



CITY OF CARMEL-BY-THE-SEA PLANNING COMMISSION AGENDA

Planning Commissioners Mel Ahlborn, Erin Allen, Stefan Karapetkov, Michael LePage, Stephanie Locke

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

Special Meeting Monday, October 20, 2025 3:30 PM

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/85075274055?pwd=xjGuf1VHPManTYPLVc94aalwt24Tld.1> To attend Zoom webinar via telephone, dial +1 (669) 444-9171, Webinar ID: 850 7527 4055, Passcode: 001916

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 sgorman@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.

CALL TO ORDER AND ROLL CALL

PUBLIC APPEARANCES

Members of the public are entitled to speak on matters of municipal concern not on the agenda

during Public Appearances. Each person's comments shall be limited to 3 minutes, or as otherwise established by the Chair. Persons are not required to provide their names, however, it is helpful for speakers to state their names so they may be identified in the minutes of the meeting. Under the Brown Act, public comment for matters on the agenda must relate to that agenda item and public comments for matters not on the agenda must relate to the subject matter jurisdiction of this legislative body. If a member of the public attending the meeting remotely violates the Brown Act by failing to comply with these requirements of the Brown Act, then that speaker will be muted.

ANNOUNCEMENTS

ORDERS OF BUSINESS

- 1) 6th Cycle Housing Element Amendment:** The Planning Commission will review and receive public comment on draft amendments to the City's adopted 6th-cycle Housing Element, and provide comments for the City Council's consideration. The draft amendments are concentrated in Chapter 2 and Appendix C of the 6th cycle Housing Element and include modifications to various programs and strategies that align with the Regional Housing Needs Allocation (RHNA), including a more robust hotel-to-residential transfer of development rights program, accessory dwelling units program, religious facilities program, live/work program, and mixed-income incentive program. These strategies aim to redistribute the City's regional share of affordable housing throughout the village rather than concentrating the majority of the units on city-owned sites at Sunset Center and Vista Lobos. Following review by the Planning Commission and the City Council, the draft amendments would be submitted to the State Department of Housing and Community Development (HCD) for a formal review.

PUBLIC HEARINGS

DIRECTOR'S REPORT

FUTURE AGENDA ITEMS

- 2) Next Regular Meeting: November 12, 2025**

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 Planning Commission regarding any item on this agenda, received after the posting of the agenda will be available 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
Planning Commission
Staff Report

October 20, 2025
ORDERS OF BUSINESS

TO: Chair LePage and Planning Commissioners
SUBMITTED BY: Marnie Waffle, Principal Planner, AICP

APPROVED BY: Anna Ginette, AICP, Director of Community Planning and Building

SUBJECT: **6th Cycle Housing Element Amendment:** The Planning Commission will review and receive public comment on draft amendments to the City's adopted 6th-cycle Housing Element, and provide comments for the City Council's consideration. The draft amendments are concentrated in Chapter 2 and Appendix C of the 6th cycle Housing Element and include modifications to various programs and strategies that align with the Regional Housing Needs Allocation (RHNA), including a more robust hotel-to-residential transfer of development rights program, accessory dwelling units program, religious facilities program, live/work program, and mixed-income incentive program. These strategies aim to redistribute the City's regional share of affordable housing throughout the village rather than concentrating the majority of the units on city-owned sites at Sunset Center and Vista Lobos. Following review by the Planning Commission and the City Council, the draft amendments would be submitted to the State Department of Housing and Community Development (HCD) for a formal review.

Application: N/A

APN: N/A

Block & Lot: N/A

Location: Citywide

Applicant: N/A

Owner: N/A

Recommendation:

Staff recommends the Planning Commission:

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; and
3. Receive public comment and provide comments for consideration by the City Council on the draft amendment.

Summary, Background, and Project Description:

Executive Summary:

The Planning Commission is reviewing draft amendments to the City's adopted 6th-cycle Housing Element at a special meeting on October 20, 2025. The proposed amendments are a response to a City Council directive issued on July 9, 2024, which sought alternative strategies for affordable housing due to community concerns about the potential redevelopment of two city-owned sites, Vista Lobos and Sunset Center.

The City's 6th Cycle Housing Element, adopted on April 8, 2024, and certified by the state on April 25, 2024, outlines the responsibility to plan for 349 new housing units by 2031 to meet the Regional Housing Needs Allocation (RHNA). The draft amendment seeks to meet this obligation by removing the city-owned sites from the housing plan and introducing or expanding the following strategies: a hotel-to-residential transfer program, an accessory dwelling units (ADU) program, a religious facilities program, a live/work program, and a mixed-income incentive program.

These strategies have resulted in significant revisions, primarily to Chapter 2 (Goals, Policies, and Programs) and a complete rewrite of Appendix C (Housing Sites Inventory Analysis). The new site's inventory analysis identifies capacity for 439 total units, exceeding the City's remaining RHNA of 281 units.

The proposed amendments were developed in collaboration with the Affordable Housing Alternatives (AHA) community group and have undergone preliminary reviews by the Planning Commission, the City Council, and the State Department of Housing and Community Development (HCD).

Staff recommends that the Planning Commission:

- Determine that reviewing the draft amendment is not a project under CEQA.
- Review and discuss the draft amendment.
- Receive public input and provide comments for the City Council's consideration.

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 for planning 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 8, 2024](#), in response to community concerns regarding the redevelopment of the city-owned sites, the City Council passed [Resolution 2024-062](#) 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).

May 14, 2025, Planning Commission Meeting:

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

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 ways to justify 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 included 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 a broader mix of housing, providing more opportunities on city-controlled sites. Staff note that these sites remain under the City's control, 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.

May 20, 2025, Joint City Council/Planning Commission Meeting:

The proposed revisions to Chapter 2 and Appendix C were presented for review and feedback at a joint meeting of the City Council and the Planning Commission on [May 20, 2025](#).

Community members expressed support for retaining the city-owned parking lots as part of the overall housing strategy. There was also a shared concern that accessory dwelling units are not affordable, and many are unoccupied. The City Council shared similar concerns regarding ADUs.

State HCD 'Friendly' Review:

Since December 2024, regular meetings with the State HCD have provided an opportunity to present and receive feedback on the revised strategies, ensuring that the amendment retains the necessary components to meet state law requirements.

On June 2, 2025, the city provided an informal copy of the revised Chapter 2 and new Appendix C to the State HCD for a 'friendly' review. The purpose of this review was to get more substantive comments from the state as we move towards a complete submittal for a formal amendment to the housing element.

On July 11, 2025, city staff met with HCD to receive feedback on the revised strategies. HCD identified areas requiring additional analysis to ensure the required elements of state law were met.

Staff Analysis:

6th Cycle Housing Element Amendment: Formal Submittal:

Chapter 2: Goals, Policies, and Programs: Several changes have been made to [Chapter 2 \(Attachments 2 and 3\)](#), including removing existing programs and adding or substantially revising others. As a result, the numbering of some of the programs has changed. For example, Program 1.1.B City-Owned Sites is proposed to be removed, and 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. For a side-by-side comparison of program changes, refer to **Attachment 7**.

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
- Program 3.2.C Local Universal Design Standards

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.

Since the review in May, all Quantified Objectives have been added and are summarized in Chapter 2, Section 2.5 Summary of Quantified Objectives, Table 2-1 – Quantified Objectives (2023-2031).

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. For a side-by-side comparison of deadline modifications, refer to **Attachment 7**.

Another minor change to Chapter 2 is the removal of scattered quotes. A redlined copy of Chapter 2 is included as **Attachment 2** and a clean copy is provided in **Attachment 3**.

Appendix C: Housing Sites Inventory Analysis: [Appendix C](#) (**Attachment 6**) 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 site inventory is provided below. Across the five strategies, several sites have been identified that can accommodate the city’s RHNA and allow for the removal of Sunset Center and Vista Lobos from the sites inventory. These changes still require formal review and approval by the State Department of Housing and Community Development (HCD) and, therefore, are subject to change.

Table C-42 -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
ADUs	21	21	21	7	70
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	39	39	0	0	78
Mixed-Income Incentive Program	2	2	2	6	12
Other Housing Opportunities	0	2	0	51	53
Forest Cottages Specific Plan	0	2	0	4	6
Other Market Rate Scattered Sites	0	0	0	47	47
Total Capacity	135	136	63	105	439
Over Remaining RHNA	35	75	32	16	158
% Over Remaining RHNA	35%	123%	103%	18%	56%

Source: City of Carmel-by-the-Sea, Community Planning & Building Department

Appendix A: Housing Needs and Fair Housing Report: Based on the revised strategies and programs to achieve the Regional Housing Needs Allocation (RHNA), portions of [Appendix A \(Attachment 4\)](#) were amended to include additional analysis in accordance with Government Code Section 65583(c)(10). The revisions can be found on pages A-90 through A-104. Additionally, the footer has been updated, and the scattered quotes are proposed for deletion.

Appendix B: Housing Constraints: The footer in [Appendix B \(Attachment 5\)](#) has been updated, and the scattered quotes are proposed for deletion.

Other Project Components:

Environmental Review:

The agenda item before the Planning Commission 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 \$48,475.

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 immediately explore and develop 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:

- 1. Attachment 1 Chapter 1 Redlines
- 2. Attachment 2 Chapter 2 Redlines
- 3. Attachment 3 Chapter 2 Clean
- 4. Attachment 4 Appendix A Redlines
- 5. Attachment 5 Appendix B Redlines
- 6. Attachment 6 Appendix C NEW
- 7. Attachment 7 Program Comparison
- 8. Attachment 8 Affordable Income and Rent for 2025

Introduction

1

CHAPTER

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1.0 Introduction

1.1 Introduction

Carmel-by-the-Sea is a community with a high quality of life, a healthy environment, and renowned architecture. The long-term vitality of Carmel-by-the-Sea and the local economy depend upon the availability of various types of housing to satisfy the community's local housing needs while continuing to be a vacation destination for all. As Carmel-by-the-Sea looks towards the future, increasing the range and diversity of housing options is integral to the City's success. This Housing Element serves as a continuation of the City's commitment to ensuring new opportunities for residential development, as well as preserving and enhancing existing neighborhoods, and continuing to protect the natural environment.

Located on the Monterey Peninsula and incorporated in 1916, Carmel-by-the-Sea is a bijou coastal community boasting sweeping views of the Pacific Ocean, acclaimed architecture, and a strong residential character. The City has nearly 50 historic properties within the centralized commercial district, primarily dating to the turn of the 20th century and the 1920-1930s period. Residences throughout the one-square-mile village span a range of construction eras but are collectively appreciated for their architectural aesthetic. As a result of its beauty, the City is a popular tourism and second-home destination. Approximately 51 percent of housing units are for seasonal, recreational, or occasional use, creating high barriers of entry to the housing market for local renters.

This 2023-2031 Housing Element represents the City of Carmel-by-the-Sea's intent to plan for the housing needs of the community while meeting the State's housing goals as set forth in Article 10.6 of the California Government Code (§§65580-65589.11). The California State Legislature has identified the attainment of a decent home and a suitable living environment for every Californian as the State's major housing goal. The Carmel-by-the-Sea 6th Cycle Housing Element represents a sincere and creative effort to meet State housing mandates within the constraints of an established and nearly built-out community with limited land availability, coastal hazards, and extraordinarily high costs of land and housing.

Pursuant to state law, the Housing Element must be updated periodically according to statutory deadlines. This 6th Cycle Housing Element covers the planning period 2023 through 2031 and replaces the City's 5th Cycle Housing Element that covered the period 2015 through 2023.

Per State Housing Element law, the document must be periodically updated to:

- Outline the community's housing production objectives consistent with State and regional growth projections;
- Describe goals, policies and implementation strategies to achieve local housing objectives;
- Examine the local need for housing with a focus on special needs populations;

- Identify adequate sites for the production of housing serving various income levels;
- Analyze potential constraints to new housing production;
- Evaluate the Housing Element for consistency with other General Plan elements; and
- Evaluate Affirmatively Furthering Fair Housing.

1.2 California’s Housing Crisis

The 6th Cycle Housing Element update comes at a critical time because California is experiencing a housing crisis, and as is the case for all jurisdictions in California, Carmel-by-the-Sea is committed to playing its part in meeting the growing demand for housing. In the period 2020 through 2045, the Association of Monterey Bay Area Governments (AMBAG) region is projected to add 36,544 jobs,¹ which represents a 9 percent increase. These changes will increase demand for housing across all income levels, and if the region can’t identify ways to significantly increase housing production, it risks worsening the burden for existing lower-income households, many of whom do not have the luxury or skill set to move to a new job center but that are nonetheless faced with unsustainable increases in housing cost.

If the region becomes less competitive in attracting workers and increasingly unaffordable to lower-income workers and seniors, then social and economic segregation will worsen, only exacerbating historic patterns of housing discrimination, racial bias, and segregation. This potentiality has become so acute in recent years that the California Legislature addressed the issue with new legislation in 2018. Assembly Bill (AB) 686 requires all state and local agencies to explicitly address, combat, and relieve disparities resulting from past patterns of housing segregation to foster more inclusive communities.

“There’s a movement in California now called ‘Yes, In My Backyard,’ and I’d love to see us join that.”
 May 24, 2023 Housing Ad Hoc Committee
 Community Meeting Attendee

This is commonly referred to as Affirmative Furthering Fair Housing, or AFFH (more on this in Section 1.4 below).

Carmel-by-the-Sea has had moderate success in meeting its housing needs. In the last Housing Element cycle (2015 to 2022-2023 pending²), for example, 18 housing units were constructed in the City, which represented 58 percent of its Regional Housing Needs Allocation (RHNA) of 31 new housing units. Of the units built, none were affordable to lower- and moderate-income households,³ and 100 percent were affordable to above moderate-income households.

1 Source: AMBAG, November 18, 2022. “Final 2022 Regional Growth Forecast”.
 2 Source: November 8, 2022 HCD letter to AMBAG. Local governments may credit new units approved, permitted, and/or built beginning from the start date of the RHNA projection period, June 30, 2023, towards their RHNA.
 3 Source: City of Carmel-by-the-Sea HCD Annual Reports and City staff.

1.3 Regional Housing Needs Allocation

For the 8-year time frame covered by this Housing Element Update (2023-2031), the Department of Housing and Community Development (HCD) identified the region’s housing need as 33,274 units. The total 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 market rate housing.⁴ This calculation is based on population projections produced by the California Department of Finance as well as adjustments that incorporate the region’s existing housing need. Per Government Code §65583(a), the Housing Element must also provide quantification and analysis of projected housing needs for extremely low-income households. The number of units for the extremely low-income level is not assigned by HCD, but is left for quantification by the local jurisdiction. This calculation is based on the HCD approved methodology,⁵ assuming that 50 percent of very low-income households qualify as extremely low-income households.

Almost all jurisdictions in the Monterey Bay Area received a larger RHNA this cycle compared to the last cycle, primarily due to changes in state law that led to a considerably higher Regional Housing Needs Determination (RHND) compared to previous cycles.

On November 8, 2022, AMBAG’s adopted RHNA Methodology was approved by HCD. For Carmel-by-the-Sea, the RHNA to be planned for this cycle is 349 units, a substantial increase from the last cycle. [Table 1-1, Regional Housing Needs Allocation](#) shows the RHNA for Carmel-by-the-Sea for the period 2023 through 2031.

Regional Housing Needs Allocation

Income Group	Percentage of Area Median Income (AMI)	Share
Extremely Low Income*	<30	57
Very Low Income	<50	56
Low Income	51-80	74
Moderate Income	81-120	44
Above Moderate Income	121 +	118
Total		349

Source: AMBAG

*Extremely low-income RHNA is found as a subset within the very low-income category for all other tables in this document

4 HCD divides the RHND into the following four income categories:
 Very Low income: 0-50% of Area Median Income; Low income: 50-80% of Area Median Income; Moderate income: 80-120% of Area Median Income; Above Moderate income: 120% or more of Area Median Income

5 <https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks/extremely-low-income-housing-needs>

1.4 Affirmatively Furthering Fair Housing

In 2018, Assembly Bill (AB) 686, established an independent state mandate to affirmatively further fair housing (AFFH). Assembly Bill (AB) 686 extends requirements for federal grantees and contractors to “affirmatively further fair housing,” including requirements in the Federal Fair Housing Act, to public agencies in California. 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.

Assembly Bill (AB) 686 requires public agencies to:

- Administer their programs and activities relating to housing and community development in a manner to affirmatively further fair housing;
- Not take any action that is materially inconsistent with the obligation to affirmatively further fair housing;
- Ensure that the program and actions to achieve the goals and objectives of the Housing Element affirmatively further fair housing; and
- Include an assessment of fair housing in the Housing Element.

The requirement to Affirmatively Further Fair Housing (AFFH) is derived from The Fair Housing Act of 1968, which prohibited discrimination concerning the sale, rental, and financing of housing based on race, color, religion, national origin, or sex—and was later amended to include familial status and disability. The 2015 U.S. Department of Housing and Urban Development (HUD) Rule to Affirmatively Further Fair Housing and California Assembly Bill (AB)686 (2018) mandate that each jurisdiction takes meaningful action to address significant disparities in housing needs and access to opportunity. AB 686 requires that jurisdictions incorporate AFFH into their Housing Elements, which includes inclusive community participation, an assessment of fair housing, a site inventory reflective of AFFH, and the development of goals, policies, and programs to meaningfully address local fair housing issues.

An AFFH analysis was prepared and is included as [Appendix A](#) to this Housing Element.

Defining Segregation

Segregation is the separation of different demographic groups into different geographic locations or communities, meaning that groups are unevenly distributed across geographic space. This report examines two spatial forms of segregation: neighborhood-level segregation *within* a local jurisdiction and city-level segregation *between* jurisdictions in the Monterey Bay Area.

Neighborhood-level segregation (*within* a jurisdiction, or *intra-city*): Segregation of race and income groups can occur from neighborhood to neighborhood *within* a city. For example, if a local

jurisdiction has a population that is 20 percent Latinx, but some neighborhoods are 80 percent Latinx while others have nearly no Latinx residents, that jurisdiction would have segregated neighborhoods.

City-level segregation (*between* jurisdictions in a region, or *inter-city*): Race and income divides also occur *between* jurisdictions in a region. A region could be very diverse with equal numbers of White, Asian, Black, and Latinx residents, but the region could also be highly segregated with each city comprised solely of one racial group.

There are many factors that have contributed to the generation and maintenance of segregation. Historically, racial segregation stemmed from explicit discrimination against people of color, such as restrictive covenants, redlining, and discrimination in mortgage lending. This history includes many overtly discriminatory policies made by federal, state, and local governments (Rothstein 2017).

Segregation patterns are also affected by policies that appear race-neutral, such as land use decisions and the regulation of housing development.

Segregation has resulted in vastly unequal access to public goods such as quality schools, neighborhood services and amenities, parks and playgrounds, clean air and water, and public safety (Trounstein 2015). This generational lack of access for many communities, particularly people of color and lower income residents, has often resulted in poor life outcomes, including lower educational attainment, higher morbidity rates, and higher mortality rates (Chetty and Hendren 2018, Ananat 2011, Burch 2014, Cutler and Glaeser 1997, Sampson 2012, Sharkey 2013).

Segregation Patterns in the Monterey Bay Area

Across the Monterey Bay Area, Hispanic and Black residents are significantly more segregated from other racial and income groups. The highest levels of racial segregation occur between the Hispanic and Black populations. The analysis completed for this report indicates that the amount of racial segregation both *within* Monterey Bay Area cities and *across* jurisdictions in the region has slightly increased since the year 2010.

Segregation and Land Use

It is difficult to address segregation patterns without an analysis of both historical and existing land use policies that impact segregation patterns. Land use regulations influence what kind of housing is built in a city or neighborhood (Lens and Monkkonen 2016, Pendall 2000). These land use regulations in turn impact demographics: they can be used to affect the number of houses in a community, the number of people who live in the community, the wealth of the people who live in the community, and where within the community they reside (Trounstein 2018). Given disparities in wealth by race and ethnicity, the ability to afford housing in different neighborhoods, as influenced by land use regulations, is highly differentiated across racial and ethnic groups (Bayer, McMillan, and Reuben 2004).⁶

⁶ For the source data, see U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019), Table B19013B, Table B19013D, B19013H, and B19013I.

Segregation in the Carmel-by-the-Sea

The following are highlights of demographics as they apply to Carmel-by-the-Sea. For further information regarding the history of racial segregation, please refer to [Appendix A \(AFFH\)](#).

- As of 2019, White residents are the most segregated compared to other racial groups as measured by the isolation index. White residents live in neighborhoods where they are less likely to come into contact with other racial groups;
- As of 2019, Non-Hispanic White individuals comprise 87 percent of Carmel-by-the-Sea's population followed by Hispanic or Latino (8 percent) and Asian populations (5 percent);
- The City has no populations identifying as American Indian, Alaska Native, Native Hawaiian or Other Pacific Islander; and
- Black or African American non-Hispanic individuals represent less than 1 percent of the City's population.

Carmel-by-the-Sea's General Plan and Municipal Code historically emphasized single-family residential development patterns and consequently, the City offers a limited variety of housing types with 87 percent single family detached units. Historically, this type of development contributed to segregation patterns, including in Carmel-by-the-Sea, due to, among other factors, the higher purchase costs that accompany single-family homes. Financing for single-family properties favored educated higher income earners and as a result purchasing property in the City remained out of reach for many lower income households and led to the demographics seen in the City today. While Carmel-by-the-Sea's population demographics are not as diverse as other jurisdictions within Monterey County and restrictive covenants were not enacted specifically in the City, enacting policies and programs that promote AFFH and highlight the community's assets could attract individuals to the area, encourage those that work in the City to live there as well, and assist lower-income households that are currently living in the community. Currently, 28 percent of households within Carmel-by-the-Sea are considered lower-income.

"I urge you to enthusiastically embrace this opportunity to do exactly what you've come up with because Carmel really needs it, and it didn't happen that Carmel turned out to be a wealthy white exclusive community by accident. It was purposeful."

May 24, 2023 Housing Ad Hoc Committee
Community Meeting Attendee

Regional Segregation

The following are highlights of regional segregation metrics as they apply to Carmel-by-the-Sea.

- The City has a higher share of White residents than other jurisdictions in the Monterey Bay Area as a whole, a lower share of Latinx residents, a lower share of Black residents, and a lower share of Asian/Pacific Islander residents; and

- Regarding income groups, the City has a lower share of very low-income residents than other jurisdictions in the Monterey Bay Area as a whole, a lower share of low-income residents, a lower share of moderate-income residents, and a higher share of above moderate-income residents.

1.5 Overview of Planning Efforts

This section provides an overview of planning and legislative efforts that provide the context for development of the 6th Cycle Housing Element.

Effectiveness of Previous Housing Element

The 2015 Housing Element identified a Regional Housing Needs Allocation of 31 housing units in Carmel-by-the-Sea between 2015 and 2023. The RHNA was divided into the following income categories.

- 7 units affordable to extremely low- and very low-income households;
- 5 units affordable to low-income households;
- 6 units affordable to moderate-income households; and
- 13 units affordable to above moderate-income households.

During the 2015–2023 planning period, 18 new above moderate-income units were added to the City’s housing stock, and no units were added in the moderate, low or very low-income categories.⁷ This indicates that residential growth for extremely and very low-income households was slower than anticipated, which may be in part due to a lack of water resources, the COVID pandemic, the cost of land and construction, and the overall lack of interest to develop affordable housing in the community. As a result, housing costs continued to increase substantially due to low supply, and affordability became more elusive.

The goals, objectives, policies, and actions in the 2015 Housing Element complied with State Housing Law and provided proper guidance for housing development in the City. In the 2023 Housing Element update, objectives for each of the goals will be modified as appropriate to more specifically respond to the housing environment in Carmel-by-the-Sea from 2023-2031. Policies will also be modified as needed to respond to current Housing Element Law and existing and anticipated residential development conditions. See [Appendix E](#) for a complete review and analysis of Carmel-by-the-Sea’s 5th Cycle Housing Element (2015-2023).

New State Laws Affecting Housing

While the City has taken steps throughout the 5th Cycle to increase housing production locally, the State passed numerous laws to address California’s housing crisis during the same period. As the State passes new legislation in the remainder of the 5th Cycle and during the 6th Cycle, the City will continue to

⁷ [RHNA Progress Report - 5th Cycle RHNA Progress Report - California Open Date Portal](#)

amend the Municipal Code; to monitor and evaluate policies and programs designed to meet State requirements; and to proactively implement new policies and programs to help increase housing production citywide.

In 2019, several bills were signed into law that include requirements for local density bonus programs, the Housing Element, surplus lands, accessory dwelling unit (ADU) streamlining, and removing local barriers to housing production. The City implemented changes required by state law, through amendments to the Municipal Code. The following is a summary of recent legislation and proposed City activities that will further the City's efforts to increase housing production during the 6th Cycle. Please see the section above for a discussion of Assembly Bill (AB) 686 (Affirmatively Furthering Fair Housing).

Climate Change and RHNA Methodology

Per statute, Assembly Bill (AB) 1445 (2023) amends California Government Code §65584.04 and would require Councils of Governments to consider including the impacts of climate change as a factor when developing the methodology for allocating regional housing need. Regions would specifically need to consider emergency evacuation route capacity, wildfire risk, and sea level rise, but could also consider any other climate change-related factor. Although this does not apply to the current RHNA, it could affect the 7th Cycle allocation.

Incentives for Accessory Dwelling Units

In 2020, AB 686, AB 587, AB 671, AB 881, and SB 13 further incentivize the development of accessory dwelling units (ADUs) through streamlined permits, reduced setback requirements, increased allowable square footage, reduced parking requirements, and reduced fees.

The City last amended the Municipal Code in 2017 to address ADUs and is currently following state law while preparing additional amendments to the Municipal Code.

In 2023, the City intends to further amend the standards for ADUs and JADUs, consistent with state Law, to encourage conversion of guest houses to ADUs and promote construction of new units. Further the City will develop pre-approved, standardized ADU plans to make construction more affordable and will continue to include the HD ADU handbook on the City's website.

Low-Barrier Navigation Centers

AB 101 (2019) requires jurisdictions to allow "low-barrier navigation centers" ~~By Right by-right~~ in areas zoned for mixed uses and in nonresidential zones permitting multifamily uses, if the center meets specified requirements. A low-barrier navigation center is a service-enriched shelter focused on moving unhoused people into permanent housing. The center provides temporary living facilities while case-

"ADUs and JADUs make economic sense for many of us and could account for scores of new units in the next 8 years."

November 17, 2022 Housing Ad Hoc Committee
Community Meeting Attendee

managers connect individuals to public benefits, health services, and housing. The City’s Municipal Code will be amended to comply with state law.

Surplus Public Land

AB 1255 and AB 1486 (2020) seek to identify and prioritize state and local surplus lands available for housing development affordable to lower-income households. City-owned land was considered through preparation of the adequate sites inventory of the 6th Cycle Housing Element. These sites may be developed over time or possibly leased for development.

In 2019, Governor Gavin Newsom signed an executive order to identify State owned sites to help address the California housing crisis.

Accelerated Housing Production

Assembly Bill (AB) 2162 (2018) and Senate Bill (SB) 2 (2019) address various methods and funding sources that jurisdictions may use to accelerate housing production.

Priority Processing

SB 330 (2019) enacts changes to local development policies, permitting, and processes that will be in effect through January 1, 2025. SB 330 places new criteria on the application requirements and processing times for housing developments; prevents localities from decreasing the housing capacity of any site, such as through downzoning or increasing open space requirements, if such a decrease would preclude the jurisdiction from meeting its RHNA housing targets; prevents localities from establishing non-objective standards; and requires that any proposed demolition of housing units be accompanied by a project that would replace or exceed the total number of units demolished.

Additionally, any demolished units that were occupied by lower-income households must be replaced with new units affordable to households with those same income levels.

Housing and Public Safety

In response to SB 379 (2015) and other recent state legislation, local jurisdictions must update their safety element to comprehensively address climate adaptation and resilience (SB 379 and SB 1035, 2018) and identify evacuation routes (SB 99 and AB 747, both 2019). These updates are triggered by the 6th Cycle Housing Element update. This Housing Element will contain an evaluation of the existing safety element and programming actions to update the safety element to satisfy the new state requirements. Also, as sites are identified and analyzed for inclusion in the City’s housing site inventory, special attention will be paid to the risk of wildfire and the need for evacuation routes. In this way, the City will coordinate updates between the elements, so that future development is directed into areas that avoid or reduce unreasonable risks while also providing needed housing and maintaining other community planning goals.

Disadvantaged Communities

In 2011, the Governor signed SB 244 which requires local governments to make determinations regarding “disadvantaged unincorporated communities,” defined as a community with an annual median income that is less than 80 percent of the statewide annual median household income. The City has determined that there are no unincorporated islands or fringe or legacy communities that qualify as disadvantaged communities inside or near its boundaries.

Consistency with General Plan

The City of Carmel-by-the-Sea adopted a comprehensive update to its General Plan in 2003 in conjunction with the adoption of their Local Coastal Plan. Additional, element-specific, updates were completed in 2009 and 2015. The General Plan is a long-range planning document that serves as the “blueprint” for development for local jurisdictions in California. All development-related decisions in the City must be consistent with the General Plan, and if a development proposal is not consistent with the plan, then it must be revised or the plan itself must be amended.

State law requires a community’s General Plan to be internally consistent. This means that the Housing Element, although subject to special requirements and a different schedule of updates, must function as an integral part of the overall General Plan, with consistency between it and the other General Plan elements. From an overall standpoint, the development projected under this Housing Element is consistent with the other elements in the City’s current General Plan.

Many housing needs can only be addressed on a comprehensive basis in concert with other community concerns such as infill development or mixed-use incentives, for example, which must consider land use, traffic, parking, design, and other concerns as well.

The City’s Housing Element is being updated at this time in conformance with the 2023-2031 6th Cycle update for jurisdictions in the Association of Monterey Bay Area Governments (AMBAG) region. The Housing Element builds upon the other General Plan elements and contains policies to ensure that it is consistent with other elements of the General Plan. As portions of the General Plan are amended in the future, the plan (including the Housing Element) will be reviewed to ensure that internal consistency is maintained.

1.6 Public Participation

The primary purpose of this chapter is to describe the effort made by the City of Carmel-by-the-Sea to engage all economic segments of the community (including residents and/or their representatives) in the development and update of the Housing Element. This public participation effort also includes formal consultation, pursuant to Government Code §65352.3, with representatives from the Tribal Nations that are present and active in Monterey County. It is also responsive to AB 686 (2018, Affirmatively Furthering Fair Housing), which requires local jurisdictions, as they update their Housing Elements, to conduct public outreach to equitably include all stakeholders in the Housing Element public participation program.

The 6th Cycle RHNA numbers are a monumental change for all California communities, and the success of the update process hinges in part on a community outreach and engagement program that was robust, inclusive, and meaningful. The City’s community engagement program has included an initial presentation to the City Council, a series of Housing Ad Hoc Committee community meetings, stakeholder outreach, direct contact with interested residents and property owners, and online/virtual participation. ~~The Housing Element update process and engagement efforts are documented at: <https://ci.carmel.ca.us/post/long-range-planning-initiatives>~~ Key components of the interactive engagement plan included the Housing Element website, <http://www.HOMECarmelbytheSea.com>⁸ where all updates were ~~are~~ provided, as well as community engagement opportunities.

“The mission of the Housing Ad Hoc Committee is to provide guidance as the City updates the Housing Element of its General Plan. The Committee will participate in public outreach and education; consider opportunities and incentives for the development of affordable housing; and explore creative, tailored solutions to meet the City’s workforce and range of other housing needs while preserving the character of Carmel-by-the-Sea.”

Karen Ferlito and Bobby Richards,
Housing Ad Hoc Committee Councilmembers

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H.O.M.E. Carmel-by-the-Sea Website

Housing Opportunities Made Easier (HOME) at H.O.M.E. Carmel (homecarmelbythesea.com⁸) was a dedicated website that provided a portal to all of the Housing Element-related public engagement activities that were available to members of the public. This included information on housing element basics, a community ideas board, property owner interest forms, site surveys, site selection details, and materials from community workshops.

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- **Q&A.** Received questions in a managed space that accommodated messages throughout the iterative brainstorming process.
- **Ideas Board.** Promoted brainstorming among community members to suggest creative ways to achieve our RHNA goals.
- **Interactive Site Inventory Mapping.** Allowed community members an opportunity to examine proposed housing sites and suggest alternative solutions via an interactive online mapping tool. The site inventory mapping tool was advertised on the H.O.M.E. Carmel-by-the-Sea⁸ website in addition to other City communication outlets, ~~and made available through engage.emepanning.com/homecarmelpotentialsitesinventory.~~
- **Surveys.** Encouraged community members to voice their opinions in a convenient way that also helped City staff understand what areas of the City need more encouragement to

⁸ This website was active during the Housing Element development process. It is no longer active after the adoption of the Housing Element. All relevant documents have migrated to <https://ci.carmel.ca.us/post/long-range-planning-initiatives>.

participate. Aggregate data also helped the City understand generally who was participating with the outreach tools. All surveys were advertised on the H.O.M.E. Carmel-by-the-Sea website in addition to other City communication outlets. City staff also walked the City and handed out flyers to hospitality workers in an effort to increase the demographics of community members taking the Stakeholder Survey. The Stakeholder Survey was available in English and Spanish.

- **Stakeholder Survey.** Released for public engagement on May 24, 2023 to solicit input from Carmel-by-the-Sea residents, property owners, business owners, employees, community activists, and visitors. The stakeholder survey closed July 6, [2023](#). The Housing Element will contain updated policies and programs as guided by the public's perspective.
- **Property Owner Interest Form.** Released for public engagement on April 6, 2023 to develop a list of property owners interested in building an accessory dwelling unit (ADU) or junior accessory dwelling unit (JADU). A list of interested property owners will be added to [Appendix C \(Sites Inventory\)](#) when the survey is closed July 6, [2023](#).

Community Meetings

The City hosted a series of community meetings to inform and educate the public on the 2023-2031 6th Cycle Housing Element Update planning process and collect community feedback. These meetings are ongoing and continue to guide the policies and programs to ensure Carmel-by-the-Sea's character and values are upheld.

- **November 17, 2022 Housing Ad Hoc Committee Community Meeting.** Hosted to introduce the 2023-2031 6th Cycle Housing Element Update to community residents.
- **February 7, 2023 City Council Meeting.** Presentation on preliminary housing feasibility report and Housing Element update status.
- **February 28, 2023 Housing Ad Hoc Committee Community Meeting.** Hosted to discuss development constraints and potential incentives.
- **April 6, 2023 Housing Ad Hoc Committee Community Meeting.** Hosted to discuss current 5th Cycle Housing Element policies and programs, H.O.M.E. Carmel unveiling and walk through, and introduction to AFFH.
- **May 24, 2023 Housing Ad Hoc Committee Community Meeting.** Hosted to discuss housing needs, fair housing, sites inventory, and policies and programs to address the needs.

"If you rewind the clock 30 years, we did have 4,000 or more full-time residents in this town so it's not like that's impossible. But the world is different now, the number of cars has increased, etc., so there will be interesting balances and challenges as we add people to our community, which is going to be a great thing."

November 17, 2022 Housing Ad Hoc Committee
Community Meeting Attendee

- **June 15, 2023 Joint City Council/Planning Commission/Housing Ad Hoc Community Meeting.** Hosted to discuss the Public Draft Housing Element, the 30-day Public Comment Period, and next steps in the planning process.
- **July 11, 2023 City Council Meeting.** Update on the Housing Element Public Review Draft and discuss revision to the document after the 30-day comment period and review the City’s response to public comments on the Public Draft.
- **August 1, 2023 City Council Meeting.** Update on the Housing Element planning process and review of full Initial Draft Housing Element prior to submittal to HCD for 90-day review.
- **November 13, 2023 Housing Ad Hoc Community Meeting.** Hosted to review the comment letter from HCD.
- **January 9, 2023 City Council Meeting.** Update on revisions to the Housing Element in response to the comment letter from HCD, and next steps in the certification process.
- **March 5, 2024 City Council Meeting.** Update on revisions to the Housing Element in response to February 7, 2024 review meeting with HCD, and next steps in the certification process.

Public Participation to Affirmatively Furthering Fair Housing

The Carmel-by-the-Sea public participation program was also responsive to AFFH, which requires local jurisdictions to conduct public outreach to equitably include all stakeholders in the Housing Element public participation program (see the discussion above for more complete information on AFFH).

The organizations listed in [Appendix HE \(Stakeholder Survey\)](#) were contacted initially with an invitation to further connect. There were more opportunities for deeper connection with some of the Community Based Organizations (CBOs) included with the list.

The City emphasized the power of public participation during the public draft 30-day review period. Community members were informed that their comments would be included in the public record that will be read by decision-makers and reviewed by HCD, with transparent obligation to be responsive to comments as part of the preliminary draft submittal to HCD.

Further, the City has maintained outreach with interested community members through constant contact email blasts, updating the community on the progress of the Housing Element Update planning process. This includes updates related to community workshops; Housing Ad Hoc Committee, Planning Commission, and City Council meetings; draft housing element revisions; meetings with HCD reviewers; and CEQA noticing. Additionally, the City has made extensive efforts to ensure the community is able to easily understand the content within this Housing Element and follow the revisions process by providing “Reader’s Summary Guides,” which breakdown complex sections of the element. These include sections such as, the AFFH analysis; goals, policies, and programs; and the sites inventory.

Tribal Consultation

This public participation effort also includes formal consultation, pursuant to Government Code §65352.3, with representatives from the Esselen Nation that is present and active in Monterey County. Consultation is in process.

Public Review of Draft and Final Housing Element

Public Comment Review Period

As required by HCD, the Draft Housing Element was available for 30-days of public review from June 5, 2023 to July 6, 2023. The Draft Housing Element was posted on the City of Carmel website and the dedicated Housing Element website (homecarmelbythesea.com⁹), and a number of public comments were received. Additionally, a joint City Council and Planning Commission Committee meeting was held on June 15, 2023 where verbal public comments were accepted on the Draft Housing Element.

Public comments received during the 30-day public review period can be found in the Public Comment Report, along with responses. The HCD Initial Draft has been updated as needed to reflect the comments received by the public.

Stakeholder Survey

The City of Carmel-by-the-Sea published a Stakeholder Survey to gather input from community members. The goal of the survey was to inform the City of Carmel-by-the-Sea what housing needs exist and to solicit community members input on how to achieve the RHNA. The survey was made available in English and Spanish and was posted on the dedicated Housing Element website (homecarmelbythesea.com⁹). The Stakeholder Survey was available from May 24, 2023 to July 6, 2023. One response was received in Spanish, and 156 responses were received in English. See [Appendix H](#) for an in-depth discussion of the Stakeholder Survey results.

Overall, survey respondents indicated a need for more diverse housing types within the City (apartments, condominiums, ADUs and senior housing). Survey respondents encourage the use of second story buildings for housing within the Commercial District, especially for affordable units, and indicate a need for expanded City services to distribute information about affordable units.

When asked if property owners would consider adding an ADU to their property, many responded that lots are too small, however, a number of property owners did indicate interest if the permitting was streamlined, fees were lowered, or financial assistance was provided.

⁹ This website was active during the Housing Element development process. It is no longer active after the adoption of the Housing Element. All relevant documents have migrated to <https://ci.carmel.ca.us/post/long-range-planning-initiatives>.

2025 Amendment to the Adopted Housing Element Public Review of Draft and Final Housing Element

Outreach

~~Beginning in 2024, the City of Carmel-by-the-Sea began exploring strategies to further enhance the City's ability in delivering affordable housing opportunities throughout the community, and developing alternative strategies that present near-term potential for affordable units. The detailed additional public outreach conducted during the development stage of these alternative strategies has been summarized in Chapter 2 and Appendix C (Sites Inventory).~~

Public Review of the 6th Cycle Revised Draft and Final Housing Element Amendment

~~Pursuant to State law, the 6th Cycle Revised Draft Housing Element Amendment will be made available for a 7-day public review from October 16 through October 23, October 1 through October 7, 2025. Prior to this review period, The City conducted a special Planning Commission meeting on October 20, 2025, and a City Council meeting on November 3, 2025, to review the 6th Cycle Housing Element Amendment and to receive public comments. will conduct a joint held Planning Commission and City Council meetings on October 20, 2025 and November 3, 2025, respectively to review the Both bodies reviewed the Revised Draft Housing Element and received public comments. Following the public review, the 6th Cycle Revised Draft Housing Element Amendment will be submitted to the State Department of Housing and Community Development (HCD) for a mandatory 60-day review.~~

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Goals, Policies, and Programs

Goals, Policies, and Programs

2

CHAPTER

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

The City’s demographic and housing needs assessment, ~~including which included an analysis of factors~~ 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 income 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 a further 23 percent are severely cost burdened. Detailed information is provided in Appendix A.

~~Additionally, the~~ The majority of the sites identified in the Site-Sites 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 the 6th cycle~~ Cycle.

2.2—What’s New

2025 Amendment Process

The 6th Cycle Housing Element (2023-2031) for Carmel-by-the-Sea was adopted on April 8, 2024 and deemed in substantial compliance with State law by the State HCD on April 25, 2024. Beginning in Summer 2024, the City of Carmel-by-the-Sea began exploring strategies to further enhance the City’s ability in delivering affordable housing opportunities throughout the community, and developing alternative strategies that present near-term potential for affordable units. These efforts culminated in the amendment to the adopted Housing Element.

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 – 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 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 to 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.~~ 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.~~ 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~~ 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~~ 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*	Conservati Preservatio
Extremely Low	61	-	-
Very Low	60	5	-
Low	93	5	50
Moderate	64	6	-
Above-Moderate	135	400	-
Total	410	416	50

Commented [1]: @vtam1668@gmail.com - Please add formatted summary table of quantified objectives and place at end of document as an appendix. Assigned to vtam1668@gmail.com_

Commented [2R1]: @mwoffle@ci.carmel.ca.us - Adding you in here, Marnie

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 households of 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

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: 113 Very Low, 74 Low, 44 Moderate, and 118 Above Moderate income housing units

Timeframe: Maintain adequate sites to meet the RHNA through ~~June~~ December 2031

Responsible Party: Community Planning and Building Department

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

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 income units.

The Sites Inventory identifies adequate sites to meet the City's RHNA throughout the planning period. The City's Community Planning and Building Department 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: ~~City-Owned~~ Development on Small Sites - AFFH

~~The City plans to pursue three (3) sites (#1, #2, and #3 in the Sites Inventory) 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 would 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.~~

Quantified Objective: 2 Very Low, 2 Low, 2 Moderate, and 12 Above Moderate Income Housing Units (these units are also accounted for under Program 1.1.D)

Timeframe: Adopt Municipal Code amendments by June 2028.

~~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:~~

- ~~1. Establish and implement development standards for Sunset Center (Sites #1 and #2) by December 2025;~~
- ~~2. Develop project description and establish an RFP process and solicit developers by December 2025;~~
- ~~3. Target Exclusive Negotiating Agreement by December 2026; and~~
- ~~4. 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:~~

- ~~5. Increase outreach efforts with non-profit affordable housing developers beginning January 2027;~~
- ~~6. Re-issue RFP and solicit developers by December 2027;~~
- ~~7. Identify additional/alternative sites;~~
- ~~8. 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~~
- ~~9. Develop incentives for developers, including 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~~ 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~~ 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 market rate unit. However, for an affordable housing unit is 1/2 in any of these four Districts, the requirement is already reduced to one-half space per unit and is reduced even further to one-third 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 - AFFH

Quantified Objective: ~~35 Very Low-Income units with reduced parking~~ ~~Timeframe: Complete evaluations by December 2024~~ 8 Extremely Low, 35 Very Low, 35 Low Income Units

Timeframe: Adopt Municipal Code amendments by June 2026.
If by June 2028 the City is not trending to meet its established objectives for this program, the City will modify the program and/or utilize alternative strategies within six months to ensure that the City could fully accommodate its RHNA.

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

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

Issues and Opportunities

At first glance, downtown Carmel appears to be thriving, but a closer inspection reveals “a tale of two downtowns.” The prime street-front 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 will 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 with 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 the residential portion of the 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 will offer the following incentives to spur participation in the program:

- Prioritize water allocations. The City will prioritize water allocations 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) will 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 also 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.
- Free Pre-Application Development Meeting. The City will offer an in-person pre-application meeting, at no charge to applicants, which will bring together all departments responsible for review of the project (e.g., Planning, Building, Public Works, Fire). Applicants will receive early feedback on the project concept in order to help expedite the submission and review process.

Program Benefits

The live/work program will 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: ~~Allow Religious Institution Affiliated Housing Development~~ Mixed-Income Incentive Program - AFFH

Quantified Objective: See Program 1.1.B
Timeframe: Adopt Municipal Code amendments by June 2028
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 near 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 income (i.e., market 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 that can accommodate 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. Similarly, between 2012 and 2024, the number of students from Carmel-by-the-Sea attending the local public elementary school (Carmel River School) declined from 270 to 129 students. In light of these alarming trends, creating new housing that can accommodate families with children was determined to be an important priority.

Program Description

The City will develop 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 will 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 offer qualified projects one or more of the following incentives:

- Higher density. The City will offer qualified projects up to a total of 88 du/ac, inclusive of all state and local bonuses and incentives.
- FAR bonus. The City will offer projects that qualify under the Mixed-Income Incentive Program an incremental FAR bonus over and above the existing FAR bonus that the City offers for qualifying affordable development.
- Prioritize water allocations. The City will prioritize the necessary water allocations 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 offer 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 waive or reduce permitting fees for projects that participate in this program.
- Free Pre-Application Development Meeting. The City will offer an in-person pre-application meeting, at no charge to applicants, which will bring together all departments responsible for review of the project (e.g., Planning, Building, Public Works, Fire). Applicants will receive early feedback on the project concept in order to help expedite the submission and review process.

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 - AFFH

Quantified Objective: 6 Extremely Low, 29 Very Low, 30 Low Income Units

Timeframe: Continue working with individual churches to submit formal applications by June 2028. If by June 2028 the City is not trending to meet its established objectives for this program, the City will modify the program and/or utilize alternative strategies within 6 months to ensure that the City could fully accommodate its RHNA. Annual Outreach to assess progress (December 2031)

~~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**~~

Commented [3]: @bswan son@ci.carmel.ca.us @mwaffle@ci.carmel.ca.us
If we are reducing the numbers for Wayfarer and Christian Science we need to reduce this.

Commented [4R3]: @vta m1668@gmail.com and @mwaffle@ci.carmel.ca.us - Can you please address Hans' question when you finalize this doc?

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

Party: Community Planning & Building Department ~~Funding~~

Funding Source: General Fund

Issues and Opportunities

The State of California and the City of Carmel-by-the-Sea have both adopted new rules, regulations, and policies 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]

If 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; and
- Other regulatory incentives or concessions proposed by the developer.

Program Description

In 2023

Funding

Source: ~~General Fund~~ 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:~~

- ~~10. 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; and~~
- ~~11. 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~~

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: 40 Very Low, 40 Low, 40 Moderate, 41 Above Moderate Income Units

Timeframe: Outreach for developer interest by December 2025
Create/amend Municipal codes to support the program by May 2026.
Monitor and report to the City Council the City’s progress in facilitating hotel-to-residential conversions annually. Based on results of the monitoring, if by June 2028 the City is not trending to meet its established objectives for this program, the City will modify the program and/or utilize alternative strategies within six months to ensure that the City could fully accommodate its RHNA.

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

(Formerly 3-3.1.e: 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 \$438,000 per room).

Program Description

The City will 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 through adaptive re-use or redevelopment. To incentivize participation in the program, the City will allow the owners of converted hotel properties to sell and transfer the hotel keys from the converted hotel to facilitate the construction of the same number of new hotel rooms on other sites within Carmel-by-the-Sea’s commercial zoning districts (CC, SC, or RC)—either as new hotels or as additions to existing hotels. While such conversions could be partially financed through public funding programs such as the Low-Income Housing Tax Credit (LIHTC) program, the City’s intent in allowing the sale of the hotel keys is to maximize housing

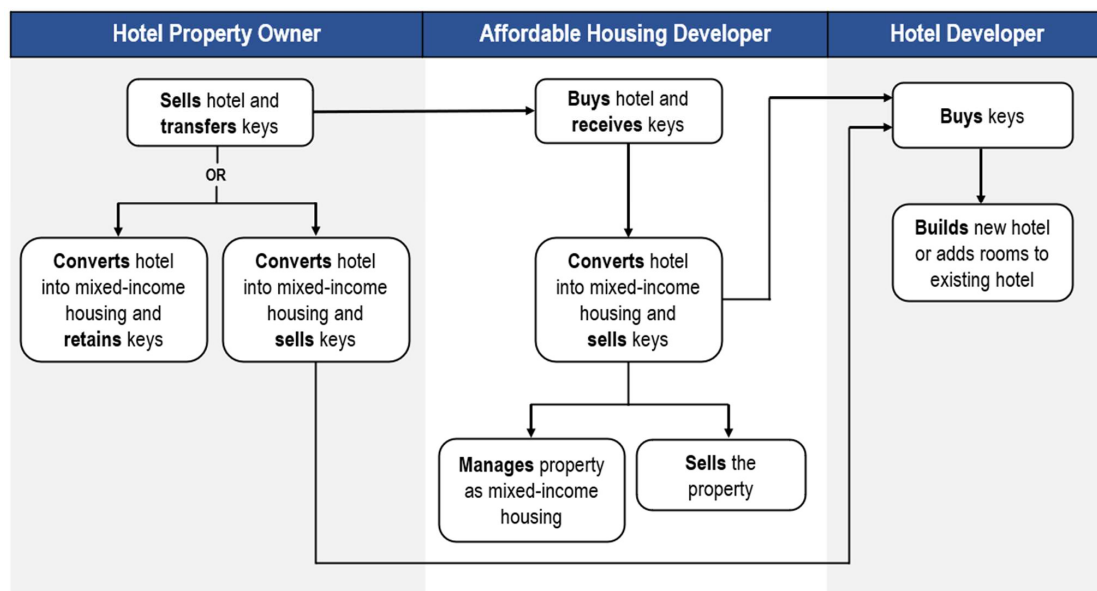
Commented [5]: @vtam1668@gmail.com - Please double check that all sections which need to AFFH included, have it.

Commented [6R5]: @mwaffle@ci.carmel.ca.us - adding you in here, Marnie

production by making these conversions economically viable without any reliance on public funding. The ultimate goal is to make conversion to multifamily residential 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 mixed-income residential themselves and sell the hotel keys to a hotel developer to be used to construct a new hotel or to add hotel rooms to another property within the City’s commercial districts (CC, SC, or RC). Or the existing owner could convert the hotel to mixed-income residential themselves and retain the keys to add hotel rooms to another property within the City’s commercial districts (CC, SC, or RC). Alternatively, and perhaps most likely, the existing owner—who may lack expertise in development – could sell the underperforming hotel to an affordable or multifamily developer, who could in turn convert the hotel to mixed-income residential and then either sell the hotel keys or retain them for use on another site within the City’s commercial districts (CC, SC, or RC). These various permutations are outlined visually in the following graphic.



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

the hotel rights to other parcels in the City's commercial districts (CC, SC, or RC) (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 will create opportunities for purchasers of hotel keys to receive the water allocation required to create new hotel rooms on other sites within the village. The City will require that the water rights associated with the converted hotels stay with the property—i.e., once the property is converted into mixed-income multifamily housing through the program.
- Increased development potential. The City will grant a modest increase in FAR 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 to designate a subset of the newly established 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 or towards the City's RHNA.
- Qualified projects will benefit from streamlined review, expedited permitting, and reduced permit fees.

Program Benefits

By unlocking the value associated with the limited number of hotel keys available in the City, 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 (i.e., market rate), 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 accommodating rooms to serve coastal visitor access in the City will be retained while increasing the amount of multifamily housing in the village.

The transfer of hotel keys from underperforming hotels to upgraded 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 - AFFH

Quantified Objective: 5 Affordable Units (not included in RHNA capacity)

Timeframe: Amend the Carmel Municipal Code by June 2027

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 will create a voluntary program to incentivize the generation of on-site employee housing at hotels, motels, and inns around the village. These potential units are not used to meet the City's RHNA adequate sites requirements.

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 projects may also be eligible for priority access to water allocations, expedited review, and reduced permit fees.

Program 1.1.H: Accessory Dwelling Units - AFFH

Quantified Objective: 7 Extremely Low, 14 Very Low, 21 Low, 21 Moderate, 7 Above Moderate Income Units

Timeframe: December 2025 to December 2031

Monitor and report to the City Council the City's progress in facilitating ADU production annually. Based on results of the monitoring, if by June 2028 the City is not trending to meet its established objectives for this program, the City will modify the program and/or utilize alternative strategies within six months to ensure that the City could fully accommodate its RHNA.

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 also recognizes that there are many misconceptions surrounding development regulations and water restrictions for ADUs. For example, it is not widely known that ADUs do not need a new water meter, or that the Monterey Peninsula Water Management District (MPWMD) does not charge a service connection fee for an ADU. To help combat this lack of public knowledge, the City maintains a dedicated housing webpage that includes the California Department of Housing and Community Development Accessory Dwelling Unit Handbook and that serves as a source of technical assistance to property owners.

To facilitate ADU development the City will complete the following actions between 2024 and 2031:

- The City will complete revisions to its local ADU Ordinance and incorporate guidance from the recent Senate Bill 1077 (December 2026).
- 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). (June 2026)
- 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. (June 2026)

- The City will pursue implementing a pre-sales inspection program to identify unpermitted ADUs and refer them to the amnesty program. (December 2027)
 - If the program is determined to be feasible, establish a program within six months. (June 2028)
- The City will establish a renter match program for ADUs. (December 2029)
 - The program may also employ a citywide survey of ADU rental rates to help connect tenants with property owners charging more affordable rates.
 - Outreach activities will include promoting ADU availability to local workers.
- The City will promote affordability and increase workforce housing by developing a program to incentivize homeowners to create ADUs that are affordable to, and occupied by, lower income households. 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. (December 2026)
- The City will conduct outreach and education on an ongoing basis, 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 about working with the City to develop ADUs, and clarifying common misconceptions about water availability.

Program Benefits

- Legalize unpermitted ADUs to 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.
- Encourage full-time residency within the village.

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: 13 Extremely Low, 98 Very Low, 113 Low, 50 Moderate, 59 Above Moderate Income Units

Timeframe: Adopt Water Allocation Resolution by December 2025

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

~~Perhaps~~ Historically, the greatest constraint to housing production in Carmel-by-the-Sea ~~is the lack of~~ has been limited water resources. 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~~ has historically been a limited resource in ~~Carmel~~ 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~~ 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 ~~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 the allocation of water for affordable housing.

- ~~1. 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: See below in bullets

Timeframe: City's 5-Year Capital Improvement Plan through December 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 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 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 ~~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:** 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 \$~~2.065-2.334~~ million in drainage improvements and \$~~6.7~~ 4.969 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: N/A

Timeframe: Continued ordinance implementation through December 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.

Program 1.3.B: Employee Housing - AFFH

Quantified Objective: ~~Preserve rental units~~ N/A

Timeframe: Adoption of Municipal Code amendments by June 2026

~~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:~~

~~1. 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~~

~~1. 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 is no farmwork 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~~ [§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: N/A
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~~ California Government Code ~~65852.3~~ 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~~ **Program 1.3.D: Senate Bill 35 and Senate Bill 423 Processing Procedure**

Quantified Objective: N/A
Timeframe: Adopt a procedure by December 2026
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~~ employ a streamlined ministerial approval process for proposed developments with at least 50 percent affordability. Early implementation of SB 35 did not apply to cities in the coastal ~~cities~~ zone. 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:~~

- ~~2. The development that is located in a coastal zone satisfies the conditions to obtain a coastal development permit; and~~

~~3. 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

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~~

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

California Government Code §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 §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.K**~~ **Program 1.3.F: 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~~ Adopt Municipal Code amendments by ~~December 2024~~ June 2026

Responsible Party: Community Planning and Building Department

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

Carmel Municipal Code §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: N/A

Timeframe: Adopt Municipal Code amendments by June 2028

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:~~

1. ~~Municipal Code Section 17.64.190 Residential Construction at Densities Between 33 and 44 Units per Acre;~~
2. ~~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~~
3. ~~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~~ pursue 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: N/A
Timeframe: Adopt Objective Design Guidelines by June 2027
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 the Municipal 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 ~~multi-family-qualifying~~ affordable multifamily housing projects in the City's downtown ~~zones~~area, including the Central Commercial (CC), Service Commercial (SC), Residential & Limited Commercial (RC), and Multifamily Residential (R-4) Districts.

Program 1.4.C: By-Right Approval - AFFH

~~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~~

Timeframe: Amend the Municipal Code to comply with state by-right requirements by December 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

~~(NEW)~~

~~GOAL H2 – PROTECT AFFORDABLE HOUSING AND IMPROVE THE HOUSING STOCK~~

Pursuant to Government Code §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.

“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: Five Moderate Income units (accounted for under Program 1.1.B and Program 1.1.D.)

Timeframe: Adopt Municipal Code amendments by June 2028

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 amend the Municipal Code to increase the floor area bonuses from 0.15 to up to ~~25 percent~~ 0.25 for projects in the CC, SC, and RC 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: N/A

Timeframe: Continued ordinance implementation through December 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~~

~~4.3.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: Monitor 50 lower income units
Timeframe: Develop a program by June 2026
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 [California](#) Government Code Section 65590. This may also include partnering with a qualified entity, like The 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~~Lower- and ~~moderate-income~~Moderate-income households including the following indicators:

- The number of new housing units approved for construction;
- The number of ~~low~~Lower- 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~~Lower- and ~~moderate-income~~Moderate-income households that have been authorized to be demolished or converted; and
- The number of ~~low~~Lower- 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~~§65915, subdivision (c)(3) when any new housing development project occurs on a site meeting the any of the following conditions:

~~1) 1. The site~~ currently has residential uses or within the past five years has had residential uses that have been vacated or demolished, ~~2)~~;

2. ~~The site~~ 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; or

~~low or very low-income, 3)~~ 3. ~~The site is~~ 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.

~~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)~~

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

Quantified Objective: \$1 million

Timeframe: Establish a Fund by December 2026

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~~ pursue 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)~~

~~"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~~

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: 25 referrals/materials distributed annually

Timeframe: Continued education and ordinance implementation through December 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 design tradition~~ and form that existing residents cherish and ~~which that~~ 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

Quantified Objective: These units are accounted for under Program 1.1.B (Development on Small Sites), Program 1.1.C (Live/Work Housing), and Program 1.1.D (Mixed-Income Incentives Program)

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 the 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-~~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 the 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

Quantified Objective: 25 referrals/materials distributed annually

Timeframe: Proactive outreach through December 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

~~In order to~~ 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 owners of 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~~

Goal H3 Provide Opportunities for New Affordable and Other Special Needs Housing

~~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~~ Low-income residents. Encourage the private sector to produce affordable housing.

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

Quantified Objective: 10 Low Income Units
Timeframe: Proactive outreach through December 2031; Revise guidelines and approval processes by June 2028
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

The shifting retail and office ~~landscapes are shifting and this change~~ landscape 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

Quantified Objective: 2 Extremely Low Income Units
Timeframe: Outreach efforts ongoing through December 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~~ multifamily housing and ~~non-~~ 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.

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 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: ~~57 Extremely Low Income units~~ N/A

Timeframe: ~~Fund Associate Planner through June~~ Adopt Municipal Code amendments by December 2031

Responsible Party: Community 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 seeing a positive 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~~ §§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: Reduced fees for developments with affordable units

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~~ reduce the planning and building permit fees ~~for affordable housing units and reduce the planning and building permit fees by up to 25 percent~~ for affordable housing units in commercial areas.

~~**Quantified Objective:** Reduced City fees by 25 percent 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: N/A

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 one-half space per unit. For senior housing, it is one-third 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: N/A

Timeframe: Hire a consultant by December 2026; Adopt Municipal Code amendments by June 2027

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~~ multifamily 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~~ N/A

Timeframe: ~~Hire consultant by December 2024; Adoption of~~ Adopt Municipal Code amendments by June ~~2026~~2028

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

~~development~~ in the City’s Commercial District have ranged in ~~densities~~ from 22-33 dwelling units per acre.

~~(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~~ 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 (~~RC, SC, and CC~~) and the multi-family residential (R-4) district ~~CC, SC and RC~~ and the Multifamily Residential (R-4) District to establish a minimum density of ~~33~~ 22 dwelling units per acre, as part of the base zoning and a maximum allowable density of 40 units per acre, with a total maximum 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-RC~~ Districts. 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 pursue 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:~~

- ~~1. Conditional Use Permit;~~
- ~~2. Planned Unit Development Permit;~~
- ~~3. Design review, other than Objective Development Design Standards; or~~

~~4. 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: Process 8 applications

Timeframe: Adopt a revised policy and Municipal Code amendment by December 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~~ As of September, 2025 the City is already underway evaluating and revising Policy C11-01, which describes procedures to provide reasonable accommodation, and ~~will explore~~ has explored 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. Initial conversations with the Planning Commission and City Council have been supportive of revising the policy. 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 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: 78 live/work units (Program 1.1.C); 18 mixed income units (Program 1.1.D); 65 units on religious properties (Program 1.1.E); and 161 units through Hotel to Residential Conversion (Program 1.1.F); 5 hotel employee housing (Program 1.1.G); and 70 ADUs (Program 1.1.H)

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 generating five opportunities per year.

~~2. 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)
- 4. 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.~~

Program 3.2.C: Family Friendly Housing – AFFH

- ~~3. Local Universal Design Ordinance: Adopt a local Universal Design Ordinance applicable to single-family, duplex, and triplex projects. See Program 3.2.C.~~
- ~~4. 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 4.3.I.~~

Quantified Objective: ~~Provide 75 affordable housing opportunities by January 2031.~~ 5 Very Low, 5 Low, 5 Moderate Income Units

Timeframe: Develop Regulatory Incentive (June 2028); Implement Family Friendly Design Guidelines (June 2028)

~~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)~~

Carmel-by-the-Sea is suffering from a rapid and accelerating decline in the number of families with children living within the village. Between 2012 and 2023, the number of students from Carmel-by-the-Sea attending Carmel River School (the local public elementary school) declined from 270 to 129. Similarly, from 2016 to 2024, the number of students from Carmel-by-the-Sea attending Carmel Middle School and Carmel High School declined from 53 to 27 and from 90 to 47, respectively. Overall, between 2015 and 2024 the median age of residents increased from 53 to 65.

~~**Program 3.2.D: Family Friendly Housing – AFFH**~~

~~Promote multi-family housing designs and unit mix to attract multigenerational. To counter this trend, the City will promote multifamily housing designs to attract households with children and larger 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 create incentives to encourage the development of larger units with multiple bedrooms.~~

~~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

Quantified Objective: N/A

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: N/A

Timeframe: ~~Adoption of~~ Adopt Municipal Code amendments by December 2024
June 2026

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~~ of a “Low Barrier Navigation Center” and will develop By Right procedures for processing low barrier navigation centers.

Program 3.3.C: Unlicensed Residential Care Facilities – AFFH

Quantified Objective: N/A

Timeframe: ~~Adoption of Adopt~~ Municipal Code amendments by December 2024
Amendments by June 2026

Responsible Party/Agency: 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.

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

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~~ N/A

Timeframe: ~~Adopt Municipal Code Amendments by June 2026~~

Timeframe: ~~Amend the Zoning Ordinance by December 2024~~ **Responsible Agency/Party:** Community Planning ~~and~~ & Building Department

Funding Source: General Fund

~~(NEW)~~

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

~~Government Code §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 development standards applicable to SROs such as maximum number of occupants, minimum or maximum unit size, and requirements relating to food preparation facilities, and sanitation facilities.~~

Goal H4 Exemplify Sustainable Development and Energy Conservation

- ~~1. Draft a definition for "single room occupancy unit" to add to the zoning ordinance consistent with the Government Code (November 2024)~~
- ~~2. 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: 25 referrals/materials distributed annually

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 (MPWMD), ~~potable~~ water remains ~~scarce~~ a finite, and ~~highly~~ tightly regulated resource in the City and ~~continues to be a major limiting constraint to new development~~ California at large. ~~In order to preserve~~ To responsibly allocate the City's limited water allocation ~~for~~ to maximize as many new residential units as possible, 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~~ MPWMD.

Program 4.1.B: Energy Conservation and Green Building

Quantified Objective: ~~Promote water conservation in 100 existing units~~ 25 referrals/materials distributed annually ~~Timeframe: Adoption of policy by June 2031~~

Timeframe: Continued education and compliance through December 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~~

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: 25 referrals/materials distributed annually
Timeframe: Proactive outreach through December 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.

Program 5.1.B: Housing Choice Voucher Program – AFFH

Quantified Objective: 25 referrals/materials distributed annually
Timeframe: Proactive outreach through ~~June~~December 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 ~~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- 25~~ referrals/materials distributed annually
Timeframe: Proactive outreach through ~~June~~ December 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 provide safe and secure affordable housing in a high-cost market. This model 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, while alleviating loneliness. The City will continue to distribute informational materials from the ~~Monterey County~~ Housing Authority of the County of Monterey and ~~the~~ The Carmel Foundation, and will display information at City Hall ~~and~~ and other public buildings ~~and~~ 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.

Program 5.1.D: Farmworker Housing – AFFH

Quantified Objective:~~80 referrals/website visits~~ N/A
Timeframe:~~Proactive outreach through June 2031~~ Ongoing
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~~ 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-resources~~ such as legal help and medication services, stress management, ~~resources-support~~ 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; and advocate ~~to have for~~ 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: N/A

Timeframe: Proactive outreach and partnerships through December 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-community~~ 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)~~

2.5 Summary of Quantified Objectives

Table 2-1 - Quantified Objectives (2023-2031)

Program	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total
1.1.A: Adequate Sites		113	74	44	118	349
1.1.B: Development on Small Sites		2	2	2	12	18
1.1.C: Live/Work housing	8	35	35			78
1.1.E: Affordable Housing on Religious Facility Properties	6	29	30			65
1.1.F: Hotel-to-Residential Conversion		40	40	40	41	161
1.1.G: Hotel Employee Housing				5		5
1.1.H: Accessory Dwelling Units	7	14	21	21	7	70
1.2.A: Water Distribution Prioritization for Affordable Housing	13	98	113	50	59	333
3.1.A: Mixed Use Affordable Housing		10				10
3.1.B: Housing for Extremely Low Income Households	2					2

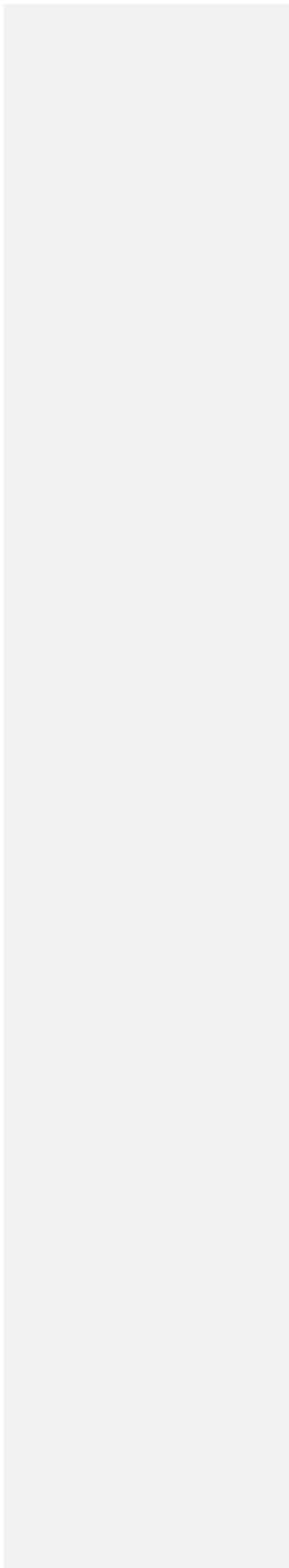
Summary Report	
Title	compareDocs Comparison Results
Date & Time	10/14/2025 9:07:58 AM
Comparison Time	15.44 seconds
compareDocs version	v5.1.900.2

Sources	
Original Document	2 CH Carmel_6th Cycle Housing Element_Adopted_040824_sm.docx
Modified Document	Ch 2 Version 2.0 (formal submittal) KH 10-10.docx

Comparison Statistics	
Insertions	351
Deletions	208
Changes	192
Moves	140
Font Changes	0
Paragraph Style Changes	0
Character Style Changes	0
TOTAL CHANGES	891

Word Rendering Set Markup Options	
Name	Standard
Insertions	
Deletions	
Moves / Moves	
Font Changes	
Paragraph Style Changes	
Character Style Changes	
Inserted cells	
Deleted cells	
Merged cells	
Changed lines	Mark left border.

compareDocs Settings Used	Category	Option Selected
Open Comparison Report after saving	General	Always
Report Type	Word	TrackChanges
Character Level	Word	False
Include Comments	Word	False
Include Field Codes	Word	True
Flatten Field Codes	Word	False
Include Footnotes / Endnotes	Word	True
Include Headers / Footers	Word	True
Image compare mode	Word	Insert/Delete
Include List Numbers	Word	True
Include Quotation Marks	Word	False
Show Moves	Word	True
Include Tables	Word	True
Include Text Boxes	Word	True
Show Reviewing Pane	Word	True
Summary Report	Word	End
Detail Report	Word	Separate (View Only)
Document View	Word	Print



Goals, Policies, and Programs

2

CHAPTER

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

The City's demographic and housing needs assessment, which included an analysis of factors contributing 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 income 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 a further 23 percent are severely cost burdened. Detailed information is provided in [Appendix A](#).

The majority of the sites identified in the Sites 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.

2025 Amendment Process

The 6th Cycle Housing Element (2023-2031) for Carmel-by-the-Sea was adopted on April 8, 2024 and deemed in substantial compliance with State law by the State HCD on April 25, 2024. Beginning in Summer 2024, the City of Carmel-by-the-Sea began exploring strategies to further enhance the City's ability in delivering affordable housing opportunities throughout the community, and developing alternative strategies that present near-term potential for affordable units. These efforts culminated in the amendment to the adopted Housing Element.

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 – 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 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 to 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 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 households of 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: 113 Very Low, 74 Low, 44 Moderate, and 118 Above Moderate income housing units
Timeframe: Maintain adequate sites to meet the RHNA through December 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 income units.

The Sites Inventory identifies adequate sites to meet the City’s RHNA throughout the planning period. The City’s Community Planning and Building Department 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 - AFFH

Quantified Objective: 2 Very Low, 2 Low, 2 Moderate, and 12 Above Moderate Income Housing Units (these units are also accounted for under Program 1.1.D)
Timeframe: Adopt Municipal Code amendments by June 2028.
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 market rate unit. However, for an affordable housing unit in any of these four Districts, the requirement is already reduced to one-half space per unit and is reduced even further to one-third 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 - AFFH

Quantified Objective: 8 Extremely Low, 35 Very Low, 35 Low Income Units

Timeframe: Adopt Municipal Code amendments by June 2026.

If by June 2028 the City is not trending to meet its established objectives for this program, the City will modify the program and/or utilize alternative strategies within six months to ensure that the City could fully accommodate its RHNA.

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 street-front 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 will 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 with 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 the residential portion of the 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 will offer the following incentives to spur participation in the program:

- **Prioritize water allocations.** The City will prioritize water allocations 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) will 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 also 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.
- **Free Pre-Application Development Meeting.** The City will offer an in-person pre-application meeting, at no charge to applicants, which will bring together all departments responsible for review of the project (e.g., Planning, Building, Public Works, Fire). Applicants will receive early feedback on the project concept in order to help expedite the submission and review process.

Program Benefits

The live/work program will 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 - AFFH

Quantified Objective: See Program 1.1.B

Timeframe: Adopt Municipal Code amendments by June 2028

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 near 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 income (i.e., market 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 that can accommodate 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. Similarly, between 2012 and 2024, the number of students from Carmel-by-the-Sea attending the local public elementary school (Carmel River School) declined from 270 to 129 students. In light of these alarming trends, creating new housing that can accommodate families with children was determined to be an important priority.

