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FY 2024-2025
Annual Action Plan

5/7/24 Updated with Actual HUD Allocation Amounts

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Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The City of Costa Mesa is a recipient of federal Community Development Block Grant (CDBG) and Home Investment Partnerships Grant (HOME) funds; these funds are awarded to the City by the U.S. Department of Housing and Urban Development (HUD). As a recipient of CDBG and HOME funds, the City must prepare a five-year strategic plan known as the Consolidated Plan. The Consolidated Plan identifies and prioritizes housing and community needs and establishes five-year goals and objectives to address identified needs. The City's current Consolidated Plan was approved by the City Council on May 19, 2020 and covers Fiscal Year 2020-2021 through Fiscal Year 2024-2025.

The Annual Action Plan is the component of the Consolidated Plan that is revised annually. It links the goals and objectives identified in the City's 2020-2024 Consolidated Plan with the planned annual expenditure of CDBG and HOME funds over the next twelve months. The period covered by the 2024-2025 Annual Action Plan begins July 1, 2024, and ends June 30, 2025. The City refers to this time frame as a Fiscal Year (FY).

HUD **announced funding** for FY2024-2025 ~~has yet to be announced*~~ on **May 7, 2024**. The City is receiving an allocation of ~~\$1,010,506~~ **\$971,431** in CDBG funds and ~~\$407,408~~ **395,571** in HOME funds for FY 2024-2025. Additionally, \$187,000 in prior year uncommitted CDBG funds and \$54,702 in prior year uncommitted HOME funds, \$30,900 in CDBG Program Income (PI) and \$108,670 in HOME Program Income (PI) funds are available for programming. Program income is generated by the repayment of prior funded housing rehabilitation loans and is available to fund eligible activities. The City will use CDBG resources to fund capital improvements (e.g., public facilities or street improvements), code enforcement, social services, and program administration. HOME resources will be used to fund owner-occupied housing rehabilitation, affordable rental housing through Community Housing Development Organizations (CHDO), Tenant Based Rental Assistance (TBRA) and program administration.

Consistent with HUD guidelines, once HUD announced CDBG and HOME awards for FY 2024-2025, the City adjusted the funding for activities listed in the Annual Action Plan proportionally in order to equal the final grant awards, or as otherwise directed by the City Council. Adjustments are noted in **red.*

2. Summarize the objectives and outcomes identified in the Plan

Based on an analysis of housing and community needs, market analysis, and input from the community, the following five-year goals and priorities have been identified for implementation in the 2020-2024 Consolidated Plan:

- **Goal 1: Housing Preservation** - To provide decent and affordable housing through a variety of activities, including owner-occupied housing rehabilitation, code enforcement, and rental housing acquisition/rehabilitation
- **Goal 2: Infrastructure and Facility Improvements** - To enhance the suitability of the living environment through improvements to public infrastructures and facilities
- **Goal 3: Homeless Continuum of Care** - To provide supportive services and housing assistance for those experiencing homelessness and near homelessness
- **Goal 4: Public Social Service** - To provide services for low- and moderate-income persons, and those with special needs, including fair housing services
- **Goal 5: Program Administration** - To provide administration of the CDBG and HOME programs, ensuring effective and delivery of programs and services and complying with all HUD program requirements

Activities funded with CDBG and HOME funds will address the goals and objectives identified in the City's Consolidated Plan.

3. Evaluation of past performance

FY 2023-2024 (the current fiscal year) is the fourth year of the City's 2020-2024 Consolidated Plan cycle; year-end program accomplishments are not available at this time; however, one-year accomplishment data for FY 2022-2023 is available. This information is provided in table format as **Attachment 1**.

4. Summary of Citizen Participation Process and consultation process

For the preparation of the 2024-2025 Annual Action Plan, the following opportunities for public participation were taken:

- Housing and Public Services Grant Committee public meeting to receive input regarding public service needs and to prioritize funding for FY 2024-2025 public service grants (March 7, 2024)
- Public Notice – 30-day comment period and public hearing
- Public Hearing – City Council Public Hearing to receive additional public input and to approve the FY 2024-2025 Annual Action Plan (May 21, 2024).

5. Summary of public comments

See **Attachment 2**.

6. Summary of comments or views not accepted and the reasons for not accepting them

See **Attachment 2**.

7. Summary

The Action Plan serves to implement the Consolidated Plan objectives which were developed to address priority housing and community needs using federal resources (i.e., CDBG and HOME). The Annual Action Plan provides specific information regarding the resources and activities the City will utilize to address priority needs and specific objectives identified in the Consolidated Plan during the 12-month Action Plan period. The 2024-2025 Action Plan begins July 1, 2024, and ends June 30, 2025. The Annual Plan will also serve as the City's application to HUD for ~~\$1,010,506~~ **\$971,431** in CDBG and ~~\$407,408~~ **395,571** in HOME funds for FY 2024-2025. The Action Plan is also the expenditure plan for HUD grant funds, prior year grant funds, and anticipated program income resources.

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PR-05 Lead & Responsible Agencies – 91.200(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

Describe the agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	COSTA MESA	Housing & Community Dev/Development Services
HOME Administrator	COSTA MESA	Housing & Community Dev/Development Services

Table 1 – Responsible Agencies

Narrative (optional)

The City's Housing and Community Development (HCD) Division of the Development Services Department is primarily responsible for preparing the Consolidated Plan, Annual Action Plan, and for the administration of CDBG and HOME funds.

Consolidated Plan Public Contact Information

Mikelle Daily, Grant Administrator: 77 Fair Drive, Costa Mesa, CA 92626 (714) 754-5678 - mikelle.daily@costamesaca.gov

AP-10 Consultation – 91.100, 91.200(b), 91.215(I)

1. Introduction

The Annual Action Plan preparation process requires jurisdictions to contact and consult with other public and private agencies and residents when developing respective plans. For the FY 2024-2025 Annual Action Plan, the City consulted with the public and private agencies listed below. Also listed below are the steps taken by the City to solicit the input of community residents.

Provide a concise summary of the jurisdiction’s activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I))

The City of Costa Mesa does not own or manage public housing. Similarly, the City does not administer the Housing Choice Voucher or Section 8 Certificate rental assistance programs, however, Costa Mesa has an executed MOU with the Orange County Housing Authority (OCHA) to participate in their Housing Choice Voucher (HCV) Set-Aside Program, which makes available HCV’s only for participating jurisdictions. Rental assistance voucher/certificate programs are administered in the City of Costa Mesa by OCHA. The City is a member of the OCHA Cities Advisory Committee, which provides OCHA staff with direct input regarding program policies.

The City has been developing a focused response to the issue of homelessness for over a decade. The result is a comprehensive system of care aimed at providing a complete continuum of programs and services for residents experiencing homelessness and those at risk of homelessness. In Costa Mesa, the response to each and every person comes from a network of compassionate professionals with a heart to serve and a mindset to overcome barriers to self-sufficiency, one person at a time. The City’s task force is called the Network for Homeless Solutions (NHS) which is comprised of representatives of various City departments, nonprofit service agencies, and representatives of faith-based service providers. The main focus of the NHS is to find workable solutions to address the needs of those experiencing and at-risk of homelessness, especially those with close ties to Costa Mesa. Additionally, the City works closely with other Orange County HUD-grantee communities to develop regional plans and share program management data. The City also has a strong partnership with local behavioral health providers like Share Our Selves (SOS) and College Hospital, who participate in the City’s Network for Homeless Solutions and attend monthly NHS meetings.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

Since 2014, the Network for Homeless Solutions (NHS) has directly addressed homeless issues in Costa Mesa. The NHS participates in the comprehensive, coordinated and regional Continuum of Care strategy

with the County of Orange, local governmental agencies, nonprofit agencies, faith-based service providers, the homeless and formerly homeless, business leaders and schools to find solutions for those experiencing and at-risk of homelessness. The NHS is focused on establishing direct links to services for the homeless, especially those with strong ties to Costa Mesa, facilitating access to services and housing options. The NHS also serves as a liaison to the business community and resident groups.

In addition, the City's outreach team, the Costa Mesa Bridge Shelter and the nonprofit shelter operator, Mercy House, are an Access Point for the County of Orange. As an Access Point, the City collects and shares information about individuals who access services with the Continuum of Care. The City and its Network for Homeless Solutions team regularly consults with other Orange County cities, such as the City of Santa Ana and Garden Grove that participate in the Continuum of Care and provide shelter or housing vouchers to homeless individuals.

Trellis International (Trellis) receives funding from the City to administer a workforce development and life skills training program called the Community Impact Team (CIT). The CIT provides employment services and transitional employment opportunities for homeless and extremely low-income Costa Mesa residents seeking to reenter the workforce.

