



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: March 16, 2016
SUBJECT: 2015-2023 Housing Element Update
CEQA: An Addendum to the Negative Declaration adopted for the 2011 Housing Element has been prepared pursuant to CEQA Guidelines Sec. 15162 and 15164

RECOMMENDATION

Hold a public hearing to consider final adoption of the Negative Declaration Addendum and the 2015-2023 Housing Element.

DISCUSSION

The City's current Housing Element was adopted in 2011 and covers the 2009-2014 planning period. State law requires jurisdictions within the Association of Monterey Bay Area Governments ("AMBAG") region to adopt an update to the Housing Element for the 2015-2023 planning period.

Pursuant to state law, draft Housing Elements must be submitted to HCD for review prior to adoption. The state legislature has granted HCD the authority to promulgate detailed guidelines for the preparation of Housing Elements, and also to issue opinions regarding whether local Housing Elements substantially comply with the requirements of state law. A finding of substantial compliance by HCD is referred to as "certification" of the Housing Element. Certification is important for maximizing the City's eligibility for grant funds as well as supporting the City's land use regulatory authority.

Public workshops regarding the Housing Element update were held by the Planning Commission on November 5, 2015 and the City Council on January 6, 2016. The draft Housing Element was revised in response to comments from the public, the Planning Commission and the City Council, and was then submitted to HCD for review. During the 60-day review period, HCD raised a number of verbal questions and suggestions, and revisions to the draft Housing Element were submitted to address those concerns as discussed below. The revised draft Housing Element reflecting the revisions made in response to HCD's informal comments is attached to the draft Resolution (Attachment 1). On or about March 11, 2016, the City anticipates that HCD will issue a letter finding that the draft Housing Element meets the requirements of state law. A copy of the letter is Attachment 2.

Revisions to Address HCD Comments

During the 60-day period HCD raised several informal questions and suggestions, and revisions were made to address those concerns. Nearly all of those revisions consisted of clarification of

existing conditions, policies, programs and regulations. One new program was added (Program 3.4.c) to address an existing requirement of state law requiring cities to allow mobile homes and manufactured housing in any zone where single-family housing is permitted. This program is required in order to ensure certification of the Housing Element.

Subsequent to the Planning Commission hearing, HCD requested additional changes to the draft Housing Element. Most of those additional changes consisted of further clarifications to the timing of implementation actions. However, a change to Program 3.3.c was requested to amend the Zoning Code to eliminate the Use Permit requirement for multi-family projects larger than seven units in the R-3 and R-4 zones. If this Zoning Code amendment is approved, all multi-family projects in the R-3 and R-4 zones would continue to be reviewed by the Architectural Review Board at a public hearing, but Planning Commission review would not be required for larger projects except on appeal. The Housing Element has been revised to include a commitment to initiate a Zoning Code amendment, which would require subsequent review and public hearings by the Planning Commission and City Council.

Planning Commission Recommendation

On March 3, 2016 the Planning Commission conducted a public hearing to review the draft Housing Element. No public comments were offered on this item at the hearing. At the conclusion of the discussion the Planning Commission approved by 6-0 vote (Chair Frederickson absent) a resolution (Attachment 3) recommending City Council adoption of the Housing Element and CEQA Addendum.

CEQA COMPLIANCE

An Initial Study/Negative Declaration ("IS/ND") was adopted by the City Council on May 18, 2011 for the 2009-2014 Housing Element update. That IS/ND concluded that the Housing Element would not result in a significant impact on the environment. The Draft 2015-2023 Housing Element update does not propose substantial changes to City policies or development regulations that would result in new significant environmental impacts or a substantial increase in the severity of impacts analyzed in the previous IS/ND, therefore an Addendum has been prepared pursuant to CEQA Guidelines Sections 15162 and 15164. (Attachment 4) No public comments have been received regarding the Addendum.

NEXT STEPS

Following City Council action, the adopted Housing Element must be submitted to HCD for final review and certification. HCD is allowed 90 days for its review of adopted Housing Elements.

ATTACHMENTS

1. Draft City Council Resolution (with draft 2015-2023 Housing Element)
2. Letter from HCD
3. Planning Commission Resolution
4. CEQA Addendum

RESPECTFULLY SUBMITTED:



Terri C. Schaeffer, Housing Program Coordinator

REVIEWED BY:

Ben Harvey

Interim City Manager

RESOLUTION NO. 16-___

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE (1) ADOPTING AN ADDENDUM TO THE NEGATIVE DECLARATION FOR THE 2011 HOUSING ELEMENT, AND (2) ADOPTING THE 2015-2023 HOUSING ELEMENT UPDATE OF THE GENERAL PLAN

FINDINGS

1. State law requires each jurisdiction in California to adopt a General Plan, which includes a Housing Element; and
2. Each jurisdiction within Monterey County is required by state law to prepare an update to its Housing Element for the 2015-2023 planning period; and
3. On November 5, 2015 the Planning Commission conducted a study session regarding the 2015-2023 Housing Element; and
4. On January 6, 2016 the City Council conducted a study session regarding the 2015-2023 Housing Element; and
5. In compliance with Section 65585 of the California Government Code, a Draft Housing Element was transmitted to the California Department of Housing and Community Development (“HCD”) for review; and
6. On March 10, 2016 HCD issued a letter finding that the Draft Housing Element meets the requirements of state law; and
7. Pursuant to Government Code Sec. 65585, the City Council has considered the comments of HCD and finds that the Draft Housing Element complies with the requirements of state law; and
8. An Addendum to the Negative Declaration adopted for the 2011 Housing Element has been prepared in compliance with the California Environmental Quality Act (“CEQA”); and
9. On March 3, 2016 the Planning Commission conducted a duly-noticed public hearing to considered the Negative Declaration Addendum and the Housing Element Update, at which time all interested persons were provided an opportunity to offer comments, and at the conclusion of the hearing the Planning Commission recommended City Council approval of the Negative Declaration Addendum and Housing Element; and
10. On March 16, 2016 the City Council conducted a duly-noticed public hearing to consider the Negative Declaration Addendum and the Housing Element Update, at which time all interested persons were provided an opportunity to offer comments.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE:

1. The Council determines that each of the Findings set forth above is true and correct, and by this reference incorporates those Findings as an integral part of this Resolution.
2. The Addendum to the Negative Declaration prepared for the 2011 Housing Element satisfies the requirements of CEQA for the 2015-2023 Housing Element and is hereby approved. There is no substantial evidence in the record that the 2015-2023 Housing Element would have a significant effect on the environment. The Addendum reflects the independent judgment of the City Council.
3. Pursuant to Section 23.84.060 of the Pacific Grove Municipal Code, the Council makes the following findings:
 - (i) The proposed amendment is internally consistent with all other provisions of the general plan. The 2015-2023 Housing Element and its implementation programs would not change any land use designations or amend any policy that would create an inconsistency with any other element of the general plan.
 - (ii) The proposed amendment would not be detrimental to the public interest, health, safety, convenience, or welfare of the city. The 2015-2023 Housing Element would facilitate the provision of adequate housing to meet the needs of all economic segments of the community as well as persons with disabilities or other special needs. Further, the Housing Element amendment would not change any policies or land use designations in such a manner that could be detrimental to the public interest, health, safety, convenience, or welfare of the city.
 - (iii) The site is physically suitable (including access, provision of utilities, compatibility with adjoining land uses, and absence of physical constraints) for the requested and anticipated land uses. The 2015-2023 Housing Element applies citywide and would not change the allowable land use for any particular property.
4. Based upon all of the facts and evidence provided in the staff report and other written and oral evidence presented at the public hearing, the 2015-2023 Housing Element is hereby approved as set forth in Attachment 1 to this Resolution, which by this reference is incorporated as if set forth in its entirety.
5. This Resolution shall become effective immediately following passage and adoption thereof.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE
this 16th day of March, 2016, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

BILL KAMPE, Mayor

ATTEST:

SANDRA KANDELL, Deputy City Clerk

APPROVED AS TO FORM:

DAVID C. LAREDO, City Attorney

City of Pacific Grove Housing Element 2015-2023



Draft | ~~March~~January 2016 |

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List of Acronyms

AB	Assembly Bill
AFY	Acre-Feet per Year
AMBAG	Association of Monterey Bay Area Governments
AMI	Area Median Income
Cal-Am	California-American Water Company
CARB	California Air Resources Board
CBC	California Building Code
CDBG	Community Development Block Grant
CDD	Pacific Grove Community Development Department
CEC	California Energy Commission
CEQA	California Environmental Quality Act
CHSP	Coalition of Homeless Service Providers in Monterey County
CPUC	California Public Utilities Commission
DoF	California Department of Finance
EDD	California Employment Development Department
HCD	California Department of Housing and Community Development
HRLP	Housing Rehabilitation Loan Program
HUD	Federal Department of Urban and Housing Development
IHURP	Illegal Housing Unit Registration Program
IRWMP	Integrated Regional Water Management Plan
LCP	Local Coastal Plan
LHAC	Local Homeless Assistance Committee
LUP	Land Use Plan
MC	Municipal Code
MGD	Million Gallons per Day
MPWMD	Monterey Peninsula Water Management District
MRWPCA	Monterey Regional Water Pollution Control Agency
PG&E	Pacific Gas & Electric
PGUSD	Pacific Grove Unified School District
PLSRLP	Private Lateral Sewer Replacement Loan Program
PUD	Planned Unit Development
RHNA	Regional Housing Needs Allocation
RHNAP	Regional Housing Needs Allocation Plan
SB	Senate Bill
SFH	Single-Family Home
SHBC	California State Historic Building Code
SWRCB	State Water Resources Control Board Order
TAMC	Transportation Agency of Monterey County
UP	Use Permit

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1. Executive Summary

The Housing Element is one of the seven mandated “Elements” of the City of Pacific Grove General Plan. It is the only element that is statutorily required to be updated on a prescribed schedule and submitted to the State of California Department of Housing and Community Development (HCD) for review. The planning period for this Housing Element is December 31, 2015 to December 31, 2023.

State Housing Element law, enacted in 1969, recognizes the vital role local governments play in the supply and affordability of housing. The law acknowledges that in order for the private market to adequately address housing needs and demand, local governments must adopt land use plans and regulatory systems which provide opportunities for, and do not unduly constrain, housing development. As a result, housing policy in the State rests largely upon the effective implementation of local general plans and, in particular, housing elements.

Housing Element law requires that each Housing Element include the following:

- Description of public participation in the update process;
- Review of accomplishments in achieving the goals, policies, and programs outlined in the previous Housing Element;
- An assessment of housing needs including affordability, the condition of the City’s housing stock, and special housing needs;
- An inventory of resources available for housing development and improvement and a review of governmental, non-governmental, and infrastructure constraints to housing development; and
- Goals, policies, and programs to address housing needs and improve housing conditions for the current planning period.

Meeting the above listed requirements and achieving a finding of compliance by HCD is essential in maximizing eligibility for State funding opportunities. In addition to demonstrating compliance with State law, the Housing Element update serves as an important opportunity to address identified needs and outline strategies to improve the quality of living environments in the City of Pacific Grove. Planning tools such as zoning regulations can encourage housing options that meet the needs and preferences of a diverse population.

1.1 Housing Needs, Opportunities, and Constraints

The City of Pacific Grove has experienced a small decline in population over the past 25 years (population was estimated at 15,388 as of 2015 compared to 16,117 in 1990). The size and composition of the City’s housing stock has also changed very little since 1990 with a net increase of about 270 units. The City is nearly built-out, with limited vacant land available for new housing development.

The limited supply of vacant land as well as the City’s desirable location, physical beauty, and unique character have contributed to steady demand and housing sales prices that are consistently among the highest in the state. High home prices, the number of second homes, and investment properties contribute to the high percentage of renter-occupied units, which was estimated at 53% according to recent Census reports.

Most of the City’s housing stock (over 90%) was built before 1979, thus there is an ongoing need to facilitate and assist in the rehabilitation and maintenance of homes in Pacific Grove to ensure that units

remain safe and attractive. A 2005 housing conditions survey found that approximately 17% of units were in need of some level of rehabilitation.

In addition to limited land resources, the City faces a number of challenges to providing affordable housing, including conserving natural resources and City character, balancing economic development with housing needs, and contracting housing and financial markets. However, the greatest obstacle to housing development is the lack of available water.

Since October 2009, California American Water, the water purveyor to the City of Pacific Grove, has been under a Cease and Desist Order from the State Water Resources Control Board, reducing the available water supply for the Monterey Peninsula, placing a moratorium on all new water connections, and further restricting pumping on the Carmel River from its previous 1990 Order. While the City is actively participating in the regional effort to develop an alternative water source, the lack of water is likely to be a constraint to housing production in the 2015-2023 planning period.

1.2 Regional Housing Needs Allocation

California law requires HCD to project statewide housing needs and allocate those needs to each regional government in the State. For Pacific Grove, the regional planning agency is the Association of Monterey Bay Area Governments (AMBAG). After consultation with the AMBAG, HCD provided the regional need to AMBAG, which then distributed the Regional Housing Needs Allocation (RHNA) to the counties and cities within the AMBAG region. AMBAG allocates housing production goals for each jurisdiction primarily based on their “fair-share” of the region’s population growth, which is outlined in the AMBAG 2014-2023 Regional Housing Needs Allocation Plan (RHNAP). Of the 10,430 total housing units allocated to AMBAG for this planning period, Pacific Grove has been allocated 115 units. One of the primary purposes of the Housing Element update is to demonstrate the City’s ability to accommodate residential development commensurate with the RHNA.

The projected housing needs in the RHNA are categorized by affordability based on standards for very-low-, low-, moderate-, and above-moderate-income households established by the U.S. Department of Housing and Urban Development (HUD) (*California Health and Safety Code* §50079.5). According to the 2014-2023 RHNAP, Pacific Grove must accommodate 28 very-low-income, 18 low-income, 21 moderate-income, and 48 above-moderate-income housing units. The intent of the breakdown between income categories is to encourage a full range of housing opportunities for households of all economic segments in each jurisdiction over time.

As outlined in Chapter 4, the City has adequate sites to accommodate its RHNA allocation based on units already constructed or approved, vacant land available for development, underutilized sites with potential for increased density or redevelopment, and the potential for additional second units. The focus of the adequate sites analysis is on appropriate zoning for a range of housing types and densities, and cities are not penalized if development does not meet the RHNA allocations due to circumstances beyond their control, such as insufficient water supplies.

1.3 Housing Strategy

The goals, policies, and programs listed in Chapter 3 outline the City’s approach to meeting identified housing needs for the current planning period. Policies and programs were developed based on accomplishments from the previous Housing Element, changes to State law, and input from members

of the public, committees, elected officials, and City Staff. Each program identifies the responsible department, timeframe for implementation, potential funding source, and, where appropriate, the number of housing units the City expects to add, rehabilitate, or preserve as a result of the program.

The previous Housing Element included a number of successful housing programs that have been continued for the current planning period. The City intends to continue to pursue funding to maintain, and if possible, expand the Housing Rehabilitation Loan Program, Emergency Home Repair Loan Program, and Rental Assistance Program. The City will also continue to explore funding options for programs to promote home ownership.

Current policies and programs continue to recognize the value of second units as a viable affordable housing source. To promote second unit development, the City intends to review the Second Unit Ordinance and make second unit construction more attractive to help address the needs of lower-income households.

Programs are also included to ensure that the Zoning Code complies with State housing law, including Density Bonus Law and Senate Bill 2, which addresses the need for emergency shelters and transitional/supportive housing. Other Zoning Code revisions would establish regulations for single-room occupancy units in appropriate zones, and allow flexibility in parking standards.

In addition, programs are included to facilitate affordable housing development, such as establishing a housing trust fund, an affordable housing overlay to incentivize affordable unit development in the Forest Hill Commercial District, and the preparation of a specific plan or master plan to identify opportunities and establish standards for additional housing in the downtown area.

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2. Introduction

2.1 Community Context

The City of Pacific Grove (“Pacific Grove” or “the City”) is a coastal community located on the Monterey Peninsula in Monterey County, California. The City was established in the late 1800s as a Methodist Retreat Center and incorporated in 1889. Pacific Grove is characterized by the historic downtown and residential neighborhoods and dramatic ocean views. The City covers 2.8 square miles and is bounded by Pebble Beach to the southwest, Monterey to the southeast, Monterey Bay to the northeast, and the Pacific Ocean to the northwest. Pacific Grove is located approximately 15 miles to the southwest of Salinas and 50 miles to the southwest of San Jose (see Figure 2-1).

Figure 2-1 Pacific Grove Location Map



2.2 Public Participation

According to State law, local jurisdictions must “make a diligent effort to achieve public participation of all economic segments of the community in the development of the housing element, and the program shall describe this effort” (*California Government Code* §65583(c)). Active community participation throughout the update process contributes to a Housing Element that is a more thorough and accurate representation of the City’s needs and desired actions. Public input played an important role in the formulation of this Housing Element. Public outreach activities included a community workshop and public hearings with the Planning Commission and City Council, all of which were advertised and open to the public.

Throughout the Housing Element Update process, the City maintained a notification list to ensure that interested parties and organizations representing members of the populations with special housing needs were directly invited to participate. The list included, but was not limited to the following organizations:

- Center of Community Advocacy
- Central Coast Center for Independent Living
- Central Coast Senior Services

- Catholic Charities
- Coalition of Homeless Service Providers
- Community Human Services
- Door to Hope
- Monterey County Housing Alliance
- Shelter Outreach Plus
- Eden Housing
- Turning Point

The Public Review Draft Housing Element was made available for public review at the City library and on the City's website (www.cityofpacificgrove.org), and direct notices of opportunities to participate in the Housing Element update were sent to those on the mailing list. Please refer to Appendix C for more information regarding the public review process.

2.3 General Plan Consistency

State law requires that the General Plan and all of its elements comprise an “integrated, internally consistent, and compatible statement of policies.” The Housing Element is Chapter 3 of the Pacific Grove General Plan. The other General Plan Elements were last updated in 1994. This Housing Element builds upon the existing General Plan and is consistent with its goals, policies, and programs. Consistency between the Housing Element and the General Plan will continue to be evaluated as other Elements of the General Plan are amended and modifications will be made as necessary to maintain consistency.

2.4 Housing Element Organization

The Housing Element is organized as follows:

- **Chapter 2. Goal, Policies, and Programs.** Housing goals, policies, and programs to address the City's identified housing needs.
- **Chapter 3. Needs Assessment.** A profile of the community including an analysis of the City's population, housing characteristics and trends, and special housing needs.
- **Chapter 4. Land Availability and Housing Resources.** An evaluation of the land and financial resources available to address Pacific Grove's housing goals.
- **Chapter 5. Constraints.** Review of potential governmental, market, and environmental constraints that may limit the City's ability to address its housing needs.

3. Goals, Policies, Programs and Objectives

This Chapter identifies housing goals, policies, programs and objectives for the City of Pacific Grove during the 2015-2023 planning period. In order to make adequate provisions for the housing needs of all economic segments of the community, Pacific Grove has developed the following goals:

1. Support the maintenance and rehabilitation of the City's existing housing stock and residential neighborhoods.
2. Provide diverse, high quality housing choices appropriate for residents at all income levels.
3. Reduce governmental and infrastructure constraints to the improvement and development of housing for people of all income levels.
4. Increase housing opportunities for persons with special housing needs.
5. Ensure equal opportunities to secure appropriate housing for all persons regardless of race, gender, familial status, ancestry, national origin, color, or sexual orientation, or other potential barriers that prevent choice in housing.
6. Ensure resource efficiency in new and existing housing units.

The City will make its best efforts to work toward these Housing Element goals and implement the associated programs. Wherever revisions to other elements of the General Plan or the City's Municipal Code are required to achieve these goals, such revisions will be subject to the public review process. The City also notes that achievement of the City's housing development goals is dependent on the future availability of water. If programs are not implemented due to these constraints, other programs will be considered in order to achieve the intent of the original program. Adopted programs will be evaluated for their effectiveness in the annual review process and in the next Housing Element update.

3.1 Housing Goals, Policies, and Programs

Goal 1	Support the maintenance and rehabilitation of the city's existing housing stock and residential neighborhoods.
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Policy 1.1	Encourage rehabilitation and private reinvestment to protect residential neighborhoods from deterioration.
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Program 1.1	Housing Preservation and Rehabilitation
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In order to facilitate preservation and rehabilitation of the existing housing stock, the City will continue to pursue the following activities:

- Work with property owners of housing in need of rehabilitation to make repairs to reduce the potential of continuing deterioration. The City will continue to assist homeowners in identifying appropriate City rehabilitation programs including the Housing Rehabilitation Loan Program, Emergency Home Repair Loan Program, and Sewer Lateral Loan Program, as well as non-City entities such as the Local Heritage Society for assistance with specialized rehabilitation financing opportunities.