Program Description

The City will develop 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 will 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 offer qualified projects one or more of the following incentives:

- Higher density. The City will offer qualified projects up to a total of 88 du/ac, inclusive of all state and local bonuses and incentives.
- FAR bonus. The City will offer projects that qualify under the Mixed-Income Incentive Program an incremental FAR bonus over and above the existing FAR bonus that the City offers for qualifying affordable development.
- Prioritize water allocations. The City will prioritize the necessary water allocations 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 offer 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 waive or reduce permitting fees for projects that participate in this program.
- Free Pre-Application Development Meeting. The City will offer an in-person pre-application meeting, at no charge to applicants, which will bring together all departments responsible for review of the project (e.g., Planning, Building, Public Works, Fire). Applicants will receive early feedback on the project concept in order to help expedite the submission and review process.

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 - AFFH

Quantified Objective:	6 Extremely Low, 29 Very Low, 30 Low Income Units
Timeframe:	Continue working with individual churches to submit formal applications by June 2028. If by June 2028 the City is not trending to meet its established objectives for this program, the City will modify the program and/or utilize alternative strategies within 6 months to ensure that the City could fully accommodate its RHNA. 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, regulations, and policies 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]

If 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; and
- 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: 40 Very Low, 40 Low, 40 Moderate, 41 Above Moderate Income Units
Timeframe: Outreach for developer interest by December 2025
Create/amend Municipal codes to support the program by May 2026.
Monitor and report to the City Council the City’s progress in facilitating hotel-to-residential conversions annually. Based on results of the monitoring, if by June 2028 the City is not trending to meet its established objectives for this program, the City will modify the program and/or utilize alternative strategies within six months to ensure that the City could fully accommodate its RHNA.

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.

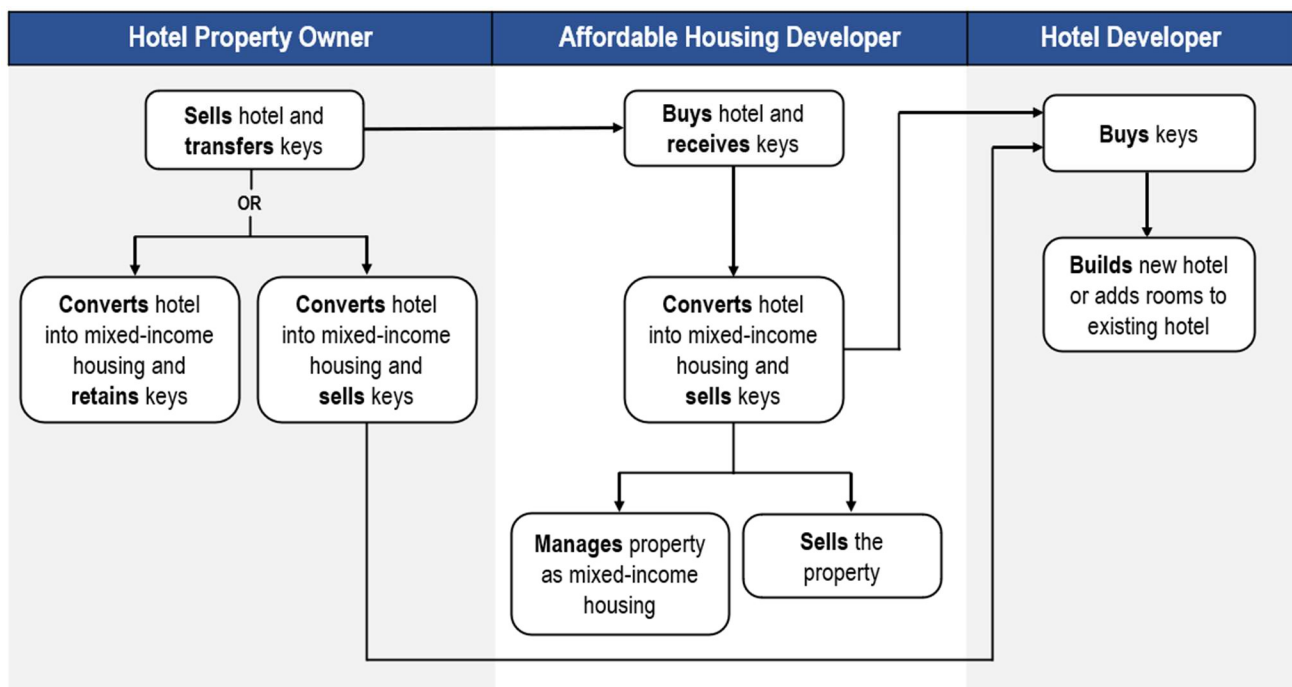
One unique feature of the hospitality landscape in Carmel-by-the-Sea is that the City has a self-imposed cap in the General Plan on the number of hotel rooms permitted to operate in the city (948 rooms as of January 1, 2025.) Were the City to allow a hotel owner to sell the rights to these hotel rooms in the event of a hotel-to-residential conversion, these “hotel keys” would command a significant market value (approximately \$438,000 per room).

Program Description

The City will 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 through adaptive re-use or redevelopment. To incentivize participation in the program, the City will allow the owners of converted hotel properties to sell and transfer the hotel keys from the converted hotel to facilitate the construction of the same number of new hotel rooms on other sites within Carmel-by-the-Sea’s commercial zoning districts (CC, SC, or RC)—either as new hotels or as additions to existing hotels. While such conversions could be partially financed through public funding programs such as the Low-Income Housing Tax Credit (LIHTC) program, the City’s intent in allowing the sale of the hotel keys is to maximize housing production by making these conversions economically viable without any reliance on public funding. The ultimate goal is to make conversion to multifamily residential 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 mixed-income residential themselves and sell the hotel keys to a hotel developer to be used to construct a new hotel or to add hotel rooms to another property within the City’s commercial districts (CC, SC, or RC). Or the existing owner could convert the hotel to mixed-income residential themselves and retain the keys to add hotel rooms to another property within the City’s commercial districts (CC, SC, or RC). Alternatively, and perhaps most likely, the existing owner—who may lack expertise in development – could sell the underperforming hotel to an affordable or multifamily developer, who could in turn convert the hotel to mixed-income residential and then either sell the hotel keys or retain them for use on another site within the City’s commercial districts (CC, SC, or RC). These various permutations are outlined visually in the following graphic.



- Transferable development rights. Hotel owners that convert their hotel into mixed-income multifamily housing through the program will be allowed to sell the hotel keys and transfer the hotel rights to other parcels in the City’s commercial districts (CC, SC, or RC) (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 will create opportunities for purchasers of hotel keys to receive the water allocation required to create new hotel rooms on other sites within the

village. The City will require that the water rights associated with the converted hotels stay with the property—i.e., once the property is converted into mixed-income multifamily housing through the program.

- Increased development potential. The City will grant a modest increase in FAR 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 to designate a subset of the newly established 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 or towards the City’s RHNA.
- Qualified projects will benefit from streamlined review, expedited permitting, and reduced permit fees.

Program Benefits

By unlocking the value associated with the limited number of hotel keys available in the City, 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 (i.e., market rate), 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 accommodating rooms to serve coastal visitor access in the City will be retained while increasing the amount of multifamily housing in the village.

The transfer of hotel keys from underperforming hotels to upgraded 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 - AFFH

Quantified Objective: 5 Affordable Units (not included in RHNA capacity)
Timeframe: Amend the Carmel Municipal Code by June 2027
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 will create a voluntary program to incentivize the generation of on-site employee housing at hotels, motels, and inns around the village. These potential units are not used to meet the City’s RHNA adequate sites requirements.

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 projects may also be eligible for priority access to water allocations, expedited review, and reduced permit fees.

Program 1.1.H: Accessory Dwelling Units - AFFH

Quantified Objective: 7 Extremely Low, 14 Very Low, 21 Low, 21 Moderate, 7 Above Moderate Income Units

Timeframe: December 2025 to December 2031

Monitor and report to the City Council the City's progress in facilitating ADU production annually. Based on results of the monitoring, if by June 2028 the City is not trending to meet its established objectives for this program, the City will modify the program and/or utilize alternative strategies within six months to ensure that the City could fully accommodate its RHNA.

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 also recognizes that there are many misconceptions surrounding development regulations and water restrictions for ADUs. For example, it is not widely known that ADUs do not need a new water meter, or that the Monterey Peninsula Water Management District (MPWMD) does not charge a service connection fee for an ADU. To help combat this lack of public knowledge, the City maintains a dedicated housing webpage that includes the California Department of Housing and Community Development Accessory Dwelling Unit Handbook and that serves as a source of technical assistance to property owners.

To facilitate ADU development the City will complete the following actions between 2024 and 2031:

- The City will complete revisions to its local ADU Ordinance and incorporate guidance from the recent Senate Bill 1077 (December 2026).
- 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). (June 2026)
- 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. (June 2026)

- The City will pursue implementing a pre-sales inspection program to identify unpermitted ADUs and refer them to the amnesty program. (December 2027)
 - If the program is determined to be feasible, establish a program within six months. (June 2028)
- The City will establish a renter match program for ADUs. (December 2029)
 - The program may also employ a citywide survey of ADU rental rates to help connect tenants with property owners charging more affordable rates.
 - Outreach activities will include promoting ADU availability to local workers.
- The City will promote affordability and increase workforce housing by developing a program to incentivize homeowners to create ADUs that are affordable to, and occupied by, lower income households. 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. (December 2026)
- The City will conduct outreach and education on an ongoing basis, 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 about working with the City to develop ADUs, and clarifying common misconceptions about water availability.

Program Benefits

- Legalize unpermitted ADUs to 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.
- Encourage full-time residency within the village.

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: 13 Extremely Low, 98 Very Low, 113 Low, 50 Moderate, 59 Above Moderate Income Units

Timeframe: Adopt Water Allocation Resolution by December 2025

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

Historically, the greatest constraint to housing production in Carmel-by-the-Sea has been limited water resources. 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 has historically been 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. 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 the allocation of water for affordable housing.

Program 1.2.B: Address Infrastructure Constraints

Quantified Objective: See below in bullets
Timeframe: City's 5-Year Capital Improvement Plan through December 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

Quantified Objective: N/A
Timeframe: Continued ordinance implementation through December 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 - AFFH

Quantified Objective: N/A
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 is no farmwork 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: N/A
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 California 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: N/A
Timeframe: Adopt a procedure by December 2026
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 employ a streamlined ministerial approval process for proposed developments with at least 50 percent affordability. Early implementation of SB 35 did not apply to cities in the coastal zone. 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: N/A
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.

California Government Code §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 §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: N/A

Timeframe: Adopt Municipal Code amendments by June 2026

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

Carmel Municipal Code §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: N/A
Timeframe: Adopt Municipal Code amendments by June 2028
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 pursue 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: N/A
Timeframe: Adopt Objective Design Guidelines by June 2027
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 the Municipal 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 multifamily housing projects in the City's downtown area, including the Central Commercial (CC), Service Commercial (SC), Residential & Limited Commercial (RC), and Multifamily Residential (R-4) Districts.

Program 1.4.C: By-Right Approval - AFFH

Quantified Objective: N/A

Timeframe: Amend the Municipal Code to comply with state by-right requirements by December 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

Pursuant to Government Code §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.

“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: Five Moderate Income units (accounted for under Program 1.1.B and Program 1.1.D.)

Timeframe: Adopt Municipal Code amendments by June 2028

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 amend the Municipal Code to increase the floor area bonuses from 0.15 to up to 0.25 for projects in the CC, SC, and RC 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: N/A

Timeframe: Continued ordinance implementation through December 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: Monitor 50 lower income units
Timeframe: Develop a program by June 2026
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 California Government Code Section 65590. This may also include partnering with a qualified entity, like The 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 Lower- and Moderate-income households including the following indicators:

- The number of new housing units approved for construction;
- The number of Lower- and Moderate-income housing units required to be provided in new housing developments;
- The number of existing residential dwelling units occupied by Lower- and Moderate-income households that have been authorized to be demolished or converted; and
- The number of Lower- 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 §65915, subdivision (c)(3) when any new housing development project occurs on a site meeting the any of the following conditions:

1. The site currently has residential uses or within the past five years has had residential uses that have been vacated or demolished;
2. The site 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; or
3. The site is 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: \$1 million
Timeframe: Establish a Fund by December 2026
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 pursue 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: 25 referrals/materials distributed annually
Timeframe: Continued education and ordinance implementation through December 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 design tradition and form that existing residents cherish and that 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: These units are accounted for under Program 1.1.B (Development on Small Sites), Program 1.1.C (Live/Work Housing), and Program 1.1.D (Mixed-Income Incentives Program)
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 the 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 the 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: 25 referrals/materials distributed annually
Timeframe: Proactive outreach through December 2031
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

To stay habitable and energy efficient, all buildings need maintenance. When buildings fall into an extreme state of disrepair, a more comprehensive rehabilitation 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 owners of 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: 10 Low Income Units
Timeframe: Proactive outreach through December 2031; Revise guidelines and approval processes by June 2028
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

The shifting retail and office landscape 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: 2 Extremely Low Income Units
Timeframe: Outreach efforts ongoing through December 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 multifamily 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: N/A
Timeframe: Adopt Municipal Code amendments by December 2031
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 seeing a positive return. Given the high cost of materials, labor, and borrowing costs, increasing the number of units can make the housing project financially feasible.

Pursuant to Government Code §§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: Reduced fees for developments with affordable units
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: N/A
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 one-half space per unit. For senior housing, it is one-third 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: N/A
Timeframe: Hire a consultant by December 2026; Adopt Municipal Code amendments by June 2027
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 multifamily 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: N/A
Timeframe: Adopt Municipal Code amendments by June 2028
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. 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 Multifamily 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 maximum 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 RC Districts. 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 pursue 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: Process 8 applications
Timeframe: Adopt a revised policy and Municipal Code amendment by December 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. As of September, 2025 the City is already underway evaluating and revising Policy C11-01, which describes procedures to provide reasonable accommodation, and has explored 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. Initial conversations with the Planning Commission and City Council have been supportive of revising the policy. 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 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: 78 live/work units (Program 1.1.C); 18 mixed income units (Program 1.1.D); 65 units on religious properties (Program 1.1.E); and 161 units through Hotel to Residential Conversion (Program 1.1.F); 5 hotel employee housing (Program 1.1.G); and 70 ADUs (Program 1.1.H)

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 generating 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: 5 Very Low, 5 Low, 5 Moderate Income Units
Timeframe: Develop Regulatory Incentive (June 2028); Implement Family Friendly Design Guidelines (June 2028)
Responsible Party: Community Planning and Building Department
Funding Source: General Fund

Carmel-by-the-Sea is suffering from a rapid and accelerating decline in the number of families with children living within the village. Between 2012 and 2023, the number of students from Carmel-by-the-Sea attending Carmel River School (the local public elementary school) declined from 270 to 129. Similarly, from 2016 to 2024, the number of students from Carmel-by-the-Sea attending Carmel Middle School and Carmel High School declined from 53 to 27 and from 90 to 47, respectively. Overall, between 2015 and 2024 the median age of residents increased from 53 to 65.

To counter this trend, the City will 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 create incentives to encourage the development of larger units with multiple bedrooms.

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: N/A
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: N/A
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 of a “Low Barrier Navigation Center” and will develop By Right procedures for processing low barrier navigation centers.

Program 3.3.C: Unlicensed Residential Care Facilities – AFFH

Quantified Objective: N/A
Timeframe: Adopt Municipal Code Amendments 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 – AFFH

Quantified Objective: N/A
Timeframe: Adopt Municipal Code Amendments by June 2026
Responsible Party: Community Planning & Building Department
Funding Source: General Fund

Government Code §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 development standards applicable to SROs such as maximum number of occupants, minimum or maximum unit size, and requirements relating to food preparation facilities, and sanitation facilities.

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

Quantified Objective: 25 referrals/materials distributed annually
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 (MPWMD), potable water remains a finite, and tightly regulated resource in the City and California at large. To responsibly allocate the City's limited water allocation to maximize as many new residential units as possible, 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 MPWMD.

Program 4.1.B: Energy Conservation and Green Building

Quantified Objective: 25 referrals/materials distributed annually
Timeframe: Continued education and compliance through December 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.

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: 25 referrals/materials distributed annually
Timeframe: Proactive outreach through December 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: 25 referrals/materials distributed annually
Timeframe: Proactive outreach through December 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: 25 referrals/materials distributed annually
Timeframe: Proactive outreach through December 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 provide safe and secure affordable housing in a high-cost market. This model can also financially help low-income individuals who own their homes, while alleviating loneliness. The City

will continue to distribute informational materials from the Housing Authority of the County of Monterey and The Carmel Foundation, and will 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: N/A
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 resources such as legal help and medication services, stress management, support for farmworkers with disabilities.
- *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 and advocate for 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: N/A
Timeframe: Proactive outreach and partnerships through December 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 community organizations that promote neighborhood involvement, 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.

2.5 Summary of Quantified Objectives

Table 2-1 - Quantified Objectives (2023-2031)

Program	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total
1.1.A: Adequate Sites		113	74	44	118	349
1.1.B: Development on Small Sites		2	2	2	12	18
1.1.C: Live/Work housing	8	35	35			78
1.1.E: Affordable Housing on Religious Facility Properties	6	29	30			65
1.1.F: Hotel-to-Residential Conversion		40	40	40	41	161
1.1.G: Hotel Employee Housing				5		5
1.1.H: Accessory Dwelling Units	7	14	21	21	7	70
1.2.A: Water Distribution Prioritization for Affordable Housing	13	98	113	50	59	333
3.1.A: Mixed Use Affordable Housing		10				10
3.1.B: Housing for Extremely Low Income Households	2					2

Housing Needs and
Fair Housing Report



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Appendix A

Housing Needs and Fair Housing Report

A.1 Introduction

The following report provides both the City of Carmel-by-the-Sea Housing Needs Assessment and Fair Housing Assessment. This analysis primarily utilizes U.S. Census Bureau American Community Survey (ACS) 5-Year Estimate data¹ and California Department of Housing and Community Development (HCD) data.

Housing Needs Assessment

The Housing Needs Assessment for the City of Carmel-by-the-Sea provides an in-depth analysis of the City's population, employment, economics, household, and housing stock conditions and characteristics. This assessment develops context for the City's goals, programs, and policies for the 6th Cycle Housing Element.

Fair Housing Assessment

In 2018, Governor Brown signed Assembly Bill (AB 686) which requires departments and agencies to administer programs relating to housing in a way that affirmatively furthers fair housing (AFFH).² As of January 1, 2019, AB 686 extends the obligation to affirmatively further fair housing to all public agencies in the State of California. This affirmative duty is not limited to those agencies with relationships with the federal government and is to be broadly applied throughout agencies at the state and local level. Now, all public agencies must both (1) administer programs and activities relating to housing and community development in a manner that affirmatively furthers fair housing, and (2) take no action inconsistent with this obligation.³ AB 686 also made changes to Housing Element Law, requiring Housing Elements and General Plans to incorporate AFFH requirements.

Such requirements include an analysis of fair housing outreach and capacity, integration and segregation, access to opportunity, disparate housing needs, and current fair housing practices.

1 The primary reason for using 2019 data is because this is the data that was primarily being used by HCD in their AFFH datasets for the majority of housing needs data, including data that is pulled from CHAS datasets which range from 2013-2019. Additionally, 2020-2021 Census data may not be representative due to the COVID-19 pandemic. Largely, the data is reported for 2019 as this aligns with the supplemental data HCD has provided and allows for consistent reporting.

2 Public agencies receiving funding from the U.S. Department of Housing and Urban Development (HUD) are also required to demonstrate their commitment to AFFH. The federal obligation stems from the fair housing component of the federal Civil Rights Act mandating federal fund recipients to take "meaningful actions" to address segregation and related barriers to fair housing choice.

3 California Department of Housing and Community Development Guidance, 2021, page 9.

Affirmatively Furthering Fair Housing

“Affirmatively furthering fair housing” means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, 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. The duty to affirmatively further fair housing extends to all of a public agency’s activities and programs relating to housing and community development. (Gov. Code, §8899.50, subd. (a)(1).)”

Source: California Department of Housing and Community Development Guidance, 2021, page 14.

History of Segregation in the Region

The United States’ oldest cities have a history of mandating segregated living patterns. Exclusive zoning practices were common in the early 1900s – courts struck down only the most discriminatory and allowed those that would be considered today to have a “disparate impact” on classes protected by the Fair Housing Act. For example, the 1926 case *Village of Euclid v. Amber Realty Co.* (272 U.S. 365) supported the segregation of residential, business, and industrial uses, justifying separation by characterizing apartment buildings as “mere parasite(s)” with the potential to “utterly destroy” the character and desirability of neighborhoods. At that time, multifamily apartments were the only housing options for people of color, including immigrants.

This history of segregation in the region is important not only to understand how residential settlement patterns came about—but, more importantly, to explain differences in housing opportunity among different residents.

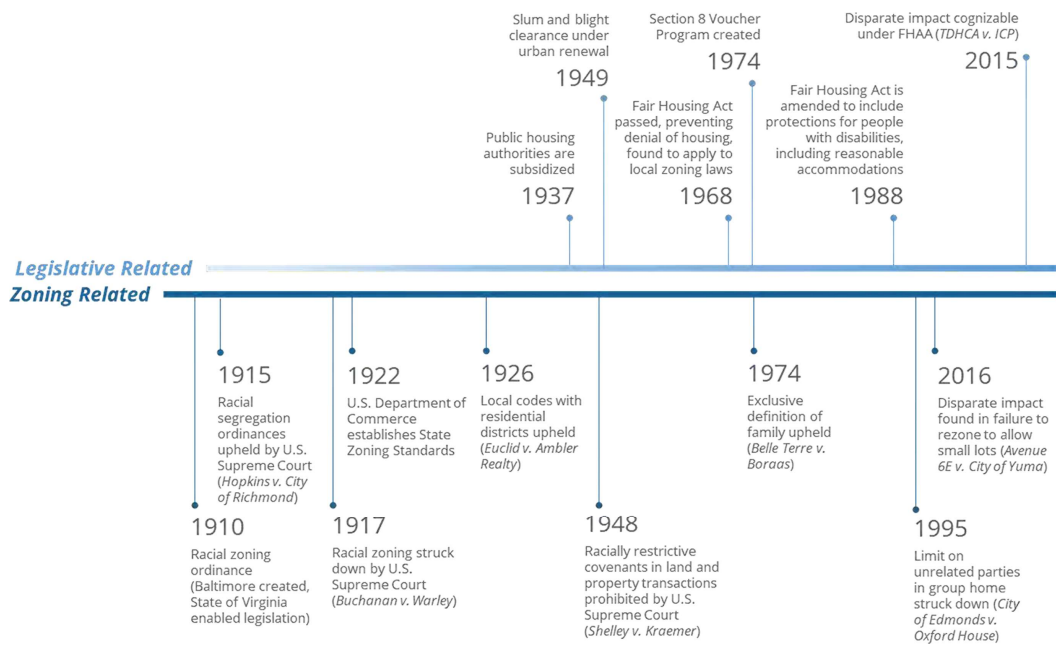
In sum, not all residents had equal ability to build housing wealth.

This historically unequal playing field in part determines structural inequities that persist today.

The Federal Fair Housing Act was not enacted until nearly 60 years after the first racial zoning ordinances appeared in U.S. cities. This coincided with a shift away from federal control over low-income housing toward locally-tailored approaches (block grants) and market-oriented choice (Section 8 subsidies, now called Housing Choice Vouchers) – the latter of which is only effective when adequate affordable rental units are available.

Figure A-1 on the following page provides a timeline of major legal and public actions that have influenced fair access to housing beginning in 1910.

Figure A-1 - Major Public and Legal Actions that Influence Fair Access to Housing



Source: Root Policy Research

Monterey County and the Monterey Bay region also have an interesting past, as far as the fight to end racial segregation is concerned. Some of the segregation in the Monterey Bay area can be attributed to historically discriminatory practices, such as racial covenants,⁴ redlining,⁵ and discriminatory mortgage approvals. While Carmel-by-the-Sea itself does not have a history of racial covenants, the City’s racial characteristics do reflect persistent “structural inequities” in society, and “self-segregation” (i.e., preferences to live near similar people).

Kent Seavey’s 2007 book *Carmel: A History in Architecture* details the history of Carmel-by-the-Sea, from its early settlement by Spanish explorers, to its marketing as a “seaside resort for Catholics” in the 1880s, to the development of the City’s more contemporary history and architectural design.

Similar to other jurisdictions within Monterey County, Carmel-by-the-Sea does not have a high level of diversity.

Harold and Ann Gilliam describe the history of Carmel in their 1996 book *Creating Carmel, The Enduring Vision*. Carmel started as an artist town, with notable writers, artists and poets Mary Austin, Sinclair Lewis, Jack London and Robinson Jeffers settling in Carmel-by-the-Sea. They were drawn to Carmel-by-the-Sea for its natural beauty, a quiet town among Monterey pine forest, scenic, rocky coastline, and white sand beaches. The early small cottages of the early 1900s reflect these humble beginnings, and the evolution of Carmel’s architecture, including Comstock’s notable fairy-tale style buildings, mirrors the community of artists who resided in Carmel-by-the-Sea. As Carmel-by-the-Sea grew and became a globally known tourist destination land prices began to increase. Gilliam writes, “[a]s expensive homes have replaced Carmel’s traditional cottages, the town’s demographics have changed. The artists and writers who carried on the Sterling tradition... and the low-to-middle-income residents in the old redwood cottages, have been gradually replaced by upscale business people and professionals able to afford the fantastically escalating prices of land”. In addition to historical discriminatory practices that embedded segregated living patterns throughout the Monterey Bay area, it’s also necessary to recognize the historical impacts of colonization and genocide on Indigenous populations and how the effects of those atrocities are still being felt today. Historically, the Monterey Peninsula has been home to indigenous populations for more than 10,000 years. The original inhabitants of present-day Monterey County were the Ohlone (Costanoan), Salinan, and Esselen tribes who have “...lived in communities related by language, family, and custom.”⁶ However, “[d]ue to the devastating policies and practices of a succession of explorers, missionaries, settlers, and various levels of government over the centuries since European expansion, these tribes have lost the vast majority of their population as well as their land.”⁷

4 Racial covenants are clauses that were inserted into property deeds to prevent people who were not White from buying or occupying land.

5 Redlining is the practice of denying credit to individuals based on race, ethnicity, or other discriminatory practices.

6 From *Racial Beachhead: Diversity and Democracy in a Military Town*, by Carol Lynn McKibben, 2012, Stanford University Press.

7 From *Indigenous Peoples of San Mateo County*. San Mateo County Office of Education.

The lasting influence of these policies and practices have contributed directly to the disparate housing and economic outcomes collectively experienced by Native populations today.⁸

The *Monterey County Weekly* news outlet highlights the past and present effects of restrictive covenants, along with other housing issues such as “the lack of affordable housing, generational wealth inequities and zoning issues,” as potential contributing factors to segregation within the County.⁹ Though restrictive racial covenants were never enacted specifically in Carmel-by-the-Sea (unlike nearby Pebble Beach and Pacific Grove), the City’s population demographics are less diverse than other jurisdictions within Monterey County. Carmel-by-the-Sea’s General Plan and Zoning Ordinance have long emphasized single-family residential patterns and consequently, the City offers a limited variety of housing types with 87 percent single family detached units. Historically, this type of development contributed to segregation patterns in part due to higher purchase costs that accompany single-family homes. Because financing for single-family properties favored educated higher income earners, purchasing property in the City remained out of reach for many lower income households and likely contributed to the demographics seen in the City today.

Enacting policies and programs that promote AFFH and highlight the community’s assets could attract a broader demographic to the area, and encourage those that work in the City to live here as well. As reflected by the 2021 Proclamation of the City Council of Carmel-by-the-Sea: Carmel-by-the-Sea has been and will continue to be enriched and enhanced in its cultural fabric, economic prosperity, and personal understanding of others by having a principled and respectful community standard towards all people.

Carmel-by-the-Sea has been and will continue to be enriched and enhanced in its cultural fabric, economic prosperity and personal understanding of others by having a principled and respectful community standard towards all people.

July 5, 2021

Proclamation of the City Council of Carmel-By-The-Sea

Overview of Carmel-by-the-Sea

Over the past 10 years, Carmel-by-the-Sea has experienced growth in both population and jobs,¹⁰ which means more housing of various types and sizes is needed to ensure that residents across all income levels, ages, and abilities have a place to call home. While the number of people drawn to the City has steadily increased, housing production has not kept pace with demand, contributing to the housing shortage in the City. The following Housing Needs and Fair Housing Assessment develops context for

8 From *Systemic Inequality: Displacement, Exclusion, and Segregation*, by Danyelle Solomon, et al., 2019, Center for American Progress.

9 From Ribakoff, S. (2022, November 24) A new group sets out to explore the history of racist housing covenants in Monterey County. *Monterey County Weekly*.

10 From AMBAG Regional Growth Forecast 2022; 2010 (population: 3,722); 2015 (population 3,854); 2020 (population: 3,949).

the goals, programs, and policies that Carmel-by-the-Sea will implement to address inequities in the 6th Cycle Housing Element.

Summary of Population, Employment, Household and Housing Stock Characteristics

The following provides a brief overview of population, employment, household, and housing stock characteristics in Carmel-by-the-Sea. These statistics help inform the existing housing needs in Carmel-by-the-Sea, as well as highlighting past trends and future forecasts to develop proactive policies and programs to address the needs of the community.

- Between 2010-2019, Carmel-by-the-Sea’s population increased by 2.8 percent.¹¹
- According to the Association of Monterey Bay Area Governments (AMBAG) 2022 Regional Growth Forecast, Carmel-by-the-Sea, the population is forecast to grow by approximately three (3) percent between 2015 to 2045.
- In 2019, the predominant age group was individuals between 65 to 74 years of age.
- In 2019, the population was comprised of the following racial and ethnic groups: non-Hispanic White individuals (86.5 percent), Hispanic or Latino (8.2 percent), Asian populations (5.2 percent), and Black or African American (0.1 percent).
- According to the AMBAG 2022 Regional Growth Forecast, Carmel-by-the-Sea is projected to experience an employment growth of 17 percent (562 new jobs) between 2015-2045.
- In 2019, the unemployment rate was 0.1 percent; approximately 5 percent less than the County.
- According to the AMBAG 2022 Regional Growth Forecast, Carmel-by-the-Sea is forecast to have a household growth of approximately one (1) percent by 2045 – an increase of 42 housing units.
- In 2019, the largest household type was married-couple family households (47 percent) single-person households (40 percent), female-headed households (6 percent), Other non-family households (5 percent), and male-headed households (2 percent).
- In 2019, above moderate-income households made up the majority of households in the City (62 percent) followed by lower-income households (28 percent), and moderate-income households (10 percent).
- In 2019, the housing stock was predominantly occupied by owner households (57 percent), compared to renter households (43 percent).
- In 2019, the majority of households (94 percent) do not experience overcrowding. Six (6) percent of households in Carmel-by-the-Sea are severely overcrowded and zero percent are moderately overcrowded.
- In 2019, 23 percent of households are cost burdened and 23 percent are severely cost burdened.
- The 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) data indicates there were approximately 310 extremely low- and very low-income households living in Carmel-by-the-Sea. There are approximately 140 extremely low-income households in Carmel-by-

11 From U.S. Census Bureau, ACS 5-Year Estimate, 2010-2019

the-Sea, 100 of which are owner-occupied households and 40 extremely low-income renter-occupied households.

- In 2019, senior households makeup 43 percent of all households; 15 percent of seniors rent their homes.
- In 2019, 12 percent of people in Carmel-by-the-Sea have a disability of some kind.
- In 2019, Carmel-by-the-Sea had 70 large households, of which 57 percent are renter-occupied households. Renter-occupied households makeup the majority of all 3-5+ person households.
- In 2019, female-headed family households comprised 75 percent of single-parent households and male-headed households accounted for 25 percent. No single-parent households fell below the poverty level.
- The number of households experiencing homelessness has decreased between 2017 to 2022 from 16 persons to one (1), respectively.
- In 2019, Carmel-by-the-Sea had 3,832 housing units, an approximate 6 percent increase from the 3,606 units that existed in 2010.
- Between 2015 and 2022, 18 housing units were issued permits in Carmel-by-the-Sea which represents 58 percent of the RHNA number of 31 units assigned in the 5th Cycle Housing Element.
- In 2019, the housing stock included the following unit types: 87 percent of homes were single-family detached; 10 percent were multifamily; 2 percent were mobile homes; and 1 percent were single-family attached.
- From 2010 to 2019, the City has experienced a stable vacancy average of 51 percent as a result of tourism and second-home ownership.
- As of 2019, 80 percent of Carmel-by-the-Sea's vacant units were for seasonal, recreational, or occasional (second home) use.
- In 2022, the median home value was estimated to be \$2,070,835. Home prices increased by 59 percent from 2019 to 2022. This reflects a 20 percent higher increase than the County, which is similar to nearby cities.¹²
- As of 2023, the average rent for an apartment in Carmel-by-the-Sea ranged from \$2,200 (studio) to \$5,459 (three bedrooms).¹³

A.2 Population, Employment, and Household Characteristics

Population characteristics impact current and future housing needs in a community. A city's population growth, age composition, and race and ethnicity composition help to determine the type and extent of housing needed. The following section provides analysis of population characteristics and local trends that affect housing demand in Carmel-by-the-Sea.

¹² From Zillow Home Value Index, December 2019-2022

¹³ From Zillow Rental Price Index, March 2023

Population Growth

Table A-1 shows population projections through 2045 according to the Association of Monterey Bay Area Governments (AMBAG) 2022 Regional Growth Forecast. In Carmel-by-the-Sea, the population is forecast to grow approximately 3 percent between 2015 to 2045. This reflects 11 percent less than the County, 1 percent more than Pacific Grove and 56 percent less than Del Rey Oaks.¹⁴ Population growth forecasts provide critical insight to the future demands of communities in terms of housing needs, employment, and more.

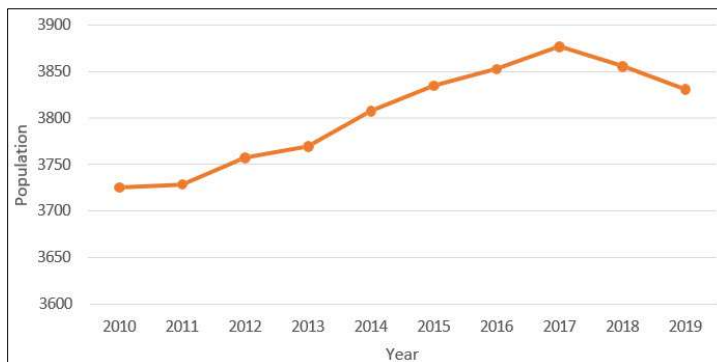
Table A-1 - Population Growth Forecast by Jurisdiction, 2015-2045

Jurisdictions	Population							Change 2015-2045	
	2015	2020	2025*	2030*	2035*	2040*	2045*	Numeric	%
Monterey County	430,310	441,143	452,761	467,068	476,028	483,884	491,443	61,133	14%
Carmel-by-the-Sea	3,854	3,949	3,946	3,954	3,964	3,974	3,984	130	3%
Del Rey Oaks	1,663	1,662	1,693	1,734	1,859	2,330	2,650	987	59%
Pacific Grove	15,460	15,265	15,290	15,395	15,530	15,676	15,817	357	2%

Source: AMBAG Regional Growth Forecast, 2022 NOTE: *Projected growth values

Figure A-2 illustrates population growth in Carmel-by-the-Sea between 2010-2019. Carmel-by-the-Sea's population increased by 2.8 percent from 2010 to 2019. The City's population steadily increased from 2010 to 2017 before experiencing a sharp decline through 2019.

Figure A-2 - Population Growth, Carmel-by-the-Sea, 2010-2019



Source: U.S. Census Bureau, ACS 5-Year Estimate, 2010-2019

Age Characteristics

A community's housing needs are partly determined by preferences of age groups and household types (e.g., age, family/non-family, female-headed). When seeking housing, households may prioritize factors such as size, accessibility, and price. For instance, younger and middle-aged households may seek

¹⁴ These two cities have been chosen for comparison throughout the document based on having comparable population sizes to Carmel-by-the-Sea.

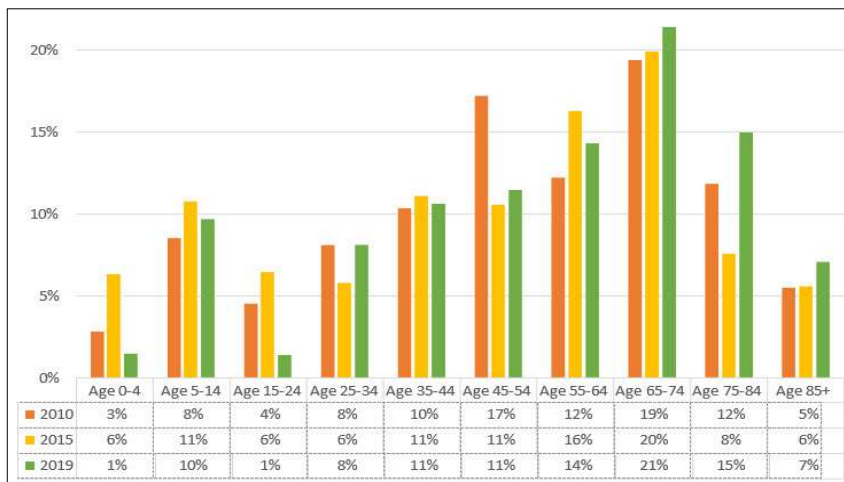
homes that can accommodate a growing household size, whereas older adults may seek to downsize to an apartment with assistive care services or a smaller, more affordable single-family home. Disabled persons may seek homes that are accessible and include universal design or visitability features. Overall, the life stages of a population determine the housing stock that is needed in a community.

In 2010, Carmel-by-the-Sea’s predominant age group was individuals between 65 and 74 years of age (19 percent). Figure A-3 shows that between 2010 and 2019, the general age of the population has been slowly increasing, with the most populous age groups in the City being individuals between 55 and 84 years of age. The City’s median age has changed little since 2010, ranging from 56 in 2010, 54 in 2015, and 59 in 2019. Overall, the City’s aging trend suggests a demand for housing geared toward middle-aged to senior groups.

“When I grew up, this was a town of children. All the property owners were parents. All the employees in the stores were parents. So, everything in this town was about children, and we don’t have children anymore.”

May 24, 2023 Housing Ad Hoc Committee
Community Meeting Attendee

Figure A-3 - Population Distribution by Age, Carmel-by-the-Sea, 2010-2019



Source: U.S. Census Bureau, ACS 5-Year Estimates, 2010, 2015, 2019

Table A-2 shows population age distribution revealing that Carmel-by-the-Sea’s most populous age group in 2019 was individuals 65 to 74 years of age (21 percent). Compared to the County and nearby cities, Carmel-by-the-Sea has the largest 55 to 85+ age group (43 percent) followed by Pacific Grove (27 percent), Del Rey Oaks (23 percent), and the County (13 percent). Since 2010, Carmel-by-the-Sea’s smallest age demographic are those aged 0-14.

Table A-2 - Population Age Distribution by Jurisdiction, 2019

Jurisdiction	Population Age									
	0-4	5-14	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Monterey County	7.3%	14.8%	14.3%	14.4%	13.0%	11.8%	11.1%	7.7%	3.6%	1.9%
Carmel-by-the-Sea	1.4%	9.7%	1.4%	8.1%	10.6%	11.4%	14.3%	21.3%	14.9%	7%
Del Rey Oaks	5.7%	8.3%	5.7%	12.6%	12.5%	13%	18.9%	15.9%	4.4%	2.9%
Pacific Grove	3.5%	12.2%	8.5%	10.0%	10.4%	13.3%	14.7%	16.5%	6.6%	4.3%

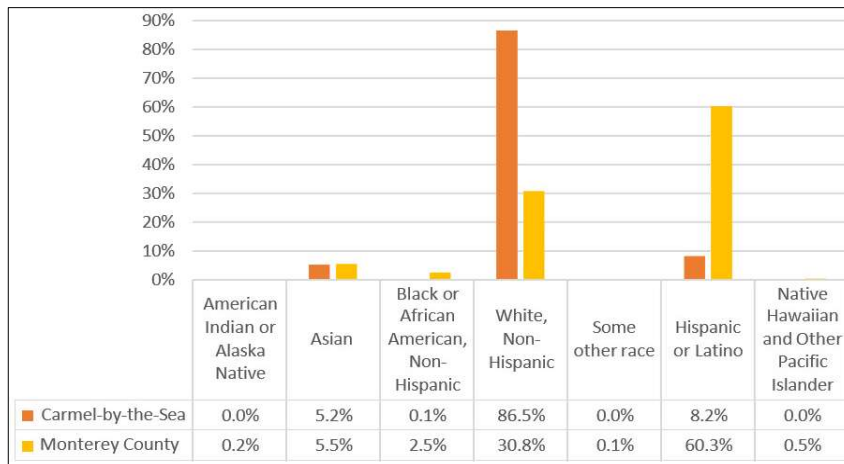
Source: U.S. Census Bureau, ACS 5-Year Estimates, 2019

Race and Ethnicity Characteristics

Examining the demographic, ethnic, and racial composition of a region is integral to understanding fair housing concerns including access to economic opportunity and safe and affordable housing. Historic exclusionary governmental policies, biased mortgage lending practices, and other tactics have caused racial and ethnic segregation and spatial inequities. This section provides an overview of racial/ethnic composition and segregation patterns within Monterey County and the City of Carmel-by-the-Sea.

Understanding the racial and ethnic composition of a city is vital to ensuring equal opportunity to housing for all groups, inclusive of cultural norms and preferences. [Figure A-4](#) illustrates the racial and ethnic composition of Carmel-by-the-Sea compared to the County.

Figure A-4 - Population by Race Compared to the County, 2019



Source: U.S. Census Bureau, ACS 5-Year Estimates, 2019

When comparing the City and the County, non-Hispanic White and Hispanic or Latino populations are the most represented; however, the County presents more diversity than Carmel-by-the-Sea.

Non-Hispanic White individuals comprise 87 percent of Carmel-by-the-Sea’s population followed by Hispanic or Latino (8 percent) and Asian populations (5 percent). In contrast, the County’s largest population is Hispanic or Latino individuals (60 percent) followed by non-Hispanic White (31 percent). The City has no populations identifying as American Indian or Alaska Native or Native Hawaiian or Other Pacific Islander. Black or African American non-Hispanic individuals represent less than 1 percent of the City’s population.

Table A-3 provides a comparison of racial and ethnic composition by jurisdiction. In 2019, Carmel-by-the-Sea (87 percent) and the neighboring City of Pacific Grove (83 percent) had the largest non-Hispanic White populations compared to Del Rey Oaks (75.5 percent) and the County (30.8 percent). Compared to surrounding cities and the County, Carmel-by-the-Sea had the lowest Asian population (5 percent). Overall, Carmel-by-the-Sea is one of the least diverse when compared to the County and the nearby cities of Del Rey Oaks and Pacific Grove.

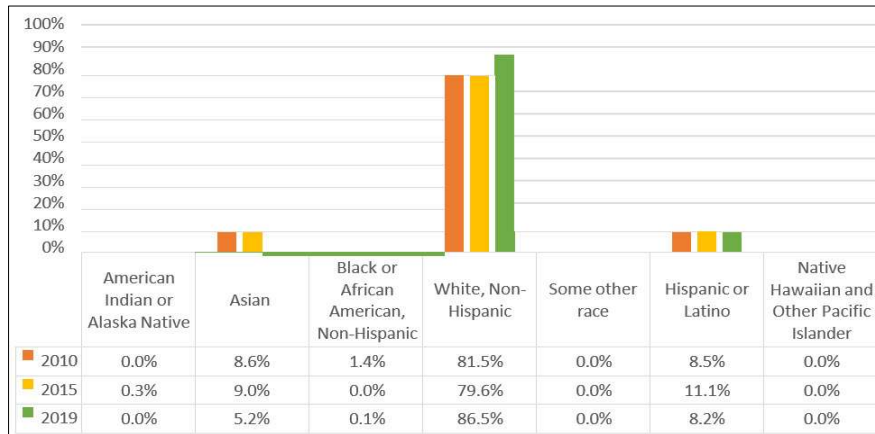
Table A-3 - Population by Race by Jurisdiction, 2019

Jurisdiction	American Indian or Alaska Native	Asian, Alone	Black or African American, Non-Hispanic	White, Non-Hispanic	Some Other Race	Hispanic or Latino	Native Hawaiian and Other Pacific Islander
Monterey County	0.2%	5.5%	2.5%	30.8%	0.1%	60.3%	0.5%
Carmel-by-the-Sea	0.0%	5.2%	0.1%	86.5%	0.0%	8.2%	0.0%
Del Rey Oaks	0.0%	7.1%	2.5%	75.5%	0.0%	13%	0.3%
Pacific Grove	0.2%	5.8%	1.0%	82.8%	0.0%	10.3%	0.1%

Source: U.S. Census Bureau, ACS 5-Year Estimates, 2019

When analyzing race and ethnicity in a city, it’s important to understand how demographics have changed over time. Figure A-5 illustrates changes in population by race between 2010-2019 in Carmel-by-the-Sea. During this time frame, Carmel-by-the-Sea’s population composition experienced fluctuations in nearly all populations, and by 2019 saw a decline in each population except non-Hispanic White. In 2015, the non-Hispanic White population experienced a 2 percent decrease in size, while the Asian and Hispanic or Latino populations increased 2 percent and 3 percent, respectively. In 2019, Carmel-by-the-Sea experienced a 7 percent increase in the non-Hispanic White population, and a decline in both the Asian and Hispanic or Latino populations by 4 percent and 3 percent, respectively. Since 2015, population levels have remained less than 1 percent for Black or African American, American Indian or Alaska Native, Native Hawaiian, and Other Pacific Islander populations in Carmel-by-the-Sea.

Figure A-5 - Population by Race, Carmel-by-the-Sea, 2010-2019



Demographic characteristics such as the racial and ethnic composition of a city are necessary to inform the housing needs of a community inclusive of cultural norms and preferences.

Integration and Segregation

To inform priorities, policies, and actions, the housing element must include an analysis of integration and segregation, including patterns and trends. Integration generally means a condition in which there is not a high concentration of persons of a particular race, color, religion, sex, familial status, national origin, or having a disability or a particular type of disability in a specific geographic area. Segregation generally means the opposite condition, where concentrations of the characteristics described above are high in a specific geographic area.

Integration and Segregation

“Integration generally means a condition in which there is not a high concentration of persons of a particular race, color, religion, sex, familial status, national origin, or having a disability or a particular type of disability when compared to a broader geographic area.

Segregation generally means a condition in which there is a high concentration of persons of a particular race, color, religion, sex, familial status, national origin, or having a disability or a type of disability in a particular geographic area when compared to a broader geographic area.”

Source: California Department of Housing and Community Development Guidance, 2021, page 31.

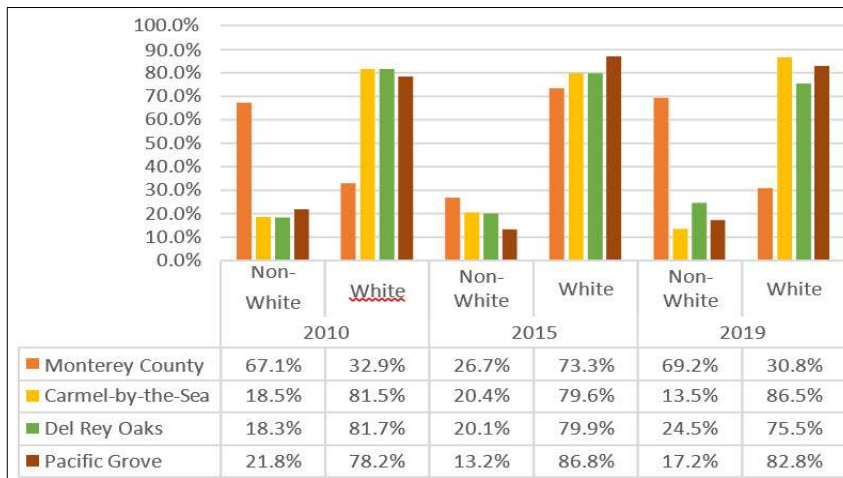
Residential segregation and exclusion, whether by race, ethnicity, disability, or income, is a result of numerous housing policies, practices, and procedures – both public and private – that have had

enduring and pervasive negative impacts. Overt and covert housing discrimination through land use policy, shifting housing markets, and patterns of investment and disinvestment, have restricted meaningful fair housing choice and equitable access to opportunity, particularly for communities of color. Historic patterns of segregation persist in California despite the long-standing federal mandate, established by the Fair Housing Act of 1968, that federal agencies and federal grantees affirmatively further the purposes of the FHA.

Past and present discriminatory policies and practices, including long-term disinvestment, have resulted in neighborhoods with concentrated poverty and poor housing stock, limited access to opportunity, unsafe environmental conditions, underfunded schools, dilapidated infrastructure, and other disproportionately experienced problems. In addition, governmental policies have subsidized the development of segregated, high-resourced suburbs in metropolitan areas by constructing new highway systems—often through lower income communities of color— to ensure access to job opportunities in urban centers. This physical and policy infrastructure supports patterns of discrimination and high levels of segregation that continue to persist in California and across the country. All of these conditions persist despite the over 50-year-old obligation to prohibit discrimination and affirmatively further fair housing.¹⁵

Figure A-6 shows the percentage of non-White and White populations throughout the region from 2010 to 2019.

Figure A-6 - Regional Non-White vs. White Population, 2010-2019



Source: U.S. Census Bureau, ACS 5-Year Estimates, 2010, 2015, 2019

15 California Department of Housing and Community Development. 2021. AFFH Guidance Memo. https://www.hcd.ca.gov/community-development/affh/docs/affh_document_final_4-27-2021.pdf

As of 2019, the City of Carmel-by-the-Sea has the highest percentage (86.5 percent) of White residents and the lowest percentage of Non-White residents (13.5 percent) when compared to the County, and the cities of Del Rey Oaks and Pacific Grove. Given the City’s status as being a “Highest Resource” city (see Figure A-17), having the highest median household income (see Figure A-16), and being a majority Senior community, Carmel-by-the-Sea recognizes the need to attract a more diverse population into the City and has identified various community resources and organizations to assist individuals that may have disparities in access to opportunity, and fall into the “special needs” category. A complete breakdown of service providers and community organizations that are available to the special needs populations is available in Section A.4 (“Special Needs Groups”) of this Appendix.

Diversity Index

The Diversity Index measures the degree to which the five major ethnic populations (non-Hispanic White, non-Hispanic Black, Asian and Pacific Islander, Hispanic, and Two or more races) are evenly distributed across a geographic area. The index ranges from 0 to 1 – where 0 is low diversity, meaning only one group is present and 1 is high diversity, meaning an equal proportion of all five groups is present).

Figure A-7 below depicts the level of diversity within the City. Carmel-by-the-Sea, along with neighboring jurisdictions have the lowest levels of diversity within the region. Carmel-by-the-Sea has a low level of diversity with 86.5 percent of the population identifying as non-Hispanic White.

Racially or Ethnically Concentrated Areas of Poverty and Affluence

A Racially Concentrated Area of Poverty or an Ethnically Concentrated Area of Poverty (R/ECAP) and a Racially Concentrated Area of Affluence (RCAAs) represent opposing ends of the segregation spectrum from racially or ethnically segregated areas with high poverty rates to affluent predominantly White neighborhoods. Historically, HUD has paid particular attention to R/ECAPs as a focus of policy and obligations to AFFH. Recent research out of the University of Minnesota Humphrey School of Public Affairs argues for the inclusion of RCAAs to acknowledge current and past policies that created and perpetuate these areas of high opportunity and exclusion.¹⁶

R/ECAPs

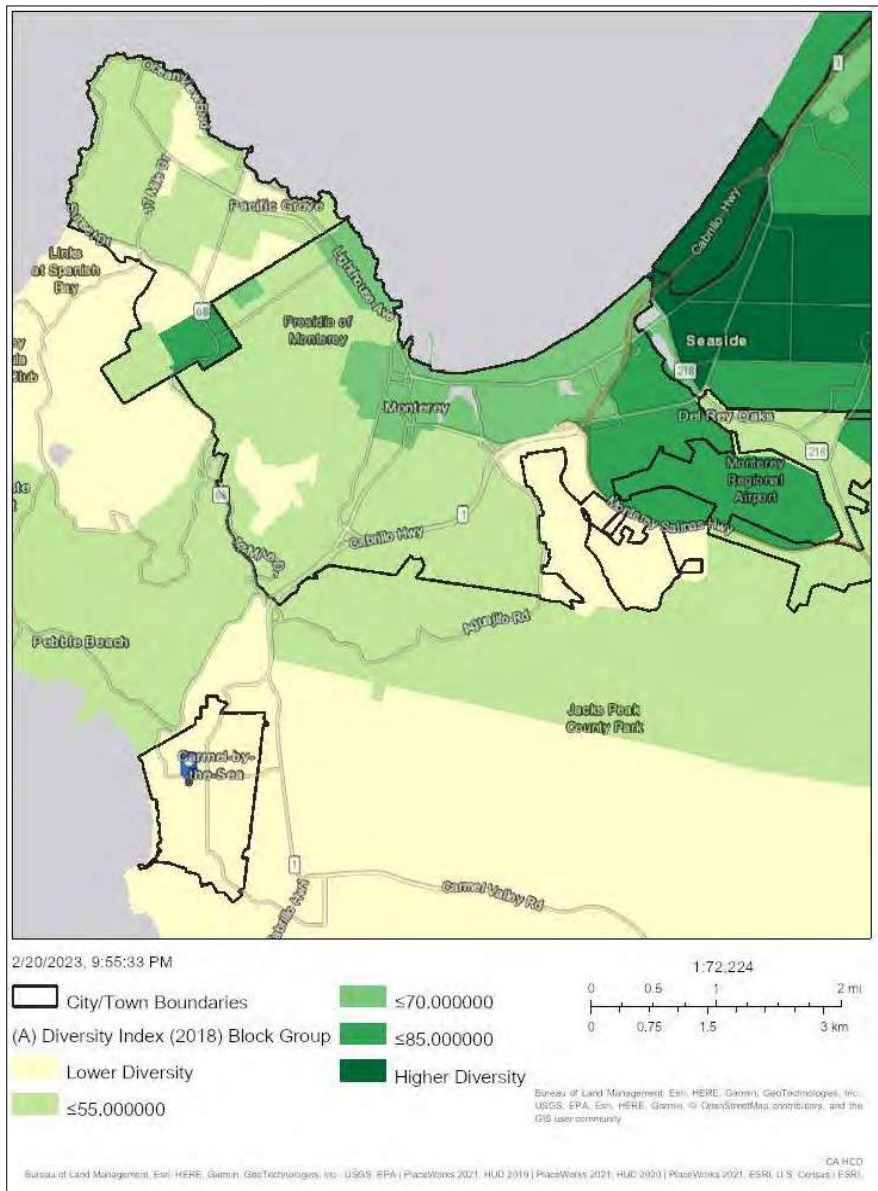
HCD and HUD’s definition of a Racially/Ethnically Concentrated Area of Poverty is:

A census tract that has a non-White population of 50 percent or more (majority-minority) or, for non-urban areas, 20 percent, AND a poverty rate of 40 percent or more; OR A census tract that has a non-White population of 50 percent or more (majority-minority) AND the poverty rate is three times the average tract poverty rate for the County, whichever is lower.

Source: California Department of Housing and Community Development Guidance, 2021.

16 From Goetz, E. G., Damiano, A., & Williams, R. A. (2019). Racially Concentrated Areas of Affluence: A Preliminary Investigation. *Cityscape: A Journal of Policy Development and Research*, 21(1), 99–124

Figure A-7 - Diversity Index, Carmel-by-the-Sea, 2018



Source: California Department of Housing and Community Development, AFFH Data Viewer

It is important to note that R/ECAPs and RCAAs are not areas of focus because of racial and ethnic concentrations alone. This study recognizes that racial and ethnic clusters can be a part of fair housing choice if they occur in a non-discriminatory market. Rather, R/ECAPs are meant to identify areas where residents may have historically faced discrimination and continue to be challenged by limited economic opportunity, and conversely, RCAAs are meant to identify areas of particular advantage and exclusion.

RCAAs

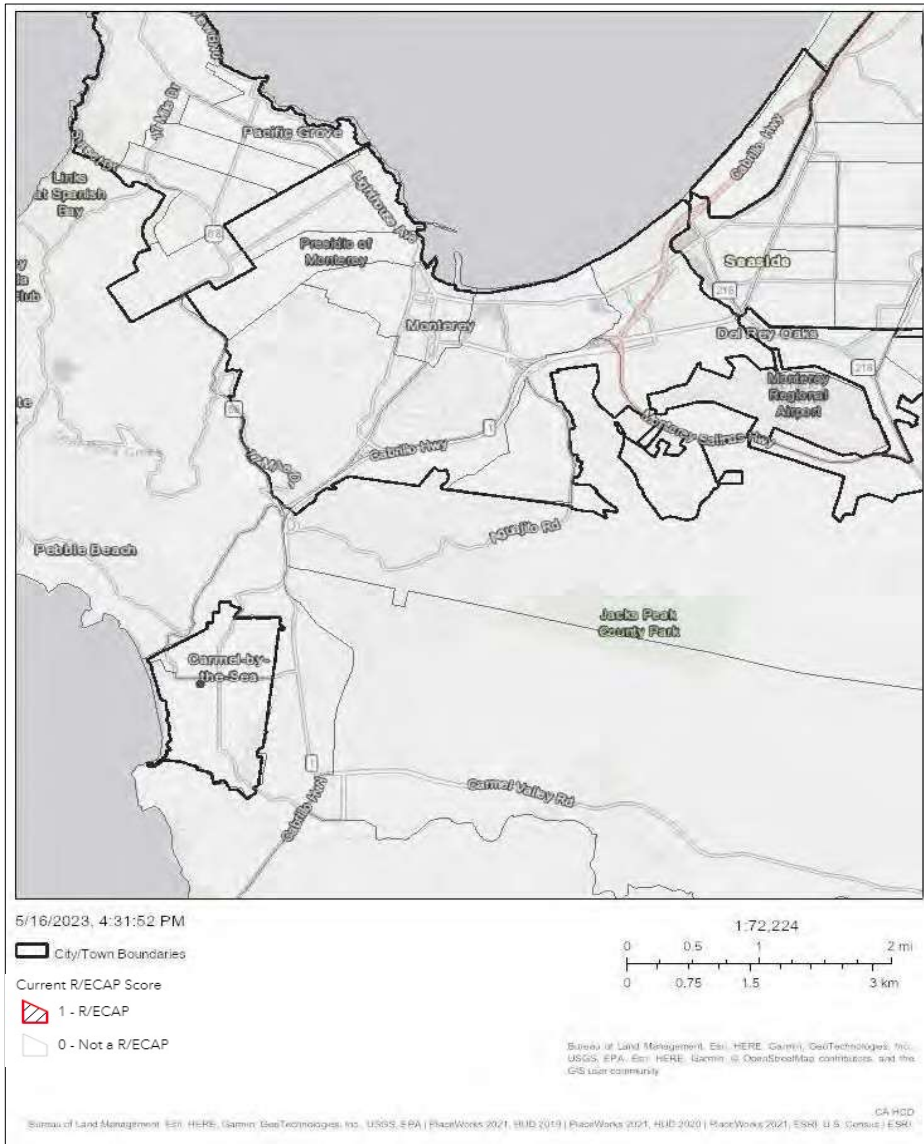
HCD and HUD's definition of an RCAA is a census tract 1) with a percentage of its total White population that is 1.25 times higher than the average percentage of the COG region's White population; and 2) has a median income that is 2 times higher than the COG Area Median Income (AMI). Generally, these are understood to be neighborhoods in which there are both high concentrations of non-Hispanic White households and high household income rates.

Source: California Department of Housing and Community Development Guidance, 2023

As can be seen in the [Figure A-8](#) and [Figure A-9](#), the City of Carmel-by-the-Sea is not considered a R/ECAP; nor, is the City considered an RCAA. As highlighted previously, Carmel-by-the-Sea does not have a majority-minority population and thus cannot be labelled as a R/ECAP. [Figure A-10](#) shows that less than or equal to 20 percent of the City's population is non-White. Though Carmel-by-the-Sea's percentage of exclusively White population and AMI are higher than the County-wide average, the median income in the City is not high enough for the jurisdiction to be considered an RCAA.¹⁷

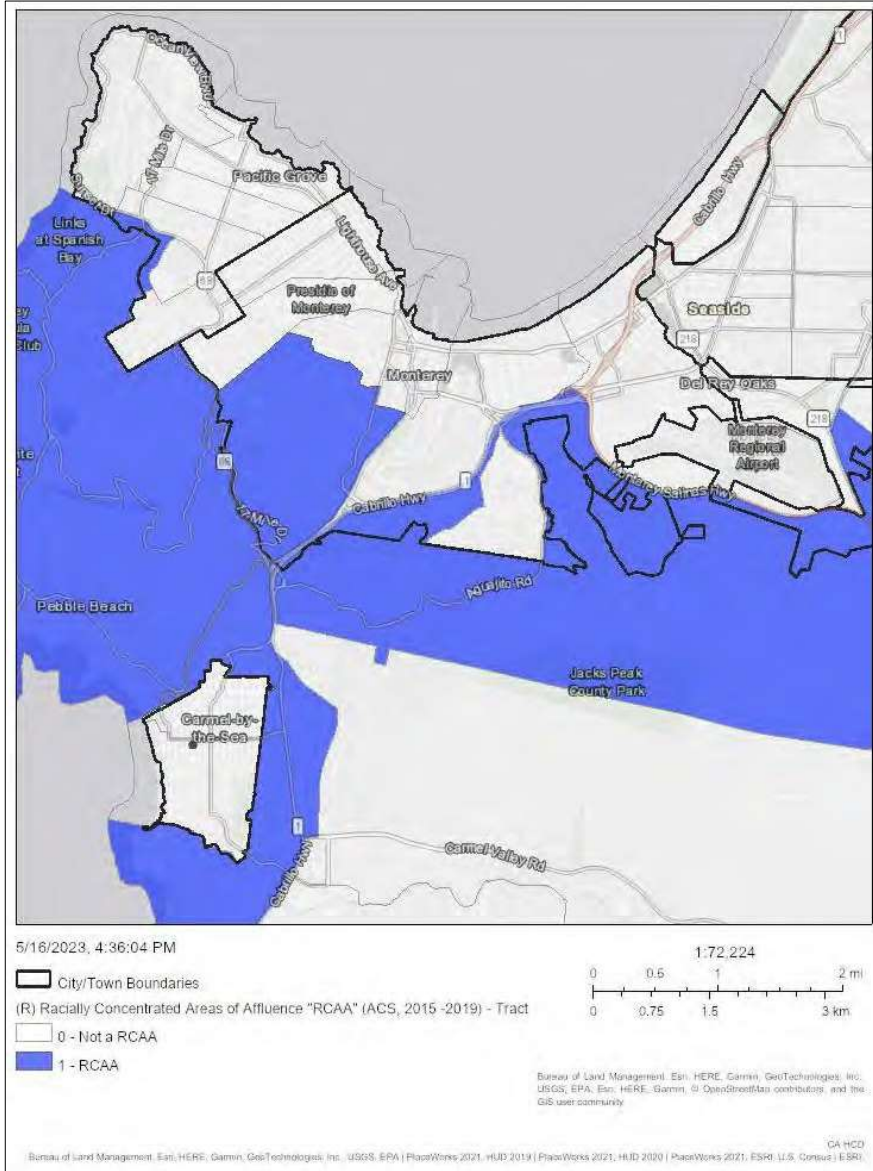
¹⁷ To be considered an RCAA, census tracts must have a Location Quotient (LQ) of more than 1.25 and a median income 1.5 times higher than the COG AMI or 1.5 times higher than the State AMI, whichever is lower. In this case, Carmel's median income would need to be 1.5 times greater than the State AMI of \$69,021.

Figure A-8 - R/ECAP by Census Tract, Carmel-by-the-Sea, 2009-2013



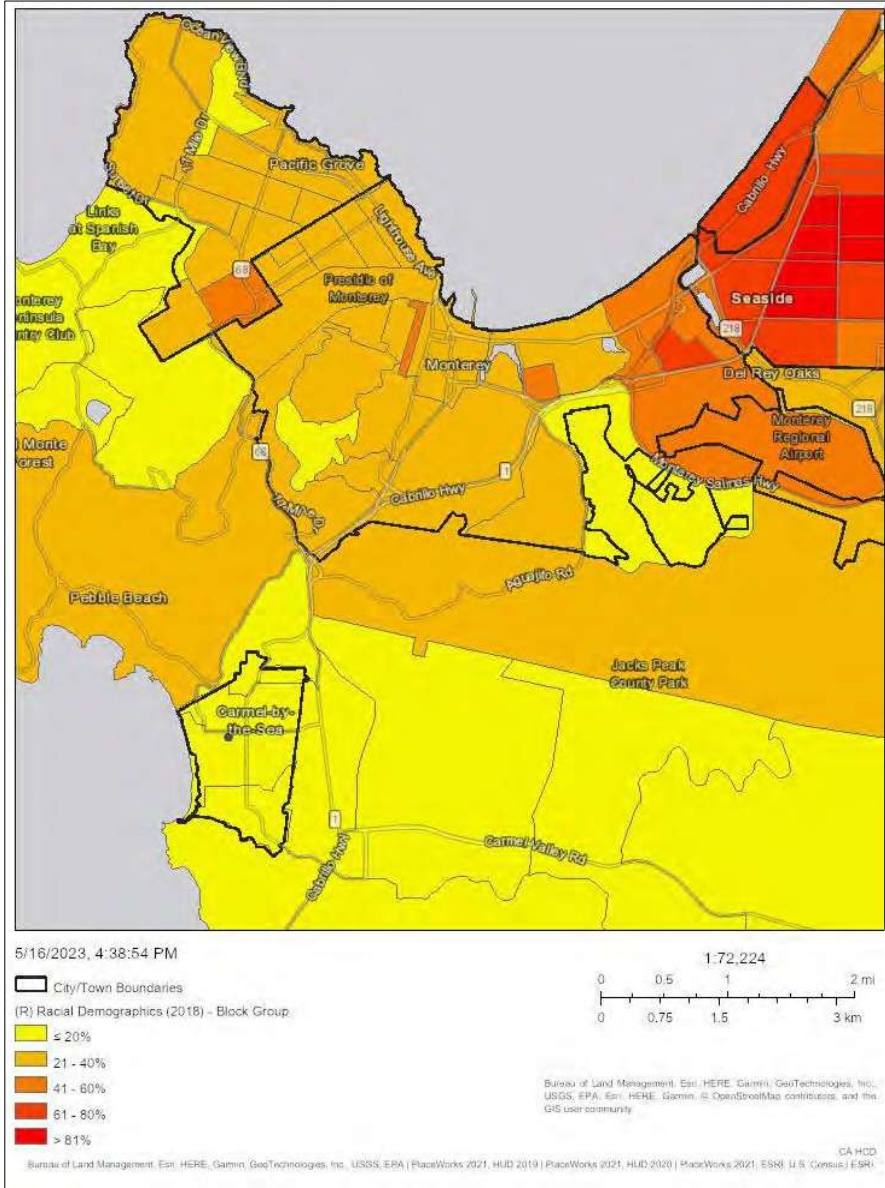
Source: California Department of Housing and Community Development, AFFH Data Viewer

Figure A-9 - RCAs by Census Tract, Carmel-by-the-Sea, 2015-2019



Source: California Department of Housing and Community Development, AFFH Data Viewer

Figure A-10 - Percent Non-White by Block Group, Carmel-by-the-Sea, 2018



Source: California Department of Housing and Community Development, AFFH Data Viewer

Employment

Employment characteristics can significantly impact the housing needs and trends of a community from income and wage scale to job location and industry. Employment and income are determinates of a population’s ability to purchase housing including the type of housing and size, both of which can induce negative effects such as overpayment and overcrowding. [Table A-4](#) summarizes projected employment growth for Carmel-by-the-Sea, the County, and nearby cities from 2015-2045.

Table A-4 - Employment Growth Forecast by Jurisdiction, 2015-2045

Jurisdictions	Population							Change 2015-2045	
	2015	2020	2025*	2030	2035*	2040*	2045*	Numeric	Percent
Monterey County	225,268	243,015	245,054	249,613	253,918	258,553	263,437	38,169	17%
Carmel-by-the-Sea	3,353	3,566	3,593	3,674	3,752	3,833	3,915	562	17%
Del Rey Oaks	705	748	753	774	794	815	834	129	18%
Pacific Grove	7,470	8,016	8,061	8,152	8,244	8,343	8,445	975	13%

Source: AMBAG Regional Growth Forecast, 2022

Note: *Projected growth values

According to the AMBAG 2022 Regional Growth Forecast, Carmel-by-the-Sea was projected to experience an employment growth of 17 percent (562 new jobs) between 2015-2045. This projected employment growth mirrors the County (17 percent) and is 4 percent higher than Pacific Grove (13 percent), but reflects 1 percent lower than Del Rey Oaks (18 percent). This projected increase in job growth presents an opportunity for cities to construct additional housing options for the existing and future workforce.

[Table A-5](#) shows 2010 and 2019 employment data for Carmel-by-the-Sea by sector. Key findings in employment data include the following:

- Education services, healthcare, and social assistance industries were the largest employers of Carmel-by-the-Sea (28 percent) in both 2010 and 2019, followed by arts, entertainment, recreation, accommodation, and food services (19 percent and 15 percent, respectively);
- Information industries experienced the greatest increase between 2010 and 2019 (585 percent), followed by construction (276 percent);
- Five sectors experienced drastic declines in employment between 2010 and 2019 including finance and insurance, real estate, and rental leasing (137 percent), professional, scientific, management, and administrative services (61 percent), public administration (54 percent), arts, entertainment, recreation, accommodation and food services (35 percent), and education services, healthcare, and social assistance (20 percent);
- Wholesale trade (2 percent) and agriculture, forestry, fishing and hunting, and mining (0 percent) industries experienced the least amount of growth; and
- Overall, there was a 19 percent decrease in employment for Carmel-by-the-Sea residents between 2010 and 2019.

Table A-5 - Employment by Sector, Carmel-by-the-Sea, 2010 and 2019

Industry Sector	2010		2019		Percent Change 2010-2019
	People Employed	Percent of City Employment	People Employed	Percent of City Employed	
Agriculture, forestry, fishing and hunting, and mining	0	0%	0	0%	0%
Construction	25	1%	94	7%	276%
Manufacturing	40	2%	67	5%	68%
Wholesale Trade	0	0%	26	2%	2%
Retail Trade	247	14%	213	15%	14%
Transportation and warehousing, and utilities	63	4%	95	7%	51%
Information	14	1%	96	7%	585%
Finance and insurance, real estate, and rental leasing	172	10%	73	5%	-137%
Professional, scientific, management, and administrative services	273	15%	106	7%	-61%
Education services, healthcare, and social assistance	493	28%	394	28%	-20%
Arts, entertainment, recreation, accommodation, and food services	330	19%	216	15%	-35%
Public Administration	112	6%	52	4%	-54%
Total Employment	1,769	100%	1,432	100%	-19%

Source: U.S. Census Bureau, ACS 5-Year Estimates, 2010, 2019

Balance of Jobs to Workers

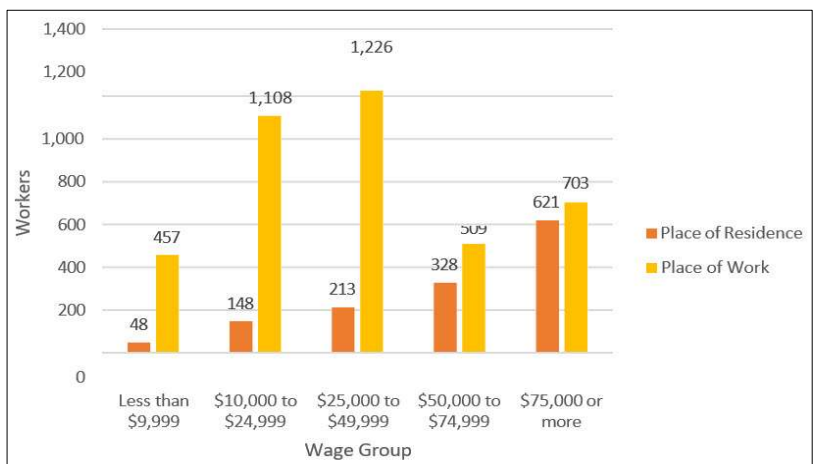
A city houses employed residents who either work in the community where they live, or work elsewhere in the region. Conversely, a city may have job sites that employ residents from the same city but more often employ workers commuting from outside of it. One measure of local imbalance is the relationship between workers and jobs. A city with a surplus of workers, “exports” workers to other parts of the region, while a city with a surplus of jobs must conversely “import” them.

