



OVERVIEW

The City of Pacific Grove is launching a process to improve housing quality and affordability, starting with a focused effort to better understand the community’s housing needs and opportunities. The project will lead to recommendations and actions to support diverse housing choices consistent with the community’s vision for its future.

To help inform the design and focus of the project’s scope and process, the project consultant (Baird+Driskell Community Planning) interviewed 14 people in late April through mid-May 2020 to better understand the range of views and experiences that shape the housing conversations, policies and outcomes in Pacific Grove.

Interviewees were identified by city staff as being representative of different perspectives and expertise, including elected and appointed officials, employers, developers, community service providers, and local housing experts. Each interview lasted approximately 45 minutes, and was “off-the-record” to encourage candid feedback, with the expectation that a written summary would be produced summarizing key themes that they heard. This is that summary.

Keep in mind that the views reflected herein do not reflect any official perspective or position of the City of Pacific Grove, nor do they necessarily reflect a collective or majority view of the community. They do though provide a valuable insight into some of the perspectives, challenges and opportunities that will need to be front-of-mind as we initiate this important work.

WHAT WE ASKED

Interviewees were provided the following questions in advance of the interview session to guide the conversation, but were welcomed to “go off script” in order to focus on topics they felt to be most important.

1 Background

Tell us a bit about yourself, including how long you’ve been living and/or working in Pacific Grove and how you’re involved in development and/or affordable housing issues there.

2 Pacific Grove’s Strengths

What do you value most about Pacific Grove? What makes it a great place to live, work and play?

3 Pacific Grove’s Challenges

What are the biggest challenges the community faces, today and into the future? What issues do we need to address if we want to be the best community we can be? These don’t have to be about housing.

4 Housing in Pacific Grove: What Are We Doing Well?

Based on your experience, what do you think is working well in Pacific Grove in terms of addressing housing needs and issues to create a community that reflects our goals and values?

5 Housing in Pacific Grove: What’s Not Working?

What are the biggest challenges we face in addressing housing needs and issues?

6 Magic Wand

If you could waive a magic wand to create an ideal set of housing outcomes in Pacific Grove—magically overcoming all challenges—what would you create?

7 What Will Be Our Biggest Challenge?

As we work with the City and community to assess housing needs and chart a course of action, what do you think will be the biggest challenge(s) we will face, and what advice do you have in response?

8 Hearing All Voices

This is an important community conversation, and we want to do everything we can to ensure that everyone has the opportunity to learn about these issues and give input. What suggestions do you have for us in helping make sure this process is as inclusive as possible? Who do we need to speak with or collaborate with to get the word out and invite people into the conversation?

9 What Else Do We Need to Know?

What did we not ask you about that our team needs to know as we start on this process?

WHAT WE HEARD

The interviews provided valuable information and insights. Following is a summary of key themes and issues we heard. They are not listed in any particular order.

Wide Range of Opinion Regarding the Need for and Importance of Affordable Housing

- Housing broadly, and affordable housing specifically, has not been a top priority within the community (as expressed in local elections and community meetings). It has started to become one in recent years and is now a priority goal for Council. But many still do not see it as a top priority.
- Some are concerned that if PG does not address its affordable housing needs in a more significant way that it will undermine the community’s long-term vitality and “home town” character. Others think there is little that can be done, that there is a limited supply and high demand, and that those who cannot afford the costs of housing in PG will need to look elsewhere.

Uneven Understanding of Housing Issues

- There is a wide range of understanding regarding housing issues. Some have spent considerable time working in housing—from setting policy, to developing or reviewing projects, to studying it and being an advocate—while others are aware of some issues but less well versed in why things are the way they are. There is not a shared starting point for engaging in a discussion about what to do.
- Need to be clear about the type of housing we are seeking to create and who we are trying to serve.

Mayoral and Council Leadership

- The current mayor and council are bringing more focus and attention to housing issues, setting a new tone and direction. Several recent decisions have seen the council overriding decisions of the planning commission to advance affordable housing outcomes.
- Multiple people mentioned that having 7 council members (instead of 5) makes it more difficult to achieve consensus and advocate for projects and policy changes.

Importance of This Process, and Getting to Outcomes

- When asked what the City could or should do to better understand and address affordable housing issues, many pointed to the process now getting underway (of which this summary is a part) and their hope (and expectation) that it will lead to real action and tangible outcomes.
- Many see opportunities for incremental changes that will make a difference over time, with one or two key sites supporting more substantial opportunities.