- Continue to apply for funds for the Housing Rehabilitation Loan Program under the State's Small Cities CDBG Program and pursue other State and federal funds as appropriate to assist in the maintenance and improvement of housing.
- Continue and, if funding allows, expand the Emergency Home Repair Loan Program to assist lower-income homeowners with urgent home repairs.
- Continue to publicize information about rehabilitation funding and suggestions to encourage ongoing maintenance. Information is current and will continue to be made available on the City website and on printed brochures placed in public spaces.
- In order to remain competitive for grant applications, conduct a housing conditions survey generally every five to ten years to identify properties to be targeted for rehabilitation.
- Continue to direct persons displaced in the abatement of substandard or illegal units to appropriate housing resource agencies.

Responsible Dept.: Community Development Department - Housing Division
Timeframe: Apply for funding as available (determined by HCD NOFA), typically late spring or summer every year;
Housing conditions survey in 2016-17;
Ongoing program administration
Funding: CDBG, CalHome, General Fund
Housing Objective: Rehabilitate 2 extremely-low-, 15 very-low-, and 15 low-income units

Policy 1.2 **Protect the existing mobile home park from conversion to other uses.**

Program 1.2 **Mobile Home Park Preservation**

Maintain the existing R-1-M-H zoning for the Monarch Pines Mobile Home Park.

Responsible Dept.: Community Development Department - Planning Division, Planning Commission, City Council
Timeframe: Ongoing
Funding: General Fund
Housing Objective: Preserve 103 mobile home units

Policy 1.3 **Protect existing residential neighborhoods and consider the quality of life in higher density neighborhoods and the need for public amenities, such as community facilities, appropriate landscaping, and passive recreation.**

Program 1.3 **Architectural Review**

Continue to apply the City of Pacific Grove Architectural Review Guidelines through architectural approvals, and consider developing similar guidelines to inform multi-family and mixed-use development projects.

Responsible Dept.: Community Development Department - Planning Division, Planning Commission, City Council

Timeframe: Consider adoption of multi-family and mixed-use guidelines during the 2015-2023 planning period
Funding: General Fund
Housing Objective: n/a

Goal 2 Provide diverse, high quality housing choices appropriate for residents at all income levels.

Policy 2.1 Strive to accommodate the City's share of the region's housing needs.

Program 2.1 Monitor Housing Production and Potential Housing Sites

Report annually on the City's progress in meeting its fair share housing targets, and maintain an inventory of land suitable for low-income housing. Provide this information to the development community and non-profit housing developers.

Responsible Dept.: Community Development Department - Housing Division
Timeframe: Ongoing, update annually
Funding: General Fund
Housing Objective: n/a

Policy 2.2 Pursue funding sources and leverage available funds to assist with the development of housing affordable to lower-income households.

Program 2.2 Funding for Affordable Housing

Consider developing a housing trust fund. Monies would be used to assist in the development of housing for extremely-low-, very-low-, and low-income households, attract potential affordable housing developers, fund the Rental Assistance Program, and leverage other resources. A potential source of funds could be the transient occupancy tax (TOT) on private short-term rentals, which may have the effect of reducing the supply of housing for the local workforce.

Responsible Dept.: Community Development Department - Housing Division
Timeframe: Initial investigation ~~W~~within three years of Housing Element adoption; if determined to be appropriate, initiate establishment of a trust fund by March 2019.
Funding: General Fund for initial investigation of feasibility
Housing Objective: n/a

Policy 2.3 Encourage affordable housing development by providing incentives, working with developers to identify appropriate locations, and helping to offset the cost of affordable housing development.

Program 2.3.a Density Bonus

The City shall ensure that zoning regulations are in conformance with state Density Bonus Law (*California Government Code* §65915). To ensure successful implementation, the City will encourage developers to utilize the density bonus provisions to increase the number of units in the underlying zone in return for construction of lower-income housing (extremely-low-, very-low-, and low-income units) by providing workable incentives that improve the financial feasibility of a project. When

affordable units are provided, they shall be interspersed with market-rate units in the project and shall be visually indistinguishable from market rate units. The City will make information regarding density bonus incentives available to developers via the City's website and through an informational brochure at the Planning Division counter.

Responsible Dept.: Community Development Department - Planning Division, City Manager, Planning Commission, City Council
Timeframe: Revision of the Zoning Code within two years of Housing Element adoption; Implementation of density bonus for projects is ongoing; Promotion of density bonus incentives is ongoing
Funding: General Fund
Housing Objective: 1 extremely-low-, 4 very-low-, and 15 low-income units

Program 2.3.b Downtown Master Plan

The City shall pursue State and federal grant opportunities to fund preparation of a specific plan or master plan for the downtown area to evaluate the feasibility of high-density residential development and incentives for upper floor residential units in the downtown area and to support and enhance the existing compact urban core with convenient services and transit. The plan could include a vision, standards, development incentives, and financing strategies for development.

Responsible Dept.: Community Development Department - Planning Division, Planning Commission, City Council
Timeframe: Within five years of Housing Element adoption
Funding: General Fund to prepare grant applications
Housing Objective: n/a

Program 2.3.c Encourage Residential and Mixed Use Development in Commercial Zones

Inform commercial developers of zoning provisions allowing residential and mixed uses in commercial zones and the City's policies favoring such development. Specifically discuss potential residential and mixed-use development opportunities and available incentives, such as a density bonus, with landowners and developers with an interest in the sites identified in Section 5.2, Sites Inventory and Analysis.

Identify and contact owners of underutilized motels or other commercial structures that are in need of rehabilitation and consider offering financial assistance or other incentives, where feasible, to encourage converting and/or upgrading their buildings for permanent special needs housing that could serve disabled, seniors, extremely-low- and/or very-low-income persons.

Consider establishing an affordable housing overlay to promote the development of multifamily affordable housing in the Forest Hill Commercial District. The overlay could include development incentives to encourage lot consolidation and affordable unit development, particularly mixed-use projects including commercial space and housing units on underutilized commercial properties. Incentives could include:

- Residential density increase beyond those provided by State Density Bonus law;

- Flexible zoning standards such as exceptions to requirements for setbacks, open space, and parking;
- Streamlined procedures for lot consolidation;
- Priority permit processing; and
- Deferral or reduction of City permit fees.

Responsible Dept.: Community Development Department - Planning Division
Timeframe: Ongoing
Contact owners of underutilized commercial properties at least twice during the planning period; Consider establishing an affordable housing overlay by 2018, and if determined to be appropriate, initiate a Code amendment by December 2018.

Funding: General Fund
Housing Objective: 10 very-low-, 10 low-, and 10 moderate-income units on underutilized sites

Program 2.3.d Preserve Affordable Housing Units

Work with property owners of deed-restricted units that are at-risk of converting to market-rate housing to preserve the affordable housing by providing incentives or resources, such as working with the County to target Section 8 vouchers for the units, or providing rehabilitation funds for improvements.

Responsible Dept.: Community Development Department - Housing Division
Timeframe: Ongoing (contact property owners at least one year prior to deed restriction expiration)
Funding: General Fund
Housing Objective: Preserve 7 low-income and 2 moderate-income units

Program 2.3.e Facilitate Housing Development on Underutilized Parcels

Historically, the City of Pacific Grove contained many small residential lots that through years of zoning, have been made non-conforming because they are considered too small. The City will evaluate specific residential locations that could accommodate small or tiny houses on undersized parcels, such as areas that directly abut a commercial area, and examine potential modifications to site development standards that could encourage such homes where they would be most appropriate.

Evaluate opportunities for parcel assembly and the use of substandard or underutilized parcels for affordable housing by relaxing development standards, developing procedures to facilitate the process, and working with property owners and developers.

Evaluate the feasibility of reinstating the Illegal Housing Unit Registration Program if the units meet health and safety inspection and documentation requirements. Unit registration should require a deed restriction stipulating that the unit is affordable to very low-income households in perpetuity.

Responsible Dept.: Community Development Department - Planning Division
Timeframe: Feasibility analysis in 2016-17; if feasible, initiate Code amendments as appropriate by June 2017

Funding: General Fund
Housing Objective: 4 very-low-income units

Program 2.3.f Affordable Housing Development Assistance

Provide assistance to affordable housing development projects, such as expedited review, administrative assistance with funding applications, and coordination with neighborhood groups to address concerns.

Responsible Dept.: Community Development Department - Housing Division
Timeframe: Ongoing
Funding: General Fund
Housing Objective: n/a

Program 2.3.g Short-Term Rental of Private Homes

Many cities in popular vacation areas have noted that the recent growth in short-term rental of private homes has the potential to adversely affect the cost and supply of permanent housing. The City will review this issue and if it is determined to have a significant effect on affordable housing cost and supply, appropriate actions will be considered to offset these effects and mitigate this impact.

Responsible Dept.: Community Development Department - Housing Division
Timeframe: 2016-17
Funding: General Fund
Housing Objective: n/a

Policy 2.4 Continue to encourage the development of second units as a viable affordable housing source.

Program 2.4 Second Units

The City will continue to produce and distribute a brochure summarizing second unit permit requirements. In addition, the City will review the Second Unit Ordinance and consider revised standards to encourage the development of second units. Second units approved under revised standards could require a deed restriction stipulating that the units remain affordable to low-income households in perpetuity. The ordinance should continue to allow second units in all residential zones, with the exception of R-1-B-4.

Responsible Dept.: Community Development Department - Planning Division
Timeframe: Review second unit regulations in 2016-17 and initiate a Code amendment as appropriate by June 2017
Funding: General Fund
Housing Objective: 10 low-income second units

Goal 3 Reduce governmental and infrastructure constraints to the improvement and development of housing for people of all income levels.

Policy 3.1 Provide public facilities and services in support of new housing construction and the revitalization of older neighborhoods and continue to work

aggressively with the water district and other Monterey Peninsula cities to find long-term solutions to the water problem, to increase the water available for residential uses, and to provide for drought protection.

Program 3.1 Water Supply

Continue water conservation measures in an effort to make water allocations available for housing through potable water usage reduction measures at City sites such as the golf course and cemetery, and the implementation of MPWMD programs. The City will continue to actively participate in the development of the proposed Regional Water Project. Projects that include affordable housing will be given priority as water allocations become available. Water and wastewater agencies serving Pacific Grove will be provided a copy of the Housing Element pursuant to *California Government Code* §65589.7.

Responsible Dept.: Community Development Department - Planning Division
Timeframe: Implementation of MPWMD programs and participation in the Regional Water Project ongoing (attend meetings monthly)
Provide a copy of the Housing Element to water and wastewater agencies upon adoption.
Funding: General Fund
Housing Objective: n/a

Policy 3.2 Continue to cooperate with the Pacific Grove Unified School District (PGUSD) in coordinating new residential development with school facilities and meeting housing needs for PGUSD employees.

Program 3.2 School District Coordination on Housing Issues

Continue to coordinate with Pacific Grove Unified School District (PGUSD) on housing issues, trends, and constraints. Provide a copy of the draft Housing Element and annual housing program assessment reports to PGUSD for review and comment. Seek additional opportunities for partnership and information sharing in order to better address the housing needs of PGUSD employees.

Responsible Dept.: Community Development Department - Planning Division
Timeframe: Ongoing
Funding: General Fund
Housing Objective: n/a

Policy 3.3 Ensure that City policies, regulations, and procedures do not add unnecessarily to the time or cost of producing affordable housing, while assuring the attainment of other City objectives.

Program 3.3.a Development Fees

Review City fee structures periodically to assure that the cost of services and exactions do not exceed actual costs to the City. Consider the reduction of fees for affordable housing units, where possible.

Responsible Dept.: Community Development Department - Housing, Planning and Building Divisions, City Council
Timeframe: Ongoing, review annually and revise fees as appropriate

Funding: General Fund
Housing Objective: n/a

Program 3.3.b Adequate Sites to Accommodate Housing Needs

In order to ensure that adequate sites are available throughout the planning period to accommodate the City's RHNA, the City will continue to comply with California Government Code §65863 through a project-by-project evaluation.

When water allocations become available for commercial, mixed-use, and residential development, if the ongoing monitoring of development proposals indicates commercial/mixed-use sites are not providing for residential development opportunities as anticipated to address the housing needs for all income levels, the City will develop additional strategies to encourage and facilitate the development of multi-family housing affordable to lower-income households ~~or otherwise commit to going through the public review process to rezone sites for exclusively residential uses, as appropriate, pursuant to Government Code 65583.2(h) and (i).~~

Responsible Dept.: Community Development Department - Housing, Planning and Building Divisions
Timeframe: Throughout the planning period
Funding: General Fund
Housing Objective: n/a

Program 3.3.c Use Permit for Multi-Family Development

The City currently has a Use Permit requirement for multi-family developments consisting of ~~eight or more~~ greater than seven units in the City's multi-family zones (R-3 and R-4). While the City is relying heavily on mixed-use development in commercial zones to accommodate its need for lower-income households, several high-density residential opportunity sites allowing capacity above the seven unit threshold have been identified in the inventory. To ensure the City's ~~Use Permit~~ process is not an unreasonable constraint on the potential development of these sites, the City will process a Zoning Code amendment to eliminate the Use Permit requirement for multi-family developments ~~monitor development proposals in the R-3 and R-4 zones and review and analyze the effect of the Use Permit requirement on multi-family developments with seven or more units. As part of this review, Staff will meet with the local for- and non-profit development community, particularly multi-family developers, to gather input to determine if the Use Permit process is an unreasonable constraint to building multi-family housing in Pacific Grove.~~

~~—When water allocations become available for residential development, if the Use Permit requirement on multi-family developments of seven or more units is determined to be an unreasonable constraint on building multi-family housing, the City will go through the public review process to consider amendments the Zoning Ordinance to remove the Use Permit requirement.~~

Responsible Dept.: Community Development Department - Housing, Planning and Building Divisions
Timeframe: ~~Ongoing~~ Initiate a Code amendment in 2016
Funding: General Fund

Housing Objective: n/a

Policy 3.4 Minimize regulatory constraints on housing development.

Program 3.4.a Parking Standards

The City will review parking requirements and consider options and parking reduction opportunities, such as:

- *Tandem Parking.* Allow for tandem parking for single-family dwellings and individual mobile homes upon meeting appropriate performance criteria.
- *Shared Parking.* Where two or more uses have distinct and differing peak traffic usage periods the required number of parking spaces may be reduced through Use Permit approval.
- *Low Vehicle-Ownership Reduced Parking Requirement.* Allow for a reduction in parking spaces for uses that serve tenants with low vehicle ownership rates including special needs housing facilities that can demonstrate a reduced parking need.
- *Reduced Parking for Affordable Housing.* Utilize state parking requirements for eligible affordable housing developments as provided in Government Code §65915(p).

Responsible Dept.: Community Development Department - Planning Division, Planning Commission, City Council

Timeframe: Review parking standards ~~W~~within two years of Housing Element adoption and initiate Code amendments as appropriate by March 2018

Funding: General Fund

Housing Objective: n/a

Program 3.4.b Single-Room-Occupancy Units

In order to encourage housing for extremely-low- and low-income households, the City shall consider a Zoning Code amendment to encourage single-room-occupancy units (SROs) in the C-1, R-3, or R-4 zoning districts with a conditional use permit.

Responsible Dept.: Community Development Department - Planning Division, Planning Commission, City Council

Timeframe: Consider SRO regulations ~~W~~within two years of Housing Element adoption; if deemed appropriate, initiate a Code amendment by March 2018

Funding: General Fund

Housing Objective: 5 extremely-low-income units

Program 3.4.c Mobile Homes and Manufactured Housing

In order to facilitate the use of mobile homes and manufactured housing, the City will review zoning regulations for this type of housing and if necessary a Code amendment will be processed to ensure conformance with state law.

Responsible Dept.: Community Development Department - Planning Division, Planning Commission, City Council
Timeframe: Review zoning regulations for mobile and manufactured housing in 2016 and if necessary; initiate a Code amendment by December 2016 to ensure conformance with state law
Funding: General Fund
Housing Objective: n/a

Goal 4 Increase housing opportunities for persons with special needs.

Policy 4.1 Facilitate the development and rehabilitation of housing for seniors and persons with physical, developmental, or mental disabilities.

Program 4.1.a Housing Rehabilitation for Persons with Special Needs

Continue to use the City's rehabilitation program to modify existing dwellings to accommodate low-income seniors and persons with disabilities.

Responsible Dept.: Community Development Department - Housing Division
Timeframe: Ongoing
Funding: Housing Rehabilitation Loan Program
Housing Objective: 4 rehabilitated low-income units

Program 4.1.b Reasonable Accommodation

The City will adopt a reasonable accommodation policy or ordinance implementing policies and procedures that may be necessary to ensure equal access to housing for those with disabilities pursuant to the Fair Housing Amendments Act of 1988 and the requirements of Chapter 671, Statutes of 2001 (Senate Bill 520). Reasonable accommodation is an allowance for some flexibility in the application of zoning and building regulations, practices, and procedures. The City will promote its reasonable accommodations procedures on its website and with handouts at City Hall.

Responsible Dept.: Community Development Department - Planning and Building Divisions, City Council
Timeframe: Concurrent with Housing Element adoption (2016)
Funding: General Fund
Housing Objective: n/a

Policy 4.2 Continue to work with surrounding jurisdictions, non-profit organizations, and public safety departments to address the needs of the homeless on a regional basis.

Program 4.2.a Emergency Shelters, Transitional/Supportive Housing and Residential Care Facilities

Continue to coordinate with the County, neighboring cities, and community-based organizations and contribute funding, when feasible, toward emergency shelter programs for the area, including consideration of funding for programs developed through inter-jurisdictional cooperation.

Ensure that City zoning regulations facilitate development of emergency shelters, transitional/supportive housing and residential care facilities in conformance with state law.

Responsible Dept.: Community Development Department - Housing and Planning Divisions
Timeframe: Ongoing; Zoning Code amendment concurrent with Housing Element adoption (2016)
Funding: General Fund, Housing Fund
Housing Objective: n/a

Program 4.2.b Section 8 Rental Assistance

Continue to support the Housing Authority of the County of Monterey in the administration of its housing programs by providing referrals to local residents in order to increase the number of available housing units in the Section 8 rental assistance program in Pacific Grove.

Responsible Dept.: Community Development Department - Housing Division
Timeframe: Ongoing
Funding: General Fund, Housing Fund
Housing Objective: n/a

Policy 4.3 Support shared housing programs operated by local non-profit organizations.

Program 4.3.a Shared Housing

Continue to support organizations such as the Alliance on Aging, Meals on Wheels, and other shared housing programs through administrative and resource support, for example, access to City facilities, and provide financial support as monies are available.

Responsible Dept.: Community Development Department - Housing Division
Timeframe: Ongoing
Funding: General Fund, Housing Fund
Housing Objective: n/a

Program 4.3.b Support Persons with Developmental Disabilities

Continue to provide support to ensure the continued operation and expansion of the Gateway Center, a residential care and support center for persons with developmental disabilities.

Responsible Dept.: Community Development Department - Housing Division
Timeframe: Ongoing
Funding: General Fund (for Staff time)
Housing Objective: n/a

Goal 5 Ensure equal opportunities to secure appropriate housing for all persons regardless of race, gender, familial status, ancestry,

national origin, color, sexual orientation, or other potential barriers that prevent choice in housing.

Policy 5.1 Increase public awareness of remedies for housing discrimination.

Program 5.1 Support Fair Housing

Continue to publicize information about the enforcement activities of the California Fair Employment and Housing Commission. Fair housing information will continue to be made available on the City's website and through brochures at the Planning Division and Finance Department Counters at City Hall and at the Pacific Grove Public Library and Senior Center. The City will continue to promote April as "Fair Housing Month" through a proclamation from the Mayor and educational programs such as a poster and poetry competition for local youth.

Continue to participate in public and private efforts to enforce fair housing practices, to refer reported cases of arbitrary discrimination to mediation services, and to support the Conflict Resolution and Mediation Center of Monterey County and other low- or no-cost mediation services.

Responsible Dept.: Community Development Department - Housing Division
Timeframe: Ongoing
Funding: General Fund, Housing Fund
Housing Objective: n/a

Goal 6 Ensure resource efficiency in new and existing housing units.

