



**CITY OF PACIFIC GROVE**  
300 Forest Avenue, Pacific Grove, California 93950

**AGENDA REPORT**

**TO:** Honorable Mayor and Members of the City Council  
**FROM:** Terri C. Schaeffer, Housing Program Coordinator  
**MEETING DATE:** November 2, 2016  
**SUBJECT:** Housing Monitoring Report  
**CEQA:** Does not constitute a "Project" under California Environmental Quality Act (CEQA) Guidelines Section 15378

**RECOMMENDATION**

Receive the report.

**DISCUSSION**

Each year, the City's Housing Division conducts monitoring of residential properties in the City that have received Planning approvals for projects involving the creation of second units on single family dwelling sites, or are affordable housing units established by other development incentives. Staff also monitors properties funded by the Housing Rehabilitation Loan Program. Housing monitoring helps to assess the availability of affordable housing for low income households. Also, the purpose of the monitoring is to verify compliance with the terms and conditions related to the housing units created.

The monitoring process found that of the 61 approved Second Units in Pacific Grove, only 31 of those units are rented. The monitoring process reviewed the status of 21 approved affordable housing units on 13 properties in Pacific Grove. Four (4) of the 21 units are currently vacant and not being rented.

Please find attached the Housing Monitoring Report. It provides a summary of procedures and results of the monitoring program.

**FISCAL IMPACT**

There is no fiscal impact associated with the receipt of this report.

**ATTACHMENT**

1. 2016 Housing Monitoring Report

RESPECTFULLY SUBMITTED,



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Terri C. Schaeffer  
Housing Program Coordinator

REVIEWED BY,



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Ben Harvey  
City Manager



## City of Pacific Grove HOUSING MONITORING PROGRAM REPORT (2015-2016)

The Housing Monitoring Program reports on the availability of affordable housing in the City of Pacific Grove through an annual review of a segment of private residential housing units. The data gathered is also reported in the City's Housing Element. City ordinances and policies over time have contributed to the availability of affordable housing on behalf of senior citizens, disabled individuals and low income homeowners with fixed incomes.

The Housing Division monitors affordable housing units through the initial selection of tenants; updating annual changes in tenant income and rent increases; and certifying new tenants throughout the year as requested. These rental units are approved second units, affordable units and registered (defined below<sup>1</sup>).

Some but not all second units (often referred to as granny units or auxiliary units) are deed-restricted. Some were established or identified at different times, and several have been developed through a use permit or variance. The current code requires that newly developed second units are deed restricted, and that ordinance took effect in 2003. Those second "granny" or "auxiliary" units built before 2003 were developed legally and have a variety of approvals and conditions. A "second unit" refers to any attached or detached dwelling unit on the same parcel as a single family dwelling unit in a residential zone. The new law signed by Governor Brown SB 1069 changes the landscape for local developers of second units or as now known as "Accessory Dwelling Units".

Property owners with outstanding Housing Rehabilitation loans (HRLP) are included as affordable and are monitored based on state requirements. Property ownership is verified through the County Assessor's office. Homeowners under the HRLP complete owner occupancy certification forms and supply proof of residency by submitting copies of utility bills. Current home owner insurance policy statements and current property tax bills are also verified.

For rental unit monitoring, self-certification forms are completed by property owners to certify that they occupy the property. Some property owners are also required to provide tenant occupancy information. Property owners failing to provide owner occupancy certification, or any other information requested base on a governing program ordinance or policy are further investigated.

**Results.** There are sixty one secondary housing units. Of these approved second units, Group One includes thirty nine properties, Group Two includes nine properties, and Group Three includes thirteen properties. Twenty two secondary housing units are affordable units. However fifty percent of the secondary units are vacant or not rented at the time of this report.

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<sup>1</sup> Second units – Rental units subordinate to single-family dwellings; Affordable and Registered units - Rental units associated with residential properties and are approved/registered affordable units can be multifamily or mixed use dwellings in addition to single family dwellings; established with a conditional use permit or Deed restriction.

