



MEMORANDUM

Date: September 3, 2026

To: Anna McGill, City of Costa Mesa Planning Manager - Advanced Planning & Housing

From: Nick Pergakes, AICP, Interwest Deputy Director of Planning/Project Director
Kurt Nagle, AICP, Interwest Principal Planner
Liz Golden, AICP, Interwest Associate Planner

Subject: Senate Bill 4 Affordable Housing Survey Summary

Affordable Housing Developer Survey Summary

Senate Bill (SB) 4 allows qualifying faith-based organizations to develop affordable housing on property they own or control, subject to specified affordability, site, and development requirements. The law is intended to facilitate the development of affordable housing by streamlining the approval process for eligible projects on religious or faith-based institutional property. The City did some initial reconnaissance and discovered that at least 30 sites within the City could potentially utilize SB 4. A fact sheet (<https://www.costamesaca.gov/home/showpublisheddocument/64572>), supplemental application form (<https://www.costamesaca.gov/home/showpublisheddocument/63853/639195523833930000>), spreadsheet that lists information for each site (site acreage, zoning, etc.), and a Geographic Information System (GIS) shapefile has been prepared as part of this effort to help facilitate future discussions with SB 4 eligible properties. SB 4 was enacted by the State legislature in 2023 and it can be accessed here: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB4

As part of the City's evaluation of opportunities to facilitate affordable housing development through SB 4, a survey was distributed to 30 affordable housing developers that work within the Orange County area. The survey, which was open from July 30 to August 28, 2026, was intended to gauge developer interest in pursuing SB 4 opportunities in Costa Mesa, identify the types and scale of projects that may

be attractive for future development opportunities, and better understand the financing resources that would likely be necessary to make such projects feasible.

A total of seven nonprofit affordable housing organizations participated in the survey. While the number of respondents was limited, all participating organizations represented nonprofit affordable housing developers with experience or an active presence within Orange County. The responses demonstrated a 100 percent interest rate in pursuing potential SB 4 projects in Costa Mesa, with all seven participating organizations indicating that they would be interested in being contacted regarding potential SB 4 development opportunities in the City.

The survey results indicate that there is meaningful interest among nonprofit affordable housing developers in utilizing SB 4 opportunities in Costa Mesa, but development and financing constraints continue to be hurdles to overcome as it relates to utilizing the bill effectively. Respondents expressed interest in a variety of housing types, including new construction apartments, Senior Housing, Family Housing, and affordable homeownership opportunities. The responses also indicate that developers generally require projects of sufficient scale to justify the substantial costs and complexity associated with affordable housing development. Financing was identified as another significant consideration, with respondents consistently identifying multiple State, federal, County, and City financing resources that could be combined to support project feasibility.

This summary highlights the major findings and key themes identified through the survey responses. The Appendix includes the complete survey results, including all questions presented to respondents, the individual response data, and additional comments provided by participating organizations, to provide a comprehensive record of the survey findings.

SB 4 Development Opportunities

As part of the survey, respondents were asked (under question 8): “What types of SB 4 opportunities would be most attractive to your organization?” Responses demonstrate interest across several types of affordable housing, including both rental and homeownership opportunities.

The responses included:

New construction apartments: 2 responses

Senior housing: 1 response

Family housing: 1 response

Both senior and family housing: 1 response

Homeownership opportunities: 1 response

Open to opportunities: 1 respondent indicated that the organization is generally open-minded regarding the type of opportunity and primarily develops affordable rental housing projects.

The responses indicate that nonprofit affordable housing developers may be interested in a range of SB 4 opportunities rather than a single housing model. Interest was expressed in new construction, senior housing, family housing, and homeownership, while one organization indicated a broader willingness to consider opportunities consistent with its primary focus on affordable rental housing.

Minimum Project Size

With respect to minimum project size, respondents were asked (under question 10): “What minimum unit count would generally be needed for your organization to pursue an SB 4 project in Costa Mesa?” The responses indicate that nonprofit affordable housing developers generally require projects to reach a certain scale to be financially and operationally feasible.

No respondents identified fewer than 20 units as a sufficient minimum project size;

Four respondents indicated a minimum range of 21–49 units;

One respondent identified 100–150 units as the minimum project size;

Two additional respondents selected “Other,” with one indicating that projects would need to contain more than 50 units, and another identifying a preferred range of 50–80 units.

Overall, the responses suggest that larger-scale projects are generally more attractive to nonprofit affordable housing developers pursuing SB 4 opportunities. While there is some variation in the minimum number of units needed, the responses indicate the minimum threshold of approximately 21 units or more. However, the results also indicate that there is a desirable density range (or a sweet spot) for density of a project and even if allowed, the highest density option is not always the most desirable from a financing perspective. This information may help the City and potential faith-based property owners evaluate the feasibility of SB 4 opportunities, particularly when considering available site sizes and the potential number of affordable housing units that could be accommodated.

Financing Tools and Resources

With respect to financing tools and resources, respondents were also asked (under question 15): “What financing tools would likely be needed to make these projects feasible?” Responses indicate that SB 4 affordable housing projects in Costa Mesa would likely require multiple sources of financing and public-sector participation.

The most frequently identified resources were County financing sources and City financing participation, with five respondents selecting each.

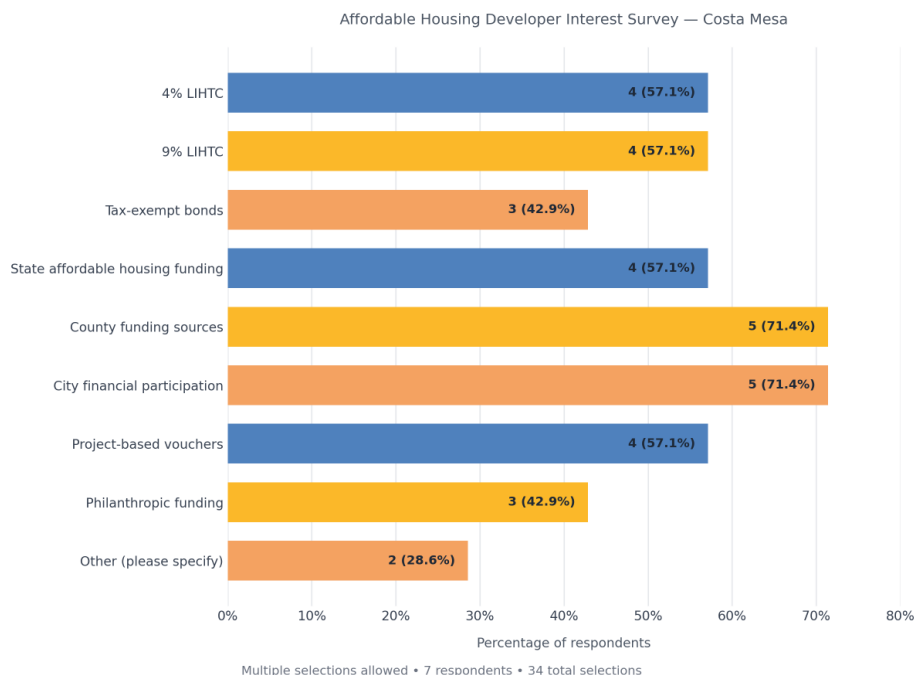
Four respondents identified 4% Low-Income Housing Tax Credits (LIHTC), four identified 9% LIHTC, and four identified State affordable housing funding as potential financing tools.

Three respondents identified tax-exempt bonds as a financing resource. One respondent also identified New Markets Tax Credits as a potential financing tool.

Two respondents provided additional comments regarding the flexibility of affordable housing financing structures. One noted that “all of the above financing are helpful,” emphasizing that the appropriate capital structure can vary depending on the specific characteristics of a project, noting that projects are generally more feasible when local government participates in the capital stack, highlighting the potential importance of City financial participation in leveraging other public and private funding sources.

The figure below presents the results of survey question 15. Respondents were permitted to select multiple answers where applicable, allowing organizations to identify all options that reflected their interests, needs, or anticipated project requirements. As a result, the total number of responses for individual questions exceeds the total number of participating organizations. The range of responses also demonstrates the variety of options and approaches the City could consider when evaluating potential SB 4 opportunities.

Financing Tools Needed to Make SB 4 Projects Feasible



The survey results demonstrate that nonprofit affordable housing developers anticipate the need to layer multiple financing sources to achieve project feasibility. The responses also suggest that there is no single financing structure that will apply to every SB 4 opportunity; rather, the appropriate combination of tax credits, bonds, State and County funding, and other financing tools will depend on factors such as project size, affordability levels, housing type, site characteristics, and overall development costs. The strong response in support of City and County financing participation further indicates that local financial assistance may be an important component in leveraging State and federal resources and making SB 4 projects financially feasible in Costa Mesa.

Conclusion

Overall, the survey results demonstrated fairly consistent responses among participating nonprofit affordable housing developers, particularly regarding the scale of projects, financing needs, and interest in pursuing potential SB 4 opportunities in Costa Mesa. Across the responses, a recurring theme was that the success and feasibility of SB 4 projects extend beyond a qualifying site and the zoning or development opportunities from the bill itself. Respondents emphasized the importance of community support, as well as support from City policymakers and staff, in creating a more favorable environment for affordable housing development. Strong local support can help facilitate collaboration, identify potential funding opportunities, address project-specific challenges, and provide greater certainty throughout the development process. The results therefore suggest that proactive engagement with the community, policymakers, City staff, and nonprofit development partners can significantly expand the City's opportunities to successfully leverage SB 4 for affordable housing development. Finally, the survey results suggest that certain development constraints (including density) and financing constraints continue to be key factors in whether the bill is effectively utilized and if a project can be developed.

