

## STAFF REPORT

**DATE:** February 19, 2019

**TO:** City Council

**FROM:** Lisa A. Baker, Yolo County Housing  
Kelly Stachowicz, Assistant City Manager

**SUBJECT:** Pacifico Affordable Housing Property – 1752 Drew Circle

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*\*This report provides background information, as per Council request, on the Pacifico affordable housing development. The report does not address the Conditional Use Permit application that Yolo County has submitted for a residential treatment facility and a navigation center at the property. The Conditional Use Permit process is a separate and specific legislative process, and will come before the Planning Commission and City Council for public hearings and deliberation once the application review is complete.\**

### **Recommendation**

Receive historical and background information on the Pacifico affordable property located at 1752 Drew Circle in south Davis.

### **Fiscal Impact**

There is no impact to this staff report, other than staff time to prepare it.

### **Council Goal(s)**

Ensure a safe, healthy and equitable community.

### **Background**

Pacifico, located at 1752 Drew Circle, is currently owned by the City of Davis and operated by Yolo County Housing (YCH). The City and YCH have an agreement for management services and an agreement for the ultimate acquisition and rehabilitation of the property. This report serves as a general overview of the property and its history, given recent interest in the property. This report does not address Yolo County's recent Conditional Use Permit application for the property.

Pacifico was originally designed as a 112-bed cooperative housing development for students, and was the required affordable portion of the surrounding subdivision. The property has four buildings (A, B, C, and D) with both single and double rooms. All restroom facilities, kitchen facilities, and living room areas are shared. The restrooms are co-ed and are located on each floor, next to a small living room. The bottom floor of each building has a larger kitchen with multiple refrigerators and stoves. Currently, only two of the buildings house residents; the remaining two are unoccupied due to the need for significant renovation and rehabilitation.

The City of Davis has long had inclusionary housing policies that require developers to reserve a certain number or percentage of units as affordable for different income levels below the area median income. Developers can include units within the project they are building, set aside land within their larger subdivision for an all-affordable project, or some combination of both. The units built through this process count toward the City's required Regional Housing Needs Allocation (RHNA) numbers, a set number of units, including affordable units, that the State of California assigns to each city in the region via the Sacramento Area Council of Governments (SACOG). Because Pacifico's affordable beds have already been counted in the City's RHNA numbers, any change in the number or units or affordability of the project would require the City to replace those units elsewhere. A "covenant" is recorded as a deed restriction on the property to ensure the property remains affordable to low and very low incomes in perpetuity, as is standard with all affordable housing properties throughout the City.

Due to a variety of issues at that time (lack of interest by students in a cooperative set up, the physical layout of the property, etc.), the property experienced ongoing operational issues and increasing vacancies until it ultimately defaulted on its mortgage. The City, in order to retain the property's affordability, foreclosed on its note and acquired the property by buying out the first mortgage with First Northern Bank in 2010. The property closed escrow in early 2011, with the City as owner, thus ensuring that the property could keep its affordability requirements. At the time of foreclosure, the City reported continuing deterioration of the property, including: increased trash and debris in the project common area, areas of overgrown landscaping, broken windows, mildew, broken interior doors, fixtures and appliances dismantled for parts, a broken water pump system, and leaking pumps.

Post-acquisition, the City entered into a property management agreement with the California Center for Cooperative Development (CCCD) and a sub agreement with Yolo County Housing (YCH) for property maintenance. As part of the process, YCH assessed the property and found conditions necessary to address to improve housing quality. YCH made property improvements to the interior and to overall systems, including repair of the leaking water pump, floors and doors, as well as to the fire sprinkler and fire alarm system in order to bring building C and D into compliance with safety and habitability requirements. Buildings A and B, which still require repairs, were prepped for planned shutdown pending the acquisition and rehabilitation of the property by YCH in the future. YCH subsequently took over management operations from CCCD; at the time of asset management transfer, there were only 14 residents in the property (29% of 48 units in the two open buildings). Of those 14, only one resident claimed student status based on enrollment in an internet study course.