In June 2023, City Council approved a capacity increase of 16 beds for the Costa Mesa Bridge Shelter, bringing the Shelter's total capacity to 85 beds. In March 2023, the City formalized a grant of \$4.2M in Behavioral Health Bridge Housing (BHBH) funds from the Orange County Health Care Agency to add 15 behavioral health beds and associated services at the Shelter. The primary focus of the BHBH funds is to assist individuals experiencing homelessness who have serious behavioral health conditions that prevent them from accessing resources and securing permanent housing. This increase will bring the Shelter's total capacity to 100 beds. Additionally, Costa Mesa was selected as one of two cities by the CalOptima Board of Directors to receive their innovative Street Medicine Program, which delivers primary and behavioral health care to both sheltered and unsheltered homeless people. Street Medicine is projected to launch at the Bridge Shelter in August 2024.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

The City is not a recipient of Emergency Solutions Grant (ESG) funds; therefore, it does not assist the OC CoC with determining ESG allocations, evaluating the outcomes, or developing policies and procedures for administering the regional Homeless Management Information System (HMIS). However, as stated above, the City is an Access Point and active participant in the comprehensive, coordinated and regional Continuum of Care strategy in Orange County.

2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction’s consultations with housing, social service agencies and other entities

See Table 2 - Next Page

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Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	Orange County Housing Authority
	Agency/Group/Organization Type	PHA
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	OCHA provided data regarding households receiving HUD rental assistance and regarding households on the waitlist for housing assistance. The Orange County Housing Authority (OCHA) re-opened the wait list for Section 8 Vouchers in September 2023 and the City helped advertise to residents.
2	Agency/Group/Organization	City of Costa Mesa
	Agency/Group/Organization Type	Other government - Local
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Strategy Non-Homeless Special Needs Anti-poverty Strategy Lead-based Paint Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Various City departments, commissions, Housing & Public Service Grants Committee, and City Council provided a variety of data and information. They also played a key role in identifying priorities for the allocation of HUD funds.
3	Agency/Group/Organization	Fair Housing Foundation
	Agency/Group/Organization Type	Service-Fair Housing
	What section of the Plan was addressed by Consultation?	Impediments for Fair Housing

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	In Person and Virtual Meetings/Workshops/Quarterly Reporting. Provided data regarding fair housing issues in the community and input regarding impediments to fair housing, and assisted in developing action steps to address impediments to fair housing.
4	Agency/Group/Organization	Families Forward
	Agency/Group/Organization Type	Services - Housing Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Families with children Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Monthly and Quarterly Reporting. Agency helped identify needs and assisted with the implementation of the City's homeless service/housing strategy with a focus on families with children experiencing homelessness.
5	Agency/Group/Organization	Project Hope Alliance
	Agency/Group/Organization Type	Services-Children Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Families with children Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Monthly & Quarterly Reporting. Agency helped identify the needs of school-age children and provided input on the gaps in services for McKinney-Vento youth and their families.

6	Agency/Group/Organization	Trellis International
	Agency/Group/Organization Type	Services-Elderly Persons Services-Persons with Disabilities Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Non-Homeless Special Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Agency provides help to seniors needing assistance with manual labor through their Labors of Love program and also provides staffing to our Community Impact Team that serves the needs of our homeless community. Agency provides monthly and quarterly reporting on the programs and services they provide to residents.
7	Agency/Group/Organization	Community SeniorServ
	Agency/Group/Organization Type	Services-Elderly Persons
	What section of the Plan was addressed by Consultation?	Non-Homeless Special Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Quarterly reporting. Agency helped identify needs and provided input regarding the City's special needs populations, specifically seniors and frail elderly. Agency also provides information regarding the price and availability of food, volunteers, and transportation for services to seniors.
9	Agency/Group/Organization	Human Options, Inc.
	Agency/Group/Organization Type	Services - Victims
	What section of the Plan was addressed by Consultation?	Homeless Needs - Families with children

<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>Agency helped identify needs and provided input regarding the City's special needs populations, specifically domestic violence survivors.</p>
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Identify any Agency Types not consulted and provide rationale for not consulting

The City made an effort to have an open consultation process. No agency/service type was knowingly excluded from the process.

Any agency or organization that was not consulted and would like to be included in the City's list of stakeholders, the agency or organization may contact the Economic & Development Services Department, Housing and Community Development Division at 714-754-5678 or at hcd@costamesaca.gov.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Orange County 211	Provides regional and local point in time homeless survey data, development of the regional 10-Year Plan to End Homelessness, and development of the regional Discharge Plan
City of Costa Mesa Housing Element	City of Costa Mesa	Provides housing priorities and program goals
City of Costa Mesa Capital Improvement Plan	City of Costa Mesa	Identifies priority capital improvement projects which may be CDBG-eligible
5-Yr. & 1-Yr. PHA Plan	Orange County Housing Authority	Identifies OCHA resources to address the housing needs of lower-income renter households in the County and City
Analysis of Impediments to Fair Housing	Orange County HUD Grantee Cities and the County of Orange	Countywide document that identifies fair housing impediments within participating cities and outlines a plan to address fair housing issues

Table 3 – Other local / regional / federal planning efforts

Narrative (optional)

The City has a monthly NHS meeting with City staff, representatives of service providers and nonprofit organizations, faith-based organizations and formerly homeless residents to discuss the City's need, approach and strategy for outreach and support of individuals experiencing or at-risk of homelessness. The City's Neighborhood Improvement Manager is a member of the CoC Community Forum, attends CoC Board Meetings as well as the Office of Care Coordination Housing Opportunities Committee and shares the information gained from these meetings and membership with the NHS. The Housing & Community Development Division works with subrecipients of CDBG and HOME funds to ensure a coordinated effort among service agencies in the City to address the needs of Costa Mesa residents, including chronically homeless individuals, at-risk families with children, seniors, veterans, unaccompanied youth, and persons who were recently homeless, but now live in permanent housing. To promote economic opportunities for low-income residents, the City partners with subrecipient nonprofit organizations providing career planning and job training for at-risk youth. Additionally, the City ensures that information is disseminated through appropriate channels to connect job opportunities for low-income individuals with HUD-assisted projects consistent with the objectives of Section 3 of the Housing and Community Development Act of 1968.

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AP-12 Participation – 91.105, 91.200(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

The City of Costa Mesa’s Housing and Public Service Grants Committee meets twice a year with further meetings scheduled on an as-needed basis to help promote community understanding of the activities funded by the U.S. Housing and Urban Development Department (HUD) and Community Development Block Grants (CDBG) with a focus on social service grants. Every March, members of the Committee hear presentations from several nonprofit organizations to determine which will receive CDBG funds in the upcoming fiscal year. Committee recommendations are then presented to the City Council in May. During the March meeting, nonprofit organizations provide information about the services they provide and the gaps in services that exist for Costa Mesa low-income residents and those experiencing homelessness in Costa Mesa. The Housing and Public Service Grants Committee meeting is a public meeting where citizen participation is encouraged during public comment. Members of the public have a second opportunity to participate in the planning process during the Public Hearing for the Annual Action Plan at City Council or by providing comment on the posted Draft Annual Action Plan during the 30-day comment period prior to the Public Hearing. Efforts made to broaden citizen participation this year included advertisement of the draft action plan availability by the new Community Relations Manager and Government Affairs Manager as well as through the City’s online advertising platforms.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Public Meeting	Non-targeted/broad community	Housing and Public Services Grant Committee – 6 committee members in attendance, discussed priority public service needs (3/7/24)	9 representatives of nonprofit organizations spoke in support of grant applications submitted for CDBG funding	None	NA
2	Newspaper Ad	Non-English Speaking - Specify other language: Spanish Non-targeted/broad community	30-day public comment period (4/20/24 - 5/20/24)	None	None	NA
3	Public Hearing	Non-targeted/broad community	5/21/24 Regular City Council Meeting	See Attachment 2	None	NA

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
4	Internet Outreach	Non-English Speaking - Specify other language: Spanish Non-targeted/broad community	See Attachment 2	None	None	www.costamesaca.gov

Table 4 – Citizen Participation Outreach

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Expected Resources

AP-15 Expected Resources – 91.220(c)(1,2)

Introduction

The City will receive an allocation of ~~\$1,010,506~~ **\$971,431** in CDBG funds and ~~\$407,408~~ **\$395,571** in HOME funds for FY 2024-2025. Additionally, \$187,000 in prior year uncommitted CDBG funds and \$54,702 in prior year unused HOME admin funds, \$30,900 in CDBG Program Income (PI), and \$108,670 in HOME Program Income (PI) funds are available for programming. The City's application for funds is in the federal Standard Form 424 (SF-424).

Fluctuations in CDBG and HOME funding make it difficult to estimate the amount available over the five years of the Consolidated Plan. Anticipated funds that may be available to implement the Consolidated Plan are remaining one-time CDBG-CV funds to prepare, prevent or respond to the impacts of the Coronavirus; one-time HOME-ARP funds, Housing Authority (former redevelopment successor agency) funds, the general fund for the homeless shelter, and housing voucher/certificate resources via OCHA.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	\$1,010,506 \$971,431	\$30,900	\$187,000	\$1,228,406 \$1,189,331	\$0	Remainder estimate is zero because this is the last year of the Con Plan.
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	\$407,408 \$395,571	\$108,670	\$54,702	\$570,780 \$558,943	\$0	Remainder estimate is zero because this is the last year of the Con Plan.