Attachments

Appendix-SB 4 Survey Results



Q1 Organization Name

Answered: 7 Skipped: 0

#	RESPONSES	DATE
1	[REDACTED]	8/17/2026 6:11 PM
2	[REDACTED]	8/17/2026 2:47 PM
3	[REDACTED]	8/10/2026 5:54 PM
4	[REDACTED]	8/9/2026 8:51 AM
5	[REDACTED]	8/6/2026 12:22 PM
6	[REDACTED]	7/30/2026 6:10 PM
7	[REDACTED]	7/30/2026 5:56 PM



Q2 Primary Contact Name/Title

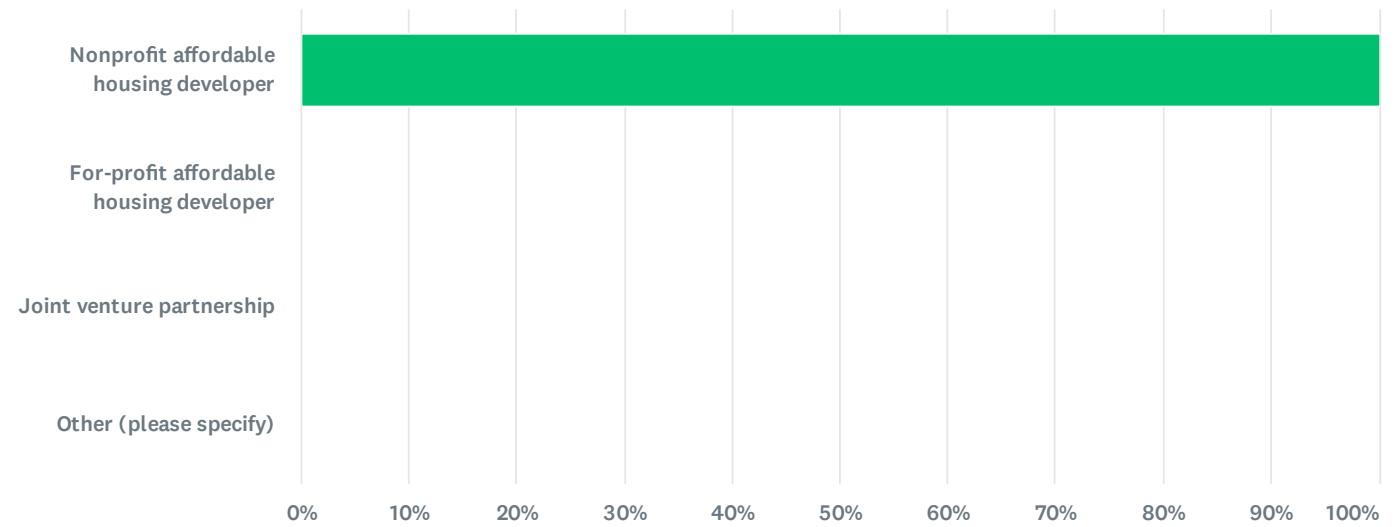
Answered: 7 Skipped: 0

#	RESPONSES	DATE
1	[REDACTED] VP of Housing and Community Development	8/17/2026 6:11 PM
2	[REDACTED] Government Affairs Manager	8/17/2026 2:47 PM
3	[REDACTED], VP Acquisitions & Development	8/10/2026 5:54 PM
4	[REDACTED]	8/9/2026 8:51 AM
5	[REDACTED] Chief Development Officer	8/6/2026 12:22 PM
6	[REDACTED] Senior VP of Development	7/30/2026 6:10 PM
7	[REDACTED] Vice President of Real Estate Development	7/30/2026 5:56 PM



Q3 7 responses

Organization Type



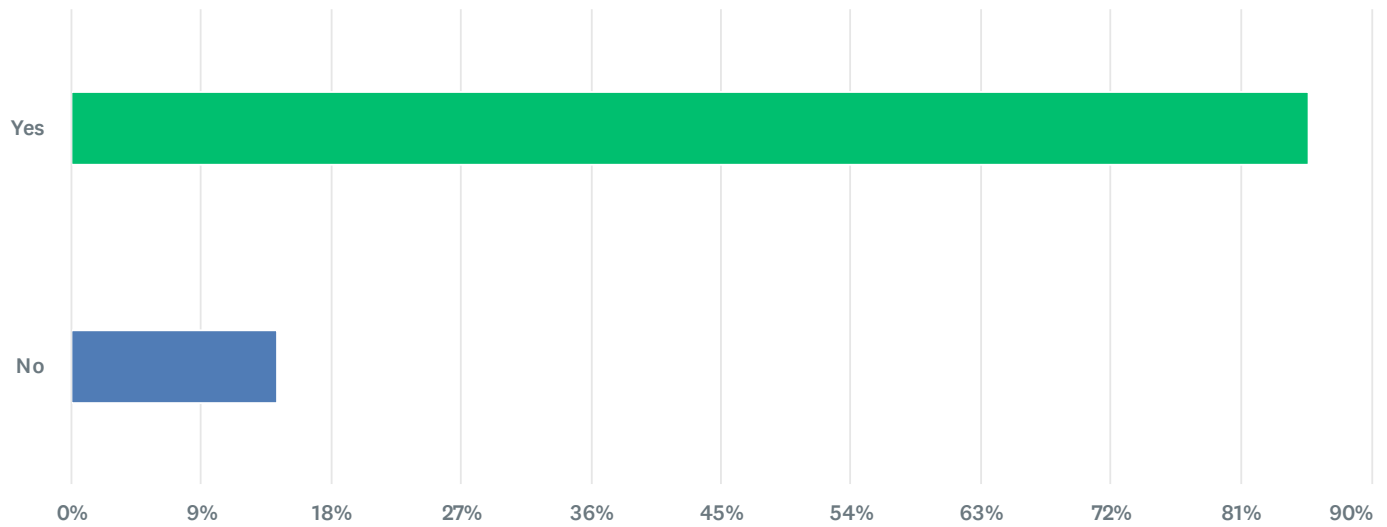
Answer Choices	Percentage	Responses
Nonprofit affordable housing developer	100.00%	7
For-profit affordable housing developer	0%	0
Joint venture partnership	0%	0
Other (please specify)	0%	0
Total		7

#	OTHER (PLEASE SPECIFY)	DATE
	There are no responses.	



Q4 7 responses

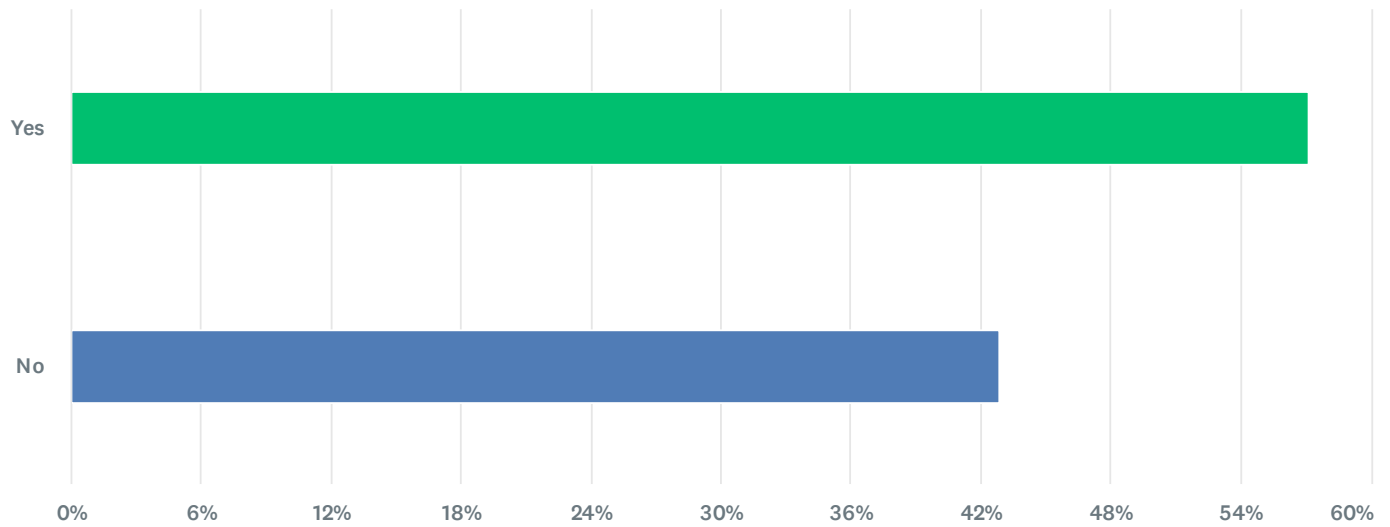
Are you familiar with SB 4?