Policy 6.1 Promote energy conservation and weatherization features in existing homes.

Program 6.1 Energy Conservation in Existing Homes

Continue to post information on weatherization and energy conservation programs on the City's website and in brochures available in the Community Development Department office.

Continue to pursue funding opportunities for energy efficiency rehabilitation loans.

Responsible Dept.: Community Development Department - Housing and Building Divisions
Timeframe: Ongoing
Funding: General Fund
Housing Objective: n/a

Policy 6.2 Encourage energy and resource efficiency in the design of all new residential developments, to the extent practical.

Program 6.2 Energy Efficiency in New Homes

The City shall continue to implement the Green Building Ordinance to encourage efficient building design standards in new construction and redevelopment and to promote increased energy conservation.

As part of each update to Building Codes, the City will continue to seek ways to encourage projects to exceed the minimum requirements for energy efficiency, such as through expedited permitting.

Responsible Dept.: Community Development Department - Building Division
Timeframe: Ongoing; tri-annual building code updates
Funding: General Fund
Housing Objective: n/a

3.2 Quantified Objectives

Quantified objectives estimate the number of units that are planned to be constructed, rehabilitated, and conserved over the 2015-2023 planning period (Table 3-1).

Table 3-1 Quantified Objectives for the 2015-2023 Housing Element

Category	Quantified Objectives by Income Group				Total
	Very Low (Extremely Low)*	Low	Moderate	Above Moderate	
Total New Construction	28 (14)	18	21	48	115
Total Rehabilitation	15 (2)	19	0	0	36
Total Preservation	0	7	2	0	9

* Extremely low is a subset of the very low category

4. Needs Assessment

When preparing a housing element, jurisdictions must evaluate both existing and future housing needs for all income groups. This Chapter analyzes demographic and housing characteristics that influence the demand for and availability of housing. The analyses form a foundation for establishing programs and policies to address identified housing needs.

Data sources for the Needs Assessment include the U.S. Census Bureau, the California Department of Finance, the California Employment Development Department, the Association of Monterey Bay Area Governments (AMBAG), and other public or private sources. These data sources are helpful in assessing existing conditions, providing a comparison with historical data, and forecasting future conditions.

4.1 Demographic Characteristics

Housing needs in the City of Pacific Grove are greatly influenced by population and employment trends. The following section provides a summary of the changes to the population size and age, household composition, the racial/ethnic composition of City residents, and employment trends.

1. Population

According to the California Department of Finance, the Pacific Grove population in 2015 was estimated to be 15,388. Following a 22% population increase in the early 1970s, Pacific Grove saw only slight fluctuations in the overall population from 1975 to 2010. The City has experienced a population decrease of 295 persons from 2010 to 2015 (Table 4-1 and Table 4-2).

Table 4-1 Pacific Grove Population Trends 1970-2015

Year	Population	Percent Growth	Annual Percent Growth
1970	13,505	--	--
1975*	16,500	22%	4%
1980	15,755	-4%	-1%
1985*	16,000	2%	<1%
1990	16,117	1%	<1%
1995*	15,878	-1%	0%
2000	15,459	-2%	0%
2005*	15,512	0%	0%
2010	15,683	1%	<1%
2015	15,388	(1.9%)	(0.4%)

* Mid-decade populations are DoF estimates.

Source: DoF Reports E-4 and E-5 and U.S. Census Bureau

The neighboring cities of Carmel-by-the-Sea and Monterey also saw declines in population for the period from 2000 to 2015. The County as a whole, however, grew by approximately 6% during this period, which can be attributed to inland cities including Salinas, Soledad, and the City of King. Refer to Table 4-2 for population trends for Pacific Grove, Carmel-by-the-Sea, Monterey, and Monterey County.

Table 4-2 Population Trends 2000-2015

Jurisdiction	2000	2015	
	Population	Population	Percent Change
City of Pacific Grove	15,459	15,388	-0.5%
City of Carmel-by-the-Sea	4,081	3,747	-8.2%
City of Monterey	29,696	28,163	-5.2%
County of Monterey	401,762	425,413	5.9%

Sources:

U.S. Census Bureau; DoF E-5 Report 2015

2. Age Characteristics

Overall, the Pacific Grove population is aging. As of 2010, the median age of Pacific Grove residents was 48.1 years, well above the Monterey County median of 32.9 years (Table 4-3).

Table 4-3 Age Distribution

Age Group	Pacific Grove		Monterey County	
	Persons	%	Persons	%
Under 5 years	614	4%	32,547	8%
5 to 9 years	664	4%	30,577	7%
10 to 14 years	721	5%	29,037	7%
15 to 19 years	732	5%	32,624	8%
20 to 24 years	736	5%	32,481	8%
25 to 34 years	1,713	11%	62,077	15%
35 to 49 years	2,737	18%	81,498	20%
50 to 64 years	3,880	26%	69,794	17%
65 to 74 years	1,448	10%	22,921	6%
75 to 84 years	1,092	7%	14,744	4%
85 years and over	704	5%	6,757	2%
Total	15,041	100%	415,057	100%
Median age	48.1		32.9	

Source: 2010 Census, Table DP-1

A continued aging of population will mean that the City will need to consider the types of services provided, maintenance and rehabilitation programs for the existing housing stock, and affordable housing for seniors. There are a number of programs and services currently available to the City's existing senior population, including the Meals on Wheels program run by the Sally Griffin Senior Center. Housing-related issues are addressed in the policies and programs in Chapter 2.

3. Household Characteristics

Household size and composition are often interrelated and can indicate the type of housing appropriate for Pacific Grove residents. The U.S. Census defines a household as all persons living in a single housing unit, whether or not they are related. In 2015, the average Pacific Grove household contained

2.14 persons, up slightly from an average 2.09 persons per household in 2010. The Pacific Grove average household size is significantly lower than that of Monterey County as a whole, with an average of 3.22 persons per household.

As shown in Table 4-4, recent census estimates reported that about 72% of owner households and about 75% of renter households were comprised of one or two persons. Less than 4% of owner households and only about 6% of renter households had more than 4 persons.

Table 4-4 Household Size by Tenure

Household Size	Owners		Renters	
	Households	%	Households	%
1 person	918	28.5%	1517	42.2%
2 persons	1,389	43.1%	1195	33.2%
3 persons	482	15.0%	342	9.5%
4 persons	315	9.8%	322	9.0%
5 persons	118	3.7%	137	3.8%
6 persons	0	0.0%	6	0.2%
7+ persons	0	0.0%	75	2.1%
Total households	3,222	100%	3,594	100%

Source: 2009-2013 ACS Table B25009

4. Race and Ethnicity

According to recent Census estimates, Pacific Grove's racial and ethnic composition differs significantly from Monterey County as a whole. Over half of county residents reported Hispanic ancestry, as compared to only about 11% of City residents (Table 4-5).

Table 4-5 Race and Ethnicity

Racial/Ethnic Group	Pacific Grove		Monterey County	
	Persons	%	Persons	%
Not Hispanic or Latino	13,426	89.3%	185,054	44.6%
-White	11,767	78.2%	136,435	32.9%
-Black or African American	191	1.3%	11,300	2.7%
-American Indian/Alaska Native	53	0.4%	1,361	0.3%
-Asian	859	5.7%	23,777	5.7%
-Native Hawaiian/Pacific Islander	41	0.3%	1,868	0.5%
-Other races or 2+ races	515	3.4%	10,313	2.5%
Hispanic or Latino (any race)	1,615	10.7%	230,003	55.4%
Total	15,041	100%	415,057	100%

Source: 2010 Census, Table DP-1

5. Employment

Housing needs are influenced by employment trends. Significant shifts in employment opportunities within or around the City can lead to growth in demand for housing in proximity to jobs. The quality or level of pay also determines the need for various housing types and prices.

As shown in Table 4-6, the largest occupational category for Pacific Grove residents was “management, business, science, and arts” with about 46% of all employed residents. Service and sales/office occupations represented about 21% and 25% of workers, respectively. The unemployment rate for City residents was about 4% compared to about 7% for the County as a whole.

Table 4-6 Employment by Occupation

Occupation	Pacific Grove		Monterey County	
	Employees	% of All Jobs	Employees	% of All Jobs
Management, business, science, and arts	3,378	45.8%	48,201	27.6%
Service	1,567	21.3%	35,996	20.6%
Sales and office	1,805	24.5%	37,637	21.6%
Natural resources, construction, and maintenance	340	4.6%	33,086	19.0%
Production, transportation, and material moving	284	3.9%	19,533	11.2%
Total Employed Persons	7,374	100%	174,453	100%
Source: U.S. Census, 2009-2013 ACS				

6. Household Income

Household income relates directly to the household’s ability to acquire adequate housing. While above-moderate-income households have more disposable income to spend on housing, low- and moderate-income households are more limited in the range of housing that they can afford. Typically, as the income of households decreases the incidence of overpayment and overcrowding increases.

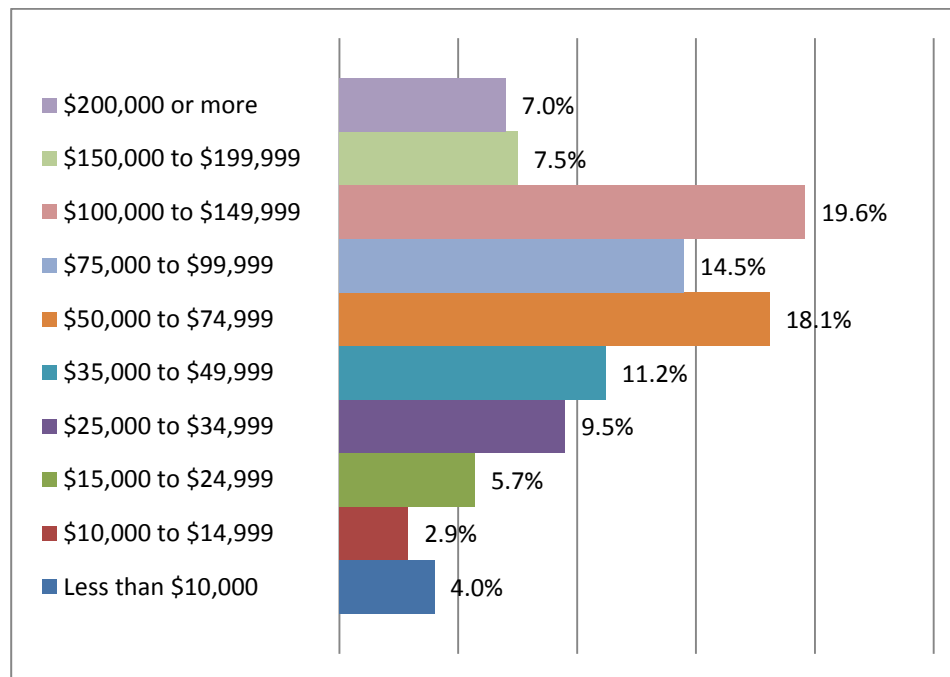
The Department of Housing and Community Development (HCD) establishes housing affordability criteria for five income categories based on the 2015 Monterey County median income of \$68,700 (see Table 4-7).

Table 4-7 Income Range by Affordability Category

Affordability Category	Percent of County Median	Income Limit (\$)¹
Extremely Low Income	≤30%	\$24,250
Very-Low Income	31%-50%	\$43,650
Low Income	51%-80%	\$58,000
Moderate Income	81%-120%	\$82,450
Above-moderate Income	>120%	> \$82,450
Notes: ¹ Based on 2015 MFI of \$68,700 for 4-person households in Monterey County. Source: California Department of Housing and Community Development, 2015		

According to recent Census estimates, the median household income in Pacific Grove was approximately \$72,000 per year. As seen in Figure 4-1, about 34% of households had annual incomes over \$100,000.

Figure 4-1 Household Income Distribution



Source: U.S. Census 2009-2013 ACS

As shown in Table 4-8, approximately 31% of renter-occupied households and 25% of owner-occupied households in Pacific Grove were within the extremely-low-, very-low- and low-income categories. About 8% of renter-occupied households and 6% of owner-occupied households were within the extremely-low-income category.

Table 4-8 Household Income by Tenure

Income Category	Pacific Grove		Monterey County	
	Owners	Renters	Owners	Renters
30% AMI or less	5.5%	8.4%	5.1%	16.2%
31-50% AMI	7.5%	7.0%	7.6%	17.1%
51-80% AMI	11.6%	15.4%	13.2%	21.1%
81-100% AMI	6.3%	12.2%	9.1%	10.9%
>100% AMI	69.0%	57.0%	65.1%	34.7%
Source: HUD CHAS data based on 2008-2012 ACS				

4.2 Housing Characteristics

The following section discusses the state of the housing stock and affordability in Pacific Grove. The analysis includes the type, age, and condition of existing housing units, housing market factors including vacancy rates and housing costs, and potential housing problems including overpayment, overcrowding, and units at risk of converting from affordable to market rate.

1. Housing Type and Age

As of 2015, there were a total of 8,184 housing units in Pacific Grove. As shown in Figure 4-2, the majority of the units (58%) were single-family detached. Single-family detached housing is defined as a one-unit structure separate from any other house; that is, with open space on all four sides. Multi-family housing made up about 35% of the housing stock while mobile homes comprised about 2% of units. As shown in Table 4-9, the most common size for owner-occupied units was three bedrooms while two-bedrooms was the most common size for rental units.

Figure 4-2 Housing Stock Composition

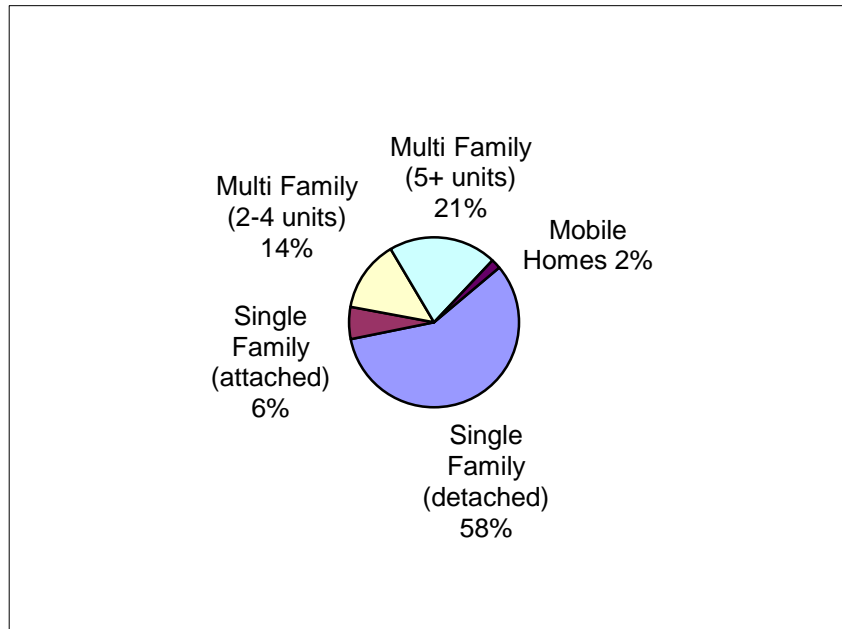


Table 4-9 Unit Size by Tenure

Unit Size	Owner-Occupied		Renter- Occupied	
	Units	%	Units	%
Studio/1 bedroom	127	3.9%	1,270	35.3%
2 bedrooms	1,123	34.9%	1,640	45.6%
3 bedrooms	1,326	41.2%	501	13.9%
4 bedrooms	554	17.2%	147	4.1%
5 or more bedrooms	92	2.9%	36	1.0%
Total	3,222	100%	3,594	100%

Source: 2009-2013 ACS Table B25042

According to recent Census estimates, about 88% of Pacific Grove’s housing stock was built before 1980 and a significant number of units (41%) were built before 1950 (Table 4-10). The City has a tremendous stock of historic housing with over 1,300 properties listed on the City’s Historic Resources Inventory.

Table 4-10 Housing Units by Year Built

Year Built	Pacific Grove		Monterey County	
	Units	%	Units	%
Built 2010 or later	33	0.4%	350	0.3%
Built 2000 to 2009	256	3%	13,234	9%
Built 1990 to 1999	253	3%	16,974	12%
Built 1980 to 1989	471	6%	18,987	14%
Built 1970 to 1979	1,134	14%	27,982	20%
Built 1960 to 1969	1,265	15%	22,037	16%
Built 1950 to 1959	1452	18%	19,775	14%
Built 1940 to 1949	903	11%	9,633	7%
Built 1939 or earlier	2475	30%	10,354	7%
Total units	8,242	100%	139,326	100%

Source: Census 2009-2013 ACS, Table DP-4

2. Condition of Housing Units

Households living in substandard conditions are considered to be in need of housing assistance due to health and safety threats, even if they are not seeking alternative housing arrangements. Generally, the housing stock in the City is in good condition. A citywide exterior housing condition survey was conducted in 2006. The survey was funded by a Community Development Block Grant and results were used to guide the program structure of the City's Housing Rehabilitation Loan Program. City staff surveyed 4,867 housing units by means of door-to-door visual evaluation. Staff ranked properties using a points system noting the condition of the unit frontage, foundation, roof, siding, and windows. Approximately 83% of the units were found to be sound, 17% were in need of rehabilitation (most rehabilitation needs were minor), and less than 1% were in need of demolition. Refer to Table 4-11 for housing conditions survey results. It is the opinion of City Code Enforcement and Building Department staff that housing conditions have not changed substantially since this survey was conducted. High property values create strong incentives for property owners to maintain and rehabilitate units when repairs are needed.

Table 4-11 Condition of Housing Units

Condition	Number	Percent
Sound	4,028	83%
Needs Rehabilitation	834	17%
Minor	621	12%
Moderate	206	4%
Substantial	7	<1%
Deteriorated (Needs Demolition)	5	<1%
Total Units Surveyed	4,867	100%

Source: City of Pacific Grove Housing Condition Survey, 2007

3. Tenure and Vacancy

Housing tenure refers to the occupancy of a housing unit – whether the unit is owner-occupied or renter-occupied. Housing tenure is influenced by demographic factors (e.g., household composition, income, and age of the householder) as well as the cost of housing. According to the 2010 Census, approximately 46% of Pacific Grove housing units are owner-occupied. About 14% of all units were vacant, with the largest portion of those (8.1%) classified as “Other Vacant” (Table 4-12). Since less than 1% of units were reported as “seasonal, recreational or occasional use” it seems likely that many of the “other vacant” units may also be second homes.

Vacancy rates are an indicator of housing supply and demand. Low vacancy rates influence greater upward price pressures and higher vacancy rates indicate downward price pressure. A 5% to 6% vacancy rate is generally considered healthy. As shown in Table 4-12, the rental vacancy rate in the City of Pacific Grove was approximately 2% in 2010.

Table 4-12 Tenure and Vacancy

Occupancy Status	Units	Percent of Total
Total Units	8,169	100%
Occupied Units	7,020	85.9%
Vacant Units	1,149	14.1%
For rent	175	2.1%
For sale only	28	0.3%
Rented or sold, not occupied	129	1.6%
For seasonal, recreational, or occasional use	31	0.4%
Other vacant	677	8.3%
Source: U.S. Census 2010, Table DP1		

4. Housing Costs

Housing values and rents throughout California have fluctuated dramatically over the past 15 years. The following section evaluates trends in home sales and rental prices in Pacific Grove.

Home Sales Price Trends

Recent Census estimates reported a median value for all owner-occupied units in Pacific Grove of \$667,000 (Table 4-13). About 77% of homes were valued at \$500,000 or more.

Table 4-13 Value of Owner-Occupied Housing Units

Price Range	Number of Units	Percent of Total
\$49,999 or less	46	1.4%
\$50,000 to \$99,999	33	1.0%
\$100,000 to \$149,999	8	0.2%
\$150,000 to \$199,999	26	0.8%
\$200,000 to \$299,999	121	3.8%
\$300,000 to \$499,999	506	15.7%
\$500,000 to \$999,999	2,137	66.3%
\$1,000,000 or more	345	10.7%
Total	3,222	100%
Median value	\$667,000	
Source: Census 2009-2013 ACS, Table DP-4		

Rental Costs

As shown in Table 4-14, the median monthly rent in Pacific Grove as recently reported by the Census Bureau was \$1,559. According to recent Census estimates, over half of renter households in Pacific Grove spent 30 percent or more of their household income on rent (Table 4-15).