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how

matching requirements will be satisfied

For the foreseeable future, the City will continue to allocate General Fund and the local Housing Authority (as the City's Successor Agency) resources for homeless services. Additionally, the City has a partnership with Newport Beach to support the ongoing operations of the Bridge Shelter that was previously a vacant warehouse in 2019. Primarily CDBG funding was used for the rehabilitation of the warehouse in 2019. The City also has a small CalHome owner-occupied housing rehabilitation loan program. CalHome-funded rehab loans are leveraged with HOME funds, which provides a source of match for the City's HOME program. If available, the City will use CalHome to fund rehab loans during FY 2024-2025. The CDBG program does not have a match requirement. Depending on the financing structure of a given activity, it may be advantageous for the City to use CDBG and HOME funds to leverage appropriate state, local and private resources. An example of such a project is the Motel 6 Housing Project, a conversion from a 94 guest room motel into 87 units of permanent affordable housing for veterans, senior citizens and other individuals previously experiencing homelessness. The project includes State funding from the California Department of Housing and Community Development (HCD) Homekey Program, VASH Vouchers and LMIHAF funds from OCHA, MHSA funds from Orange County, and American Rescue Plan Act (ARPA) funds from the City in addition to City HOME funding. The City closed on financing for this 87-unit Permanent Supportive Housing Project during FY 2022-2023 and leased-up the ten HOME units in FY 2023-2024. All 40 units included in the first phase of the project will be leased-up by the end of FY 2023-2024. This project and similar projects provide additional sources of match for the City's HOME program. The final Action Plan containing the final adjusted funding allocations per City Council on May 21, 2024 to projects and activities will be posted in the Annual Action Plans section on the City's website at: [Housing and Community Development | City of Costa Mesa \(costamesaca.gov\)](https://www.costamesaca.gov/DocumentCenter/View/1111/Housing-and-Community-Development-City-of-Costa-Mesa)

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

Costa Mesa is considered a built-out community with little vacant land available for new development. The City has begun to recycle land to accommodate growth. The City's Housing Element identifies City-owned and State-owned properties, and considers various options for the sites. Development opportunities are identified in the Housing Element. The most recent Housing Element covers years 2021 through 2029 and includes updates to the development opportunities to address the needs identified in the Consolidated Plan. For example, the Housing Element identifies the City's Senior Center property as a potential opportunity for redevelopment to accommodate affordable housing units for seniors.

In addition, the Housing Element identifies the State's Fairview Developmental Center site as a potential housing opportunity site. In December 2022, an agreement between the City and the State was signed which provided \$3.5 Million in State funds to the City for land use planning and zoning at the Fairview Developmental Center (FDC) site focused on accommodating housing for households at all income levels, with a priority for projects that provide housing for individuals with developmental disabilities. Meetings have been conducted for residents to provide input regarding community needs and values for the FDC site. The City Council held a study session on affordable housing in December 2023. City Council members expressed a desire to explore increasing the number of housing units on the FDC site beyond the 2,300 units identified in the Housing Element.

The City purchased a warehouse for the Bridge Shelter in 2019 to provide up to 72 emergency shelter beds for adult men and women experiencing homelessness. The shelter has since been expanded to accommodate 88 shelter beds. Additional behavioral health beds expected to be added to the shelter in fiscal year 2024-2025 will bring the total capacity to 100 shelter beds, further addressing the priority needs identified in the City's Consolidated Plan.

Discussion

Funding resources to implement the City's 2024-2025 Annual Action Plan are limited. For FY 2024-2025, the City will receive an allocation of ~~\$1,010,506~~ \$971,431 in CDBG funds and ~~\$407,408~~ \$395,571 in HOME funds. Prior year funds and program income for CDBG and HOME are also available. HOME housing rehabilitation loan repayments have provided the City with additional funding in the past; however, this source of revenue is susceptible to the fluctuations of the economy and is unpredictable.

The City will continue to support OCHA's efforts to secure new rental assistance resources and provide HOME funded tenant based rental assistance as long as funding is available. For the foreseeable future the City will continue to support homeless service programs serving individuals with strong ties to Costa Mesa with local funds. City funds from Costa Mesa, Newport Beach and the State will be used to operate the homeless shelter.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Housing Preservation	2020	2024	Affordable Housing	Citywide	Housing Preservation	CDBG: \$385,000 (code enforcement) HOME: \$325,337 \$314,684 (264,226 \$255,349 rehab + 61,111 \$59,335 CHDO)	Rental units rehabilitated: 1 Household Housing Unit Homeowner Housing Rehabilitated: 11 Household Housing Unit Housing Code Enforcement/Foreclosed Property Care: 200 Household Housing Unit
2	Infrastructure and Facility Improvements	2020	2024	Non-Housing Community Development	Citywide CDBG Eligible Areas	Public Facilities and Infrastructure	CDBG: \$439,730 \$414,331 (roof senior center)	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 3,410 Persons Assisted
3	Homeless Continuum of Care	2020	2024	Homeless	Citywide	Homeless Services and Housing	CDBG: \$60,000 \$57,000 (Families Forward, Human Options) HOME: \$150,000 (TBRA)	Tenant-based rental assistance / Rapid Rehousing: 10 Households Assisted Homeless Person Overnight Shelter: 70 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
4	Public Social Services	2020	2024	Non-Homeless Special Needs	Citywide	Public Services	CDBG: \$91,575 \$88,714 (pub svcs - homeless CoC)	Public service activities other than Low/Moderate Income Housing Benefit: 1,645 Persons Assisted
5	Program Administration	2020	2024	Program Administration	Citywide	Program Administration and Fair Housing	CDBG: \$202,101 \$194,286 HOME: \$95,443 \$94,259 (FY24-25 + previous years)	N/A

Table 6 – Goals Summary

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Goal Descriptions

1	Goal Name	Housing Preservation
	Goal Description	To provide decent and affordable housing through a variety of activities, including owner-occupied housing rehabilitation, code enforcement, and rental housing acquisition/rehabilitation
2	Goal Name	Infrastructure and Facility Improvements
	Goal Description	To enhance the suitability of the living environment through improvements to public infrastructures and facilities
3	Goal Name	Homeless Continuum of Care
	Goal Description	To provide supportive services and housing assistance for the homeless and near homeless
4	Goal Name	Public Social Services
	Goal Description	To provide services for low- and moderate-income persons and those with special needs
5	Goal Name	Program Administration
	Goal Description	To provide administration of the CDBG and HOME programs, including fair housing services and ensuring effective and efficient delivery of programs and services and complying with all HUD program requirements

Projects

AP-35 Projects – 91.220(d)

Introduction

The City is allocating 100 percent of its non-administrative CDBG and HOME funds for FY 2024-2025 to projects and activities that benefit low- and moderate- income people throughout the City.

Projects

#	Project Name
1	CDBG Administration
2	CDBG Fair Housing
3	CDBG Housing Rehabilitation Administration
4	Families Forward
5	Human Options
6	Project Hope Alliance
7	Trellis International – Labors of Love
8	Boys & Girls Club of Central Orange Coast (YES)
9	City of Costa Mesa Senior Social Services
10	CDBG Special Housing Code Enforcement
11	CDBG Capital Improvements Project
12	HOME Administration
13	HOME Affordable Housing (CHDO)
14	HOME Housing Rehabilitation
15	HOME Tenant Based Rental Assistance (TBRA)

Table 7 - Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The City recognizes that special needs populations (i.e., seniors, disabled, and households with extremely low-income) are more likely at risk to become homeless because they have limited incomes and have other issues that require housing and supportive services; therefore, the City considers services for those already homeless a high need to merit funding. The primary obstacles to meeting the underserved needs of low- and moderate- income residents include a lack of funding from federal, state and local sources, and the high cost of housing combined with the low vacancy rate in Costa Mesa and throughout Orange County.