Strong Desire to Retain Small Town Feeling

- There are concerns that increasing housing costs have already put PG out of reach for young families and that it is at risk for becoming a “country club” town of mostly second homes, vacation rentals, and retirees.
- On the other side, there is also concern that new development will be out of scale with PG’s existing character and undermine its small-town feeling.

Strong Concern about Discrimination and Lack of Inclusion

- PG is a predominantly white community where people of color often experience overt and subtle discrimination. This is experienced in many aspects of community life, including among well paid professionals who have been a part of the community for a long time.
- Housing discrimination is particularly overt, with opposition to affordable housing development expressed in explicit as well as coded language. Examples from the controversies surrounding Pebble Beach Company’s workforce housing and the Vista Pointe Senior Apartments were often cited. There is a feeling by some, possibly many, that “those people” do not belong in PG.
- People of color often feel unwelcome and uncomfortable in community conversations, with little representation in decisions that affect them.

Concern about NIMBYism

- Many people are opposed to change and “development is considered a dirty word.”
- City policies have enshrined a very low density, single use land use pattern in most parts of the city, even in parts of the city that were historically higher density and more mixed use.
- Development regulations and review processes make any kind of change extremely onerous. People are wary of doing any change to their property or proposing new development because there’s no certainty on whether or what they will get approved.

Concern About Economic and Fiscal Realities

- Because of pension obligations, a small commercial and retail base, and Measure M reducing potential TOT revenues, PG’s municipal budget was strained even before the current pandemic-related impacts. The City’s tax revenues rely heavily on tourism.
- Employers worry that the lack of housing at all levels of income is undermining their economic viability, which will undermine the City’s economic position as well.

Lack of Funding

- The City has little to no funding to support affordable housing, and getting affordable housing built is a costly endeavor that requires subsidies due to high land costs, extended review processes, high fees and high construction costs.
- The City will need to creatively partner with an affordable housing developer, larger employers and/or the School District if it wants to facilitate an affordable development through donated land coupled with grants and other funding sources. The City of Monterey and the Monterey Peninsula Unified School District have both been undertaking this type of partnership.

Concern About Impacts of the COVID-19 Pandemic

- There are different views about the relationship between the current pandemic and affordable housing. For some, it is further reason to oppose any increases in density, as they see a link between greater density and greater exposure to the virus. For others, it has added urgency to the need for more affordable housing within the city, as it has further exposed the fact that most “essential workers” are low paid and struggling to make ends meet in a high cost area. Providing affordable, sustainable living options for essential workers should be a top priority.

Environmental Ethos

- People cherish the natural beauty of the city’s setting and surroundings and care deeply about protecting it, including protecting views but also working to support environmental sustainability by reducing emissions and protecting habitat.
- There is interest in supporting more sustainable living (people being able to walk/bike to work; local shopping; etc.) and more “green buildings” (solar powered, low water use, sustainable materials, etc.). There is an opportunity to link affordable housing with sustainability.

Upside and Downside of Being Isolated and Hard to Access

- The city’s geography puts it “off the beaten path.” This reinforces its small-town character and walkability (often cited as great strengths) but also makes it hard to get to, with limited transit access and access roads that are often backed up with traffic. When local employees are unable to find housing in PG or nearby, they must drive, adding to their costs as well as to traffic and its impacts.

Need for Workforce Housing

- PG relies heavily on tourism and hospitality. Beyond the near-term impact on these industries from the COVID-19 pandemic, they are impacted long term by the increasingly severe lack of affordable housing. Some employers must provide financial incentives for even their high-salary employees to attract and retain them. Lower wage workers struggle to live anywhere within a manageable commute distance as the lack of affordable housing is an issue throughout the region.
- Some larger employers, including school districts, are starting to look at how they can provide land and other subsidies to create housing for their staff. Pebble Beach Company did this recently and others are looking to develop similar housing programs and projects.
- People in PG love their schools and teachers, but most teachers can’t afford to live in PG.

Lack of Water

- The City is significantly impacted by the lack of water in the region, and an ongoing “cease and desist order” against Cal Am for overpumping from the Carmel River aquifer has yet to be resolved.