Q5 7 responses

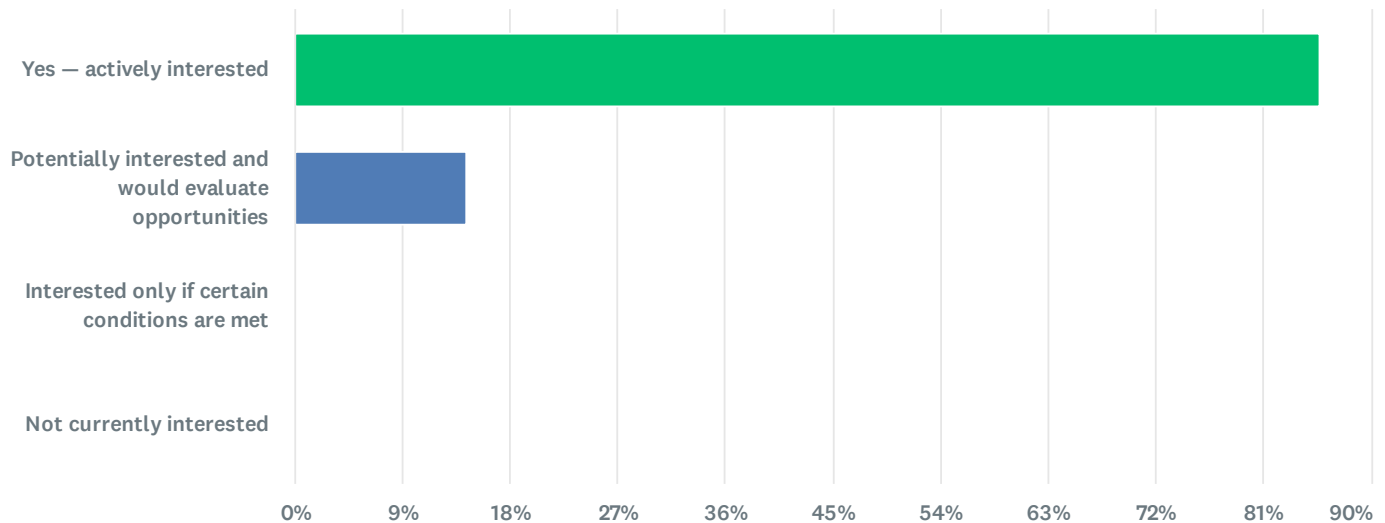
Would you be interested in learning more about SB 4?





Q6 7 responses

Would your organization be interested in pursuing affordable housing opportunities on eligible faith-based properties in Costa Mesa where the faith-based organization retains ownership?



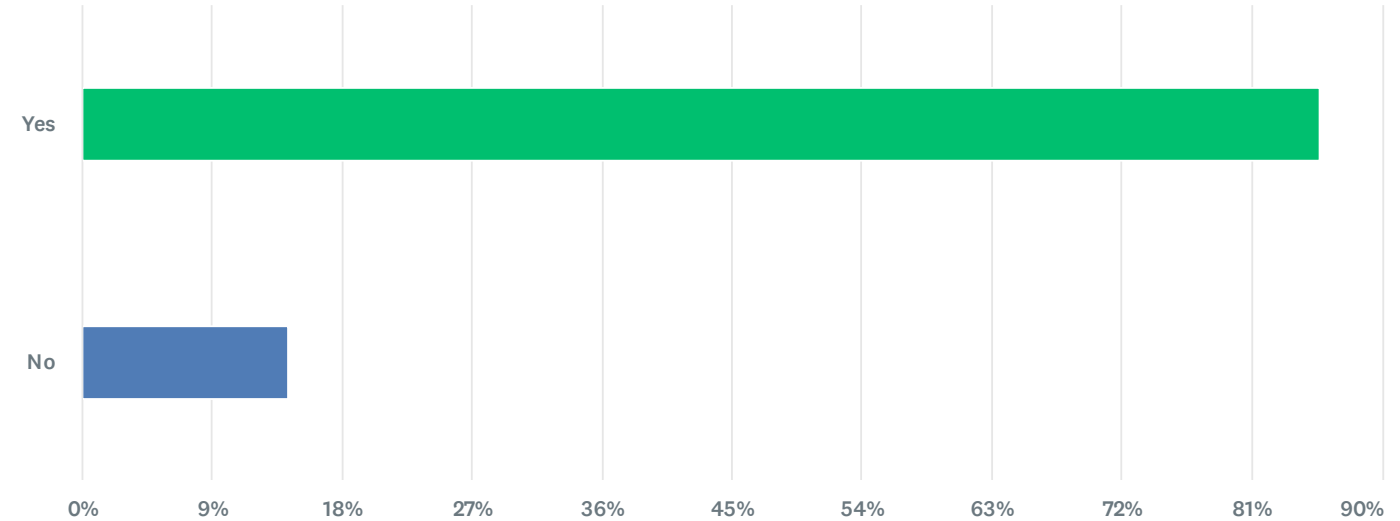
Answer Choices	Percentage	Responses
● Yes — actively interested	85.71%	6
● Potentially interested and would evaluate opportunities	14.29%	1
● Interested only if certain conditions are met	0%	0
● Not currently interested	0%	0
Total		7

#	PLEASE EXPLAIN	DATE
1	We are a faith based non profit with significant experience in partnering with faith based properties since 1961.	8/10/2026 5:54 PM
2	We have done several church-owned land developments	7/30/2026 6:10 PM
3	[REDACTED] would be interested in developing properties with faith-based partners. Is the City of Costa Mesa willing to support the development of affordable housing?	7/30/2026 5:56 PM



Q7 7 responses

Has your organization previously developed housing through a partnership with a faith-based organization, nonprofit landowner, or institutional property owner?



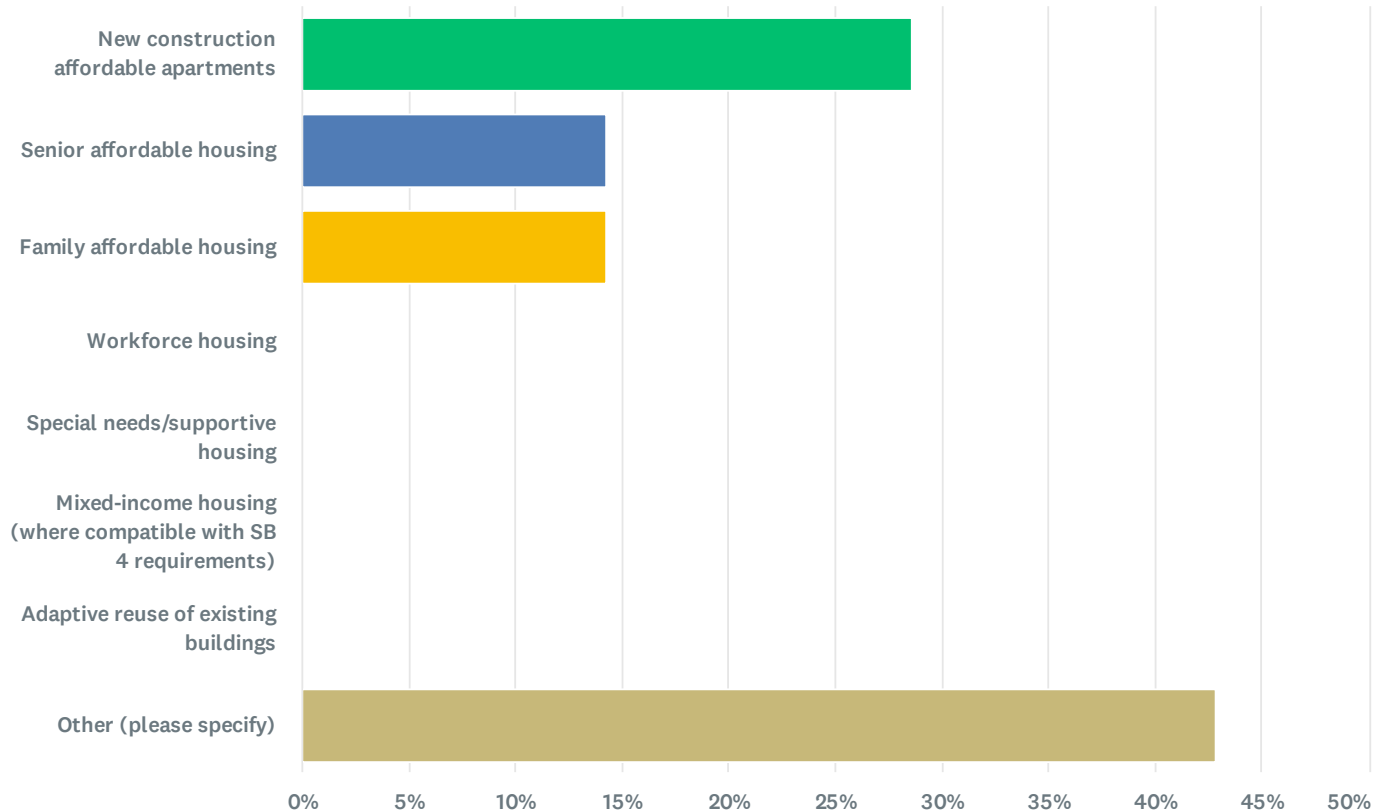
Answer Choices	Percentage	Responses
Yes	85.71%	6
No	14.29%	1
Total		7

#	IF YES, PLEASE DESCRIBE	DATE
1	Many since 1961, with a ground up project just completed in Chula Vista with a local church as the Co MGP	8/10/2026 5:54 PM
2	has completed seven (7) affordable housing communities with faith-based organizations, including three in Orange County.	8/6/2026 12:22 PM



Q8 7 responses

What types of SB 4 opportunities would be most attractive to your organization?