AP-38 Project Summary

Project Summary Information

1	Project Name	CDBG Administration
	Target Area	Citywide
	Goals Supported	Program Administration
	Needs Addressed	Program Administration
	Funding	\$182,101 \$174,286
	Description	CDBG program oversight
	Target Date	06/30/2025
	Estimate the number/type of families that will benefit from the proposed activities	N/A
	Location Description	77 Fair Drive, Costa Mesa, CA
	Planned Activities	Program oversight and coordination
2	Project Name	CDBG Fair Housing
	Target Area	Citywide
	Goals Supported	Program Administration
	Needs Addressed	Program Administration/Fair Housing
	Funding	\$20,000
	Description	Fair housing outreach, education and enforcement services
	Target Date	06/30/2025
	Estimate the number/type of families that will benefit from the proposed activities	186 individuals
	Location Description	Citywide
	Planned Activities	Community outreach, education, and enforcement of fair housing laws

3	Project Name	CDBG Housing Rehabilitation Administration
	Target Area	Citywide
	Goals Supported	Housing Preservation
	Needs Addressed	Housing Preservation
	Funding	\$50,000
	Description	CDBG funds staff costs associated with the direct delivery of owner-occupied housing rehabilitation loans and grants
	Target Date	06/30/2025
	Estimate the number/type of families that will benefit from the proposed activities	N/A - The number of households to be assisted is accounted for under the HOME program - this activity is to pay for a portion of the administrative expenses associated with the HOME-funded Housing Rehabilitation Program
	Location Description	77 Fair Drive, Costa Mesa, CA
	Planned Activities	Staff costs associated with the delivery of housing rehabilitation loans and grants
4	Project Name	Families Forward
	Target Area	Citywide
	Goals Supported	Homeless Continuum of Care
	Needs Addressed	Homeless Services and Housing
	Funding	\$30,000 \$28,500
	Description	Housing Supportive Services
	Target Date	06/30/2025
	Estimate the number/type of families that will benefit from the proposed activities	50 individuals
	Location Description	Citywide
	Planned Activities	The program will provide housing support services for homeless Costa Mesa families with children

5	Project Name	Human Options
	Target Area	Citywide
	Goals Supported	Homeless Continuum of Care
	Needs Addressed	Homeless Services and Housing
	Funding	\$30,000 \$28,500
	Description	Transitional Housing and Support Services
	Target Date	06/30/2025
	Estimate the number/type of families that will benefit from the proposed activities	70 individuals
	Location Description	Citywide
	Planned Activities	Transitional housing and support services for survivors of domestic violence
6	Project Name	Project Hope Alliance
	Target Area	Citywide
	Goals Supported	Public Social Services
	Needs Addressed	Public Services
	Funding	\$25,000 \$23,750
	Description	Case management and wrap-around services for NMUSD students experiencing homelessness including one-on-one case management, mentoring, tutoring, college and FAFSA application assistance, job search assistance, basic needs support like food
	Target Date	06/30/2025
	Estimate the number/type of families that will benefit from the proposed activities	125 individuals
	Location Description	Citywide

	Planned Activities	CDBG funds will support the salaries of program staff to provide one-on-one case management, mentoring, tutoring, college and FAFSA application assistance, and job search assistance
7	Project Name	Trellis International – Labors of Love
	Target Area	Citywide
	Goals Supported	Public Social Services
	Needs Addressed	Public Services
	Funding	\$21,575 \$20,500
	Description	Manual labor projects to help low-income seniors
	Target Date	06/30/2025
	Estimate the number/type of families that will benefit from the proposed activities	30 individuals
	Location Description	Citywide
	Planned Activities	CDBG will fund staff salaries and supplies to oversee volunteers and carry-out the program
8	Project Name	Boys and Girls Club of Central Orange Coast (previously YES)
	Target Area	Citywide
	Goals Supported	Public Social Services
	Needs Addressed	Public Services
	Funding	\$15,000 \$14,464
	Description	No-cost job readiness programming that prepares low-income Costa Mesa youth ages 16-24 to search, interview for, secure and maintain meaningful employment
	Target Date	06/30/2025
	Estimate the number/type of families that will benefit from the proposed activities	1,000 individuals (youth age 16-24)

	Location Description	Citywide
	Planned Activities	Workforce Development
9	Project Name	City of Costa Mesa Senior Social Services
	Target Area	Citywide
	Goals Supported	Public Social Services
	Needs Addressed	Public Services
	Funding	\$30,000
	Description	Counseling and case management for seniors
	Target Date	06/30/2025
	Estimate the number/type of families that will benefit from the proposed activities	260 seniors
	Location Description	Program available citywide but based out of the Costa Mesa Senior Center located at 695 W. 19th Street, Costa Mesa, CA.
	Planned Activities	Funding for counseling and case management for seniors
10	Project Name	CDBG Special Housing Code Enforcement
	Target Area	CDBG Eligible Areas
	Goals Supported	Housing Preservation
	Needs Addressed	Housing Preservation
	Funding	\$385,000
	Description	Enforcement of housing and building codes and connecting residents with housing-related resources
	Target Date	06/30/2025
	Estimate the number/type of families that will benefit from the proposed activities	200 Housing Units
	Location Description	77 Fair Drive, Costa Mesa, CA – City Hall

	Planned Activities	Inspection and enforcement of housing and building codes in CDBG eligible declining/deteriorating areas combined with connecting residents with housing-related resources to halt the decline of the area.
11	Project Name	CDBG Capital Improvement Project
	Target Area	CDBG Eligible Areas
	Goals Supported	Infrastructure and Facility Improvements
	Needs Addressed	Public Facilities and Infrastructure
	Funding	\$439,730 \$414,331
	Description	Improve public facilities and infrastructure to benefit low- and moderate- income residents or those presumed under HUD regulations to be low- and moderate- income such as the elderly and disabled adults. This includes facilities owned and operated by the City of Costa Mesa that are open and available to residents as well as facilities owned and operated by nonprofit organizations servicing the public that are open to the public during normal business hours.
	Target Date	06/30/2026
	Estimate the number/type of families that will benefit from the proposed activities	3,410 individuals (each year)
	Location Description	CDBG Eligible Areas including Senior Center at 695 W. 19 th Street, Costa Mesa, CA
	Planned Activities	Roof replacement on the Senior Center located at 695 W. 19 th Street, Costa Mesa, CA
12	Project Name	HOME Administration
	Target Area	Citywide
	Goals Supported	Program Administration
	Needs Addressed	Program Administration
	Funding	\$95,443 \$94,259

	Description	Home funds for program oversight and coordination
	Target Date	06/30/2025
	Estimate the number/type of families that will benefit from the proposed activities	N/A
	Location Description	77 Fair Drive, Costa Mesa, CA
	Planned Activities	HOME Program Oversight and Coordination
13	Project Name	HOME Affordable Housing (CHDO)
	Target Area	Citywide
	Goals Supported	Housing Preservation
	Needs Addressed	Housing Preservation
	Funding	\$61,111 \$59,335
	Description	HOME-CHDO funds reserved for eligible housing project (to be determined)
	Target Date	06/30/2026
	Estimate the number/type of families that will benefit from the proposed activities	1 housing unit. Goal entered for data input purposes only
	Location Description	TBD
	Planned Activities	TBD
14	Project Name	HOME Housing Rehabilitation
	Target Area	Citywide
	Goals Supported	Housing Preservation
	Needs Addressed	Housing Preservation
	Funding	\$264,226 \$255,349
	Description	HOME funds for owner-occupied housing rehabilitation loans and grants

	Target Date	06/30/2025
	Estimate the number/type of families that will benefit from the proposed activities	11 low- and moderate- income homeowners (1 loan and 10 grants)
	Location Description	Citywide
	Planned Activities	Housing rehabilitation loans and grants to address deferred property improvements and building code deficiencies
15	Project Name	HOME Tenant Based Rental Assistance (TBRA)
	Target Area	Citywide
	Goals Supported	Homeless Continuum of Care
	Needs Addressed	Homeless Services and Housing
	Funding	\$150,000
	Description	The City will use HOME funds for tenant based rental assistance to assist low-income residents with rental assistance to increase housing affordability
	Target Date	06/30/2025
	Estimate the number/type of families that will benefit from the proposed activities	10 low-income households with minor children
	Location Description	Citywide
	Planned Activities	HOME funds will be used to provide tenant-based rental subsidies

AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

CDBG and HOME funds will focus on programs that serve eligible low-income residents regardless of where they live. The identified facility improvement is to provide a new roof to the Senior Community Center, which provides all residents age 50+ with a variety of services and activities. The Senior Community Center is located at 695 19th Street in Costa Mesa in the Southwest portion of the City, where the area surrounding it is primarily residential (29,900 residents) and 77% of those residents (23,045) are low- and moderate- income according to current HUD data available. Over 3,400 unduplicated seniors are served by the Senior Center each year. The City's CDBG map is included as **Attachment 3**.

Geographic Distribution

Target Area	Percentage of Funds
Citywide	33
CDBG Eligible Areas	67

Table 8 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

HUD funding will primarily be allocated on a citywide basis as the City's primary intent is to serve eligible Costa Mesa households in need of housing and services regardless of where they live. As the City's CDBG-eligible areas tend to be older sections of the City, area-wide activities will help to improve and sustain these neighborhoods and encourage property owners to also invest in their properties.