Smaller cities will typically have more employed residents than jobs and will export workers as a result, while larger cities tend to have a surplus of jobs and will import workers. To some extent, the regional transportation system is set up for this flow of workers to the region’s core job centers. At the same time, as the housing affordability crisis has illustrated, local imbalances may be severe, where local jobs and worker populations are out of sync at a sub-regional scale.

A community may offer employment for relatively low-income workers but have relatively few housing options for those workers. Conversely, it may house residents who are low-wage workers but offer few employment opportunities for them. Such relationships may cast extra light on potentially pent-up demand for housing in particular price categories. A relative surplus of jobs relative to residents in a given wage category suggests the need to import those workers, while conversely, surpluses of workers mean the community will export those workers to other jurisdictions. Such flows are not inherently bad, though over time, sub-regional imbalances may appear.

Figure A-11 illustrates earnings of workers in comparison to worker place of residence and place of work in Carmel-by-the-Sea. In 2019, Carmel-by-the-Sea had more low-wage jobs than low-wage residents (where low-wage refers to jobs paying less than \$25,000). At the high end of the wage spectrum (i.e., wages over \$75,000 per year), the City had more high-wage jobs than high-wage residents.¹⁸ This indicates the City is a net-importer of workers for both low- and high-wage jobs. It should be noted that the minimum wage has increased since 2019, from \$12 to \$15.50, thus increasing the annual incomes of full-time workers as well.

Figure A-11 - Worker Earnings by Place of Residence and Place of Work, Carmel-by-the-Sea, 2019



Source: U.S. Census Bureau, ACS 5-Year Estimates, 2019

According to U.S. Census Bureau data reported in a Housing Feasibility Study for the City of Carmel-by-the-Sea by ECONorthwest,¹⁹ a mere 2.6 percent of workers live and work in Carmel-by-the-Sea, while approximately half of all workers live within 10 miles of the City and 26 percent commute from more than 25 miles away.²⁰ Concentrations in hospitality and leisure services may create obstacles for local workers that earn lower-incomes and cannot afford to live in the community. Such imbalances of jobs to housing impacts an individual’s ability to integrate into the community due to long distance travel, excessive costs of travel, and reduced personal time.

Unemployment rates²¹ are essential to understanding the affordability needs of a community when determining housing options. Table A-6 provides a breakdown of unemployment rates for Carmel-by-the-Sea, the County, and nearby cities. Compared to the County and nearby cities, Carmel-by-the-Sea

¹⁸ The source table is top-coded at \$75,000, precluding more fine-grained analysis at the higher end of the wage spectrum.

¹⁹ From ECONorthwest, Housing Feasibility Study, 2023

²⁰ From U.S. Census Bureau Longitudinal Employer-Household Dynamics Data

²¹ The term unemployment refers to a person who is actively searching for employment but is not able to find work.

has the lowest unemployment rate with less than 1 percent of unemployed residents. This indicates an approximate 4.8 percent less than the County, 5 percent less than the Del Rey Oaks, and 3.8 percent less than Pacific Grove.

Table A-6 - Unemployment Rate, Carmel-by-the-Sea, 2019

Jurisdictions	Unemployment Rate
Monterey County	4.9%
Carmel-by-the-Sea	0.1%
Del Rey Oaks	5.1%
Pacific Grove	3.9%

Source: U.S. Census Bureau, ACS 5-Year Estimates, 2019

The Monterey Bay Area approved Regional Housing Needs Assessment (RHNA) Methodology is broken down into four income levels:

- Very Low Income (50 percent or less of the County’s median income);
- Low Income (50-80 percent of the County’s median income);
- Moderate Income (80-120 percent of the County’s median income); and
- Above moderate Income (120 and above the County’s median income).

Carmel-by-the-Sea’s RHNA allocation is presented below in [Table A-7](#).

Table A-7 - Regional Housing Needs Allocation

Income Group	Percentage of AMI	Share
Extremely Low-Income*	<30	57
Very Low-Income	<50	56
Low-Income	50-80	74
Moderate-Income	80-120	44
Above Moderate-Income	120+	118
Total		349

Source: City of Carmel-by-the-Sea, 2023

* Extremely low-income RHNA is found as a subset within the very low-income category for all other tables in this document.

In Monterey County, the median household income in 2019 was an estimated \$71,015 compared to Carmel-by-the-Sea at \$98,188. [Table A-8](#) lists occupations by mean salary in Monterey County.

According to [Table A-8](#), the occupations that fall below 50 percent of the median income are Food Preparation and Serving-Related Occupations; Personal Care and Services Occupations; and Farming, Fishing, and Forestry Occupations. The majority of occupations in Monterey County have an average income that is low (50-80 percent AMI) or very low (<50 percent AMI). If applied to Carmel-by-the-Sea, it should be anticipated that affordable housing is needed to accommodate potential low- and very low-income households.

Table A-8 - Occupations by Mean Salary, Monterey County, 2019

Occupation	Salary
Management Occupations	\$117,738
Business and Financial Operations Occupations	\$78,900
Computer and Mathematical Occupations	\$96,980
Architecture and Engineering Occupations	\$92,554
Life, Physical, and Social Science Occupations	\$84,516
Community and Social Services Occupations	\$59,549
Legal Occupations	\$103,094
Education, Training, and Library Occupations	\$69,296
Arts, Design, Entertainment, Sports, and Media Occupations	\$56,599
Healthcare Practitioners and Technical Occupations	\$115,486
Healthcare Support Occupations	\$42,625
Protective Service Occupations	\$70,161
Food Preparation and Serving-Related Occupations	\$30,127
Building and Grounds Cleaning and Maintenance Occupations	\$36,330
Personal Care and Service Occupations	\$31,984
Sales and Related Occupations	\$42,099
Office and Administrative Support Occupations	\$44,239
Farming, Fishing, and Forestry Occupations	\$29,901
Construction and Extraction Occupations	\$60,870
Installation, Maintenance, and Repair Occupations	\$54,180
Production Occupations	\$41,905
Transportation and Material Moving Occupations	\$37,144

Source: California Employment Development Division, Occupational Wage data, 2019

Household Characteristics

Characteristics of a household include household type and size, income, affordability, and special needs groups. According to HCD, a household is defined as “All persons who occupy a housing unit. The occupants may be a single family, on person living alone, two or more families living together, or any groups of related or unrelated persons who share living arrangements.” Large families, single parent households, female-headed households, or extremely low- and low-income households may be classified as Special Needs groups. Special Needs groups are identified due to the unique nature of household characteristics and potential housing challenges faced. The following section examines household characteristics trends in Carmel-by-the-Sea and the region.

Table A-9 provides an overview of the projected housing units needed in Monterey County, Carmel-by-the-Sea, and nearby cities, Del Rey Oaks and Pacific Grove.²² Carmel-by-the-Sea is forecast to have a household growth of approximately 1 percent by 2045 – an increase of 42 housing units.

²² From AMBAG Regional Growth Forecast, 2022

Compared to the County, this reflects 18 percent less projected growth and 2 percent less growth than Pacific Grove. Of the nearby cities, the City of Del Rey Oaks has the highest projected increase in housing unit growth at 61 percent.

Table A-9 - Housing Forecast by Jurisdiction, 2015-2045

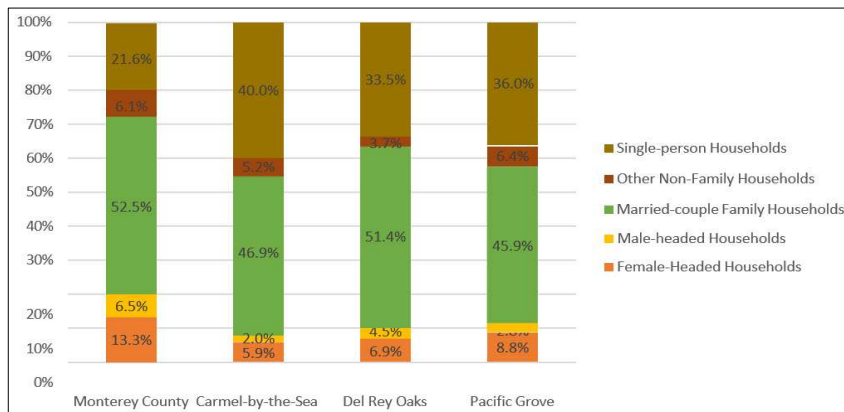
Jurisdictions	Population						Change 2015 - 2045		
	2015	2020	2025*	2030*	2035*	2040*	2045*	Numeric	Percent
Monterey County	139,177	141,764	146,716	153,852	159,100	162,612	165,328	26,151	19%
Carmel-by-the-Sea	3,417	3,437	3,437	3,442	3,450	3,453	3,459	42	1%
Del Rey Oaks	741	741	762	809	848	1,052	1,195	454	61%
Pacific Grove	8,184	8,201	8,214	8,267	8,336	8,400	8,463	279	3%

Source: AMBAG Regional Growth Forecast, 2022 NOTE: *Projected growth values

Household Type and Size

Figure A-12 illustrates household characteristics by type in 2019 for Carmel-by-the-Sea, the County, and nearby cities, Del Rey Oaks and Pacific Grove. In Carmel-by-the-Sea, the largest household type was married-couple family households (47 percent) followed by single-person households (40 percent). This is consistent with the County and nearby cities. Carmel-by-the-Sea has the lowest percentage of female-headed households (6 percent) compared to the County (13 percent), Del Rey Oaks (7 percent), and Pacific Grove (9 percent).

Figure A-12 - Household by Type by Jurisdiction, 2019



Source: U.S. Census Bureau, ACS 5-Year Estimates, 2019

Figure A-13 illustrates household changes between 2010-2019 in Carmel-by-the-Sea. Over the last decade, married-couple family households have remained the largest household type in the City followed by single-person households. Since 2015, married-couple family households have begun declining, while single-person households have increased. Female-headed households experienced the

most fluctuation between 2010-2019, showing a steady increase between 2010-2013, then slowly decreasing through 2019 to 6 percent (7 percent decrease between 2013-2019). Male-headed households have slightly increased since 2010 from zero to 2 percent in 2019. These changes in household type over time indicate a need for housing options that appeal to both family-sized and smaller-sized households (keeping affordability in mind).

Figure A-14 illustrates households by household size for Carmel-by-the-Sea, the County, and nearby cities. Carmel-by-the-Sea’s largest household type according to size is 2-person households (42 percent) followed by 1-person households (40 percent). This is consistent with findings in Figure A-13, with married-couple family households remaining the largest household type since 2010 followed by single-person households. This reflects a demand for affordable housing units appealing to married-couple and single-person households.

Figure A-13 - Changes in Household Type, Carmel-by-the-Sea, 2010-2019

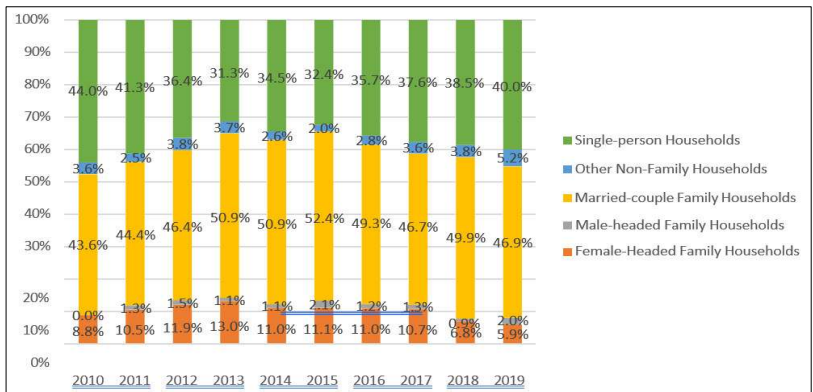
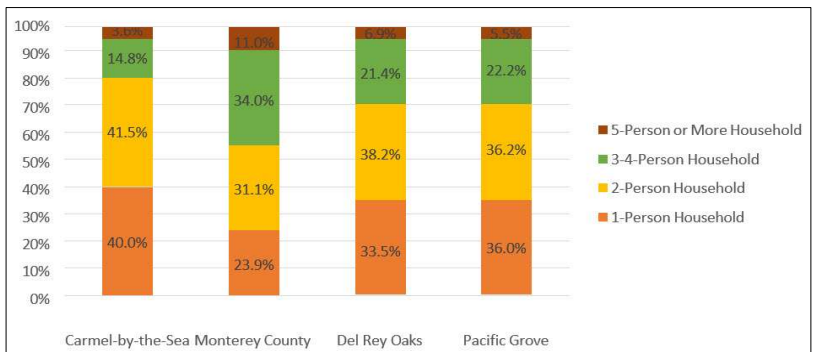


Figure A-14 - Households by Household Size by Jurisdiction, 2019



Source: U.S. Census Bureau, ACS 5-Year Estimates, 2019

Household Income

Affordability is a key component in determining the housing needs of a community. Household income determines the ability of a household to purchase or rent a housing unit. However, fluctuating household incomes may result in the need to spend disproportionate amounts of income on housing costs, referred to as overpayment or cost burden. As a result, this may also lead to overcrowding and/or substandard living conditions.

The following are income categories based on area median income (AMI) according to HCD:

- Extremely low-income: households earning 0-30 percent of AMI;
- Very low-income: households earning 30-50 percent of AMI;
- Low-income: households earning 50-80 percent of AMI;
- Moderate-income: households earning 80-100 percent of AMI; and
- Above-moderate income: households earning 100-120 percent of AMI.

Government Code §65583(a) defines extremely low-income households as earning 30 percent or below area median income, and considers them as a subset of the very low-income category. The extremely low-, very low-, and low-income groups are referred to as lower-income. In Carmel-by-the-Sea 28 percent of households are considered lower-income.

Table A-10 summarizes households by income category in Carmel-by-the-Sea in 2019. Above moderate-income households make up the majority of households in the City (62 percent) followed by lower-income households (28 percent). Approximately 7 percent of households in Carmel-by-the-Sea identify as extremely low-income. This reflects a need for more affordable housing in the City, and in tandem with Figure A-13 and Figure A-14 findings, it is likely the demand for single-person households is accompanied by a need for affordable options.

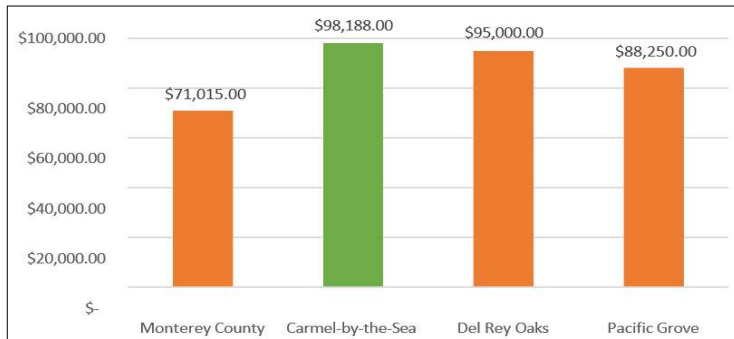
Table A-10 - Households by Income Category, Carmel-by-the-Sea, 2019

Income Category (% of County MFI)	Households	Percent
Extremely Low-Income (30% MFI or less)	140	7%
Very Low-Income (30-50% MFI)	170	9%
Low-Income (50-80% MFI)	235	12%
Moderate-Income (80-100% MFI)	185	10%
Above Moderate-Income (>100% MFI)	1,200	62%
Total	1,930	100%

Source: Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Strategy (CHAS), 2015-2019

Figure A-15 illustrates the median household income in Carmel-by-the-Sea, the County, and nearby cities in 2019. Carmel-by-the-Sea’s median household income was \$98,188 – approximately \$27,173 higher than the County (\$71,015). The City of Del Rey Oaks had the second highest median household income at \$95,000 followed by Pacific Grove at \$88,250. Understanding Carmel-by-the-Sea’s median household income determines what income category households identify with and what affordability levels look like for the community.

Figure A-15 - Median Household Income by Jurisdiction, 2019



Source: U.S. Census Bureau, ACS 5-Year Estimates, 2019

Figure A-16 highlights the median household income from 2010 to 2019, throughout the region. Between 2010 and 2015, Carmel-by-the-Sea’s median household income remained relatively stable, and saw a 31.3 percent increase between the years of 2015 and 2019. Compared to other regional jurisdictions, Monterey County has maintained the lowest median household income, showing a slight decrease from 2010 to 2015, and a 20.8 percent increase from 2015 to 2019. The Cities of Del Rey Oaks and Pacific Grove followed similar trends to Carmel-by-the-Sea in that they increased slightly between the years of 2010 and 2015, and then increased significantly between 2015 and 2019.

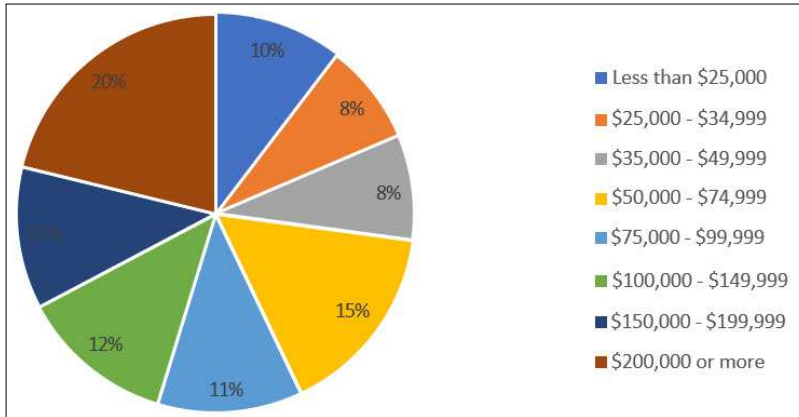
Figure A-17 provides a breakdown of 2019 incomes by category in Carmel-by-the-Sea. Approximately 43 percent of households are earning \$100,000 or more (more than the City’s annual median income). Conversely, 26 percent households earn an annual income less than \$50,000 (\$48,188 less than the City’s annual median income). Approximately 41 percent of households are earning below the City’s annual median income, of which 10 percent earn less than \$25,000.

Figure A-16 - Regional Median Household Income, 2010-2019



Source: U.S. Census Bureau, ACS 5-Year Estimates, 2010, 2015, 2019

Figure A-17 - Income by Category, Carmel-by-the-Sea, 2019

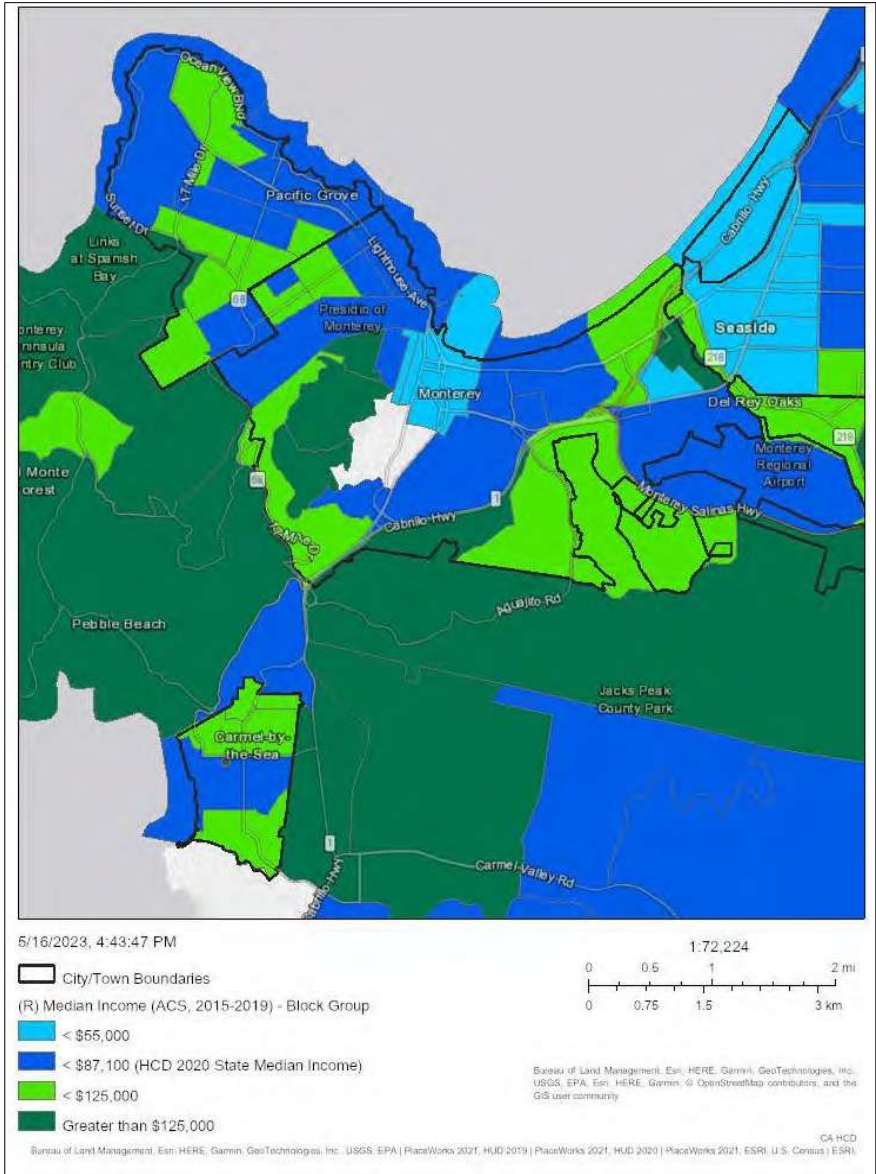


Source: U.S. Census Bureau, ACS 5-Year Estimates, 2019

Figure A-18 illustrates median household income across Carmel-by-the-Sea. According to the HCD AFFH Data Viewer, Carmel-by-the-Sea households experience variation in median household income based on location. Households located in the center of the City reportedly earn less than the City’s annual median income (\$98,188) and households located in the north and south earn more (>\$87,100 - <125,000).

The household income characteristics in Carmel-by-the-Sea reveal a demand for the development of more affordable housing options that appeal to both lower-income and above-moderate households. Carmel-by-the-Sea is comprised primarily of above moderate-income households (62 percent), most of which identify as married-couple families (47 percent). Nonetheless, 28 percent of households are lower-income and 40 percent of households identify as single-persons. Affordable housing in Carmel-by-the-Sea must accommodate these households as well despite their non-majority makeup.

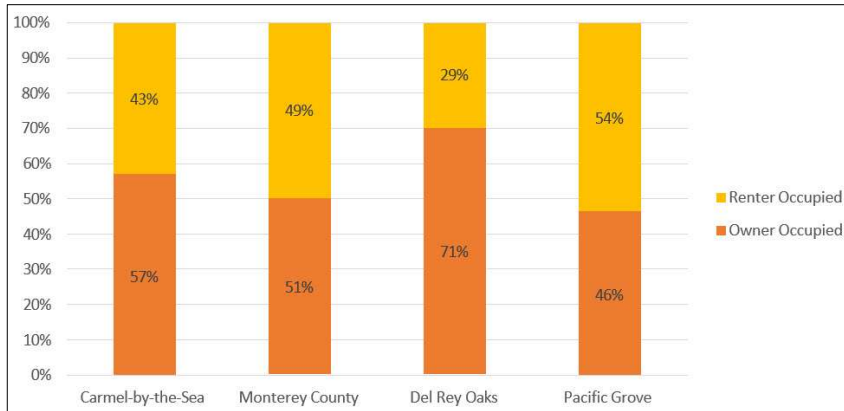
Figure A-18 - Median Income by Block Group, Carmel-by-the-Sea, 2015-2019



Source: California Department of Housing and Community Development, AFFH Data Viewer

Figure A-19 illustrates housing by tenure in Carmel-by-the-Sea, the County, and nearby cities. Fifty-seven (57) percent of households in Carmel-by-the-Sea are owners and 43 percent are renters. This reflects an approximate 6 percent higher owner household population than the County (51 percent), 11 percent higher than Pacific Grove (46 percent), and 14 percent lower than Del Rey Oaks (71 percent).

Figure A-19 - Housing Tenure by Jurisdiction, 2019



Source: U.S. Census Bureau, ACS 5-Year Estimate, 2019

A.3 Disproportionate Housing Needs

Housing Problems and Severe Housing Problems

The following section details housing problems and severe housing problems in Carmel-by-the-Sea according to the Census Bureau Comprehensive Housing Affordability Strategy (CHAS).

Disproportionate Housing Needs

“Disproportionate housing needs generally refers to a condition in which there are significant disparities in the proportion of members of a protected class experiencing a category of housing need when compared to the proportion of members of any other relevant groups, or the total population experiencing that category of housing need in the applicable geographic area. For purposes of this definition, categories of housing need are based on such factors as cost burden and severe cost burden, overcrowding, homelessness, and substandard housing conditions.”

Source: California Department of Housing and Community Development Guidance, 2021, page 39.

The CHAS data set provides in-depth analysis on housing needs by income level according to types of households. According to CHAS, housing problems are defined as having one or more of the following variables:

- Incomplete kitchen facilities;
- Incomplete plumbing facilities;
- More than one person per room; and
- Cost burden greater than 30 percent.

Severe housing problems are defined as having one or more of the following variables:

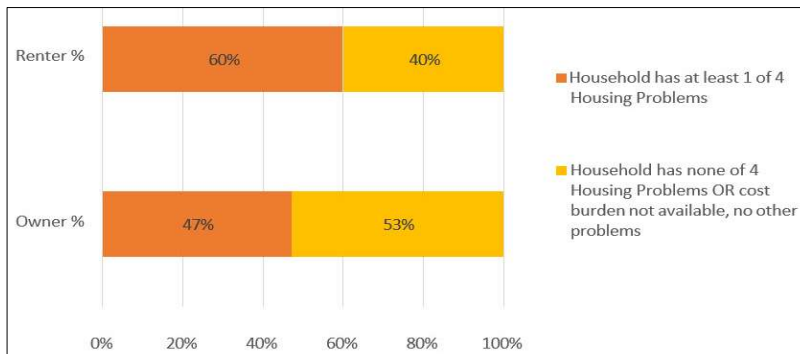
- Incomplete kitchen facilities;
- Incomplete plumbing facilities;
- More than 1.5 persons per room; and
- Cost burden greater than 50 percent.

Additionally, CHAS defines cost burden as the ratio of housing costs to household income. The following defines cost burden by renter and owner:

- Renter Cost Burden: gross rent (contract rent plus utilities); and
- Owner Cost Burden: select monthly owner costs including mortgage payment, utilities, association fees, insurance, and real estate taxes.

Figure A-20 and Figure A-21 illustrate housing problems by tenure and severe housing problems by tenure in Carmel-by-the-Sea during 2019. Approximately 60 percent of renter households have at least one of four housing problems and 36 percent have at least one of four severe housing problems. In contrast, 47 percent of owner households experience at least one housing problem and 25 percent have at least one severe housing problem.

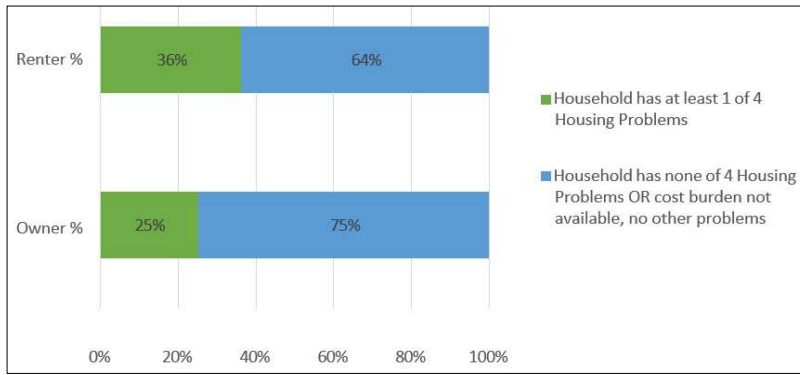
Figure A-20 - Housing Problems by Tenure, Carmel-by-the-Sea, 2015-2019



Source: U.S. Census Bureau, CHAS Data, 2015-2019

Note: The four housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1 person per room, and cost burden greater than 30%.

Figure A-21 - Severe Housing Problems by Tenure, Carmel-by-the-Sea, 2015-2019



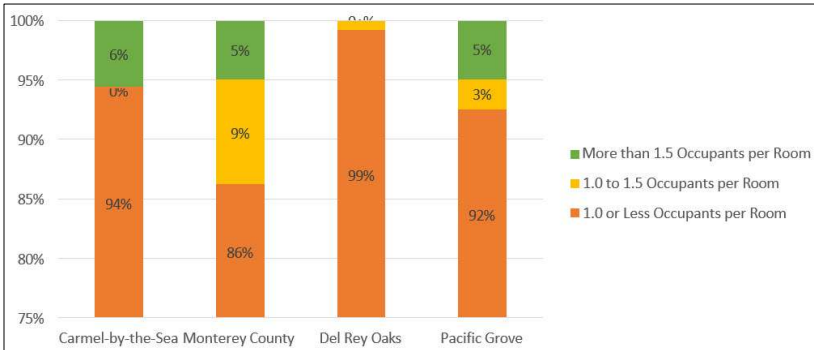
Source: U.S. Census Bureau, CHAS Data, 2015-2019
 Note: The four housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1.5 person per room, and cost burden greater than 50%.

Overcrowding

Understanding the prevalence of overcrowded households within a community helps determine the need for affordable and adequately sized housing units for the community. 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. Overcrowding may occur due to a lack of available affordable and/or adequately sized housing units. Cultural norms and customs combined with low-income or lack of adequately size housing units can result in overcrowding too. For example, in Asian culture, households are often comprised of multi-generations. If this custom is also compounded by low-income or lack of adequately sized housing units overcrowding may occur.

Figure A-22 illustrates overcrowding by severity in Carmel-by-the-Sea, the County, and nearby cities in 2019. The City of Del Rey Oaks households experience the least amount of overcrowding (0.8 percent) and no severe overcrowding, compared to Carmel-by-the-Sea households that experience zero percent moderate overcrowding, but 6 percent severe overcrowding. Monterey County has a higher overall percentage of households that experience overcrowding (9 percent) and severe overcrowding (5 percent) compared to Carmel-by-the-Sea.

Figure A-22 - Overcrowding by Severity by Jurisdiction, 2019



Source: U.S. Census Bureau, ACS 5-Year Estimate, 2019

Figure A-23 illustrates overcrowding by tenure and severity in Carmel-by-the-Sea during 2019. Renter households in Carmel-by-the-Sea experience 8 percent more overcrowding than owner households. While renter households do not experience overcrowding (more than 1-person per room), 10 percent experience severe overcrowding (more 1.5-persons per room). Similarly, owner households in Carmel-by-the-Sea do not experience overcrowding, but 2 percent do experience severe overcrowding.

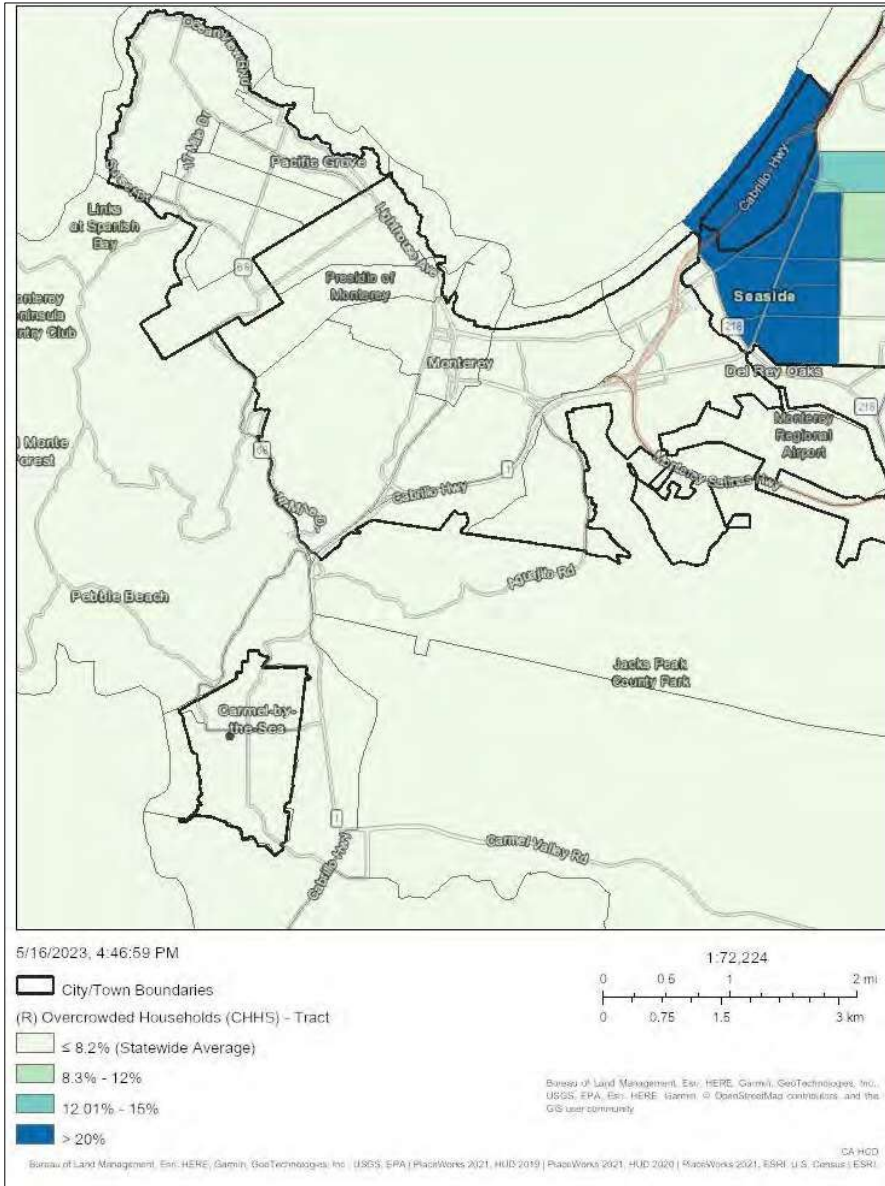
Figure A-23 - Overcrowding by Tenure and Severity, Carmel-by-the-Sea, 2019



Source: U.S. Census Bureau, ACS 5-Year Estimate, 2019

Figure A-24 illustrates overcrowded households in Carmel-by-the-Sea. According to the HCD AFFH Data Viewer, Carmel-by-the-Sea households experience no variation in overcrowding based on location. In the City, overcrowding rates are less than 8.2 percent.

Figure A-24 - Overcrowded Households, Carmel-by-the-Sea



Source: California Department of Housing and Community Development, AFFH Data Viewer

Cost Burden

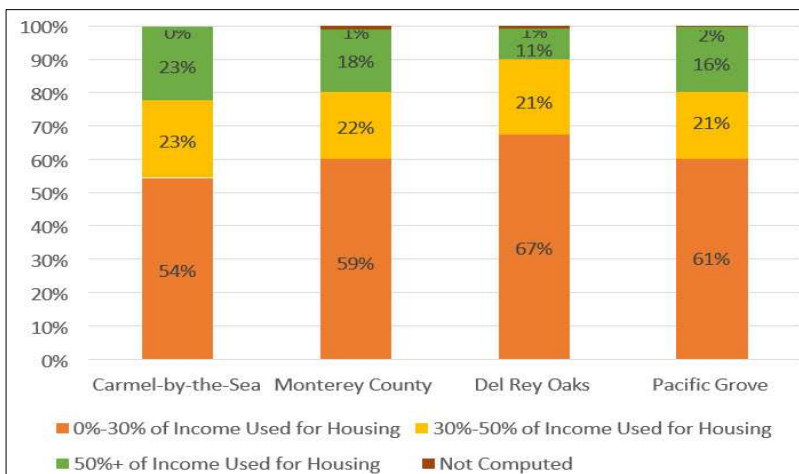
According to HCD, overpayment or cost burden is measured as households spending more than 30 percent of their gross income including utilities for housing; severe overpayment or severe cost burden is measured as households spending 50 percent or more of their gross income for housing. For the duration of this report, overpayment will be referred to as cost burden.

The cost burden rates of owners and renters in a community provide insight to housing needs such as, the affordability of the local housing market and the availability of housing units that accommodate household needs like size and housing type. Additionally, federal and state agencies examine cost burden to determine a community’s need for housing assistance.

Figure A-25 illustrates cost burden severity in Carmel-by-the-Sea, the County, and nearby cities. Carmel-by-the-Sea household cost burden rates are similar to the County. In Carmel-by-the-Sea, 46 percent of households experience some level of cost burdened, of which 23 percent are severely cost burdened, while the County has a cost burden rate of 22 percent and a severe cost burden rate of 18 percent. The cities of Del Rey Oaks and Pacific Grove have slightly lower rates of cost burden overall with 67 percent and 61 percent of households experiencing no cost burden, respectively.

Overall, the City of Del Rey Oaks has the lowest percent of households experiencing any type of cost burden. It is important to relate Carmel-by-the-Sea’s approximate 46 percent cost burden with its 10 percent population of overcrowded renter households, as these may be indicators of an unaffordable and homogenous local housing market.

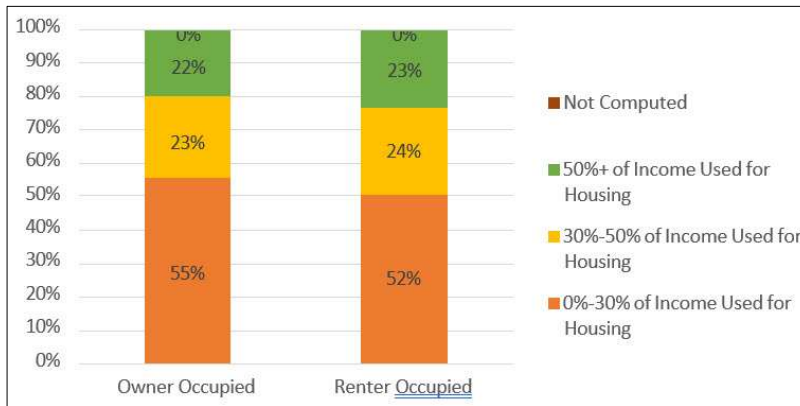
Figure A-25 - Cost Burden Severity by Jurisdiction, 2015-2019



Source: U.S. Census Bureau, CHAS Data, 2015-2019

Figure A-26 illustrates cost burden by tenure in Carmel-by-the-Sea. Renter and owner households experience similar levels of cost burden. Renter households experience 24 percent cost burden and 23 percent severe cost burden (47 percent total), whereas owner households experience 23 percent cost burden and 22 percent severe cost burden (45 percent total). This reflects a 1 percent difference between cost burden and severe cost burden for renter and owner households, respectively.

Figure A-26 - Cost Burden by Tenure, Carmel-by-the-Sea, 2015-2019

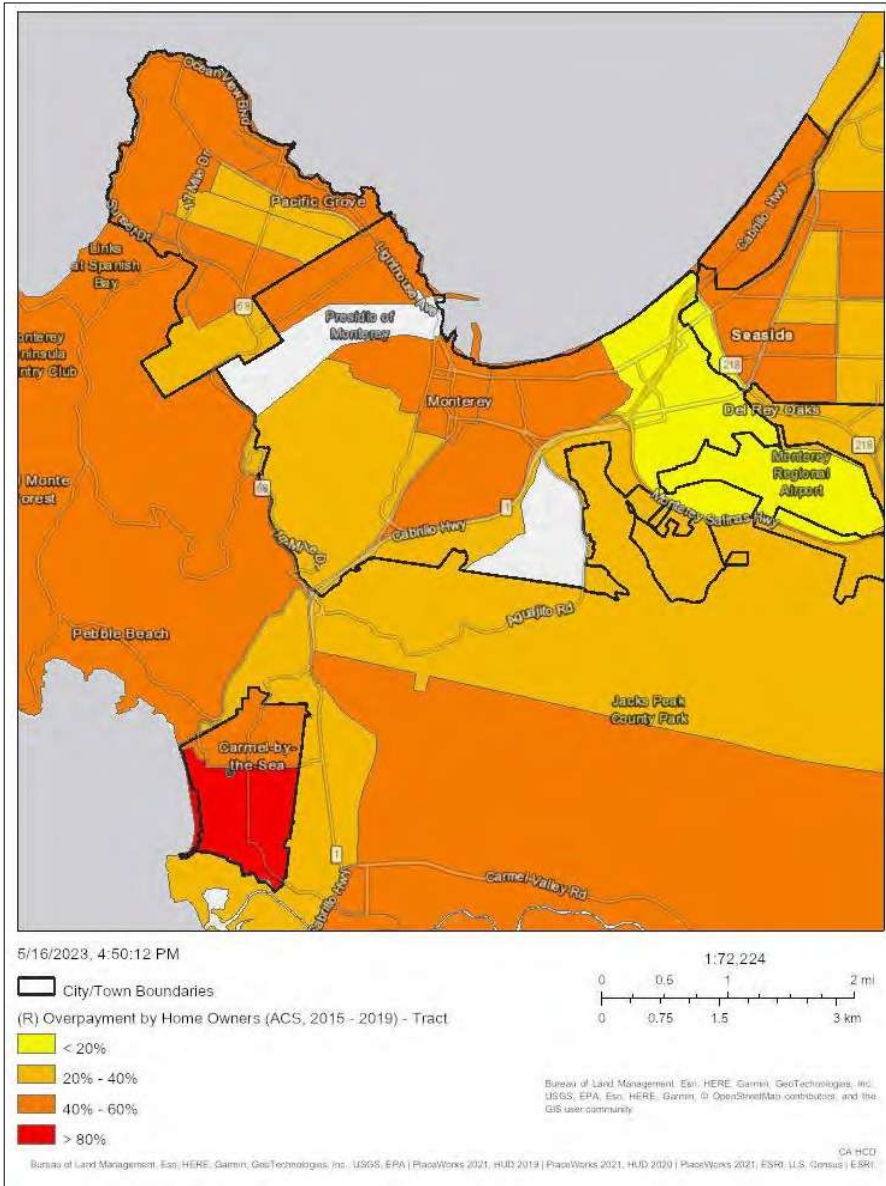


Source: U.S. Census Bureau, CHAS Data, 2015-2019

Figure A-27 illustrates cost burden of home owners in Carmel-by-the-Sea. According to the HCD AFFH Data Viewer, the highest rates of cost burden among homeowners in Carmel-by-the-Sea are concentrated in the central and southern regions of the City. In these regions, 80 percent of owner households experience cost burden. In the northern region of the City, 40-60 percent of owner households experience cost burden.

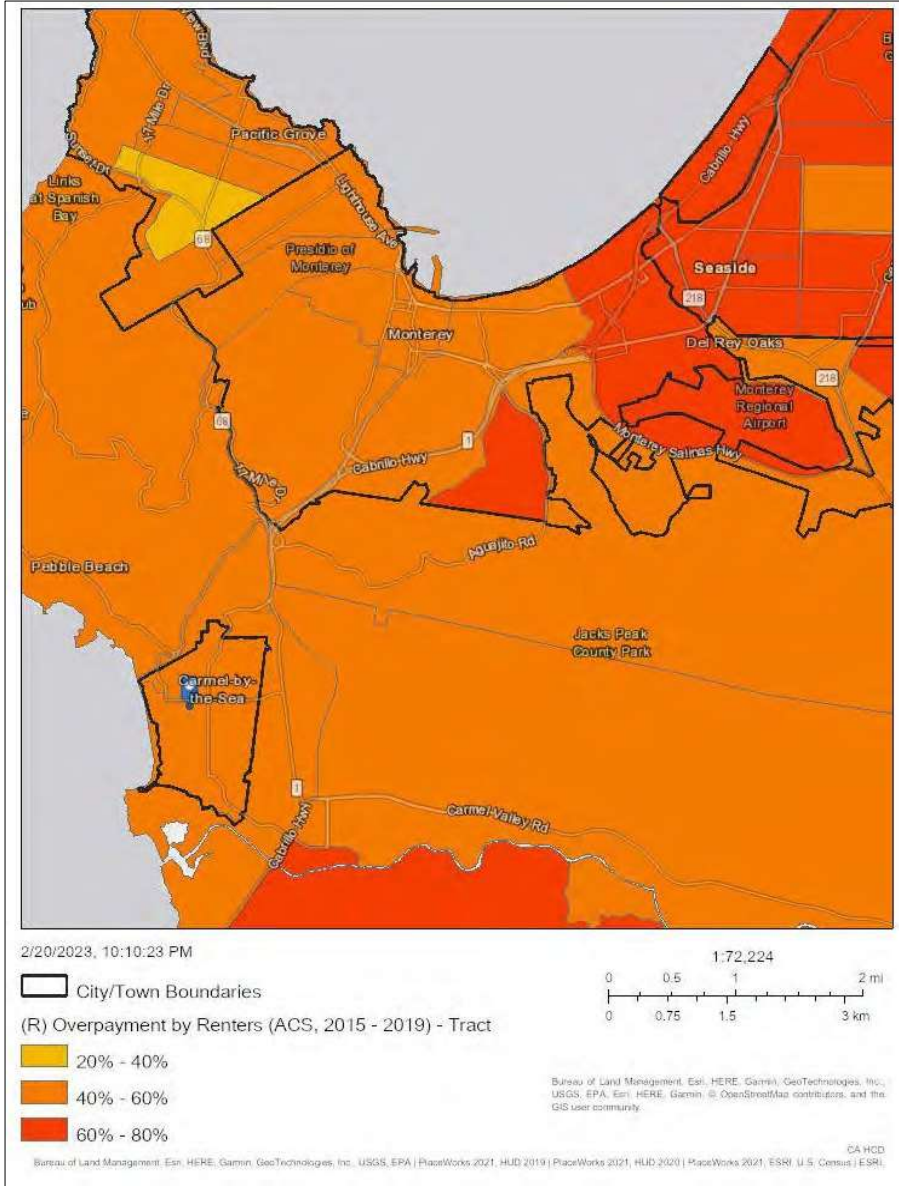
Figure A-28 illustrates cost burden of renters in Carmel-by-the-Sea. When analyzing concentrations of cost burden among renter-occupied households in Carmel-by-the-Sea, there is no variation based on location. Between 40-60 percent of renter-households experience cost burden across the City.

Figure A-27 - Cost Burden by Home Owners, Carmel-by-the-Sea, 2015-2019



Source: California Department of Housing and Community Development, AFFH Data Viewer

Figure A-28 - Cost Burden by Renter Households, Carmel-by-the-Sea, 2015-2019



Source: California Department of Housing and Community Development, AFFH Data Viewer

A.4 Special Needs Groups

Special needs groups are those that may face particular challenges in obtaining adequate housing due to inherent circumstances such as age, disabilities, household size, income level, age, and occupation. Large families, single parent households, female-headed households, or extremely low- and low-income households, and homeless persons may be classified as Special Needs groups. Special Needs groups are identified due to the unique nature of household characteristics and potential housing challenges faced.

Table A-11 provides a summary of special needs groups in Carmel-by-the-Sea.

Table A-11 - Overview of Special Needs Groups

Special Needs Groups	Count	Percent of Total Households	Percent of Total Population
Total population	3,830	--	100%
Total occupied units (households)	1,925	100%	--
Extremely Low-income (0-30% of HAMFI) households	140 households	7%	--
Total Senior Population	1,657 persons	--	43%
Senior Owner-Households	763 households	40%	--
Senior Renter-Households	283 households	15%	--
Persons with Disabilities ¹	406 persons	--	12%
Persons with Developmental Disabilities ²	<70 persons	--	--
Large Households	70 households	4%	--
Single-Parent Households	153 households	8%	--
Single-Parent, Female Headed Households with Children (under 18) below poverty line	0 households	--	--
People Living in Poverty	111 persons	--	3%
Farmworkers ³	26,929 persons	--	--
Migrant Farmworkers	4,972 persons	--	--
Seasonal Farmworkers	12,123 persons	--	--
Permanent Farmworkers	14,806 persons	--	--
Persons Experiencing Homelessness ⁴	1 person	--	--

Source: U.S. Census Bureau, ACS 5-Year Estimate, 2019; U.S. Census Bureau CHAS 2015-2019 Data; USDA Statistics Services; California Department of Developmental Services, Consumer Count by California ZIP Code and Residence Type (2021).

Notes:

1. This estimate uses U.S. Census Bureau ACS 5-Year Estimates for 2021.
2. Data provided by California Department of Developmental Services and taken at the ZIP code level.
3. Agriculture, forestry, fishing and hunting and mining industry. Farmworker data is taken of the population 16 years and older. Data provided by USDA Statistics Services and taken at the County level for 2017; includes permanent and seasonal farmworkers.
4. Total results from 2022 Monterey County Homeless County and Survey Comprehensive Report.

Extremely Low-Income Households and Poverty Status

Extremely low-income (ELI) households are those that earn less than 30 percent of the median family income (MFI).

Very low-income households are those that earn 50 percent or less of the MFI. Extremely low-income households typically face a combination of housing challenges related to income status, family size/type, disability status, access to housing opportunities, and other household characteristics.

Additionally, ELI households are more likely to experience overcrowding, cost burden, and substandard housing conditions. Extremely low-income households are typically minimum-wage workers, disabled persons, farmworkers, and seniors on fixed incomes.

Table A-12 provides a breakdown of extremely low-income households in Carmel-by-the-Sea. The 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) data indicates there were approximately 140 ELI households (7 percent of total households) in Carmel-by-the-Sea. Of the extremely low-income households in Carmel-by-the-Sea, 29 percent are renter-occupied households and 71 percent are owner-occupied households, or 2 percent and 5 percent of all households, respectively.

When analyzing cost burden of ELI households, approximately 120 ELI households experience severe cost burden (paying more than 50 percent of median gross income on housing) and 140 experience moderate cost burden (paying more than 30 percent of median gross income on housing). Of the ELI households experiencing some form of cost burden, the majority are owner-occupied households.

Data for overcrowding by income level is not available for Carmel-by-the-Sea. However, because owner-occupied households represent the majority of ELI households and experience higher rates of cost burden, overcrowding, substandard housing issues it may be assumed that ELI households experience overcrowding.

The projected RHNA for ELI households was based on the assumption that 50 percent of very low-income households qualify as extremely low-income households. The very low-income housing need is 113 housing units, of which the City estimates 57 housing units will accommodate the extremely low-income housing need.

“It seemed really scary when we first looked at the [RHNA numbers] and the idea of trying to squeeze more into this beautiful place that’s so unique [but] I really like the idea of coming at this from a compassionate and creative perspective. I really resonate with that.”

November 17th, 2023 Housing Ad Hoc Committee
Community Meeting Attendee

Table A-12 - Extremely Low-Income Households, Carmel-by-the-Sea, 2015-2019

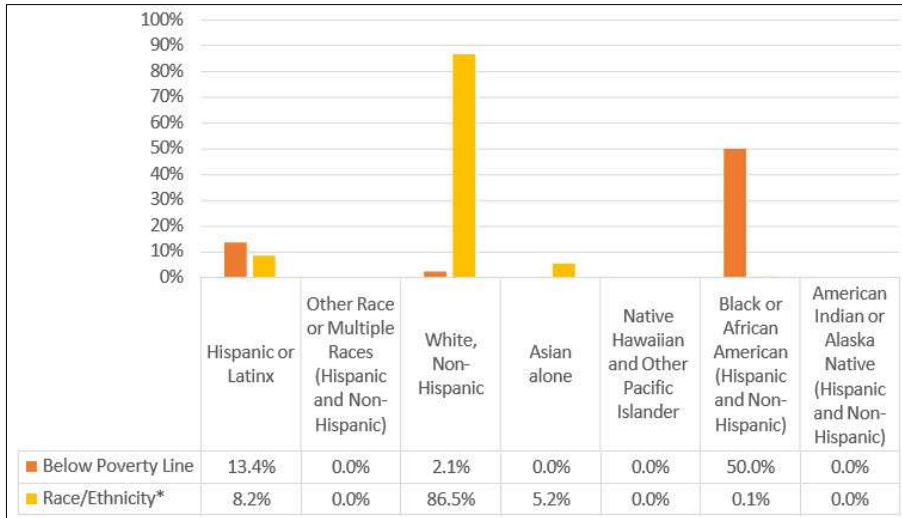
Households	Number	Percentage of Total Households
Total occupied units (households)	1,925	100%
Total Lower-income (0-80% of HAMFI) households	545	28%
Extremely Low-income (0-30% of HAMFI) households	140	7%
Extremely Low-income renters	40	2%
Extremely Low-income owners	100	5%
Lower-income households paying more than 50%	270	14%
Extremely Low-income paying more than 50%	120	6%
ELI Renter HH severely cost burdened	20	1%
ELI Owner HH severely cost burdened	100	5%
Lower-income households paying more than 30%	430	22%
Extremely Low-income paying more than 30%	140	7%
ELI Renter HH moderately cost burdened	40	2%
ELI Owner HH moderately cost burdened	100	5%
Lower-income households experiencing 1 of 4 Housing Problems	450	23%
Extremely Low-income households experiencing 1 of 4 Housing Problems	140	7%
ELI Renter HH experiencing 1 of 4 Housing Problems	40	2%
ELI Owner HH experiencing 1 of 4 Housing Problems	100	5%

Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) 2015-2019.
 Note: MFI = HUD Median Family Income, this is the median family income calculated by HUD for each jurisdiction, to determine Fair Market Rents (FMRs) and income limits for HUD programs. MFI will not necessarily be the same as other calculations of median incomes (such as Census number), due to a series of adjustments that are made.
 The four housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1 person per room, and cost burden greater than 30%.
 Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes.

In 2019, approximately 111 persons were identified as living below the poverty line.²³ Figure A-29 illustrates the percent of the population in Carmel-by-the-Sea living below the poverty line in 2019 by race and ethnicity. Despite being the smallest population in the City (comprising .1 percent of the population), the Black or African American population is estimated to have the highest rate of poverty (50 percent); however, the low sample size makes it difficult to draw conclusions about this population. In contrast, the non-Hispanic White population represents 87 percent of the total population and only 2 percent is living below the poverty line. The Hispanic or Latinx population experiences the second highest rate of poverty with 13 percent living below the poverty line.

23 From U.S. Census Bureau ACS 5-Year Estimate, 2019, Table S1701

Figure A-29 - Percent Living Below the Poverty Line by Race and Ethnicity, Carmel-by-the-Sea, 2019



Source: U.S. Census Bureau, ACS 5-Year Estimate, 2019
 Note: Race/Ethnicity represents percentage of the total population*

In Carmel-by-the-Sea, housing costs may pose a challenge to residents that are from Extremely Low-Income households. With a median home value of \$2,070,835 (compared to a median home value of \$561,490 in Monterey County), ELI residents may find it difficult to achieve homeownership. Additionally, ELI residents typically experience limited accessibility to suitable transportation services to commute from home to work.

To address the needs of ELI households, the City will adopt housing programs to facilitate the construction of affordable and supportive housing for ELI households. Policies that will directly impact ELI households in Carmel-by-the-Sea include:

- Policy 3.1: Incentivize affordable housing development, with an emphasis on affordable housing built to accommodate Extremely Low-Income residents. Encourage the private sector to produce affordable housing;
- Policy 4.1: Support energy and water conservation programs to reduce the consumption of these resources in housing and to reduce housing costs; and
- Policy 5.1: Support and enforce fair housing laws. Expand fair housing choice by promoting housing opportunities and removing impediments to fair housing.

The City is committed to implementing a suite of programs which emphasize the provision of multi-family housing and non-traditional housing types to provide a variety of housing types to meet the needs of ELI households, including [Program 1.3.C, 3.1.B, 3.3.A, 3.3.B, and 3.3.D](#) (see [Chapter 2](#)).

Additionally, the City has identified the following service providers and programs to assist residents that are from an Extremely Low-Income household:

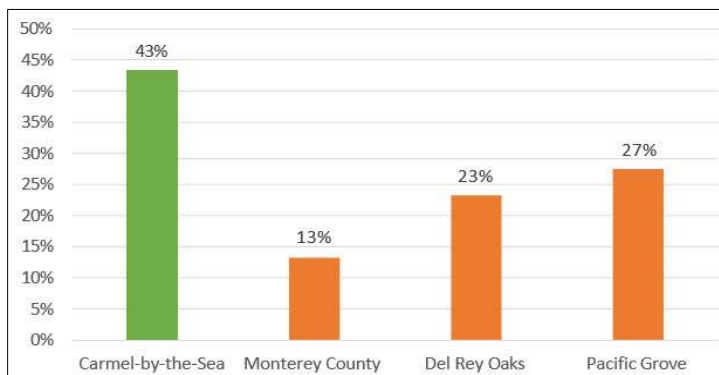
- Fair Housing Education;
- Housing Choice Voucher Program;
- 211 Monterey/United Way;
- Community Housing Improvement Systems and Planning Association, Inc. (CHISPA) Housing;
- Monterey-Salinas Transit; and
- Independent Transportation Network of Monterey (ITN Monterey).

Seniors

Seniors are identified as individuals 65 years and older. Senior households often experience a combination of factors that can make accessing or keeping affordable housing a challenge. They often live on fixed incomes and are more likely to have disabilities, chronic health conditions, and/or reduced mobility. Seniors who rent may be at even greater risk for housing challenges than those who own, due to income differences between these groups.

[Figure A-30](#) illustrates the senior population in Carmel-by-the-Sea, the County, and nearby cities. Compared to the County and nearby cities, Carmel-by-the-Sea has the highest senior population (43 percent), approximately 30 percent more than the County and 16 percent more than Pacific Grove.

Figure A-30 - Senior Population by Jurisdiction, 2019

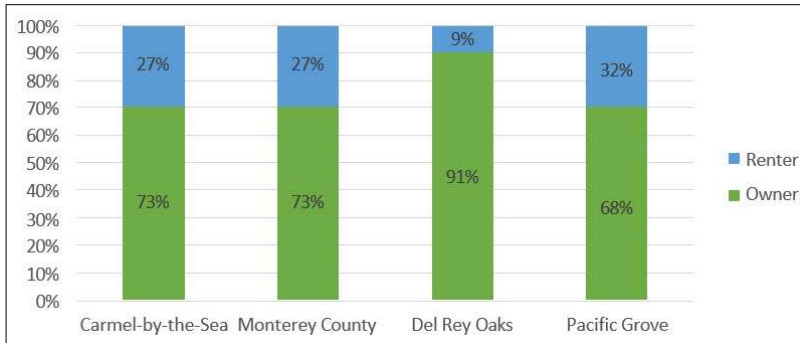


Source: U.S. Census Bureau, 2019

Note: Senior population is defined as persons 65 years and older.

Figure A-31 illustrates senior housing by tenure in Carmel-by-the-Sea during 2019. Senior households in Carmel-by-the-Sea are primarily owners (73 percent). Similarly, the senior households of the County (73 percent) and nearby cities of Del Rey Oaks (91 percent) and Pacific Grove (68 percent) are majority owners.

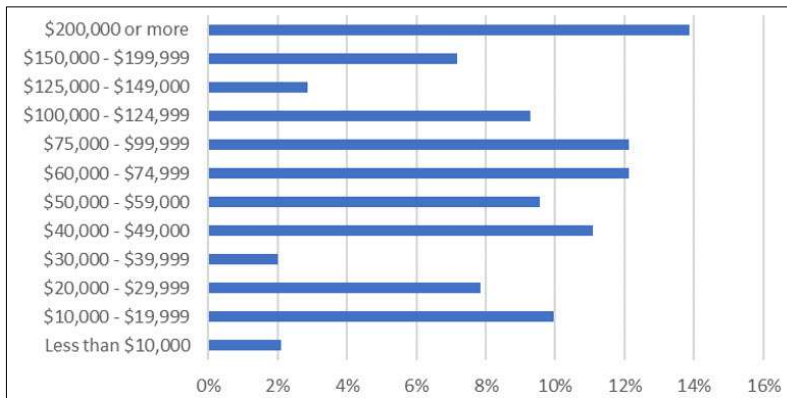
Figure A-31 - Senior Housing by Tenure, Carmel-by-the-Sea, 2019



Source: U.S. Census Bureau, 2019
 Note: Senior population is identified as persons 65 years and older.

Figure A-32 illustrates senior households by their income. 14 percent of Carmel-by-the-Sea’s senior households earn a yearly income of \$200,000 or more). However, an estimated 61 percent of senior households earn less than the City’s median household income (\$98,188).

Figure A-32 - Senior Households by Income, Carmel-by-the-Sea, 2019



Source: U.S. Census Bureau, 2019
 Note: Senior population is identified as persons 65 years and older.

In Carmel-by-the-Sea, housing costs does not necessarily pose a challenge to the City’s senior residents, as over 70 percent of the City’s senior population owns a home (see [Figure A-31](#)). However, elderly residents may be more likely experience limited accessibility to suitable transportation services, and limited mobility.

The Carmel Foundation offers a variety of recreational opportunities for the seniors of Carmel-by-the-Sea, including affordable lunches; activities and classes; free medical equipment loans; day excursions outside of the Monterey-Carmel area to museums, plays and shopping; free blood pressure checks; and caregiver support groups. The Foundation also provides 50 affordable apartments for low-income seniors and partners with senior-serving agencies to provide additional services including the following:

- Legal Services for Seniors, providing free legal consultations;
- Alliance on Aging, providing assistance with Medicare or supplemental insurance;
- Visiting Nurse Association & Hospice (VNA), providing a grief support group; and
- Independent Transportation Network (ITN) Monterey County, offers rides to seniors in Monterey County.

In addition to The Carmel Foundation, the City has identified the following service providers and programs to assist seniors:

- The Salvation Army Good Samaritan Center;
- Meals on Wheels of the Monterey Peninsula;
- Seniors Helping Seniors;
- Seaside Recreation Services – Senior Center Programs;
- Habitat for Humanity Monterey;
- Monterey County Aging and Disability Resource Connection (ADRC); and
- Monterey-Salinas Transit Courtesy Card Rides.

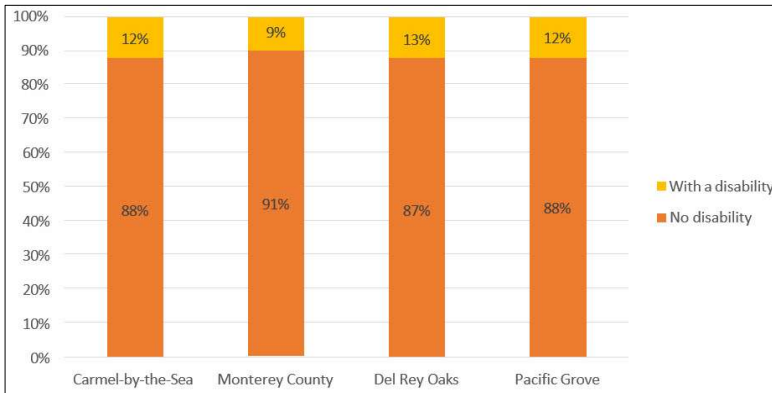
People with Disabilities

People with disabilities face additional housing challenges. Encompassing a broad group of individuals living with a variety of physical, cognitive and sensory impairments, many people with disabilities live on fixed incomes and are in need of specialized care, yet often rely on family members for assistance due to the high cost of care. When it comes to housing, people with disabilities are not only in need of affordable housing but accessibly designed housing, which offers greater mobility and opportunity for independence. Unfortunately, the need typically outweighs what is available, particularly in a housing market with such high demand. People with disabilities are at a high risk for housing insecurity, homelessness, and institutionalization, particularly when they lose aging caregivers.

[Figure A-33](#) illustrates population by disability status in Carmel-by-the-Sea, the County, and nearby cities in 2021. Twelve percent of the population in Carmel-by-the-Sea has some form of disability, which is on par with nearby cities. The cities of Del Rey Oaks and Pacific Grove each have a

population of 13 percent and 12 percent, respectively, with a disability. The County has the lowest percentage of persons with a disability at 9 percent.

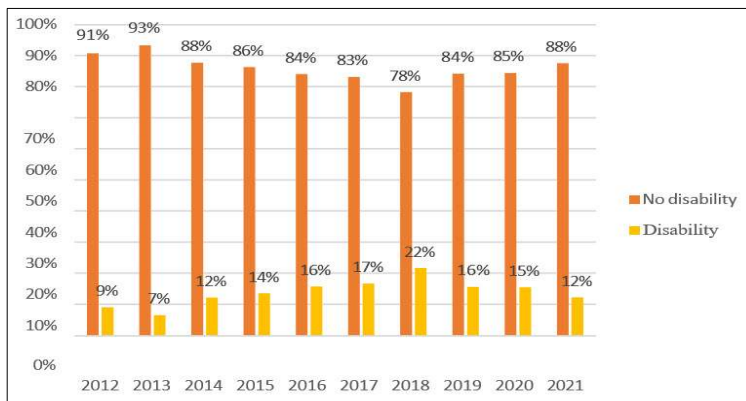
Figure A-33 - Population by Disability Status by Jurisdiction, 2021



Source: U.S. Census Bureau, 2021

Over the last decade, the population of persons with disabilities has increased in Carmel-by-the-Sea. [Figure A-34](#) illustrates trends in persons with disabilities in Carmel-by-the-Sea between 2012-2021. In 2014, the population of persons with disabilities began to steadily increase from 12 percent to its highest point at 22 percent in 2018. In 2019, the upward trend in persons with disabilities began to decline reaching 16 percent, and eventually hitting 12 percent in 2021. Overall, the population of persons with disabilities has increased 3 percent since 2012.

Figure A-34 - Trends in Persons with Disabilities, Carmel-by-the-Sea, 2012-2021



Source: U.S. Census Bureau, 2012-2021

Table A-13 provides an overview of disability by type and age in Carmel-by-the-Sea during 2021. Hearing difficulty is the most widespread disability in Carmel-by-the-Sea (41 percent) with the highest concentration in persons 65 years of age and older. Self-care difficulty is the least common disability with 7 percent experiencing this in Carmel-by-the-Sea. Overall, seniors (persons aged 65+) makeup the largest demographic with a disability (50 percent).

Table A-13 - Disability Status by Age, Carmel-by-the-Sea, 2021

Disability Type	Under 18	18-64	65 and Over	Total	Percent of Population with a Disability
Hearing Difficulty	20	0	305	325	41%
Vision Difficulty	20	0	50	70	9%
Cognitive Difficulty	0	29	46	75	9%
Ambulatory Difficulty	0	0	142	142	18%
Self-care Difficulty	0	0	56	56	7%
Independent Living Difficulty	0	0	130	130	16%
Total	40	29	729	798	100%

Source: U.S. Census Bureau, ACS 5-Year Estimate, 2021

Note: These disabilities are counted separately and are not mutually exclusive, as an individual may report more than one disability. These counts should not be summed.

State law also requires Housing Elements to examine the housing needs of people with developmental disabilities. Developmental disabilities are defined as severe, chronic, and attributed to a mental or physical impairment that begins before a person turns 18 years old. This can include Down’s Syndrome, autism, epilepsy, cerebral palsy, and mild to severe mental retardation. Some people with developmental disabilities are unable to work, rely on Supplemental Security Income, and live with family members. In addition to their specific housing needs, they are at increased risk of housing insecurity after an aging parent or family member is no longer able to care for them.

Table A-14 shows the population with developmental disabilities by age in Carmel-by-the-Sea. In Carmel-by-the-Sea, of the 798 persons with a disability, approximately less than 70 have a developmental disability. Of these, less than 31 are children/young adults (i.e., under the age of 18) and less than 36 are adults.

Table A-15 shows the population with developmental disabilities by residence in Carmel-by-the-Sea. The most common living arrangement for individuals with developmental disabilities in Carmel-by-the-Sea is the home of parent/family/guardian.

Table A-14 - Population with Developmental Disabilities by Age, Carmel-by-the-Sea, 2021

Age Group	Number
Age Under 18	<31
Age 18+	<36

Source: California Department of Developmental Services, Consumer Count by California ZIP Code and Age Group (2021).

Note: Universe: Population with developmental disabilities. Notes: The California Department of Developmental Services is responsible for overseeing the coordination and delivery of services to more than 330,000 Californians with developmental disabilities including cerebral palsy, intellectual disability, Down syndrome, autism, epilepsy, and related conditions. The California Department of Developmental Services provides ZIP code level counts. To get jurisdiction-level estimates, ZIP code counts were crosswalked to jurisdictions using census block population counts from Census 2010 SF1 to determine the share of a ZIP code to assign to a given jurisdiction.

Table A-15 - Population with Developmental Disabilities by Residence, Carmel-by-the-Sea, 2021

Residence Type	Number
Home of Parent/Family/Guardian	<38
Foster/Family Home	0
Independent/Supported Living	<11
Other	0
Community Care Facility	<11
Intermediate Care Facility	0

Source: California Department of Developmental Services, Consumer Count by California ZIP Code and Residence Type (2021).
 Note: Universe: Population with developmental disabilities. Notes: The California Department of Developmental Services is responsible for overseeing the coordination and delivery of services to more than 330,000 Californians with developmental disabilities including cerebral palsy, intellectual disability, Down syndrome, autism, epilepsy, and related conditions. The California Department of Developmental Services provides ZIP code level counts. To get jurisdiction-level estimates, ZIP code counts were crosswalked to jurisdictions using census block population counts from Census 2010 SF1 to determine the share of a ZIP code to assign to a given jurisdiction.

In Carmel-by-the-Sea, the majority of the residents that have disabilities are also age 65 and over. The service organizations listed in the “Seniors” section above includes several resources that accommodate seniors with disabilities, including the Carmel Foundation, which provides meal delivery, assists seniors in finding in-home care resources, and more.

The City’s Municipal Code establishes procedures for persons with disabilities seeking equal access to housing including reasonable accommodation for person with disabilities. Additionally, the City follows the requirements of California Building Code Title 24 which establishes provisions for accessible building design. Currently, the City is implementing their Capital Improvement Plan (CIP), which includes sidewalk improvements, grading streets to correct slope, and installation of ADA ramps. The City’s Police Department and Carmel Youth Center are also undergoing building improvements, which include ADA accessibility features for public use.

In addition to the City’s efforts to provide an accessible community environment, the following service providers and programs are available in Monterey County to assist residents that are living with disabilities:

- Monterey County Aging and Adult Services;
- Monterey County Aging and Disability Resource Connection (ADRC);
- Paradigm Adult Services;
- Special Kids Connect;
- Monterey-Salinas Transit Courtesy Card Rides;
- Independent Transportation Network of Monterey (ITN Monterey); and
- MST Rides ADA Paratransit Agency.

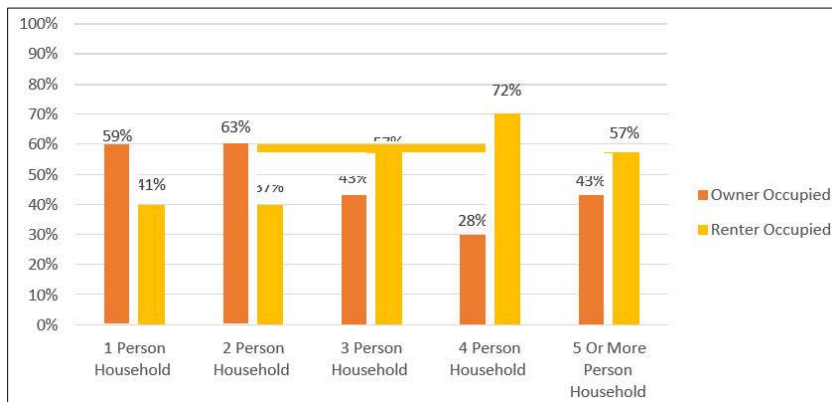
Large Households

Large households are defined as households of five or more individuals. Large households often have different housing needs than smaller households. Household income and local housing markets can greatly impact a household’s ability to afford adequately sized housing. If a city’s rental housing stock

does not include larger apartments, large households who rent could end up living in overcrowded conditions. Similarly, large households may experience overpayment as a result of a high housing market and limited availability.