Table 4-14 Gross Monthly Rent

Gross Rent	Units	Percentage
Less than \$200	24	0.7%
\$200 to \$299	23	0.7%
\$300 to \$499	34	1.0%
\$500 to \$749	97	2.9%
\$750 to \$999	309	9.1%
\$1,000 to \$1,499	1,373	40.4%
\$1,500 or more	1,536	45.2%
Median	\$1,559	
Source: Census 2009-2013 ACS, Table DP-4		

Table 4-15 Gross Rent as a Percentage of Household Income

Percent of Household Income	Number of Households	Percent of Households
Less than 15 percent	330	9.8%
15 to 19.9 percent	354	10.5%
20 to 24.9 percent	618	18.3%
25 to 29.9 percent	352	10.4%
30 to 34.9 percent	496	14.7%
35 percent or more	1,224	36.3%
Total	3,374	100%
Source: Census 2009-2013 ACS, Table DP-4		

5. Housing Affordability

To estimate and plan for the supply of affordable housing, the Department of Housing and Community Development (HCD) defines four income groups based on a percentage of the county median family income (MFI). For 2015, the MFI for Monterey County was \$68,700 for a family of four. The income groups are defined as follows:

- Extremely-Low-Income: 30% or less of MFI;
- Very-Low-Income: 31% to 50% of MFI;

- Low-Income: 51% to 80% of MFI;
- Moderate-Income: 81% to 120% of MFI; and
- Above-Moderate-Income: greater than 120% of MFI.

Housing affordability in Pacific Grove can be inferred by comparing the cost of owning or renting a home with the income levels of households of different sizes. Table 4-16 shows the maximum annual income for households in the various income groups based on MFI. It also shows the maximum affordable monthly rental payment and the estimated maximum affordable home price based on the standard of allocating no more than 30% (as established by HUD) of monthly household income to housing costs (including utilities, taxes, and insurance).

These statistics show that most for-sale homes in Pacific Grove are well out of the range of households earning a moderate-income or less. Rental prices are more affordable to households with incomes at low- and moderate-income levels, although many households have difficulty finding suitable housing without overpayment or overcrowding.

Table 4-16 Housing Affordability

Income Category	Income Limits	Affordable Rent	Affordable Price (est.)
Extremely Low (<30%)	\$24,250	\$606	\$85,000
Very Low (31-50%)	\$36,250	\$906	\$145,000
Low (51-80%)	\$58,000	\$1,450	\$230,000
Moderate (81-120%)	\$82,450	\$2,061	\$350,000
Above moderate (120%+)	>\$82,450	> \$2,061	> \$350,000
Assumptions: -Based on the 2015 Monterey County median income of \$68,700 -Based on a family of 4 (income limits and affordable prices or rents are adjusted for family size) -30% of gross income for rent or principal/interest/taxes/insurance (PITI) -10% down payment, 4% interest, 1.2% taxes & insurance, \$250 HOA dues Source: Cal. HCD; J.H. Douglas & Associates			

6. Overpayment

According to federal government standards, paying more than 30% of monthly household income toward housing related expenses is considered to be overpayment. This includes rent or mortgage payments and utility costs. High housing costs can cause households to spend a disproportionate percentage of their income on housing leaving insufficient income for other basic needs and services, such as food and medical attention.

Comprehensive Housing Affordability Strategy (CHAS) estimates published by HUD (Table 4-17) showed that 62% of renters and 81% of homeowners in the extremely-low-income category spent more than 30% of their income on housing. About 89% of renters and 74% of homeowners in the very-low-income category were overpaying, while about 80% of renters and about one-third of homeowners in the low-income category experienced overpayment. Even in the above-moderate-income category, overpayment was experienced by about 20% of renters and 27% of homeowners.

Table 4-17 Households Overpaying for Housing

Income Category	Owners		Renters	
	Households	Percent	Households	Percent
Extremely low households	180		315	
Households overpaying	145	80.6%	194	61.6%
Very low households	245		260	
Households overpaying	180	73.5%	230	88.5%
Low households	380		575	
Households overpaying	125	32.9%	460	80.0%
Moderate households	205		455	
Households overpaying	80	39.0%	375	82.4%
Above moderate households	2,260		2,130	
Households overpaying	605	26.8%	435	20.4%
Source: U.S. Department of Housing and Urban Development, CHAS based on the 2008-2012 ACS				

7. Overcrowding

Overcrowding is defined as more than one person per room in a single unit, not including kitchens and bathrooms. A severely overcrowded housing unit is defined as one with more than 1.5 persons per room. Overcrowding can affect public facilities and services, reduce the quality of the physical environment, and create conditions that contribute to deterioration. Overcrowding can occur when housing costs are high relative to income, forcing more than one family to share a single unit or reside in a smaller unit. As shown in Table 4-18, less than 1% of owner-occupied units and only about 2% of renter-occupied units in Pacific Grove were overcrowded. Although affordability is an issue on the Monterey peninsula, it has not resulted in overcrowding in the City of Pacific Grove according to recent Census estimates.

Table 4-18 Overcrowding by Tenure

Occupants per Room	Pacific Grove		Monterey County	
	Units	%	Units	%
Owner occupied units	3,222	100%	62,398	100%
1.01 to 1.50	22	0.7%	2,881	4.6%
1.51 to 2.00	0	0.0%	776	1.2%
2.01 or more	0	0.0%	209	0.3%
Renter occupied units	3,594	100%	63,030	100%
1.01 to 1.50	72	2.0%	7,581	12.0%
1.51 to 2.00	13	0.4%	2,892	4.6%
2.01 or more	0	0.0%	917	1.5%

Source: Census 2009-2013 ACS, Table B25014

8. At-Risk Units

California housing element law requires that the City include a study of deed-restricted low-income units that may be at risk of converting to market-rate within ten years of the beginning of the planning period (i.e., 2015-2025). There are nine units in Pacific Grove that are at risk of converting to market rate in 2017. Refer to Table 4-19 for a description of at-risk units.

The six units at 1141 Lighthouse Avenue were deed restricted to be affordable to low-income renters for 30 years as a condition of the project's approval. One of the three units at 541 Pine Avenue is deed restricted to be affordable to low-income households and two are deed restricted for moderate-income. The deed restrictions were put in place for 30 years as part of a density bonus when the units were developed.

Table 4-19 At-Risk Units

Address	Number and Type of Units	Type of Subsidy	Non-Elderly Units	Elderly Units	Current Owner	Date of Expiration
1141 Lighthouse Avenue	6 Low-Income	n/a	6	0	Villa Del Mar Apartments Partnership	2017
541 Pine Avenue	1 Low-Income 2 Moderate-Income	n/a	3	0	Bodington, Jeffrey & Cecile, O.	2017
Total	9 Units		9	0		

Source: City of Pacific Grove 2015

Based on market conditions it is estimated that an annual subsidy of \$13,400 for the Lighthouse Avenue units and \$16,100 for the Pine Avenue units would be required to maintain the current affordability level for these units if the covenants expire, or a total of approximately \$29,500 per year for all nine units. Replacement cost (including land) for all nine units is estimated to be approximately \$4 million. The City will work with the property owners to explore options for maintaining affordability by working with the County to target Section 8 vouchers for the units, or providing rehabilitation funds for improvements. If the City is not able to maintain unit affordability through working with the property owner, it will notify tenants of assistance options and explore opportunities to assist in the development of replacement units. Program 2.3.d addresses the City's approach to working to maintain the affordability of at-risk units.

Refer to Section 4.3, Special Needs Groups for a detailed description of program activities. As stated in Program 2.2.2, the City will continue to seek funding to continue Program activities. Housing Division staff worked closely to assist subsidy recipients to ensure that they obtain new assistance or find alternative affordable housing.

9. Coastal Zone

California State law (Government Code §65590) requires that communities located within Coastal Zones provide an additional analysis of affordable housing units. The analysis must document existing units as well as units constructed (after January 1, 1982), demolished, and replaced within three miles of the Coastal Zone. Because the City's entire housing stock is located within three miles of the coastal zone, this analysis of affordable units is applicable Citywide.

The City has an inventory of 68 affordable units for very low-, low-, and moderate-income households, all of which were constructed after 1982. See Table 4-20 for a complete list. During the previous planning periods, one affordable unit was replaced, demolished, or converted. The deed restriction expired in 2002 and the unit converted to market rate.

Table 4-20 Affordable Unit Inventory

Address	Number of Units
1141 Lighthouse Avenue	6
405 Lighthouse Avenue	1
551 Gibson Avenue	2
882 19th Street	1
900 Cedar Street	1
184 Pine Avenue	1
119 18th Street	1
541 Pine Avenue	3
148/150 Lighthouse Avenue	1
145 15th Street	1
124 14th Street	1
1020 Funston Avenue	1
650 Jewell Avenue	48
Total	68

Source: City of Pacific Grove, 2015

4.3 Special Needs Groups

Certain segments of the population encounter more difficulty in finding decent, affordable housing due to special circumstances. Special needs may be related to one's employment type and income, family characteristics, medical condition or disability, or household characteristics. This section provides an overview of the special needs population in Pacific Grove including persons with disabilities, seniors, female-headed households, large households, homeless persons, and residents employed in farming.

1. Persons with Disabilities

A disability is defined broadly by the U.S. Census as a physical, mental, or emotional condition that lasts over a long period of time and makes it difficult to live independently. Special needs for access and affordability can make it difficult for persons with disabilities to find adequate housing. According to recent Census estimates, approximately 12% of non-institutionalized City residents reported some type of disability (Table 4-21). As might be expected, those aged 65 and over generally reported the highest disability rates. Approximately 26% of seniors reported some type of disability, compared to 10% for persons between age 18 and 64. The most frequently reported disability for seniors was an ambulatory difficulty (15% of the senior population). Housing opportunities for those with disabilities can be maximized through housing assistance programs and providing universal design features such as widened doorways, ramps, lowered countertops, single-level units and ground floor units.

Table 4-21 Employment Status of Persons with Disabilities

Disability by Age	Persons	Percent
Total civilian noninstitutionalized population	14,781	-
With any disability	1,765	11.9%
Under Age 5 - total persons	501	--
With a hearing difficulty	0	0.0%
With a vision difficulty	0	0.0%
Age 5 to 17 - total persons	1,700	
With a hearing difficulty	0	0.0%
With a vision difficulty	0	0.0%
With a cognitive difficulty	39	2.3%
With an ambulatory difficulty	0	0.0%
With a self-care difficulty	0	0.0%
Age 18 to 64 - total persons	9,432	
With a hearing difficulty	139	1.5%
With a vision difficulty	33	0.3%
With a cognitive difficulty	483	5.1%
With an ambulatory difficulty	222	2.4%
With a self-care difficulty	78	0.8%
With an independent living difficulty	372	3.9%
Age 65 and over* - total persons	3,148	
With a hearing difficulty	393	12.5%
With a vision difficulty	149	4.7%
With a cognitive difficulty	238	7.6%
With an ambulatory difficulty	470	14.9%
With a self-care difficulty	195	6.2%
With an independent living difficulty	364	11.6%

Source: U.S. Census, 2009-2013 ACS Table S1810

Note: Totals may exceed 100% due to multiple disabilities per person

Developmental Disabilities

As defined by federal law, “developmental disability” means a severe, chronic disability of an individual that:

- Is attributable to a mental or physical impairment or combination of mental and physical impairments;
- Is manifested before the individual attains age 18;
- Is likely to continue indefinitely;

- Results in substantial functional limitations in three or more of the following areas of major life activity: a) self-care; b) receptive and expressive language; c) learning; d) mobility; e) self-direction; f) capacity for independent living; or g) economic self-sufficiency; and
- Reflects the individual's need for a combination and sequence of special, interdisciplinary, or generic services, individualized supports, or other forms of assistance that are of lifelong or extended duration and are individually planned and coordinated.

The Census does not record developmental disabilities as a separate category of disability. According to the U.S. Administration on Developmental Disabilities, an accepted estimate of the percentage of the population that can be defined as developmentally disabled is 1.5 percent. Many developmentally disabled persons can live and work independently within a conventional housing environment. More severely disabled individuals require a group living environment where supervision is provided. The most severely affected individuals may require an institutional environment where medical attention and physical therapy are provided. Because developmental disabilities exist before adulthood, the first issue in supportive housing for the developmentally disabled is the transition from the person's living situation as a child to an appropriate level of independence as an adult.

The California Department of Developmental Services (DDS) currently provides community-based services to approximately 243,000 persons with developmental disabilities and their families through a statewide system of 21 regional centers, four developmental centers, and two community-based facilities. The San Andreas Regional Center (SARC) located in Campbell (<http://www.sarc.org/>) provides services for people with developmental disabilities in Monterey, San Benito, Santa Clara, and Santa Cruz counties. The SARC is a private, non-profit community agency that contracts with local businesses to offer a wide range of services to individuals with developmental disabilities and their families. As of 2014, SARC served approximately 100 clients living in Pacific Grove (zip code 93950) according to data compiled by the Department of Housing and Community Development.

There is no charge for diagnosis and assessment for eligibility. Once eligibility is determined, most services are free regardless of age or income. There is a requirement for parents to share the cost of 24-hour out-of-home placements for children under age 18. This share depends on the parents' ability to pay. There may also be a co-payment requirement for other selected services.

Regional centers are required by law to provide services in the most cost-effective way possible. They must use all other resources, including generic resources, before using any regional center funds. A generic resource is a service provided by an agency that has a legal responsibility to provide services to the general public and receives public funds for providing those services. Some generic agencies may include the local school district, county social services department, Medi-Cal, Social Security Administration, Department of Rehabilitation and others. Other resources may include natural supports. This is help that disabled persons may get from family, friends or others at little or no cost.

Gateway Center, a non-profit organization based in Pacific Grove, provides residential services and day programs for developmentally disabled adults. Gateway Center is recognized as an important service to disabled persons throughout Monterey County. The Housing Element includes Program 4.3.b to ensure continued support for the organization. In addition, several programs have been included in the Housing Element to increase housing accessibility for people with disabilities, including Program 4.1.a (using the City's rehabilitation program to modify dwellings for low-income disabled persons and seniors) and Program 4.1.b (adopting a reasonable accommodation policy or ordinance).

2. Senior Citizens

Senior citizens (age 65 and over) are considered a special needs group because they are more likely to have fixed incomes and often have special needs related to housing location and construction. Because of limited mobility, seniors typically need to have access to public facilities (e.g., medical and shopping) and public transit. In terms of housing construction, seniors may need ramps, handrails, elevators, lower cabinets and counters, and special security devices to allow for greater self-protection.

According to recent Census estimates (Table 4-22), approximately 43% of owner households and 21% of renter households in Pacific Grove were headed by seniors. The number of elderly residents is expected to grow given that seniors are the fastest-growing age groups in California.

Table 4-22 Senior Households by Tenure

Householder Age	Owner		Renter	
	Households	%	Households	%
Under 65 years	1,840	57.1%	2,839	79.0%
65 to 74 years	742	23.0%	434	12.1%
75 to 84 years	428	13.3%	212	5.9%
85 years and over	212	6.6%	109	3.0%
Total Households	3,222	100%	3,594	100%

Source: U.S. Census 2009-2013 ACS, Table B25007

In an effort to meet the needs of lower-income senior households, the City of Pacific Grove collaborated in the development of Vista Point Apartments. Vista Point was opened for occupancy in 2006 and offers 48 rental units affordable to very-low- and low-income seniors. The Housing Element includes several policies and programs on maintenance and rehabilitation, reasonable accommodation, and affordable housing to address the potential needs of seniors.

3. Large Households

A household of five or more persons is considered to be a large family. Large households are considered a special needs group because they may experience difficulty in finding suitable housing units. Renter households, in particular, are less likely to find units with three or more bedrooms. According to recent Census estimates, only about 4% of owner households and about 6% of renter households had five or more persons (Table 4-23).

Table 4-23 Large Households by Tenure

Household Size	Owners		Renters	
	Households	%	Households	%
1 person	918	28.5%	1517	42.2%
2 persons	1,389	43.1%	1195	33.2%
3 persons	482	15.0%	342	9.5%
4 persons	315	9.8%	322	9.0%
5 persons	118	3.7%	137	3.8%
6 persons	0	0.0%	6	0.2%
7+ persons	0	0.0%	75	2.1%
Total households	3,222	100%	3,594	100%

Source: 2009-2013 ACS Table B25009

4. Female-Headed Households

Female-headed households are considered to be a special needs group due to the comparatively low rates of home ownership, lower income levels, and disproportionately high poverty rates experienced by this group. According to recent Census estimates, about 6% of owner households and 13% of renter households were headed by a female (Table 4-24). A number of policies and programs in the Housing Element are targeted at providing safe, affordable housing within walking distance to services and transportation will help to address this special needs population.

Table 4-24 Female-Headed Households by Tenure

Household Type	Owners		Renters	
	Households	%	Households	%
Married couple family	1,827	56.7%	1,108	30.8%
Male householder, no wife present	92	2.9%	72	2.0%
Female householder, no husband present	200	6.2%	451	12.5%
Non-family households	1103	34.2%	1963	54.6%
Total households	3,222	100%	3,594	100%

Source: 2009-2013 ACS Table B11012

5. Homelessness

The housing needs of the homeless are more difficult to measure and assess than those of any other population subgroup. Since these individuals have no permanent addresses, they are less likely to be counted in the Census, and since they are also unlikely to have stable employment, the market provides them with few housing opportunities. Those in need of emergency shelter include victims of domestic violence, persons displaced from their homes by disasters such as fires, tenants who have been evicted from rental housing, veterans, and “runaways.”

The County conducted a point-in-time count and prepared a series of independent homeless peer interviews as part of the 2015 Monterey County Homeless Census and Survey. This survey used two methods for data collection: a point-in-time count on January 28, 2015 and a series of independent

homeless peer interviews, as recommended by HUD. The 2015 Monterey County Homeless Point-in-Time Census and Survey¹ counted 1,630 unsheltered homeless people and an additional 678 people living in emergency shelters, transitional housing, and domestic violence shelters. The final estimate of the 2015 Monterey County Homeless Census and Survey is 2,308 persons. Of those, 13 unsheltered persons were identified as living in Pacific Grove.

The Coalition of Homeless Service Providers' 2014 Monterey County Homeless Services Resource Guide identifies emergency shelters, community kitchens, transitional housing, rental support, and ancillary services for homeless individuals. The guide identifies the following resources in Monterey County:

- Emergency Shelters – Franciscan Workers-Women Alive!; Interim; Inc. (Manzanita House and MC Home); Pajaro Rescue Mission; Salvation Army-Frederiksen House; Shelter Outreach Plus (Salinas Shelter and Seaside Shelter); Victory Mission; and YWCA-Lawson House.
- Permanent Supportive Housing – Central Coast HIV/AIDS Services; Interim; Inc. (Sandy Shores; Acacia House; Casa de Paloma; and Sunflower Gardens)
- Transitional Housing - Community Human Services (Safe Passage and Elm House); Interim; Inc. (Shelter Cove and Bridge House); HACM—Pueblo Del Mar; Salvation Army—Casa de Las Palmas; Shelter Outreach Plus (Homeward Bound; Lexington Court; and Men in Transition); Sun Street Centers—Seven Suns; and Veterans Transition Center—Transition Project.

United Way's 2-1-1 Community Resources database can also help link homeless persons to housing and supportive services, such as rental and utility assistance, food distribution, shelter, and information and referral.

While homelessness is not a significant issue in the City (13 homeless people counted in 2015), the City recognizes that homelessness is a problem regionally and is committed to ending chronic homelessness. To this end, policies and programs ranging from cooperating in regional efforts to identifying funding sources for shelters and affordable housing are included in this Housing Element. The City has also included Program 4.2.a to address the requirements of SB 2 (Homeless Shelters and Transitional Housing). The City also supported the One Starfish Safe Parking & Support Services project which allows homeless women with children and single women (up to 5 vehicles) to park a recreational vehicle in a church parking lot (one location) temporarily (30 days) while searching for permanent housing.

6. Farm Workers

Farm workers are defined as those whose primary incomes are earned through seasonal agricultural work. Recent Census estimates reported that 45 residents of Pacific Grove were employed in the Agriculture, Forestry, Fishing and Hunting, and Mining industries. Census data does not specify the number of persons who are employed as farm workers and it is assumed that only a small percentage of persons employed in this industry are involved in active agricultural production and harvest. In addition, there is no farming activity in the City and agriculture is not a permitted use in any zoning district. Therefore, although farm worker housing is an acute need at the County level, there is no apparent or recognized need for farm worker housing in the City of Pacific Grove.

