

6th Cycle Housing Element Update (2023-2031)

Public Draft Review Comments

Comment Period: June 5, 2023 to July 6, 2023

City of Carmel-by-the-Sea

August 2023



**Prepared by
EMC Planning Group**

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1.1 Draft Housing Element

Pursuant to AB215, the Housing Element must undergo a draft process subject to a 30-day public comment period, and if comments are received, an additional 10-day consideration and revision period prior to Housing and Community Development (HCD) submittal.

The following document outlines all public comments received during the 30-day public comment period as well as responses and revisions to the Housing Element.

1.2 Purpose of Draft Housing Element Public Comment

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.com) and a number of written public comments were received. Additionally, verbal public comments were received at a special joint City Council and Planning Commission Committee meeting on June 15, 2023.

The City received 31 written comments and 8 verbal comments for a total of 39 public comments on the Draft Housing Element. The City of Carmel-by-the-Sea also received 157 responses to a Stakeholder Survey which was available between May 24, 2023 and July 7, 2023. The results of the Stakeholder Survey are discussed in [Appendix H](#) of the HCD Initial Draft Housing Element.

Government Code 65585(b)(1) indicates that the purpose of the public review process includes the following:

- Disclosing agency analysis;
- Discovering public concerns; and
- Incorporating public comments.

1.3 HCD Draft Housing Element Report

This Comment Report for the Preliminary HCD Draft Housing Element review has been prepared to address comments received during the public comment period and, together with the Draft Housing Element, constitutes the complete City of Carmel-by-the-Sea 6th Cycle 2023-2031 Housing Element. This Comment Report for the Preliminary HCD Draft Housing Element is organized according to the method by which comments were received.

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Public Comment on the Draft Housing Element

2.1 Verbal Draft Housing Element Comments

The following verbal public comments were received at the June 15, 2023 special joint Planning Commission and City Council meeting. The following comments are abbreviated based on notes taken. Responses to these comments were provided by Brandon Swanson, Community Planning & Building Director, during the meeting, and are provided below.

Nancy Twomey, Public Comment 1

The Architectural Digest voted Carmel #8 out of the 50 most beautiful towns. We need to protect the character of our town, especially of the village. Twomey expressed concern with second stories. Dolores and Ocean is an example of second stories done right. Design review should be continued. We do welcome new residents and housing, but be selective and infrequent with second stories.

Tasha Witt, Public Comment 2

What is missing from the public draft: retaining discretionary design standards. Keep Planning Commission review.

Karyl Hall, Public Comment 3

Retain existing zoning. Against Objective Design Standards. New housing should follow design principles.

Ken White, Public Comment 4

Carmel is built to capacity. 349 is too many. We're a world-famous tourist destination and that's to Carmel's credit – not the State's. We should support a ballot opposing this. This is not our philosophy. Do we want cultural diversity? The people of California haven't had a say. Be careful as we proceed.

Dave Fahey, Public Comment 5

No one has bought into the State edict. We can't take parking away. Why do we have to do this?

Linda Calafiore, Public Comment 6

Offered words of praise of document. Sometimes the government needs to step in and do what we are not doing as citizens. This is up to us to do our share. We need workforce housing. We'll work on the new water sources. Bravo on the effort.

Tim Twomey, Public Comment 7

No objective design standards. We need to keep our incredible design standards. Vacancy taxes are only allowed in Charter Cities. The ECONorthwest study conflicts from the Public Draft information, and should be removed from the Appendix.

Maria Ruess, Public Comment 8

Very complete document. The housing problem is a national problem, and we need to be part of the solution. Question: Were sites lost in the edition? Question: How do ADUs relate to water? A vacancy tax would really help and should be implemented.

Response to public comments from Brandon Swanson, Community Planning & Building Director

Points of clarification:

- We are not recommending 3rd stories; 2nd stories are currently allowed in the Municipal Code.
- ECONorthwest report was a starting point, a roadmap.
- Objective Design Standards are only for affordable housing projects. Everything else would be reviewed against our normal guidelines. Besides, we (Carmel) would be the authors of any potential objective design standards.

