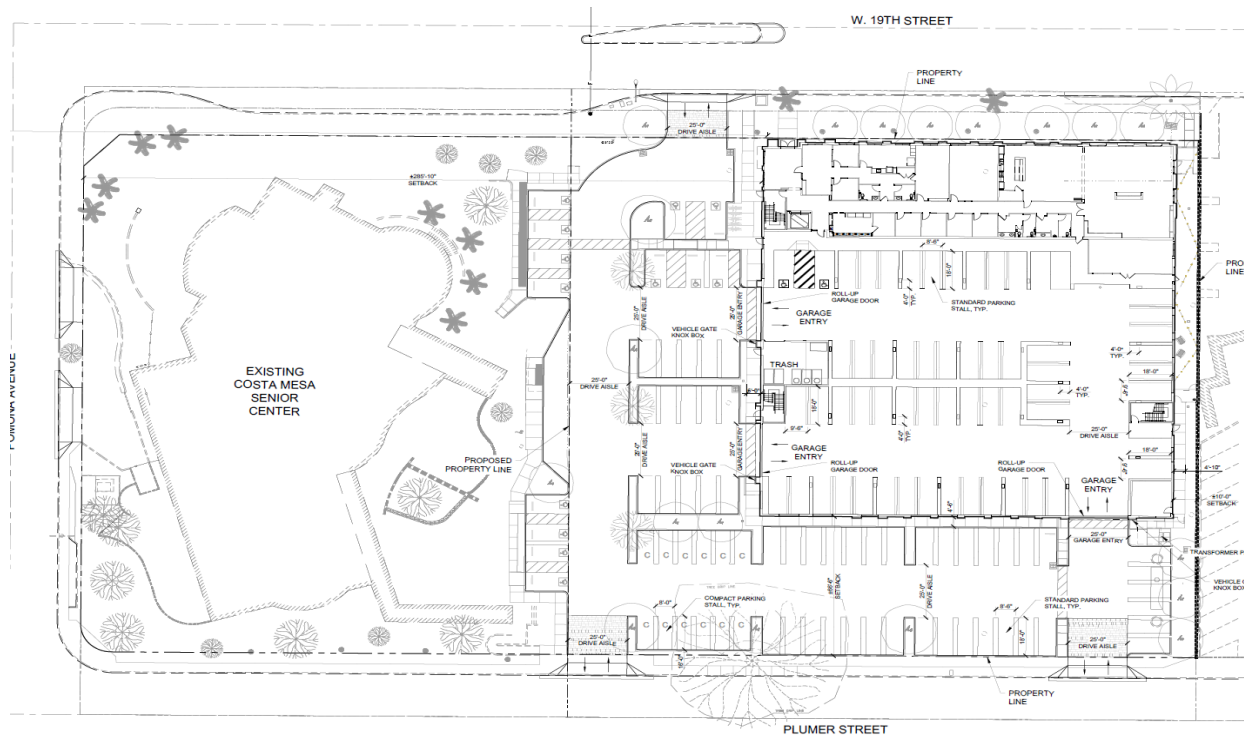
The project site is designated General Commercial by the City's Land Use Element of the General Plan and is zoned C1 (Local Business District). The General Commercial designation is intended for a wide range of commercial uses that serve both local and regional needs such as retail stores, theaters, restaurants, and service establishments. The C1 zone allows for a wide range of similar goods and services with a focus on serving the local neighborhood. The site is located within the 19 West Urban Plan which was adopted as a residential overlay zone by the Costa Mesa City Council on April 4, 2006. The Urban Plan's purpose is to incentivize mixed-use development, including the development of residential projects, in Westside Costa Mesa. When a Master Plan application is approved, the underlying zoning district's development standards are superseded by the 19 West Urban Plan standards.

The project site also resides within a "Measure K" corridor. This Measure, approved by Costa Mesa voters on November 8, 2022, is intended to revitalize commercial corridors by promoting new housing in commercial and industrial areas while preserving the character of adjacent residential neighborhoods.

### **Project Description**

The project proposes to subdivide the Senior Center property to create a new 1.5-acre parcel on the eastern portion of the property, currently occupied by the Senior Center parking lot. The development is proposed on the new parcel at the northeast corner of the Senior Center parking lot. The proposed project includes a 93,972 square-foot (including the first-floor parking area), four-story building with 70 residential units designed over a podium garage. The maximum building height is approximately 57.5 feet. The residential building is designed in a Spanish-revival style that includes useable resident balconies, decorative windows, and is designed with changes in elevation plane to provide for articulation and light.