¹ <http://www.appliedsurveyresearch.org/homelessness-reports/2014/8/13/i632hx7w90yp8vkihc9y2m4iqfpgad>

5. Land Availability and Housing Resources

This Chapter addresses the resources available for the development, improvement, and preservation of housing in Pacific Grove. This includes:

- An evaluation of the City's Regional Housing Needs Allocation for the 2015 - 2023 planning period.
- A sites inventory and analysis, which details the land suitable for residential development.
- An overview of the financial and administrative resources available for developing and implementing City housing programs.

5.1 Regional Housing Needs Allocation

California law requires the Department of Housing and Community Development to project statewide housing needs and allocate the need to each region in the State. After consulting with the Association of Monterey Bay Area Governments (AMBAG), HCD provides the regional need to AMBAG, which then distributes the Regional Housing Needs Allocation (RHNA) to the cities and counties within the AMBAG region. AMBAG allocates housing production goals for the cities and counties based on their projected share of the region's population growth and other factors.

The projected housing needs in the RHNA are categorized by income based on standards for very-low-, low-, moderate-, and above-moderate-income households as established by the U.S. Department of Housing and Urban Development (HUD) (*California Health and Safety Code* §50079.5).

Local governments can employ a variety of development strategies to accommodate their RHNA housing production goals, as provided in Government Code §65583(c)(1). In addition to identifying vacant or underutilized land resources, local governments can address a portion of the adequate sites requirement through the provision of second units.

As shown in Table 5-1, the Pacific Grove share of the RHNA for the 2015-2023 planning period is 115 units including 28 very-low-income, 18 low-income, 21 moderate-income, and 48 above-moderate-income units. Because the RHNA period began January 1, 2014, any units completed or approved since that date are credited toward the City's inventory of sites. During 2014-15, five primary units were constructed or permitted in Pacific Grove. These units were assumed to be market rate, thus affordable only to households with an above-moderate income. After accounting for permit and construction activity in the period from January 2014 through December 2015 the City has a remaining RHNA of 110 units as seen in Table 5-1.

Table 5-1 City Share of Regional Housing Need, 2015-2023

	Very Low	Low	Moderate	Above Moderate	Total
2014-2023 RHNA	28*	18	21	48	115
Units Constructed / Approved in 2014-15	--	--	--	5	5
2015-2023 Remaining RHNA	28*	18	21	43	110

Source: 2014-2023 AMBAG Regional Housing Needs Allocation Plan, City of Pacific Grove

*14 of these are assigned to the extremely-low-income category

5.2 Site Inventory and Analysis

Local governments can employ a variety of development strategies to meet the RHNA housing production goals, as provided in *California Government Code* §65583(c)(1). In addition to identifying vacant or underutilized land resources, local governments can address a portion of their adequate sites requirements through the provision of second units. Table 5-2 and the following discussion summarizes the vacant land inventory, second unit potential, and underutilized and opportunity sites. This analysis demonstrates that the City has adequate sites with appropriate zoning to accommodate the RHNA in all income categories.

Table 5-2 Summary of Potential Residential Sites Compared to the RHNA

	Very Low	Low	Moderate	Above Moderate	Total
2015-2023 Remaining RHNA	28	18	21	43	110
Vacant Sites	81		44	23	148
Second Unit Potential	10		--	--	10
Underutilized Sites	52		--	--	52
Total Capacity	143		44	23	210
Adequate Capacity?	Yes		Yes	Yes*	Yes

*Reflects excess lower- and moderate-income capacity

Source: City of Pacific Grove, 2015

2. Vacant Sites

State law governing the preparation of housing elements emphasizes the importance of an adequate land supply by requiring that each housing element “...identify adequate sites... to facilitate and encourage the development of a variety of types of housing for all income levels...” (*California Government Code* §65583(c)(1)).

The vacant land inventory (see Table 5-3 and Appendix B) identifies the realistic potential for 148 units, which accounts for site limitations such as environmental constraints and exceeds the City’s remaining RHNA allocation in all income categories. While many of the vacant parcels are expected to accommodate moderate- and above-moderate-income households, there are several sites that are appropriate for high-density housing units for very-low- and low-income households, accommodating approximately 81 units. The City will continue to work with owners of these properties, particularly those allowing higher densities, to facilitate affordable housing development where feasible (see Programs 2.1, 2.2, 2.3.a, 2.3.c and 2.3.f).

Table 5-3 Summary of Vacant Parcels

Zone	GP Designation(s)	Acres	Number of Parcels	Maximum Density	Maximum Units	Realistic Unit Capacity	Infrastructure
Low and Medium Density Vacant Parcels							
R-1	MDR 7.0, MDR 7.3, MDR 9.7, MDR 10.9, MDR 12.1	2.75	25	7.0 - 12.1 units per acre	43	40	Yes, Water Constraint
R-1-H	MDR 7.3	0.30	2	7.3 units per acre	4	4	Yes, Water Constraint
R-1-B-3	LDR 4.4	1.92	4	4.4 units per acre	6	6	Yes, Water Constraint
R-1-B-4	LDR 1.0, LDR 2.0	11.0	15	1 - 2 units per acre	15	15	Yes, Water Constraint
PUD	LDR 5.4	0.15	1	5.4 units per acre	2	2	Yes, Water Constraint
Subtotal		16.12	47		70	67	
High Density Vacant Parcels							
R-2	HDDR 21.8	0.44	5	21.8 units per acre	7	7	Yes, Water Constraint
R-3-PGR	HDR 19.8	0.26	4	19.8 units per acre	5	5	Yes, Water Constraint
R-4	HDR 29.0	0.32	3	29 units per acre	8	8	Yes, Water Constraint
C-1	D	0.18	3	20 - 30 units per acre	10	6	Yes, Water Constraint
C-2	SC	1.60	1	50 units per acre	80	55	Yes, Water Constraint
Subtotal		2.80	16		110	81	
Total		18.92	63		180	148	

Source: City of Pacific Grove 2015

3. Second Unit Potential

From 1983 to 1999, the City permitted an average of three secondary units per year. From 2000 to 2010, the City permitted an average of 1.4 units per year. However, because water resources have limited construction in recent years, it is assumed that the 1983 to 1999 average better represents market demand and realistic construction potential. Using this historical average, it is assumed that one second unit per year will be permitted during the 2015-2023 planning period.

A 2008 analysis of the parcel inventory in Pacific Grove found potential for over 2,600 additional secondary units in Pacific Grove, a reduction of about 900 units from the 1994 General Plan build out potential. The analysis narrowed potential properties based on existing secondary units and the following parameters for minimum lot sizes:

- Located in the R-1 or R-1-H zones and over 4,000 square feet; or
- Located in the R-1-B-2 zone and over 6,000 square feet; or
- Located in the R-1-B-3 zone and over 10,000 square feet.

Corner lots less than 5,000 square feet were not considered due to setback restrictions that would make development unlikely. The study also did not consider properties in the R-1-B-4 zone due to Local Coastal Program land use restrictions.

Second units approved from 2003 to 2010 were deed restricted for moderate-income households, as prescribed in the Second Unit Ordinance. Based on the changes proposed in Program 2.4, it is assumed that most future second units will be deed restricted to be affordable to low-income households as the program describes a revision to the Second Unit Ordinance that would relax development standards in order to incentivize the development of second units that are deed restricted for low-income households.

4. Underutilized and Opportunity Sites

~~Although there are sufficient vacant sites to fully accommodate the City's RHNA allocation~~~~In addition to the vacant sites discussed above,~~ underutilized opportunity sites could accommodate approximately 52 additional lower-income units (see Table 5-4 and Appendix B, Figure B-2). These underutilized sites include seven High Density Residential parcels that are developed at a substantially lower density than permitted, as well as five contiguous parcels in the Forest Avenue Commercial Area. These C-1 parcels range in size from 0.15 to 0.23 acre and all have one existing residential structure and deep setbacks from Forest Avenue (see Figure 5-1). There is potential for these sites to be combined and developed for multi-family or mixed-use. Given consideration for the existing units, these parcels could reasonably accommodate an additional 14 units. The unit estimate is conservative as it assumes that the existing five residential structures on the site would remain in place. Under current zoning, the site could accommodate additional units if the existing units are demolished.

Table 5-4 Underutilized Sites

Site	Existing Zone	Existing GP Land Use	Acres	Existing Units	Potential Additional Units	Constraints
High Density Residential Sites						
625 Forest Avenue	R-4	HDR 29.0	0.17	1	4	Water supply
615 Forest Avenue	R-4	HDR 29.0	0.27	2	6	Water supply, Historic resource
210 Cedar Street	R-4	HDR 29.0	0.21	1	5	Water supply
970 Lighthouse Avenue	R-4	HDR 29.0	0.22	1	5	Water supply
938 Lighthouse Avenue	R-4	HDR 29.0	0.22	2	4	Water supply
792 Lighthouse Avenue	R-4	HDR 29.0	0.32	3	6	Water supply, Historic resource
131 1st Street	R-4	HDR 19.8	0.31	1	8	Water supply
Subtotal			1.72	11	38	
Forest Avenue Commercial Site						
1125 Forest Avenue	C-1	FHC	0.15	1	2	Water supply
1129 Forest Avenue	C-1	FHC	0.18	1	3	Water supply
1133 Forest Avenue	C-1	FHC	0.22	1	3	Water supply
1137 Forest Avenue	C-1	FHC	0.23	1	3	Water supply
1141 Forest Avenue	C-1	FHC	0.21	1	3	Water supply
Subtotal			0.99	5	14	
Total			2.71	16	52	

Source: City of Pacific Grove 2015

Figure 5-1 Forest Avenue C-1 Sites



These underutilized parcels provide additional opportunities for affordable housing that exceed the City's assigned share of regional needs. As noted in Program 2.3.e, the City will continue to work with owners of underutilized properties to facilitate their development for low- and moderate-income housing. The Housing Plan (Chapter 3) includes several programs to work with owners of underutilized sites (Programs 2.3.a, 2.3.b, 2.3.c, 2.3.e, and 2.3.f) to stimulate investment in the downtown area and encourage mixed-use and higher density residential development in the Forest Hill Commercial District.

5.3 Financial and Administrative Resources

Developing affordable housing in a high-priced market, such as in Pacific Grove, requires access to local, State, and federal funding, as well as organizations with the expertise to build and manage affordable housing. The following section provides an overview of financial and administrative resources available for affordable housing development and conservation in Pacific Grove.

1. Financial Resources

City of Pacific Grove Housing Assistance Programs

The City of Pacific Grove offers several programs to help residents improve and maintain their homes and aid low-income renters in obtaining affordable housing. Programs are administered by the Housing Division of the Community Development Department and include the Housing Rehabilitation Loan Program, Emergency Home Repair Loan Program, Rental Assistance Program, Private Sewer Lateral Program, and Poet's Perch. Information regarding these programs is posted on the City website (www.cityofpacificgrove.org/housing).

Housing Rehabilitation Loan Program

The City makes funds available to assist low-income residents in repairing and upgrading their homes through the Housing Rehabilitation Loan Program. The City's current portfolio consists of 44 loans valued at \$1.8 million. Over the past 10 years the City processed 37 loans ranging in value from \$2,085 to \$165,000. By 2017 the City anticipates providing seven to ten additional loans.

The City continually works with the State Department of Housing and Community Development (HCD) and other community partners to obtain funding for the loan program. These partnerships have contributed to the ongoing success of the program. In the mid-1980s, the program began receiving grant funding and has benefited from over \$4 million in State and Federal funding since that time. Other past community partners have included local banks, realtors, appraisers, title companies and newspapers. Partners have provided cash grants and discounted services for the program. From the year 2000 through June 2010, a total of \$448,798 of local and private match contributions were provided to the loan program.

Emergency Home Repair Loan Program

The Emergency Home Repair Loan Program offers loans of up to \$10,000 for emergency home repairs such as damaged water or heating and cooling systems, hazardous electrical wiring, defective sewage lines, and leaking roofs. Loans are offered to very-low- and low-income Pacific Grove homeowners. Assistance is granted based on the priority and eligibility of the emergency.

Rental Assistance Program

This Program provided over \$445,000 in rent subsidies until 2010 when the program was discontinued due to lack of funding.

Private Sewer Lateral Loan Program

In 2005, the Pacific Grove City Council approved funding for the Sewer Lateral Loan Program. Loan funds are made available to property owners that are voluntarily repairing or replacing their private sewer laterals. The loans are granted at 3% interest and there are no income restrictions to qualify for the loan. Payment of deferred loans is due upon sale of the property or transfer of title. A total of 41 loans have been made under this program since 2005.

Poet's Perch

The City-owned residential property at 140 18th Street is rented to a qualified poet at a reduced monthly rent, in exchange for the poet providing poetry-related community service to Pacific Grove. The Housing Division facilitates the annual selection process of the poet and provides the property management of the home.

State Funding Sources

The Department of Housing and Community Development (HCD) administers a variety of grants and loans for affordable housing. A description of available programs can be found on the HCD website at <http://www.hcd.ca.gov/financial-assistance>. Adoption and certification of a jurisdiction's housing element is required for many State funding sources.

2. Administrative Resources

Housing Authority of the County of Monterey (www.hamonterey.org)

The Housing Authority of the County of Monterey is a public agency that provides rental assistance and develops and manages affordable housing in Monterey County. Among the variety of affordable housing programs provided by the Housing Authority of the County of Monterey are public housing and migrant and permanent farm worker programs. The Housing Authority also administers the Section 8 rental subsidy program for the Monterey Peninsula area. Approximately 72 housing units in Pacific Grove are currently subsidized with Section 8 vouchers.

Housing Resource Center of Monterey County (<http://hrcmontereycounty.org>)

The Housing Resource Center of Monterey County (HRC) is an independent non-profit housing resource agency providing resources ranging from homeless prevention and emergency rental assistance to home ownership and foreclosure prevention. The Housing Resource Center of Monterey County, run by the Housing Authority of the County of Monterey, provides several housing services from homeless prevention to home ownership. The Center provides rental assistance, education, and counseling for first-time home buyers.

South County Housing (www.scounty.org)

Since 1982, South County Housing, a non-profit community development corporation, has worked towards providing affordable housing development, property management, and neighborhood development. South County Housing aims to create mixed-income housing with on-site services.

In 2006, South County Housing built the Vista Point project in Pacific Grove. Vista Point has 49 affordable units for seniors. From 2003 to present, South County Housing has constructed 447 units worth \$72,753,000 in Monterey County. South County Housing sold its interest in Vista Point to Eden Housing. (www.edenhousing.org)

Shelter Outreach Plus (www.shelteroutreachplus.org)

Shelter Outreach Plus provides housing, support, and opportunities for people seeking self-sufficiency. The organization provides assistance for obtaining emergency shelter, transitional housing, and other supporting services. Shelter Outreach Plus provides several transitional programs that help vulnerable populations move from positions of homelessness or abuse to stable housing saturations. The organization currently serves over 3,000 people in Monterey County annually.

Gateway Center (www.gatewaycenter.org)

Gateway Center is a non-profit organization that provides services including residential care, day programs, and developmental training for developmentally disabled adults. The organization is based in

Pacific Grove and operates two residential homes, a senior day program, and developmental training sessions at facilities in the City.

6. Constraints

Government policies and regulations impact the price and availability of housing and, in particular, the provision of affordable housing. Constraints to housing production include development standards, fees, permitting procedures, and the lack of available water. Providing infrastructure and services also increases the cost of producing housing. One of the greatest constraints to affordable housing production is the chronic shortage of State and federal financial assistance.

This Chapter addresses potential governmental and non-governmental constraints, infrastructure constraints, energy conservation, and focuses on mitigation options available to the City to minimize or eliminate potential constraints.

6.1 Governmental Constraints

Local policies and regulations can impact the price and availability of housing. Land use controls, site improvement requirements, fees and exactions, permit processing procedures, and various other issues constrain the development and improvement of housing.

1. Local Land Use Controls

The Land Use Element of the Pacific Grove General Plan sets forth policies for residential development. These land use policies, coupled with zoning regulations, establish land allocations for different uses. Housing supply and costs are affected by the amount of land designated for residential use, the density at which residential development is permitted, and the standards that govern the character of development.

The 1994 Pacific Grove General Plan applies to all areas of the City except the Coastal Zone, which is regulated by the 1989 Local Coastal Program Land Use Plan (LUP). A small portion of the City's existing housing stock is located within the Coastal Zone. Most of the Coastal Zone is built out with single-family detached housing, although several vacant lots remain in the Asilomar Dunes area.

The Zoning Code implements the General Plan. It is a more detailed approach to regulating land use by taking development lot-by-lot, based on the General Plan goals, policies, and Land Use Map. The General Plan and Zoning Ordinance, as they apply to residential development, are discussed below.

Development Regulations

Table 6-1 summarizes the General Plan land use categories and the zoning districts that either allow by-right or conditionally permit residential development. Densities greater than 20 units per acre are most appropriate for affordable housing. The R-3, R-4, and C-1 zones meet this threshold. Table 6-2 summarizes residential development standards in Pacific Grove. The development standards are reasonable based on regulations in similar communities. In addition, the R-3 and R-4 zones allow development up to three stories and the C-1 and C-1-T zones allow for up to four stories.

Table 6-1 Residential Land Use Controls within Pacific Grove

General Plan Land Use Category		Zoning District(s)	Maximum Density
LDR1.0	Low Density Residential	R-1	1 unit per net acre
LDR2.0	Low Density Residential	R-1	2 units per net acre
LDR4.4	Low Density Residential	R-1	4.4 units per net acre
LDR5.4	Low Density Residential	R-1	5.4 units per net acre
MDR7.0	Medium Density Residential	R-2	7 units per net acre
MDR7.3	Medium Density Residential	R-2	7.3 units per net acre
MDR8.7	Medium Density Residential	R-2	8.7 units per net acre
MDR9.3	Medium Density Residential	R-2	9.3 units per net acre
MDR9.7	Medium Density Residential	R-2	9.7 units per net acre
MDR10.0	Medium Density Residential	R-2	10 units per net acre
MDR12.1	Medium Density Residential	R-2	12.1 units per net acre
MDR17.4	Medium Density Residential	R-2	17.4 units per net acre
HDR19.8	High Density Residential	R-3, R-4	19.8 units per net acre
HDR21.8	High Density Residential	R-3, R-4	21.8 units per net acre
HDR24.8	High Density Residential	R-3, R-4	24.8 units per net acre
HDR29.0	High Density Residential	R-3, R-4	29 units per net acre
PO/HDR	Professional Office or High Density Residential	R-4	29 units per net acre
MHR	Mobile Home Residential	M-H	14 units per net acre
GQ	Group Quarters	R-3, R-4	13 - 55 bedrooms per net acre
VA/MHDR	Visitor Accommodation or Medium High Density Residential	R-3-P.G.R.	17.4 units per net acre ¹
D	Downtown	C-1	20 - 30 units per net acre
CEC	Central-Eardley Commercial	C-1	1.5 - 2.5 FAR
FHC	Forest Hill Commercial	C-1	1.0 FAR
PAC	Presidio-Austin Commercial	C-1	.75 FAR
VC ²	Visitor Commercial	C-1-T	20 units per net acre

¹ Maximum density at 17 Mile Drive Village is 9.3 units per net acre

² Applied only to the Holman Building block (located between Central and Lighthouse and Grand to Fountain), by voter initiative

Source: City of Pacific Grove Zoning Code and General Plan

Table 6-2 Residential Site Development Standards by Zoning District

Zoning District	Min. Lot Size (Square Feet)	Max. Building Coverage ⁵	Max. Building Height	Min. Required Yards		
				Front	Rear	Side
R-1	4,000 ^{1,2}	40 - 45%	25'	15'	10' - 15'	10 - 20% lot width (min. 3')
R-1-B-2	6,000	40 - 45%	25'	20'	20% lot depth (min. 20')	10 - 20% lot width (min. 3')
R-1-B-3	10,000	40 - 45%	25'	20'	20% lot depth (min. 20')	10 - 20% lot width (min. 3')
R-1-B-4	20,000	40 - 45%	25'	20'	20'	10% lot width (max. 10')
R-1-H	4,000 ^{1,2}	35 - 40%	25'	15'	10' - 15'	10 - 20% lot width (min. 10/15')
R-2	4,000 - 5,000 ²	50%	30'	15'	10' - 15'	10 - 20% lot width (min. 3')
R-2-B-3	10,000	50%	30'	20'	20% lot depth (min. 20')	10 - 20% lot width (min. 3')
R-3	4,000 - 6,000 ²	50%	30'	12'	5' - 12'	10 - 20% lot width (min. 3')
R-3-P.G.R.	2,200	50%	30'	4' - 8'	5' - 12'	10 - 20% lot width (min. 3')
R-3-P.G.B.	1,760 - 2,500	50%	25'	8' - 12'	5' - 8'	10% lot width (min. 3')
R-3-M	2,000 - 2,500 ³	50%	25'		10' - 20'	
R-4	4,000 - 6,000	50%	30'	12'	5' - 12'	10 - 20% lot width (min. 3')
M-H	10 acres for one mobile home park	Density = 10 du/acre		20' Other requirements may be authorized through use permit		
C-1	2,000	75 - 90%	30' - 40'	-- ⁴	0' - 5'	0' - 5'
C-1-T	2,000	75 - 90%	30' - 40'	-- ⁴	0' - 5'	0' - 5'
C-2	2,000	75 - 90%	30' - 40'	-- ⁴	0' - 5'	0' - 5'

1 Section 23.16.181 provides locations exceptions based on location Minimum lots size may range from 3,600 sf - 5,000 sf.