Councilmember Ferlito

Current subjective guidelines can drag out a process to the point of making it unaffordable. We would be vigorous about drafting Objective Design Standards (ODS).

Planning Commissioner Allen

Only low-income projects are subject to ODS?

Response to Commissioner Allen from Brandon Swanson, Community Planning & Building Director

Low, very-low, and moderate-income projects are subject to ODS.

Councilmember Baron

Not just hotels in the R-I should get the convert to housing benefit after moving units elsewhere. Include commercial hotels to do the same. Suggests clarifying “unit” in Program 1.3.B. Marnie Waffle (City staff) says hotels could provide housing in exchange for hotel rooms. Baron suggests at least one conversion allowed, possibly more.

Pre-approved ADU plans likely won’t work in Carmel. Doesn’t seem realistic.

Sunset Center? Unrealistic to think housing would go on that site under ODS. It will need to be subjective – a design competition or public-private partnership. A housing trust fund would be good to fund that project. Waffle (City staff) says Baron is confusing “development standards” with objective design standards. Baron says Carmel owns the property (sunset Center) so the City is in control. Brandon Swanson says City could exclude the Sunset Center from the ODS overlay. Baron recommends incentivizing development of Sunset Center another way.

Objective design standards don’t make sense in our community. Slowing down the process isn’t a problem. It protects old houses from being razed. ODS might be a detriment to our community. Ferlito clarifies ODS is only for affordable housing projects.

Program 1.3.C: encouraging ADUs. Suggests survey needs to be done to find out if ADUs are being lived in. Baron thinks not. Housing trust find money shouldn’t go towards making houses bigger. Baron would like to see ADUs forced to be lived in.

Vacancy tax needs a lot more thought. Pie in the sky. TOT is the most realistic. Vacancy tax means becoming a charter city and opens a bag of worms.

Baron expresses interest in TOT, vacancy tax, etc. but wants to hear others input. Baron says all these potential programs are worth considering. Ferlito says vacancy tax may be more palatable in 5 years, and points out this is an 8 year process!

Program 2.3, Barons really likes.

Program 2.4.A, Lot mergers. Prohibit please, and prohibit homes being replaced with commercial uses.

Program 3.1.A same as 2.3.A? What’s the difference?

Senior housing shouldn’t pay school fees.

Mayor Pro Tem Richards

Can we get certified without programs? Swanson answers: No. The State needs to see the effort.

Planning Commissioner Allen

Are we better off with high level programs instead of defined programs?

Response to Commissioner Allen from Brandon Swanson, Community Planning & Building Director

We can use general policy language.

Planning Commissioner LePage

We're old and rich in terms of land value / appreciation. We're dying off. Let's think about what happens when current population dies? It will result in more outsiders coming in, more second homes. Vacancy will only go up. We need people (residents)! Not just visitors. The whole point of all this is getting people here. How do we encourage affordability. Coastal land is so scarce. Density needs to increase. We're a dying community! Got to bring people in, people who want to live here. That will provide culture, diversity, etc.

Planning Commissioner Locke

Affordability should be #1. I was a single mom when I moved here. I have a great job and still struggled to find something affordable. We need to facilitate another Carmel Foundation or Mid-Pen housing project. ADUs are nearly never used for affordable units. None are deed restricted. City of Monterey has a 1st time homeowners program. But this is more about renters. They work here.

Councilmember Dramov

Where is the money going to come from for the trust fund? Shares concern about more City staff for all this program implementation and tracking of the unfunded state mandate. Vacancy tax is a huge infringement on private property rights. The document is too vague.

Planning Commissioner Delves

Read the document. It's do-able. We are old with high vacancy. Many of us are at or below the AMI! Granted, retirement status affects that but still surprising. These stats should motivate us. We're a hollowed-out community. If we're vibrant we need kids! Sure, these plans might seem absurd to some today, but give it time. Gives Telluride example. State ADU law going all wrong here. I don't like that State RHNA mandate #'s, but just ignore the numbers and read the document. It's good. It's achievable if we want to do it. Just start.