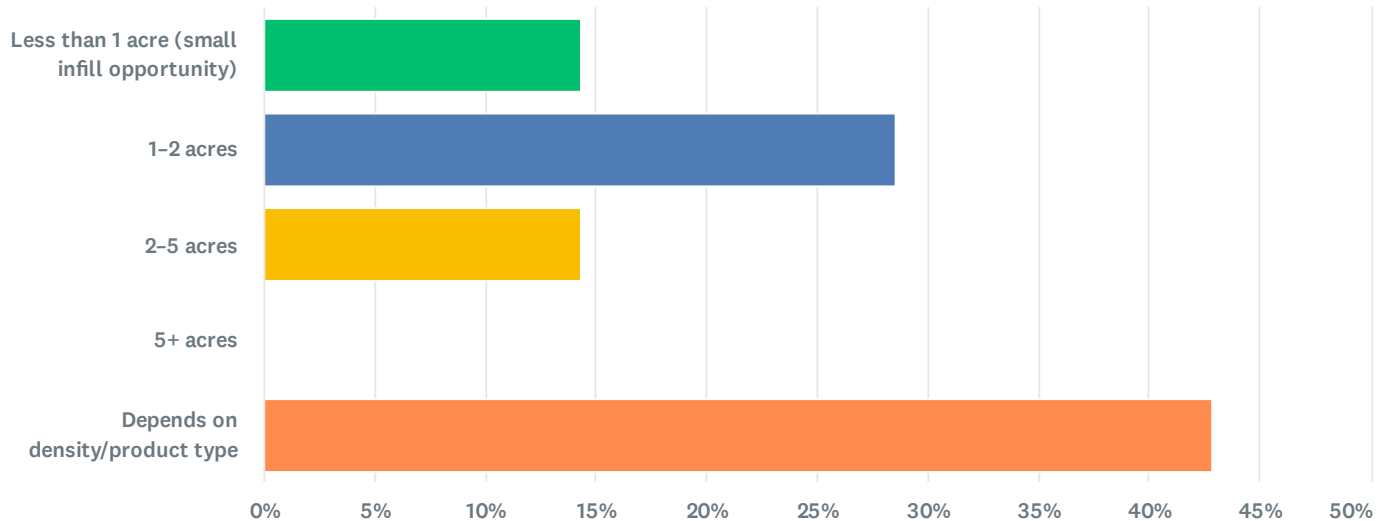
Answer Choices	Percentage	Responses
● New construction affordable apartments	28.57%	2
● Senior affordable housing	14.29%	1
● Family affordable housing	14.29%	1
● Workforce housing	0%	0
● Special needs/supportive housing	0%	0
● Mixed-income housing (where compatible with SB 4 requirements)	0%	0
● Adaptive reuse of existing buildings	0%	0
● Other (please specify)	42.86%	3
Total		7



#	OTHER (PLEASE SPECIFY)	DATE
1	Affordable Home Ownerahip	8/17/2026 6:11 PM
2	both Senior and Family affordable	7/30/2026 6:10 PM
3	 is open-minded about specific affordable housing project types. We generally develop 100% affordable, rental housing projects.	7/30/2026 5:56 PM

Q9 7 responses

Given Costa Mesa's land constraints and housing needs, what minimum site characteristics would make a faith-based property viable?



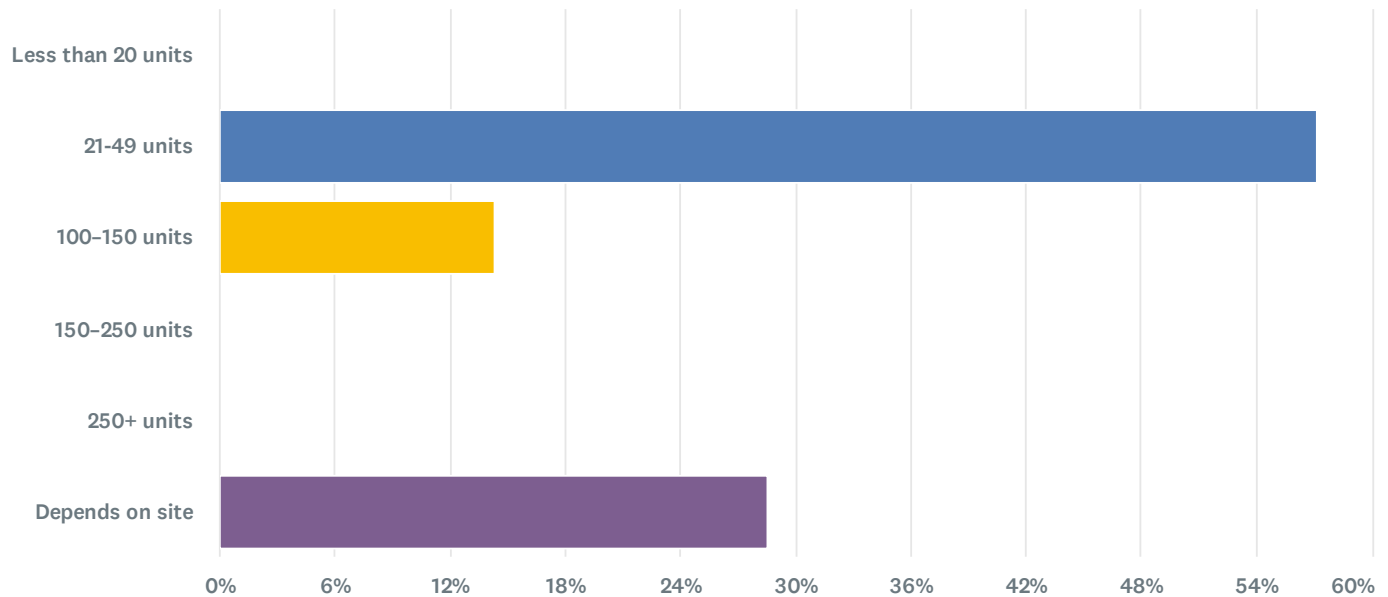
Answer Choices	Percentage	Responses
● Less than 1 acre (small infill opportunity)	14.29%	1
● 1-2 acres	28.57%	2
● 2-5 acres	14.29%	1
● 5+ acres	0%	0
● Depends on density/product type	42.86%	3
Total		7

#	COMMENTS:	DATE
1	we are a fully staffed development and acquisitions department with significant experience in HUD, LIHTC , HOME, PBV's and other soft financing capital stack structures. we also manage our entire portfolio through our non profit mgmt company of over 185 communities in 28 states representing 18000+ doors.	8/10/2026 5:54 PM
2	Minimum 0.5 acre site	8/6/2026 12:22 PM
3	State law now allows for significant density. We have been able to develop housing in excess of 100 units per acre with regularity. Generally speaking, we like projects in the 50+ unit range, but that depends on the funding available for a give project.	7/30/2026 5:56 PM



Q10 7 responses

What minimum unit count would generally be needed for your organization to pursue an SB 4 project in Costa Mesa?



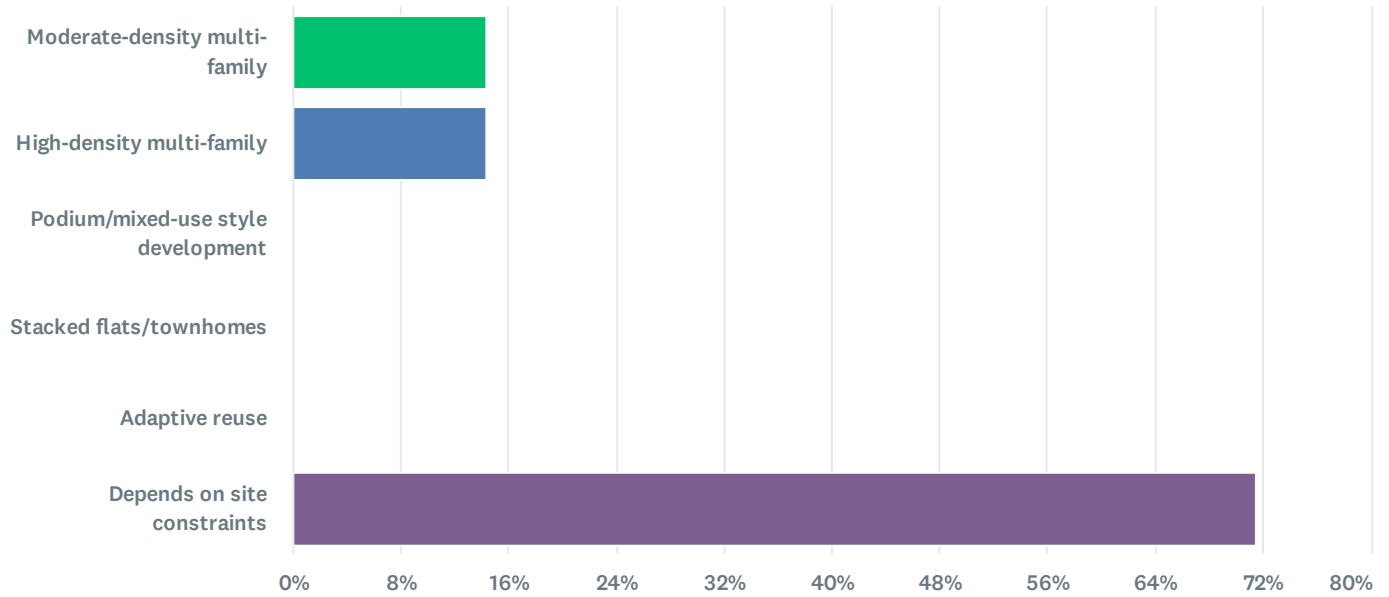
Answer Choices	Percentage	Responses
● Less than 20 units	0%	0
● 21-49 units	57.14%	4
● 100-150 units	14.29%	1
● 150-250 units	0%	0
● 250+ units	0%	0
● Depends on site	28.57%	2
Total		7

#	COMMENTS:	DATE
1	TCAC scoring leans towards 50-80 units depending on 9% or 4% structure	8/10/2026 5:54 PM
2	Projects of 50+ units generally make the most sense.	7/30/2026 5:56 PM