Figure A-35 illustrates 2019 households by size and tenure in Carmel-by-the-Sea. The City has 70 large households, of which 57 percent are renter-occupied households. Owner-occupied households make up the majority of 1-person and 2-person households, whereas renter-occupied households make up the majority of all 3-5 person households. This combined with a total cost burden rate of 46 percent for renter households (Figure A-25), suggests it is likely that large households in Carmel-by-the-Sea may experience overcrowding and/or overpayment.

Figure A-35 - Households by Size and Tenure, Carmel-by-the-Sea, 2019



Source: U.S. Census Bureau, ACS 5-Year Estimate, 2019

In Carmel-by-the-Sea, housing costs may pose a challenge to large households, as they are more likely to rent as opposed to purchasing a home, and experience higher cost-burden and overcrowding. With a median home value of \$2,070,835 (compared to a median home value of \$561,490 in Monterey County), large households may find it difficult to achieve homeownership. Furthermore, finding suitable transportation may be a challenge as well.

Generally, large households in Carmel-by-the-Sea can benefit from general programs and services for lower and moderate-income persons, including the Housing Authority of the County of Monterey Housing Choice Voucher program, and various community and social services provided by non-profit organizations in the region. Program 3.2.D has been included in this Housing Element to encourage the development of family friendly affordable housing units (see Chapter 2).

The City also has the ability to leverage city-owned sites to incentivize the development of larger, family friendly units that accommodate a minimum of three bedrooms per unit. The City will work with non-profit affordable housing developers to encourage housing development that meets the needs of large

households. Further, the City’s parking standards are based on a per unit requirement and will not pose a constraint to the development of larger units, which in some jurisdictions is determined by unit size.

In addition to the City’s efforts to enable the development of family friendly residential units, the following service providers and programs are available in Monterey County to assist large households:

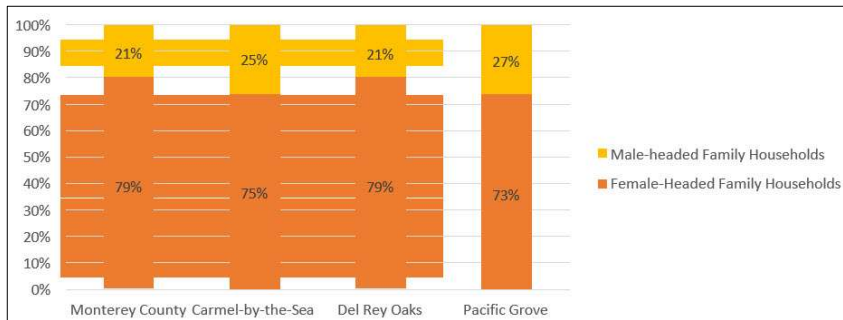
- Housing Choice Voucher Program;
- Fair Housing Education;
- Monterey County Down-payment Assistance Program;
- Monterey-Salinas Transit; and
- Monterey Dial-A-Ride Program.

Single-Parent Households

Households headed by one person are often at greater risk of housing insecurity, particularly female-headed households, who may be supporting children or a family with only one income.

In Carmel-by-the-Sea, the largest proportion of households are married-couple family households at 47 percent, while female-headed households make up 6 percent, and male-headed households make up 2 percent of all households (Figure A-12). Figure A-36 shows single-parent households in Carmel-by-the-Sea, the County, and nearby cities. Compared to the County and nearby cities, Carmel-by-the-Sea’s ratio of single-parent households is on par. Carmel-by-the-Sea’s single-parent households are predominantly female-headed family households (75 percent). Male-headed family households makeup 25 percent.

Figure A-36 - Single-Parent Households by Jurisdiction, 2019

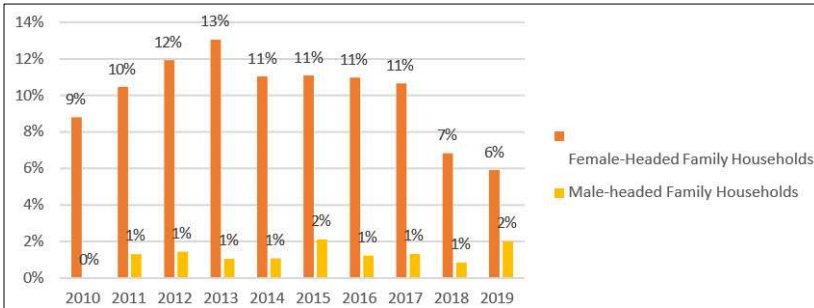


Source: U.S. Census Bureau, ACS 5-Year Estimate, 2019

Over the last decade, male-headed family households have slightly increased in Carmel-by-the-Sea, while female-headed family households have decreased. Figure A-37 illustrates trends in single-parent households in Carmel-by-the-Sea between 2010-2019.²⁴

²⁴ The data reports female- and male-headed family household as a percentage of total households in Carmel-by-the-Sea.

Figure A-37 - Trends in Single-Parent Households, Carmel-by-the-Sea, 2010-2019



During this period, male-headed households increased from zero percent in 2010 up to 2 percent by 2015. From 2016-2018, the male-headed family households remained at 1 percent until increasing to 2 percent by 2019. Comparatively, female-headed family households decreased a total of 3 percent between 2010-2019. From 2010-2013, female-headed family households steadily increased reaching its highest point at 13 percent in 2013. By 2014, the group experienced a 2 percent decrease and remained constant until 2018 when it began to decline, reaching 6 percent in 2019.

Female-headed households with children may face particular housing challenges, with pervasive gender inequality resulting in lower wages for women. Moreover, the added need for childcare can make finding a home that is affordable more challenging. In 2019, there were no single-parent households that fell in the Below Poverty Level category in Carmel-by-the-Sea.

Limited household income constrains the ability of single-parent households to afford adequate housing, childcare, health care, and other necessities. The Carmel Unified School District (CUSD) operates several programs that provide child care and early education services that may assist low income single-parent households, including the following:

- Universal Pre-Kindergarten at Carmelo School – Offers free enrollment early learning programs serving children aged four years old at several CUSD elementary sites and preschool sites.
- River Rec – Offers school age child care to assist working families in securing affordable quality child care, located at River Elementary School in Carmel. The program offers morning programs from 7:00 am to 8:40 am; afternoon programs from 2:00 pm to 6:00 pm; and full days from 7:00 am to 6:00 pm.
- Tular Rex – Offers school age child care to assist working families in securing affordable quality child care, located at Tularcitos Elementary School in Carmel Valley. The program offers morning programs from 7:00 am to 8:40 am; afternoon programs from 2:00 pm to 6:00 pm; and full days from 7:00 am to 6:00 pm.

The Carmel Youth Center, located at Torres Street and Fourth Avenue in Carmel-by-the-Sea, is a non-profit youth center that has historically provided youth services in the community, including after school care and summer programs. The Carmel Youth Center accepts scholarship funding for low-income households in need of affordable child care services. The Center is currently under review by the State to receive licensure and is expected to reopen by Summer 2024.

Due to the small geographical size of the city, childcare reflects the population size. Similar to many cities, demand is high for child care services in Carmel-by-the-Sea. Therefore, many lower-income residents rely on county resources, especially for subsidized child care. Monterey County Child Care provides resources for low-income households searching for subsidized child care and early learning programs. However, many resources are located outside of Carmel-by-the-Sea in the Salinas region, which may place transportation and access pressures on households in need of these services.

In an effort to relieve some of the housing and transportation issues that single-parent households may face, the City has identified the following service providers and programs to assist single-parent households:

- Housing Choice Voucher Program;
- Fair Housing Education;
- Monterey County Down-payment Assistance Program; and
- Monterey-Salinas Transit.

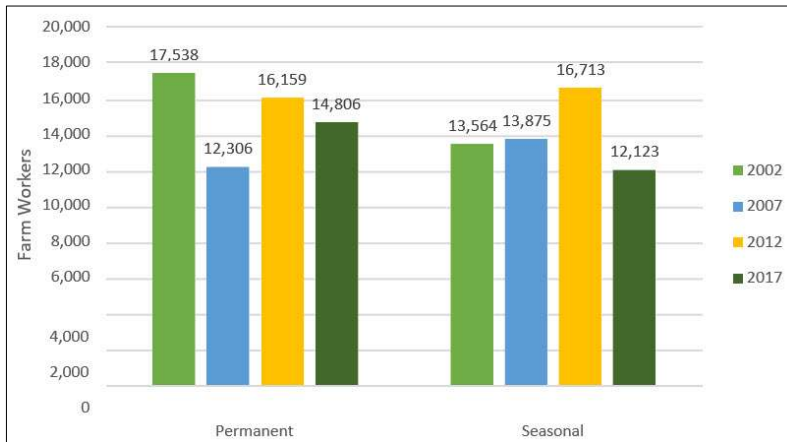
Farmworkers

Across the state, housing for farmworkers has been recognized as an important and unique concern. Farmworkers generally receive wages that are considerably lower than other jobs and may have temporary housing needs. Finding decent and affordable housing can be challenging, particularly in the current housing market.

According to the U.S. Department of Agriculture Census of Farmworkers, the number of permanent farm workers in Monterey County has decreased since 2002, totaling 14,806 in 2017, and the number of seasonal farm workers has also decreased, totaling 12,123 in 2017. [Figure A-38](#) shows hired farm labor in Monterey County between 2002-2017.

Agriculture consisting of crop farming and livestock grazing is the largest industry in Monterey County and contributes a significant amount of money to the County's economy. Out of approximately 1.3 million acres of County land dedicated to agriculture, most of this area (approximately 80 percent) is used for grazing. The most productive and lucrative farmlands in the County are located in the North County, Greater Salinas, and Central Salinas Valley Planning Areas.

Figure A-38 - Hired Farm Labor, Monterey County, 2002-2017



Source: U.S. Department of Agriculture, Census of Farmworkers (2002, 2007, 2012, 2017), Table 7: Hired Farm Labor.

Notes: Universe: Hired farm workers (including direct hires and agricultural service workers who are often hired through labor contractors). Farm workers are considered seasonal if they work on a farm less than 150 days in a year, while farm workers who work on a farm more than 150 days are considered to be permanent workers for that farm.

According to the 2021 American Census Survey (ACS) data, zero percent of individuals residing in Carmel-by-the-Sea households reported that they were employed in the Agriculture, Forestry, or Fishing and Hunting industry.²⁵ According to the Department of Conservation’s Important Farmland Categories, the City of Carmel-by-the-Sea is entirely designated as “Urban and Built-up Land” and does not contain any important or prime farmlands.²⁶ There are no agricultural lands or agriculturally zoned properties within the City limits. There are no farm labor housing developments in the City nor are there projects assisted with Rural Housing Administration financing; however, the City shares the responsibility for farmworker housing as farmworkers may work within 75 miles of agricultural land uses (including dairy, vineyards, and produce) and the City is within 75 miles of these uses. While HCD has no established metrics, the United States Department of Agriculture, (USDA) considers farmworkers that work at a specific location within 75 miles of their home to be “settled” and thus permanent members of their home community.

The California Institute for Rural Studies released a Farmworker Housing Study and Action Plan for Salinas Valley and Pajaro Valley in April 2018. Key findings of the Study included:

- A survey of 420 farmworkers in the laborshed as well as interviews with employers and other stakeholders was conducted to gather primary data. Among the farmworkers surveyed, men and women were relatively evenly distributed across age groups with 75 percent of the

25 Source: U.S. Census Bureau ACT 5-year Estimate, 2021, Table C24070

26 Source: California Department of Conservation Important Farmland Categories <https://www.conservation.ca.gov/dlcp/fmmp/Pages/Important-Farmland-Categories.aspx>

interviewees married. The clear majority of the immigrant farmworker interviewees had very few years of schooling. They were 92 percent immigrants (not born in the U.S.). About one fifth were follow-the-crop migrants (FTC) who had traveled outside the two-County (Monterey and Santa Cruz counties) area for agricultural employment;

- Most households of farmworkers interviewed included non-family members who were for the most part other farmworkers. There are consistently stunningly high rates of residences that are above the severely crowded condition of 2.0 people per room. This is true of almost all the subgroups of the population. Often more than 5 people per bathroom;
- About 40 percent of respondents live in houses, 30 percent in apartments. Another 19 percent live in rented rooms without kitchens – either in houses or apartments. Another 12 percent live in “other” types of dwellings. Eighty-nine percent of farmworkers were renters and 11 percent owners. Of those who reported as owners, a quarter owns mobile homes; and

Other characteristics of those interviewed included:

- Most have only completed primary school;
- Wages ranged from a median of \$12.79 per hour, mean of \$13.64, with median annual income of \$25,000;
- The majority do not work all year in agriculture – 7.5 months is the median;
- 44 percent of migrants work all year, 20 percent of non-migrants work year-round;
- Average age at arrival is about 20;
- Median number of years in the U.S. is 15 years;
- Median age was 37;
- Median number of years with current employer is 4 years; a quarter worked for their employer for 8 years or more;
- Two-thirds are from four states in Mexico:
 - Oaxaca 21 percent;
 - Michoacan 19 percent;
 - Jalisco 14 percent;
 - Guanajuato 10 percent;
- 13 percent self-identified as indigenous Mixtec, Triqui, Zapotec;
- They work in a range of crops throughout the region;
 - 46 percent participate in harvest;
 - 16 percent are packers;

- 38 percent participate in all other farm-related tasks such as:
 - Weeding;
 - Irrigating;
 - Thinning;
 - Pruning;
 - Loading;
 - Driving; and
 - Operating machines.

The farmworker housing demand model developed as part of the study calculates the total housing units needed of all types, based on target People Per Dwelling (PPD), and total permanent affordable farmworker housing based on the current rate that farmworkers access subsidized housing.

Key findings of the demand model were:

- An additional 33,159 units of farmworker housing are needed to alleviate critical overcrowding in farmworker households that are occupied at 7.00 PPD to the average PPD of 3.23 in Monterey County and the average PPD 2.60 in Santa Cruz County;
- A total of 4,393 units of permanent affordable farmworker housing are needed to maintain the present “access rate” of 7.6 percent of farmworkers to subsidized housing; and
- The data from this study indicate an overwhelming need for affordable permanent year-round family housing.

The housing needs of farmworkers are addressed under Carmel-by-the-Sea’s overall programs for affordability consistent with the California Institute for Rural Studies 2018 report. 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 included [Program 5.1.D](#) to identify and publicize resources that are available throughout the region for agricultural employees. Additionally, [Program 1.3.F](#) establishes an amendment to the zoning code to define and permit employee housing, including agricultural employees, consistent with state law.

The City has identified the following regional service providers and programs to assist farm-worker households within the greater Monterey County region:

- Spanish Farmworkers Resource Line;
- The Center for Community Advocacy; and
- Farm and Food Worker Relief Program.

Persons Experiencing Homelessness

Homelessness remains an urgent challenge in many communities across the state, reflecting a range of social, economic, and psychological factors. Rising housing costs result in increased risks of community members experiencing homelessness. Addressing the specific housing needs for the unhoused

population remains a priority throughout the region, particularly since homelessness is disproportionately experienced by people of color, people with disabilities, those struggling with addiction and those dealing with traumatic life circumstances.

Table A-16 show changes in the homeless population between 2017-2022 in Carmel-by-the-Sea, the County and neighboring jurisdictions. According to the 2022 Monterey Homeless Count and Survey Comprehensive Report, Carmel-by-the-Sea has seen a decrease in homeless persons since 2017, totaling one person in 2022. Similarly, the Monterey Bay Area overall has seen a decrease in homeless populations with the exception of Seaside.

Table A-16 - Homeless Population by Jurisdiction, 2017-2022

Jurisdiction	Unsheltered			Sheltered			Total			2019-2022 % Change
	2017	2019	2022	2017	2019	2022	2017	2019	2022	
Monterey (City)	292	167	74	46	37	27	338	204	101	-50%
Carmel-by-the-Sea	16	6	1	0	0	0	16	6	1	*
Del Rey Oaks	111	0	2	0	0	0	111	0	2	*
Seaside	40	126	90	58	56	62	98	182	152	-16%
Pacific Grove	35	14	29	0	0	0	35	14	29	*
Total	509	315	198	104	93	89	613	408	287	-66%

Source: 2022 Monterey Homeless Count and Survey Comprehensive Report NOTE: % change was not calculated when jurisdiction was below 25 individuals.

Table A-17 shows household type and shelter status in Monterey County in 2019. In Monterey County, the most common type of household experiencing homelessness are those without children in their care. Among households experiencing homelessness that do not have children, 83 percent are unsheltered. Similarly, the majority of homeless households with children are unsheltered (45 percent).

Table A-17 - Homelessness by Household Type and Shelter Status, Monterey County, 2019

Jurisdiction	People in Households Composed Solely of Children Under 18		People in Households with Adults and Children		People in Households without Children Under 18		Total
	Count	Percent	Count	Percent	Count	Percent	
Sheltered – Emergency Shelter	0	0%	146	22%	218	11%	364
Sheltered – Transitional Housing	0	0%	218	33%	124	6%	342
Unsheltered	10	100%	303	45%	1,685	83%	2,340
Total	10	100%	667	100%	2,027	100%	2,704

Source: U.S. Department of Housing and Urban Development (HUD), Continuum of Care (CoC) Homeless Populations and Subpopulations Reports (2019). For the data table behind this figure, please refer to the Data Packet Workbook, Table HOMELS-01.

Notes: Universe: Population experiencing homelessness. This data is based on Point-in-Time (PIT) information provided to HUD by CoCs in the application for CoC Homeless Assistance Programs. The PIT provides a count of sheltered and unsheltered homeless persons on a single night during the last 10 days in January. Each Bay Area County is its own CoC, and so data for this table is provided at the county-level. Per HCD's requirements, jurisdictions will need to supplement this county-level data with local estimates of people experiencing homelessness.

Housing and transportation costs can be barriers to residents that are experiencing homelessness. With a median home value of \$2,070,835 (compared to a median home value of \$561,490 in Monterey County), those experiencing homelessness would need wrap-around support, access to community services, and State/Federal assistance to end the cycle of homelessness. Many individuals that are

homeless may experience difficulties with: finding emergency shelter, having access to food and job-training resources. Lack of adequate transportation to commute to job interviews and appointments with social service providers may also be an obstacle to individuals experiencing homelessness.

The following facilities offer supportive housing services in Monterey County and Carmel-by-the-Sea for homeless and special needs low-income persons:

- Habitat for Humanity Monterey;
- Peacock Acres;
- Interfaith Outreach of Monterey;
- Community for Human Services – Casa De Noche Buena: A 20-35-beds year-round shelter for homeless women and families. Capacity depends on the number of children in families. Provides case management, housing navigation, meals, laundry facilities, mail service, social recreation activities, and linkages to income, education, and employment. A partnership with Gathering for Women Monterey. Located at 1292 Olympia Ave., Seaside;
- Community Human Services – Safe Place Youth Shelter: A 12-bed year-round shelter for youth ages 18-21. Case management is available to all clients. Check-in is from 7:00-9:00 pm. Located at 590 Pearl Street, Monterey; and
- Interim, Inc. – MCHOME: Provides emergency shelter, outreach, housing, and intensive, integrated services to homeless adults with psychiatric disabilities. MCHOME’s goal is to move individuals with psychiatric disabilities off the street and into housing. Located in Monterey.

The majority of resources for the homeless population are provided at the county level due to a lack of need in the City, as well as a lack of resources to provide services at the City level.

A.5 Access to Opportunity

This section discusses disparities in access to opportunity among protected classes including access to quality education, employment, transportation, and environment. The California Tax Credit Allocation Committee (TCAC) in collaboration with HCD developed a series of opportunity maps that help to identify areas of the community with good or poor access to opportunity for residents. These maps were developed to align funding allocations with the goal of improving outcomes for low-income residents – particularly children.

Access to Opportunity

“Access to opportunity is a concept to approximate place-based characteristics linked to critical life outcomes. Access to opportunity oftentimes means both improving the quality of life for residents of low-income communities, as well as supporting mobility and access to ‘high resource’ neighborhoods. This encompasses education, employment, economic development, safe and decent housing, low rates of violent crime, transportation, and other opportunities, including recreation, food and healthy environment (air, water, safe neighborhood, safety from environmental hazards, social services, and cultural institutions).”

Source: California Department of Housing and Community Development Guidance, 2021, page 34.

The opportunity maps highlight areas of highest resource, high resource, moderate resource, moderate resource (rapidly changing), low resource, and high segregation and poverty. TCAC provides opportunity maps for access to opportunity in quality education, employment, transportation, and environment. Opportunity scores are presented on a scale from zero to one and the higher the number, the more positive the outcomes.

Disparities in Access to Opportunity

As can be seen in [Figure A-39](#), Carmel-by-the-Sea is considered a highest resource area as is much of western Monterey County. According to the HCD AFFH Data Viewer TCAC Opportunity Map, there are no areas of variation in access to opportunity across the City.

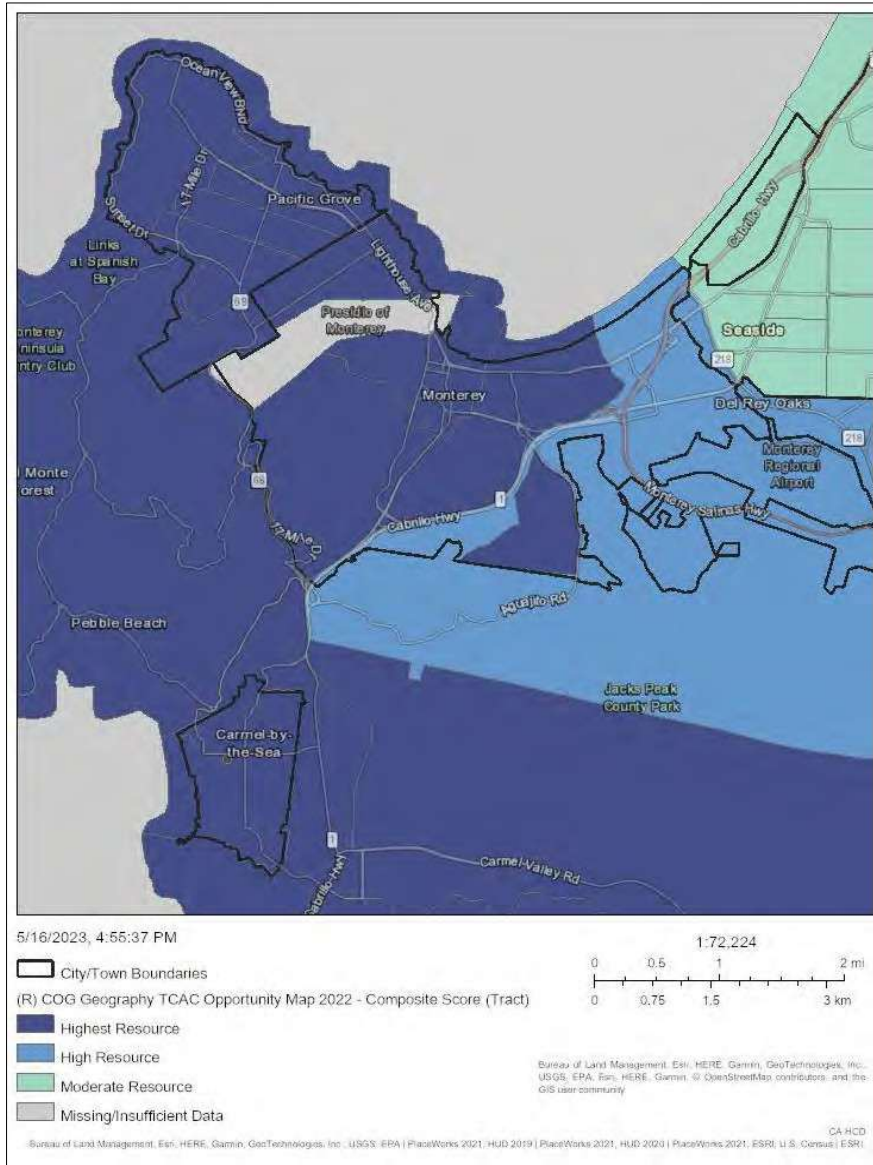
Economic

TCAC’s economic opportunity score is comprised of poverty, adult educational attainment, employment, job proximity, and median home value. [Figure A-40](#) shows concentrations of economic outcomes in Carmel-by-the-Sea. According to the HCD AFFH Data Viewer TCAC Economic Opportunity Map, all areas of Carmel-by-the-Sea have a high economic opportunity score of 0.75-1.0. This reflects a high level of opportunity for economic advancement for residents in Carmel-by-the-Sea.

HUD’S Job Proximity index utilizes Longitudinal Employer-Household Dynamic estimates to examine the distance from a given neighborhood to all job locations within the Salinas-Monterey Area and measures the accessibility to job opportunities at the census block group level. Because the size of employment centers and the supply of labor differ across the region, the distance from any single job location is positively weighted by the size of employment (job opportunities) at that location and inversely weighted by the labor supply (competition) to that location.²⁷ The higher the index value, the better the access to employment opportunities for residents in a neighborhood.

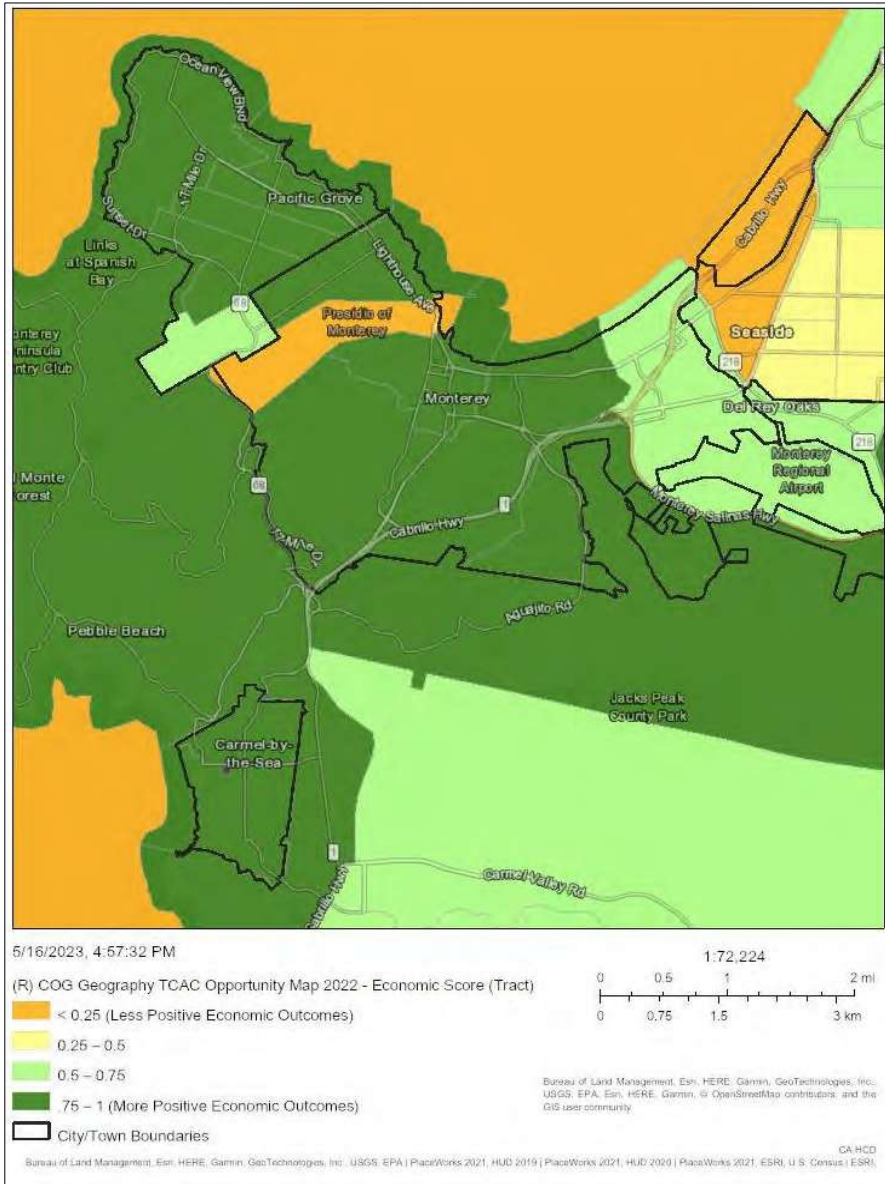
27 HUD. AFFH-T Data Documentation Data Version AFFHT0006 (2020).

Figure A-39 - TCAC Opportunity Composite Score, Carmel-by-the-Sea, 2022



Source: California Department of Housing and Community Development AFFH Data Viewer

Figure A-40 - TCAC Opportunity Economic Score, Carmel-by-the-Sea, 2022



Source: California Department of Housing and Community Development AFFH Data Viewer

As shown in [Figure A-41](#), access to employment opportunities does not differ across Carmel-by-the-Sea. The entirety of the city has a jobs proximity index score of at least 80, indicating adequate access to employment opportunities for residents across the city.

According to data presented in Section A.2, Population, Employment, and Household Characteristics, the city is a net importer of workers ([Figure A-11](#)), which likely comes as a result of the small geographical size of the city and limited housing availability. Further, the city is a tourist destination, providing ample job opportunities to sustain the local economy. However, the combination of low housing stock and high job opportunity can perpetuate a jobs to housing imbalance. To encourage the development of a variety of new housing types affordable to a range of incomes, the City has developed a suite of programs, including [Program 1.3.D](#), which encourages the development on on-site employee housing at overnight visitor accommodation centers in the city. See [Chapter 2](#) for a full list of implementation programs.

It is intended that through the implementation of these housing programs, the City will enable local employees to obtain affordable housing in the city.

Education

TCAC's education score is based on math proficiency, reading proficiency, high school graduation rates, and the student poverty rate. Opportunity scores are presented on a scale from zero to one and the higher the number, the more positive the outcomes.

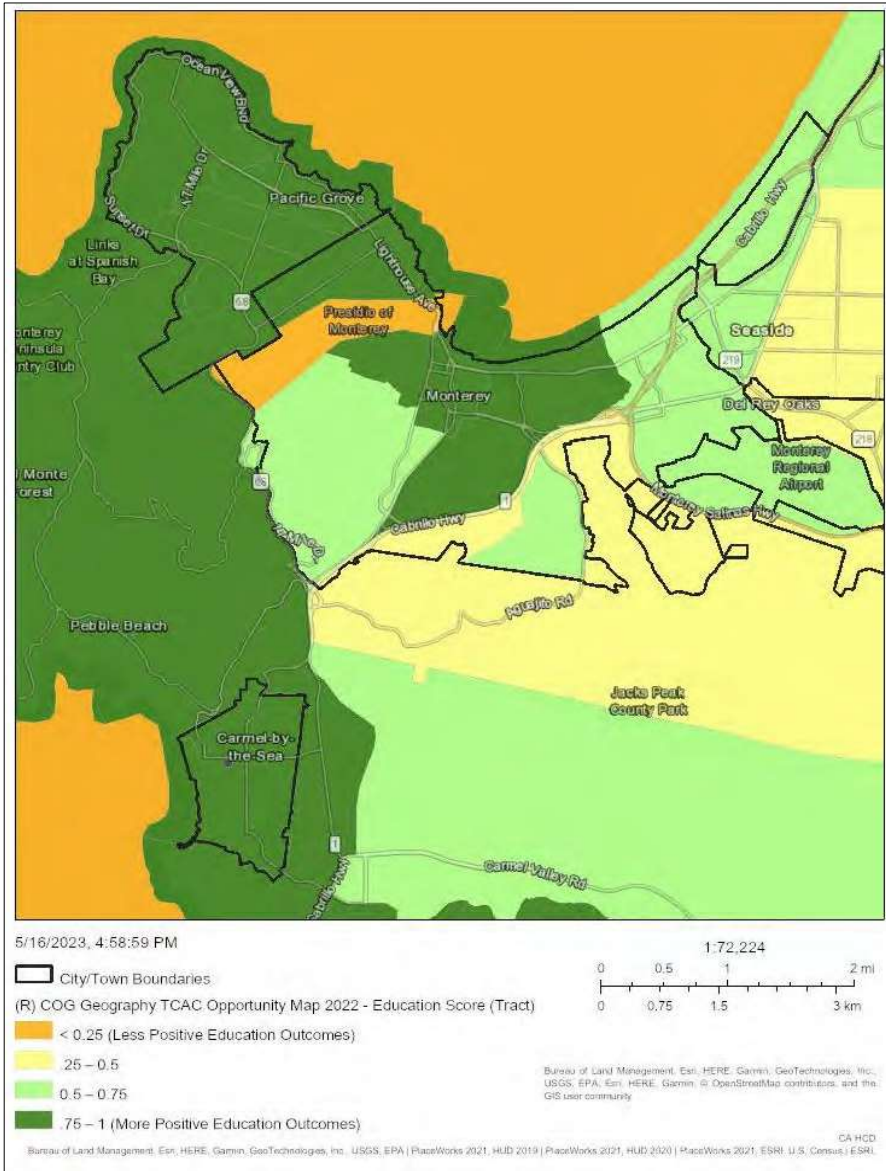
[Figure A-42](#) shows the level of TCAC educational opportunity across Carmel-by-the-Sea. According to TCAC's Educational Opportunity Map, Carmel-by-the-Sea scores between 0.75-1.0 indicating a high level of positive educational outcomes for residents in Carmel-by-the-Sea.

Carmel-by-the-Sea is served by the Carmel Unified School District (CUSD), along with elementary, middle, and high schools within the City and school district. As of 2022, the State of California School Dashboard highlights a 97.9 percent graduation rate among all students enrolled in Carmel High School, which is higher than the statewide average (87.4 percent) and County average (88.5 percent).

When broken down by race/ethnicity, Hispanic and White students graduated at a high rate (97.4 percent for both groups). There is no performance data available for the graduation rates of African American, Asian, Filipino, and American Indian students at Carmel High.

Additionally, there is no performance data available for the graduation rates of students with a disability within Carmel High.

Figure A-42 - TCAC Opportunity Education Score, Carmel-by-the-Sea, 2022



Source: California Department of Housing and Community Development AFFH Data Viewer

Environment

TCAC's opportunity areas environmental scores are based on the CalEnviroScreen 4.0 indicators, which identify areas disproportionately vulnerable to pollution sources such as ozone, PM2.5, diesel PM, pesticides, toxic release, traffic, cleanup sites, groundwater threats, hazardous waste, impaired water bodies, and solid waste sites.

Figure A-43 shows TCAC environmental outcomes across Carmel-by-the-Sea. According to the HCD AFFH Data Viewer TCAC Environmental Opportunity Map, Carmel-by-the-Sea scores between 0.75-1.0 indicating a low level of environmental pollution burden and positive outcomes for residents in Carmel-by-the-Sea.

The Social Vulnerability Index (SVI) provided by the Center for Disease Control (CDC) ranks census tracts based on their ability to respond to a disaster and includes four themes of socioeconomic status, household composition, race or ethnicity, and housing and transportation.

Figure A-44 shows SVI levels across Carmel-by-the-Sea. Carmel-by-the-Sea scores low on the SVI (less than 0.25) indicating that the City is slightly vulnerable to disasters, but highly equipped to respond to them. Just outside of the City's borders, however, vulnerability levels increase to 0.25-0.5. This is likely due to a difference in jurisdictional resources.

Disparities Specific to the Population Living with a Disability

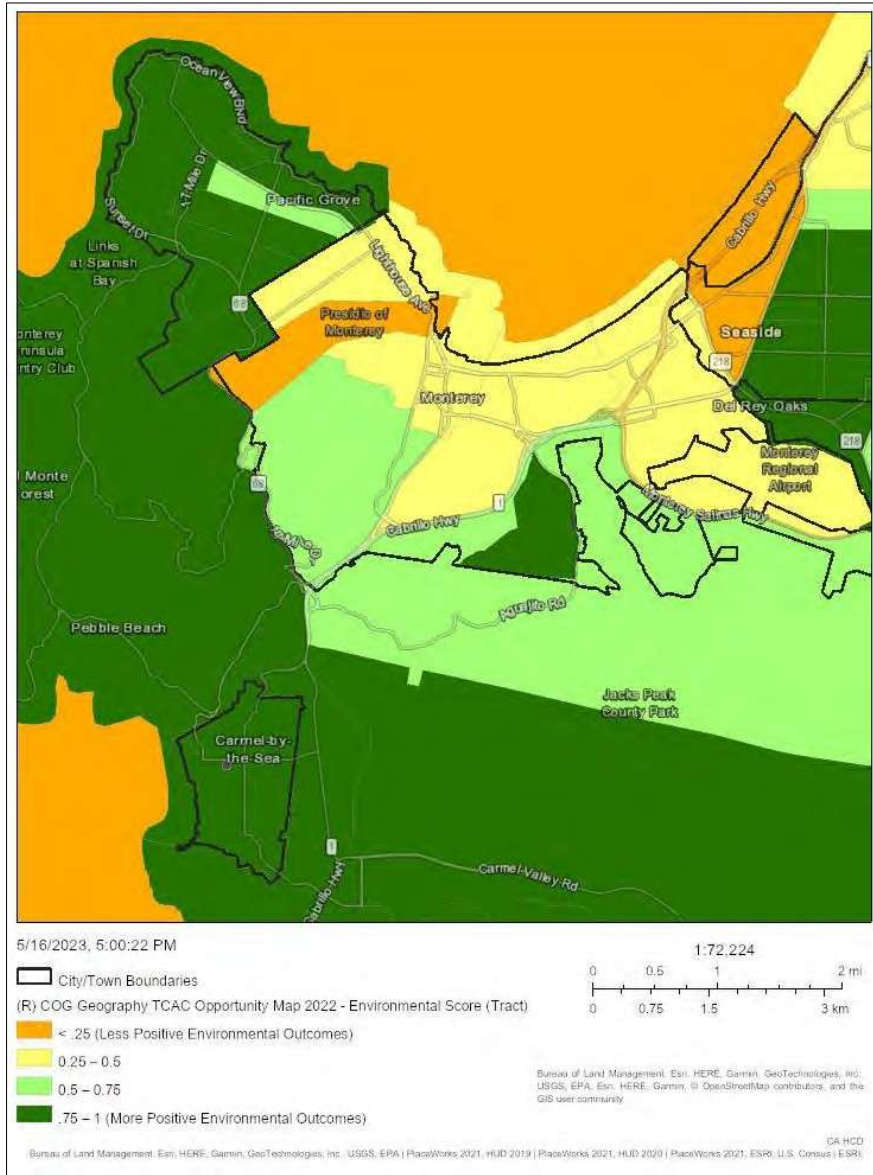
In Carmel-by-the-Sea, 12.3 percent of the population is living with at least one disability, compared to 8.8 percent in Monterey County. The most common disabilities in the City are: hearing difficulty (9.9 percent), ambulatory difficulty (4.4 percent), and independent living difficulty (4.3 percent). For the population 65 and over, the share of the population with hearing difficulties increases to 19.3 percent. In an effort to improve accessibility features for residents living with disabilities, the City will allocate funding from its Capital Improvement Program (CIP) to improve curb cuts, sidewalks, and slopes within Carmel-by-the-Sea.

Disparities in Access to Transportation

Reliable public transit access and active transportation options (walking and biking) are imperative for low-income residents and/or persons with disabilities to connect to employment opportunities. Access to employment via public transit and active transportation can reduce income burden and increase housing mobility, which enables residents to locate housing in more areas.²⁸ Lack of transportation options can impede fair housing choice and continue to reinforce barriers for low-income residents in accessing opportunities.

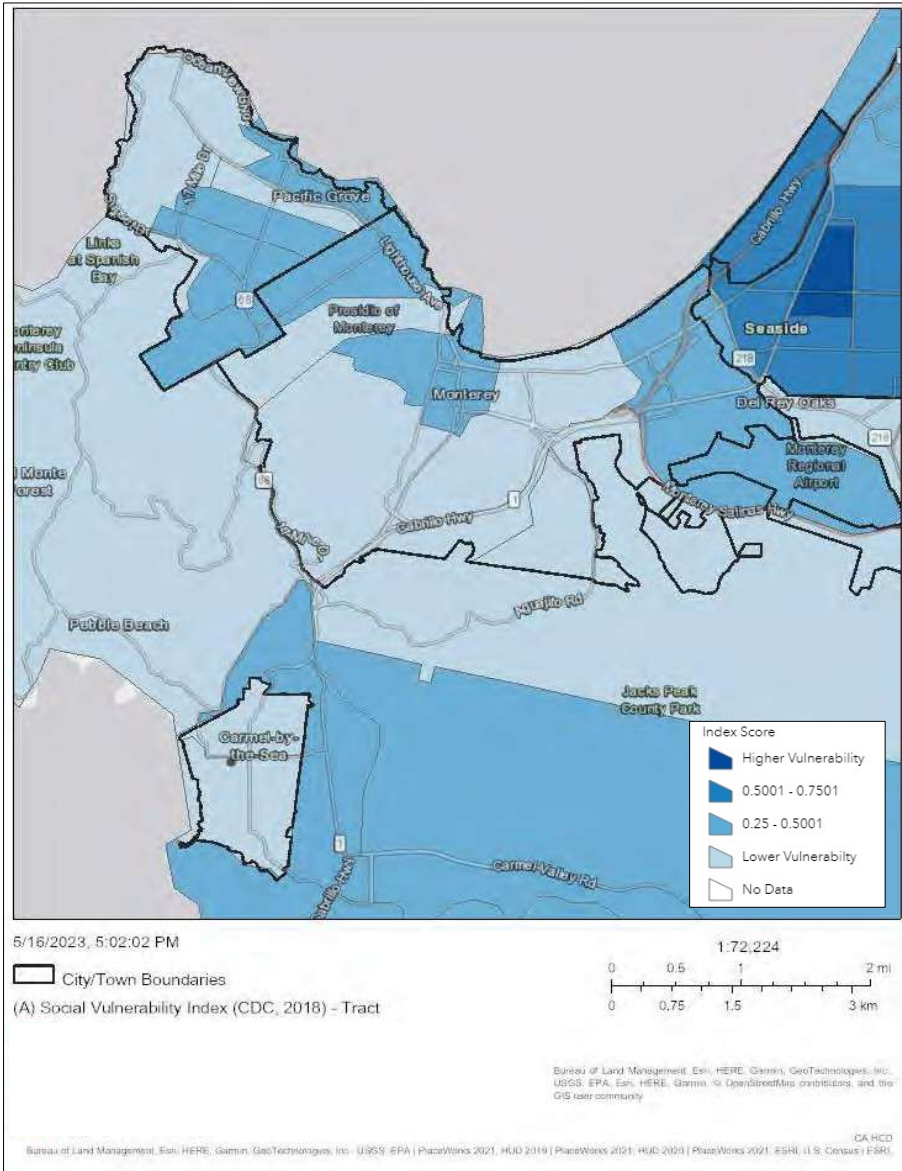
28 Ong, Paul and Evelyn Blumenberg. 1998. <https://escholarship.org/uc/item/6d897664#author>

Figure A-43 - TCAC Opportunity Environmental Score, Carmel-by-the-Sea, 2022



Source: California Department of Housing and Community Development AFFH Data Viewer

Figure A-44 - Social Vulnerability Index, Carmel-by-the-Sea, 2018



Source: California Department of Housing and Community Development AFFH Data Viewer

Regional Trends

Monterey County generally has widespread access to public transit. Transportation Agency for Monterey County (TAMC) and Monterey-Salinas Transit (MST) all serve Monterey County. TAMC serves as the county’s regional transportation agency responsible for planning and financial programming of transportation projects in the county. Through local and statewide funding, TAMC provides funding for public transit services operated by MST. MST provides a variety of local bus services through a total of 36 routes where service originates from two primary locations: the Monterey Transit Plaza, in downtown Monterey, and the Salinas Transit Center, in downtown Salinas. From there, routes branch out through the western cities of Marina, Sand City, Monterey, Pacific Grove, Carmel-by-the-Sea, and then the eastern cities, including Salinas, Gonzales, Soledad, Greenfield, and King City. In addition, MST provides a connection to Watsonville Transit Center as the primary connector to Santa Cruz Metro to Santa Cruz and San Jose centers. MST offers a paratransit program (RIDES) in cooperation with the Americans with Disabilities Act for those who have a disability that prevents them from using MST’s regular fixed-route bus service. Each bus is equipped with a wheelchair lift, and a service corridor extends 0.75 mile from any of the MST bus routes throughout the Monterey Peninsula, Carmel-by-the-Sea, Carmel Valley, Salinas, Chualar, Gonzales, Greenfield, Soledad, and King City with connection to Watsonville Transit Center.

College students ride free with valid student photo identification during the Fall and Spring semesters. Amtrak rail service has a station in Salinas as part of the Coast Starlight line that extends north as far as Seattle, Washington.

Monterey County received an average AllTransit performance score of 4.2 which equates to a low combination of trips per week and number of jobs accessible by transit.²⁹ Nearly 73 percent of workers in the county live within 0.5 mile of transit. Almost all major employment centers in Monterey County are served by some form of public transit. However, having regional access to jobs by means of public transit does not necessarily translate into stable employment. Some residents with unique needs, such as households with children, have unique travel patterns that may prevent them from working far from home due to childcare needs, access to schools, and other considerations.

From a regional standpoint, MST services approximately 2.2 million passengers on an annual basis of which 76 percent of the passengers come from a historically underrepresented (non-White) background with an annual household income under \$40,000.³⁰ Monterey-Salinas Transit also reports that 25 percent of all trips begin in a disadvantaged community, and 20 percent of the passengers serviced by MST have a disability and are dependent on others for mobility and transport. Compared to all other jurisdictions serviced by MST, Carmel-by-the-Sea has the sixth highest monthly ridership (Monterey-Salinas Transit, 2023).

29 AllTransit.org, 2022. County: Monterey, AllTransit Metrics. <https://alltransit.cnt.org/metrics/?addr=monterey+county>
30 <https://carmel.novusagenda.com/agendapublic/CoverSheet.aspx?ItemID=5838&MeetingID=1350>

Local Trends

In the City of Carmel-by-the-Sea, public transportation is serviced by Monterey-Salinas Transit (MST) which offers two fixed route bus lines in Carmel-by-the-Sea (Routes 5 and 94). Route 5 connects Carmel-by-the-Sea to the City of Monterey, operating from 6:15 am to 9:15 pm on weekdays and from 7:15 am to 7:15 pm on weekends. Route 94 connects Carmel-by-the-Sea to the cities of Monterey, Del Rey Oaks, and Seaside, operating from 9:50 am to 3:50 pm every day.

Carmel-by-the-Sea is generally accessible by local transit. The city has an AllTransit Performance Score of 5.4, which is slightly higher than overall Monterey County. According to AllTransit, 100 percent of workers live within one half mile of transit.³¹

Walk Score is a tool that produces a walkability index by assigning a numerical walkability score to cities and neighborhood. Walkability is measured by analyzing population density, distance to amenities, and road metrics such as block length and intersection density. Overall, Carmel-by-the-Sea has a walk score of 96, which is an above average walk score and indicates most daily errands do not require a car.

In an effort to lower the disparities in access to transit, the City has collaborated with MST to ensure that 100 percent of the City's residents live within a half mile of transit stops. The City coordinates with the County of Monterey to provide transportation to elderly residents (through the Senior Rideshare Program), and individuals with disabilities through the Independent Transportation Network of Monterey (ITN Monterey) and the MST Rides ADA Paratransit Agency. Additionally, MST provides a Courtesy Card for riders that are 18 years of age and younger; 65 years of age and older; veterans; caregivers; and disabled individuals. Discounted GoPasses are available to commuters for monthly, weekly, and daily rates. Emergency Guaranteed Ride Home (EGRH) is also a service provided by MST, which provides a guaranteed ride home in an emergency to registered users who use alternative transportation to get to work. The EGRH program is available to commuters who live or work in Monterey County and who ride the bus, carpool, vanpool, ride a bicycle or walk to work at least one day a week.

Housing Mobility Enhancement

Being that the City of Carmel-by-the-Sea is the highest resource community when compared to the rest of the region, the City will promote housing mobility as a means of removing barriers to higher opportunity areas and strategically enhancing access to housing choices and affordability to provide more inclusivity in the City and region. To enhance housing mobility, the City has included the following programs in [Chapter 2](#) of the Housing Element:

- 3.2.B: Housing Mobility;
- 3.2.C: Local Universal Design Standards;
- 3.2.D: Family Friendly Housing;
- 1.1.D: Allow Religious Institution Affiliated Housing Development;

31 AllTransit.org. 2022. City: Carmel-by-the-Sea, AllTransit Metrics. <https://alltransit.cnt.org/metrics/>

- 1.3.C: Accessory Dwelling Units;
- 1.3.D: Overnight Visitor Accommodation - Employee Housing Program;
- 2.1.B: Permanent Housing;
- 3.1.B: Housing for Extremely-Low Income Households;
- 5.1.A: Fair Housing Services; and
- 5.1.B: Housing Choice Voucher Program.

For a complete list of programs. Refer to [Chapter 2](#) of the Housing Element.

A.6 Housing Stock Characteristics

Carmel-by-the-Sea’s housing stock is defined as all housing units within its jurisdiction. Characteristics of housing stock include housing type, age, condition, tenure, vacancy rates, costs, affordability, and growth. The following section provides an in-depth analysis of the housing stock in Carmel-by-the-Sea to determine how/if the current the housing stock meets the needs of existing and future residents.

Housing Growth

[Table A-18](#) provides an overview of housing growth trends between 2010-2019 in Carmel-by-the-Sea, the County, and nearby cities. Between 2010-2019, Carmel-by-the-Sea housing unit estimates grew approximately 6 percent, more than the County and Del Rey Oaks, but 2 percent less than Pacific Grove. These estimates show the majority of housing growth in Carmel-by-the-Sea occurred between 2015-2019 (8 percent).

Table A-18 - Housing Unit Growth Trends by Jurisdiction, 2010-2019

Jurisdiction	2010	2015	2019	Percent Change 2010-2015	Percent Change 2015-2019
Monterey County	138,833	139,794	141,820	1%	1%
Carmel-by-the-Sea	3,606	3,532	3,832	-2%	8%
Del Rey Oaks	752	733	745	-3%	2%
Pacific Grove	7,723	8,411	8,347	9%	-1%

Source: U.S. Census Bureau, ACS 5-Year Estimate, 2010-2019

Housing Type

[Table A-19](#) provides a comparison of housing unit types in Carmel-by-the-Sea, the County, and nearby cities. In Carmel-by-the-Sea, single-family detached units are the most common housing type (87 percent). This aligns with the County (63 percent), Del Rey Oaks (76 percent), and Pacific Grove (60 percent) having majority single-family detached units. Overall, Carmel-by-the-Sea has the highest percentage of single-family detached units compared to the County and nearby cities, but the lowest percentage of multifamily housing units (10 percent).

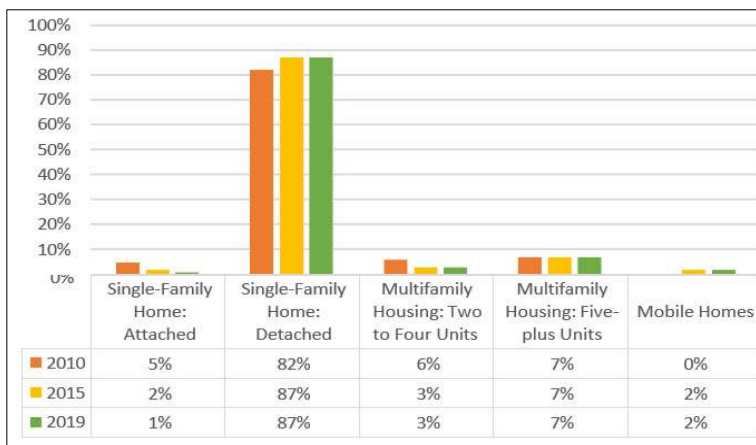
Table A-19 - Housing Units by Type by Jurisdiction, 2019

Jurisdiction	Single-Family Detached		Single-Family Attached		Multi-Family		Mobile Homes		Total Units
	Count	Percent	Count	Percent	Count	Percent	Count	Percent	
Monterey County	88,721	63%	8,796	6%	37,734	27%	6,529	5%	141,820
Carmel-by-the-Sea	3,319	87%	54	1%	367	10%	92	2%	3,832
Del Rey Oaks	567	76%	49	7%	118	16%	11	2%	745
Pacific Grove	5,023	60%	497	6%	2,668	32%	159	2%	8,347

Source: U.S. Census Bureau, ACS 5-Year Estimate, 2019 NOTE: Table indicates total housing units.

Figure A-45 illustrates housing type trends in Carmel-by-the-Sea between 2010-2019. In 2010, the majority of housing types were single-family detached homes (82 percent); this has since increased to 87 percent in 2019. Multifamily housing (2+ units) has decreased by 3 percent since 2010 accounting for only 10 percent of housing types in 2019. In 2010, mobile homes comprised the smallest percentage of housing type in Carmel-by-the-Sea, and have since slightly increased to 2 percent in 2019.

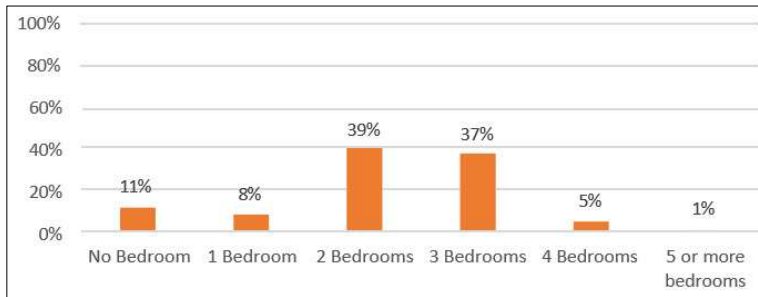
Figure A-45 - Housing by Type in Carmel-by-the-Sea, 2010-2019



Source: U.S. Census Bureau, ACS 5-Year Estimate, 2010-2019

Due to the limited supply of adequately sized units to accommodate larger households, large families often face significant difficulty in locating adequately sized, affordable housing. Figure A-46 illustrates the existing housing stock by number of bedrooms in Carmel-by-the-Sea. As shown in Figure A-46, the majority of existing housing units are two- and three-bedroom units, followed by studio units. Approximately 20 housing units include five or more bedrooms (1 percent); 176 housing units include four bedrooms (5 percent); 1,408 housing units include three bedrooms (37 percent); 1,503 housing units include two bedrooms (39 percent); 299 housing units include one bedroom (8 percent); and 426 housing units include no bedroom (11 percent).

Figure A-46 - Housing Stock by Number of Bedrooms, Carmel-by-the-Sea, 2019



Source: U.S. Census Bureau, ACS 5-Year Estimate, 2019

Housing Availability and Tenure

Housing tenure refers to individuals who own or rent a housing unit. The number of residents who own their homes compared to those who rent their homes can help identify the level of housing insecurity (i.e., ability for individuals to stay in their homes) in a city and region. Generally, renters may be displaced more quickly if prices increase. Additionally, housing tenure may be an indicator of housing affordability (i.e., if the local housing market has high barriers to entry, there may be more renter households than owner households).

In Carmel-by-the-Sea, the housing stock includes 828 renter-occupied housing units and 1,099 owner-occupied housing units (Table A-20). When analyzing housing unit type in tandem with tenure, the majority of all housing units are single-family detached (87 percent), of which 17 percent are renter-occupied and 32 percent are owner-occupied (Figure A-18; Table A-20).

Table A-20 - Housing Units by Type and Tenure, Carmel-by-the-Sea, 2019

Tenure	Single-Family Detached		Single-Family Attached		Multi-Family		Mobile Homes		Total Units
	Count	Percent	Count	Percent	Count	Percent	Count	Percent	
Renter-Occupied	568	69%	19	2%	221	27%	20	2%	828
Owner-Occupied	1,076	98%	0	0%	23	2%	0	0%	1,099

Source: U.S. Census Bureau, ACS 5-Year Estimate, 2019 NOTE: Table indicates total occupied housing units.

Table A-21 provides an overview of household size by tenure for Carmel-by-the-Sea, the County, and nearby cities. In Carmel-by-the-Sea, the average household size is 2.04, of which the majority of larger households are comprised of renter-occupied units (2.13 persons/unit). An average household size of 2.04 suggests a need for more small housing units. This aligns with 82 percent of Carmel-by-the-Sea’s population being comprised of 1-2 person households (Figure A-14). Compared to the County and nearby cities, Carmel-by-the-Sea has the lowest average household size (2.04 persons/unit). The County has a high average household size of 3.27 suggesting a need for large housing units and even a need for smaller independent units such as ADUs/JADUs for extended family.

Table A-21 - Household Size by Tenure by Jurisdiction, 2019

Jurisdiction	Owner-Occupied	Renter-Occupied	Average Household Size
Monterey County	3.13	3.41	3.27
Carmel-by-the-Sea	1.97	2.13	2.04
Del Rey Oaks	2.29	2.49	2.35
Pacific Grove	2.34	2.15	2.23

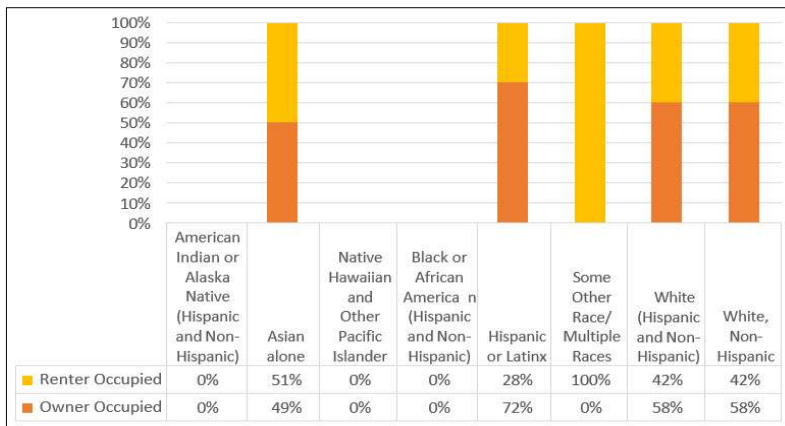
Source: U.S. Census Bureau, ACS 5-Year Estimate, 2019

Figure A-47 illustrates 2019 household tenure by race in Carmel-by-the-Sea. Tenure by race varies some in Carmel-by-the-Sea as the majority of all households are non-Hispanic White (87 percent), of which 58 percent are owner-households and 42 percent are renter-households (Figure A-4; Figure A-45). Hispanic or Latino households (8 percent) makeup the second largest population in Carmel-by-the-Sea, of which 72 percent are owner-households and 28 percent are renter-households. Less than 1 percent of Black or African American, Native Hawaiian or Other Pacific Islander, and American Indian or Alaska Native households are represented in the City’s housing market.

Figure A-48 illustrates vacancy rates in Carmel-by-the-Sea, the County, and nearby cities. Carmel-by-the-Sea has a vacancy rate of 50 percent. This reflects a 40 percent higher vacancy rate than the County (10 percent) and 32 percent higher than Pacific Grove (18 percent).

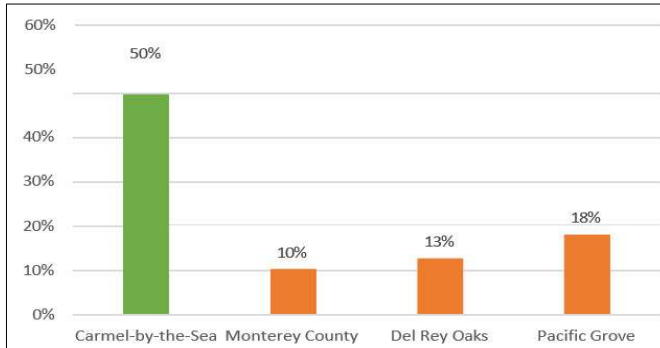
Figure A-49 illustrates vacancy trends in Carmel-by-the-Sea from 2010-2019. Over the course of nearly a decade, the City has experienced a stable vacancy average of 51 percent. This is staggeringly high considering the current housing crisis. Additionally, this affects the accuracy of data reporting for the City, as the majority of homeowners do not live in Carmel-by-the-Sea full time, thus resulting in skewed data collection.

Figure A-47 - Household Tenure by Race, Carmel-by-the-Sea, 2019



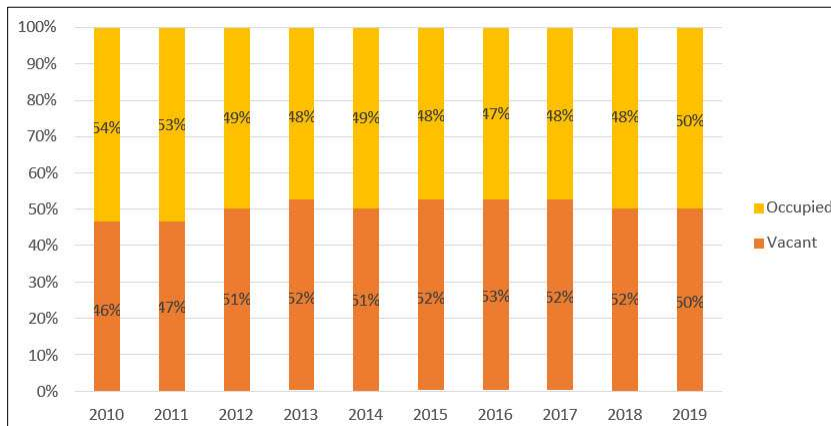
Source: U.S. Census Bureau, ACS 5-Year Estimate, 2019

Figure A-48 - Vacancy Rates by Jurisdiction, 2019



Source: U.S. Census Bureau, ACS 5-Year Estimate, 2019

Figure A-49 - Vacancy Trends, Carmel-by-the-Sea, 2010-2019



Source: U.S. Census Bureau, ACS 5-Year Estimate, 2019

Table A-22 shows vacant housing units by type, revealing 80 percent of Carmel-by-the-Sea’s vacant units are for seasonal, recreational, or occasional use, aligning with the 51 percent average vacancy trends (Figure A-49). The high percentage of vacant housing units is largely impacted by tourism and second-home ownership. This creates a significant barrier for current and potential residents to enter the local housing market and hinders opportunities to correct the housing crisis, address diversity, and provide inclusive housing options to promote a vibrant and active community.

Table A-22 - Vacant Housing Units by Type, Carmel-by-the-Sea, 2019

Housing Unit Type	Estimate	Percentage
For rent	96	5%
Rented, not occupied	12	1%
For sale only	11	1%
Sold, not occupied	49	3%
For seasonal, recreational, or occasional use	1,522	80%
For migrant workers	0	0%
Other vacant	215	11%
Total	1,905	100%

Source: U.S. Census Bureau, ACS 5-Year Estimate, 2019

Table A-23 shows housing permits issued by the City of Carmel-by-the-Sea by income group. Between 2015 and 2021, 18 housing units were issued permits in Carmel-by-the-Sea which represents 58 percent of the RHNA number of 31 units assigned in the 5th Cycle Housing Element.

Table A-23 - Housing Permits by Income Group, Carmel-by-the-Sea, 2015-2021

Income Group	Number	Percent
Very Low-Income Permits	0	0.0%
Low-Income Permits	0	0.0%
Moderate-Income Permits	0	0.0%
Above Moderate-Income Permits	18	58.0%
Total	18	58.0%

Source: California Department of Housing and Community Development (HCD), 5th Cycle Annual Progress Report Permit Summary (2022).
 Note: Universe: Housing permits issued between 2015 and 2021. Notes: HCD uses the following definitions for the four income categories: Very Low Income: units affordable to households making less than 50 percent of the Area Median Income for the county in which the jurisdiction is located. Low Income: units affordable to households making between 50 percent and 80 percent of the Area Median Income for the county in which the jurisdiction is located. Moderate Income: units affordable to households making between 80 percent and 120 percent of the Area Median Income for the county in which the jurisdiction is located. Above Moderate Income: units affordable to households making above 120 percent of the Area Median Income for the county in which the jurisdiction is located.

Assisted Housing Developments At-Risk of Conversion

While there is an immense need to produce new affordable housing units, ensuring that the existing affordable housing stock remains affordable is equally important. Additionally, it is typically faster and less expensive to preserve currently affordable units that are at risk of converting to market-rate than it is to build new affordable housing.

The California Housing Partnership Preservation Database is the state’s most comprehensive source of information on subsidized affordable housing at risk of losing its affordable status and converting to market-rate housing.³² According to the database, there are no federal or state assisted units in Carmel-by-the-Sea.

³² This database does not include all deed-restricted affordable units in the state, so there may be at-risk assisted units in a jurisdiction that are not captured.

A variety of affordable housing projects provided through an assortment of local programs serves the Carmel-by-the-Sea. Each of the following projects serves as an example of the methods and incentives used by the City to achieve production of affordable housing units.

Oliver White Building and Viejo Carmel

The mixed-use Oliver White building contains four residential units, one of which is a Moderate-Income unit in perpetuity. Originally this site was developed with a single-story commercial building. The owner and City worked together to achieve a second story of residential apartments at a density of 44 units per acre.

The Viejo Carmel project is a larger example of infill development that provides affordable housing. The 20,000 square-foot site was occupied by semi-industrial uses and offices. The site was razed and redeveloped with ten condominiums and ten apartments at a density of 44 units per acre. Without density bonuses, the site could only achieve 15 residential units. With density bonuses, an additional two Low-Income rental apartments in perpetuity were approved. Additionally, the parking requirement for the low-income units was reduced.

Norton Court Apartments

The Norton Court Apartments for seniors is operated by the Carmel Foundation. As part of this 24-unit project, the City entered into a 50-year agreement to lease the property for one dollar per year to the Carmel Foundation. This amounts to a substantial land subsidy provided by the City that offsets a large part of the cost of developing housing. The units are restricted as Low- and Moderate-Income. Rents are maintained as affordable to lower-income seniors strictly through private donations raised by the Carmel Foundation.

Trevvett and Haseltine Courts

Trevvett and Haseltine Courts were developed with funding from the Carmel Foundation. Rents for the combined 26 rental apartments are maintained as affordable to lower-income seniors with private donations raised by the Foundation.

San Carlos Lodge

This site was granted a major addition and allowed the conversion of some existing apartments to transient overnight visitor accommodation units. As a condition, the project retained two of the existing apartments as affordable housing for Moderate-Income households in perpetuity.

The City's inventory of affordable units is listed below in [Table A-24](#).

Table A-24 - Inventory of Assisted Rental Housing

Development Name	Total Units	Household Type	Provided By	Expiration of Affordability
Oliver White	1	Moderate	Density Bonus	In perpetuity
Viejo Carmel	2	Low	Density Bonus	In perpetuity
Norton Court	24	Senior Low	Lease Subsidy Specific Plan	Not defined
San Carlos Lodge	2	Moderate	Condition of Approval	In perpetuity
Trevvett Court	14	Senior, Very-Low & Low	Private non-profit Specific Plan	30 years
Haselline Court	12	Senior	Private non-profit	Not applicable
Hasegawa	1	Low	Inclusionary	In perpetuity
Carl	1	Senior	Inclusionary	2027
Mandurrago	2	Senior	Inclusionary	In perpetuity
Gonzales	1	Low	Inclusionary	In perpetuity
Ravel Corporation	1	Low	Inclusionary	In perpetuity
Trini Iye	1	Moderate	Inclusionary	In perpetuity
Total	62			

Source: City of Carmel-by-the-Sea Community Planning and Building Department, 2023

Potential Loss of Assisted Housing Units

Housing units developed with public subsidies are an important source of affordable housing to lower-income households. Preserving the long-term affordability of such housing units is the most cost-effective means for providing decent and affordable housing in a community. Recognizing this important resource, State Housing Element law requires that a jurisdiction examine the potential loss of publicly subsidized multi-family rental housing for lower-income household due to expiration of deed restrictions, affordability covenants, and /or subsidy contracts. All of the affordable housing units in Carmel are privately funded.

Norton Court, Trevvett Court, and Haselline Court are operated by the Carmel Foundation, a 501(c)(3) charitable organization providing affordable senior housing units. The Foundation does not accept government funding. The Foundation currently has a 5-7 year wait list on these properties and does not intend to convert any units to market rate housing within this Housing Element cycle.

Norton Court receives a subsidized property lease from the City, and is located within a Specific Plan area that requires “24 efficient and moderately priced housing units for the elderly and handicapped residents of Carmel-By-The-Sea”. Further, the Specific Plan requires 21 studio units at 500 square feet each and 3 one-bedroom units at 572 square feet each.

Trevvett Court is also located within a Specific Plan area that requires “all 14 units be reserved for senior citizens of low or very low-income status for a period of at least 30 years.” Housing units within Trevvett Court range from 400-600 square feet in size.

Units in the Oliver White Building, Viejo Carmel, and Sand Carlos Lodge are restricted as affordable housing in perpetuity.

One unit in the Carl development is listed with an expiration date of 2027. City staff are further researching the terms of this affordable unit. To maintain the existing affordable housing stock, the City can either preserve the existing affordable units or facilitate the development of new units.

Depending on the circumstances of at-risk projects, different options may be used to preserve or replace the units. Preservation options typically include: 1) construction of replacement units; 2) provision of rental assistance to tenants; 3) transfer of the project to nonprofit ownership; and 4) purchase of affordability covenants. These options are described below and the City's focus is on construction of replacement units and rental assistance.

Construction of Replacement Units

The construction of new affordable housing units is a means of replacing the at-risk units should they be converted to market-rate units. The cost of developing housing depends on a variety of factors, including density, size of the units (i.e. square footage and number of bedrooms), location, labor, materials and land costs, and type of construction. The City is implementing a number of programs to encourage development of new affordable units to increase the City's affordable housing stock.

Rental Assistance

Rental subsidies using non-federal (state, local, or other) funding sources can be used to maintain affordability of at-risk units. These rent subsidies can be structured to mirror the federal Housing Choice Voucher (Section 8) program. Under Section 8, HUD pays the difference between what tenants can pay (defined as 30 percent of household income) and what HUD estimates as the fair market rent on the unit. The feasibility of this alternative is highly dependent on the availability of other funding sources necessary to make rent subsidies available and the willingness of property owners to accept rental vouchers if they can be provided. Housing Choice Vouchers are available through the Housing Authority of Monterey County.

Transfer of Ownership

Transferring ownership of an at-risk project to a nonprofit housing provider is generally one of the least costly ways to ensure that at-risk units remain affordable for the long term. By transferring property ownership to a nonprofit organization whose mission includes affordable housing, the risk of losing the low-income restrictions is minimized, and the project would become potentially eligible for a greater range of governments assistance.

Purchase of Affordability Covenants

Another option to preserve the affordability of at-risk projects is to provide an incentive package to the owners to maintain the projects as affordable housing. Incentives could include bringing down the interest rate on the remaining loan balance, providing loans for capital improvements, and/or supplementing subsidies. The feasibility of this option depends on whether the complex is too highly leveraged. By providing lump sum financial incentives or ongoing subsidies in the form of rents or

reduced mortgage interest rates to the owner, the City can ensure that some of all of the units remain affordable.

Displacement

Because of increasing housing prices, displacement is a major concern in the Monterey Bay Area. Displacement has the most severe impacts on low- and moderate-income residents. When individuals or families are forced to leave their homes and communities, they also lose their support network.

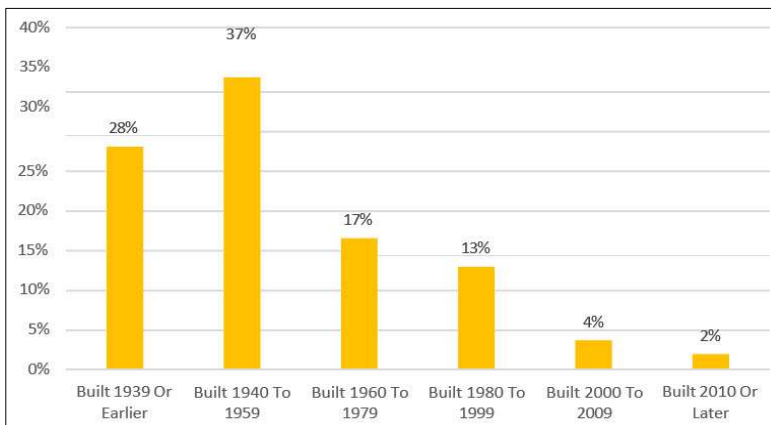
According to the California Department of Housing and Community Development (HCD) AFFH Data Viewer and the Urban Displacement Project 2022 estimates, Carmel-by-the-Sea renter-occupied households earning between 0-80 percent AMI are at low risk of potential displacement or gentrification in the northern region of the City. Mapping of the central and southern regions of the City show sufficient data was not captured to definitively report displacement risk. [Figure A-51](#) illustrates displacement risk in Carmel-by-the-Sea.