**Figure 1 – Site Plan**



As proposed, 35 of the housing units would be restricted to low-income senior households (60% or below of the area median income), and 34 units would be restricted to permanent supportive housing units occupied by very low income senior households (30% or below of the area median income). According to JHC, the supportive housing services would include resident case work and life improvement services such as financial classes and employment assistance; however, would not include any dedicated on-site medical services. One unit will be un-restricted and occupied by an on-site resident manager. One-bedroom units make up 68 of the project's 70 units. There are three different floor plans for the one-bedroom units ranging in size from 566 square feet to 614 square feet. The two, two-bedroom units, which includes the on-site manager's unit, are proposed to be 855 square feet.

### ***Required Project Entitlements***

#### **Tentative Parcel Map 2023-160**

A Tentative Parcel Map (TPM) is required pursuant to Municipal Code Chapter III Planning Applications, Section 13-28(r) for the proposed subdivision of the existing 2.66-acre property into two parcels. One of the parcels will be for a 1.5-acre portion of the property that JHC proposes to lease from the City, and that can specifically be referenced in other documents where JHC needs to demonstrate "site control" for purposes of obtaining project financing. The TPM includes an easement over the proposed 1.5-acre parcel (which will be ground leased) to retain public and Senior

Center access and parking areas. Notwithstanding the ground lease, ownership of the subject property will remain with the City.

### Master Plan PMAP-24-001

A Master Plan is required pursuant to Municipal Code Chapter III Planning Applications, Section 13-28(g) to establish the overall development plan (i.e., site layout, building placement, architecture, floor plans, parking, and landscaping, etc.) for the proposed residential project. In this case, an approved Master Plan will result in the property's underlying zoning district regulations being superseded by the 19 West Urban Plan overlay zone provisions.

### Density Bonus

The project is proposed as a 100 percent affordable housing development and is therefore subject to State Density Bonus Law provisions. State Density Bonus Law (Government Code Section 65915, et seq.) and Costa Mesa Municipal Code (CMMC) Section 13-152 (Density Bonuses and other Incentives) entitles applicants to density increases, incentives or concessions, waivers or reductions of development standards, and reduced parking ratios to encourage the construction of affordable housing units. JHC is not proposing to increase the number of dwelling units pursuant to State Density Bonus Law; however, as a qualifying project, they are entitled to five incentives or concession and an unlimited number of waivers that result in identifiable cost reductions to assist in the development of affordable units. JHC is requesting approval of four of its five allowed State Density Bonus Law concessions to the following development standards: (1) development lot open space, (2) residential unit open space, (3) front setback, and (4) parking stall width when located adjacent to support column.

### Affordable Housing Agreement and Affordable Housing Plan

Because the project has at least 50 for-rent residential units, pursuant to City Council Ordinance 2024-02 (Costa Mesa Municipal Code Section 13-333), the applicant is required to submit a draft affordable housing agreement and affordable housing plan with its planning applications. These documents are normally subject to review by the Economic and Development Services Department to determine if they are complete and in substantial conformance with applicable requirements. However, this project is unique in that it will occur on land owned by the City, and therefore, the Affordable Housing Agreement has been integrated into the Disposition and Development Agreement to be considered by the City Council. The Affordable Housing Plan is included in the project submittal.

### Affordable Housing/Disposition and Development Agreement (AH/DDA) (including Regulatory Agreement) and Ground Lease

The proposed project's location on City property requires City Council approval of an AH/DDA (including a Regulatory Agreement) and Ground Lease. The draft agreements are included collectively as **Exhibit C** within the resolution. The terms of the AH/DDA and ground lease are described as follows:

The City and JHC have jointly negotiated and prepared the AH/DDA and associated documents. There are a few items which remain under discussion and finalization with the Jamboree team. The draft documents include the following components:

#### *Term of Residential Affordability*

The AH/DDA requires that the residential development have an affordability term of 99 years, which exceeds the required 55-year minimum required by State and City regulations.

#### *Developer Obligations*

- The AH/DDA requires JHC to be the developer of the senior affordable project. The AH/DDA cannot be assigned to another developer without City consent, which could require renegotiating the agreements.
- JHC must provide the City with Annual Financial Statements within five days of the Effective Date of the AH/DDA and each December 1<sup>st</sup> thereafter.
- JHC must maintain and make necessary repairs to the 1.5-acre ground lease area, including the future residential project, grounds, driveways, parking areas, and landscaping.
- JHC must create a Capital Replacement Reserve and deposit \$300 per Unit per year into the fund, with improvement plans using the funds to be approved by the City Manager.
- JHC must prepare and submit application for Tax Credit Allocation Committee (TCAC) credits as soon as practicable following the Effective Date (date of City Council approval).
- JHC must provide notification to the City whenever additional identified funding is approved towards the project.
- JCH must pay a Social Services Fee of \$2,203, per unit (with 3% annual increase) for social services with a plan to be approved by City.
- Annual Operating Budget to be submitted for review and approval of the City.

