

UNOFFICIAL UNTIL APPROVED

**REGULAR MEETING OF THE REDEVELOPMENT AGENCY  
NOVEMBER 10, 2003**

The Redevelopment Agency of the City of Costa Mesa, California, met in a regular meeting on November 10, 2003, in Conference Room 1A of City Hall, 77 Fair Drive, Costa Mesa. The meeting was called to order at 6:55 P.M. by Chairperson Steel, followed by the Pledge of Allegiance to the Flag lead by Agency Member Monahan.

**ROLL CALL**

Agency Members Present:

Chairperson Steel  
Vice Chairperson Mansoor  
Agency Member Cowan  
Agency Member Monahan  
Agency Member Scheafer

Officials Present:

City Manager Roeder  
Executive Director Lamm  
Agency Attorney Wood  
Neighborhood Improvement Mgr.

Ullman

Executive Secretary Thompson

**MINUTES**

On a motion by Chairperson Steel, seconded by Vice Chairperson Mansoor and carried 5-0, the Minutes of October 13, 2003 were approved with a correction to Page 2, Public Comment, where Martin Millard was mistakenly identified as the speaker commenting on the inadequacy of the facility provided for the meeting. The speaker did not identify himself.

**OLD BUSINESS**

None.

**NEW BUSINESS**

**Presentation  
regarding Agency  
Funded Affordable  
Housing and Senior  
Housing Projects  
and Programs**

Neighborhood Improvement Manager Ullman introduced Special Counsel Brady, Stradling Yocca Carlson & Rauth, who gave a brief synopsis of her report previously submitted relating to California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* requirements concerning affordable housing. The statutory scheme, mandated requirements and procedural implementation provisions are extensive and complex. The Redevelopment Agency is required to set aside not less than twenty percent (20%) of tax increment revenues from each project area (exception for SB 211 amended redevelopment plans). Housing Fund revenues must be used to increase, improve and preserve the supply of low and moderate income housing at affordable costs within the territorial jurisdiction of the Agency. She outlined the "Proportionality Standards" as they relate to senior housing and which were added in the last couple of years. The money in the Housing Fund that can be expended over the term of the Housing Plans - which are on cycles (annual, two and half years, five years and twelve years) - cannot exceed the relationship of the population of 65 years of age and older. Special Counsel gave the example: if ten percent (10%) of the City's population, based on the last census, is 65 years and older, then over the full term of the Housing Implementation Plan, no more than ten percent (10%) can be expended on senior housing programs over the full term of the Housing Implementation Plan. Senior housing can be funded through federal funds but certain issues apply to nondiscrimination laws. Both state and federal legislature have specific exemption; senior housing must fit into one of those exceptions or the City would be discriminating based upon age by providing projects/programs directed only to seniors.

Construction projects of 35-units or more that are designed, constructed and maintained pursuant to specific Conditions, Covenants and Regulations (CC&Rs) and other statutory requirements, are valid senior projects; however, annual revenues generated by the Housing Fund are likely insufficient to fund a large project.

Vice Chairperson Mansoor asked what restrictions apply once the Redevelopment Agency is "closed" and all debt is paid. Special Counsel Brady responded the Redevelopment Agency cannot avoid its inclusionary housing and replacement housing obligations or expending Housing Fund moneys.

Executive Director Lamm reported the Redevelopment Agency is scheduled to terminate its business in 2014. At that time, the Redevelopment Agency and/or City will continue to collect tax increment income until 2024. That money is used to pay down debt that remains when the Redevelopment Agency ceases to exist.

Special Counsel Brady highlighted circumstances should the Redevelopment Agency extend the 2014 and 2024 timeframe to amend the Redevelopment Plan and the housing set-aside obligations, which would increase the obligation to thirty percent (30%), and the affordability level reduces to extremely low income.

**PUBLIC COMMENT**

Bob Graham, 3260 Dakota Avenue, Costa Mesa, asked what was the Redevelopment Agency deficit. Chairperson Steel replied staff would provide the information for Mr. Graham.

Martin Millard, 2973 Harbor Boulevard #264, Costa Mesa, would like the Redevelopment Agency to do more for senior housing.

Special Counsel Brady responded a first time home buyer assistance or subsidy program could not be established solely for seniors. A program could be established that is not directed one hundred percent (100%) to seniors because there is not an exception in the senior housing laws for a pure subsidy program. Exceptions apply to construction development and operations. Neighborhood Improvement Manager Ullman suggested a combination of Redevelopment Funds and HOME Funds could be used, and a Request for Proposal (RFP) put out; however, because of fair housing, discrimination and state laws, it would be extremely expensive.

Agency Member Monahan cautioned the legal entanglement involved for even a small senior housing project, and felt economically it could not be done. He was open to a RFP so that if a senior project came back, the Redevelopment Agency could support it.