**Second Unit Owner Occupancy Requirement.** Thirty nine Group 1 property owners occupy either the main house or the secondary housing unit, as a second or primary home. Eight Group 2 properties meet the owner occupancy requirement and thirteen Group 3 properties meet the owner occupancy requirement. (See Table 1)

**Table 1 - Second Units**

Occupancy Requirements - Binding Ordinance or Code	Number of Approved Second Units	Owner lives at/or uses Property	2 <sup>nd</sup> Housing Unit Rented
Pre Ord. 1848 (Prior to 1992) Group 1	<b>39</b>	<b>37</b>	<b>18</b>
Ord. 1848 (1992- 2003) Group 2	<b>9</b>	<b>9</b>	<b>6</b>
Ord. 03-08 (2003 present) Group 3	<b>13</b>	<b>13</b>	<b>7</b>
<b>Total</b>	<b>61</b>	<b>59</b>	<b>31</b>

**Second Unit Rental Requirements.** Twenty two property owners are required to provide tenant rental information. Thirteen owners provide rental housing to moderate-income, low-income, senior and or disabled tenants. Thirty property owners indicated that their second units are vacant or they use the unit for personal use and do not charge rent.

**Affordable Rental Units.** Thirteen properties throughout the City comprise twenty one affordable housing units. Of the twenty one units, eleven are studio units and ten one-bedroom units. These properties are monitored for Annual rent increase limits, and Tenant Income eligibility requirements. All prospective tenants must be income-certified by the City’s Housing Division before occupancy of an affordable unit. In the 2016 monitoring period sixteen units were rented to a total of seventeen tenants. Four affordable units are confirmed as vacant; one unit used for family member only. Two of the vacant units are located at Forest Hill Manor. (See Table 2)

**Table 2 - Affordable Units**

	Type of Unit	Income Level Served and General Location of Unit	Current Rent/Month	Household Size
1	Studio	Low Income-1100 Blk Lighthouse Ave	\$800	1
2	Studio	Low Income-1100 Blk Lighthouse Ave	\$865	1
3	Studio	Low Income-1100 Blk Lighthouse Ave	\$850	1
4	Studio	Low Income-1100 Blk Lighthouse Ave	\$850	2
5	Studio	Low Income-1100 Blk Lighthouse Ave	\$825	1
6	Studio	Low Income-1100 Blk Lighthouse Ave	\$900	1
7	<b>Studio</b>	<b>Very Low Income-400 Blk Lighthouse Ave</b>	<b>0</b>	<b>Vacant</b>
8	<b>Studio</b>	<b>Low Income-500 Blk Gibson Ave</b>	<b>0</b>	<b>Vacant</b>
9	<b>Studio</b>	<b>Low Income-500 Blk Gibson Ave</b>	<b>0</b>	<b>Vacant</b>
10	Studio	Very Low Income-800 Blk 19 <sup>th</sup> St	\$725	1
11	Studio	Very Low Income-900 Blk Cedar St	\$666	1
12	1 BR	Very Low Income-100 Blk Pine Ave	Section 8	1
13	1 BR	Very Low Income-100 18 <sup>th</sup> St	\$694	1
14	1 BR	Moderate Income-500 Blk Pine Ave	\$1,015	1
15	1 BR	Moderate Income-500 Blk Pine Ave	\$1,015	1
16	1 BR	Low Income-500 Blk Pine Ave	\$1,015	1
17	<b>1 BR</b>	<b>Low Income-100 Blk Evans</b>	<b>0</b>	<b>Vacant</b>
18	1 BR	Lower income-100 Blk 15 <sup>th</sup> St	\$800	1
19	1 BR	Lower Income-100 Blk 14 <sup>th</sup> St	\$794	1
20	1 BR	Very Low Income-1000 Blk Funston Ave	\$750	1
21	<b>1 BR</b>	<b>Moderate Income-400 Blk Central Ave</b>	<b>0</b>	<b>Family</b>

The monitoring fees collected in 2016 totaled \$3,809.00 and have been deposited into the Housing Program Fund.