The Developer is responsible for securing financing for all phases of the project, including construction, maintenance, repairs, and ongoing operations. The use of City land constitutes the primary financial contribution by the City for this project, with additional financial assistance identified below.

#### *Schedule of Performance*

Attachment 4 of the AH/DDA lays out a Schedule of Performance for specific milestones. The Schedule includes timing for when the Developer submits certain information to the City, when the agreements are signed, opening and closing of escrow, and construction schedules.



Construction of the project must be within 194 days after JHC receives allocation of 9% Tax Credits from the TCAC. Although JHC has indicated that construction will likely last 22 months, the Schedule of Performance requires construction to be completed within three years, to accommodate any unanticipated delays.

### *Regulatory Agreement*

Attachment 5 of the AH/DDA includes provisions for the ongoing operation and management of the residential project at affordable rental rents. For example, JHC must submit to the City for approval the person or entity proposed to be the Property Manager. The Regulatory Agreement also requires the following operational plans to be approved by the City:

- Property management plan, including tenant selection
- Social services program
- Parking management plan

The Regulatory Agreement includes a rental priority section that requires JHC to use best efforts to provide rental priority to residents of Costa Mesa, including those displaced by City activity, or those who live and/or work in the City. The Regulatory Agreement also contemplates coordination of residential programming with the Senior Center to allow for special events. There is also a “float up” provision in the event that rental subsidies become unavailable during the lease term, which would allow for temporary rental increases of very low income units (30% AMI) to low income (60% AMI) rents. This could require identifying additional very low income units in the City’s Housing Element or providing rental subsidies.

The Regulatory Agreement includes an Annual Monitoring requirement, including payment of a small monitoring fee to the City for staff time associated with reviewing required submittals and monitoring reports.

### *Ground Lease*

JHC proposes to ground lease the 1.5 acre proposed parcel from the City for 99 years, at an amount of \$1 per year. JHC is responsible for any taxes, assessments, impositions, fees, and utilities on the property. The ground lease also provides for “additional rent” to be paid to the City (following repayment of all City loans) from residual receipts of the project and from proceeds of refinancing. The ground lease includes a re-opener option at 55 years to consider changes related to ground lease rent, social services, and parking access and management plan, if requested by either party. In addition to the AH/DDA, the ground lease requires JHC to construct the project and the ground lease area to be used continually during the lease term for a senior residential project affordable to lower-income seniors. JHC must maintain insurance on the property and comply with laws and governmental regulations. JHC must indemnify the City from and against liability and damages. JHC is responsible for repairing damage to the property and the building. In certain circumstances, such as non-availability of funding, the lease can be terminated, and improvements removed. The

ground lease includes terms to address situations if JHC defaults on the lease. A public access, egress and parking easement shall be recorded against the ground leased site, and these easements will not be subordinated to any other liens on the leased property.

At the termination of the ground lease, following a valid and recordable quitclaim deed, all project improvements will become property of the City, free and clear of all liens, encumbrances, and deeds of trust, excepting those on title with the consent or request of the City. The project improvements must be in well-maintained and habitable condition at this time, except for reasonable wear and tear. There are provisions for City inspection of the property.

#### *City Financial Assistance*

The City of Costa Mesa is providing financial assistance to this project in several different ways. In addition to the ground lease of \$1 per year for use of City land, the City is offering the following: 1) initial deferral of City permit and development impact fees of up to \$700,000, to be repaid in a loan; 2) potential use of HOME funds (subject to a competitive application process) in the amount of \$1.5 million, which, if approved, would be in the form of a loan to be repaid.

#### **Site Parking & Senior Center Access**

##### Parking

As a 100-percent affordable housing project, State Density Bonus Law entitles the proposed development to be exempted from the requirement of parking. Pursuant to the 19 West Urban Plan, residential projects are typically subject to a parking ratio requirement of 1.5 parking spaces for each one-bedroom unit, and two parking spaces for each two-bedroom unit, which would have resulted in a 141 parking space requirement (106 tenant spaces and 35 guest spaces). The project site is also subject to Assembly Bill (AB) 2097, which prohibits the City from imposing minimum parking requirements for developments located within one-half mile of a major transit stop (there are two major transit stops located within one-half mile of the project site). As such, the City cannot require parking spaces under its local land use regulations. However, the City may require parking through its ground lease.

