**REGULAR MEETING OF THE REDEVELOPMENT AGENCY**

**JANUARY 10, 2005**

The Redevelopment Agency of the City of Costa Mesa, California met in a regular meeting on Monday, January 10, 2005, in Conference Room 1A of City Hall, 77 Fair Drive, Costa Mesa. Chairperson Dixon, who also led the Pledge of Allegiance to the Flag, called the meeting to order at 6:35 p.m.

**ROLL CALL**

Agency Members Present: Chairperson Dixon
Vice-Chairperson Bever
Agency Member Foley
Agency Member Mansoor
Agency Member Monahan

Officials Present: Executive Director Lamm
Agency Attorney Hall Barlow
Neighborhood Improvement Manager Ullman
Management Analyst Veturis
Veronica Tam, Cotton/Bridges/Associates
Agency Secretary Rosales

**POSTINGS**

The Redevelopment Agency meeting agenda was posted at the City Council Chambers, Headquarters Police Department, Neighborhood Community Center, Postal Office and Mesa-Verde Public Library on Thursday, January 6, 2005.

**MINUTES**

On a motion by Agency Member Monahan, seconded by Agency Member Mansoor and carried 5-0, the minutes of December 13, 2004, were approved.

**OLD BUSINESS**

None.

**NEW BUSINESS**

**2005-2009 Redevelopment Implementation Plan**

Neighborhood Improvement Manager Ullman presented the 2005-2009 Redevelopment Implementation Plan. She reported that the California Reform Act of 1993 requires agencies that receive redevelopment money to prepare a plan on a 5-year schedule. The plan listed cash flows over the next five years for downtown tax increment and low-moderate funds, as well as, proposed projects. She emphasized that the Implementation Plan was only a blueprint and very general. In a couple of years, if the Agency came up with projects that were not included in the Implementation Plan, the projects, if appropriate, would be approved and the Implementation Plan would be amended. The staff report listed all the planning requirements that the consultant, Cotton/Bridges/Associates, had prepared. The goals represented in the Implementation Plan were set forth in the housing element and recent Consolidated Plan community meetings, as well as, City Council and Redevelopment Agency direction. In particular, direction that was given to staff in Spring 2004, to bid on an affordable housing project, with priority for seniors or homeownership.

Ms. Ullman corrected a statement she had made earlier in the Study Session regarding the Consolidated Plan. She mentioned that after checking her mailing list, she verified that copies of the Consolidated Plan flyer had been sent to the Planning Commission, all committees, businesses and social service providers. Having said this, Ms. Ullman told the Agency that Cotton/Bridges/Associates was available to make a presentation if they chose, or, they could go directly to questions.

Agency Member Monahan referred to Pages 2 and 3 of the Implementation Plan and asked what the mobile home park program was.

Ms. Ullman responded that the mobile home park program was under the housing element, where a goal was to improve and preserve mobile home parks.

Agency Member Monahan asked if it was like Neighbors for Neighbors where mobile home parks were cleaned.

Neighborhood Improvement Manager Ullman responded that the Neighbors for Neighbors program fulfilled that goal.

Chairperson Dixon asked Agency Members if they wanted Cotton/Bridges/Associates to make a presentation. The Agency decided to forego the presentation.

Chairperson Dixon opened the session for public comment.

**PUBLIC COMMENT**

Mike Berry, 2064 Meadowview Lane, Costa Mesa, expressed concern about some of the statistics in the Implementation Plan and said that it appeared to be a “blending” of the Redevelopment Agency and the City Council. He said the Agency was taking the first step to apply for H.U.D. funds and using those funds to pay code enforcement employees, which made no sense to him. The Implementation Plan showed no projection of cost. The way he understood it, the Agency was trying to get two million dollars from H.U.D. so it could spend three million dollars. The Agency needed to know how much was being spent on programs in the coming years and if they did not know, then they should not be approving the Implementation Plan.

Agency Member Mansoor told Chairperson Dixon he wanted staff to give Mr. Berry a response to his questions and address his concerns.

Executive Director Lamm said Mr. Berry raised good concerns; however, the Implementation Plan dealt specifically with the downtown project area and had nothing to do with the Westside, west of Harbor Boulevard - it implemented the 1973 plan. He added that currently, all of the code enforcement officers were funded out of the general fund and two officers out of the Block Grant fund. No code enforcement officers were being funded through the Redevelopment fund. Executive Director Lamm apologized to Mr. Berry for the mix-up in words and said the Implementation Plan had nothing to do with Mr. Berry’s thoughts about the Westside possible project area and 19th Street. The Implementation Plan pertained to the old existing, downtown area that requires a plan every 5 years that reported how the Agency was going to proceed forward.