Since the foreclosure, vacancies have continued to decline. Pacifico achieved 83% occupancy of the 48 units in 2012 and full occupancy in 2015. The property has been performing at consistent occupancy since that date. Currently, there are four (4) vacancies at the site. YCH maintains a wait list for the units, with the exception of five (5) units that are master-leased to Yolo Community Care Continuum (YCCC) for their full service clients. YCCC provides support and case management to their clients, including any required drug testing and social supports. The property is currently self-sustaining and YCH maintains a reserve to address capital needs.

Because of City affordability requirements, property rents are affordable without subsidy to households of up to 60% of median income. In addition, the property pays all utilities, not by the tenant. Management also provides free internet access to residents, as well as providing cleaning and paper supplies to residents and regular common area cleaning done by a cleaning service. This makes living at Pacifico even more affordable to residents than just through affordable rent alone. As an example, a single person on Supplemental Security Income (SSI) can afford the small single rent at Pacifico without outside subsidy.

Pacifico is designated as a cooperative community. YCH works with residents on resident input and on shared light cleaning/maintenance, and residents also work to provide labor coordination. Once a quarter there are resident meetings designed to gain input from residents regarding ongoing operations, update residents on special events and services and engage in discussion around rules and chore issues that may need community resolution.

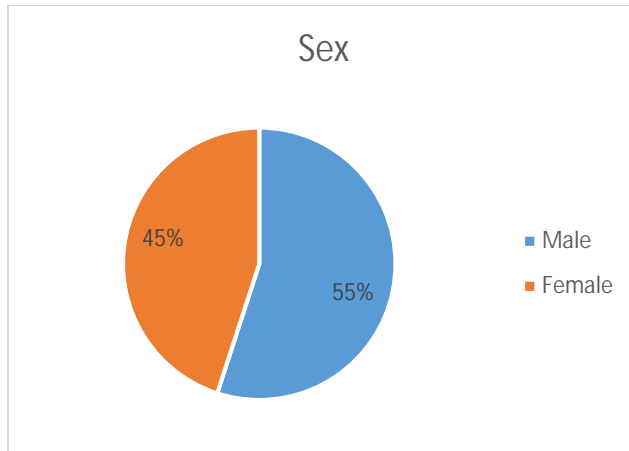
The property is managed by a part time property manager within the Real Estate Services division of YCH. A real estate services supervisor from YCH also provides management support to the property manager. In addition to the property manager and labor coordinators, YCH also has a live-in resident caretaker for after-hours issues. YCH provides full service maintenance to the site. Residents can call for emergency maintenance needs 24 hours a day, 7 days a week. Routine maintenance is available 5 days a week, 10 hours a day on an as-needed basis, based on priority in the Agency’s work order system. As noted earlier, a contracted cleaning agent also services the common areas on a regular schedule.

In addition to property management, cleaning, and maintenance, staff also coordinate with the City on joint items and has a good working relationship with the Davis Police Department. Davis Police Department officers have been out to Pacifico on several occasions to attend resident meetings and to provide presentations to residents on issues of interest - these have included how and when to call police, as well as meet and greet with local officers. Staff, in particular the real estate services supervisor, has worked to build a relationship around shared issues with the manager at the neighboring property, Sharps and Flats. Finally, YCH has installed a surveillance camera system at buildings C and D, which has drastically reduced vandalism coming from outside the property.

**Resident Demographics and Requirements**

Pacifico is a diverse community of residents. Demographics for the 44 current residents are as follows:

<u>Age (years)</u>	<u>Percent</u>	<u>Age Group</u>
18-34	31%	Millennials
35-50	26%	Gen X
51-69	39%	Baby Boomers
70-87	4%	Silent Generation