Housing Age and Condition

Housing age and condition are factors considered in overall housing quality as they may affect the structural integrity and ability to adequately function for a household. Thus, the age and condition of a house may indicate the need for major repairs to the foundation, plumbing, or roof.

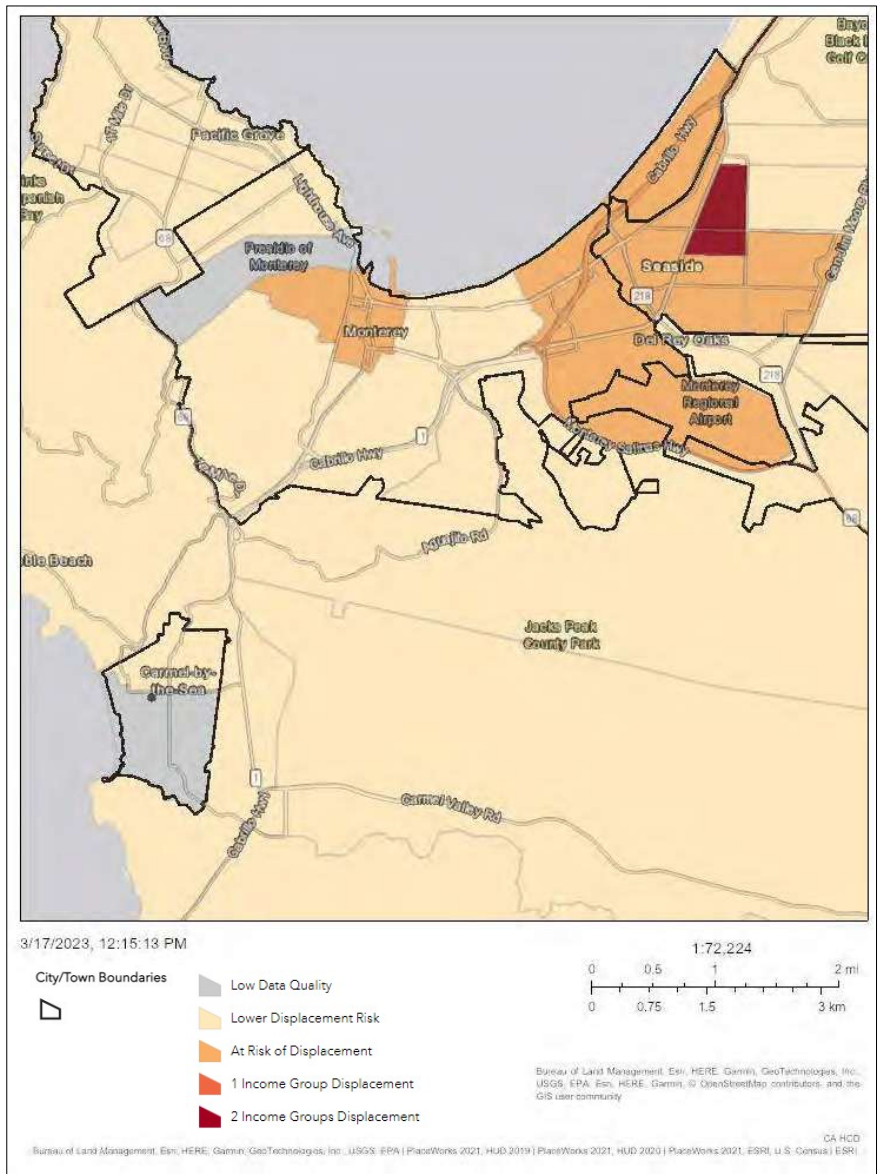
[Figure A-50](#) illustrates housing stock by age in Carmel-by-the-Sea. In Carmel-by-the-Sea, 95 percent of the housing stock was built prior to 1999 and is over 20 years old. Thirty-seven (37) percent of the housing stock was built between 1940-1959 and 2 percent was built in 2010 or later.

Figure A-50 - Housing Stock by Age, Carmel-by-the-Sea, 2019



Source: U.S. Census Bureau, ACS 5-Year Estimate, 2019

Figure A-51 - Displacement Risk, Carmel-by-the-Sea, 2022



Source: California Department of Housing and Community Development AFFH Data Viewer

According to historical data from Carmel-by-the-Sea’s Code Compliance Coordinator, the City estimates that there are approximately five-six (5-6) units in need of rehabilitation. This 6th Cycle Housing Element proposes the following policies and programs to address and facilitate the rehabilitation of these units.

- Policy 2.1: Maintain and encourage expansion of permanent residential housing stock in the Commercial, R-1, and R-4 Districts;
- Policy 2.2: Preserve and protect the scale and character of established neighborhoods while encouraging property improvement;
- Policy 2.3: Preserve and expand affordable and rental housing opportunities to enable local employees to live in the community where they work; and
- Policy 2.4: Preserve the existing housing stock.

All programs and policies can be found in [Chapter 2](#) of the Housing Element.

The City’s Code Compliance Officer works to educate property owners about income-based financing opportunities for the rehabilitation of substandard units. Code Compliance receives a limited number of complaints related to Health and Safety and associated substandard units. Over the last four years Code Compliance has received 11 property maintenance complaints and approximately five to six of these cases indicated a need for repairs related to substandard housing issues. Cases are complaint driven and the city does not reach out to property owners with methods to fund repairs.³³ According to Code Compliance records from October 2023³⁴ and November 2023,³⁵ the majority of property maintenance complaints include conducting remodeling work and electrical maintenance without the proper permits and authorization. Based on Code Compliance records and on-site local knowledge, the complaints are spread across the city. However, the southern region of the city has received complaints more frequently than other areas in the city.

As indicated by the 102 building permit applications received by the City in October and November of 2023 (49 building permits as of October 2023 and 53 building permits as of November 2023), many residents in Carmel-by-the-Sea are interested in maintaining the upkeep of their residences, and fixing any structural issues that may need to be repaired – to prevent their residences from becoming “substandard.” However, to the City’s knowledge, all units have a functioning kitchen, indoor plumbing, and electricity, and are not “substandard.” The majority of building permit applications include new roofing; electrical repairs; plumbing repairs; water heater replacement; window replacement; bathroom remodels; foundation upgrades; and exterior repairs (new paint/siding). As a proactive measure and to assist low-income property owners, the City will distribute information on inspection services, housing rehabilitation programs, and alternative ways to finance home repairs ([Program 2.4.A](#), see [Chapter 2](#)). Based on Code Compliance reports, the City will specifically monitor and provide resources to residential units located in the southern region of the city.

33 Correspondence with Code Compliance Officer December 15, 2023

34 <https://carmel.novusagenda.com/agendapublic/CoverSheet.aspx?ItemID=5833&MeetingID=1505>

35 <https://carmel.novusagenda.com/agendapublic/CoverSheet.aspx?ItemID=5929&MeetingID=1543>

Housing Costs and Affordability

Identifying the cost of owning or renting a home in a city helps determine the affordability of housing at different income levels. Understanding housing affordability also informs what types and sizes of housing are needed by the community's households.

Home Prices and Rental Costs

Table A-25 show changes in median home values between 2019-2022 in Carmel-by-the-Sea, the County and nearby cities. According to Zillow Home Value Index data, the median home value in Carmel-by-the-Sea was estimated at \$1,299,387 in December 2019. By 2022, the median home value in Carmel-by-the-Sea increased approximately 59 percent due to market demand. By comparison, the median home value in the County was valued at \$561,490 in December 2019 and experienced a 39 percent increase by 2022.

Table A-25 - Median Home Value by Jurisdiction, 2019-2022

Jurisdiction	Median Home Value				Percent Change 2019-2022
	2019	2020	2021	2022	
Monterey County	\$561,490	\$632,834	\$735,469	\$778,164	39%
Carmel-by-the-Sea	\$1,299,387	\$1,450,127	\$1,912,421	\$2,070,835	59%
Del Rey Oaks	\$630,204	\$701,060	\$779,099	\$840,663	33%
Seaside	\$550,015	\$616,786	\$690,126	\$729,055	33%
Pacific Grove	\$943,900	\$1,032,675	\$1,237,054	\$1,294,881	37%

Source: Zillow Home Value Index, 2019-2022

Note: Housing value estimates were taken from December for years 2019-2022.

Rental Affordability

Similar to home value prices, rental prices have also increased over the last decade. This significantly affects lower-income households as they are typically majority renters. High rental prices can exacerbate housing challenges such as overcrowding and cost burden if adequate rental stock is not available to suit household needs.

Table A-26 shows average rent estimates by unit size in Carmel-by-the-Sea based on 2023 Zillow rental market data. Included in the table is Housing and Urban Development's (HUD) Fair Market Rents (FMR) for 2023, which establishes rental subsidy limits for Section 8 housing voucher recipients.

Table A-26 - Average Rent by Number of Bedrooms, Carmel-by-the-Sea, 2023

Unit Type	Average Rents	Fair Market Rents (HUD)
Studio	\$2,200	\$2,112
One bedroom	\$2,500	\$2,194
Two bedrooms	\$4,000	\$2,675
Three bedrooms	\$5,459	\$3,790
Four+ bedrooms	n/a	\$4,144

Source: Zillow, 2023; HUD, Fair Market Rent Documentation System, 2023

Notes: Zillow rental value estimates were taken from March 2023. No rental units with four + bedrooms are listed as available within the Carmel-by-the-Sea City boundary. Fair Market Rent values are based on Salinas, CA MSA

Table A-27 reports the maximum monthly housing costs affordable to households according to income group in Monterey County. Income groups are based on the HCD 2022 State Income Limits Report, which considers housing affordable assuming a household can pay up to 30 percent of its monthly income toward housing. In Table A-27, maximum affordable sales prices are based on the following assumptions: 6.42 percent interest rate,³⁶ 30-year fixed loan, and a 5 percent down payment.

Table A-27 - Housing Affordability, Carmel-by-the-Sea, 2022

Income Group	HCD Income Limits	Maximum Affordable Price	
		Monthly Rental	Ownership
Extremely Low (0-30% AMI)			
One Person	\$23,900	\$598	\$100,340
Two Person	\$27,300	\$683	\$114,614
Three Person	\$30,700	\$768	\$128,889
Four Person	\$34,100	\$853	\$143,163
Very Low (30-50% AMI)			
One Person	\$39,800	\$995	\$167,093
Two Person	\$45,500	\$1,138	\$191,024
Three Person	\$51,200	\$1,280	\$214,954
Four Person	\$56,850	\$1,421	\$238,675
Low (50-80% AMI)			
One Person	\$63,700	\$1,593	\$267,433
Two Person	\$72,800	\$1,820	\$305,638
Three Person	\$81,900	\$2,048	\$343,843
Four Person	\$91,000	\$2,275	\$382,048
Moderate (80-120% AMI)			
One Person	\$75,650	\$1,891	\$317,603
Two Person	\$86,500	\$2,163	\$363,155
Three Person	\$97,300	\$2,433	\$408,497
Four Person	\$108,100	\$2,700	\$453,839

Source: California Department of Housing and Community Development, State Income Limits, 2022, Monterey County

As mentioned in Table A-25, the median home price in Carmel-by-the-Sea in December 2022 was \$2,070,835 which is only affordable to above moderate-income households earning approximately \$495,000 or more annually (62 percent of Carmel-by-the-Sea households are categorized as above moderate-income).

³⁶ Interest rate based on December 29, 2022 interest rate according to Freddie Mac Primary Mortgage Market Survey

A.7 Fair Housing Enforcement and Outreach Capacity

This section discusses fair housing legal cases and inquiries, fair housing protections and enforcement, and outreach capacity.

Fair Housing Legal Cases and Inquiries

California fair housing law extends beyond the protections in the Federal Fair Housing Act (FHA). In addition to the FHA protected classes – race, color, ancestry/national origin, religion, disability, sex, and familial status – California law offers protections for age, sexual orientation, gender identity or expression, genetic information, marital status, military or veteran status, and source of income (including federal housing assistance vouchers).

The California Department of Fair Employment in Housing (DFEH) was established in 1980 and is now the largest civil rights agency in the United States. According to their website, the DFEH’s mission is, “to protect the people of California from unlawful discrimination in employment, housing and public accommodations (businesses), and from hate violence and human trafficking in accordance with the Fair Employment and Housing Act (FEHA), Unruh Civil Rights Act, Disabled Persons Act, and Ralph Civil Rights Act.”³⁷

DFEH receives, evaluates, and investigates fair housing complaints. DFEH plays a particularly significant role in investigating fair housing complaints against protected classes that are not included in federal legislation and therefore not investigated by HUD. DFEH’s website provides detailed instructions for filing a complaint, the complaint process, appealing a decision, and other frequently asked questions.³⁸ Fair housing complaints can also be submitted to HUD for investigation.

Additionally, Monterey County has a number of local resource and enforcement organizations:

- **The Housing Authority of the County of Monterey:** A public agency that provides rental assistance and develops and manages affordable housing throughout Monterey County, California;
- **South County Housing:** A non-profit community development corporation. The organization’s mission is to promote viable neighborhoods that enhance healthy, sustainable communities by collaboratively providing affordable housing and promoting neighborhood services;
- **Public Interest Law Project:** a nonprofit support center for California legal services and other public interest law programs. The California Affordable Housing Law Project (CAHLP) is a project of the Public Interest Law Project. CAHLP concentrates primarily on the enforcement of California’s Housing Element and redevelopment statutes and of state and federal relocation assistance and fair housing laws;
- **Coalition of Homeless Service Providers:** Advocate on the subject of homelessness with policy makers, public funders, and those with lived experience; and

³⁷ From State of California, Civil Rights Department

³⁸ From State of California, Civil Rights Department Complaint Process

- **California Rural Legal Assistance (CRLA):** a nonprofit legal service program created to help California’s low-income individuals and communities. CRLA provides low-income rural Californians with free legal assistance and a variety of community education and outreach programs. Half of its resources are committed to multi-client cases that grapple with the root causes of poverty, with the goal of improving conditions for farmworkers, single parents, school children, the elderly, people with disabilities, and entire communities.

Between 2012 and 2017, 53 fair housing complaints in Monterey County had been filed with the California Department of Fair Employment and Housing (DFEH). Among the complaints countywide, most were related to physical disabilities (23 instances) and familial/marital status (ten instances). Discrimination based on race was also common (seven instances). A complaint may involve multiple acts of discrimination and vice versa. A total of 57 acts of discrimination were recorded in Monterey County. Refusal to rent (17 instances), discriminatory statements (12 instances), and denial of reasonable accommodation/modifications (12 instances) were the most common discriminatory acts in the County.³⁹

In 2020, a total of six discrimination cases were found with the Office of Fair Housing and Equal Opportunity. Fifty percent of the cases were filed on the basis of disability bias. None of the complaints alleged racial bias. [Figure A-52](#) illustrates that out of all of the FHEO cases filed in the state of California in 2020 (398), only between 1 and 2.5 percent of the cases were filed in Monterey County. None of the discrimination cases filed in Monterey County in 2020 took place in Carmel-by-the-Sea.⁴⁰

A total of six discrimination complaints were filed within Monterey County during 2020. Of those cases, three of them alleged discrimination based on disability. [Figure A-53](#) illustrates this statistic by showing that 40.01 to 65 percent of the cases filed in Monterey County during 2020 reflected disability bias. None of the FHEO complaints occurred in the City of Carmel-by-the-Sea.

NFHA identifies three significant trends in 2020 that are relevant for this AFFH:

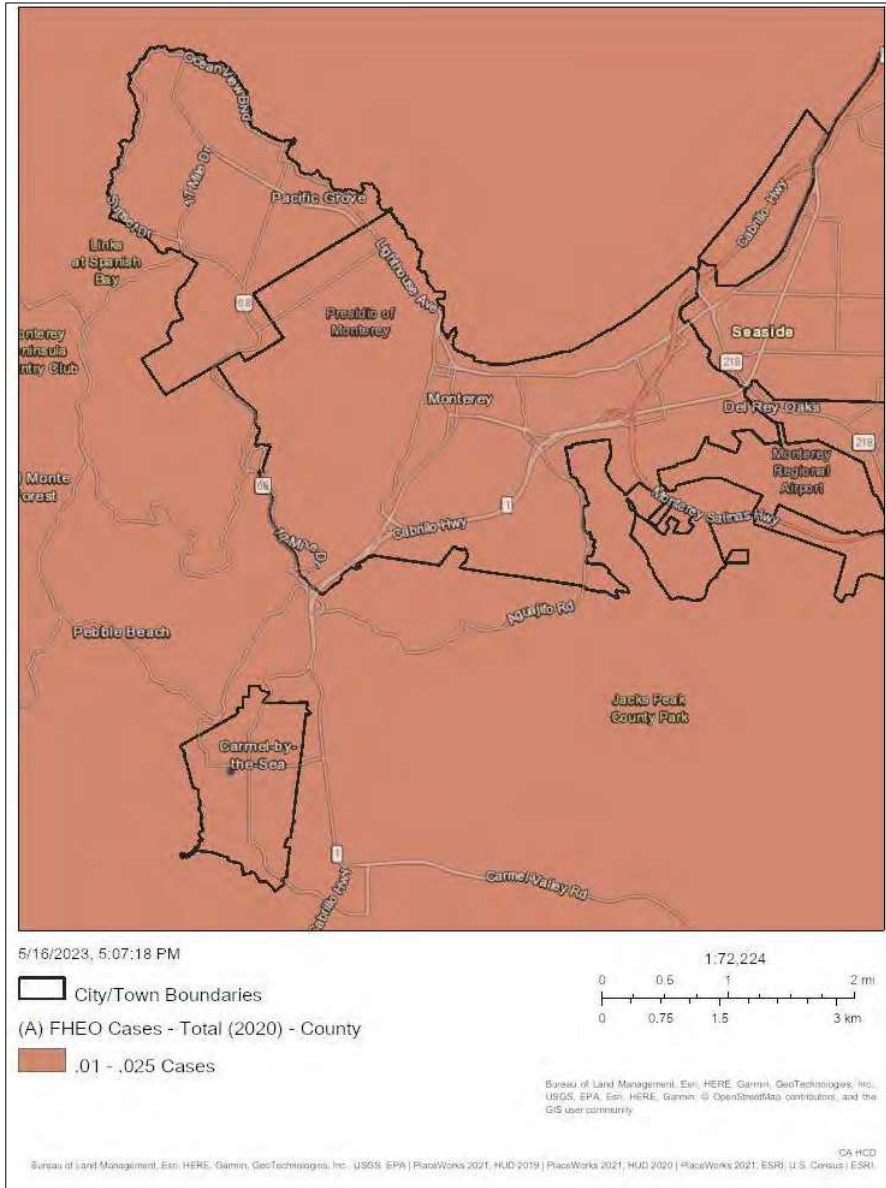
- First, fair lending cases referred to the Department of Justice from federal banking regulators has been declining, indicating that state and local government entities may want to play a larger role in examining fair lending barriers to homeownership;
- Second, NFHA identified a significant increase in the number of complaints of harassment – 1,071 complaints in 2020 compared to 761 in 2019; and
- Finally, NFHA found that 73 percent of all fair housing complaints in 2020 were processed by private fair housing organizations, rather than state, local, and federal government agencies – reinforcing the need for local, active fair housing organizations and increased funding for such organizations.⁴¹

39 From California Department of Fair Employment & Housing, 2018; Monterey County Regional Analysis of Impediments to Fair Housing Choice, 2019

40 City of Carmel-by-the-Sea, 2023

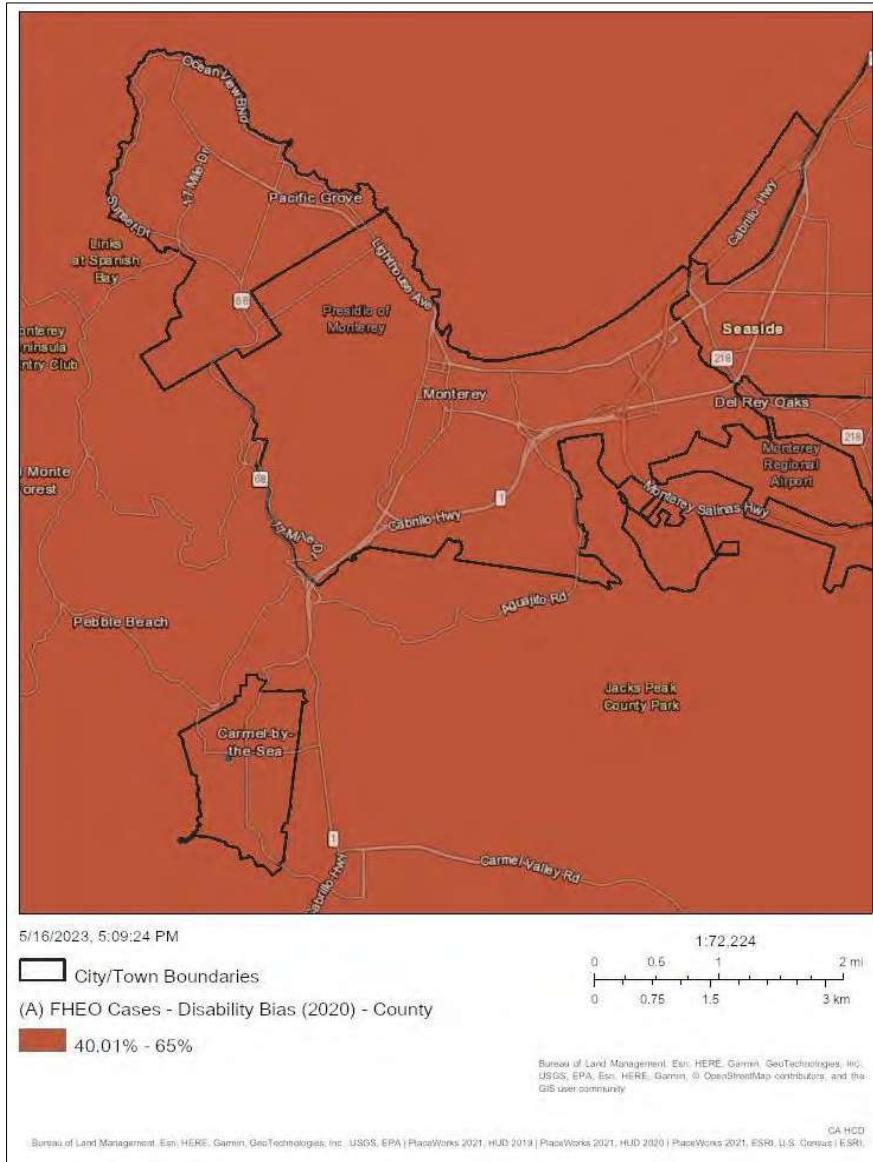
41 From Gentry, A. (2021, September 4). Annual fair housing report shows increase in housing harassment. NFHA

Figure A-52 - FHEO Cases Total, Monterey County, 2020



Source: California Department of Housing and Community Development AFFH Data Viewer

Figure A-53 - FHEO Cases, Disability Bias, Monterey County, 2020



Source: California Department of Housing and Community Development AFFH Data Viewer

Outreach and Capacity

Currently, Carmel-by-the-Sea’s website contains information about local fair housing ordinances. The website describes the steps residents should take if they feel they have faced discrimination and are seeking information about filing complaints (e.g., link to HUD’s and State of California fair housing pages). The site also references the organizations that provide fair housing services and assistance to City residents.

The following organizations offer fair housing services and assistance to the residents of Carmel-by-the-Sea:

- Conflict Resolution and Mediation Center;
- Legal Services for Seniors;
- California Rural Legal Assistance;
- ECHO Fair Housing Services
- HUD Housing Assistance;
- Central Coast Center for Independent Living; and
- Center for Community Advocacy.

Compliance with State Fair Housing Law

The City of Carmel-by-the-Sea complies with existing fair housing laws and regulations by ensuring all residents have equal access to housing programs, services, and resources and supporting residents in filing complaints on housing discrimination. Carmel-by-the-Sea is compliant with the following State laws that promote fair and affordable housing. The City has not been alleged or found in violation of the following:

- Fair Housing Act of 1968 – The City has adopted housing policies that prohibit housing discrimination based on protected characteristics and ensuring equal access to housing programs and services.
- California Fair Employment and Housing Act (FEHA) (Part 2.8 (commencing with Section 12900) of Division 3 or Title 2) – The City complies with the Fair Employment and Housing Act by upholding policies that prohibit housing discrimination based on protected characteristics and enforces these policies by supporting residents seeking to file a complaint to the FHCO or who wish to pursue legal action.
- Government Code §65008 – The City does not discriminate or deny any individual or group of individuals the right to residence, land ownership, tenancy, or other land use on the basis of one’s membership or perceived membership in a protected class, method of financing, and/or the intended occupancy. The City has adopted housing policies that prohibit discrimination based on protected characteristics. Further, the City has received zero FHCO complaints, and is committed to conducting outreach and educating residents on Fair Housing Law. [Program 5.1.A](#) in this Housing Element commits the City to providing information on fair housing and services offered in the region (see [Chapter 2](#)).

- Government Code §11135 et. seq. – The City does not discriminate or deny any individual or group of individuals access to programs or activities operated, administered, or funded with financial assistance from the state, regardless of one’s membership or perceived membership in a protected class. The City included [Programs 5.1.B, 5.1.C, and 5.1.D](#) in this Housing Element to promote affordable housing opportunities and resources, including Housing Choice Vouchers, shared housing programs, and farmworker housing resources (see [Chapter 2](#)).
- Assembly Bill 686 – The City has included this assessment of fair housing and identifies strategies to increase housing opportunities for all residents, with specific actions to reduce housing disparities for disadvantaged communities.
- Density Bonus Law – The City last updated their Density Bonus provisions in the Municipal Code in 2016. In compliance with State law, the City will update its Density Bonus provisions outlined in the Municipal Code to be consistent with recent changes to the State Density Bonus Law. [Program 3.1.C](#) will regulate this amendment to the Code.
- Senate Bill (SB) 35 – The City was previously not subject to the requirements of SB 35 due to its location in the coastal zone. However, as of October 2023, SB 423 now expands SB 35 measures to cities located in the coastal zone under specific criteria. The City is now subject to SB 35 and SB 423 requirements and will comply with State law as established in this Housing Element through [Program 1.3.H](#) (see [Chapter 2](#)).
- Rehabilitation Act of 1973 – The City does not discriminate against persons with disabilities and promotes equal opportunities, accessibility, and independence for individuals with disabilities.
- American Disabilities Act – The City’s Municipal Code establishes procedures for persons with disabilities seeking equal access to housing including reasonable accommodation for persons with disabilities. The City ensures housing developers comply with the American Disabilities Act through permit process review. The City includes [Program 3.2.A](#) to amend the Municipal Code regulations related to reasonable accommodations (see [Chapter 2](#)).
- Housing Accountability Act (Gov. Code. §65589.5) requiring adoption of a Housing Element and compliance with RHNA allocations – The City will comply with the Housing Accountability Act by approving any eligible housing development projects, including those with at least 20 percent affordable units to lower-income households.
- No Net Loss Law (Gov. Code §65863) requiring that adequate sites be maintained to accommodate unmet RHNA allocations – The City complies with the No Net Loss Law by identifying sites that can accommodate the City’s RHNA. The City also maintains minimum density requirements for multi-family housing developments in the R-4 district. To further encourage the development of affordable housing, the City is committed to amending the Municipal Code to amend the base zoning for the SC, RC, and CC commercial districts and the R-4 multi-family residential development district to allow a minimum of 33 dwelling units per acre.

- Limits on Growth Controls Law (Gov. Code. §65302.8) – The City complies with the Limits on Growth Controls Law. The City is surrounded by County development and has not adopted any mandatory general plan elements which limit the number of housing units.
- Housing Element Law (Gov. Code §65583(c)(5),(c)(10) – The City has included this analysis of fair housing and identifies strategies to increase housing opportunities for all residents, with specific actions to reduce housing disparities for lower-income households.

Housing Specific Policies Enacted Locally

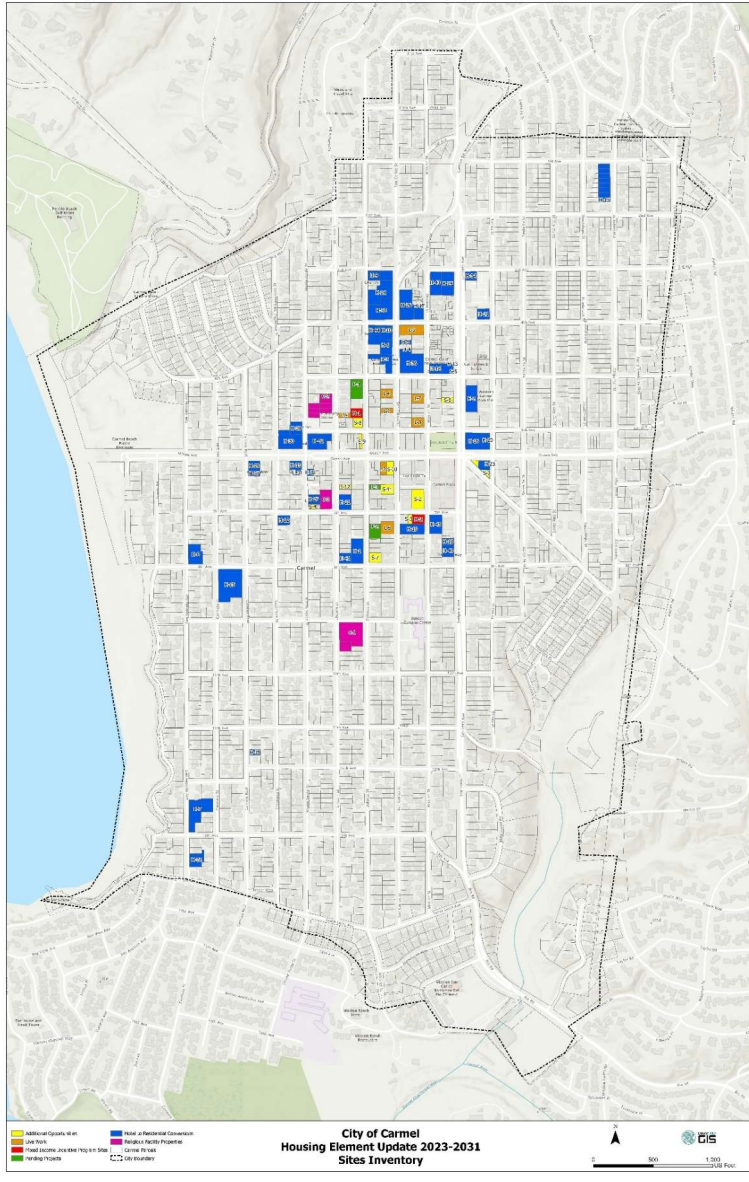
The City of Carmel-by-the-Sea identified the following local policies that contribute to the regulatory environment for affordable housing development in the City:

- Policy 1.1: Ensure adequate sites are available to meet the City’s projected housing growth needs.
- 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.
- Policy 2.3: Preserve and expand affordable and rental housing opportunities to enable local employees to live in the community where they work.
- Policy 2.4: Preserve the existing housing stock.
- 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.

Fair Housing and Sites Inventory Assessment

This portion of the Housing Needs and Fair Housing Report analyzes the relation between the housing opportunity sites and AFFH (affirmatively furthering fair housing)-related issues. Government Code §65583(c)(10) requires the housing opportunity sites to be analyzed with respect to AFFH to ensure that sites designated for low-income households are dispersed equitably throughout the city rather than concentrated in areas of high segregation and poverty or low-resource areas that have historically been underserved, and conversely, that sites designated for above moderate-income households are not concentrated in areas of high resources. By comparing the Site Inventory to the fair housing indicators in this assessment, this section analyzes whether the sites included in the Housing Element Site Inventory improve or exacerbate fair housing conditions, patterns of segregation, and access to opportunity. The City’s sites inventory is shown in Figure A-54 and includes pending projects, potential hotel-to-residential conversion sites, religious facility properties, potential live/work units and; mixed income incentive program sites, and as well as additional opportunity sites. As the specific hotels to participate in the conversion program cannot be determined at this time, this figure illustrates the location of all hotels in the City except those in single-family zones. The sites inventory is described in detail in Appendix C of this Housing Element.

Figure A-54 - Sites Inventory



Segregation and Integration

Race/Ethnicity

According to HCD AFFH Data Viewer 3.0 estimates (2022 Census), less than 20 percent of the population in both Carmel block groups belong to non-White groups. The northern block group has a slightly larger non-White population (14.8 percent) compared to the southern block group (5.6 percent). However, populations are predominantly White citywide. As shown in [Figure A-55](#), opportunity sites for hotel to residential conversions are scattered throughout the City and are not concentrated in a single area. Approximately 39 percent of hotel conversion opportunity sites are in the south block group and 61 percent are in the north block group.

Amongst all other RHNA sites (pending projects, religious facility properties, live/work units, mixed income incentive program sites, and additional opportunity sites), 57 percent are in the north block group and 43 percent are in the south block group. A slightly larger proportion of lower income RHNA units are in the south block group (54 percent) compared to the north block group (46 percent).

The City's RHNA strategy does not concentrate units of any income level in neighborhoods with heightened non-White populations. As discussed above, the City as a whole is predominantly White and sites of all types are scattered throughout Carmel-by-the-Sea.

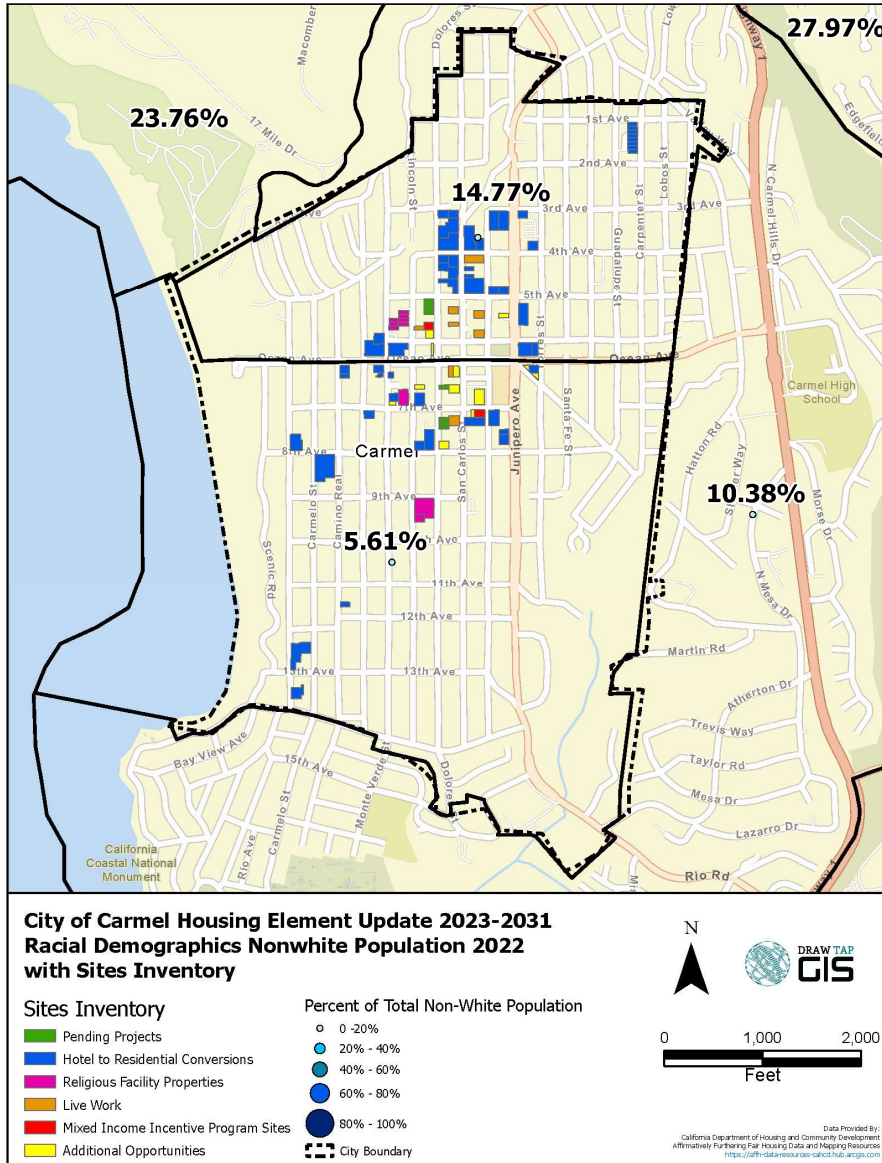
Persons with Disabilities

According to HCD AFFH Data Viewer 3.0 estimates (2018-2022 ACS), both Carmel tracts have populations of persons with disabilities representing between 10 and 20 percent of the tract population. Populations of persons with disabilities in the north and south tracts are comparable (15.6 percent and 10.5 percent, respectively). As discussed above, RHNA sites are distributed throughout the City and are not concentrated in a single neighborhood alone. Further, there are no concentrations of RHNA units of any income level in areas with uniquely high or low populations of persons with disabilities.

Familial Status

Most children (>80 percent) in both Carmel-by-the-Sea tracts live in married couple households. Further, less than 11 percent of children in both tracts live in single-parent female-headed households. In the southern tract, 100 percent of children reside in married couple households. A slightly larger proportion of RHNA units (not including hotel conversion sites) are in the southern tract compared to the northern (80 lower income units vs. 69 lower income units, respectively). Hotel conversion sites are distributed throughout the City and are not concentrated in a single neighborhood alone. There are no areas with acutely large populations of children residing in single-parent households. Further, the City's sites strategy does not concentrate RHNA units of any income level in a single area of the City alone.

Figure A-55 - Sites Inventory and Non-White Population by Block Group (2022)



Income

The sites inventory and low to moderate income (LMI) populations are shown at the block group-level in Figure A-56. LMI populations are based on HCD AFFH Data Viewer 3.0 estimates (HUD 2024) and are considered tracts or block groups with LMI populations exceeding 50 percent. The block group encompassing the central area of the City has the largest LMI population of 58.3 percent and is the only block group in Carmel-by-the-Sea that is considered an LMI area.

As shown in Table A-28 and Figure A-56 below, hotel to residential conversion opportunity sites are distributed throughout the City in all four Carmel-by-the-Sea block groups. Most hotel sites (63.8 percent) are in block groups that are not considered LMI areas, while 36.2 percent are in the central block group where 58.3 percent of households are low or moderate income. Amongst all other RHNA units, 57 percent are in the block group that is considered an LMI area (Table A-29). However, RHNA units are not concentrated in the LMI area alone. Housing opportunities have been identified citywide and are not concentrated in a single neighborhood. The distribution of RHNA units throughout block groups with variable LMI household populations aims to increase housing mobility by providing new housing opportunities citywide, and serve existing communities in need of additional housing opportunities.

Table A-28 - Distribution of Potential Hotel-to-Residential Conversion Opportunity Sites by LMI Population (2024)

LMI Population (Block Group)	Hotel Rooms	Percent
<25%	252	25.2%
25-50%	385	38.5%
50-75%	362	36.2%
>75%	0	0.0%
Total	999	100.0%

Source: HCD AFFH Data Viewer 3.0, HUD 2024.

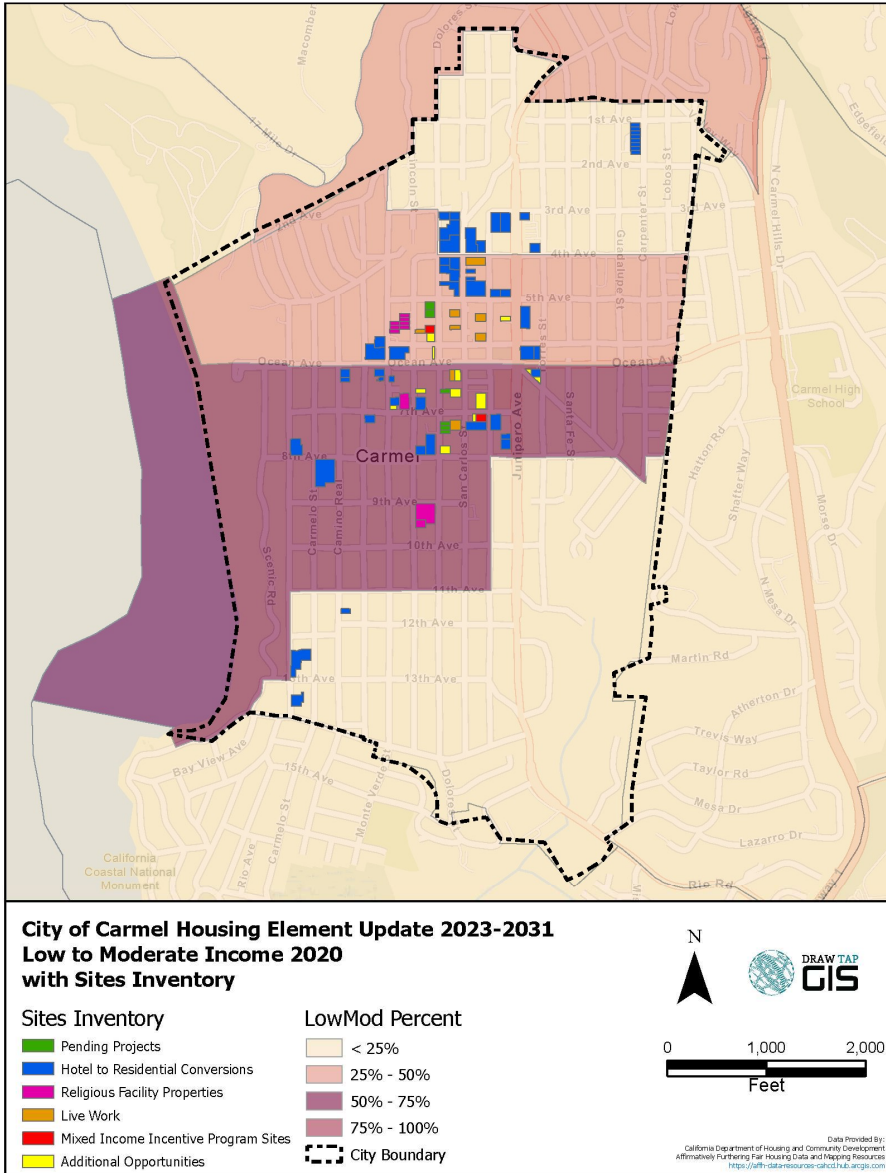
Table A-29 - Distribution of RHNA Units by LMI Population (2024)

LMI Population (Block Group)	Lower		Moderate		Above Moderate		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<25%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
25-50%	69	46.3%	1	50.0%	32	37.2%	102	43.0%
50-75%	80	53.7%	1	50.0%	54	62.8%	135	57.0%
>75%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	149	100.0%	2	100.0%	86	100.0%	237	100.0%

Source: HCD AFFH Data Viewer 3.0, HUD 2024.

Note: Includes pending projects, religious facility properties, live/work units, mixed income incentive program sites, and additional opportunity sites.

Figure A-56 - Sites Inventory and LMI Population by Block Group (2024)



Racially/Ethnically Concentrated Areas

Racially/Ethnically Concentrated Areas of Poverty (R/ECAPs) and TCAC Areas of High Segregation and Poverty

There are no HUD R/ECAPs or TCAC/HCD areas of high segregation and poverty that have been identified in Carmel-by-the-Sea. Therefore, no RHNA units are located in areas with these designations.

Racially Concentrated Areas of Affluence (RCAA)

There are no RCAAs that have been identified in Carmel-by-the-Sea. Therefore, no RHNA units are located in areas with this designation.

Access to Opportunities

Both Carmel-by-the-Sea tracts are considered TCAC/HCD highest resource areas. Therefore, all RHNA units are located in highest resource areas.

Environmental Opportunities

The TCAC/HCD Opportunity Maps include an Environmental Burden Flag layer based on the California Office of Environmental Health Hazard Assessment (OEHHA)'s CalEnviroScreen 4.0 tool (CES) indicators. Based on the 2025 TCAC/HCD maps, there are no tracts in Carmel-by-the-Sea that have the Environmental Burden Flag. The CalEnviroScreen 4.0 map for Carmel-by-the-Sea identifies the degree to which communities are considered burdened by pollution by comparing the scores of each census tract to every other census tract in the state. Both Carmel-by-the-Sea tracts scored in the highest quintile for environmental conditions, indicating more positive environmental factors. Therefore, there are no RHNA units in areas with worse environmental conditions.

Disproportionate Housing Needs

Cost Burden

Between 40 and 60 percent of owners in both Carmel-by-the-Sea tracts are cost burdened. A slightly higher proportion of the owner population in the north tract are cost burdened (59.3 percent) compared to the south tract (45.5 percent). As discussed above, RHNA units are dispersed throughout the City and are not concentrated in a single neighborhood. Approximately 57 percent of RHNA units (pending projects, religious facility properties, live/work, mixed income incentive program sites, and additional opportunity sites) are in the southern tract where 45.5 percent of owners are cost burdened.

The sites inventory is shown in relation to cost burdened renters in [Figure A-57](#), [Table A-30](#), and [Table A-31](#). A larger proportion of renters in the southern tract are cost burdened (64.8 percent) compared to the northern tract (43.6 percent). Potential hotel conversion sites are scattered throughout the City. Of the potential hotel conversion sites, 60.8 percent are in the northern tract where a smaller proportion of renter households experience cost burden. Conversely, a slightly larger proportion of non-hotel RHNA units (57 percent) are in the southern tract where a larger proportion of renter households are cost burdened. Of RHNA units identified through pending projects, religious facility properties, live/work units, mixed income incentive program sites, and additional opportunity sites.

53.7 percent of lower income units, 50 percent of moderate income units, and 62.8 percent of above moderate income units are in the southern tract where the cost burdened renter population is more prevalent. It is also relevant to note that the northern tract, where only 43.6 percent of renters are cost burdened, has a larger overall renter population representing 53.8 percent of the tract population (438 renter households). The southern tract, where 64.8 percent of renters are cost burdened, has a renter population of only 244 households (31.6 percent of the tract population).

Overall, the City’s RHNA strategy distributes housing opportunities throughout the City and does not concentrate units of any income level in a single neighborhood alone. Further, the sites strategy does not concentrate lower income units in the southern tract where the cost burdened renter population is higher at a rate exceeding the above moderate income unit share. The sites strategy increases housing mobility by supporting housing development citywide, while also serving existing needs.

Table A-30 - Distribution of Potential Hotel-to-Residential Conversion Opportunity Sites by Cost Burdened Renters (2022)

Overpaying Renters (Tract)	Hotel Rooms	Percent
<20%	0	0.0%
20-30%	0	0.0%
30-40%	0	0.0%
40-60%	607	60.8%
60-80%	392	39.2%
>80%	0	0.0%
Total	999	100.0%

Source: HCD AFFH Data Viewer 3.0, 2018-2022 ACS.

Table A-31 - Distribution of RHNA Units by Cost Burdened Renters (2022)

Overpaying Renters (Tract)	Lower		Moderate		Above Moderate		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<20%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
20-30%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
30-40%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
40-60%	69	46.3%	1	50.0%	32	37.2%	102	43.0%
60-80%	80	53.7%	1	50.0%	54	62.8%	135	57.0%
>80%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	149	100.0%	2	100.0%	86	100.0%	237	100.0%

Source: HCD AFFH Data Viewer 3.0, 2018-2022 ACS.

Note: Includes pending projects, religious facility properties, live/work units, mixed income incentive program sites, and additional opportunity sites.

Figure A-57 - Sites Inventory and Cost Burdened Renters by Tract (2022)

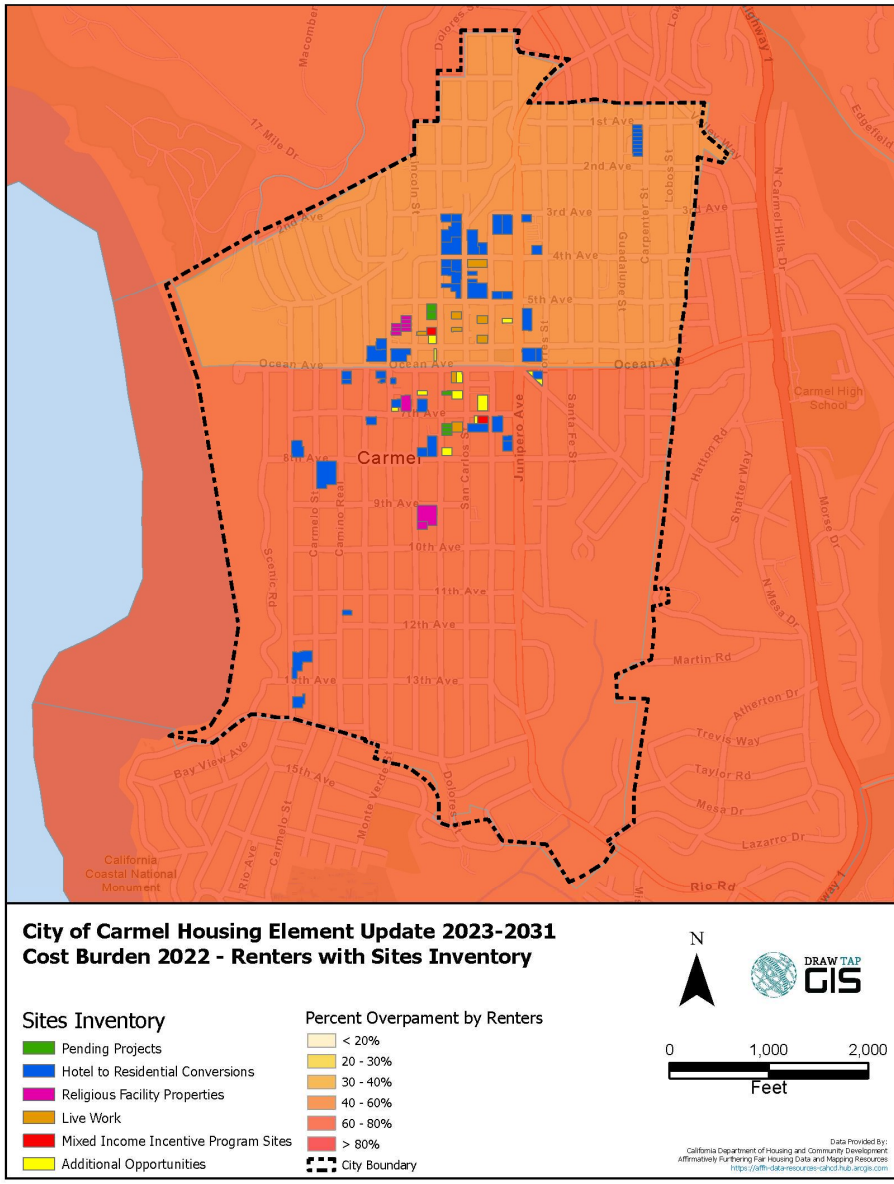
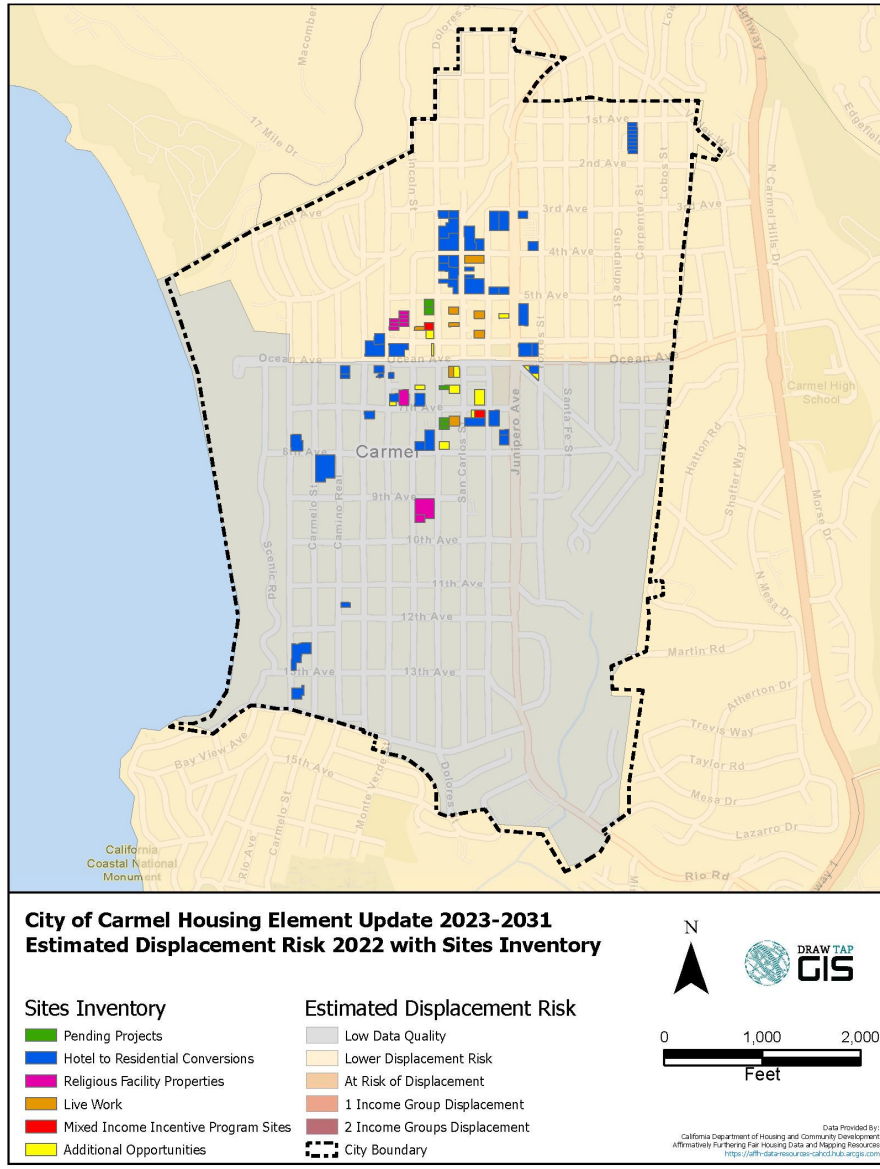


Figure A-58 - Sites Inventory and Displacement Risk by Tract (2022)



Overcrowding

Neither tract in the City has a population of overcrowded households exceeding five percent. Therefore, there are no RHNA units in areas where overcrowding is an issue.

Displacement

The Urban Displacement Project (UDP) designates census tracts as “sensitive communities” if the share of very low-income residents is greater than 20 percent and have any of the two following characteristics:

- The share of renters is above 40 percent
- The share of people of color is above 50 percent
- The share of very low-income households that are severely rent burdened is above the county median
- The percent change in rent is above the county median for rent increases

According to the UDP, the north Carmel-by-the-Sea tract is considered an area with a lower displacement risk. The southern tract does not have displacement risk data due to the small population. Therefore, there are no RHNA sites in areas with a heightened displacement risk.

Fair Housing and Sites Inventory Assessment Summary

The City’s sites inventory includes a variety of housing opportunities located throughout the City. There are no RHNA units of any income levels concentrated in a single area of the City. Further, due to the relatively small footprint of the City (approximately one square mile), demographic populations are generally homogenous citywide. Due to the spread of the RHNA sites and the lack of concentrated vulnerable populations (i.e., non-White, persons with disabilities, cost burdened households), the sites inventory does not exacerbate existing fair housing conditions. Sites selected to meet the RHNA aim to serve a variety of populations (i.e., lower, moderate, and above moderate income households, live/work units, mixed income). Additionally, the location of the sites supports housing mobility by facilitating new housing opportunities suitable for all income levels throughout all areas of Carmel-by-the-Sea, while also serving existing vulnerable populations such as lower income households and cost burdened renters.

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A.8 Fair Housing Recommendations

Contributing Factors and Fair Housing Action Plan

The disparities in housing choice and access to opportunity discussed above stem from historical actions, socioeconomic factors that limit employment and income growth, barriers to open housing choice, and until recently, very limited resources to respond to needs.

Local Knowledge of Contributing Factors to Fair Housing

To better inform this Housing Element to meet the needs of residents of Carmel-by-the-Sea, the City solicited the input of the public with prompted questions. All responses were taken into consideration for incorporation into the Housing Element to guide policies and programs that address the housing needs of existing and future residents.

Question: How can the supply of affordable housing be increased to meet the needs of our community?

Community members offered the following solutions:

- Encourage ADUs;
- Encourage second-story additions to single-story buildings downtown specifically for affordable housing;
- Change the zoning code to allow 3-story buildings downtown specifically for affordable housing;
- Set a maximum square footage limit on housing units in downtown to spur the creation of more small units rather than just a few large units;
- Create objective (yes/no checklist-style) design standards for new housing projects that include affordable units;
- Less short-term rental places, more long-term rental options;
- Build housing on the outskirts and empty parking lots;
- Annex land outside City for affordable housing; and
- Continue to ensure the built environment is subordinate to the natural environment.

Question: In your experience in Carmel-by-the-Sea, what has contributed to the fair housing issues? What solutions do you envision to address these issues?

- Information about affordable units.
- Down payment assistance.
- Tenant assistance resources.

Priority of Contributing Factors

The City of Carmel-by-the-Sea has prioritized the following contributing factors to the Fair Housing issues mentioned above. [Table A-32](#) presents prioritized fair housing issues and contributing factors, as well as the City's programs to support a solution-oriented approach to affirmatively furthering fair housing.

Table A-32 - Fair Housing Issues, Contributing Factors, and AFFH Programmatic Actions

Fair Housing Issue	Contributing Factor(s)	AFFH Programmatic Action	Priority
<p>Household Characteristics</p> <p>Carmel-by-the-Sea has significantly lower proportions of racial and ethnic minorities compared to Monterey County and the AMBAG region. Lack of inclusionary housing may contribute to the lack of protected classes in the community.</p>	<ul style="list-style-type: none"> Lack of racial and ethnic diversity within the City; and Lack of adequate affordable housing options. 	<p>Program 1.1.B: Underutilized Sites Development on Small Sites</p> <p>Program 1.1.C: Live/Work Housing</p> <p>1.1.D: Mixed-Income Incentive Program</p> <p>Program 2.1.A: Incentives for Mixed-Use Development</p> <p>Program 3.1.C: Density Bonus</p> <p>Program 3.1.D: Reduced Entitlement and Development Fees</p> <p>Program 3.1.C: Density Bonus</p> <p>Program 3.1.D: Reduced Entitlement and Development Fees</p> <p>Program 1.3.D: Employee Housing Program</p> <p>Program 2.1.A: Incentives for Mixed-Use Development</p>	High
<p>Disproportionate Housing Needs</p> <p>Forty-six (46) percent of Carmel-by-the-Sea households are cost burdened households, of which 24 percent are renter-occupied households and 23 percent are owner-occupied.</p>	<ul style="list-style-type: none"> Lack of affordable housing; Lack of adequate housing stock that meets the needs of residents; and Jobs-worker imbalance. 	<p>Program 1.1.B: Underutilized Sites Development on Small Sites</p> <p>Program 1.1.E: Affordable Housing on Religious Facility Properties</p> <p>Program 1.1.F: Hotel-to-Residential Conversion (Home 'Key' Transfer)</p> <p>Program 1.1.G: Hotel Employee Housing Program</p> <p>Program 1.1.H: Accessory Dwelling Units</p> <p>Program 3.1.B: Housing for Extremely-Low Income Households</p> <p>Program 1.3.DB: Employee Housing Program</p> <p>Program 2.4.A: Housing Rehabilitation and Maintenance Information</p> <p>Program 3.1.C: Density Bonus</p> <p>Program 2.4.A: Housing Rehabilitation and Maintenance Information</p> <p>Program 3.1.B: Housing for Extremely-Low Income Households</p> <p>Program 3.1.C: Density Bonus</p> <p>Program 3.1.G: Affordable Housing Overlay District</p>	High
<p>Special Needs Groups</p> <p>In Carmel-by-the-Sea, extremely low-income and special needs groups</p>	<ul style="list-style-type: none"> Lack of affordable housing; Jobs-worker imbalance; Lack of accessible units for individuals with disabilities; and Lack of Transitional and Supportive Housing/Emergency Shelters. 	<p>Program 1.3.E: Emergency Shelters</p> <p>Program 3.1.B: Housing for Extremely-Low Income Households</p> <p>Program 3.2.A: Reasonable Accommodation Procedures</p>	High

Fair Housing Issue	Contributing Factor(s)	AFFH Programmatic Action	Priority
<p>experience disproportionate impacts of poverty, increasing the challenge of obtaining adequate housing in the City.</p>		<p>Program 3.2.C: Family Friendly Housing Program 3.3.A: Zoning for Transitional and Supportive Housing Program 3.3.B: Low-Barrier Navigation Centers Program 3.3.C: Unlicensed Residential Care Facilities Program 3.3.D: Single Room Occupancy (SRO) Units Program 5.1.D: Farmworker Housing Program 4.3.E: Amend the A-2 Zoning District Program 3.1.B: Housing for Extremely-Low Income Households Program 3.2.A: Reasonable Accommodation Procedures Program 3.3.A: Zoning for Transitional and Supportive Housing Program 3.3.B: Low-Barrier Navigation Centers</p>	
<p>Housing Stock Carmel-by-the-Sea's lack of affordable housing production, limited variety of housing types, and increasing housing costs create barriers to enter the local housing market.</p>	<ul style="list-style-type: none"> • Since 2015, there have been 18 housing permits in the City for only above moderate-income households; and • Lack of developable land, and the City is subject to coastal zone ordinances. 	<p>Program 1.1.B: Development on Small Sites Program 1.1.E: Affordable Housing on Religious Facility Properties Program 1.1.F: Hotel-to-Residential Conversion (Home 'Key' Transfer) Program 1.1.G: Hotel Employee Housing Program Program 1.1.H: Accessory Dwelling Units Program 1.4.A: Modify or Eliminate Onerous Use Permits Program 1.4.B: Objective Design Standards Program 1.4.C: By-Right Approval Program 2.1.B: Permanent Housing Program 2.3.A: Preserve and Increase Upper Floor Residential Uses Program 3.1.E: Reduced Parking Requirements Program 3.1.F: Expedited Processing Procedures Program 3.1.G: Establish Minimum Densities Program 4.3.A: Condominium Conversions Program 4.3.B: Overnight Visitor Accommodation (Conversion) Development Transfer Rights Program 4.3.C: Accessory Dwelling Units Program 4.4.A: Remove Use Permit Requirement for Multi-Family Development</p>	<p>High</p>

Fair Housing Issue	Contributing Factor(s)	AFFH Programmatic Action	Priority
		Program 1.4.B: Objective Design Standards Program 2.1.B: Permanent Housing Program 2.3.A: Preserve and Increase Upper-Floor Residential Uses Program 3.1.E: Reduced Parking Requirements Program 3.1.F: Expedited Processing Procedures	
Access to Opportunity Low production of affordable housing in Carmel-by-the-Sea limits housing choices for low-income households, and has a disproportionate impact on Hispanic or Latino, Asian, and Black/African American households.	<ul style="list-style-type: none"> Of the 18 housing permits issued in Carmel-by-the-Sea since 2015, zero were issued for lower-income households (lack of affordable housing); and Costs of land, materials, and labor which limit profitability of affordable housing. 	Program 1.1.C: Live/Work Housing Program 1.1.G: Hotel Employee Housing Program Program 1.2.A: Water Distribution Policy Prioritization for Affordable Housing Program 1.3.A: Condominium Conversions Program 1.3.BD: Employee Housing Program 2.1.D: Establish Affordable Housing Trust Fund Program 3.1.A: Mixed-Use Affordable Housing Program 3.1.C: Density Bonus Program 3.2.B: Housing Mobility Program 4.1.A: Water Conservation Program Program 2.4.D: Establish Affordable Housing Trust-Fund Program 3.1.C: Density Bonus Program 4.1.A: Water Conservation	High
Fair Housing Enforcement No residents filed fair housing complaints in Carmel-by-the-Sea, indicating a lack of cause for complaint, or, alternatively, a potential lack of awareness about fair housing rights.	<ul style="list-style-type: none"> Lack of access to information about fair housing rights; and Limited knowledge of fair housing by residents. 	Program 2.1.C: Monitor Affordable Housing Stock Program 5.1.A: Fair Housing Services Program 5.1.B: Housing Choice Voucher Program Program 5.4.C: Shared Housing Information Program 5.2.A: Support Community Organizations	Medium

Source: City of Carmel-by-the-Sea; EMC Planning Group

A.9 Conclusion

To address the fair housing issues identified in this Housing Needs and Fair Housing report, the programs listed in the above section are included in [Chapter 2](#) of this Housing Element.

Housing Constraints

B

APPENDIX

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Appendix B

Housing Constraints

B.1 Introduction

Housing development is affected by public regulations and other forces. This chapter discusses both governmental and non-governmental constraints that affect housing in the City of Carmel-by-the-Sea. Governmental constraints consist of policies, requirements, or other actions imposed by various levels of government on land, housing ownership, and development. In addition to local standards, the City follows building and design requirements put forth by state laws, the California Building Code, Subdivision Map Act, energy conservation requirements, as well as other regulatory standards. However, Federal and State agency regulations that may constrain development are beyond the City's control and are therefore not addressed in this document. Non-governmental constraints are other conditions that impact housing development such as market factors, environmental setting, land availability, and construction costs.

B.2 Governmental Constraints

Governmental constraints are policies, standards, requirements, or actions imposed by the various levels of government upon land, housing ownership and development. Although Federal and State agencies play a role in the imposition of governmental constraints, these agencies are beyond the influence of local government and are therefore not addressed in this document. As appropriate, the City will monitor federal and state legislation that impacts housing. The City will update its Municipal Code, as needed to comply with any new housing related planning or zoning laws enacted by the State during the 6th Cycle Planning Period (2023-2031).

Infrastructure Constraints

Water Supply

The primary infrastructure constraint to the development of housing in Carmel is the lack of potable water. The lack of a reliable available water supply continues to limit growth in Carmel and throughout the Monterey Peninsula region.

Carmel is under the jurisdiction of the Monterey Peninsula Water Management District (MPWMD) and receives its water from the California-American Water Company (Cal-Am). The MPWMD has permit authority over the production and distribution of all water supplies within the Monterey Peninsula region, and allocates water supplies to cities and unincorporated County areas within its jurisdiction. Water service by Cal-Am is constrained by State Water Resources Control Board (SWRCB) Order WR 95-10,¹ which determined that in 1995 approximately 70 percent of Cal-Am supply was based on

1 See Order No. WR 95-10, https://www.waterboards.ca.gov/waterrights/board_decisions/adopted_orders/orders/1995/wro95-10.pdf

unlawful diversion from the Carmel River. Order 95-10 requires that any new water supply be used to reduce diversions from the Carmel River prior to allowing new users.

Furthermore, SWRCB issued a Cease-and-Desist order to Cal-Am in 2008² to further restrict water use which limits the placement of new water meters to service new development.

According to the MPWMD June 1, 2023 Technical Memorandum – Summary of Water Supply Requirements for Housing, the City requires 40 acre-feet (AF) to meet the City’s RHNA (349 units). The City has approximately 2,661 acre-feet of available water³ for general distribution which represents a water deficit of approximately 37.339AF. There is also Malpas Water Company water entitled to certain limited properties whose owners were previously able to purchase water directly from the Water Company.⁴ The Sites Inventory clearly identifies whether water is a constraint for each identified property.

“We have competing mandates. One of the mandates we have from the State of California is Order 95-10, which basically says we have no more water ... the other mandate is the [RHNA units] ... if we don’t have water, we can’t build them. It doesn’t matter how you slice or dice it – no water, no construction.”

April 6, 2023 Housing Ad Hoc Committee
Community Meeting Attendee

This is the only water available to the City until the District supplies increase and new allocations are made to each city in the District. Based on current supplies, sufficient water is not widely available to fully accommodate additional development commensurate with the City’s total RHNA. The City will continue to work with local and regional agencies to explore options for additional water supplies during the 6th Cycle Housing Element planning period.

The 6th Cycle Housing Element includes a program (program 1.2.A) to work with local and regional agencies to pursue new water supplies and includes prioritizing allocation of the City’s 2,661 acre- feet of water for affordable housing through the development of a water distribution policy. The City is currently working with the MPWMD to utilize water-saving fixtures for every building permit application, which helps to minimize water usage and thereby conserve water for future allocation in new developments. The City of Carmel is also supportive of Pure Water Monterey’s and Cal-Am’s efforts to provide additional water for new units, and promote desalination.

Wastewater

The Carmel Area Wastewater District (CAWD) collects and conveys wastewater from a business or residence to the wastewater treatment plant using underground pipes and lift stations. The CAWD collection system is comprised of approximately 81 miles of gravity sewers ranging in size from

- 2 See Order WR 2009-0060, https://www.waterboards.ca.gov/waterrights/board_decisions/adopted_orders/orders/2009/wro2009_0060.pdf
- 3 See June 2023 MPWMD Monthly Allocation Report <https://www.mpwmd.net/asd/board/boardpacket/2023/20230717/10/Item-10-Exh-10-A.pdf>
- 4 See June 2023 MPWMD Monthly Allocation Report – Entitlements - <https://www.mpwmd.net/asd/board/boardpacket/2023/20230717/10/Item-10-Exh-10-B.pdf>

6 inches to 27 inches in diameter together with nearly 4 miles of force mains, 7 pump stations, and over 1,500 manholes.

Two trunk sewers serve the City of Carmel and the Hatton Fields areas. Within the City of Carmel-by-the-Sea pump stations are located at 1) the westerly terminus of 8th Avenue (at Scenic Drive), 2) the intersection of Monte Verde Street and Sixteenth Avenue, 3) west side of Scenic Road approximately 200 feet south of Ocean View Avenue All pump stations have been upgraded to allow remote monitoring and have capabilities for standby power and emergency bypass.

The District’s permitted capacity is 3.0 million gallons per day (MGD), and their current average daily dry weather flow is approximately 1.2 to 1.3 MGD.

The City is required to plan for an additional 349 residential housing units in this planning cycle. Based on capacity and communication with the District, the CAWD has adequate treatment capacity to serve these units.⁵

General Plan and Land Use Controls

Each city and county in California must prepare a comprehensive, long-term General Plan to guide its future. The Land Use Element of the General Plan establishes the basic land uses and density of development within each jurisdiction. Under state law, the General Plan elements must be internally consistent, and each jurisdiction’s zoning must be consistent with its General Plan. Thus, the Land Use Element must provide suitable locations and densities to implement the policies of the Housing Element.

“We are primarily, essentially, and predominantly a residential city. I want to see us preserve our residential character.”

February 28, 2023 Housing Ad Hoc Committee
Community Meeting Attendee

The City’s development policies, standards and requirements were established with the intent of maintaining the long-term health, safety, and welfare of the community. To achieve this, the City has implemented a range of procedures, regulations and fees associated with all local development. Specific land use and development constraints, such as zoning regulations, governmental fees, building code standards, design review, and processing and permitting time can greatly influence the type and cost of construction that occurs.

The City of Carmel-by-the-Sea General Plan/Coastal Land Use Plan (General Plan) was adopted in 2003 and most recently amended in 2015. The General Plan Land Use Element identifies land use designations and development intensities for all land within City boundaries. Land Use designations include Core Commercial, Residential/Commercial, Multi-Family Residential, Single Family Residential, and Open Space/Recreation/Cultural. The Residential/Commercial land use designation encourages mixed use buildings and is intended to provide for a mix of residential dwellings and a limited range of

⁵ May 17, 2023 email correspondence with CAWD

office and service uses in scale with the character of the community. [Table B-1, Residential Land Use Designations](#), identifies the residential land use designations and their maximum permitted densities.

Table B-1 - Residential Land Use Designations

Designation	Maximum Density
Single-Family Residential	11 du/acre
Multi-Family Residential	33 du/acre, 44 du/acre (with affordable housing)
Commercial/Residential	33 du/acre
Core Commercial	33 du/acre

Source: Carmel-by-the-Sea 2003 General Plan

The range of residential densities provided by Carmel-by-the-Sea’s General Plan is sufficient to accommodate a range of housing types and affordability levels. It does not, therefore, pose an undue governmental constraint on the development of housing for the community.

Local Coastal Program and Coastal Land Use Plan

The California Coastal Act was established to balance landowners’ rights to develop and the public’s right to enjoy the coastline. This resulted in an area defined as the Coastal Zone which is regulated to ensure orderly, long-range conservation, use, and management of the natural, scenic, cultural, recreational, and manmade resources of the coast. All of the Carmel-by-the-Sea is located within the Coastal Zone, which in this area extends from the coast of Carmel Bay east to California State Highway 1.

