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July 6, 2023

Carmel-By-The-Sea City Council and Staff
Monte Verde St.
Carmel-By-The-Sea, CA 93923

Subject: Support 6th Cycle Housing Element Draft

Dear Mayor Potter, City Councilmembers, and City Staff,

Monterey Bay Economic Partnership (MBEP) supports draft recommendations for the 6th Cycle Housing Element made available to the public June 2023. The City of Carmel-By-The-Sea's Draft Housing Element incorporates policies in alignment with recommendations from MBEP's white paper *Practical Housing Policy: Increasing Supply and Affordability*, which include:

1. Streamline permitting and reduce discretionary reviews
2. Increase allowable densities
3. Reform impact fees
4. Increase funding sources for affordable housing
5. Optimize inclusionary housing ordinances

Specific comments on Draft Housing Element:

Program 1.1.B: Underutilized Sites - AFFH

MBEP supports the City's planned use of publicly owned sites for housing development and recommends seeking innovative models for private developers – including for-profit organizations – to construct affordable housing. Availing of property tax exemptions through retained public ownership can increase financial viability for development of affordable housing under thoughtfully executed public-private partnerships.

Program 1.1.C: Development on Small Sites

The combination of reduced or waived parking requirements and setbacks along with density bonuses increases housing development viability and MBEP supports implementation of such incentives, especially in the high value and high cost downtown area. Integrating such incentives – including the 88 du/acre density potential – into the Affordable Housing Overlay Zoning District (Program 3.1G) will maximize development potential, especially for affordable homes.

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

MBEP applauds the City for planning the creation of clear and objective

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design guidelines for developers to use in advance of permit applications. Integrating these guidelines with the By Right approval processes guaranteed for projects including 20% affordable units in the Affordable Housing Overlay program will only further strengthen development potential for affordable homes.

Policy 1.4: Improve Development Review and Approvals Processes

MBEP supports implementation of the programs entailed in this policy to their fullest extent. Removing the conditional use permitting (CUP) process for multifamily development (1.4A) is an excellent start for streamlining development and MBEP recommends maximizing impact of this policy by increasing the exemption from CUP for density up to 88 du/acre or higher, consistent with Program 1.1C.

Program 1.4.B: Objective Design Standards - AFFH

MBEP supports the program for creating objective design guidelines for projects including affordable units, as mentioned in our support for Program 1.3E. Ensuring minimal discretionary review following objective design approval only further maximizes development potential for affordable units.

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

MBEP agrees strongly with the assertion that granting floor area ratio (FAR) bonuses for affordable units only compounds affordability potential and project feasibility. We support offering the maximum FAR for affordable units within health and safety code requirements, which in some cases could exceed the 15-25% bonus offered in this program.

Program 2.3.A: Preserve and Increase Second and Existing Third Floor Residential Uses - AFFH

MBEP supports this policy and recommends expanding to allow for development of residential uses on the first floor of parcels otherwise in commercial use – such as behind the existing the commercial establishment – to maximize affordable development potential.

Policy 3.1.: Programs A-G:

MBEP strongly supports Programs A-G under Policy 3.1 with special emphasis on 3.1G which would create an Affordable Housing Overlay Zoning District. Offering as many incentives as possible and guaranteeing By Right approval for developments that meet objective design guidelines creates an optimal environment for much-needed affordable housing.

In conclusion, MBEP supports the Draft 6th Cycle Housing Element set forth by the City of Carmel-By-The-Sea with some qualified recommendations. This first draft represents an affirmative and encouraging step toward progress on affordability. You can find more recommendations in our housing white paper at <https://mbep.biz/initiatives/housing>. Please contact Gabriel Sanders, Director of Housing and Community Development Policy, at gsanders@mbep.biz with any questions or concerns.

Sincerely,



Tahra Goraya, MA, MPA
President & CEO