

SPECIAL MEETING
Tuesday, March 25, 2025

MEETING 5:00 PM

LOCATION: CARPENTER HALL, SUNSET CENTER
SAN CARLOS STREET AT NINTH AVENUE

CALL TO ORDER AND ROLL CALL

The following Commission members were present: Mel Ahlborn, Erin Allen, Michael LePage, and Stephanie Locke.

The following Commission members were absent: Stefan Karapetkov

PUBLIC APPEARANCES

None

ORDERS OF BUSINESS

Item 1: **Housing Element Amendment:** City Council Resolution 2024-062 directs staff to explore and develop alternative affordable housing sites and programs in lieu of utilizing city-owned sites for affordable housing at Sunset Center and Vista Lobos. Please join us for a community conversation as we update the Planning Commission on our planning efforts to identify new affordable housing opportunities within the Village that would allow the removal of the city-owned sites through an amendment to the housing element.

Anna Ginette, Director of Community Planning and Building, welcomed attendees emphasizing the intent of the meeting was to have an informative and intimate discussion regarding potential amendments identified by the AHA group. She highlighted the importance of community involvement as a central theme. The meeting's format was noted as more intimate and less formal to facilitate discussion.

Overview of the Meeting Agenda: The agenda included a recap of the process, presentations by AHA team members on four programs (ADUs, hotels, downtown, and churches), a question-and-answer period, and the collection of feedback through worksheets. The goal was to ensure the housing element amendment meets the vision and needs of the community.

Background on the Housing Element Amendment: Director Ginette provided background on the housing element, which was adopted in 2024 and included two city-owned sites incorporating 149 affordable units. Following adoption, the city received comments and concerns from residents, leading the City Council to direct staff to work with residents, now the AHA group, to ensure community involvement. The current effort is directed at replacing the city sites with better options through the programs being discussed. Upon identification of these options, the City Council will adopt the Housing Element Amendment, which will then be submitted to State HCD for certification.

What is a Housing Element? Director Ginette explained that the housing element is required by state law and part of the General Plan. The intent is to foster cooperation between local governments and the private sector to achieve state housing goals at the local level. Required components include a sites inventory and programs and incentives to ensure development occurs.

Introduction to AHA Program Presentations: Victoria Beach, AHA representative, provided introductory remarks, highlighting the group's hard work and dedication since the Housing Element adoption in early 2024. General goals include preserving scarce public land, distributing housing through the village to maintain human scale and honor the town founders' vision, as well as addressing shrinking population and services through a more balanced approach to affordability. She noted the collaborative process with State HCD, which has been receptive to Carmel's unique situation, aiming for a "Carmel custom solution". The group is optimistic about achieving at least 149 affordable units and meeting deadlines, setting the stage for a multi-year approach to housing.

Accessory Dwelling Units (ADUs): Nancy Twomey, AHA representative, presented on the ADU program, noting that the current housing element understates the number of ADUs, with 34 units projected. Revisiting permitting data from 2019-2023 shows a trend of 8.4 units per year, an increase from the previously estimated 4.5 units per year. Notably, 54 units permitted over the last three years were conversions. The goal is to achieve 75 units with additional promotional efforts.

Proposed programs include:

- Extending prioritization for water credits and reducing permit fees for new and legalized ADUs with multi-year deed restrictions to ensure affordability;
- Building a relationship with the Carmel Foundation for rent-match services to guide and filter potential renters;
- Implementing an amnesty program to legalize existing unpermitted ADUs and requiring pre-sales inspections to uncover such units; and
- Further education and awareness initiatives, including website updates, resources for realtors and architects, videos, handouts, and checklists. A guide, "Considering ADUs in Carmel-by-the-Sea", exists and will be revised. Encouraging ADUs can provide residents and on-site security for property owners.