2 There are inconsistencies between minimum lot sizes in the residential zones.

3 For adult communities, retirement homes and rest homes, the Planning Commission and/or City Council shall determine the amount of land area per occupied unit by judging its similarity to a family unit or motel unit in actual use and impact, but never less than 2,000sf.

4 When fronting an R district, front yard is the same as required in adjacent R district

5 Additional non-pervious site coverage in addition to the building footprint up to 60% in residential districts

Source: City of Pacific Grove Zoning Code

Projects should also incorporate amenities such as open space and common areas that are vital to the livability and attractiveness of the development. Refer to Table 6-3 for open space requirements by land use. These standards are similar to other communities and not overly burdensome for affordable housing.

Table 6-3 Open Space Requirements

Land Use	Open Space Requirement
R-3 District R-3 P.G.R. District	200 square feet of open yard required per unit for all construction of five units or more.
All Other Districts	No specific open space requirement

Source: City of Pacific Grove Zoning Code

Multi-Family Development

Multi-family residential development is permitted by-right in the R-3 and R-4 districts, and the R-2 district allows for duplexes and dwelling groups. Multi-family residential uses are also permitted in the commercial districts, C-1, C-1-T and C-2. Table 6-4 outlines residential uses permitted within the City by zoning district.

Table 6-4 Housing Types Permitted by Zoning District

Land Use	R-1	R-1-H	R-2	R-3	R-4	M-H	C-1	C-2
Single-Family Dwelling	P	P	P	P	P	³	P	P
Two-Family Dwelling	--	--	UP	P	P	³	P	P
Dwelling Group, ≥ 3-Family	--	--	--	P/UP ²	P/UP ²	³	P/UP ²	P/UP ²
Duplex ¹	--	--	P	--	--	³	P	P
Multiple Dwelling, Apartment House	--	--	--	P/UP ²	P/UP ²	³	P/UP ²	P/UP ²
Residential Accessory Use (accessory uses incidental to SFD)	P	P	P	--	--	³	P	P
Second Unit	P	P	P	P	P	³	P	P
Home Occupation (home business)	P	P	P	--	--	³	P	P
Mobilehome Dwelling	P	P	P	<u>4</u> --	<u>4</u> --	P	P	P
Mobilehome Park	--	--	--	--	--	P	--	UP
Rooming or Boarding House	--	--	--	UP	UP	³	P	P
Group Quarters	UP	UP	UP	UP	UP	UP ³	--	--
<u>Emergency Shelters</u>								<u>P</u>

Notes:

1 Based on Title 23, duplexes are "attached" dwellings designed for or occupied exclusively by two families living independently of each other.

2 Use permit required if the total number of units exceed 7 on a building site, or additions or structural alterations proposed to an existing structure.

3 Any residential use permitted in the respective district with which the MH district is combined

4. Not currently permitted (see Program 3.4.c)

Source: City of Pacific Grove Zoning Code

The application of the Planned Unit Development (PUD) district allows for flexibility in design and layout to accommodate environmental constraints and a mix of housing types. The PUD district allows for single-family dwellings, multi-family dwellings, apartment houses, condominiums, and similar forms of common ownership, however, a use permit is required. Densities within the PUD district are set by the General Plan.

Second Dwelling Units

Second units are recognized as a viable housing option in the City of Pacific Grove. The City permits second dwelling units on any residentially-zoned site with ministerial approval, except, pursuant to the local coastal program land use plan, second units are not allowed in the R-1-B-4 Zoning District. A use permit is required for second dwelling units in single-family (R-1) districts that do not meet all of the development standards identified in Table 6-5.

Table 6-5 Second Dwelling Unit Development Standards

Category	Development Standards
Existing Development	A single-family dwelling unit must exist or be planned for construction on the site.
Number per Building Site	Max. 1 second unit
Unit Size	Max. 1 bedroom; Max. 1 bathroom; Max. ≤ 600 sf
Setbacks	Must comply with the setback requirements for the specific district.
Height	Must comply with the requirements for the specific district. * Max. ≤ 15 ft; * Max if located above a detached garage ≤ 25 ft
Lot Coverage and Floor Area	Second unit shall be included in the lot coverage and floor area requirements applicable to the site. Floor area is measured to the outside surface of exterior walls, with no exceptions.
Off-Street Parking	1 space
Permanent Foundation	Required
Architectural Compatibility	Based on the same or similar architectural features/materials as the main dwelling unit and shall be consistent with the Pacific Grove Architectural Review Guidelines for Single-Family Residences.

Source: City of Pacific Grove Zoning Code

Secondary dwelling units require no discretionary approval, unless exceptions to the standards in Table 6-5 are required. City regulations are consistent with State law and the development standards do not constrain the development of second units. However, the City does require that the primary unit be owner-occupied. Program 2.4 is included in the Housing Plan to consider revised standards to encourage the development of second units.

Mixed-Use

Mixed-use development can provide new employment and housing opportunities for residents by permitting commercial uses on lower floors and residential units on the upper floors. Mixed-use development can enhance economic viability, pedestrian-oriented character, and the commercial environment. Zoning regulations allow for both commercial and residential on the same site within the C-1, C-1-T, and C-2 districts, however, there are

no explicit development standards for this type of land use. In the C-1 and C-2 districts, the Zoning Code states that where there is a mixed usage and over 50% of the street-level frontage is devoted to the commercial use, the commercial district standards shall apply. Additionally, the City does include approval of mixed-use in conjunction with the housing development in the Density Bonus Program incentives.

Mobilehomes and Mobilehome Parks

State law requires that mobile and manufactured homes be allowed on parcels zoned for conventional single-family units. These units cannot be regulated by any planning fees or review processes not applicable to conventional single-family dwellings. However, the architectural design of manufactured or mobilehomes can be regulated by the City.

Under the City's zoning regulations, mobilehomes are permitted by-right in the R-1, R-1-H, R-2, and M-H districts. Mobilehome parks are permitted through the application of the M-H combined district, however, mobilehome parks in the M-H district must obtain a use permit. The R-3 and R-4 districts do not allow for mobilehomes or mobilehome parks unless it is combined with the M-H district. [Program 3.4.c includes a commitment to review zoning regulations for mobile homes and manufactured housing, and initiate a Zoning Code amendment to ensure conformance with state law.](#)

Parking Standards

The City's parking requirements are based upon unit type and size. As shown in Table 6-6, parking requirements typically range from one to two spaces per single-family residential unit. Multi-family residential units have a reduced requirement based on the size of unit, but generally average two spaces per unit. Where the M-H district is combined with other R districts, parking standards are based on the combined residential district. Reductions in parking spaces are allowed for uses that serve tenants with low vehicle-ownership rates, such as convalescent housing, rest homes, and rooming homes. Program 3.4.a proposes shared and tandem parking requirements to provide for a greater variety of parking options.

Table 6-6 Parking Requirements

Type of Use	R-1	R-1-B	R-2	R-2-B	R-3	R-3-P.G.R.	R-4
Single-Family	<2700 sf: none >2700 sf: 1 covered 1 uncovered	2 covered	<2700 sf: none 2700 - 4000 sf: 1 covered 1 uncovered	2 covered	<1800 sf: 1 covered >1800 sf: 2 garage/ carport	<2700 sf: none 2700 - 4000 sf: 1 covered 1 uncovered >4000 sf: 2 covered	See R-3
Duplex	--	--	< 2 bdrm: 1.5/unit All other units: 2 1/unit covered	2 covered	< 2 bedrooms: 1.5/unit All other units: 2 1 space/unit shall be covered		
Convalescent/ Rest Home	--	--	--	--	1/each 6 beds 1/each employee on the shift		
Multi-Dwelling Apartment House, Dwelling Group	--	--	--	--	< 2 bedrooms: 1.5/unit All other units: 2 1/unit covered		
Mobilehome Park	--	--	--	--	--	--	--
Mobilehome	<2700 sf: none >2700 sf: 1 covered 1 uncovered	--	--	--	--	--	--
Secondary Residential Dwelling	1 per unit	1 per unit	1 per unit	1 per unit	1 per unit	1 per unit	1 per unit
Rooming and Boarding House	--	--	--	--	1 garage space for each 2 guest rooms		

Source: City of Pacific Grove Zoning Code

Affordable Housing Density Bonuses and Concessions/Incentives

To achieve affordable housing through density increases, the City implements the State's density bonus program (Government Code §65915) through Chapter 23.79 (Density Bonus Regulations) of the Zoning Code. Under state density bonus law, applicants are eligible for a range of density bonuses up to 35%, based on the percentage of affordable units in a development. Applicants are also eligible for a land donation density bonus. Jurisdictions are required to offer incentives (reductions in parking, for example), based on the percentage of affordable units in a development. Program 2.3.a includes a commitment to update City regulations in compliance with State density bonus law.

2. Local Processing and Permit Procedures

Permit Processes and Timelines

As a coastal community with unique and historic architectural character and environmental constraints, the City of Pacific Grove requires different levels of architectural and planning review for housing projects depending on the type, size, location, and historical designation, if applicable. Review ensures that the proposed project meets applicable City regulations, State environmental laws, and applicable building standards. The City's development review and permitting processes for residential developments are described below.

Table 6-7 displays the typical timelines for approvals and permits for the City of Pacific Grove. Residential projects of less than ~~eight~~^{four} units typically take two months from submittal of a complete

application through completion of public hearings. Larger residential projects can take three or more months to complete depending on the issues involved.

Table 6-7 Permit Processing Timelines

Permit Path	Typical Processing Time*	
	Single-Family <u>and Multi-Family</u> <u>(<8 Units)</u>	Multi-Family <u>(8+ Units)</u>
Counter Review	Up to 3 days	
Counter Review and Determination	Up to 3 days	
Staff Approvals	4-6 weeks	
Zoning Administrator	4-6 weeks	
Site Plan Review Committee	4-6 weeks	
Architectural Review Board	<u>Yes</u> 6-8 weeks	<u>Yes</u>
Historic Resources Committee	6-8 weeks	
Planning Commission	<u>Not Required</u> 6-8 weeks	<u>Yes</u>
Typical processing time (total)	<u>6-8 weeks</u>	<u>8-10 weeks</u>

*Processing time is based on the timeframe starting once an application is deemed complete by the City (post initial review, which is 30 days per the Permit Streamlining Act) through project approval for a typical new development on a legal lot.

Source: City of Pacific Grove 2015

Table 6-8 provides an overview of City permit types and the responsible Review Authority. Although the permit approval process must conform to the Permit Streamlining Act (*California Government Code* §65920 et. seq.), housing proposed in Pacific Grove is subject to one or more of the following review processes: architectural design review, use permit or variance control, environmental review, and building permit approval.

Table 6-8 Permit Processing Procedures

Type of Decision	Role of Review Authority ¹				
	Chief Planner or Staff	Zoning Administrator	Architectural Review Board	Planning Commission	City Council
Administrative Architectural Permit	Decision ²	-	Appeal ³	Appeal	Appeal ³
Administrative Use Permit	Decision ²	Appeal	-	Appeal ³	Appeal ³
Architectural Permit (new construction, major alteration, or demolition/reconstruction)	-	-	Decision	Appeal	Appeal
Use Permit	-	-	-	Decision	Appeal

Type of Decision	Role of Review Authority ¹				
	Chief Planner or Staff	Zoning Administrator	Architectural Review Board	Planning Commission	City Council

¹ "Decision" means that the Review Authority makes the decision on the matter; "Hearing" means that the Review Authority holds a hearing and renders a decision only if requested in response to a notice; "Appeal" means that the Review Authority may consider and decide upon appeals to the decision of an earlier decision-making body.

² The Chief Planner may defer action and refer the item to the Hearing Authority for decision.

³ Appeal Authority may review matter only if the Hearing Authority held a public hearing and rendered a decision.

Source: City of Pacific Grove Municipal Code, 2011

Single-family units are permitted by-right within the zoning districts noted in Table 6-4 on page 52. New single-family dwellings must obtain an Architectural Permit issued by the Architectural Review Board.

Multi-family dwellings and dwelling groups are permitted by-right in the zoning districts noted in Table 6-4 on page 52, if the project is less than or equal to seven units. Projects with eight or more ~~than seven~~ units require a Use Permit, which are approved by the Planning Commission (see Table 6-8). Planning Commission decisions may be appealed to the City Council. All proposed multi-family projects ~~are subject to review and comment by the Site Review Committee and~~ must obtain an Architectural Permit as issued by the Architectural Review Board.

Use Permit findings. The planning commission may approve a use permit only after first making the following findings (PGMC Sec. 23.70.080.a.4):

(A) The proposed use is allowed with a use permit within the applicable zoning district and complies with all applicable provisions of these regulations;

(B) The proposed use is consistent with the general plan, the local coastal program, and any applicable specific plan;

(C) The establishment, maintenance, or operation of the use will not, under the circumstances of the particular case, be detrimental to the health, safety, or general welfare of persons residing or working in the neighborhood of the proposed use;

(D) The use, as described and conditionally approved, will not be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the city; and

(E) The location, size, design, and operating characteristics of the proposed use are compatible with the existing and future land uses in the vicinity.

Program 3.3.c includes a commitment to review the use permit requirement for larger multi-family developments to determine whether it poses an unreasonable constraint on housing production and amend development review procedures if necessary to mitigate any constraints.

The City achieves timely permit processing that does not constrain residential development by implementing measures that streamline the process, as needed. The City adopted an ordinance in 2010 to streamline and clarify permit procedures in the Zoning Code and provides handouts to identify submittal requirements and procedures for the applicant to follow in order to ensure efficient

processing. The City's practice (for Architectural Approvals, Historic Preservation Permits, Use Permits, and Variances) is that once an application is deemed complete, it is scheduled for hearing within one month.

Portions of the City are located within the Coastal Zone and thereby require additional permit approvals not under City control. The City does not have a certified local coastal program, so applicants are required to directly apply to the Coastal Commission for Coastal Development Permits until the LCP process is completed (anticipated in 2016).

In the Coastal Zone, with the exception of the Asilomar Dunes area, most existing developed parcels with remodels or tear down and rebuild projects are typically eligible for Coastal Development Permit waivers. The waiver process takes approximately 60 to 90 days on average, depending on timing of the application submittal with the California Coastal Commission meetings. Actual Coastal Development Permits would average approximately 90 to 120 days once the CCC has deemed the application complete.

Environmental Review

As required by the California Environmental Quality Act (CEQA), the City's permit processing procedures include an assessment of the potential environmental impacts of the proposed projects. The majority of projects in the City meet the requirements for Class 1, Class 3, or Class 31 (historic and consistent with Secretary of the Interior Standards) categorical exemptions. If a project requires a negative declaration (ND), mitigated negative declaration (MND), or environmental impact report (EIR), additional processing and time is required; however, very few projects require an ND or MND, and no residential projects have required an EIR in the past 10 years. Environmental regulations can protect the public from significant environmental degradation and prevent the development on inappropriate sites. Environmental regulations also provide the public an opportunity to comment on project impacts. This process does, however, increase the time and cost of project approval.

Architectural Review

The purpose of Architectural Review is to promote the orderly and harmonious development of the City and to protect the architectural heritage of Pacific Grove. The ~~City's Architectural Review Board takes into consideration siting, simplicity in massing and detail, material, color, and relationship to the surrounding neighborhood, based on the~~ Architectural Review Guidelines² ~~apply only to single-family homes and include the following considerations:-~~

- Neighborhood compatibility
- Relationship to site and topography
- Mass and scale of a structure
- Materials, texture and color

~~At this time,~~ Architectural Review Board approval is required for new construction of, or major exterior modification or addition to, any building or structure except as follows:

² <http://www.cityofpacificgrove.org/sites/default/files/general-documents/planning-bulletins-and-handouts/architectural-review-guidelines.pdf>

- Projects eligible for Administrative Architectural Permits and Architectural Design Changes for projects not listed on the Historic Resources Inventory (the Architectural Review Board serves as an appeal body for these permits).
- A second unit requiring a Use Permit if the project is either visually insignificant or not visible from any adjacent public street, as determined by the Chief Planner.

Historic Preservation

The City has approximately 1,300 homes on its Historic Resources Inventory. Modifications to these homes are regulated by Municipal Code Chapter 23.76 (Historic Preservation). The protection of these resources is currently overseen by the Historic Resources Committee and Architectural Review Board, in compliance with the California State Historic Building Code (SHBC), which provides alternative building regulations for the rehabilitation, preservation, restoration or relocation of structures designated as cultural resources and CEQA guidelines.

The Architectural Review Board may grant Historic Preservation Permits for exceptions to zoning district regulations when such an exception is necessary to permit the preservation or restoration of, or improvements to, a building listed on the Historic Resources Inventory. Such exceptions may include, but not be limited to, parking, yards, height and coverage regulations. Such exceptions do not include approval of uses not otherwise allowed by the zoning district regulations.

The Architectural Review Board is required to review and approve any addition to, or major exterior alteration of, buildings listed in the City of Pacific Grove Historic Resources Inventory. Minor alterations and projects eligible for an Administrative Architectural Permit may be reviewed and approved at the Staff review level. Architectural Review Board approval for major historic projects adds additional fees to the development process and is considered to be a potential constraint to the redevelopment within the existing housing stock. However, these are important regulations for historic preservation. In the unlikely event that a historic structure was proposed for affordable housing, this would need to be taken into account.

Site Plan Review Committee

The purpose of the Site Plan Review Committee (SPRC) is to encourage well-designed multi-family residential, commercial, and industrial development. The SPRC studies the siting of proposed construction and its impact upon the existing topography and natural vegetation, and the relationship of proposed construction to existing public and private improvements in the immediate area.

The SPRC consists of the Chief Planner (chairperson), City Engineer, Fire Chief, and Chief Building Official, or their representatives. The SPRC reviews and comments on lot line adjustments, siting and lot coverage for proposed projects located in the coastal zone, and projects valued at \$50,000 or more. SPRC review does not apply to single-family residences outside of the coastal zone, interior alterations and remodels that do not involve a change in occupancy, or exterior alterations that do not involve an increase in floor area.

Housing in the Coastal Zone

A portion of the Pacific Grove housing stock is located within the Coastal Zone. Existing residential neighborhoods in the Coastal Zone include the Pacific Grove Retreat, a portion of the Pacific Grove Beach Tract along Mermaid Avenue, Monarch Pines Mobile Home Park, and Asilomar Dunes.

California Government Code §65590 requires that housing units for low- and moderate-income residents be provided whenever possible, be protected where they currently exist, and be replaced when demolished. According to State law, the Housing Element must include a discussion of the jurisdiction's progress in implementing coastal housing requirements.

The Pacific Grove Retreat and the Mermaid Avenue neighborhoods have special characteristics that the City wishes to preserve. The Retreat is considered a "special community" under Section 30253 of the Coastal Act. This section requires that the unique characteristics of special communities be protected. To meet this requirement, the City controls demolitions of historic buildings and exterior modifications to all buildings in this area. The City also intends to maintain the Mermaid Avenue area as an architecturally unique neighborhood.

The Monarch Pines Mobile Home Park has been designated for mobile home park use in order to preserve this affordable housing community.

Asilomar Dunes is only partially developed. In order to preserve the unique ecological features of the dune area, the City has adopted policies in its Local Coastal Program to restrict development to single-family dwellings on one-half- to one-acre lots. Secondary units are prohibited in this area by the LUP.

The City approved the development of a 49-unit low-income senior housing project on a site adjacent to Chase Park in the Coastal Zone, Vista Point Apartments. Construction of the project was completed in 2006.

