



CITY OF CARMEL-BY-THE-SEA CITY COUNCIL AGENDA

Mayor Dale Byrne, Councilmembers Jeff Baron, Hans
Buder, Bob Delves, and Alissandra Dramov
Contact: 831.620.2000 www.ci.carmel.ca.us

All meetings are held in the City Council Chambers
East Side of Monte Verde Street
Between Ocean and 7th Avenues

CITY COUNCIL SPECIAL MEETING Tuesday, May 20, 2025 3:30 PM

Special Joint Meeting of the City Council and the Planning Commission

HYBRID MEETING ATTENDANCE OPTIONS

This meeting will be held in person and via teleconference ("hybrid"). The public is welcome to attend the meeting in person or remotely via Zoom, however, the meeting will proceed as normal even if there are technical difficulties accessing Zoom. The City will do its best to resolve any technical issues as quickly as possible. To view or listen to the meeting from home, you may also watch the live stream on the City's YouTube page at: <https://www.youtube.com/@CityofCarmelbytheSea/streams>. To participate in the meeting via Zoom, copy and paste the link below into your browser.

**<https://ci-carmel-ca-us.zoom.us/j/84186502162> Webinar ID: 841 8650 2162 Passcode:
965245 Dial in: (253) 215-8782**

HOW TO OFFER PUBLIC COMMENT

The public may give public comment at this meeting in person, or using the Zoom teleconference module, provided that there is access to Zoom during the meeting. Zoom comments will be taken after the in-person comments. The public can also email comments to cityclerk@ci.carmel.ca.us. Comments must be received at least 2 hours before the meeting in order to be provided to the legislative body. Comments received after that time and up to the beginning of the meeting will be made part of the record.

Mayor Byrne will be attending this meeting remotely under California Gov. Code 54953(b) at the following location: Allegretto Hotel, 2700 Buena Vista Drive, Paso Robles, CA, 939446. The agenda will be posted at the location and will be open to the public.

PUBLIC COMMENT GUIDELINES FOR SPECIAL MEETINGS - During Special City Council Meetings, public comments are permitted for items listed on the agenda. After each item on the agenda is introduced, the Mayor will invite public comment on that item. Each speaker has 3 minutes to speak unless otherwise adjusted by the Mayor. While stating your name is optional, it helps to identify speakers in the meeting minutes. Remote or in-person participants who do not comply with the requirements of the Brown Act will be muted.

CALL TO ORDER AND ROLL CALL

- A.** Roll Call:
Mayor Byrne
Mayor Pro Tem Delves
Councilmember Baron
Councilmember Buder
Councilmember Dramov
Commissioner LePage
Commissioner Locke
Commissioner Allen
Commissioner Karapetkov
Commissioner Ahlborn

ORDERS OF BUSINESS

Orders of Business are agenda items that require City Council, Board or Commission discussion, debate, direction to staff, and/or action.

- 2.** Review and Discuss the Draft Housing Element Amendment: Revised Chapter 2, New Appendix C, and provide direction on the draft revisions

Public Comment on Closed Session

ADJOURNMENT

This agenda was posted at City Hall, Monte Verde Street between Ocean Avenue and 7th Avenue, Harrison Memorial Library, located on the NE corner of Ocean Avenue and Lincoln Street, the Carmel-by-the-Sea Post Office, 5th Avenue between Dolores Street and San Carlos Street, and the City's webpage <http://www.ci.carmel.ca.us> in accordance with applicable legal requirements.

SUPPLEMENTAL MATERIAL RECEIVED AFTER THE POSTING OF THE AGENDA

Any supplemental writings or documents distributed to a majority of the City Council regarding any item on this agenda, received after the posting of the agenda will be available for public review at City Hall located on Monte Verde Street between Ocean and Seventh Avenues during regular business hours.

SPECIAL NOTICES TO PUBLIC

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at 831-620-2000 at least 48 hours prior to the meeting to ensure that reasonable arrangements can be made to provide accessibility to the meeting (28CFR 35.102-35.104 ADA Title II).



CITY OF CARMEL-BY-THE-SEA

CITY COUNCIL

Staff Report

May 20, 2025
ORDERS OF BUSINESS

TO: Honorable Mayor and City Council Members

SUBMITTED BY: Anna Ginette, AICP, Community Planning & Building Director

APPROVED BY: Chip Rerig, City Administrator

SUBJECT: Review and Discuss the Draft Housing Element Amendment: Revised Chapter 2, New Appendix C, and provide direction on the draft revisions

RECOMMENDATION:

Staff recommends the City Council:

1. Find that reviewing and discussing the draft Housing Element Amendment is not a project under CEQA as defined in Public Resources Code Section 21065 and CEQA Guidelines Section 15378;
2. Review and Discuss the Draft Housing Element Amendment: Revised Chapter 2, New Appendix C; and
3. Provide direction on the draft revisions.

BACKGROUND/SUMMARY:

Executive Summary

The City Council adopted the 6th Cycle Housing Element on April 8, 2024, which covers the 2023-2031 planning period, with a responsibility to plan for 349 new housing units by 2031. After the State Department of Housing and Community Development (HCD) certified the City's Housing Element on April 25, 2024, the City Council passed Resolution 2024-062 on July 9, 2024, to explore alternative affordable housing sites and programs due to concerns about the redevelopment of city-owned sites (Vista Lobos and Sunset Center).

Since then, five strategies have emerged, resulting in revised housing element programs and a rewritten Appendix C. The proposed amendments include changes to Chapter 2, such as removing and revising existing programs, and a new Appendix C that identifies alternative sites to accommodate at least 149 affordable housing units.

The Planning Commission reviewed these revisions on May 14, 2025, and expressed interest in exploring RHNA credit for ADUs without requiring a deed restriction and raised questions about water constraints and the financial viability of hotel-to-residential programs. However, the Commission did not provide suggested changes to the draft text of amended Chapter 2 or Appendix C.

Background

On April 8, 2024, the City Council adopted the 6th Cycle Housing Element, which covers the 2023-2031 planning period. The City is responsible to plan for 349 new housing units by 2031.

On April 25, 2024, the State Department of Housing and Community Development (HCD) certified the City's Housing Element. Two city-owned sites, Vista Lobos and Sunset Center, were included as potential affordable housing sites to achieve certification (Housing Element Program 1.1.B: City-Owned Sites).

On July 9, 2024, in response to concerns regarding the redevelopment of the city-owned sites, the City Council passed Resolution 2024-062 (Attachment 1) directing staff to begin work immediately on exploring and developing alternative affordable housing sites and programs, and submit a formal general plan housing element amendment that provides alternative affordable housing opportunities and removes the need for housing units at Vista Lobos and Sunset Center. Additionally, City staff were directed to return to the City Council in September and October of 2024 with updates on progress.

On September 10, 2024, and October 1, 2024, the City Council received updates on the joint efforts of the Affordable Housing Alternatives (AHA) community group and City staff to explore strategies to provide affordable housing in lieu of developing city-owned sites.

A third update was provided on December 3, 2024, and focused on four strategies that City staff and the AHA Group were working on to provide affordable housing that reflected the village's character: 1) Accessory Dwelling Units, 2) Hotel-to-Residential Conversions, 3) Church Sites, and 4) Downtown Housing Opportunities.

Since December 2024, five strategies have emerged from extensive analysis (Housing Element, Appendix C), resulting in revised housing element programs (Housing Element, Chapter 2).

Proposed Amendments

Chapter 2: Goals, Policies, and Programs: Several changes have been made to Chapter 2, including removing existing programs and adding or substantially revising existing ones. As a result, the numbering of many of the programs has changed. Of particular note, existing Program 1.1.B City-Owned Sites is proposed to be entirely removed. In its place is Program 1.1.B Development on Small Sites, which is currently 1.1.C. You will see similar changes throughout Chapter 2.

Other program deletions include:

- Program 1.3.E Amend the A-2 Zoning District;
- Program 1.3.I Implement State Law SB 10 Opportunities to Maximize Feasibility of Development in Strategic Locations

In addition to the more substantive revisions to the housing element programs related to the five strategies (discussed in more detail below), other minor modifications to Chapter 2 are proposed, including grammar, sentence structure, and formatting.

A more visually prominent formatting change involves moving the “Quantified Objectives, Timeframe, Responsible Party, and Funding Source” lines from the end of each program to the beginning, following the program title.

You will also note that “# TBD” follows the Quantified Objectives. This information will be forthcoming in

future drafts of Chapter 2.

The "Timeframe" to complete program implementation has been updated for many programs to account for the time devoted to this housing element amendment. For example, many of the December 2024 deadlines are proposed to be extended to June 2026.

Another minor change to Chapter 2 is the removal of scattered quotes throughout the chapter.

Appendix C: Housing Sites Inventory Analysis: Appendix C has been entirely rewritten due to the extensive analysis required to support the identification of alternative sites for affordable housing.

A summary table of the proposed sites inventory is provided in the table below and is currently labeled Table C-17 in the draft Appendix C. Across the five strategies, several sites have been identified that can accommodate at least 149 affordable housing units to allow for the transfer of these units from the city-owned sites at Sunset Center and Vista Lobos. These sites still require review and acceptance by the State Department of Housing and Community Development (HCD) and therefore are subject to change.

	Very Low- Income Units	Low- Income Units	Moderate- Income Units	Above Moderate- Income Units	Total Units
RHNA Figures					
Total RHNA	113	74	44	118	349
Credits (ADUs and Pipeline Projects)	13	13	13	29	68
Remaining RHNA	100	61	31	89	281
Production by Program					
ADUs	23	23	23	8	77
Hotel Conversion	40	40	40	41	161
Church Properties	33	32	0	0	65
All Saints' Episcopal	10	10	0	0	20
First Church of Christian Science	7	6	0	0	13
Church of the Wayfarer	16	16	0	0	32
Live/Work Units	43	42	0	0	85
Mixed-Income Incentive Program	3	3	3	18	27
Other Housing Opportunities	0	2	0	52	54
Forest Cottages Specific Plan	0	2	0	4	6
Other Market Rate Scattered Sites	0	0	0	48	48
Total Capacity	142	142	66	119	469
Over Remaining RHNA	42	81	35	30	188
% Over Remaining RHNA	42%	133%	113%	34%	67%
SOURCE: City of Carmel-by-the-Sea, Community Planning & Building Department					

C-36

Planning Commission Review and Feedback

The proposed revisions to Chapter 2 and Appendix C were presented for review and feedback on May 14, 2025, at the Planning Commission's regular meeting.

The Commission expressed interest in exploring whether the City could obtain RHNA credit for ADUs without requiring a deed restriction. While a deed restriction is the most common method for implementing and monitoring affordable housing units, there may be other means of justifying affordability. Guidance published by HCD states that a jurisdiction can describe how the units are affordable without deed restrictions "based on various methods considering rents relative to income levels of households, such as through a survey of comparable units in the area that show the unit would be affordable to very-low-, low-, or

moderate-income households.”

A member of the public shared the 2025 state income limits and offered to share the information with the Planning Commission. The Commission requested that this information be provided for the joint City Council/Planning Commission meeting on May 20th. City staff will include both income and rent limits in the PowerPoint presentation for the May 20th meeting.

Commissioner Stephanie Locke, also an employee of the Monterey Peninsula Water Management District (MPWMD), commented that water should no longer be a constraint to housing development. The allocation of 14-acre-feet of water to the City should support development within Carmel for the next 25 years. Draft Program 1.2.A regarding water distribution for affordable housing should be reviewed and updated accordingly.

Chair Michael LePage expressed support for the live/work program and the diversity it would add to the downtown area. There were also a number of questions about the financial viability of the hotel-to-residential program that the AHA Group will address at the joint City Council/Planning Commission meeting on May 20th. Lastly, Chair LePage expressed concern about removing the city-owned sites entirely from the housing element. These sites allow for a broader mix of housing, providing more opportunities on sites the City controls. Staff notes that these sites remain under the control of the City, which can entertain development proposals at any time. Removing them from the housing element reduces the pressure on the City to conform to a strict timeline for developing those sites. Such a timeline would restrict public participation in the process and hinder the implementation of other portions of the Housing Element due to a fixed amount of staff resources.

Overall, the Planning Commission expressed its support for the revised programs.

Environmental Review

The agenda item before the City Council consists of presenting information to facilitate a discussion and receiving direction on the draft Housing Element Amendment. It is not an activity that would result in either a direct or indirect physical change to the environment. Therefore, it is not a project under CEQA as defined in Public Resources Code Section 21065 and CEQA Guidelines Section 15378.

FISCAL IMPACT:

On September 6, 2024, the City entered into a Professional Services Agreement with Veronica Tam & Associates to provide technical assistance to inform an amendment to the adopted 6th cycle Housing Element. The contract is based on hourly rates with a not-to-exceed amount of \$59,999. The total cost expended to date is \$31,765.

PRIOR CITY COUNCIL ACTION:

On April 8, 2024, the City Council adopted Resolution 2024-029 adopting a General Plan Amendment to repeal the 2015-2023 Housing Element and adopt the 2023-2031 Housing Element of the General Plan in compliance with state housing element law.

On July 9, 2024, the City Council adopted Resolution 2024-062 directing staff to begin work immediately exploring and developing alternative affordable housing sites and programs to submit a formal general plan housing element amendment that provides alternative affordable housing opportunities and removes the need for housing units at Vista Lobos and Sunset Center.

ATTACHMENTS:

Attachment 1) Housing Element, Chapter 2, Adopted

Attachment 2) Housing Element, Chapter 2, Revised Clean Version 1.3

Attachment 3) Housing Element, Chapter 2, Revised Redlines Version 1.3

Attachment 4) Housing Element, Appendix C, Adopted

Attachment 5) Housing Element, Appendix C, New Version 1.3

2.0

Goals, Policies, and Programs

2.1 Introduction

The City is responsible for enabling the production of housing by reducing regulatory barriers, providing incentives, and supporting programs that create or preserve housing, especially for vulnerable populations. To enable the construction of quality housing, the City has identified the following goals:

- Goal HE-1 Facilitate Housing Construction
- Goal HE-2 Protect Affordable Housing and Improve the Housing Stock
- Goal HE-3 Provide Opportunities for New Affordable and Other Special Needs Housing
- Goal HE-4 Exemplify Sustainable Development and Energy Conservation
- Goal HE-5 Publicize Housing Needs and Resources

The City's demographic and housing needs assessment, including contributing factors to housing disparities, formed an integral part of program development. Highlights include: the predominant age group in 2019 was between 65 to 74 years of age; the population was comprised of over 85% White individuals; the unemployment rate was 0.1 percent; above-moderate households made up the majority of households at 62 percent; and 57 percent of total households were owner occupied and 43 percent renter occupied. Of note, 23 percent of household are cost burdened and 23 percent are severely cost burdened. Detailed information is provided in Appendix A.

Additionally, the majority of the sites identified in the Site Inventory were not identified in the 5th Cycle Housing Element. The Policies and Programs below are intended to reduce the regulatory barriers to redevelop of these sites and to demonstrate the City is taking measures to ensure construction of more units, in the 6th cycle.

2.2 What's New

This section provides an overview of significant new policy and program directions being taken by the City of Carmel-by-the-Sea to address housing issues in the community and the larger Monterey Bay Area.

Affirmatively Furthering Fair Housing

The new policy direction that the City will undergo during the 6th Cycle Housing Element Update involves addressing historic economic and racial segregation patterns. In 2018, the California Legislature established an independent state mandate to affirmatively further fair housing (AFFH). Affirmatively furthering fair housing is defined specifically as taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity by replacing segregated living patterns with truly integrated and balanced living patterns; transforming racially and ethnically concentrated areas of poverty into areas of opportunity; and fostering and maintaining compliance with civil rights and fair housing laws.

Contributing Factors

The following contributing factors that impact fair housing and affirmatively furthering fair housing (AFFH) within the City were identified and prioritized as follows:

High Priority

- Lack of affordable housing;
- Lack of adequate housing stock that meets the needs of residents;
- Jobs-worker imbalance;
- Lack of accessible units for individuals with disabilities;
- Lack of Transitional and Supportive Housing/Emergency Shelters;
- There is a lack of developable land, and the City is subject to additional coastal zone regulations;
- Lack of racial and ethnic diversity within the City; and
- Cost of land, materials, and labor which limit profitability of affordable housing.

Medium Priority

- Lack of access to information about fair housing rights; and
- Limited knowledge of fair housing by residents.

More detailed AFFH information is located in Appendix A. The City of Carmel-by-the-Sea is adopting new policies and programs through the update of this 6th Cycle Housing Element, to align with the state's new AFFH mandate. Policies and programs that support this alignment are identified with the letters "AFFH."

2.3 Program Overview and Quantified Objectives

Quantified Objectives estimate the number of units likely to be constructed, rehabilitated, or conserved/preserved by income level during the planning period. The Quantified Objectives do not represent a ceiling on development, but rather set a target goal for the jurisdiction to achieve, based on needs, resources, and constraints. These objectives will focus communication between the City and HCD with future Annual Progress Reports (APRs). HCD does not require that all objectives must be met, rather, it is a goal that enables objective assessments about program effectiveness so the City can make informed determinations to continue, modify, or delete programs with the next Housing Element update Cycle. [Table 2-1, Quantified Objectives](#), provides an estimate of the number of units likely to be constructed, rehabilitated or conserved/preserved in Carmel-by-the-Sea in the 6th Cycle.

Table 2-1 Quantified Objectives Summary

Income Category	New Construction	Rehabilitation*	Conservation/ Preservation**
Extremely Low	61	-	-
Very Low	60	5	-
Low	93	5	50
Moderate	61	6	-
Above Moderate	135	400	-
Total	410	416	50

SOURCE: City of Carmel-by-the-Sea 2023

NOTES: *The City has approximately 3,800 residential units, 60 (or about one percent) of which are affordable units. Each year the City processes approximately 100 building permits for remodels, additions, and other construction, which rehabilitates the existing housing stock. For the lower-income categories rehabilitation goals, the City assumes that one percent of the total permits processed will be for affordable units. Under these assumptions, the City would rehabilitate two units of affordable housing a year or approximately 16 units throughout the 2023-2031 planning cycle. This represents approximately 30 percent of the City's existing affordable housing inventory.

**The City has no units at risk of converting to market rate during this planning cycle.

2.4 Goals, Policies and Programs

Community input has been and continues to be an integral part of the development of policies and programs for the 6th Cycle Housing Element. The purpose of this section is to set forth goals, policies, and programs to further the development of housing for all income levels in the community. The Implementation Programs listed below provide a workplan for programs to ensure timely implementation and tracking. The following programs are will be implemented city-wide, unless otherwise specified below.

GOAL H1 FACILITATE HOUSING CONSTRUCTION

Policy 1.1: Ensure adequate sites are available to meet the City's projected housing growth needs.

"... The land as it exists now, the way it's zoned, could support the 349 units, plus the buffer. So, the question then is how do we get people excited about developing some of those units?"

That's where these programs and processes come into play and that's why we need to amend the Municipal Code, to codify those things..."

May 24, 2023 Housing Ad Hoc Committee Community

Program 1.1.A: Adequate Sites

The City has a RHNA or growth need of 113 units affordable to Extremely Low- and Very Low-Income households. The City's General Plan and Municipal Code provide for housing types at appropriate densities to accommodate the RHNA. The City will encourage and facilitate the development of new units consistent with the RHNA by continuing to work with housing providers such as the Carmel Foundation and will actively find new organizations to partner with. The City also offers incentives and concessions outlined in Programs listed below.

The Planning Division shall annually evaluate and report to the City Council on the City's progress in meeting its Housing Element objectives, as well as remain in compliance with the no-net loss requirements of Government Code Section 65863.

Quantified Objective: 61 Extremely Low, 60 Very Low, 93 Low, 61 Moderate and 135 Above Moderate-Income housing units

Timeframe: Maintain adequate sites to meet RHNA through June 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-3.1.a: Adequate Sites)

Program 1.1.B: City-Owned Sites - AFFH

The City plans to make three (3) sites (#1, #2, and #3 in the Sites Inventory) available over the next five years for the potential development of 149 total units over the three sites (124 affordable to lower-income households and 25 for moderate-income households). These sites are planned to remain in City ownership and are anticipated to be made available for development through long-term leases. These sites are locations for affordable housing that would advance the City's goal of providing diverse housing types, including senior housing. Projects undertaken throughout the 2023-2031 Housing Element planning period will be processed in accordance with the requirements of the Surplus Land Act and all other applicable State laws. Please note there are no State-owned or Federally-owned sites within Carmel-by-the-Sea.

The City will assess the appropriateness of and consider implementing the following: outreach opportunities with housing developers, requests for proposals, development incentives, fee waivers, priority process, and financial assistance (when available) to facilitate and incentivize developers to develop housing units on City-owned sites.

The City has an existing long-term lease with the Carmel Foundation, which manages 50 affordable apartment units for seniors (55+). The lease has benefitted the community, and the City would like to expand the number of affordable housing in the City through the use of the three identified sites. Specific planned actions by the City include the establishment of development standards (for the Sunset Center sites, specifically), development of a project description, publication of an RFP, selection of a development partner, entering into an Exclusive Negotiation Agreement, processing land use entitlements and development agreements, building permit issuance, and construction. Council approval is required and public participation will take place for each step in this process.

Specific actions the City is committed to:

- Establish and implement development standards for Sunset Center (Sites #1 and #2) by December 2025;
- Develop project description and establish an RFP process and solicit developers by December 2025;
- Target Exclusive Negotiating Agreement by December 2026; and
- Target land use entitlements issuance by December 2028.
- If by December 2026, the City has not established the necessary developer agreements, the City will pursue the following alternative actions to enable the development of the sites for affordable housing:
 - Increase outreach efforts with non-profit affordable housing developers beginning January 2027;
 - Re-issue RFP and solicit developers by December 2027;

- Pursue funding opportunities such as Permanent Local Housing Allocation (PLHA), Multifamily Super NOFA, IIG Small Jurisdictions, CDBG Funds, and HOME Investment Partnerships to assist with entitlement and building permit fees (ongoing); and
- Develop incentives for developers, including a maximum of one public hearing; 60-day approval timeline; clear development standards; full cooperation with City staff and elected and appointed officials; accelerated approval process; waiving parking standards for multi-family development.

The length of time it takes to gain entitlement approvals can drastically impact the financial feasibility of development projects. The developer incentives outlined above are intended to shorten the period of time between submittal of entitlement applications and issuance of occupancy, in order to enable the development of multi-family residential units.

Quantified Objective: 39 Extremely Low, 39 Very Low, 46 Low, 25 Moderate Income units
Timeframe: Complete investigations and potential partnerships by December 2026; Pursue alternative actions by August 2027
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
 (Formerly 3-3.1.b: Surplus Sites)

Program 1.1.C: Development on Small Sites

Small sites can be difficult to develop particularly when development standards don't adequately take into account small lot dimensions. The City will continue to offer incentives and concessions that facilitate development on small sites in the commercial and multi-family districts, including density bonuses that allow for development up to 88 du/ac. Presently, Carmel Municipal Code Section 17.14.060 (Central Commercial (CC) District Regulations Applicable) waives off-street parking entirely for apartments in the CC district. In the Service Commercial (SC) District, the required parking for an affordable housing unit is ½ space per unit and for senior housing it is ⅓ space per unit. Senior housing also has a guest parking requirement of 1 space per 4 housing units. The City will further evaluate the residential parking requirements in the Service Commercial (SC) and Residential & Limited Commercial (RC) zoning districts to help facilitate market rate housing. Alternative parking programs such as bike and/or car share, or free or discounted bus passes, will be evaluated to offset reduced parking.

Quantified Objective: 35 Very Low-Income units with reduced parking
Timeframe: Complete evaluations by December 2024
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
 (Formerly 3-3.1.c: Development on Small Sites)

Program 1.1.D: Allow Religious Institution Affiliated Housing Development

In 2020, the California legislature passed Assembly Bill (AB) 1851 and AB 2244 in 2022, which encourage the use of religious facility sites (including parking lots) for housing developments and prohibit jurisdictions from requiring replacement parking when used for qualified development. State law defines “religious institution affiliated housing” as housing that is on religious institution property and is eligible for a State density bonus, meaning it has elements of affordability.

Consistent with AB 1851 and AB 2244, the City will amend the Zoning Ordinance to allow religious institution-affiliated housing development projects by-right as an accessory use to a permitted religious institution use, allow these uses at densities up to 33 dwelling units per acre, and update the parking requirements consistent with State law. The City commits to modifying standards and make making other modifications as needed to achieve the maximum allowed densities.

If no application for housing on a religious institution/faith-based site is received by December 2025, the City will expand outreach efforts to be conducted annually. This may include direct mailings to faith-based sites highlighting current successful affordable housing units on other faith-based sites, as well as available City grants and loans for such housing and human services endeavors.

Quantified Objective: 1 Extremely Low, 1 Very Low, 1 Low, 3 Moderate, and 3 Above Moderate Income units

Timeframe: Amend the Zoning Ordinance by December 2026; Annual Outreach

Responsible Party: Community Planning & Building Department Funding

Funding Source: General Fund

(NEW)

Program 1.1.E: City Partnership with the Carmel Foundation to Develop Affordable Housing

To ensure the City is able to meet its RHNA, the City is committed to working with the Carmel Foundation to enable the development of 21 lower-income residential units (identified as Site #8 in Appendix C). The City will meet annually with the Carmel Foundation to identify funding sources to support redevelopment of the site with affordable residential units; provide guidance on the housing needs of the community to construct housing types/units that meet the need; and support the Foundation’s efforts to serve Carmel-by-the-Sea community members.

If at mid-cycle the necessary land entitlements and building permits are not completed, the City will reallocate the anticipated 21 lower-income units for Site #8 by utilizing City-owned sites or another available public or private site to construct the residential units to accommodate the RHNA. The City is committed to the following actions:

- Distributing the 21 lower-income units on City-owned sites including but not limited to Sunset Center Sites #1 and #2, Vista Lobos Sites #3, or another available public or private site by June 2028;
- Conducting outreach to non-profit developers and identifying funding sources such as, CDBG, HOME, PLHA, and the Housing Trust Fund to support the development of affordable residential units (ongoing; beginning with the City's partnership with the Carmel Foundation).

Quantified Objective: 11 Very Low-Income units and 10 Low-Income units

Timeframe: Review Site #8 development status by December 2027; Implement alternative measures by June 2028

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly 3-3.1.c: Development on Small Sites)

Policy 1.2: Continue to monitor and work cooperatively with regional agencies to augment infrastructure in a manner that provides adequate capacity for existing and new housing needs while preserving and improving the unique visual character of the City.

Program 1.2.A: Water Distribution Prioritization for Affordable Housing – AFFH

Perhaps the greatest constraint to housing production in Carmel-by-the-Sea is the lack of water. The City's Regional Housing Needs Allocation (RHNA) of 349 units for the 2023-2031 planning period is estimated to require approximately 40 acre feet of water.

Potable water is a fundamental infrastructure need for housing and is a limited resource in Carmel-by-the-Sea. Water is regulated by the State Water Resources Control Board (SWRCB) and the Monterey Peninsula Water Management District (MPWMD). Few developed sites have available water credits sufficient to accommodate construction of additional residential units, and the City's own water allocation is quite limited. Further, due to the current State imposed cease-and-desist order in Carmel, California American Water (Cal-Am) is not permitted to set new water meters at this time. In an effort to address water constraints, the City will:

- Support efforts by the MPWMD to expand the water supply with new water sources that will support affordable housing development (December 2027).
- Work cooperatively with MPWMD to implement water conservation methods through the building permit process (e.g., low-flow fixtures, instant hot water heaters, cisterns/rain gardens) to augment water for new development projects. The City has received many building permit applications for remodels and refurbishments of older homes, which would result in water conservation implementation, and is supportive of new water supplies. The City and MPWMD will measure the amount of water conserved on an annual and ongoing basis.

- Work cooperatively with MPWMD to establish a procedure to prioritize water allocation for housing developments that include affordable units for lower-income households (December 2026). From its own modest water allocation of approximately 1.6 acre-feet, the City will grant water allocation priority to those projects that assist the City in meeting its share of the regional housing need for lower- and moderate-income households. A City policy to clearly reflect water allocation priority and incentives for Extremely Low, Very Low, Low and Moderate-Income households will be adopted (December 2026).

Quantified Objective: Prioritize 193 affordable units for water
Timeframe: Adopt policy by June 2025
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
(Formerly Program 3-3.2: Address Infrastructure Constraints)

Program 1.2.B: Address Infrastructure Constraints

Ensuring the City's infrastructure is modernized and can accommodate future growth is a critical charge of local governments. Much of the City's infrastructure is nearing the end of its lifecycle and crafting Capital Improvement Programs that effectively manage infrastructure is imperative. Additionally, the City experienced significant power outages during the 2022-2023 winter season that negatively impacted the City at large. The City's Public Works Department continues to improve City infrastructure including road maintenance and storm drains, through the City's 5-Year Capital Improvement Plan process. The City will continue to work cooperatively with outside agencies, including the Pacific Gas and Electric Company (PG&E), the Carmel Area Wastewater District (CAWD), and California American Water (Cal-AM), to continue to maintain and upgrade the City's infrastructure.

The City of Carmel proposes the following actions and timeline to address infrastructure constraints during the 6th Cycle:

- The City of Carmel will collaborate with and support the undergrounding of electrical wires by PG&E in an effort to provide consistent power. The City is working with PG&E to develop an undergrounding plan estimated to be complete within 10-15 years for a small portion of the City, with the remainder of the City's electrical wires anticipated to be undergrounded in the next 20-30 years.
 - **Quantified Objective: Underground a small portion of the electrical wires by December 2034, and work with PG&E to underground the remainder over the next 20-30 years.**
- The City will implement drainage and street improvements, including ADA ramps and sidewalk slope improvements through the Capital Improvement Process.

- o **Quantified Objective:** The City will invest \$2.065 million in drainage improvements and \$6.7 million in street improvements by December 2026.

Timeframe: City's 5-Year Capital Improvement Process through June 2031
Responsible Party: Public Works Department
Funding Source: General Fund
 (Formerly Program 3-3.2: Address Infrastructure Constraints)

Policy 1.3: Reduce or eliminate governmental constraints on the provision of affordable housing. Direct public funding resources to the conservation of existing housing units in neighborhoods where continued residential use is appropriate.

Program 1.3.A: Condominium Conversions - AFFH

The City will continue to implement the condominium conversion ordinance, which restricts the conversion of apartments to condominiums to preserve the lower-cost rental housing options (i.e., apartments) within the City. Apartments cannot be converted to condominiums unless a new apartment is being created to offset the conversion.

Quantified Objective: Preserve rental units
Timeframe: Continued ordinance implementation through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
 (Formerly Program 3-5.3.a: Condominium Conversions)

Program 1.3.B: Overnight Visitor Accommodation (Conversion) Development Transfer Rights - AFFH

Pursuant to Coastal Zone requirements, the City has recognized existing overnight visitor accommodations (hotels/motels, inns, bed and breakfasts and other various lodging options) as an important coastal visitor asset and economic base in the community. There are a number of older, overnight visitor accommodations in the R-1, CC, RC, and SC zoning districts, including some that are non-conforming. [Appendix C](#) provides a list of existing eligible overnight visitor accommodation locations. Property owners of these establishments are encouraged to consider rehabilitating these sites as multi-family rental residences. These properties are distributed throughout the City and this policy would diversify the housing stock through more cost-effective means of rehabilitating and refurbishing existing buildings.

The City will incentivize both the transfer of development rights of overnight visitor accommodations to other sites within commercial zoning districts and conversion of existing overnight visitor accommodation properties to multi-family residences that include 15 percent lower-income units. The same number of overnight visitor accommodation rooms to serve coastal visitor access in the City will be retained while increasing the affordable multi-family housing rental stock.

The City will conduct outreach to property owners in addition to meeting annually with non-profit affordable housing developers to identify eligible sites that can be converted from overnight visitor accommodation to multi-family housing, and help to identify funding to enable the conversion of overnight uses to permanent affordable housing.

If at mid-cycle the City has not received any applications to transfer development rights or to convert existing properties to permanent affordable housing, the City will evaluate the funds in the housing trust fund and partner with a non-profit to identify eligible properties for purchase.

Quantified Objective: 33 units converted from overnight visitor accommodation rooms to housing units

Timeframe: Mid-cycle review in June 2027

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-4.1.b Conversion of R-1 Motels)

Program 1.3.C: Accessory Dwelling Units - AFFH

The City's ADU ordinance was last updated in 2017 (Ord. 2017-10 § 1 (Exh. A), 2017). Carmel-by-the-Sea is currently following the requirements of State law in the review and approval of ADUs and JADUs. The City is in the process of updating its ADU Ordinance to incorporate state laws that have expanded since 2017, and to clarify the ADU permitting process for property owners.

The City recognizes that ADUs provide affordable housing options for family members, seniors, students, in-home health care providers, and other small household types. ADUs can also be useful to generate additional rental income for the homeowner, making homeownership more financially feasible. It's also important to note that 80 percent of Carmel-by-the-Sea's vacant units are for seasonal, recreational, or occasional (second home) use. ADU and JADU development on properties used for occasional use adds to the permanent rental housing stock and provides on-site oversight for second home properties. The City includes the Housing and Community Development Department ADU Handbook on the Planning Department website to offer technical assistance to interested property owners.

Pre-approved, standardized plans can eliminate the costs of designing a custom ADU, and assures property owners the unit type and size is already approved by the City. Pre-approved plans can also make construction more affordable if the designs are using materials that are easily sourced and standard sized.

To further promote ADU development the City will implement to the following:

- The City is on track to adopt an updated ADU Ordinance by the end of 2024. The City will also amend the Municipal Code to reflect current State ADU law in a timely manner as new relevant state laws are adopted during the planning cycle.

Timeframe: Ordinance adopted by December 2024

- Develop pre-approved, standardized ADU plans available on the City’s website to further incentive the construction of ADUs.

Quantified Objective: 5 Extremely Low, 5 Very Low, 10 Low, 10 Moderate, and 4 Above Moderate-Income units

Timeframe: December 2026

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-5.3.c: Subordinate Units)

Program 1.3.D – Overnight Visitor Accommodation - Employee Housing Program

The City has a number of overnight visitor accommodation (motels, hotels, inns) properties that would greatly benefit from incorporating affordable on-site employee housing. [Appendix C](#) provides a list of existing overnight visitor accommodation locations. These units would alleviate the current lack of housing that many hospitality employees that work in Carmel face. As an incentive to the owners/operators of motels, hotels, and inns to provide on-site affordable employee housing, the City will offer an additional overnight accommodation room for each onsite housing unit created. This incentive will serve to increase affordable rental housing, offset the loss of revenues for the business owners, and maintain visitor-serving coastal access. The City will amend the Municipal Code to allow at least one on-site affordable employee housing unit in conjunction with one new overnight visitor accommodation room.

The City will conduct outreach with overnight visitor accommodation property owners to better discern the viability of the incentive program by December 2024.

If at mid-cycle, the City has not received any building permits identifying construction of an on-site employee housing unit, the City will amend the Municipal Code to require an on-site deed-restricted affordable housing unit be developed, in conjunction with one new overnight visitor accommodation room upon receiving a building permit.

Quantified Objective: 4 Extremely Low, 4 Very Low, 12 Low, 11 Moderate-Income employee housing units by December 2031

Timeframe: Amend Municipal Code by December 2026

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-5.3.c: Subordinate Units)

Program 1.3.E: Amend the A-2 Zoning District - AFFH

The Community and Cultural Center Zoning District, A-2, allows senior housing (55+) as a permitted use in addition to uses that provide cultural and community activities associated with the arts, education and recreation; however, development standards are not specified for the A-2 district

and design review is required. The lack of development and design standards adds uncertainty and can significantly lengthen the development process. Amending the A-2 zoning district with clear setbacks, height, and objective design standards will add clarity and remove a development constraint. The City will amend the Municipal Code to include clear development and design standards for the A-2 zoning district to encourage affordable senior housing.

Quantified Objective: 25 Extremely Low, 25 Very Low, 35 Low, and 8 Moderate-Income units

Timeframe: Adoption of Municipal Code amendments by December 2025

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(NEW)

Program 1.3.F: Employee Housing

As stated in Appendix A there are no farmworkers or agricultural employment in Carmel-by-the-Sea. Accordingly, the City has not identified a need for specialized farmworker housing beyond overall programs for housing affordability.

In compliance with Employee Housing Act (Health and Safety Code § 17000 et seq.) Sections 17021.5 and 17021.6, the City of Carmel-by-the-Sea will amend the Municipal Code to include a definition for employee housing that permits employee housing for six or fewer employees to be treated as a single-family structure and permitted in the same manner as other dwellings of the same type in the same zone.

Quantified Objective: N/A

Timeframe: Adoption of Municipal Code amendments by December 2024

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(NEW)

Program 1.3.G: Manufactured Homes on a Foundation System

The City currently permits manufactured homes on a foundation system on lots zoned for conventional single-family residential dwellings pursuant to state law [Government Code 65852.3](#). Manufactured homes represent an affordable and cost-effective form of housing. The City will amend the Municipal Code to include manufactured homes as a permitted use in the R-1 zoning district subject to the same development standards to which a conventional single-family residential dwelling on the same lot would be subject.

Quantified Objective: 8 Low Income units

Timeframe: Adoption of Municipal Code amendments by December 2024

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(NEW)

Program 1.3.H: Senate Bill 35 and Senate Bill 423 Processing Procedure

According to Senate Bill (SB) 35, Statutes of 2017, jurisdictions that have insufficient progress toward their lower-income RHNA must accommodate a streamlined ministerial approval process for proposed developments with at least 50 percent affordability. Early implementation of SB 35 did not apply to coastal cities. However, in October 2023, SB 423 was signed into order, expanding SB 35 measures to include cities located in the coastal zone and extending the operation of the streamlined ministerial approval process to January 1, 2036.

Eligibility requirements for a development in the coastal zone include the following:

- The development that is located in a coastal zone satisfies the conditions to obtain a coastal development permit; and
- A public agency with coastal development permitting authority to approve a coastal development permit if it determines that the development is consistent with all objective standards of the local government's certified local coastal program, as specified.

Changes made by SB 423 would apply in a coastal zone on or after January 1, 2025.

In compliance with SB 35 and SB 423, the City will establish a standard procedure for processing eligible development projects.

Quantified Objective: N/A

Timeframe: Adoption of Municipal Code amendments by December 2024

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(NEW)

Program 1.3.I: Implement State Law SB 10 Opportunities to Maximize Feasibility of Development in Strategic Locations.

SB 10 encourages strategic density within neighborhoods. Three (3) underutilized sites currently zoned R-1 and located on the periphery of the commercial district are occupied by non-residential uses that could accommodate multi-family housing with the implementation of SB 10. The City will work with the property owners to zone these sites for development under the provisions of SB 10, including a by-right process, requiring no discretionary review. These sites include Site #5 (First Church of Christ Parking Lot), Site #6 (American Red Cross), and Site #9 (American Legion).

Quantified Objective: 4 Extremely Low, 3 Very low, 6 Low, 3 Moderate, and 3 Above Moderate-Income units

Timeframe: Adoption of Municipal Code amendments by December 2024

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(NEW)

Program 1.3.J: Emergency Shelters

In compliance with AB 2339 Statutes of 2022, the City will amend Title 17 to define emergency shelters and clearly state they are a permitted use by-right, requiring no discretionary review in the CC, SC, and RC commercial districts.

Quantified Objective: N/A

Timeframe: Adoption of Municipal Code amendments by December 2024

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(NEW)

Program 1.3.K: Forest and Beach Commission Required Findings

To remove potential constraints to the development of multi-family housing, the City will review and modify the Forest and Beach Commission required findings to ensure they do not impede multi-family development on the basis of base floor area.

Quantified Objective: N/A

Timeframe: Adoption of Municipal Code amendments by December 2024

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(NEW)

Policy 1.4: Improve Development Review and Approval Processes***Program 1.4.A: Eliminate Unnecessary Use Permits - AFFH***

Multi-family and duplex housing units constituted approximately 13 percent of Carmel's housing stock. The use permit (UP) (or conditional use permit (CUP)) requirement is implemented as an additional regulatory tool and adds extra regulations, review, and required findings, to a variety of development standards that affect multi-family development. Municipal Code Chapter 17.64 Findings Required for Permits and Approvals includes a broad list of applicable conditional uses and incentives. There are opportunities to reduce redundancies and facilitate residential construction while still enabling development to meet City regulations. For example, a use permit is required in:

- Municipal Code Section 17.64.190 Residential Construction at Densities Between 33 and 44 Units per Acre;
- Municipal Code Section 17.64.230 Affordable Housing – Residential Construction at Densities Between 45 and 88 Units Per Acre for developments the request a bonus density or a density bonus; and
- Municipal Code Section 17.14.150 Building Height requires a use permit for additional underground floors used for parking vehicles, storage and mechanical equipment. The additional use permit requirement can affect how much parking can be accommodated and limit the number of units.

The City will eliminate UP requirements to remove the constraint to the development of multi-family residential units, and licensed residential care facilities of seven or more persons. Additionally, the City will remove subjective language from the required findings for UP and adopt objective findings to promote approval certainty.

Quantified Objective: 50 Moderate-Income units

Timeframe: Adoption of Municipal Code amendments by December 2024

Responsible Party: Community Development Department

Funding Source: General Fund

(Formerly Program 3-2.1.D: Multi-Family Residential Development Review)

Program 1.4.B: Objective Design and Development Standards - AFFH

The City currently relies upon mostly subjective design guidelines for new single-family residences. In the commercial and multi-family districts, less detailed subjective design guidelines are in place. The City's residential and commercial design guidelines are being updated this year to provide clarity and more objectivity. The lack of objective design guidelines creates a higher level of subjectivity for multi-family affordable projects.

The lack of Objective Design and Development Standards poses a constraint to residential development. Guidelines that are subjective increase uncertainty and risk for housing developers. Objective Design and Development Standards provide a measure of clarity that proposed developments will be measured against, and provide the community with assurance that developments will conform with measurable objective standards. The City will create Objective Design and Development Standards for multi-family housing projects that include at least one deed-restricted affordable housing unit.

In November 2023, the City received an \$85,000 REAP 2.0 Local Suballocation Grant — which will be used to pursue the creation and adoption of Objective Design and Development Standards (ODDS) to reduce governmental constraints presently limiting the production of affordable housing. Once adopted, the City's ODDS will be used to review and approve housing projects with at least 20 percent affordable units (units for very-low, low, and moderate-income households) on sites identified within the City's draft 2023-2031 6th Cycle Housing Element. The City's expectation, and desired intent, is that having ODDS in place will incentivize and accelerate the construction of multi-family affordable housing projects in the City's downtown zones, including the Central Commercial (CC), Service Commercial (SC), Residential & Limited Commercial (RC), and Multi-family Residential (R-4), which all fall within the Potential Opportunity Area identified by Moving Forward Monterey Bay 2045.

Quantified Objective: N/A

Timeframe: Adoption of Objective Design Guidelines by December 2025

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(NEW)

GOAL H2 PROTECT AFFORDABLE HOUSING AND IMPROVE THE HOUSING STOCK

Policy 2.1: Maintain and encourage expansion of permanent residential housing stock in the Residential and Commercial Districts.

Program 2.1.A: Incentives for Mixed-Use Development - AFFH

Providing additional development capacity of any type increases project feasibility. In order to better incentivize affordable residential development, the City will amend the Municipal Code to increase the floor area bonuses from 15 to up to 25 percent for projects that include housing for Moderate, Low or Very-Low-income households. The City will also distribute informational materials promoting the floor area bonus and other applicable incentives.

Quantified Objective: 5 Moderate-Income units
Timeframe: Adoption of Municipal Code amendments by December 2024
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
 (Formerly Program 3-2.1.a)

Program 2.1.B: Permanent Housing - AFFH

Short-term rentals can provide valuable coastal visitor-serving access; however, units used as short-term rentals preclude the establishment of permanent housing. The City also has a significant percentage of the housing stock that remains vacant for part of the year due to second home ownership. This creates a significant barrier for current and potential residents to enter the local housing market and further limits opportunities to correct the housing crisis, address diversity, and provide inclusive housing options.

The City's ordinance prohibiting short-term, transient rentals and timeshares of residential dwellings in the R-1 District and allowing a limited number of short-term rentals in the commercial areas has successfully limited the proliferation of these uses. The City will continue to implement these ordinances. In an effort to address the high rate of second home ownership, the City will promote Accessory Dwelling Units and Junior Accessory Dwelling Units (see Programs 1.3.C and 1.3.D) to add affordable rental units on properties that may otherwise lie vacant, and will establish an Affordable Housing Trust Fund (see Program 2.1.D).

Quantified Objective: Preservation of permanent housing and affordable units
Timeframe: Continued ordinance implementation through June 2031
Responsible Party: Community Planning & Building Department/City Administrator
Funding Source: General Fund
 (Formerly Program 3-4.1.a)

Program 2.1.C: Monitor Affordable Housing Stock - AFFH

The City will develop a City-managed Affordable Housing Oversight Program and continue to monitor affordable housing projects and work with the owners to preserve affordability through identification of funding sources and/or opportunities for partnerships with other housing providers. The program will formalize annual monitoring of the affordable housing stock throughout the city to ensure affordable housing is being protected and provided as required by [Government Code Section 65590](#). The City will update its databases to better track data on new construction, demolition, conversion and replacement housing units for low- and moderate-income households including the following:

- The number of new housing units approved for construction;
- The number of low- and moderate-income housing units required to be provided in new housing developments;
- The number of existing residential dwelling units occupied by low- and moderate-income households that have been authorized to be demolished or converted; and
- The number of low- and moderate-income housing units required to be replaced (of those units being demolished or converted).

Additionally, in compliance with AB 1397, the City will adopt a policy to require replacement housing units subject to the requirements of Government Code section 65915, subdivision (c)(3) when any new housing development project occurs on a site meeting the any of the following conditions: 1) currently has residential uses or within the past five years has had residential uses that have been vacated or demolished, 2) was subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of low or very low-income, 3) subject to any other form of rent or price control through a public entity's valid exercise of its police power, or 4) is occupied by low or very low-income households.

Quantified Objective: Monitor 50 Lower-Income housing units

Timeframe: Develop program by June 2025

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-5.3.d: Monitor Affordable Housing Stock)

"I believe a vacancy tax should be proposed to the voters, which can go toward funding affordable housing. The City needs to frame affordable housing in a positive way. I feel like people's aversion to affordable housing in their communities is just a public relations failure."

May 24, 2023 Housing Ad Hoc
Committee Community Meeting

Program 2.1.D: Establish Affordable Housing Trust Fund - AFFH

The City currently relies on outside agencies and organizations to fund affordable housing projects. However, in an effort to establish a City-funded source dedicated to supporting the creation, maintenance, and rehabilitation of affordable units, the City will explore the creation of an Affordable Housing Trust Fund. Sources of funding could include increasing the existing Transit Occupancy Tax (TOT) or dedicating a portion of existing TOT to affordable housing, property transfer tax, sales tax, vacancy tax or other funding source.

Quantified Objective: \$1,000,000
Timeframe: Establish Fund by June 2031
Responsible Party: City Administrator
Funding Source: General Fund
(NEW)

Policy 2.2: Preserve and protect the scale of established neighborhoods while encouraging property improvement.

Program 2.2.A: Historic Preservation Educational Programs

Cities have unique characteristics that develop over time. Carmel-by-the-Sea has a distinctive building style and form that existing residents cherish and which serves to attract new residents and visitors. In an effort to continue to encourage improvements to the existing housing stock, the City will continue to promote education programs that improve public understanding of the City's rich cultural and design heritage, and provide zoning flexibility and incentives to facilitate rehabilitation of historic resources. The City will continue to use the Historic Building Code to facilitate residential rehabilitation of historic residences.

Quantified Objective: 50 Low Income rehabilitated historic units
Timeframe: Continued education and ordinance implementation through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
(Formerly Program 3-4.3.a: Neighborhood Preservation Educational Programs)

Policy 2.3: Preserve and expand affordable and rental housing opportunities to enable local employees to live in the community where they work.

Program 2.3.A: Preserve and Increase Upper Floor Residential Uses - AFFH

The retail and office landscape is shifting and the City continues to experience retail and office vacancies. This shift represents an opportunity to increase supply of housing as a preferred development form in all Commercial Districts. The City currently prohibits the conversion of existing second-floor residential units to commercial use and requires all newly constructed second-

floor space to be used as residential units. Housing over first-floor commercial uses is a particularly suitable solution for underutilized second-floor space. Therefore, the City will proactively work with property owners to encourage conversion of vacant or underutilized upper floors to residential use.

Quantified Objective: 5 Moderate and 110 Above Moderate-Income units
Timeframe: Proactive outreach through December 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
 (Formerly Program 3-2.1.b)

Policy 2.4: Preserve the existing housing stock

Program 2.4.A: Housing Rehabilitation and Maintenance Information - AFFH

In order to stay habitable and energy efficient, all buildings need maintenance. When buildings fall into an extreme state of disrepair, a more comprehensive housing rehabilitation procedure is needed. Over the past few years, inflation and building supply chain issues have dramatically increased the cost of building materials. Labor costs have also risen significantly due to a shortage of skilled construction workers and ongoing cost-of-living increases. This results in very costly rehabilitation projects.

In order to assist low-income property owners, the City will distribute information on inspection services, housing rehabilitation programs, and alternative ways to finance home repairs. Based on Code Compliance reports, the City will specifically monitor and conduct outreach to residential units in need of rehabilitation and maintenance throughout the city with a focus on the southern region of the city.

Quantified Objective: 16 Low-Income rehabilitated units
Timeframe: Proactive outreach through June 3031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
 (Formerly Programs 3-1.1.a and 3-1.1.c Housing Rehabilitation and Housing Maintenance)

GOAL H3 PROVIDE OPPORTUNITIES FOR NEW AFFORDABLE AND OTHER SPECIAL NEEDS HOUSING

Policy 3.1: Incentivize affordable housing development, with an emphasis on affordable housing built to accommodate Extremely-Low and Low-Income residents. Encourage the private sector to produce affordable housing.

Program 3.1.A: Mixed-Use Affordable Housing - AFFH

The retail and office landscapes are shifting and this change represents an opportunity to encourage mixed-use developments (housing over first-floor commercial uses) as a preferred development

form via community outreach. The City will proactively work with property owners, property managers, and realtors to promote and incentivize upper-floor housing opportunities, including the potential of allowing a third-floor mezzanine for affordable housing. Such development would be subject to appropriate objective design standards, including the City's 30-foot height limit.

The City has identified the following regional affordable housing organizations to include in the discussion of revising design guidelines to promote mixed-use affordable housing in the City.

- County of Monterey Housing Authority Development Corporation (HDC);
- Woodman Development Company, Inc.;
- Community Housing Improvement Systems and Planning Association, Inc. (CHISPA);
- Eden Housing;
- EAH Housing; and
- Mid-Peninsula Housing.

Based on the feedback received by City Staff from the development community, the City will implement the following actions:

- Revise design guidelines based on community and developer feedback;
- Revise approval processes if constraints are identified during feedback gathering; and
- Annually host outreach and FAQ forums for developers and community members.

Quantified Objective: 10 lower-income units

Timeframe: Proactive outreach through June 2031; Revise guidelines and approval processes by December 2027

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly 3-2.1.c: Incentives for Mixed Use Affordable Housing)

Program 3.1.B: Housing for Extremely-Low Income Households - AFFH

Providing housing units for Extremely-Low Income (ELI) Households earning 30 percent or less of the Area Median Income (AMI) for Monterey County has proved challenging for the City. The City will continue to place specific emphasis on the provision of multi-family housing and non-traditional housing types such as single-room-occupancy units and transitional housing. The City will encourage development of housing for ELI households through a variety of activities such as targeted outreach to for-profit and non-profit housing developers on at least an annual basis, providing in-kind technical assistance, fee deferrals, expedited/priority processing, identifying grant and funding opportunities, applying for or supporting applications for funding on an ongoing basis, reviewing and prioritizing local funding for developments that include housing for ELI households and/or offering additional incentives to supplement the density bonus provisions in state law.

"I'm pretty passionate about affordable housing and diversity. I think that's what makes a community, and we do lack it. I have kids that live in the community and go to Carmel High School, and I would like to see more of a social, economic, and age difference in our community, personally."

May 24, 2023 Housing Ad Hoc
Committee Community Meeting

The City also has a variety of programs to encourage the development ELI units including Accessory Dwelling Units, a portion of which are affordable by design to Extremely-Low Income Households and Employee Housing. The City has also funded a full-time permanent Associate Planner position through the General Fund to focus on long-range planning and housing needs.

Quantified Objective: 57 Extremely Low-Income units
Timeframe: Fund Associate Planner through June 2031
Responsible Party: Planning and Building Department
Funding Source: General Fund
(Formerly Program 3-5.4.b)

Program 3.1.C: Density Bonus - AFFH

Density bonuses can provide a significant incentive to build affordable housing units. By increasing the number of units permitted to be built on a property, the financial investment required to bring the development to fruition has a higher likelihood of a return. Given the high cost of materials, labor and borrowing costs, increasing the number of units can make the housing project financially feasible.

The City's Density Bonus provisions must be updated to reflect recent changes to State law.

Pursuant to Government Code Section 65915, the City will amend the City's Density Bonus provisions to be consistent with recent changes to State Density Bonus Law. Additionally, the City will further review and revise local bonus density ordinances to clarify the regulations and increase certainty of applicability.

Quantified Objective: 187 Lower-income units
Timeframe: Adoption of Municipal Code amendments by December 2024
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
(Formerly Program 3-5.4.a: Density Bonus)

Program 3.1.D: Reduced Entitlement and Development Fees - AFFH

Entitlement and development fees paid by project applicants assist in the City's ability to recover administrative and operating costs; however, these fees may have the unintended consequence of increasing the cost of housing. To encourage the development of affordable housing, the City will waive the parking in-lieu fees for affordable housing units and reduce the planning and building permit fees by up to 25% for affordable housing units in commercial areas.

Quantified Objective: Reduced City fees by 25% for developments with affordable units
Timeframe: Adopt Fee Schedule by July 2025
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
(Formerly Program 3-5.5.a: Reduced Entitlement and Development Fees)

Program 3.1.E: Reduced Parking Requirements - AFFH

Parking requirements increase costs to residential development and take up valuable space that can be used for housing. The City will continue to offer reduced parking requirements for affordable housing developments. Additionally, the City will waive the parking in-lieu fees for affordable units, clarify the program requirements in the Central Commercial (CC) zoning district, and reduce parking requirements in the Multi-Family Residential (R-4), Residential & Limited Commercial (RC), and Service Commercial (SC) zoning districts.

Quantified Objective: Reduced parking for developments with affordable units
Timeframe: Adoption of Municipal Code amendments by December 2024
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
(Formerly Program 3-5.5.b: Reduced Parking Requirements)

Program 3.1.F: Expedited Processing Procedures - AFFH

Faster permit processing times reduce overall project timelines and allow a project to get to the construction stage in a timely manner. Reducing overall project timelines is critical during this

inflationary period where materials and labor costs continue to rise. Additionally, supply chains still have not recovered to pre-pandemic levels and delays in processing can also result in delays in placing orders and receiving materials and securing labor.

To enable a more efficient permit processing system, the City is committed to contracting with a qualified consultant to review the Planning Division's current permitting procedures to identify inefficiencies and make recommendations on process improvements to streamline the permitting process. Based on the consultant's recommendations, the City will update existing permitting procedures including but not limited to the following:

- Implement concurrent permit processing for projects that incorporate several land uses or features that would typically require two or more permit applications, to be concurrently reviewed and approved or disapproved by the highest-level review authority or joint meetings. This will expedite the review process for complex development projects.
- Allow an option for affordable multi-family projects to utilize 3-D modeling or other comparable methods, in lieu of story poles, that provide objective information for the City to assess impacts of development on important coastal scenic view resources.
- Prioritize projects with affordable units, assign a dedicated planner to facilitate the development process, and schedule joint public hearings when multiple decision-making bodies are involved.

Quantified Objective: Shorter processing times by 50 percent for developments with affordable units

Timeframe: Hire consultant by December 2024; Adoption of Municipal Code amendments by June 2026

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-5.5.c: Expedited Processing Procedures)

Program 3.1.G: Establish Minimum Densities and Ministerial Approval Process - AFFH

Establishing a minimum density can be utilized as a tool to ensure the limited available land in a City is used in an efficient manner and lower densities are avoided. The City's intention for establishing a minimum density in the Commercial and Multi-Family Residential Districts is rooted in enabling the development of more dense housing in the City. Currently, the Commercial District (SC, RC, and CC) permits residential densities of 0-22 dwelling units per acre and the Multi-Family Residential District (R-4) permits a maximum of 33 dwelling units per acre. Effectively, establishing a minimum density in these districts will result in higher yields of residential units. Recent residential development in the City's Commercial District have ranged in densities from 22-33 dwelling units per acre.

The City will revise the Municipal Code for commercial districts (RC, SC, and CC) and the multi-family residential (R-4) district to establish a minimum density of 33 dwelling units per acre, as part

of the base zoning. Additionally, the City will restrict new single-family development in the R-4, CC, RC, and SC Districts. Existing single-family dwellings in these districts will be considered legal nonconforming uses.

In addition, and in compliance with Government Code 65583.2(h)(i), sites identified in the site inventory to accommodate the lower-income RHNA category, are subject to by-right development, requiring no discretionary review. By-right means a jurisdiction shall not require:

- Conditional Use Permit;
- Planned Unit Development Permit;
- Design review, other than Objective Development Design Standards; or
- Other discretionary, local government review or approval that would constitute a “project” as defined in Section 2100 of the Public Resources Code (California Environmental Quality Act “CEQA”).

The City is committed to modifying development standards in the commercial and multi-family districts to ensure the standards support the minimum density and do not function as a constraint to meeting the minimum density, as necessary.

Quantified Objective: 14 Extremely Low, 14 Very Low, 11 Low, 22 Moderate, and 110 Above Moderate-Income units
Timeframe: Adoption of Municipal Code amendments by December 2024
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
(NEW)

Policy 3.2: Recognize the special needs of persons with disabilities and the need to retain flexibility in the design review process to accommodate these needs.

Program 3.2.A: Reasonable Accommodation Procedures - AFFH

A reasonable accommodation is any change, exception or adjustment to a rule, policy, practice or service that allows a person with a disability to have an equal opportunity to participate. Information on reasonable accommodation procedures will continue to be provided at City Hall and on the City’s website. The City will evaluate and revise Policy C11-01, which describes procedures to provide reasonable accommodation and will explore reduced or waived permit fees for persons with disabilities in compliance with the provisions of SB 520, in an effort to remove any additional barriers and encourage those with disabilities to apply.

To eliminate subjectivity from the required findings for requests for reasonable accommodation, the City will amend the Municipal Code to remove the findings requirement for requested accommodations stating, “the requested accommodation will not result in a significant and unavoidable negative impact on adjacent uses or structures.”

Further, the City will amend the definition of aggrieved parties in the Municipal Code. An exception for reasonable accommodation appeals will limit the parties eligible to appeal a request for a reasonable accommodation permit to the applicant or the personal beneficiary.