Discussion

As indicated above, CDBG and HOME funds will be focused on programs that serve eligible residents regardless of where they live. It is also expected that the City's investment in neighborhoods will create a synergy whereby other property owners will also invest in their homes and community.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

During FY 2024-2025, proposed activities to be funded with CDBG and HOME funds will meet the housing needs of the following households:

One Year Goals for the Number of Households to be Supported	
Homeless	4
Non-Homeless	11
Special-Needs	1
Total	16

Table 9 – One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	10
The Production of New Units	0
Rehab of Existing Units	11
Acquisition of Existing Units	0
Total	21

Table 10 – One Year Goals for Affordable Housing by Support Type

Discussion

The City will focus FY 2024-2025 HOME funds on the rehabilitation of existing owner-occupied housing units, TBRA program and affordable housing (if a CHDO project is identified). The grant amounts available through the rehabilitation program for mobile homes will increase to **\$15,000** per household and grants for single family residences will be increased to **\$20,000** per household to keep up with inflation, increased costs for construction materials and labor, and the after-effects of the pandemic. While not the program's primary focus, some special-needs households (seniors and disabled) may be assisted during the year via the City's Housing Rehabilitation Program. Since 2020, the City has allocated nearly \$2.7M to provide rapid rehousing and homelessness prevention services through City-wide rental assistance programs. It is anticipated that OCHA will continue to provide rental assistance to approximately **586** Costa Mesa renter households during FY 2024-2025.

The City Council of Costa Mesa has a goal to diversify, stabilize and increase housing to reflect community needs. In an effort to bring this goal into reality, the City previously contributed \$5,850,000, including \$1,500,000 in HOME funds, toward a Homekey motel conversion project to create 87 units of permanent affordable housing in Costa Mesa. That project is now known as Mesa Vista and is currently leasing-up the completed units. A second Homekey project located in Costa Mesa was identified during

the Homekey Round 3 funding period. The City approved an allocation of \$4,000,000 in LMIHAF and ARPA funds to a motel conversion project for the Travelodge North, located at 1400 Briston Street. When complete, the project will provide an additional 76 units of permanent supportive housing in Costa Mesa, further meeting the goal of diversified, stabilized and increased housing for the Costa Mesa community.

The City has a partnership with Families Forward, an organization with an Affordable Housing Program that ends homelessness and safely houses approximately 50 extremely low-income individuals with ties to Costa Mesa each year. Families Forward owns 16 units across two developments in Costa Mesa. In FY 2023-2024 the City contributed \$850,000 in ARPA funds to their second affordable housing project, the Bungalows. This is an 8-unit affordable housing project for households with minor children. The first affordable housing project purchased by Families Forward in Costa Mesa in 2019 is also an 8-unit complex serving families with minor children. CDBG funds provide services to the residents of the affordable housing projects that Families Forward has in Costa Mesa.

Families Forward has a commitment to serving low-income families, ending homelessness and preserving affordable housing in Costa Mesa and throughout Orange County. Families Forward was chosen to be the administrator for the City of Costa Mesa's TBRA program in 2019, and continues to administer the TBRA program which helps approximately 10 families with children each year. In addition to providing affordable housing, Families Forward provides TBRA participants with supportive services and case management.

FY 2024-2025 HOME CHDO funds are included in the Annual Action Plan for Affordable Housing projects; however, no specific project has been identified at this time.

AP-60 Public Housing – 91.220(h)

Introduction

Costa Mesa does not own or manage public housing.

Actions planned during the next year to address the needs to public housing

Not applicable.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

Not applicable.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Not applicable.

Discussion

Not applicable.

DRAFT

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

As outlined in the 2020-2024 Consolidated Plan, the City’s homeless strategy is to support programs that prevent homelessness by providing safety net services. These programs will help households, especially extremely low-income households, maximize the amount of income they have available for housing. Additionally, both HUD and City resources will be allocated to provide access to a continuum of services, including the Costa Mesa Bridge Shelter and housing to assist those experiencing homelessness and with strong ties to the community.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The City of Costa Mesa Network for Homeless Solutions (NHS) is a ten-person team who meet people where they are to forge genuine relationships, make connections to services, and, ultimately, facilitate their transition into permanent housing. Partnering agencies are CityNet, PATH (Orange County North and Central Service Planning Area (SPA) contracted outreach provider), Save Our Selves (SOS), Lighthouse Church, Mercy House, Trellis, Chrysalis, Project Hope Alliance, Meals on Wheels OC, Families Forward, Serving People In Need (SPIN), and Someone Cares Soup Kitchen. The City has been and continues to use one-time CDBG-CV funds to respond to the increased outreach needs of those experiencing or at-risk of homelessness due to the impacts of the Coronavirus pandemic.

Addressing the emergency shelter and transitional housing needs of homeless persons

The City owns and operates a 72-bed emergency shelter, soon to be expanded to accommodate 100 beds including 15 for individuals experiencing homelessness with behavioral health needs. The facility is funded in partnership with the City of Newport Beach. Mercy House, a nonprofit organization, is the Shelter Operator and Bracken’s Kitchen, a nonprofit organization, operates the full-service commercial kitchen. Shelter partners are Mercy House, Bracken’s Kitchen, Trellis, Orange County Housing Authority (OCHA), Santa Ana Housing Authority (SAHA), Anaheim Housing Authority (AHA) and Garden Grove Housing Authority (GGHA). The City utilized CDBG funds to repurpose a warehouse into the shelter facility in 2019. Since that time, the Bridge Shelter has assisted over 1,000 individuals with emergency shelter and associated services including housing 162 shelter participants and housing 179 individuals through street outreach for a total of 341 housed between April 14, 2019 and March 2024.

FY 2024-2025 CDBG public services funding is allocated for a second step transitional housing program through Human Options, an organization that serves domestic violence survivors.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to

permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

The Network for Homeless Solutions (NHS) includes a ten-person team of Outreach Workers, a 70- bed emergency shelter, and the provision of affordable/supportive housing. Each one of these components seeks to engage with those experiencing homelessness to ensure full access to all available resources and a smooth transition into permanent housing. This constant engagement shortens the length of homelessness and ensures those that have secured permanent housing are able to thrive in their new environments. Since April 2019, the City of Costa Mesa has assisted 341 formerly homeless people to secure permanent housing. Additionally, the City utilizes HOME funds to provide tenant based rental assistance to low and very-low income households both experiencing and at-risk of homelessness. The City is committed to increasing access to affordable housing units through advocacy for and development of affordable and supportive housing units. The City's first Permanent Supportive Housing project recently filled 10-HOME funded units with formerly homeless residents. The Families Forward Bungalows affordable housing project continues to house 8 households with minor children. The City's COC partners include Mercy House, Families Forward, Illumination Foundation, Jamboree Housing, Trellis, CityNet, SPIN, Orange County Office of Care Coordination, Orange County Housing and Community Development, HUD, State HCD, and Orange County Housing Finance Trust. Additionally, the City has allocated the majority of its HOME-ARP grant funds for supportive services including legal services, case management services and outreach services for individuals experiencing or at risk of homelessness in an effort to prevent homelessness and/or shorten the period of time that individuals or families experience homelessness.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

The City's homeless strategy is based on the proposition that it is less expensive and disruptive for a household to remain housed in their existing home than to be rehoused. To this end, the City will focus its resources on agencies that provide various safety-net services to prevent households from becoming homeless. The City will support programs that provide low-cost meals, counseling, and employment/job skills development services for lower-income individuals. Safety-net services allow households to save a portion of income previously spent on food, clothes, etc. and preserve their housing. Additionally, The City has also used and continues to use (until funds are expended) CDBG-CV and ARPA funds to provide emergency rental assistance to low-income residents facing financial hardships as a result of the

Coronavirus pandemic and its subsequent impact to the economy. Since 2020, the City has allocated nearly \$2.7M to provide rapid rehousing and homelessness prevention services through City-wide rental assistance programs.

Additionally, on November 7, 2023, the City Council adopted an urgency Ordinance for Just Cause Residential Tenant Protections. \$250,000 in ARPA funds were allocated to provide eviction and rental-related legal services including, but not limited to court filings, to enforce the eviction protection provisions of the Costa Mesa Municipal Code regarding unlawful acts in connection with no-fault just cause evictions. Three full time equivalent (FTE) positions were added to implement, monitor and enforce the subject Ordinance including two community outreach workers. The City has implemented a Community Outreach and Education Plan to inform both owners and tenants of their rights regarding evictions as well as the resources available to them. The City funds Project Hope Alliance (PHA) with CDBG and HOME-ARP funds to provide on- and off-campus case management of homeless and at-risk Newport Mesa Unified School District (NMUSD) students and their families. The services provided by PHA are vital to preventing both current and future homelessness for Costa Mesa residents.