The Vista Point Complex, located 650 Jewell Avenue provides 48 affordable units for seniors (62 years and older), plus a unit for an on-site custodian or property manager. These 48 apartments provide:

- 42 units at 50% of the area median income (AMI)
- 6 units at 60% of AMI
- 1 unit at 80% of AMI

The management of the Vista Point Apartments has been transferred to Eden Housing of Hayward, California. (<http://www.edenhousing.org/property/vista-point-apartments>) Eden Housing has been developing and managing affordable housing projects in the Bay Area for 45 years. When South County Housing of Gilroy decided to relinquish the management of its rental projects, the City was fortunate that Eden Housing agreed to acquire Vista Point.

City staff toured the complex in September 2016, led by a local Eden Housing Property Manager, Brian Gordon. He shared specific information about the waiting list and the vacancy rate for the complex. In 2015 there were five vacancies, and the waiting list was “purged” in August 2015 to fill the vacancies. The current waiting list includes 196 interested tenants. No new applicants have been added to the waiting list since August of 2014. The waiting list still remains at approximately a 5-6 year wait. Interested applicants can contact Eden Housing or the Vista Point on-site manager (831-655-3883) for information about the waiting list.

The current occupancy of the existing units is as follows:

- 8 Studio Units                      8 occupants
- 33 One Bedroom Units            33 occupants
- 7 Two Bedroom Units            10 occupants

Staff will continue to provide information about the project to the public and will provide announcements and updates regarding the application process as they occur.

**Homeowners.** Monitored HRLP properties are those with outstanding loans owed to the City. In all cases, the borrower must continue to occupy the property or the loan must be repaid. Additionally, the borrower must maintain current active homeowners insurance and must be current in property tax payments. The housing staff monitors homeowner compliance annually. In 2015-2016, seven projects received housing rehabilitation loans. Two projects were emergency loans. Five projects were started in 2015 and will be completed before the end of 2016. A total of \$546,840 was loaned from February 2015 through June 2016. The City also received the return of \$166,200 in loans repaid in 2016. Currently, thirty properties in the City have outstanding loan payable to the City; a total amount of \$2,087,327 invested.

**Other Rental Issues.** In 2002, a City survey estimated there to be 350-400 illegal dwelling units. Four of the affordable units were registered after that study. Some units have been abated or permitted through the transfer of title a property sells. The Residential Zoning Records Report generated at the time a property is offered for sale triggers an on-site inspection by the Building Department. When unpermitted uses or unpermitted fixtures are identified, the property owner must address the discrepancy by obtaining proper approvals for existing use.

Since the passing of the Undocumented Unit Permitting Ordinance enacted in 2013 (PGMC § 23.64.360 Permitting of undocumented dwelling units) some property owners have brought those units up to code. In 2015, permits for 2 units were approved, 1 application was withdrawn and 1 application was denied after an appeal to the City Council. One permit application is pending in 2016 for a total of 5 permit applications. (See Table 3)

**Table 3 – Undocumented Unit Permit Applications Processed**

Start Date	Location	Type	Resolve Date	Note
3/3/16	18 <sup>th</sup> St 100 block	Above garage		Pending
10/27/15	17 Mile Drive 200 block	Detached unit	1/14/16	Denied
9/22/15	Lighthouse Ave 900 block	Attached unit	9/25/15	Approved
9/15/15	7 <sup>th</sup> Street 400 block	Detached unit		Applicant withdrew
6/18/15	Hillcrest Ave 300 block	Detached unit	11/2/15	Approved

Staff continues to explore ways to monitor the rental market to insure tenants live in safe, habitable units and that landlord tenant issues don't negatively impact residential neighborhoods.