Carmel-by-the-Sea’s Local Coastal Program (LCP) was certified by the Coastal Commission in 2004, enabling the City to issue Coastal Development Permits (CDPs). This gives the City authority over local development applications, with appeal oversight maintained by the Coastal Commission in limited areas of the City identified on the Carmel Zoning Map as the Beach & Riparian Overlay/Coastal Commission Appeal Jurisdiction. Land uses within the appeal jurisdiction are limited to single-family residential and open space. The Commission also retains permanent coastal permit jurisdiction over development proposed on tidelands, submerged lands, and public trust lands.

The LCP includes the following General Plan Elements: Land Use, Circulation, Coastal Access and Recreation, and Coastal Resource Management; the Zoning Ordinance (Implementation Plan); and, Appendices A through I of the General Plan and Zoning Ordinance.

The presence of land use regulation via the LCP, in general, means that housing development in Carmel-by-the-Sea faces a high bar to succeed. Most recent remedies brought forward by the California legislature to facilitate housing development are either outright inapplicable in the Coastal Zone or are secondary to California Coastal Commission policies that protect habitat resources (SB 9).

Zoning Code

The City of Carmel-by-the-Sea Zoning Code (City Municipal Code Title 17, Chapter 17.08- Residential Zoning Districts) establishes regulatory standards that dictate the type, location, density, and scale of residential development within the City's boundaries. Essentially, all zoning districts allow residential development. Below are the two primary zoning districts within the city that allow for residential uses:

- R-1 Single-Family Residential District; and
- R-4 Multifamily Residential District

In addition, the following zoning districts provide for some residential uses above commercial uses or on ground floor after review and approval of a conditional use permit.

- SC Service Commercial;
- CC Central Commercial District; and
- RC Residential and Limited Commercial

The following public and quasi-public zoning districts also permit limited residential uses:

- P-2 Improved Parklands (Park and Recreation District);
- A-2 Community and Cultural (Other Public District); and
- A-3 Senior Citizen Facility (Other Public District).

The City of Carmel-by-the-Sea Municipal Code (CMC) provides zoning regulations that are more specific than the General Plan Land Use designations. The R-1 (Single-Family Residential) district provides an appropriate land area for permanent single-family residential uses and structures and to enhance and maintain the residential character of the City. The R-4 (Multifamily Residential) district is intended to serve two purposes: 1) to provide an appropriate location for a mix of multifamily residential dwelling units convenient to the commercial area; and 2) to serve as a buffer or transitional zone between the commercial area and the single-family residential district.

Commercial zoning districts that permit residential uses include:

- The Central Commercial (CC) District, which is intended to provide an appropriate location for a broad range of retail, residential and service uses. Uses which generate high pedestrian traffic and which do not have large space requirements are appropriate in this district. Residential uses are appropriate on the second floor of structures.
- The Service Commercial (SC) District, which is intended to provide an appropriate location for services, offices, residential and limited retail activities that primarily serve local needs. This district is intended to provide a distinct transition between the more intense activities in the CC district and the less intense activities in the districts on its periphery. Mixed uses of commercial and residential activities are appropriate throughout this district.
- The Residential and Limited Commercial (RC) District seeks to provide an appropriate location for permanent and transient residential uses, service and office uses, and limited retail uses that do not adversely impact the residential neighborhood. This district is intended

to provide a transition and buffer between the more intense activities in the CC and SC districts and the less intense activities in the R-1 and R-4 districts.

To encourage the development of multi-family residential development, the City has included Program 3.1.G, which includes an amendment to the Municipal Code to restrict new single-family development in the R-4, CC, RC, and SC Districts (see Chapter 2). Existing single-family dwellings in these districts will be considered legal nonconforming uses.

Certain public and quasi-public zoning districts also permit limited residential uses. The Park and Recreation (P-2) District permits single-family, senior citizen housing, and family day care uses which are limited to the use and maintenance of existing buildings for nonprofit organizations, governmental buildings and uses, and residential use. Sites located in the Community and Cultural Center (A-2) District and Senior Citizen Facility (A-3) District permit senior citizen housing outright.

Table B-2, *Residential Uses Permitted by Zone*, shows residential uses, the zoning districts in which they are permitted, and whether they are permitted by-right (without discretionary action) or with a conditional use permit (CUP). The City’s Municipal Code is available online: (<https://www.codepublishing.com/CA/CarmelbytheSea/>).

Table B-2 - Residential Uses Permitted by Zone

Residential Use	Residential Zoning Districts		Commercial Zoning Districts			Public and Quasi-Public Districts (Park and Recreation & Other Public Districts)		
	R-1	R-4	CC	SC	RC	P-2	A-2	A-3
Single-Family	P	P	C-L-5	C	C	P-L-1	-	-
Accessory Dwelling Units								
Accessory Dwelling Unit (Interior)	P	P	—	—	—	—	—	—
Accessory Dwelling Unit (New Structure)	P	P	—	—	—	—	—	—
Class I Accessory Dwelling Unit	P	—	—	—	—	—	—	—
Class II Accessory Dwelling Unit	P	—	—	—	—	—	—	—
Studio	P	P	—	—	—	—	—	—
Guesthouse (Noncommercial)	C	—	—	—	—	—	—	—
Multifamily Dwellings								
0-22 dwelling units/acre	—	P	P	P	P	—	—	—
22 dwelling units/acre	—	C				—	—	—
23-33 dwelling units/acre	—	C	C	C	C	—	—	—
34-44 dwelling units/acre	—	C	C	C	C	—	—	—
45-88 dwelling units/acre	—	-	C	C	C	—	—	—
Senior Citizen Housing	R-L-5	P	P	P	P	P-L-1	P	P

Residential Use	Residential Zoning Districts		Commercial Zoning Districts			Public and Quasi-Public Districts (Park and Recreation & Other Public Districts)		
	R-1	R-4	CC	SC	RC	P-2	A-2	A-3
Family Day Care								
Small Family	R-L-5	P	–	–	P	P-L-1	–	–
Large Family	–	C-4	–	C	C	P-L-1	–	–
Group Residential	–	C	–	–	–	–	–	–
Transient Rental, Legal Nonconforming	–	R-L-6	C-L-7	C-L-7	C-L-7	–	–	–
Transient Rental, Housing Incentive	–	R-L-7	C-L-8	C-L-8	C-L-8	–	–	–

Source: CMC Title 17 Zoning 2023

Key:

- (P) permitted use classifications.
- (L) use classifications that are permitted, subject to certain specific limitations noted by the number designations and listed at the end of Schedule II-1 (CMC Section 17.08.040) and Schedule II-B (CMC Section 17.14.030).
- (C) use classifications permitted after review and approval of a conditional use permit by the Planning Commission. Conditions or standards may apply to these uses, noted by the number designations and listed at the end of Schedule II-1.
- (–) prohibited

Residential Districts Specific Limitations and Conditions

- R-L-1 Limited to advertising, consumer credit reporting, secretarial and court reporting, equipment maintenance and repair, personnel supply services, and nonretail computer services and repair.
- R-L-2 Allowed only on existing quasi-public use sites established prior to December 1, 1980, or added as an accessory use to such existing uses.
- R-L-3 Limited to existing units established prior to January 1, 1967, and/or authorized by a use permit issued between 1967 and 1990. *Note: These provisions approved by voter referendum.
- R-L-4 Limited to existing commercial spaces established prior to 1993 and occupied by commercial uses continuously since that time.
- R-L-5 Limited to occupancy within a single-family residence.
- R-L-6 Limited to permits approved prior to the adoption of Ordinance 2019-03.
- R-L-7 Limited to transient rental units approved through the issuance of a conditional use permit as an incentive for the creation of new housing units. See CMC 17.14.040(W)(2)(b).

Commercial Districts Specific Limitations and Conditions

- C-L-1 Limited to advertising, consumer credit reporting, secretarial court reporting, equipment maintenance and repair, personnel supply services, and nonretail computer services and repair. C-L-2. Allowed only as accessory use to gasoline stations and limited to a maximum of 300 square feet. No sales of alcohol are permitted. See CMC 17.14.040(D)(2) and (J)(2).
- C-L-3 Any establishments with activities generating noise, odors, deliveries by large vehicles, high traffic by customers, or requiring large storage needs are not permitted.
- C-L-4 Limited to offices for the following categories: operators of nonresidential buildings, apartment buildings, dwellings, real estate agents and managers, and title companies.
- C-L-5 Limited to sites that are already developed with a single-family dwelling, or that were originally developed as, or used as, a single-family dwelling but have since been converted to another use. Existing single-family dwellings can be maintained, altered, repaired and/or redeveloped. R-1 district floor area ratio standards shall apply to these sites.
- C-L-6 Subject to the same regulations as apply to other family residential dwellings in the same zone. C-L-7. Limited to permits approved prior to the adoption of Ordinance 2019-03.
- C-L-8 Limited to transient rental units approved through the issuance of a conditional use permit as an incentive for the creation of new housing units. See CMC 17.14.040(W)(2)(b). Public and Quasi-Public Districts Specific Limitations and Conditions
- P-L-1 Limited to the use and maintenance of existing buildings for nonprofit organizations, governmental buildings and uses, and residential use. P-L-2: Limited to facilities serving only park visitors and/or tenants of park buildings.
- P-L-3 Limited to schools for theater arts.
- P-L-4 Limited to workshops and classes connected with the arts.
- P-L-5 Only as an accessory use, when in connection with any other authorized use.

Use Permits

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. The UP requirement for residential developments between 23 and 33 du/acre does not have specific findings creating uncertainty for developers of

housing projects. Densities between 34 and 44 du/acre also require a UP and special findings are outlined in Municipal Code Section 17.64.190 (Residential Construction at Densities Between 33 and 44 Units Per Acre). Because the City does not have an inclusionary zoning ordinance, the UP findings are used as a tool to require affordable housing within this density range. For example, in the R-4 District, residential projects with densities between 33 and 44 du/acre must provide at least 20 percent of all units for lower-income households, 10 percent of all units for very low-income households, or 50 percent of all units for senior housing. In the CC, SC, and RC Districts, residential projects with densities between 33 and 44 du/acre are eligible for State Density Bonus Law as set forth in Government Code Section 65915 et seq.

Residential projects with densities between 45 and 88 du/acre are also subject to a UP and special findings that require the project to be 100 percent affordable to lower-income households.

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 which limits the number of units, particularly for smaller projects, and affects the financial feasibility of the proposed development.

There are opportunities to reduce redundancies and facilitate residential construction while still enabling development to meet City regulations. Taking an overall critical look at the application of use permits and removing this permit requirement where it does not add any necessary regulations related to safety and welfare will remove a regulatory constraint that adds to residential developer uncertainty, extends the permit entitlement process, and overall residential development costs. The 6th Cycle Housing Element includes a program to eliminate unnecessary use permits.

Commercial Overnight Visitor Accommodation

Pursuant to Coastal Zone requirements, the City has recognized existing overnight visitor accommodation (hotel/motel/inn) as an important coastal visitor asset and economic base in the community. There are a number of older (some non-conforming) hotels/motels/inns in the R-1, CC, RC, and SC zoning districts, located in key areas of the City. These commercial establishments can be targeted for transition and the existing buildings rehabilitated converted to permanent multi-family residences.

In an effort to maintain a strong residential component within the City, the Municipal Code Section 17.56.060 includes numerical limits on the total number of hotel/motel/inn units; however, the numerical limits increase the value of the existing commercial units and act as a disincentive for older establishments to be refurbished into multi-family units. The limit also acts as a disincentive to add on-site employee housing because scarce square footage is more valuable as an overnight visitor accommodation use rather than a residential use that serves lower-income employees.

Enabling older overnight visitor accommodation commercial uses to relocate to more appropriate commercial sites while allowing the establishments to retain the current number of hotel/motel/inn rooms, would facilitate continued overnight tourism while diversifying the housing stock by requiring

the refurbishment of existing buildings to permanent rental housing. In order to encourage these properties to transition into permanent multi-family residences, and to retain the same number of existing overnight visitor accommodation rooms for coastal visitor access (as desired by the California Coastal Commission), the City will develop Program 1.3.B to incentivize both the transfer of development rights of overnight visitor accommodations to other appropriate commercial sites while requiring the conversion of existing overnight visitor accommodation properties to permanent rental multi-family residences.

Additionally, the City has a number of overnight visitor accommodation properties that would greatly benefit from incorporating affordable on-site employee housing. These new rental permanent residential units would alleviate the current lack of housing options that many lower income employees that work at hotels/motels/inns in Carmel face. As an incentive to commercial overnight visitor accommodation property owners to provide on-site affordable employee housing, the City will offer an additional overnight accommodation room for every 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.

Overlay Zoning Districts

Overlay districts are zoning districts established by the City to carry out specific purposes. They are governed by a set of regulations that address specific subjects such as archaeologically significant resources or environmentally sensitive habitat areas. The City currently has overlay districts that address the following:

- Archeological significance;
- Parks;
- Beach and Riparian areas;
- Environmentally Sensitive Habitats;
- Annexed County Lots; and
- Downtown Conservation District.

Overlay districts can be constraints to development, or they can be used as a tool to encourage certain types of development. The existing overlays do not function as constraints to development.

Development Standards

With the exception of building heights, development standards in Carmel-by-the-Sea are typical for a small residential community. As for building heights, the City limits building heights to two stories above ground and 30 feet or less, which can render higher allowable densities (up to 44 du/ac with affordable housing) unachievable.

The City has discussed the possibility of increasing height limits, but community resistance to increasing the height limit has been consistent and is primarily based on a desire to protect the historic character of the downtown. Some community members have suggested allowing mezzanines as a third interior story, if it could be accomplished without appearing as a three-story building. The Zoning Code permits multi-family dwellings in all commercial districts and existing underutilized commercial spaces can be repurposed for residential uses.

The Community and Cultural Center District (A-2) allows senior citizen 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 standards adds uncertainty to the development process. Amending the A-2 zoning district with clear setbacks, height, and landscaping requirements will add clarity and remove a development constraint. The City of Carmel-by-the-Sea has included a new program in this 6th Cycle Housing Element to amend the A-2 District to include clear development standards as a means to encourage affordable senior housing.

[Table B-3, Residential Development Standards](#), summarizes residential development standards in Carmel-by-the-Sea.

Density, Building Intensity, and Height

Density, building intensity or floor area ratio (FAR), and building height are established in the Land Use Element and implemented by the Municipal Code. The following details allowed densities, building intensity, and heights in all residential districts (R-1, R-4, CC, SC, and RC).

“I would even venture to say—as an architect—if we protect the character of the village and if we do that well, we will actually be able to create a planning document that will more than cover the 349 number...that’s my professional opinion on what the power of design can do without an iota of sacrifice of the character of this community. It’s a hope, it’s a belief, and we just need to work towards it together.”

November 17, 2022 Housing Ad Hoc Committee
Community Meeting Attendee

Table B-3 - Residential Development Standards

Zoning	Minimum Lot Area (sq ft)	Setbacks			Maximum Height ^{1,2,3}	Maximum Floor Area (sq ft)	Maximum Lot Coverage or Density (R-4)	
		Front (in feet)	Minimum Side Yard (in feet)					Rear
Residential Districts								
R-1	2,500 ¹ 4,000	15	Interior 3	Street Side 5	15	24 feet 2 stories	Less than 45 percent of the area of the building site ² 2,400 ³	22% of the base floor area
R-4	4,000	No setback. 5 – if across from R-4, RC; 7.5 across from R-1	No setback ^{4,5}	N/A	No setback. 10 – if abutting R-1 or R-4	26 feet 2 stories	N/A	33 units/acre 44 units/acre with density bonus
Commercial Districts								
CC	N/A	No setback. 5 – if across from R-4, RC; 7.5 across from R-1	No setback ⁴	N/A	No setback 10 – if abutting R-1 or R-4	30 feet 2 stories	N/A ¹	One story – 95% of the site area Two story – 135% of the site area 150% with 15% bonus
SC	N/A	No setback. 5 – if across from R-4, RC; 7.5 across from R-1	No setback ⁴	N/A	No setback 10 – if abutting R-1 or R-4	30 feet 2 stories	N/A	One story – 95% of the site area Two story – 135% of the site area 150% with 15% bonus
RC	N/A	No setback. 5 – if across from R-4, RC; 7.5 across from R-1	No setback ⁴	N/A	No setback 10 – if abutting R-1 or R-4	26 feet 2 stories	N/A	One story – 70% of the site area Two story – 80% of the site area 95% with 15% bonus

Source: CMC Title 17 2023

1. Lots of record in existence on February 4, 1948.
2. Applies to sites less than 4,000 square feet.
3. The maximum potential floor area on a site is the sum of the base floor area plus any bonus floor area. The City uses a sliding scale to determine maximum floor area and site coverage.
4. If abutting R-4 or RC district a side yard setback of at least 5 feet along at least 50 percent of each side property line. The remaining 50 percent requires no setback unless the faces a public street. Any site abutting R-1 district requires a setback of five feet along entire side yard.
5. Buildings shall not be less than six feet from any other buildings on the same site.

Floor Area Ratio

Floor Area Ratio (FAR) expresses the ratio of building square footage to land square footage and allows for flexibility in design as long as other development standards (such as height and setbacks) are compliant. The following are floor area ratio standards according to square footage in the R-1 District.

- On sites less than 4,000 square feet, the maximum base floor area cannot exceed 45 percent of the area of the building site;
- On sites between 4,000 and 10,000 square feet, the base floor area is restricted to less than 45 percent of the area of the building site. The following formula applies to calculate the exact allowed base floor area: $\text{Building Site Area} (0.45 - ((\text{Sq. Ft. Over } 4,000) (0.02)) / 1,000)$; and
- On sites larger than 10,000 square feet, the base floor area is as stated in [Table B-4](#). The maximum allowed floor area on any building site 22,000 square feet or larger cannot exceed 6,000 square feet.

Table B-4 - R-1 District Base Floor Area and Bonus Floor Area Standards for Typical Lots

Site Area (Square Feet)	Base Floor Area (Square Feet)	Maximum Bonus Floor Area (Square Feet)	Maximum Total Floor Area* (Square Feet)
4,000	1,800	600	2,400
5,000	2,150	717	2,867
6,000	2,460	820	3,280
7,000	2,730	910	3,640
8,000	2,960	987	3,947
9,000	3,150	1,050	4,200
10,000	3,300	1,100	4,400
11,000	3,450	1,150	4,600
12,000	3,600	1,200	4,800
13,000	3,735	1,245	4,980
14,000	3,870	1,290	4,160
15,000	4,005	1,335	5,340
16,000	4,140	1,380	5,520
17,000	4,255	1,418	5,673
18,000	4,370	1,457	5,827
19,000	4,485	1,495	5,980

Source: City of Carmel-by-the-Sea Municipal Code Title 17

Notes *The "maximum total floor area" equals the base floor area plus the bonus floor area. The numbers in this column would require half of the total floor area to be located in a basement.

In an effort to maximize development of parcels zoned for R-4 uses, the City does not apply FAR as a restriction. Additionally, to encourage the development of multi-family rental units, sites of 4,000 square feet or less in area may be developed with apartments, condominiums, or a combination of both. On sites that are greater than 4,000 square feet or more in size, at least 50 percent of all residential units on the site must be provided as rental apartment units. This encourages the development of rental units and does not pose a constraint to multi-family rental housing.

In the Commercial Districts, the maximum floor area ratio is 10,000 square feet. The following are floor area ratio standards according to square footage in the Commercial Districts.

- CC and SC Districts: the basic floor area ratio allowed for one-story buildings is 95 percent of the site area and for two-story buildings is 135 percent of the site area. In addition to the basic floor area ratio, two-story buildings may qualify for a maximum 15 percent bonus, which allows a floor area ratio up to 150 percent of the site area.
- RC District: the basic floor area ratio allowed for one-story buildings is 70 percent of the site area and for two-story buildings is 80 percent. In addition to the base floor area ratio, two story buildings may qualify for a bonus of up to 15 percent, which allows a floor area ratio up to 95 percent of the site area.

Additionally, the City allows a floor area bonus for affordable housing projects in all commercial districts and the R-4 District as follows:

- A. Moderate Income. Up to five percent for projects if at least 25 percent of the units in a housing project are reserved for persons of moderate income as defined in Chapter 17.70 CMC;
- B. Low Income. Up to 10 percent for projects if at least 20 percent of the units in a housing project are reserved for persons of low income as defined in Chapter 17.70 CMC; or
- C. Very Low Income. Up to 15 percent for projects if at least 10 percent of the units in a housing project are reserved for persons of very low income as defined in Chapter 17.70 CMC.

The City has utilized FAR to restrict the allowed building size of units as a means to retain a village-like character and as an attempt to yield more affordable residential units. However, despite units being smaller in size, the cost of labor and land value outweighs the potential for affordability.

Restricting the building size also renders larger proportions of lots undevelopable. The City should consider increasing the allowed FAR to increase the developability of land.

Density

As shown in [Table B-5](#), maximum base densities range from 0-22 dwelling units per acre, and when density bonuses are enabled, up to 88 dwelling units per acre. The City's bonus density and density bonus allow higher densities in the Multi-Family (R-4) and Commercial Districts (CC, SC, and RC).

To enable residential development at higher densities, the City included Program 3.1.G, which establishes a minimum density of 33 dwelling units per acre for the R-4, SC, CC, and RC districts. This intention is rooted in facilitating a higher yield of units to enable the development of affordable residential units.

Table B-5 - Maximum Density Standards

	Permitted Base Zoning	Bonus Density	Density Bonus
R-1 District	2-11 du/ac	-	-
R-4 District	0-33 du/ac* (up to 44 du/ac when affordable)	Up to 44 du/ac	-
CC District	0-22 du/ac* (up to 88 du/ac when 100 percent affordable)	-	Up to 88 du/ac
SC District	0-22 du/ac* (up to 88 du/ac when 100 percent affordable)	-	Up to 88 du/ac
RC District	0-22 du/ac* (up to 88 du/ac when 100 percent affordable)	-	Up to 88 du/ac

Source: City of Carmel-by-the-Sea Municipal Code 17.08.040; 17.64.190

Notes: *The City proposes Program 3.1.G to establish a minimum density of 33 dwelling units per acre to enable high densities in the multi-family and commercial districts.

The current maximum density standards for multifamily housing, which is permitted in the R-4, CC, SC, and RC Districts, poses a constraint to the development of affordable rental units due to the limited potential yield of units. This impacts the feasibility of affordable residential projects. To enable the development of affordable residential units at a higher yield, the City proposes to establish a minimum density of 33 dwelling units per acre to the base zoning for the R-4, CC, SC, and RC Districts. This minimum density will eliminate the underutilization of sites, resulting in a higher yield of residential units, which will increase the feasibility to develop affordable units.

Program 3.1.G establishes and monitors the amendment to the Municipal Code to establish the minimum density to the aforementioned districts.

Lot Coverage

As shown above in [Table B-5](#), maximum lot coverage varies according to zoning district. The R-1 District is the most restrictive in lot coverage, allowing a maximum of 22 percent of the base floor area. The R-4 District does not define lot coverage, rather the City utilizes a maximum density of up to 33 dwelling units per acre, or up to 44 dwelling units per acre when using a density bonus. The CC and SC Districts both allow a maximum lot coverage of 95 percent of the site area for one-story buildings; 135 percent of the site area for two-story buildings; and 150 percent of the site area with a 15 percent bonus. The RC District allows a maximum lot coverage of 70 percent of the site area for one-story buildings; 80 percent of the site area for two-story buildings; and 95 percent of the site area with a 15 percent bonus.

The City’s development standards for lot coverage in the R-4 District poses a considerable constraint on the development of affordable residential units. However, the City proposes to establish a minimum density of 33 dwelling units per acre for the base zoning, to increase the density and allowed lot coverage on sites. As previously stated, establishing a minimum density will eliminate the underutilization of sites, resulting in a higher yield of residential units, which will increase the feasibility to develop affordable units. Program 3.1.G establishes and monitors the amendment to the Municipal Code to establish the minimum density to the aforementioned Districts.

Height

As shown in [Table B-6](#), maximum base height ranges from 18 to 30 feet and a maximum of two stories are allowed in the City’s residential and commercial districts. Maximum height, coupled with FAR, was specifically determined on a neighborhood basis to character and scale, either to preserve existing lower density neighborhoods or encourage medium-density development, such as in the Commercial District.

Table B-6 - Maximum Height Standards

	R-1 District	R-1-BR District	R-1-PO District	R-4 District	RC ³	CC ³	SC ³
Number of stories allowed	2	2	1 ¹	2 ²	2	2	2
Roof height of first story (ft)	18	18	18	-	-	-	-
Roof height of second story (ft)	24	18	24*	26	26	30	30

Source: City of Carmel-by-the-Sea Municipal Code Title 17

Notes:

1. See CMC 17.20.100, Required Planning Commission Review, and CMC 17.20.110, Review Criteria
2. Block 37, Lots 3, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22 and 24 within R-4 District require development approval by Planning Commission due to potential effects on significant coastal viewshed (CMC 17.12.050).
3. Building sites which face, abut or adjoin any property in the R-1 district shall be limited to a height of 24 feet (CMC 17.14.150).

The R-1 District permits a maximum height of 24 feet. The R-1 Park Overlay District has specific development standards for two story developments. The Planning Commission must make the following required findings for approval:

1. That due to the topography of the site relative to the adjoining park or open space land, the proposed building would not exceed the height or bulk of an 18-foot one-story structure built on a site at the same grade as the adjoining park or that topography and height are irrelevant because of the location of the building on the site avoids view of the buildings from the park; and
2. That those portions of the building visible from the park will exhibit a human scale and residential character through the use of simple building forms and natural materials that will not detract from the enjoyment of the park or open space by the public.

These required findings have not been a constraint to development within the City.

The R-1 Beach and Riparian Overlay District has the lowest maximum height standard at 18 feet. This Overlay District serves to provide review standards applicable to public and private property development located near public beach lands to ensure proposed development is compatible with the City’s coastal resources and the State’s Coastal Act (CMC 17.20.120).

The R-4 District permits a maximum height of 26 feet. Specific requirements pertaining to viewsheds may apply to new developments in the R-4 District (CMC 17.12.050). This is due to the City’s proximity to the coast and areas designated with significant coastal views. Development approval by the Planning Commission is required if development is located in Block 37, including Lots 3, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22, and 24 (CMC 17.12.050). The review process includes the following finding.

- No structure shall be approved for construction and no vegetation shall be planted or maintained within the viewshed at a height that exceeds the 350-foot contour elevation as referenced on the topographic survey dated June 1983 by Clayton B. Neill Jr. (W.O. #6415) (CMC 17.12.050).

The review process and required findings are minimal and developed in accordance with the Local Coastal Program. To ensure height allowance does not impede residential development in the R-4 District in the future, the City should evaluate the impacts of increasing the height allowance.

Currently, the Municipal Code does not pose an undue constraint to the development of multifamily residential units.

The Commercial District (RC, CC, SC) permits a maximum height of 30 feet. All newly constructed second story floor area, including area in new buildings, remodeled buildings and replacement, rebuilt or reconstructed buildings, shall be occupied by residential dwellings only and shall not be used for any commercial land use (CMC 17.14.050F). This requirement for second story development in the Commercial District has resulted in recent residential development and conversations with interested property owners, as many properties within the Commercial District are in need of remodeling. Therefore, the Municipal Code does not pose an undue constraint on residential development in the Commercial District.

Open Space Courtyards and Intra-Block Walkways

The City's development standards related to open space courtyards and intra-block walkways have been developed to conserve the City's unique charm and design character. As a result, the City has established regulatory processes for the construction of new and alterations to existing courtyards and intra-block walkways. Courtyards and intra-block walkways are permitted in the Commercial District (CC, SC, RC).

Courtyards are defined as an open space on private property that is linked to an adjoining sidewalk or walkway in such a manner as to encourage public access. Courtyards are required to be enclosed on at least two sides by buildings and must remain open to the sky. The City allows a floor area bonus for courtyards with a minimum width of 20 feet and a minimum area of 400 square feet.

Intra-block walkways are defined as publicly accessible ground level pedestrian paths providing a connecting route between two or more different streets around a block. The City allows a floor area bonus for intra-block walkways with a minimum width of four feet.

All proposals to alter the size, location or configuration of a courtyard or intra-block walkway require review by the Planning Commission. Generally, such changes are approved only if the Commission finds that the proposed change would be an improvement over existing conditions such as improving public access, allowing for creation of new or better link with courtyards or walkways nearby or eliminating a safety hazard. Existing courtyards and intra-block walkways are not to be removed. This review process includes a single hearing, which can be completed concurrently with design review.

The City's current development standards for courtyards and intra-block walkways may pose some level of constraint to the development of affordable residential units based on the requirement of Planning Commission review. However, with new construction, the development of courtyards and intra-block walkways will likely improve existing conditions and therefore be approved with ease.

Development standards related to courtyards and intra-block walkways have not impeded development, resulted in fewer units or lower density development in the City. Currently, the City has three ongoing multi-family rental projects that incorporate courtyards and or intra-block walkways: Ulrika Plaza, Scandia Lopez/Hakim, and JB Pastor.

The Ulrika Plaza project is fully entitled and advancing towards development, with building permits anticipated by May 2024. This project aims to develop 12 market-rate rental residential units.

Similarly, the Scandia Lopez/Hakim project is fully entitled, and building permits are in development and expected to be submitted by June 2024. This project is designed to introduce an additional three new rental residential units to the historic Percy Parkes Building. The project did not include any incentives, concessions, or bonuses. The project did benefit from an existing code provision that waives on-site parking in the Central Commercial District.

Regarding the JB Pastor project, the developer has requested a preliminary review by the Planning Commission to gather feedback on the design before submitting a formal application. This project aims to develop eight market-rate rental residential units.

Overall, the development standards related to courtyards and intra-block walkways have not discouraged development within the City.

Parking Requirements

The City's parking requirements are generally in line with typical parking requirements. In the R-1 District, 1 on-site parking space per dwelling must be provided on sites of 8,000 square feet or less in area and 2 on-site parking spaces per dwelling on sites larger than 8,000 square feet in area. One parking space must be provided for each guesthouse. (CMC 17.10.030(F)(1)).

Under the current Municipal Code, R-1 zone sites with Class II accessory dwelling units (accessory dwelling units that are legal nonconforming units that were established prior to April 5, 1988) are required to provide a minimum of one parking space on-site at the time of approval. Upon enlargement or improvement of a Class II unit, one parking space each for the primary dwelling on the site and for the accessory dwelling unit are required. Improvements to accessory dwelling units are allowed even if one or both parking spaces encroaches into a setback. Accessory dwelling units built after 1988, or that were improved, are required to provide one parking space behind all setbacks for the accessory dwelling unit and are required to comply with all parking requirements established in Chapter 17.38 CMC, Off-Street Parking Requirements, for other development on the site.

The City's ADU ordinance was last updated in 2017 (Ord. 2017-10 § 1 (Exh. A), 2017). 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 intends to remove all parking requirements for ADUs in the updated ADU Ordinance. Program 1.3.C establishes and monitors the implementation of Municipal Code amendments related to ADUs (see Chapter 2).

Table B-7 summarizes off-street parking requirements as shown in Table A of CMC 17.38.020, for all uses, projects, developments and redevelopments; note that accessory dwelling units are not included in Table A of CMC 17.38.020 but are included in Table B-7 below. The parking requirements outlined in Table B-7 fully satisfy parking requirements for individual projects.

New projects or developments shall only be allowed when meeting all parking requirements of this chapter and the requirements of any conditional use permit, subdivision approval or specific plan applicable to the property. Proposed uses within existing buildings may replace existing uses as long as any existing parking deficiencies on the property are not increased by the replacement. Proposed additions of floor area, new shops or dwelling units, or other similar changes in land use resulting in a net increase in parking requirements, as set forth in this chapter, shall provide all required parking generated by the new activities on the site. Parking can be provided on-site, off-site, or through payment of in-lieu fees.

Table B-7 - Minimum Off-Street Parking Requirements

Land Use	Basis for Requirement	Land Use District Parking Factors			
		CC	SC	RC	R4
Permanent Residential Use	Spaces per Dwelling Unit	1	1	1.5	1.5
Accessory Dwelling Units	Spaces per Dwelling Unit	0	0	0	0
Affordable Housing for Moderate-, Low- or Very Low-Income	Spaces per Dwelling Unit	1/2	1/2	1/2	1/2
Senior Housing, Cooperative Housing or Group Care Facilities	Spaces per Dwelling Unit	1/3	1/3	1/3	1/3
	Guest Spaces per Each Four Full Units	1	1	1	1
Nursing Home or Other Resident Care Facility	Spaces per Patient or Resident	N/A	1/3	1/3	1/3
Commercial Retail or Service Uses Not Otherwise Specified in This Table	Spaces per 600 Square Feet of Commercial Floor Area or per Business/Shop Space, whichever is Greater	1	1	1	1
SIC 701: Hotels and Motels	Spaces per Rental Unit, Including Manager's Unit	1	1	1	1

Source: CMC 17.38.020(C) Table A: Minimum Parking Requirements

Note: The City follows State ADU law. When an ADU is created through the conversion of a garage or carport, replacement of the off-street parking space(s) are not required. Additionally, because parking is not required to be provided for ADUs located within one half-mile walking distance of public transit, ADUs in Carmel-by-the-Sea do not require parking.

Parking costs contribute significantly to the cost of development in Carmel-by-the-Sea and this flexibility often makes affordable housing more feasible. The City has adopted a reduced parking requirement from one space to one-half space per dwelling unit for affordable housing units (Program 1.1.C, see Chapter 2). This program also establishes waived parking requirements for affordable housing units in the CC District and reduced parking standards for senior housing developments. Program 3.1.E establishes reduced parking requirements for affordable residential development,

including waiving in-lieu fees for affordable units. As a result of these concessions, potential constraints to development associated with existing parking standards will be reduced.

Cumulative Impacts

Overall, the City’s existing land use controls may pose potential constraints on the development of affordable housing as a result of limited building size; limited maximum density and lot coverage standards in the R-4 District; limited height standards in the R-4 District; and open space and intra-block walkway review requirements for new development and altering existing structures. The City should consider the following to reduce potential barriers to developing affordable housing:

1. Currently, FAR requirements for the city’s Commercial Districts do not pose a constraint to the development of multi-family housing. However, to ensure FAR does not result in the underutilization of parcels in the future, the City should consider increasing the allowed FAR;
2. The current maximum density standards for multi-family housing, which is permitted in the R-4 (max. 33 dwelling units per acre), CC, SC, and RC (max. 22 dwelling units per acre) Districts, pose a constraint to the development of affordable rental units due to the limited potential yield of units. This impacts the financial feasibility of affordable residential projects. The City includes Program 3.1.G to establish a minimum density of 33 dwelling units per acre for the base zoning in the R-4, CC, SC, and RC Districts (see Chapter 2);
3. Currently, development standards for maximum building height do not pose a constraint to the development of multi-family housing. However, to ensure height allowance does not impede residential development in the R-4 District in the future, the City should evaluate the impacts of increasing the height allowance;
4. While the City’s parking standards do not inherently pose a constraint to development, parking costs generally impact the cost of development. To offset parking costs associated with development, the City has reduced parking requirements in the CC District for affordable housing units and senior housing units (Program 1.1.C, see Chapter 2). Additionally, Program 3.1.E reduces parking requirements in the R-4, RC, and SC Districts (see Chapter 2).

Objective Design and Development Standards

The City currently lacks a strictly objective set of design guidelines. Detailed design guidelines for the R-1 District and high-level design guidelines for commercial zones are presently in place; however, the current design guidelines include a mix of objective and subjective criteria. While the City’s existing R-1 design guidelines are being updated this year, the City does not currently have plans to develop a set of strictly objective standards for multi-family or mixed-use projects.

The lack of “Objective Design Standards” currently poses a constraint to residential development. Guidelines that are subjective, or zoning districts that lack clear development standards, increase

uncertainty and risk for housing developers. Objective Design 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 proposes to develop objective design standards for mixed-use and multi-family residential projects that include affordable housing.

Additionally, the City is proposing to amend the A-2 zoning district which encompasses the Sunset Center, a city-owned property with future housing development potential to establish clear setbacks, height, and objective design standards. This action will add clarity and remove any potential development constraints.

Zoning for a Variety of Housing

California Housing Element Law requires the housing element to provide 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 (Government Code §65583 and §65583.2). Providing development opportunities for a variety of housing types promotes diversity in housing price, style, and size, and contributes to neighborhood stability by offering more affordable housing and accommodating a diverse income mix. [Table B-2](#) (above) shows the housing types permitted in Carmel-by-the-Sea.

Single-Family Dwelling Units

A single-family dwelling is defined as any building containing or more habitable rooms with facilities for living, sleeping, cooking, and eating and containing no more than one kitchen (CMC 17.70).

Single-family dwelling units are permitted in all residential districts (R-1 and R-4); conditionally permitted in commercial zones (CC, SC, and RC) and public and quasi-public Districts.

Multifamily Dwelling Units

A multifamily dwelling is defined as a building or group of buildings on a single building site that, in whole or in part, is designed for, or occupied by, members of two or more families dwelling independently of each other in separate areas or units.

Multifamily and duplex housing units constitute approximately 13 percent of Carmel's housing stock. Multifamily dwelling units between 0-22 dwelling units per acre are permitted in the R-4, CC, SC, and RC Districts. Multifamily dwelling units between 22-44 dwelling units per acre are conditionally allowed in the R-4 District, and up to 88 dwelling units per acre is conditionally allowed in the CC, SC, and RC Districts.

The conditional use permit (CUP) for residential developments greater than 22 dwelling units per acre is a development constraint to higher density development. Site design review is required for multifamily projects, and the CUP process adds very limited value to the review process for projects of this size and scale. To lessen this regulatory constraint, the City will amend the Code to eliminate unnecessary use permits (Program 1.4.A, see [Chapter 2](#)).

Accessory Dwelling Units (ADUs)

An accessory dwelling unit (or ADU) is defined as an attached or detached residential dwelling which provides complete independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation, which is located on the same parcel as a single-family dwelling (CMC 17.68.030). Based on their relatively small size, and because they do not require paying for land or major new infrastructure, ADUs and Junior ADUs (JADU) are considered affordable by design. ADUs can 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. Additionally, the City has a high rate of second home (vacation) ownership. Encouraging ADUs and JADUs may be appealing to second homeowners because ADUs will provide a higher level of security to the property if there is a full-time resident, and will add an income stream to a property that lies vacant for a high proportion of the year. Most importantly, ADUs and JADUs can provide much-needed affordable smaller housing units.

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.

In recent years, the California Legislature has passed a series of bills aimed at encouraging single-family homeowners to add ADUs to their property by requiring local jurisdictions to adopt regulations to facilitate their production and streamline their approval. The State passed legislation in 2017, 2019, 2020, and 2021 to further assist and support the development of ADUs, including by-right approval for units less than 800 square feet. ADUs are also permitted in commercial structures per state law.

The City permits one guesthouse on sites of 6,000 square feet or greater upon approval of a use permit. Guesthouses shall contain no food preparation facilities of any kind, but are permitted to have a bathroom with a toilet, sink and bathing facility. A guesthouse on any building site may be converted to an accessory dwelling unit, generally requiring the permitting of kitchen sink and facilities. Converting existing guesthouses to fully functional ADUs, or JADUs, represents a cost-effective method to increase the City's housing stock, requiring only a building permit. These opportunities could be strong candidates for prioritization of the City's limited water distribution.

The City is also exploring the development of standardized pre-approved ADU plans. 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.

The City of Carmel-by-the-Sea has included Program 1.3.C to establish and monitor the amendment of its Municipal Code to be consistent with ADU and JADU state law, and develop standardized ADU plans (see [Chapter 2](#)).

Manufactured Housing / Mobile Homes

State law requires manufactured homes be permitted equally anywhere that single-family homes are permitted. Mobile homes are an affordable homeownership for farmworkers and other very low-, low-, and moderate-income households.

There are no mobile home parks located in Carmel-by-the-Sea. The City permits mobile homes on a permanent foundation as a single-family residential use, subject only to the design review requirements as any other single-family residential use in the same zone pursuant to state law California Government Code §65852.3. Such housing is subject to the same development standards and design review criteria as traditional forms of housing construction. The City has included Program 1.3.G to establish and monitor the amendment of the Municipal Code to clarify this type of housing as a permitted use in the R-1 District.

Group Homes

The Zoning Code defines group residential as “Shared living quarters without separate kitchens or bathrooms for each room or unit, including boardinghouses, dormitories, and private residential clubs, but excluding guesthouses.” As described above, state-licensed group homes are permitted under the regulations for Community Care Facilities and Residential Care Facilities. Unlicensed group homes are not currently identified as a permitted use in any zoning district.

The City has not identified any zoning or other land-use regulations that could discriminate against persons with disabilities or impede the availability of such housing for these individuals. Examples of the ways in which the City facilitates housing for persons with disabilities through its regulatory and permitting procedures are:

- As discussed above, the City Zoning Code allows residential care facilities for six or fewer persons subject to the same standards and procedures as apply to other residential dwellings of the same type in the same zone;
- The City has also adopted reduced parking requirements (0.33-space per unit or bed) for Senior Housing, Cooperative Housing, Group Care Facilities, Nursing Homes and Other Residential Care Facilities. Retrofitting of dwellings to meet the needs of persons with disabilities is also an eligible activity under the City’s Housing Rehabilitation Program. Construction and rehabilitation activities are also subject to the Federal Americans with Disabilities Act requirements and the City is active in promoting ADA compliance; and
- The City defines family as “an individual or two or more persons living together as a single nonprofit housekeeping unit and sharing common living, sleeping, cooking, and eating facilities,” which is consistent with state law.

Single-Room Occupancy (SRO) Units

Single room occupancy (SRO) housing are one-room units intended for occupancy by a single individual. It is distinct from a studio or efficiency unit, in that a studio is a one-room unit that must

contain a kitchen and bathroom. Although SRO units are not required to have a kitchen or bathroom, many SROs have one or the other.

The City's Zoning Code does not explicitly define single room occupancy housing, although CMC 17.08.050(F) allows guesthouses, studios, and multi-family units as small as 400 square feet. The Code also requires that all multi-family projects of three or more units include a mix of unit sizes, and at least 25 percent of all units are required to be 400 to 650 square feet in size. The City has included Program 3.3.D to establish and monitor the amendment of the Municipal Code to codify SROs.

Transitional and Supportive Housing

Transitional housing is generally defined as a facility that provides shelter for homeless individuals, and generally involves integration with other social services and counseling programs to assist in the transition of self-sufficiency through the acquisition of permanent income and housing. Transitional housing is temporary housing (generally six months to two years) for a homeless individual or family who is transitioning to permanent housing. This housing can take several forms, including group housing or multi-family units, and often includes a supportive services component to allow individuals to gain necessary life skills in support of independent living. There are no known transitional housing facilities in the City.

Supportive housing is generally defined as permanent, affordable housing with on-site services that help residents transition into stable, more productive lives. Services may include childcare, after-school tutoring, career counseling, etc.

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 serves compliant with SB 2 passed in 2007. The City has included Program 3.3.A to establish and monitor the amendment of the Municipal Code to further clarify transitional and supportive housing in the R-1 district as a permitted use.

Emergency Shelters

Emergency shelters are generally defined as a facility which provides immediate short-term housing for homeless individuals.

Emergency shelters for the homeless is defined as a residential facility, lodging house, or dwelling, where no rent is paid, that provides temporary accommodation to homeless persons and/or families. Pursuant to Senate Bill (SB) 2, jurisdictions with an unmet need for emergency shelters are required to identify a zone(s) where emergency shelters will be allowed as a permitted use without a conditional use permit or other discretionary permit. The identified zone must have sufficient capacity to accommodate the shelter need, and at a minimum provide capacity for at least one year-round shelter. Permit processing, development and management standards for emergency shelters must be objective and facilitate the development of, or conversion to, emergency shelters.

There are no emergency shelters or homeless services located in the City. However, the Zoning Code allows siting of emergency shelters as community social service facilities, which are defined in CMC 17.68 as “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.” Community social service facilities are permitted by-right in the CC, SC, and RC districts (CMC 17.14.030, Schedule II- B) as well as with a CUP in the R-1 and R-4 districts (CMC 17.08.040, Schedule II-1) and A-3 District (CMC 17.18.070, Schedule II-D). Residential uses are permitted in all of these Districts.

In addition, shelters for families and single women with children are permitted at all churches in the community as a part of their social outreach functions. Religious facilities are conditionally permitted in the R-1 district (only on existing quasi-public use sites established prior to December 1, 1980, or added as an accessory use to such existing uses) and allowed with a conditional use permit (CUP) in the RC district.

AB 2339 passed in 2022, expands the definition of emergency shelters to include low barrier navigation centers and bridge housing. AB 2339 also requires that the zone(s) permitting emergency shelters by-right be zones that are also suitable for residential uses.

As described in [Appendix A – Housing Needs and Fair Housing Report](#), the 2022 *Monterey Homeless Count and Survey Comprehensive Report* prepared by Applied Survey Research estimated there was only one transient resident in the City as of 2022 who is presently being sheltered at a local religious facility. AB 2339 provides a general guidance of 200 square feet per person. A site area of approximately 2,000 square feet (0.04 acres) would be sufficient to house up to 10 people, and therefore accommodate the City’s homeless population of one person. Overall, a total of 39-acres in the City are zoned for commercial uses (CC, SC, and RC). As later shown in [Appendix C –Sites Inventory](#), the Sites Inventory identifies approximately 3.15 acres of underutilized CC, SC, and RC sites in the Commercial District. Specifically, 12 of these sites are larger than 0.04 acres, which would be appropriate for a small sized shelter facility and adequate to accommodate the City’s one unsheltered homeless resident, and up to a maximum of 10 people.

New shelters are often installed through adaptive reuse of existing buildings rather than through new construction due to costs and funding limitations. The CC, SC, and RC zones contain older commercial uses that may be renovated for other purposes such as emergency shelters. Recently, the City has seen an uptick in renovations and second floor residential additions in the Commercial District. The CC, SC, and RC sites are centrally located along major transportation routes, and therefore have access to public transportation and services in the community, including faith-based organizations that offer assistance to the needy. As discussed in [Appendix A – Housing Needs and Fair Housing Report](#), the majority of resources for persons experiencing housing insecurity are provided at the county level and by non-profits located outside of Carmel-by-the-Sea due to a lack of need in the city and limited resources at the city level. Existing resources within the region include the following:

- The Carmel Foundation – Located at the Southeast Corner of 8th and Lincoln Street in Carmel-by-the-Sea, the Foundation provides services to resident aged 65 and older who have limited financial resources. Services provided by the Foundation include, blood pressure checks, health counseling, low-income housing, legal services, etc.
- Community Human Services: Super Kids/Super Teens Mental Health Services – Located at 835 Forest Avenue, Pacific Grove, the organization provides school-based counseling to elementary, middle school, and high school students. The organization’s services are free of charge and include individual and group counseling, consultation with parents, education workshops, and information.
- Community Human Services: Safe Place Youth Shelter and Navigation Center – Located at 590 Pearl Street, Monterey, the organization provides assistance and resources to youth aged 18 to 24, including street outreach, survival aid, temporary shelter, counseling, family reunification, and aftercare. The organization provides weekly meals; crisis intervention; food, clothing, and hygiene products; drug and alcohol education; and life skills education.
- Community Human Services: Casa de Noche Buena – Located at 1292 Olympia Avenue, Seaside, the organization provides services to women and families with children, including shelter, meals, and various supportive services designed to lead to permanent housing.
- Monterey County Mobile Clinic – Available at several locations throughout Monterey County, however, the nearest locations are at The Salvation Army Day Center at 800 Scott Street in Sand City and Gathering for Women at 147 El Dorado Street in Monterey. The mobile clinic is available at The Salvation Army Day Center in Sand City every fourth Tuesday and available at Gathering for Women in Monterey every second Tuesday. Services provided include general dentistry and emergency dental care, and medical services such as preventive care, women’s care, and acute and chronic condition management.

To clearly identify emergency shelters as a permitted use in the CC, SC, and RC districts (CMC 17.14.030), the City has included Program 1.3.J to establish and monitor an amendment to the Municipal Code to define emergency shelters in compliance with AB 2339 Statutes of 2022, and to clearly state they are a permitted use by-right, requiring no discretionary review in the CC, SC, and RC commercial districts.

Low Barrier Navigation Centers

Assembly Bill (AB) 101, adopted in 2019, requires approval by-right of low barrier navigation centers that meet the requirements of state law. A “Low Barrier Navigation Center” is a housing first, low-barrier, service-enriched shelter focused on moving people into permanent housing that provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing. If the City receives applications for these uses, it will process them as required by state law. Program 3.3.B has been included in the element to develop by-right procedures for processing low-barrier navigation centers.

Community Care Facilities

To maintain compliance with the Lanterman Developmental Disabilities Services Act (Lanterman Act), the City currently permits small licensed residential or community care facilities serving six or fewer individuals in all residential zoning districts by-right and licensed facilities serving seven or more individuals in all residential zoning districts with approval of a Conditional Use Permit (CUP). Larger community care facilities (greater than six persons) may be required to meet certain conditions, including restrictions on hours of operation, security, loading requirements, and management. These conditions are comparable to all similar uses within the designated zoning district and would not impose constraints to the development of care facilities. The City will amend the Municipal Code to address unlicensed residential care facilities with seven or more persons.

Senior Housing

As previously noted, several zoning districts within the City already permit and accommodate for senior housing. The A-2 zoning district (Cultural and Community District, i.e., the Sunset Center) and the A-3 zoning district (Senior Citizen Facility District) permits by-right housing for seniors. A program is included to address the lack of development standards in the A-2 zone in order to provide greater clarity and certainty to guide and future development design.

Constraints for People with Disabilities

Both the Federal Fair Housing Act and the California Fair Employment and Housing Act impose an affirmative duty on local governments to make reasonable accommodations (i.e., modifications or exceptions) in their zoning and other land use regulations when such accommodations may be necessary to afford disabled persons an equal opportunity to use and enjoy a dwelling. For example, it may be a reasonable accommodation to allow covered ramps in the setbacks of properties that have already been developed to accommodate residents with mobility impairments. The City adopted a reasonable accommodation policy (City Council Policy C11-01) in July 2011. This policy provides a reasonable accommodation in the land use and zoning context to ensure equal access to housing and facilitate the development of housing for individuals with disabilities. The policy provides individuals with disabilities or developers of housing for people with disabilities flexibility in the application of land use, zoning and building regulations, policies, practices and procedures.

Since 2015, the City has approved seven applications for reasonable accommodations ranging from allowing a pig as a companion animal to a person with a disability, additional site coverage for pathways and driveways, an exterior wheelchair lift, and the provision of a walk-in shower in a detached artist studio. The following findings have not been a constraint to accommodating requests for exceptions to land use, zoning, and building regulations, policies, practices, or procedures.

The City's reasonable accommodation policy contains the following five required findings:

1. That the housing, which is the subject of the request for reasonable accommodation, will be used by an individual with disabilities protected under fair housing laws; and

2. That the requested accommodation is necessary to make housing available to an individual with disabilities protected under the fair housing laws and cannot reasonably be accomplished without special accommodations; and
3. That the requested accommodation will not impose an undue financial or administrative burden on the City; and
4. That the requested accommodation will not require a fundamental alteration in the nature of the City's land use, zoning, building or Local Coastal Program; and
5. That the requested accommodation will not result in a significant and unavoidable negative impact on adjacent uses or structures.

The findings requirement, “that the requested accommodation will not result in a significant and unavoidable negative impact on adjacent uses or structures” is a discretionary standard that could impose constraints on improvements to make housing accessible to persons with disabilities. To eliminate subjectivity in the review of requests for reasonable accommodations, 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.” Program 3.2.A will establish and monitor these amendments to the City’s Municipal Code.

Requests for reasonable accommodation are typically reviewed by the Director of Community Planning and Building. However, if the approval does not require review by a City Board, Commission, or Council, the Director may refer the request to the Planning Commission.

Reasonable accommodation requests are reviewed by the Planning Commission if the request is part of a new development. However, this is not typical for Carmel-by-the-Sea and all requests received have been reviewed at a staff level with the development permits. As set forth in CMC Chapter 17.54, any decision to approve, deny, or conditionally approve any permit made by the Director, City Forester, Planning Commission, or Historic Resources Board may be appealed by any aggrieved party. Municipal Code Chapter 17.70 defines an “aggrieved party” as “any person who, in person or through a representative, appeared at a City public hearing in connection with the decision or action appealed, or who, by other appropriate means prior to a hearing, informed the City of the nature of his/her concerns or who for good cause was unable to do either (i.e., defective notice). “Aggrieved person” includes the applicant for a permit.” If the final reviewing authority is the City Council, the decision shall be final.

To address potential obstacles in the approval process for requests for reasonable accommodation, the City has included Program 3.2.A. This program proposes an amendment to 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 reasonable accommodation to the applicant or the personal beneficiary.

Community Care Facilities

The City currently permits community care facilities in several zoning districts. Community care facilities refers to facilities providing non-medical care and supervision under license from the California Department of Social Services. This classification excludes hospitals, residential care facilities, family day care homes, day care centers, and transitional housing. Community care facilities are permitted in the CC, SC, and RC districts as well as by conditional use permit in the R-4 district.

To encourage the development of community care facilities, the City has included Program 1.4.A to establish and monitor the elimination of use permit requirements for licensed community care facilities of seven or more persons (see [Chapter 2](#)).

Residential Care Facilities

Residential care facilities include facilities that are licensed by the State of California to provide living accommodations and 24-hour, primarily non-medical 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.

The City defines Residential Care Facilities according to size or age as follows:

- 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 applied to other family residential dwellings in the CC, SC, and RC Districts. In the R-1 District, they are permitted as 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.

The following include general findings required for all conditional use permits:

1. That the proposed use will not be in conflict with the City's General Plan;

2. That the proposed use will comply with all zoning standards applicable to the use and zoning district;
3. That granting the use permit will not set a precedent for the approval of similar uses whose incremental effect will be detrimental to the City, or will be in conflict with the General Plan;
4. That the proposed use will not make excessive demands on the provision of public services, including water supply, sewer capacity, energy supply, communication facilities, police protection, and fire protection;
5. That the proposed use will not be injurious to public health, safety or welfare;
6. That the proposed use will be compatible with surrounding land uses and will not conflict with the purpose established for the district within which it will be located; and
7. That the proposed use will not generate adverse impacts affecting health, safety, or welfare of neighboring properties or uses.

In addition to the general findings for all use permits listed above, use permits for commercial uses also require all of the following findings:

1. That allowing the proposed use will not conflict with the City's goal of achieving and maintaining a balanced mix of uses that serve the needs of both local and nonlocal populations;
2. That proposed use will provide adequate ingress and egress to and from the proposed location; and
3. That the capacity of surrounding streets is adequate to serve the automobile and delivery truck traffic generated by the proposed use. (Ord. 2004-02 § 1, 2004; Ord. 2004-01 §1, 2004).

The review process for a CUP in the Commercial District includes one hearing of the Planning Commission. The required findings for a CUP in the Commercial District include a total of 10 required findings that the Planning Commission must make to determine eligibility. The required findings include subjectivity and may pose potential barriers to the development of licensed residential care facilities. Program 1.4.A establishes an amendment to the Municipal Code to remove subjectivity from the required findings for a CUP (see Chapter 2). Additionally, the program establishes the elimination of CUP requirements for licensed residential care facilities of seven or more persons (see Chapter 2). These modifications to the Municipal Code will remove potential constraints to the development of residential care facilities.

Short-Term Rentals

To preserve Carmel-by-the-Sea's residential character, no home or accessory dwelling unit may be rented for less than 30 consecutive days in a residential zoning district. This current restriction is

intended to ensure that residential units are available for full-time residential use. The City has a high number of motels and hotels to service the tourism industry and transient guests.

Employee Housing Act

The housing needs analysis in [Appendix A](#) of this Housing Element indicates that 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.

The City included Program 1.3.F to amend the Municipal Code in compliance with Health and Safety Code §17021.5, to define and permit 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 (see [Chapter 2](#)).

Site Plan and Design Review

Architectural design is important in Carmel-by-the-Sea. The historic character of Carmel’s built environment has been shaped by decades of careful and deliberative design review (referred to as “design study” in Carmel) that addresses such features as site design, architectural style, building materials, color palettes, fenestration, tree placement, and landscaping. This attention to detail has resulted in a beautiful, forested village atmosphere that continues to capture the imagination of people from around the world who visit and even choose to make Carmel their home.

The same design review process that has contributed to Carmel becoming a world-famous destination, however, has also impacted its ability to provide housing for lower-income households and by extension housing for a less affluent and diverse population. In this way, Carmel has in some ways become a victim of its own success. Many of the actors, artists, and writers who made Carmel their home in the early 20th century came from modest beginnings and travelled to the area not to live in custom luxury homes, but to experience and become part of a “rich” artistic community. They came for inspiration, not exclusivity.

Part of the challenge, then, is for Carmel to find a way back to its roots – to provide space again for the next generation of the artistically gifted who have yet to make their mark on the world, a space that contains a full mix of incomes and backgrounds within which the artist can find meaning and inspiration.

The following subsection provides a detailed description of Carmel’s design review process.

Residential Design Review Process

The City has two distinct permitting procedures for projects in the R-1 and projects in all other Districts (CC, SC, RC, and R-4). In the R-1 District, development is comprised of single-family residential projects, typically one custom luxury single-family home (as opposed to subdivisions with multiple residences). There are very specific objective and subjective design standards for single-family homes. Two public hearings at the Planning Commission are required: a Concept Review hearing and a Final Details hearing. In all other Districts, the permit procedure requires additional entitlements in the

form of Use Permits but only one public hearing at the Planning Commission, as opposed to two for single-family residences. Note the following two programs aimed to streamline mixed-use and multi-family residential projects.

Program 1.4.A: Eliminate Unnecessary Use Permits proposes to evaluate the current requirements for Use Permits and eliminate them where feasible to streamline mixed-use and multi-family residential projects in the CC, SC, RC, and R-4 Districts.

Program 1.4.B: Objective Design Standards proposes the creation of objective design standards for mixed-use and multi-family residential projects that include affordable housing. Reducing the number of entitlements required and developing objective design standards are expected to reduce the amount of time required to process housing projects. This is an opportunity for the City to express the design aesthetic that is important to preserving the character of the village while providing clear guidance to developers who desire to build in Carmel.

The typical residential development review process for Carmel-by-the-Sea generally falls under two design study “tracks”: Track 1 and Track 2. A Design Study application is a discretionary review that can include both objective and subjective standards. A hearing is limited to single family projects that qualify as a substantial alteration, or additions greater than 10 percent of the existing floor area, or demolitions and new construction.

Residential Track 1 Design Study

Track 1 Major Design Study Applications are projects that can be approved at the staff level and typically do not require a public hearing. “Track 1 Major” projects are projects involving additions of less than 10 percent of the existing floor area, or projects with multiple minor components (Track 1 Minor) that together add complexity and require a more detailed review.

The Track 1 Major review is also limited to projects that: 1) do not require significant cuts to the roots/limbs of any “significant” or “moderately significant” trees; 2) do not require the demolition or substantial alteration of any dwelling unit; and 3) are sited and designed to protect public views to and along the ocean and scenic coastal access.

The major steps involved with a Track 1 Design Study Application are as follows:

1. Submit a Design Study Application – This is the formal project application.
2. Staff Review and Decision – Staff will review the application for completeness and consistency with the Zoning Code and the Residential Design Guidelines. The City Planning Division reviews applications for completeness within 30 days to comply with the Permit Streamlining Act. Carmel Municipal Code Section 17.52.020.D codified the Permit Streamlining Act and requires that within 30 days of the date the City receives any application for a development permit as defined by State law, the Department shall review the application to determine if it is complete and provide written notification to the applicant (see CMC 17.52.020.D). If the application is incomplete or inconsistent with the

- Zoning Code or the Design Guidelines, staff will notify the project applicant of the changes that are required. If the application is complete and approvable, staff will notify the applicant that the application has been approved. If approved, an approval packet is completed and issued. The approval packet consists of (1) an Approval Letter, (2) Conditions of Approval, (3) a Notice of Approval, (4) an Affidavit of Posting of the Notice of Approval, and (5) stamped approved plans. The Approval Letter will inform the applicant if a Building Permit or Notice of Authorized Work is required.
3. Noticing/Appeal Period - The Notice of Approval is required to be posted on-site by the applicant for a 10-calendar day appeal period. For Track 1 Major projects, the approval notice is also mailed by the City to neighbors within 100 feet of the property.
 4. Building Permit/Notice of Authorized Work – Following the end of the appeal period, and assuming no appeals are filed, the applicant may apply for either a Building Permit or, if not applicable, will receive a Notice of Authorized Work.

Residential Track 2 Design Study

Track 2 Design Study Applications are for new residential construction, large additions and substantial alterations that require Planning Commission approval. The purpose of the Track 2 Design Study is to promote orderly development, to ensure high quality neighborhood design that is harmonious with its surroundings, to implement the General Plan, and to preserve and promote the visual character of the City. The major steps involved with a Track 2 Design Study Application are as follows:

1. Submit a Preliminary Site Assessment Application – This is required for all Track 2 Projects. After the assessment is completed by Planning and Forestry staff, the applicant will move on to submitting their project application.
2. Submit a Design Study Application – This is the formal project application. Planning staff will review it for completeness and provide early feedback. The City Planning Division reviews applications for completeness within 30 days to comply with the Permit Streamlining Act. Carmel Municipal Code Section 17.52.020.D codified the Permit Streamlining Act and requires that within 30 days of the date the City receives any application for a development permit as defined by State law, the Department shall review the application to determine if it is complete and provide written notification to the applicant (see CMC 17.52.020.D).
3. Participate in a Forest and Beach Commission Hearing (if tree removal is proposed): A request to remove or prune a significant tree must be approved by the Forest and Beach Commission (FBC) prior to determining completeness of the application. The removal or pruning of any tree will require a separate tree removal application be submitted (Permit Type: Tree with Construction).
4. Install Staking and Flagging (story poles) – “Story poles” provide a visual representation of the proposed project for the public and the Planning Commission. The Coastal Act requires

- a visual analysis for new development within a coastal zone to ensure significant coastal views are not obstructed – the entire city is within the coastal zone. Story poles not only reflect the scale of a project but also help to identify conflicts with surrounding significant trees, significant view impacts, and solar impacts. Story poles must be installed and heights certified by a California licensed surveyor or civil engineer at least 10 days prior to the scheduled Concept Hearing. To avoid having to relocate or reposition the story poles, it is recommended that story poles be installed after the application has been deemed complete.
5. Participate in a Historic Resource Board Hearing (properties located on the City’s Inventory of Historic Resources) – Projects on historic sites are subject to additional review from a city- retained historical consultant and review by the Historic Resources Board (HRB) prior to consideration by the Planning Commission. The historic status of a property will be determined during the Preliminary Site Assessment, if not already documented.
 6. Participate in a Concept Hearing – The Concept Review phase by the Planning Commission (PC) will address site planning, access, building massing and neighborhood design issues, such as privacy and view impacts. Projects are evaluated using both the development standards in the Zoning Code and the *Residential Design Guidelines – Introduction and Design Concept Review*.
 7. Obtain a Volume Study – A volume standard was codified c. 2004 as an additional development standard for single-family residential homes to regulate mass and bulk. Each site is permitted a certain amount of exterior volume. Volume is defined as the total space occupied by all structures located above average grade. Following Concept acceptance by the Planning Commission, staff will send the architectural design plans to a City-retained architect/engineer to calculate the volume. A deposit will be collected at the time of application submittal and the unused balance will be returned to the applicant. The cost of a volume study averages \$700.
 8. Participate in a Final Details Hearing – In this review by the Planning Commission (PC), the project is reviewed for compliance with the City’s *Residential Design Guidelines – Final Details Review*. Issues such as landscaping, architectural character, and exterior materials are evaluated.
 9. Final Approval and Appeal Period – The Planning Commission’s approval is subject to a 10-working-day appeal period. Story poles must remain in place until the appeal period has expired. At the conclusion of the appeal period, and assuming no appeals are filed, the applicant may proceed with submitting an application for a Building Permit. If an appeal is filed, the appeal will be considered by the City Council at the next available council meeting.
 10. Decisions of the City Council are final unless the project is located within the Coastal Commission appeal jurisdiction. In such cases, the decision of the City Council can be appealed to the Coastal Commission. In the 5th Cycle, no housing projects were appealed to the Coastal Commission.

To remove potential barriers to the development of multi-family housing, the City has included Program 3.1.F, to amend the Municipal Code to allow 3-D modeling or other visual analysis in lieu of story poles for multi-family developments.

Commercial Design Review Process

Per CMC 17.58.030, Commercial Design Review, the City has established two tracks for design review of projects proposing new construction, alterations, rebuilds, additions, demolitions, and other exterior design changes in the Central Commercial (CC), Service Commercial (SC), Residential and Limited Commercial (RC) districts and the Multifamily Residential (R-4) district: Track One and Track Two. Several factors differentiate residential from commercial design review. Unlike residential development in the R-1 District, development in the CC, SC, RC, and R-4 Districts is not subject to a Preliminary Site Assessment, nor a Volume Study, and it is exceptionally rare for a project in the commercial zones to require review by the Forest & Beach Commission. In the 5th Cycle planning period, only one commercial development project (Del Dono II, in 2018) was required to go to the Forest & Beach Commission for a tree removal permit.

Additionally, while commercial development is subject to the City's *Commercial Design Guidelines* (2000) and, if located within Carmel Plaza, the *Carmel Plaza Storefront Design Guidelines* (2001), these guidelines are notably less stringent than the City's *Residential Design Guidelines*. As described in CMC 17.14, Commercial Zoning Districts, proposed projects need not strictly comply with every guideline to be approved, but deviations should be minor and reasonably related to good design principles and site conditions. The basic standard of review in the commercial district is whether the project constitutes an improvement over existing conditions.

Commercial Track One Design Review

The Director may approve Track One applications for design changes in all commercial zoning districts (CC, SC, and RC) and the R-4 district based on a determination that such projects comply with the Zoning Code and all applicable commercial design guidelines.

Commercial Track Two Design Review

The Planning Commission reviews and approves Track Two applications. This is a discretionary process for reviewing substantial design changes in commercial zoning districts and the R-4 district and involves one required public hearing. Substantial changes include but are not limited to the construction of new buildings, additions to existing buildings, new parking facilities, and installation of antennas. The major steps involved with a Commercial Track 2 Design Study Application are as follows.

1. Submit a Design Review Application – This is the formal project application. Planning staff will review it for completeness and provide early feedback. The City Planning Division reviews applications for completeness within 30 days to comply with the Permit Streamlining Act. Carmel Municipal Code Section 17.52.020.D codified the Permit Streamlining Act and requires that within 30 days of the date the City receives any application for a development permit as defined by State law, the Department shall review

the application to determine if it is complete and provide written notification to the applicant (see CMC 17.52.020.D).

2. Install Staking and Flagging (story poles) – “Story poles” provide a visual representation of the proposed project for the public and the Planning Commission. Story poles not only reflect the scale of a project but also help to identify conflicts with surrounding significant trees, significant view impacts, and solar impacts. Story poles must be installed and heights certified by a California licensed surveyor or civil engineer at least 10 days prior to the scheduled Hearing. To avoid having to relocate or reposition the story poles, it is recommended story poles be installed after the application has been deemed complete.
3. Participate in a Historic Resource Board Hearing (properties located on the City’s Inventory of Historic Resources) – Projects on historic sites are subject to additional review from a city- retained historical consultant and review by the Historic Resources Board (HRB) prior to consideration by the Planning Commission. The historic status of a property will be determined as part of a Historic Evaluation application, if not already documented.
4. Participate in one Planning Commission Hearing – The Planning Commission (PC) will evaluate the project using the development standards in the Zoning Code and the *Commercial Design Guidelines (2000)* and, if located within Carmel Plaza, the *Carmel Plaza Storefront Design Guidelines (2001)*.
5. Final Approval and Appeal Period – The Planning Commission’s approval is subject to a 10- working day appeal period. Story poles must remain in place until the appeal period has expired. At the conclusion of the appeal period, and assuming no appeals are filed, the applicant may proceed with submitting an application for a Building Permit. If an appeal is filed, the appeal will be considered by the City Council at the next available council meeting.
6. Decisions of the City Council are final unless the project is located within the Coastal Commission appeal jurisdiction. In such cases, the decision of the City Council can be appealed to the Coastal Commission. In the 5th Cycle, no housing projects were appealed to the Coastal Commission.

As previously stated, to remove potential barriers to the development of multi-family housing, the City has included Program 3.1.F, to amend the Municipal Code to allow 3-D modeling or other visual analysis in lieu of story poles for multi-family developments.

Residential Design Approval Findings

As applicable to the project, the Planning Director, Historic Preservation Board, or the Planning Commission have authority to approve, approve with modifications and/or conditions, or deny an application for design review based on the following findings.

Findings for Design Review Approval

Prior to approving an application for design review in any district, the Planning Director, Historic Preservation Board or the Planning Commission must make the following findings.

1. Conform to the applicable policies of the General Plan and the Local Coastal Program;
2. Comply with all applicable provisions of the Municipal Code; and
3. Are consistent with applicable adopted design review guidelines (CMC 17.58.060).

Additional Findings for Design Review Approval in the R-1 District

The Planning Commission shall make all of the following findings before granting design review approval in the R-1 District.

1. The project conforms with all zoning standards applicable to the site, or has received appropriate use permits, variances or exceptions consistent with the Zoning Ordinance.
2. The project contributes to neighborhood character including the type of forest resources present, the character of the street, the response to local topography and the treatment of open space resources such as setbacks and landscaping.
3. The project is compatible with, and sensitive to, the natural features and built environment of the site and of the surrounding area. The project respects the constraints of the site and avoids excessive grading, cuts and fills. Construction on steep slopes is minimized to the extent feasible and abrupt changes in grade is minimized or mitigated.
4. The project maintains the City's principles of modesty and simplicity and preserves the City's tradition of simple homes set amidst a forest landscape. The project uses simple building forms and simple roof forms without complexity that would attract undue attention to the site.
5. The project does not present excess visual mass or bulk to public view or to adjoining properties. The project relates to a human scale in form, elements and in the detailing of doors, windows, roofs and walkways.
6. Project details and materials (e.g., windows, doors, chimneys, roofs, and stonework) are fully integrated and consistent throughout the design. Building materials are used in a manner that is visually consistent with the proposed architecture. All fenestration is appropriate in size and consistent with a human scale.
7. The project is consistent with the City's design objectives for protection and enhancement of the urbanized forest and open space resources. Open space is distributed around buildings to provide visual relief from structural bulk and a distinct separation from buildings on adjacent sites.

8. All demolitions, remodels, and substantial alterations are consistent with the following findings:
 - a. The design uses simple/modest building forms and a limited number of roof planes, and a restrained employment of offsets and appendages consistent with the City’s design objectives.
 - b. The mass of the building relates to the context of other homes in the vicinity that are in conformance with the City’s design guidelines related to mass and scale.
 - c. The development is similar in size, scale, and form to buildings on the immediate block and neighborhood.
 - d. The development does not require removal of any significant trees unless necessary to provide a viable economic use of the property or protect public health and safety. All moderately significant trees have been protected to the maximum extent feasible. All buildings and structures will be set back a minimum of six feet from significant trees.

To eliminate potential subjectivity and provide clarity in the design review and development process, the City intends to adopt Objective Design and Development Standards for multi-family residential developments. Program 1.4.B establishes and monitors the creation and adoption process for the standards.

Forest and Beach Commission Review

Upon submittal of design study, building permit or other application for alteration of a property, the Forest and Beach Commission shall determine if the subject property requires the removal or pruning of a significant tree. A tree removal permit is required for trees on vacant lots or lots planned for new construction, alterations, or rebuilding that meet the following standards (CMC 17.48).

- A. Removal, replacement, cutting down, or destruction of any tree identified on the Carmel-by-the-Sea Recommended Tree List (see LUP Appendix G2: Forest Management Plan) having:
 - i. An average diameter of greater than two inches; or
 - ii. A circumference greater than six and one-fourth inches, measured at a point four and one-half feet above the ground level.
- B. Any alteration of a tree that would remove:
 - i. Roots greater than two inches in diameter; or
 - ii. Live limbs greater than four inches in diameter.