**MOTION Approved Carried**

A motion by Agency Member Cowan to receive and file the report was seconded by Vice Chairperson Mansoor, and carried 5-0.

**First Time Home Buyer Program**

Neighborhood Improvement Manager Ullman referenced the staff report and economic analysis provided by Kathe Head, Keyser Marston Associates. Because purchase prices for houses had "sky rocketed" since the inception of the Home Buyer Assistance Program in 1998, the Program is helping condominium owners vs. single families. Wages have not increased as fast as home prices; therefore, a reduction from five

percent (5%) to three percent (3%) for the required down payment may help move the Program along.

Vice Chairperson Mansoor requested confirmation that the Program uses HOME Funds. Neighborhood Improvement Manager Ullman reiterated it uses Redevelopment money and is part of the twenty percent (20%) set aside. By using these funds, people with, 120% of median income can be helped, and is less restrictive than HOME Funds for this type of program. Reducing the down payment causes little additional risk to the City.

**PUBLIC  
COMMENT**

None.

**MOTION  
Approved  
Carried**

On a motion by Agency Member Monahan, seconded by Agency Member Scheafer, and carried 5-0, staff recommendations were approved.

**REPORTS**

**Executive  
Director**

None.

**Agency  
Attorney**

None.

**WARRANT  
RESOLUTION  
CMRA-317**

On a motion by Chairperson Steel, seconded by Agency Member Sheaffer, and carried 5-0, Warrant Resolution CMRA-317 was approved.

**ORAL  
COMMUNICATION**

Janice Davidson, 1982 Arnold Avenue, Costa Mesa, thanked Agency/Council Member Cowan for asking at the last Council meeting for a follow-up on the toxic waste issue. She, Agency/Council Member Scheafer and the Chief of Police are the only ones who have done anything. People are dying and the Members of the Council/Agency do not want to responsible if something is found. She asked to be kept involved.

Chairperson Steel voiced appreciation for what Ms. Davidson is doing and Agency/Council Cowan's response. He requested the address of the boy who is in "serious trouble", because he would personally like to say hello to him.

Martin Millard, 2973 Harbor Boulevard #264, Costa Mesa, said he was also appreciative of Agency/Council Member Cowan's call to check on disease clusters, etc. He asked the members of the industrial group to volunteer soil samples on some of their properties on the Westside. He had visited Huntington Beach's former industrial area which now has \$2-3 million homes. Redevelopment of the Costa Mesa bluffs is "dead" and the next issue may be rezoning/overlay; however, he heard the industrial community will fight that. He hoped the Redevelopment Agency would stand firm and work for the people of Costa Mesa.

John Hawley, 3295 Clay Street, Newport Beach, said he would be glad to provide samples of soil from his property at any depth for inspection.

Bob Graham, 3260 Dakota Avenue, Costa Mesa, felt optimal traffic on 19<sup>th</sup> Street should be known because it is key to the corridor. Regarding the 1901 Newport Boulevard project, he wondered if Bernard Street could be extended to the frontage road because the majority of the Westside depends on traffic coming south on the 55 freeway. There is constant crossing of traffic that backs down on the freeway. Possibly the building could be purchased and the street go through there. He asked if there are assurances there will be no more storage facilities on the Westside which is space lost for housing.

Executive Director Lamm responded the housing deficit fund question asked earlier by Mr. Graham will be addressed in a separate report. When the Project Area was formed in 1973, it was not subject to the twenty percent (20%) housing set aside. In 1994, the law passed which involved certain retroactive requirements which had the City putting aside twenty percent (20%) of its money towards affordable housing but also funding some of the twenty percent (20%) from prior years. Bernard Street is not in the Redevelopment Project Area; however, the south curb face, the backside of 1901 Newport Boulevard, is. People have wanted to acquire the Newport commercial frontage over the years, but this area was never included. The zone does still allow more storage facilities but there are not any vacant sites available. Information concerning restrictions in place now will be provided to Mr. Graham.

**AGENCY MEMBER  
COMMENTS AND  
SUGGESTIONS**

Agency Member Cowan reported she had been attending the Westside Revitalization Oversight Committee (WROC) meetings and providing members with information on different projects the Council has approved on the Westside. The WROC is very appreciative and she will continue to represent the Redevelopment Agency at future meetings.

Agency Member Monahan referred to action taken at the last Redevelopment Agency meeting when areas were removed from the Redevelopment Project Area, and recommendations made to the Planning Commission. He asked when the Planning Commission is scheduled to formalize those recommendations. Executive Director Lamm responded staff will return to the Redevelopment Agency in January 2004 with a new map outlining the 19<sup>th</sup> Street area to ensure it is the correct direction, and then to the Planning Commission - probably in February 2004.

**ADJOURN**

There being no further items for discussion, Chairperson Steel adjourned the meeting at 7:23 P.M.