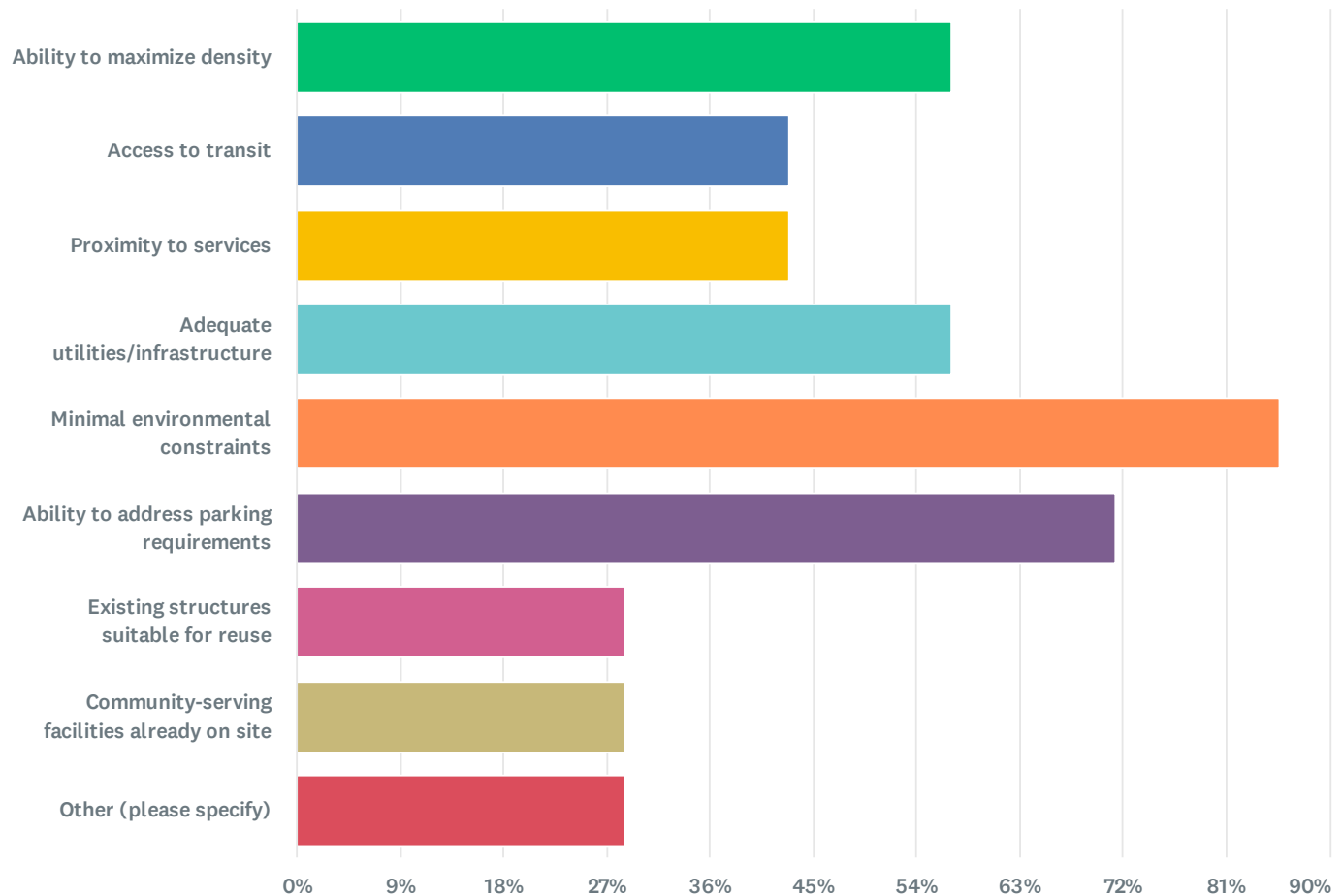
Q11 7 responses

What density or development intensity would your organization typically evaluate?



Q12 7 responses

What site conditions are most important for feasibility? (Check all that apply)



Answer Choices	Percentage	Responses
● Ability to maximize density	57.14%	4
● Access to transit	42.86%	3
● Proximity to services	42.86%	3
● Adequate utilities/infrastructure	57.14%	4
● Minimal environmental constraints	85.71%	6
● Ability to address parking requirements	71.43%	5
● Existing structures suitable for reuse	28.57%	2
Total		31



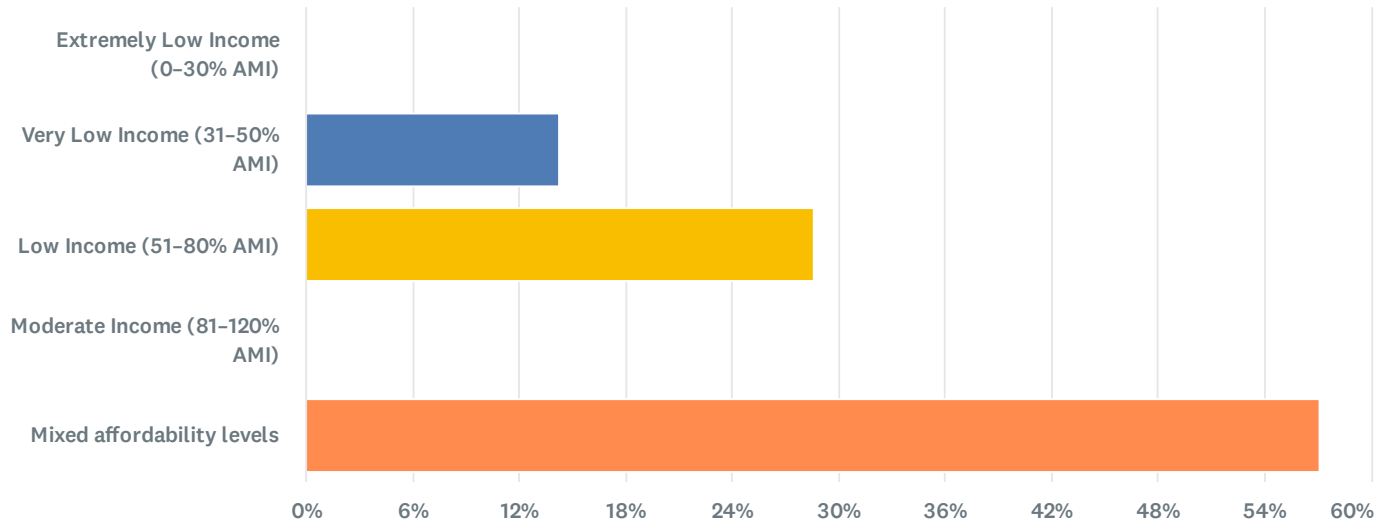
Answer Choices	Percentage	Responses
 Community-serving facilities already on site	28.57%	2
 Other (please specify)	28.57%	2
Total		31

#	OTHER (PLEASE SPECIFY)	DATE
1	Site must meet minimum CTCAC amenity scoring and is located in a federal Qualified Census Tract (QCT) and/or Difficult Development Area (DDA) and/or located in a state designated High Opportunity Area for financing	8/6/2026 12:22 PM
2	We are willing to consider affordable housing projects on a wide variety of sites. State law increasingly allows us to develop housing at varied densities and locations. It is important to have a site that does not require lengthy remediation or City approval processes. Sites work better when expensive site work or remediation is not necessary. Building expensive parking structures can also be problematic. State funders do not prioritize expensive parking as part of their funding consideration.	7/30/2026 5:56 PM



Q13 7 responses

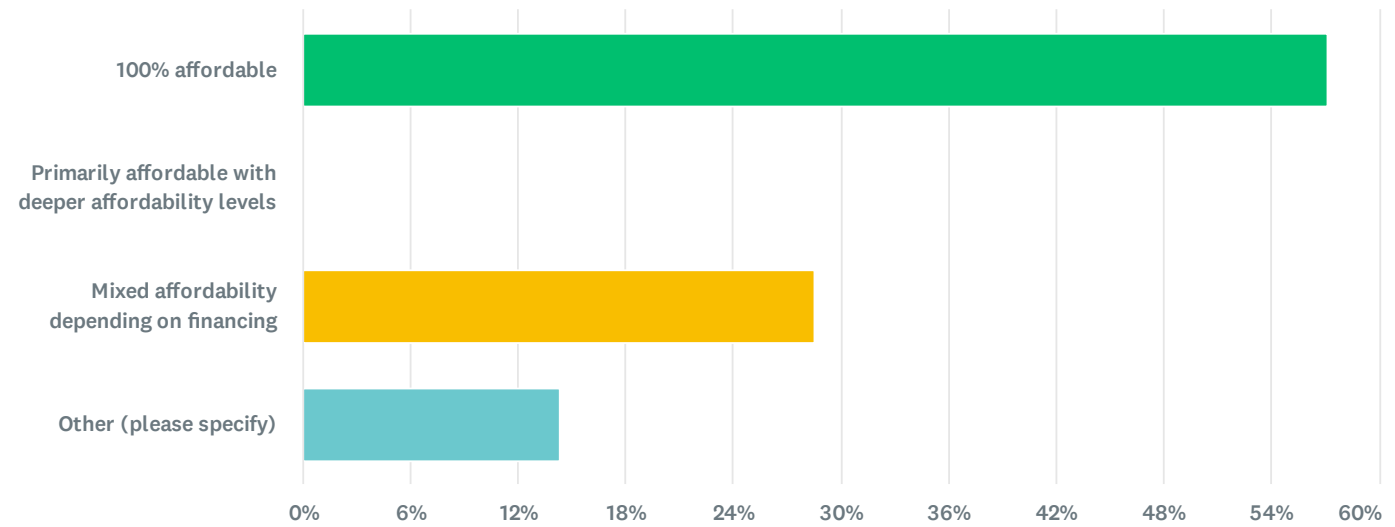
SB 4 projects include affordability requirements. What affordability levels does your organization typically pursue?





Q14 7 responses

What affordability mix would be feasible for a Costa Mesa SB 4 project?