Discussion

The City has a well-developed strategy to address homelessness in the community. This strategy includes outreach and assessment services for homeless and chronic homeless individuals. Program staff will attempt to link individuals to appropriate housing, support services, and public assistance programs (e.g., VA benefits, SSI). To undertake this effort, the City partners with local nonprofit service providers and community-based volunteers. Based on assessments, individuals or households are referred to appropriate housing/service providers. City staff will coordinate the delivery of services and housing with providers to reduce the number of homeless individuals in the community. Both HUD and City funds will be used to carry out these activities, including outreach, emergency shelter, and the provision of affordable and supportive housing.

AP-75 Barriers to affordable housing – 91.220(j)

Introduction:

A strategy to address barriers to affordable housing and actions to overcome these barriers is provided in the City's Housing Element and Consolidated Plan. The current Housing Element covers the eight-year planning cycle of 2021-2029 and provides updated strategies to address barriers to affordable housing since the completion of the consolidated planning process. The City will continue efforts to address these barriers, incorporating the updated strategies, during the 2024-2025 Program Year.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

According to the City's Housing Element, governmental agencies' actions or policies can impact the private sector's ability to provide adequate housing to meet consumer demands. Local governments exercise regulatory and approval powers that directly impact residential development within their respective jurisdiction. These powers establish the location, intensity, and type of units that may or may not be developed. The City's General Plan, zoning regulations, project review and approval procedures, development, and processing fees all play important roles in determining the cost and availability of housing opportunities in Costa Mesa. Implementation actions identified in the City's current Housing Element and progress reports to address the negative effects that serve as barriers to affordable housing include:

The City plans to regularly monitor deed-restricted units that have the potential of converting to market-rate during the planning period, work with the property owner on potential extensions past the current agreement to extend the affordability period, and comply with noticing requirements and coordinate with qualified entities to preserve at-risk units.

The City initiated the affordable housing ordinance effort in 2021, retaining Keyser Marston Associates (KMA). Since then, KMA have completed the required Financial Evaluation and the City has conducted 17 stakeholder meetings, two joint Council/Planning Commission Study Sessions and completed the draft Ordinance. The Ordinance was presented to the Planning Commission on November 13, 2023 with a second discussion occurring on December 11, 2023. The Affordable Housing Ordinance (Ordinance No. 2024-02) was approved for first reading by City Council on April 2, 2024.

The Affordable Housing Ordinance will require residential developments with 50 units or more to include an affordable housing component. The residential development must set aside a portion of the residential units as affordable, or provide a land dedication, or construct off-site affordable units, or pay in-lieu fees. To implement the Affordable Housing Program, the City would rezone non-residentially zoned properties located along major corridors to allow for higher density housing with reduced parking requirements and

the allowance of affordable rents for low-income units to be calculated based on 80% of the area median income (AMI) where 60% is required under state density bonus law. Adding residential development as an allowed use at higher densities creates land value and incentivizes housing production overall.

The City will pursue State and regional funding for affordable housing development. The City will also pursue local partnerships and annually meet with affordable housing organizations to encourage the development of housing affordable to all segments of the population. Additionally, The City will establish development incentives (i.e. deferment of fees, priority processing, modified development standards, etc.) for affordable housing projects that meet objective evaluation criteria similar to the process for density bonus concessions. The City will also develop clear instructional materials for achieving incentives and make them publicly available on the City's website.

The City will review planning application fees, with a special focus on the density bonus fee, and update the fee(s) to avoid creating a constraint to the development of affordable housing.

Discussion:

The City's Housing Element outlines the City's plan to address barriers to affordable housing. The City of Costa Mesa followed certain “guiding principles” in developing its approach and strategy for accommodating future housing growth. These guiding principles assist with implementation of the housing goals, policies and programs and will aid overall decision making. The guiding principles are rooted in community engagement and local knowledge and input into the planning process. The guiding principles are as follows:

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.

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.

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.

AP-85 Other Actions – 91.220(k)

Introduction:

As outlined in the City's Consolidated Plan, the City will implement the following actions during FY 2024-2025 to address the "Other Actions" or sub-strategies identified in the Consolidated Plan.

Actions planned to address obstacles to meeting underserved needs

The City will allocate a portion of its CDBG and HOME funds for activities that address the housing and service needs of the elderly and lower-income households. The City's housing rehabilitation program assists elderly and lower-income homeowners in improving their residences to address specific household needs. Additionally, the City will encourage and support OCHA's efforts to obtain additional rental assistance funding, especially for senior and low-income households. OCHA reports that as of April 2024, **586** Costa Mesa households received rental housing assistance. This total includes **84** households with at least one disabled person, **372** households with at least one elderly person, and **54** family households. Among these households are **29** households that were homeless at admission and **35** Veteran households. OCHA re-opened its waiting list on September 18, 2023. As of April 2024, there are **293** Costa Mesa names on the 2023 waiting list including **161** disabled persons, **109** elderly, **42** families, **19** currently homeless and **27** Veterans. The waiting list from 2012 has a total of **6** households on it including **3** disabled persons, **2** elderly persons, **3** families and **1** currently homeless.

Actions planned to foster and maintain affordable housing

The City of Costa Mesa has identified the actions it will undertake during FY 2024-2025 to foster and maintain affordable housing. The Annual Action Plan identified programs such as Owner-Occupied Housing Rehabilitation assistance as the means to maintain and improve housing currently available to low- and moderate-income residents. By providing deferred payment loans and grants, lower-income households can rehabilitation their residence to meet basic housing quality standards and incur zero or minimal additional housing costs. An estimated 11 housing units will be assisted with HOME funds during FY 2024-2025. Additionally, the City has allocated HOME CHDO funds to accommodate a potential housing project. 40 residents moved into a new permanent supportive housing development (previously Motel 6) during the 2023-2024 fiscal year. This project will house up to 87 formerly homeless residents. The Bungalows project, an 8-unit affordable housing project for households with minor children completed in FY2023-2024 has housed 31 individuals (8 households) since its opening. Families Forward has another affordable housing program in Costa Mesa where 27 formerly homeless individuals (8 families) are housed.

Actions planned to reduce lead-based paint hazards

Based on past housing rehabilitation program statistics, only a small percentage of housing units rehabilitated with City resources contain lead-paint hazards. To ensure compliance with all current HUD

lead-based paint regulations, all housing units constructed before 1978, which are rehabilitated with City resources, will be tested for lead-paint hazards. If needed, additional grant funds may be allocated to a project to ensure all lead-based hazards are mitigated.

Actions planned to reduce the number of poverty-level families

The City will assist programs and services that combat poverty. During FY 2024-2025, the City will fund the following activities to support the implementation of this strategy:

Implement housing programs (including housing rehabilitation assistance) for lower-income senior and disabled homeowners

Support rental assistance programs provided by the OCHA for very low-income renters and provide tenant based rental assistance to residents who are severely rent burdened

Support services for individuals presently housed but at risk of losing their residence. Also, assist those already homeless in need of shelter and continue coordinating services with nonprofit partners

Support safety-net public services programs to improve the quality of life for seniors, youth, disabled, homeless, and other populations that may be severely impacted by the cost of living in the region

Actions planned to develop institutional structure

The City has made an effort to establish an institutional structure to help identify and access resources to improve the community. For example, the City will continue to work with nonprofit entities to deliver public services. As a member of the Orange County Continuum of Care Community Forum, the City will provide critical information to the County of Orange to prepare the County's Continuum of Care Homeless Assistance grant application to HUD. Costa Mesa will also continue to fund activities that help address gaps and needs in the regional system of care. Finally, the City will continue to assist the Orange County Housing Authority in implementing its Five-year PHA plan.

Actions planned to enhance coordination between public and private housing and social service agencies

The City of Costa Mesa does not operate public housing. The Orange County Housing Authority provides rental assistance in the community. Federal legislation requires that the Housing Authority prepare a five-year and a one-year plan that highlights its mission, goals and objectives related to public and assisted housing programs. The City will review the Authority's plans and provide OCHA the opportunity to review and consult with the City regarding its Consolidated Plan/Annual Action Plan. The goal of this cross-consultation is to provide consistent and coordinated housing services for City residents. Ongoing

consultation with local nonprofits also assists the City in coordinating the efficient and effective use of...

Discussion:

HUD-funded grant recipients are required under various laws not to discriminate in housing or services directly or indirectly based on race, color, religion, sex, national origin, age, familial status or disability. Grant recipients such as Costa Mesa are required to: (1) examine and attempt to alleviate housing discrimination within their jurisdiction; (2) promote fair housing choices for all persons; (3) provide opportunities for all persons to reside in any given housing development, regardless of race, color, religion, sex, disability, familial status, national origin, and other personal or familial attributes; (4) promote housing that is accessible to and usable by persons with disabilities; (5) and comply with the non-discrimination requirements of the Fair Housing Act. HUD encourages jurisdictions to consult with one another and initiate region-wide fair housing planning. The Analysis of Impediments (AI) to Fair Housing Choice is the primary document utilized for this purpose. In addition to identifying impediments, a strategy to overcome barriers much be developed and implemented - accomplishments are reported annually. The City participated in developing a county-wide AI, which the City Council adopted in May 2020. A summary of impediments to fair housing and the action steps the City will take during FY 2024-2025 are found in **Attachment 4**. The City has recently joined 33 other cities in Orange County to develop an updated county-wide AI (also called an Equity Plan) which will be adopted in tandem with the City's next Consolidated Plan for FY2025-26 through FY2029-30.