Removal of Pine, Redwood, Oak, and Cypress Trees When Not Related to Construction. A tree removal permit shall be required for the removal, replacement, cutting down, or destruction of any pine, redwood, oak, or cypress tree having:

- A. A diameter equal to or greater than four inches measured at a height 4.5 feet above the ground; or
- B. A circumference greater than 19 inches.

Removal of Other Tree Species When Not Related to Construction. A tree removal permit shall be required for the removal, replacement, cutting down, or destruction of any species of tree capable of growing to a minimum of 25 feet in height growing on private property and having:

- A. A diameter equal to or greater than 10 inches; or
- B. A circumference greater than 32 inches.

City staff are responsible for informing the applicant of the deficiencies in the application within 15 working days of receipt of the application. Once an application is determined to be complete, the application will be scheduled for review. This consists of one (1) public hearing, unless information is received after the Forest and Beach Commission agenda packet has been distributed, which may provide grounds for continuation of the application.

If a subject property is determined to have significant trees, a permit application must be submitted, which the Forest and Beach Commission review and make a determination whether a significant tree is involved. The Forest and Beach Commission must make the following required findings.

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;
 - 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;
 - 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. (Ord. 2004-02 § 1, 2004; Ord. 2004-01 §1, 2004).

While the findings of approval for removal of trees are objective, the Forest and Beach Commission may condition a permit on replacement of trees planted at a place, of a species, and of a size designated by the City Forester or Forest and Beach Commission. This may pose a constraint on the development of housing, as the person requesting the permit will be required to pay the cost of obtaining and planting the replacement trees. Further, finding 2.B poses a constraint to the development of multi-family housing on the basis of base floor area. Program 1.3.K has been included in the Housing

Element to review and modify the required finding to remove constraints to the development of multi-family housing (see [Chapter 2](#)).

Additionally, the potential for multiple hearings by different review bodies may pose a barrier to development due to timeliness. To remove barriers to the development of multi-family housing, the City has developed Program 3.1.F, which enables expedited permit processing procedures, including the implementation of a concurrent permitting procedure for projects that require several permits (see [Chapter 2](#)). For example, if a project requires Forest and Beach Commission review in addition to general planning entitlements, the highest-level review authority would review the project details and approve or disapprove the project. This will streamline the permitting process and eliminate the potential for multiple hearings.

Historic Resources Review

Upon submittal of a design study, building permit or other application for alteration of a property, the City shall determine if the subject property contains historic resources and is therefore eligible for the Carmel Inventory of Historic Resources (updated annually). If it is determined that the property contains historic resources, the applicant shall be required to obtain a determination of consistency with the Secretary of the Interior’s Standards for the Treatment of Historic Properties as part of the project review process, as required by CEQA and state law.

“I want to keep the village feel of the town.”

November 17, 2022 Housing Ad Hoc Committee
Community Meeting Attendee

Minor Alterations

Determinations of consistency for minor alterations shall be reviewed by City staff for compliance with the Secretary of the Interior’s Standards for the Treatment of Historic Properties. City staff review times typically take between three to six months. Minor alterations that are found not to comply with the Secretary’s Standards shall be considered and processed as major alterations requiring an evaluation by a qualified professional and final action by the Historic Resources Board. Decisions of the Board are appealable to the City Council.

Major Alterations

Determinations of consistency for major alterations shall require an evaluation by a qualified professional and shall be reviewed and approved by the Historic Resources Board. Decisions of the Board are appealable to the City Council. Review times by the Historic Resources Board typically take between 6 and 8 months.

The City’s current approach to conserving historic resources does not present a constraint to constructing new residential units. The City values historic resources and has an associate planner on staff that is trained in historic preservation and facilitating rehabilitation of historic properties. The City will ensure that proper record keeping is conducted to track historic resources within the City, and do its due diligence to ensure these resources are utilized efficiently.

Community Planning and Building Fees

The City charges fees and assessments to cover the costs of processing permits. Processing fees are commensurate with the fees for the rest of the County of Monterey. Compared to the high costs of undeveloped, unimproved land and high site development costs in the City, processing and connection fees are negligible and, therefore, do not present a constraint to development. However, the partial waiving of such fees would help reduce the cost of any proposed affordable housing. The City's current fee schedule is shown below in [Table B-8, Summary of Community Planning & Building Fees \(2023-2024\)](#). Note the summary provided in [Table B-8](#) is a summary, and excludes fees related to such items as commemorative bench dedications, signage, public works/forestry, public safety, and administrative services. The full fee schedule is available online at the City's website.⁶

Table B-8 - Summary of Community Planning & Building Fees (2023-2024)

Application/Permit Type	Fee
Design Study and Review	
Track 1 Design Review/Study - Minor	\$690 per application
Track 1 Design Review/Study - Major	\$990 per application
Track 1 Design Rev/Study-Streamline	\$355 per application
Track 1 Design Rev/Study - Referral to Planning Commission	\$1,785 per application in addition to the base Track 1 fee
Track 1 Design Rev/Study-Referral to Historic Resources Board	\$1,785 per application in addition to the base Track 1 fee
Track 2 Design Review - Minor	\$3,910 per application
Track 2 Design Review - Major	\$5,935 per application
Track 2 Design Rev - Major New Commercial Building	\$2,830 per application plus a deposit determined by staff with charges at the fully allocated hourly rates for Project Planner
Preliminary Site Assessment	\$1,495 per application
Volumetric Analysis	\$135 per application plus \$1,500 deposit with charges at the fully allocated hourly rates plus any outside costs.
Use Permit and Other Services	
Use Permit	\$3,060 per application
Use Permit Amendment	\$2,765 per application
Temporary Use Permit	\$165 per application
Restricted Comm Use Transfer Request	\$565 per application
Water Credit Transfer Request	\$3,100 per application
Variance	\$1,790 per application
Pre-Application Review - Staff	\$1,365 per application with 50% of this fee credited towards future planning fees for this project.
Preliminary Review - Planning Commission	\$3,750 per application with 50% of this fee credited towards future planning fees for this project.
Coastal Dev. Permit - Development	\$175 per application - Added to other Planning fees
Coastal Dev. Permit - Event	\$740 per application
Landscape Plan Check/Inspection	\$690 per plan/inspection
Planning Technical Assistance	Fully allocated hourly rate after 15 mins
Tobacco Retail License	Current fee as adopted by the Monterey County Board of Supervisors

⁶ https://ci.carmel.ca.us/sites/main/files/file-attachments/fy_23-24_master_fee_schedule.pdf?1694542754

Application/Permit Type	Fee
Extraordinary Development	Deposit amount TBD based on scope of project, with charges at the fully allocated hourly rates plus any outside costs
Amendments, Annexations, and Agreements	
Specific Plan/Specific Plan Amendment General Plan Amendment Sphere Of Influence Amendment Zoning Code Amendment	\$5,000 deposit with charges at the fully allocated hourly rates plus outside costs
Annexation Development Agreement	\$10,000 deposit with charges at the fully allocated hourly rates plus outside costs
Environmental Review, Maps, and Lot Lines	
Environmental Review (IS/ND/EIR)	Contract cost plus 10%
Environmental Notice of Exemption	\$495 per application plus County fees
Mitigation Monitoring	\$3,000 deposit with charges at the fully allocated hourly rates plus outside costs.
Tentative/Final Map	\$4,000 deposit with charges at the fully allocated hourly rates plus any outside costs.
Amended Final Map	\$1,000 deposit with charges at the fully allocated hourly rates plus any outside costs.
Certificate Of Compliance	\$750 per application plus actual contract cost
Lot Line Adjustment/Subdivision - Planning Commission	\$1,055 per application plus actual contract cost
Lot Merger - Staff Review	\$855 per application plus actual contract cost
Historic Evaluation	
Prelim (Phase 1) Historical Evaluation - Staff	\$310 per application
Phase 1 Historic Evaluation - Qualified Professional	\$405 per application plus actual cost for Historian review with \$1,500 deposit
Phase 2 Historic Evaluation-Historic Resources Board Review	\$2,040 per application plus actual cost for Historian review with \$1,500 deposit
Appeal To Historic Resources Board	\$1,500 per application plus actual cost for Historian review with \$1,500 deposit
Mills Act Contract Processing	\$3,430 per application
Mills Act Maintenance Plan Review	\$1,000 deposit
Mills Act 5-Year Inspection	\$500 deposit
Mills Act 10-Year Maintenance Plan Review	\$1,000 deposit
Determinations, Extensions, and Appeals	
Planning Commission Code Determination	\$1,740 per application
Zoning Compliance Determination	Fully allocated hourly rates for all personnel involved with a one hour minimum
Time Extension - Staff	\$400 per application
Time Extension - Planning Commission	\$1,080 per application
Time Extension - City Council	\$1,045 per application
Public Hearing Continuance - Planning Commission	\$830 per continuance
Public Hearing Continuance - Council	\$835 per continuance
Appeal To Planning Commission	\$1,945 per appeal – No charge for appeals of Coastal Development Permits (CDPs) in the Coastal Commission Appeal Jurisdiction (CMC 17.20.140)
Appeal To City Council	\$2,085 per appeal - No charge for appeals of Coastal Development Permits (CDPs) in the Coastal Commission Appeal Jurisdiction (CMC 17.20.140)

Application/Permit Type	Fee
Building Services	
Building Relocation	Deposit determined by staff with charges at the fully allocated hourly rates for all personnel involved plus any outside costs
Large Family Day Care (Residential)	\$2,320 per application
General Plan Update	3.5% of all Building & Safety permits
Building Plan Check	Based on Building and Safety Construction Valuation
Building Inspection	Based on Building and Safety Construction Valuation
Building Re-Inspection	\$145 per re-inspection
Permit Application Extension	\$95 per extension (maximum of 4)
Permit Extension	\$150 per extension (maximum of 2)
Building Permit Pre-Applic. Confer.	\$340 per application
Building Single Trade Permit	\$165 per permit
On-Site Driveway Permit	\$395 per permit
Solar Plan Check/Inspection Permit	Plan Check and Inspection- \$450 plus \$15 per kW over 15kW
Re-Roof Permit	\$260 per permit
Building Board Appeal	\$1,135 per appeal
Duplicate Inspection Card	\$60 per card
Building Technical Assistance	Charge the fully allocated hourly rate for all personnel involved after 15 minutes.
Stop Work Investigation	\$620 per investigation plus double the permit fee
Temporary Certificate Of Occupancy	\$225 per application
Alternate Materials/Methods Review	\$220 per application plus actual cost of City Staff for all time over one hour.
Building Phased Work Request	\$315 per application
Building Technology Surcharge	\$8 per permit
Encroachment Permit	
Temporary Encroachment Permit	\$345 per permit
Permanent Encroachment Permit	Other - \$475 per permit and \$4.25/lineal foot or \$432 per permit and \$2.13/lineal foot (aerial installation) Plus cost of damage to public right-of-way or street as determined by the Public Works Director.
Traffic control plan review/inspection	\$675 per review plus \$405 per each additional review
Use of credit card/debit card	2.5% of charged amount

Source: City of Carmel-by-the-Sea Fee Schedule Effective September 9, 2023 – June 30, 2024

In comparison with other jurisdictions in the County of Monterey, the fees in Carmel-by-the-Sea for new residential projects – both single-family and multi-family units – are generally in line. [Table B-9](#), provides a comparison between the cities of Carmel-by-the-Sea, Pacific Grove, and Monterey, which are geographically, socioeconomically and demographically similar in size and types of residential development. Data for Monterey County has also been provided for context.

Table B-9 - Jurisdictional Comparison of Average Design Review/Study Fees

Residential Development Application Type(s)	Carmel-by-the- Sea	Pacific Grove	City of Monterey	Monterey County
Staff/Admin	\$690 ¹ /\$990 ²	\$241 ³ /978 ⁴	\$362 ⁵ /\$1,298 ⁶	\$550 ⁷ /\$1,650 ⁸
Non-Staff/Admin (i.e., Planning Commission)	\$3,910 ⁹ /5,935 ¹⁰	\$3,481 ¹¹ /\$4,259 ¹²	\$2,102 ¹³ /\$4,620 ¹⁴	\$3,300 ¹⁵

Source: City of Carmel-by-the-Sea Fee Schedule Effective September 9, 2023 – June 30, 2024; City of Pacific Grove Master Fee Schedule Effective July 1, 2023 – June 30, 2024; City of Monterey Master Fee Schedule, Fiscal Year 2024; Monterey County Article IX-Land Use Housing & Community Development Fee Schedule.

Notes:

1. Track 1 Design Review/Study - Minor
2. Track 1 Design Review/Study – Major
3. Counter Review & Determination – no new square footage
4. Counter Review & Determination - new square footage
5. Architectural Review – Admin Minor
6. Architectural Review – Admin Major
7. Design Approval – Over the Counter
8. Design Approval – Administrative, review & approval required, no hearing required
9. Track 2 Design Review/Study – Minor
10. Track 2 Design Review/Study - Major
11. Architectural Permit – Single Family
12. Architectural Permit – Multifamily four units or less
13. Architectural Review – ARC Minor
14. Architectural Review – ARC Major
15. Design Approval, public hearing required

Note: The design study fees provided above do not reflect fees incurred if historic evaluation(s) is required, or a Preliminary Site Assessment, or other potentially relevant fees. See Table B-4 for a Summary of Community Planning & Building Fees, and Table B-6 for Estimate of Total Development Fees Imposed.

The City is not a full-service municipality; several agencies and special districts levy fees on new development for the provision of basic urban services. These agencies and special districts include the following.

- California American Water (Cal-Am);
- Monterey Peninsula Water Management District;
- Carmel Unified School District;
- Carmel Area Wastewater District;
- Carmel Fire Department (service provided by contract with Monterey Fire Department; and
- Transportation Agency for Monterey County (TAMC).

Special district fees add to development costs in the City. Carmel is under the jurisdiction of the Monterey Peninsula Water Management District (water district) and receives its water from the California-American Water Company (Cal-Am).

Cal-Am charges non-refundable Connection Fees as determined by CPUC guidelines. The fee is based on the meter size which is as follows:

1. 5/8” Meter - \$3,000 (single-family)
2. 1” Meter - \$5,000 (small multi-family)
3. 1½” Meter - \$10,000 (large multi-family)
4. 2” Meter - \$16,000 (large volume requirement ex. hotel.)

The MPWMD has permit authority over the production and distribution of all water supplies within the Monterey Peninsula region, and allocates water supplies to cities and County areas within its jurisdiction. According to the water district, the City, as of June 2023, has a total available water allocation of 2.661-acre feet, which represents only three (3) percent of the water district’s total available allocation across the district, which includes all of the Monterey Peninsula south to Carmel Valley and portions of the Santa Lucia Range. The current MPWMD permit fees are governed by the Fees and Charges Table (effective August 16, 2021) and start at \$1,800 plus \$90 per hour for more than 20 hours.

The Carmel Unified School District requires the payment of an impact fee of \$0.49 per square foot for new residential construction. The school district does not offer any discounts for the payment of impact fees.

The Carmel Area Wastewater District charges a new residential connection fee of \$8,242.66 and charges an annual rate of \$1,005.94 for residential uses.

TAMC established a Regional Impact Fee (RDIF) program to address required mitigation for traffic impacts. Accessory Dwelling Units under 750 square feet are exempt from impact fees. Carmel-by-the-Sea is located with Zone 3: Peninsula/South Coast benefit zone and also subject to additional infill fee. Impact fees are calculated using an online spreadsheet and fees range from \$4,599.04 for an Above Moderate single-family home, to \$9,313.70 for a 5-unit Low-Income apartment to \$28,161 for a 10-unit Above-Moderate condo or townhome. Impact fee discounts are applied to affordable units and are dependent on the affordability level.

Fees charged by these outside agencies vary according to project types and size and increase development costs. The City does not control fees for outside agencies, but outside agency fees are a constraint and add to the overall cost of development. See [Table B-10](#), Estimates of Total Development Fees Imposed, below.

Table B-10 - Estimate of Total Development Fees Imposed

	Single-Family*	Multi-Family (10 units) **
Track 2 Major Design Study	\$5,935	\$5,935
Preliminary Site Assessment (includes fee for Phase I Historic Evaluation)	\$1,495	N/A
Phase II Historic Evaluation (applicable only for existing historic buildings proposed for expansion)	\$2,040 plus \$1,500 consultant deposit	N/A
Volume Study	\$135, plus \$1,500 consultant deposit	N/A
Use Permit	N/A	\$3,060
Building Permit fee	\$4,872	\$9,872
Subtotal	\$17,477	\$18,867

	Single-Family*	Multi-Family (10 units) **
MPWMD	\$225	\$2,250
CUSD	\$980	\$9,800
Cal-Am	\$3,000	\$5,000
CAWD	\$8,242	\$82,426
TAMC	\$4,036	\$17,386
Regional Fees Subtotal	\$16,483	\$116,862
Total Fees	\$33,960	\$135,729

Source: City of Carmel-by-the-Sea Fee Schedule Effective September 9, 2023; MPWMD Fee Schedule, July 2023; CUSD Developer Fees, 2023; Cal-Am Fee Schedule, 2022; CAWD Fee Schedule 2023; TAMC Fee Schedule, 2022.

Notes: *Assumed \$350K valuation and 2,000 sq. ft.

**Assumed \$5,000,000 valuation and 20,000 sq. ft.

City fees to develop a single-family home roughly equal the regional fees. For multi-family development, regional fees comprise the bulk of the costs. As shown in [Table B-9](#), total development fees for a 10-unit multifamily development would total approximately \$135,729, of which regional fees total \$116,862 – approximately six times the City fees (\$18,867). On a per unit basis, total development fees for a single multifamily unit would total approximately \$13,573.

Comparatively, this is significantly less than that of a single-family unit.

While fee types in comparable and neighboring jurisdictions do not precisely align with the fee types in Carmel-by-the-Sea for side-by-side comparison, the total estimated fees as cited in Pacific Grove’s *Draft 2023-2031 Housing Element Update* (Table 1-42) offer comparative insight. While Carmel estimates a total fee of \$33,960 for a single-family home and \$135,729 for a 10-unit multi-family home, Pacific Grove estimates \$68,928 and \$212,350, respectively. This indicates Pacific Grove’s City fees are substantially higher than Carmel-by-the-Sea’s. The City of Monterey’s *Draft 2023-2031 Housing Element* (Table C-10) does not provide estimated total fees for single-family and a 10-unit multi-family development for an “apples to apples” comparison with Carmel-by-the-Sea and Pacific Grove, however, fees for a four-unit multi-family project in the City of Monterey are estimated at approximately \$18,841, which is on par with the City of Carmel-by-the-Sea’s City fees, but no regional fees are included in Monterey’s estimate.

Overall, Carmel-by-the-Sea’s fees are less than neighboring jurisdictions. Regional impact fees pose the greatest constraint to the development of multifamily housing. Despite regional fees being beyond the City’s control, the City is committed to lowering the cost to develop affordable multifamily residential units. Program 3.1.D establishes and monitors the implementation of reduced entitlement and development fees for projects with affordable units (see [Chapter 2](#)).

Processing and Permit Procedures

The processing time needed to obtain development permits and required approvals varies depending on the scope of the project. The size of projects in Carmel-by-the-Sea is typically limited to the remodeling or construction of a single-family home, a minor commercial modification, or the construction of an accessory dwelling unit. The City strives to keep its permit procedures streamlined and processing times short. The Planning Division is the lead agency in processing residential development applications

and coordinates the processing of those applications with other City departments such as the Building Safety Division and Public Works Department and other outside agencies as deemed appropriate, such as the fire and water districts.

Carmel-by-the-Sea has traditionally encouraged high architectural standards for new development. City zoning regulations require design review approval for any proposed additions to or the construction of new single-family homes, duplexes or multi-family developments. However, accessory dwelling units are exempt from design review by state law and must only meet the location and development standards outlined by state law (Government Code §65852.2).

Permit applications are generally processed in as an efficient manner as practical in Carmel-by-the-Sea. Although the Historic Resources Board, the Planning Commission, and the City Council only meet once a month, determination on a project is usually reached in one or two meetings. For Track 2 Design Study applications, the City does require applicants to take part in a Forest and Beach Commission if tree removal is proposed, as well as a separate Concept hearing and Final Details hearing with the Planning Commission prior to formal approval. There is no separate Design Review Board in Carmel, with the Planning Commission conducting design review. The typical processing time for Track 2 discretionary review is four to six months, depending on the degree of completeness of submitted plans, whether tree removal or replacement is proposed, whether the property is deemed historic or eligible for historic listing, whether the property falls within the “Beach and Riparian Overlay” (Coastal Commission Appeal Jurisdiction), and whether the project requires a volume study or any other technical study be conducted. While this review procedure assists in achieving project acceptability and allows for neighborhood participation through multiple public hearings, the overall scale and level of complexity of review does provide a barrier to applicants without the financial resources and time to see a residential project through to completion.

However, the City does have a practice of moving projects with affordable housing ahead of other projects in the development processing queue when setting development review agendas. Due to Permit Streamlining law, this incentive is less powerful than it once was. However, it may reduce review time by as much as a month. Even this minor benefit attracts developer attention during pre-application meetings. Projects that include affordable housing are also expedited through the plan check process.

Carmel-by-the-Sea’s development process can be summarized in the following nine steps. All of these steps may not be necessary, depending on the nature of a project:

- 1. Application Submittal** - The planning application submittal process begins when a developer, architect, property owner, or other applicant authorized by the property owner (Project Applicant) submits a development application, required fees, and application materials. Often times the developer will have met informally with the Planning Division to review the project and receive preliminary feedback on the proposal in advance of the formal project submittal.

2. **Plan Review** - After the application is received, it is routed to the relevant City Departments, including the Planning Division, Building Safety Division, Fire Prevention, and Public Works. A planner is assigned to serve as the liaison to the Project Applicant, helping to expedite the permit process and coordinating the department reviews. During a 30-day review period for completeness, individual departments assess the completeness of the application, work with the Project Applicant to correct any project deficiencies, and prepare preliminary Conditions of Approval.
3. **Application Assessment** - The application is assessed for its compliance with the standards of the Zoning Code (Title 17 of the municipal code) as well as the City's Residential or Commercial Design Guidelines.
4. **Environmental Review** - A review of the environmental issues associated with the proposed project (as required by the California Environmental Quality Act) will also be completed during the Plan Review stage of the process.
5. **Forest and Beach Commission/Historic Resources Board** – If a project proposes to remove a significant tree(s), it will require review by the Forest and Beach Commission. If the property is a listed historic resource or has potential eligibility for listing as a historic resource, the project is required to be reviewed by the Historic Resources Board.
6. **Planning Commission/City Council Approval** - If a project is determined to require discretionary action, it will be scheduled for review by the Planning Commission. A Public Notice will be provided and all property owners within 300 feet of the project site will be notified by mail. After projects receive approval by the Planning Commission there is a ten-working-day appeal period during which the project may be appealed to the City Council. The City Council decision is final, unless the project is located within the Coastal Commission appeal jurisdiction. There are different levels of planning review/approval depending on the scope of work proposed.
7. **Plan Check** - After the project receives all required approvals, construction plans may be submitted to the Building Safety Division for a plan check for building permits. The plans will be routed to the City's Planning Division and Public Works Department. The project planner will review the plans for conformance with the Zoning Code, any required Conditions of Approval, and with plans approved by the Planning Commission or City Council. The Building Safety Division will verify that all building, fire, mechanical, plumbing and electrical code requirements are fulfilled in compliance with the California Code and other State requirements.
8. **Building Permit** - After the construction plans receive approval from the relevant departments, the Building Safety Division issues a building permit. Construction can begin after this point. Regular inspections are required throughout the construction process. The final inspection requires clearance from all relevant City departments and the Carmel Fire Department.

9. **Occupancy Permit** - Once the final inspection is complete, the developer needs to secure a certificate of occupancy. New buildings or structures cannot be used or occupied until the Building Official has issued a certificate of occupancy.

Typical Processing Times

Processing times for development review vary based on the size of the project and the extent of environmental review required, and can range from six months to over a year if an EIR is required. When an application is submitted, it is reviewed within 30 days to verify that it is complete or the applicant is notified that it is incomplete. Once the application is complete, typical processing times are as follows, in line with the requirements of the State Permit Streamlining Act of 1992. [Table B-11](#) shows the typical processing time for a residential development application.

Table B-11 - Review/Approval Requirements and Processing Times

Development Type	Design Study	Use Permit	CDP ¹	Typical Processing Time ²
R-1 Single-Family Residential District				
Single family residence	Yes	No	Yes	6-9 months
ADU (Subordinate Unit)	Yes	No	Yes	1 month if exempt from Planning Review under State Law
Guest house	Yes	Yes	Yes	4-6 months
Building sites exceeding 30 percent slope	Yes	Yes	Yes	6-9 months
R-4 Multi-Family Residential District				
Single family residences	Yes	No	Yes	6-9 months
Multi-family residences 0-22 units/acre	Yes	No	Yes	8-10 months
Multi-family residences 23-44 units/acre	Yes	Yes	Yes	8-10 months
Commercial Districts				
Multi-family residences 0-22 units/acre	Yes	No	Yes	8-10 months
Multi-family residences 23-44 units/acre	Yes	Yes	Yes	8-10 months
Public and Quasi-Public Districts (A-2 and A-3)				
Senior Citizen Housing	Yes	Yes	Yes	8-10 months

Source: City of Carmel-by-the-Sea Community Planning and Building Department 2023

Notes:

1. CDP – Coastal Development Permit – required for all projects that increase the height and/or floor area on an existing structure by 10 percent or more.
2. Includes time for building plan check

Single-family homes, duplexes and multi-family projects go through the same zoning compliance and design review process. The review and approval of multi-family projects typically takes longer due to the complexity of a more intense development and the myriad issues that need to be considered including adequate site servicing, design review, potential tentative map review, and the more active involvement of other departments and agencies outside of Planning. Program 3.1.F has been included in this Housing Element to establish expedited permitting procedures to remove barriers to the development of multi-family housing (see [Chapter 2](#)). The program includes implementation of

concurrent permit processing to avoid multiple hearings and review bodies. This will streamline the permitting process allowing for timely review and entitlement of multi-family projects.

Although there is a high level of public input on some planning applications, Carmel-by-the-Sea’s zoning standards and design review ordinance are fairly detailed. There is a level of certainty on behalf of the project applicants that if the project meets the standards and goals of the ordinances, the project will receive City support. [Table B-12](#) shows the reviewing authority and typical processing times, in line with the requirements of the State Permit Streamlining Act of 1992.

Table B-12 - Permit Streamlining Act Processing Times

Application	Final Authority	Typical Processing Time
Subdivision Parcel Map (Tentative)	City Council	45-60 days
Subdivision Parcel Map (Final)	City Council	45 days
Subdivision Tract Map (Tentative)	City Council	3-6 months
Subdivision Tract Map (Final)	City Council	2-4 months
Negative Declaration	Planning Commission	3-6 months
Environmental Impact Report	Planning Commission	1 year*

Source: City of Carmel-by-the-Sea

Note: If the applicant modifies the application, or if the applicant submits a written request for a time extension, the maximum time period for review may be extended for up to 90 additional days.

*Upon mutual consent of the Director and the project sponsor, this one-year time limit may be extended once for a period of not more than 90 days pursuant to CEQA Guidelines Section 15108.

Environmental Review

Environmental review is required for all development projects under CEQA. Carmel-by-the-Sea has a number of environmental constraints due to its coastal location and conservative approach to preserving its unique natural surroundings. Because of these environmental constraints, larger residential projects have required preparation of EIRs. An EIR is required of all developments that have the potential of creating significant impacts that cannot be mitigated. Most residential projects in Carmel-by-the-Sea are either Categorical Exempt or require only an Initial Study and Negative Declaration. The Negative Declaration process typically takes four to eight months to complete, depending on staffing levels and workloads. Categorical Exempt developments such as accessory dwelling units require a minimal amount of time. As a result, State-mandated environmental review does not pose a significant constraint to housing development.

SB 35 Streamlining

Government Code §65913.4 allows qualifying development projects with a specified proportion of affordable housing units to move more quickly through the local government review process and restricts the ability of local governments to reject these proposals. The bill creates a streamlined approval process for qualifying infill developments in localities that have failed to meet their RHNA, requiring a ministerial approval process, removing the requirement for CEQA analysis, and removing the requirement for discretionary entitlements. Since the adoption of this section of the Government Code, the City has not received an application under these provisions.

As previously noted, the entire City is located within the California Coastal Zone and therefore was not subject to early implementation of SB 35 (see Government Code §65913.4(6)), which did not apply to areas located in a coastal zone. However, as of October 2023, SB 423 was signed into order expanding SB 35 measures to apply to coastal zones under specific criteria. The City has included Program 1.3.H in the 6th Cycle Housing Element to address SB 35 and SB 423 measures (see [Chapter 2](#)). The City will create a checklist and written procedures for processing SB 35 applications to ensure efficient and complete application processing.

SB 10 Building Opportunities for All

SB 10 makes it easier for cities to zone for smaller, lower-cost housing developments of up to 10 units to address California’s housing crisis. SB 10 provides tools for local governments to zone for up to ten homes per parcel in transit-rich areas, or urban infill sites. SB 10 maintains local control, as a local legislative body must pass a resolution to adopt the plan. The City has included a program in the 6th Cycle Housing Element to address SB-10 and encourage urban infill on large properties zoned single-family (R-1).

SB 9 California Housing Opportunity and More Efficiency (HOME) Act

SB 9, also known as the California Housing Opportunity and More Efficiency (HOME) Act, is a state bill that requires cities to allow one additional residential unit on parcels zoned for single- dwelling units. The City has not received any inquiries of interest for SB 9 lot splits and is not currently processing any SB 9 application.

Building and Fire Code

Building and safety codes are adopted to preserve public health and safety, and ensure the construction of safe and decent housing. These codes and standards also have the potential to increase the cost of housing construction or maintenance. The City’s Building Code is currently based on the latest, 2022 version of the California Building Code, along with all required updates (City Ordinance No. 2022-004). The City has not made any amendments to the Code that might diminish the ability to accommodate persons with disabilities or other special-needs groups.

The 2022 California Fire Code as adopted by the City and effective January 1, 2023 (found in Chapter 15.55 of the CMC), prescribes the issuance of Fire Code Operational Permits for operations, processes, and/or activities that present higher levels of risk to life and property. Operational permits allow the City to better track specific hazards and to assure that safeguards for hazardous operations, processes, and activities are maintained in accordance with local, state, and federal regulations.

Carmel Municipal Code Title 8.32.100, Section 102.1(5) requires new structures, or existing structures to which additions, alterations or repairs are made that involve the addition, removal or replacement of 50 percent or greater of the linear length of the walls of the existing building (exterior plus interior) within a 5-year period, are required to be outfitted with an automatic fire sprinkler system. Fire sprinklers shall be addressed as part of the building permit review. It is recognized that the costs of an automatic fire sprinkler system can vary considerably based on various factors including water service

capabilities, whether a new meter is required, and the type of fire suppression system required for the application in question. However, it is generally recognized by City staff that installing fire sprinklers can be expensive and can present challenges from a water flow standpoint. Parts of Carmel have low water pressure affecting the ability to install sprinklers, which in-turn significantly increases construction costs if additional on-site infrastructure is needed (e.g., water holding tanks, pumps) to serve the sprinkler system.

Additionally, vehicular access within the community is affected by steep, hilly terrain and many secondary ridge lines. Many streets are narrow and winding, restricting the speed at which a fire apparatus may safely respond and also increasing the time lapse between fire detection and apparatus arrival, during which a household will face the fire or other emergency on their own.

The State Fire Marshal's Office, and the City of Carmel-by-the-Sea, have adopted regulations for protection of structures built in areas susceptible to wildland fires under California Building Code Chapter 7A (2019 edition). Exterior wildfire exposure protection within the City of Carmel-by-the-Sea is prescribed in Municipal Code Title 15, Buildings and Construction. Protective features include such active measures as combustible vegetation management and sprinkler systems; and passive protection features such as fire resistive roofing and building opening protection. The extent of protection is determined by the location of the property. The currently adopted (October 2008) California Department of Forestry and Fire Protection (CAL FIRE) *Very High Fire Hazard Severity Zones in Local Responsibility Areas* (LRA) map for Carmel-by-the-Sea, identifies a large area encompassing northern and eastern portions of the City as a "Very High Fire Hazard Severity Zone." It should be noted that all LRA maps across the state of California are undergoing updates and according to CAL FIRE are anticipated to be released sometime in 2024. Within the areas identified in the "Very High Fire Hazard Severity Zone," additional construction features are mandated. These typically include ignition resistant materials, spark protection for ventilation openings, and exterior window and door protection. Detailed requirements are contained in Chapter 7A of the California Building Code and in Carmel Municipal Code Titles 8 and 15.

Building Code and Zoning Code enforcement activities are undertaken on a proactive and complaint basis. The City finds that the adopted Building Code and Zoning Code and associated enforcement activities are not constraints to the development, maintenance or preservation of housing.

On-Site and Off-Site Improvement Standards

Because the City is largely built-out, all infrastructure, including curbs, gutters, sidewalks, streets and utilities are in place. Development of residential units involves hooking up to the existing utilities, which already exist in the right-of-way. All electrical distribution lines, telephone, cable television, and similar service wires or cables, which provide services to new development, are to be installed underground. Typical infrastructure costs in the CC, SC, RC, and R-4 districts are limited to sidewalk, curb, and gutter improvements, undergrounding of utility wires, stormwater drainage improvements, and landscaping. The City's Municipal Code does not contain requirements for subdivision off-site

improvements. However, the Code includes a chapter on requirements related to streets, sidewalks, and public places.

Sidewalks

Construction of sidewalks is not required in residential areas of the City. If sidewalk construction is proposed, a permit is required. The proposal must show that the construction of the sidewalk or walkway will preserve public safety, health or welfare, resolve a serious drainage problem, or that it would otherwise benefit the general public. The construction of the sidewalk or walkway must follow the natural contours of the land, and 50 percent or more of the sidewalk area in front of any building site must be retained in planting. It shall continue to be the policy of the City to avoid formal sidewalks in favor of meandering and unpaved footpaths where possible.

Driveways

Construction of a driveway requires a permit from the Department of Community Planning and Building in conjunction with the Director of Public Works and the Director of Forest, Parks and Beach.

Landscaping

Sidewalk street trees are encouraged by the City, with the City Forester determining the number of trees, species, and exact location. Sidewalk street trees should be located near the head of, and adjacent to, parallel parking spaces with the trunk of the tree located 4.5 feet back from the head of the parking space. For trees at the curb line there should be at least four feet between the trunk and the facing building or planters in front of the building. All tree planters are encouraged to be as large as possible so that additional landscaping can be incorporated into the planters.

The City also encourages including “mini-parks,” which is a park that protrudes into the street from the curb line or is in the street. The design of mini-parks must be consistent with the standards in the Forest and Beach Management Plan.

Streets

The improved portion of residential streets in Carmel are narrow in width, 26 to 34 feet, with no gutters or sidewalks. This lack of formal development of streets throughout Carmel’s residential neighborhoods has been a conscious effort on the part of residents to maintain a “village in a forest” atmosphere. As Carmel is a built-out city and new development will occur as infill or redevelopment on parcels within the established street grid, construction of new streets is not anticipated.

Therefore, street standards will have no impact on the cost and supply of housing.

Summary of Governmental Constraints

The governmental constraints to the development of affordable housing in Carmel-by-the-Sea are summarized below and outlined in [Table B-13](#), along with implementation programs intended to address the constraints.

Lack of Water Resources

The primary infrastructure constraint to the development of housing in Carmel is the lack of potable water. The lack of a reliable available water supply continues to limit growth in Carmel and throughout the Monterey Peninsula region.

Location in the Coastal Zone

Carmel-by-the-Sea is located in the California Coastal Zone and is therefore subject to a host of regulations that are not present in communities outside the Coastal Zone. The presence of additional land use regulation via the Local Coastal Program, in general, means that housing development in Carmel-by-the-Sea faces a high bar to succeed. The additional hurdles presented by Coastal Zone regulations represent an additional layer of complexity to the City's already time-consuming review process. For example, the Coastal Act requires visual analysis during the review phase of development to determine if significant coastal views are at risk of being obstructed by proposed development. The City has no control over this development requirement; however, they are able to modify what type of visual analysis is used. Program 3.1.F includes an amendment to the Municipal Code to allow 3-D modeling or other visual analysis in lieu of story poles for multi-family developments.

City Design Review and Permit Processing

Architectural design is important in Carmel-by-the-Sea. The historic character of Carmel's built environment has been shaped by decades of careful and deliberative design review (referred to as "design study" in Carmel) that addresses such features as site design, architectural style, building materials, color palettes, fenestration, tree placement and landscaping. This attention to detail has resulted in a beautiful, forested village atmosphere that continues to capture the imagination of people from around the world who visit and even choose to make Carmel their home. The same design review process that has contributed to Carmel becoming a world-famous destination, however, has also impacted its ability to provide housing for lower-income households.

The City's design review (design study) process may be lengthy for projects involving significant trees, historic resources, and/or underdeveloped plans. The following are governmental bodies responsible for decision-making through the course of development review:

- Forest and Beach Commission if removal of a significant tree is proposed (one hearing);
- Historic Resources Board for historic properties and also for non-historic properties in the Conservation District (one hearing to ensure development is compatible with neighborhood context);
- Planning Commission: One hearing, minimum, for commercial and multi-family residential projects. Preliminary hearing/review for commercial/multi-family is optional but encouraged. Two hearings, minimum (one Concept hearing, one Final hearing) for single-family projects;
- City Council review on appeal; and
- Coastal Commission review on appeal (Coastal Zone Appeal jurisdiction only).

In addition, the City's permit process, which includes a use permit above 22 du /acre and includes both objective and subjective standards, could also pose as a constraint to developers, especially of multi-family affordable housing projects. Program 3.1.G has been included in the 6th Cycle Housing Element to establish a minimum density of 33 dwelling units per acre for the base zoning in the CC, SC, RC, and R-4 districts (see [Chapter 2](#)). Establishing a minimum density will enable the development of residential units at a higher yield, lending to increased feasibility to develop affordable units.

City Fees and Regional Development Fees

The City's design review process may be financially prohibitive for lower income households and likely most affordable housing projects. Regional development fees are exorbitant and makeup the bulk of costs for multi-family developments.

Parking Requirements

Parking is limited within Carmel-by-the-Sea. Off-street parking requirements can be prohibitive to building multi-family and affordable housing.

Commercial Overnight Visitor Accommodation

The Municipal Code Section 17.56.060 limits the total number of overnight visitor accommodations (hotel/motel/inn) units which increases the value of the use and acts as a disincentive to redevelop existing older non-conforming overnight visitor accommodations to refurbished permanent multi-family residences. The limit also acts as a disincentive to add on-site employee housing because scarce square footage is more valuable as an overnight visitor accommodation use rather than a residential use that serves lower-income employees.

The City will explore the development of a program to allow the transfer of development rights of overnight visitor accommodation located in key areas of the City and, the City will develop an Employee Housing Program.

Accessory Dwelling Units

The City of Carmel-by-the-Sea last updated its ADU ordinance in 2017, and therefore the City's regulations addressing ADUs are out of date. The City has included a new program in this 6th Cycle Housing Element to revise its Municipal Code to be consistent with ADU and JADU state law, and develop standardized ADU plans. The City is currently updating their ADU Ordinance to comply with recent changes to state law.

The City is following State ADU law while the ADU Ordinance is being developed. The State ADU Handbook is posted on the City website and distributed to ADU applicants. ADUs/JADUs that are 800 square feet or less, 16' tall or less, with at least 4' rear and side setbacks bypass review by the Planning Division and are routed straight to the Building Division. ADUs/JADUs that do not meet these standards are subject to a ministerial Planning review to confirm the project meets City floor area standards (1,800 square feet of floor area permitted on a standard 4,000 square-foot-lot) and minimum setbacks (3' side setback, 3' rear setback if less than 15' high, 15' front setback).

ADUs/JADUs are not subject to the City's Residential Design Guidelines, which contain both objective and subjective guidelines, nor are they subject to any public hearings. Because parking is not required for ADUs located within one half-mile walking distance of public transit, ADUs in Carmel-by-the-Sea do not require parking.

Manufactured Homes and Mobile Homes

A new program to amend the Municipal Code to clarify that manufactured homes and mobile homes are allowed as a permitted use in the R-1 zoning district is included in the Housing Element.

Use Permits

There are opportunities to reduce redundancies and facilitate residential construction while still enabling development to meet City regulations. Taking an overall critical look at the application of use permits, including application to increased densities for affordable multi-family residential projects, and removing this permit requirement where it does not add any necessary regulations will remove a regulatory constraint that adds to residential developer uncertainty, extends the permit entitlement process, and overall residential development costs. The 6th Cycle Housing Element includes Program 1.4.A to eliminate unnecessary use permits.

Transitional and Supportive Housing

The 6th Cycle Housing Element includes Program 3.3.A to update the Municipal Code to further clarify that transitional and supportive housing in the R-1 and R-4 zoning district are permitted uses.

Low Barrier Navigation Centers

The 6th Cycle Housing Element includes Program 3.3.B to develop by-right procedures for processing low-barrier navigation centers.

Development Standards for Senior Housing

A program is included to address the lack of development standards in the A-2 zone in order to provide greater clarity and certainty to guide and future development design.

The primary governmental constraints and the 6th Cycle Housing Element programs to address them, are shown in [Table B-13](#).

Table B-13 - Summary of Governmental Constraints

Governmental Constraint	Programmatic Action
Lack of Water Resources The primary infrastructure constraint to the development of housing in Carmel is the lack of potable water.	Program 1.2.A: Water Distribution Program 4.1.A: Water Conservation
Location in the Coastal Zone Carmel-by-the-Sea is located in the California Coastal Zone and is therefore subject to a host of regulations that are not present in communities outside the Coastal Zone.	Program 3.1.G: Establish Minimum Densities

Governmental Constraint	Programmatic Action
<p>City Design Review and Permit Processing The historic character of Carmel's built environment has been shaped by decades of careful and deliberative design review (referred to as "design study" in Carmel) that addresses such features as site design, architectural style, building materials, color palettes, fenestration, tree placement and landscaping.</p> <p>The City's design review (design study) process can be lengthy, impacting the City's ability to provide housing for lower-income households.</p>	Program 3.1.F: Expedited Processing Procedures Program 1.3.E: Amend A-2 Zoning District. Program 1.4.B: Objective Design Standards Program 2.2.A: Historic Preservation Educational Program Program 3.1.G: Establish Minimum Densities Program 1.4.A: Eliminate Unnecessary Use Permits Program 1.3.C: Accessory Dwelling Units Program 1.3.F: Manufactured Homes on a Foundation System Program 3.1.B: Housing for Extremely-Low Income Households Program 3.3.B: Low-Barrier Navigation Centers
<p>City Fees The City's design review and permitting process may be financially prohibitive for lower income households and likely most affordable housing projects.</p>	Program 3.1.D: Reduced Entitlement and Development Fees Program 3.1.E: Reduced Parking Requirements
<p>Parking Requirements Parking is limited within Carmel-by-the-Sea. Off-street parking requirements can be prohibitive to building multi-family and affordable housing.</p>	Program 3.1.E: Reduced Parking Requirements
<p>Commercial Overnight Visitor Accommodation</p>	Program 1.3.B: Overnight Visitor Accommodation (Conversion) Development Transfer Rights Program 1.2.D: Overnight Visitor Accommodation – Employee Housing Program

The City's development regulations are consistent with California housing law, and the Zoning Code enables development of affordable housing. However, because housing production has been limited in Carmel-by-the-Sea, primarily due to lack of potable water, the Housing Element Update includes programs to further incentivize development activity. Depending on site-specific conditions - such as the presence of significant trees or historic resources and degree of incompleteness of submitted plans, some applicants may find the City's design review process to be lengthy. The City's review fees, while comparable with those of surrounding jurisdictions, can pose a barrier for applicants without sufficient financial resources.

B.3 Non-Governmental Constraints

State law (Government Code §65583(a)(6)) requires an analysis of potential and actual governmental and non-governmental constraints to the maintenance, improvement, and development of housing for all income levels. The Housing Element must identify ways, if any, to reduce or overcome these constraints in order to meet the City's housing needs.

Land Availability and Cost

Three primary factors contribute to high land costs on the Monterey Peninsula, and in Carmel-by-the-Sea in particular: 1) the area is considered a desirable place to live, 2) available land is in short supply and 3) land costs vary both between and within jurisdictions based on factors such as the desirability of the location and the permitted density. According to the real estate website, Zillow, the typical land

value for a single-family home is between \$800,000 and \$1.2 million in the city of Monterey, but between \$1.5 million and \$5 million in Carmel-by-the-Sea.

Because land availability is limited within Carmel-by-the Sea and the City is largely built out, a number of programs have been created to creatively increase density and affordable housing potential within the City.

Construction Costs

Construction costs associated with housing development generally comprise soft and hard costs. Soft costs for housing development include the cost of architectural, engineering, accounting, legal and other professional services, as well as the cost of obtaining permits and paying government-imposed fees. Carrying costs and the cost of construction financing can also be considered soft costs. Hard costs include the costs of labor and materials and can also include costs accumulated through permitting delays.

Hard costs are very high in Carmel-by-the-Sea, and both the high cost of labor and the high cost of materials could be considered constraints on housing development. Hard construction costs can vary significantly based on the varied and unique geographic conditions throughout the City. Hard costs can be higher than average in Carmel-by-the-Sea compared to Monterey County.

Hard and soft costs contribute significantly to the overall cost of developing new housing. High hard costs are difficult for an individual jurisdiction to mitigate.

Availability of Financing

As a stable and affluent community, private housing mortgage financing is readily available in Carmel-by-the-Sea. There are no mortgage-deficient areas in the City and no identifiable underserved groups in need of financing assistance. At the time this Housing Element was drafted, interest rates for homebuyers were increasing from a low of 2.75 percent in 2020 to almost 7 percent in 2023 for a fixed rate, 30-year mortgage. The current economic climate is uncertain and still affected by increasing inflation, the possibility of a recession, geopolitical tensions, businesses rebounding and responding to changes brought on by the COVID-19 pandemic, and ongoing supply chain disruptions; however, there are a number of ways to finance residential development in the City, some of which are outlined below.

“We’re going to have to tell market-rate builders they’re going to have to provide more money for our affordable housing quotient...we have got to subsidize it...take the people paying market rate and say, I’m sorry, if you want to live here you got to pay to play, and we put that money towards our affordable housing quotient and build something that makes sense”

November 17, 2022 Housing Ad Hoc Committee
Community Meeting Attendee

Banks, Community Development Financial Institutions Fund (CDFIs), and State Housing Agencies

Banks, Community Development Financial Institutions Fund (CDFIs), and state housing agencies all play a role in providing affordable housing.

- **Banks** are regulated by the Community Reinvestment Act (CRA), which requires them to provide lending and services to all segments of their communities, including low-and moderate-income borrowers. Banks can meet their CRA requirements through a variety of activities, including making loans to affordable housing developers, providing grants to community development organizations, and investing in CDFIs.
- **CDFIs** are specialized financial institutions that provide loans, investments, and other financial services to low-income communities and individuals. CDFIs are often more flexible than traditional banks, and they can provide loans to borrowers who may not be able to qualify for financing from other sources.
- **State housing agencies (SHAs)** are government agencies that provide financial assistance for affordable housing development. SHAs can provide loans, grants, and tax credits to developers, and they can also help to promote affordable housing through public education and outreach programs.

Together, banks, CDFIs, and SHAs play a vital role in providing affordable housing. These organizations work to ensure that everyone has access to safe, decent, and affordable housing, regardless of their income. The California Housing Finance Agency (CalHFA) is a SHA that provides financing for affordable housing development in California. These organizations are essential partners in the fight to ensure that everyone has access to safe, decent, and affordable housing.

Housing Credits

Federal

The 4 percent and 9 percent LIHTC (Low-Income Housing Tax Credit) are federal tax credits that can be used to finance the construction or rehabilitation of affordable housing. The 4 percent credit is for the acquisition of existing buildings for rehabilitation and new construction financed by tax- exempt bonds. The 9 percent credit is generally for new construction and substantial rehabilitation with no federal subsidies. The amount of the credit is equal to 4 percent or 9 percent of the project's qualified basis, and it can be used to offset federal income taxes. The credit is claimed over a 10-year period.

The 9 percent LIHTC is more valuable than the 4 percent LIHTC, so it is typically used for larger projects. The 9 percent LIHTC is also more competitive, as there is a limited amount of 9 percent credits available each year. Both the 4 percent and 9 percent LIHTCs are important tools for financing affordable housing. They have helped to create millions of affordable housing units across the country.

State

State housing credit is a state-level program that provides tax credits to developers who build or rehabilitate affordable housing. The credits are similar to the federal Low Income Housing Tax Credit (LIHTC), but they are administered by state housing finance agencies (HFAs).

State HFAs allocate tax credits to developers through a competitive process. The credits are then sold to investors, who use them to offset their state income tax liability. The proceeds from the sale of the credits are used to finance the construction or rehabilitation of affordable housing.

State housing credit benefits both developers and low-income households. For developers, the credits provide a valuable source of financing that can help them make affordable housing projects financially feasible. For low-income households, the credits help to keep rents affordable.

Federal Home Loan Bank System

The Federal Home Loan Banks (FHLBs) are 11 regional banks that provide funding to financial institutions in all 50 states and U.S. territories. They were created by Congress in 1932 to help revitalize the housing market during the Great Depression.

FHLBs are cooperatively owned by their member institutions, which include community banks, credit unions, commercial banks, savings institutions, and insurance companies. These member institutions can borrow money from FHLBs at a discounted rate, which helps them to offer lower interest rates on mortgages and other loans to their customers.

In addition to providing funding, FHLBs also offer a variety of other services to their members, such as:

- Technical assistance on housing and community development
- Affordable housing programs
- Letters of credit
- Mortgage purchase programs

FHLBs play an important role in the U.S. housing market. They help to ensure that there is a steady supply of affordable mortgage credit available to borrowers, and they also support community development efforts.

Federal Home Loan Bank and Affordable Housing Program

The Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP) is a grant program that provides funding for the creation and preservation of affordable housing. The AHP is funded by a 10 percent contribution from each FHLB's earnings.

The AHP can be used to finance the following types of affordable housing projects.

- **Owner-occupied housing:** The AHP can be used to finance the purchase, construction, or rehabilitation of owner-occupied housing for low-or moderate-income households.

- **Rental housing:** The AHP can be used to finance the purchase, construction, or rehabilitation of rental housing where at least 20 percent of the units are affordable for and occupied by very low-income households.
- **Mixed-income housing:** The AHP can be used to finance the purchase, construction, or rehabilitation of mixed-income housing where a portion of the units are affordable for low- or moderate-income households.

The AHP is a competitive program, and applications are typically reviewed on a quarterly basis. To be eligible for an AHP grant, a project must meet the following criteria:

- The project must be located in a low-or moderate-income census tract.
- The project must be affordable to low-or moderate-income households.
- The project must be developed by a qualified project sponsor.

The AHP is a valuable resource for developers of affordable housing. The program provides much-needed funding for the creation and preservation of affordable housing, and it helps to ensure that low- and moderate-income households have access to safe and affordable housing.

Housing First

Supportive housing is a type of housing that provides permanent, affordable housing with on-site supportive services to help people who are homeless or at risk of homelessness. The supportive services can vary depending on the needs of the individual or family, but they may include case management, mental health services, substance abuse treatment, job training, and education.

There are a variety of supportive housing subsidy programs available in the United States. Some of the most common programs include:

- **Housing Choice Vouchers (HCVs):** HCVs are a federal program that provides rental assistance to low-income households. HCVs can be used to rent apartments on the private market, and they can also be used to pay for supportive housing.
- **Veterans Affairs Supportive Housing (VASH):** VASH is a federal program that provides rental assistance and case management services to homeless veterans.
- **Rapid Re-housing:** Rapid Re-housing is a short-term program that provides rental assistance and case management services to help people who are homeless quickly find and maintain housing.

The Housing First approach to homelessness is a philosophy that emphasizes providing permanent housing to people who are homeless, regardless of their other needs. The Housing First approach has been shown to be effective in reducing homelessness and improving the lives of people who are homeless.

The supportive housing subsidy system in the United States is a complex system, but it is an important part of the Housing First approach to homelessness. The subsidy programs help to make supportive

housing affordable for people who are homeless, and they help to ensure that people who are homeless have access to the supportive services they need to succeed.

Requests to Develop at Densities Below Those Permitted

New State Housing Element law now requires the non-governmental constraints analysis to evaluate developer requests to build at densities below the density identified in the Housing Element sites inventory. Carmel-by-the-Sea assumed the base density of 22 dwelling units per acre identified in the Carmel Municipal Code for the CC, SC, and RC Districts for the 5th Cycle sites inventory. Due to small lot sizes throughout the commercial districts, this density results in estimates of 1-8 units per site, with the majority of sites accommodating 1-2 units. A total development potential of 78 units was identified for the commercial districts. While a lack of water resources generally precludes higher-density projects, a review of development trends during the 5th Cycle showed densities ranging from 7 dwelling units per acre to 44 dwelling units per acre for projects in the CC, SC, and RC Districts. Carmel-by-the-Sea did not receive requests during the 5th Cycle to develop below densities identified in the site's inventory; therefore, this is not a constraint to development. Additionally, the City identified a significant surplus of sites in the 5th Cycle Housing Element for a total capacity of 164 housing units (the 2015-2023 RHNA was 31 units), ensuring that any property that developed at a lower density than projected would not adversely impact the City's ability to maintain sufficient sites throughout the planning period to achieve the RHNA.

Small Lots and Large Units

Property within Carmel-by-the-Sea is typically smaller than a half-acre, which can be a constraint for housing production. Lot consolidation incentives may be a solution. Large multi-family units have become commonplace with recent housing proposals. Large units reduce the number of multi-family units overall, which decreases the housing variety available, and increases the number of expensive luxury housing options. The City has proposed a minimum density requirement for sites in the Central Commercial (CC), Service Commercial (SC), Residential and Limited Commercial (RC), and R-4 District (see Program 3.1.G in Chapter 2).

Seasonal Vacancies

Carmel-by-the-Sea has a 50 percent vacancy rate of which 80 percent is attributed to seasonal vacancies, given the community's strong tourism industry. Second homeowners seeking seasonal homes skews the demand for housing, driving up rents and home prices and making it challenging for those working in Carmel-by-the-Sea to find available housing. Rising housing prices decrease the stock of housing affordable to those living or working in and around Carmel-by-the-Sea, further spurring the statewide housing shortage. Programs to address this issue are incorporated in the 6th Cycle Housing Element and include encouraging Accessory Dwelling Units and establishing of an Affordable Housing Trust Fund which could be funded in part by a vacancy tax.

Length of Time between Application Approval and Building Permit Issuance

New Housing Element law now also requires an examination of the length of time between receiving approval for a housing development and submittal of an application for building permits. On average (based on City data from seven developments of vacant sites) there are 84 days between approval of a housing development and submittal of a building permit application, and 165 days between submittal of a building permit application and issuance of a building permit. The time between application approval and building permit issuance (249 days on average) is influenced by a number of factors, none of which are directly impacted by the City. Factors that may impact the timing of building permit issuance include required technical or engineering studies; completion of construction drawings and detailed site and landscape design; securing construction and permanent financing; and retention of a building contractor and subcontractors. Generally, building permits are submitted in a timely manner after planning entitlements; however larger projects have experienced longer timeframes given supply chain issues and labor shortages, neither of which the City controls.

Environmental Justice Element Requirement

An Environmental Justice Element or equivalent is not required for Carmel-by-the-Sea because no disadvantaged communities exist within the city's boundaries (as defined in Gov. Code, §65302,

(h)(4)(A)). “Disadvantaged communities” means an area identified by the California Environmental Protection Agency pursuant to Section 39711 of the Health and Safety Code or a low-income area that is disproportionately affected by environmental pollution and other hazards that can lead to negative health effects, exposure, or environmental degradation.

Environmental Constraints

Environmental constraints affecting housing include geologic and seismic conditions and fire hazards, which are a threat to the built environment. These constraints are discussed in detail below. However, the primary environmental constraint to the development of housing in Carmel-by-the-Sea is the limited water supply, as already discussed.

Fire Hazards

Carmel-by-the-Sea is often referred to as a “Village in the Forest,” due to its extensive urban forest. The high density of structures within the Carmel residential areas and business district among numerous trees increases the fire hazard. In addition, the Pescadero Canyon, Del Monte Forest, and Mission Trails Nature Preserve, located adjacent to the City, introduce the possibility of a wildland fire. The currently adopted (October 2008) California Department of Forestry and Fire Protection (CAL FIRE) *Very High Fire Hazard Severity Zones in Local Responsibility Areas (LRA)* map for Carmel-by-the-Sea identifies a large area encompassing northern and eastern portions of the City as a Very High Fire Hazard Severity Zone. In such zones, roofs and exterior walls of new buildings must be made of noncombustible materials. It should be noted that all LRA maps across the state of California are undergoing updates and according to CAL FIRE are anticipated to be released sometime in 2024.

Obtaining insurance for structures is increasingly difficult given the Very High Fire Hazard Severity Zone, posing a constraint to residential development.

The City of Carmel-by-the-Sea is part of a regional coordination effort with other Monterey County cities, including Pacific Grove and Monterey. These neighboring agencies provide aid to each other on an as-needed basis. Fire protection for the City is provided by the City of Monterey Fire Department based out of the Carmel Fire Station located on 6th Avenue.

Emergency and Evacuation Planning

Emergency response is provided through coordinated efforts by the cities of Monterey, Pacific Grove, and Carmel. Emergency planning and evacuation pose many challenges for the City due to the precarious topography and narrow City roads. The General Plan Safety Element (both the currently adopted version and the updated Safety Element being prepared in conjunction with the 6th Cycle Housing Element) provides an in-depth analysis of emergency and evacuation planning and protocols, as well as scenario mapping and evacuation route mapping. City staff generally note that particularly in Carmel, where small lots make meeting egress requirements difficult at higher densities, incentivizing lot mergers in the commercial district will help address concerns and challenges associated with emergency and evacuation planning across the City.

Seismic

The entire California Coast and Coast Range area is prone to earthquakes. Based on history, the probability of a moderate or high magnitude earthquake occurring in the greater Monterey region in the next few decades is quite likely. Faults that could present hazards to Carmel-by-the-Sea during an earthquake event include the following active or potentially active faults: San Andreas, San Gregorio-Palo Colorado, Chupines, Navy, and Cypress Point. The San Andreas and San Gregorio faults are two dominant faults within the Monterey County region that are considered active with evidence of historic or recent movement.

While the seismic hazards cannot be eliminated, there are a number of regulations that reduce the impact of these hazards. The Alquist-Priolo Earthquake Fault Zoning Act was passed in 1972 to mitigate the hazard of surface faulting to structures for human occupancy, by preventing the construction of buildings used for human occupancy on the surface trace of active faults. The California Building Code includes provisions associated with engineering design and building requirements that address seismic hazards. In addition, the City of Carmel-by-the-Sea General Plan includes policies addressing hazards from seismic activity.

Tsunami

The City would be minimally affected by a moderate to extreme tsunami event. This can be accredited to coastal topography along Carmel's western boundary. The steep cliff, or a step-down in elevation between the Scenic Road and the beach, acts as a protective boundary during a tsunami event.

However, low lying portions of Carmel-by-the-Sea are susceptible to inundation from tsunami, known as waves produced from a seismic event. Only the southernmost portion of the City and the low-lying

Carmel Lagoon neighborhood (within unincorporated Monterey County) could be impacted if a 21-foot-high tsunami wave were to enter the Carmel River lagoon. Impacts from tsunami could include damage to improvements from wave inundation and from wave-carried debris.

Tsunami is a potential safety hazard as well as a hazard to property. The actual areas that will be impacted from a tsunami will vary depending on factors such as the size of the tsunami wave, tide level at the time of the tsunami, the wave source location and the wave direction. In general, areas adjacent to the shoreline that are below an elevation of approximately 15 to 20 feet above mean sea level appear to have a higher level of risk.

Flooding

Carmel is located on a sloping terrain that offers good storm water runoff into both the Pacific Ocean and the Carmel River. Only a small portion of the City's southern tip is designated as a FEMA 100-year Flood Zone. Carmel Beach is subject to flooding during high tide and beach sand is lost yearly during winter storms. The beach is clearly separated from adjacent roads and houses by a moderately steep hill. Due to that topographical feature, the coastal flooding rarely extends past the beach. There are several areas of the City, which have been identified in the City's general plan as being prone to localized flooding. The main area subject to localized flooding is located within the Mission Trail Nature Preserve. The Mission Trail site is owned by the City and used as a park, and the City recently approved a CDP to correct flooding issues within Mission Trails Nature Preserve. This use mitigates some of the damage that would normally result from the retention of water on the site and the City recently approved a Coastal Development permit to correct some flooding issues in this area.

The City's General Plan includes a Safety Element with policies and programs which address flooding (see policies P8-27 through P8-31). The Safety Element Update will also include and update where necessary the City's policies and programs related to flooding. The City's Municipal Code (Chapter 15.56 Community Floodplain) further addresses flood risks and hazards found in the City as well as identifying methods for reducing flood losses. In order to accomplish its purposes, this chapter of the municipal code includes regulations to:

- 1) Restrict or prohibit uses which are dangerous to health, safety, and property due to water or erosion hazards, or which result in damaging increases in erosion or flood heights or velocities;
- 2) Require that uses vulnerable to floods, including facilities which serve such uses, be protected against flood damage at the time of initial construction;
- 3) Control the alteration of natural floodplains, stream channels, and natural protective barriers, which help accommodate or channel floodwaters;
- 4) Control filling, grading, dredging, and other development which may increase flood damage; and

- 5) Prevent or regulate the construction of flood barriers which will unnaturally divert floodwaters or which may increase flood hazards in other areas. (Ord. 2018-03 § 1 (Exh. A §4), 2018).

Coastal Erosion and Landslides

Erosion on sloped inland areas and at the shoreline (beach) has been a problem for much of Monterey County, including Carmel. The hazards due to erosion are difficult to separate from those due to flooding and landsliding. In some cases, erosion is a result of flood and landslide conditions; in others, rapid water runoff and landsliding can occur in areas subject to prolonged erosion. The preventive costs of erosion are generally included within flood control measures and the overall costs of hillside development. Adoption of the present state of the art procedures for erosion prevention in hillside areas will, in most cases, eliminate losses.

Losses due to coastal erosion can be reduced most economically by avoiding construction in areas subject to severe erosion. Erosion of the beach bluffs is addressed in the City's Shoreline Management and Emergency Operations plans.

Summary of Non-Governmental Constraints

In summary, while Carmel-by-the-Sea is subject to the environmental constraints described above, the City's General Plan sets forth a series of actions to minimize these constraints. Carmel-by-the-Sea incorporates this information into its land use planning and development review processes. In an effort to continue to reduce constraints to housing development, the Housing Element Update includes specific policies and programs in Chapter 2 to reduce or eliminate non-governmental constraints to the extent feasible and practical.

The primary non-governmental constraints and the 6th Cycle Housing Element programs to address them are shown in [Table B-14](#) below:

Table B-14 - Summary of Non-Governmental Constraints

Non-Governmental Constraint	Programmatic Action
<p>Land Availability and Cost Carmel-by-the-Sea's limited availability of land coupled with its desirable coastal location and world-renowned architecture has resulted in high cost of land and a lack of affordable housing.</p> <p>Some of the primary factors that have contributed to high land costs in Carmel-by-the-Sea are its limited availability of land.</p>	<p>Program 3.1.A: Mixed Use Affordable Housing Program 3.1.B: Overnight Visitor Accommodation (Conversion) Transfer of Development Rights. Program 1.1.C: Development on Small Sites Program 3.1.C: Density Bonus</p>
<p>Construction Costs Costs of labor and materials are very high in Carmel-by-the-Sea and could be considered constraints on housing development.</p>	<p>Program 3.1.C: Density Bonus</p>
<p>Availability of Financing</p>	<p>Program 2.1.D: Establish Affordable Housing Trust Fund Program 5.1.C: Shared Housing Information Program 5.1.B: Housing Choice Voucher Program Program 5.2.A: Support Community Organizations</p>
<p>Small Lots and Large Units</p>	<p>Program 3.1.G: Establish Minimum Densities</p>
<p>Seasonal Vacancies</p>	<p>Program 2.1.D: Establish Affordable Housing Trust Fund</p>

Sites Inventory

C

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Appendix C Sites Inventory

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 2045.¹ For the 8-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 DOF 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 diversifying its housing stock and better integrating new housing throughout the community will yield faster and more successful affordable housing. 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 properties, attended meetings with HCD, and genuinely dedicated themselves to 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](#)

¹ Source: Final 2022 Regional Growth Forecast, AMBAG, November 18, 2020

replaces the previously adopted Appendix C (April 2024) 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 8-year period from 2023 to 2031 is 349 units, which is a 1,025 percent increase over the 31 units required during the 2014 to 2023 RHNA cycle. The housing need is divided into four income categories: Very Low Income, Low Income, Moderate Income, and Above Moderate Income (i.e., market rate). [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
Very Low Income (<50% of AMI)	113	32.3%	4,412	21.8%	7,868	23.6%
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 – 6 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 three housing projects (totaling 23 units) that are either permitted, underway, or constructed during the RHNA projection period, eligible for RHNA credits. Eligible credits also include 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 - Projects Eligible for RHNA Credits

APN	Project Name	Zoning	General Plan Land Use	Area	Min. Density (du/ac)	VLI	LI	MI	AM	Tenure	Entitlement Status
010138003000	Ulrika Plaza	Service Commercial (SC)	Core Commercial	0.37	33	--	--	--	12	Rental	Approved
010138021000											
010145012000	JB Pastor	Service Commercial (SC)	Core Commercial	0.27	33	--	--	--	8	Rental	Conditionally Approved
010145024000											
010145023000											
010146010000	Scandia Lopez	Central Commercial (CC)	Core Commercial	0.09	33	--	--	--	3	Rental	Permitted and under construction
Subtotal						0	0	0	23		
ADUs						13	13	13	6	Rental	Approved/Permitted/Constructed
Totals						13	13	13	29	Total RHNA Units = 68	

Source: City of Carmel-by-the-Sea, 2025

Notes: VLI = very low-income; LI = low-income; MI = moderate-income; AM = above moderate-income.

Projects Eligible for RHNA Credits

Ulrika Plaza (Site No. P-1)

The Planning Commission approved the Ulrika Plaza project on August 9, 2023. On December 13, 2024, a building permit application was submitted to the City for demolition of existing improvements to prepare the site for new construction. On March 3, 2025, a building permit application for the construction of a new mixed-use building was submitted to the City and is currently in plan check review. Demolition work to prepare the site began in early September under a separate building permit. The project is slated to begin full 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 to create a 16,000-square-foot site. 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, two of which were to be affordable to moderate income households. The project density was 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 of the underground parking structure 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 (Site No. P-2)

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 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-story mixed use buildings totaling approximately 12,900 square feet with ground floor commercial space, eight market rate second-floor apartments, and 12 on-site parking spaces. The project density is 29 dwelling units per acre.

On April 23, 2025, an appeal of the Planning Commission's approval of the project was filed and on August 4 and September 8, 2025, the City Council heard the appeal, denying portions of the appeal and upholding others. The City Council remanded the project back to the Planning Commission with specific direction so that the applicant has the opportunity to make revisions to the project.

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 (Site No. P-3)

The Planning Commission approved additions to the historic Percy Parkes Building for three (3) new market rate apartments 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 and the project is currently under construction.

Accessory Dwelling Units

Between July 1, 2023 and December 31, 2024, the City 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.

In reviewing the City's ADU construction activities between 2017 and 2024, 64 ADU applications were processed in the City. Among these units, 15 (24 percent) were for units smaller than 300 square feet and 20 (32 percent) were between 301 and 500 square feet. Also 31 (49 percent) were for conversion from existing spaces (these units tend to be smaller and less expensive to construct, and therefore are more likely to be affordable). Based on a review of rental unit sizes in Monterey County, average unit sizes in the region are:

- Studio - 420 square feet
- One-bedroom - 646 square feet
- Two-bedroom - 938 square feet

Overall, 41 percent of the City's ADUs between 2017 and 2024 were significantly smaller than the average sized ADU in the region for that bedroom count. Rental rates for these smaller ADUs are reasonably expected to be lower than market rate, regularly sized units. Furthermore, discussions with local realtors indicate that many ADUs are occupied by caretakers at reduced or no costs. Therefore, the City uses the 30/30/30/10 income/affordability distribution approved for the ABAG jurisdictions and also used by most AMBAG jurisdictions for the 6th cycle Housing Element update. Overall, the 45 ADUs permitted are distributed into 13 very low income, 13 low income, 13 moderate income, and 6 above moderate income.

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 to accommodate Carmel-by-the-Sea's remaining assigned 281 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 Housing Element Planning Periods

Government Code §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 §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 requirement 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 Bonus Density 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 and 33 units per acre with a conditional use permit. 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 maximum allowable base 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. The City is also instituting a minimum density of 22 dwelling units per acre in the Commercial (CC, SC, and RC) Districts and in the Multi-Family Residential (R-4) District. These changes 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 8-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 8-year planning period based on the demonstrated trend of recent ADU production. Between 2019 and 2024 (Table C-4), the City issued building permits for 61 ADUs, with a sharply rising trend over the past 2 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 7 years (2025-2031) of the 8-year 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 8-year planning period.

Occupancy and Income/Affordability

Based on local knowledge, some ADUs are not used as rentals. Conservatively, the City discounts the ADU trend by 10 percent to account for potential ADUs with nonresidential uses. The 10 percent discount on the trend produces a conservative projected number of 70 ADUs. Using the previously discussed income/affordability 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 7 extremely low, 14 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.

Hotel-to-Residential Conversion

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 creating a new legal right 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 profiting from both the residual market value of the converted hotel and the market value of the hotel keys. The sample proforma in [Table C-5](#) 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 4.50% cap rate for \$7,675,580 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 \$9,275,580. Assuming a projected net operating income of \$302,717 and a cap rate of 6.00%, the former hotel (now mixed-income apartments) would sell for \$5,045,280, which would result in an approximately \$4.2 million loss for the developer. However, when the proceeds from the sale of the 19 hotel keys is taken into consideration (an estimated \$438,656 per key multiplied by 19 keys equals \$8,334,464 (see below for further analysis on how the value of keys is estimated), the gross proceeds from the overall investment rises to \$13,379,744, resulting in a total profit of \$4.1 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 has already generated 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

Conversion of 19-Room Hotel to 16-Unit Affordable Housing	
Purchase Price of Hotel	\$7,675,580
Housing Conversion Costs (@ \$100,000 per room)	\$1,600,000
Total Developer Investment	\$9,275,580
Sale of Hotel Keys (@ \$438,656 per key)	\$8,334,464
Sale of Affordable Housing Building	\$5,045,280
Total Developer Return	\$13,379,744
Profit	\$4,104,164
Return on Investment (ROI)	44%

Analysis of Hotel Key Value

To estimate the value that a Carmel hotel key could be sold for – the \$438,656 per key used in the proforma above – a residual land value analysis was performed with respect to the keys ([Table C-6](#)). A common valuation method in the commercial real estate space, a residual land value analysis is used to calculate how much a developer can pay for land while still hitting their target return. Here, we assume that the hotel key is being purchased by a hotel developer or operator that already owns land in Carmel,

so the relevant question becomes: how much can the purchaser of the hotel key pay for the key while still hitting their target return? Let's assume that the buyer of the hotel key projects an average daily rate of \$450 and a 65% occupancy rate, equating to revenue per available room (RevPAR) of \$293 and annual revenue of \$106,763 for this to-be-built hotel room. If we assume that operating expenses are 45% of revenue, that would result in an annualized net operating income of \$58,719. At a 6.00% cap rate, this hotel room would be worth \$978,656 once constructed. Given this value, how much can the purchaser of the hotel key pay for the key while still hitting their return target? Conservatively assuming \$1,000 per square foot in construction costs, the cost of a typical 400 square foot hotel room would be \$400,000. If the buyer of the hotel key has an industry-standard target ROI of 35%, this equates to a target profit of \$140,000. In such a scenario, the residual value of the hotel key – i.e., the most the purchaser of the hotel key could pay for the key – is \$438,656, which is the number used in the proforma in [Table C-5](#) above. It is important to note that the City has no plan to set or regulate the price of hotel keys, but is only performing an analysis to estimate what the market value of a key would be.