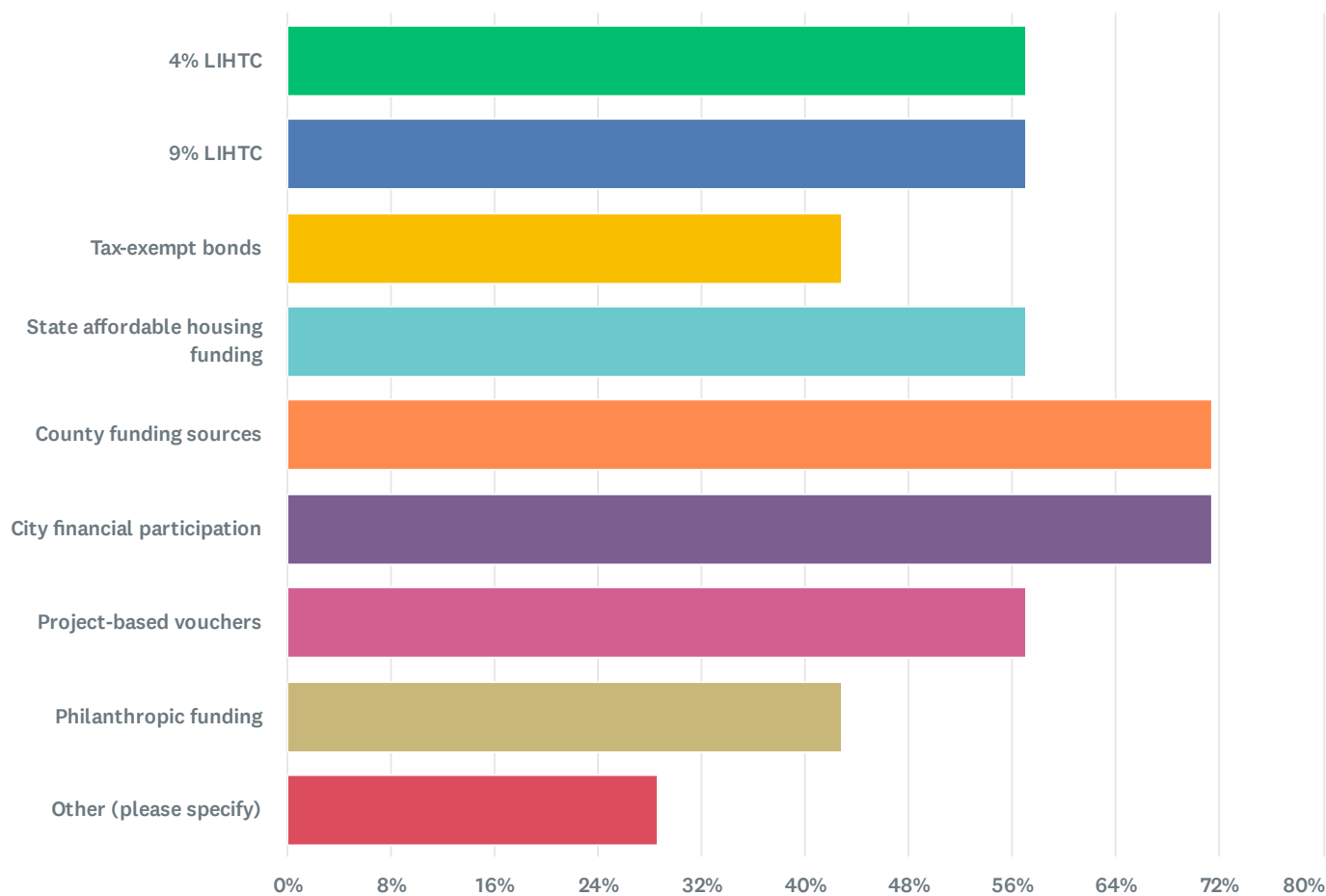
Answer Choices	Percentage	Responses
100% affordable	57.14%	4
Primarily affordable with deeper affordability levels	0%	0
Mixed affordability depending on financing	28.57%	2
Other (please specify)	14.29%	1
Total		7

#	OTHER (PLEASE SPECIFY)	DATE
1	majority of our portfolio is 100% affordable	8/10/2026 5:54 PM



Q15 7 responses

What financing tools would likely be needed to make these projects feasible? (Check all that apply)



Answer Choices	Percentage	Responses
4% LIHTC	57.14%	4
9% LIHTC	57.14%	4
Tax-exempt bonds	42.86%	3
State affordable housing funding	57.14%	4
County funding sources	71.43%	5
City financial participation	71.43%	5
Total		34



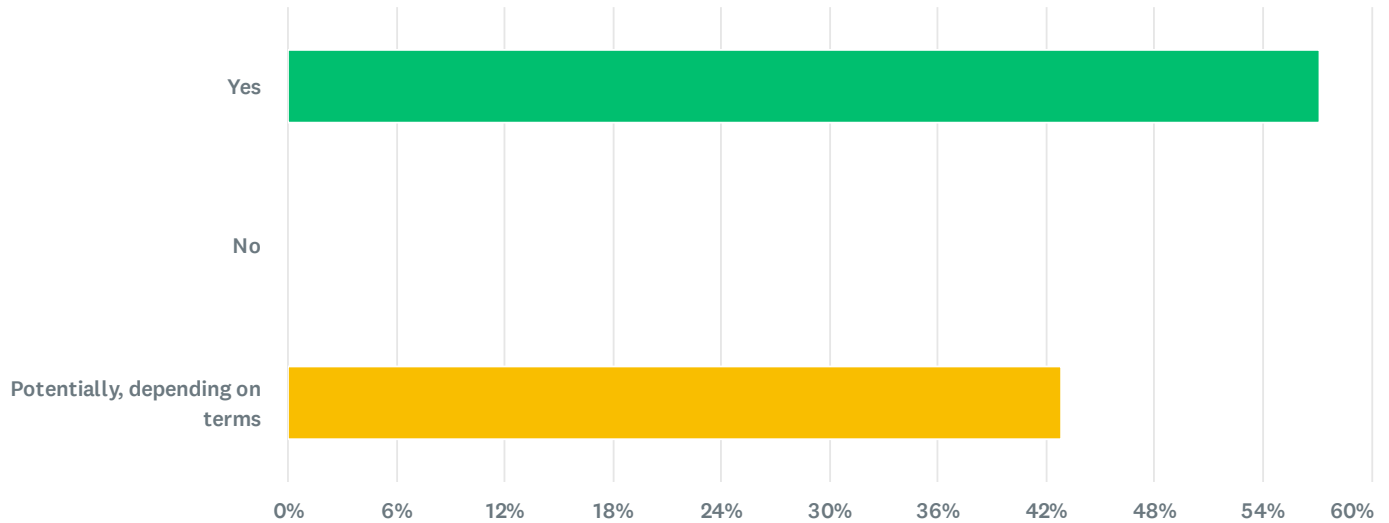
Answer Choices	Percentage	Responses
 Project-based vouchers	57.14%	4
 Philanthropic funding	42.86%	3
 Other (please specify)	28.57%	2
Total		34

#	OTHER (PLEASE SPECIFY)	DATE
1	New markets tax credits	8/17/2026 6:11 PM
2	All of the above financing are helpful. The given capital structure can vary based on the project specifics. Projects are always more feasible when local government participates in the capital stack.	7/30/2026 5:56 PM



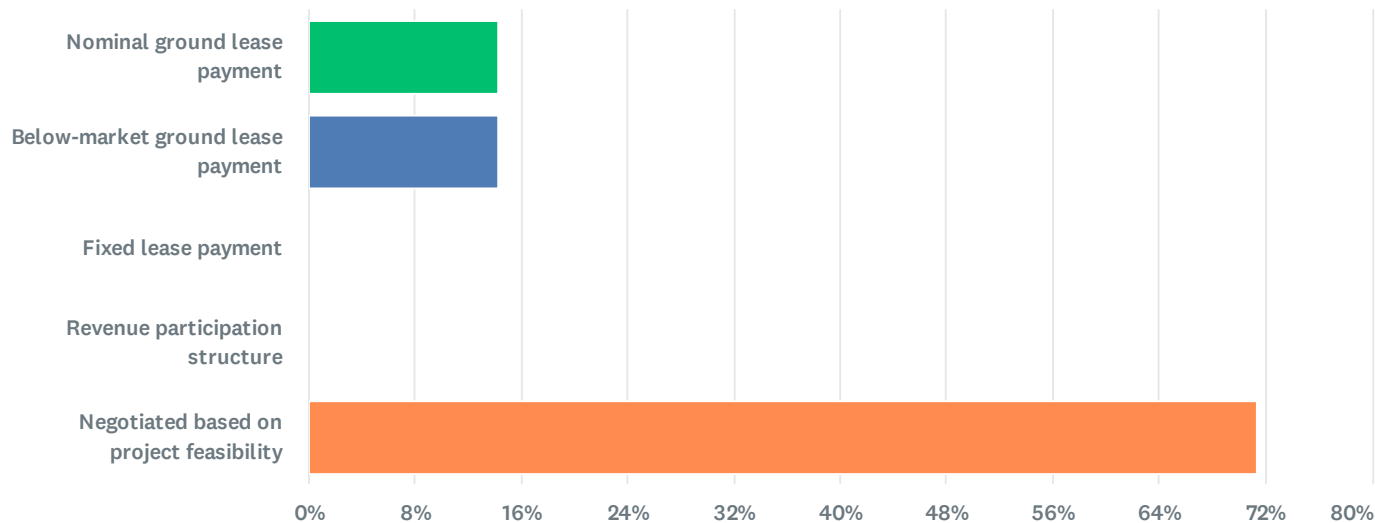
Q16 7 responses

Would your organization consider a structure where the faith-based organization retains ownership, and the developer operates under a long-term ground lease?



Q17 7 responses

What ground lease economics would generally be workable?