The applicant is proposing 133 parking spaces on-site, including 59 spaces located within the footprint/podium of the new building and 74 parking spaces located in the surface parking lot (see Exhibit 1). All surface parking areas will remain open, with drive aisles fully interconnected, ensuring seamless access without any gates restricting entry from the streets. Additionally, roll-up garage gates will be installed at the podium garage. These gates will remain open during Senior Center business hours, providing access for residents, senior center employees, and guests. After business hours, the gates will be closed for security purposes but can be accessed with a key fob for

residents and city employees. All parking spaces and drive aisles will remain interconnected to maintain efficient flow throughout the site.

<b>Exhibit 1 Parking Distribution Summary</b>	
<b><i>Parking</i></b>	<b><i>Number of Parking Spaces Provided</i></b>
Current	<b>145</b>
<b><i>Parking Location</i></b>	
Covered - Under Podium	59 (40 reserved for housing units)
Surface - Jamboree Site	66
Surface - Senior Center Site	8
<b>Total</b>	<b>133</b>

Construction Phasing Plan

The applicant indicates that the project will be constructed in two phases spanning a period of 22 months from close of escrow, tentatively November 2025 until September of 2027. “Phase 1” involves demolition and site grading, along with the installation of infrastructure, start of public right-of-way improvements, and construction of the building’s podium structure. “Phase 2” will focus on modifications to ingress and egress, completion of right-of-way improvements, and finalization of the building and site work including landscaping.

JHC is committed to ensuring that the project is constructed efficiently and in a timely manner (see the below Exhibit 2), in order to meet funding deadlines and program requirements. To minimize disruptions, JHC’s management team and construction managers will maintain open communication with City staff and the Senior Center operators.

<b>Exhibit 2: Construction Milestones</b>	
<b><i>Milestone</i></b>	<b><i>Projected Timing</i></b>
Escrow Closing	November 2025
Construction Start	November 2025
Construction Completion	September 2027

Lease Up Begins	September 2027
100% Qualified Occupancy	February 2028

Parking Management to Maintain Access to Senior Center During Construction

Recognizing that construction activity will impact how members utilize the Senior Center during the temporary construction period, JHC has prepared a construction parking management plan. As contemplated by JHC, a various amount of site parking will always be available during construction based on construction activities, and the specific phases of construction. In response to Senior Center parking limitations, JHC will also actively engage with nearby businesses, such as “Smart & Final”, and property owners like “The Lighthouse Church” to explore potential off-site parking solutions during the project’s construction phases. A construction parking management plan is currently being reviewed by City staff and incorporates the use of vans to shuttle individuals to and from remote parking lot(s) on demand, and the use of free valet. Staff and JHC are analyzing the need to provide sufficient parking that is secure and ADA-compliant and provides clear wayfinding signage. During construction, the parking situation will also be actively advertised to Senior Center users and managed by a professional parking operation service. JHC has also committed to having regular “check-ins” with Senior Center staff to evaluate the success or challenges of the shuttle system and to make any adjustments immediately in response to the needs of the users of the Senior Center. JHC is also committed to being a good neighbor and will engage with the Senior Center and adjacent community prior to commencing construction to share schedules and seek collaborative input on how to resolve potential concerns.

**ENVIRONMENTAL DETERMINATION:**

As further detailed in the Planning Commission staff report, the project qualifies for a Class 32 exemption pursuant to CEQA as it is an in-fill development with no anticipated significant impacts in regard to traffic, noise, air quality, or water quality. Parking studies confirm sufficient availability to meet combined demand from the Senior Center and housing project. Construction impacts will be managed through a parking and access plan, ensuring minimal disruption to Senior Center operations. Lastly, the Public Works Department and utility companies have reviewed the proposed development and found that it can be adequately served by all required utilities and public services. Consequently, it can be determined that the project can be exempted from further CEQA action under the Class 32 exemption.

**ALTERNATIVES:**

The City Council may choose not to move forward with the proposed Affordable Housing / Disposition and Development Agreement (AH/DDA) (including Regulatory Agreement) and Ground Lease, Tentative Parcel Map, and Master Plan with Density Bonus;

however, this project would create a valuable housing opportunity in Costa Mesa, addressing the needs of the growing senior population and contributing to the diversity of housing options, while enhancing the health, safety, and well-being of the Westside community by providing secure, stable housing for seniors, promoting social connectivity, and improving access to essential services and amenities.

The City Council could move forward but request revisions to the proposed Affordable Housing / Disposition and Development Agreement (AH/DDA) (including Regulatory Agreement) and Ground Lease, Tentative Parcel Map, and Master Plan with Density Bonus.