Agency Member Foley asked if for benefit of the people who were present, the viewers at home and given some of the confusion, if they should have the presentation from Cotton/Bridges/Associates.

Chairperson Dixon concurred and asked Consultant Veronica Tam from Cotton/Bridges/Associates, if she would give a brief presentation and explanation of the Implementation Plan.

Ms. Tam reported that the Implementation Plan was for the period of 2005 through 2009 and was required by the State Community Redevelopment Law. There were several purposes to the Redevelopment Implementation Plan. One purpose of the Implementation Plan was outlining the goals and objectives of the original Downtown Implementation Plan for consistency and relevancy in the community. Another purpose of the Implementation Plan was generation of the tax increment funds and the uses of said funds. The most important requirement when establishing a Redevelopment Agency was the elimination of blight. The Implementation Plan asks the City to pursue projects and activities that eliminate blight. When generating tax increment funds, a Redevelopment Agency has the obligation to set aside 20% of the tax increment for affordable housing strictly for low and moderate-income households. The Implement Plan detailed expenditure of the tax increment funds set aside for low and moderate-income households.

Ms. Tam said that earlier in the Study Session presentation, she mentioned that H.U.D. funds for low and moderate income households was only up to 80% of the area median income. The Redevelopment Implementation Plan Redevelopment Law is subject to State income definition. Low and moderate income, under Redevelopment Law, is 120% of the County median income, which is much higher than the $74,000 she had mentioned earlier.

Cotton/Bridges/Associates held community meetings to get input from the community. One community meeting was held at the September 28, 2004, Redevelopment and Residential Rehabilitation (3R) Committee meeting and another at a City Council Study Session. They discussed the Consolidated Plan and asked about the relevancy of the objectives in the Redevelopment Project Area. On November 8, 2004, the same question, as well as, how to use the Redevelopment funds, was posed to the community.

In developing the Implementation Plan, Cotton/Bridges/Associates also looked at some of the City's existing documents. State law dictates that the Redevelopment Implementation Plan must be consistent with the City's housing element. Hence, the housing element goals and objectives and programs are being identified in both the Implementation Plan and the staff report. With regards to the Consolidated Plan, the community was also asked to provide input on the Redevelopment part of it. Cotton/Bridges/Associates provided a set of objectives for the upcoming 5 years, which were compiled from comments received and consistent with current documents. The 3R Committee previously agreed that most of the Redevelopment projects relating to non-housing and similar to projects identified in previous Redevelopment Plans and Redevelopment Implementation Plan periods would be pursued.

Emphasis was placed on housing, particularly homeownership and acquisition rehab because they are being reflected in the use of the 20% set aside for the affordable housing.

A couple of years ago, changes in State law, changed what the City could do with Redevelopment funds. The most important law is the "Proportionality Analysis" which basically says that the Agency cannot use the tax increment housing funds (the 20% set aside funds), for affordable housing that do not address the needs of the community and are not consistent with the demographics. The law specifically says that the Agency cannot use more than a certain percentage of housing funds for seniors unless it is demonstrated in the demographics. Based on the analysis, using 2000 Census (a mandate of State law), only 8.5% of Costa Mesa's population are seniors. Therefore, no more than 8.5% of the tax increment low-mod funds can be used for senior housing purposes. Another proportionality analysis included in the Implementation Plan, related to very-low, low and moderate income households. Expenditure of the 20% set aside funds needs to be consistent with the Regional Housing Needs Allocation (RHNA) proportion of low and moderate-income households. Costa Mesa has been able to focus a majority of the low-moderate funds on the moderate side of the RHNA allocation, using CDBG and HOME funds to focus on the low and very low income. Combined, Costa Mesa has been able to meet the proportionality analysis of the Redevelopment funds. Ms. Tam mentioned that Costa Mesa did have an inclusionary housing requirement in its community and the requirement had been met. Only three parcels within the Redevelopment Project Area were subject to inclusionary requirements. Costa Mesa had met those requirements with the recent approval of the 1901 Newport Boulevard project. However, regardless of the inclusionary requirement, the set aside funds have to be used for low and moderate-income purposes. Ms. Tam referred to Exhibit 6 of the Implementation Plan, and mentioned that the majority of future funding was earmarked for single-family rehab, First Time Homebuyer Program and the 1901 Newport Boulevard project, thereby meeting the objectives recommended by the 3R Committee and the community.