Councilmember Ferlito

My three educated adult children can't live here. Exclusionary. Hopefully these ADUs will at some time be lived in. We have cash poor, house rich people here. ADUs can help there.

Planning Commissioner Allen

Agrees with Ferlito on the upside of ADUs. Yes, pursue ADUs. Strongly opposed to vacancy tax. Concerned about need for more City resources with more population. Let's focus on elderly housing. Stay away from rezoning and ODS. No multi-family housing please. Don't reduce parking standards.

Mayor Pro Tem Richards

This is our document. Reach out to me if you don't understand why we're doing this.

Councilmember Ferlito

Carmel Foundation has a 5-7 year waitlist. Please add that to the document. Think about the idea that not everyone needs a car.

Mayor Potter

ADUs are farcical. Affordability by design is a misnomer. Don't reduce parking standards. This whole process is unfortunate, wish we didn't have to do this. We're being forced to do this.

2.2 Community Outreach Website Comments

The Draft Housing Element was posted on the City of Carmel-by-the-Sea website and the dedicated Housing Element website (homecarmelbythesea.com), where community members were able to post their comments directly to the website. The following online correspondence was received via the dedicated Housing Element website (Housing Opportunities Made Easier (HOME)) online community outreach platform during the 30-day public comment period. Comments and responses, including where revisions to the Draft Housing Element occurred, are provided below:

Comment #1, HOME Main Page

How is parking for the residents of the new affordable housing being addressed? I just attended a workshop on downtown parking congestion. The current affordable housing proposal includes converting parking lots into affordable units. How is the city providing the infrastructure, ie parking, to accommodate the population increase?

Response: Program 1.1.C: The City will offer waived or reduced parking requirements for affordable housing projects. Alternate parking programs such as bike and/or car share or free or discounted bus passes will be evaluated to offset reduced parking. If an existing parking lot is redeveloped, the same number of those existing spaces will be integrated into the design of the new housing development, not eliminated.

This can be accomplished through the incorporation of underground parking lots, housing above at-grade parking, or simply re-organizing site plan design for more efficient accommodation of both parking and housing. Presently, Carmel Municipal Code Section 17.16.060 (Central Commercial (CC) District Regulations Applicable) waives off-street parking entirely for apartments in the CC district. In the SC District, the required parking for an affordable housing unit is ½ space per unit and for senior housing it is ⅓ space per unit. Senior housing also has a guest parking requirement of 1 space per 4 housing units."

Reference in document: *Program 1.1.C*

Comment #2, HOME Main Page

Why not prioritize more condos that can be purchased by homeowners that will take better care as owners.

Response: Program 1.3.A speaks to condominium conversions. The City restricts the conversion of existing apartments to condominiums in order to preserve apartments (which are typically lower-cost housing options) throughout Carmel. Apartments cannot be converted to condominiums unless a new apartment is created to offset the conversions. Appendix A includes Figure A-17 which indicates that 43% of households in Carmel are renters (as of 2019). Renters have always been and continue to be a valued segment of our community.

Reference in document: *Program 1.3.A*

Comment #3, HOME Main Page

Draft is very well prepared but I am concerned that we are making commitments we cannot achieve. The major properties identified such as the church parking lots and Bruno's parking lots and the small city area which serve as parks do not seem as practical areas for development. The following are some general thoughts/suggestions.

We, the citizens of Carmel-by-the-Sea, understand the need for more housing and have come up with formal responses to the state's request for plans to meet the housing goals. We are also suggesting the following ground rules and recommendation to increase the probabilities that these plans will be successful over the defined period.

Ground Rules

1. Any new properties or housing units developed by the state's requirement be required to fit into the charm and quaintness of the Village so that this charm and quaintness is not dissipated.

2. Changes made to meet the challenges proposed by the state to increase the housing units in Carmel should not impact the current parking situation which is dire due to the number of daily tourists. Any parking spaces/areas lost by a change should be offset by the addition of 1.5 parking spaces/areas within the village. The added 0.5 space would be a step toward reducing the major parking issue in the Village.