DRAFT

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(I)(1,2,4)

Introduction:

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.220(I)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

- | | |
|--|----------|
| 1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed | 0 |
| 2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan. | 0 |
| 3. The amount of surplus funds from urban renewal settlements | 0 |
| 4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan | 0 |
| 5. The amount of income from float-funded activities | 0 |
| Total Program Income: | 0 |

Other CDBG Requirements

- | | |
|---|---------|
| 1. The amount of urgent need activities | 0 |
| 2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan. | 100.00% |

**HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.220(l)(2)**

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

The City is not proposing to utilize HOME funds in a form that is not delineated in Section 92.205.

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

The City has not and does not plan to utilize HOME funds for homebuyer assistance; however, if funds are redirected to such a program, steps will be taken to ensure program guidelines comply with the applicable resale and recapture regulations.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

If a CHDO project comes to fruition, the applicable loan agreement(s) will be prepared to comply with the resale/recapture requirements delineated in 24 CFR 92.254.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

If a CHDO project comes to fruition, program staff will ensure that all applicable program policies are followed, including establishing refinancing guidelines.

5. If applicable to a planned HOME TBRA activity, a description of the preference for persons with special needs or disabilities. (See 24 CFR 92.209(c)(2)(i) and CFR 91.220(l)(2)(vii)).

NA

6. If applicable to a planned HOME TBRA activity, a description of how the preference for a specific category of individuals with disabilities (e.g. persons with HIV/AIDS or chronic mental illness) will narrow the gap in benefits and the preference is needed to narrow the gap in benefits and services received by such persons. (See 24 CFR 92.209(c)(2)(ii) and 91.220(l)(2)(vii)).

NA

7. If applicable, a description of any preference or limitation for rental housing projects. (See 24 CFR 92.253(d)(3) and CFR 91.220(l)(2)(vii)). Note: Preferences cannot be administered in a manner that limits the opportunities of persons on any basis prohibited by the laws listed under 24 CFR 5.105(a).

NA

The City will meet the CDBG Program's overall 70% benefit for low- and moderate-income requirement over three program years: 2023-2024, 2024-2025, and 2025-2026.

With respect to HOME affordable homeownership limits for the area (i.e., 95 percent of the median area purchase price as set forth in 24 CFR 92.254(a)(2)(iii)), the City will utilize HUD's HOME affordable homeownership limits for its HOME-funded mobile home rehabilitation program. For single-family, owner-occupied housing rehabilitation, the City conducted a survey in order to establish a maximum property value that is reflective of the local market median home purchase prices, which exceed HUD's published limit. This information is provided as **Attachment 5** of the Annual Action Plan.

DRAFT

Five-Year and One-Year Summary of Accomplishments

Grantee Name: City of Costa Mesa

Decent Housing						
Objective	Source of Funds	Year	Performance Indicators	Expected Number	Actual Number	Percent Completed
Owner Occupied Housing Rehabilitation Loans and Grants to assist homeowners improve primary residence to correct code violations, address deferred property improvements and improve neighborhood aesthetics	HOME	2020	Housing Units	10	5	50.00%
		5-Yr Con Plan Goal		50	5	10.00%
Rental Housing Acquisition/Rehabilitation to expand and/or improve the number of rental housing units for lower income renter households	HOME	2020	Housing Units	1	0	0.00%
		5-Yr Con Plan Goal		5	0	0.00%
Rental Housing New Construction to expand the number of rental housing units for lower income renter households	HOME	2020	Housing Units	0	0	0.0%
		5-Yr Con Plan Goal		0	0	0.00%
Special Code Enforcement activity to inspect and enforce housing and building codes for residential properties located in the City's CDBG-eligible areas	CDBG	2020	Housing Units	250	233	93.20%
		5-Yr Con Plan Goal		1,250	233	18.64%
Suitable Living Environment						
Objective	Source of Funds	Year	Performance Indicators	Expected Number	Actual Number	Percent Completed
Services will help seniors and the frail elderly maintain their independent living situation or ensure they are provided services that improve quality of life	CDBG	2020	Individuals	430	580	134.88%
		5-Yr Con Plan Goal		2,500	580	23.20%
Services to assist lower income families with children by providing access to youth programs and services at reduced or no cost.	CDBG	2020	Individuals	350	236	67.43%
		5-Yr Con Plan Goal		1,250	236	18.88%
Services that assist low and moderate-income households and individuals with safety net services such as access to medical, food, case management, and employment services. Supported agencies should provide households with access to programs and services at reduced or no cost - including fair housing services	CDBG	2020	Individuals	192	173	90.10%
		5-Yr Con Plan Goal		750	173	23.07%
Improvements to public infrastructure that address a community priority including but not limited to repairs, replacement and/or upgrades (including ADA compliance) to streets, alleys, sidewalks, flood/storm water drains, and other public improvements	CDBG	2020	Individuals ^A	1,500	0	0.00%
		5-Yr Con Plan Goal		7,500	0	0.00%
Improvements to public facilities that address a community priority including but not limited to repairs, replacement and/or upgrades (including ADA compliance) to neighborhood parks, centers and other public facilities	CDBG	2020	Individuals ^C	500	0	0.00%
		5-Yr Con Plan Goal		2,500	0	0.00%
Economic Opportunity						
Objective	Source of Funds	Year	Performance Indicators	Expected Number	Actual Number	Percent Completed
No 5-year goals for CDBG-funded Economic Opportunity were established in the Consolidated Plan; however, CDBG funds have been allocated for public service programs that expanded economic opportunities for low-income youths and disabled adults (i.e., Youth Employment Services)	NA	2020	Individuals *	350	236	67.43%
		5-Yr Con Plan Goal		NA	NA	NA
Continuum of Care						
Objective	Source of Funds	Year	Performance Indicators	Expected Number	Actual Number	Percent Completed
Financial assistance to prevent homelessness such as a short-term financial subsidy to prevent eviction and/or utility termination, and for the provision of provide support services	CDBG	2020	Individuals	30	0	0.00%
		5-Yr Con Plan Goal		150	0	0.00%
Short-term emergency shelter and support services (up to 3 months) for individuals that are in immediate need of shelter and services	CDBG	2020	Individuals	230	115	0.00%
		5-Yr Con Plan Goal		250	115	46.00%
Rapid Rehousing and case management services to stabilize homeless households in permanent housing (may encompass TBRA is a low priority)	CDBG	2020	Individuals	26	31	119.23%
		5-Yr Con Plan Goal		100	31	31.00%
Other (0-1)						
Objective	Source of Funds	Year	Performance Indicators	Expected Number	Actual Number	Percent Completed
CDBG program oversight, coordination and administration	CDBG	2020	Year of Admin	1	1	100.00%
		5-Yr Con Plan Goal		5	1	20.00%

* Accomplishments also reported separately as Youth accomplishments.

SUMMARY OF PUBLIC COMMENTS

March 7, 2024 Housing & Public Service Grant Committee

The H&PSG Committee held an in-person meeting to obtain additional public comments regarding CDBG public service grants, and to develop funding recommendations. No written comments were received.