Quantified Objective: 8 applications

Timeframe: Adoption of revised policy and Municipal Code amendment by June 2025

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-5.1: Reasonable Accommodation Procedures)

Program 3.2.B: Housing Mobility - AFFH

To improve housing mobility and promote more housing choices and affordability throughout Carmel-by-the-Sea, the City will employ a suite of actions to be targeted in lower density areas, including outreach, resources, and other strategies with an overall goal of expanding housing opportunities affordable to extremely low, very low, low, and moderate-income households. This initiative extends beyond programs to meet the City's RHNA in an effort to increase housing mobility. Actions and strategies include:

1. Religious institution/faith-based sites: the City will Facilitate housing on religious institution/faith-based sites. Consistent with AB 1851 and AB 2244, the City will amend the Zoning Ordinance to allow religious institution-affiliated housing development projects by-right as an accessory use to a permitted religious institution use, allow these uses at densities up to 33 dwelling units per acre, and update the parking requirements consistent with State law. The City commits to modifying standards and making other modifications as needed to achieve the maximum allowed densities. If no application for housing on a religious institution/faith-based site is received by December 2025, the City will expand outreach efforts to be conducted annually. This may include direct mailings to faith-based sites highlighting current successful affordable housing units on other faith-based sites, as well as available City grants and loans for such housing and human services endeavors. See Program 1.1.D.
2. Homesharing: Research and pursue a homesharing program, including coordination with non-profits and other organizations to assist with matching tenants with existing homeowners. The City may provide collaborators with data about single-family homes with long-time residents, facilitate presentations at The Carmel Foundation Senior Center, and other outreach assistance. The City will market and take other actions as necessary at least annually with the goal of five opportunities per year.

3. Accessory dwelling units (ADUs) and other "missing middle" housing in lower-density zones: Prepare pre-approved ADU building plans, Publicize ADU and JADU incentives such as reduced permit fees (as established in Program 1.3.C). City will provide information about Government Code 65852.21 and 66411.7 (urban lot splits and two-unit developments), including the relevant objective design standards and streamlined review available for such units, with a target of one application for an additional housing unit each year, the City will provide information that homeowners associations and CC&Rs are preempted by state law and cannot prohibit ADUs or JADUs.
4. Marketing of housing resources and opportunities: Provide housing resources and information available through various City and regional in-person and virtual outlets in multiple languages based on U.S. Census Bureau's American Community Survey indicating languages spoken by Carmel-by-the-Sea residents.
5. Local Universal Design Ordinance: Adopt a local Universal Design Ordinance applicable to single-family, duplex, and tri-plex projects. See Program 3.2.C.
6. Additional Housing Opportunities: Adopt an ordinance to zone certain parcels for up to 10 units of residential density if located in either a transit-rich area or an urban infill site consistent with Government Code Section 65913.5 (SB 10). The ordinance will include a map demarcating the parcels subject to this upzoning. The City will adopt this ordinance no later than December 2025. The objective is to provide opportunities for at least an additional 20 units through this zoning ordinance. See Program 1.3.I.

Quantified Objective: Provide 75 affordable housing opportunities by January 2031.

Timeframe: Annually review overall progress and effectiveness in April and include information in annual report to HCD. If the City is not on track to achieve development of 75 affordable housing units beyond the RHNA goal for the 8-year planning cycle by 2027 (i.e., 37 units built or in process by 2027), the City will consider alternative land use strategies and make necessary amendments to zoning or other land use documents to facilitate a variety of housing choices, including but not limited to, strategies that encourage missing middle zoning (small-scale multi-unit projects up to four-plexes) in addition to lot splits/additional housing units; adaptive reuse, and allowing additional ADUs and/or JADUs, within six months, if sufficient progress toward this quantified objective is not being met.

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(New)

Program 3.2.C: Local Universal Design Standards – AFFH

Universal design is the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design. To ensure accessible housing for all residents, the City will develop Universal Design Standards that incorporate accessibility design features that exceed current California Building Code requirements.

Quantified Objective: N/A

Timeframe: Adoption of Universal Design Standards by June 2026

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-5.1: Reasonable Accommodation Procedures)

Program 3.2.D: Family Friendly Housing – AFFH

Promote multi-family housing designs and unit mix to attract multigenerational households by encouraging developers to include housing features and more bedrooms (including four-bedroom units), as well as other on-site amenities, such as usable outdoor open space for multigenerational use, and multipurpose rooms that can be used for after-school homework clubs, computer, art, or other resident activities. To address potential displacement of households with four or more persons, the City will research options to expand regulatory incentives to encourage the development of larger units.

Quantified Objective: 15 two-, three-, and four-bedroom units entitled; 15 family friendly designated units

Timeframe: Develop Regulatory Incentive (Mid-Term); Implement Family Friendly Design Guidelines (Ongoing)

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-5.1: Reasonable Accommodation Procedures)

Policy 3.3: Facilitate the provision of transitional and supportive housing in appropriate districts in the community.***Program 3.3.A: Zoning for Transitional and Supportive Housing - AFFH***

Senate Bill (SB) 2 (2007) revised Housing Element law requiring that transitional and supportive housing be permitted as a residential use, subject only to restrictions that apply to other residential dwellings of the same type in the same zone. In compliance with SB 2, the City will continue to allow transitional/supportive housing as a residential use. The City's Municipal Code permits transitional and supportive housing by-right in all districts that permit residential uses including the CC, SC, RC and R-4 Districts, regardless of the number of persons the facility.

Quantified Objective: N/A
Timeframe: Adoption of Municipal Code amendments by December 2024
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
 (Formerly Program 3-5.8: Zoning for Transitional and Supportive Housing)

Program 3.3.B: Low-Barrier Navigation Centers - AFFH

Assembly Bill (AB) 101 (2019) provides a pathway to permanent housing for people experiencing homelessness. A “Low Barrier Navigation Center” is a housing first, low-barrier, service-enriched shelter focused on moving people into permanent housing. The shelter provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing. In order to comply with state law, the City will amend the Municipal Code to include the definition for “Low Barrier Navigation Center” and will develop By Right procedures for processing low barrier navigation centers.

Quantified Objective: N/A
Timeframe: Adoption of Municipal Code amendments by December 2024
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
 (NEW)

Program 3.3.C: Unlicensed Residential Care Facilities

State law requires local governments to treat licensed residential care facilities (e.g. group homes) with six or fewer residents as a residential use and subject to the same development standards as a single-family dwelling. Furthermore, no conditional use permit, variance, or other zoning clearance shall be required of a residential care facility that serves six or fewer persons that is not also required of a single-family dwelling of the same type in the same zone. The residents and operators of a residential care facility shall be considered a family for the purposes of any law or zoning ordinance that relates to the residential use of a property. However, “six or fewer persons” does not include the operator, the operator’s family, or persons employed as staff. These facilities are licensed and regulated by the State of California.

The City defines Residential Care Facilities as *facilities that require or are licensed by the State of California to provide living accommodations and 24-hour, primarily nonmedical care and supervision for persons in need of personal services, supervision, protection, or assistance. Living accommodations are shared living quarters with or without separate kitchens or bathrooms for each room or unit. This classification includes facilities that are operated for profit as well as those operated by public or nonprofit institutions.*

Residential Care, General. A residential care facility providing 24-hour nonmedical care for more than six persons in need of personal services, supervision, protection, or assistance. This classification includes hospices, board and care homes, and similar establishments that are licensed by the State of California. These types of facilities are **conditionally permitted** in the SC and RC Districts.

Residential Care, Limited. A residential care facility providing 24-hour nonmedical care for six or fewer persons in need of personal services, supervision, protection, or assistance essential for sustaining the activities of daily living. This classification includes only those facilities licensed for residential care by the State of California. These types of facilities are subject to the same regulations as apply to other family residential dwellings in the CC, SC, and RC Districts. In the R-1 District, they are permitted in single-family homes. In the R-4 District, they are permitted by-right with no restrictions.

Residential Care, Senior. A residential care facility providing 24-hour medical or nonmedical care for more than six persons 60 years of age or older in need of personal services, supervision, protection, or assistance for sustaining the activities of daily living. This classification includes nursing homes for the elderly, life care or continuing care homes, and similar facilities licensed for residential care by the State of California. These types of facilities are **conditionally permitted** in the SC, RC, and R-4 Districts.

Recognizing that larger facilities provide necessary supportive environments for a variety of households, the City will amend the Zoning Ordinance to conditionally permit unlicensed facilities of seven or more persons in all zones that allow similar residential uses.

Quantified Objective: Amend the Zoning Ordinance to conditionally permit unlicensed residential care facilities of seven or more persons in all zones that allow similar residential uses
Timeframe: Amend the Zoning Ordinance by December 2024
Responsible Agency: Community Planning and Building Department
Funding Source: General Fund
(NEW)

Program 3.3.D: Single Room Occupancy (SRO) Units

The Carmel Municipal Code will be amended to permit single-room occupancy units as a residential use subject only to those regulations that apply to other residential dwellings of the same type in the same zone. As such, City staff will complete the following schedule of actions to amend the Municipal Code:

- Draft a definition for "single room occupancy unit" to add to the zoning ordinance consistent with the Government Code (November 2024)
- Propose the zoning change amendment to the City Council for approval (December 2024)

Quantified Objective: N/A
Timeframe: Adopt Ordinance by December 2024
Responsible Party: Community Planning & Building Department
Source: General Fund
(NEW)

GOAL H4 EXEMPLIFY SUSTAINABLE DEVELOPMENT AND ENERGY CONSERVATION

Policy 4.1: Support energy and water conservation programs to reduce the consumption of these resources in housing and to reduce housing costs.

Program 4.1.A: Water Conservation - AFFH

Potable water remains scarce and highly regulated in the City and continues to be a major limiting constraint to new development. In order to preserve the City's limited water allocation for new residential units, the City will continue to enforce the Water Management Program through the building permit process, establish the Water Distribution Policy, and provide information to the community on water conservation retrofits and best practices. In addition, the City will provide information on and promote water conservation education through outreach and community engagement, and retrofit rebates provided by the Monterey Peninsula Water Management District.

Quantified Objective: Promote water conservation in 100 existing units

Timeframe: Adoption of policy by June 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly 3-5.6.b Water Conservation)

Program 4.1.B: Energy Conservation and Green Building

Conserving energy to reduce stress on the electrical grid and reduce the effects of climate change (i.e. wildfire and flooding) is increasingly critical. The City experienced significant power outages during the 2022-23 winter storms, adjacent areas were flooded, and the past few wildfire seasons have significantly impacted air quality and resulted in evacuations of neighboring communities. The City will continue to review applications for new construction and substantial alterations, taking into consideration solar orientation and access to sunlight. The City will also continue to require compliance with current state building standards for energy efficiency in all new homes. The City will further disseminate information by updating the website annually with related energy conservation and green building information. The City also participates in the Community Wildfire Protection Program and is committed to implementing Program recommendations.

Quantified Objective: Promote energy conservation in 100 existing units

Timeframe: Continued education and compliance through June 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-5.6.a: Energy Conservation and Green Building)

GOAL H5 PUBLICIZE HOUSING NEEDS AND RESOURCES

Policy 5.1: Support and enforce fair housing laws. Expand fair housing choice by promoting housing opportunities and removing impediments to fair housing.

Program 5.1.A: Fair Housing Services - AFFH

The Fair Housing Act protects people from discrimination when they are renting or buying a home, getting a mortgage, seeking housing assistance, or engaging in other housing-related activities. The California Department of Fair Employment and Housing and the Conflict Resolution and Mediation Center of Monterey County provide fair housing services and information. These agencies advise persons in need of information on housing and employment, mediate landlord/tenant disputes and research complaints about discriminatory housing practices. The City shall coordinate with these agencies to provide printed information about fair housing services at City Hall, on the City's website, and in other public buildings such as the City's two libraries. The City shall also refer inquiries related to fair housing to these agencies and provide fair housing resources at outreach events.

Quantified Objective: 25 referrals/materials distributed
Timeframe: Proactive outreach through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
(Formerly Program 3-5.7: Fair Housing Services)

Program 5.1.B: Housing Choice Voucher Program - AFFH

Created by the Housing and Community Development Act of 1978, the Housing Choice Voucher program, formerly known as Section 8, provides assistance to eligible Low- and Moderate-Income families to rent housing in the private market. Eligibility for this program is based on the family's gross annual income and family size. The Housing Choice Voucher rental assistance program is administered by the Housing Authority of Monterey County. The City will continue to facilitate use of the Housing Choice Voucher program in the community by distributing information for the program at City Hall and the Library and making referrals to the Housing Authority.

Quantified Objective: 40 referrals/materials distributed
Timeframe: Proactive outreach through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
(Formerly Program 3-5.3.b Section 8 Rental Assistance)

Program 5.1.C: Shared Housing Information - AFFH

Shared housing is another important tool to provide affordable housing units. Shared housing is generally more affordable because a portion of a residence is rented as opposed to an entire unit. Shared housing can also financially help low-income individuals who own their homes and alleviate loneliness. Benefits to Low-Income individuals include provision of safe and secure affordable housing in a high-cost market. The City will continue to distribute informational materials from the Monterey County Housing Authority and the Carmel Foundation, display information at City Hall and other public buildings and posted on the City's website. The City will also seek out other Shared Housing providers and resources to expand this housing option.

Quantified Objective: 80 referrals/website visits
Timeframe: Proactive outreach through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
(Formerly Program 3-5.2: Shared Housing Information)

Program 5.1.D: Farmworker Housing – AFFH

Although the City does not have agricultural uses, and therefore, no housing designated specifically for farmworkers —the City supports the County of Monterey's efforts to educate the public on resources that are available for agricultural workers. The City has identified the following resources that are available throughout the region for agricultural employees:

- **Spanish Farmworkers Resource Line** – provides information on a variety of issues such as legal help and medication services, stress, resources for farmworkers with disabilities, etc.
- **The Center for Community Advocacy** – an organization whose mission is to support and build leadership within the community and in particular for farmworkers and their families. The Center has worked side by side with farmworkers to help improve their living conditions, advocate to have more affordable housing and access to health services and resources.
- **Farm and Food Worker Relief Program** – Catholic Charities Diocese Monterey is providing direct financial relief to eligible farmworkers in the counties of Monterey, Santa Cruz, San Benito, and San Luis Obispo. The purpose of this program is to provide direct financial relief to eligible field workers, meatpacking workers, livestock workers, and grocery store workers.

Quantified Objective: N/A
Timeframe: Ongoing
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
(NEW)

Policy 5.2: Promote public awareness and foster pride in the history of the village.***Program 5.2.A: Support Community Organizations - AFFH***

Community organizations play a pivotal role to provide outreach and services to those facing housing issues. The City will continue to support neighborhood organizations that promote neighborhood involvement, safety and improvement, including but not limited to the Carmel Residents Association, the Carmel Foundation and the Carmel Heritage Society. The City will develop partnerships with these organizations to promote neighborhood enhancement programs, conduct and improve outreach and education, and solicit community input.

Quantified Objective: N/A

Timeframe: Proactive outreach and partnerships through June 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-4.2.b: Support Neighborhood Organizations)

2.0

Goals, Policies, and Programs

2.1 Introduction

Under state Housing Element Law, the City is responsible for enabling the production of housing by reducing regulatory barriers, providing incentives, and supporting programs that create or preserve housing, especially for vulnerable populations. To enable the construction of quality housing, the City has identified the following goals:

- Goal HE-1 Facilitate Housing Construction
- Goal HE-2 Protect Affordable Housing and Improve the Housing Stock
- Goal HE-3 Provide Opportunities for New Affordable and Other Special Needs Housing
- Goal HE-4 Exemplify Sustainable Development and Energy Conservation
- Goal HE-5 Publicize Housing Needs and Resources

The City's demographic and housing needs assessment, including contributing factors to housing disparities, played a major role in informing program development. Highlights include: the predominant age group in 2019 was between 65 to 74 years of age; the population was composed of over 85 percent White individuals; the unemployment rate was 0.1 percent; above-moderate households made up the majority of households at 62 percent; and 57 percent of total households were owner occupied and 43 percent renter occupied. Of note, 23 percent of households are cost burdened and 23 percent are severely cost burdened. Detailed information is shown in [Appendix A](#).

The majority of the sites identified in the Site Inventory were not identified in the 5th Cycle Housing Element. The policies and programs below are intended to reduce the regulatory barriers to redevelopment of these sites and to demonstrate that the City is taking measures to ensure construction of more units in the 6th cycle.

The City is proud of the policies and programs that follow below. They represent an honest desire by both the local government and residents of Carmel to create real affordable housing opportunities in what, by all accounts, is an unaffordable place to live. This shared desire is evidenced by how these policies and programs came together. Of course, creation of the 6th Cycle Housing Element included all of the requisite community meetings (over 14) and outreach (e.g. tabling at the City's farmer's market), which yielded a wealth of feedback that helped to shape the City's approach. However, this Housing Element also benefited from something uniquely Carmel, which is a highly motivated group of residents willing to learn and be deeply involved in crafting policies that will actually work. Concerned about the housing challenges confronting the village, these residents partnered with City staff in an effort to help the City find creative solutions tailored to Carmel's unique circumstances. Calling themselves the Affordable Housing Alternatives Group,

or “AHA”, the AHA Group provided literally thousands of volunteer hours, met with City staff on a regular (often weekly) basis, leveraged community connections to identify property owner interest, attended meetings with HCD, and genuinely dedicated themselves to finding housing solutions with the best chance of becoming reality. The list of direct positive contributions from the AHA Group is long. One of their most notable contributions was the ‘safari’ effort, which is likely one of the most unique community-driven Housing Element research projects ever undertaken. The safaris were a highly organized, boots-on-the-ground effort in which 17 volunteers canvassed the commercial district of the City to collect data on every property and leasable space in downtown Carmel. These volunteers, utilizing a mobile app set up by a lead AHA member, catalogued 218 properties and nearly 1,000 leasable spaces, collecting unique data for each site, such as current use, vacancy status, and property condition, to help better understand housing development potential. When compiled with City and Assessor records, this data helped form the most complete understanding of Carmel’s downtown inventory in history, and ultimately helped to inform the development of many of the creative policies and programs described below.

It is hard to overstate the value of the collaborative community approach taken to develop the City’s 6th Cycle Housing Element. Aside from supercharging capacity to gather data, the approach also garnered massive community buy-in for creating real housing solutions. Most of all though, it leveraged the knowledge of both residents and City staff, making it possible to turn Carmel’s unique constraints into opportunities for the creation of new housing.

2.2 AFFH In the 6th Cycle

This section provides an overview of how the City of Carmel-by-the-Sea is working towards affirmatively further fair housing in the community and in the broader Monterey Bay Area.

Affirmatively Furthering Fair Housing

The 6th Cycle Housing Element Update process includes a new state mandate to address historic patterns of economic and racial segregation. In 2018, the California Legislature passed legislation requiring communities in California to take proactive steps to affirmatively further fair housing (AFFH). The 6th Cycle Housing Element is the first time that the City of Carmel-by-the-Sea has addressed AFFH. Affirmatively furthering fair housing is defined specifically as taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity by replacing segregated living patterns with truly integrated and balanced living patterns; transforming racially and ethnically concentrated areas of poverty into areas of opportunity; and fostering and maintaining compliance with civil rights and fair housing laws.

Contributing Factors

The following contributing factors that impact fair housing and affirmatively furthering fair housing (AFFH) within the City were identified and prioritized as follows:

High Priority

- Lack of affordable housing;
- Lack of adequate housing stock that meets the needs of residents;
- Jobs-worker imbalance;
- Lack of accessible units for individuals with disabilities;
- Lack of Transitional and Supportive Housing/Emergency Shelters;
- Lack of developable land and additional coastal zone regulations;
- Lack of racial and ethnic diversity within the City; and
- Cost of land, materials, and labor, which drive up the cost of housing development.

Medium Priority

- Lack of access to information about fair housing rights; and
- Limited knowledge of fair housing by residents.

The City of Carmel-by-the-Sea is adopting new policies and programs through the update of this 6th Cycle Housing Element, to align with the state's new AFFH mandate. Policies and programs that support this alignment are identified with the letters "AFFH." More detailed AFFH information can be found in [Appendix A](#).

2.3 Program Overview and Quantified Objectives

Quantified Objectives estimate the number of units likely to be constructed, rehabilitated, or conserved/preserved by income level during the planning period. The Quantified Objectives are *not* required to match the City's Regional Housing Needs Allocation (RHNA). They are a goal for the jurisdiction to work towards, based on identified needs constraints, and available resources. These objectives will focus communication between the City and HCD vis-a-vis future Annual Progress Reports (APRs). HCD does not require that all objectives must be met; instead, these objectives create a framework for evaluating program effectiveness, so the City can make informed determinations as to whether it should continue, modify, or eliminate programs in the next Housing Element update cycle.

2.4 Goals, Policies and Programs

The purpose of this section is to set forth goals, policies, and programs to further the development of housing for all income levels in the community. The Implementation Programs listed below provide a work plan for programs to ensure timely implementation and tracking. The following programs will be implemented city-wide, unless otherwise specified below.

Community input has always been an integral part of crafting public policy in the City of Carmel-by-the-Sea. The development of the 6th Cycle Housing Element was no exception. The

policies and programs below were informed by feedback received through community outreach events, correspondence with individual residents, over a dozen formal public meetings, and direct input from the AHA resident volunteer group. These programs and policies represent the desire of the residents of Carmel to create high quality affordable housing within the City.

Goal H1 Facilitate Housing Construction

Policy 1.1: Ensure adequate sites are available to meet the City's projected housing growth needs.

Program 1.1.A: Adequate Sites

Quantified Objective: # TBD
Timeframe: Maintain adequate sites to meet the RHNA through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

The City has a Regional Housing Needs Allocation (RHNA) of 349 units, of which 187 units must be affordable to lower income households, 44 units must be affordable to Moderate income households and 118 units must be made available as Above Moderate units.)

The Sites Inventory identifies adequate sites to meet the City's RHNA throughout the planning period. The Planning Division will actively monitor the sites identified on the Sites Inventory to remain in compliance with no-net loss requirements of Government Code Section 65863 and will report to the Planning Commission and the City Council annually on the City's progress in meeting its Housing Element objectives.

Program 1.1.B: Development on Small Sites

Quantified Objective: # TBD
Timeframe: Revise Zoning Code to allow mixed-income projects up to a total of 88 du/ac, inclusive of all state and local bonuses, by June 2026.
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

In recognition of the fact that small sites can be difficult to develop, the City will continue to offer incentives and concessions that facilitate development on small sites in the commercial and multifamily districts. Most notable among these incentives is a density bonus for mixed-income projects that include deed-restricted affordable units allowing for development up to a total of 88 du/ac, inclusive of all state and local bonuses.

Another challenge in developing small sites is achieving compliance with parking requirements. Presently, Carmel Municipal Code Section 17.14.060 (Central Commercial (CC) District Regulations

Applicable) waives off-street parking entirely for apartments in the CC district. In the Service Commercial (SC) District the required parking for a market rate unit is 1 space per unit, and in the Residential and Limited Commercial (RC) District and Multi-Family (R4) District it is 1.5 spaces per unit. However, for an affordable housing unit in any of these four Districts, the requirement is already reduced to ½ space per unit and is reduced even further to ⅓ space per unit for senior housing units (senior housing also has a guest parking requirement of 1 space per 4 housing units). The City will further evaluate the residential parking requirements in the Service Commercial (SC) and Residential & Limited Commercial (RC) zoning districts to help facilitate the development of market rate housing. Alternative parking programs such as bike and/or car share, and free or discounted bus passes, will also be evaluated to offset potential reductions in parking requirements.

Program 1.1.C: Live/Work Housing

Quantified Objective:	# TBD
Timeframe:	Monitor and evaluate program effectiveness annually. If, by the end of 2028, the City is not trending to meet its objectives for the planning period, the City will review and revise its program requirements and incentives and enhance outreach efforts.
Responsible Party:	Community Planning and Building Department
Funding Source:	General Fund

Issues and Opportunities

At first glance, downtown Carmel appears to be thriving, but a closer inspection reveals “a tale of two downtowns.” The prime streetfront commercial spaces are, in fact, healthy, with high foot traffic and low vacancy, but Carmel’s numerous alleys and courtyards contain a great many small, impaired commercial spaces that are not a good fit for traditional retail or commercial uses, as evidenced by the high proportion of these spaces that are either vacant or under-utilized. Walking through these off-street areas, it is common to see empty and for lease storefronts, by-appointment-only signs, storefronts being used for storage, and other evidence of inactivity and a lack of economic viability. Indeed, in cataloguing leasable spaces downtown, the resident volunteers on the Safari teams identified 266 off-street, upper story, or peripherally located storefronts that were either vacant or under-utilized.

Program Description

The City plans to add a new “live/work” classification to the existing categories of approved uses for space in the downtown. These live/work spaces will be hybrid units, with a storefront commercial space in front and residential space in the rear. Property owners will only be allowed to convert a space to a live/work use if they deed restrict that live/work unit at an affordable rental level. As detailed in the analysis in [Appendix C](#), the lack of demand for under-utilized off-street and upper-story commercial spaces results in rents that are sufficiently low that a property owner could

make more money renting that space as a deed-restricted live/work unit than as a strictly commercial space.

The City plans to offer the following incentives to spur participation in the program:

- Free water credits. The City will explore offering property owners free water credits for any commercial spaces that are converted into deed-restricted live/work units through this program.
- Expedited processing. Expedited processing (i.e., jumping to the front of the queue for review by City staff) would be made available to applications for conversion of existing commercial space into one or more live/work units. In the event that a project which includes the creation of a live/work unit requires Planning Commission review, that project will jump to the front of the queue for Planning Commission review.
- Waived or reduced fees. The City will waive or reduce permitting fees associated with the conversion of existing commercial spaces to live/work units.

Program Benefits

The live/work program would have the following benefits:

- By creating an economic incentive for property owners to convert existing commercial space into live/work space, the program is designed to create affordable housing without requiring any public funding (which tends to be either scarce and/or competitive). Indeed, there would be a high likelihood of property owners opting into these conversions, because of the opportunity that the program would afford to achieve a higher rent, and to increase the net operating income, and thereby the value of, their property. Given prevailing cap rates, every incremental dollar of net operating income for a building in downtown Carmel translates into a building that is 25-30 dollars more valuable. Thus, it would make economic sense for the building owner to invest the funds to convert the space from a purely commercial use into a live/work space.
- This program has the potential to return Carmel to its roots by once again making it a haven for local creatives, shopkeepers, and entrepreneurs who could showcase their wares or services in these unique live/work spaces.
- While the live/work units would command a higher rent than the existing purely commercial space, renting such a unit would actually reduce the overall rent burden on a local artist or shopkeeper because they would go from paying two rents (a commercial rent and a residential rent) to paying a single rent, with their total monthly rent payment going down substantially.
- The program has the potential to activate the less well-trodden alleys and courtyards that are a unique staple of the physical fabric of downtown Carmel.

- By combining a tenant's commercial rent and residential rent into one lower rent, and by capping that rent, the program has the potential to bring service businesses back to Carmel that cater to local residents rather than tourists (e.g., a single chair salon, a small tutoring space for local children, a therapist's office, a tailor, or a cobbler)
- To the extent that the program reduces the level of vacancy and under-utilization in these off-street commercial spaces, it will boost the City's sales tax revenue and generate additional resources to support the development of affordable housing.

Program 1.1.D: Mixed-Income Incentive Program

Quantified Objective: # TBD
Timeframe: Establish program and begin implementation by the end of 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Issues and Opportunities

In keeping with the community's expressed desire to distribute new housing throughout the community, the City and the AHA Group explored a variety of potential strategies for incentivizing the creation of new housing units in the downtown area. Since the Live/Work Program and the Hotel-to-Residential Conversion Program ([described in Program 1.1.F below](#)) tend to have relevance for a narrower subset of properties, one of the goals that emerged was to create a program with broader applicability—i.e., that virtually any downtown property owner could opt into. After extensive discussion and analysis, the City and AHA determined that such a program should be guided by four core principles:

1. *It should be inspired by the physical layout of Trevvett Court.* A 14-unit senior housing development built in 2010 on an 8,000 square foot parcel across from the Post Office in downtown Carmel, Trevvett Court demonstrates that higher density housing can be designed in such a way as to seamlessly blend into the built environment of the village. While Trevvett Court itself has a density of 76 du/ac, space programming work by local architects on the AHA team pointed to 88 du/ac as an ideal density that would maximize housing creation while retaining a Trevvett Court-like feel and many of the most important hallmarks of properties in downtown Carmel: e.g., first floor commercial space, a two story floor plan, and an interior courtyard.
2. *It should incentivize the creation of mixed-income housing.* Newly constructed units should be a blend of Above Moderate rate, Moderate income, Low income, and Very Low income units.
3. *It should be designed to make projects economically viable in the absence of public funding.* Given the scarcity and competitiveness of public funding and the importance of ensuring that

housing ultimately gets built, it was determined that the program should be designed to make projects financially viable for a property owner without reliance on public funding.

4. *It should incentivize the creation of housing for families with children.* As noted elsewhere in this document, between 2016 and 2024 the population of Carmel-by-the-Sea dropped from 3,905 to 3,122, with the median age increasing during that same timeframe from 53 to 65. In light of these trends, creating new housing for families with children was determined to be an important priority.

Program Description

The City will explore the development of a Mixed-Income Incentive Program to incentivize the creation of mixed-income housing in the downtown area, either through adaptive re-use or redevelopment. Units created through this program would include a range of income levels, including both market rate units and deed-restricted affordable units. In exchange for deed-restricting a subset of the newly created units at affordable levels, the City will explore offering qualified projects the following incentives:

- Higher density. The City will explore offering qualified projects up to a total of 88 du/ac, inclusive of all state and local bonuses and incentives.
- Free water credits. The City will explore providing owners participating in this program with the water credits required to build both the deed-restricted affordable units as well as the market rate units needed to make the investment economically viable.
- Expedited processing. The City will explore offering expedited processing to applications taking advantage of this program, with those applications jumping to the front of the queue for review by City staff, and, if applicable, by the Planning Commission.
- Waived or reduced fees. The City will explore waiving or reduce permitting fees for projects that participate in this program.

Program Benefits

- The program will help to incentivize the creation of mixed-income housing in downtown Carmel, and is in keeping with the City's desire to distribute housing for various income groups throughout the village.
- The income mix and the incentives in the program will be carefully calibrated to ensure that potential projects will be economically viable without any public funding required. Making these projects profitable for property owners will help to ensure that new housing ultimately gets built.
- This program will give the City the opportunity to incentivize the construction of much-needed larger bedroom count units, which will help to reverse the decline in the number of families with children in the village.

Program 1.1.E: Affordable Housing on Religious Facility Properties

Quantified Objective:	# TBD
Timeframe:	Host a forum for local churches (December 2024) Prepare an opportunities and constraints analysis for each church (March 2025) Meet with individual churches (June 2025) Annual Outreach to assess progress (December 2031)
Responsible Party:	Community Planning & Building Department
Funding Source:	General Fund

Issues and Opportunities

The State of California and the City of Carmel-by-the-Sea have both adopted new rules and regulations in recent years to facilitate the development of housing on properties owned by religious institutions. For example, eligible housing proposals on property owned by religious institutions qualify for:

- Exemptions from environmental (CEQA) review [2023 Senate Bill SB-4]
- Reduction or elimination of parking requirements [2022 Assembly Bill AB-1851]
- Increased density [2023 Assembly Bill AB-1287 & Government Code §§65915-65918]
- “By-right” design approvals without planning commission review [2023 SB-4 & Government Code §§65589.5]
- Priority water allocations [[Housing Element Program 1.2.A.](#)]
- Expedited application processing [[Housing Element Program 3.1.F.](#)]
- Reduction in entitlement and development fees [[Housing Element Program 3.1.D.](#)]
- Direct financial support through Carmel’s affordable housing trust fund [[Housing Element Program 2.1.D.](#)]
- Partnership facilitation for tenant selection and program management [City of Carmel]

Should the above accommodations prove insufficient, Government Code §§65915-65918 allows a church to receive bonuses and concessions for projects that are 100 percent affordable. These include:

- Additional density bonuses to establish more residential units
- Reductions in setback and building height requirements
- Reductions in parking requirements
- Approval of mixed-use zoning compatible with the location
- Other regulatory incentives or concessions proposed by the developer

Program Description

In 2023, the California legislature passed Senate Bill (SB) 4, the Affordable Housing on Faith and Higher Education Lands Act of 2023. The Act requires a housing development project be allowed by-right when located on land owned by a religious institution. The housing units, exclusive of manager's units, must be 100 percent affordable to lower income households, except that 20 percent may be for Moderate-income households and 5 percent may be for staff of the religious institution that owns the land. Projects submitted pursuant to SB4 are also eligible for a density bonus, incentives, concessions, and waivers or reductions of development and parking standards.

The City will continue conducting outreach to the five religious institutions located within the jurisdictional boundaries of Carmel-by-the-Sea to evaluate potential housing opportunities. The City will educate the local churches about the benefits of SB4 and Density Bonus Law and look for opportunities to connect them with resources and interested affordable housing developers that will support the development of housing on their property.

Program Benefits

- The program encourages the natural synergy between supportive faith communities and those most in need of this support.
- The program leverages properties that are some of the largest in the village.
- The program provides a vehicle for translating the expressed interest and enthusiasm of the local religious community into concrete action.

Program 1.1.F: Hotel- to-Residential Conversion (Hotel 'Key' Transfer) - AFFH

Quantified Objective: # TBD
Timeframe: Outreach for developer interest by December 2025; Create/amend Municipal codes to support the program by March 2026.
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Issues and Opportunities

Carmel has a significant number of older, underperforming overnight visitor accommodations (hotels/motels, inns, bed and breakfasts and other various lodging options) distributed throughout the City in the CC, RC, and SC, and R-1 zoning districts. These properties are ideal candidates for conversion to multifamily housing—both because they tend to have physical layouts that lend themselves to such a conversion (indeed, several hotels and motels in Carmel were originally built as apartment buildings), and because their relatively low net operating income means that they can be acquired at a more modest price point.

One unique feature of the hospitality landscape in Carmel-by-the-Sea is that the City has a self-imposed cap in the General Plan on the number of hotel rooms permitted to operate in the city (948 rooms as of January 1, 2025.) Were the City to allow a hotel owner to sell the rights to these hotel rooms in the event of a hotel-to-residential conversion, these “hotel keys” would command a significant market value (approximately \$300,000/room according to commercial real estate brokers and hotel operators).

Program Description

The City plans to create a program providing opportunities for property owners and developers to convert underperforming hotels into mixed-income multifamily rentals with a deed restricted affordable component. Such conversions would be accomplished either through adaptive re-use or redevelopment. To incentivize participation in the program, the City plans to allow the owners of converted hotel properties to sell and transfer the hotel keys from the converted hotel to other parties to facilitate the construction of new hotel rooms on other sites within the village’s commercial zoning districts—either as new hotels or as additions to existing hotels. While such conversions could be partially financed through public funding programs such as Low Income Housing Tax Credits (LIHTC), the City’s intent in allowing the sale of the hotel keys is to maximize housing production under the program by making these conversions economically viable without any reliance on public funding. The ultimate goal is to make conversion to multifamily residential through the program the highest and best use of the property, and one that would allow purchasers with this business plan to outbid other purchasers.

In the absence of any public subsidy, a property owner would be unlikely to convert a hotel into deed-restricted affordable housing because the result would be lower net operating income and a reduction in the value of the property. However, as the analysis in [Appendix C](#) illustrates, by combining the value of the hotel keys with the residual value of the converted hotel, participating property owners and developers will be able to achieve an above market return. Put another way, the program is designed to allow participating owners and developers to “sell the property twice.”

The program is designed to be flexible and to allow for a variety of potential scenarios. For example, the existing owner could convert the hotel to residential and sell the hotel keys. Or the existing owner could convert the hotel to residential and retain the keys for use on another property. Alternatively, and perhaps most likely, the existing owner—who may lack expertise in development—could sell the underperforming hotel to a developer, who could in turn convert the hotel to residential and then either sell the hotel keys or retain them for use on another site within the village.

- Transferable development rights. Hotel owners that convert their hotel into mixed-income multifamily residential through the program will be allowed to sell the hotel keys and

transfer the hotel rights to new projects on other parcels (particularly valuable due to Carmel's General Plan cap of 948 hotel rooms).

- Water rights. In recognition of the fact that the sale of the hotel keys drives the production of affordable housing, the City intends to create opportunities for purchasers of hotel keys to receive the water credits required to construct new hotel rooms on other sites within the village. The City plans to require that the water rights associated with to-be-converted hotels stay with the property—i.e., once the property is converted into mixed-income housing through the program.
- Increased density. The City will explore granting modestly increased density on hotel sites that are converted into mixed-income multifamily housing through the program.
- Hotel residential suites (HRS). The City will explore the possibility of allowing purchasers of hotel keys under this program to designate a subset of the newly constructed hotel rooms as “hotel residential suites”—hybrid units that would be owner-occupied as market rate residential suites for a portion of the year and that would be required to be added to the hotel inventory for the rest of the year. The ability to sell these hotel residential suites would help to expand the universe of potential hotel key purchasers to include existing hotel owners (as opposed to just ownership groups newly acquiring hotels) by providing a near-term opportunity to recoup the capital invested to purchase the hotel keys and construct the new hotel rooms. These hotel residential suites are not included in the Sites Inventory and are not counted towards the City’s RHNA.
- Qualified projects will benefit from streamlined review, expedited permitting, and a reduced development fee schedule.

Program Benefits

- By unlocking the value associated with the hotel keys, the program will offer property owners an above market rate of return, which will encourage widespread participation and significantly increase the likelihood of generating a substantial number of new housing units.
- With its focus on the conversion of small, scattered site hotel properties, the program will integrate affordable housing into the physical and social fabric of the village.
- The program is mixed-income at the property level, and is designed to create housing units for Above Moderate, Moderate, Low, and Very Low income households.
- By creating an investment opportunity with a return on investment that is substantially higher than what the market would typically offer, the City can explore ways to divert resources from these transactions to other affordable housing programs with less financial viability.
- The hotel residential suites created through this program have the potential to help stem the tide of population loss by providing an alternative to the purchase of a single-family

residence as a second home, many of which remain vacant for much of the year, and which would be better utilized as homes for permanent residents. Hotel residential suites would offer prospective second home buyers an alternative that would be dramatically less expensive and that would offer a number of other benefits: e.g., lower maintenance requirements, enhanced security, easy access to restaurants and shops in the downtown area, and shared amenities.

- The same number of overnight visitor accommodation rooms to serve coastal visitor access in the City will be retained while increasing the affordable multifamily rental stock.
- The transfer of hotel keys from underperforming hotels to newly constructed luxury hotel rooms at new or existing hotels will dramatically increase the City's transient occupancy tax (TOT) revenue.

Program 1.1.G – Hotel Employee Housing Program

Quantified Objective: # TBD
Timeframe: Amend the Carmel Municipal Code by December 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

The City has a number of overnight visitor accommodation properties (motels, hotels, inns) that would benefit from incorporating affordable on-site employee housing. These units would alleviate the current lack of housing many Carmel hospitality employees face. Therefore, the City plans to create a voluntary program to incentivize the generation of on-site employee housing at hotels, motels, and inns around the village.

If the owner of an overnight visitor serving accommodation converts one or more legal guestrooms into a deed restricted affordable employee unit, the City will grant the owner the legal right to replace the hotel room on-site, sell the “hotel key”, or transfer it to another site, similar to Program 1.1.F, the Hotel to Residential Conversion (Hotel ‘Key’ Transfer) Program.

As noted above, Carmel's General Plan caps the number of hotel rooms permitted to operate in the city (948 rooms as of Jan 1, 2025.) This cap is currently exceeded, meaning no additional rooms can be built in the City. This program leverages the scarcity of hotel rooms created by the General Plan cap to incentivize the development of affordable rental housing and offset the loss of revenues for participating hotel owners—all while maintaining visitor-serving coastal access. Qualifying Program 1.1.G projects may be eligible to benefit from priority access to water credits, expedited review, and a reduced development fee schedule.

Program 1.1.H: Accessory Dwelling Units - AFFH

Quantified Objective: # TBD
Timeframe: December 2025 to December 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Issues and Opportunities

The City's ADU ordinance was last updated in 2017 (Ord. 2017-10 § 1 (Exh. A), 2017). Carmel-by-the-Sea is currently following the requirements of State law in the review and approval of ADUs and JADUs. The City is in the process of updating its ADU Ordinance to incorporate State Laws that have expanded since 2017, and to clarify the ADU permitting process for property owners.

Program Description

The City recognizes that ADUs provide affordable housing options for family members, seniors, students, in-home health care providers, couples, small families, and friends. ADUs can also be useful to generate additional rental income for the homeowner. The City maintains a dedicated Housing webpage that includes the California Department of Housing and Community Development Accessory Dwelling Unit Handbook (January 2025) to offer technical assistance to property owners.

To further promote ADU development the City plans to implement the following between 2024 and 2031:

- The City will complete revisions to its local ADU Ordinance and incorporate guidance from the recent Senate Bill 1077. .
- As new relevant State Laws are adopted during the planning cycle, the City will amend the Carmel Municipal Code in a timely manner to reflect applicable changes in the law.
- The City will develop a process for reviewing plans submitted for pre-approval pursuant to AB 1332 (2023).
- The City will develop a procedure for the review and approval of unpermitted ADUs pursuant to AB 2533 (2024) also known as the amnesty program.
- The City will explore implementing a pre-sales inspection program to identify unpermitted ADUs and refer them to the amnesty program.
- The City will explore a voluntary program to promote available ADUs to local workers.
- The City will explore a renter match program, potentially in partnership with The Carmel Foundation.
- To promote affordability and increase workforce housing, the City will explore developing a program to incentivize homeowners to create deed-restricted ADUs. One incentive could be providing the necessary water credits to serve the ADU. Other incentives would also be explored during the development of the program.

- The City will conduct outreach and education including but not limited to the following efforts: holding community workshops, promoting the Property Owners Guide to Building an ADU (prepared by the AHA community group in coordination with the City of Carmel) and updating it as needed, maintaining a dedicated webpage on the City's website with information on ADUs, conducting outreach and providing education to local architects and realtors, and sending educational information through the mail to property owners.

Program Benefits

- Legalize unpermitted ADUs will ensure they meet minimum health and safety regulations.
- Provide affordable housing options for the local workforce.
- Provide additional housing options for local seniors.
- Increase the proportion of ADUs that are occupied through a renter match program.
- Increase the permanent housing stock.

Policy 1.2: Continue to monitor and work cooperatively with regional agencies to augment infrastructure in a manner that provides adequate capacity for existing and new housing needs while preserving and improving the unique visual character of the City.

Program 1.2.A: Water Distribution Prioritization for Affordable Housing – AFFH

Quantified Objective: # TBD
Timeframe: Adopt Water Allocation Resolution by December 2025
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Perhaps the greatest constraint to housing production in Carmel-by-the-Sea is the lack of water. The City's Regional Housing Needs Allocation (RHNA) of 349 units for the 2023-2031 planning period is estimated to require approximately 40 acre feet of water. On January 27, 2025, the Monterey Peninsula Water Management District (MPWMD) adopted Ordinance 197 allocating 14 acre feet of water to the City of Carmel-by-the-Sea. The Ordinance took effect on March 1, 2025 and the water is estimated to become available at the end of 2025 or early 2026.

Potable water is a fundamental infrastructure need for housing and is a limited resource in Carmel-by-the-Sea. Water is regulated by the State Water Resources Control Board (SWRCB) and the Monterey Peninsula Water Management District (MPWMD). Few developed sites have available water credits sufficient to accommodate construction of additional residential units, and the City's own water allocation is quite limited. Although additional water resources are anticipated to become available in late 2025/early 2026, the current State imposed cease-and-desist order in Carmel

remains in effect and California American Water (Cal-Am) is not permitted to install new water meters at this time. In an effort to address water constraints, the City will:

- Support efforts by the MPWMD to expand the water supply with new water sources that will support affordable housing development.
- Work cooperatively with MPWMD to implement water conservation methods through the building permit process (e.g., low-flow fixtures, instant hot water heaters, cisterns/rain gardens) to augment water for new development projects. The City has already received many building permit applications for remodels of older homes which would result in water conservation.
- Update the City's water allocations by land use in accordance with the Water Management Program (Carmel Municipal Code Chapter 17.50) to include the recent allocation from MPWMD of 14 acre feet. In establishing these allocations, the City will prioritize water for affordable housing).

Program 1.2.B: Address Infrastructure Constraints

Quantified Objective: # TBD
Timeframe: City's 5-Year Capital Improvement Plan through June 2031
Responsible Party: Public Works Department
Funding Source: General Fund

Ensuring the City's infrastructure is modernized and can accommodate future growth is a critical charge of local governments. The City's infrastructure is continuously aging, with deferred maintenance still remaining from the COVID Pandemic. Crafting capital improvement programs to effectively address this maintenance backlog and manage the City's infrastructure into the future is imperative. The City's Public Works Department continues to improve City infrastructure, including roads and storm drains, through the City's 5-Year Capital Improvement Plan process. The City will continue to work cooperatively with outside agencies, including the Pacific Gas and Electric Company (PG&E), the Carmel Area Wastewater District (CAWD), and California American Water (Cal-AM), to continue to maintain and upgrade the City's infrastructure.

The City of Carmel proposes the following actions and timeline to address infrastructure constraints during the 6th Cycle:

- The City of Carmel, whenever possible, will collaborate with and support the undergrounding of electrical wires by PG&E in an effort to provide consistent power. The City is working with PG&E to develop an undergrounding plan, with the work estimated to be complete within 10-15 years for a small portion of the City. With a desire to underground the remainder of overhead electrical wires in the next 20-30 years, the City will continue to work with PG&E to develop a long term plan.

Quantified Objective:

Underground a small portion of the electrical wires by December 2034, and work with PG&E to underground the remainder over the next 20-30 years)

- The City will implement drainage and street improvements, including ADA ramps and sidewalk slope improvements through the 5-year Capital Improvement Plan .Quantified Objective: The City will invest \$2.334 million in drainage improvements and \$4.969 million in street improvements by December 2026)

Policy 1.3: Reduce or eliminate governmental constraints on the provision of affordable housing. Direct public funding resources to the conservation of existing housing units in neighborhoods where continued residential use is appropriate.

Program 1.3.A: Condominium Conversions - AFFH

Quantified Objective: # TBD
Timeframe: Continued ordinance implementation through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

The City will continue to implement the condominium conversion ordinance, which restricts the conversion of apartments to condominiums to preserve lower-cost rental housing options (i.e., apartments) within the City. Apartments cannot be converted to condominiums unless a new apartment is being created to offset the conversion.

Program 1.3.B: Employee Housing

Quantified Objective: # TBD
Timeframe: Adoption of Municipal Code amendments by June 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

As stated in [Appendix A](#) there are no farmworkers or agricultural employment in Carmel-by-the-Sea. Accordingly, the City has not identified a need for specialized farmworker housing beyond overall programs for housing affordability.

In compliance with the Employee Housing Act (Health and Safety Code § 17000 et seq.) Sections 17021.5 and 17021.6, the City of Carmel-by-the-Sea will amend the Carmel Municipal Code to include a definition for employee housing that permits employee housing for six or fewer employees to be treated as a single-family structure and permitted in the same manner as other dwellings of the same type in the same zone.

Program 1.3.C: Manufactured Homes on a Foundation System

Quantified Objective: # TBD
Timeframe: Adopt Municipal Code amendments by June 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

The City currently permits manufactured homes on a foundation system on lots zoned for conventional single-family residential dwellings pursuant to State Law Government Code 65852.3. Manufactured homes represent an affordable and cost-effective form of housing. The City will amend the Carmel Municipal Code to include manufactured homes as a permitted use in the R-1 zoning district subject to the same development standards to which a conventional single-family residential dwelling on the same lot would be subject.

Program 1.3.D: Senate Bill 35 and Senate Bill 423 Processing Procedure

Quantified Objective: # TBD
Timeframe: Adopt a procedure by December 2025
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

According to Senate Bill (SB) 35 (2017), jurisdictions that have insufficient progress toward their lower-income RHNA units must accommodate a streamlined ministerial approval process for proposed developments with at least 50 percent affordability. Early implementation of SB 35 did not apply to coastal cities. However, in October 2023, SB 423 was signed into law, expanding SB 35 measures to include cities located in the coastal zone and extending the operation of the streamlined ministerial approval process to January 1, 2036.

In compliance with SB 35 and SB 423, the City will establish a standard procedure for processing eligible development projects.

Program 1.3.E: Emergency Shelters

Quantified Objective: # TBD
Timeframe: Adopt Municipal Code amendments by June 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

In compliance with AB 2339 (2022), the City will amend Title 17 of the Carmel Municipal Code to define emergency shelters and clearly state they are a permitted use by-right, requiring no discretionary review in the CC, SC, and RC commercial districts.

Government Code Section 65583 requires the identification of one or more zoning designations that allow residential uses, including mixed uses, where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit and that are suitable for residential uses.

The Carmel Municipal Code includes emergency shelters within the definition of Community Social Service Facilities and reads as follows: “Any noncommercial housing facility, such as homeless shelters or emergency shelters, which may also provide meals, showers, and/or laundry facilities. Specialized programs and services related to the needs of the residents may also be provided. This classification excludes transitional housing facilities that provide long-term living accommodations.”

Carmel Municipal Code Chapter 17.14, Commercial Zoning Districts, Schedule II-B: Commercial Districts - Use Regulations, includes Community Social Service Facility as a permitted use in the Central Commercial (CC), Service Commercial (SC), and Residential and Limited Commercial (RC) Districts.

Pursuant to Subparagraph (G) of Section 65583, A local government with an existing ordinance or ordinances that comply with this paragraph shall not be required to take additional action to identify zoning designations for emergency shelters. The housing element must only describe how existing ordinances, policies, and standards are consistent with the requirements of this paragraph.

The City does not currently have objective standards that govern the operation and management of emergency shelters such as the maximum number of beds or persons to be permitted to be served nightly by the facility, sufficient parking to accommodate all staff working at the shelter, size and location of intake areas, provision of onsite management, proximity to other emergency shelters, length of stay, lighting, and security during the hours the shelter is in operation.

The City will amend the Carmel Municipal Code to create objective operational standards for emergency shelters.

Program 1.3.F: Forest and Beach Commission Required Findings

Quantified Objective: # TBD
Timeframe: Adopt Municipal Code amendments by June 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Carmel Municipal Code Section 17.48.070, Findings Required for Significant Trees prohibits the removal of significant trees to facilitate construction or development unless one of the two following findings is met:

1. That removal of the tree is required to protect public health or safety; or
2. That the following four conditions exist:
 - a. The existing site is vacant or is developed to an extent less than one-third of the base floor area allowed by the zoning applicable to the site; and
 - b. The available land area of the site not occupied by significant trees (including land within six feet of the trunk of significant trees) does not adequately and practically

provide space for development of at least one-third of the base floor area allowed by the zoning for the site; and

- c. The issuance of a variance for development in one or more setbacks has been considered and would not provide a remedy or would be inappropriate due to a significant overriding inconsistency with another policy or ordinance of the LCP; and
- d. Failure to authorize removal of the tree(s) would deprive the owner of all reasonable economic use of the property.

The findings in 2.a and 2.b have been identified as a potential constraint to the development of multifamily housing. The City will review the findings to ensure they do not impede multifamily development in the commercial and multifamily districts.

Policy 1.4: Improve Development Review and Approval Processes

Program 1.4.A: Modify or Eliminate Onerous Use Permits - AFFH

Quantified Objective: # TBD
Timeframe: Adopt Municipal Code amendments by June 2026
Responsible Party: Community Development Department
Funding Source: General Fund

Multifamily and duplex housing units constitute approximately 13 percent of Carmel's housing stock. The use permit (UP) (AKA conditional use permit (CUP)) requirement is implemented as an additional regulatory tool and adds extra regulations, review, and required findings, to a variety of development standards that affect multifamily development. Carmel Municipal Code Chapter 17.64 Findings Required for Permits and Approvals includes a broad list of applicable conditional uses and incentives. There are opportunities to reduce redundancies and facilitate residential construction while still enabling development to meet City regulations.

To address this potential constraint to the development of multifamily residential units, the City will explore replacing subjective language in the required findings for Use Permits with objective findings, or eliminating these Use Permits altogether.

Program 1.4.B: Objective Design and Development Standards - AFFH

Quantified Objective: # TBD
Timeframe: Adopt Objective Design Guidelines by July 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Carmel Municipal Code Chapter 17.58, Design Review describes a discretionary review process for the construction of new buildings and additions to existing buildings in the commercial districts.

There are three findings for approval: 1) Conformance to the applicable policies of the General Plan and the Local Coastal Program; 2) Compliance with all applicable provisions of this code; and 3) Consistency with the applicable adopted design review guidelines.

In November 2023, the City received an \$85,000 REAP 2.0 Local Suballocation Grant, which will be used to pursue the creation and adoption of Objective Design and Development Standards (ODDS) to reduce governmental constraints presently limiting the production of multifamily housing. The City's expectation, and desired intent, is that having ODDS in place will incentivize and accelerate the construction of qualifying affordable multi-family housing projects in the City's downtown area, including the Central Commercial (CC), Service Commercial (SC), Residential & Limited Commercial (RC), and Multi-family Residential (R-4) Districts.

Program 1.4.C: By-Right Approval - AFFH

Quantified Objective: # TBD
Timeframe: Amend the Municipal Code to comply with State by-right requirements by June 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Pursuant to Government Code Section 65583.2(h)(i) (AB 1397 passed in 2017), the City will amend the Carmel Municipal Code to require by-right approval without discretionary review for a housing development that includes 20 percent of the units as affordable to lower income households, applicable to the following types of sites:

- Vacant sites being used to meet the RHNA adequate sites requirements that represent a “reuse” of sites identified in two or more previous and consecutive Housing Element cycles.
- Nonvacant sites being used to meet the RHNA adequate sites requirements that represent a “reuse” of sites identified in the previous cycle of Housing Element.
- Sites being redesignated/rezoned after the statutory deadline of the Housing Element to accommodate the RHNA shortfall. By-right approval of these sites would be triggered by the rezoning.

For the 6th cycle Housing Element, the City does not anticipate the need to rezone sites or utilize any sites that may be considered reuse sites to meet its RHNA. However, the City will amend the Zoning Code to comply with State law should any circumstances arise in the future for the necessity to grant by-right approval to qualified projects.

By-right means a jurisdiction shall not require:

- A Conditional Use Permit;
- A Planned Unit Development Permit;

- Design review, other than Objective Development Design Standards; or
- Other discretionary, local government review or approval that would constitute a “project” as defined in Section 2100 of the Public Resources Code (California Environmental Quality Act “CEQA”)

GOAL H2 PROTECT AFFORDABLE HOUSING AND IMPROVE THE HOUSING STOCK

Policy 2.1: Maintain and encourage expansion of permanent residential housing stock in the Residential and Commercial Districts.

Program 2.1.A: Incentives for Mixed-Use Development - AFFH

Quantified Objective: # TBD
Timeframe: Adopt Municipal Code amendments by June 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Providing additional development capacity of any type increases project feasibility. In order to better incentivize affordable residential development, the City plans to amend the Municipal Code to increase the floor area bonuses from 15 to up to 25 percent, inclusive of all state and local bonuses, for projects in the CC, SC, RC and R-4 Zoning Districts that include housing for Moderate, Low or Very-Low-income households. The City will also distribute informational materials promoting the floor area bonus and other applicable incentives.

Program 2.1.B: Permanent Housing - AFFH

Quantified Objective: # TBD
Timeframe: Continued ordinance implementation through June 2031
Responsible Party: Community Planning & Building Department/City Administrator
Funding Source: General Fund

Short-term rentals can provide valuable coastal visitor-serving access; however, units used as short-term rentals preclude the establishment of permanent housing. The City also has a significant percentage of the housing stock that remains vacant for part of the year due to second home ownership. This creates a significant barrier for current and potential residents to enter the local housing market and further limits opportunities to correct the housing crisis, address diversity, and provide inclusive housing options.

The City’s ordinance prohibiting short-term, transient rentals, fractional ownership, and timeshares of residential dwellings in the R-1 District and allowing a limited number of short-term rentals in the commercial areas has successfully limited the proliferation of these uses. The City will continue to implement these ordinances. In an effort to address the high rate of second home ownership, the

City will promote Accessory Dwelling Units and Junior Accessory Dwelling Units (see [Program 1.1.G](#)) to add affordable rental units on properties that may otherwise lie vacant, and will establish an Affordable Housing Trust Fund (see [Program 2.1.D](#)).

Program 2.1.C: Monitor Affordable Housing Stock - AFFH

Quantified Objective: # TBD
Timeframe: Develop a program by June 2025
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

The City will develop a City-managed Affordable Housing Oversight Program and continue to monitor affordable housing projects and work with the owners to preserve affordability through identification of funding sources and/or opportunities for partnerships with other housing providers. The program will formalize annual monitoring of the affordable housing stock throughout the city to ensure affordable housing is being protected and provided as required by Government Code Section 65590. This may also include partnering with a qualified entity, like the local Carmel Foundation, that already actively manages, monitors, and provides reporting for affordable housing units in the City. The City will update its databases to better track data on new construction, demolition, conversion, and replacement of housing units for Low- and Moderate-income households including the following:

- The number of new housing units approved for construction;
- The number of Low- and Moderate-income housing units required to be provided in new housing developments;
- The number of existing residential dwelling units occupied by Low- and Moderate-income households that have been authorized to be demolished or converted; and
- The number of low- and Moderate-income housing units required to be replaced (of those units being demolished or converted).

Additionally, in compliance with AB 1397, the City will adopt a policy to require replacement housing units subject to the requirements of Government Code section 65915, subdivision (c)(3) when any new housing development project occurs on a site meeting the any of the following conditions: 1) currently has residential uses or within the past five years has had residential uses that have been vacated or demolished, 2) was subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of Low or Very Low-income, 3) subject to any other form of rent or price control through a public entity's valid exercise of its police power, or is occupied by Low or Very Low-income households.

Program 2.1.D: Establish Affordable Housing Trust Fund - AFFH

Quantified Objective: # TBD
Timeframe: Establish a Fund by December 2025
Responsible Party: City Administrator
Funding Source: General Fund

The City currently relies on outside agencies and organizations to fund affordable housing projects. However, in an effort to establish a City-funded source dedicated to supporting the creation, maintenance, and rehabilitation of affordable units, the City will explore the creation of an Affordable Housing Trust Fund. The Trust would be funded by the City, either through a dedicated revenue source or via the General Fund. .

Policy 2.2: Preserve and protect the scale of established neighborhoods while encouraging property improvement.

Program 2.2.A: Historic Preservation Educational Programs

Quantified Objective: # TBD
Timeframe: Continued education and ordinance implementation through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Cities have unique characteristics that develop over time. Carmel-by-the-Sea has a distinctive building style and form that existing residents cherish and which serves to attract new residents and visitors. In an effort to continue to encourage improvements to the existing housing stock, the City will continue to promote education programs that improve public understanding of the City's rich cultural and design heritage, and provide zoning flexibility and incentives to facilitate rehabilitation of historic resources. The City will continue to use the Historic Building Code to facilitate residential rehabilitation of historic residences.

Policy 2.3: Preserve and expand affordable and rental housing opportunities to enable local employees to live in the community where they work.

Program 2.3.A: Preserve and Increase Upper Floor Residential Uses - AFFH

Quantified Objective: # TBD
 Timeframe: Proactive outreach through December 2031
 Responsible Party: Community Planning and Building Department
 Funding Source: General Fund

The retail and office landscape is shifting and the City continues to experience retail and office vacancies. This shift represents an opportunity to increase supply of housing as a preferred development form in all Commercial Districts. The City currently prohibits the conversion of existing second-floor residential units to commercial use and requires all newly constructed second-floor space to be used as residential units. Housing over first-floor commercial uses is a particularly suitable solution for underutilized second-floor space. Therefore, the City will proactively work with property owners to encourage conversion of vacant or underutilized upper floors to residential use.