3. Additional staff not be required by the city to implement the states directives. If additional staff is required, funding for this staffing will be provided by the state.

Recommendations for State and Federal Government to Aid the Process

The underlying issue preventing additional persons/families living in Carmel-by-the-Sea is economic. Housing is very expensive and there is not a large supply in the almost 100% built out 1-mile by 1-mile area of the village. Carmel has a very large percentage of second homes which have very low occupancy rate and incentives that would make economic sense to sell some of these properties would increase available housing units.

1. Modifying properties for additional housing units will impact the tax basis of the property. It is recommended that the current tax basis of the property be maintained if the property is modified to provided added housing. Property costs, as noted, are very high in Carmel-by-the-Sea due to inflation and desirability. Proposition 13 fixes the taxes of property at the time of safe or major improvement to the property. Under current law, adding additional floors or spaces to an existing building or replacing the building to provide addition housing units would cause the property to be reassessed which in many cases would double or even quadruple the property taxes. Most leased commercial property in Carmel has the business leasing the property responsible for the property taxes including increases. A five million-dollar building reworked to provide a second or third level would probably have a property tax impact of at least \$5,000/mo. which unless offset will drive out many small businesses. The Village downtown is almost all small businesses.

2. Persons selling their property to agencies such as Carmel Foundation which provide low-cost housing could be given a State and Federal capital gains tax break to make the sale more desirable and increase the amount of property available for persons/families with limited means.

3. Double the deduction from selling your home from the current \$500,000 per family to \$1,000,000 to make it less costly to sell your home. This deduction also be applied to second homes but should be limited to a single transaction on a second home in an impacted area per person/family if the result of the sale was a permanent resident in the Village.

4. Revenue from added low-cost housing be tax free so that the cost to the renter can be minimized.

Crazy Thoughts

1. State allow/help Carmel to sell off Flanders Mansion. This property is not within Carmel-by-the-Sea proper but is adjacent and would provide additional housing for the area. Carmel has been trying to rid itself of this property for years but has repeatedly been stopped by what many would consider frivolous issues. Selling this property potentially would allow the Village to make early contributions to the Trust Fund envisioned.

2. The vast majority of low-cost housing in the area is provided by the surrounding communities of Monterey, Pacific Grove, Seaside, Marina and Seaside. Potentially Carmel-by-the-Sea could procure property in these adjacent areas and designate it for low-cost housing if this would meet the State's requirements.

Question

1. What would happen to the current major water issue if all the homes in Carmel-by-the-Sea were occupied rather than the current situation of $\approx 50\%$ occupancy?

2. Does state want more housing units or more people living in Carmel. Is it less expensive and more practical for city to buy housing that is not being used and then manage it to meet state goals of more affordable housing?

Response: Comments noted. Program 1.1.C speaks to parking; the City will offer waived or reduced parking requirements for affordable housing projects. Alternate parking programs such as bike and/or car share or free or discounted bus passes will be evaluated to offset reduced parking. Existing parking would be integrated into new housing, not eliminated.

New housing units will still be built to mirror the charm and architecture of the village, whether they are reviewed under the City's existing design guidelines or the (not yet crafted, not yet implemented) Objective Design Standards.

Response to Q1: The City does not manage the supply of water credits. 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). The water district 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.

Response to Q2. The State (HCD) requires Carmel's Housing Element to plan for 349 housing units.

Reference in document: Program 1.1.C

Comment #4, HOME Main Page

Has a combined community effort, Carmel and Carmel Valley, been explored to be sited at Fort Ord? Seems like having enough space for a planned community would be beneficial to all. And would be a better use of time and resources.

I understand we need to respond to state requirements, but sometimes having a plan B to propose can go a long way.

Response: Comment noted. State law requires each jurisdiction to plan for affordable housing within their own community.

Reference in document: *Not applicable.*

Comment #5, HOME Main Page

The county owns many acres of land adjacent to CBTS. They should sell a portion of these properties to developers and require them to build a percentage or these be condos or other moderate income building types. There should be incentives for any new units to be primary residences.