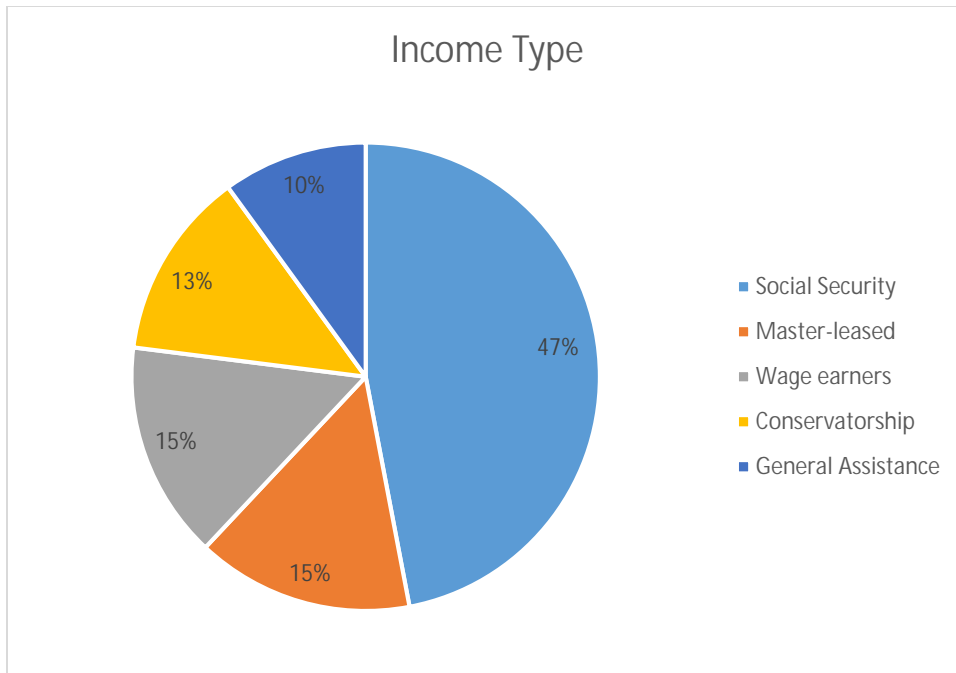


Additional Demographics:

Disabled residents: 34%

Students: 6%

The property is provided a high level of affordability. The average annual income is \$8,480. (30% of median income is \$17,500. Pacifico’s average tenant income averages just 15% of median income.)



Application, Income and Background Requirements

Although it is an affordable rental property, Pacifico is still residential rental property. As such, YCH requires that prospective tenants meet its suitability criteria, as well as affordability criteria. YCH abides by fair housing laws and obligations to ensure equal access to housing.

Below is a summary of major requirements and obligations associated with residency at the property - focusing on income, resident tenant history and credit/criminal history.

- **Income Verification** - Verification of income is required. Acceptable forms of verification are recent pay stubs, a recent bank statement or a W2 form if self-employed. If a student, a copy of the financial aid award letter, if the letter verifies income. One may also present tax returns (1st page of 1040) or, if the student was claimed on their parent's taxes and the student did not file a tax return last year, they must provide a written statement with explanation along with an additional form of verification of income. A household is not allowed to pay more 40% of its gross income towards rent. If an applicant is denied based on income, they will have the opportunity to acquire a guarantor for rent before a final denial is issued.
- **Rental History** - Pacifico requires rental verification for the prior three (3) years. Landlord references from previous and present landlords are required. Pacifico will take into consideration the following issues: evictions, number of lease violations, late payments and any monies due at time of move-out.
- **Credit History** - Management will run a credit check and check all available credit references (including any applicant who wishes to join an existing household within the cooperative community).
- **Criminal/Illegal Activity** - Management screens on the basis of convictions for violent criminal and/or drug related activity. Those applicants (household members age 18 years or older) who have been convicted for violent and/or drug related activity within three years of the application date will not be eligible. The applicant does have the opportunity to contest the denial on the following grounds: if the applicant is voluntarily and successfully participating in, or has successfully graduated from, a bona fide rehabilitation program and can provide proof of completion or successful participation from a caseworker, social worker, restorative justice program or similar representative. The property does not accept registered sex offenders regardless of time passed since conviction.

### **Comparison of Recent Calls for Service**

Management works closely with Davis Police Department. All staff and residents at Pacifico are trained to call police to report incidents and staff routinely work with the police to use reporting as a way to either assist the clients to resolve issues or to use the information for lease violations and/or termination and eviction. Management relies on police reports, reports from residents or neighbors, and security footage in addressing resident issues.

With regard to complaints from neighbors, and excluding issues raised only recently at YCH and County initiated community meetings, YCH has received only two (2) complaints from neighbors between 2015 and 2018. Both complaints originated with management of Sharps and Flats. These complaints include 1 unauthorized pool use by a Pacifico tenant (tenant was counseled and behavior ended) and complaints about vandalism and broken windows allegedly caused by possible Pacifico residents. (Pacifico was also affected. YCH installed exterior security cameras to deter non-resident vandals - see section on Summary of Major Incidents below).