In an effort to address affordable housing concerns, staff will look at the new law signed by Governor Brown (SB 1069) which limits Pacific Grove's ability to reject "granny" units. The Bill increases the allowable size of accessory units to 50 percent of a lot's primary dwelling when attached to the existing residence. The legislation also streamlines permitting deadlines (by 30 days), eliminates some water and sewer fees, and limits Pacific Grove's ability to impose parking standards on accessory dwellings if they are near a bus stop. The legislation wouldn't change a local government's ability to regulate lot size. Currently, the City of Pacific Grove requires that new secondary units provide one off-street parking space and meet all setbacks. This legislation would remove some of those requirements.

### **CONCLUSION**

The Housing Monitoring Program continues to account for the City's affordable housing stock in the review of occupancy requirements of all 74 properties (a total of 82 rental units) and 30 HRLP properties. Housing Division staff field calls throughout the year from citizens looking for affordable housing in the City of Pacific Grove and asking for information and referral on rental housing problems. Staff also provides tenant income certifications for affordable units as those units turnover.

### **Attachment:**

A – 2016 Income Guidelines for Housing Programs



**City of Pacific Grove**  
**COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**HOUSING DIVISION**  
**300 Forest Avenue, Pacific Grove CA 93950**  
**Email:tschaeffer@cityofpacificgrove.org, Phone: (831) 648-3199**

**MEMORANDUM**

TO: Mayor and City Council, Planning Commission  
 FROM: Housing Division  
 DATE: July 5, 2016  
 SUBJECT: **2016 INCOME GUIDELINES FOR HOUSING PROGRAMS**

The following table shows up to date HUD guidelines for determining income levels in Pacific Grove effective June 6, 2016. Income levels are used to define eligibility for City housing programs. These figures will be used until updated by HUD in 2017.

Note: AMI = Area Median Income (Monterey County) (Median and Moderate levels are based on 5 year estimates from American Survey and is same as last year.)

HOUSEHOLD SIZE	1	2	3	4	5	6
<u>EXTREMELY LOW</u> (30% AMI)						
<b>Annual</b>	<b>16,000</b>	<b>18,300</b>	<b>20,600</b>	<b>22,850</b>	<b>24,700</b>	<b>26,550</b>
Monthly	1,333	1,525	1,717	1,904	2,058	2,213
30% of Monthly	400	458	515	571	618	664
<u>VERY LOW INCOME</u> (50% AMI)						
<b>Annual</b>	<b>26,650</b>	<b>30,450</b>	<b>34,250</b>	<b>38,050</b>	<b>41,100</b>	<b>44,150</b>
Monthly	2,221	2,538	2,854	3,171	3,425	3,679
30% of Monthly	666	761	856	951	1,028	1,104
<u>LOWER INCOME</u> (60% AMI)						
<b>Annual</b>	<b>31,980</b>	<b>36,540</b>	<b>41,100</b>	<b>45,660</b>	<b>49,320</b>	<b>52,980</b>
Monthly	2,665	3,045	3,425	3,805	4,110	4,415
30% of Monthly	800	914	1,028	1,142	1,233	1,325
<u>LOW INCOME</u> (80% AMI)						
<b>Annual</b>	<b>42,650</b>	<b>48,750</b>	<b>54,850</b>	<b>60,900</b>	<b>65,800</b>	<b>70,650</b>
Monthly	3,554	4,063	4,571	5,075	5,483	5,888
30% of Monthly	1,066	1,219	1,371	1,523	1,645	1,766
<u>AREA MEDIAN INCOME</u> (100%)						
<b>Annual</b>	<b>48,100</b>	<b>54,950</b>	<b>61,850</b>	<b>68,700</b>	<b>74,200</b>	<b>79,700</b>
Monthly	4,008	4,579	5,154	5,725	6,183	6,642
30% of Monthly	1,203	1,374	1,546	1,718	1,855	1,993
<u>MODERATE</u> (120% AMI)						
<b>Annual</b>	<b>57,700</b>	<b>65,950</b>	<b>74,200</b>	<b>82,450</b>	<b>89,050</b>	<b>95,650</b>
Monthly	4,808	5,496	6,183	6,871	7,421	7,971
30% of Monthly	1,443	1,649	1,855	2,061	2,226	2,391

cc: City Manager, Finance, CEDD Staff