Policy 2.4: Preserve the existing housing stock

Program 2.4.A: Housing Rehabilitation and Maintenance Information - AFFH

Quantified Objective: # TBD
 Timeframe: Proactive outreach through June 2031
 Responsible Party: Community Planning and Building Department
 Funding Source: General Fund

In order to stay habitable and energy efficient, all buildings need maintenance. When buildings fall into an extreme state of disrepair, a more comprehensive housing rehabilitation procedure is needed. Over the past few years, inflation and building supply chain issues have dramatically increased the cost of building materials. Labor costs have also risen significantly due to a shortage of skilled construction workers and ongoing cost-of-living increases. This results in very costly rehabilitation projects.

In order to assist low-income property owners, the City will distribute information on inspection services, housing rehabilitation programs, and alternative ways to finance home repairs. Based on Code Compliance reports, the City will specifically monitor and conduct outreach to residential units in need of rehabilitation and maintenance throughout the city with a focus on the southern region of the city.

GOAL H3 PROVIDE OPPORTUNITIES FOR NEW AFFORDABLE AND OTHER SPECIAL NEEDS HOUSING

Policy 3.1: Incentivize affordable housing development, with an emphasis on affordable housing built to accommodate Extremely-Low and Low-Income residents. Encourage the private sector to produce affordable housing.

Program 3.1.A: Mixed-Use Affordable Housing - AFFH

Quantified Objective: # TBD

Timeframe: Proactive outreach through June 2031; Revise guidelines and approval processes by December 2027

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

The retail and office landscapes are shifting and this change represents an opportunity to encourage mixed-use developments (housing over first-floor commercial uses) as a preferred development form via community outreach. The City will proactively work with property owners, property managers, and realtors to promote and incentivize upper-floor housing opportunities, including the potential of allowing a third-floor mezzanine for affordable housing. Such development would be subject to the City's 30-foot height limit.

The City has identified the following regional affordable housing organizations to include in the discussion of revising design guidelines to promote mixed-use affordable housing in the City.

- County of Monterey Housing Authority Development Corporation (HDC);
- Woodman Development Company, Inc.;
- Community Housing Improvement Systems and Planning Association, Inc. (CHISPA);
- Eden Housing;
- EAH Housing; and
- Mid-Peninsula Housing.

Based on the feedback received by City Staff from the development community, the City will implement the following actions:

- Revise design guidelines based on community and developer feedback;
- Revise approval processes if constraints are identified during feedback gathering; and
- Annually host outreach and FAQ forums for developers and community members.

Program 3.1.B: Housing for Extremely-Low Income Households - AFFH

Quantified Objective: # TBD
Timeframe: Fund an Associate Planner through June 2031
Responsible Party: Planning and Building Department
Funding Source: General Fund

Providing housing units for Extremely-Low Income (ELI) Households earning 30 percent or less of the Area Median Income (AMI) for Monterey County has proved challenging for the City. The City will continue to place specific emphasis on the provision of multi-family housing and non-traditional housing types such as single-room-occupancy units and transitional housing. The City will encourage development of housing for ELI households through a variety of activities such as targeted outreach to for-profit and non-profit housing developers on at least an annual basis, providing in-kind technical assistance, fee deferrals, expedited/priority processing, identifying grant and funding opportunities, applying for or supporting applications for funding on an ongoing basis, reviewing and prioritizing local funding for developments that include housing for ELI households, and/or offering additional incentives to supplement the density bonus provisions in State Law.

The City also has a variety of programs to encourage development of ELI units, including Accessory Dwelling Units, a portion of which are designed to provide affordable housing for Extremely-Low Income Households and employee housing. The City has also funded a full-time permanent Associate Planner position through the General Fund to focus on long-range planning and housing needs.

Program 3.1.C: Density Bonus - AFFH

Quantified Objective: # TBD
Timeframe: Adopt Municipal Code amendments by June 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Density bonuses can provide a significant incentive to build affordable housing units. By increasing the number of units permitted to be built on a property, the financial investment required to bring the development to fruition has a higher likelihood of a return. Given the high cost of materials, labor, and borrowing costs, increasing the number of units can make the housing project financially feasible.

The City's Density Bonus provisions will be updated to reflect recent changes to State law. Pursuant to Government Code Section 65915-65918, the City will amend the City's Density Bonus provisions to be consistent with recent changes to State Density Bonus Law. Additionally, the City will further review and revise local bonus density ordinances to clarify the regulations and increase certainty of applicability.

Program 3.1.D: Reduced Entitlement and Development Fees - AFFH

Quantified Objective: # TBD
Timeframe: Adopt a Fee Schedule by July 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Entitlement and development fees paid by project applicants assist in the City's ability to recover administrative and operating costs; however, these fees may have the unintended consequence of increasing the cost of housing. To encourage the development of affordable housing, the City will reduce the planning and building permit fees for affordable housing units in commercial areas.

Program 3.1.E: Reduced Parking Requirements - AFFH

Quantified Objective: # TBD
Timeframe: Adopt Municipal Code amendments by June 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Carmel Municipal Code Chapter 17.38, Off-Street Parking Requirements, Table A: Minimum Parking Requirements provides parking factors for land uses by zoning district. In the Central Commercial (CC), Service Commercial (SC), Residential and Limited Commercial (RC) and Multi-Family Residential (R-4) districts, the parking requirement for affordable housing is ½ space per unit. For senior housing, it is ⅓ space per unit plus 1 guest space for every 4 units. Other permanent residential uses are required to provide 1 parking space per unit in the SC District, and 1.5 spaces in the RC and R4 Districts. No parking is required in the CC District.

The City recognizes that parking requirements increase the cost of residential development and take up valuable space that can be used for housing, and has maintained a low parking ratio for residential uses. The City will continue to offer reduced parking requirements for affordable housing developments. Additionally, the City will clarify that affordable units are exempt from parking in-lieu fees.

Program 3.1.F: Expedited Processing Procedures - AFFH

Quantified Objective: # TBD
Timeframe: Hire a consultant by December 2025; Adopt Municipal Code amendments by June 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Faster permit processing times reduce overall project timelines and allow a project to get to the construction stage in a timely manner. To enable a more efficient permit processing system, the City is committed to contracting with a qualified consultant to review the Planning Division's current permitting procedures to identify inefficiencies and make recommendations on process.

improvements to streamline the permitting process. Based on the consultant's recommendations, the City will update existing permitting procedures, including, but not limited to, the following:

- Implement concurrent permit processing for projects that incorporate several land uses or features that would typically require two or more permit applications, to be concurrently reviewed and approved or disapproved by the highest-level review authority or joint meetings. This will expedite the review process for complex development projects.
- Allow an option for affordable multi-family projects to utilize 3-D modeling or other comparable methods, in lieu of story poles, that provide objective information for the City to assess impacts of development on important coastal scenic view resources;
- Prioritize projects with affordable units, assign a dedicated planner to facilitate the development process, and schedule joint public hearings when multiple decision-making bodies are involved.

Program 3.1.G: Establish Minimum Densities - AFFH

Quantified Objective: # TBD
Timeframe: Adopt Municipal Code amendments by June 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Establishing a minimum density can be utilized as a tool to ensure the limited available land in a City is used in an efficient manner and lower densities are avoided. The City's intention for establishing a minimum density in the Commercial and Multi-Family Residential Districts is rooted in enabling the development of more dense housing in the City. Currently, the Commercial District (CC, SC, and RC) permits residential densities of 0-22 dwelling units per acre and the Multi-Family Residential District (R-4) permits a maximum of 33 dwelling units per acre. Effectively, establishing a minimum density in these districts will result in higher yields of residential units. Recent residential developments in the City's Commercial District have ranged in density from 22-33 dwelling units per acre. The City will revise the Municipal Code for commercial districts (CC, SC and RC) and the multi-family residential (R-4) district to establish a minimum density of 22 dwelling units per acre, as part of the base zoning and a maximum allowable density of 40 units per acre, with a total capacity of 88 units per acre, inclusive of all local and State density bonuses. Additionally, the City will prohibit new single-family development in the R-4, CC, SC, and RCDistricts. Existing single-family dwellings in these districts will be considered legal nonconforming uses. Recognizing that there is a need for housing to accommodate families, and to try and increase the mix of housing types, the City will explore options for incentivizing the development of two- and three-bedroom units..

The City is committed to modifying development standards in the commercial and multi-family districts to ensure the standards support the minimum density and do not function as a constraint to meeting the minimum density, as necessary.

Policy 3.2: Recognize the special needs of persons with disabilities and the need to retain flexibility in the design review process to accommodate these needs.

Program 3.2.A: Reasonable Accommodation Procedures - AFFH

Quantified Objective: # TBD
Timeframe: Adopt a revised policy and Municipal Code amendment by June 2025
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

A reasonable accommodation is any change, exception, or adjustment to a rule, policy, practice or service that allows a person with a disability to have an equal opportunity to participate. Information on reasonable accommodation procedures will continue to be provided at City Hall and on the City's website. The City will evaluate and revise Policy C11-01, which describes procedures to provide reasonable accommodation, and will explore reduced or waived permit fees for persons with disabilities in compliance with the provisions of SB 520, in an effort to remove any additional barriers and encourage those with disabilities to apply. To eliminate subjectivity from the required findings for requests for reasonable accommodation, the City will amend the Municipal Code to remove the findings requirement for requested accommodations stating, "the requested accommodation will not result in a significant and unavoidable negative impact on adjacent uses or structures." and develop a finding to allow for the reasonable accommodations that adequately addresses the need with the least intrusive impacts.

Further, the City will explore amending the definition of aggrieved parties and the appeal process in the Municipal Code, to ensure that appeals of reasonable accommodation permits do not create an undue additional barrier.

Program 3.2.B: Housing Mobility - AFFH

Quantified Objective: # TBD
Timeframe: December 2027
Responsible Party: Community Planning and Building Department
Funding Source: General Plan

The City of Carmel-by-the-Sea is committed to promoting a diverse array of housing options for all income groups throughout the community. To improve housing mobility and promote more housing choices and affordability, the City will employ a suite of strategies to create and/or enhance opportunities in various neighborhoods, including in lower density neighborhoods and in downtown Carmel. This initiative represents an effort to increase housing mobility, and extends beyond programs to meet the City's RHNA. Actions and strategies are detailed in individual programs above and include:

- Homesharing: Research and pursue a homesharing program, including coordination with non-profits and other organizations to assist with matching tenants with existing homeowners. Typically, homesharing is a service provided by nonprofit organizations to assist in matching a homeowner with a tenant. This homesharing process can also include helping homeowners rent out their ADUs. The process of identifying and screening potential tenants, developing lease agreements, and understanding the rights and responsibilities of being a landlord can be onerous. The City may facilitate presentations at The Carmel Foundation Senior Center, and other outreach assistance. The City will market and take other actions as necessary at least annually with the goal of five opportunities per year.
- [Program 1.1.C: Live/Work Housing](#)
- [Program 1.1.D: Mixed-Income Incentive Program](#)
- [Program 1.1.E: Affordable Housing on Religious Facility Properties](#)
- [Program 1.1.F: Hotels to Residential Development](#)
- [Program 1.1.G: Hotel Employee Housing](#)
- [Program 1.1.H: Accessory dwelling units \(ADUs\)](#)
- Marketing of housing resources and opportunities: Provide housing resources and information available through various City and regional in-person and virtual outlets. The City will provide this information in multiple languages based on the languages spoken by Carmel-by-the-Sea residents, as indicated in the U.S. Census Bureau's American Community Survey.

Program 3.2.C: Family Friendly Housing – AFFH

Quantified Objective: # TBD
Timeframe: Develop Regulatory Incentive (Mid-Term); Implement Family Friendly Design Guidelines (Ongoing)
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Promote multifamily housing designs to attract households with children and larger multi-generational households by encouraging developers to include unit mixes with higher bedroom counts (including four-bedroom units) as well as other family friendly features and on-site amenities, such as usable outdoor open space for multigenerational use, and multipurpose rooms that can be used for after-school homework clubs, computer, art, or other resident activities. To boost the number of families with children residing in the village and to address potential displacement of households with four or more persons, the City will research options to expand regulatory incentives to encourage the development of larger units.

Policy 3.3: Facilitate the provision of transitional and supportive housing in appropriate districts in the community.

Program 3.3.A: Zoning for Transitional and Supportive Housing - AFFH

Quantified Objective: # TBD
Timeframe: Adopt Municipal Code amendments by June 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Senate Bill (SB) 2 (2007) revised Housing Element law requiring that transitional and supportive housing be permitted as a residential use, subject only to restrictions that apply to other residential dwellings of the same type in the same zone. In compliance with SB 2, the City will continue to allow transitional/supportive housing as a residential use. The City's Municipal Code permits transitional and supportive housing by-right in all districts that permit residential uses, including the CC, SC, RC and R-4 Districts, regardless of the number of persons in the facility.

Program 3.3.B: Low-Barrier Navigation Centers - AFFH

Quantified Objective: # TBD
Timeframe: Adopt Municipal Code amendments by June 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Assembly Bill (AB) 101 (2019) provides a pathway to permanent housing for people experiencing homelessness. A "Low Barrier Navigation Center" is a housing first, low-barrier, service-enriched shelter focused on moving people into permanent housing. The shelter provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing. In order to comply with State Law, the City will amend the Municipal Code to include the definition for "Low Barrier Navigation Center" and will develop By Right procedures for processing low barrier navigation centers.

Program 3.3.C: Unlicensed Residential Care Facilities

Quantified Objective: # TBD
Timeframe: Amend the Carmel Municipal Code by June 2026
Responsible Agency: Community Planning and Building Department
Funding Source: General Fund

State law requires local governments to treat licensed residential care facilities (e.g. group homes) with six or fewer residents as a residential use and subject to the same development standards as a single-family dwelling. Furthermore, no conditional use permit, variance, or other zoning clearance shall be required of a residential care facility that serves six or fewer persons that is not also required of a single-family dwelling of the same type in the same zone. The residents and operators of a residential care facility shall be considered a family for the purposes of any law or zoning ordinance

that relates to the residential use of a property. However, “six or fewer persons” does not include the operator, the operator’s family, or persons employed as staff. These facilities are licensed and regulated by the State of California.

The City defines Residential Care Facilities as facilities that require or are licensed by the State of California to provide living accommodations and 24-hour, primarily nonmedical care and supervision for persons in need of personal services, supervision, protection, or assistance. Living accommodations are shared living quarters with or without separate kitchens or bathrooms for each room or unit. This classification includes facilities that are operated for profit as well as those operated by public or nonprofit institutions.

Residential Care, General. A residential care facility providing 24-hour nonmedical care for more than six persons in need of personal services, supervision, protection, or assistance. This classification includes hospices, board and care homes, and similar establishments that are licensed by the State of California. These types of facilities are conditionally permitted in the SC and RC Districts.

Residential Care, Limited. A residential care facility providing 24-hour nonmedical care for six or fewer persons in need of personal services, supervision, protection, or assistance essential for sustaining the activities of daily living. This classification includes only those facilities licensed for residential care by the State of California. These types of facilities are subject to the same regulations as apply to other family residential dwellings in the CC, SC, and RC Districts. In the R-1 District, they are permitted in single-family homes. In the R-4 District, they are permitted by-right with no restrictions.

Residential Care, Senior. A residential care facility providing 24-hour medical or nonmedical care for more than six persons 60 years of age or older in need of personal services, supervision, protection, or assistance for sustaining the activities of daily living. This classification includes nursing homes for the elderly, life care or continuing care homes, and similar facilities licensed for residential care by the State of California. These types of facilities are conditionally permitted in the SC, RC, and R-4 Districts.

Recognizing that larger facilities provide necessary supportive environments for a variety of households, the City will amend the Zoning Ordinance to conditionally permit unlicensed facilities of seven or more persons in all zones that allow similar residential uses.

Program 3.3.D: Single Room Occupancy (SRO) Units

Quantified Objective: # TBD
Timeframe: Adopt an Ordinance by June 2026
Responsible Party: Community Planning & Building Department
Funding Source: General Fund

Government Code Section 65583 and 65583.2 require that a city plan for a variety of housing types, including single-room occupancy units or SROs. An SRO consists of a single room dwelling unit that is the primary residence of its occupant(s). One example of an SRO could be the proposed Live/Work units in [Program 1.1.C](#). To support the creation of SROs, the City will take the following actions:

- Adopt a definition of “single room occupancy unit” in the Carmel Municipal Code.
- Amend the Carmel Municipal Code to identify the districts where SROs would be permitted as a residential use subject only to those regulations that apply to other residential dwellings of the same type in the same zone. The City may adopt specific, objective standards applicable to SROs such as maximum number of occupants, minimum or maximum unit size, and requirements relating to food preparation facilities, sanitation facilities, etc.

GOAL H4 EXEMPLIFY SUSTAINABLE DEVELOPMENT AND ENERGY CONSERVATION

Policy 4.1: Support energy and water conservation programs to reduce the consumption of these resources in housing and to reduce housing costs.

Program 4.1.A: Water Conservation - AFFH

Quantified Objective: # TBD
Timeframe: Implement the water management program through December 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Even with a recent allocation of water from the Monterey Peninsula Water Management District, potable water remains scarce and highly regulated in the City and continues to be a major limiting constraint to new development. In order to preserve the City’s limited water allocation for new residential units, the City will continue to implement the Water Management Program (Carmel Municipal Code Chapter 17.50) through the building permit process,, and provide information to the community on water conservation retrofits and best practices. In addition, the City will provide

information on and promote water conservation education through outreach and community engagement, and retrofit rebates provided by the Monterey Peninsula Water Management District.

Program 4.1.B: Energy Conservation and Green Building

Quantified Objective: # TBD
Timeframe: Continued education and compliance through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Conserving energy to reduce stress on the electrical grid and reduce the effects of climate change (i.e. wildfire and flooding) is increasingly critical. The City experienced significant power outages during the 2022-23 winter storms, adjacent areas were flooded, and the past few wildfire seasons have significantly impacted air quality and resulted in evacuations of neighboring communities. The City will continue to review applications for new construction and substantial alterations, taking into consideration solar orientation and access to sunlight. The City will also continue to require compliance with current state building standards for energy efficiency in all new homes. The City will further disseminate information by updating the website annually with related energy conservation and green building information. The City also participates in the Community Wildfire Protection Program and is committed to implementing Program recommendations.

GOAL H5 PUBLICIZE HOUSING NEEDS AND RESOURCES

Policy 5.1: Support and enforce fair housing laws. Expand fair housing choice by promoting housing opportunities and removing impediments to fair housing.

Program 5.1.A: Fair Housing Services - AFFH

Quantified Objective: # TBD
Timeframe: Proactive outreach through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

The Fair Housing Act protects people from discrimination when they are renting or buying a home, getting a mortgage, seeking housing assistance, or engaging in other housing-related activities. The California Department of Fair Employment and Housing and the Conflict Resolution and Mediation Center of Monterey County provide fair housing services and information. These agencies advise persons in need of information on housing and employment, mediate landlord/tenant disputes and research complaints about discriminatory housing practices. The City will coordinate with these agencies to provide printed information about fair housing services at City Hall, on the City's website, and in other public buildings such as the City's two libraries. The City will also refer inquiries related to fair housing to these agencies and provide fair housing resources at outreach events.

Program 5.1.B: Housing Choice Voucher Program - AFFH

Quantified Objective: # TBD
Timeframe: Proactive outreach through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Created by the Housing and Community Development Act of 1978, the Housing Choice Voucher program, formerly known as Section 8, provides assistance to eligible Low- and Moderate-Income families to rent housing in the private market. Eligibility for this program is based on the family's gross annual income and family size. The Housing Choice Voucher rental assistance program is administered by the Housing Authority of the County of Monterey. The City will continue to facilitate use of the Housing Choice Voucher program in the community by distributing information for the program at City Hall and the Library and making referrals to the Housing Authority.

Program 5.1.C: Shared Housing Information - AFFH

Quantified Objective: # TBDs
Timeframe: Proactive outreach through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Shared housing is another important tool to provide affordable housing options. Shared housing is generally more affordable because a portion of a residence is rented as opposed to an entire unit. Shared housing can also financially help low-income individuals who own their homes and alleviate loneliness. Benefits to low-income individuals include provision of safe and secure affordable housing in a high-cost market. The City will continue to distribute informational materials from the Housing Authority of the County of Monterey and The Carmel Foundation, display information at City Hall, other public buildings, and on the City's website. The City will also seek out other shared housing providers and resources to expand this housing option.

Program 5.1.D: Farmworker Housing – AFFH

Quantified Objective: # TBD
Timeframe: Ongoing
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Although the City does not have agricultural uses, and therefore, no housing designated specifically for farmworkers —the City supports the County of Monterey's efforts to educate the public on resources that are available for agricultural workers. The City has identified the following resources that are available throughout the region for agricultural employees:

- *Spanish Farmworkers Resource Line* – provides information on a variety of issues such as legal help and medication services, stress management, resources for farmworkers with disabilities, etc.

- *The Center for Community Advocacy* – an organization whose mission is to support and
- build leadership within the community and in particular for farmworkers and their families. The Center has worked side by side with farmworkers to help improve their living conditions, advocate to have more affordable housing and access to health services and resources.
- *Farm and Food Worker Relief Program* – Catholic Charities Diocese Monterey is providing direct financial relief to eligible farmworkers in the counties of Monterey, Santa Cruz, San Benito, and San Luis Obispo. The purpose of this program is to provide direct financial relief to eligible field workers, meatpacking workers, livestock workers, and grocery store workers.

Policy 5.2: Promote public awareness and foster pride in the history of the village.

Program 5.2.A: Support Community Organizations - AFFH

Quantified Objective: # TBD
Timeframe: Proactive outreach and partnerships through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Community organizations play a pivotal role to provide outreach and services to those facing housing issues. The City will continue to support neighborhood organizations that promote neighborhood involvement, safety and improvement, including but not limited to the Carmel Residents Association, The Carmel Foundation, and the Carmel Heritage Society. The City will develop partnerships with these organizations to promote neighborhood enhancement programs, conduct and improve outreach and education, and solicit community input.

2.0 Goals, Policies, and Programs

2.1 Introduction

~~The Under state Housing Element Law, the~~ City is responsible for enabling the production of housing by reducing regulatory barriers, providing incentives, and supporting programs that create or preserve housing, especially for vulnerable populations. To enable the construction of quality housing, the City has identified the following goals:

- Goal HE-1 Facilitate Housing Construction
- Goal HE-2 Protect Affordable Housing and Improve the Housing Stock
- Goal HE-3 Provide Opportunities for New Affordable and Other Special Needs Housing
- Goal HE-4 Exemplify Sustainable Development and Energy Conservation
- Goal HE-5 Publicize Housing Needs and Resources

The City's demographic and housing needs assessment, including contributing factors to housing disparities, ~~formed an integral part of~~ played a major role in informing program development. Highlights include: the predominant age group in 2019 was between 65 to 74 years of age; the population was ~~comprised~~ composed of over 85% ~~percent~~ White individuals; the unemployment rate was 0.1 percent; above-moderate households made up the majority of households at 62 percent; and 57 percent of total households were owner occupied and 43 percent renter occupied. Of note, 23 percent of ~~household~~ households are cost burdened and 23 percent are severely cost burdened. Detailed information is ~~provided~~ shown in Appendix A.

~~Additionally, the~~ The majority of the sites identified in the Site Inventory were not identified in the 5th Cycle Housing Element. The ~~Policies~~ policies and ~~Programs~~ programs below are intended to reduce the regulatory barriers to ~~redevelop~~ redevelopment of these sites and to demonstrate that the City is taking measures to ensure construction of more units, ~~in~~ in the 6th cycle.

~~2.2~~ What's New

The City is proud of the policies and programs that follow below. They represent an honest desire by both the local government and residents of Carmel to create real affordable housing opportunities in what, by all accounts, is an unaffordable place to live. This shared desire is evidenced by how these policies and programs came together. Of course, creation of the 6th Cycle Housing Element included all of the requisite community meetings (over 14) and outreach (e.g. tabling at the City's farmer's market), which yielded a wealth of feedback that helped to shape the City's approach. However, this Housing Element also benefited from something uniquely Carmel, which is a highly motivated group of residents willing to learn and be deeply involved in crafting

policies that will actually work. Concerned about the housing challenges confronting the village, these residents partnered with City staff in an effort to help the City find creative solutions tailored to Carmel's unique circumstances. Calling themselves the Affordable Housing Alternatives Group, or "AHA", the AHA Group provided literally thousands of volunteer hours, met with City staff on a regular (often weekly) basis, leveraged community connections to identify property owner interest, attended meetings with HCD, and genuinely dedicated themselves to finding housing solutions with the best chance of becoming reality. The list of direct positive contributions from the AHA Group is long. One of their most notable contributions was the 'safari' effort, which is likely one of the most unique community-driven Housing Element research projects ever undertaken. The safaris were a highly organized, boots-on-the-ground effort in which 17 volunteers canvassed the commercial district of the City to collect data on every property and leasable space in downtown Carmel. These volunteers, utilizing a mobile app set up by a lead AHA member, catalogued 218 properties and nearly 1,000 leasable spaces, collecting unique data for each site, such as current use, vacancy status, and property condition, to help better understand housing development potential. When compiled with City and Assessor records, this data helped form the most complete understanding of Carmel's downtown inventory in history, and ultimately helped to inform the development of many of the creative policies and programs described below.

It is hard to overstate the value of the collaborative community approach taken to develop the City's 6th Cycle Housing Element. Aside from supercharging capacity to gather data, the approach also garnered massive community buy-in for creating real housing solutions. Most of all though, it leveraged the knowledge of both residents and City staff, making it possible to turn Carmel's unique constraints into opportunities for the creation of new housing.

2.2 AFFH In the 6th Cycle

This section provides an overview of ~~significant new policy and program directions being taken by~~ how the City of Carmel-by-the-Sea ~~to address~~ is working towards affirmatively further fair housing ~~issues~~ in the community and in the ~~larger~~ broader Monterey Bay Area.

Affirmatively Furthering Fair Housing

The ~~new policy direction that the City will undergo during the~~ 6th Cycle Housing Element Update ~~involves addressing~~ process includes a new state mandate to address historic patterns of economic and racial segregation ~~patterns~~. In 2018, the California Legislature ~~established an independent state mandate~~ passed legislation requiring communities in California to take proactive steps to affirmatively further fair housing (AFFH). The 6th Cycle Housing Element is the first time that the City of Carmel-by-the-Sea has addressed AFFH. Affirmatively furthering fair housing is defined specifically as taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity by replacing segregated living

patterns with truly integrated and balanced living patterns; transforming racially and ethnically concentrated areas of poverty into areas of opportunity; and fostering and maintaining compliance with civil rights and fair housing laws.

Contributing Factors

The following contributing factors that impact fair housing and affirmatively furthering fair housing (AFFH) within the City were identified and prioritized as follows:

High Priority

- ~~■~~ Lack of affordable housing;
- ~~■~~ Lack of adequate housing stock that meets the needs of residents;
- ~~■~~ Jobs-worker imbalance;
- ~~■~~ Lack of accessible units for individuals with disabilities;
- ~~■~~ Lack of Transitional and Supportive Housing/Emergency Shelters;
- ~~■~~ ~~There is a lack~~ Lack of developable land, ~~and the City is subject to~~ additional coastal zone regulations;
- ~~■~~ Lack of racial and ethnic diversity within the City; and
- ~~■~~ Cost of land, materials, and labor ~~which limit profitability of affordable housing, which drive up the cost of housing development.~~

Medium Priority

- ~~■~~ Lack of access to information about fair housing rights; and
- ~~■~~ Limited knowledge of fair housing by residents.

~~More detailed AFFH information is located in Appendix A.~~ The City of Carmel-by-the-Sea is adopting new policies and programs through the update of this 6th Cycle Housing Element, to align with the state's new AFFH mandate. Policies and programs that support this alignment are identified with the letters "AFFH." More detailed AFFH information can be found in Appendix A.

2.3 Program Overview and Quantified Objectives

Quantified Objectives estimate the number of units likely to be constructed, rehabilitated, or conserved/preserved by income level during the planning period. The Quantified Objectives ~~do not represent a ceiling on development, but rather set a target~~ are not required to match the City's Regional Housing Needs Allocation (RHNA). They are a goal for the jurisdiction to achieve work towards, based on identified needs, resources, and constraints, and available resources. These objectives will focus communication between the City and HCD ~~with vis-a-vis~~ future Annual Progress Reports (APRs). HCD does not require that all objectives must be met, ~~rather, it is a goal that enables objective assessments about;~~ instead, these objectives create a framework for evaluating program effectiveness, so the City can make informed determinations to as to whether it should continue, modify, or ~~delete-eliminate~~ programs with-in the next Housing Element update Cycle. ~~Table 2-1, Quantified Objectives, provides an estimate of the number of units likely to be constructed, rehabilitated or conserved/preserved in Carmel-by-the-Sea in the 6th Cycle.~~ cycle.

Table 2-1—Quantified Objectives Summary

Income Category	New-Construction	Rehabilitation[±]	Conservation[±]
Extremely Low	64	-	-
Very Low	60	5	-
Low	93	5	50
Moderate	64	6	-
Above Moderate	135	400	-
Total	410	416	50

SOURCE: City of Carmel-by-the-Sea 2023

NOTES: [±]The City has approximately 3,800 residential units, 60 (or about one percent) of which are affordable units. Each year the City processes approximately 100 building permits for remodels, additions, and other construction, which rehabilitates the existing housing stock. For the lower-income categories rehabilitation goals, the City assumes that one percent of the total permits processed will be for affordable units. Under these assumptions, the City would rehabilitate two units of affordable housing a year or approximately 16 units throughout the 2023-2031 planning cycle. This represents approximately 30 percent of the City's existing affordable housing inventory.

^{**}The City has no units at risk of converting to market rate during this planning cycle.

2.4 Goals, Policies and Programs

~~Community input has been and continues to be an integral part of the development of policies and programs for the 6th Cycle Housing Element.~~ The purpose of this section is to set forth goals, policies, and programs to further the development of housing for all income levels in the community. The Implementation Programs listed below provide a ~~workplan~~ work plan for programs to ensure timely implementation and tracking. The following programs ~~are~~ will be implemented city-wide, unless otherwise specified below.

~~GOAL H1—FACILITATE HOUSING CONSTRUCTION~~

Community input has always been an integral part of crafting public policy in the City of Carmel-by-the-Sea. The development of the 6th Cycle Housing Element was no exception. The

policies and programs below were informed by feedback received through community outreach events, correspondence with individual residents, over a dozen formal public meetings, and direct input from the AHA resident volunteer group. These programs and policies represent the desire of the residents of Carmel to create high quality affordable housing within the City.

Goal H1 Facilitate Housing Construction

Policy 1.1: Ensure adequate sites are available to meet the City's projected

housing growth needs.

~~"... The land as it exists now, the way it's zoned, could support the 349 units, plus the buffer. So, the question then is how do we get people excited about developing some of those units?~~

~~That's where these programs and processes come into play and that's why we need to amend the Municipal Code, to codify those things..."~~

~~May 24, 2023 Housing Ad Hoc Committee Community~~

Program 1.1.A: Adequate Sites

~~The City has a RHNA or growth need of 113 units affordable to Extremely Low- and Very Low- Income households. The City's General Plan and Municipal Code provide for housing types at appropriate densities to accommodate the RHNA. The City will encourage and facilitate the development of new units consistent with the RHNA by continuing to work with housing providers such as the Carmel Foundation and will actively find new organizations to partner with. The City also offers incentives and concessions outlined in Programs listed below.~~

~~The Planning Division shall annually evaluate and report to the City Council on the City's progress in meeting its Housing Element objectives, as well as remain in compliance with the no-net loss requirements of Government Code Section 65863.~~

~~**Quantified Objective: 61 Extremely Low, 60 Very Low, 93 Low, 61 Moderate and 135 Above Moderate-Income housing units**~~

Quantified Objective: # TBD

Timeframe: Maintain adequate sites to meet the RHNA through June

2031 Responsible Party: Community Planning and Building Department

Funding Source: General Fund ~~(Formerly Program 3-3.1.a: Adequate Sites)~~

~~***Program 1.1.B: City-Owned Sites – AFFH***~~

~~The City plans to make three (3) sites (#1, #2, and #3 in the Sites Inventory) available over the next five years for the potential development of 149 total units over the three sites (124 affordable to lower income households and 25 for moderate income households). These sites are planned to remain in City ownership and are anticipated to be made available for development through long-term leases. These sites are locations for affordable housing that would advance the City's goal of providing diverse housing types, including senior housing. Projects undertaken throughout the 2023–2031 Housing Element planning period will be processed in accordance with the requirements of the Surplus Land Act and all other applicable State laws. Please note there are no State-owned or Federally-owned sites within Carmel-by-the-Sea.~~

~~The City will assess the appropriateness of and consider implementing the following: outreach opportunities with housing developers, requests for proposals, development incentives, fee waivers, priority process, and financial assistance (when available) to facilitate and incentivize developers to develop housing units on City-owned sites.~~

~~The City has an existing long-term lease with the Carmel Foundation, which manages 50 affordable apartment units for seniors (55+). The lease has benefitted the community, and the City would like to expand the number of affordable housing in the City through the use of the three identified sites. Specific planned actions by the City include the establishment of development standards (for the Sunset Center sites, specifically), development of a project description, publication of an RFP, selection of a development partner, entering into an Exclusive Negotiation Agreement, processing land use entitlements and development agreements, building permit issuance, and construction.~~

~~Council approval is required and public participation will take place for each step in this process. Specific actions the City is committed to:~~

- ~~■ Establish and implement development standards for Sunset Center (Sites #1 and #2) by December 2025;~~
- ~~■ Develop project description and establish an RFP process and solicit developers by December 2025;~~
- ~~■ Target Exclusive Negotiating Agreement by December 2026; and~~
- ~~■ Target land use entitlements issuance by December 2028.~~
- ~~■ If by December 2026, the City has not established the necessary developer agreements, the City will pursue the following alternative actions to enable the development of the sites for affordable housing:~~
- ~~■ Increase outreach efforts with non-profit affordable housing developers beginning January 2027;~~
- ~~■ Re-issue RFP and solicit developers by December 2027;~~
- ~~■ Pursue funding opportunities such as Permanent Local Housing Allocation (PLHA), Multifamily Super-NOFA, IIG Small Jurisdictions, CDBG Funds, and HOME Investment Partnerships to assist with entitlement and building permit fees (ongoing); and~~
- ~~■ Develop incentives for developers, including a maximum of one public hearing; 60-day approval timeline; clear development standards; full cooperation with City staff and elected and appointed officials; accelerated approval process; waiving parking standards for multi-family development.~~

~~The length of time it takes to gain entitlement approvals can drastically impact the financial feasibility of development projects. The developer incentives outlined above are intended to shorten the period of time between submittal of entitlement applications and issuance of occupancy, in order to enable the development of multi-family residential units.~~

~~**Quantified Objective: 39 Extremely Low, 39 Very Low, 46 Low, 25 Moderate Income units Timeframe: Complete investigations and potential partnerships by December**~~

The City has a Regional Housing Needs Allocation (RHNA) of 349 units, of which 187 units must be affordable to lower income households, 44 units must be affordable to Moderate income households and 118 units must be made available as Above Moderate units.)

The Sites Inventory identifies adequate sites to meet the City's RHNA throughout the planning period. The Planning Division will actively monitor the sites identified on the Sites Inventory to remain in compliance with no-net loss requirements of Government Code Section 65863

and will report to the Planning Commission and the City Council annually on the City's progress in meeting its Housing Element objectives.

Program 1.1.B: Development on Small Sites

Quantified Objective: # TBD

Timeframe: Revise Zoning Code to allow mixed-income projects up to a total of 88 du/ac, inclusive of all state and local bonuses, by June 2026.

~~2026; Pursue alternative actions by August 2027~~ **Responsible Party:**

Community Planning and Building Department

Funding Source: General Fund

~~(Formerly 3-3.1.b: Surplus Sites)~~

Program 1.1.C: Development on Small Sites

~~Small-~~In recognition of the fact that small sites can be difficult to develop ~~particularly when development standards don't adequately take into account small lot dimensions. The ,the~~ City will continue to offer incentives and concessions that facilitate development on small sites in the commercial and ~~multi-family districts, including density bonuses that allow for development up to 88 du/ac~~ multifamily districts. Most notable among these incentives is a density bonus for mixed-income projects that include deed-restricted affordable units allowing for development up to a total of 88 du/ac, inclusive of all state and local bonuses.

Another challenge in developing small sites is achieving compliance with parking requirements. Presently, Carmel Municipal Code Section 17.14.060 (Central Commercial (CC) District Regulations Applicable) waives off-street parking entirely for apartments in the CC district. In the Service Commercial (SC) District, ~~the~~ the required parking for a market rate unit is 1 space per unit, and in the Residential and Limited Commercial (RC) District and Multi-Family (R4) District it is 1.5 spaces per unit. However, for an affordable housing unit ~~is in any of these four Districts, the requirement is already reduced to 1/2 space per unit and is reduced even further to 1/3 space per unit for senior housing it is 1/3 space per unit. Senior units (senior~~ housing also has a guest parking requirement of 1 space per 4 housing units). The City will further evaluate the residential parking requirements in the Service Commercial (SC) and Residential & Limited Commercial (RC) zoning districts to help facilitate the development of market rate housing. Alternative parking programs such as bike and/or car share, ~~or~~ and free or discounted bus passes, will also be evaluated to offset ~~reduced~~ potential reductions in parking requirements.

Program 1.1.C: Live/Work Housing

Quantified Objective: # TBD

Timeframe: Monitor and evaluate program effectiveness annually. If, by the end of 2028, the City is not trending to meet its objectives for the planning period, the City will review and revise its program

requirements and incentives and enhance outreach efforts.
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Issues and Opportunities

At first glance, downtown Carmel appears to be thriving, but a closer inspection reveals “a tale of two downtowns.” The prime streetfront commercial spaces are, in fact, healthy, with high foot traffic and low vacancy, but Carmel’s numerous alleys and courtyards contain a great many small, impaired commercial spaces that are not a good fit for traditional retail or commercial uses, as evidenced by the high proportion of these spaces that are either vacant or under-utilized. Walking through these off-street areas, it is common to see empty and for lease storefronts, by-appointment-only signs, storefronts being used for storage, and other evidence of inactivity and a lack of economic viability. Indeed, in cataloguing leasable spaces downtown, the resident volunteers on the Safari teams identified 266 off-street, upper story, or peripherally located storefronts that were either vacant or under-utilized.

Program Description

The City plans to add a new “live/work” classification to the existing categories of approved uses for space in the downtown. These live/work spaces will be hybrid units, with a storefront commercial space in front and residential space in the rear. Property owners will only be allowed to convert a space to a live/work use if they deed restrict that live/work unit at an affordable rental level. As detailed in the analysis in Appendix C, the lack of demand for under-utilized off-street and upper-story commercial spaces results in rents that are sufficiently low that a property owner could

make more money renting that space as a deed-restricted live/work unit than as a strictly commercial space.

The City plans to offer the following incentives to spur participation in the program:

- Free water credits. The City will explore offering property owners free water credits for any commercial spaces that are converted into deed-restricted live/work units through this program.
- Expedited processing. Expedited processing (i.e., jumping to the front of the queue for review by City staff) would be made available to applications for conversion of existing commercial space into one or more live/work units. In the event that a project which includes the creation of a live/work unit requires Planning Commission review, that project will jump to the front of the queue for Planning Commission review.
- Waived or reduced fees. The City will waive or reduce permitting fees associated with the conversion of existing commercial spaces to live/work units.

Program Benefits

The live/work program would have the following benefits:

- By creating an economic incentive for property owners to convert existing commercial space into live/work space, the program is designed to create affordable housing without requiring any public funding (which tends to be either scarce and/or competitive). Indeed, there would be a high likelihood of property owners opting into these conversions, because of the opportunity that the program would afford to achieve a higher rent, and to increase the net operating income, and thereby the value of, their property. Given prevailing cap rates, every incremental dollar of net operating income for a building in downtown Carmel translates into a building that is 25-30 dollars more valuable. Thus, it would make economic sense for the building owner to invest the funds to convert the space from a purely commercial use into a live/work space.
- This program has the potential to return Carmel to its roots by once again making it a haven for local creatives, shopkeepers, and entrepreneurs who could showcase their wares or services in these unique live/work spaces.
- While the live/work units would command a higher rent than the existing purely commercial space, renting such a unit would actually reduce the overall rent burden on a local artist or shopkeeper because they would go from paying two rents (a commercial rent and a residential rent) to paying a single rent, with their total monthly rent payment going down substantially.
- The program has the potential to activate the less well-trodden alleys and courtyards that are a unique staple of the physical fabric of downtown Carmel.
- By combining a tenant's commercial rent and residential rent into one lower rent, and by capping that rent, the program has the potential to bring service businesses back to Carmel that cater to local residents rather than tourists (e.g., a single chair salon, a small tutoring space for local children, a therapist's office, a tailor, or a cobbler).
- To the extent that the program reduces the level of vacancy and under-utilization in these off-street commercial spaces, it will boost the City's sales tax revenue and generate additional resources to support the development of affordable housing.

Program 1.1.D: Mixed-Income Incentive Program

Quantified Objective: ~~35 Very Low-Income units with reduced parking~~ # TBD

Timeframe: ~~Complete evaluations by December 2024~~ Establish program and begin implementation by the end of 2026

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

~~(Formerly 3-3.1.c: Development on Small Sites)~~

~~Program 1.1.D: Allow Religious Institution Affiliated Housing Development~~

~~In 2020, the California legislature passed Assembly Bill (AB) 1851 and AB 2244 in 2022, which encourage the~~

~~use of religious facility sites (including parking lots) for housing developments and prohibit jurisdictions from requiring replacement parking when used for qualified development. State law defines “religious institution-affiliated housing” as housing that is on religious institution property and is eligible for a State density bonus, meaning it has elements of affordability.~~

~~Consistent with AB 1851 and AB 2244, the City will amend the Zoning Ordinance to allow religious institution-affiliated housing development projects by right as an accessory use to a permitted religious institution use, allow these uses at densities up to 33 dwelling units per acre, and update the parking requirements consistent with State law. The City commits to modifying standards and make making other modifications as needed to achieve the maximum allowed densities.~~

~~If no application for housing on a religious institution/faith-based site is received by December 2025, the City will expand outreach efforts to be conducted annually. This may include direct mailings to faith-based sites highlighting current successful affordable housing units on other faith-based sites, as well as available City grants and loans for such housing and human services endeavors.~~

Issues and Opportunities

In keeping with the community’s expressed desire to distribute new housing throughout the community, the City and the AHA Group explored a variety of potential strategies for incentivizing the creation of new housing units in the downtown area. Since the Live/Work Program and the Hotel-to-Residential Conversion Program (described in Program 1.1.F below) tend to have relevance for a narrower subset of properties, one of the goals that emerged was to create a program with broader applicability—i.e., that virtually any downtown property owner could opt into. After extensive discussion and analysis, the City and AHA determined that such a program should be guided by four core principles:

1. *It should be inspired by the physical layout of Trevvett Court.* A 14-unit senior housing development built in 2010 on an 8,000 square foot parcel across from the Post Office in downtown Carmel, Trevvett Court demonstrates that higher density housing can be designed in such a way as to seamlessly blend into the built environment of the village. While Trevvett Court itself has a density of 76 du/ac, space programming work by local architects on the AHA team pointed to 88 du/ac as an ideal density that would maximize housing creation while retaining a Trevvett Court-like feel and many of the most important hallmarks of properties in downtown Carmel: e.g., first floor commercial space, a two story floor plan, and an interior courtyard.
2. *It should incentivize the creation of mixed-income housing.* Newly constructed units should be a blend of Above Moderate rate, Moderate income, Low income, and Very Low income units.
3. *It should be designed to make projects economically viable in the absence of public funding. Given the scarcity and competitiveness of public funding and the importance of ensuring that*

housing ultimately gets built, it was determined that the program should be designed to make projects financially viable for a property owner without reliance on public funding.

4. *It should incentivize the creation of housing for families with children.* As noted elsewhere in this document, between 2016 and 2024 the population of Carmel-by-the-Sea dropped from 3,905 to 3,122, with the median age increasing during that same timeframe from 53 to 65. In light of these trends, creating new housing for families with children was determined to be an important priority.

Program Description

The City will explore the development of a Mixed-Income Incentive Program to incentivize the creation of mixed-income housing in the downtown area, either through adaptive re-use or redevelopment. Units created through this program would include a range of income levels, including both market rate units and deed-restricted affordable units. In exchange for deed-restricting a subset of the newly created units at affordable levels, the City will explore offering qualified projects the following incentives:

- Higher density. The City will explore offering qualified projects up to a total of 88 du/ac, inclusive of all state and local bonuses and incentives.
- Free water credits. The City will explore providing owners participating in this program with the water credits required to build both the deed-restricted affordable units as well as the market rate units needed to make the investment economically viable.
- Expedited processing. The City will explore offering expedited processing to applications taking advantage of this program, with those applications jumping to the front of the queue for review by City staff, and, if applicable, by the Planning Commission.
- Waived or reduced fees. The City will explore waiving or reduce permitting fees for projects that participate in this program.

Program Benefits

- The program will help to incentivize the creation of mixed-income housing in downtown Carmel, and is in keeping with the City's desire to distribute housing for various income groups throughout the village.
- The income mix and the incentives in the program will be carefully calibrated to ensure that potential projects will be economically viable without any public funding required. Making these projects profitable for property owners will help to ensure that new housing ultimately gets built.
- This program will give the City the opportunity to incentivize the construction of much-needed larger bedroom count units, which will help to reverse the decline in the number of families with children in the village.

Program 1.1.E: Affordable Housing on Religious Facility Properties

Quantified Objective: ~~1 Extremely Low, 1 Very Low, 1 Low, 3 Moderate, and 3 Above-Moderate Income units~~ # TBD

Timeframe: Host a forum for local churches (December 2024)
Prepare an opportunities and constraints analysis for each church (March 2025)
Meet with individual churches (June 2025)

~~Timeframe: Amend the Zoning Ordinance by December 2026;~~ Annual Outreach to assess progress (December 2031)

Responsible Party: Community Planning & Building Department

Funding ~~Funding~~ Source: General Fund ~~(NEW)~~

Program 1.1.E: City Partnership with the Carmel Foundation to Develop Affordable Housing

~~To ensure the City is able to meet its RHNA, the City is committed to working with the Carmel Foundation to enable the development of 21 lower-income residential units (identified as Site #8 in Appendix C). The City will meet annually with the Carmel Foundation to identify funding sources to support redevelopment of the site with affordable residential units; provide guidance on the housing needs of the community to construct housing types/units that meet the need; and support the Foundation's efforts to serve Carmel-by-the-Sea community members.~~

~~If at mid-cycle the necessary land entitlements and building permits are not completed, the City will reallocate the anticipated 21 lower-income units for Site #8 by utilizing City-owned sites or another available public or private site to construct the residential units to accommodate the RHNA. The City is committed to the following actions:~~

- ~~■ Distributing the 21 lower-income units on City-owned sites including but not limited to Sunset Center Sites #1 and #2, Vista Lobos Sites #3, or another available public or private site by June 2028;~~
- ~~■ Conducting outreach to non-profit developers and identifying funding sources such as, CDBG, HOME, PLHA, and the Housing Trust Fund to support the development of affordable residential units (ongoing; beginning with the City's partnership with the Carmel Foundation).~~

Issues and Opportunities

The State of California and the City of Carmel-by-the-Sea have both adopted new rules and regulations in recent years to facilitate the development of housing on properties owned by religious institutions. For example, eligible housing proposals on property owned by religious institutions qualify for:

- Exemptions from environmental (CEQA) review [2023 Senate Bill SB-4]
- Reduction or elimination of parking requirements [2022 Assembly Bill AB-1851]
- Increased density [2023 Assembly Bill AB-1287 & Government Code §§65915-65918]
- "By-right" design approvals without planning commission review [2023 SB-4 & Government Code §§65589.5]

- Priority water allocations [Housing Element Program 1.2.A.]
- Expedited application processing [Housing Element Program 3.1.F.]
- Reduction in entitlement and development fees [Housing Element Program 3.1.D.]
- Direct financial support through Carmel's affordable housing trust fund [Housing Element Program 2.1.D.]
- Partnership facilitation for tenant selection and program management [City of Carmel]

Should the above accommodations prove insufficient, Government Code §§65915-65918 allows a church to receive bonuses and concessions for projects that are 100 percent affordable. These include:

- Additional density bonuses to establish more residential units
- Reductions in setback and building height requirements
- Reductions in parking requirements
- Approval of mixed-use zoning compatible with the location
- Other regulatory incentives or concessions proposed by the developer

Program Description

In 2023, the California legislature passed Senate Bill (SB) 4, the Affordable Housing on Faith and Higher Education Lands Act of 2023. The Act requires a housing development project be allowed by-right when located on land owned by a religious institution. The housing units, exclusive of manager's units, must be 100 percent affordable to lower income households, except that 20 percent may be for Moderate-income households and 5 percent may be for staff of the religious institution that owns the land. Projects submitted pursuant to SB4 are also eligible for a density bonus, incentives, concessions, and waivers or reductions of development and parking standards.

The City will continue conducting outreach to the five religious institutions located within the jurisdictional boundaries of Carmel-by-the-Sea to evaluate potential housing opportunities. The City will educate the local churches about the benefits of SB4 and Density Bonus Law and look for opportunities to connect them with resources and interested affordable housing developers that will support the development of housing on their property.

Program Benefits

- The program encourages the natural synergy between supportive faith communities and those most in need of this support.
- The program leverages properties that are some of the largest in the village.
- The program provides a vehicle for translating the expressed interest and enthusiasm of the local religious community into concrete action.

Program 1.1.F: Hotel- to-Residential Conversion (Hotel 'Key' Transfer) - AFFH

Quantified Objective: ~~11 Very Low-Income units and 10 Low-Income units~~ # TBD
 Timeframe: Outreach for developer interest by December 2025; Create/amend Municipal codes to support the program by March 2026.
~~Timeframe: Review Site #8 development status by December 2027; Implement alternative measures by June 2028~~
 Responsible Party: Community Planning and Building Department
 Funding Source: General Fund

~~(Formerly 3-3.1.c: Development on Small Sites)~~

Issues and Opportunities

Carmel has a significant number of older, underperforming overnight visitor accommodations (hotels/motels, inns, bed and breakfasts and other various lodging options) distributed throughout the City in the CC, RC, and SC, and R-1 zoning districts. These properties are ideal candidates for conversion to multifamily housing—both because they tend to have physical layouts that lend themselves to such a conversion (indeed, several hotels and motels in Carmel were originally built as apartment buildings), and because their relatively low net operating income means that they can be acquired at a more modest price point.

One unique feature of the hospitality landscape in Carmel-by-the-Sea is that the City has a self-imposed cap in the General Plan on the number of hotel rooms permitted to operate in the city (948 rooms as of January 1, 2025.) Were the City to allow a hotel owner to sell the rights to these hotel rooms in the event of a hotel-to-residential conversion, these “hotel keys” would command a significant market value (approximately \$300,000/room according to commercial real estate brokers and hotel operators).

Program Description

The City plans to create a program providing opportunities for property owners and developers to convert underperforming hotels into mixed-income multifamily rentals with a deed restricted affordable component. Such conversions would be accomplished either through adaptive re-use or redevelopment. To incentivize participation in the program, the City plans to allow the owners of converted hotel properties to sell and transfer the hotel keys from the converted hotel to other parties to facilitate the construction of new hotel rooms on other sites within the village’s commercial zoning districts—either as new hotels or as additions to existing hotels. While such conversions could be partially financed through public funding programs such as Low Income Housing Tax Credits (LIHTC), the City’s intent in allowing the sale of the hotel keys is to maximize housing production under the program by making these conversions economically viable without any reliance on public funding. The ultimate goal is to make conversion to multifamily residential through the program the highest and best use of the property, and one that would allow purchasers with this business plan to outbid other purchasers.

In the absence of any public subsidy, a property owner would be unlikely to convert a hotel into

deed-restricted affordable housing because the result would be lower net operating income and a reduction in the value of the property. However, as the analysis in Appendix C illustrates, by combining the value of the hotel keys with the residual value of the converted hotel, participating property owners and developers will be able to achieve an above market return. Put another way, the program is designed to allow participating owners and developers to “sell the property twice.”

The program is designed to be flexible and to allow for a variety of potential scenarios. For example, the existing owner could convert the hotel to residential and sell the hotel keys. Or the existing owner could convert the hotel to residential and retain the keys for use on another property.

Alternatively, and perhaps most likely, the existing owner—who may lack expertise in development—could sell the underperforming hotel to a developer, who could in turn convert the hotel to residential and then either sell the hotel keys or retain them for use on another site within the village.

- Transferable development rights. Hotel owners that convert their hotel into mixed-income multifamily residential through the program will be allowed to sell the hotel keys and
transfer the hotel rights to new projects on other parcels (particularly valuable due to Carmel's General Plan cap of 948 hotel rooms).
- Water rights. In recognition of the fact that the sale of the hotel keys drives the production of affordable housing, the City intends to create opportunities for purchasers of hotel keys to receive the water credits required to construct new hotel rooms on other sites within the village. The City plans to require that the water rights associated with to-be-converted hotels stay with the property—i.e., once the property is converted into mixed-income housing through the program.
- Increased density. The City will explore granting modestly increased density on hotel sites that are converted into mixed-income multifamily housing through the program.
- Hotel residential suites (HRS). The City will explore the possibility of allowing purchasers of hotel keys under this program to designate a subset of the newly constructed hotel rooms as “hotel residential suites”—hybrid units that would be owner-occupied as market rate residential suites for a portion of the year and that would be required to be added to the hotel inventory for the rest of the year. The ability to sell these hotel residential suites would help to expand the universe of potential hotel key purchasers to include existing hotel owners (as opposed to just ownership groups newly acquiring hotels) by providing a near-term opportunity to recoup the capital invested to purchase the hotel keys and construct the new hotel rooms. These hotel residential suites are not included in the Sites Inventory and are not counted towards the City’s RHNA.
- Qualified projects will benefit from streamlined review, expedited permitting, and a

reduced development fee schedule.

Program Benefits

- By unlocking the value associated with the hotel keys, the program will offer property owners an above market rate of return, which will encourage widespread participation and significantly increase the likelihood of generating a substantial number of new housing units.
- With its focus on the conversion of small, scattered site hotel properties, the program will integrate affordable housing into the physical and social fabric of the village.
- The program is mixed-income at the property level, and is designed to create housing units for Above Moderate, Moderate, Low, and Very Low income households.
- By creating an investment opportunity with a return on investment that is substantially higher than what the market would typically offer, the City can explore ways to divert resources from these transactions to other affordable housing programs with less financial viability.
- The hotel residential suites created through this program have the potential to help stem the tide of population loss by providing an alternative to the purchase of a single-family residence as a second home, many of which remain vacant for much of the year, and which would be better utilized as homes for permanent residents. Hotel residential suites would offer prospective second home buyers an alternative that would be dramatically less expensive and that would offer a number of other benefits: e.g., lower maintenance requirements, enhanced security, easy access to restaurants and shops in the downtown area, and shared amenities.
- The same number of overnight visitor accommodation rooms to serve coastal visitor access in the City will be retained while increasing the affordable multifamily rental stock.
- The transfer of hotel keys from underperforming hotels to newly constructed luxury hotel rooms at new or existing hotels will dramatically increase the City's transient occupancy tax (TOT) revenue.

Program 1.1.G – Hotel Employee Housing Program

Quantified Objective: **# TBD**

Timeframe: **Amend the Carmel Municipal Code by December 2026**

Responsible Party: **Community Planning and Building Department**

Funding Source: **General Fund**

The City has a number of overnight visitor accommodation properties (motels, hotels, inns) that would benefit from incorporating affordable on-site employee housing. These units would alleviate the current lack of housing many Carmel hospitality employees face. Therefore, the City plans to create a voluntary program to incentivize the generation of on-site employee housing at hotels, motels, and inns around the village.

If the owner of an overnight visitor serving accommodation converts one or more legal guestrooms into a deed restricted affordable employee unit, the City will grant the owner the legal right to replace the hotel room on-site, sell the “hotel key”, or transfer it to another site, similar to Program 1.1.F, the Hotel to Residential Conversion (Hotel ‘Key’ Transfer) Program.

As noted above, Carmel’s General Plan caps the number of hotel rooms permitted to operate in the city (948 rooms as of Jan 1, 2025.) This cap is currently exceeded, meaning no additional rooms can be built in the City. This program leverages the scarcity of hotel rooms created by the General Plan cap to incentivize the development of affordable rental housing and offset the loss of revenues for participating hotel owners—all while maintaining visitor-serving coastal access. Qualifying Program

1.1.G projects may be eligible to benefit from priority access to water credits, expedited review, and a reduced development fee schedule.

Program 1.1.H: Accessory Dwelling Units - AFFH

Quantified Objective: # TBD

Timeframe: December 2025 to December 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

Issues and Opportunities

The City’s ADU ordinance was last updated in 2017 (Ord. 2017-10 § 1 (Exh. A), 2017). Carmel-by-the-Sea is currently following the requirements of State law in the review and approval of ADUs and JADUs. The City is in the process of updating its ADU Ordinance to incorporate State Laws that have expanded since 2017, and to clarify the ADU permitting process for property owners.

Program Description

The City recognizes that ADUs provide affordable housing options for family members, seniors, students, in-home health care providers, couples, small families, and friends. ADUs can also be useful to generate additional rental income for the homeowner. The City maintains a dedicated Housing webpage that includes the California Department of Housing and Community Development Accessory Dwelling Unit Handbook (January 2025) to offer technical assistance to property owners.

To further promote ADU development the City plans to implement the following between 2024 and 2031:

- The City will complete revisions to its local ADU Ordinance and incorporate guidance from the recent Senate Bill 1077. .
- As new relevant State Laws are adopted during the planning cycle, the City will amend the Carmel Municipal Code in a timely manner to reflect applicable changes in the law.
- The City will develop a process for reviewing plans submitted for pre-approval pursuant

to AB 1332 (2023).

- The City will develop a procedure for the review and approval of unpermitted ADUs pursuant to AB 2533 (2024) also known as the amnesty program.
- The City will explore implementing a pre-sales inspection program to identify unpermitted ADUs and refer them to the amnesty program.
- The City will explore a voluntary program to promote available ADUs to local workers.
- The City will explore a renter match program, potentially in partnership with The Carmel Foundation.
- To promote affordability and increase workforce housing, the City will explore developing a program to incentivize homeowners to create deed-restricted ADUs. One incentive could be providing the necessary water credits to serve the ADU. Other incentives would also be explored during the development of the program.
- The City will conduct outreach and education including but not limited to the following efforts: holding community workshops, promoting the Property Owners Guide to Building an ADU (prepared by the AHA community group in coordination with the City of Carmel) and updating it as needed, maintaining a dedicated webpage on the City's website with information on ADUs, conducting outreach and providing education to local architects and realtors, and sending educational information through the mail to property owners.

Program Benefits

- Legalize unpermitted ADUs will ensure they meet minimum health and safety regulations.
- Provide affordable housing options for the local workforce.
- Provide additional housing options for local seniors.
- Increase the proportion of ADUs that are occupied through a renter match program.
- Increase the permanent housing stock.

Policy 1.2: Continue to monitor and work cooperatively with regional agencies to augment infrastructure in a manner that provides adequate capacity for existing and new housing needs while preserving and improving the unique visual character of the City.

Program 1.2.A: Water Distribution Prioritization for Affordable Housing – AFFH

Quantified Objective: # TBD

Timeframe: Adopt Water Allocation Resolution by December

2025 Responsible Party: Community Planning and Building Department

Funding Source: General Fund

Perhaps the greatest constraint to housing production in Carmel-by-the-Sea is the lack of water.