For comparison purposes, below is a point-in-time (December 2018) comparison of calls for three complexes with elderly and/or disabled and non-disabled residents in other locations within the City of Davis:

Pacifico (48 units): 5 calls: 1 possible warrant service, 1 lock-out, 1 subject stop, 1 police information, 1 extra patrol request

Cesar Chavez Plaza (53 units): 9 calls: 1 noise complaint, 1 mental evaluation request, 1 burglary, 1 welfare check, 1 extra patrol, 1 medical aid, 2 public contact, 1 suspicious person.

Eleanor Roosevelt Circle: (60 units): 15 calls: 2 harassment, 7 medical aid, 2 suspicious circumstance, 1 follow up, 2 police information, 1 public contact

**Review of Calls for Service - All complexes 2017 - 2018**

Below is an overview of calls for service over the period of October 2017 to October 2018 compared to other complexes in the area. It is important to note that not all calls result in arrest or warrant further investigation. Calls for incidents such as towing, vehicle repossession, audible alarms, suspicious persons, wellness check, extra patrol and medical aid are counted in total calls, but not in call details presented below. Most of the calls for service below represent situations that could be illegal, dangerous or destructive to property.

In summary, there were 560 calls for service within the time period at complexes in the vicinity of Pacifico and 101 calls at Pacifico for a total of 661 calls. In the analysis, we included the following developments:

- Allegre/Octave
- Avalon
- DaVinci
- Fox Glen
- Pacifico
- Sharps and Flats
- Sorrento
- Tanglewood I
- Tanglewood II

After excluding types of calls listed in the first paragraph in this section, here are the following statistics:

Incident Type	Total Number Non Pacifico	Total Pacifico	Totals
Noise/Party	43	2	45
Burglary	38	1	39
Petty Theft	24	-	24
Grand Theft	3	-	3
Vandalism	12	1	13

Fraud	6	-	6
Animal related	7	1	8
Family Disturbance	5	-	5
Auto Theft	4	-	4
Verbal Disturbance	9	6	15
Physical Disturbance	-	3	3
Battery	3	-	3
Mental Evaluation	3	1	4
Domestic Violence	2	1	3
Identity Theft	4	-	4
Non Injury Accident	3	-	3
Health and Safety - Drug or Drunk in Public	3	1	4
Assault or Great Bodily Harm	2	2	4
Suicide Attempt	1	-	1
Robbery	1	-	1
Rape	1	-	1
Child Abuse	2	-	2
Hit/Run (non-injury)	1	1	2
Small Fire	2	-	2
Structure Fire	2	-	2
Peeping	1	-	1
Dead Body	1	-	1
Harassment	1	3	4
Shots Fired	1	-	1
Totals:	185 (89%)	24 (11%)	209

Detailed Breakdown by Development

As with the chart, the more detailed breakdown below shows calls for service for situations that are potentially illegal, dangerous, or destructive to property. The percentage of calls that fall into this category, along with the total number of calls related to the size of the development, provide background on the environment at each location.

Avalon (52 units). Total calls 37. 56% of all calls to the property are represented by the call types listed below.

- 4 calls for vandalism
- 6 calls for noise/party
- 5 calls for burglary (residential or auto)
- 3 calls for petty theft
- 1 call for grand theft
- 1 call for verbal disturbance
- 1 auto theft

Fox Glen (36 units). Total calls 78. 26% of all calls are represented by the call types listed below.

- 5 calls for family disturbance
- 2 calls for auto theft
- 2 calls for vandalism
- 1 call for threat of great bodily harm
- 1 call for dead body
- 1 call for robbery
- 1 call for noise/party
- 1 call for child abuse - mandated reporter
- 1 call for Health and Safety/Drug
- 1 call for petty theft
- 1 mental health evaluation
- 1 call for burglary (auto or residential)

Sorrento (109 units). Total calls 47. 47% of all calls are represented by the call types below.