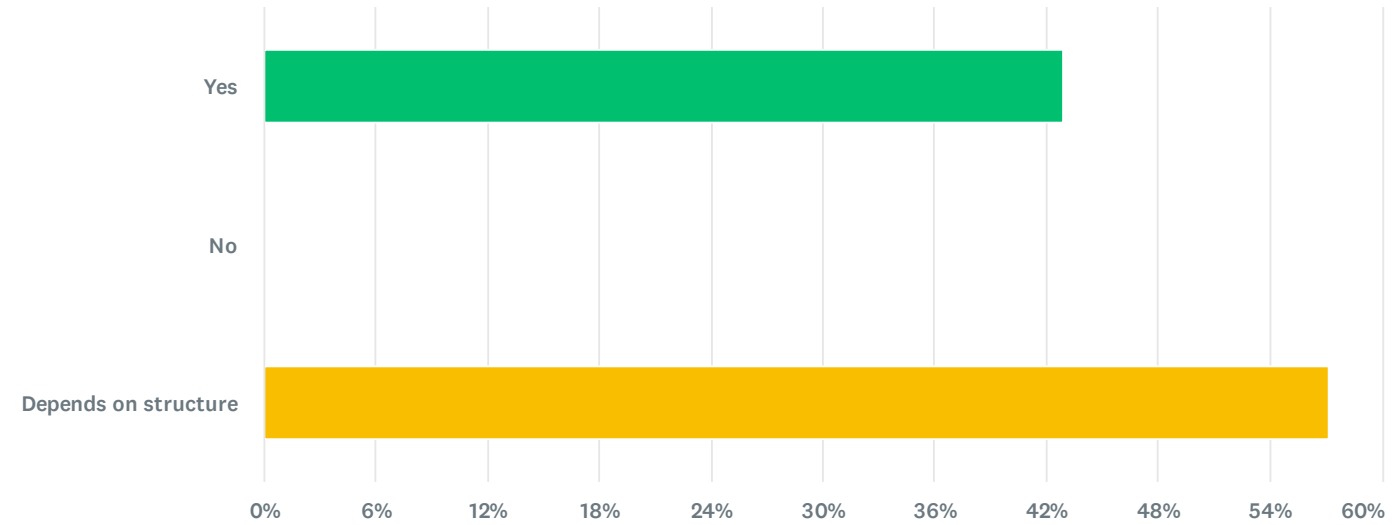
Answer Choices	Percentage	Responses
● Nominal ground lease payment	14.29%	1
● Below-market ground lease payment	14.29%	1
● Fixed lease payment	0%	0
● Revenue participation structure	0%	0
● Negotiated based on project feasibility	71.43%	5
Total		7

#	COMMENTS	DATE
1	every case is different	8/10/2026 5:54 PM
2	Depends-- some want up front payment, some really mission and don't want that payment	7/30/2026 6:10 PM
3	Typically we use a capitalized ground lease payment to fund the purchase of a long-term leasehold. Often the capitalized ground lease is the equivalent of the market value of the site. During the lease term, ground lease payments are typically \$ per year. This structure works best with State funding partners.	7/30/2026 5:56 PM



Q18 7 responses

Would your organization consider partnering with a faith-based organization that wants to maintain a long-term ownership interest and/or receive ongoing financial benefit from the project?



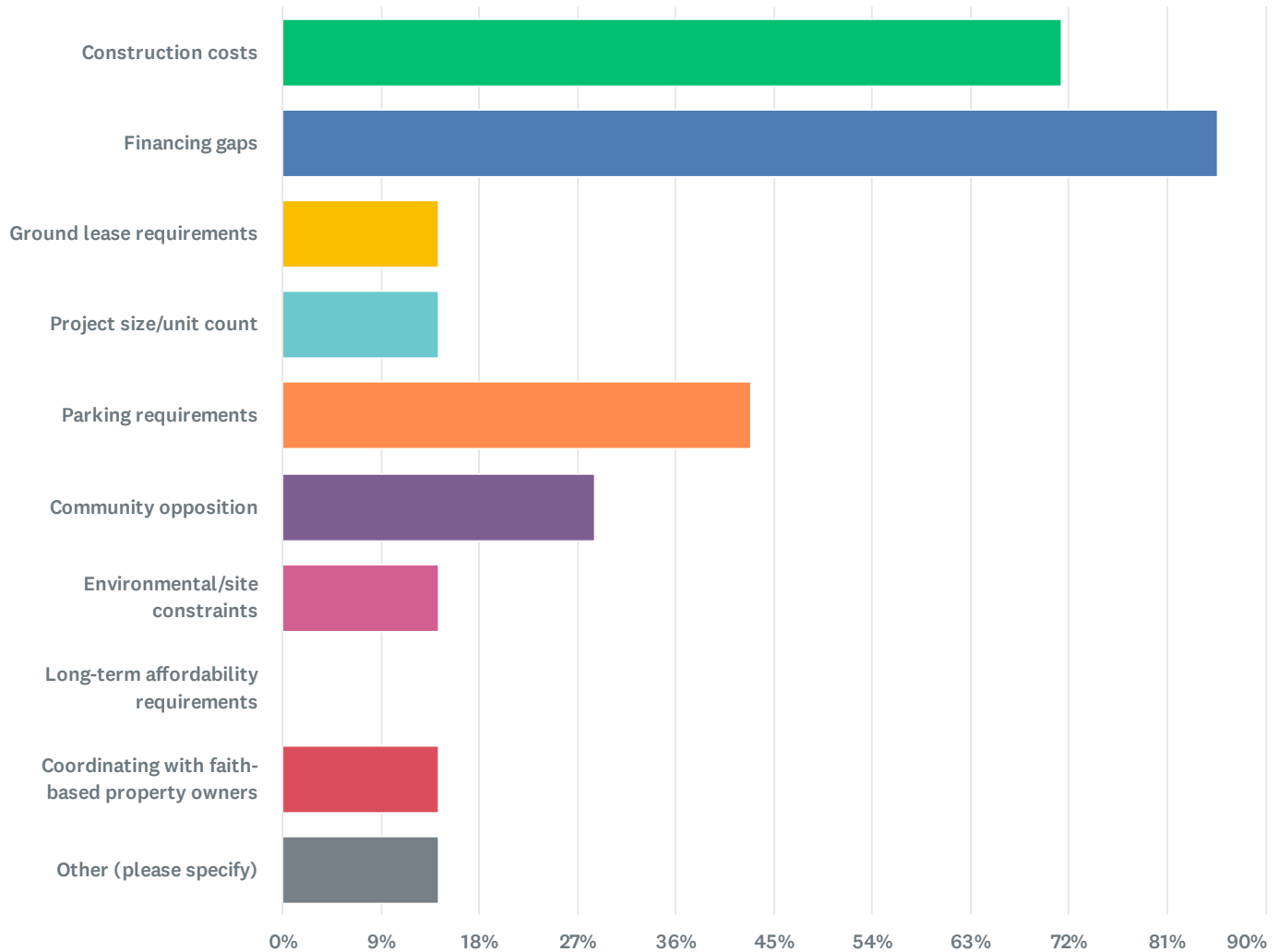
Answer Choices	Percentage	Responses
Yes	42.86%	3
No	0%	0
Depends on structure	57.14%	4
Total		7

#	COMMENTS	DATE
1	Making "hard" or substantial cash-flow based ground lease payments can be a challenge with other public funders.	7/30/2026 5:56 PM



Q19 7 responses

What are the biggest challenges to pursuing SB 4 projects in Costa Mesa? (Check all that apply)



Answer Choices	Percentage	Responses
● Construction costs	71.43%	5
● Financing gaps	85.71%	6
● Ground lease requirements	14.29%	1
● Project size/unit count	14.29%	1
● Parking requirements	42.86%	3
Total		21

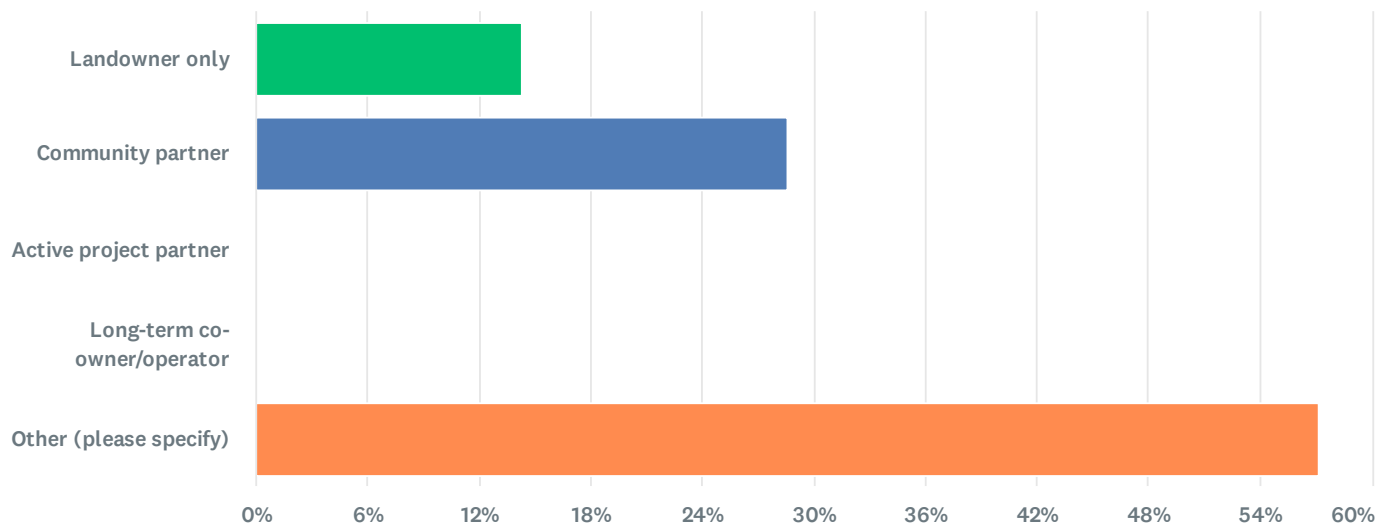


Answer Choices	Percentage	Responses
 Community opposition	28.57%	2
 Environmental/site constraints	14.29%	1
 Long-term affordability requirements	0%	0
 Coordinating with faith-based property owners	14.29%	1
 Other (please specify)	14.29%	1
Total		21

#	OTHER (PLEASE SPECIFY)	DATE
1	My perception is that the City of Costa Mesa, political stakeholders, and community interests are not prioritizing the development of affordable housing. A lack of local political will is the biggest concern. That lack of political will can manifest in unusual project requirements like very low density, high required parking, etc. State law generally allows for ministerial approval of SB4 projects. SB4 and State Density Bonus law allow for significant density and low parking requirements. However, local jurisdictions can fund a multitude of ways to slow projects down and increase costs.	7/30/2026 5:56 PM

Q20 7 responses

What level of involvement would you prefer from the faith-based property owner?