Response: Comment noted. State law requires each jurisdiction to plan for affordable housing within their own community.

Reference in document: *Not applicable.*

Comment #6, HOME Main Page

An excellent job in looking for places to comply with the new law!

My suggestions

1. If feasible, dig 4 floors at the Sunset Center current parking lot. The creates parking for the residents and the public. Ground level and two floors up, more floors new housing.
2. If feasible at the Pit, do the same thing, except ground level for businesses. Quit delaying this project for personal reasons of taste.
3. If feasible, do the same as #1 to the public parking lot near the police station.

Stay out of the parking lots of businesses

#1 and #2 and #3 will also provide needed parking. Adding parking meters won't solve parking problems because drivers with money will use the good spots, sending more vehicles without the dough into residential areas.

4 Add a third floor to buildings where owners agree so long as nobody's view is totally blocked

5. See if city can purchase the very few vacant lots or partner with owners to construct any single Or duplex rentals or sales.

6. Amend city laws to get this done to provide needed housing for workers.

My two cents worth!

Response: Comments noted, with responses below.

Some sites with parking lots have been retained on the sites inventory list on the condition that existing parking spaces will be incorporated into the design of any future housing project.

1. Comment about underground parking with housing above at Sunset Center noted. Sunset Center is identified as a site in the Sites Inventory.

2. There are currently 28 parking spaces proposed for the Pit, with mixed use (businesses and housing) above. The revised project will return to the Planning Commission in August. The applicant has not included any affordable housing units in the project; all units will be market-rate.

3. Vista Lobos is also an identified site in the Sites Inventory. Private property owners will not be forced to redevelop their properties even if the sites are included on the Sites Inventory; the City can only incentivize redevelopment, not require it. Where existing parking exists, new projects will need to include the same amount of parking (either through an underground garage, parking at-grade with housing above, or re-organized site design).

4. The City is not proposing to increase the height limits to 3-stories. The RHNA can be achieved in the 6th cycle through more efficient use of existing building sites such as conversion of 2nd floor office space to residential, second floor additions to one-story buildings, and redevelopment of parking lots. Additionally, the City is proposing a third-floor mezzanine to further incentivize affordable housing.

5. The Sites Inventory includes the Sunset Center north and south parking lots, and the Vista Lobos parking lot which are owned by the City. The Norton Court senior housing development is an example of an on-going public-private partnership between the City and the Carmel Foundation whereby the City retains ownership of the land and the housing is managed by the Foundation. The City looks forward to entering into new public-private partnerships to advance our housing goals.

6. Please review Chapter 2 for proposed programs to meet the RHNA goal.

Reference in document: *Appendix C; Program 3.1.A*

Comment #7, HOME Chapter 1

This is a bad result. The City built 18 housing units and none were affordable to lower and moderate income households! Why not, and what's the plan to address the 187 affordable units by 2031?

Response: Comment noted. The City is revising programs and policies to ensure the RHNA is met in 6th Cycle. While the City continues to rely on the private development market, and outside organizations (such as the Carmel Foundation) to create and maintain affordable housing projects, the City has committed to exploring an Affordable Housing Trust Fund (see Program 2.1.D) in the 6th Cycle. The Fund would be dedicated to the creation, maintenance, and rehabilitation of affordable units. Please review Chapter 2 which includes goals, policies, and programs aimed at meeting the City's RHNA at all income levels: very low, low, moderate, and above-moderate.

Reference in document: *Program 2.1.D*

Comment #8, HOME Chapter 1

Very thoughtful and balanced approach. Greatly appreciate the effort going into this importance process.

Response: Comment noted.

Reference in document: *Not applicable.*

Comment #9, HOME Questions and Answers Page

More studios and 1 bedroom please the more you make the more prices will go down.

Response: Comment noted. The City is exploring a "minimum density" to encourage the creation of more small units, as opposed to fewer large units. See Chapter 2, Goals, Policies, and Programs, specifically, Program 3.1.G.