Agency Member Foley said she recalled a discussion with the 3R Committee when she was the Planning Liaison, regarding the First Time Homebuyer Program. Concern had been expressed regarding the lack of participation in the First Time Homebuyer Program. She asked staff for a discussion and asked what solutions had been proposed to utilize the program and increase participation.

Neighborhood Improvement Manager Ullman explained that the First Time Homebuyer Program was undergoing an analysis for revisions because she did not think they would get any participation under the current program. The only way to increase participation was by severely increasing the subsidy and placing resale restrictions on the units to get an equity share and the subsidy back. The units, however, would have to be sold to another low or moderate-income person. The first similar project the Agency would see was a homeownership, low-income project that staff would bring forth to the Agency in April. In response to a request for proposal that was sent in August, staff was working with a developer who was looking into four units that would be rehabilitated and sold to low to moderate income buyers. Said units would hopefully be sold in perpetuity in order to remain resale restricted. If the Agency approved said project, the next step would be to seek wholesale changes to the First Time Homebuyer Program.

Agency Member Foley questioned the allocated $40,000 per year funds for the next 5 years, and asked how much the First Time Homebuyer Program provided to an individual.

Neighborhood Improvement Manager Ullman responded that presently the amount was $40,000. She added that said figure had to be included in the Implementation Plan because the program had not yet been changed, nor had staff brought it forth to the Agency. If the

Agency approved changes to the First Time Homebuyer Program, the loan amount would have to be much greater than $40,000.

Agency Member Foley asked if changes to the First Time Homebuyer Program were because the $40,000 was not sufficient to provide any amount for a down payment.

Neighborhood Improvement Manager Ullman confirmed Agency Member Foley's statements and added that $40,000 used to be more than enough, usually averaging $32,000. However, nowadays, $40,000 was not even 10%.

Agency Member Foley asked when was the last time someone participated in the First Time Homebuyer Program.

Neighborhood Improvement Manager Ullman thought one person participated in the First Time Homebuyer Program last year and realized it had to change. Staff wanted to go forth with the non-profit housing project first and afterwards, bring forth the new First Time Homebuyer Program.

Agency Member Foley asked if city work force housing had been targeted in the past and if there had been any takers.

Neighborhood Improvement Manager Ullman confirmed that said program had been offered in the past. It was advertised extensively and they had four participants. Prior to terminating the program, staff advertised it again and conducted a survey with no avail.

Chairperson Dixon asked Agency Members if there were any other questions.

Agency Member Bever commented that another inhibiting factor might be the cap on the cost of dwelling unit, which he thought was $515,000.

Neighborhood Improvement Manager Ullman concurred.

Agency Member Bever added that he did not think it was possible to purchase a single-family home in Costa Mesa for that price. He noted that he was a member of the community who urged City Council to adopt a homeownership-type approach. He suggested that restricted resale, affordability and perpetuity might be a dead-end because they did not serve the directions that the community was trying to achieve by moving it into a homeownership-type approach.

Neighborhood Improvement Manager Ullman thanked Agency Member Bever for his comments and said that staff unfortunately is limited by the law. Because the funds are for low and moderate-income persons, staff has to protect the Agency's investment. Although the Agency may be able to give someone an unusually large subsidy and allow them to sell it on the resale market, she did not know, legally, how that would hold up in Court. Ms. Ullman asked for input from Agency Attorney Hall Barlow.

Agency Attorney Hall Barlow responded there are normally resale restrictions, particularly in situations where loans are not payable for a long period of time. Having relied on the contribution of the Agency to help them make a purchase, most cities that have such programs require some division of the increase in value of the property, if they are going to resell.

Agency Member Bever added that equity sharing was understandable, but did not think that locking a unit into an affordable product in perpetuity was acceptable.

Agency Attorney Hall Barlow mentioned that as staff went through the process of bringing forth the new proposed program to the Agency, staff would answer questions about the different communications regarding that program.

Agency Member Monahan referred to Page 7 of the Implementation Plan and asked Executive Director Lamm if the Implementation Plan was telling him that over the next 5 years, the Agency would be projecting $8,827,067 worth in tax increment funds, above and beyond expenses that could be used for programs on Exhibit 4.

Executive Director concurred, presuming the economy was good and properties continued to go up in sales.