The City's Regional Housing Needs Allocation (RHNA) of 349 units for the 2023-2031 planning period is estimated to require approximately 40 acre feet of water. On January 27, 2025, the Monterey Peninsula Water Management District (MPWMD) adopted Ordinance 197 allocating 14 acre feet of water to the City of Carmel-by-the-Sea. The Ordinance took effect on March 1, 2025 and the water is estimated to become available at the end of 2025 or early 2026.

Potable water is a fundamental infrastructure need for housing and is a limited resource in Carmel-by-the-Sea. Water is regulated by the State Water Resources Control Board (SWRCB) and the Monterey Peninsula Water Management District (MPWMD). Few developed sites have available water credits sufficient to accommodate construction of additional residential units, and the City's own water allocation is quite limited. ~~Further~~ Although additional water resources are anticipated to become available in late 2025/early 2026, ~~due to~~ the current State imposed cease-and-desist order in Carmel,

remains in effect and California American Water (Cal-Am) is not permitted to ~~set~~ install new water meters at this time. In an effort to address water constraints, the City will:

- Support efforts by the MPWMD to expand the water supply with new water sources that will support affordable housing development ~~(December 2027).~~
- Work cooperatively with MPWMD to implement water conservation methods through the building permit process (e.g., low-flow fixtures, instant hot water heaters, cisterns/rain gardens) to augment water for new development projects. The City has already received many building permit applications for remodels ~~and refurbishments~~ of older homes, which would result in water conservation ~~implementation, and is supportive of new water supplies. The City and MPWMD will measure the amount of water conserved on an annual and ongoing basis.~~
- Update the City's water allocations by land use in accordance with the Water Management Program (Carmel Municipal Code Chapter 17.50) to include the recent allocation from MPWMD of 14 acre feet. In establishing these allocations, the City will prioritize water for affordable housing).
- ~~● Work cooperatively with MPWMD to establish a procedure to prioritize water allocation for housing developments that include affordable units for lower-income households (December 2026). From its own modest water allocation of approximately 1.6 acre-feet, the City will grant water allocation priority to those projects that assist the City in meeting its share of the regional housing need for lower- and moderate-income households. A City policy to clearly reflect water allocation priority and incentives for Extremely Low, Very Low, Low and Moderate Income households will be adopted (December 2026).~~

~~Quantified Objective: Prioritize 193 affordable units for water~~ **Timeframe:**

~~Adopt policy by June 2025~~

~~Responsible Party: Community Planning and Building Department~~ **Funding:**

~~Source: General Fund~~

~~(Formerly Program 3-3.2: Address Infrastructure Constraints)~~

Program 1.2.B: Address Infrastructure Constraints

Quantified Objective: # TBD

Timeframe: City's 5-Year Capital Improvement Plan through June

2031 Responsible Party: Public Works Department

Funding Source: General Fund

Ensuring the City's infrastructure is modernized and can accommodate future growth is a critical charge of local governments. ~~Much of the~~ The City's infrastructure is ~~nearing the end of its lifecycle and crafting Capital Improvement Programs that effectively manage infrastructure is imperative.~~ Additionally, the City experienced significant power outages during the 2022-2023 winter season that negatively impacted the City at large. ~~continuously aging, with deferred maintenance still remaining from the COVID Pandemic.~~ Crafting capital improvement programs to effectively address this maintenance backlog and manage the City's infrastructure into the future is imperative. The City's Public Works Department continues to improve City infrastructure, including ~~road maintenance~~ roads and storm drains, through the City's 5-Year Capital Improvement Plan process. The City will continue to work cooperatively with outside agencies, including the Pacific Gas and Electric Company (PG&E), the Carmel Area Wastewater District (CAWD), and California American Water (Cal-AM), to continue to maintain and upgrade the City's infrastructure.

The City of Carmel proposes the following actions and timeline to address infrastructure constraints during the 6th Cycle:

- The City of Carmel, ~~whenever possible~~, will collaborate with and support the undergrounding of electrical wires by PG&E in an effort to provide consistent power. The City is working with PG&E to develop an undergrounding plan, ~~with the work~~ estimated to be complete within 10-15 years for a small portion of the City, ~~with~~. With a desire to underground the remainder of ~~the City's overhead~~ electrical wires ~~anticipated to be undergrounded~~ in the next 20-30 years, ~~the City will continue to work with PG&E to develop a long term plan.~~ Quantified Objective:

~~Quantified Objective:~~ Underground a small portion of the electrical wires by December 2034, and work with PG&E to underground the remainder over the next 20-30 years.

- The City will implement drainage and street improvements, including ADA ramps and sidewalk slope improvements through the 5-year Capital Improvement Process Plan. Quantified Objective: The City will invest \$2.334 million in drainage improvements and \$4.969 million in street improvements by December 2026.

~~Quantified Objective: The City will invest \$2.065 million in drainage improvements and \$6.7 million in street improvements by December 2026.~~

~~Timeframe: City's 5-Year Capital Improvement Process through June 2031 Responsible Party: Public Works Department
Funding Source: General Fund
(Formerly Program 3-3.2: Address Infrastructure Constraints)~~

Policy 1.3: Reduce or eliminate governmental constraints on the provision of affordable housing. Direct public funding resources to the conservation of existing housing units in neighborhoods where continued residential use is appropriate.

Program 1.3.A: Condominium Conversions - AFFH

Quantified Objective: # TBD

Timeframe: Continued ordinance implementation through June

2031 Responsible Party: Community Planning and Building Department

Funding Source: General Fund

The City will continue to implement the condominium conversion ordinance, which restricts the conversion of apartments to condominiums to preserve the lower-cost rental housing options (i.e., apartments) within the City. Apartments cannot be converted to condominiums unless a new apartment is being created to offset the conversion.

~~Quantified Objective: Preserve rental units~~

~~Timeframe: Continued ordinance implementation through June 2031 Responsible~~

~~Party: Community Planning and Building Department Funding Source:~~

~~General Fund~~

~~(Formerly Program 3-5.3.a: Condominium Conversions)~~

Program 1.3.B: ~~Overnight Visitor Accommodation (Conversion) Development Transfer Rights - AFFH~~ Employee Housing

~~Pursuant to Coastal Zone requirements, the City has recognized existing overnight visitor accommodations (hotels/motels, inns, bed and breakfasts and other various lodging options) as an important coastal visitor asset and economic base in the community. There are a number of older, overnight visitor accommodations in the R-1, CC, RC, and SC zoning districts, including some that are non-conforming. Appendix C provides a list of existing eligible overnight visitor accommodation locations. Property owners of these establishments are encouraged to consider rehabilitating these sites as multi-family rental residences. These properties are distributed throughout the City and this policy would diversify the housing stock through more cost effective means of rehabilitating and refurbishing existing buildings.~~

~~The City will incentivize both the transfer of development rights of overnight visitor accommodations to other sites within commercial zoning districts and conversion of existing overnight visitor accommodation properties to multi-family residences that include 15 percent lower income units. The same number of overnight visitor accommodation rooms to serve coastal visitor access in the City will be retained while increasing the affordable~~

~~multi-family housing rental stock.~~

~~The City will conduct outreach to property owners in addition to meeting annually with non-profit affordable housing developers to identify eligible sites that can be converted from overnight visitor accommodation to multi-family housing, and help to identify funding to enable the conversion of overnight uses to permanent affordable housing.~~

~~If at mid-cycle the City has not received any applications to transfer development rights or to convert existing properties to permanent affordable housing, the City will evaluate the funds in the housing trust fund and partner with a non-profit to identify eligible properties for purchase.~~

~~**Quantified Objective: 33 units converted from overnight visitor accommodation rooms to housing units**~~

~~**Timeframe: Mid-cycle review in June 2027**~~

~~**Responsible Party: Community Planning and Building Department Funding**~~

~~**Source: General Fund**~~

~~**(Formerly Program 3-4.1.b Conversion of R-1 Motels)**~~

~~**Program 1.3.C: Accessory Dwelling Units – AFFH**~~

~~The City's ADU ordinance was last updated in 2017 (Ord. 2017-10 § 1 (Exh. A), 2017). Carmel by the Sea is currently following the requirements of State law in the review and approval of ADUs and JADUs. The City is in the process of updating its ADU Ordinance to incorporate state laws that have expanded since 2017, and to clarify the ADU permitting process for property owners.~~

~~The City recognizes that ADUs provide affordable housing options for family members, seniors, students, in-home health care providers, and other small household types. ADUs can also be useful to generate additional rental income for the homeowner, making homeownership more financially feasible. It's also important to note that 80 percent of Carmel by the Sea's vacant units are for seasonal, recreational, or occasional (second home) use. ADU and JADU development on properties used for occasional use adds to the permanent rental housing stock and provides on-site oversight for second home properties. The City includes the Housing and Community Development Department ADU Handbook on the Planning Department website to offer technical assistance to interested property owners.~~

~~Pre-approved, standardized plans can eliminate the costs of designing a custom ADU, and assures property owners the unit type and size is already approved by the City. Pre-approved plans can also make construction more affordable if the designs are using materials that are easily sourced and standard sized.~~

~~To further promote ADU development the City will implement the following:~~

- ~~■ The City is on track to adopt an updated ADU Ordinance by the end of 2024. The City will also amend the Municipal Code to reflect current State ADU law in a timely manner as new relevant state laws are adopted during the planning cycle.~~

~~**Timeframe: Ordinance adopted by December 2024**~~

- ~~■ Develop pre-approved, standardized ADU plans available on the City's website to further incentive the construction of ADUs.~~

~~**Quantified Objective: 5 Extremely Low, 5 Very Low, 10 Low, 10 Moderate, and 4 Above**~~

~~Moderate-Income units# TBD~~~~Timeframe: December 2026~~~~Responsible Party: Community Planning and Building Department Funding~~~~Source: General Fund~~~~(Formerly Program 3-5.3.c: Subordinate Units)~~~~***Program 1.3.D—Overnight Visitor Accommodation—Employee Housing Program***~~

~~The City has a number of overnight visitor accommodation (motels, hotels, inns) properties that would greatly benefit from incorporating affordable on-site employee housing. Appendix C provides a list of existing overnight visitor accommodation locations. These units would alleviate the current lack of housing that many hospitality employees that work in Carmel face. As an incentive to the owners/operators of motels, hotels, and inns to provide on-site affordable employee housing, the City will offer an additional overnight accommodation room for each onsite housing unit created.~~

~~This incentive will serve to increase affordable rental housing, offset the loss of revenues for the business owners, and maintain visitor-serving coastal access. The City will amend the Municipal Code to allow at least one on-site affordable employee housing unit in conjunction with one new overnight visitor accommodation room.~~

~~The City will conduct outreach with overnight visitor accommodation property owners to better discern the viability of the incentive program by December 2024.~~

~~If at mid-cycle, the City has not received any building permits identifying construction of an on-site employee housing unit, the City will amend the Municipal Code to require an on-site deed-restricted affordable housing unit be developed, in conjunction with one new overnight visitor accommodation room upon receiving a building permit.~~

~~**Quantified Objective: 4 Extremely Low, 4 Very Low, 12 Low, 11 Moderate-Income employee housing units by December 2031**~~

~~**Timeframe: Amend Municipal Code by December**~~ **Timeframe: Adoption of Municipal Code amendments by June 2026**

~~**Responsible Party: Community Planning and Building Department**~~ **Funding Source: General Fund**

~~(Formerly Program 3-5.3.c: Subordinate Units)~~~~***Program 1.3.E: Amend the A-2 Zoning District—AFFH***~~

~~The Community and Cultural Center Zoning District, A-2, allows senior housing (55+) as a permitted use in addition to uses that provide cultural and community activities associated with the arts, education and recreation; however, development standards are not specified for the A-2 district~~

~~and design review is required. The lack of development and design standards adds uncertainty and can significantly lengthen the development process. Amending the A-2 zoning district with clear setbacks, height, and objective design standards will add clarity and remove a development constraint. The City will amend the Municipal Code to include clear development and design standards for the A-2 zoning district to encourage~~

~~affordable senior housing.~~

~~Quantified Objective: 25 Extremely Low, 25 Very Low, 35 Low, and 8 Moderate Income units~~
~~Timeframe: Adoption of Municipal Code amendments by December 2025~~ ~~Responsible~~
~~Party: Community Planning and Building Department~~
~~Funding Source: General Fund (NEW)~~

Program 1.3.F: Employee Housing

As stated in [Appendix A](#) there are no farmworkers or agricultural employment in Carmel-by-the-Sea. Accordingly, the City has not identified a need for specialized farmworker housing beyond overall programs for housing affordability.

In compliance with [the](#) Employee Housing Act (Health and Safety Code § 17000 et seq.) Sections 17021.5 and 17021.6, the City of Carmel-by-the-Sea will amend the [Carmel](#) Municipal Code to include a definition for employee housing that permits employee housing for six or fewer employees to be treated as a single-family structure and permitted in the same manner as other dwellings of the same type in the same zone.

~~Quantified Objective: N/A~~
~~Timeframe: Adoption of Municipal Code amendments by December 2024~~ ~~Responsible~~
~~Party: Community Planning and Building Department~~
~~Funding Source: General Fund (NEW)~~

Program 1.3.G ***Program 1.3.C: Manufactured Homes on a Foundation System***

Quantified Objective: # TBD
Timeframe: Adopt Municipal Code amendments by June
2026 Responsible Party: Community Planning and Building Department
Funding Source: General Fund

The City currently permits manufactured homes on a foundation system on lots zoned for conventional single-family residential dwellings pursuant to ~~state law~~ [State Law](#) Government Code 65852.3. Manufactured homes represent an affordable and cost-effective form of housing. The City will amend the [Carmel](#) Municipal Code to include manufactured homes as a permitted use in the R-1 zoning district subject to the same development standards to which a conventional single-family residential dwelling on the same lot would be subject.

~~Quantified Objective: 8 Low Income units~~
~~Timeframe: Adoption of Municipal Code amendments by December 2024~~ ~~Responsible~~
~~Party: Community Planning and Building Department~~
~~Funding Source: General Fund (NEW)~~

Program 1.3.H ***1.3.D: Senate Bill 35 and Senate Bill 423 Processing Procedure***

Quantified Objective: # TBD
Timeframe: Adopt a procedure by December 2025
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

According to Senate Bill (SB) 35, ~~Statutes of 2017~~ (2017), jurisdictions that have insufficient progress toward their lower-income RHNA units must accommodate a streamlined ministerial approval process for proposed developments with at least 50 percent affordability. Early implementation of SB 35 did not apply to coastal cities. However, in October 2023, SB 423 was signed into ~~order~~law, expanding SB 35 measures to include cities located in the coastal zone and extending the operation of the streamlined ministerial approval process to January 1, 2036.

~~Eligibility requirements for a development in the coastal zone include the following:~~

- ~~■ The development that is located in a coastal zone satisfies the conditions to obtain a coastal development permit; and~~
- ~~■ A public agency with coastal development permitting authority to approve a coastal development permit if it determines that the development is consistent with all objective standards of the local government's certified local coastal program, as specified.~~

~~Changes made by SB 423 would apply in a coastal zone on or after January 1, 2025.~~

In compliance with SB 35 and SB 423, the City will establish a standard procedure for processing eligible development projects.

Program 1.3.E: Emergency Shelters

Quantified Objective: ~~N/A~~ # TBD

Timeframe: ~~Adoption of~~ Adopt Municipal Code amendments by

~~December 2024~~ June 2026 **Responsible Party:** Community Planning

and Building Department Funding Source: General Fund

~~**(NEW) Program 1.3.I: Implement State Law SB 10 Opportunities to Maximize Feasibility of Development in Strategic Locations.**~~

~~SB 10 encourages strategic density within neighborhoods. Three (3) underutilized sites currently zoned R-1 and located on the periphery of the commercial district are occupied by non-residential uses that could accommodate multi-family housing with the implementation of SB 10. The City will work with the property owners to zone these sites for development under the provisions of SB 10, including a by-right process, requiring no discretionary review. These sites include Site #5 (First Church of Christ Parking Lot), Site #6 (American Red Cross), and Site #9 (American Legion).~~

~~**Quantified Objective:** 4 Extremely Low, 3 Very low, 6 Low, 3 Moderate, and 3 Above Moderate-Income units~~

~~**Timeframe:** Adoption of Municipal Code amendments by December 2024~~ **Responsible**

~~**Party:** Community Planning and Building Department~~

~~**Funding Source:** General Fund (NEW)~~

Program 1.3.J: Emergency Shelters

In compliance with AB 2339 ~~Statutes of 2022~~ (2022), the City will amend Title 17 of the Carmel Municipal Code to define emergency shelters and clearly state they are a permitted use by-right, requiring no discretionary review in the CC, SC, and RC commercial districts.

Quantified Objective: N/A

Government Code Section 65583 requires the identification of one or more zoning designations that allow residential uses, including mixed uses, where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit and that are suitable for residential uses.

The Carmel Municipal Code includes emergency shelters within the definition of Community Social Service Facilities and reads as follows: “Any noncommercial housing facility, such as homeless shelters or emergency shelters, which may also provide meals, showers, and/or laundry facilities. Specialized programs and services related to the needs of the residents may also be provided. This classification excludes transitional housing facilities that provide long-term living accommodations.”

Carmel Municipal Code Chapter 17.14, Commercial Zoning Districts, Schedule II-B: Commercial Districts - Use Regulations, includes Community Social Service Facility as a permitted use in the Central Commercial (CC), Service Commercial (SC), and Residential and Limited Commercial (RC) Districts.

Pursuant to Subparagraph (G) of Section 65583, A local government with an existing ordinance or ordinances that comply with this paragraph shall not be required to take additional action to identify zoning designations for emergency shelters. The housing element must only describe how existing ordinances, policies, and standards are consistent with the requirements of this paragraph.

The City does not currently have objective standards that govern the operation and management of emergency shelters such as the maximum number of beds or persons to be permitted to be served nightly by the facility, sufficient parking to accommodate all staff working at the shelter, size and location of intake areas, provision of onsite management, proximity to other emergency shelters, length of stay, lighting, and security during the hours the shelter is in operation.

The City will amend the Carmel Municipal Code to create objective operational standards for emergency shelters.

Program 1.3.F: Forest and Beach Commission Required Findings

Quantified Objective: # TBD

Timeframe:~~Adoption of~~ Timeframe: Adopt Municipal Code

amendments by ~~December 2024~~ June 2026 Responsible Party:

Community Planning and Building Department

Funding Source:

General Fund

~~(NEW) Program 1.3.K: Forest and Beach Commission Required Findings~~

~~To remove potential constraints to the development of multi-family housing, the City will review and modify the Forest and Beach Commission required findings to ensure they do not impede multi-family development on the basis of base floor area.~~

Quantified Objective: N/A

~~Timeframe: Adoption of Municipal Code amendments by December 2024 Responsible~~
~~Party: Community Planning and Building Department~~
~~Funding Source: General Fund (NEW)~~

Carmel Municipal Code Section 17.48.070, Findings Required for Significant Trees prohibits the removal of significant trees to facilitate construction or development unless one of the two following findings is met:

1. That removal of the tree is required to protect public health or safety; or
2. That the following four conditions exist:
 - a. The existing site is vacant or is developed to an extent less than one-third of the base floor area allowed by the zoning applicable to the site; and
 - b. The available land area of the site not occupied by significant trees (including land within six feet of the trunk of significant trees) does not adequately and practically provide space for development of at least one-third of the base floor area allowed by the zoning for the site; and
 - c. The issuance of a variance for development in one or more setbacks has been considered and would not provide a remedy or would be inappropriate due to a significant overriding inconsistency with another policy or ordinance of the LCP; and
 - d. Failure to authorize removal of the tree(s) would deprive the owner of all reasonable economic use of the property.

The findings in 2.a and 2.b have been identified as a potential constraint to the development of multifamily housing. The City will review the findings to ensure they do not impede multifamily development in the commercial and multifamily districts.

Policy 1.4: Improve Development Review and Approval Processes

Program 1.4.A: Modify or Eliminate ~~Unnecessary Onerous~~ Use Permits - AFFH

Quantified Objective: # TBD

Timeframe: Adopt Municipal Code amendments by June

2026 Responsible Party: Community Development Department

Funding Source: General Fund

~~Multi-family~~ Multifamily and duplex housing units ~~constituted~~ constitute approximately 13 percent of Carmel's housing stock. The use permit (UP) (~~or~~ AKA conditional use permit (CUP)) requirement is implemented as an additional regulatory tool and adds extra regulations, review, and required findings, to a variety of development standards that affect ~~multi-family~~ multifamily development. Carmel Municipal Code Chapter 17.64 Findings Required for Permits and Approvals includes a broad list of applicable conditional uses and incentives. There are opportunities to reduce

redundancies and facilitate residential construction while still enabling development to meet City regulations. ~~For example, a use permit is required in:~~

- ~~■ Municipal Code Section 17.64.190 Residential Construction at Densities Between 33 and 44 Units per Acre;~~
- ~~■ Municipal Code Section 17.64.230 Affordable Housing—Residential Construction at Densities Between 45 and 88 Units Per Acre for developments the request a bonus density or a density bonus; and~~
- ~~■ Municipal Code Section 17.14.150 Building Height requires a use permit for additional underground floors used for parking vehicles, storage and mechanical equipment. The additional use permit requirement can affect how much parking can be accommodated and limit the number of units.~~
- ~~■~~

~~The City will eliminate UP requirements to remove the~~ To address this potential constraint to the development of ~~multi-family~~ multifamily residential units, ~~and licensed residential care facilities of seven or more persons. Additionally, the City will remove~~ explore replacing subjective language ~~from in~~ the required findings for ~~UP and adopt~~ Use Permits with objective findings ~~to promote approval certainty, or eliminating these Use Permits altogether.~~

~~Quantified Objective: 50 Moderate-Income units~~

~~Timeframe: Adoption of Municipal Code amendments by December 2024 Responsible~~

~~Party: Community Development Department~~

~~Funding Source: General Fund~~

~~(Formerly Program 3-2.1.D: Multi-Family Residential Development Review)~~

Program 1.4.B: Objective Design and Development Standards - AFFH

~~The City currently relies upon mostly subjective design guidelines for new single-family residences. In the commercial and multi-family districts, less detailed subjective design guidelines are in place. The City's residential and commercial design guidelines are being updated this year to provide clarity and more objectivity. The lack of objective design guidelines creates a higher level of subjectivity for multi-family affordable projects.~~

~~The lack of Objective Design and Development Standards poses a constraint to residential development. Guidelines that are subjective increase uncertainty and risk for housing developers. Objective Design and Development Standards provide a measure of clarity that proposed developments will be measured against, and provide the community with assurance that developments will conform with measurable objective standards. The City will create Objective Design and Development Standards for multi-family housing projects that include at least one deed-restricted affordable housing unit.~~

Quantified Objective: # TBD

Timeframe: Adopt Objective Design Guidelines by July 2026

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

Carmel Municipal Code Chapter 17.58, Design Review describes a discretionary review process for the construction of new buildings and additions to existing buildings in the commercial districts.

There are three findings for approval: 1) Conformance to the applicable policies of the General Plan and the Local Coastal Program; 2) Compliance with all applicable provisions of this code; and 3) Consistency with the applicable adopted design review guidelines.

In November 2023, the City received an \$85,000 REAP 2.0 Local Suballocation Grant —, which will be used to pursue the creation and adoption of Objective Design and Development Standards (ODDS) to reduce governmental constraints presently limiting the production of ~~affordable housing. Once adopted, the City's ODDS will be used to review and approve housing projects with at least 20 percent affordable units (units for very low, low, and moderate income households) on sites identified within the City's draft 2023-2031 6th Cycle Housing Element~~multifamily housing. The City's expectation, and desired intent, is that having ODDS in place will incentivize and accelerate the construction of qualifying affordable multi-family ~~affordable~~ housing projects in the City's downtown ~~zones~~area, including the Central Commercial (CC), Service Commercial (SC), Residential & Limited Commercial (RC), and ~~Multi-family~~ Multi-family Residential (R-4), ~~which all fall within the Potential Opportunity Area identified by Moving Forward Monterey Bay 2045~~ Districts.

Program 1.4.C: By-Right Approval - AFFH

Quantified Objective: ~~N/A~~ # TBD

Timeframe: Amend the Municipal Code to comply with State by-right requirements by June 2026

~~Timeframe: Adoption of Objective Design Guidelines by December 2025-~~

Responsible Party: Community Planning and Building Department

Funding Source: General Fund ~~(NEW)~~

Pursuant to Government Code Section 65583.2(h)(i) (AB 1397 passed in 2017), the City will amend the Carmel Municipal Code to require by-right approval without discretionary review for a housing development that includes 20 percent of the units as affordable to lower income households, applicable to the following types of sites:

- Vacant sites being used to meet the RHNA adequate sites requirements that represent a “reuse” of sites identified in two or more previous and consecutive Housing Element cycles.
- Nonvacant sites being used to meet the RHNA adequate sites requirements that represent a “reuse” of sites identified in the previous cycle of Housing Element.
- Sites being redesignated/rezoned after the statutory deadline of the Housing Element to accommodate the RHNA shortfall. By-right approval of these sites would be triggered by the rezoning.

For the 6th cycle Housing Element, the City does not anticipate the need to rezone sites or utilize any sites that may be considered reuse sites to meet its RHNA. However, the City will amend the Zoning Code to comply with State law should any circumstances arise in the future for the necessity to grant

by-right approval to qualified projects.

By-right means a jurisdiction shall not require:

- A Conditional Use Permit;
- A Planned Unit Development Permit;
- Design review, other than Objective Development Design Standards; or
- Other discretionary, local government review or approval that would constitute a “project” as defined in Section 2100 of the Public Resources Code (California Environmental Quality Act “CEQA”)

GOAL H2 PROTECT AFFORDABLE HOUSING AND IMPROVE THE HOUSING STOCK

Policy 2.1: Maintain and encourage expansion of permanent residential housing stock in the Residential and Commercial Districts.

Program 2.1.A: Incentives for Mixed-Use Development - AFFH

Quantified Objective: # TBD

Timeframe: Adopt Municipal Code amendments by June

2026 Responsible Party: Community Planning and Building Department

Funding Source: General Fund

Providing additional development capacity of any type increases project feasibility. In order to better incentivize affordable residential development, the City ~~will~~ plans to amend the Municipal Code to increase the floor area bonuses from 15 to up to 25 percent ~~-, inclusive of all state and local bonuses,~~ for projects in the CC, SC, RC and R-4 Zoning Districts that include housing for Moderate, Low or Very-Low-income households. The City will also distribute informational materials promoting the floor area bonus and other applicable incentives.

~~Quantified Objective: 5 Moderate-Income units~~

~~Timeframe: Adoption of Municipal Code amendments by December 2024 Responsible~~

~~Party: Community Planning and Building Department~~

~~Funding Source: General Fund (Formerly~~

~~Program 3-2.1.a)~~

Program 2.1.B: Permanent Housing - AFFH

Quantified Objective: # TBD

Timeframe: Continued ordinance implementation through June 2031

Responsible Party: Community Planning & Building Department/City Administrator

Funding Source: General Fund

Short-term rentals can provide valuable coastal visitor-serving access; however, units used as ~~short-short~~ term rentals preclude the establishment of permanent housing. The City also has a

significant percentage of the housing stock that remains vacant for part of the year due to second home ownership. This creates a significant barrier for current and potential residents to enter the local housing market and further limits opportunities to correct the housing crisis, address diversity, and provide inclusive housing options.

The City's ordinance prohibiting short-term, transient rentals-, [fractional ownership](#)-, and timeshares of residential dwellings in the R-1 District and allowing a limited number of short-term rentals in the commercial areas has successfully limited the proliferation of these uses. The City will continue to implement these ordinances. In an effort to address the high rate of second home ownership, the

City will promote Accessory Dwelling Units and Junior Accessory Dwelling Units (see ~~Programs 1.3.C and 1.3.D~~ [Program 1.1.G](#)) to add affordable rental units on properties that may otherwise lie vacant, and will establish an Affordable Housing Trust Fund (see [Program 2.1.D](#)).

~~Quantified Objective: Preservation of permanent housing and affordable units Timeframe: Continued ordinance implementation through June 2031 Responsible Party: Community Planning & Building Department/City Administrator Funding Source: General Fund (Formerly Program 3-4.1.a)~~

Program 2.1.C: Monitor Affordable Housing Stock - AFFH

Quantified Objective: # TBD

Timeframe: Develop a program by June 2025

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

The City will develop a City-managed Affordable Housing Oversight Program and continue to monitor affordable housing projects and work with the owners to preserve affordability through identification of funding sources and/or opportunities for partnerships with other housing providers. The program will formalize annual monitoring of the affordable housing stock throughout the city to ensure affordable housing is being protected and provided as required by Government Code Section 65590. This may also include partnering with a qualified entity, like the local Carmel Foundation, that already actively manages, monitors, and provides reporting for affordable housing units in the City. The City will update its databases to better track data on new construction, demolition, conversion-, and replacement of housing units for ~~low~~[Low](#)- and ~~moderate-income~~[Moderate-income](#) households including the following:

~~"I believe a vacancy tax should be proposed to the voters, which can go toward funding affordable housing. The City needs to frame affordable housing in a positive way. I feel like people's aversion to affordable housing in their communities is just a public relations failure."~~

~~May 24, 2023 Housing Ad Hoc Committee Community Meeting~~

- ~~▪~~ The number of new housing units approved for construction;
- ~~▪~~ The number of ~~low~~[Low](#)- and ~~moderate-income~~[Moderate-income](#) housing units required to be provided in new housing developments;

- ~~The number of existing residential dwelling units occupied by low~~Low- and ~~moderate-income~~Moderate-income households that have been authorized to be demolished or converted; and
- ~~The number of low- and moderate-income~~Moderate-income housing units required to be replaced (of those units being demolished or converted).

Additionally, in compliance with AB 1397, the City will adopt a policy to require replacement housing units subject to the requirements of Government Code section 65915, subdivision (c)(3) when any new housing development project occurs on a site meeting the any of the following conditions: 1) currently has residential uses or within the past five years has had residential uses that have been vacated or demolished, 2) was subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of ~~low or very low income~~Low or Very Low-income, 3) subject to any other form of rent or price control through a public entity's valid exercise of its police power, or is occupied by ~~low or very low income~~Low or Very Low-income households.

~~Quantified Objective: Monitor 50 Lower-Income housing units~~Timeframe:

~~Develop program by June 2025~~

~~Responsible Party: Community Planning and Building Department~~Funding

~~Source: General Fund~~

~~(Formerly Program 3-5.3.d: Monitor Affordable Housing Stock)~~

Program 2.1.D: Establish Affordable Housing Trust Fund - AFFH

Quantified Objective: # TBD

Timeframe: Establish a Fund by December

2025 Responsible Party: City Administrator

Funding Source: General Fund

The City currently relies on outside agencies and organizations to fund affordable housing projects. However, in an effort to establish a City-funded source dedicated to supporting the creation, maintenance, and rehabilitation of affordable units, the City will explore the creation of an Affordable Housing Trust Fund. ~~Sources of funding could include increasing the existing Transit Occupancy Tax (TOT) or dedicating a portion of existing TOT to affordable housing, property transfer tax, sales tax, vacancy tax or other funding source.~~The Trust would be funded by the City, either through a dedicated revenue source or via the General Fund. .

~~Quantified Objective: \$1,000,000~~

~~Timeframe: Establish Fund by June 2031~~Responsible

~~Party: City Administrator~~

~~Funding Source: General Fund (NEW)~~

Policy 2.2: Preserve and protect the scale of established neighborhoods while encouraging property improvement.

Program 2.2.A: Historic Preservation Educational Programs

Quantified Objective: # TBD
Timeframe: Continued education and ordinance implementation through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Cities have unique characteristics that develop over time. Carmel-by-the-Sea has a distinctive building style and form that existing residents cherish and which serves to attract new residents and visitors. In an effort to continue to encourage improvements to the existing housing stock, the City will continue to promote education programs that improve public understanding of the City's rich cultural and design heritage, and provide zoning flexibility and incentives to facilitate rehabilitation of historic resources. The City will continue to use the Historic Building Code to facilitate residential rehabilitation of historic residences.

~~Quantified Objective: 50 Low Income rehabilitated historic units~~
~~Timeframe: Continued education and ordinance implementation through June 2031~~
~~Responsible Party: Community Planning and Building Department~~
~~Source: General Fund~~
~~(Formerly Program 3-4.3.a: Neighborhood Preservation Educational Programs)~~

Policy 2.3: Preserve and expand affordable and rental housing opportunities to enable local employees to live in the community where they work.

Program 2.3.A: Preserve and Increase Upper Floor Residential Uses - AFFH

Quantified Objective: # TBD
Timeframe: Proactive outreach through December 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

The retail and office landscape is shifting and the City continues to experience retail and office vacancies. This shift represents an opportunity to increase supply of housing as a preferred development form in all Commercial Districts. The City currently prohibits the conversion of existing second-floor residential units to commercial use and requires all newly constructed second-floor space to be used as residential units. Housing over first-floor commercial uses is a particularly suitable solution for underutilized second-floor space. Therefore, the City will proactively work with property owners to encourage conversion of vacant or underutilized upper floors to residential use.

~~Quantified Objective: 5 Moderate and 110 Above Moderate-Income units~~
~~Timeframe:~~
Chapter 2.0—Goals, Policies, and Programs

~~Proactive outreach through December 2031 Responsible Party:~~
~~Community Planning and Building Department Funding~~
~~Source: General Fund~~
~~(Formerly Program 3-2.1.b)~~

Policy 2.4: Preserve the existing housing stock

Program 2.4.A: Housing Rehabilitation and Maintenance Information - AFFH

Quantified Objective: # TBD

Timeframe: Proactive outreach through June 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

In order to stay habitable and energy efficient, all buildings need maintenance. When buildings fall into an extreme state of disrepair, a more comprehensive housing rehabilitation procedure is needed. Over the past few years, inflation and building supply chain issues have dramatically increased the cost of building materials. Labor costs have also risen significantly due to a shortage of skilled construction workers and ongoing cost-of-living increases. This results in very costly rehabilitation projects.

In order to assist low-income property owners, the City will distribute information on inspection services, housing rehabilitation programs, and alternative ways to finance home repairs. Based on Code Compliance reports, the City will specifically monitor and conduct outreach to residential units in need of rehabilitation and maintenance throughout the city with a focus on the southern region of the city.

~~Quantified Objective: 16 Low-Income rehabilitated units Timeframe:~~

~~Proactive outreach through June 3031~~

~~Responsible Party: Community Planning and Building Department Funding~~

~~Source: General Fund~~

~~(Formerly Programs 3-1.1.a and 3-1.1.c Housing Rehabilitation and Housing Maintenance)~~

GOAL H3 PROVIDE OPPORTUNITIES FOR NEW AFFORDABLE AND OTHER SPECIAL NEEDS HOUSING

Policy 3.1: Incentivize affordable housing development, with an emphasis on affordable housing built to accommodate Extremely-Low and Low-Income residents. Encourage the private sector to produce affordable housing.

Program 3.1.A: Mixed-Use Affordable Housing - AFFH

Quantified Objective: # TBD
Timeframe: Proactive outreach through June 2031; Revise guidelines and approval processes by December 2027
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

The retail and office landscapes are shifting and this change represents an opportunity to encourage mixed-use developments (housing over first-floor commercial uses) as a preferred development form via community outreach. The City will proactively work with property owners, property managers, and realtors to promote and incentivize upper-floor housing opportunities, including the potential of allowing a third-floor mezzanine for affordable housing. Such development would be subject to ~~appropriate objective design standards, including~~ the City's 30-foot height limit.

The City has identified the following regional affordable housing organizations to include in the discussion of revising design guidelines to promote mixed-use affordable housing in the City.

- ~~County of Monterey Housing Authority Development Corporation (HDC);~~
- ~~Woodman Development Company, Inc.;~~
- ~~Community Housing Improvement Systems and Planning Association, Inc. (CHISPA);~~
- ~~Eden Housing;~~
- ~~EAH Housing; and~~
- ~~Mid-Peninsula Housing.~~

Based on the feedback received by City Staff from the development community, the City will implement the following actions:

- ~~Revise design guidelines based on community and developer feedback;~~
- ~~Revise approval processes if constraints are identified during feedback gathering; and~~
- ~~Annually host outreach and FAQ forums for developers and community members.~~

~~Quantified Objective: 10 lower-income units~~
~~Timeframe: Proactive outreach through June 2031; Revise guidelines and approval processes by December 2027~~
~~Responsible Party: Community Planning and Building Department~~
~~Funding Source: General Fund~~
~~(Formerly 3-2.1.e: Incentives for Mixed Use Affordable Housing)~~

Program 3.1.B: Housing for Extremely-Low Income Households - AFFH

Quantified Objective: # TBD
Timeframe: Fund an Associate Planner through June 2031
Responsible Party: Planning and Building Department
Funding Source: General Fund

Providing housing units for Extremely-Low Income (ELI) Households earning 30 percent or less of

the Area Median Income (AMI) for Monterey County has proved challenging for the City. The City will continue to place specific emphasis on the provision of multi-family housing and non-traditional housing types such as single-room-occupancy units and transitional housing. The City will encourage development of housing for ELI households through a variety of activities such as targeted outreach to for-profit and non-profit housing developers on at least an annual basis, providing in-kind technical assistance, fee deferrals, expedited/priority processing, identifying grant and funding opportunities, applying for or supporting applications for

~~"I'm pretty passionate about affordable housing and diversity. I think that's what makes a community, and we do lack it. I have kids that live in the community and go to Carmel High School, and I would like to see more of a social, economic, and age difference in our community, personally."~~

~~May 24, 2023 Housing Ad Hoc Committee Community Meeting~~

funding on an ongoing basis, reviewing and prioritizing local funding for developments that include housing for ELI households, and/or offering additional incentives to supplement the density bonus provisions in ~~state law~~ [State Law](#).

The City also has a variety of programs to encourage ~~the~~ development [of](#) ELI units, including Accessory Dwelling Units, a portion of which are [designed to provide](#) affordable ~~by design to~~ [housing for](#) Extremely-Low Income Households and ~~Employee Housing~~ [employee housing](#). The City has also funded a full-time permanent Associate Planner position through the General Fund to focus on long-range planning and housing needs.

~~Quantified Objective: 57 Extremely Low Income units Timeframe: Fund Associate Planner through June 2031 Responsible Party: Planning and Building Department Funding Source: General Fund (Formerly Program 3-5.4.b)~~

Program 3.1.C: Density Bonus - AFFH

[Quantified Objective: # TBD](#)
[Timeframe: Adopt Municipal Code amendments by June 2026](#)
[Responsible Party: Community Planning and Building Department](#)
[Funding Source: General Fund](#)

Density bonuses can provide a significant incentive to build affordable housing units. By increasing the number of units permitted to be built on a property, the financial investment required to bring the development to fruition has a higher likelihood of a return. Given the high cost of materials, labor, and borrowing costs, increasing the number of units can make the housing project financially feasible.

The City's Density Bonus provisions ~~must~~ [will](#) be updated to reflect recent changes to State law. Pursuant to Government Code Section 65915-[65918](#), the City will amend the City's Density Bonus provisions to be consistent with recent changes to State Density Bonus Law. Additionally, the City

will further review and revise local bonus density ordinances to clarify the regulations and increase certainty of applicability.

~~Quantified Objective: 187 Lower-income units~~

~~Timeframe: Adoption of Municipal Code amendments by December 2024~~

~~Responsible Party: Community Planning and Building Department~~

~~Funding Source: General Fund (Formerly~~

~~Program 3-5.4.a: Density Bonus)~~

Program 3.1.D: Reduced Entitlement and Development Fees - AFFH

Quantified Objective: # TBD

Timeframe: Adopt a Fee Schedule by July 2026

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

Entitlement and development fees paid by project applicants assist in the City's ability to recover administrative and operating costs; however, these fees may have the unintended consequence of increasing the cost of housing. To encourage the development of affordable housing, the City will ~~waive the parking in-lieu fees for affordable housing units and~~ reduce the planning and building permit fees ~~by up to 25%~~ for affordable housing units in commercial areas.

~~Quantified Objective: Reduced City fees by 25% for developments with affordable units~~

~~Timeframe: Adopt Fee Schedule by July 2025~~

~~Responsible Party: Community Planning and Building Department~~

~~Funding Source: General Fund~~

~~(Formerly Program 3-5.5.a: Reduced Entitlement and Development Fees)~~

Program 3.1.E: Reduced Parking Requirements - AFFH

Quantified Objective: # TBD

Timeframe: Adopt Municipal Code amendments by June

2026 Responsible Party: Community Planning and Building Department

Funding Source: General Fund

Carmel Municipal Code Chapter 17.38, Off-Street Parking Requirements, Table A: Minimum Parking Requirements provides parking factors for land uses by zoning district. In the Central Commercial (CC), Service Commercial (SC), Residential and Limited Commercial (RC) and Multi-Family Residential (R-4) districts, the parking requirement for affordable housing is ½ space per unit. For senior housing, it is ⅓ space per unit plus 1 guest space for every 4 units. Other permanent residential uses are required to provide 1 parking space per unit in the SC District, and

1.5 spaces in the RC and R4 Districts. No parking is required in the CC District.

Parking The City recognizes that parking requirements increase ~~costs to~~ the cost of residential development and take up valuable space that can be used for housing, and has maintained a low parking ratio for residential uses. The City will continue to offer reduced parking requirements for

affordable housing developments. Additionally, the City will ~~waive the parking in-lieu fees for affordable units, clarify the program requirements in the Central Commercial (CC) zoning district, and reduce parking requirements in the Multi-Family Residential (R-4), Residential & Limited Commercial (RC), and Service Commercial (SC) zoning districts.~~ clarify that affordable units are exempt from parking in-lieu fees.

~~Quantified Objective: Reduced parking for developments with affordable units Timeframe: Adoption of Municipal Code amendments by December 2024 Responsible Party: Community Planning and Building Department Funding Source: General Fund (Formerly Program 3-5.5.b: Reduced Parking Requirements)~~

Program 3.1.F: Expedited Processing Procedures - AFFH

Quantified Objective: # TBD
Timeframe: Hire a consultant by December 2025; Adopt Municipal Code amendments by June 2026
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Faster permit processing times reduce overall project timelines and allow a project to get to the construction stage in a timely manner.

~~Reducing overall project timelines is critical during this inflationary period where materials and labor costs continue to rise. Additionally, supply chains still have not recovered to pre-pandemic levels and delays in processing can also result in delays in placing orders and receiving materials and securing labor.~~

To enable a more efficient permit processing system, the City is committed to contracting with a qualified consultant to review the Planning Division's current permitting procedures to identify inefficiencies and make recommendations on process

improvements to streamline the permitting process. Based on the consultant's recommendations, the City will update existing permitting procedures, ~~including,~~ but not limited to, ~~the following:~~

- ~~■~~ Implement concurrent permit processing for projects that incorporate several land uses or features that would typically require two or more permit applications, to be concurrently reviewed and approved or disapproved by the highest-level review authority or joint meetings. This will expedite the review process for complex development projects.
- ~~■~~ Allow an option for affordable multi-family projects to utilize 3-D modeling or other comparable methods, in lieu of story poles, that provide objective information for the City to assess impacts of development on important coastal scenic view resources;
- ~~■~~ Prioritize projects with affordable units, assign a dedicated planner to facilitate the development process, and schedule joint public hearings when multiple decision-making bodies are involved.

Program 3.1.G: Establish Minimum Densities - AFFH

Quantified Objective: ~~Shorter processing times by 50 percent for developments with affordable units~~ **# TBD**

Timeframe: ~~Hire consultant by December 2024; Adoption of~~ **Adopt**

Municipal Code amendments by June 2026 Responsible Party:

Community Planning and Building Department

Funding Source: General Fund

~~The City will revise the Municipal Code for commercial districts (RC, SC, and CC) and the multi-family residential (R-4) district to establish a minimum density of 33 dwelling units per acre, as part (Formerly Program 3-5.5.c: Expedited Processing Procedures)~~

~~Program 3.1.G: Establish Minimum Densities and Ministerial Approval Process - AFFH~~

Establishing a minimum density can be utilized as a tool to ensure the limited available land in a City is used in an efficient manner and lower densities are avoided. The City's intention for establishing a minimum density in the Commercial and Multi-Family Residential Districts is rooted in enabling the development of more dense housing in the City. Currently, the Commercial District (~~CC~~, SC, ~~RC~~, and ~~CCRC~~) permits residential densities of 0-22 dwelling units per acre and the Multi-Family Residential District (R-4) permits a maximum of 33 dwelling units per acre. Effectively, establishing a minimum density in these districts will result in higher yields of residential units. Recent residential ~~development~~ developments in the City's Commercial District have ranged in ~~densities~~ density from 22-33 dwelling units per acre. The City will revise the Municipal Code for commercial districts (CC, SC and RC) and the multi-family residential (R-4) district to establish a minimum density of 22 dwelling units per acre, as part of the base zoning and a maximum allowable density of 40 units per acre, with a total capacity of 88 units per acre, inclusive of all local and State density bonuses. Additionally, the City will ~~restrict~~ prohibit new single-family development in the R-4, CC, ~~RCSC~~, and ~~SC Districts~~ RCDistricts. Existing single-family dwellings in these districts will be considered legal nonconforming uses. Recognizing that there is a need for housing to accommodate families, and to try and increase the mix of housing types, the City will explore options for incentivizing the development of two- and three-bedroom units..

~~In addition, and in compliance with Government Code 65583.2(h)(i), sites identified in the site inventory to accommodate the lower income RHNA category, are subject to by-right development, requiring no discretionary review. By-right means a jurisdiction shall not require:~~

- ~~■ Conditional Use Permit;~~
- ~~■ Planned Unit Development Permit;~~
- ~~■ Design review, other than Objective Development Design Standards; or~~
- ~~■ Other discretionary, local government review or approval that would constitute a "project" as defined in Section 2100 of the Public Resources Code (California Environmental Quality Act "CEQA").~~

The City is committed to modifying development standards in the commercial and multi-family districts to ensure the standards support the minimum density and do not function as a constraint to meeting the minimum density, as necessary.

~~Quantified Objective: 14 Extremely Low, 14 Very Low, 11 Low, 22 Moderate, and 110 Above Moderate-Income units~~
~~Timeframe: Adoption of Municipal Code amendments by December 2024~~
~~Responsible Party: Community Planning and Building Department~~
~~Funding Source: General Fund (NEW)~~

Policy 3.2: Recognize the special needs of persons with disabilities and the need to retain flexibility in the design review process to accommodate these needs.

Program 3.2.A: Reasonable Accommodation Procedures - AFFH

Quantified Objective: # TBD
Timeframe: Adopt a revised policy and Municipal Code amendment by June 2025
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

A reasonable accommodation is any change, exception~~-,~~ or adjustment to a rule, policy, practice or service that allows a person with a disability to have an equal opportunity to participate. Information on reasonable accommodation procedures will continue to be provided at City Hall and on the City's website. The City will evaluate and revise Policy C11-01, which describes procedures to provide reasonable accommodation~~-,~~ and will explore reduced or waived permit fees for persons with disabilities in compliance with the provisions of SB 520, in an effort to remove any additional barriers and encourage those with disabilities to apply. To eliminate subjectivity from the required findings for requests for reasonable accommodation, the City will amend the Municipal Code to remove the findings requirement for requested accommodations stating, "the requested accommodation will not result in a significant and unavoidable negative impact on adjacent uses or structures." and develop a finding to allow for the reasonable accommodations that adequately addresses the need with the least intrusive impacts.

Further, the City will ~~amend-explore amending~~ the definition of aggrieved parties and the appeal process in the Municipal Code. ~~An exception for reasonable accommodation appeals will limit the parties eligible to appeal a request for a , to ensure that appeals of~~ reasonable accommodation ~~permit to the applicant or the personal beneficiary~~ permits do not create an undue additional barrier.

~~Quantified Objective: 8 applications~~
~~Timeframe: Adoption of revised policy and Municipal Code amendment by June 2025~~
~~Responsible Party: Community Planning and Building Department~~
~~Funding~~

~~Source: General Fund
(Formerly Program 3-5.1: Reasonable Accommodation Procedures)~~

Program 3.2.B: Housing Mobility - AFFH

Quantified Objective: #

TBD Timeframe: December

2027

Responsible Party: Community Planning and Building Department

Funding Source: General Plan

The City of Carmel-by-the-Sea is committed to promoting a diverse array of housing options for all income groups throughout the community. To improve housing mobility and promote more housing choices and affordability ~~throughout Carmel-by-the-Sea~~, the City will employ a suite of ~~actions to be targeted in lower density areas, including outreach, resources, and other strategies with an overall goal of expanding housing opportunities affordable to extremely low, very low, low, and moderate income households.~~ This initiative strategies to create and/or enhance opportunities in various neighborhoods, including in lower density neighborhoods and in downtown Carmel. This initiative represents an effort to increase housing mobility, and extends beyond programs to meet the City's RHNA ~~in an effort to increase housing mobility~~. Actions and strategies are detailed in individual programs above and include:

- ~~1. Religious institution/faith-based sites: the City will Facilitate housing on religious institution/faith-based sites. Consistent with AB 1851 and AB 2244, the City will amend the Zoning Ordinance to allow religious institution-affiliated housing development projects by right as an accessory use to a permitted religious institution use, allow these uses at densities up to 33 dwelling units per acre, and update the parking requirements consistent with State law. The City commits to modifying standards and making other modifications as needed to achieve the maximum allowed densities. If no application for housing on a religious institution/faith-based site is received by December 2025, the City will expand outreach efforts to be conducted annually. This may include direct mailings to faith-based sites highlighting current successful affordable housing units on other faith-based sites, as well as available City grants and loans for such housing and human services endeavors. See Program 1.1.D.~~
2. Homesharing: Research and pursue a homesharing program, including coordination with non-profits and other organizations to assist with matching tenants with existing homeowners. The City may provide collaborators with data about single family homes with long time residents. Typically, homesharing is a service provided by nonprofit organizations to assist in matching a homeowner with a tenant. This homesharing process can also include helping homeowners rent out their ADUs. The process of identifying and screening potential tenants, developing lease agreements, and understanding the rights and responsibilities of being a landlord can be onerous. The City may facilitate presentations at The Carmel Foundation Senior Center, and other outreach assistance. The City will market and take other actions as necessary at least annually with the goal of five opportunities per year.

~~3.—~~

~~4. Accessory dwelling units (ADUs) and other "missing middle" housing in lower density zones: Prepare pre-approved ADU building plans, Publicize ADU and JADU incentives such as reduced permit fees (as established in Program 1.3.C). City will provide information about Government Code 65852.21 and 66411.7 (urban lot splits and two-unit developments), including the relevant objective design standards and streamlined review available for such units, with a target of one application for an additional housing unit each year; the City will provide information that homeowners associations and CC&Rs are preempted by state law and cannot prohibit ADUs or JADUs.~~

~~• [Program 1.1.C: Live/Work Housing](#)~~

~~• [Program 1.1.D: Mixed-Income Incentive Program](#)~~

~~• [Program 1.1.E: Affordable Housing on Religious Facility Properties](#)~~

~~• [Program 1.1.F: Hotels to Residential Development](#)~~

~~• [Program 1.1.G: Hotel Employee Housing](#)~~

~~• [Program 1.1.H: Accessory dwelling units \(ADUs\)](#)~~

~~• 5. Marketing of housing resources and opportunities: Provide housing resources and information available through various City and regional in-person and virtual outlets. [The City will provide this information](#) in multiple languages based on [U.S. Census Bureau's American Community Survey indicating the](#) languages spoken by Carmel-by-the-Sea residents, [as indicated in the U.S. Census Bureau's American Community Survey.](#)~~

~~6. Local Universal Design Ordinance: Adopt a local Universal Design Ordinance applicable to single-family, duplex, and tri-plex projects. See Program 3.2.C.~~

~~7. Additional Housing Opportunities: Adopt an ordinance to zone certain parcels for up to 10 units of residential density if located in either a transit-rich area or an urban infill site consistent with Government Code Section 65913.5 (SB 10). The ordinance will include a map demarcating the parcels subject to this upzoning. The City will adopt this ordinance no later than December 2025. The objective is to provide opportunities for at least an additional 20 units through this zoning ordinance. See Program 1.3.I.~~

~~**Quantified Objective: Provide 75 affordable housing opportunities by January 2031.**~~

~~**Timeframe:** Annually review overall progress and effectiveness in April and include information in annual report to HCD. If the City is not on track to achieve development of 75 affordable housing units beyond the RHNA goal for the 8-year planning cycle by 2027 (i.e., 37 units built or in process by 2027), the City will consider alternative land use strategies and make necessary amendments to zoning or other land use documents to facilitate a variety of housing choices, including but not limited to, strategies that encourage missing middle zoning (small-scale multi-unit projects up to four plexes) in addition to lot splits/additional housing units; adaptive reuse, and allowing additional ADUs and/or JADUs, within six months, if sufficient progress toward this quantified objective is not being met.~~

~~Responsible Party: Community Planning and Building Department Funding Source: General Fund (New)~~

Program 3.2.C

~~Local Universal Design Standards – AFFH~~ Universal design is the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design. To ensure accessible housing for all residents, the City will develop Universal Design Standards that incorporate accessibility design features that exceed current California Building Code requirements.

~~Quantified Objective: N/A~~

~~Timeframe: Adoption of Universal Design Standards by June 2026 Responsible Party: Community Planning and Building Department Funding Source: General Fund~~

~~(Formerly Program 3-5.1: Reasonable Accommodation Procedures)~~

Program 3.2.D: Family Friendly Housing – AFFH

Quantified Objective: # TBD

Timeframe: Develop Regulatory Incentive (Mid-Term); Implement Family Friendly Design Guidelines (Ongoing)

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

Promote multifamily housing designs to attract households with children and larger

~~Promote multi-family housing designs and unit mix to attract multigenerational~~ multi-generational

households by encouraging developers to include ~~housing features and more bedrooms unit mixes with higher bedroom counts~~ (including four-bedroom units), as well as other family friendly

features and on-site amenities, such as usable outdoor open space for multigenerational use, and multipurpose rooms that can be used for after-school homework clubs, computer, art, or other resident activities. To boost the number of families with children residing in the village and to address potential displacement of households with four or more persons, the City will research options to expand regulatory incentives to encourage the development of larger units.

~~Quantified Objective: 15 two-, three-, and four-bedroom units entitled; 15 family friendly designated units~~

~~Timeframe: Develop Regulatory Incentive (Mid-Term); Implement Family Friendly Design Guidelines (Ongoing)~~

~~Responsible Party: Community Planning and Building Department Funding Source: General Fund~~

~~(Formerly Program 3-5.1: Reasonable Accommodation Procedures)~~

Policy 3.3: Facilitate the provision of transitional and supportive housing in appropriate districts in the community.

Program 3.3.A: Zoning for Transitional and Supportive Housing - AFFH

Chapter 2.0 – Goals, Policies, and Programs

Quantified Objective: # TBD

Timeframe: Adopt Municipal Code amendments by June

2026 Responsible Party: Community Planning and Building Department

Funding Source: General Fund

Senate Bill (SB) 2 (2007) revised Housing Element law requiring that transitional and supportive housing be permitted as a residential use, subject only to restrictions that apply to other residential dwellings of the same type in the same zone. In compliance with SB 2, the City will continue to allow transitional/supportive housing as a residential use. The City's Municipal Code permits transitional and supportive housing by-right in all districts that permit residential uses, including the CC, SC, RC and R-4 Districts, regardless of the number of persons in the facility.

~~Quantified Objective: N/A~~

~~Timeframe: Adoption of Municipal Code amendments by December 2024 Responsible~~

~~Party: Community Planning and Building Department~~

~~Funding Source: General Fund~~

~~(Formerly Program 3-5.8: Zoning for Transitional and Supportive Housing)~~

Program 3.3.B: Low-Barrier Navigation Centers - AFFH

Quantified Objective: # TBD

Timeframe: Adopt Municipal Code amendments by June

2026 Responsible Party: Community Planning and Building Department

Funding Source: General Fund

Assembly Bill (AB) 101 (2019) provides a pathway to permanent housing for people experiencing homelessness. A "Low Barrier Navigation Center" is a housing first, low-barrier, service-enriched shelter focused on moving people into permanent housing. The shelter provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing. In order to comply with ~~state law~~ State Law, the City will amend the Municipal Code to include the definition for "Low Barrier Navigation Center" and will develop By Right procedures for processing low barrier navigation centers.

~~Quantified Objective: N/A~~

~~Timeframe: Adoption of Municipal Code amendments by December 2024 Responsible~~

~~Party: Community Planning and Building Department~~

~~Funding Source: General Fund (NEW)~~

Program 3.3.C: Unlicensed Residential Care Facilities

Quantified Objective: # TBD

Timeframe: Amend the Carmel Municipal Code by June 2026

Responsible Agency: Community Planning and Building Department

Funding Source: General Fund

State law requires local governments to treat licensed residential care facilities (e.g. group homes) with six or fewer residents as a residential use and subject to the same development standards as a single-family dwelling. Furthermore, no conditional use permit, variance, or other zoning clearance

shall be required of a residential care facility that serves six or fewer persons that is not also required of a single-family dwelling of the same type in the same zone. The residents and operators of a residential care facility shall be considered a family for the purposes of any law or zoning ordinance that relates to the residential use of a property. However, “six or fewer persons” does not include the operator, the operator’s family, or persons employed as staff. These facilities are licensed and regulated by the State of California.

The City defines Residential Care Facilities as facilities that require or are licensed by the State of California to provide living accommodations and 24-hour, primarily nonmedical care and supervision for persons in need of personal services, supervision, protection, or assistance. Living accommodations are shared living quarters with or without separate kitchens or bathrooms for each room or unit. This classification includes facilities that are operated for profit as well as those operated by public or nonprofit institutions.

Residential Care, General. A residential care facility providing 24-hour nonmedical care for more than six persons in need of personal services, supervision, protection, or assistance. This classification includes hospices, board and care homes, and similar establishments that are licensed by the State of California. These types of facilities are conditionally permitted in the SC and RC Districts.

Residential Care, Limited. A residential care facility providing 24-hour nonmedical care for six or fewer persons in need of personal services, supervision, protection, or assistance essential for sustaining the activities of daily living. This classification includes only those facilities licensed for residential care by the State of California. These types of facilities are subject to the same regulations as apply to other family residential dwellings in the CC, SC, and RC Districts. In the R-1 District, they are permitted in single-family homes. In the R-4 District, they are permitted by-right with no restrictions.

Residential Care, Senior. A residential care facility providing 24-hour medical or nonmedical care for more than six persons 60 years of age or older in need of personal services, supervision, protection, or assistance for sustaining the activities of daily living. This classification includes nursing homes for the elderly, life care or continuing care homes, and similar facilities licensed for residential care by the State of California. These types of facilities are conditionally permitted in the SC, RC, and R-4 Districts.

Recognizing that larger facilities provide necessary supportive environments for a variety of households, the City will amend the Zoning Ordinance to conditionally permit unlicensed facilities of seven or more persons in all zones that allow similar residential uses.