3. Codes and Enforcement

The Pacific Grove Building Code is based on the 2013 California Building Code (CBC), which determines the minimum construction requirements for the State of California. The CBC ensures safe housing and is not considered a constraint to housing production. The City's Building Official responds to building code related problems on a complaint-driven basis, as well as through an exterior inspection at the time of property transfers.

On- and Off-Site Improvement Requirements

Site improvement costs include the cost of providing access to a site, clearing the site, and grading the pad area. In the case of a subdivision, such costs may also include major subdivision improvements such as road construction and installation of sewer, water and other utilities. Several variables affect the amount of such costs, including site topography and proximity to established roads, sewer, and water lines.

The City requires that curbs, gutters and sidewalks be installed along the frontage of every lot on which new construction or significant alteration occurs. The absence of curbs and gutters may contribute to unsafe pedestrian and vehicular travel. In addition, potential flooding problems may result due to the lack of infrastructure improvements. Curb, gutter, and sidewalk improvements are typical of all cities in California and do not impose a significant constraint to the development of housing in Pacific Grove.

Fees and Exactions

Fees for developing residential housing in Pacific Grove include planning, building, and regional impact fees. Refer to Table 6-9 for typical fee costs. The City's fees do not exceed the amount required to

administer the processing of such applications and do not exceed that of other similar jurisdictions. Moreover, the City does not currently impose City impact fees (e.g. traffic, parks).

Table 6-9 Typical Fees for a New Unit

Fee Type	Single-Family	Multi-Family
Building Permit Fee	\$10,000	\$8,000
Transportation Agency Fee	\$2,003 3,600	\$2,003 3,600
Plan Review Fee	\$3,200	\$320
Architectural Permit Fee	\$2,917	\$285
Use Permit	\$3,167	\$317
General Plan Fee	\$1,700	\$1,100
CEQA Review (exemption)	\$43	\$43
Pacific Grove Sewer Fee	\$2,923	\$2,923
Sewer Connection Fee ¹	\$2,800	\$2,800
Water Fee ¹	\$5,000	\$3,000
Stormwater Fee	\$137	\$82
School Fees	NA	NA
Total Estimated Fees per Unit	\$33,900 35,500	\$20,900 22,500
Estimated Fees as % of Total Cost ²	4%	5%

Notes:

Fees are per unit estimates based on one 2,000 square-foot single-family house on a legal lot or a 10-unit apartment development.

¹ Not controlled by the City

² Based on estimated total cost of \$800,000 (single-family) and \$500,000 (multi-family)

Source: City of Pacific Grove 2015

Total fees are estimated to comprise about 4% of the purchase price for a single-family unit and approximately 5% of a multi-family apartment unit. Given the prices of housing in the City and fees in other jurisdictions, fees charged for residential development are not a significant factor contributing to the high housing costs in the City.

4. Housing Constraints for Persons with Disabilities

Housing element law requires localities to include the following in the preparation and adoption of a housing element:

- As part of a governmental constraints analysis, an element must analyze potential and actual constraints upon the development, maintenance and improvement of housing for persons with disabilities and demonstrate local efforts to remove governmental constraints that hinder a locality from meeting the need for housing for persons with disabilities (§65583(a)(4)).
- As part of the required constraints program, the element must include programs that remove constraints or provide reasonable accommodations for housing designed for persons with disabilities (§65583(c)(3)).

The definition of a reasonable accommodation is when a municipal jurisdiction allows a deviation from the strict interpretation of zoning standards for someone with a demonstrated need resulting from a disability.

Table 6-10 reviews the City's land use policies, permitting practices, and building codes with respect to State and federal fair housing laws for persons with disabilities.

Table 6-10 Potential Regulatory Constraints on Housing for Persons with Disabilities

Overarching and General	
Does the City have a process for persons with disabilities to make requests for reasonable accommodation?	The City allows for reasonable accommodation for persons with disabilities in the enforcement of building codes and issuance of building permits. However, the City has not yet specifically adopted a reasonable accommodation policy or ordinance. Program 4.1.b addresses this issue.
Has the City made efforts to remove constraints on housing for persons with disabilities?	There are no special permits or requirements for homes or development for disabled persons in zones where the use would be otherwise permitted. In most cases, these developments are a permitted use.
Does the City assist in meeting identified needs?	Yes, the City enforces the "Right of disabled and of senior citizens to five-year rental occupancy" through the condominium and community housing conversion program (Zoning Code Chapter 23.29)
Zoning and Land Use	
Has the City reviewed its zoning laws, policies, and practices for compliance with fair housing law?	Yes, the City has reviewed the land use regulations and practices to ensure compliance with fair housing laws.
Are residential parking standards for persons with disabilities different from other parking standards?	The City enforces the California Building Code (CBC), which mandates the provision of disabled parking spaces (CBC (part 2 of Title 24) Chapter 11).
Does the City have a policy or program for the reduction of parking requirements for special needs housing if a proponent can demonstrate a reduced parking need?	Yes, the Zoning Ordinance allows parking requirements to be modified by the Planning Commission.
Does the City restrict the siting of group homes?	The Zoning Code allows group quarters by UP in the areas designated "GQ" on the General Plan Land Use Map and in all commercial zones except C-V. Program 4.2.a includes a commitment to process a zoning amendment to allow State-licensed residential care facilities for 6 or fewer persons subject to the same standards as apply to other residential dwellings of the same type in the same zone.
What zones allow group homes, other than those allowed by State law? Are group homes over six persons allowed?	The General Plan allows for group quarters in four areas of the City designated "GQ" on the Land Use Map. The Zoning Code allows boardinghouses for 3+ persons in the R3 and R4 residential zones with the approval of a UP. Program 4.2.a will ensure that state-licensed group homes for six or fewer persons are permitted in compliance with State law. Larger group homes are allowed by UP in all commercial zones except C-V.
Does the City have occupancy standards in the Zoning Code that apply specifically to unrelated adults and not to families?	No
Does the Land Use Element regulate the siting of special needs housing in relationship to one another?	No, there is no minimum distance required between two or more group quarters or rooming/boarding homes.
Permits and Processing	
How does the City process a request to retrofit homes for accessibility?	Ministerially, by City Staff, unless Architectural Review is required.
Does the City allow group homes with six or fewer persons by-right in single-family zones?	Program 4.2.a will ensure that state-licensed group homes for six or fewer persons are permitted in compliance with State law.
Does the City have a set of particular conditions or use restrictions for group homes with greater than six persons?	Yes, a Use Permit is required.
What kind of community input does the City allow for the approval of group homes?	Program 4.2.a will ensure that state-licensed group homes for six or fewer persons are permitted under the same process as applies to other residential dwellings of the same type in the same zone in compliance with State law. For larger group homes, the UP process provides the public with an opportunity to review the project and express concerns in a public hearing.
Does the City have particular conditions for group homes that will be providing services on site?	No, the City does not have special standards for group homes regarding location, design, or operation.

Building Codes	
Has the City adopted the Uniform Building Code?	The City adopted the 2013 California Building Code.
Has the City adopted any Universal Design* element into the code?	The City's Building Code does not include specific regulations that require incorporation of Universal Design elements.
Does the City provide reasonable accommodation for persons with disabilities in the enforcement of building codes and the issuance of building permits?	Program 4.1.b includes the development of a reasonable accommodation policy or ordinance.

*Universal Design can address limited lifting or flexibility (with roll-in showers and grab bars), limited mobility (with push/pull lever faucets, wide wing hinges), and limited vision (by adding stairwell and task lighting).

Source: City of Pacific Grove, 2015

Land Use - Persons with Disabilities

The General Plan and Zoning Code identify group quarters, rooming houses, and boarding houses as housing options for special needs groups. Group quarters are residential living arrangements, other than the usual house, apartment or mobile home, in which two or more unrelated persons share living quarters and cooking facilities. Group quarters includes institutional group quarters, such as licensed residential care facilities for 25 or more persons and orphanages, and non-institutional group quarters, such as dormitories, shelters, and large boarding houses. Rooming houses and boarding houses are permitted by CUP in the higher-density residential districts (R-3 and R-4) to allow for dwellings that accommodate a non-transient occupancy where lodging and/or meals for three or more persons are provided for compensation.

The General Plan applies the Group Quarters designation on the General Plan Land Use Map to existing group quarters facilities: Canterbury Woods, Forest Hill Manor, Del Monte Rest Home, and Gateway Center. Group Quarters are currently limited to the boundaries shown on the Land Use Map. The General Plan proposed the revision of the Zoning Code to reflect that residential care facilities for six or fewer persons are allowed in any Residential district, and that residential care facilities for seven to 24 persons are allowed in multi-family districts with a use permit. Under the current zoning group quarters are permitted in those areas of residential districts defined on the general plan land use map, only with the approval of a use permit (Section 23.64.065, Use Permit - Group quarters). The Zoning Code has not yet been updated to be consistent with the General Plan and State law.

According to the Health and Safety Code Sections 1267.8, 1566.3, 1568.08, the City is required to treat licensed group homes and residential care facilities with six or fewer residents no differently than other family dwellings of the same type in the same zone. "Six or fewer persons" does not include the operator, the operator's family or persons employed as staff. Local agencies must allow these licensed residential care facilities in any area zoned for residential use, and may not require licensed residential care facilities for six or fewer persons to obtain conditional use permits or variances that are not required of other family dwellings. In order to ensure consistency with State Law, the Zoning Code will be amended to address this issue (Program 4.2.a).

The City supports the right of disabled persons and senior citizens to five-year rental occupancy with Chapter 23.29 (Condominium and Community Housing Conversions). Permanently disabled and senior citizen tenants are entitled to continue to rent a property planned for conversion, for a period of five years. It is unlawful for any developer or owner to evict or constructively evict any tenant for purposes of depriving the tenant of these benefits. It is unlawful for any proposed conversion to displace a significant percentage of low- and moderate-income or senior citizen tenants, tenants with children, and a significant number of low- and moderate-income rental units from the City's housing stock at a time when no equivalent housing is readily available in the Pacific Grove area.

City Activities to Limit Discrimination and Provide Special Needs Housing

The City acts as an information station to refer those with complaints of discrimination or violations of Fair Housing Laws to the California State Fair Housing Office. The City effectively refers people experiencing housing discrimination to the appropriate agencies and in distributing fair housing information to the public. Additionally, the City has established an Accessibility Board of Appeals to hear and decide appeals of orders, decisions or determinations made by the Building Official concerning handicap accessibility, as provided in Title 24, California Code of Regulations.

In addition, a 2008 Mayoral Proclamation declared the month of April “Fair Housing Month” in the City of Pacific Grove. During the month, the City promotes awareness of fair housing issues through activities such as poster and poetry contests.

Emergency Shelters

Emergency shelters provide short-term shelter (usually for up to six months of stay) for homeless persons or persons facing other difficulties, such as domestic violence. To facilitate the development of emergency housing consistent with State law, the City will process an amendment to the Zoning Code concurrent with adoption of the Housing Element (see Program 4.2.a).

Transitional and Supportive Housing

Transitional housing provides longer-term temporary housing (up to two years) for individuals and families who are transitioning to permanent housing. Supportive housing is coupled with services such as job training, alcohol and drug abuse programs, and case management for populations in need of assistance, such as those suffering from mental illness or substance abuse problems, and the elderly or medically frail. Consistent with State law, a zoning amendment will be processed concurrent with adoption of the Housing Element update to ensure that transitional and supportive housing are permitted in all zones where residential uses are permitted subject only to the same standards as apply to dwellings of the same type in the same zone (see Program 4.2.a).

6.2 Non-Governmental Constraints

This section examines constraints to producing affordable housing that result from non-governmental forces, including traffic congestion, the availability of financing, the price of land, and the cost of construction in Pacific Grove.

1. Automobile Traffic

The City is highly dependent on two arterial streets - Lighthouse Avenue and Forest Avenue. These streets connect Pacific Grove to neighboring communities and provide access to Highway 1. While additional housing development may impact traffic on these and other roads, this Housing Element does not change allowable land uses or intensities or cause traffic levels to exceed established level of service standards. The traffic impacts of any new residential development or proposed change in land use or zoning will be evaluated and addressed through environmental review at the time such actions are proposed.

2. Availability of Financing

While banks typically provide construction loans in the range of the “prime rate” plus 2% to 3%, lending standards have tightened since the 2008 financial crisis and construction and permanent loans have become more difficult to obtain. Affordable housing projects may rely partly on a conventional bank loan. However, they more heavily rely on State and federal funding (e.g. low-income housing tax credits). Many programs within the State of California exist to provide cities, communities, and counties financial assistance in the development, preservation, and rehabilitation of residential development, primarily affordable units. The Department of Housing and Community Development identifies and provides detailed information on grants and loans available for affordable housing.

3. Price of Land

Land costs vary substantially and are based on a number of factors. The main determinants to land value are location, zoning and availability of water. The size of a parcel will also affect price. Land in a desirable area zoned for residential uses will likely be more valuable, and thus more expensive, than a remote piece of land zoned for agricultural uses. An internet search for vacant residential lots for sale in Pacific Grove identified one parcel of approximately 10,000 square feet with a water meter and approved plans listed for \$665,000.

4. Cost of Construction

Costs incurred in constructing a dwelling unit vary according to the amenities built into the unit, materials used, prevailing labor rate, and the difficulty of building on the site. Residential construction costs range from \$150 (multiple-family) to \$200 (single-family) per square foot or more for high-quality construction.

5. Short-Term Rentals

In many popular vacation areas such as the Monterey Peninsula, some residential properties are held as second homes for occasional use. As a result, a portion of the housing stock is not available for purchase or long-term rental. In the past, some property owners have rented their homes, or rooms, on a short-term basis to generate extra income. However, with the creation of internet websites (VRBO, AirBnB, etc.) where owners market their properties, this type of short-term rental market has expanded dramatically. In some communities, there is concern that the substantial growth in the short-term rental market created by internet advertising is encouraging more individuals and real estate investment entities to purchase properties specifically for short-term rental (as opposed to second homes held for occasional use), thereby further reducing the number of homes available for full-time occupancy. Effects on the local housing market are difficult to quantify, and may also be viewed as a potential governmental constraint since cities have the authority to regulate short-term rentals. In response to this concern, Program 2.3.g in Chapter 3 is included to review this issue and consider appropriate actions.

6.3 Infrastructure Constraints

1. Water Service

The greatest constraint on the production of new housing in Pacific Grove is the availability of water. Lack of water supply has resulted in very little new housing construction for over a decade. The water

purveyor to Pacific Grove and other Monterey Peninsula jurisdictions is California-American Water (Cal-Am). In 2009, the State Water Resources Control Board (SWRCB) approved a Cease and Desist Order against Cal-Am as a subsequent enforcement action to SWRCB Order 95-10, which required a dramatic reduction in Cal-Am withdrawals from the Carmel River Watershed. Water supplies have been extremely limited on the Monterey Peninsula since at least 1995. The other source of water supply to Cal-Am's Monterey District service area is the Seaside Ground Water Basin; however, this source is also constrained. In 2006, a final decision was rendered that adjudicated the Seaside Ground Water Basin, which required gradual reductions to Cal-Am's annual extractions from that source to 3,000 acre-feet per year (Monterey Peninsula Integrated Regional Water Management Plan, 2007).

The Cal-Am water service area is locally regulated by the Monterey Peninsula Water Management District (MPWMD) and as a result of SWRCB Order 95-10, MPWMD established a system of water allocations to each jurisdiction to limit new development based on the availability of water. The City had a water allocation balance of 0.540 acre-feet as of August 2015. This is the only water available for new development or redevelopment until Cal-Am supplies increase and new allocations are made to each city. The City of Pacific Grove's estimated future water demand to satisfy the 1994 General Plan's build-out projections has been estimated at a need for an additional 1,264 AFY. This figure is based in part on a maximum potential of 3,426 additional second units, which at this time is considered to be an overestimate. Therefore, the long-term demand is likely to be less. However, the availability of water to serve new development during the 2015-2023 planning period is uncertain.

In 2008, the City Council decided that the remaining five acre-feet of water in the City's allocation from the MPWMD should be distributed to the water wait list prior to the enactment of the Cease and Desist Order. Over 50 projects were able to proceed with that distribution, including 24 new single-family dwellings. The majority of the City's allocation has now been distributed and a new water wait list has been established. There were 12 projects for new single-family dwellings on the wait list as of July 2015.

Without a new water allocation, the City of Pacific Grove will be unable to permit any new housing construction, except for the few properties that have sufficient onsite water credits for second units. The City is working on projects to reduce the use of potable water where feasible, such as at Pacific Grove's golf course and cemetery, which may eventually result in some additional allocation that could be used for residential development (Program 3.1).

Water conservation efforts put forth by MPWMD and Cal-Am have helped to reduce the average family's usage. Currently, the Monterey Peninsula has the lowest average water usage in the State. Although water scarcity and provision of new supply is ultimately beyond the control of the City, the City supports efforts to conserve the water supply by ensuring the implementation of water conservation measures and MPWMD programs, including:

- Conservation Inspections - District staff conducted an intensive inspection program to ensure compliance with the conservation regulations. Inspections were focused on change of ownership requirements and new construction or remodel water permit requirements and conditions.
- Code and Permit Provisions - The City's Municipal Code and MPWMD water permit requirements include specific requirements for water conservation in existing and new developments such as plumbing fixtures unit allotments.
- Regulation Enforcement - The City enforces water conservation requirements mandated by the MPWMD (District Regulation XIV) for landscaping, irrigation, hot water storage and bathroom

fixtures, such as showerheads and toilets. For projects that require building permit approval, such as a new construction or a change of ownership, the MPWMD water conservation requirements must be met.

Recent changes in State law mandate the prioritizing of water for affordable housing if water is an issue. The City's share of water resources is internally allocated to land use categories based on the allocation categories identified in the Zoning Code: (1) residential; (2) commercial; (3) governmental; and (4) City-administered community reserve. The Housing Plan includes Program 3.1 to require a portion of any new water sources to be set aside specifically for projects that include development of affordable units. The City will continue to work with regional agencies to ensure that sufficient infrastructure support for water and other resources may become available to accommodate planned growth in the future.

2. Wastewater

The City's wastewater disposal system includes seven pump stations, 56 miles of gravity sewers, and two miles of pressure sewers, which pump wastewater into the regional lines that transport wastewater to the Monterey Regional Wastewater Treatment Plant in Marina. The wastewater treatment plant is operated by the Monterey Regional Water Pollution Control Agency (MRWPCA). The wastewater treatment plant has a design capacity of 29.6 million gallons per day (mgd). The average daily flow of the wastewater treatment plant in 2013 was 19.2 mgd. ~~According to the MRWPCA, the operating agency of the wastewater treatment plant, there is plant capacity for more than five years.~~ Current flow is less than that of 1989, despite substantial growth in the MRWPCA service area. The average daily flow of the projected housing need (RHNA) is well within the capacity of the wastewater treatment system during the 2015-2023 planning period.

6.4 Energy Conservation

Planning to maximize energy efficiency and the incorporation of energy conservation and green building features, contributes to reduced housing costs. Energy efficient design for sustainable communities reduces dependence on automobiles. Additionally, maximizing energy efficiency reduces greenhouse gas emissions. In response to recent legislation on global climate change, local governments are required to implement measures that cut greenhouse gas emissions attributable to land use decisions (see discussion on Global Climate Change below). The Housing Element programs can support energy efficiency that benefits the market and the environment by:

- Establishing a more compact urban core, bringing residents close to work and services, therefore reducing automobile trips and reducing emissions;
- Implementing passive solar construction techniques that require solar orientation, thermal massing, and other energy efficient design standards; and
- Encouraging the use of solar water heating and photovoltaics.

Residential water heating and air heating/cooling are major sources of energy consumption. With the application of energy efficient design and the use of solar power systems, home heating and cooling can be operated on a more efficient and sustainable level. To encourage energy efficient design, the City adopted a Green Building Ordinance in 2010. The Ordinance required that applicants for all new residential developments and significant remodels must accrue a specified number of points on the City's Green Building checklist in order to qualify for a Building Permit. The checklist specified a number of energy saving building techniques such as energy heels on roof trusses, hot water pipe

insulation, and high efficiency fixtures, heating and cooling systems. The Green Building Ordinance was superseded by the 2012 CalGreen Building Code.

The City has the added opportunity to implement solar technologies with the help of recent legislation. The Solar Water Heating and Efficiency Act of 2007 (AB 1470) has created a \$250 million, ten-year program to provide consumer rebates for solar water heating systems.