Agency Member Monahan said he was aware it was only a projection. He made a directional comment to focus on circulation improvements in the Downtown Area and not just vehicle traffic. With the projected money, pedestrian access could be looked at, although he did not necessarily want to go the bridge route. However, after talking to Cal Trans and the private sector, circulation appeared to be the biggest problem in the Downtown Area, whether it was vehicle or pedestrian. He would work with Public Services and concentrate the funds on circulation improvements. Regarding the housing issue, Agency Member Monahan suggested finding a way to access some of the funds from programs that were not being used and possibly converting regular housing to ADA/disabled housing.

Neighborhood Improvement Manager Ullman thanked Agency Member Monahan. She informed him that requests for proposals had been sent to various social service providers but the response had not been overwhelming. She was going to be meeting with a developer who was interested in a senior SRO (single room occupancy) and that another developer was pending. While she did not know if the projects would go, she too was interested in pursuing it.

Chairperson Dixon referred to Page 4 and asked Ms. Ullman where the Agency intended to spend the $314,573 that was set aside for senior housing.

Ms. Ullman clarified that $314,573 was the amount the Agency was allowed to spend over a period of 5 years. Ten years worth of funds could also be spent in one year but then the Agency would be locked.

Chairperson Dixon asked what was the plan since she did not see any plans for senior housing included in the Implementation Plan.

Ms. Ullman told Chairperson Dixon that plans were included in the Implementation Plan. In May 2004, attempts for a senior housing project were made, when a request for proposal was sent to 250 developers. Only a few responses were received and none of the responses were strictly for senior housing. Ms. Ullman spoke to the development community, as well as, financial consultants and felt that high density seemed to be a big obstacle with senior housing.

Considering that strict senior housing requires a variety of on-site improvements – common areas, landscaping, infrastructure, etc. - two million dollars was not sufficient money for a senior housing project. Ms. Ullman spoke to the City of Fountain Valley and learned they were being sued. In a period of nine years, Fountain Valley saved a certain percentage and stockpiled six million dollars, which they spent on a project that involved a vacant school site. Costa Mesa cannot do what Fountain Valley did because it would create an excess surplus situation, which is illegal from a Redevelopment Agency standpoint. It would also take many years to stockpile that amount of money. Ms. Ullman said a developer of an existing senior project, who was trying to take over and preserve affordability over the next 20-years, contacted her. Unfortunately, he has not been able to reach a fair price with the current owner. Ms. Ullman does not think there is much interest in the development community, as she would like.

Chairperson Dixon inquired about the 1901 Newport Plaza project. She asked if it would be built and what percentage of that project would be low-moderate income housing.

Ms. Ullman referred to Exhibit 6 of the Implementation Plan and responded that the 1901 Newport Plaza project included seven units on-site and five units off site. No projects were projected for Fiscal Year 2006 through the end of the Implementation Plan because the Agency would be giving $891,000 to the developer, using up most of the Agency's affordable housing money for the next 5 years. Ms. Ullman said she would be left with carryover money that had not been spent from the First Time Homebuyer and HOME money for a project next year.

Agency Member Foley asked Ms. Ullman if she could answer Chairperson Dixon's question regarding whether or not the 1901 Newport Plaza project would be built.

Ms. Ullman answered that she believed it would. Ms. Ullman had been in communications with the Planning Department and believed the developer had recently pulled a grading permit.

**MOTION**
**Approved**
**Carried**

On a motion by Agency Member Monahan, seconded by Chairperson Dixon and carried 5-0, the Agency resolution adopting the 2005-2009 Redevelopment Implementation Plan was approved.

**REPORTS**

**Executive Director**

None.

**Agency Attorney**

None.

**Warrant Resolutions CMRA-329 and 330**

On a motion by Agency Member Monahan, seconded by Agency Member Mansoor and carried 5-0, Warrant Resolution CMRA-331.

**Oral Communication**

Jim Kerins, 3075 Molokai Place, Costa Mesa, asked the Agency if Costa Mesa had a 20-year vision as opposed to a 5-year vision. The obstacles he was seeing for making Costa Mesa a great place were not being met. He had spoken to developers who were interested in doing something in Costa Mesa but said developers saw the Westside as a "hodgepodge" of small parcels. Costa Mesa does not have 4 to 5 acre parcels to invest in. The City of Pasadena bought Colorado Boulevard and eventually made it great. He wanted Costa Mesa to do something similar and asked if there was a long term, 20-year plan for the

Westside that entailed buying parcels so developers could go in and do something profitable and great for Costa Mesa.

Mr. Kerins also asked if there was a plan for Downtown circulation because he could see Costa Mesa becoming a world-class place if there was a long-term vision. An area, in the Downtown Area, needs to be set aside for a 4-story parking garage so people have a place to park. Twenty years from now, both 17th and 19th Streets could be one-way streets and Costa Mesa would have a grand circulation of Westside Downtown. There would be a destination, much like the mixed use overlay in the Baker/Bear or Baker/Bristol Street areas.