~~Quantified Objective: Amend the Zoning Ordinance to conditionally permit unlicensed residential care facilities of seven or more persons in all zones that allow similar residential uses~~

~~Timeframe: Amend the Zoning Ordinance by December 2024 Responsible~~
~~Agency: Community Planning and Building Department Funding~~
~~Source: General Fund~~
~~(NEW)~~

Program 3.3.D: Single Room Occupancy (SRO) Units

Quantified Objective: # TBD

Timeframe: Adopt an Ordinance by June 2026

Responsible Party: Community Planning & Building Department

Funding Source: General Fund

Government Code Section 65583 and 65583.2 require that a city plan for a variety of housing types, including single-room occupancy units or SROs. An SRO consists of a single room dwelling unit that is the primary residence of its occupant(s). One example of an SRO could be the proposed Live/Work units in Program 1.1.C. To support the creation of SROs, the City will take the following actions:

- Adopt a definition of “single room occupancy unit” in the Carmel Municipal Code.
- ~~The Carmel Municipal Code will be amended to permit single-room occupancy units.~~
Amend the Carmel Municipal Code to identify the districts where SROs would be permitted as a residential use subject only to those regulations that apply to other residential dwellings of the same type in the same zone. ~~As such, City staff will complete the following schedule of actions to amend the Municipal Code:~~
The City may adopt specific, objective standards applicable to SROs such as maximum number of occupants, minimum or maximum unit size, and requirements relating to food preparation facilities, sanitation facilities, etc.
- ~~Draft a definition for "single room occupancy unit" to add to the zoning ordinance consistent with the Government Code (November 2024)~~
- ~~Propose the zoning change amendment to the City Council for approval (December 2024)~~

~~Quantified Objective: N/A~~

~~Timeframe: Adopt Ordinance by December 2024~~

~~Responsible Party: Community Planning & Building Department Funding~~

~~Source: General Fund~~

~~(NEW)~~

GOAL H4 EXEMPLIFY SUSTAINABLE DEVELOPMENT AND ENERGY CONSERVATION

Policy 4.1: Support energy and water conservation programs to reduce the consumption of these resources in housing and to reduce housing costs.

Program 4.1.A: Water Conservation - AFFH

Quantified Objective: # TBD

Timeframe: Implement the water management program through December 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

~~Potable~~ Even with a recent allocation of water from the Monterey Peninsula Water Management District, ~~potable~~ water remains scarce and highly regulated in the City and continues to be a major limiting constraint to new development. In order to preserve the City's limited water allocation for new residential units, the City will continue to ~~enforce~~ implement the Water Management Program (Carmel Municipal Code Chapter 17.50) through the building permit process, ~~establish the Water Distribution Policy~~, and provide information to the community on water conservation retrofits and best practices. In addition, the City will provide

information on and promote water conservation education through outreach and community engagement, and retrofit rebates provided by the Monterey Peninsula Water Management District.

~~Quantified Objective: Promote water conservation in 100 existing units Timeframe:~~
~~Adoption of policy by June 2031~~

~~Responsible Party: Community Planning and Building Department Funding~~
~~Source: General Fund~~

~~(Formerly 3-5.6.b Water Conservation)~~

Program 4.1.B: Energy Conservation and Green Building

Quantified Objective: # TBD

Timeframe: Continued education and compliance through June 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

Conserving energy to reduce stress on the electrical grid and reduce the effects of climate change (i.e. wildfire and flooding) is increasingly critical. The City experienced significant power outages during the 2022-23 winter storms, adjacent areas were flooded, and the past few wildfire seasons have significantly impacted air quality and resulted in evacuations of neighboring communities. The City will continue to review applications for new construction and substantial alterations, taking into consideration solar orientation and access to sunlight. The City will also continue to require compliance with current state building standards for energy efficiency in all new homes. The City will further disseminate information by updating the website annually with related energy conservation and green building information. The City also participates in the Community Wildfire

Protection Program and is committed to implementing Program recommendations.

~~Quantified Objective: Promote energy conservation in 100 existing units Timeframe:~~
~~Continued education and compliance through June 2031 Responsible~~
~~Party: Community Planning and Building Department Funding Source:~~
~~General Fund~~
~~(Formerly Program 3-5.6.a: Energy Conservation and Green Building)~~

GOAL H5 PUBLICIZE HOUSING NEEDS AND RESOURCES

Policy 5.1: Support and enforce fair housing laws. Expand fair housing choice by promoting housing opportunities and removing impediments to fair housing.

Program 5.1.A: Fair Housing Services - AFFH

Quantified Objective: # TBD
Timeframe: Proactive outreach through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

The Fair Housing Act protects people from discrimination when they are renting or buying a home, getting a mortgage, seeking housing assistance, or engaging in other housing-related activities. The California Department of Fair Employment and Housing and the Conflict Resolution and Mediation Center of Monterey County provide fair housing services and information. These agencies advise persons in need of information on housing and employment, mediate landlord/tenant disputes and research complaints about discriminatory housing practices. The City ~~shall~~will coordinate with these agencies to provide printed information about fair housing services at City Hall, on the City's website, and in other public buildings such as the City's two libraries. The City ~~shall~~will also refer inquiries related to fair housing to these agencies and provide fair housing resources at outreach events.

~~Quantified Objective: 25 referrals/materials distributed Timeframe:~~
~~Proactive outreach through June 2031~~
~~Responsible Party: Community Planning and Building Department Funding~~
~~Source: General Fund~~
~~(Formerly Program 3-5.7: Fair Housing Services)~~

Program 5.1.B: Housing Choice Voucher Program - AFFH

Quantified Objective: # TBD
Timeframe: Proactive outreach through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Created by the Housing and Community Development Act of 1978, the Housing Choice Voucher program, formerly known as Section 8, provides assistance to eligible Low- and Moderate-Income

families to rent housing in the private market. Eligibility for this program is based on the family's gross annual income and family size. The Housing Choice Voucher rental assistance program is administered by the Housing Authority of [the County of Monterey](#) ~~County~~. The City will continue to facilitate use of the Housing Choice Voucher program in the community by distributing information for the program at City Hall and the Library and making referrals to the Housing Authority.

Program 5.1.C: Shared Housing Information - AFFH

Quantified Objective: ~~40 referrals/materials distributed~~ [# TBDs](#)
Timeframe: Proactive outreach through June 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund
~~(Formerly Program 3-5.3.b Section 8 Rental Assistance)~~

Program 5.1.C: Shared Housing Information—AFFH

Shared housing is another important tool to provide affordable housing ~~units~~[options](#). Shared housing is generally more affordable because a portion of a residence is rented as opposed to an entire unit. Shared housing can also financially help low-income individuals who own their homes and alleviate loneliness. Benefits to ~~Low-Income~~[low-income](#) individuals include provision of safe and secure affordable housing in a high-cost market. The City will continue to distribute informational materials from the ~~Monterey County~~ Housing Authority [of the County of Monterey](#) and ~~the~~[The](#) Carmel Foundation, display information at City Hall ~~and~~, other public buildings, ~~and posted~~ on the City's website. The City will also seek out other ~~Shared Housing~~[shared housing](#) providers and resources to expand this housing option.

~~Quantified Objective: 80 referrals/website visits Timeframe: Proactive outreach through June 2031~~
~~Responsible Party: Community Planning and Building Department~~
~~Source: General Fund~~
~~(Formerly Program 3-5.2: Shared Housing Information)~~

Program 5.1.D: Farmworker Housing – AFFH

Quantified Objective: [# TBD](#)
Timeframe: [Ongoing](#)
Responsible Party: [Community Planning and Building Department](#)
Funding Source: [General Fund](#)

Although the City does not have agricultural uses, and therefore, no housing designated specifically for farmworkers —the City supports the County of Monterey's efforts to educate the public on resources that are available for agricultural workers. The City has identified the following resources that are available throughout the region for agricultural employees:

legal help and medication services, stress [management](#), resources for farmworkers with disabilities, etc.

- ~~•~~ *The Center for Community Advocacy* – an organization whose mission is to support and build leadership within the community and in particular for farmworkers and their families. The Center has worked side by side with farmworkers to help improve their living conditions, advocate to have more affordable housing and access to health services and resources.
- ~~•~~ *Farm and Food Worker Relief Program* – Catholic Charities Diocese Monterey is providing direct financial relief to eligible farmworkers in the counties of Monterey, Santa Cruz, San Benito, and San Luis Obispo. The purpose of this program is to provide direct financial relief to eligible field workers, meatpacking workers, livestock workers, and grocery store workers.

~~Quantified Objective: N/A Timeframe:~~

~~_____ Ongoing~~

~~Responsible Party: Community Planning and Building Department Funding~~

~~Source: General Fund~~

~~(NEW)~~

Policy 5.2: Promote public awareness and foster pride in the history of the village.

Program 5.2.A: Support Community Organizations - AFFH

Quantified Objective: # TBD

Timeframe: Proactive outreach and partnerships through June 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

Community organizations play a pivotal role to provide outreach and services to those facing housing issues. The City will continue to support neighborhood organizations that promote neighborhood involvement, safety and improvement, including but not limited to the Carmel Residents Association, ~~the~~ The Carmel Foundation, and the Carmel Heritage Society. The City will develop partnerships with these organizations to promote neighborhood enhancement programs, conduct and improve outreach and education, and solicit community input.

~~Quantified Objective: N/A~~

~~Timeframe: Proactive outreach and partnerships through June 2031 Responsible~~

~~Party: Community Planning and Building Department Funding Source:~~

~~_____ General Fund~~

~~(Formerly Program 3-4.2.b: Support Neighborhood Organizations)~~

Vacant and Available Sites



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Appendix C

Housing Sites Inventory Analysis

C.1 Introduction

The Association of Monterey Bay Area Governments (AMBAG) forecasts that the two-county (Monterey and Santa Cruz) Monterey Bay Area will add 32,867 new households between 2020 and 2045¹. For the eight-year time frame covered by this 6th Cycle Housing Element Update, the State Department of Housing and Community Development (HCD) has identified the region's housing need as 33,274 units. The total number of housing units assigned by HCD is separated into four income categories that cover housing types for all income levels, from very low-income households to above-moderate (market rate) housing. This calculation, known as the Regional Housing Needs Allocation (RHNA), is based on population projections produced by the California Department of Finance (DOF) as well as adjustments that incorporate the region's existing housing need. The adjustments result from recent legislation requiring HCD to apply additional adjustment factors to the baseline growth projection from the California Department of Finance, in order for the regions to get closer to healthy housing markets. To this end, adjustments focus on the region's vacancy rate, level of overcrowding and the share of cost burdened households, and seek to bring the region more in line with comparable ones. These new laws governing the methodology for how HCD calculates the 6th cycle RHNA resulted in a significantly higher number of housing units for which the Monterey Bay Area must plan compared to previous Housing Element cycles.

C.2 Regional Housing Needs Allocation

AMBAG adopted its *Final 6th Cycle Regional Housing Needs Allocation Plan 2023-2031* on October 12, 2022. The plan was approved by HCD on November 8, 2022. For Carmel-by-the-Sea, the RHNA to plan for this cycle is 349 units. Details are provided below.

RHNA Summary

Carmel-by-the-Sea's share of the regional housing need for the eight-year period from 2023 to 2031 is 349 units, which is a 1,125 percent increase over the 31 units required during the 2014 to 2023 RHNA cycle. The housing need is divided into the four income categories of housing affordability. [Table C-1](#) shows Carmel-by-the-Sea's RHNA for the planning period 2023 – 2031.

¹ Final 2022 Regional Growth Forecast, AMBAG, November 18, 2020

Table C-1 Carmel-by-the-Sea's Regional Housing Needs Allocation – 2023–2031

Income Group	Carmel-by-the-Sea Units	Percent	Monterey County Units	Percent	Monterey Bay Area Units	Percent
Extremely Low Income (<30% of AMI)	57	16.3%	2,206	10.9%	3,934	11.8%
Very Low Income (30% - 50% of AMI)	56	16.0%	2,206	10.9%	3,934	11.8%
Low Income (50%-80% of AMI)	74	21.2%	2,883	14.2%	5,146	15.5%
Moderate Income (80%-120% of AMI)	44	12.6%	4,028	19.8%	6,167	18.5%
Above Moderate Income (>120% of AMI)	118	33.9%	8,972	44.2%	14,093	42.4%
Total	349	100.0%	20,295	100.0%	33,274	100.0%

SOURCE: AMBAG 2021

NOTE: The Association of Monterey Bay Area Governments (AMBAG) Executive Board adopted the 2023-2031 Regional Housing Needs Allocation Plan (RHNA) on October 12, 2022 (Resolution No. 2022-24). The plan was approved by the California Housing and Community Development on November 8, 2022.

Progress to Date

The RHNA planning period for the 2023-2031 Housing Element (6th Cycle) is June 30, 2023 through December 15, 2031. The statutory adoption date for the 6th Cycle Housing Element is December 15, 2023—a full six months after the beginning of the planning period. To account for this discrepancy, the City of Carmel-by-the-Sea must account for the number of housing units permitted prior to adoption of the 6th Cycle Housing Element and apply these to the 2023-2031 RHNA. Accordingly, the units permitted in this period count toward the 2023-2031 planning period RHNA and are subtracted from the 6th Cycle RHNA. [Table C-2](#) shows the City of Carmel-by-the-Sea's adjusted RHNA, which accounts for progress made prior to the adoption of the updated Housing Element document.

Table C-2 Carmel-by-the-Sea's Adjusted RHNA

	Very Low-Income Units	Low-Income Units	Moderate-Income Units	Above Moderate-Income Units	Total Units
2023–2031 RHNA	113	74	44	118	349
Units permitted between June 30, 2023 and December 31, 2023	7	7	7	36	57
Remaining RHNA	106	67	37	82	292

SOURCE: City of Carmel-by-the-Sea, Community Planning & Building Department

C.3 Overview of Sites Inventory

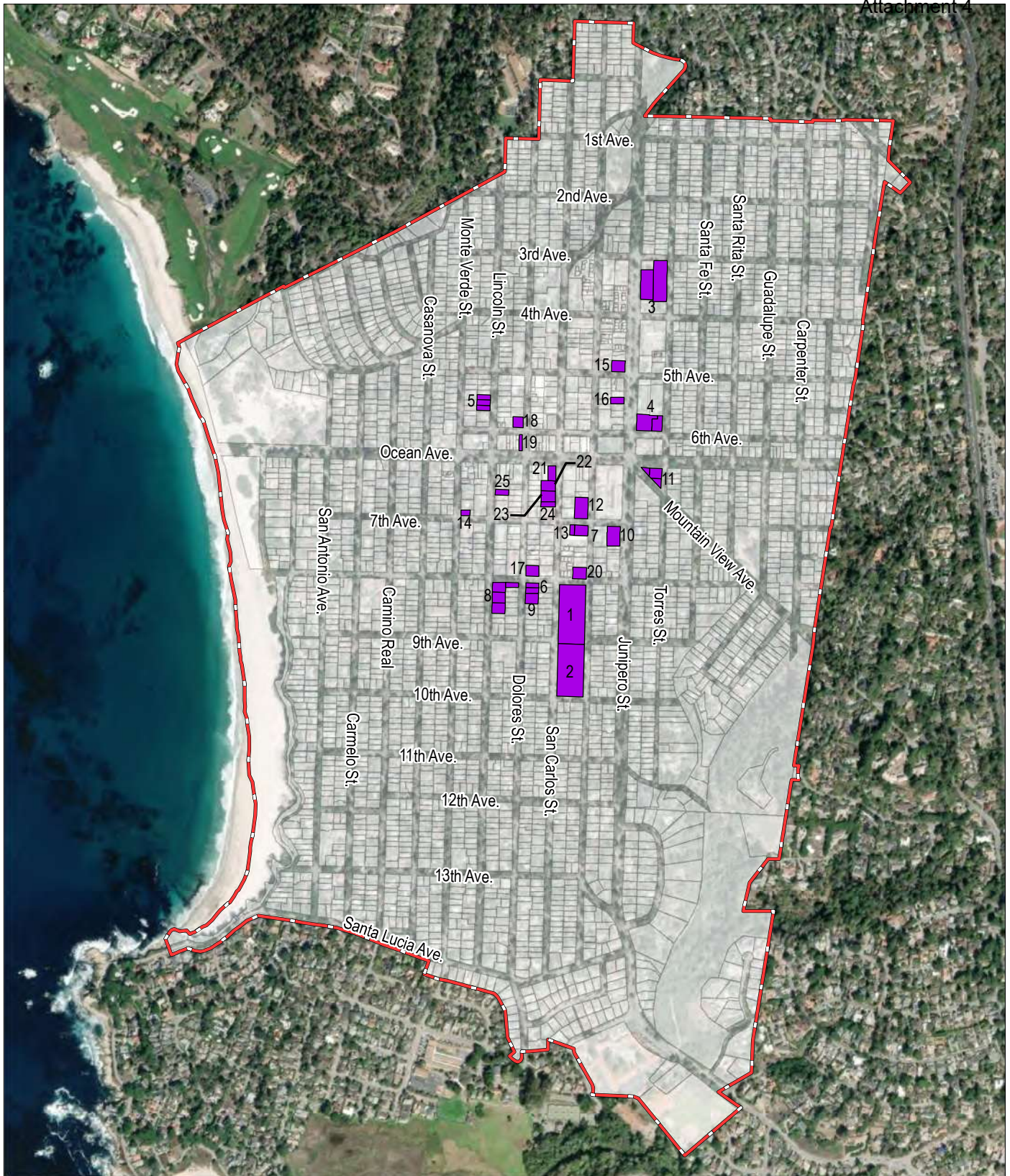
The purpose of the sites inventory is to identify and analyze specific sites that are available and suitable for residential development in order to accommodate Carmel-by-the-Sea’s assigned 349 housing units. The City isn’t responsible for building the housing but creates the programs and policies to plan for where it should go and how many units could be accommodated on potential sites.

Per state law and Housing [Program 1.1.A](#) (see [Chapter 2](#) of this 6th Cycle Housing Element), the City is required to maintain “no net loss” of the housing capacity represented by this list of parcels and the sites they comprise. To facilitate this, the inventory presented below includes a 17 percent buffer. This allows some degree of flexibility in decision making for individual development projects as they come forward for approval by the Planning Commission.

In short, with some limited flexibility, the City is committed to permitting housing on each of the parcels listed in the table below, and in doing so, ensuring that the number of units listed for each parcel in the table--“planned capacity”—is achieved. Should the City approve development that is below the parcel’s planned capacity, it is then required as part of that approval to:

- Find, based on quantitative evidence, that the remaining inventory of housing sites is still sufficient to meet the City’s 6th Cycle RHNA; or
- Identify one or more available sites with the realistic development capacity to replace the housing that would have otherwise been developed had consistency with planned capacity been achieved.

[Figure C-1, Housing Sites Inventory](#), shows an overview of the Sites Inventory Map that has been developed for Carmel-by-the-Sea’s 6th Cycle Housing Element Update. [Table C-3, Housing Sites Inventory](#), provides details and capacity estimates for each of the parcels that comprise the 25 housing sites.



0 1050 feet



Site Inventory Parcels



City Limit

Source: Monterey County GIS 2023, Google Earth 2023

Figure C-1

Sites Inventory

Carmel Housing & Safety Element Update

Note: The following sites have been identified as potential housing sites. Site numbers are for identification purposes only and correspond to the map in Figure C-1. Site numbers have no bearing on priority.

Table C-3 Housing Sites Inventory

Site #	Location (Reference to ECO NW Study)	APN	Zoning	General Plan	Acreage	Applied Density (DU/AC)	Minimum Capacity	Very Low	Low	Moderate	Above Moderate
Primary Underutilized Sites											
1	Sunset Center North Lot Site (#1), East Side of San Carlos between 8 th & 10 th Avenues	010143001000	A-2	OS/ Rec Cultural	1.02	33	33	20	10	3	--
2	Sunset Center South Lot Site, East Side of San Carlos between 8 th & 10 th Avenues	010151001000	A-2	OS/ Rec Cultural	1.84	33	60	30	25	5	--
3	City Public Works Site (Vista Lobos) (#3), W/S Torres between 3rd & 4 th , and E/S Junipero between 3rd & 4th	010104001000 010104004000	R-4	MFR	1.28	44	56	28	11	17	--
4	Bruno's Market Site (#6) NE Corner of Junipero & 6 th , and NW Corner of Torres & 6th	010095013000 010095012000	RC	RC	0.53	33	17	--	--	5	12
5	First Church of Christ Parking Lot (#8), Lincoln 2-4 NW of 6th	010212027000 010212004000 010212026000	SB 10	SB 10	0.28	33	9	--	--	--	9
6	Red Cross Site (#10), SE Corner of Dolores & 8th	010144015000 010144016000	SB 10	SB 10	0.18	33	5	--	--	--	5
7	Girl Boy Girl, SW Corner of Mission & 7 th (#14)	010142001000	SC	CC	0.18	33	5	--	--	--	5
8	Carmel Foundation Site (#15), NE Corner of Lincoln & 8th	010149012000 010149010000 010149011000 010149001000	A-3	SFR	0.62	33	21	11	10	--	--
9	American Legion Site, Dolores 2 SE 8th	010144014000	SB 10	SB 10	0.18	33	5	--	--	--	5

Site #	Location (Reference to ECO NW Study)	APN	Zoning	General Plan	Acreage	Applied Density (DU/AC)	Minimum Capacity	Very Low	Low	Moderate	Above Moderate
10	AT&T Building SW Corner of Junipero & 7th	010087012000	RC	RC	0.35	33	11	--	--	--	11
11	Forest Cottages Specific Plan, NE Corner of Ocean & Mountain View	010085004000	R-1	SFR	0.30	20	6	--	2	--	4
		010085005000									
		010085003000									
Subtotal Primary Underutilized Sites					6.78		228	89	58	30	51
Sites Recycled from 5 th Cycle											
12	Court of the Fountains NW Corner Mission & 7th	010141003000	CC	CC	0.37	33	12	--	--	--	12
13	First American Title 7th 2 SW of Mission	010142013000	SC	CC	0.07	33	2	--	--	--	2
14	Office building NE Corner Monte Verde & 7th	010191004000	RC	RC	0.07	33	2	--	--	--	2
15	Yafa NW Corner Junipero & 5th	010097007000	SC	CC	0.18	33	5	--	--	--	5
16	Three Garages Site (#7)	010098004000	SC	CC	0.11	33	3	--	--	--	3
17	Carmel Realty Office Site (#4) NE Corner 8 th & Dolores	010145008000	RC	RC	0.19	33	6	--	--	--	6
18	(Parashis) Millard Building NW Corner Dolores & 6th	010138006000	CC	CC	0.13	33	4	--	--	--	4
19	The Agency NW Corner Ocean & Dolores	010139001000	CC	CC	0.09	33	2	--	--	--	2
20	Sunset Terrace NW Corner Mission & 8th	010142006000	RC	RC	0.19	33	6	--	--	--	6
21	Enzo's San Carlos 2 SW of Ocean	010146001000	CC	CC	0.15	33	4	--	--	--	4
22	Doud Arcade San Carlos 2 SW of Ocean	010146002000	CC	CC	0.18	33	5	--	--	--	5
23	Paseo San Carlos Square San Carlos 2 NW of 7th Ave	010146003000	CC	CC	0.18	33	5	--	--	--	5

Site #	Location (Reference to ECO NW Study)	APN	Zoning	General Plan	Acreage	Applied Density (DU/AC)	Minimum Capacity	Very Low	Low	Moderate	Above Moderate
24	Paseo San Carlos Square San Carlos 2 NW of 7th Ave	010146004000	CC	CC	0.09	33	2	--	--	--	2
25	Carmel Office Supply & Business Center Lincoln SE of Ocean	010147010000	CC	CC	0.09	33	2	--	--	--	2
Subtotal Recycled Sites					2.09		60	0	0	0	60
TOTAL							288	89	58	30	111
Hospitality Employee Housing							31	8	12	11	0
Anticipated ADUs							34	10	10	10	4
Pipeline Projects (including 26 ADUs; see Table C-4)							57	7	7	7	36
Subtotal Other							122	25	29	28	40
GRAND TOTAL							410	114	87	58	151
RHNA							349	113	74	44	118
Difference							61	1	13	14	33
Difference (Percent)							117%	101%	118%	132%	128%

SOURCE: City of Carmel-by-the-Sea

Sites to Accommodate Lower-Income RHNA

Sites Used in Previous Planning Periods Housing Elements

Government Code Section 65583.2(c)

Each site includes information about whether it was used in a prior housing element planning period, if it is currently vacant, and the number of anticipated housing units according to income category.

Appropriate Zoning

Government Code Section 65583.2(c)(3)

For suburban jurisdictions such as Carmel-by-the-Sea, sites allowing at least 20 units per acre are appropriate to accommodate lower-income housing. The density range for all parcels that anticipate housing units to meet the lower-income RHNA include the default density. The General Plan designation that meets this prerequisite is Multi-Family Residential (and/or zoning at R-4), with a maximum density of up to 33 dwelling units per acre or 44 dwelling units per acre, when affordable units are provided.

The City is implementing Program 3.1.G to establish a minimum density of 33 dwelling units per acre in the Commercial (SC, RC, and CC) Districts and the Multi-Family Residential (R-4) District, to enable a higher yield of residential units, rather than larger units at a lower yield. Increased unit yield is likely to result in increased **financial** feasibility for the development of affordable units. In compliance with Government Code 65583.2(h)(i), Program 3.1.G also establishes a by-right approval process for sites identified in the site inventory utilizing the planned zoning density of 33 dwelling units per acre to accommodate the lower-income RHNA category.

The City intends to utilize SB 10 to maximize development on one (1) faith-based organization site and two (2) nonprofit mission-oriented sites. All three sites have expressed property owner interest in developing affordable housing. Additionally, the City has included three (3) city-owned sites for the development of affordable housing, which will be noticed and leased in compliance with the Surplus Land Act.

Site Size

Government Code Section 65583.2(c)(2)(A), (B), and (C)

Several factors outside of the City's control impact the availability and developability of land in the City including, the significant acreage that is within the coastal zone and the City's built-out nature. Additionally, the original subdivision maps for the City (1888 and 1902) established commercial parcels between 2,500 square feet (0.057 acres) and 3,000 square feet (0.068 acres), and residential parcels at 4,000 square feet (0.091 acres), many of which remain this size today. As a result, approximately 78 percent of sites included in the housing site inventory are less than 0.5 acres. The

sites included in the site inventory have been chosen by the City upon supportive evidence to be the most developable for new housing in the eight-year planning cycle. Several of the sites have property owner interest and the anticipated developments are supported by the City.

No Net Loss

Government Code Section 65863

Through the eight-year planning period of the 6th Cycle Housing Element, pursuant to the No Net Loss Law, City staff is required to identify an alternative site(s) if a site is developed at a lesser ratio of lower-income units than anticipated with this Sites Inventory. Program 1.1.A will regulate this requirement of No Net Loss for the 6th cycle (see [Chapter 2](#)).

Reliance on Nonvacant Sites to Accommodate More than 50 Percent of the RHNA for Lower-Income Units

Government Code Section 65583.2(g)(2)

More than 50 percent of the sites intended to accommodate the RHNA for lower-income households are projected to be developed at nonvacant sites.

As part of the resolution adopting the housing elements, findings stating the uses on nonvacant sites identified in the inventory to accommodate the RHNA for lower-income are likely to be discontinued during the planning period and the factors used to make that determination. The City will include this either in the body or in the recital section of the resolution.

Findings and a description of the substantial evidence can be found within the subsections for each area. The “substantial evidence” indicates that the existing use will not impede further residential development or that the existing use will be discontinued during the planning period.

City-Owned Sites and Surplus Land Act

The Surplus Land Act (SLA) is a “right of first refusal” law that requires all local agencies to offer surplus land for sale or lease to affordable home developers and certain other entities before selling or leasing the land to any other individual or entity (Government Code Sections 54220-54234). Any time a local agency disposes of land, it must follow the SLA unless the land qualifies as exempt surplus land. Dispositions include both sales and leases (unless the lease is less than five years or where no demolition or development will occur during the term of the lease).

The City plans to pursue four (4) underutilized parcels (Sites #1-3) over the next five years for the potential development of 149 units (124 affordable to lower-income households and 25 for moderate-income households). These sites would remain in City ownership and are anticipated to be made available for development through long-term leases. These sites would be made available for affordable housing consistent with the requirements of the Surplus Land Act.

Specific planned actions by the City include the establishment of development standards (for the Sunset Center site, specifically), development of a project description, publication of an RFP, selection of a development partner, entering into an Exclusive Negotiation Agreement, processing land use entitlements and development agreements, building permit issuance, and construction. Council approval is required and public participation will take place for each step in this process. The City has included Program 1.1.B to establish and monitor the City's anticipated timeline and actions for entering into the SLA process.

Vacant and Underutilized Sites

Nonvacant Site Analysis Methodology

Government Code Section 65583.2(g)(2)

Existing Uses

Each site included in the Site Inventory has been selected by the City based on its perceived developability and/or expressed interest by a property owner. Twenty (20) percent of the sites in the Site Inventory are zoned residential including the R-1 and R-4 districts. However, all zoning districts within the city allow residential uses.

Many sites included in the Sites Inventory are zoned commercial. This is in part, a result of the City's Municipal Code requirement that all newly constructed second-story floor area, including area in new buildings, remodeled buildings and replacement, rebuilt or reconstructed buildings, to be occupied by residential dwellings only and shall not be used for any commercial land use (CMC 17.14.050F). Currently, the Commercial District has a number of vacant space in need of remodeling and building code updates. Timing is ripe for redevelopment and/or second story additions to accommodate residential units, as remodels and repairs are currently being undertaken and are expected to continue.

These residential unit requirements have not been an impediment to development in the commercial district, and have successfully resulted in two-story structures that support residential development on the second floor and commercial on the ground floor. The City has not received applications or requests for single-story developments in the commercial district. This is in part due to land value and the cost of construction, which does not support the development of single-story commercial buildings in Carmel-by-the-Sea. The City's effort to support mixed-use development has been a strategy to encourage the development of housing, despite its built-out nature. Many commercial property owners have expressed interest in converting underutilized second floor office space to residential use or constructing a second story to accommodate residential units.

A goal in selecting sites has been to minimize displacement. For many sites, intentions for future housing include property owner interest in adding a second story to existing commercial structures to develop residential units. Conversion of motel units is another strategy the City is employing to develop residential units, as well as converting office space, and parking lots.

While the City does not anticipate the displacement of low- or very low-income households, the City is prepared to comply with the requirements of Government Code section 65915, subdivision (c)(3). Program 2.1.C in [Chapter 2](#) will be in effect to require replacement housing units subject to the requirements of the Government Code. Additionally, CMC 17.14.050.A prohibits the conversion or demolition of an existing residential unit unless replacement housing is provided subject to the findings in 17.64.070.

Development Trends

Historically, residential development in Carmel-by-the-Sea has been most feasible using densities ranging between 22-33 dwelling units per acre. Development trends in the City reveal successful residential development in the commercial district primarily through office conversion and second-story additions for residential units. In the last 10 years, the City has not had any one-story commercial developments. All new construction in the commercial district has consisted of two-story buildings with second-floor residential use (as required in CMC Section 17.14.050.F).

This has been a successful strategy utilized by the City to enable the development of residential units within the constraints of limited developable land. The following projects are examples of 5th cycle residential development in Carmel-by-the-Sea, which have been considered in determining the realistic capacity of sites identified in the Site Inventory.

Del Dono I: In 2016 the Planning Commission approved the demolition of an 11,000-square-foot two-story commercial building in the Service Commercial (SC) District for the construction of a 11,800-square foot two-story mixed-use building with four (4) condominiums (1,450 square feet to 1,550 square feet) and four (4) low/moderate-income apartments (500 square feet each). The property is 8,000 square feet (0.18 acres). The residential density on this parcel is 44 du/acre.

Del Dono II: In 2018 the Planning Commission approved the demolition of a 3,650-square-foot single-story commercial building in the Service Commercial (SC) District for the construction of a 11,800-square-foot two-story mixed-use building with four (4) condominiums and four (4) apartments. The property is 8,000 square feet (0.18 acres). The residential density on this parcel is 44 du/acre.

Both the Del Dono I and II projects received land use entitlements and building permits. While in the process of constructing the underground parking structure, the developer became financially insolvent and ultimately sold the property. In 2023, the new owner obtained approval from the Planning Commission for a new mixed-use project with 12 market rate apartments. The residential density for the new project is 33 dwelling units/acre.

Fink Condominium: In 2017 the Planning Commission approved the Fink Condominium on November 8, 2017. The 4,000-square-foot site contains a 3,800-square-foot one-story commercial building with two tenants, a full-service restaurant, and a delicatessen. The project consisted of a

second-floor addition for a 1,570-square-foot condominium. The ground-floor commercial spaces remained open during construction, experiencing limited closures due to construction activity. The project density is 11 dwelling units per acre. The development consists of one (1) condominium unit for ownership and one commercial unit.

This project is an example of a second-floor addition to an existing one-story commercial building in the Central Commercial (CC) District where existing tenants were not displaced. It is also an example of a missed opportunity for more housing if a minimum density existed. No appeals of the project were filed. The project has been constructed and received final occupancy.

Lincoln Lane: In 2018, the Planning Commission approved an extensive remodel and additions to a commercial property. The 8,000-square-foot site contained a 6,700-square-foot multi-tenant commercial building with a central courtyard. The project consisted of extensive remodeling and additions to convert a portion of the commercial square footage into two rental apartment units. The building was previously occupied by retail and office uses. The project density is 11 dwelling units per acre.

This project is an example of revitalizing an underutilized commercial property with residential uses while preserving the central courtyard in the Service Commercial (SC) District. The project is also an example of a missed opportunity for more housing if a minimum density existed. No appeals of the project were filed. Construction on the project has been completed and received final occupancy.

Marliz Estate: In 2018 the Community Planning & Building Director approved minor exterior modifications to a mixed-use building in the Central Commercial (CC) District to facilitate the rehabilitation of a 1,000-square-foot apartment. The property is 2,750 square feet (0.06 acres). The residential density on this mixed-use parcel is 17 du/acre.

Brigantino: In 2018 the Community Planning & Building Director approve an interior and exterior remodel of a duplex in the Residential & Limited Commercial (RC) District. The property is 3,500-square-feet (0.08 acres). The residential density on this two-unit parcel is 25 du/acre.

MDC Real Estate: In 2018 a building permit was approved to convert a second-floor office in a two-story commercial building in the Central Commercial (CC) District to an apartment. The property is 4,000 square feet (0.09 acres). The residential density on this mixed-use parcel is 11 du/acre.

Brosche Building: In 2019, an extensive remodel of the historic Brosche Building was approved by the Community Planning & Building Director. The 3,470-square-foot site contains a two-story, 8,450-square-foot commercial building with ground-floor retail and second-floor offices. The project included converting the second-floor office space into two residential rental units. The project density is 28 dwelling units per acre.

This project is an example of a second-floor conversion of office space to residential in the Central Commercial (CC) District. The ground-floor retail tenant temporarily relocated to a nearby community and has since returned to a new commercial space within the village. The project is also an example of a missed opportunity for more housing if a minimum density existed. The project has been constructed and received final occupancy.

Flint-Herman Residence: In 2019 the Community Planning & Building Director approved an extensive interior and exterior remodel of a 900-square-foot commercial building including a 150-square-foot addition in the Residential & Limited Commercial (RC) District for the conversion of commercial space to a residential unit. The property is 3,500 square feet (0.08 acres). The residential density on this two-unit parcel is 25 dwelling units per acre.

Der Ling Building: In 2019, the Community Planning & Building Director approved the conversion of the second-floor retail and storage space to a residential unit. The 3,000-square-foot site contains the historic Der Ling building. The two-story building was previously occupied by commercial uses, with a portion of the second floor utilized as storage space. The entire 1,300-square-foot second floor has been converted into a residential rental unit. The project density is 16 dwelling units per acre.

This project is an example of a second-floor conversion of retail and storage space in a historic commercial building to residential use in the Central Commercial (CC) District. The remodeling of the building was completed without displacing the ground-floor retail tenant. The project is also an example of a missed opportunity for more housing if a minimum density existed. The project has been constructed and received final occupancy.

Great Valley Holdings/Clark Apartments: In 2020, the Planning Commission approved the construction of a new two-story mixed-use building. The 3,600-square-foot site contained a 2,200-square-foot two-story commercial building with surface parking. The project consisted of demolishing the existing building and constructing a new 3,500-square-foot two-story mixed-use building for a ground-floor restaurant and two second-floor rental apartment units. The building was previously occupied on both floors by a restaurant and had been vacant for a few years. The project density is 25 dwelling units per acre.

This project is an example of redeveloping an underutilized site with a new two-story mixed-use building in the Service Commercial (SC) District. No appeals of the project were filed. The project has been constructed and received final occupancy.

Schultz: In 2020 the Community Planning & Building Director approved an interior and exterior remodel of a commercial space in a 4,500-square-foot multi-tenant two-story mixed-use building in the Service Commercial (SC) District for the conversion of second-floor commercial space to a 1,160-square-foot apartment. The property is 4,000 square feet (0.09 acres). The residential density on this mixed-use parcel is 22 du/acre.

Parashis: In 2020 the Community Planning & Building Director approved minor exterior alterations to a 6,700-square-foot two-story commercial building in the Central Commercial (CC) District to facilitate the conversion of second-floor office space to a 2,118-square-foot apartment. The property is 6,400 square feet (0.15 acres). The residential density on this mixed-use parcel is 7 du/acre.

While many of the projects listed above utilized densities between 22-33 dwelling units per acre, some developed at 44 dwelling units per acre (Del Dono I and Del Dono II) and a few developed below 20 dwelling units per acre (Fink Condominium; Lincoln Lane; MDC Real Estate; Marliz Estate; Der Ling Building; and Parashis). Additionally, all but one of the projects listed above are less than 0.5 acres. These factors were taken into consideration when determining appropriate densities to apply to the Sites Inventory, and supports the City's decision to amend the base zoning for the commercial zoning districts (SC, RC, and CC) and the multi-family residential district (R-4) to establish a minimum density of 33 dwelling units per acre. The intention of this zoning code amendment is to facilitate the development of residential units at a higher yield, rather than enabling the development of larger units at a lower yield.

Considerations for Capacity Analysis

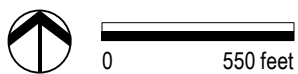
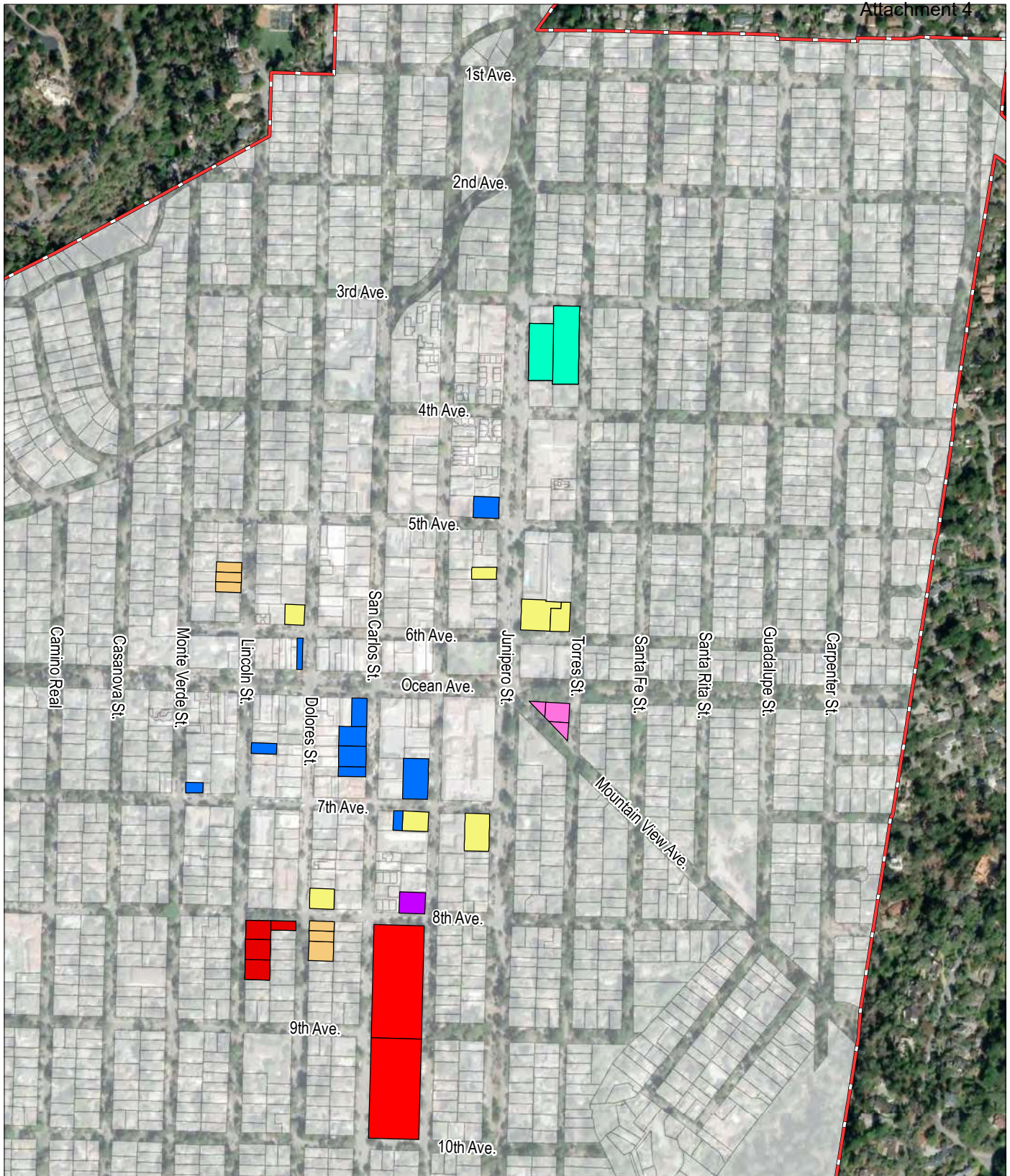
Dry Utilities and Water Capacity

Current or planned availability and accessibility of sufficient water, sewer, and dry utilities has also been considered and reported for each site. All sites have sufficient dry utilities. Program 1.2.A has been included to grant priority water and sewer services to proposed developments that include units affordable to lower-income households (see [Chapter 2](#)).

Site Typology

Government Code Section 65583.2 (c)

This housing plan and Site Inventory provides capacity for a variety of housing types; including multi-family rental housing, factory-built housing, mobile homes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. The Zoning Ordinance and General Plan for the sites allow the housing types listed above. [Figure C-2](#) illustrates the anticipated housing development types included in this site inventory.



- | | |
|---|--|
| Affordable multi-family for seniors | Second floor addition or full redevelopment of commercial sites |
| NGO sites, SB-10 multi-family new construction | Office conversion |
| Mixed-income multi-family | Affordable multi-family |
| Adopted specific plan, cottages | |

Source: Monterey County GIS 2023, Google Earth 2023

Figure C-2

Anticipated Housing Development Types

To enable the development of a variety of housing types, the City has expanded possible options for property owners to construct, rehabilitate, convert, or add to an existing single-story structure including:

- Zoning changes included with programs in [Chapter 2](#) that incentivize existing overnight visitor accommodation sites to be converted into multi-family housing units;
- Development of City property, which has the highest likelihood of including lower-income units and provide additional multi-family opportunities; and
- By exercising Senate Bill (SB) 10, the City will enable multi-family units within otherwise single-family zoned neighborhoods.

Adjustment Factors for Realistic Capacity

Government Code Section 65583.2(c)(2)

Land use controls and site improvement requirements have been analyzed for constraints within [Appendix B – Housing Constraints](#), and necessary changes to the review process are included as programs within [Chapter 2 – Goals, Policies and Programs](#). Additionally, the City will amend the Municipal Code base zoning for the commercial zoning districts (SC, RC, and CC) and the multi-family residential (R-4) zoning district to establish a minimum density of 33 dwelling units per acre, to increase the potential yield of residential units. The realistic development capacity for the sites begins with assuming those process changes to be in place by or prior to December 2024. Generally, the following adjustment factors have been considered for determining realistic capacity of the sites:

- Site geometry, on-site improvements, and utility easements;
- Current market demand for medium-density housing types, current cost of construction, and property owner interest in development; and
- Small lot sizes, limited developable sites, and high demand for new units.

These factors may slightly differ based on a site-by-site analysis. Typical densities of existing or approved residential developments at similar site sizes in Carmel-by-the-Sea have been considered to discover a yield percentage of the minimum density used for the pipeline projects in [Table C-4](#).

Recent projects, including three of the four pipeline projects, utilize a minimum of 33 dwelling units per acre to develop residential units within the commercial district. More details for the pipeline projects are provided in the section below.

Pipeline Projects

Pipeline projects include entitled, permitted, or constructed projects. [Table C-4](#) exhibits four (4) current housing projects and 26 ADUs that have earned approval for entitlements and/or permits and will begin construction during the 6th Cycle Housing Element certification. [Table C-4](#) also includes two (2) pending housing project that are currently in the planning review process.

Table C-4 Pipeline Projects, 2022-23

APN	Project Name	Zoning	General Plan	Area	Min. Density (du/ac)	VLI	LI	MI	AM	Tenure	Entitlement Status
010138003000	Ulrika Plaza	SC	Core Commercial	0.37	33	--	--	--	12	Rental	Approved
010138021000											
010145012000	JB Pastor	SC	Core Commercial	0.27	33	--	--	--	8	Rental	Pending
010145024000											
010145023000											
010146010000	Scandia Lopez	CC	Core Commercial	0.09	33	--	--	--	3	Rental	Approved
010021014000	Carmel Resort Inn	R-1	Single-Family Residential	0.74	11	--	--	--	8	Ownership	Pending
010021013000											
010021012000											
010021011000											
010021030000											
010021031000											
010021032000											
010021033000											
Subtotal						0	0	0	31		
ADUs						7	7	7	5	Rental	Approved
Grand Total						7	7	7	36	57	

SOURCE: City of Carmel-by-the-Sea, 2023

NOTES: VLI = very low-income; LI = low-income; MI = moderate-income; AM = above moderate-income.

Ulrika Plaza

The Planning Commission approved the Ulrika Plaza project on August 9, 2023. The 16,000-square-foot (0.37 acres) project site includes a 22,400-square-foot mixed-use building with 9,000 square feet of ground-floor retail, 12 market-rate residential units, and 28 parking spaces in an underground garage. The project density is 33 dwelling units per acre.

The project was previously known as Del Dono and Del Dono II. The project resulted from merging two 8,000-square-foot lots to construct two (2) mixed-use buildings, each containing ground-floor commercial space and eight residential units (16 residential units total at a density of 44 dwelling units per acre). A two-story commercial building with underground parking was demolished on the north lot. A one-story commercial building with a surface parking lot was demolished on the south lot. The developer lost their funding during construction. The property was subsequently sold, and the project has been redesigned as Ulrika Plaza.

This project is an example of the redevelopment of underutilized commercial buildings and a surface parking lot in the Service Commercial (SC) District. All land use entitlements have been obtained. No appeals of the project were filed. The City is currently waiting for the submittal of a building permit application.

JB Pastor Building

The Planning Division is processing a new application to develop a 12,000-square-foot (0.27 acres) commercial lot. The site comprises three (3) lots of record and is currently developed with a two-story, historic community building, surface parking, one-story commercial building, and a two-story mixed building (office & residential). The developer proposes demolishing all existing site improvements, excluding the historic community room, and constructing a new 15,350-square-foot two-story mixed-use building with ground-floor commercial, eight (8) market-rate second-floor apartments, and 21 parking spaces in an underground garage. The proposed project density is 29 dwelling units per acre.

This project is an example of the redevelopment of underutilized commercial properties, including a surface parking lot in the Service Commercial (SC) District. The developer has requested that the Planning Commission conduct a preliminary review and provide feedback on the design before making a formal application.

Scandia Lopez/Hakim

The Planning Commission approved additions to the historic Percy Parkes Building for three (3) new residential units on July 13, 2022. The 4,000-square-foot (0.09 acres) project site includes a 2,750-square-foot one-story historic commercial building. The project consists of a second-floor addition to the existing commercial building and the construction of a two-story building in the courtyard behind the existing building. The project density is 33 dwelling units per acre.

This project is an example of additions to a one-story historic commercial building in the Central Commercial (CC) District to provide housing. The commercial tenant relocated to another retail space within the village prior to approval of the project. All land use entitlements have been obtained. No appeals of the project were filed. The City is currently waiting for the submittal of a building permit application.

Carmel Resort Inn Site

The Planning Commission approved the construction of a new single-family dwelling on Lot 2 on April 12, 2023. The 4,000-square-foot (0.091 acres) site includes a 1,971-square-foot two-story single-family dwelling inclusive of a 300-square-foot basement and 200-square-foot attached garage. The project density is 11 dwelling units per acre.

The Planning Commission approved the construction of a new single-family dwelling on Lot 4 on March 8, 2023. The 4,000-square-foot site includes a 1,995-square-foot two-story single-family dwelling inclusive of a 300-square-foot basement and 210-square-foot detached garage. The project density is 11 dwelling units per acre.

On August 1, 2023, an application was submitted to construct a new two-story single-family dwelling on Lot 10. The 4,000-square-foot site is proposed to contain a 1,900-square-foot single-family dwelling inclusive of a 100-square-foot basement and a 227-square-foot attached garage. The project density is 11 dwelling units per acre. The application is in review.

On August 1, 2023, an application was submitted to construct a new two-story single-family dwelling on Lot 12. The 4,000-square-foot site is proposed to contain a 1,900-square-foot single-family dwelling inclusive of a 100-square-foot basement and 243-square-foot attached garage. The project density is 11 dwelling units per acre. The application is in review.

Accessory Dwelling Units

Since July 1, 2023, the City has issued certificates of occupancy for four (4) new accessory dwelling units, and issued building permits for five (5) additional ADUs for a total of nine (9) ADUs. Furthermore, building permits issued prior to July 1, 2023 include 13 additional ADUs which are currently under construction and are expected to be completed during the 6th Cycle Housing Element planning period. An additional four (4) building permit applications for ADUs are currently in building plan check review and are also expected to be constructed during the planning period. In total, the City expects that at least 26 new ADUs will be completed during the planning period. The city continues to see a strong interest in ADUs and expects that number to be even higher by June 30, 2031. The following details ADUs that have a certificate of occupancy, building permit, or are under construction as of July 1, 2023.

Certificate of Occupancy Issued:

009-162-023	Sayre	Finaled: 10/31/2023
010-251-036	McLeod	Finaled: 11/22/2023
010-102-009	Lyons	Finaled: 12/6/2023
010-193-024	Altomare	Finaled: 12/20/2023

Building Permit Issued:

010-269-005	Witt	Issued: 12/18/2019
010-232-012	Westphal	Issued: 12/07/2020
009-382-019	Howley	Issued: 03/23/2021
010-037-003	Laney	Issued: 10/11/2021
010-284-003	Jung	Issued: 10/12/2021
010-103-015	Ardiaz	Issued: 01/13/2022
010-331-044	Reed	Issued: 06/09/2022
010-251-002	MacDonald	Issued: 08/25/2022
010-311-016	Soo	Issued: 10/10/2022
010-312-004	Paboojian	Issued: 10/13/2022
010-126-017	Bauer	Issued: 12/06/2022
010-164-015	Eaton	Issued: 12/22/2022
010-251-035	McLeod	Issued: 02/01/2023
010-031-021	Heyermann	Issued: 06/27/2023
010-076-014	Coria	Issued: 08/11/2023
010-043-005	Marazzo	Issued: 08/14/2023
010-174-024	Tilton	Issued: 09/27/2023
010-029-009	Mitchell-Bercham	Issued: 10/12/2023
009-352-016	Osborne	Issued: 10/19/2023
010-265-010	DeCaussin	Issued: 11/06/2023
010-211-004	Strimiatis	Issued: 11/20/2023
010-301-020	Librerri	Issued: 12/23/2023

C.4 Capacity Analysis of Sites

This section provides details on vacant and underutilized sites that are available for housing development in the city. There is sufficient capacity with existing zoning to accommodate the RHNA for the jurisdiction by income, per Government Code Section 65583(a)(3). [Table C-5, Capacity to Accommodate 2023-2031 RHNA](#), shows the City of Carmel-by-the-Sea's capacity to meet the RHNA.

Table C-5 Capacity to Accommodate 2023-2031 RHNA

Adjustment Factor	Very Low-Income Units	Low-Income Units	Moderate-Income Units	Above Moderate-Income Units	Total
2023–2031 RHNA	113	74	44	118	349
Pipeline Projects	7	7	7	36	57
Underutilized Sites	89	58	30	51	228
5 th Cycle Recycled Sites	0	0	0	60	60
Hospitality Employee Housing	8	12	11	0	31
ADUs	10	10	10	4	34
Total	121	93	61	135	410
Surplus at 117% of RHNA	101%	118%	132%	128%	

SOURCE: City of Carmel-by-the-Sea, 2023

The City has identified 25 housing opportunity sites and 57 pipeline housing projects (including 21 ADUs) capable of accommodating 345 housing units. In addition, the City has developed a suite of new incentives to enable housing including:

- Incentivizing 31 hotel owners in the community to provide on-site housing for lower-income hospitality employees; and
- Continuing to incentivize an existing accessory dwelling unit program capable of providing additional lower-income housing, through which the City anticipates at least 34 ADUs to be constructed in the planning cycle.

Altogether, these housing resources have the potential to accommodate 410 units, approximately 117 percent of Carmel-by-the-Sea’s RHNA. Each of these opportunities is discussed in more detail below. The City’s estimate of the number of housing units that can realistically be developed on housing opportunity sites is considered conservative.

The redevelopment potential for these underutilized sites is supported, in part, by a 2023 housing feasibility study undertaken by the City in partnership with ECONorthwest in preparation for the City’s 6th Cycle Housing Element update.² This study provided an in-depth analysis of the redevelopment potential for 11 underutilized sites (the January 2023 feasibility study is attached in its entirety as [Appendix F](#)).

A description of each underutilized site, including a photograph of the site, is presented in the following section.

² ECO Northwest, January 27, 2023. “Housing Element Analysis for the City of Carmel by-the-Sea.”

Underutilized Sites

Site #1: Sunset Center North Parking Lot Site

Site #1, the north lot at Sunset Center, is a large (1.02 acre) parking lot with no improvements other than paving. The site is City-owned and currently zoned A-2.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of 33 units to accommodate 20 very low-, 10 low, and three (3) moderate-income units.

When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of 28 units to accommodate 20 very low- and eight (8) low-income units (Tables C-6 and C-7). Based on recent developments, the City has determined 33 dwelling units per acre to be the most feasible density for development on this site and intends to achieve this density. The City's confidence in achieving 33 dwelling units per acre is supported by past projects, on-site improvements have already taken place, site geometry is not an obstacle, and the City's ownership of the parcel. Additionally, the City proposes a zoning code amendment requiring a minimum density of 33 dwelling units per acre ensuring that at least 33 units will be developed.

Currently, the A-2 zoning district allows senior housing (55+), however development standards are not in place. As a result, design review is required to develop, which lengthens the development process and may lend to subjectivity in the approval process. To enable the development of affordable senior housing, Program 1.3.E has been included in this housing element to amend the A-2 zoning district to define clear development and design standards (see Chapter 2). This amendment will remove potential regulatory constraints to the development of the site.

The City has successfully entered into lease agreements for the utilization of surplus land. For example, the Carmel Foundation is currently in a long-term lease agreement with the City to provide residential apartment units for senior citizens. Additionally, Flanders Mansion is currently in a lease agreement process with the City to utilize surplus land. To ensure the Sunset Center North Parking Lot site is developed for residential use, the City has included Program 1.1.B to establish and monitor processes for utilization of city-owned parcels to develop housing in the eight-year planning cycle (see Chapter 2). The City intends to establish and implement development standards for the site (including Site #2, the south parking lot). Following approved development standards, the City will follow the requirements of the Surplus Lands Act to lease the land to facilitate the development of affordable residential units. With community input, the City will develop a project description and establish an RFP process to solicit developers. The City intends to target an Exclusive Negotiating

"I live near the Sunset Center. I would love to see that made into a usable space, and will completely support your efforts to do that. So, go for it. Have courage and get this work done."

May 24, 2023 Housing Ad Hoc Committee Community Meeting Attendee

Agreement by December 2026 and land use entitlements issuance by December 2028. The City has included Program 1.1.B to establish and monitor the City's anticipated timeline and actions for entering into the SLA process. Council approval is required for each step in this process.

The City's intention for development of this site includes partnering with a non-profit affordable housing developer with a demonstrated track record of building affordable housing in California to enable the development of deed-restricted residential units over podium parking. The City's existing in-lieu fee for parking will be used to fund, in part, the development of podium parking. The City currently provides reduced parking requirements for affordable housing at 0.5 spaces per unit and 0.3 spaces per unit for senior housing. To address the parking requirements, Program 3.1.E has been included in this housing element to reduce parking requirements for affordable housing developments and waive in-lieu fees for affordable units (see [Chapter 2](#)).

Table C-6 Site #1 Description

Site Description		Site Image & Capacity Calculation
Address	East Side of San Carlos between 8 th and 10 th Ave	
APN	010-143-001-000	
By-Right with 20% Affordable	No, not used in previous cycle.	
Size of Site	1.02 acres	
Zoning	A-2	
Allowable Density	Minimum 33 du/ac	
Applied RHNA Affordability	Very low-income: 20 units Low-income: 10 units Moderate-income: 3 units	
Existing Use	Non-Vacant; parking lot	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = $(1.02 \times 33) (.95)(.95) = 28 \text{ units}$ 84% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTE: *A-2 Zoning District does not have development standards in place. City is proposing a minimum of 33 dwelling units per acre for the zone see Program 1.3.E in Chapter 2 for full details.

Table C-7 Site #1 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	95%	For net acreage due to utility easement needs.
Realistic capacity of the site	100%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #2: Sunset Center South Parking Lot Site

Site #2, the south lot at Sunset Center, is a large (1.84 acres) parking lot adjacent to two of the former classroom buildings associated with the Sunset Center school. The two buildings are currently occupied by an office and a yoga studio. The site is City-owned and zoned A-2.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of 60 units to accommodate 30 very low-, 25 low-, and five (5) moderate-income units.

When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of 52 units to accommodate 23 very low- and 29 low-income units (Tables C-8 and C-9). Based on recent developments, the City has determined 33 dwelling units per acre to be the most feasible density for development on this site and intends to achieve this density. The City's confidence in achieving 33 dwelling units per acre is supported by past projects, on-site improvements have already taken place, site geometry is not an obstacle, and the City's ownership of the parcel. Additionally, the City proposes a zoning code amendment requiring a minimum density of 33 dwelling units per acre ensuring that at least 33 units will be developed.

As discussed with Site #1, the A-2 zoning district currently allows senior housing (55+), but does not have development standards in place, which can pose constraints to timely development. Program 1.3.E is included in the housing element to establish and monitor amendments to the A-2 zoning district, to define design and development standards (see Chapter 2). This amendment will remove potential regulatory constraints to the development of the site.

The City's long-term lease agreement with the Carmel Foundation speaks to the City's track record for utilizing efficient processes for noticing and contract development under the Surplus Land Act. To ensure the Sunset Center South Parking Lot site is developed for residential use, the City has included Program 1.1.B to establish and monitor processes for utilization of city-owned parcels to develop housing in the eight-year planning cycle (see [Chapter 2](#)). The City intends to establish and implement development standards for the site (including Site #1, the north parking lot). Following approved development standards, the City will follow the requirements of the Surplus Lands Act to lease the land to facilitate the development of affordable residential units. With community input, the City will develop a project description and establish an RFP process to solicit developers. The City intends to target an Exclusive Negotiating Agreement by Fall 2025 and land use entitlements issuance by Winter 2026.

Similar to Site #1, the City's intention for development of this site includes partnering with a non-profit affordable housing developer with a demonstrated track record of building affordable housing in California to enable the development of deed-restricted residential units over podium parking. The City's existing in-lieu fee for parking will be used to fund, in part, the development of podium parking. The City currently provides reduced parking requirements for affordable housing at .5 spaces per unit and .3 spaces per unit for senior housing. To address the parking requirements, Program 3.1.E has been included in this housing element to reduce parking requirements for affordable housing developments and waive in-lieu fees for affordable units (see [Chapter 2](#)).