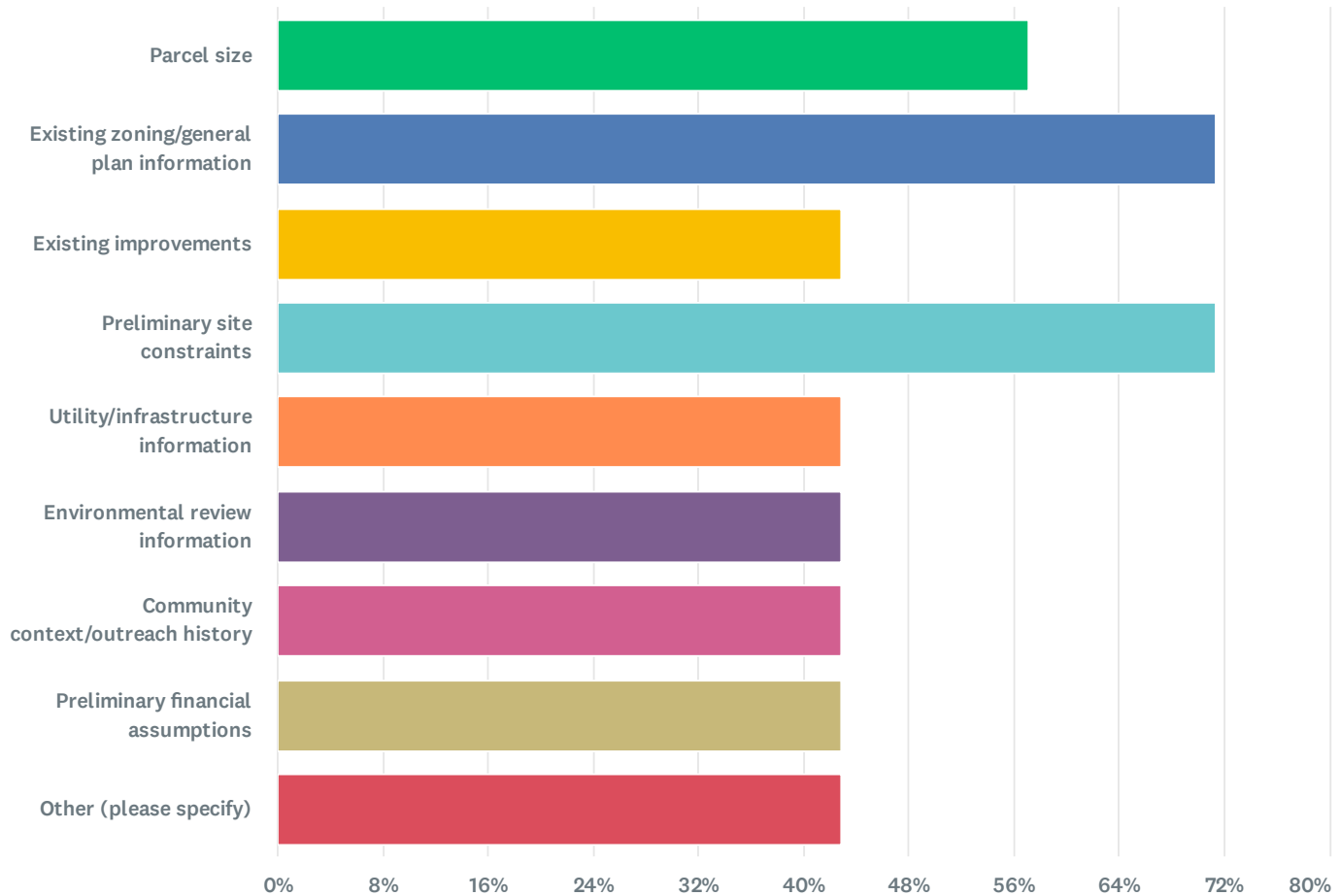
Answer Choices	Percentage	Responses
Landowner only	14.29%	1
Community partner	28.57%	2
Active project partner	0%	0
Long-term co-owner/operator	0%	0
Other (please specify)	57.14%	4
Total		7

#	OTHER (PLEASE SPECIFY)	DATE
1	Role as seller of property	8/17/2026 6:11 PM
2	is not tied to a specific vision of partnership.	8/17/2026 2:47 PM
3	we are both flexible and creative in our approach to create win win outcomes	8/10/2026 5:54 PM
4	We have built projects with faith-based and other nonprofit partners that includes all of the above levels of participation.	7/30/2026 5:56 PM



Q21 7 responses

What information would you need from a potential Costa Mesa faith-based site before determining feasibility? (Check all that apply)



Answer Choices	Percentage	Responses
● Parcel size	57.14%	4
● Existing zoning/general plan information	71.43%	5
● Existing improvements	42.86%	3
● Preliminary site constraints	71.43%	5
● Utility/infrastructure information	42.86%	3
● Environmental review information	42.86%	3
Total		32



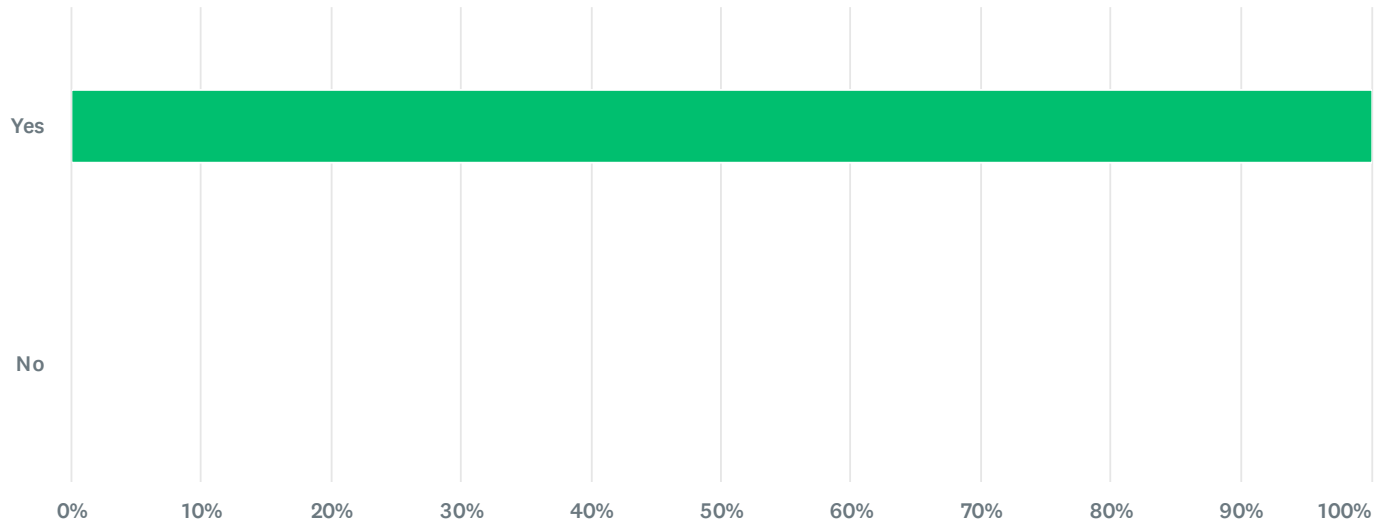
Answer Choices	Percentage	Responses
 Community context/outreach history	42.86%	3
 Preliminary financial assumptions	42.86%	3
 Other (please specify)	42.86%	3
Total		32

#	OTHER (PLEASE SPECIFY)	DATE
1	landowners wants & needs	8/10/2026 5:54 PM
2	APN or Address; if existing buildings and operations onsite, what area is considered developable and what buildings may be demolished, etc.	8/6/2026 12:22 PM
3	These items are all a good start. A gauge of the local political support would also be important.	7/30/2026 5:56 PM



Q22 7 responses

Would your organization like to be contacted regarding potential SB 4 faith-based housing opportunities in Costa Mesa?





Q23 Additional comments or recommendations regarding SB 4 opportunities in Costa Mesa:

Answered: 7 Skipped: 0

#	RESPONSES	DATE
1	A convening with religious or educational institutions and nonprofit developers to connect and explore partnership opportunities.	8/17/2026 6:11 PM
2	The affordable housing finance landscape is largely dependent on the passage of Prop 1 this November. Without State gap funding sources, the burden of filling gaps will fall on localities. Generally, SB4 deals work better when the church's primary motivation is mission. Often, churches seeking a massive cash infusion are disappointed when the financing picture becomes clearer.	8/17/2026 2:47 PM
3	 MRED, VP Acquisition & Development 	8/10/2026 5:54 PM
4	I would like to learn more about SB4, its rules and its procedures. Thank you	8/9/2026 8:51 AM
5	We are happy to give tours of our faith-based partnership affordable housing communities!	8/6/2026 12:22 PM
6	none	7/30/2026 6:10 PM
7	N/A	7/30/2026 5:56 PM