Table C-6 - Analysis of Hotel Key Value

Residual Key Value Analysis	
Average Daily Rate	\$450
Occupancy	65%
RevPAR	\$293
Annual Revenue	\$106,763
Operating Expenses as % of Revenue	45%
Net Operating Income	\$58,719
Value (@ 6% Cap Rate)	\$978,656
Construction Cost	\$400,000
Profit (@ 35% ROI)	\$140,000
Residual Key Value	\$438,656
Return on Investment (ROI)	35%

Capacity During the 6th Cycle Planning Period

Outreach and Developer and Hotel Owner Interest

In recent months the City and members of the AHA Group have held several meetings with hotel owners, affordable housing developers, and hotel developers to discuss the Hotel-to-Residential Conversion Program. These groups have expressed strong interest in the program.

The City and AHA Group have met with a mix of sophisticated, experienced developers, ranging from regional players to national firms with a broader focus. These include firms specializing in affordable housing, employee housing, and hospitality property redevelopment. They have provided valuable input on how to make the City's incentives more attractive, highlighted similarities between the program and successful models elsewhere, and expressed active interest in participating once the program launches.

In addition to engaging with developers, the City and the AHA Group have also met with a number of hotel owners. These owners have shown a strong interest in exploring opportunities under the Hotel-to-Residential Conversion Program. Hotel owners recognize that the program will allow participating

developers to pay a higher price for their properties and are enticed by the potential for above-market returns.

This outreach demonstrates that there is a strong pool of capable and interested partners—both local and nonlocal—ready to collaborate with the City on converting underused hotel properties into much-needed mixed-income housing.

Identification of Hotel Room Opportunities Based on Existing Conditions

Based on data collected by the City from Transient Occupancy Tax (TOT) 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-7).

Table C-7 - Carmel Hotels Grouped by Performance (RevPAR)

	RevPAR	Hotels	Rooms	% of Total Rooms
Group 1	>\$319	7	117	12%
Group 2	\$231 - \$318	12	287	30%
Group 3	\$188 - \$230	8	169	18%
Group 4	\$144 - 187	8	239	25%
Group 5	\$100 - \$143	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 \$187. 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-8 - Carmel Hotels and Hotel Room Inventory

Site No.	APN	Address	Overnight Visitor Accommodation Establishment Name	No. of Rooms*
H-1	010148015000	Dolores & 8 th	Adobe Inn	20
H-2	010095010000	Junipero between 5 th & 6 th	Best Western Carmel Bay View Inn	56
H-3	010136023000	5 th & San Carlos	Best Western Carmel’s Townhouse Lodge	28
H-4	010131011000	San Carlos between 4 th & 5 th	Briarwood Inn	12
H-5	010131013000	E/S San Carlos between 4 th & 5 th	Briarwood Inn II/Holland Court Inn	11
H-6	010136022000	San Carlos between 4 th & 5 th	Candle Light Inn	20
H-7	010286015000	San Antonio & 13 th	Carmel Beach Hotel & Spa	22
H-8	010268008000	San Antonio & 8 th	Carmel Cottage Inn LLC	5
H-9	010124009000	SE Dolores & 3 rd	Carmel Country Inn LLC	12
H-10	010136021000	San Carlos @ 4 th	Carmel Fireplace Inn	22
H-11	010104002000	4 th & Torres	Carmel Garden Inn	10
H-12	010195501500	7 th & Casanova	Carmel Green Lantern Inn	17
H-13	010097007000	Junipero & 5 th	Carmel Inn & Suites	20

Site No.	APN	Address	Overnight Visitor Accommodation Establishment Name	No. of Rooms*
H-14	010097018000	Mission & 5 th	Carmel Oaks	17
H-15	010021024000 010021025000 010021002000 010021003000 010021026000 010021027000 010021028000 010021029000	Carpenter between 1 st & 2 nd	Carmel Resort Inn	30
H-16	010094002000	Ocean & Junipero	Carmel Village Inn/Le Petit Pali	34
H-17	010123005000	4 th @ Mission Street	Carmel Wayfarer Inn	17
H-18	010087002000	Junipero between 7 th & 8 th	Carriage House Inn	13
H-19	010142002000	San Carlos @ 7 th	Coachman's Inn	30
H-20	010094001000	Torres & Ocean Ave	Comfort Inn Carmel by the Sea	19
H-21	010147008000	7 th & Lincoln Ave	Cypress Inn	44
H-22	010287008000	San Antonio, 4 SE of 13 th	Edgemere Cottages	Closed
H-23	010085005000	SW Ocean/Torres	Forest Lodge	4
H-24	010124001000 010124014000	2 NW of 4 th on San Carlos	Hofsas House	37
H-25	010109015000	SWC 3 rd & Junipero	Horizon Inn	20
H-26	010123014000	4 th & San Carlos	Hotel Carmel	27
H-27	010191005000	Monte Verde @ 7 th	L'Auberge Carmel	20
H-28	010264007000	8 th & Camino Real	La Playa Hotel	75
H-29	010261014000	SE Camino Real & Ocean	Lamplighter Inn	6
H-30	010214032000	Ocean @ Monte Verde	Lobos Lodge	30
H-31	010196027000	Monte Verde & 7 th	Monte Verde Inn	10
H-32	010201013000	Monte Verde @ 7 th	Monte Verde Inn East	7
H-33	010196001000	Ocean & Monte Verde	Normandy Inn	48
H-34	010104005000	SEC 3 rd & Junipero	Ocean View Lodge	6
H-35	010273014000	Camino Real between 11 th & 12 th	Sea View Inn	8***
H-36	010131028000	San Carlos at 5 th	Stilwell Hotel	42**
H-37	010261015000	Camino Real 2 SE of Ocean	Sunset House	5
H-38	010124012000	4 th & San Carlos	Svendsgaard's Inn	35
H-39	010214029000	Monte Verde & 6 th	Tally-Ho Inn	12
H-40	010087003000	Junipero between 7 th & 8 th	The Hideaway/Le Petit Pali @ 8 th	24
H-41	010148007000	NE Corner Lincoln & 8 th	The Homestead	12
H-42	010213003000	Ocean between Lincoln/Monte Verde	The Pine Inn	49
H-43	010109016000	Mission @ 3 rd Ave	Tradewinds Carmel	28
H-44	010136016000	Dolores & 7 th	Vagabond House	13
H-45	010087013000	7 th & Mission	Wayside Inn	22

Note: Hotels organized in alphabetical order only, not ranked.

*The total number of rooms currently available in the City exceeds the cap of 948 established in the General Plan and Carmel Municipal Code Section 17.56.020

**Closed for remodel during data gathering and not included in program analysis.

*** B&B and not included in the program analysis.

Capacity Calculations

There are 379 hotel rooms in the 15 underperforming hotels in Groups 4 and 5 (see Table C-7). While some of Carmel’s hotels were actually originally apartments with kitchenettes, a portion of these hotel rooms may need to be merged with other hotel rooms to accommodate modern apartment living or to create additional bedrooms. On the other hand, hotels have additional square footage dedicated to lobby space and back of house operations, which can be repurposed into apartment units. Due to high construction costs and developers expressing interest in maximizing density under an adaptive reuse scenario, the City anticipates a hotel to housing conversion ratio of 85% (i.e., that 85 mixed-income apartments will be generated for every 100 hotel rooms converted through the program).

A sampling of three existing hotels, ranging from 13 to 22 rooms, was conducted and identified room sizes ranging from 498 to 635 square feet. This, coupled with public and back of house spaces utilized for housing (as noted above) validates the assumption of an 85% conversion rate. Based on this information, conversion of the underperforming hotel rooms could yield a total of 322 apartments.

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 every owner of a hotel in Groups 4 and 5 will pursue this option during this Housing Element cycle. A more conservative estimate is that 50 percent of the hotel rooms will be converted to mixed-income housing through this program. Applying the conservative assumption of an 85 percent hotel room to apartment conversion ratio (379 to 322), and then a further 50 percent reduction on those hotel rooms 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. The foregoing notwithstanding, it should be noted that *all* hotels are eligible to participate in the program. The incentives are not restricted to only the underperforming hotels.

Table C-9 - Hotel Room Conversion Potential

	Rooms/Units
Hotel Rooms within Groups 4 and 5	379
Hotel Rooms to Housing Units Conversion (85%)	322
Hotel Conversions During 6th Cycle Planning Period (50%)	161
Income Mix of 161 Rooms	
Very Low Income (25%)	40
Low Income (25%)	40
Moderate Income (25%)	40
Above Moderate Income (25%)	41

Zoning, Infrastructure, and Environmental Constraints

Hotels identified for potential participation in this program are all located in zoning districts where residential uses are permitted. No zoning constraints are identified.

Hotel-to-residential conversions are most likely to occur through adaptive reuse of existing buildings. These are developed properties that are currently served with infrastructure and utilities. Given that this program is unlikely to include ground-up new construction, the City does not anticipate any environmental conditions or impacts that would preclude or significantly constrain the adaptive reuse of existing properties.

Affordable Housing on Religious Facility Properties

Capacity During 6th Cycle Planning Period

Outreach and 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 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. AHA and City staff have continued to meet and communicate with the Church of the Wayfarer since their initial April meeting.

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:

- Multi-family 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. Discussions with individual churches yielded confirmation of their intention to develop housing for lower income households.

Capacity Calculation

Two of the three church properties, which are currently zoned R-1 (All Saints and First Church of Christ), will pursue affordable housing through an SB 4 application. 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 third church property (Church of the Wayfarer) is zoned RC, which allows affordable housing development up to 88 du/ac. The City has been in communication with the three churches and anticipates preliminary applications from All Saints and First Church of Christ by the end of November 2025. The City estimates capacity based on gross density (under SB 4 for All Saints and First Church of Christ and based on RC zoning for Church of the Wayfarer), 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. Below are descriptions of the existing structures on church properties based on discussions with the churches and local knowledge. These descriptions demonstrate how additional units can be achieved on site through a combination of adaptive reuse and new construction.

All Saints' Episcopal Church. This church property consists of several attached and detached one- and two-story buildings with pitched roofs in a loose courtyard formation on a 1.01-acre irregular, steeply sloped site, which is the equivalent of around 11 standard Carmel lots, or 44,000 sf, in the R-1

district. The current building footprints occupy nearly one-third, or about 13,000 sf, of the site, and much of their interiors contain underutilized office, classroom, and accessory spaces. Landscaping and five parking spaces occupy the remainder of the site. Because church service parking cannot be accommodated on site, the congregation is considering eliminating some or all existing parking spaces and sponsoring a ride-share service instead. The congregation is considering both adaptive-reuse and new-construction design options and could accommodate 20 du/acre with either or both strategies.

First Church of Christ, Scientist. This church property consists of three semi- or fully-detached buildings of one and two stories, arrayed back-to-back but offset along two streets on a 0.63-acre site—the equivalent of around seven standard Carmel lots, or 28,000 sf, in the R-1 district. The current building footprints occupy approximately one quarter or 7,000 sf of the site, and consist of a free-standing “Reading Room,” a large Sunday school facility that is underutilized, and a large sanctuary that is now well over-sized for accommodating service attendance. About seventeen parking spaces occupy the remainder of the site. The congregation is considering substantially down-sizing their sanctuary, adaptively re-using other spaces, and adding new construction on their underutilized surface parking lots, which would accommodate 20 du/acre in multiple configurations.

Church of the Wayfarer. This church property consists of an L-shaped, two-story building with a pitched-roof attic space on a 0.37-acre rectangular sloped site, which is the equivalent of around four standard Carmel lots, or 16,000 square feet, in the RC district. The current building footprint occupies approximately two thirds, or 12,000 square feet, of the site, and much of its interior contains underutilized classroom and accessory spaces. There is no on-site parking and landscaping currently occupies the remainder of the site. The original church plans, which are still to be fully realized, include another wing that would transform the L-shape to a U-shape courtyard plan. The congregation is considering both adaptive-reuse and new-construction design options, yet could accommodate 88 du/acre within the envelope of the existing structure depending on unit types.

While this property is smaller than 0.5 acre, the City has experience developing 100 percent affordable housing on small properties (e.g., Trevvett Court at 0.18 acre). Regionally, similar communities have also successfully achieved affordable housing on small sites (see [Table C-10, Affordable Housing Projects on Small Sites](#)). The Church of the Wayfarer site is in fact larger than the sites identified in [Table C-10](#).

Zoning, Infrastructure, and Environmental Constraints

Two of the church properties are currently zoned R-1 and one is zoned RC. All three churches have stated their intention to submit (or have submitted) preliminary applications to pursue affordable housing development on site. All Saints and First Church of Christian Science will be pursuing affordable housing using SB 4 provisions. Church of the Wayfarer will be pursuing affordable housing as permitted by the RC zoning.

These church properties are developed with existing structures and paved parking on much of the property space. They are currently served with infrastructure and utilities. There are no known

environmental conditions or impacts that would significantly constrain or preclude residential development on these sites.

Table C-10 - Affordable Housing Potential on Church Properties

Site No.	Church Address	APNs	Site Size	General Plan Land Use	Zoning	Allowable Density	Height	Estimated Capacity (Excluding Density Bonus)	Income
C-1	All Saints' Episcopal SWC Dolores Street & 9 th Avenue	010-157-012 010-157-013	1.01	Single Family Residential	Single Family Residential (R-1)	20 du/ac	2-Story 24 feet	20	20 Lower Income
C-2	First Church of Christian Science Monte Verde 2 NE of 6 th Avenue	010-212-004 010-212-021 010-212-026 010-212-027 010-212-028 010-212-029 010-212-030	0.63	Single Family Residential	Single Family Residential (R-1)	20 du/ac	2-Story 24 feet	13	13 Lower Income
C-3	Church of the Wayfarer NWC Lincoln & 7 th Avenue	010-191-002	0.37	Residential/Commercial	Residential and Limited Commercial (RC)	88 du/ac	2-Story 26 feet	32	32 Lower Income
	Total		2.01					65	65 Lower Income (6 ELI/ 29 VL/ 30 L)

Downtown Carmel

Characteristics and Underutilization

Affordable Housing on Small Lots

State law assumes sites 0.5 acres or larger are feasible for the development of affordable housing for lower income households, but Carmel, by virtue of its original development pattern, is primarily composed of small 4,000-square-foot lots. Indeed, while Carmel has only one parcel larger than 0.5 acre when hotel and cultural/recreational sites are excluded, downtown Carmel has 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-11](#), excluding hotels, existing multifamily housing, and cultural and recreational facilities, downtown Carmel has 36 lots of approximately 8,000 square feet in size.

Table C-11 - 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 successfully produced 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; and
- 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 demonstrate recent development trends;
- Projects that received credit toward the 6th cycle RHNA for the respective jurisdictions; and
- Projects on small sites that approximate typical Carmel parcel sizes.

As shown in [Table C-12](#), affordable housing has been either built, entitled, or is otherwise in the approval pipeline on numerous small sites in the region. For those projects that most closely approximate Carmel lot sizes, an average of 32 percent of the units are affordable. 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.

City will be amending the Municipal Code to offer this same increased density to mixed-income projects (tentatively, those in which at least 30 percent of the units are affordable). See the description of the Mixed-Income Incentive Program in [Chapter 2](#).

Methodology for Identifying Underutilized Properties Downtown

Downtown Safari

To identify properties with the potential to generate new housing units via adaptive reuse/conversion or redevelopment, AHA mobilized its members to conduct site visits on every property in downtown Carmel. These site visits, which came to be known as “safaris,” were a highly organized, months-long, boots-on-the-ground undertaking in which 17 volunteers canvassed the entire commercial district of the City. Utilizing a mobile app, these AHA volunteers catalogued 218 properties and nearly 1,000 leasable spaces, collecting data for each site (e.g., current use, occupancy, and property condition). When coupled with datasets from the City, the County, and from subscription-based commercial real estate data firms such as Reonomy, this data provided the City with an unprecedented level of precision and granularity in its effort to identify sites with housing development potential.

Objective Criteria for Identifying Underutilized Properties

The City used a number of characteristics to identify properties with redevelopment and adaptive reuse potential. These include:

- ***Owner Interest:*** The expressed interest of property owners in pursuing residential uses indicates that the current uses on the site are not so valuable to the owner that it would hinder potential redevelopment or adaptive reuse for residential purposes—an important factor in considering a non-vacant site for inclusion in the Sites Inventory.
- ***Utilization:*** 10 percent or more of total leasable spaces are vacant, or 20 percent or more of total leasable spaces are vacant or under-utilized (e.g., used as storage, reduced hours, by appointment only).
- ***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 infeasible. Buildings that face such financial or physical constraints rarely receive significant investment for modernization or systems upgrades, rendering the buildings progressively unsuitable for current trends.
- ***Condition of Structure:*** AHA members used a rubric derived from the Uniform Appraisal Dataset (UAD) “Appraisal Condition Rating” standardized scale to conduct a visual survey of the physical condition of every commercial property in downtown Carmel. The scale ranges from a score of “C1” to “C6”, with C6 representing properties in the worst condition. Structures rated C4, C5, and C6 are considered to have some level of impairment to their condition that makes them a more viable candidate for redevelopment:

- *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)* – The 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)* – The 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: Existing FAR is less than or equal to 50 percent of allowable FAR, indicating a substantial potential for increasing leasable space.²
 - Improvement to Land Value Ratio: An improvement to land value ratio of less than 1.0, indicating the value of the improvements (structures) is less than the value of land.

Communities often use similar factors in identifying nonvacant sites with potential for redevelopment. As illustrated in [Table C-13](#), the factors used by Carmel are similar to those used by other communities in the coastal region.

Table C-13 - 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

After applying the factors outlined above, the City categorized viable sites as either a prospect for the City’s new Live/Work Program or for the City’s new Mixed-Income Incentive Program (See program descriptions in [Chapter 2](#)).

In evaluating the feasibility of adding residential uses (either through redevelopment or adaptive reuse), the City followed the rules described below:

2 For properties where an FAR calculation was unavailable, we created a Building Height Index as a proxy for FAR. The Building Height Index is a weighted average that takes the percentage of the site that is 0 stories and assigns a value of 0; the percentage of the site that is 1 story and assigns a value of 1, and the percentage of the site that is 2 stories and assigns a value of 2. Thus, a site with 100% lot coverage with a single-story building would have a Building Height Index of 1.0. A site with 100% lot coverage with a two story building would have a Building Height Index of 2.0.

- *Live/Work Sites* – The City anticipates that live/work units will primarily be created through the conversion of existing commercial square footage. As such, among the factors discussed above, FAR is not relevant because the City’s methodology for projecting the potential unit yield does not assume increasing building square footage. Therefore, for sites tagged as Live/Work sites, a site meeting three of the four factors would qualify a property as a viable site.
- *MIIP Sites (Redevelopment)* – In contrast to live/work sites, for redevelopment projects, the ability for the developer to substantially increase the building square footage or height is an important consideration. Therefore, FAR is included as one of the factors for consideration for sites tagged as Mixed-Income Incentive Program sites. For these MIIP sites, meeting three of the five factors would qualify a property as a viable site.

Downtown Live/Work Units

Assumptions and Analysis Based on Existing Uses

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). (See [Figure C-2](#) for illustrations of underutilized commercial spaces in the commercial district.) 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 \$1,800 per month, or 157% 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—\$1,040 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-14](#) extends this analysis to commercial spaces of various sizes, demonstrating the overall economic viability of the proposed program.

Figure C-2 - Examples of Underutilized Commercial Spaces



Table C-14 - 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)	\$1,970	\$1,970	\$1,949	\$1,949
Current market rate commercial rent @ \$2/sf	\$500	\$700	\$900	\$1,100
Low Income				
Max affordable live/work rent (net of Utility Allowance)	\$1,800	\$1,800	\$1,779	\$1,779
Current market rate commercial rent @ \$2/sf	\$500	\$700	\$900	\$1,100
Very Low Income				
Max affordable live/work rent (net of Utility Allowance)	\$1,040	\$1,040	\$1,019	\$1,019
Current market rate commercial rent @ \$2/sf	\$500	\$700	\$900	\$1,100

To be clear, the Live/Work Program does not propose the discontinuance of all existing uses, only allowing vacant and/or underutilized spaces to be renovated/converted in such a way that a new use (residential) can be added to enhance the financial viability of the overall properties. The buildings identified for conversion have high vacancies and underutilization rates. There are no known long-term leases that would preclude owner improvements to the spaces.

Live/Work Case Study

Downtown Carmel has a number of examples of an unusual building type, typically two-stories, that contains multiple, compact, commercial spaces arrayed along a narrow passageway or courtyard off the main pedestrian sidewalk. In an effort to explore the physical feasibility of live/work units within this unusual configuration, local architects familiar with the City’s development regulations volunteered to conduct conversion exercises. They were asked to pursue three goals for solutions that would: 1) apply widely to different variations of this building type, 2) maintain the compact floor areas of their original commercial spaces in order to reinforce rent affordability, and 3) take advantage of existing commercial entrances in order to keep improvement costs low and comparable to typical commercial tenant improvements. [Figure C-3](#) shows a case study on a 4,000 square-foot lot in the Central Commercial (CC) zone. Using the original commercial units and their original entrances, the architects demonstrated how the building yields eight off-street live/work units, between 350 to 430 square feet in size, while keeping the on-street commercial space intact. This adaptive-reuse approach maximizes the dwelling unit yield of this building and demonstrates how other similar buildings can do the same.

Figure C-3 - Live/Work Adaptive Re-Use Case Study



Table C-15 - Properties with Live/Work Potential for Lower-Income Housing

Site No. APN	Property Name	GP/ Zoning	General Plan Land Use	Property Owner Interest	Condition	Year Built	Improve nt to Land Value Ratio	Potential Live/ Work Spaces	Conversion Rate Applied	Total Potential Units
L-1 010-135-026	Serena Court	Central Commercial (CC)	Core Commercial	Yes	C4	1972	0.69	7	100%	7
L-2 010-146-017	Doud Arcade	Central Commercial (CC)	Core Commercial	Yes	C5	1930	2.02	12	100%	12
L-3 010-131-027	Villa Carmel mixed use	Residential & Limited Commercial (RC)	Residential/C ommercial	Yes	C4	1987	0.66	13	100%	13
L-4 010-135-028	Eastwood Building	Service Commercial (SC)	Core Commercial	Yes	C4	1972	0.69	8	100%	8
L-5 010-138-010	El Prado de Su Vecino	Service Commercial (SC)	Core Commercial	Yes	C4	1968	1.07	10	100%	10
L-6 010-145-018	Stonehouse Terrace	Service Commercial (SC)	Core Commercial	Yes	C3	1978	5.49	12	100%	12
L-7 010-132-003	Tejido Building	Central Commercial (CC)	Core Commercial	No	C4	1973	1.26	10	75%	8
L-8 010-132-016	Ivy Courtyard	Central Commercial	Core Commercial	No	C4	1976	0.50	10	75%	8
Totals								82	78 (6 ELI/ 29 VL/ 39 L)	

Capacity During 6th Cycle Planning Period

Overall, the safari efforts identified 259 potential live/work spaces in downtown Carmel – i.e., vacant or under-utilized off-street or upper story commercial spaces. The City believes that all of these spaces are potential candidates for live/work conversion; however, the City and AHA have conservatively identified eight properties with a higher concentration of potential live/work spaces which have expressed t owner interest, to designate as potential live/work “sites” for RHNA credit. For these sites, due to strongly expressed owner interest, the City assumed that all of the potential live/work units would be converted. To be eligible for participation in this Live/Work Housing program, the converted units would be required to be deed restricted as housing affordable to lower income households (8 extremely low, 35 very low income, and 35 low income).

Zoning, Infrastructure, and Environmental Constraints

Properties identified for potential conversion from commercial/retail spaces into live/work units are all located on commercially zoned properties where residential uses are permitted. No direct zoning constraints are identified. However, in an effort to make the development process easier, the City will amend the Zoning Code to specify that live/work housing is a permitted residential use.

Live/work units are expected to be created through adaptive reuse of existing vacant or underutilized commercial/retail spaces in Downtown Carmel. These are developed properties located in the City’s urban core, which is currently served with infrastructure and utilities. With little to no new construction activities associated with this program, the City does not anticipate any environmental conditions or impacts that would preclude or significantly constrain the adaptive reuse of existing properties to include residential uses.

Opportunities for the Mixed Income Incentive 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, this Housing Element conservatively includes only the two properties with expressed owner interest for redevelopment. These two properties have a combined capacity of 18 units at 40 units per acre (the maximum allowable density, excluding density bonus), with an income distribution of 2 very low income, 2 low income, 2 moderate income, and 12 above moderate income units (30 percent lower and moderate income).

Case Study Analysis

Trevvett Court (a recent 100% affordable housing site on an 8,000 square foot lot with 14 units – for a density of 76 du/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 [Figures C-4, C-5, and C-6](#)).

Zoning, Infrastructure, and Environmental Constraints

Properties identified for potential conversion from commercial/retail spaces into mixed income housing are all located in commercially zoned properties where residential uses are permitted. No zoning constraints are identified.

These are developed properties located in the City’s urban core, which is currently served with infrastructure and utilities. The City does not anticipate any environmental conditions or impacts that would preclude or significantly constrain the redevelopment of existing properties to residential uses.

Figure C-4 - Mixed Income Case Study - “Midblock”

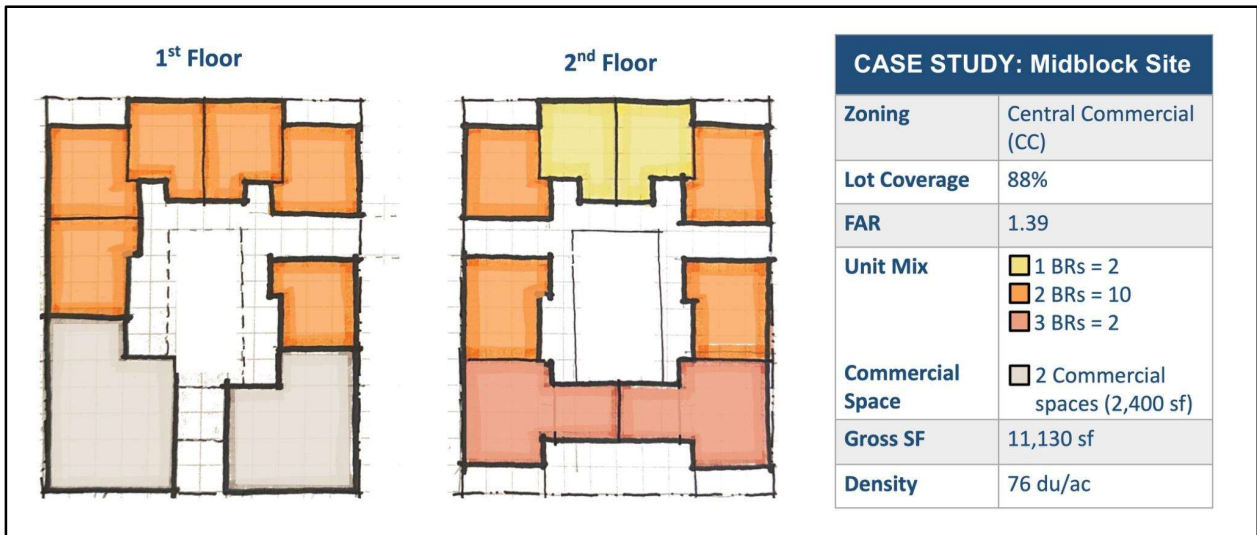


Figure C-5 - Mixed Income Case Study - “Corner Site”

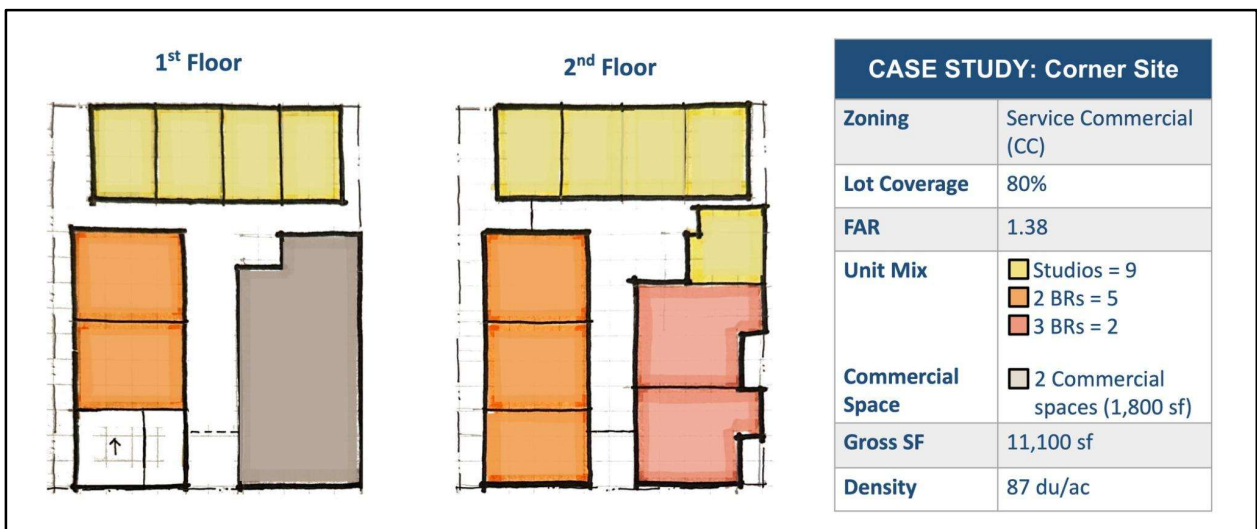


Figure C-6 - Mixed Income Case Study - “Adaptive Reuse”



Table C-16 - Mixed Income Incentive Program Sites

Site No. APN/ Parcel Size	Property Name	Zoning	General Plan Land Use	Property Owner Interest	Utilization (% Vacant or Under- utilized)	Condition	Year Built	Improvement to Land Value Ratio	FAR < / = 50% of Allowable	Units @ 40 du/ac	Income Distribution
M-1 010-138-020 8,000 SF	Su Vecino Court ¹	Central Commercial (CC)	Core Commercial	Yes	0%	C4	1963	0.55	No	7	1/1/1/4
M-2 010-142-001 8,000 SF	GBG Building ²	Service Commercial (SC)	Core Commercial	Yes	0%	C3	1975	0.51	Yes	5	1/1/1/2
Total										12	
Note: 1/1/1/4 = 1 Very Low, 1 Low, 1 Moderate, 4 Above Moderate											

- Su Vecino Court:** The site contains a two-story commercial building with a mix of office uses on both floors. A total of ten commercial tenant spaces were identified, with seven appearing largely vacant or used for storage. The entries to the tenant spaces are off-street and inward-facing, fronting on a courtyard with limited to no visibility from the public way. A similar two-story building (Schultz) to the north, mirroring Su Vecino Court, is currently undergoing renovation to add an apartment to the second floor. Su Vecino Court has underground parking and is in a transition zone from Service Commercial (SC) to Single-Family Residential (R-1).
- GBG Building:** The site contains a two-story mixed-use building on one-half of the site and a parking lot on the other one-half. A retail clothing store occupies the first floor of the building with residential uses above. The owner has expressed interest in redeveloping the parking lot into apartments; however, the site lacks a sufficient water supply.

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 53 additional units, including 2 low-income and 51 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, be occupied by residential dwellings only and not used for any commercial purpose (CMC 17.14.050.F). 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-17](#).

Table C-17 - Past Mixed-Use Development Projects

Project Name	Year Approved	Zoning District	Lot Size (square feet)	Residential Spaces	Units Per Acre
Del Dono	2016	Service Commercial (SC)	8,000	8	44
Fink Condominium	2017	Central Commercial (CC)	4,000	1	11
Lincoln Lane	2018	Service Commercial (SC)	8,000	2	11
Marliz Estate	2018	Central Commercial (CC)	2,750	1	17
Brigantino	2018	Residential & Limited Commercial (RC)	3,500	2	25
MDC Real Estate	2018	Central Commercial (CC)	4,000	1	11
Brosche Building	2019	Central Commercial (CC)	3,470	2	28
Flint-Herman Residence	2019	Residential & Limited Commercial (RC)	3,500	1	25
Der Ling Building	2019	Central Commercial (CC)	3,000	1	16

While many of the projects listed above were approved for densities between 22-33 dwelling units per acre, some were approved at 44 dwelling units per acre (Del Dono I and Del Dono II) and a few were approved 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 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.

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 from the Pure Water Monterey/Groundwater Replenishment Project, an advanced water recycling project jointly developed

by MPWMD and Monterey One Water. MPWMD anticipates that this water will be available for use by the fourth quarter 2025.

In accordance with the City’s water management program (Carmel Municipal Code Chapter 17.50), the City Council must establish a list of defined land use or project categories for which water will be made available and the quantity of water to be allotted for each category. At least 10 percent of available water resources must be reserved for projects that will create new affordable housing units for very low, low, or moderate income units. 10 percent of 14 acre feet is 1.4 acre feet of water which could serve approximately twenty (20) 1-2 bedroom/1 bath apartments. The Carmel City Council will consider establishing land use categories and the quantity of water to be allotted for each category in the Fall of 2025 (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 construction of employee housing units at overnight visitor accommodation sites; and
- Zoning changes with [Program 1.1.C](#) in [Chapter 2](#) that incentivize the development of “Live/Work” units in vacant and underutilized commercial spaces.

Adequate Infrastructure Capacity

Government Code Section 65583.2 (b)(5)

Sewer

The Carmel Area Wastewater District (CAWD) serves the wastewater treatment needs for Carmel-by-the-Sea. The District completed a rehabilitation project at the wastewater treatment plant to renew existing infrastructure that was originally installed in the 1970s and 1980s. The wastewater treatment plant has a permitted capacity of 3.0 million gallons per day (MGD).

The CAWD uses a wastewater generation rate of 100 gallons per day (GPD) per residential unit. Based on this rate, the City’s RHNA of 349 residential units is projected to generate 40,000 GPD of

wastewater. The wastewater treatment plant currently has the capacity and ability to take on the City's RHNA (Barbara Buikema, General Manager, September 13, 2023).

Water

Carmel-by-the-Sea receives its water from the California-American Water Company (Cal-Am) Central Division who pumps its water from several local water sources: groundwater from the Carmel River Aquifer, Seaside Groundwater Basin, Aquifer Storage and Recovery, indirect potable reuse from Pure Water Monterey, and desalinated water from Sand City. The majority of water received in the City is from the Carmel River and the Seaside Groundwater Basin (City of Carmel-by-the-Sea 2023b).

Cal-Am's Final Urban Water Management Plan (UWMP) (June 2021) provides several tables illustrating normal, single- and five consecutive-dry year water supply and demands to determine the total available supply. The supply from the Carmel River Aquifer, Seaside Groundwater Basin, Sand City Desalination Plant, and Monterey Peninsula Water Supply Project (MPWSP) Desalination Plant (anticipated to be operational by 2030) are all anticipated to be reliable and provide their contractual or design supply in all year types.

Until the MPWSP Desalination Plant is online, it is expected that demands will need to be constrained through the enactment of the Water Shortage Contingency Plan (California-American Water Company 2021, p. E-4). As described in the UWMP, the Water Shortage Contingency Plan is used to provide guidance to the Monterey County District's governing body, staff, and the public by identifying response actions to allow for efficient management of any water shortage with predictability and accountability. It provides the tools to maintain reliable supplies and reduce the impacts of supply interruptions due to extended drought or catastrophic supply interruptions.

The water demand for the UWMP was calculated based on regional population growth projections available prior to the release of AMBAG's current RHNA. The RHNA would result in more residential units within Cal-Am's service area than what was considered in the UWMP. According to the Monterey Peninsula Water Management District's (MPWMD) Technical Memorandum dated June 1, 2023, the City requires 40 acre feet of water to accommodate its RHNA of 349 units. When including the 17 percent buffer in the Housing Element Update approximately 46 acre-feet of water would be needed to meet the needs of the City's RHNA (i.e., total of 410 housing units).

On January 27, 2025, MPWMD adopted Ordinance 197 allocating 14 acre feet of water from the Pure Water Monterey Expansion project to the City of Carmel-by-the-Sea. The District anticipates that the additional water supply will be on-line by the fourth quarter of 2025.

Many of the housing sites are developed with existing businesses or residences that currently use water. It would be speculative at this time to document the existing water use at each site and whether adaptive reuse or redevelopment of those sites would result in the need for more or less water supply. Therefore, as development applications are received for the housing sites, City staff will evaluate the applications to determine if additional water supply is required, and if it is available to the project.

The City of Carmel Regional Housing Needs Allocation (RHNA) is for 231 units of moderate, low-, or very low-income housing (out of a total 349 units). Section 17.50.040.A of the City Municipal Code states that projects involving no net increase in water use or that will create new housing affordable to moderate, low-or very low-income households may be accepted and processed without regard to water allocations.

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
- FAR

The table below identifies additional opportunities for residential development. While the City has previously demonstrated that small sites are typically developed at the maximum allowable density and can be feasible to facilitate affordable housing development, the City does not rely on these small sites below to meet its lower income RHNA. Development capacity on these sites is conservatively estimated at 33 units per acre, not at the proposed change to 40 units per acre.

Table C-18 - Additional Scattered Sites

Site #	Location (Reference to ECO NW Study)	APN	Zoning	General Plan Land Use	Acreage	Applied Density (DU/AC)	Minimum Capacity	Very Low	Low	Moderate	Above Moderate
Primary Underutilized Sites											
S-1	Forest Cottages Specific Plan, NE Corner of Ocean & Mountain View	010085004000 010085005000 010085003000	Single Family Residential (R-1)	Single Family Residential	0.30	20	6	--	2	--	4
Subtotal Primary Underutilized Sites					0.30		6	0	2	0	4
Sites Recycled from 5th Cycle											
S-2	Court of the Fountains, NW Corner Mission & 7 th	010141003000	Central Commercial (CC)	Core Commercial	0.37	33	12	--	--	--	12
S-3	First American Title, 7th 2 SW of Mission	010142013000	Service Commercial (SC)	Core Commercial	0.07	33	2	--	--	--	2
S-4	Office building, NE Corner Monte Verde & 7 th	010191004000	Residential & Limited Commercial (RC)	Residential/ Commercial	0.07	33	2	--	--	--	2
S-5	Yafa, NW Corner Junipero & 5th	010097007000	Service Commercial (SC)	Core Commercial	0.18	33	5	--	--	--	5
S-6	Three Garages Site (#7)	010098004000	Service Commercial (SC)	Core Commercial	0.11	33	3	--	--	--	3
S-7	Carmel Realty Office Site (#4), NE Corner 8 th & Dolores	010145008000	Residential & Limited Commercial (RC)	Residential/ Commercial	0.19	33	6	--	--	--	6
S-8	(Parashis) Millard Building, NW Corner Dolores & 6th	010138006000	Central Commercial (CC)	Core Commercial	0.13	33	4	--	--	--	4
S-9	The Agency, NW Corner Ocean & Dolores	010139001000	Central Commercial (CC)	Core Commercial	0.09	33	2	--	--	--	2
S-10	Enzo's, San Carlos 2 SW of Ocean	010146001000	Central Commercial (CC)	Core Commercial	0.15	33	4	--	--	--	4
S-11	Paseo San Carlos Square #1, San Carlos 2 NW of 7 th Ave	010146003000	Central Commercial (CC)	Core Commercial	0.18	33	5	--	--	--	5
S-12	Carmel Office Supply & Business Center, Lincoln SE of Ocean	010147010000	Central Commercial (CC)	Core Commercial	0.09	33	2	--	--	--	2
Subtotal Recycled Sites					1.54		47	0	0	0	47
Total					1.84		53	0	2	0	51


Site #S-1 - Forest Cottages Specific Plan

The Forest Cottages site 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 uses on the site include a hotel/motel.

The Specific Plan allows a total of 6 units, of which 4 are single-family residential units. It contains an affordable housing requirement of two 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 units to accommodate two low-income units and four above-moderate income units (Table C-19). This density calculation does not account for adjustments, as the site is part of a Specific Plan that has approved densities, anticipated unit counts by income category, and existing site improvements. The Specific Plan affordable housing requirement discussed above satisfies the “interest” in developing affordable housing on the site.

Table C-19 - Site #S-1, Forest Cottages Specific Plan: Site 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 the previous cycle	
Size of Site	0.30 acre	
Zoning	R-1	
Allowable Density	20 du/ac	
RHNA Affordability	Low-Income: 2 unit Above Moderate-Income: 4 units	
Existing Use	Non-vacant; hotel/motel	
Infrastructure Availability	Yes, no constraints.	
Environmental Constraints	None known	
Other Constraints	Shape: None Access: None Title Conditions: None Historic Preservation: None Easement: None	Realistic Capacity = (0.30 X 20) = 6 units Specific Plan Approved Density

Source: City of Carmel-by-the-Sea


Site #S-2 - Court of the Fountains

The Court of the Fountains is approximately 0.37 acres. 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 22 du/acre by-right, 33 du/acre with approval of a conditional use permit, 44 du/acre under the Density Bonus law, and up to 88 du/acre if the project is 100 percent affordable. Program 3.1.G has been included in this housing element to establish a by-right density of 22-40 du/acre for residential development in the commercial districts (see Chapter 2).

Developed at 33 du/acre, the gross acreage of the site would produce 12 above moderate-income units. When factoring in potential land-use controls and site improvements, the site's realistic capacity, and typical densities, the site's net acreage would yield 9 above moderate-income units (Tables C-20 and C-21). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both located in the commercial district, the City has determined that 33 du/acre, including adjustments, is the most feasible density for development on this site. A density of 33 du/acre would be achieved through a zoning code amendment allowing a by-right density of 22-40 du/acre.

Table C-20 - Site #S-2 Court of the Fountains: Site Description

Site Description		Site Image and Capacity Calculation
Address	Northwest corner of Mission Street and 7 th Avenue	 <p>Realistic Capacity utilizing factors = $(0.37 \times 38) (.90) (.95) (.95) = 9$ units 75% of minimum density</p>
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.	
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: *The existing Carmel Municipal Code establishes a by-right density of 0-22 du/acre in the commercial zones (CC, SC, and RC). Program 3.1.G establishes a by-right density of 22-40 du/acre in the commercial zones. Assumptions for site development use 33 du/acre.

Table C-21 - Site #S-2 Court of the Fountains: 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 # S-3 First American Title

The First American Title site is approximately 0.07 acres and is currently underdeveloped, with a small commercial building occupied by an insurance office.

The site is zoned Service Commercial (SC), which currently allows residential densities up to 22 du/acre by-right, 33 du/acre with approval of a conditional use permit, 44 du/acre under the Density Bonus law, and up to 88 du/acre if the project is 100 percent affordable. [Program 3.1.G](#) has been included in this housing element to establish a by-right density of 22-40 du/acre for residential development in the commercial districts (see [Chapter 2](#)).

Developed at 33 du/acre, the gross acreage of the site would produce 2 above moderate-income units. When factoring in potential land-use controls and site improvements, the site's realistic capacity, and typical densities, the site's net acreage would yield a total of 1 above moderate-income unit ([Tables C-22 and C-23](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both located in the commercial district, the City has determined that 33 du/acre, including adjustments, is the most feasible density for development on this site. The City intends to achieve a density of 33 du/acre through a zoning code amendment allowing a by-right density of 22-40 du/acre.

Table C-22 - Site # S-3 First American Title: Site Description

Site Description		Site Image & Capacity Calculation
Address	7 th Ave 2 Southwest of Mission Street	 <p>Realistic Capacity utilizing factors = $(0.07 \times 33) (.90) (.95) (.95) = 1 \text{ unit}$ 50% of minimum density</p>
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.	
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: *The existing Carmel Municipal Code establishes a by-right density of 0-22 du/acre in the commercial zones (CC, SC, and RC). Program 3.1.G establishes a by-right density of 22-40 du/acre in the commercial zones. Assumptions for site development use 33 du/acre.

Table C-23 - Site # S-3 First American Title: 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 #S-4 Office Building

The Office Building site is approximately 0.07 acres. The property is currently significantly underdeveloped. The one-store commercial building is occupied by a private foundation and used as professional 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 & Limited Commercial (RC), which allows residential densities up to 22 du/acre by-right, 33 du/acre with approval of a conditional use permit, 44 du/acre under the Density Bonus law, and up to 88 du/acre if the project is 100 percent affordable. Program 3.1.G has been included in this housing element to establish a by-right density of 22-40 du/acre for residential development in the commercial districts (see Chapter 2).

Developed at 33 du/acre, the gross acreage of the site would produce 2 above moderate-income units. When factoring in potential land use controls and site improvements, the site’s realistic capacity, and typical densities, the site’s net acreage would yield a total of 1 above moderate-income unit (Tables C-24 and C-25). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both located in the commercial district, the City has determined that 33 du/acre, including adjustments, is the most feasible density for development on this site. A density of 33 du/acre would be achieved through a zoning code amendment allowing a by-right density of 22-40 du/acre.

Table C-24 - Site #S-4 Office Building: Site Description

Site Description		Site Image & Capacity Calculation
Address	Northeast corner of Monte Verde Street and 7 th Avenue	 <p>Realistic Capacity utilizing factors = $(0.07 \times 33) (.90) (.95) (.95) = 1 \text{ unit}$ 50% of minimum density</p>
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.	
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: *The existing Carmel Municipal Code establishes a by-right density of 0-22 du/acre in the commercial zones (CC, SC, and RC). Program 3.1.G establishes a by-right density of 22-40 du/acre in the commercial zones. Assumptions for site development use 33 du/acre.

Table C-25 - Site #S-4 Office Building: 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 # S-5 Yafa

The Yafa Building is located on a corner lot totaling 0.18 acres. A restaurant currently occupies the existing single-story commercial building.

The site is zoned Service Commercial (SC), which currently allows residential densities up to 22 du/acre by-right, 33 du/acre with approval of a conditional use permit, 44 du/acre under the Density Bonus law, and up to 88 du/acre if the project is 100 percent affordable. [Program 3.1.G](#) has been included in this housing element to establish a by-right density of 22-40 du/acre for residential development in the commercial districts (see [Chapter 2](#)).

Developed at 33 du/acre, the gross acreage of the site would produce 5 above moderate-income units. When factoring in potential land-use controls and site improvements, the site's realistic capacity, and typical densities, the site's net acreage would yield 4 above moderate-income units ([Tables C-26 and C-27](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both located in the commercial district, the City has determined that 33 du/acre, including adjustments, is the most feasible density for development on this site. A density of 33 du/acre would be achieved through a zoning code amendment allowing a by-right density of 22-40 du/acre.

Table C-26 - Site #S-5 Yafa: Site Description

Site Description		Site Image & Capacity Calculation
Address	Northwest corner of Junipero and 5 th Avenue	 <p>Realistic Capacity utilizing factors = $(0.18 \times 33) (.90) (.95) (.95) = 4$ units 80% of minimum density</p>
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.	
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: *The existing Carmel Municipal Code establishes a by-right density of 0-22 du/acre in the commercial zones (CC, SC, and RC). Program 3.1.G establishes a by-right density of 22-40 du/acre in the commercial zones. Assumptions for site development use 33 du/acre.

Table C-27 - Site #S-5 Yafa: 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 #S-6 Three Garages

The Three Garages site includes three attached garages and on-site parking totaling 0.11 acres. Neighboring structures are multi-story.

The site is zoned Service Commercial (SC), which currently allows residential densities up to 22 du/acre by-right, 33 du/acre with approval of a conditional use permit, 44 du/acre under the Density Bonus law, and up to 88 du/acre if the project is 100 percent affordable. [Program 3.1.G](#) has been included in this housing element to establish a by-right density of 22-40 du/acre for residential development in the commercial districts (see [Chapter 2](#)).

Developed at 33 du/acre, the gross acreage of the site would produce 3 above moderate units. When factoring in potential land-use controls and site improvements, the site's realistic capacity, and typical densities, the site's net acreage would yield 2 above moderate-income units (Table C-28 and Table C-29). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both located in the commercial district, the City has determined that 33 du/acre, including adjustments, is the most feasible density for development on this site. A density of 33 du/acre would be achieved through a zoning code amendment allowing a by-right density of 22-40 du/acre.

Table C-28 - Site #S-6 Three Garages: Site Description

Site Description		Site Image & Capacity Calculation
Address	Southwest of Junipero between 5th and 6th Ave	 <p>Realistic Capacity utilizing factors = $(0.11 \times 33) (.90) (.95) (.95) = 2$ units 66% of minimum density</p>
APN	010-098-004-000	
By-Right with 20% Affordable	No, used in 4th and 5th 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.	
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: *The existing Carmel Municipal Code establishes a by-right density of 0-22 du/acre in the commercial zones (CC, SC, and RC). Program 3.1.G establishes a by-right density of 22-40 du/acre in the commercial zones. Assumptions for site development use 33 du/acre.

Table C-29 - Site #S-6 Three Garages: 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 #S-7 Carmel Realty Office

Carmel Realty Office is a 0.19-acre corner lot currently owned and used by Carmel Realty, a real estate agency, for office space. It is a single-story structure with low lot coverage, 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 22 du/acre by-right, 33 du/acre with approval of a conditional use permit, 44 du/acre under the Density Bonus law, and up to 88 du/acre if the project is 100 percent affordable. Program 3.1.G has been included in this housing element to establish a by-right density of 22-40 du/acre for residential development in the commercial districts (see Chapter 2).

Developed at 33 du/acre, the gross acreage of the site would produce 6 above moderate-income units. When factoring in potential land-use controls and site improvements, the site's realistic capacity, and typical densities, the site's net acreage would yield 5 above moderate-income units (Tables C-30 and C-31). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both located in the commercial district, the City has determined that 33 dwelling units per acre, including adjustments, is the most feasible density for development on this site. A density of 33 du/acre would be achieved through a zoning code amendment allowing a by-right density of 22-40 du/acre.

Table C-30 - Site #S-7 Carmel Realty Office: Site Description

Site Description		Site Image & Capacity Calculation
Address	Northeast corner of Dolores Street and 8th Ave	 <p>Realistic Capacity utilizing factors = $(0.19 \times 33) (.90) (.95) (.95) = 5$ units 83% of minimum density</p>
APN	010-145-008-000	
By-Right with 20% Affordable	No, used in 4th and 5th 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.	
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: *The existing Carmel Municipal Code establishes a by-right density of 0-22 du/acre in the commercial zones (CC, SC, and RC). Program 3.1.G establishes a by-right density of 22-40 du/acre in the commercial zones. Assumptions for site development use 33 du/acre.

Table C-31 - Site #S-7 Carmel Realty Office: 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 # S-8 Parashis/Millard Building


The Parashis/Millard Building is a 0.13-acre mixed-use parcel that includes one- and two-story buildings. Commercial uses primarily occupy the first floor, while professional offices historically occupied the second floor. The second floor has been undergoing a remodel for a few years. The property is now under new ownership and plans for the property include additional residential development.

The site is zoned Central Commercial (CC), which currently allows residential densities up to 22 du/acre by-right, 33 du/acre with approval of a conditional use permit, 44 du/acre under the Density Bonus law, and up to 88 du/acre if the project is 100 percent affordable. [Program 3.1.G](#) has been included in this housing element to establish a by-right density of 22-40 du/acre for residential development in the commercial districts (see [Chapter 2](#)).

Developed at a minimum of 33 du/acre, the gross acreage of the site would produce 4 above moderate-income units. When factoring in potential land-use controls and site improvements, the site's realistic capacity, and typical densities, the site's net acreage would yield 3 above moderate-income units ([Tables C-32 and C-33](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both located in the commercial district, the City has determined that 33 du/acre, including adjustments, is the most feasible density for development on this site. A density of 33 du/acre would be achieved through a zoning code amendment allowing a by-right density of 22-40 du/acre.

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). As of August 2025, plans to add four apartments to the site are in design development.

Table C-32 - Site #S-8 Parashis/Millard Building: Site Description

Site Description		Site Image & Capacity Calculation
Address	Northwest corner of Dolores Street and 6 th Ave	 <p>Realistic Capacity utilizing factors = $(0.13 \times 33) (.90) (.95) (.95) = 3$ units 75% of minimum density</p>
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.	
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: *The existing Carmel Municipal Code establishes a by-right density of 0-22 du/acre in the commercial zones (CC, SC, and RC). Program 3.1.G establishes a by-right density of 22-40 du/acre in the commercial zones. Assumptions for site development use 33 du/acre.

Table C-33 - Site #S-8 Parashis/Millard Building: 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 #S-9 The Agency


The Agency is a single-story real estate office located on a 0.09-acre corner lot. It has low lot coverage and is surrounded by two-story structures to the west and by two-story structures across the street to the east.

The site is zoned Central Commercial (CC), which currently allows residential densities up to 22 du/acre by-right, 33 du/acre with approval of a conditional use permit, 44 du/acre under the Density Bonus law, and up to 88 du/acre if the project is 100 percent affordable. [Program 3.1.G](#) has been

included in this housing element to establish a by-right density of 22-40 du/acre for residential development in the commercial districts (see [Chapter 2](#)).

Developed at 33 du/acre, the gross acreage of the site would produce 2 above moderate-income units. When factoring in potential land-use controls and site improvements, the site's realistic capacity, and typical densities, the site's net acreage would yield 2 above moderate-income units ([Tables C-34 and C-35](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both located in the commercial district, the City has determined that 33 du/acre, including adjustments, is the most feasible density for development on this site. A density of 33 du/acre would be achieved through a zoning code amendment allowing a by-right density of 22-40 du/acre.

Table C-34 - Site #S-9 The Agency: Site Description

Site Description		Site Image & Capacity Calculation
Address	Northwest corner of Ocean and Dolores	 <p>Realistic Capacity utilizing factors = $(0.09 \times 33) (.90) (.95) (.95) = 2$ units 100% of minimum density</p>
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.	
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: *The existing Carmel Municipal Code establishes a by-right density of 0-22 du/acre in the commercial zones (CC, SC, and RC). Program 3.1.G establishes a by-right density of 22-40 du/acre in the commercial zones. Assumptions for site development use 33 du/acre.

Table C-35 - Site #S-9 The Agency: 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 # S-10 Enzos

Enzo's is a 0.15-acre corner lot adjacent to the Doud Arcade. It is a single-story structure occupied by a restaurant 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 22 du/acre by-right, 33 du/acre with approval of a conditional use permit, 44 du/acre under the Density Bonus law, and up to 88 du/acre if the project is 100 percent affordable. Program 3.1.G has been included in this housing element to establish a by-right density of 22-40 du/acre for residential development in the commercial districts (see Chapter 2).

Developed at 33 du/acre, the gross acreage of the site would produce 4 above moderate-income units. When factoring in potential land-use controls and site improvements, the site's realistic capacity, and typical densities, the site's net acreage would yield 4 above moderate-income units (Tables C-36 and C-37). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both located in the commercial district, the City has determined that 33 dwelling units per acre, including adjustments, is the most feasible density for development on this site. A density of 33 du/acre would be achieved through a zoning code amendment allowing a by-right density of 22-40 du/acre.

Table C-36 - Site #S-10 Enzos: Site Description

Site Description		Site Image & Capacity Calculation
Address	San Carlos 2 Southwest of Ocean	 <p>Realistic Capacity utilizing factors = $(0.15 \times 33) (.90) (.95) (.95) = 4$ units 100% of minimum density</p>
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.	
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: *The existing Carmel Municipal Code establishes a by-right density of 0-22 du/acre in the commercial zones (CC, SC, and RC). Program 3.1.G establishes a by-right density of 22-40 du/acre in the commercial zones. Assumptions for site development use 33 du/acre.

Table C-37 - Site #S-10 Enzos: 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 # S-11: Paseo San Carlos Square (Parcel 1)

Paseo San Carlos Square (Parcel 1) is a multi-tenant commercial building located on a 0.18-acre parcel. 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 22 du/acre by-right, 33 du/acre with approval of a conditional use permit, 44 du/acre under the Density Bonus law, and up to 88 du/acre if the project is 100 percent affordable. [Program 3.1.G](#) has been included in this housing element to establish a by-right density of 22-40 du/acre for residential development in the commercial districts (see [Chapter 2](#)).

Developed at 33 du/acre, the gross acreage of the site would produce 5 above moderate units. When factoring in potential land-use controls and site improvements, the site's realistic capacity, and typical densities, the site's net acreage would yield 4 above moderate-income units ([Tables C-38 and C-39](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both located in the commercial district, the City has determined that 33 dwelling units per acre, including adjustments, is the most feasible density for development on this site. A density of 33 du/acre would be achieved through a zoning code amendment allowing a by-right density of 22-40 du/acre.

Table C-38 - Site #S-11 Paseo San Carlos Square: Site Description

Site Description		Site Image & Capacity Calculation
Address	San Carlos 2 Northwest of 7 th Ave	 <p>Realistic Capacity utilizing factors = $(0.18 \times 33) (.90) (.95) (.95) = 4$ units 80% of minimum density</p>
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.	
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: *The existing Carmel Municipal Code establishes a by-right density of 0-22 du/acre in the commercial zones (CC, SC, and RC). Program 3.1.G establishes a by-right density of 22-40 du/acre in the commercial zones. Assumptions for site development use 33 du/acre.

Table C-39 - Site #S-11 Paseo San Carlos Square: 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 # S-12: Carmel Office Supply & Business Center


Carmel Office Supply & Business Center is a 0.09-acre parcel that includes a single-story structure that neighbors a two-story structure to the south. The building contains two commercial tenant spaces, one of which is currently vacant.

The site is zoned Central Commercial (CC), which currently allows residential densities up to 22 du/acre by-right, 33 du/acre with approval of a conditional use permit, 44 du/acre under the Density Bonus law, and up to 88 du/acre if the project is 100 percent affordable. [Program 3.1.G](#) has been

included in this housing element to establish a by-right density of 22-40 du/acre for residential development in the commercial districts (see [Chapter 2](#)).

Developed at 33 du/acre, the gross acreage of the site would produce 2 above moderate units. When factoring in potential land-use controls and site improvements, the site's realistic capacity, and typical densities, the site's net acreage would yield 2 above moderate-income units ([Tables C-40 and C-41](#)). Based on recent developments, such as Ulrika Plaza and Scandia Lopez/Hakim, both located in the commercial district, the City has determined that 33 dwelling units per acre, including adjustments, is the most feasible density for development on this site. A density of 33 du/acre would be achieved through a zoning code amendment allowing a by-right density of 22-40 du/acre.

Table C-40 - Site #S-12 Carmel Office Supply & Business Center: Site Description

Site Description		Site Image & Capacity Calculation
Address	Lincoln Southeast of Ocean	 <p>Realistic Capacity utilizing factors = $(0.09 \times 33) (.90) (.95) (.95) = 2$ units 100% of minimum density</p>
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.	
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: *The existing Carmel Municipal Code establishes a by-right density of 0-22 du/acre in the commercial zones (CC, SC, and RC). Program 3.1.G establishes a by-right density of 22-40 du/acre in the commercial zones. Assumptions for site development use 33 du/acre.

Table C-41 - Site #S-12 Carmel Office Supply and Business Center: 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 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-42 -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
ADUs	21	21	21	7	70
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	39	39	0	0	78
Mixed-Income Incentive Program	2	2	2	6	12
Other Housing Opportunities	0	2	0	51	53
Forest Cottages Specific Plan	0	2	0	4	6
Other Market Rate Scattered Sites	0	0	0	47	47
Total Capacity	135	136	63	105	439
Over Remaining RHNA	35	75	32	16	158
% Over Remaining RHNA	35%	123%	103%	18%	56%

Source: City of Carmel-by-the-Sea, Community Planning & Building Department

C.6 Technical Background Documents

Exhibit A - Hotel Conversion Full Proforma

Table C-43 - Basic Pro Forma of Hotel Program 1.1.F

Sample Hotel Operating at one standard deviation below average RevPAR in Carmel Market			
Rooms		19	
Average Daily Rate (ADR)		\$ 211	
Occupancy		68%	
Revenue Per Available Room (RevPAR)		\$143	
Annual Revenue		\$ 995,034	\$ 52,370 per key
Net Operating Income (NOI)	35%	\$ 348,262	\$ 18,330
Valuation Method			
Gross Rent Multiplier (GRM)	7.7%	\$ 7,612,009	
Cap Rate Value	4.50%	\$ 7,739,152	
Average Valuation		\$ 7,675,580	\$ 403,978
Sample Hotel Conversion to Affordable Housing			
Hotel to Housing Conversion Ratio		85%	
Affordable Housing Units Created		16	

Affordable Housing Type	Approx. Share	Units Created	
Efficiency/Studio (1)	50%	8	
1 Bedroom (1.5)	50%	8	
Efficiency/Studio (1)	Qty	Mo. Rent	Mo. Revenue
Very Low	2	\$ 1,159	\$ 2,318
Low	2	\$ 1,854	\$ 3,708
Moderate	2	\$ 2,168	\$ 4,336
Market Rate	2	\$ 2,600	\$ 5,200
1 Bedroom (1.5)	Qty	Monthly Rent	Monthly Revenue
Very Low	2	\$1,325	\$ 2,650
Low	2	\$ 2,120	\$ 4,240
Moderate	2	\$ 2,478	\$ 4,956
Market Rate	2	\$ 3,000	\$ 6,000
Annual Housing Revenue		\$ 400,896	\$ 25,056 per Unit
Maintenance	20%	\$ (80,179)	
Utilities (excludes Market Rate Units)		\$ (18,000)	
Net Operating Income (NOI)		\$ 302,717	\$ 18,920
Cap Rate Value*	6.00%	\$ 5,045,280	\$ 315,330
Summary			
Purchase of Hotel			\$ 7,675,580
Conversion Costs Per		\$ 100,000	\$ 1,600,000
Total Developer Investment			\$ 9,275,580
Sale of Hotel Keys Per		\$ 438,656	\$ 8,334,464
Sale of Affordable Housing			\$ 5,045,280
Total Developer Return			\$ 13,379,744
Return on Investment (ROI)			44.25%

* Deed-Restricted Affordable Housing, compared to market rate multifamily properties which fall in the 4% range.

HE6 Adopted			HE6 Amendment			
Program No.	Program Name	Timeframe	Program No.	Program Name	Adopted Program No.	Timeframe
1.1.A	Adequate Sites	06/2031	1.1.A	Adequate Sites		12/2031
1.1.B	City-Owned Sites	12/2025	1.1.B	Development on Small Sites	1.1.C	06/2028
1.1.C	Development on Small Sites	12/2024	1.1.C	Live/Work Housing		06/2026
1.1.D	Allow Religious Institution Affiliated Housing Development	12/2026	1.1.D	Mixed-Income Incentive Program		06/2028
1.1.E	City Partnership with the Carmel Foundation to Develop Affordable Housing	12/2027	1.1.E	Affordable Housing on Religious Facility Properties	1.1.D	06/2028
			1.1.F	Hotel-to-Residential Conversion	1.3.B	12/2025
			1.1.G	Hotel Employee Housing Program	1.3.D	06/2027
			1.1.H	Accessory Dwelling Units	1.3.C	12/2026
1.2.A	Water Distribution Prioritization for Affordable Housing	06/2025	1.2.A	Water Distribution Prioritization for Affordable Housing		12/2025
1.2.B	Address Infrastructure Constraints	06/2031	1.2.B	Address Infrastructure Constraints		12/2031
1.3.A	Condominium Conversions	06/2031	1.3.A	Condominium Conversions		12/2031
1.3.B	Overnight Visitor Accommodation (Conversion) Development Transfer Rights	06/2027	1.3.B	Employee Housing (Farmworker)	1.3.F	06/2026
1.3.C	Accessory Dwelling Units	12/2026	1.3.C	Manufactured Homes on a Foundation System	1.3.G	06/2026
1.3.D	Overnight Visitor Accommodation - Employee Housing Program	12/2026	1.3.D	Senate Bill 35 and Senate Bill 423 Processing Procedure	1.3.H	12/2026
1.3.E	Amend the A-2 Zoning District	12/2025	1.3.E	Emergency Shelters	1.3.J	06/2026
1.3.F	Employee Housing	12/2024	1.3.F	Forest and Beach Commission Required Findings	1.3.K	06/2026
1.3.G	Manufactured Homes on a Foundation System	12/2024				
1.3.H	Senate Bill 35 and Senate Bill 423 Processing Procedure	12/2024				
1.3.I	Implement State Law SB10 Opportunities to Maximize Feasibility of Development in Strategic Locations	12/2024				
1.3.J	Emergency Shelters	12/2024				
1.3.K	Forest and Beach Commission Required Findings	12/2024				
1.4.A	Eliminate Unnecessary Use Permits	12/2024	1.4.A	Modify or Eliminate Onerous Use Permits		06/2028
1.4.B	Objective Design and Development Standards	12/2025	1.4.B	Objective Design and Development Standards		06/2027
			1.4.C	By-Right Approval		12/2031
2.1.A	Incentives for Mixed-Use Development	12/2024	2.1.A	Incentives for Mixed-Use Development		06/2028
2.1.B	Permanent Housing	06/2031	2.1.B	Permanent Housing		12/2031
2.1.C	Monitor Affordable Housing Stock	06/2025	2.1.C	Monitor Affordable Housing Stock		06/2026
2.1.D	Establish Affordable Housing Trust Fund	06/2031	2.1.D	Establish Affordable Housing Trust Fund		12/2026
2.2.A	Historic Preservation Educational Programs	06/2031	2.2.A	Historic Preservation Educational Programs		12/2031
2.3.A	Preserve and Increase Upper Floor Residential Uses	12/2031	2.3.A	Preserve and Increase Upper Floor Residential Uses		12/2031
2.4.A	Housing Rehabilitation and Maintenance Information	06/2031	2.4.A	Housing Rehabilitation and Maintenance Information		12/2031
3.1.A	Mixed-Use Affordable Housing	12/2027	3.1.A	Mixed-Use Affordable Housing		06/2028
3.1.B	Housing for Extremely Low-Income Households	06/2031	3.1.B	Housing for Extremely Low-Income Households		12/2031
3.1.C	Density Bonus	12/2024	3.1.C	Density Bonus		12/2031
3.1.D	Reduce Entitlement and Development Fees	07/2025	3.1.D	Reduced Entitlement and Development Fees		07/2026
3.1.E	Reduced Parking Requirements	12/2024	3.1.E	Reduced Parking Requirements		06/2026
3.1.F	Expedited Processing Procedures	12/2024	3.1.F	Expedited Processing Procedures		06/2027
3.1.G	Establish Minimum Densities and Ministerial Approval Process	12/2024	3.1.G	Establish Minimum Densities		06/2028
3.2.A	Reasonable Accommodation Procedures	06/2025	3.2.A	Reasonable Accommodation Procedures		10/2025
3.2.B	Housing Mobility	2027	3.2.B	Housing Mobility		12/2027
3.2.C	Local Universal Design Standards	06/2026	3.2.C	Family Friendly Housing	3.2.D	06/2028
3.2.D	Family Friendly Housing	Mid-Term				
3.3.A	Zoning for Transitional and Supportive Housing	12/2024	3.3.A	Zoning for Transitional and Supportive Housing		06/2026
3.3.B	Low-Barrier Navigation Centers	12/2024	3.3.B	Low-Barrier Navigation Centers		06/2026
3.3.C	Unlicensed Residential Care Facilities	12/2024	3.3.C	Unlicensed Residential Care Facilities		06/2026
3.3.D	Single Room Occupancy (SRO) Units	12/2024	3.3.D	Single Room Occupancy (SRO) Units		06/2026
4.1.A	Water Conservation	06/2031	4.1.A	Water Conservation		12/2031
4.1.B	Energy Conservation and Green Building	06/2031	4.1.B	Energy Conservation and Green Building		12/2031
5.1.A	Fair Housing Services	06/2031	5.1.A	Fair Housing Services		12/2031
5.1.B	Housing Choice Voucher Program	06/2031	5.1.B	Housing Choice Voucher Program		12/2031
5.1.C	Shared Housing Information	06/2031	5.1.C	Shared Housing Information		12/2031
5.1.D	Farmworker Housing	Ongoing	5.1.D	Farmworker Housing		Ongoing
5.2.A	Support Community Organizations	06/2031	5.2.A	Support Community Organizations		12/2031

Legend	
	No/Minimal Change
	Deleted
	Modified
	Supercharged
	New



City of Carmel-by-the-Sea

COMMUNITY PLANNING AND BUILDING DEPARTMENT

POST OFFICE BOX CC
CARMEL-BY-THE-SEA, CA 93921
(831) 620-2010 OFFICE

California Department of Housing and Community Development (HCD)

2025 Income and Rent Limits for Monterey County

2025 Annual Income Limits for Monterey County						
Income Limits	Acutely Low 0-15%	Extremely Low 16-30%	Very Low 31-50%	Low 51-80%	Median 81-100%	Moderate 101-120%
No. of People						
1	\$ 11,000	\$ 30,400	\$ 50,600	\$ 81,000	\$ 73,150	\$ 87,800
2	\$ 12,550	\$ 34,750	\$ 57,850	\$ 92,600	\$ 83,600	\$ 100,300
3	\$ 14,150	\$ 39,100	\$ 65,100	\$ 104,150	\$ 94,050	\$ 112,850
4	\$ 15,700	\$ 43,400	\$ 72,300	\$ 115,700	\$ 104,500	\$ 125,400
5	\$ 16,950	\$ 46,900	\$ 78,100	\$ 125,000	\$ 112,850	\$ 135,450
6	\$ 18,200	\$ 50,350	\$ 83,850	\$ 134,250	\$ 121,200	\$ 145,450

2025 Monthly Income Limits for Monterey County						
Income Limits	Acutely Low 0-15%	Extremely Low 16-30%	Very Low 31-50%	Low 51-80%	Median 81-100%	Moderate 101-120%
No. of People						
1	\$ 916.67	\$ 2,533.33	\$ 4,216.67	\$ 6,750.00	\$ 6,095.83	\$ 7,316.67
2	\$ 1,045.83	\$ 2,895.83	\$ 4,820.83	\$ 7,716.67	\$ 6,966.67	\$ 8,358.33
3	\$ 1,179.17	\$ 3,258.33	\$ 5,425.00	\$ 8,679.17	\$ 7,837.50	\$ 9,404.17
4	\$ 1,308.33	\$ 3,616.67	\$ 6,025.00	\$ 9,641.67	\$ 8,708.33	\$ 10,450.00
5	\$ 1,412.50	\$ 3,908.33	\$ 6,508.33	\$ 10,416.67	\$ 9,404.17	\$ 11,287.50
6	\$ 1,516.67	\$ 4,195.83	\$ 6,987.50	\$ 11,187.50	\$ 10,100.00	\$ 12,120.83

2025 Monthly Rent Limits for Monterey County						
Income Limits	Acutely Low 0-15%	Extremely Low 16-30%	Very Low 31-50%	Low 51-80%	Median 81-100%	Moderate 101-120%
No. of People						
1	\$ 275.00	\$ 760.00	\$ 1,265.00	\$ 2,025.50	\$ 1,828.75	\$ 2,195.00
2	\$ 313.75	\$ 868.75	\$ 1,446.25	\$ 2,315.00	\$ 2,090.00	\$ 2,507.50
3	\$ 353.75	\$ 977.50	\$ 1,627.50	\$ 2,603.75	\$ 2,351.25	\$ 2,821.25
4	\$ 392.50	\$ 1,085.00	\$ 1,807.50	\$ 2,892.50	\$ 2,612.50	\$ 3,135.00
5	\$ 423.75	\$ 1,172.50	\$ 1,952.50	\$ 3,125.00	\$ 2,821.25	\$ 3,386.25
6	\$ 455.00	\$ 1,258.75	\$ 2,096.25	\$ 3,356.25	\$ 3,030.00	\$ 3,636.25

2025 Market Rate Rents for Zip Code 93921					
	Efficiency	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
	\$ 3,320	\$ 3,410	\$ 4,100	\$ 5,530	\$ 6,030

Data Sources:

1. State of California Department of Housing and Community Development, Division of Housing Policy Development, letter dated April 23, 2025, 2025 State Income Limits.
2. HUD User FY 2025 Fair Market Rent Documentation System, The FY 2025 Salinas, CA MSA Small Area FMRs for Zip Code 93921.