- 15 calls for noise/party
- 3 calls for burglary (auto or residential)
- 2 calls for fraud
- 1 for verbal disturbance
- 1 call regarding restraining order

Tanglewood I (Total for I and II is 216). Total calls 104. 21% of all calls are represented by call type below.

- 6 calls for petty theft
- 4 calls for burglary (auto or residential)
- 2 calls for noise/party
- 2 animal related calls
- 1 call for domestic violence
- 1 call for vandalism
- 1 call for assault
- 1 call for non-injury hit/run
- 1 call for non-injury accident
- 1 call for fraud
- 1 call for drunk in public
- 1 call for Health and Safety/Drug

Tanglewood II (see above). Total calls 36. 68% of all calls are represented by call type below

- 13 calls for burglary (auto or residential)
- 6 calls for noise/party



- 3 calls for petty theft
- 2 calls for non-injury accident
- 1 fraud

Allegre/Octave (152 units). Total calls 80. 54% of all calls are represented by call types below

- |                                              |                                |
|----------------------------------------------|--------------------------------|
| ● 16 calls for noise/party                   | ● 1 call for vandalism         |
| ● 6 calls for burglary (auto or residential) | ● 1 call for domestic violence |
| ● 4 calls for petty theft                    | ● 1 for grand theft            |
| ● 3 calls for battery                        | ● 1 for “peeping”              |
| ● 3 animal related calls                     | ● 1 call for fraud             |
| ● 2 calls for identity theft                 | ● 1 mental evaluation          |
| ● 2 calls for verbal disturbance             | ● 1 for restraining order      |

DaVinci (51 units). Total calls 70. 27% of all calls are represented by call type below

- |                                    |                                  |
|------------------------------------|----------------------------------|
| ● 7 calls for noise/party          | ● 1 for violation of court order |
| ● 4 for petty theft                | ● 1 call for rape                |
| ● 2 burglary (auto or residential) | ● 1 auto theft                   |
| ● 1 for harassment                 | ● 1 mental health evaluation     |
|                                    | ● 1 call for fraud               |

Sharps and Flats (132 units). Total calls 106. 32% of all calls are represented by call type below

- |                                        |                                         |
|----------------------------------------|-----------------------------------------|
| ● 8 for noise/party                    | ● 2 for small fire                      |
| ● 4 for vandalism                      | ● 2 animal related                      |
| ● 4 for burglary (auto or residential) | ● 1 for suicide attempt                 |
| ● 3 for petty theft                    | ● 1 for shots fired/heard               |
| ● 3 for verbal disturbance             | ● 1 for grand theft                     |
| ● 2 for structure fires                | ● 1 for child abuse - mandated reporter |
| ● 2 for identity theft                 |                                         |

Pacifico (48 units). Total calls 101. 24% of all calls are represented by call type below

- |                                             |                                 |
|---------------------------------------------|---------------------------------|
| ● 6 calls for verbal disturbance            | ● 1 call for animal related     |
| ● 3 calls for harassment                    | ● 1 call for small fire         |
| ● 3 calls for physical disturbance          | ● 1 call for non-injury hit/run |
| ● 2 calls for party/noise                   | ● 1 call for mental evaluation  |
| ● 2 calls for assault/threat of bodily harm | ● 1 call for drunk in public    |
| ● 1 call for burglary                       | ● 1 call for domestic violence  |
|                                             | ● 1 call for vandalism          |

### **Summary of Major Incidents**

Although YCH runs a criminal background and income check, as with any individual, there is no guarantee that a tenant will not have future issues.

- *Nonpayment of Rent.* Where there are nonpayment of rent issues, YCH takes action to first work with the affected household, including service from its social services staff, and, if this fails, to move to end tenancy with the household up to and including eviction. Management has a proven track record of successful eviction or mutual agreement to termination of tenancy.
- *Violations of Property Rules.* Violations of rules that affect the property or another resident's peaceful enjoyment of the premises are also dealt with through the lease violation process. As with any community, there are issues that bring police and/or fire department to the property that do not always result in arrest or conviction. Below is a summary of major incidents at Pacifico that involve police or fire, have resulted in ambulance transport or arrest or where outside incidents have affected the property over the last few years. This also includes actions taken by YCH to correct the issues.