The entitlement process for this site is the same as Site #1. The City will partner with a non-profit affordable housing developer with a demonstrated track record of building affordable housing in California to enable the development of deed-restricted residential units over podium parking. This process includes the establishment of development standards for the Sunset Center site, development of a project description, publication of an RFP within six months, selection of a development partner, two years to enter into an Exclusive Negotiation Agreement, two years for land use entitlements and development agreements, 6-12 months for building permit issuance, and 2-3 years for construction. Council approval is required for each step in this process. The City has included Program 1.1.B to establish and monitor the City's anticipated timeline and actions for entering into the SLA process.

Table C-8 Site #2 Description

Site Description		Site Image & Capacity Calculation
Address	East side of San Carlos between 8 th and 10 th Ave	
APN	010-151-001-000	
By-Right with 20% Affordable	No, not used in previous cycle.	
Size of Site	1.84 acres	
Zoning	A-2	
Allowable Density	Minimum 33 du/ac*	
Applied RHNA Affordability	Very Low-income: 30 units Low-income: 25 units Moderate-income: 5 units	
Existing Use	Non-vacant; parking lot	Realistic Capacity utilizing factors = $(1.84 \times 33) (.95) (.95) (.95) = 52 \text{ units}$ 86% of minimum density
Infrastructure Availability	Yes, no constraints.	
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTE: *A-2 Zoning District does not have development standards in place. City is proposing a minimum of 33 dwelling units per acre for the zone see Program 1.3.E in Chapter 2 for full details.

Table C-9 Site #2 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	95%	For net acreage due to utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #3: City Public Works (Vista Lobos) Site

Site #3, Vista Lobos, is a City-owned site totaling 1.28 acres at the northeast end of the commercial district. The site is a large parking lot with low value improvement used for public parking. The site is currently zoned R-4.

This City-owned site is the only site zoned R-4 (multi-family residential) that presents feasible residential development potential in the R-4 zoning district. To maximize development potential, the City is utilizing a local Bonus Density, which allows a maximum of 44 dwelling units per acre in the R-4 zoning district when 20 percent affordable units are provided (CMC 17.12.020). Developed at 44 dwelling units per acre, the gross acreage of the site would allow a total of 56 units to accommodate 28 very low-, 11 low-, and 17 moderate-income units.

When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of 45 units to accommodate 28 very low-, one (1) low-, and 16 moderate-income units ([Tables C-10 and C-11](#)). Based on recent developments, the City has determined 44 dwelling units per acre to be the most feasible density for development on this site and intends to achieve this density. The City's confidence in achieving 44 dwelling units per acre is supported by past projects, site size, and the City's ownership of the parcels.

The City's long-term lease agreement with the Carmel Foundation speaks to the City's track record for utilizing efficient processes for noticing and contract development under the Surplus Land Act. To ensure the Vista Lobos site is developed for residential use, the City has included Program 1.1.B to establish and monitor processes for utilization of city-owned parcels to develop housing in the eight-year planning cycle ([see Chapter 2](#)). Following approved development standards, the City will follow the requirements of the Surplus Lands Act to lease the land to facilitate the development of affordable residential units. With community input, the City will develop a project description and establish an RFP process to solicit developers. The City intends to target an Exclusive Negotiating Agreement by Fall 2025 and land use entitlements issuance by Winter 2026.

Potential height restrictions due to a protected viewshed to Point Lobos ([see CMC 17.12.050](#)) could limit achievable density and feasibility, though opportunities exist to cut into the slope at street grade.

The entitlement process for this site is similar to that of Sites #1 and #2. The City will partner with a non-profit affordable housing developer with a demonstrated track record of building affordable housing in California to enable the development of deed-restricted residential units over podium parking. This process includes the development of a project description, publication of an RFP within six months, selection of a development partner, two years to enter into an Exclusive Negotiation Agreement, two years for land use entitlements and development agreements, 6-12 months for building permit issuance, and 2-3 years for construction. Council approval is required for each step in this process. The City has included Program 1.1.B to establish and monitor the City's anticipated timeline and actions for entering into the SLA process.

Table C-10 Site #3 Description

Site Description		Site Image & Capacity Calculation
Address	West side of Torres between 3 rd and 4 th Ave. E side of Junipero between 3 rd and 4 th Ave.	
APN	010-104-001-000 010-104-004-000	
By-Right with 20% Affordable	No, not used in previous cycle.	
Size of Site	1.28 acres	
Zoning	R-4	
Allowable Density	Maximum 33 du/ac * (up to 44 du/ac with affordable)	
Applied RHNA Affordability	Very Low-Income: 28 units Low-income: 11 unit Moderate-Income: 17 units	
Existing Use	Non-vacant; parking lot	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = $(1.28 \times 44) (.90) (.95) (.95) = 45 \text{ units}$ 80% of maximum density (44 du/ac)
Environmental Constraints	None known	
Other Constraints	Potential height restrictions due to viewshed (CMC 17.12.050). Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

Table C-11 Site #3 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and current cost of construction. Potential height limitations due to Point Lobos viewshed.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #4: Bruno's Market Site

Site #4, Bruno's Market, includes two adjacent parcels totaling over 0.53 acres under the same ownership. Existing use on the site includes a parking lot that leads to low lot coverage. It also scores in the top tier for land-to-improvement ratio.

The site is zoned Residential and Limited Commercial (RC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of 17 units to accommodate five (5) moderate- and 12 above moderate-income units.

When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of 14 units to accommodate six (6) moderate- and eight (8) above moderate-income units ([Tables C-12 and C-13](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre to be the most feasible density for development on this site. The City intends to achieve a minimum density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Future redevelopment would replace existing commercial parking in a covered parking structure. To address parking requirements, Program 3.1.E has been included in this housing element to reduce parking requirements for affordable housing developments and waive in-lieu fees for affordable units (see [Chapter 2](#)).

Table C-12 Site #4 Description

Site Description		Site Image & Capacity Calculation
Address	North side of 6 th Ave between Junipero Ave and Torres Street	
APN	010-095-013-000 010-095-012-000	
By-Right with 20% Affordable	No, not used in previous cycle.	
Size of Site	0.53 acre	
Zoning	RC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Moderate-income: 5 units Above moderate-income: 12 units	
Existing Use	Non-vacant; parking lot	Realistic Capacity utilizing factors = (0.53 X 33) (.90) (.95) (.95) = 14 units 82% of minimum density
Infrastructure Availability	Yes, no constraints.	
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTE: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-13 Site #4 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #5: First Church of Christ Scientist Parking Lot Site

Site #5, is a parking lot used by the First Church of Christ Scientist. It includes three separate parcels totaling 0.28 acres.

In 2020, the State of California passed AB 1851. This bill makes it easier for religious institutions to convert excess parking to affordable housing by prohibiting a local agency from requiring the replacement of religious-use parking spaces, if eliminated to develop affordable housing.

In 2021, the State of California passed SB 10. This bill allows local agencies to adopt an ordinance to allow up to 10 dwelling units on any parcel that meets height and location requirements. The ordinance would not be subject to CEQA. The City intends to enable SB 10 through rezoning of the parcel to allow a minimum density of 33 dwelling units per acre. Program 1.3.I establishes and monitors implementation of SB 10 for these sites (see [Chapter 2](#)).

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of nine (9) above moderate-income units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of seven (7) above moderate-income units ([Tables C-14 and C-15](#)). Based on recent developments, the City has determined 33 dwelling units per acre to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre, and therefore is utilizing the gross density to calculate anticipated units.

City staff met with representatives of the church in November 2022 and September 2023. They continue to express interest in consolidating their church campus and developing housing. Because the current owner is a mission-driven organization, it's possible they may subsidize affordable housing construction and management.

Table C-14 Site #5 Description

Site Description		Site Image & Capacity Calculation
Address	Lincoln 2 NW of 6 th Ave Lincoln 3 NW of 6 th Ave Lincoln 4 NW of 6 th Ave	
APN	010-212-027-000 010-212-004-000 010-212-026-000	
By-Right with 20% Affordable	No, not used in previous cycle.	
Size of Site	0.28 acre	
Zoning	R-1; to be rezoned to enable SB 10	
Allowable Density	2-11 du/ac**	
Applied RHNA Affordability	Above moderate-income: 9 units	
Existing Use	Non-vacant; parking lot	Realistic Capacity utilizing factors = $(0.28 \times 33) (.90) (.95) (.95) = 7 \text{ units}$ 77% of minimum density
Infrastructure Availability	Yes, no constraints.	
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 2-11 du/ac in R-1 zone. Assumptions for site development use programmatic zoning amendment of 33 du/ac through SB 10 rezoning of parcel.

Table C-15 Site #5 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction. Mission driven property owner interest in development.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #6: American Red Cross Site

Site #6, the American Red Cross, includes two adjacent parcels owned and used by the American Red Cross. Existing uses on the site include a vacant office space and a parking lot. Collectively the site is 0.18 acres. Because the site is owned by a nonprofit organization it does not have Assessor's values to calculate redevelopment metrics. However, site inspection confirms a low intensity use. The Carmel Foundation recently purchased this property. The Foundation currently manages 50 affordable senior housing units in the village.

Similar to Site #5, the City intends to enable SB 10 through rezoning of the parcel to allow a minimum density of 33 dwelling units per acre. This bill enables the development of up to 10 residential units on a parcel through a rezone, which is facilitated through the adoption of an ordinance. The ordinance would not be subject to CEQA. Program 1.3.I establishes and monitors implementation of SB 10 for these sites (see [Chapter 2](#)).

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of five (5) above moderate-income units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of four (4) above moderate-income units ([Tables C-16 and C-17](#)). Based on recent developments, the City has determined 33 dwelling units per acre to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre, and therefore is utilizing the gross density to calculate anticipated units.

The new property owner of the site, the Carmel Foundation, currently manages 50 affordable apartment units in the Village and has an established working relationship with the City. They currently have a long-term lease with the City to provide affordable residential units to senior citizens (55+). The Foundation is a member organization for seniors aged 55-years of age and older, which provides a myriad of services in addition to affordable apartment units. The Foundation has expressed interest in expanding the number of residential units it manages. While the site is less than 0.5 acres, the property owner has expressed interest in developing affordable senior housing, increasing the likelihood of developing affordable units.

Intentions for this site include possible redevelopment of the site to maximize development potential.

Table C-16 Site #6 Description

Site Description		Site Image & Capacity Calculation
Address	Southeast corner of Dolores Street and 8 th Ave	
APN	010-144-015-000 010-144-016-000	
By-Right with 20% Affordable	No, not used in previous cycle.	
Size of Site	0.18 acre	
Zoning	R-1; to be rezoned to enable SB 10	
Allowable Density	2-11 du/ac**	
Applied RHNA Affordability	Above moderate-income: 5 units	
Existing Use	Non-vacant; vacant office space and parking lot	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = $(0.18 \times 33) (.90) (.95) (.95) = 4 \text{ units}$ 80% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 2-11 du/ac in R-1 zone. Assumptions for site development use programmatic zoning amendment of 33 du/ac through SB 10 rezoning of parcel.

Table C-17 Site #6 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #7: Girl Boy Girl

Site #7, Girl Boy Girl, is a 0.18-acre mixed-use site, which currently accommodates a clothing boutique on the ground floor and two apartments on the second floor. Half of the site is comprised of a parking lot, which leads to low lot coverage and a land-to-improvement ratio above 1.5.

The site is zoned Service Commercial (SC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of five (5) above moderate-income units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of four (4) units to accommodate four (4) above moderate-income units ([Tables C-18 and C-19](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Due to the size of the site, less than 0.5 acres, the assumed affordability will be limited to above moderate units. Based on the feasibility to construct high-end townhomes, condos, etc., the site is expected to develop despite its small size.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. Without property owner interest in developing affordable housing on the site, it is unrealistic to assume otherwise. Should the property owner express interest in developing affordable units, the site will be reconsidered for feasibility in developing affordable units.

The property owner has indicated interest in developing housing to replace the underutilized parking lot and to retain the existing mixed-use brick building.

Table C-18 Site #7 Description

Site Description		Site Image & Capacity Calculation
Address	Southwest corner of Mission and 7 th Ave	
APN	010-142-001-000	
By-Right with 20% Affordable	No, not used in previous cycle.	
Size of Site	0.18 acre	
Zoning	SC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Above Moderate-Income: 5 units	
Existing Use	Non-Vacant; commercial space and parking lot	Realistic Capacity utilizing factors = $(0.18 \times 33) (.90) (.95) (.95) = 4 \text{ units}$ 80% of minimum density
Infrastructure Availability	Yes, no constraints.	
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-19 Site #7 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #8: Carmel Foundation Site

Site #8, the Carmel Foundation, is the primary provider of affordable housing in Carmel-by-the-Sea. Their administrative offices/campus headquarters include four parcels totaling 0.64 acres. Existing uses on the site include office spaces and a parking lot. The site is currently zoned A-3, Senior Citizen Facility District, which permits senior housing.

This site does not score high on land-to-improvement ratio but scores in the top tier of value per-square-foot. This site is being considered as a candidate because the Carmel Foundation is a mission-driven organization, and interviews with leadership indicate that if they can accommodate their administrative functions and programming off-site, they would consider redeveloping their property for affordable housing. A letter of interest in developing affordable residential units is presented on the following page.

Recently, the Foundation has experienced a change in leadership, which may result in an increased focus on developing new affordable housing to meet the community's need. The Carmel Foundation currently manages a total of 50 affordable senior housing units in the Village including Norton Court, Trevvett Court and Haseltine Court. Norton Court is operated on City-owned land through a long-term lease. The Foundation has a proven track record for developing affordable housing at densities higher than typical developments. For example, during the 5th cycle, the Foundation developed Trevett Court in the RC District on 0.18 acres at 76 dwelling units per acre to accommodate 14 affordable residential units.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of 21 units to accommodate 11 very low- and 10 low-income units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of 17 units to accommodate 11 very low- and six (6) low-income units (Tables C-20 and C-21). Based on recent developments and the Carmel Foundation's track record for developing at high densities, the City has determined 33 dwelling units per acre to be the most feasible minimum density for development on this site. The City intends to achieve a density of at least 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

To determine the site's potential for redevelopment, the existing structures underwent a historic evaluation to determine potential historical value/designation. However, the evaluation found the structures were not historic, increasing the likelihood for redevelopment to accommodate affordable residential units. While the Foundation has not indicated a timeline for redevelopment of the site, the City has a long-standing relationship with the Foundation, and is committed to meeting annually with the Foundation to identify funding sources to support redevelopment and to provide guidance on the types of residential development that is needed to meet the housing needs of the community. As a proactive measure, the City has developed Program 1.2.C, which outlines actions the City will take at mid-cycle if the identified residential units to meet the RHNA for this site are not likely to develop in partnership with the Foundation (see Chapter 2).

Table C-20 Site #8 Description

Site Description		Site Image & Capacity Calculation
Address	Northeast corner of Lincoln and 8 th Ave	
APN	010-149-001-000 010-149-010-000 010-149-011-000 010-149-012-000	
By-Right with 20% Affordable	No, not used in previous cycle.	
Size of Site	0.64 acre	
Zoning	A-3	
Allowable Density	Minimum 33 du/ac	
Applied RHNA Affordability	Very Low-Income: 11 units Low-Income: 10 units	
Existing Use	Non-Vacant	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = $(0.64 \times 33) (.90) (.95) (.95) = 17 \text{ units}$ 80% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

Table C-21 Site #8 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #9: American Legion Site

Site #9, the American Legion, is approximately 0.18 acres located immediately south of and adjacent to the Red Cross Site (Site #6). Existing uses on the site include office space and a meeting hall.

Similar to Sites #5 and #6, the City intends to enable SB 10 through rezoning of the parcel to allow a minimum density of 33 dwelling units per acre. This bill enables the development of up to 10 residential units on a parcel through a rezone, which is facilitated through the adoption of a zoning ordinance. The ordinance would not be subject to CEQA. Program 1.3.I establishes and monitors implementation of SB 10 for these sites (see [Chapter 2](#)).

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of five (5) above moderate-income units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of four (4) above moderate-income units [Tables C-22 and C-23](#)). Based on recent developments, such as the Scandia Lopez/Hakim project, the City has determined 33 dwelling units per acre to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

City staff have identified this site because it is underutilized and owned by a quasi-public organization. City staff met with representatives of the American Legion in July 2022, April 2023, and August 2023 to discuss potential development. Representatives of the American Legion continue to express interest in affordable veteran housing and possibly partnering with the Carmel Foundation. While the site is less than 0.5 acres, the property owner has expressed interest in developing affordable housing for veterans, increasing the likelihood of developing affordable units.

Table C-22 Site #9 Description

Site Description		Site Image & Capacity Calculation
Address	Dolores Street 2 SE of 8 th Ave	
APN	010-144-014-000	
By-Right with 20% Affordable	No, not used in previous cycle.	
Size of Site	0.18 acre	
Zoning	R-1; to be rezoned to enable SB 10	
Allowable Density	2-11 du/ac**	
Applied RHNA Affordability	Above moderate-income: 5 units	
Existing Use	Non-Vacant; office space and meeting hall	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = $(0.18 \times 33) (.90) (.95) (.95) = 4 \text{ units}$ 80% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 2-11 du/ac in R-1 zone. Assumptions for site development use programmatic zoning amendment of 33 du/ac through SB 10 rezoning of parcel.

Table C-23 Site #9 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction. SB 10.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #10: AT&T Building

Site #10, the AT&T Building, is approximately 0.35 acres and consists of a single building. The existing owner is AT&T, and the use is unknown.

The site is zoned Residential and Limited Commercial (RC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of 11 above moderate-income units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of nine (9) above moderate-income units ([Tables C-24 and C-25](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre including adjustments, to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Due to the size of the site, less than 0.5 acres, the assumed affordability will be limited to above moderate units. Based on the feasibility to construct high-end townhomes, condos, etc., the site is expected to develop despite its small size.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. Without property owner interest in developing affordable housing on the site, it is unrealistic to assume otherwise. Should the property owner express interest in developing affordable units, the site will be reconsidered for feasibility in developing affordable units.

To maximize potential, the site would undergo full redevelopment to accommodate new housing units.

Table C-24 Site #10 Description

Site Description		Site Image & Capacity Calculation
Address	Southwest corner of Junipero and 7 th Ave	
APN	010-087-012-000	
By-Right with 20% Affordable	No, not used in previous cycle.	
Size of Site	0.35 acre	
Zoning	RC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Above Moderate-Income: 11 units	
Existing Use	Non-Vacant	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = $(0.35 \times 33) (.90) (.95) (.95) = 9 \text{ units}$ 81% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-25 Site #10 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #11: Forest Cottages Specific Plan

Site #11, Forest Cottages, is approximately 0.30 acres and is located within a Specific Plan area. The Forest Cottages Specific Plan was adopted by the City Council in 2006 and amended in 2008. Existing use on the site includes a hotel/motel.

The Specific Plan allows a total of six (6) units to accommodate four (4) single-family residential units, and contains an affordable housing requirement of two (2) multi-family residential units permanently dedicated and used to provide housing for low-income or very low-income households as defined by State statutes. The Specific Plan requires that a deed restriction be recorded establishing this requirement prior to issuance of the first building permit within the Specific Plan.

Developed at 20 dwelling units per acre, the site would allow a total of six (6) units to accommodate two (2) low-income units and four (4) above-moderate income units ([Table C-26](#)). This density calculation does not account for adjustments since the site is part of a Specific Plan, which has approved densities, anticipated unit counts according to income category, and existing site improvements.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. The Specific Plan affordable housing requirement discussed above, satisfies the “interest” intention to develop affordable housing on the site.

Table C-26 Site #11 Description

Site Description		Site Image & Capacity Calculation
Address	Northeast corner of Ocean and Mountain View	
APN	010-085-004-000 010-085-005-000 010-085-003-000	
By-Right with 20% Affordable	No, not used in previous cycle.	
Size of Site	0.30 acre	
Zoning	R-1	
Allowable Density	20 du/ac	
RHNA Affordability	Low-Income: 2 units Above Moderate-Income: 4 units	
Existing Use	Non-vacant; hotel/motel	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity = $(0.30 \times 20) = 6$ units Specific Plan Approved Density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

Site #12: Court of the Fountains

Site #12, Court of the Fountains, is approximately 0.37 acres. The existing uses include multi-tenant retail shops and a restaurant across multiple single-story commercial buildings. The site was included in the 5th Cycle inventory.

The site is zoned Central Commercial (CC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of 12 above moderate-income units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of

the site would yield a total of nine (9) above moderate-income units (Tables C-27 and C-28). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre including adjustments, to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Due to the size of the site, less than 0.5 acres, the assumed affordability will be limited to above moderate units. Based on the feasibility to construct high-end townhomes, condos, etc., the site is expected to develop despite its small size.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. Without property owner interest in developing affordable housing on the site, it is unrealistic to assume otherwise. Should the property owner express interest in developing affordable units, the site will be reconsidered for feasibility in developing affordable units.

The property owner has expressed interest to add second-story residential uses to the site.

Table C-27 Site #12 Description

Site Description		Site Image & Capacity Calculation
Address	Northwest corner of Mission Street and 7 th Ave	
APN	010-141-003-000	
By-Right with 20% Affordable	No, used in 4 th and 5 th cycles, but nonvacant and market rate.	
Size of Site	0.37 acre	
Zoning	CC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Above Moderate-Income: 12 units	
Existing Use	Non-vacant	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = $(0.37 \times 38) (.90) (.95) (.95) = 9 \text{ units}$ 75% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-28 Site #12 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #13: First American Title Site

Site #13, First American Title, is a small site comprised of approximately 0.07 acres, currently underdeveloped with a small commercial building.

The site is zoned Service Commercial (SC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of two (2) above moderate-income units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of one (1) above moderate-income units ([Tables C-29 and C-30](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre including adjustments, to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Due to the size of the site, less than 0.5 acres, the assumed affordability will be limited to above moderate units. Based on the feasibility to construct high-end townhomes, condos, single-family, etc., the site is expected to develop despite its small size.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. Without property owner interest in developing affordable housing on the site, it is unrealistic to assume otherwise. Should the property owner express interest in developing affordable units, the site will be reconsidered for feasibility in developing affordable units.

Intentions for the site include a second flood addition to accommodate residential uses.

Table C-29 Site #13 Description

Site Description		Site Image & Capacity Calculation
Address	7 th Ave 2 Southwest of Mission Street	
APN	010-142-013-000	
By-Right with 20% Affordable	No, used in 4 th and 5 th cycles, but nonvacant.	
Size of Site	0.07 acre	
Zoning	SC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Above Moderate-Income: 2 units	
Existing Use	Non-vacant	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = $(0.07 \times 33) (.90) (.95) (.95) = 1 \text{ unit}$ 50% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-30 Site #13 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #14: NE Corner Monte Verde & 7th Site

Site #14 is a small site comprised of approximately 0.07 acres. The property is currently significantly underdeveloped. Existing use on the site includes a building currently used as office space. The site is in a transition zone from the Residential & Limited Commercial (RC) District to Single-Family Residential (R-1) District with a hotel to the north (that was originally constructed as apartments), an apartment complex to the south, and a duplex to the west.

The site is zoned Residential and Limited Commercial (RC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of two (2) above moderate-income units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of one (1) above moderate-income units ([Tables C-31 and C-32](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre including adjustments, to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Due to the size of the site, less than 0.5 acres, the assumed affordability will be limited to above moderate units. Based on the feasibility to construct high-end townhomes, condos, single-family, etc., the site is expected to develop despite its small size.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. Without property owner interest in developing affordable housing on the site, it is unrealistic to assume otherwise. Should the property owner express interest in developing affordable units, the site will be reconsidered for feasibility in developing affordable units.

Intentions for the site may include full redevelopment or a second floor addition to accommodate residential uses.

Table C-31 Site #14 Description

Site Description		Site Image & Capacity Calculation
Address	Northeast corner of Monte Verde Street and 7 th Ave	
APN	010-191-004-000	
By-Right with 20% Affordable	No, used in 4 th and 5 th cycles, but nonvacant.	
Size of Site	0.07 acre	
Zoning	RC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Above Moderate-Income: 2 units	
Existing Use	Non-vacant; office space	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = (0.07 X 33) (.90) (.95) (.95) = 1 unit 50% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-32 Site #14 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #15: Yafa Building Site

Site #15, Yafa Building, is a corner lot site totaling 0.18 acres. The existing use is a parking lot and single-story commercial building.

The site is zoned Service Commercial (SC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of five (5) above moderate-income units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of four (4) above moderate-income units ([Tables C-33 and C-34](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre including adjustments, to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Due to the size of the site, less than 0.5 acres, the assumed affordability will be limited to above moderate units. Based on the feasibility to construct high-end townhomes, condos, single-family, etc., the site is expected to develop despite its small size.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. Without property owner interest in developing affordable housing on the site, it is unrealistic to assume otherwise. Should the property owner express interest in developing affordable units, the site will be reconsidered for feasibility in developing affordable units.

Intentions for the site may include full redevelopment or a second flood addition to accommodate residential uses.

Table C-33 Site #15 Description

Site Description		Site Image & Capacity Calculation
Address	Northwest corner of Junipero and 5 th Ave	
APN	010-097-007-000	
By-Right with 20% Affordable	No, used in 4 th and 5 th cycles, but nonvacant.	
Size of Site	0.18 acre	
Zoning	SC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Above Moderate-Income: 5 units	
Existing Use	Non-vacant; commercial space and parking lot	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = (0.18 X 33) (.90) (.95) (.95) = 4 units 80% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-34 Site #15 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #16: Three Garages Site

Site #16, includes three attached garages equaling 0.11 acres. Neighboring structures are multi-story.

The site is zoned Service Commercial (SC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of three (3) above moderate units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of two (2) above moderate-income units ([Tables C-35 and C-36](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre including adjustments, to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Due to the size of the site, less than 0.5 acres, the assumed affordability will be limited to above moderate units. Based on the feasibility to construct high-end townhomes, condos, single-family, etc., the site is expected to develop despite its small size.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. Without property owner interest in developing affordable housing on the site, it is unrealistic to assume otherwise. Should the property owner express interest in developing affordable units, the site will be reconsidered for feasibility in developing affordable units.

Intentions for the site include full redevelopment to accommodate residential uses.

Table C-35 Site #16 Description

Site Description		Site Image & Capacity Calculation
Address	Southwest of Junipero between 5 th and 6 th Ave	
APN	010-098-004-000	
By-Right with 20% Affordable	No, used in 4 th and 5 th cycles, but nonvacant.	
Size of Site	0.11 acre	
Zoning	SC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Above Moderate-Income: 3 units	
Existing Use	Non-vacant; attached garages	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = $(0.11 \times 33) (.90) (.95) (.95) = 2 \text{ units}$ 66% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-36 Site #16 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #17: Carmel Realty Office Site

Site #17, Carmel Realty Office, is a 0.19-acre corner-lot parcel that is currently owned and used for office space by Carmel Realty. It is a single-story structure with low lot coverage and is surrounded by two-story structures to the north and east.

The site is zoned Residential and Limited Commercial (RC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of six (6) above moderate-income units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of five (5) above moderate-income units ([Tables C-37 and C-38](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre including adjustments, to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Due to the size of the site, less than 0.5 acres, the assumed affordability will be limited to above moderate units. Based on the feasibility to construct high-end townhomes, condos, single-family, etc., the site is expected to develop despite its small size.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. Without property owner interest in developing affordable housing on the site, it is unrealistic to assume otherwise. Should the property owner express interest in developing affordable units, the site will be reconsidered for feasibility in developing affordable units.

Intentions for the site include full redevelopment to accommodate residential uses.

Table C-37 Site #17 Description

Site Description		Site Image & Capacity Calculation
Address	Northeast corner of Dolores Street and 8 th Ave	
APN	010-145-008-000	
By-Right with 20% Affordable	No, used in 4 th and 5 th cycles, but nonvacant.	
Size of Site	0.19 acre	
Zoning	RC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Above Moderate-Income: 6 units	
Existing Use	Non-vacant; office space	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = $(0.19 \times 33) (.90) (.95) (.95) = 5 \text{ units}$ 83% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-38 Site #17 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #18: (Parashis) Millard Building

Site #18, Parashis Building, is a 0.13-acre mixed-use parcel that includes one- and two-story buildings.

The site is zoned Central Commercial (CC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of four (4) above moderate-income units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of three (3) above moderate-income units ([Tables C-39 and C-40](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre including adjustments, to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Due to the size of the site, less than 0.5 acres, the assumed affordability will be limited to above moderate units. Based on the feasibility to construct high-end townhomes, condos, single-family, etc., the site is expected to develop despite its small size.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. Without property owner interest in developing affordable housing on the site, it is unrealistic to assume otherwise. Should the property owner express interest in developing affordable units, the site will be reconsidered for feasibility in developing affordable units.

City staff met with the new property owner in June 2022. They are interested in redeveloping the site with a new mixed-use building (similar to the MacDonald Gallery building one block west).

Table C-39 Site #18 Description

Site Description		Site Image & Capacity Calculation
Address	Northwest corner of Dolores Street and 6 th Ave	
APN	010-138-006-000	
By-Right with 20% Affordable	No, used in 4 th and 5 th cycles, but nonvacant.	
Size of Site	0.13 acre	
Zoning	CC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Above Moderate-Income: 4 units	
Existing Use	Non-vacant; commercial space	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = $(0.13 \times 33) (.90) (.95) (.95) = 3 \text{ units}$ 75% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-40 Site #18 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #19: The Agency Site

Site #19, The Agency, is a 0.09-acre corner-lot parcel that is currently used as retail space by the property owner. It has low lot coverage and is a single-story structure that is surrounded by two-story structures to the west, and across the street to the east.

The site is zoned Central Commercial (CC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of two (2) above moderate-income units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield also yield a total of two (2) above moderate-income units ([Tables C-41 and C-42](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre including adjustments, to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Due to the size of the site, less than 0.5 acres, the assumed affordability will be limited to above moderate units. Based on the feasibility to construct high-end townhomes, condos, single-family, etc., the site is expected to develop despite its small size.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. Without property owner interest in developing affordable housing on the site, it is unrealistic to assume otherwise. Should the property owner express interest in developing affordable units, the site will be reconsidered for feasibility in developing affordable units.

Intentions for the site include a second-floor addition to accommodate residential uses.

Table C-41 Site #19 Description

Site Description		Site Image & Capacity Calculation
Address	Northwest corner of Ocean and Dolores	
APN	010-139-001-000	
By-Right with 20% Affordable	No, used in 4 th and 5 th cycles, but nonvacant.	
Size of Site	0.09 acre	
Zoning	CC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Above Moderate-Income: 2 units	
Existing Use	Non-vacant; retail space	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = $(0.09 \times 33) (.90) (.95) (.95) = 2 \text{ units}$ 100% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-42 Site #19 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #20: Sunset Terrace Site

Site #20, Sunset Terrace, is a 0.19-acre corner-lot parcel that includes both a single-story and a two-story structure.

The site is zoned Residential and Limited Commercial (RC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of six (6) above moderate-income units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of six (6) above moderate-income units ([Tables C-43 and C-44](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre including adjustments, to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Due to the size of the site, less than 0.5 acres, the assumed affordability will be limited to above moderate units. Based on the feasibility to construct high-end townhomes, condos, single-family, etc., the site is expected to develop despite its small size.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. Without property owner interest in developing affordable housing on the site, it is unrealistic to assume otherwise. Should the property owner express interest in developing affordable units, the site will be reconsidered for feasibility in developing affordable units.

City staff met with the property owner in June 2020. They expressed interest in converting offices to residential if sufficient water is available.

Table C-43 Site #20 Description

Site Description		Site Image & Capacity Calculation
Address	Northwest corner of Mission and 8 th Ave	
APN	010-142-006-000	
By-Right with 20% Affordable	No, used in 4 th and 5 th cycles, but nonvacant.	
Size of Site	0.19 acre	
Zoning	RC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Above Moderate-Income: 6 units	
Existing Use	Non-vacant; commercial space	Realistic Capacity utilizing factors = $(0.19 \times 33) (.90) (.95) (.95) = 5 \text{ units}$ 83% of minimum density
Infrastructure Availability	Yes, no constraints.	
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-44 Site #20 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #21: Enzo's Site

Site #20, Enzo's, is a 0.15-acre corner-lot parcel adjacent to the Doud Arcade (Site #22) and includes frontage on Ocean. It is a single-story structure that could either be fully redeveloped or receive a second-floor addition.

The site is zoned Central Commercial (CC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of four (4) above moderate-income units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would also yield a total of four (4) above moderate-income units ([Tables C-45 and C-46](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre including adjustments, to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Due to the size of the site, less than 0.5 acres, the assumed affordability will be limited to above moderate units. Based on the feasibility to construct high-end townhomes, condos, single-family, etc., the site is expected to develop despite its small size.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. Without property owner interest in developing affordable housing on the site, it is unrealistic to assume otherwise. Should the property owner express interest in developing affordable units, the site will be reconsidered for feasibility in developing affordable units.

Intentions for the site may include full redevelopment or a second-floor addition to accommodate residential uses.

Table C-45 Site #21 Description

Site Description		Site Image & Capacity Calculation
Address	San Carlos 2 Southwest of Ocean	
APN	010-146-001-000	
By-Right with 20% Affordable	No, used in 4 th and 5 th cycles, but nonvacant.	
Size of Site	0.15 acre	
Zoning	CC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Above Moderate-Income: 4 units	
Existing Use	Non-vacant; commercial	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = $(0.15 \times 33) (.90) (.95) (.95) = 4 \text{ units}$ 100% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-46 Site #21 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #22: Doud Arcade Site

Site #22, Doud Arcade, is comprised of a 0.18-acre mid-block parcel that includes a single-story structure.

The site is zoned Central Commercial (CC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of five (5) above moderate units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of four (4) above moderate-income units ([Tables C-47 and C-48](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre including adjustments, to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Due to the size of the site, less than 0.5 acres, the assumed affordability will be limited to above moderate units. Based on the feasibility to construct high-end townhomes, condos, single-family, etc., the site is expected to develop despite its small size.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. Without property owner interest in developing affordable housing on the site, it is unrealistic to assume otherwise. Should the property owner express interest in developing affordable units, the site will be reconsidered for feasibility in developing affordable units.

The property owner has indicated an intention to construct housing as a second-story addition to the site. The existing building would likely remain on the site.

Table C-47 Site #22 Description

Site Description		Site Image & Capacity Calculation
Address	San Carlos 2 Southwest of Ocean	
APN	010-146-002-000	
By-Right with 20% Affordable	No, used in 4 th and 5 th cycles, but nonvacant.	
Size of Site	0.18 acre	
Zoning	CC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Above Moderate-Income: 5 units	
Existing Use	Non-vacant; commercial space	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = $(0.18 \times 33) (.90) (.95) (.95) = 4 \text{ units}$ 80% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-48 Site #22 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #23: Paseo San Carlos Square Site 1

Site #23, Paseo San Carlos Square (parcel 1), is a 0.18-acre parcel. It has low lot coverage and is a single-story structure that is surrounded on by two-story structures to the west, and across the street to the east.

The site is zoned Central Commercial (CC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of five (5) above moderate units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would yield a total of four (4) above moderate-income units ([Tables C-49 and C-50](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre including adjustments, to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Due to the size of the site, less than 0.5 acres, the assumed affordability will be limited to above moderate units. Based on the feasibility to construct high-end townhomes, condos, single-family, etc., the site is expected to develop despite its small size.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. Without property owner interest in developing affordable housing on the site, it is unrealistic to assume otherwise. Should the property owner express interest in developing affordable units, the site will be reconsidered for feasibility in developing affordable units.

Intentions for the site include a second-floor addition to accommodate residential uses. The existing building would likely remain on the site.

Table C-49 Site #23 Description

Site Description		Site Image & Capacity Calculation
Address	San Carlos 2 Northwest of 7 th Ave	
APN	010-146-003-000	
By-Right with 20% Affordable	No, used in 4 th and 5 th cycles, but nonvacant.	
Size of Site	0.18 acre	
Zoning	CC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Above Moderate-Income: 5 units	
Existing Use	Non-vacant; commercial space	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = (0.18 X 33) (.90) (.95) (.95) = 4 units 80% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-50 Site #23 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #24: Paseo San Carlos Square Site 2

Site #24, Paseo San Carlos Square (parcel 2), is a 0.09-acre mid-block narrow site with a single-story structure.

The site is zoned Central Commercial (CC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of two (2) above moderate units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would also yield a total of two (2) above moderate-income units ([Tables C-51 and C-52](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre including adjustments, to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Due to the size of the site, less than 0.5 acres, the assumed affordability will be limited to above moderate units. Based on the feasibility to construct high-end townhomes, condos, single-family, etc., the site is expected to develop despite its small size.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. Without property owner interest in developing affordable housing on the site, it is unrealistic to assume otherwise. Should the property owner express interest in developing affordable units, the site will be reconsidered for feasibility in developing affordable units.

The property owner met with City staff in December 2023 and expressed interest in providing three (3) residential units. Intentions for the site may include full redevelopment or a second-floor addition to accommodate residential uses. The existing building would likely remain on the site.

Table C-51 Site #24 Description

Site Description		Site Image & Capacity Calculation
Address	San Carlos 2 Northwest of 7 th Ave	
APN	010-146-004-000	
By-Right with 20% Affordable	No, used in 4 th and 5 th cycles, but nonvacant.	
Size of Site	0.09 acre	
Zoning	CC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Above Moderate-Income: 2 units	
Existing Use	Non-vacant	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = $(0.09 \times 33) (.90) (.95) (.95) = 2 \text{ units}$ 100% of max density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-52 Site #24 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

Site #25: Carmel Office Supply & Business Center

Site #25, Carmel Office Supply & Business Center, is a 0.09-acre parcel that includes a single-story structure that neighbors a two-structure to the south.

The site is zoned Central Commercial (CC), which currently allows residential densities up to a maximum of 22 dwelling units per acre by-right, 33 dwelling units per acre with approval of a conditional use permit, 44 dwelling units per acre under Density Bonus law, and up to 88 dwelling units per acre if the project is 100 percent affordable. However, Program 3.1.G has been included in this housing element to establish a minimum of 33 dwelling units per acre for residential development (see [Chapter 2](#)). The intention is to yield a higher number of residential units, rather than enabling the development of larger units at a lower yield.

Developed at a minimum of 33 dwelling units per acre, the gross acreage of the site would allow a minimum of two (2) above moderate units. When factoring in adjustments for potential land use controls and site improvements, realistic capacity of the site, and typical densities, the net acreage of the site would also yield a total of two (2) above moderate-income units ([Tables C-53 and C-54](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both of which are located in the commercial district, the City has determined 33 dwelling units per acre including adjustments, to be the most feasible density for development on this site. The City intends to achieve a density of 33 dwelling units per acre through a zoning code amendment, and therefore is utilizing the gross density to calculate anticipated units.

Due to the size of the site, less than 0.5 acres, the assumed affordability will be limited to above moderate units. Based on the feasibility to construct high-end townhomes, condos, single-family, etc., the site is expected to develop despite its small size.

Generally, parcels that are less than 0.5 acres are considered inadequate to accommodate housing affordable to lower-income households unless there is developer or property owner interest in constructing affordable units. Without property owner interest in developing affordable housing on the site, it is unrealistic to assume otherwise. Should the property owner express interest in developing affordable units, the site will be reconsidered for feasibility in developing affordable units.

The property owner has indicated an intention to add a second story to accommodate new residential units.

Table C-53 Site #25 Description

Site Description		Site Image & Capacity Calculation
Address	Lincoln Southeast of Ocean	
APN	010-147-010-000	
By-Right with 20% Affordable	No, used in 4 th and 5 th cycles, but nonvacant.	
Size of Site	0.09 acre	
Zoning	CC	
Allowable Density	0-22 du/ac**	
Applied RHNA Affordability	Above Moderate-Income: 2 units	
Existing Use	Non-vacant; commercial space	
Infrastructure Availability	Yes, no constraints.	Realistic Capacity utilizing factors = $(0.09 \times 33) (.90) (.95) (.95) = 2 \text{ units}$ 100% of minimum density
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	

SOURCE: City of Carmel-by-the-Sea

NOTES: ** Existing zoning code permits 0-22 du/ac in commercial zones (SC, RC, CC). Program 3.1.G establishes a minimum density of 33 du/ac for commercial zones. Assumptions for site development use programmatic zoning amendment of minimum 33 du/ac.

Table C-54 Site #25 Capacity Assumptions

Site Description	Adjustment	Reasoning
Land use controls and site improvements	90%	For net acreage due to challenging site geometry, on-site improvements, and utility easement needs.
Realistic capacity of the site	95%	Based on market demand for medium-density housing types such as condominiums, apartments, townhomes, and single-family and current cost of construction.
Typical densities	95%	Future medium-density projects in Carmel-by-the-Sea are more likely to be built out close to maximum density due to lot sizes, limited developable sites, and very high demand for new units.
Infrastructure availability	No adjustment	Not applicable, no constraints
Environmental Constraints	No adjustment	No known site constraint

SOURCE: City of Carmel-by-the-Sea

C.5 Additional Opportunities for Residential Development and Affordable Housing

Employee Housing at Local Hotels

The City has many hotels in need of renovation and many are actively applying for building permits to begin the process of refurbishing their properties. As part of the refurbishment process, the City has begun to reach out to hotel owners to discuss including at least one (1) affordable unit on-site for a current employee. To incentivize the development of on-site employee housing within existing sites for overnight visitor accommodations, the City has developed Program 1.3.D, which amends the Municipal Code to allow at least one on-site affordable employee housing unit in conjunction with one new overnight visitor accommodation room (see [Chapter 2](#)). Initially, the program would be voluntary. However, at the mid-cycle mark, if the program has not gained interest, it would become mandatory.

The City is currently piloting the development of on-site employee housing in existing hotels with two establishments, the Hofsas House and the Pine Inn. Both establishments anticipate undergoing remodeling within the next two years and are in the preliminary planning stages with plans showing on-site employee housing. Both property owners have been tracking the housing element update, and have been in discussion with City staff regarding potential incentives for providing on-site employee housing. The City plans to codify actions in an ordinance for these sites based on the outcome of the projects by December 2026.

The City intends to conduct more extensive outreach with overnight visitor accommodation property owners to better discern the viability of the incentive program by December 2024.

Table C-55 includes known properties that fit the Overnight Visitor Accommodation and would therefore be candidates for incentive Program 1.3.D (see [Chapter 2](#)). As there are 46 hotels in the City, this program has the potential to add at least 31 moderate- and lower-income units to the City's housing stock.

Table C-55 Existing Overnight Visitor Accommodation Locations

APN	Address	Overnight Visitor Accommodation Establishment Name
010148015000	Dolores & 8th	Adobe Inn
010095010000	Junipero between 5th & 6th	Best Western Carmel Bay View Inn
010136023000	5th & San Carlos	Best Western Carmel's Townhouse Lodge
010131011000	San Carlos between 4th & 5th	Briarwood Inn
010131013000	E/S San Carlos between 4th & 5th	Briarwood Inn II/Holland Court Inn
010136022000	San Carlos between 4th & 5th	Candle Light Inn
010268008000	San Antonio & 8th	Carmel Cottage Inn LLC
010124009000	SE Dolores & 3rd	Carmel Country Inn LLC
010136021000	San Carlos @ 4th	Carmel Fireplace Inn
010104002000	4th & Torres	Carmel Garden Inn
010195501500	7th & Casanova	Carmel Green Lantern Inn
010097007000	Junipero & 5th	Carmel Inn & Suites
010131025000	San Carlos at 5th	Carmel Lodge
010097018000	Mission & 5th	Carmel Oaks
010021024000 010021025000 010021002000 010021003000 010021026000 010021027000 010021028000 010021029000	Carpenter between 1st & 2nd	Carmel Resort Inn
010094002000	Ocean & Junipero	Carmel Village Inn
010123005000	4th @ Mission Street	Carmel Wayfarer Inn
010087002000	Junipero between 7th & 8th	Carriage House Inn
010142002000	San Carlos @ 7th	Coachman's Inn
010286015000	San Antonio & 13th	Colonial Terrace
010094001000	Torres & Ocean Ave	Comfort Inn Carmel by the Sea
010147008000	7th & Lincoln Ave	Cypress Inn
010287008000	San Antonio, 4 SE of 13th	Edgemere Cottages
010085005000	SW Ocean/Torres	Forest Lodge
010124001000 010124014000	2 NW of 4th on San Carlos	Hofsas House

APN	Address	Overnight Visitor Accommodation Establishment Name
010109015000	SWC 3rd & Junipero	Horizon Inn
010123014000	4th & San Carlos	Hotel Carmel
010264006000	8th & Camino Real	La Playa Hotel
010261014000	SE Camino Real & Ocean	Lamplighter Inn
010191005000	Monte Verde @ 7th	L'Auberge Carmel
010214032000	Ocean @ Monte Verde	Lobos Lodge
010196027000	Monte Verde & 7th	Monte Verde Inn
010201013000	Monte Verde @ 7th	Monte Verde Inn East
010019061000	Ocean & Monte Verde	Normandy Inn
010104005000	SEC 3rd & Junipero	Ocean View Lodge
010273014000	Camino Real between 11th & 12th	Sea View Inn
010194018000	SS 8th between Monte Verde & Casanova	Stonehouse Inn c/o Carmel Realty
010261015000	Camino Real 2 SE of Ocean	Sunset House
010124012000	4th & San Carlos	Svensgaard's Inn
010214029000	Monte Verde & 6th	Tally-Ho Inn
010087003000	Junipero between 7th & 8th	The Hideaway
010148007000	NE Corner Lincoln & 8th	The Homestead
010213003000	Ocean between Lincoln/Monte Verde	The Pine Inn
010109016000	Mission @ 3rd Ave	Tradewinds Carmel
010136016000	Dolores & 7th	Vagabond House
010087013000	7th & Mission	Wayside Inn

SOURCE: City of Carmel-by-the-Sea

Additionally, the City has developed Program 1.3.B (see [Chapter 2](#)), which encourages property owners to consider rehabilitating their sites as multi-family rental residences through a transfer of development rights.

[Table C-56](#) lists Overnight Visitor Accommodation properties that meet the eligibility criteria to be considered for transfer of development rights to rehabilitate as multi-family rental residences. Eligibility criteria include the site being zoned for commercial or multi-family residential development and being at least 0.5 acres in size. Of the 46 Overnight Visitor Accommodation sites listed in [Table C-55](#), five (5) meet the eligibility criteria for transfer of development rights to rehabilitate as multi-family residential. Each of these sites are located in the City's Commercial District and are greater than 0.5 acres in size. The City will develop an incentive program for property owners to encourage the transfer of development rights. Program 1.3.B will monitor the implementation of the incentive program (see [Chapter 2](#)).

Table C-56 Eligible Sites for Transfer of Development Rights

APN	Address	Overnight Visitor Accommodation Establishment Name	Size (Acres)	Zoning
010124001000 010124014000	2 NW of 4th on San Carlos	Hofsas House	0.84	RC
010123014000	4th & San Carlos	Hotel Carmel	0.60	RC
010214032000	Ocean @ Monte Verde	Lobos Lodge	0.62	RC
010124012000	4th & San Carlos	Svensgaard's Inn	0.67	RC
010213003000	Ocean between Lincoln/Monte Verde	The Pine Inn	0.52	CC

SOURCE: City of Carmel-by-the-Sea

Accessory Dwelling Units (ADUs and Junior ADUs)

Based on HCD's Annual Progress Report Dashboard, between 2018 and 2022, Carmel received 33 permit applications for new ADUs, approved/entitled 30 applications, issued building permits for 13 ADUs, and finalized one (1) ADU. However, the Community Planning & Building Department reports that over the 5.5-year period between 2017 and June 2023, 7 permit applications for ADUs are actively in review, 11 permits have been approved but have not yet started construction, and 33 ADUs are currently under construction. Since 2017, 24 ADUs have completed construction. Based on the number of ADUs approved and under construction (44 total) plus the number that have completed construction (24), the City has averaged 12 ADUs per year over the last 5.5 years. Using the more conservative number of 30 ADUs permitted between 2018 and 2022, extrapolated to the eight-year planning period for the 6th Cycle Housing Element update, this equates to 48 units.

Additionally, property owners with existing ADUs constructed between the 1920s and 1980s have received building permits for remodeling of their ADUs, bringing them up to current building code standards. The City is also seeing new ADUs combined with new home construction.

Lastly, the Community Planning & Building Department actively encourages property owners with existing guest houses to convert them into ADUs by adding a kitchen.

Based on the City's permit history and active support for ADUs, as well as the continued interest by property owners in rehabilitating existing ADUs and constructing new ADUs, it is reasonable to estimate a minimum of 34 ADUs over the eight-year planning period, although City staff expects to exceed this number. Following the rule of thumb recommended by HCD, these 34 units have been distributed to very low-, low-, moderate-, and above moderate-income households as follows: 30 percent, 30 percent, 30 percent, 10 percent, respectively.

C.6 AFFH Analysis of Sites

Per Assembly Bill (AB) 686, housing elements must analyze the location of lower-income sites in relation to areas of high opportunity, and in instances where lower-income sites are located in lower resource areas and/or segregated concentrated areas of poverty, cities must incorporate policies and programs to remediate those conditions. For example, implementing place-based strategies to create opportunity in areas of disinvestment such as, investments in enhanced infrastructure, services, schools, jobs, and other community needs. The following serves as a complete AFFH analysis of potential sites for new housing developments for the next eight-year planning cycle.

Tables C-57 through C-65 and Figures C-3 through C-13 show the distribution of projected units by income category of the following indicators compared to citywide patterns to understand how the projected locations of units will affirmatively further fair housing: median income, predominant population, female headed households, poverty rates, TCAC/HCD opportunity areas, disability rates, cost burden rates, overcrowding, substandard housing, and median contract rent. The following sites inventory discussion includes an analysis of the number of projected units by income category, total RHNA capacity, and city acreage by income category to further assess the potential impacts of the sites inventory to affirmatively further fair housing.

The City has a total RHNA of 349 units for the 2023-2031 period. Carmel-by-the-Sea has adequate sites to accommodate housing development at 117 percent of the RHNA. The site inventory provides a total capacity for 410 units and opportunities for the development of a variety of housing types suitable for a range of households and income levels. Of this, 345 units are to be accommodated through underutilized sites, 5th cycle recycled sites, and pipeline projects. In accordance with State law, all of the sites in the inventory are considered to be zoned appropriately to facilitate housing affordable to lower-income households.

Please note: several of the City's sites in the inventory list are comprised of multiple parcels (referred to as APNs (Assessor's Parcel Numbers)). Each APN is shown with a separate dot symbol on Figures C-3 through C-13.

Table C-57 AFFH Indicators Table

Assessment of Fair Housing Indicators																
			Realistic Capacity				Segregation/Integration					Access to Opportunity		Disproportionate Housing Needs		
Site #	Census Tract	APN	VLI	LI	MI	AM	Household Median Income ¹	Predominant Race ²	Diversity Index ³	Female Headed HH ⁴	Disabled Population ⁵	Poverty Level ⁶	TCAC/HUD Opportunity Area ⁷	Cost Burdened Renters ⁸	Overcrowding ⁹	
Primary Underutilized Sites																
1	118.02	010143001000	20	10	3		\$98,839	Non-Hispanic White	24.6	4.60%	7.7%	0.40%	Highest Resource	61.8%	0%	
2		010151001000	30	25	5											
3	118.01	010104001000 010104004000	28	11	17		\$101,042		37.8	2.70%	17.1%	1.90%		52%	3.30%	
4		010095013000 010095012000			5	12										
5		010212027000 010212004000 010212026000	2	1	3	3										
6	118.02	010144015000 010144016000	3	2			\$98,839								61.80%	0%
7		010142001000				5										
8		010149012000 010149010000 010149011000 010149001000	11	10					24.6	4.60%	7.7%	0.40%				
9		010144014000	2	3												
10		010087012000				11										
11		010085004000 010085005000 010085003000		2		4										
		Subtotal	96	64	33	35										
5th Cycle Recycled Sites																
12	118.02	010141003000				12	\$98,839	Non-Hispanic White	24.6	4.60%	7.7%	0.40%	Highest Resource	61.80%	0%	
13		010142013000				2										
14		010191004000				2										
15	118.01	010097007000				5	\$101,042		37.8	2.70%	17.1%	1.90%		52%	3.30%	
16		010098004000				3										
17	118.02	010145008000				6	\$98,839			24.6	4.60%	7.7%		0.40%		61.80%

Assessment of Fair Housing Indicators																
			Realistic Capacity				Segregation/Integration					Access to Opportunity		Disproportionate Housing Needs		
Site #	Census Tract	APN	VLI	LI	MI	AM	Household Median Income ¹	Predominant Race ²	Diversity Index ³	Female Headed HH ⁴	Disabled Population ⁵	Poverty Level ⁶	TCAC/HUD Opportunity Area ⁷	Cost Burdened Renters ⁸	Overcrowding ⁹	
18	118.01	010138006000				4	\$101,042		37.8	2.70%	17.1%	1.90%		52%	3.30%	
19		010139001000				2										
20	118.02	010142006000				6	\$98,839		24.6	4.60%	7.7%	0.40%			61.80%	0%
21		010146001000				4										
22		010146002000				5										
23		010146003000				5										
24		010146004000				2										
25		010147010000				2										
		Subtotal	0	0	0	60										
Pipeline Projects																
26	118.01	010138003000 010138021000				12	\$101,042	Non-Hispanic White	37.8	2.70%	17.1%	1.90%	Highest Resource	52%	3.30%	
27	118.02	010145012000 010145024000 010145023000				8	\$98,839		24.6	4.60%	7.7%	0.40%		61.80%	0%	
28	118.01	010021014000 010021013000 010021012000 010021011000 010021030000 010021031000 010021032000 010021033000				8	\$101,042		37.8	2.70%	17.1%	1.90%		52%	3.30%	
29	118.02	010146010000				3	\$98,839		24.6	4.60%	7.7%	0.40%		61.80%	0%	
30	118.01	009-162-023				1	\$101,042		37.8	2.70%	17.1%	1.90%			52%	3.30%
31		010-251-036				1										
32		010-102-009				1										
33	118.02	010-193-024				1	\$98,839		24.6	4.60%	7.7%	0.40%			61.80%	0%
34		010-043-005				1										
35		010-174-024				1										
36	118.01	010-029-009				1	\$101,042		37.8	2.70%	17.1%	1.90%		52%	3.30%	
37	118.02	009-352-016				1	\$98,839		24.6	4.60%	7.7%	0.40%		61.80%	0%	

Assessment of Fair Housing Indicators															
			Realistic Capacity				Segregation/Integration					Access to Opportunity		Disproportionate Housing Needs	
Site #	Census Tract	APN	VLI	LI	MI	AM	Household Median Income ¹	Predominant Race ²	Diversity Index ³	Female Headed HH ⁴	Disabled Population ⁵	Poverty Level ⁶	TCAC/HUD Opportunity Area ⁷	Cost Burdened Renters ⁸	Overcrowding ⁹
38	118.01	010-211-004				1	\$101,042		37.8	2.70%	17.1%	1.90%		52%	3.30%
39	118.02	010-269-005				1	\$98,839		24.6	4.60%	7.7%	0.40%		61.80%	0%
40		009-382-019				1									
41		010-284-003				1									
42	118.01	010-103-015				1	\$101,042		37.8	2.70%	17.1%	1.90%		52%	3.3
43		010-037-003				1									
44		010-232-012				1									
45	118.02	010-311-016				1	\$98,839		24.6	4.60%	7.7%	0.40%		61.80%	0%
46		010-331-044				1									
47		010-312-004				1									
48	118.01	010-126-017				1	\$101,042		37.8	2.70%	17.1%	1.90%		52%	3.30%
49	118.02	010-164-015				1	\$98,839		24.6	4.60%	7.7%	0.40%		61.80%	0%
50	118.01	010-251-035				1	\$101,042		37.8	2.70%	17.1%	1.90%		52%	3.30%
51		010-251-002				1									
52	118.02	010-076-014				1	\$98,839		24.6	4.60%	7.7%	0.40%		61.80%	0%
53	118.01	010-031-021				1	\$101,042		37.8	2.70%	17.1%	1.90%		52%	3.30%
54	118.02	010-265-010				1	\$98,839		24.6	4.60%	7.7%	0.40%		61.80%	0%
55		010-301-020				1									
		Subtotal	0	0	0	57									
		Total	96	64	33	152	345								

SOURCE: City of Carmel-by-the-Sea; US Census ACS 5-Year Estimates; HCD AFFH Data Viewer; CTCAC/HCD Opportunity Area Maps

NOTES: VLI = very low-income; LI = low-income; MI = moderate-income; AM = above moderate-income; HH = household

1 US Census ACS 5-Year Estimate, 2021, Table DP03; census tract level

2 US Census ACS 5-Year Estimate, 2021, Table B03002; census tract level

3 HCD AFFH Data Viewer, Diversity Index, 2023; census tract level

4 US Census ACS 5-Year Estimate, 2021, Table B11001; census tract level

5 US Census ACS 5-Year Estimate, 2021, Table S1810; census tract level

6 US Census ACS 5-Year Estimate, 2021, Table S1701; census tract level

7 CTCAC/HCD Opportunity Area Maps, 2023; census tract level

8 HCD AFFH Data Viewer, Overpayment by Renter Households, 2021; census tract level

9 HCD AFFH Data Viewer, Overcrowding, 2021; census tract level

Potential Effect on Access to Opportunity

TCAC/HCD Opportunity Areas

The TCAC/HCD Opportunity Areas are categorized by census tracts into high, moderate, or low-resource areas based on a composite score of economic, education, and environmental factors that have the ability to perpetuate poverty and segregation. These factors include: school proficiency, median income, median housing prices, and environmental pollution.

Table C-58 reports the census tracts for which housing opportunity sites are located and the associated TCAC/HCD opportunity area domain scores. As shown in Table C-58, Carmel-by-the-Sea is comprised of only highest resource areas. Census Tract 118.01 shows an insignificant difference of 0.01 for the economic domain and a difference of 0.02 for the environmental domain compared to Census Tract 118.02.