- PG implemented a Local Water Project to install a recycled water system to reduce water use for irrigation at the City’s golf course and cemetery. The resulting water credits can be used to support new development, but can only be used in conjunction with an existing meter under current rules.
- Some are opposed to a proposed desalination project because having limited water puts a limit on new development.
- There is frustration across the region that on the one hand the state is taking action to limit development due to the lack of water, while another state agency is taking action to require more housing development.

Infill Potential on Historic Small Lots and Elsewhere

- PG’s historic Retreat area was originally laid out using 30’ by 60’ lot sizes (1800 square foot lots), but later regulatory changes created larger lot sizes. There is controversy over the legal standing of the smaller lots, but an interest in exploring whether a return to those lot sizes within the Retreat could help create additional housing that is small scale and therefore more affordable than larger homes on larger lots. Similarly, there is interest in exploring whether smaller lot sizes could facilitate new housing opportunities in other areas. Council, Planning Commission and staff recently started exploring these ideas.

Accessory Dwelling Units (ADUs)

- Recent changes to state law and a subsequent update to PG’s regulations for accessory dwelling units (ADUs) has resulted in more attention to and interest in this housing option, and the City has seen a small increase in applications for them. The City’s previous efforts to legalize noncompliant ADUs was also cited as a ‘best practice’ example that other cities have learned from.
- Some see ADUs as a relatively low-impact way to increase housing options and support affordability—both for people living in ADUs, due to the small size and therefore relatively lower cost, and for the people building ADUs who are able to supplement their income through rents and therefore afford to stay in the city.
- There is interest in better understanding how affordable ADUs really are, and what housing needs they can realistically meet, including whether they can provide a way for older residents to “age in place.”

Short Term Rentals

- The recent battle over Measure M highlighted the differing views around Short Term Rentals. For some, short term rentals in residential areas has been undermining neighborhood quality of life, impacting the housing stock (fewer units available for long-term rental), and making PG into more of a resort town with second homes. For others, short term rentals were an important source of city revenue (through the transient occupancy tax) and helped support the local economy through increased tourism. They were also seen as a way to offset the cost of homeownership, especially for retirement, with buyers doing short-term rental of their homes for a period of time before relocating to PG permanently.
- The housing market impact of STRs now being prohibited outside the Coastal Zone is not yet clear, as the sunset period ends on May 27, 2020 (affecting 94 properties).

Home Sharing

- There’s a lot of interest and support for home sharing programs as a way to support housing affordability and aging in place. There is hope that Covia will soon be offering its home match services in Monterey County and that home sharing will become more accessible.

Key Opportunities

- There are several large properties that were cited by multiple people as places where affordable housing would be ideal as part of a mixed-income and/or mixed-use development. Examples cited include the lighthouse cinema parking lot, other City-owned parking lots, and the Mission Linen site.
- There are opportunities for addition of housing in the downtown commercial district if appropriately scaled and well designed. The downtown parking district was created in part to meet overall district needs, including residential, with spaces serving shoppers and employees during the day and residents in the evening and night.
- One or more of the city's older shopping centers or motels could be redeveloped with housing (but would need to be done in a way that doesn't reduce the tax base).
- Some of the city's older apartment buildings have provided relatively affordable rental housing, but even those rents are going up. Many of them are in poor condition. Being able to acquire, rehabilitate and make them affordable would provide long-term, quality housing for lower income renters and families.

Challenge (and Opportunity?) of Online Engagement

- With social distancing, some traditional forms of community engagement will not be possible. However, small group formats, online engagement and outreach with and through established networks should be possible and could support meaningful input and conversation.
- While access the internet and familiarity with platforms like Zoom may make it difficult for some to engage, some people may might otherwise stay away from community meetings where they haven't traditionally felt welcome may be more inclined to participate and speak honestly in online forums and in focus groups with people they are comfortable with.

Layers of Regulation and Lengthy Processes

- Opposition to development in PG has resulted in numerous regulations that limit what can be done, with lengthy processes involving multiple reviews and approvals. This disincentives affordable housing, multifamily housing and mixed use projects. The only projects that can afford to get through the process are high-end single family homes and remodels.
- If the City is serious about supporting affordable housing, they will need to be clear about what they want to support and change the regulations and processes to actually help make things happen.

Growing Regional Coalition

- There is a growing coalition of people and organizations working in the region to advocate for affordable housing, including elected officials, employers, nonprofits and others. More and more people are understanding why this is such a critical issue, and how it affects the region's economy and long-term sustainability.