The City's decision as to whether to move forward with the Ground Lease and AH/DDA is completely discretionary as the City owns the property. If the Ground Lease and AH/DDA are approved, however, should the City Council deny the project approvals or direct a reduction in the proposed density of the housing project, and the development is determined to be consistent with applicable, objective general plan, zoning, and subdivision standards and criteria, including design review standards, then the City Council must make the following written findings: (1) The housing development project would have a specific, adverse impact upon the public health or safety unless the project is disapproved or approved upon the condition that the project be developed at a lower density; and (2) There is no feasible method to satisfactorily mitigate or avoid the adverse impact, other than the disapproval of the housing development project or the approval of the project upon the condition that it be developed at a lower density. (Feasible means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors.)

### **FISCAL REVIEW:**

As required by the Ground Lease, the City will receive a nominal lease payment of one dollar per year from the developer for a period of 99 years. This nominal lease payment is not intended to generate income but rather to provide consideration for the lease to secure the developer's access to the property during the lease term to obtain funding and undertake construction and operation of the affordable housing project. The senior affordable multi-family residential apartment project is subject to various permit and Development Impact Fees totally approximately \$700,000, which are one-time fees allocated to pay costs relating to issuance of permits and to fund specific improvements to infrastructure throughout the City. The City anticipates offering an initial deferral of the following fees for: 1) approximately \$350,000 for Park Development Impact Fees, or a rate of \$5,000 per unit for the development of the 70 units; 2) estimated Traffic Impact Fee of \$51,710; 3) an approximate Drainage Impact Fee of \$57,530; 4) and an approximate Fire System Development Fee of \$27,000. The project would also require permit fees of approximately \$220,000 which would also be deferred. The deferred fees would be repaid over the term of the lease pursuant to a Promissory Note and Deed of Trust from net operating income.

Should the developer successfully apply for available HOME funds, these funds would also be repaid from net operating income. Additional rent will be paid from net operating income after loans from the City are fully repaid.

**LEGAL REVIEW:**

The City Attorney’s Office has reviewed this report and approves it as to form. The City Attorney’s Office also negotiated and drafted the terms of the Affordable Housing / Disposition and Development Agreement, Promissory Note, Deed of Trust, Regulatory Agreement and Ground Lease.

**PUBLIC NOTICE:**

Pursuant to Title 13, Section 13-29(d), of the Costa Mesa Municipal Code, three types of public notification have been completed no less than 10 days prior to the date of the public hearing:

4. **Mailed notice.** A public notice was mailed to all property owners and occupants within a 500-foot radius of the project site on Thursday, March 6, 2025. The required notice radius is measured from the external boundaries of the property.
5. **On-site posting.** A public notice was posted on each street frontage of the project site on Friday, March 7, 2025.
6. **Newspaper publication.** A public notice was published once in the Daily Pilot newspaper on Saturday, March 8, 2025.

Any public comments received prior to the March 18, 2025, City Council meeting, may be viewed at this link: [CITY OF COSTA MESA - Calendar \(legistar.com\)](https://legistar.com/CITY_OF_COSTA_MESA_Calendar)

**CITY COUNCIL GOALS AND PRIORITIES:**

This item supports the City Council Goals to “Diversify, stabilize and increase housing to reflect community needs”, and the City Council Strategic Objective to “Present to the City Council for consideration a development plan and land use documentation for affordable senior housing at the Senior Center site”.

**CONCLUSION:**

The proposed project directly supports the City Council’s goal to diversify, stabilize and increase housing to reflect community needs, by providing much-needed senior affordable housing. The project provides opportunities for a special needs group (senior population) to remain in the community, close to vital services, and surrounded by a supportive environment. Not only does the project address housing shortages for a vulnerable population, but it also reflects Costa Mesa’s commitment to inclusivity and community revitalization. Lastly, housing has been contemplated at this site since the original development of the Senior Center, and affordable housing was specifically

identified to be facilitated at this site by the City's adopted General Plan Housing Element.

The Planning Commission reviewed the proposed senior affordable housing project and unanimously determined that the proposed development was in conformity with the General Plan and recommended that the City Council approve the project.

Therefore, it is recommended that the City Council:

1. Find the project is categorically exempt from the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15332 (Class 32), In-Fill Development Projects.
2. Approve the Affordable Housing / Disposition and Development Agreement (AH/DDA) (including Regulatory Agreement) and Ground Lease, subject to such non-substantive revisions as are approved by the City Manager and the City Attorney.
3. Approve the Master Plan (PMAP-24-0001) with Density Bonus, and Tentative Parcel Map 2023-160.