### **Summary of Major Incidents**

- 2016 - A series of lease violations led to the eviction of two individuals, based on evidence of drug use and endangerment of staff and other residents. This eviction went to trial; YCH prevailed and was awarded possession of the unit and eviction of the tenants.
- 2016 – A resident collapsed outside while in police custody and passed away. A police investigation determined that the death was not a result of police action, but of a drug interaction/overdose by the deceased.
- 2017 - A resident who had been clean and sober was found deceased in a unit. It was later determined that the resident and another resident who was allegedly her boyfriend had engaged in consensual drug use. YCH contacted the alleged boyfriend, who agreed voluntarily and immediately to terminate his tenancy and move from Pacifico.
- 2017 – Non-resident vandalism to the property's dumpster resulted in a fire that caused major damage. YCH rebuilt the dumpster.
- 2017 - Series of internal vandalism affecting sinks, shower and sprinklers. YCH repaired damage, notified residents of the issue and discussed at resident meeting. Early 2018, YCH provided common hallway security cameras. Vandalism ceased.
- 2017- Non-resident vandals started throwing rocks and bottles from the bike path at the buildings, windows and landings on a nightly basis. Sharps and Flats informed Pacifico that they were experiencing the same issues. In addition, there were three (3) reported auto thefts at the property. In early 2018, YCH installed a camera system on exterior walls and landings for the two occupied buildings. Vandalism stopped both for YCH and Sharps and Flats. Auto theft ceased.

- 2018 - Small accidental fire in smoking area. Residents immediately extinguished the fire. Fire department was on scene to confirm. Management counseled residents on use of designated receptacles for proper disposal and cleaned up the area.
- 2018 - Private homeowner asked management to move the designated smoking area away from his property line. Management moved the area to another section of the property away from adjacent neighbors and from windows/doors at Pacifico.
- Late 2018 - Resident taken to hospital by ambulance due to health issues. No drugs or illegal activities involved.
- Late 2018 - Police called due to a resident allegedly using vulgar and abusive language toward other residents. The resident misrepresented themselves as a YCH employee to police. A subsequent investigation by YCH showed that the resident had misrepresented themselves to neighbors, other residents, vendors, as well as to the police. As a result, YCH gave a lease violation to the resident.
- January 2019 - Hospitalized resident passes away while in hospital due to illness. No drugs or illegal activities involved.

### **Reuse Plan for Pacifico and Current Work Projects in Progress**

Prior to the end of Redevelopment in 2012, the City and YCH entered into an agreement for acquisition and redevelopment of the property to rehabilitate the two closed buildings and to alter the layout of the units to represent a more traditional layout. The original agreement called for the Redevelopment Housing Set Aside funds to fund the project. With the demise of Redevelopment in 2012, the project was not able to move forward.

Subsequent to that, YCH brought a concept forward to the City that involved City Trust Fund and a tax-exempt loan. Because the City had other commitments for the limited trust funds, this concept could not move forward either. In 2016, the City and YCH negotiated an updated Development Agreement for the parcel, but again, the City's other financial obligations and the lack of funding mean the proposal was not able to proceed. In 2018, the County approached the City regarding potential programming and YCH worked with the City to detail how such programming could work in concert with the existing Pacifico community as well as meet existing neighborhood needs. That process is still in progress at this time through a requested Conditional Use Permit (CUP).

In the meantime, YCH management is moving ahead with property improvements and maintenance, including a new exterior paint project and updated privacy fencing. Both of these are currently in the planning stages and YCH has met with contractors, selected proposed colors and held a meeting with residents regarding building color selection and process.

Other maintenance and improvements to date include:

- Health and safety repairs to interiors including flooring, kitchens and doors
- Routine and regular maintenance and extraordinary maintenance (includes annual fire extinguisher recharge, annual backflow prevention device testing, AC/heat filter replacement. Replacement of appliances on an as needed basis)
- Update and create community garden area, establish marked smoking and non-smoking areas
- Installation of security cameras for exteriors and common landings and halls;
- Rearrangement and reduction of excess bicycle racks
- Replacement of water pump
- Rebuild of trash enclosure post fire
- Security improvements include standard key rotation, replacement of all door locks, reduction of access between buildings (i.e. door keys work on the building in which you live, not all buildings)