Table C-58 Census Tracts by TCAC/HCD Opportunity Area Domains, 2023

Census Tract	Economic Domain	Environmental Domain	Education Domain	Composite Index	Opportunity Designation
118.01	0.99	0.94	0.94	5.0	Highest Resource
118.02	1.0	0.96	0.94	5.0	Highest Resource

SOURCE: TCAC/HCD Opportunity Map, 2023; City of Carmel-by-the-Sea

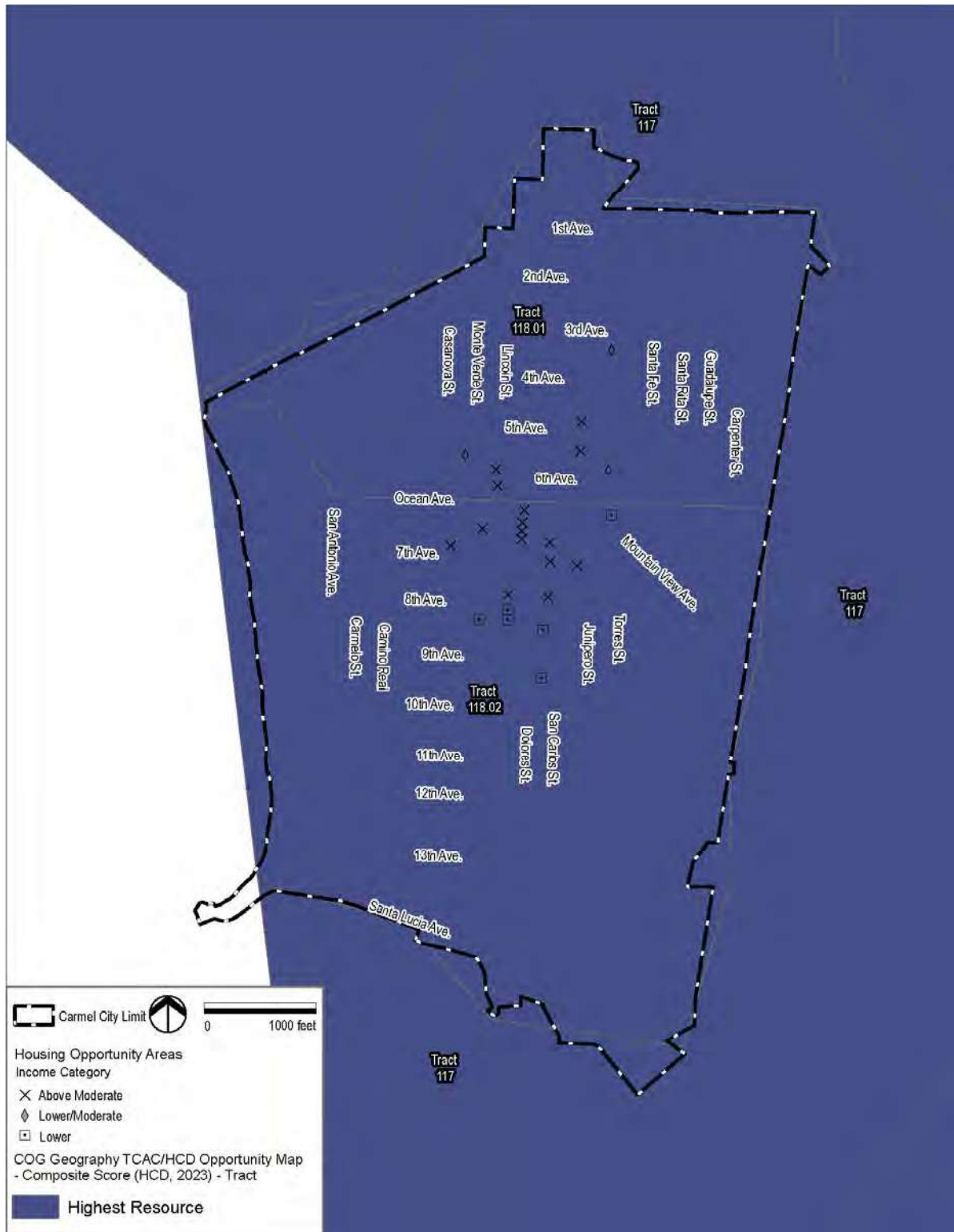
Table C-59 and Figure C-3 show the distribution of housing opportunity units at each income level according to their designated resource area. All anticipated housing opportunity units are planned to be accommodated in highest resource areas with adequate access to economic and educational opportunities, and in areas with positive environmental outcomes (low levels of pollution burden).

Table C-59 Site Inventory Unit Count by TCAC/HCD Opportunity Area, 2023

Income Group	Highest Resource	Percent
Very Low-Income	96	27.8%
Low Income	64	18.5%
Moderate-Income	33	9.5%
Above Moderate-Income	152	44.0%
Total	345	100%

SOURCE: TCAC/HCD Opportunity Areas Map, 2023; City of Carmel-by-the-Sea

Figure C-3 Sites Inventory Analysis by TCAC/HCD Opportunity Areas, 2023



SOURCE: HCD AFFH Data Viewer; City of Carmel-by-the-Sea

Educational Opportunities, Economic Mobility, and Environmental Health

As discussed at length in [Appendix A](#), all census tracts across Carmel-by-the-Sea score high in the educational, economic, and environmental domains that comprise TCAC/HCD opportunity area designations.

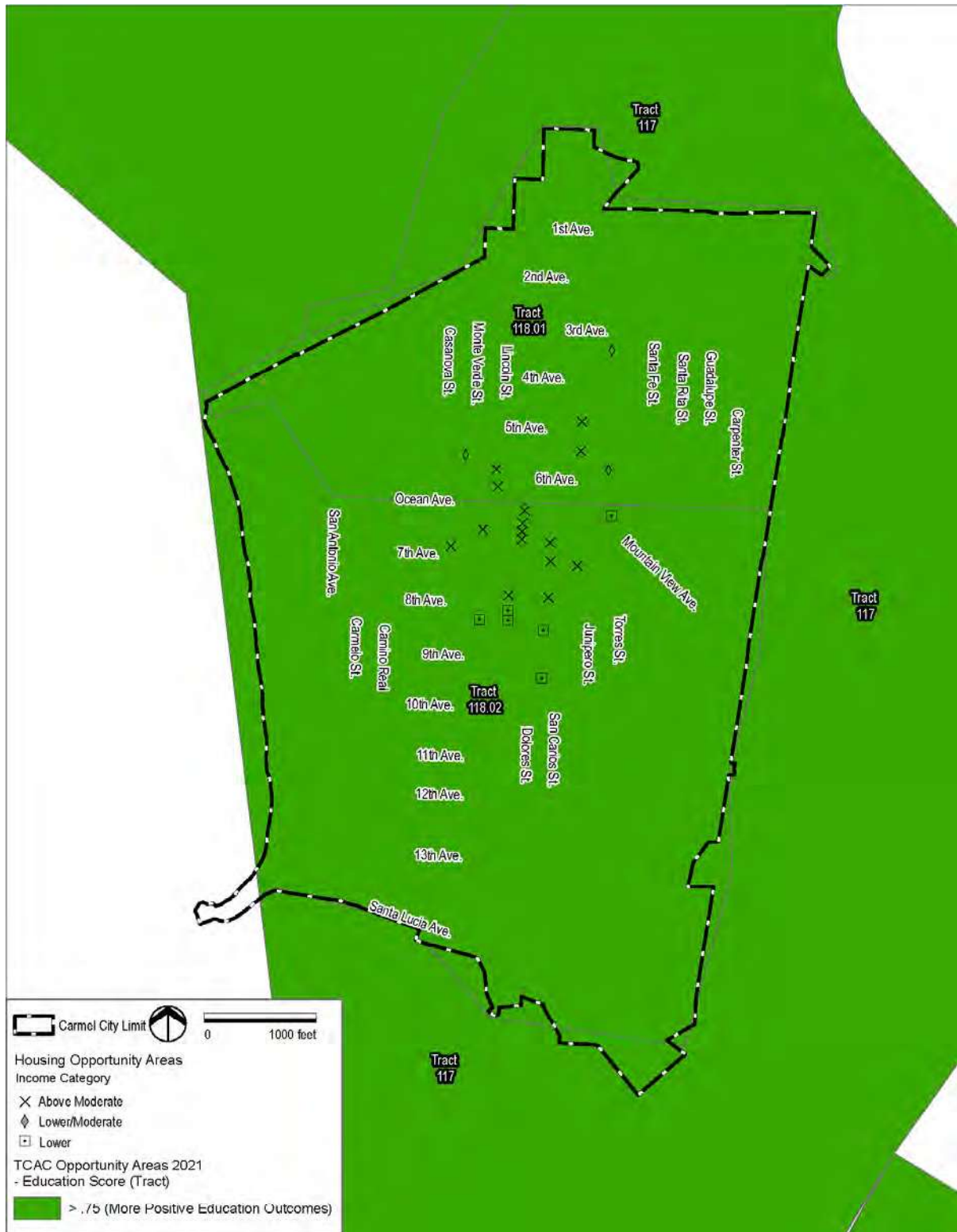
The TCAC/HCD Opportunity Area Education score is based on math proficiency, reading proficiency, high school graduation rates, and the student poverty rate. As shown in [Figure C-4](#), all census tracts across the city received positive scores for the education domain, indicating that households city-wide have adequate access to educational institutions and poverty rates are low (also supported in [Figure C-10](#)).

The TCAC/HCD Opportunity Area Economic score is based on poverty, adult education, employment, proximity to jobs, and median home value. As shown in [Figure C-5](#), all census tracts across the city received positive scores for the economic domain, indicating that households city-wide have adequate access to public resources, education, employment, live in close proximity to jobs, median home values reflect low crime rates, and good overall neighborhood characteristics.

As shown in [Figure C-6](#), Carmel-by-the-Sea is within the 0-20 range, indicating residents are less likely to have health problems resulting from poor environmental conditions. The City has demonstrated commitment to reducing negative environmental conditions through its 2021 adopted Climate Action Plan (CAP), which is further prioritized through policies and programs developed through the Housing Element that align with the City's mission to reduce greenhouse gas emissions.

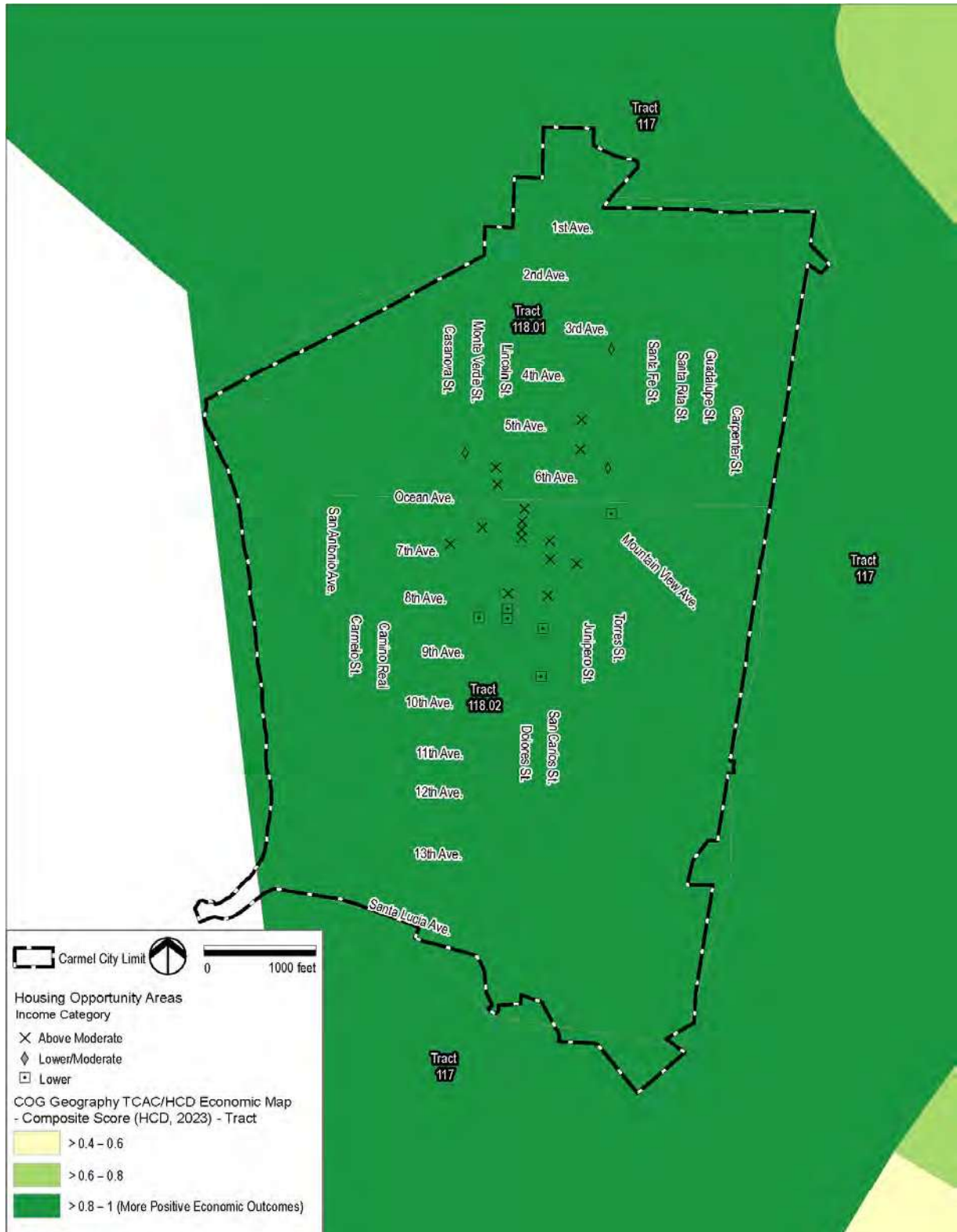
Overall, residents across the city experience similar access to educational opportunities, economic mobility, and low levels of pollution burden. Therefore, the distribution of housing opportunity sites and units at each affordability level will not create a discrepancy in access or perpetuate existing barriers to access. Rather, the increase in housing supply is intended to create more balanced living patterns in Carmel-by-the-Sea.

Figure C-4 Sites Inventory Analysis by TCAC/HCD Education Domain, 2021



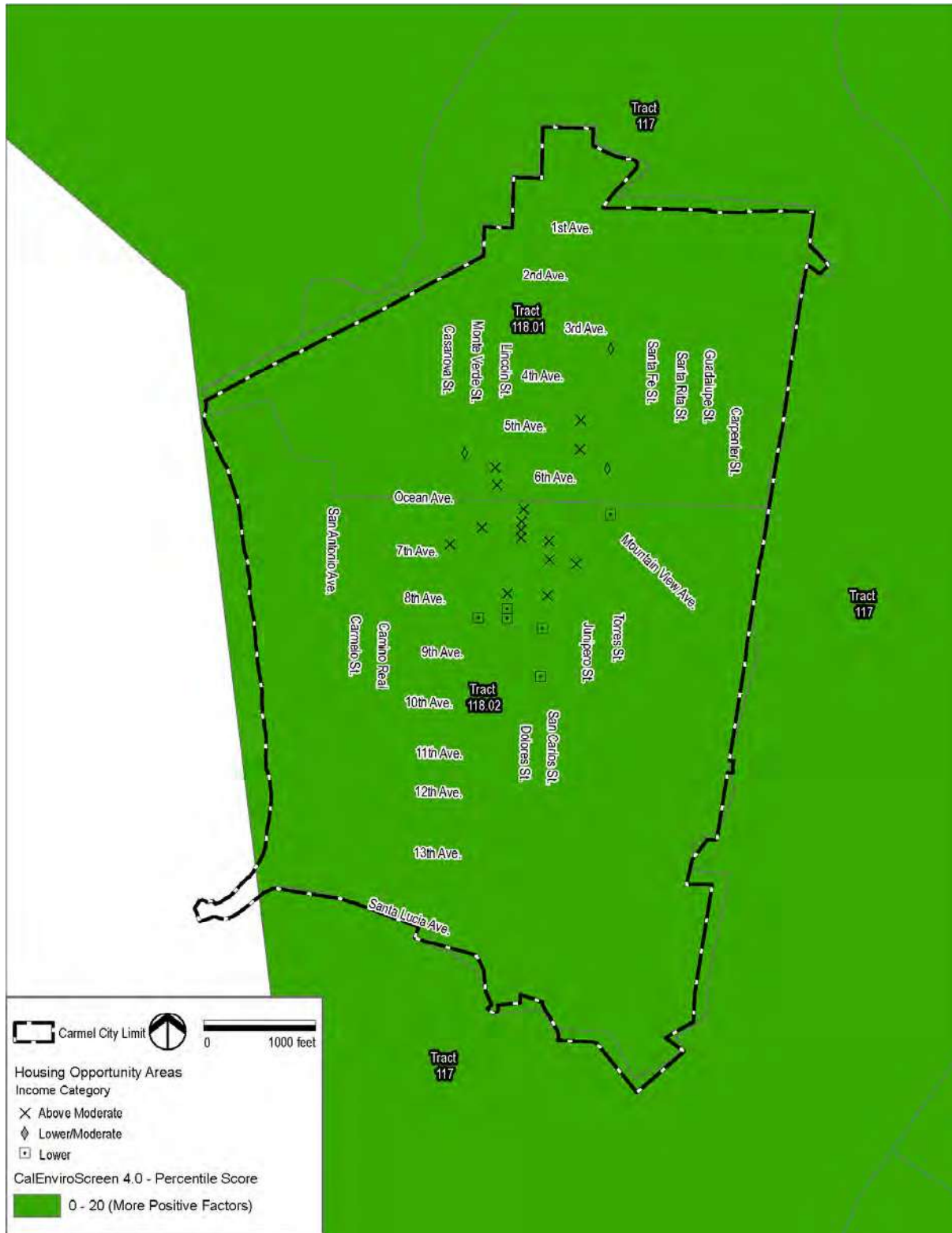
SOURCE: HCD AFFH Data Viewer; City of Carmel-by-the-Sea

Figure C-5 Sites Inventory Analysis by TCAC/HCD Economic Domain, 2023



SOURCE: HCD AFFH Data Viewer; City of Carmel-by-the-Sea

Figure C-6 Sites Inventory Analysis by CalEnviroScreen 4.0, 2021



SOURCE: HCD AFFH Data Viewer; City of Carmel-by-the-Sea

Potential Effect on Patterns of Integration and Segregation

Diversity

As discussed in the Housing Needs and Fair Housing Report ([Appendix A](#)), non-Hispanic White residents comprise the largest racial group in Carmel-by-the-Sea (86.5 percent of population), followed by Hispanic/Latino (8.2 percent), Asian/Pacific Islander (5.2 percent), and Black or African American populations (less than 1 percent). [Figure C-7](#) shows the distribution of anticipated housing opportunity units at each income level according to predominant populations. When analyzing predominant populations in Carmel-by-the-Sea, there is no geographic variation at the census tract or block group level, non-Hispanic White residents makeup the majority across the city.

[Table C-60](#) reports the distribution of units at each income level by the Diversity Index score developed by ESRI in 2023, and the percent of non-Hispanic White population present according to census tract. The Diversity Index represents the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups.

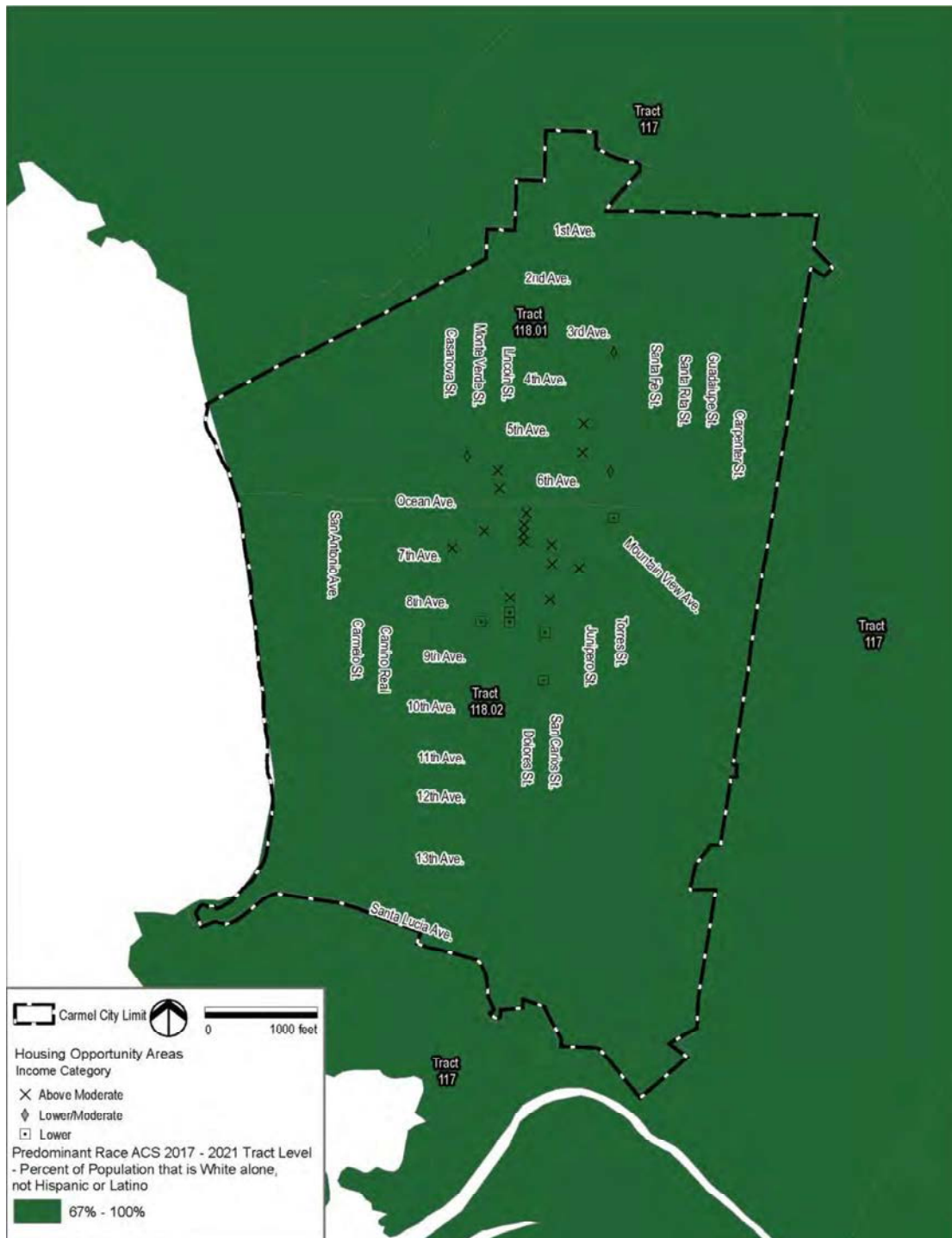
Overall, diversity in Carmel-by-the-Sea is low and only slightly varies according to census tract. As shown in [Table C-60](#), Census Tract 118.01, located north of Ocean Avenue, has a slightly lower proportion of non-Hispanic White residents (86.5 percent), compared to Census Tract 118.02, located south of Ocean Avenue (96.7 percent non-Hispanic White). This aligns with the City's Diversity Index for each census tract. Census Tract 118.01 has a diversity score of 37.8, whereas Census Tract 118.02 has a diversity score of 24.6, indicating that in both census tracts, there is a probability of approximately 38 percent of 25 percent, respectively, that two people randomly chosen from Carmel-by-the-Sea would belong to different race or ethnic groups.

Table C-60 Site Inventory Unit Count by Diversity Index, 2023

Income Group	Census Tract 118.01 (37.8 Diversity Score and 86.5% Non-Hispanic White Population)	Percent	Census Tract 118.02 (24.6 Diversity Score and 96.7% Non-Hispanic White Population)	Percent
Very Low-Income	30	23%	66	30%
Low Income	12	9%	52	24%
Moderate-Income	25	20%	8	4%
Above Moderate-Income	61	48%	91	42%
Total	128	100%	217	100%

SOURCE: HCD AFFH Data Viewer, 2023; U.S. Census Bureau, ACS 5-Year Estimate 2021, Table B03002, Census Tract level

Figure C-7 Sites Inventory Analysis by Predominant Population, 2021



SOURCE: HCD AFFH Data Viewer; City of Carmel-by-the-Sea; EMC Planning Group

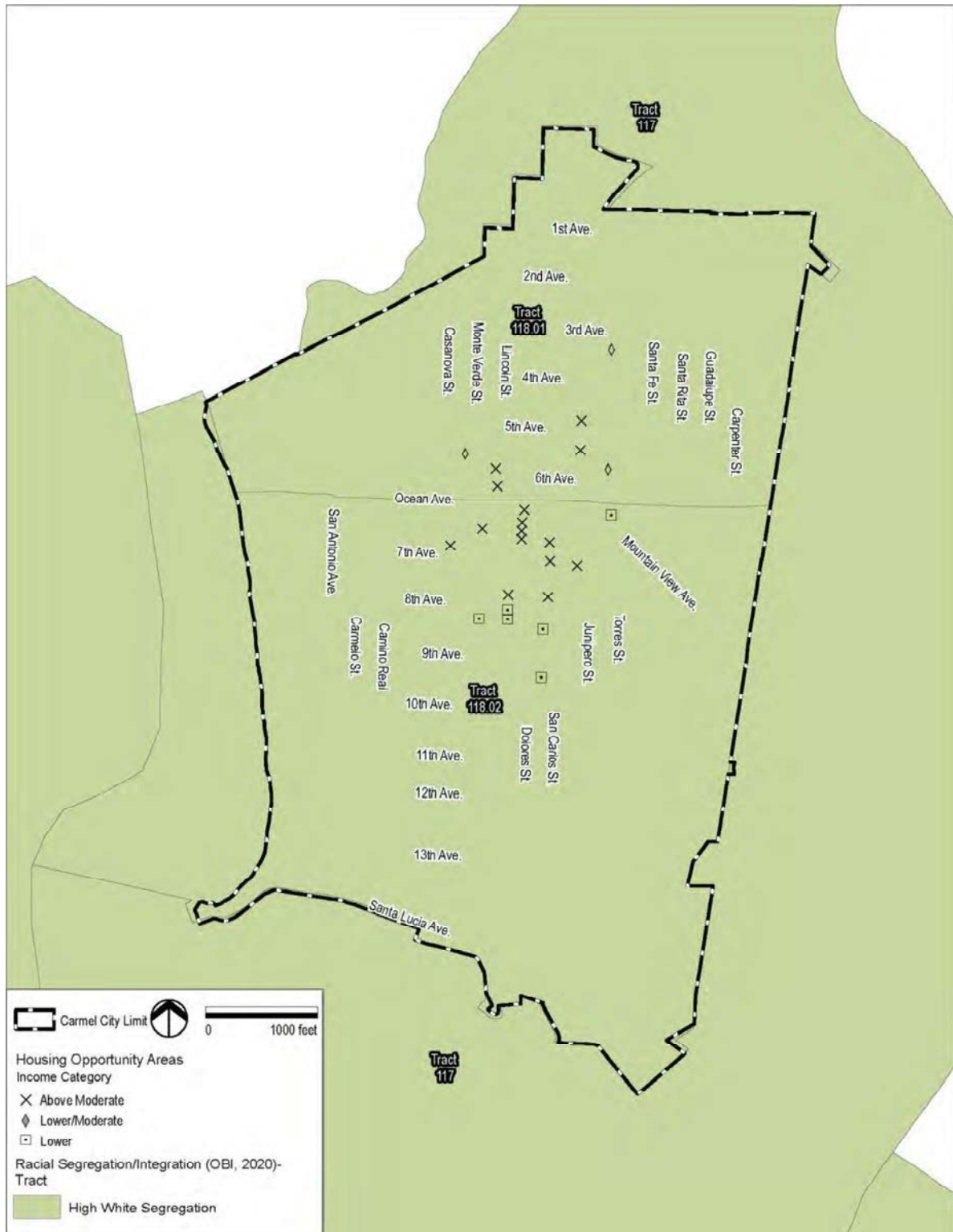
As shown in [Table C-60](#), Census Tract 118.01 is anticipated to accommodate 128 housing opportunity units, of which approximately 33 percent are lower-income. Census Tract 118.02 is anticipated to accommodate 217 housing opportunity units, of which approximately 54 percent are lower-income. This distribution of units is intended to increase the level of diversity in the area. Increasing the supply of housing affordable to a range of income categories is intended to mitigate further segregation between racial and ethnic groups, while also providing an opportunity for lower-income households with economic connections to the area to obtain adequate and affordable housing.

To support households in need of assistance, the City has partnered with several service organizations in the region to connect residents with the appropriate assistance (I.e., housing, employment, in-home care, etc.) The City's demographic makeup includes a large senior population. The Carmel Foundation provides a myriad of services for senior citizens including affordable housing, in-home support, meal delivery, and daily activities to cultivate community. Additionally, the City coordinates with the County and State to provide fair housing resources to ensure that all residents are aware of the processes to file a complaint, receive counseling on housing and employment, and mediate landlord/tenant disputes. These efforts to affirmatively further fair housing for all ages, races, and ethnicities are rooted in enabling a range of households to secure housing in Carmel-by-the-Sea.

[Figure C-8](#) shows the distribution of anticipated housing opportunity units at each income level according to racial segregation. As shown, the City of Carmel-by-the-Sea has a high level of White segregation. This aligns with data reported for the Diversity Index and predominant populations in Carmel-by-the-Sea. Despite the City's small size of one-square-mile, there is little racial and ethnic integration.

The City's historic land use and zoning has primarily enabled the development of single-family homes, which coupled with high land values, construction costs, and tedious design and review processes can pose financial barriers for lower income households attempting to move into the City. This may have been a contributing factor to the lack of racial and ethnic integration within the City. In reviewing potential governmental constraints to development, the City has acknowledged that current design review and permitting processes should be updated to provide a more expedient and objective review process. A suite of programs has been established to monitor the implementation of improving the development review and approval process, including Program 1.4.A – Eliminate Unnecessary Use Permits; Program 1.4.B – Objective Design and Development Standards; and Program 3.1.F – Expedited Processing Procedures (see [Chapter 2](#)). Additionally, the City is committed to enabling employee housing through the use of transfer of development rights for hotel/motels in the City, as well as incentivizing hotel/motel owners to provide on-site affordable employee housing. These incentives are established and monitored by Program 1.3.B and Program 1.3.D (see [Chapter 2](#)). Through the use of these programs, the City intends to facilitate the development of new affordable residential units available to lower-income households.

Figure C-8 Site Inventory Analysis by Racial Segregation, 2020



SOURCE: HCD AFFH Data Viewer; City of Carmel-by-the-Sea; EMC Planning Group

Median Household Income

Figure C-9 and Figure C-10 illustrate the distribution of anticipated housing opportunity units at each income level according to median household income and poverty status, respectively.

As shown in Figure C-9 and Figure C-10, according to census tract, the median household income in Carmel-by-the-Sea ranges from less than \$90,100 to \$120,000 and coincides with a low rate of poverty (less than 10 percent). Census Tract 118.01 has the highest median household income with households earning approximately \$101,042. Whereas, households located in Census Tract 118.02 earn a slightly lower median household income of \$98,849.

Table C-61 reports the distribution of housing opportunity sites by income category according to median income and poverty status. All anticipated housing units are located in census tracts that have a poverty rate of less than 5 percent and earn more than the Monterey County median household income of \$81,600.³ Approximately 74 percent of anticipated lower-income sites are located in Census Tract 118.02, which has a median income of \$98,839 and approximately 26 percent are located in Census Tract 118.01, which has a median income of \$101,042. The distribution of units is intended to prevent segregated living patterns based on income, while also alleviating existing affordability pressures for lower-income households.

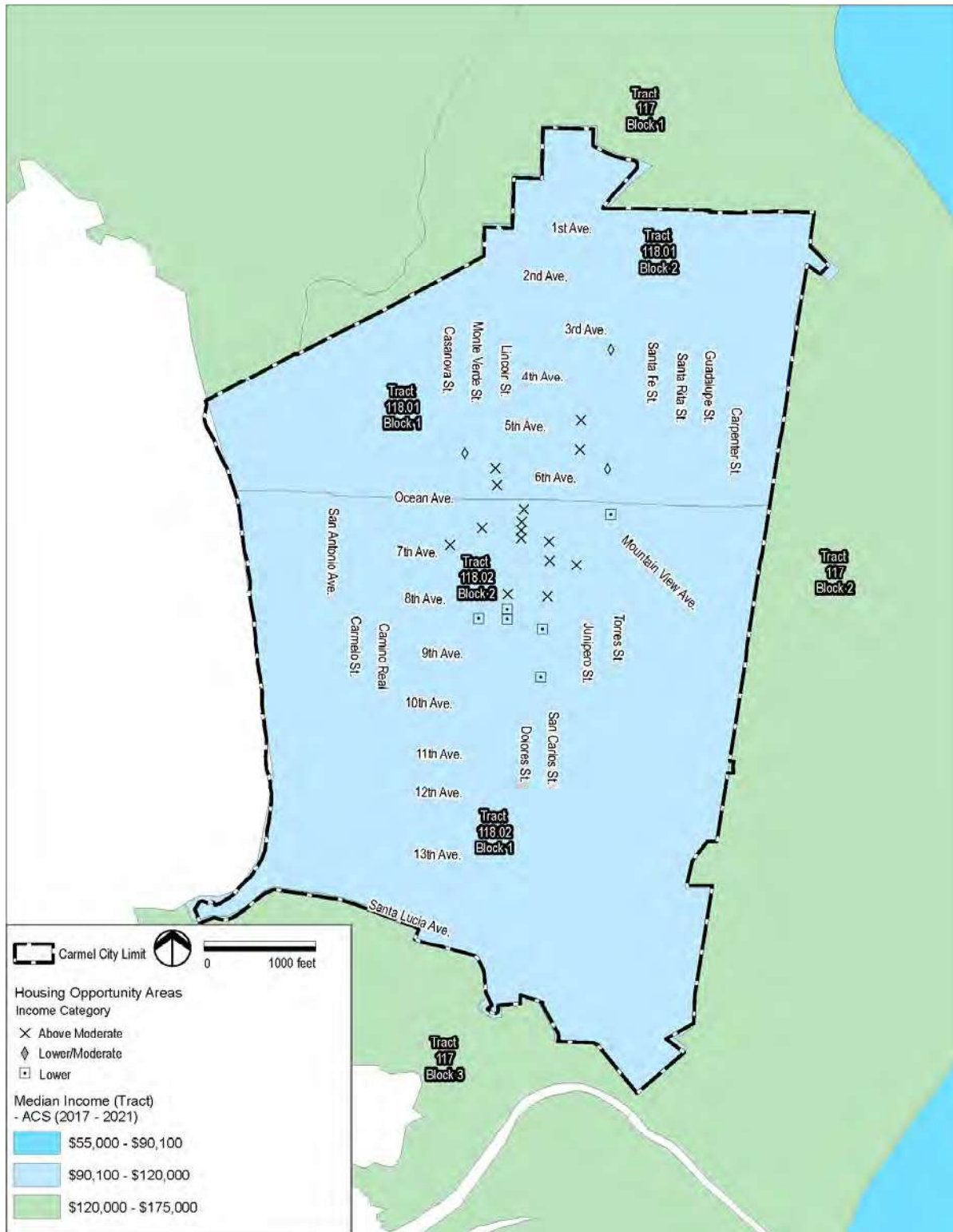
Table C-61 Site Inventory Unit Count by Median Income and Poverty Status, 2021

Income Group	Poverty Level Less Than 5%			
	Census Tract 118.01 \$101,042		Census Tract 118.02 \$98,839	
Very Low-Income	30	23%	66	30%
Low Income	12	9%	52	24%
Moderate-Income	25	20%	8	4%
Above Moderate-Income	61	48%	91	42%
Total	128	100%	217	100%

SOURCE: U.S. Census Bureau ACS 5-Year Estimate, 2021, Table S1701; City of Carmel-by-the-Sea

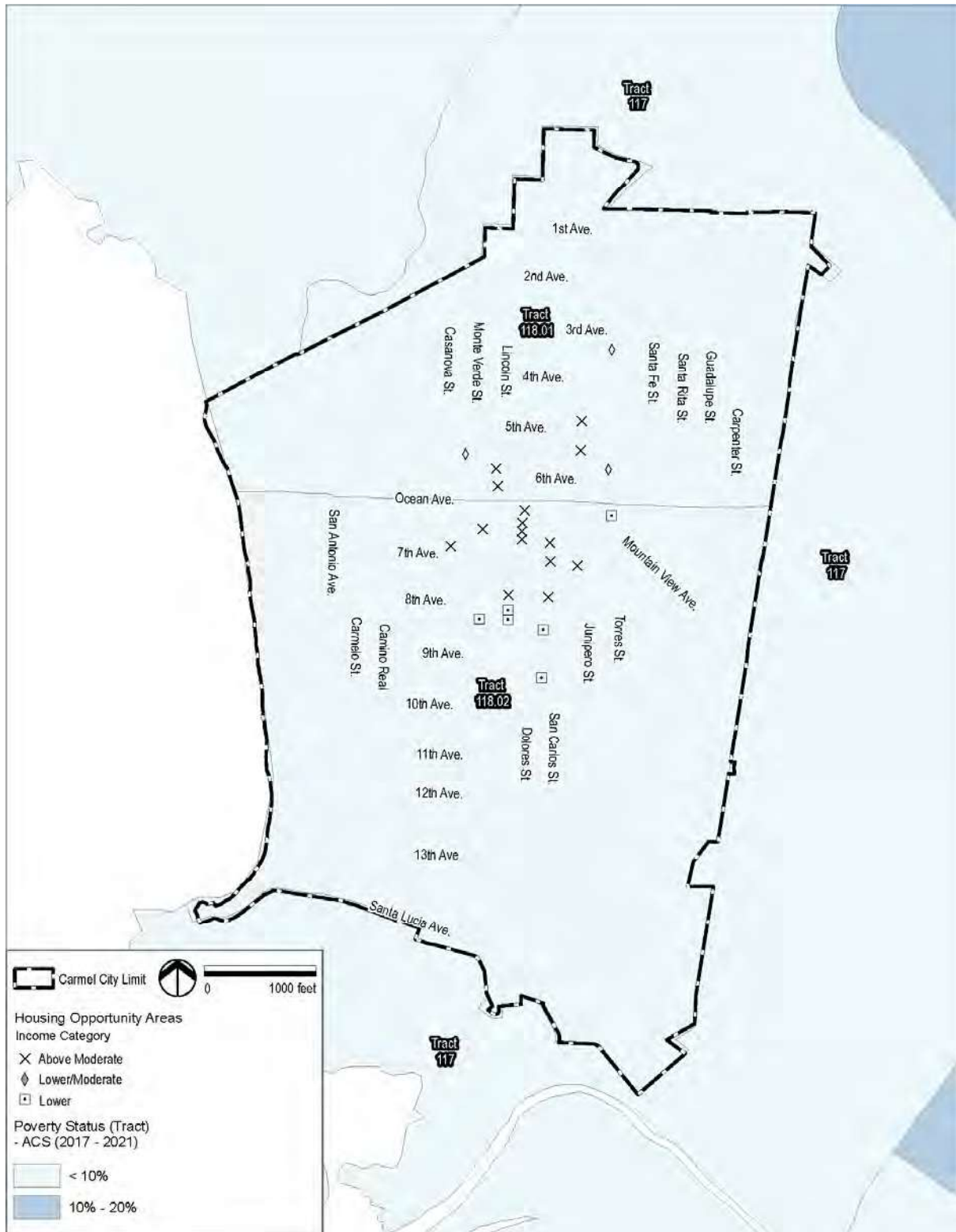
³ California Revised State Income Limits December 31, 2021.

Figure C-9 Sites Inventory Analysis by Median Income, 2021



SOURCE: HCD AFFH Data Viewer; City of Carmel-by-the-Sea

Figure C-10 Sites Inventory Analysis by Poverty Status, 2021



SOURCE: HCD AFFH Data Viewer; City of Carmel-by-the-Sea

The slight geographical variation in median household income by census tract may be linked to the affordability of housing types in the City. Census Tract 118.02, Block Group 2, encompasses the portion of the City located south of Ocean Avenue and north of 11th Avenue. This includes part of the City's downtown Commercial District, which allows medium density residential uses. All newly constructed second story floor area, including area in new buildings, remodeled buildings and replacement, rebuilt or reconstructed buildings, must be occupied by residential dwellings only and cannot not be used for any commercial land use (CMC 17.14.050F). While this has enabled the development of more dense residential uses in the largely built-out community, it may have also contributed to the isolation of lower-income households.

To mitigate existing and future segregated living patterns, the City identified housing opportunity sites that are dispersed throughout the city. However, due to the small size of the city, being less than one-square-mile, and its built out nature, most units are located in the central region of the City where higher densities and mixed uses are allowed. In the last five years, the City has seen several remodeling and redevelopment projects within the Commercial District, and has engaged in discussions with several property owners who are interested in developing residential units. Based on recent projects and property owner interest, the City believes the most developable sites for housing are located within the City's Commercial District.

To facilitate the development of residential units, the City has committed to amending its Municipal Code to enable higher residential densities (establishing a minimum density for the base zoning of 33 dwelling units per acre) in the Commercial Districts (SC, CC, RC) and Multi-Family Residential District (R-4) (Program 3.1.G); requires residential uses for any new second story floor area in the Commercial District (CMC 17.14.050F); and is incentivizing hotel/motel owners to provide on-site affordable employee housing (Program 1.3.D) and/or to engage in a transfer of development rights process to convert existing accommodations to provide affordable multi-family residential units (Program 1.3.B). All programs are listed in full in [Chapter 2](#).

Female-Headed, Single-Parent Households

According to 2021 ACS data, female-headed households comprise 3.6 percent of all households in Carmel-by-the-Sea. [Table C-62](#) reports the distribution of anticipated housing opportunity units at each income level according to the concentrations of single-parent families with a female-headed householder.

As shown in [Table C-62](#), all anticipated housing opportunity units are located in census tracts where female-headed households makeup less than 5 percent of all households. Census Tract 118.01 has a slightly lower percentage of female-headed households (2.7 percent) compared to Census Tract 118.02 (4.6 percent). Census Tract 118.01 is anticipated to accommodate approximately 128 units ranging from very low- to above moderate-income. Census Tract 118.02 is anticipated to accommodate approximately 217 units ranging from very low- to above moderate-income.

Table C-62 Sites Inventory Unit Count by Female-Headed Households, 2021

Income Group	Census Tract 118.01 Female-Headed Households 2.7%	Percent	Census Tract 118.02 Female-Headed Households 4.6%	Percent
Very Low-Income	30	23%	66	30%
Low Income	12	9%	52	24%
Moderate-Income	25	20%	8	4%
Above Moderate-Income	61	48%	91	42%
Total	128	100%	217	100%

SOURCE: U.S. Census Bureau ACS 5-Year Estimate, 2021, Table B11001; City of Carmel-by-the-Sea

Both census tracts coincide with low rates of poverty (less than 2 percent) and are designated highest resource areas with adequate access to public goods, services, transportation, educational institutions, and economic opportunities. The distribution of lower-income units in areas with lower concentrations of female-headed households is intended to mitigate current and future concentrations of female-headed households. Additionally, increasing housing supply across the city is expected to mitigate the overpayment, housing scarcity, and displacement that lower-income persons and single-parent households are susceptible to. Increasing housing supply will be coupled with programs to incentivize the development of affordable housing for lower-income and special needs households (Programs 3.1.B, 5.1.A, 5.1.B, 5.1.C, see [Chapter 2](#)).

Due to a lack of available mapping data, a map illustrating female-headed households across Carmel-by-the-Sea is not provided.

Population with a Disability

According to 2021 ACS data, approximately 12.3 percent of Carmel-by-the-Sea's population live with at least one disability. [Table C-63](#) and [Figure C-11](#) show the distribution of anticipated housing opportunity units at each income level according to the population with a disability.

As shown in [Figure C-11](#), less than 10 percent of residents located in Census Tract 118.02 live with a disability. Whereas, approximately 17 percent of residents located in Census Tract 118.01 live with a disability.

As shown in [Table C-63](#), approximately 63 percent of the anticipated housing opportunity units are located in census tracts where approximately 8 percent of the population live with a disability, and 37 percent of the units are located in census tracts where approximately 17 percent of the population live with a disability. Census Tract 118.01 has a higher proportion of residents living with a disability (17 percent) compared to Census Tract 118.02 (7.7 percent). There is no correlation

between disability rates and resource areas in Carmel-by-the-Sea, as both census tracts are highest resource areas, coinciding with low poverty rates (less than 2 percent), and median incomes greater than Monterey County.

As previously mentioned, Carmel-by-the-Sea houses a large proportion of senior citizens, likely contributing to the percentage of residents living with a disability. The Carmel Foundation is located in Census Tract 118.02, south of Ocean Avenue. The Foundation provides 50 affordable residential units for seniors aged 55 and older. In addition to providing affordable housing, the Foundation offers a myriad of services to seniors from meal delivery to daily social activities.

Table C-63 Sites Inventory Unit Count by Population with a Disability, 2021

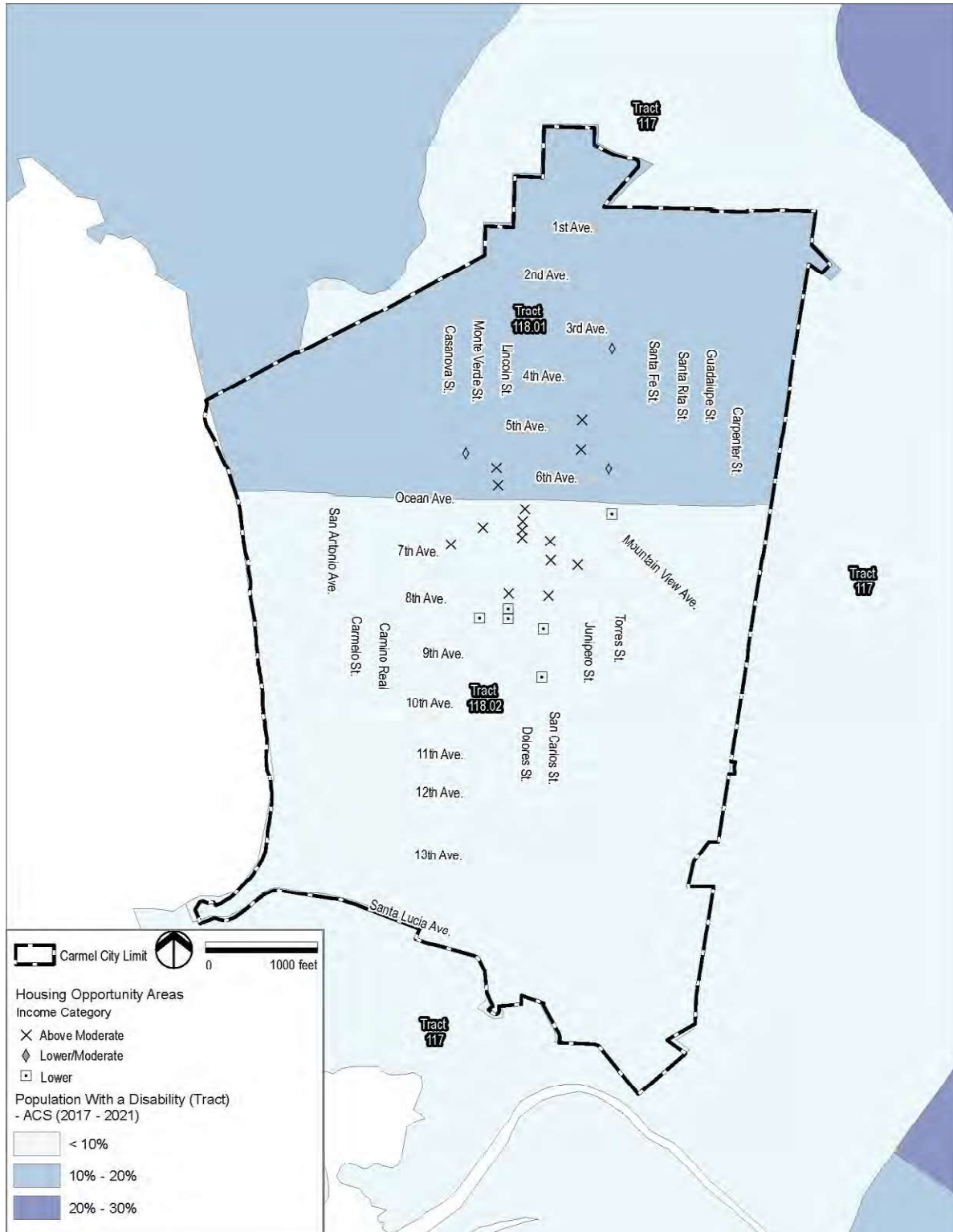
Income Group	Census Tract 118.02	Percent	Census Tract 118.01	Percent
	Population with a Disability 7.7%		Population with a Disability 17.1%	
Very Low-Income	66	30%	30	23%
Low Income	52	24%	12	9%
Moderate-Income	8	4%	25	20%
Above Moderate-Income	91	42%	61	48%
Total	217	100%	128	100%

SOURCE: U.S. Census Bureau ACS 5-Year Estimate, 2021, Table S1810; City of Carmel-by-the-Sea

Census Tract 118.02 is anticipated to accommodate 217 units ranging from very low- to above moderate-income. Of the 217 units, approximately 54 percent are lower-income. Census Tract 118.01 is anticipated to accommodate 128 units ranging from very low- to above moderate-income. Of the 128 units, approximately 33 percent are lower-income. The distribution of units is intended to meet existing housing needs, while also mitigating concentrations of residents living with a disability. Increasing the housing supply throughout the city is expected to mitigate the overpayment, housing scarcity, and displacement that lower-income persons with disabilities are susceptible to.

To address barriers to obtaining accessible and affordable housing for residents/households living with a disability, the City has included Program 3.2.A, which commits the City to revising procedures for reasonable accommodation, as well as reducing and/or waiving permit fees for persons with a disability (see [Chapter 2](#)).

Figure C-11 Sites Inventory Analysis by Population with a Disability, 2021



SOURCE: HCD AFFH Data Viewer; City of Carmel-by-the-Sea

Potential Effect on Disproportionate Housing Needs & Displacement Risk

Overcrowding

Overcrowding is defined as a household with more than one occupant per room excluding bathrooms and kitchens. Units with more than 1.5 persons per room are considered severely overcrowded. According to 2021 ACS data, approximately 1.6 percent of households in Carmel-by-the-Sea experience some level of overcrowded living conditions. [Table C-64](#) and [Figure C-12](#) show the distribution of housing opportunity units at each income level according to overcrowding.

As shown in [Table C-64](#), approximately 63 percent of anticipated housing opportunity units are located in Census Tract 118.02 where no households experience overcrowding. In Census Tract 118.01, approximately 3 percent of households experience overcrowding. Census Tract 118.01 is anticipated to accommodate 128 units ranging from very low- to above moderate-income. As discussed in [Appendix A – Housing Needs and Fair Housing Report](#), the level of overcrowding in Carmel-by-the-Sea is lower than Monterey County and nearby jurisdictions, ranging from 1 to 14 percent.

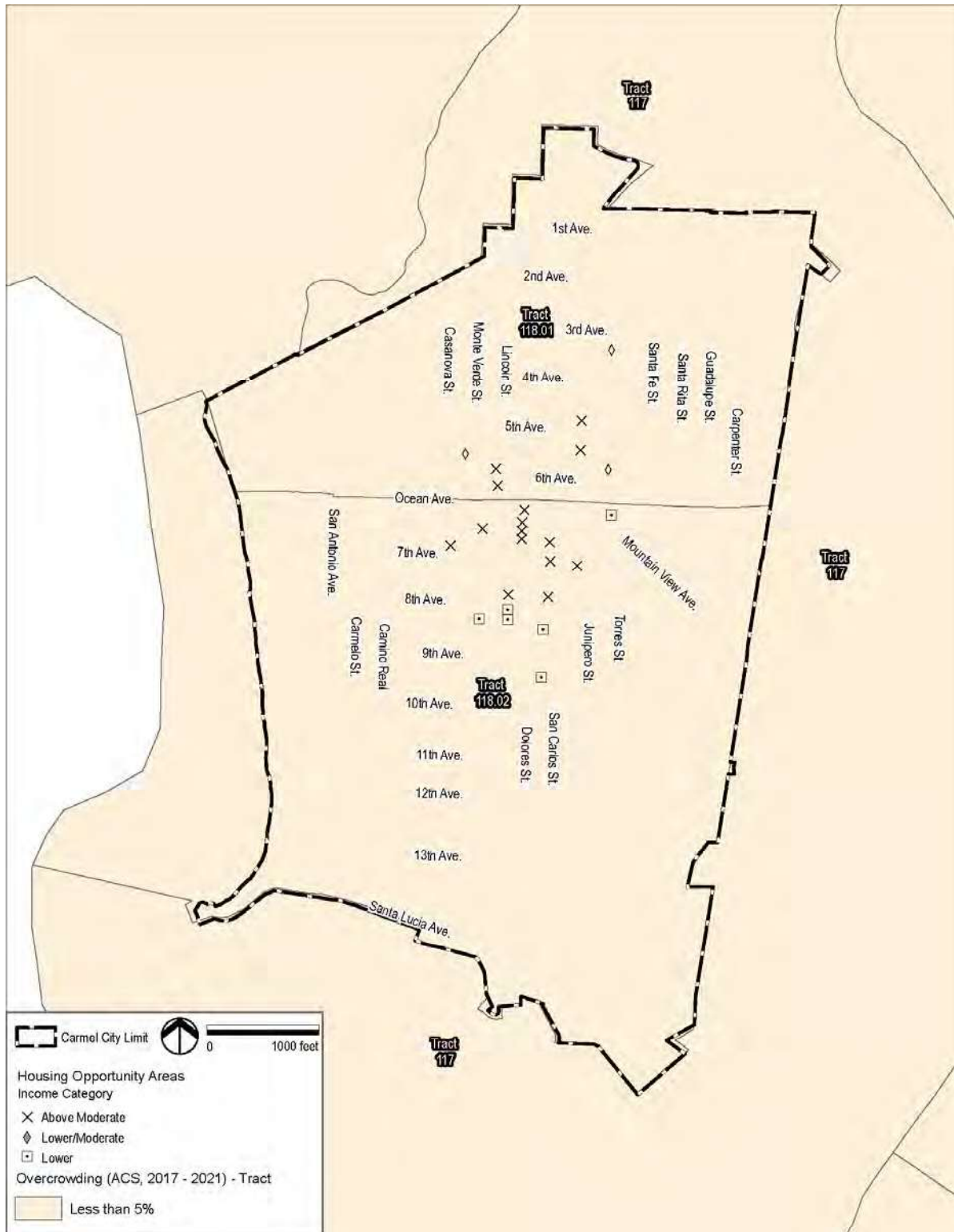
The distribution of housing opportunity units is anticipated to reduce overcrowding by increasing housing supplying throughout the city. A total of 42 lower-income units are anticipated in Census Tract 118.01 to meet the existing need for affordable residential units and mitigate future concentrations. The City has developed a suite of programs to facilitate the development of a variety of housing types for all income levels (Programs 1.3.A, 1.3.C, 1.3.D, 1.3.F, 1.3.G, 1.3.J, 3.3.A, 3.3.B, 3.3.C, 3.3.D, see [Chapter 2](#)).

Table C-64 Sites Inventory Unit Count by Overcrowding, 2021

Income Group	Census Tract 118.02 Household Overcrowding 0%	Percent	Census Tract 118.01 Household Overcrowding 3.3%	Percent
Very Low-Income	66	30%	30	23%
Low Income	52	24%	12	9%
Moderate-Income	8	4%	25	20%
Above Moderate-Income	91	42%	61	48%
Total	217	100%	128	100%

SOURCE: HCD AFFH Data Viewer, 2017-2021; City of Carmel-by-the-Sea

Figure C-12 Sites Inventory Analysis by Overcrowding, 2021



SOURCE: HCD AFFH Data Viewer; City of Carmel-by-the-Sea

Cost Burden & Displacement Risk

Cost burden is measured as households spending more than 30 percent of their gross income including utilities for housing. Consistent with the region, households throughout Carmel-by-the-Sea are overpaying for housing due to rapidly increasing market conditions that outpace wage increases. [Table C-65](#) and [Figure C-13](#) show the distribution of housing opportunity units at each income level according to the percentage of cost burdened renter households.

As shown in [Figure C-13](#), between 40 to 80 percent of households experience cost burden in Carmel-by-the-Sea. In Census Tract 118.01, located north of Ocean Avenue, approximately 52 percent of renter households experience cost burden. Whereas, in Census Tract 118.02, located south of Ocean Avenue, approximately 62 percent of renter households experience cost burden.

As shown in [Table C-65](#), approximately 63 percent of the anticipated housing opportunity units are located in Census Tract 118.02, where approximately 62 percent of renter households experience cost burden. Thirty-seven (37) percent of anticipated housing opportunity units are located in Census Tract 118.01, where approximately 52 percent of renter households experience cost burden. There is no correlation between cost burden rates and resource areas in Carmel-by-the-Sea, as all census tracts are designated highest resource areas, coinciding with low poverty rates (less than 2 percent), and median incomes greater than Monterey County.

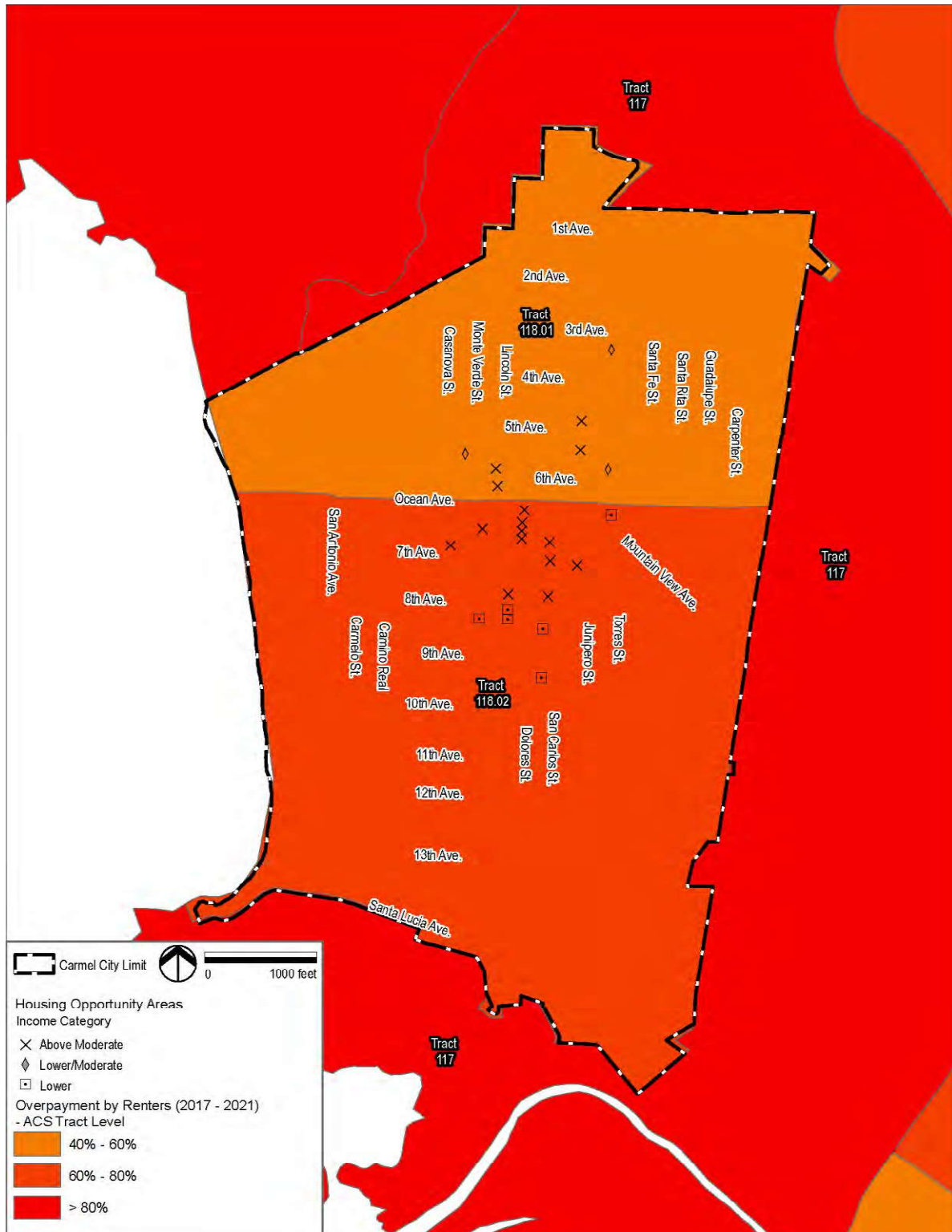
Table C-65 Site Inventory Unit Count by Cost Burdened Renter Households, 2021

Income Group	Census Tract 118.01 Household Overcrowding 52%	Percent	Census Tract 118.02 Household Overcrowding 62%	Percent
Very Low-Income	30	23%	66	30%
Low Income	12	9%	52	24%
Moderate-Income	25	20%	8	4%
Above Moderate-Income	61	48%	91	42%
Total	128	100%	217	100%

SOURCE: HCD AFFH Data Viewer, 2021; City of Carmel-by-the-Sea

Census Tract 118.02 is anticipated to accommodate approximately 74 percent of the City's anticipated lower-income units, and Census Tract 118.01 is anticipated to accommodate approximately 26 percent. The distribution of housing units is intended to alleviate existing conditions of cost burden among renter households by increasing the supply of affordable housing in areas where it is needed most, while also acting as a mitigation measure against segregated living patterns based on income. The City intends the housing site inventory distribution to encourage a balanced environment for future housing development.