Hotels: Tim Twomey, AHA representative, presented the hotel program, which includes enhancing existing housing element components focused on converting older, underperforming hotels into mixed-income affordable housing and incentivizing the transfer of hotel rights. Strong community feedback emphasized focusing on small, scattered hotels to protect village character. The eligibility criteria were broadened from hotels greater than 0.5 acres to include those under 0.5 acres, potentially encompassing 42 hotels. A financial model for a 15-room hotel conversion demonstrated a high rate of return due to the sale of the converted affordable housing and the valuable hotel keys (representing hotel rooms under a cap of 948). Approximately 40% of hotels were identified as underperforming. Projected production is 120 to 160 affordable units. Enhancements include private funding, partnering with the Carmel Foundation for applicant assistance, and the concept of hotel residency residential suites. Incentives for developers include swift permitting and reduced development fees and the potential for water credits for affordable units.

Downtown: Hans Buder, AHA representative, presented on the downtown section, which includes two programs: live-work use and mixed-income housing downtown. The process involved a comprehensive mapping of all commercial parcels and leasable spaces using volunteer residents and a custom app.

Live-Work Program: Hans Buder presented a proposal to create a new hybrid live-work use downtown, combining a commercial storefront with residential space behind, requiring a deed-restricted affordable unit for conversion. Underutilized commercial spaces, often vacant or used for

storage, were identified as potential sites. Notably, deed-restricted affordable live-work spaces could potentially command higher rents per square foot than pure commercial spaces. Key incentives include water allocation. This program aims to reactivate off-the-beaten-path spaces and support artists and resident-serving businesses.

Mixed-Income Housing Program: Hans Buder presented a program to incentivize the creation of mixed-income housing (e.g., 75% market rate, 25% affordable) by proposing higher density (dwelling units per acre), aligning the maximum density for mixed-income projects with that of existing regulation allowances for 100% affordable projects. Water allocation would be provided for both market-rate and affordable units to make projects financially feasible. This could apply to conversions, additions, or redevelopment, incentivizing small, Carmel-scale buildings with higher bedroom counts. The State is considering allowing credit for 8,000-square-foot lots (double lots) towards affordable housing requirements, inspired by the Trevvett Court project.

Churches: Victoria Beach presented on the church program, highlighting Carmel's five churches with over 15 acres of land. The state strongly supports partnerships between religious organizations and housing. A "Faith and Homes Summit" was held, bringing together experts and church representatives. A toolkit was provided, and the city prepared feasibility analyses for each church property. Individual meetings are ongoing. The state has responded positively to this outreach. Realistic projections suggest approximately 60 units from church properties. Future plans include a second summit focused on financials and exploring a charitable housing trust. Architects have shown interest in assisting churches. Various housing types are being considered.

Questions and Answers: A comprehensive question and answer session followed the presentations, addressing topics such as hotel conversion details, floor area ratios, wildfire safety, utility needs, parking, implementation of the current housing element, rental status of ADUs, micro-unit feasibility, traffic, the hotel key transfer program, ownership opportunities, cottage preservation, and the Local Coastal Program interface. Concerns regarding the critical need for a comprehensive parking plan were voiced. The potential for future changes in transportation, such as ride-sharing services, and the possibility of charging visitors for parking were also discussed.

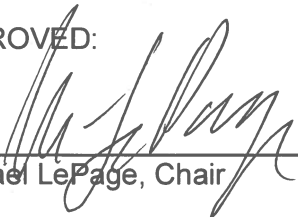
Planning Commission Discussion and Final Thoughts: Planning Commissioners expressed their appreciation for the work of the AHA group and offered final thoughts.

Next Steps and Adjournment: The next step involves the preparation of draft language for the amendments, working with a consultant, followed by public hearings. Attendees were asked to leave their feedback worksheets behind or drop them off at City Hall.

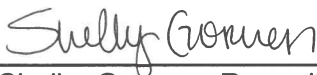
ADJOURNMENT

3:00 PM

APPROVED:


Michael LePage, Chair

ATTEST:


Shelby Gorman, Recording Secretary