Another issue Mr. Kerins mentioned was bridging - a bridge from 1901 to Triangle Square and Triangle Square over to Newport Boulevard, where Borders was. And although Agency Member Mansoor indicated that bridges from 1901 Newport to Triangle Square would create physical problems, Costa Mesa could overcome those problems and become an icon of a place if it had world-class bridges. He did not know if money or land were an issue, but said he had spoken to many talented architects that resided in Newport and Costa Mesa, who were willing to volunteer their time to critique plans, homeowner's revisions or invest in Costa Mesa's future. He did not see a vision or a plan of where Costa Mesa would be in 20-years and if it continued the way it had until now, they were going to wake up in 20-years and still have the same Westside that they have today because there is no big plan. Mr. Kerins asked if the City could partner with developers or creating a redevelopment plan in order to do something similar to what Pasadena did with their Downtown. He asked if Costa Mesa had something to create larger parcels for development.

Chairperson Dixon responded that as far as she knew, Costa Mesa was relying on the private sector to do the groundwork. There were no incentives in place.

Agency Member Mansoor responded to two of Mr. Kerins' questions by saying that the Redevelopment issues that were being discussed addressed only the existing Downtown Redevelopment Area. The Council and Redevelopment Agency chose to go ahead with incentives and possibly an overlay zone, and did not expand the Redevelopment Area to much of the Westside. He liked the idea of a bridge between courtyards and Triangle Square. He asked several people about it and discovered there were several issues at play. Amongst those issues were cost, American Disabilities Act, space in parking lots, the length of the bridge and the angle of the incline or decline and the cooperation of property owners. He did not know if Agency funds could be used and would pose that question to staff, but knew that the cooperation of both property owners would definitely be needed.

Chairperson Dixon told Mr. Kerins that he had raised important issues. In response to his question if the City, as a whole, had a 20-year plan and knew where it was going, she responded no, the City did not have a 20-year vision.

Mr. Kerins asked if the City could create a partnership with property owners, as well as, developers in order to make it happen. By letting the private sector do the groundwork, Costa Mesa would continue to have what it has had the last 20-years - parcels too small to invest in. It was up to the Council to create an innovative new plan.

Agency Member Foley mentioned that the proposed WROC (Westside Revitalization Oversight Committee) Report that would soon be going forward for implementation, addressed some of the visions for the Westside specifically. She added that Costa Mesa, as a City, was trying to look at long term planning and hopefully when they looked at the WROC's recommendations and implementation of said recommendations, the Agency would consider the greater City as well and tie those plans and visions together.

Regarding the specific Implementation Plan for the current existing Redevelopment Project Area, Agency Member Foley mentioned that one of the programs contained within the Implementation Plan and located on Page 3, was elimination of any incompatible land uses and reassembly of parcels. She told Mr. Kerins that proceeding to accomplish the objectives he had described earlier was a priority for the Redevelopment Agency. Additionally, she mentioned removal of structurally substandard in unsafe buildings, stimulation of private investment, retention and rehabilitation of existing uses and structures where feasible, establishment of zoning to prevent blighting that might include zoning of work place, and provision of adequate traffic circulation. She told Mr. Kerins that all were non-housing activities that the Redevelopment Agency would consider to implement.

Mr. Kerins asked if it was only focused to the corridors along the Redevelopment area or the entire Westside.

Agency Member Foley said those were two different things. She encouraged Mr. Kerins to attend the WROC meeting where the recommendations and implementation plan would be discussed. She asked staff when the WROC meeting was being held.

Agency Attorney Hall Barlow responded the WROC Committee was meeting on January 27, 2005.

Management Analyst Veturis added it was being held at the Neighborhood Community Center at 6:30 p.m.

Agency Member Foley asked when the WROC Report would be presented to the Agency.

Management Analyst Veturis responded the WROC Report would be presented to the Agency on February 14th.

Mr. Kerins thanked the Agency and asked if there would be a strategic plan for a 20-year vision for Costa Mesa or would it be for 5 years.

Chairperson Dixon said she could not answer Mr. Kerins' question but would like to think that as a community, a 20-year vision could be created.

There being no further questions for the Agency, Chairperson Dixon closed the Oral Communications.

**Agency Member Comments and Suggestions**

None.

**ADJOURN**

There being no further business for discussion, Chairperson Dixon adjourned the meeting at 7:15 p.m.