Internet/Social Media Outreach

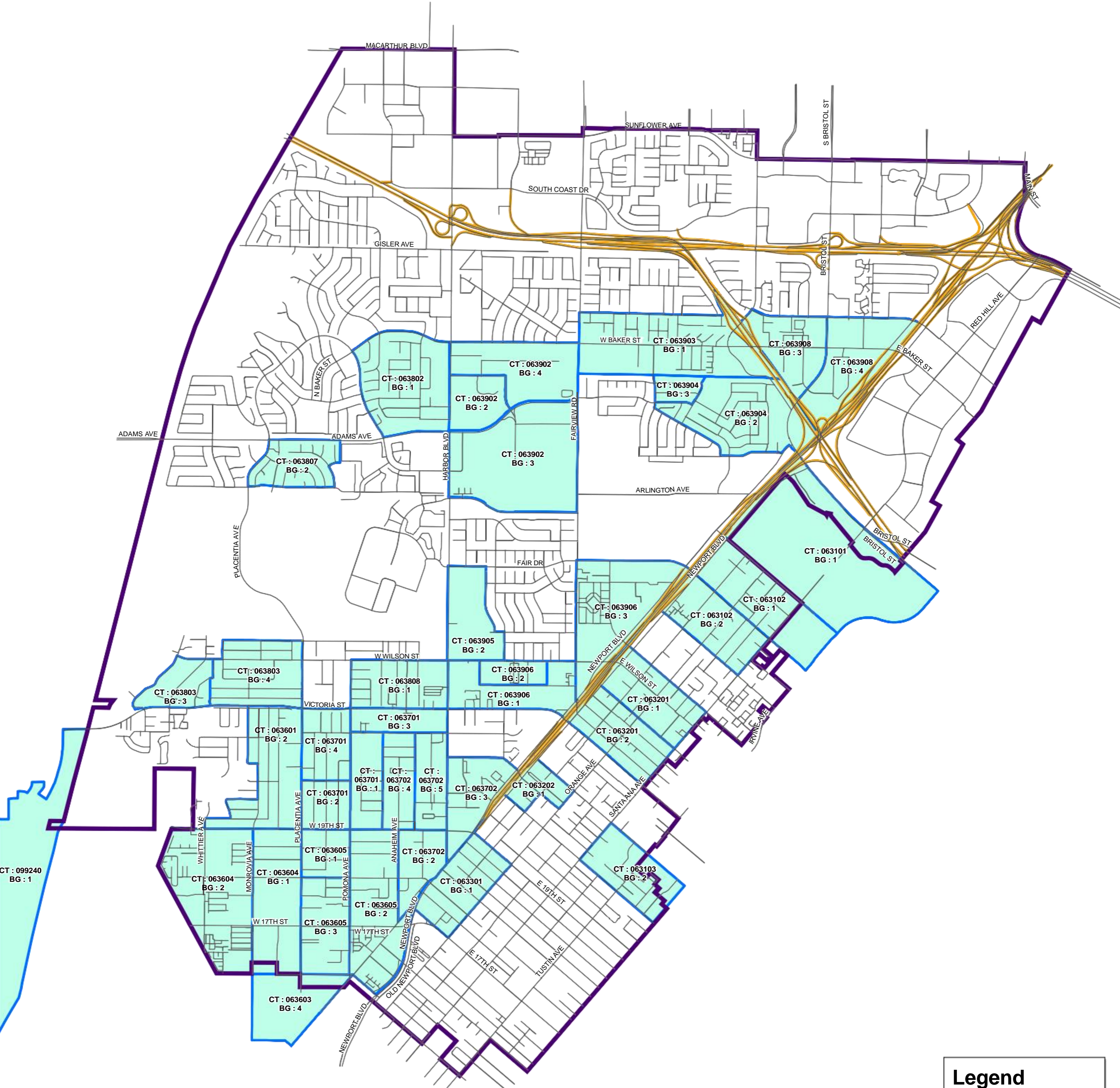
30—Day Public Comment Period

TBD

May 21, 2024 Public Hearing

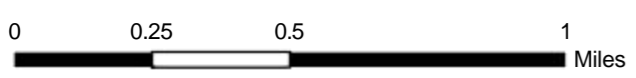
TBD

CDBG Map



Legend

-  Streets
-  City Freeways
-  City Boundary
-  CDBG_2022



ORANGE COUNTY ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

August 6, 2020

REGIONAL PROPOSED AI GOALS AND STRATEGIES

To address the contributing factors described above, the AI plan proposes the following goals and actions: Regional Goals and Strategies”

Goal 1: Increase the supply of affordable housing in high opportunity areas.¹

Strategies:

1. Explore the creation of a new countywide source of affordable housing.
2. Using best practices from other jurisdictions, explore policies and programs that increase the supply of affordable housing, such as linkage fees, housing bonds, inclusionary housing, public land set-aside, community land trusts, transit-oriented development, and expedited permitting and review.
3. Explore providing low-interest loans to single-family homeowners and grants to homeowners with household incomes of up to 80% of the Area Median Income to develop accessory dwelling units with affordability restriction on their property.
4. Review existing zoning policies and explore zoning changes to facilitate the development of affordable housing.
5. Align zoning codes to conform to recent California affordable housing legislation.

Goal 2: Prevent displacement of low- and moderate-income residents with protected characteristics, including Hispanic residents, Vietnamese residents, other seniors, and people with disabilities.

Strategies:

1. Explore piloting a Right to Counsel Program to ensure legal representation for tenants in landlord-tenant proceedings, including those involving the application of new laws like A.B. 1482.

Goal 3: Increase community integration for persons with disabilities.

Strategies:

1. Conduct targeted outreach and provide tenant application assistance and support to persons with disabilities, including individuals transitioning from institutional settings and individuals who are at risk of institutionalization. As part of that assistance, maintain a database of housing that is accessible to persons with disabilities.
2. Consider adopting the accessibility standards adopted by the City of Los Angeles, which require at least 15 percent of all new units in city-supported Low-Income Housing Tax Credit (LIHTC) projects to be ADA-accessible with at least 4 percent of total units to be accessible for persons with hearing and/or vision disabilities.

¹The term “high opportunity areas” generally means locations where there are economic and social factors and amenities that provide a positive impact on a person’s life outcome. This is described in more detail in Section iii, Disparities in Access to Opportunity.

Goal 4: Ensure equal access to housing for persons with protected characteristics, who are disproportionately likely to be lower-income and to experience homelessness.

Strategies:

1. Reduce barriers to accessing rental housing by exploring eliminating application fees for voucher holders and encouraging landlords to follow HUD's guidance on the use of criminal backgrounds in screening tenants.
2. Consider incorporating a fair housing equity analysis into the review of significant rezoning proposals and specific plans.

Goal 5: Expand access to opportunity for protected classes.

Strategies:

1. Explore the voluntary adoption of Small Area Fair Market Rents or exception payment standards in order to increase access to higher opportunity areas for Housing Choice Voucher holders.
2. Continue implementing a mobility counseling program that informs Housing Choice Voucher holders about their residential options in higher opportunity areas and provides holistic supports to voucher holders seeking to move to higher opportunity areas.
3. Study and make recommendations to improve and expand Orange County's public transportation to ensure that members of protected classes can access jobs in employment centers in Anaheim, Santa Ana, and Irvine.
4. Increase support for fair housing enforcement, education, and outreach.

CITY OF COSTA MESA PROPOSED AI GOALS AND STRATEGIES

1. In collaboration with the Orange County Housing Authority (OCHA):
 - a. Attend quarterly OCHA Housing Advisory Committee to enhance the exchange of information regarding the availability, procedures, and policies related to the Housing Assistance Voucher program and regional housing issues.
 - b. Support OCHA's affirmative fair marketing plan and de-concentration policies by providing five-year and annual PHA plan certifications.
 - c. In coordination with OCHA and fair housing services provider, conduct landlord education campaign to educate property owners about State law prohibiting discrimination based on household income.
2. Through the City's fair housing contractor:
 - a. Provide fair housing education and information to apartment managers and homeowner associations on why denial of reasonable modifications/accommodations is unlawful.
 - b. Conduct multi-faceted fair housing outreach to tenants, landlords, property owners, realtors, and property management companies. Methods of outreach may include workshops, informational booths, presentations to community groups, and distribution of multi-lingual fair housing literature.



CITY OF COSTA MESA

P.O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

ECONOMIC AND DEVELOPMENT
SERVICES DEPARTMENT

May 21, 2024

Mr. Rufus Washington, Director
HUD Los Angeles Field Office
U.S. Dept. of Housing & Urban Development
Office of Community Planning and Development
300 N. Los Angeles Street, Suite #4054
Los Angeles, CA 90012

SUBJECT: HOME Investment Partnership (HOME) Program Request to Increase Median Area Purchase Price Limit

Dear Mr. Washington:

The City of Costa Mesa is submitting a request to increase the Median Area Purchase Price Limit as part of its 2024-2025 Action Plan. In lieu of the limit provided by the U.S. Department of Housing & Urban Development (HUD) for FY 2024, the City is requesting permission to use an increased limit of \$1,439,250.

The City conducted its local market survey using data supplied by **Orange Coast Title Company**, which is based on information from the database of the Orange County Recorder and Assessor's offices. We have found this source to be accurate and reliable. The following are the steps used in the survey methodology:

1. Sales data on all single-family home sales, 1 April 2023 through March 31, 2024 in the City of Costa Mesa compiled in ascending order of sales price. Data includes the address of the listed properties, sales value, parcel number and date of sale.
2. Pursuant to 92.254(2)(iii), the length of the reporting period is dependent upon the volume of existing home sales in the City. If sales were 250 or less per month in the most recent 12 months (April 2023 to March 2024), then a minimum of a 3-month survey is used. Based on the attached report, the median home price was \$1,515,000 and 95% of this property value is \$1,439,250.
3. Methodology for Costa Mesa adjusted home limit increase request:

Median Sales Price for 106 sales: $\frac{N+1}{2} = \$1,515,000$

Single Family Unit: $\$1,515,000 (95\%) = \$1,439,250$

If you have any questions, please contact Mikelle Daily of the Housing and Community Development Office at 714-754-5678 or mikelle.daily@costamesaca.gov.

Sincerely,

SCOTT DRAPKIN
Assistant Director of Economic and Development Services

Attachment: Survey