Pacific Gas and Electric (PG&E) provides a variety of energy conservation services for residents and several other energy assistance programs for lower income households. These programs include the Energy Watch Partnerships and the Charitable Contributions Program. The Energy Watch Partnerships help residents lower their energy bills and promote cleaner energy production. Through Energy Watch Partnerships PG&E has extended the reach of effectiveness of energy efficiency programs and provided information about demand responses programs, renewable energy, and self-generations opportunities.

The Charitable Contributions Program gives millions of dollars each year to non-profit organizations to support environmental and energy sustainability. Projects that are funded include residential and community solar energy distribution projects, public education projects, and energy efficiency programs. The goal is to ensure that 75% of the dollars assist underserved communities, which includes low-income households, people with disabilities, and seniors.

PG&E also offers rebates for energy efficient home appliances and remodeling. Residents can apply for a variety of rebates that make it more affordable in the short term to save energy and money in the long term. Rebates are available for cooling and heating equipment, lighting, seasonal appliances, and remodeling (cool roofs, insulation, water heaters). These opportunities are available to all income levels and housing types.

Through these and other conservation measures, the City seeks to help minimize the percentage of household income required for energy costs as well as minimize the production of greenhouse gases. Programs have been included to incorporate newly adopted state energy efficiency standards and to encourage energy efficient technologies.

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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March 10, 2016

Agenda No. 11A, Attachment 2
Page 1 of 2

Mr. Mark Brodeur, Director
Community and Economic Development Department
City of Pacific Grove
300 Forest Avenue
Pacific Grove, CA 93950

Dear Mr. Brodeur:

RE: City of Pacific Grove's 5th Cycle (2015-2023) Draft Housing Element

Thank you for submitting the City of Pacific Grove's draft housing element update which was received for review on January 13, 2016, along with additional revisions received on February 19, 25, and 26, 2016. Pursuant to Government Code (GC) Section 65585(b), the Department is reporting the results of its review. Our review was facilitated by communications with Mr. John Douglas, the City's consultant.

The draft element with revisions meets statutory requirements of State housing element law. The City must complete specified actions including adopting and submitting an element to the Department pursuant to GC Section 65585(g), for the Department to determine the adopted element complies with GC, Article 10.6. The Department's findings are based on, among other reasons, completion of various zoning amendments concurrently with the adoption of the housing element. These zoning amendments include provisions to permit the following: emergency shelters without discretionary action; transitional and supportive housing as a residential use; and residential care facilities and group homes. If these zoning amendments are not completed by the time the element is adopted, the element must include a program with timelines early in the planning period, as appropriate.

While the draft housing element with revisions meets the statutory requirements of State housing element law, the Department cannot find the element in full compliance until Pacific Grove amends its zoning ordinance to permit emergency shelter(s) without discretionary action pursuant to GC Section 65583(a)(4)(A). Program 4.2.2, in the previous element, committed to amend the zoning ordinance to permit emergency shelters without discretionary action within one year from adoption of the prior housing element. As noted in the current element on page A-11, Program 4.2.2 zoning has still not been completed. Once the City has amended its zoning ordinance to comply with SB 2 requirements for emergency shelters, please submit a copy of the resolution or ordinance.

To remain on an eight year planning cycle, pursuant to Senate Bill 375 (Chapter 728, Statutes of 2008), the City must adopt its housing element within 120 calendar days from the statutory due date of December 15, 2015 for AMBAG localities. If adopted after this date, GC Section 65588(e)(4) requires the housing element be revised every four years until adopting at least two consecutive revisions by the statutory deadline. For more information on housing element adoption requirements, please visit the Department's website at: http://www.hcd.ca.gov/hpd/hrc/plan/he/he_review_adoptionsteps110812.pdf.

Agenda No. 11A, Attachment 2
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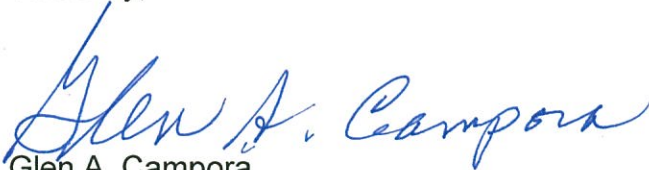
Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City must continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate.

For your information, some other elements of the general plan must be updated on or before the next adoption of the housing element. The safety and conservation elements of the general plan must include analysis and policies regarding fire and flood hazard management (GC Section 65302(g)). Additional information can be obtained from these two Technical Advisories issued by the Governor's Office of Planning and Research at: http://opr.ca.gov/docs/SB244_Technical_Advisory.pdf
http://opr.ca.gov/docs/Final_6.26.15.pdf.

Also, on January 6, 2016, HCD released a Notice of Funding Availability (NOFA) for the Mobilehome Park Rehabilitation and Resident Ownership Program (MPRRP). This program replaces the former Mobilehome Park Resident Ownership Program (MPROP) and allows expanded uses of funds. The purposes of this new program are to loan funds to facilitate converting mobilehome park ownership to park residents or a qualified nonprofit corporation, and assist with repairs or accessibility upgrades meeting specified criteria. This program supports housing element goals such as encouraging a variety of housing types, preserving affordable housing, and assisting mobilehome owners, particularly those with lower-incomes. Applications are accepted over the counter beginning March 2, 2016 through March 1, 2017. Further information is available on the Department's website at: <http://www.hcd.ca.gov/financial-assistance/mobilehome-park-rehabilitation-resident-ownership-program/index.html>.

The Department looks forward to receiving Pacific Grove's adopted housing element. If you have any questions or need technical assistance, please contact Jess Negrete, of our staff, at (916) 263-7437.

Sincerely,



Glen A. Campora
Assistant Deputy Director

RESOLUTION NO. 16-03

RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF PACIFIC GROVE RECOMMENDING CITY COUNCIL APPROVAL OF AN ADDENDUM TO THE NEGATIVE DECLARATION FOR THE 2011 HOUSING ELEMENT, AND THE 2015-2023 HOUSING ELEMENT UPDATE OF THE GENERAL PLAN

FINDINGS

1. State law requires each jurisdiction in California to adopt a General Plan, which includes a Housing Element; and
2. Each jurisdiction within Monterey County is required by state law to prepare an update to its Housing Element for the 2015-2023 planning period; and
3. On November 5, 2015 the Planning Commission conducted a study session regarding the 2015-2023 Housing Element; and
4. On January 6, 2016 the City Council conducted a study session regarding the 2015-2023 Housing Element; and
5. In compliance with Section 65585 of the California Government Code, a Draft Housing Element was transmitted to the California Department of Housing and Community Development ("HCD") for review; and
6. Revisions have been made to the Draft Housing Element addressing HCD's comments; and
7. An Addendum to the Negative Declaration adopted for the 2011 Housing Element has been prepared in compliance with the California Environmental Quality Act ("CEQA").
8. On March 3, 2016 the Planning Commission conducted a duly-noticed public hearing to considered the Negative Declaration Addendum and the Housing Element Update, at which time all interested persons were provided an opportunity to offer comments, and at the conclusion of the hearing the Planning Commission recommended City Council approval of the Negative Declaration Addendum and Housing Element; and

NOW, THEREFORE, BE IT RESOLVED BY THE PLANNING COMMISSION OF THE CITY OF PACIFIC GROVE:

1. Each of the Findings set forth above is true and correct, and by this reference those Findings are incorporated as an integral part of this Resolution.
2. The Addendum to the Negative Declaration prepared for the 2011 Housing Element satisfies the requirements of CEQA for the 2015-2023 Housing Element.

There is no substantial evidence in the record that the 2015-2023 Housing Element would have a significant effect on the environment. The Addendum reflects the independent judgment of the Planning Commission.

3. Pursuant to Section 23.84.060 of the Pacific Grove Municipal Code, the Planning Commission makes the following findings:
 - (i) The proposed amendment is internally consistent with all other provisions of the general plan. The 2015-2023 Housing Element and its implementation programs would not change any land use designations or amend any policy that would create an inconsistency with any other element of the general plan.
 - (ii) The proposed amendment would not be detrimental to the public interest, health, safety, convenience, or welfare of the city. The 2015-2023 Housing Element would facilitate the provision of adequate housing to meet the needs of all economic segments of the community as well as persons with disabilities or other special needs. Further, the Housing Element amendment would not change any policies or land use designations in such a manner that could be detrimental to the public interest, health, safety, convenience, or welfare of the city.
 - (iii) The site is physically suitable (including access, provision of utilities, compatibility with adjoining land uses, and absence of physical constraints) for the requested and anticipated land uses. The 2015-2023 Housing Element applies citywide and would not change the allowable land use for any particular property.
4. Based upon all of the facts and evidence provided in the staff report and other written and oral evidence presented at the public hearing, the Planning Commission recommends that the City Council adopt the 2015-2023 Housing Element as set forth in Attachment 1 to this Resolution.
5. This Resolution shall become effective immediately following passage and adoption thereof.

PASSED AND ADOPTED BY THE PLANNING COMMISSION OF THE CITY OF PACIFIC GROVE this 3rd day of March, 2016, by the following vote:

AYES: Aeschliman, Bluhm, Byrne, Chakwin, Murphy, Smith

NOES:

ABSENT: Fredrickson

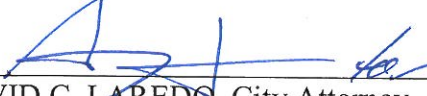
APPROVED:


BILL BLUHM, Vice Chair

ATTEST: 

MARK CHAKWIN, Secretary

APPROVED AS TO FORM:



DAVID C. LAREDO, City Attorney

**Addendum to Initial Study/Negative Declaration
City of Pacific Grove
2015-2023 Housing Element and Related Zoning Code Amendments
March 16, 2016**

OVERVIEW

In 2011 the City Council adopted an Initial Study/Negative Declaration (“IS/ND”) for the 2009-2014 Housing Element. The City is now required to adopt an updated Housing Element for the 2015-2023 planning period. The purpose of this Addendum is to demonstrate that the 2015-2023 Housing Element update and related Zoning Code amendments would not result in any of the conditions under which a subsequent Environmental Impact Report (“EIR”) or Negative Declaration (“ND”) would be required pursuant to Public Resources Code Section 21166 or CEQA Guidelines Sections 15162 and 15164.

PURPOSE OF AN ADDENDUM

CEQA and the CEQA Guidelines establish the type of environmental documentation that is required when changes to a project occur or new information arises after an EIR is certified or an ND adopted for a project. CEQA Guidelines Section 15162 establishes criteria for determining whether more detailed information, such as the preparation of a Subsequent or Supplemental EIR, is needed, and Section 15164 defines the appropriate use of Addendums to previous EIRs and NDs.

CEQA Guidelines Section 15162(a) states:

When an EIR has been certified or a negative declaration adopted for a project, no subsequent EIR shall be prepared for that project unless the lead agency determines on the basis of substantial evidence in the light of the whole record, one or more of the following:

(1) Substantial changes are proposed in the project, which will require major revisions in the previous EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.

(2) Substantial changes occur with respect to the circumstances under which the project is to be undertaken, which will require major revisions of the previous EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.

(3) New information of substantial importance which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified as complete shows any of the following:

a. The project will have one or more significant effects not discussed in the EIR.

b. Significant effects previously examined will be substantially more severe than shown in the previous EIR

c. Mitigation measures or alternatives previously found not to be feasible would in fact be feasible, and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure; or

d. Mitigation measures or alternatives that are considerably different from those analyzed in the previous EIR would substantially reduce one or more effects on the environment but the project proponents decline to adopt the mitigation measure.

CEQA Guidelines Section 15164(b) states: “An addendum to an adopted negative declaration may be prepared if only minor technical changes or additions are necessary or none of the conditions described in Section 15162 calling for the preparation of a subsequent EIR or negative declaration have occurred.”

The following analysis demonstrates that the 2015-2023 Housing Element update does not raise any new environmental issues and requires only minor technical changes or additions to the previous ND to satisfy the requirements of CEQA.

PROJECT DESCRIPTION

A. 2015-2023 Housing Element Update

State law requires each jurisdiction in Monterey County to prepare an updated Housing Element for the 2015-2023 planning period. No substantial changes to conditions, requirements or the statutory framework that raise new potentially significant environmental impacts not previously considered have occurred with respect to the Housing Element, and the proposed 2015-2023 Housing Element update would not make substantial changes to City housing policies or land use regulations. The new Housing Element is comprised of the following sections.

- Section 1: Executive Summary – provides an overview of the City’s housing needs and strategy for the 2015-2023 planning period. No policy or regulatory changes are proposed in this section, and none of the changes reflected in this section would result in the potential for significant environmental impacts not previously considered in the 2011 ND.
- Section 2: Introduction – describes the purpose, organization and requirements of the Housing Element. No policy or regulatory changes are proposed in this section, and none of the changes reflected in this section would result in the potential for significant environmental impacts not previously considered in the 2011 ND.
- Section 3: Goals, Policies, Programs and Objectives – describes City strategies and actions for the construction, rehabilitation and preservation of housing. No substantial changes to goals, policies or programs are proposed that could result in potentially significant impacts not previously considered in the 2011 ND. Policies and programs have been revised to reflect prior accomplishments and to streamline the document to improve its effectiveness. One new program has been added to this section – review of short-term rentals – however, this program does not commit the City to any changes in current regulations. Any amendment to short-term rental regulations will be subject to separate CEQA review.
- Section 4: Needs Assessment - analyzes the demographic, economic and housing trends in the City and describes the housing needs of residents. This section has been revised to reflect more recent demographic data, trends and special housing needs. Most of the demographic information is based on the 2010 Census or the American Community Survey. This section also describes the new Regional Housing Needs Assessment (RHNA), which identifies housing growth needs for the new planning period as summarized below.

A key requirement of state law is that each city demonstrate the availability of adequate sites with appropriate zoning to accommodate residential development commensurate with the City’s assigned share of regional growth needs as described in the RHNA.

The RHNA is mandated by state law and requires that each city accommodate a share of the region’s housing need by adopting land use plans and regulations to provide for a variety of housing for all economic segments of the community. At the beginning of each Housing Element cycle, AMBAG prepares a RHNA Plan in consultation with HCD. The RHNA identifies the number of new housing units each jurisdiction must accommodate through its land use plans and zoning regulations. It is important to note that the RHNA establishes planning targets, not development quotas. No penalty is imposed on cities if actual development does not achieve the RHNA allocations as long as adequate sites for potential development have been identified.

Section 5 - Land Availability and Housing Resources includes an analysis of the City's assigned share of the region's housing needs and the availability of vacant and underutilized sites that could accommodate new housing development commensurate with the RHNA. Additionally, state law requires that cities adopt programs to encourage and facilitate new housing at all income levels. Pacific Grove's RHNA allocation for the new planning period is 115 housing units distributed among income categories as follows:

Pacific Grove 2015-2023 RHNA Allocation by Income Category				
Very Low	Low	Moderate	Above Moderate	Total
28*	18	21	48	115

*Per state law, half of the very-low units are assigned to the extremely-low category
Source: AMBAG 2014

The residential land inventory described in Section 5 of the Housing Element demonstrates that there are sufficient sites with appropriate zoning to accommodate the RHNA allocation in all income categories. The Housing Element includes the continuation of a variety of program actions intended to facilitate new housing development for households of all income levels. No substantial changes to land use regulations are proposed in connection with the new RHNA allocation.

This section of the Housing Element also discusses various categories of special needs, including the elderly, persons with disabilities, large families, female-headed households, farmworkers and the homeless. No substantial changes in development regulations are proposed with respect to these special needs that were not previously considered in the 2011 ND.

- Section 5: Land Availability and Housing Resources – analyzes resources for housing, including land, financial and administrative resources. None of the revisions in this section would change allowable land uses or development regulations, or result in the potential for significant environmental impacts not previously considered in the 2011 ND.
- Section 6: Constraints – analyzes both governmental and non-governmental constraints to housing production, and opportunities for energy conservation. None of the revisions in this section would change development regulations or result in the potential for new significant environmental impacts that were not previously considered in the 2011 ND.
- Appendix A: Evaluation of the Prior Housing Element – describes the City's progress in implementing the programs described in the prior Housing Element. None of the revisions in this appendix would change development regulations or result in the potential for significant environmental impacts that were not previously considered in the 2011 ND.
- Appendix B: Land Inventory – provides a parcel-level listing of potential sites for housing development. None of the revisions in this appendix would change development regulations or result in the potential for significant environmental impacts that were not previously considered in the 2011 ND.
- Appendix C: Public Participation – summarizes opportunities for public review of the new Housing Element and describes how comments have been addressed. None of the revisions in this appendix would change development regulations or result in the potential for significant environmental impacts that were not previously considered in the 2011 ND.

B. Housing-Related Zoning Code Amendments

Revisions to the Municipal Code as described below are also proposed in order to ensure conformance with state housing law. These Code amendments were described in the program actions contained in the 2009-2014 Housing Element.

- Density Bonus Regulations (Program 2.3a of the new Housing Element)

State law requires cities to grant a density bonus of up to 35 percent when a project provides affordable housing, senior housing, child care facilities, or dedicates land for affordable housing. State law establishes a sliding scale for density bonus ranging from 20 percent to 35 percent above the maximum allowable density depending on the proportion of affordable units provided. In order to achieve the maximum 35 percent density bonus, provision of at least 20 percent low-income units, 11 percent very-low-income units, or 40 percent moderate-income for-sale units is required. The proposed amendment to Zoning Code Chapter 23.79 would conform City regulations to the current requirements state law.

- Residential Care Facilities (Program 4.2a of the new Housing Element)

State-licensed residential care facilities for six or fewer persons must be permitted as residential uses subject only to the same standards and procedures as apply to other residential dwellings of the same type in the same zone. The proposed revisions to Section 23.08.020 and Table 23.31.030 would conform City regulations with this provision of state law. In addition, the proposed revisions to Section 23.24.20 and 23.28.020 would allow residential care facilities for seven or more persons in the R-3 and R-4 districts subject to a conditional use permit, in conformance with the General Plan Land Use Element (p. 24). Since residential care facilities are similar in nature to other residential uses permitted in these districts (e.g., single and multiple residential dwellings, rooming or boarding houses) and the proposed amendment would ensure consistency with the Land Use Element, no new significant impacts would result.

- Reasonable Accommodation (Program 4.1b of the new Housing Element)

Reasonable accommodation is an allowance for flexibility in the application of zoning and building regulations, practices, and procedures when necessary to enable a person with a disability to occupy a dwelling. Under applicable fair housing law, the City can require documentation to support the request, and may deny a request if it would result in a fundamental alteration of zoning or building regulations, or if an alternative modification would reasonably accomplish the intended purpose with less deviation from regulations. The proposed Zoning Code amendment describes procedures to ensure reasonable accommodation in conformance with state law and would not change development regulations, therefore no new significant impacts would result.

- Emergency Shelters (Program 4.2a of the new Housing Element)

State law requires cities to designate at least one zone where permanent emergency (homeless) shelters are allowed by-right subject to limited development standards. The proposed Zoning Code amendment would allow emergency shelters in the C-2 zone subject to development standards in conformance with state law. Since emergency shelters would not result in environmental impacts that are substantially greater than other permitted uses in this district (e.g., multiple residential dwellings, residential care facilities, rooming or boarding houses), the proposed amendment would not result in new significant impacts.

- Transitional and Supportive Housing (Program 4.2a of the new Housing Element)

Under state law, transitional housing and supportive housing must be treated as residential uses and permitted subject only to the same standards and procedures as apply to other residential dwellings of the same type in the same zone. The proposed amendment to Sec. 17.68.040 would ensure consistency with state law. Since transitional and supportive housing are subject to the same development regulations as

other residential uses of the same type in the same zone, the proposed amendment would not result in new significant impacts.

ENVIRONMENTAL ANALYSIS AND CONCLUSIONS

Because adoption of the 2015-2023 Housing Element would not substantially change the City's land use designations or development regulations, no new potentially significant environmental effects would occur that were not previously analyzed in the IS/ND prepared for the prior Housing Element. In addition, the proposed revisions to the Zoning Code are required by state law and were called for in the 2009-2014 Housing Element. Therefore, pursuant to CEQA Guidelines Section 15164, an addendum is the appropriate CEQA document for the 2015-2023 Housing Element update and related zoning amendments. There is no substantial evidence that adoption of the Housing Element update and related amendments will result in new significant environmental impacts, or impacts that would be more severe than described in the previous Negative Declaration. Consequently, a subsequent or supplemental EIR or IS/ND is not required.