Figure C-13 Sites Inventory Analysis by Cost Burdened Renter Households, 2021



SOURCE: HCD AFFH Data Viewer; City of Carmel-by-the-Sea

To address barriers to obtaining affordable housing for lower-income and special needs households, the City has developed a suite of programs to facilitate the construction of housing affordable to lower-income households and support lower-income households through continued education (Programs 1.4.A, 3.1.B, 3.1.C, 3.1.D, 3.1.E, 3.1.F, 5.1.A, 5.1.B, 5.1.C, see [Chapter 2](#)).

Summary of AFFH Analysis of Sites

Generally, Carmel-by-the-Sea is designated a highest resource area with a low level of diversity, low levels of poverty, and predominantly comprised of non-Hispanic White households. The household median income varies slightly according to census tract, ranging from \$90,100 to \$120,000 annually. Household overcrowding also slightly varies according to census tract, ranging from 0 to 5 percent across the city. Additionally, cost burden among renter households varies according to census tract, ranging from 52 to 62 percent of renter households. Residents living with a disability vary according to census tract, ranging from 7 to 17 percent. Lastly, female headed-households comprise a total of 3.6 percent of all households in Carmel-by-the-Sea.

The selected sites for the housing opportunity sites inventory are distributed throughout the city and are anticipated to mitigate segregated patterns of development and increase opportunities through the integration of all affordability levels for housing units. The City has developed a suite of programs to facilitate the construction of housing affordable to lower-income and special needs households, and to support lower-income households. For a comprehensive discussion of the City's goals, policies, and programs to support the development of affordable housing, see [Chapter 2](#).

C.7 Conclusion

The underutilized sites, on-site hospitality employee housing, accessory dwelling units, and pipeline projects identified in this report are sufficient to accommodate approximately 117 percent of the City of Carmel-by-the-Sea's Regional Housing Needs Allocation for the 6th Cycle planning period. Many of the sites identified in this report have existing uses that would need to be temporarily relocated, remodeled, or replaced before new housing could be constructed. Several sites have property owner interest.

Carmel-by-the-Sea has successfully produced the variety of housing types projected to meet RHNA with this 6th Cycle Housing Element update. Examples can be found with [Figure C-14, Example Development Map](#). Further, the incumbent staff, Marnie Waffle, has led four out of the five example projects shared with this image.

Nonetheless, for communities like Carmel-by-the-Sea that are largely built out and surrounded on all sides by natural resources and other communities, redevelopment and densification is the only practical solution to providing its share of housing for the Monterey Bay Area RHNA. By its nature, such redevelopment is more costly and more time consuming than building new units on vacant land.

Figure C-14 Example Development Map



Source: Monterey County GIS 2023



Example Development Map

Carmel Housing & Safety Element Update

Appendix C

Housing Sites Inventory Analysis

C.1 Introduction

The Association of Monterey Bay Area Governments (AMBAG) forecasts that the two-county (Monterey and Santa Cruz) Monterey Bay Area will add 32,867 new households between 2020 and 2045¹. For the eight-year time frame covered by this 6th Cycle Housing Element Update, the State Department of Housing and Community Development (HCD) has identified the region's housing need as 33,274 units. The total number of housing units assigned by HCD is separated into four income categories that cover housing types for all income levels, from very low-income households to above-moderate income (market rate) housing. This calculation, known as the Regional Housing Needs Allocation (RHNA), is based on population projections produced by the California Department of Finance (DOF) as well as adjustments that incorporate the region's existing housing need. The adjustments result from recent legislation requiring HCD to apply additional adjustment factors to the baseline growth projection from the California Department of Finance in order for the regions to get closer to healthy housing markets. To this end, adjustments focus on the region's vacancy rate, level of overcrowding, and the share of cost burdened households, and seek to bring the region more in line with comparable ones. These new laws governing the methodology for how HCD calculates the 6th cycle RHNA resulted in a significantly higher number of housing units for which the Monterey Bay Area must plan compared to previous Housing Element cycles.

Revised Sites Inventory Strategy

In April 2024, the City of Carmel-by-the-Sea adopted the 6th cycle Housing Element, which was found to be compliant with State law by the California Department of Housing and Community Development (HCD) on April 25, 2024. In pursuing the implementation of its adopted Housing Element, the City has come to realize that certain sites may be challenging to develop and that the community desires to diversify its housing stock and to spread affordable housing opportunities throughout the community. In response, a group of resident volunteers came together called the Affordable Housing Alternatives Group, or "AHA". AHA is composed of a highly motivated group of residents that have devoted their energy and talents to crafting policies tailored to Carmel that will address the City's housing needs. In partnership with City staff, the AHA Group provided thousands of volunteer hours, met with City staff on a weekly basis (often more frequently), leveraged community connections to identify property owners interested in adding new housing on their

¹ Source: Final 2022 Regional Growth Forecast, AMBAG, November 18, 2020

properties, attended meetings with HCD, and genuinely dedicated themselves to help finding housing solutions with the best chance of becoming reality. One of the many benefits that grew out of this collaboration was the development of an alternative sites strategy for meeting the City's RHNA that provides a more viable path to the creation of affordable housing opportunities within the village. This new Appendix C replaces the previously adopted Appendix C and represents the culmination of efforts by AHA members, the Carmel community, and City staff to refine the Housing Element in a way that maximizes the potential for affordable housing development in the City.

C.2 Regional Housing Needs Allocation

RHNA Summary

AMBAG adopted its Final 6th Cycle Regional Housing Needs Allocation Plan 2023-2031 on October 12, 2022. The plan was approved by HCD on November 8, 2022. For Carmel-by-the-Sea, the RHNA to plan for in this cycle is 349 units. Details are provided below.

Carmel-by-the-Sea's share of the regional housing need for the eight-year period from 2023 to 2031 is 349 units, which is a 1,125 percent increase over the 31 units required during the 2014 to 2023 RHNA cycle. The housing need is divided into four income categories of affordability: Extremely Low Income, Very Low Income, Low Income and Moderate Income. [Table C-1](#) shows Carmel-by-the-Sea's RHNA for the 2023 – 2031 planning period.

Table C-1 Regional Housing Needs Allocation (RHNA) – 2023-2031

Income Group	Carmel-by - the-Sea Units	Percent	Monterey County Units	Percent	Monterey Bay Area Units	Percent
Extremely Low Income (<30% of AMI)	57	16.3%	2,206	10.9%	3,934	11.8%
Very Low Income (30% - 50% of AMI)	56	16.0%	2,206	10.9%	3,934	11.8%
Low Income (50%-80% of AMI)	74	21.2%	2,883	14.2%	5,146	15.5%
Moderate Income 80%-120% of AMI)	44	12.6%	4,028	19.8%	6,167	18.5%
Above Moderate Income (>120% of AMI)	118	33.9%	8,972	44.2%	14,093	42.4%
Total	349	100.0%	20,295	100.0%	33,274	100.0%

SOURCE: AMBAG 2021

NOTE: The Association of Monterey Bay Area Governments (AMBAG) Executive Board adopted the 2023-2031 Regional Housing Needs Allocation Plan (RHNA) on October 12, 2022 (Resolution No. 2022-24). The plan was approved by the California Housing and Community Development on November 8, 2022.

Progress Toward RHNA

The RHNA planning period for the 2023-2031 Housing Element (6th Cycle) is June 30, 2023 through December 15, 2031. The statutory adoption date for the 6th Cycle Housing Element is December 15, 2023 – six months after the beginning of the RHNA planning period. To account for this discrepancy, the City of Carmel-by-the-Sea can receive credits for the number of housing units

entitled, permitted, or under construction since the beginning of the projection period, up to the data cutoff date for the writing of this Housing Element (December 31, 2024) and apply these to the RHNA. Accordingly, the units permitted in this 18-month period count toward the 2023-2031 Housing Element (6th Cycle) and are subtracted from the City's RHNA of 349 units.

Table C-2 provides a summary of the City's remaining RHNA obligations after accounting for eligible credits. **Table C-3** lists "pipeline" projects, and includes three housing projects (totaling 23 units) and 45 ADUs that have earned approval for entitlements and/or permits and will begin construction during the 6th Cycle Housing Element. Therefore, the City has a remaining RHNA of 281 units for which the City must identify adequate sites.

Table C-2 Remaining RHNA

	Very Low-Income Units	Low-Income Units	Moderate-Income Units	Above Moderate-Income Units	Total Units
2023–2031 RHNA	113	74	44	118	349
Units permitted between June 30, 2023 and December 31, 2024	13	13	13	29	68
Remaining RHNA	100	61	31	89	281

SOURCE: City of Carmel-by-the-Sea, Community Planning & Building Department

Table C-3 Pipeline Projects

APN	Project Name	Zoning	General Plan	Area	Min. Density (du/ac)	VLI	LI	MI	AM	Tenure	Entitlement Status
010138003000	Ulrika Plaza	SC	Core Commercial	0.37	33	--	--	--	12	Rental	Approved
010138021000											
010145012000	JB Pastor	SC	Core Commercial	0.27	33	--	--	--	8	Rental	Approved
010145024000											
010145023000											
010146010000	Scandia Lopez	CC	Core Commercial	0.09	33	--	--	--	3	Rental	Permitted
Subtotal						0	0	0	23		
ADUs						13	13	13	6	Rental	Approved/ Permitted/ Constructed
Grand Total						13	13	13	29	68	

SOURCE: City of Carmel-by-the-Sea, 2025

NOTES: VLI = very low-income; LI = low-income; MI = moderate-income; AM = above moderate-income.

Pipeline Projects

Ulrika Plaza

The Planning Commission approved the Ulrika Plaza project on August 9, 2023. On December 13, 2024, a building permit application was received for the project, which is slated to begin construction by the end of 2025. The 16,000-square-foot (0.37 acre) project site includes a 22,400 square foot mixed-use building with 9,000 square feet of ground-floor retail, 12 market rate residential units, and 28 parking spaces in an underground garage. The project density is 33 dwelling units per acre.

The project, previously known as Del Dono and Del Dono II, resulted from merging two 8,000-square-foot lots. In this first incarnation of the project, the original developer planned to construct a mixed-use building containing ground-floor commercial space and 16 residential units total (at a density of 44 dwelling units per acre). The project was approved and broke ground in 2019. A two-story commercial building with underground parking was demolished on the north lot, and a one-story commercial building with a surface parking lot was demolished on the south lot. The developer lost their funding during construction and the property was subsequently sold and redesigned as Ulrika Plaza.

This project is an example of the redevelopment of underutilized commercial buildings and a surface parking lot in the Service Commercial (SC) District. All land use entitlements have been obtained.

JB Pastor Building

The Planning Commission approved the JB Pastor project on April 9, 2025. The project site is a 12,000-square-foot (0.27 acre) commercial parcel. The site is composed of three (3) legal lots of record and is currently developed with a two-story, historic community room building, surface parking, a one-story commercial building, and a two-story mixed-use building (office & residential). The developer proposes demolishing all existing site improvements, excluding the historic community room, and constructing two (2), 2-story mixed use buildings totaling approximately 12,900 -square-feet with ground floor commercial space, eight (8) market rate second-floor apartments, and 12 on-site parking spaces. The project density is 29 dwelling units per acre.

This project is an example of the redevelopment of underutilized commercial properties, including a surface parking lot in the Service Commercial (SC) District.

Scandia Lopez/Hakim

The Planning Commission approved additions to the historic Percy Parkes Building for three (3) new residential units on July 13, 2022. The 4,000-square-foot (0.09 acres) project site includes a 2,750 square foot one-story historic commercial building. The project consists of a second floor

addition to the existing commercial building and the construction of a two-story building in the courtyard behind the existing building. The project density is 33 dwelling units per acre.

This project is an example of additions to a one-story historic commercial building in the Central Commercial (CC) District to provide housing. The commercial tenant relocated to another retail space within the village prior to approval of the project. All land use entitlements have been obtained. No appeals of the project were filed. A building permit was issued in April 2025.

Accessory Dwelling Units

Between July 1, 2023 and December 31, 2024, the City has issued certificates of occupancy and building permits, and is in the process of reviewing additional ADU applications, for a total of 45 ADUs and JADUs as documented in the City's Housing Element Annual Progress Reports submitted to HCD. The City continues to see a strong interest in ADUs and expects that trend to continue throughout the planning period.

C.3 Regulatory Framework for Meeting the RHNA

The purpose of the Sites Inventory is to identify and analyze specific sites that are available and suitable for residential development in order to accommodate Carmel-by-the-Sea's assigned 349 housing units. The City is not responsible for building the housing, but must provide adequate capacity through land use policies and zoning regulation to accommodate the remaining RHNA.

Sites to Accommodate Lower-Income RHNA

Sites Used in Previous Planning Periods Housing Elements

Government Code Section 65583.2(c)

Each site includes information about whether it was used in a prior housing element planning period, if it is currently vacant, and the number of anticipated housing units by income category.

Appropriate Zoning

Government Code Section 65583.2(c)(3)

Under state law, the "default density" for suburban jurisdictions such as Carmel-by-the-Sea, is at least 20 dwelling units per acre. At this density a project site is deemed appropriate to accommodate lower-income housing. The General Plan designation that meets this prerequisite is Multi-Family Residential (and/or zoning at R-4), with a maximum density of 33 dwelling units per acre, or 44 dwelling units per acre with a local density bonus when affordable units are provided.

Residential uses are also permitted in the City's CC, SC, and RC zones, up to 22 units per acre by right. Projects meeting the local Bonus Density incentive may reach 44 units per acre. A 100 percent affordable housing project may reach 88 units per acre, inclusive of all state and local bonuses

The City is implementing [Program 3.1.G](#) to change the maximum allowable density of 33 dwelling units per acre to a minimum density of 22 dwelling units per acre and a maximum allowable density of 40 units per acre in the Commercial (CC, SC, and RC) Districts and the Multi-Family Residential (R-4) District. Combining local and State density bonuses, the total capacity can reach 88 units per acre, representing a total combined local and State bonus of 120 percent. This will enable a higher yield of residential units, rather than larger units at a lower yield, which is likely to result in increased financial feasibility for the development of affordable units. In addition, the City is modifying the Municipal Code to broaden the eligibility for receiving up to a total of 88 du per acre, inclusive of all state and local bonuses, in commercial zones from 100 percent affordable housing projects to projects that qualify for the Mixed-Income Incentive Program.

Site Size

Government Code Section 65583.2(c)(2)(A), (B), and (C)

Several factors outside of the City of Carmel-by-the-Sea's control impact the availability and developability of land throughout the village. The incorporated area of Carmel-by-the-Sea is one-square-mile, bordered by Pescadero Canyon to the north and Carmel Bay to the west. The City is located entirely within the Coastal Zone and has a certified Local Coastal Program that complies with the policies of the California Coastal Act. It is also built-out and composed of small lot sizes. The original subdivision maps for the City (recorded in 1888 and 1902 established a grid pattern of commercial lots ranging in size from 2,500 square feet (0.057 acres) to 4,000 square feet (0.09 acres). While some parcels have been combined, many remain in their original configuration today.

No Net Loss

Government Code Section 65863

Through the eight-year RHNA planning period of the 6th Cycle Housing Element, pursuant to the State of California's No Net Loss Law, the City is required to identify an alternative site(s) if a site on the Sites Inventory is developed at a lesser ratio of lower-income units than planned. [Program 1.1.A](#) will regulate this requirement of No Net Loss for the 6th cycle (see [Chapter 2](#)).

Reliance on Nonvacant Sites to Accommodate More than 50 Percent of the RHNA for Lower- Income Units

Government Code Section 65583.2(g)(2)

Per State law, when more than 50 percent of the sites intended to accommodate the RHNA for lower-income households are nonvacant sites, the resolution adopting the housing element must include findings stating that the uses on these sites are likely to be discontinued during the planning period and outline the factors used to make that determination.

C.4 Carmel-by-the-Sea Strategies for Meeting RHNA

To fully accommodate the remaining RHNA and to foster housing opportunities throughout the community, the City is pursuing the following strategies:

- Promote the development of Accessory Dwelling Units (ADUs)
- Facilitate the conversion of underperforming hotels into affordable housing
- Pursue the development of affordable housing on religious facility sites
- Facilitate conversion of underutilized commercial spaces into affordable live/work housing
- Incentivize mixed-income affordable projects downtown

Accessory Dwelling Units (ADUs)

Assumptions and Analysis

ADUs represent a significant opportunity for Carmel-by-the-Sea to provide affordable housing throughout the community. Pursuant to State law, local jurisdictions are able to project the number of ADUs over the eight-year planning period based on the demonstrated trend of recent ADU production. Between 2019 and 2024, the City issued building permits for 61 ADUs, with a sharply rising trend over the past two years, yielding an annual average of 10.2 units.

Table C-4 ADU Development Trends

	2019	2020	2021	2022	2023	2024	Average
Permitted ADUs	4	8	9	8	13	19	10.2

SOURCE: City of Carmel-by-the-Sea, Community Planning & Building Department

Capacity During 6th Cycle Planning Period

Based on a historical average of 10 ADUs per year, the City estimates that 70 ADUs could be constructed over the remaining seven years (2025-2031) of the eight-year planning period. Using the HCD-approved income distribution of 30 percent very low income, 30 percent low income, 30 percent moderate income, and 10 percent above moderate income, ADUs are projected to contribute 21 very low income, 21 low income, 21 moderate income, and 7 above moderate income units to the City's future housing stock over the course of the planning period.

Proactive Efforts to Accelerate Affordable ADU Development

The City recognizes the significant potential role that ADUs can play in providing affordable housing. This Housing Element includes a program to accelerate the development of ADUs, particularly affordable ADUs, during the planning period. These efforts are designed to accelerate the City's ADU trend, which has already risen sharply in recent years. The City anticipates that this program will generate a potential 10 percent boost to its trends, resulting in an additional 7 ADUs, for a total of 77 ADUs over the remaining seven years (2025-2031) of the eight-year planning period.

Hotel Conversion to Affordable Housing

Assumptions and Analysis

Hotel-to-Residential Conversion Program (Hotel 'Key' Transfer) – How it Works

As noted in the description in [Chapter 2](#), the goal of the Hotel-to-Residential Conversion Program is to incentivize hotel owners to convert underperforming hotels into mixed-income multifamily residential by allowing them to sell the “hotel keys” associated with the converted hotel rooms (which are particularly valuable in light of the cap on the number of hotel rooms in the City). The intention is to provide property owners that undertake conversion projects with an above market return by allowing them to “sell the property twice” – i.e., by combining the residual market value of the converted hotel and the market value of the hotel keys. The sample proforma below illustrates the mechanics.

Consider a hypothetical 19-room hotel property with an average daily rate (ADR) of \$211 and a 68% occupancy rate, equating to \$143 in revenue per available room (RevPAR). In relation to other hotels in Carmel-by-the-Sea, such a hotel would operate below the 16th percentile in terms of performance (see the following section), making it a prime candidate for the Hotel-to-Residential Conversion Program. Assume further that the hotel's 19 rooms are converted into 16 mixed-income apartment units (a roughly 85% conversion ratio) with the following income distribution: 4 very low, 4 low, 4 moderate, and 4 above moderate income. If a developer were to acquire the hotel from the existing

hotel owner at a 6.00% cap rate for \$5,887,283 and invest \$1,600,000 in capital expenditures to convert the hotel rooms into apartments (\$100,000 per unit), the developer's total cost basis would be \$7,487,283. Assuming a projected net operating income of \$302,717 and a cap rate of 6.00%, the former hotel (now apartments) would sell for \$5,045,280, which would result in an approximately \$2.4 million loss for the developer. However, when the proceeds from the sale of the 19 hotel keys is taken into consideration (an assumed \$300,000 per key multiplied by 19 keys equals \$5,700,000), the gross proceeds from the overall investment rises to \$10,745,280, resulting in a total profit of \$3.3 million and a return on investment (ROI) of approximately 44%. Such a return is substantially above market for a commercial real estate investment with this risk profile, and will generate a high degree of interest in the program on the part of developers and local hotel owners.

Table C-5 Proforma of Sample Hotel-to-Residential Conversion

	Project	Per Unit
Purchase price of hotel	\$5,887,283	
Conversion costs	\$1,600,000	\$100,000
Total developer investment	\$7,487,283	
Sale of converted hotel (now apartments)	\$5,045,280	
Sale of hotel keys	\$5,700,000	\$300,000
Total developer return	\$10,745,280	
Profit	\$3,257,997	
Return on Investment (ROI)	44%	

Capacity During the 6th Cycle Planning Period

Identification of Hotel Room Opportunities

Based on data collected by the City from Transient Occupancy Tax (TOT) returns for Fiscal Year 2023-24, hospitality properties were graded on a curve (norm-referenced grading), based on revenue per available room or "RevPAR" ([Table C-6](#)).

Table C-6 Carmel Hotels Grouped by Performance (RevPAR)

	RevPAR	Hotels	Rooms	Rooms % of Total
Group 1	\$331 - \$466	7	117	12%
Group 2	\$287 - \$313	12	287	30%
Group 3	\$188 - \$231	8	169	18%
Group 4	\$155 - \$184	8	239	25%
Group 5	\$100 - \$140	7	140	15%
Total		42	952	

Groups 4 and 5 in the table above include properties whose revenue per available room (RevPAR) falls between 0.5 and 1.5 standard deviations below the market average. Specifically, with a market average RevPAR of \$231.31 and a standard deviation of \$87.56, this range encompasses properties with RevPARs between approximately \$100 and \$184. These hotels are considered underperformers relative to the broader market and operate below the 16th percentile of market performance. All told, there are 15 hotels that are underperforming (i.e., in groups 4 and 5). These underperforming hotels have 379 total rooms, representing approximately 40 percent of Carmel's total hotel room inventory.

Table C-7 Carmel Hotels and Hotel Room Inventory

APN	Address	Overnight Visitor Accommodation Establishment Name	No. of Rooms
010148015000	Dolores & 8 th	Adobe Inn	20
010095010000	Junipero between 5 th & 6 th	Best Western Carmel Bay View Inn	56
010136023000	5 th & San Carlos	Best Western Carmel's Townhouse Lodge	28
010131011000	San Carlos between 4 th & 5 th	Briarwood Inn	12
010131013000	E/S San Carlos between 4 th & 5 th	Briarwood Inn II/Holland Court Inn	11
010136022000	San Carlos between 4 th & 5 th	Candle Light Inn	20
010286015000	San Antonio & 13 th	Carmel Beach Hotel & Spa	22
010268008000	San Antonio & 8 th	Carmel Cottage Inn LLC	5
010124009000	SE Dolores & 3 rd	Carmel Country Inn LLC	12
010136021000	San Carlos @ 4 th	Carmel Fireplace Inn	22
010104002000	4 th & Torres	Carmel Garden Inn	10
010195501500	7 th & Casanova	Carmel Green Lantern Inn	17
010097007000	Junipero & 5 th	Carmel Inn & Suites	20
010097018000	Mission & 5 th	Carmel Oaks	17

APN	Address	Overnight Visitor Accommodation Establishment Name	No. of Rooms
010021024000 010021025000 010021002000 010021003000 010021026000 010021027000 010021028000 010021029000	Carpenter between 1 st & 2 nd	Carmel Resort Inn	30
010094002000	Ocean & Junipero	Carmel Village Inn/Le Petit Pali	34
010123005000	4 th @ Mission Street	Carmel Wayfarer Inn	17
010087002000	Junipero between 7 th & 8 th	Carriage House Inn	13
010142002000	San Carlos @ 7 th	Coachman's Inn	30
010094001000	Torres & Ocean Ave	Comfort Inn Carmel by the Sea	19
010147008000	7 th & Lincoln Ave	Cypress Inn	44
010287008000	San Antonio, 4 SE of 13 th	Edgemere Cottages	Closed
010085005000	SW Ocean/Torres	Forest Lodge	4
010124001000 010124014000	2 NW of 4 th on San Carlos	Hofsas House	37
010109015000	SWC 3 rd & Junipero	Horizon Inn	20
010123014000	4 th & San Carlos	Hotel Carmel	27
010191005000	Monte Verde @ 7 th	L'Auberge Carmel	20
010264006000	8 th & Camino Real	La Playa Hotel	75
010261014000	SE Camino Real & Ocean	Lamplighter Inn	6
010214032000	Ocean @ Monte Verde	Lobos Lodge	30
010196027000	Monte Verde & 7 th	Monte Verde Inn	10
010201013000	Monte Verde @ 7 th	Monte Verde Inn East	7
010019061000	Ocean & Monte Verde	Normandy Inn	48
010104005000	SEC 3 rd & Junipero	Ocean View Lodge	6
010273014000	Camino Real between 11 th & 12 th	Sea View Inn	8*** see note
010131025000	San Carlos at 5 th	Stilwell Hotel	42** see note
010261015000	Camino Real 2 SE of Ocean	Sunset House	5
010124012000	4 th & San Carlos	Svendsgaard's Inn	35
010214029000	Monte Verde & 6 th	Tally-Ho Inn	12
010087003000	Junipero between 7 th & 8 th	The Hideaway/Le Petit Pali @ 8 th	24
010148007000	NE Corner Lincoln & 8th	The Homestead	12
010213003000	Ocean between Lincoln/Monte Verde	The Pine Inn	49
010109016000	Mission @ 3 rd Ave	Tradewinds Carmel	28
010136016000	Dolores & 7 th	Vagabond House	13
010087013000	7 th & Mission	Wayside Inn	22

Note: Hotels organized in alphabetical order.

**Closed for remodel to Stilwell hotel during data gathering and not included in program analysis.

***B&B – not included in program analysis.

Developer Interest

In recent months the City and members of the AHA Group have conducted several meetings with hotel owners, affordable housing developers, and hotel developers. These groups have expressed strong interest in this program. The following is a recap of some of those meetings:

10/22/24 - Met with an affordable housing developer who has extensive experience developing, building, owning, and operating low income housing. This company was involved in the development of Trevvett Court, a 14-unit affordable development located across from the Post Office in downtown Carmel, and managed by the Carmel Foundation. More recently this developer has completed an affordable housing project in Monterey. The developer provided input on the City's proposed incentives and expressed interest in participating in the program.

11/14/24 - Met with an affordable housing developer who has in-depth experience with affordable employee housing in the agricultural industry. Similarities between agricultural employee housing and our Hotel-to-Residential Conversion Program were discussed. The developer also provided input on which types of incentives were most attractive and expressed interest in the program

12/19/24 - We met with a real estate investment and development firm that specializes in hospitality. Their business model is to identify, purchase, and reposition an existing hotel, and then build affordable employee housing as part of the property. They invest in local affordable housing for the community workforce. The firm stated that they are very interested in the program, and are actively looking for projects in Carmel-by-the-Sea for when the program comes online.

Capacity Calculations

Overall, there are 379 hotel rooms in the 15 underperforming hotels in Groups 4 and 5 in [Table C-6](#). The City anticipates that some hotel rooms may need to be merged when converting to apartments, particularly in order to create higher bedroom count units. Assuming a 15-percent discount when converting from hotel rooms to apartments, the 379 hotel rooms could potentially yield 322 total units.

The City's proposed program would require that at least 75 percent of the converted units become deed-restricted affordable units. More specifically, the proposed income distribution is: 25 percent very low income; 25 percent low income; 25 percent moderate income; and 25 percent above moderate income.

While initial outreach efforts have generated overwhelming support and interest, the City recognizes that not all hotels within Groups 4 and 5 would pursue this option during this Housing Element cycle.. Based on discussions with market rate and affordable housing developers, hotel operators, and commercial brokers, a more conservative estimate is that 50 percent of the hotel rooms would be converted to mixed-income housing through this program. Therefore, with the conservative assumptions of a 15 percent reduction in the number of hotel rooms with potential to convert to

housing units (379 to 322), and then a further 50 percent reduction on those expected to convert during the 6th cycle Housing Element planning period (322 to 161), the City is assuming that 161 housing units could result from this program in the 6th cycle.

Table C-7 Hotel Room Conversion Potential

	Rooms/Units
Hotel Rooms within Groups 4 and 5	379
Hotel Rooms to Housing Units Conversion (85 percent)	322
Hotel Conversions During 6th Cycle Planning Period (50 percent)	161
Income Mix	
Very Low Income (25 percent)	40
Low Income (25 percent)	40
Moderate Income (25 percent)	40
Above Moderate Income (25 percent)	41

Affordable Housing on Religious Facility Properties

Capacity During 6th Cycle Planning Period

Owner Interest

The City engaged with the five churches in the community and received strong interest in exploring opportunities to develop affordable housing.

On November 19, 2024, the Affordable Housing Alternatives (AHA) Group hosted the Faith & Homes community meeting at the Sunset Center. Representatives from all five Carmel-by-the-Sea churches attended the meeting and showed interest in the group's effort to integrate workforce housing throughout the community. Also in attendance were architects and developers interested in partnering with AHA and the church community to facilitate housing in Carmel. The program included presenters from various backgrounds and disciplines, all speaking with a focus on the goal of finding ways to make development of affordable housing on church sites easier.

Following the meeting, the AHA Group reached out via email to provide church representatives with additional resources and offered to meet again with representatives from individual churches to answer follow-up questions.

Two members of the AHA group formed a subcommittee to focus on engagement with the church community. In coordination with City staff, a regulatory analysis of the five church properties was undertaken to provide churches with a better understanding of the opportunities available for housing development on their sites. The analysis included a summary of state legislation and local regulations applicable to properties owned by religious institutions. The goal was to give local

churches a head start on their planning efforts as they approach design professionals to start sketching out possibilities.

On March 5, 2025, AHA and city staff met with representatives of the First Church of Christ Scientist to provide a tailored regulatory analysis of their 0.64 acre property to facilitate the development of a housing project under Senate Bill 4. The church's existing sanctuary is too large for their congregation's current needs and they are looking to downsize their facility. They would like to give back to the community by developing the underutilized portions of their property as housing.

On March 7, 2025, AHA and City staff met with representatives of the All Saints Episcopal Church to provide a tailored regulatory analysis of their 1 acre property to facilitate the development of a housing project under Senate Bill 4. The church currently operates a day school in Monterey County and has considered building housing for its teachers, as well as other local workers, on a portion of its property.

On April 1, 2025, AHA and City staff met with representatives of the Church of the Wayfarer to provide a tailored regulatory analysis of their 0.37-acre property. This religious institution is located in a commercial zoning district and is permitted a higher density of up to a total of 88 du/ac, inclusive of all state and local bonuses, than what is possible under SB 4. The church is considering both adaptive reuse of existing buildings and demolition and reconstruction of portions of its site.

To assist the churches in understanding their potential for development, the City conducted a preliminary site analysis for each church property. Churches may choose to pursue any of these options, other related options, or any combination thereof:

- Multifamily housing
- Transitional housing
- Supportive housing
- Single-room occupancy housing

To qualify for SB 4, 100 percent of the units must be affordable and deed-restricted for 55 years. Up to 20 percent of the units may be rented to moderate-income households, and up to 5 percent (per State law) may be occupied by church staff.

Capacity Calculation

For residentially zoned properties, SB 4 allows the church properties to develop housing at the State-established default density for lower income housing (20 units per acre for Carmel), without the need to rezone or amend the General Plan. The City estimates capacity based on gross density,

allowing a flexible approach to accommodating housing. The churches could pursue a combination of infilling, and adaptive reuse to maximize the number of units on site.

Table C-8 Affordable Housing Potential on Church Properties

Church Address	APNs	Site Size	Zoning	Allowable Density	Height	Estimated Capacity (Excluding Density Bonus)
All Saints' Episcopal SWC Dolores Street & 9th Avenue	010-157-013	1.01	R1	20 du/acc	2-Story 24 feet	20
First Church of Christian Science Monte Verde 2 NE of 6th Ave	010-212-004 010-212-021 010-212-026 010-212-027 010-212-028 010-212-029 010-212-030	0.64	R1	20 du/ac	2-Story 24 feet	13
Church of the Wayfarer NWC Lincoln & 7th Avenue	010-191-002	0.37	RC	88 du/ac	2-Story 26 feet	32
Total		2.02				65

Downtown Carmel

Characteristics and Underutilization

Affordable Housing on Small Lots

While State law assumes sites 0.5 acre or larger are feasible for the development of affordable housing for lower income households, Carmel, by virtue of its original street grid, is primarily composed of small 4,000-square-foot lots. However, downtown Carmel does have a large number of 8,000 square foot lots (0.18 acre), which have been formed over the years through the merging of two 4,000-square-foot lots. As illustrated in [Table C-9](#), excluding hotels, existing multifamily housing, and cultural and recreational facilities, Carmel has 36 lots of 8,000 square feet in size.

Table C-9 Distribution of Lot Sizes

Lot Size	# of Parcels
<4,000 sf	120
4,001 to 7,999 sf	50
8,000 to 8,700 sf	36
10,000 to 12,000 sf	4
12,001 to 16,000 sf	3
>21,780 sf (0.5 acre)	1

Carmel, along with many similar communities, has achieved affordable housing on sites smaller than 0.5 acre. In exploring the feasibility of building affordable housing on small lots, the City has reviewed numerous Housing Elements of:

- Small communities of similar size as Carmel
- Coastal communities with similar market conditions and characteristics

This search yielded many examples of affordable housing projects on sites smaller than 0.5 acre. However, in citing these examples in the Carmel Housing Element, the City only considered projects that are:

- Recent projects (within five years) that can demonstrate recent development trends
- Projects that received credits toward the 6th RHNA for the respective jurisdictions
- Projects on small sites that approximate typical Carmel parcel sizes

As shown in **Table C-10**, affordable housing has been achieved on small sites in the region. For those projects that most closely approximate Carmel lot sizes, an average of 32 percent affordable units was achieved. The density range of these projects span a wide spectrum from fairly low density (15 units per acre) to higher high densities at about 100 units per acre.

Table C-10 Affordable Housing Projects on Small Sites

City	Project	Site Size (Acres)	Estimated Density	Very Low/Low	Moderate	Above Moderate	% Lower Income
Monterey	480 Cannery Row	0.15	407	11	0	50	22%
Monterey	449 Alvarado St	0.30	90	7	0	27	21%
Santa Cruz	2120 Mission St	0.22	64	3	0	11	21%
Santa Barbara	21 E. Anapamu	0.10	120	12	0	0	100%
Santa Barbara	116 E. Cota	0.25	116	28	0	1	97%
Pacific Grove	301 Grand Ave	0.17	65	3	0	8	27%
St. Helena	963 Hope St	0.19	26	4	1	0	80%
Ojai	408-410 Montgomery St	0.20	15	3	0	0	100%

In Carmel, a project called “Trevvett Court” was built in 2010 on an 8,000-square-foot lot at a density of 76 units per acre and an FAR of 1.09 to achieve 14 affordable units. The project is owned and managed by the Carmel Foundation and was developed without any public funding. However, the requirement for 100 percent affordable housing to qualify for the enhanced density at 88 units per acre represents an obstacle for affordable housing development. To address this impediment, the City will be amending the Municipal Code to reduce the affordable housing requirement (tentatively proposed to be 30 percent) .

Figure C-2 Trevvett Court

Methodology for Identifying Underutilized Properties in Downtown

Downtown Safari

To identify properties with potential to introduce housing in downtown Carmel via adaptive reuse/conversion, infilling, or redevelopment, AHA mobilized its members to conduct a detailed “safari” of all properties in downtown Carmel. The safaris were a highly organized, boots on the ground undertaking that saw 17 volunteers canvassing the entire commercial district of the City to collect a specific set of property data. These volunteers, utilizing a mobile app, catalogued 218 properties and nearly 1,000 leasable spaces, collecting unique data for each site including things like current use, vacancy status, and property condition to help better understand housing development potential.

Objective Criteria for Identifying Underutilized Properties

The City uses a number of characteristics to narrow down properties with redevelopment and adaptive reuse potential. These include:

- Owner Interest: Expressed interest of property owners to pursue residential uses. This represents a key consideration for redevelopment or adaptive reuse to include residential uses.
- Utilization: Vacancy is >10 percent of total leasable spaces OR vacancy + underutilized spaces >20 percent of total leasable spaces.
- Age of Structure: Buildings older than 35 years (built prior to 1990) typically require major system upgrades and are not ADA-compliant. Retrofitting existing structures to meet current ADA standards is usually cost prohibitive or even physically not feasible. Buildings that face such financial or physical constraints rarely invest significantly for modernization or systems upgrades, rendering the buildings progressively not suitable for current trends.
- Conditions of Structure: AHA members conducted a visual survey of building conditions. Structures that are rated C4, C5, and C6 are considered in less than desirable conditions:
 - *C4 (Maintained, But Requires Minor Repairs)* - The property improvements show slight deferred maintenance and minor physical decline from regular wear and tear. The structure has been fairly well-kept but needs cosmetic and/or minor repairs.
 - *C5 (Functional, But Requires Repairs or Rehabilitation)* – Property has not been adequately maintained but is functional. Does not have any significant safety concerns. The structure shows noticeable deferred maintenance and needs substantial repairs. While the functional utility and overall livability are somewhat diminished, the structure remains usable and functional as a residential dwelling.
 - *C6 (Poorly Maintained with Significant Damage)* – Property has been poorly maintained. The improvements suffer from significant damage or deferred maintenance, with defects severe enough to impact safety, soundness, or structural integrity. Substantial repairs and rehab are required, encompassing many or most major building components.
- FAR or Building Height Index: ≤50 percent of allowable FAR, indicating a substantial potential for increasing the leasable/saleable areas
- Improvement to Land Value Ratio: <1.0, indicating the value of improvements (structures) is less than the value of land.

Communities often use similar factors in identifying nonvacant sites with potential for redevelopment. The factors used by Carmel are similar to those used by other communities in the coastal region.

Table C-11 Regional Redevelopment Trends

	Carmel	Capitola	Santa Barbara	Seaside
Vacancy	>10%	---	---	---
Building Conditions	Requiring repairs to significant damage	---	---	---
Age of Structure	35+ Years	---	---	30+ Years
FAR	<=50%	<=50%	---	<= 30%
Improvement to Land Value Ratio	<1.0	<1.0	<2.01	<0.5

Based on location, the City further identifies the viable properties based on opportunities for live/work units versus the City's new Mixed Income Incentive Program, which allows projects to reach up to a total of 88 du/ac inclusive of all state and local bonuses if affordable components are included (tentatively proposed at 30 percent).

In selecting sites that are feasible for additional residential uses (either redevelopment or adaptive reuse), the City follows these rules:

- *Live/Work Units* – This unit type is created primarily from the conversion of existing space. As such, among the factors discussed above, FAR or Building Height Index is not critical because the City's methodology for projecting the potential unit yield does not assume increasing building space. Therefore, a property meeting three of the four factors would qualify a property as a viable site.
- *MIIP (Redevelopment)* – In contrast to live/work units, for redevelopment projects, the ability for the developer to double the building square footage or height is an attractive factor. Therefore, FAR or Building Height Index is included as one of the factors for consideration. A property meeting three of the five factors would qualify a property as a viable site.

Downtown Live/Work Units

Assumptions and Analysis

In cataloguing leasable spaces downtown, the resident volunteers on the Safari teams identified 266 off-street, upper story, or peripherally located storefronts that were either vacant or under-utilized. The lack of demand for this off-street space translates into surprisingly low rents. The market for commercial space in downtown Carmel has two tiers: the spaces with frontage on main streets, such as Ocean Avenue, which command eye-popping rents (often in excess of \$7.00 per square foot NNN), and these less desirable off-street spaces, which have surprisingly low rents (typically \$1.50 to \$2.00 per square foot NNN). Carmel does not currently allow a live/work use—i.e., a dual purpose space where someone lives and operates a business in the same unit—but if it did, the commercial rents for these off-street commercial spaces are so low, that in most cases, a property owner could

actually command a higher rent by renting these spaces as deed-restricted affordable live/work units than as strictly commercial space.

As an example, consider a 350 square foot off-street or upper story commercial space. As a purely commercial use, that space would rent for \$1.50 to \$2.00 per square foot. For the purposes of this illustration, let us assume the more conservative \$2.00 per square foot figure, which equates to \$700 per month. By contrast, if that same space were converted into a live/work space and deed restricted at a rental rate affordable to a low-income household, the property owner could charge approximately \$1,629 per month, or 233% more. Even if the space were converted into a live/work unit affordable to a very low-income household, the property owner would still be able to charge a meaningfully higher rent—\$934 vs. \$700. The conclusion is striking: a property owner could make more money renting a small, impaired commercial space in downtown Carmel as an affordable live/work unit than as a strictly commercial space. [Table C-12](#) extends this analysis to commercial spaces of various sizes, demonstrating the overall economic viability of the proposed program.

Table C-12 Rent Comparison – Residential versus Commercial

Downtown Carmel-by-the-Sea Live / Work Feasibility Analysis	1 Person Household			
	250 sf	350 sf	450 sf	550 sf
Moderate Income				
Max affordable live/work rent (net of Utility Allowance)	\$1,943	\$1,943	\$1,922	\$1,922
Current market rate commercial rent @ \$2/sf	\$500	\$700	\$900	\$1,100
Low Income				
Max affordable live/work rent (net of Utility Allowance)	\$1,629	\$1,629	\$1,608	\$1,608
Current market rate commercial rent @ \$2/sf	\$500	\$700	\$900	\$1,100
Very Low Income				
Max affordable live/work rent (net of Utility Allowance)	\$934	\$934	\$913	\$913
Current market rate commercial rent @ \$2/sf	\$500	\$700	\$900	\$1,100

The Housing Element includes a program to incentivize the conversion of these underutilized spaces into work/live units, provided that the units would be deed restricted as affordable housing for lower income households. [Figure C-3](#) provides examples of underutilized commercial spaces in Carmel and [Figure C-4](#) illustrates the conversion potential of such spaces into work/live units. These illustrations were developed by local architects who are familiar the City's development regulations. This particular case study is located in the CC zone. The property is a two-story building on a 4,000-square-foot lot, with 3,963 square feet of building area. Eight live/work units could be achieved by converting about 3,200 square feet into units between 350 and 430 square feet, while retaining a portion of the existing commercial space.

Figure C-3 Examples of Underutilized Commercial Spaces

Capacity During 6th Cycle Planning Period

Downtown Carmel has a number of examples of an unusual building type that contains multiple, compact, commercial spaces, often arrayed along a narrow passageway or courtyard off the main pedestrian sidewalk. These Carmel compact commercial types would be suitable for full conversion of all their units from work to live/work – making them a live/work site. Downtown Carmel also has a number of conventional commercial or mixed-use buildings that have one or more compact commercial units within the larger building and these, too, would be suitable for conversion from work to live/work – making them scattered live/work units.

Overall, the safari efforts identified 20 properties appropriate for work/live sites, and many more properties that could host live/work units. A total of 259 vacant or underutilized spaces were identified. Specifically, five of the identified sites have expressed owner interest to pursue housing by

converting the existing leasable commercial spaces into work/live units. Based on the number of leasable spaces, excluding spaces with prime street frontage, existing residences, and local knowledge of feasibility/probability by AHA members, the City estimates at least 148 work/live units can be achieved. Conservatively, the City anticipates only 50 percent of these spaces (85 units, rounding up at each property) would be converted during the 6th cycle Housing Element planning period. Such converted units would be required to be deed restricted as housing affordable to lower income households (43 very low income and 42 low income).

Figure C-4 Work/Live Adaptive Re-Use Case Study



Table C-13 Properties with Live/Work Potential

APN	Property Name	GP/ Zoning	Property Owner Interest	Condition	Year Built	Improvement Land Value Ratio	Potential Live/Work Spaces	Conversion Rate Applied	Total Potential Units
010-132-003	Tejido Building	CC	No	C4	1973	1.26	10	50%	5
010-135-012	Hogsbreath passage	CC	No	C5	1963	0.88	6	50%	3
010-135-026	Serena Court	CC	Yes	C4	1972	0.69	7	100%	7
010-142-005	Heather Glen Court	RC	NO	C4	1983	2.01	6	50%	3
010-145-021	Adam Jeselnick Architecture Building	RC	Yes	C4	1977	0.66	5	100%	5
010-146-017	Doud Arcade	CC	No	C5	1930	2.02	12	50%	6
010-131-027	Villa Carmel mixed use	RC	Yes	C4	1987	0.66	13	100%	13
010-142-006	Sunset Terrace	RC	Yes	C5	1973	0.54	10	100%	10
010-132-006	May Court	CC	No	C5	1949	1.09	6	50%	3
010-135-007	Faux tudor with private courtyard	CC	No	C4	1984	2.11	9	50%	5
010-135-028	Eastwood Building	SC	Yes	C4	1972	0.69	8	100%	8
010-138-010	El Prado de Su Vecino	SC	Yes	C4	1968	1.07	10	50%	10
010-138-011	Cortile San Remo	SC	No	C5	1978	0.89	8	50%	4
010-145-001	Hampton Court	SC	No	C4	1982	0.86	6	50%	3
Totals							116		85
Note: The discounted number of units for conversion potential is purely for RHNA purposes. Each property can pursue conversion of all spaces.									

Opportunities for the Mixed Income Incentives Program

Overall, the Safari efforts identified 20 properties at least 8,000 square feet in size and appropriate for redevelopment/infill to provide housing units on site. These properties meet at least three of the factors used to determine suitability, and at 88 units per acre, these properties have a potential yield of 385 units. If following the Trevvett Court model (at 76 units per acre), these properties could accommodate 320 units.

However, to diversify the City's strategies for the 6th cycle RHNA, this Housing Element includes only the three properties with expressed owner interest for redevelopment. These three properties have a combined capacity of 27 units at 40 units per acre (the maximum allowable density, excluding density bonus), with an income distribution of 3 very low income, 3 low income, 3 moderate income, and 21 above moderate income units (30 percent lower and moderate income).

Case Study Analysis

Trevvett Court (a recent 100% affordable housing site on a 8,000 square feet lot with 14 units – for a density of 76du/acre) is a single-use senior residence. Both to test the feasibility of even higher densities on similar lots and the feasibility of introducing street-front commercial uses, which are mandatory in some downtown areas, local architects volunteered pro bono analytical services. They studied typical midblock and corner lots both with and without considering parking facilities, as new-builds or re-use projects, and with an eye toward providing a mix of apartment sizes, including family units. Their research showed that within current allowable building envelopes, densities of up to 88 du/acre are possible throughout all downtown zones, even when including street front commercial space (See [Figure C-5](#)).

Table C-14 Mixed Income Incentive Program Sites

APN	Property Name	GP/ Zoning	Property Owner Interest	Utilization (% Vacant or Under-utiliz ed)	Condition	Year Built	Improvement- Land Value Ratio	FAR or Height Index	Units (40 du/ac)
010-138-020	Su Vecino Court	CC	Yes	0%	C4	1963	.55	No	9
010-191-001	Cottage Restaurant Complex	CC	Yes	0%	C6	1940	.72	Yes	9
010-142-001	GBG building	SC	Yes	0%	C3	1975	.51	Yes	9
	Total								27

Additional Opportunities for Housing

In addition to the various opportunities presented in previous sections, the City also has a number of scattered sites where additional housing could be accommodated. These sites total 56 additional units, including 2 low income and 54 above moderate income units. Detailed descriptions of these sites are included in subsection C.6.

Nonvacant Site Analysis Methodology

Government Code Section 65583.2(g)(2)

Existing Uses

Each site included in the Site Inventory has been selected by the City based on its perceived developability and/or expressed interest by a property owner. All zoning districts within the city allow residential uses.

Many sites included in the Sites Inventory are zoned commercial. This is in part, a result of the City's Municipal Code requirement that all newly constructed second-story floor area, including area in new buildings, remodeled buildings and replacement, rebuilt or reconstructed buildings, to be occupied by residential dwellings only and shall not be used for any commercial land use (CMC 17.14.050F). Currently, the Commercial District has a number of vacant spaces in need of remodeling and building code updates. Timing is ripe for redevelopment and/or second story additions to accommodate residential units, as remodels and repairs are currently being undertaken and are expected to continue.

These residential unit requirements have not been an impediment to development in the commercial district, and have successfully resulted in two-story structures that support residential development on the second floor and commercial on the ground floor. The City has not received applications or requests for single-story developments in the commercial district. This is in part due to land value and the cost of construction, which does not support the development of single-story commercial buildings in Carmel-by-the-Sea. The City's effort to support mixed-use development has been a strategy to encourage the development of housing, despite its built-out nature. Many commercial property owners have expressed interest in converting underutilized second floor office space to residential use or constructing a second story to accommodate residential units. To this end, there are several programs in [Chapter 2](#) that seek to take advantage of this emerging opportunity by leveraging the in-depth analytical data collected by the AHA safari efforts including [Programs 1.1.C \(Live/Work Housing\)](#), [1.1.D \(Mixed Income Incentive\)](#), and [1.1.E \(Affordable Housing on Religious Facility Properties\)](#).

A goal in selecting sites has been to minimize displacement. For many sites, the expectation that housing will be developed in the future is based on receipt of property owner interest in adding a second story to existing commercial structures to develop residential units. Conversion of overnight visitor serving units either through redeveloped housing sites ([Program 1.1.F: Hotel to Residential Development](#)) or construction of on-site employee housing ([Program 1.1.G: Employee Housing](#)) is another viable strategy that the City is employing to develop residential units due to actual interest. In addition, the conversion of downtown office space and parking lots appears to have a strong possibility of yielding residential units ([Program 2.1.A: Incentives for Mixed Use Development and Program 2.3.A: Preserve and Increase Upper Floor Residential Use](#)).

While the City does not anticipate the displacement of low- or very low-income households, the City is prepared to comply with the requirements of Government Code section 65915, subdivision (c)(3). [Program 2.1.C](#) in [Chapter 2](#) will be in effect to require replacement housing units subject to the requirements of the Government Code. Additionally, CMC 17.14.050.A prohibits the conversion or demolition of an existing residential unit unless replacement housing is provided subject to the findings in 17.64.070.

Development Trends

Historically, residential development in Carmel-by-the-Sea has been most feasible using densities ranging between 22-33 dwelling units per acre. Development trends in the City reveal successful residential development in the commercial district primarily through office conversion and second- story additions for residential units. In the last 10 years, the City has not had any one-story developments in the commercial districts. All new construction in the commercial districts has consisted of two- story buildings with second-floor residential use (as required in CMC Section 17.14.050.F).

This has been a successful strategy utilized by the City to enable the development of residential units within the constraints of limited developable land. The following projects are examples of 5th cycle residential development in Carmel-by-the-Sea, which have been considered in determining the realistic capacity of sites identified in the Site Inventory.

Some of the most recent mixed-use development projects include:

Great Valley Holdings/Clark Apartments: In 2020, the Planning Commission approved the construction of a new two-story mixed-use building. The 3,600-square-foot site contained a 2,200- square-foot two-story commercial building with surface parking. The project consisted of demolishing the existing building and constructing a new 3,500-square-foot two-story mixed-use building for a ground-floor restaurant and two second-floor rental apartment units. The building was previously occupied on both floors by a restaurant and had been vacant for a few years. The project density is 25 dwelling units per acre.

This project is an example of redeveloping an underutilized site with a new two-story mixed-use building in the Service Commercial (SC) District. No appeals of the project were filed. The project has been constructed and received final occupancy.

Schultz: In 2020 the Community Planning & Building Director approved an interior and exterior remodel of a commercial space in a 4,500-square-foot multi-tenant two-story mixed-use building in the Service Commercial (SC) District for the conversion of second-floor commercial space to a 1,160-square-foot apartment. The property is 4,000 square feet (0.09 acres). The residential density on this mixed-use parcel is 22 du/acre.

Parashis: In 2020 the Community Planning & Building Director approved minor exterior alterations to a 6,700-square-foot two-story commercial building in the Central Commercial (CC) District to facilitate the conversion of second-floor office space to a 2,118-square-foot apartment. The property is 6,400 square feet (0.15 acres). The residential density on this mixed-use parcel is 7 du/acre. Other past mixed-use development projects are shown in [Table C-15](#).

Table C-15 Past Mixed-Use Development Projects

Project Name	Year Approved	Zoning District	Lot Size (s.f.)	Residential Spaces	Units Per Acre
Del Dono	2016	SC	8,000	8	44
Fink Condominium	2017	CC	4,000	1	11
Lincoln Lane	2018	SC	8,000	2	11
Marliz Estate	2018	CC	2,750	1	17
Brigantino	2018	RC	3,500	2	25
MDC Real Estate	2018	CC	4,000	1	11
Brosche Building	2019	CC	3,470	2	28
Flint-Herman Residence	2019	RC	3,500	1	25
Der Ling Building	2019	CC	3,000	1	16

While many of the projects listed above utilized densities between 22-33 dwelling units per acre, some developed at 44 dwelling units per acre (Del Dono I and Del Dono II) and a few developed below 20 dwelling units per acre (Fink Condominium; Lincoln Lane; MDC Real Estate; Marliz Estate; Der Ling Building; and Parashis). Additionally, all but one of the projects listed above are less than 0.5 acres. These factors were taken into consideration when determining appropriate densities to apply to the Sites Inventory, and supports the City's decision to amend the base zoning for the commercial zoning districts (SC, RC, and CC) and the multi-family residential district (R-4) to

establish a minimum density of 33 dwelling units per acre. The intention of this zoning code amendment is to facilitate the development of residential units at a higher yield, rather than enabling the development of larger units at a lower yield.

Considerations for Capacity Analysis

Dry Utilities and Water Capacity

Current or planned availability and accessibility of sufficient water, sewer, and dry utilities has also been considered and reported for each site. All sites have sufficient dry utilities. [Program 1.2.A](#) has been included to grant priority water and sewer services to proposed developments that include units affordable to lower-income households now that On January 27, 2025, the Monterey Peninsula Water Management District (MPWMD) adopted Ordinance 197 allocating 14 acre feet of water to the City ([see Chapter 2](#)).

Site Typology

Government Code Section 65583.2 (c)

This housing plan and Site Inventory provides capacity for a variety of housing types; including multi-family rental housing, factory-built housing, mobile homes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. The Zoning Ordinance and General Plan for the sites allow the housing types listed above. [Figure C-2](#) illustrates the anticipated housing development types included in this site inventory.

To enable the development of a variety of housing types, the City has expanded possible options for property owners to construct, rehabilitate, convert, or add to an existing single-story structure including:

- Zoning changes included with [Program 1.1.F](#) in [Chapter 2](#) that incentivize existing overnight visitor accommodation sites to be converted into multi-family housing units; and
- Zoning changes with [Program 1.1.G](#) in [Chapter 2](#) that incentivize the constriction of employee housing units at overnight visitor accommodation sites
- Zoning changes with [Program 1.1.C](#) in [Chapter 2](#) that incentivize the development of “Live/Work” units in underutilized commercial spaces.

Adjustment Factors for Realistic Capacity

Government Code Section 65583.2(c)(2)

Land use controls and site improvement requirements have been analyzed for constraints within

[Appendix B – Housing Constraints](#), and necessary changes to the review process are included as programs within [Chapter 2 – Goals, Policies and Programs](#). Additionally, the City will amend the Municipal Code base zoning for the commercial zoning districts (SC, RC, and CC) and the multi-family residential (R-4) zoning district to establish a minimum density of 22 dwelling units per acre and a maximum allowable density of 40 units per acre, with a total capacity of 88 units per acre inclusive of local and State density bonuses, to increase the potential yield of residential units. The realistic development capacity for the sites begins with assuming those process changes to be in place by or prior to July 2025. Generally, the following adjustment factors have been considered for determining realistic capacity of the sites:

- Site geometry and on-site improvements;
- Age of structures and building conditions
- Vacancy and under-utilization;
- Improvement-to-land value ratio; and
- Building height and FAR index.

Table C-16 Additional Scattered Sites

Site #	Location (Reference to ECO NW Study)	APN	Zoning	General Plan	Acreage	Applied Density (DU/AC)	Minimum Capacity	Very Low	Low	Moderate	Above Moderate
Primary Underutilized Sites											
11	Forest Cottages Specific Plan, NE Corner of Ocean & Mountain View	010085004000	R-1	SFR	0.30	20	6	--	2	--	4
		010085005000									
		010085003000									
Subtotal Primary Underutilized Sites					0.30		6	0	2	0	4
Sites Recycled from 5 th Cycle											
12	Court of the Fountains NW Corner Mission & 7th	010141003000	CC	CC	0.37	33	12	--	--	--	12
13	First American Title 7th 2 SW of Mission	010142013000	SC	CC	0.07	33	2	--	--	--	2
14	Office building NE Corner Monte Verde & 7th	010191004000	RC	RC	0.07	33	2	--	--	--	2
15	Yafa NW Corner Junipero & 5th	010097007000	SC	CC	0.18	33	5	--	--	--	5
16	Three Garages Site (#7)	010098004000	SC	CC	0.11	33	3	--	--	--	3
17	Carmel Realty Office Site (#4) NE Corner 8 th & Dolores	010145008000	RC	RC	0.19	33	6	--	--	--	6
18	(Parashis) Millard Building NW Corner Dolores & 6th	010138006000	CC	CC	0.13	33	4	--	--	--	4
19	The Agency NW Corner Ocean & Dolores	010139001000	CC	CC	0.09	33	2	--	--	--	2
21	Enzo's San Carlos 2 SW of Ocean	010146001000	CC	CC	0.15	33	4	--	--	--	4
24	Paseo San Carlos Square #1 San Carlos 2 NW of 7th Ave	010146004000	CC	CC	0.09	33	2	--	--	--	2

Site #	Location (Reference to ECO NW Study)	APN	Zoning	General Plan	Acreage	Applied Density (DU/AC)	Minimum Capacity	Very Low	Low	Moderate	Above Moderate
25	Carmel Office Supply & Business Center Lincoln SE of Ocean	010147010000	CC	CC	0.09	33	2	--	--	--	2
Subtotal Recycled Sites					1.54		44	0	0	0	44
Total					1.84		48	0	2	0	48

C.5 Summary of RHNA Strategies

The revised Housing Element provides a comprehensive strategy to meet the City's RHNA through diverse housing options and locations.

Table C-17 Summary of Sites Inventory

	Very Low- Income Units	Low- Income Units	Moderate- Income Units	Above Moderate- Income Units	Total Units
RHNA Figures					
Total RHNA	113	74	44	118	349
Credits (ADUs and Pipeline Projects)	13	13	13	29	68
Remaining RHNA	100	61	31	89	281
Production by Program					
ADUs	23	23	23	8	77
Hotel Conversion	40	40	40	41	161
Church Properties	33	32	0	0	65
All Saints' Episcopal	10	10	0	0	20
First Church of Christian Science	7	6	0	0	13
Church of the Wayfarer	16	16	0	0	32
Live/Work Units	43	42	0	0	85
Mixed-Income Incentive Program	3	3	3	18	27
Other Housing Opportunities	0	2	0	52	54
Forest Cottages Specific Plan	0	2	0	4	6
Other Market Rate Scattered Sites	0	0	0	48	48
Total Capacity	142	142	66	119	469
Over Remaining RHNA	42	81	35	30	188
% Over Remaining RHNA	42%	133%	113%	34%	67%
SOURCE: City of Carmel-by-the-Sea, Community Planning & Building Department					

C.6 Technical Background Documents

Hotel Conversion Proforma - FORTHCOMING

Legal Analyses for Church Properties - FORTHCOMING

Descriptions of Scattered Sites - FORTHCOMING

DRAFT 15-8-25