Reference in document: *Program 3.1.G.*

Comment #10, HOME Questions and Answers Page

Please eliminate all the vacation homes. Require properties to be lived in by the owner a majority of the year. The housing costs would plummet, which everyone will complain about in the short term. The long term benefit to the community immediately outweighs any of that Start with simply putting your feet down on the short term rentals.

Response: Comment noted. Program 2.1.D involves the establishment of an Affordable Housing Trust Fund. Sources of funding identified include a possible vacancy tax, which will be explored during the 6th Cycle.

Reference in document: *Program 2.1.D*

Comment #11, HOME Questions and Answers Page

I appreciated Chapter 2 on goals of the effort but it seems these goals were written to help explain why we need 349 units, a target mandated by the state but not really something that our community has taken ownership of. I suggest we step back and really look at the kind of community we want to be in the future and how housing can make that happen. What kind of demographic do we need to attract to stay vibrant and relevant? Where do those people want to live and work and what are their housing needs and how do we attract them? What trade-offs are we willing to make to achieve whatever goal we prioritize? Knowing the "why" will make the "what" and "how" much easier to achieve. Let's paint a picture of what the Carmel of the future can be with new energy and a long-term, sustainable future. The housing costs would plummet, which everyone will complain about in the short term. The long-term benefit to the community immediately outweighs any of that. Start with simply putting your feet down on the short term rentals."

Response: See Appendix H - Stakeholder Survey Results. This survey includes community members responses about what types of housing they would like to see built in Carmel-by-the-Sea.

Reference in document: *Appendix H.*

Comment #12, HOME Questions and Answers Page

2.2 of the Initial Public Review Draft of the 6th Cycle Housing Element Update RE: Program 2.2.A: Historic Preservation Educational Programs: "...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 residential rehabilitation of historic resources." It is unfair, discriminatory, and segregating to give zoning flexibility and incentives to a certain style house, but not to other style houses. The term, "historic resources," refers to a certain style house

that is not historic, so is a confusing and deceptive term. The Historic Resources Board was instructed by the city that the proposed program to give zone flexibility and incentives to a certain style house must NOT be combined with the National Registry of historic houses and must be completely separate and have nothing to do with it. The city told it to change the name of the proposed program to make it clear it was not part of the National Registry of historic houses. Therefore, it cannot be combined in the draft either. “Educational Programs” cannot enforce or endorse any style house and can’t “educate” as to what style house is or isn’t acceptable.

Response: The historic preservation ordinance already provides zoning flexibility and incentives for all buildings on the historic inventory regardless of style. No changes are proposed to these provisions. The Housing Element program reinforces these existing provisions and commits to promoting them over the next 8 years. The Housing Element program is independent of the recent discussions of the Level 2/Notable Homes proposal being discussed with the Historic Resources Board.

Reference in document: *Not applicable.*

Comment #13, HOME Potential Sites Inventory Page

Forest Cottages Specific Plan: 4 single-family residences on a 9,892 SF lot and 2 multi-family deed-restricted in perpetuity very low/low-income residences on a 3,019 SF lot

Response: The Forest Cottages site has been added to the Sites Inventory.

Reference in document: *Appendix C.*

Comment #14, HOME Potential Sites Inventory Page

I think we are at our max of housing in this small village. consider, traffic, pollution,water etc.

Response: The City has identified potential sites to accommodate the City's 349-unit RHNA goal. The environmental impact of these units will be described and evaluated in the CEQA analysis under development in the Fall of 2023.

Reference in document: *Not applicable.*

Comment #15, HOME Potential Sites Inventory Page

The property currently for sale at 24744 Dolores Street would be an excellent development site for multi-family housing. It's 1.57 acres, walking distance to downtown, next door to Stevenson school, set back from the neighboring homes. I suggest you form a private/public partnership to purchase the property, prepare it for low-income, multi-family development, then sell it at a profit to a developer. (I have no relationship whatsoever to the property, the owners of the realtors involved.) Just seems like a really rare opportunity.

Response: This site is outside CBTS City limits in County jurisdiction.

Reference in document: *Not applicable.*

Comment #16, HOME Potential Sites Inventory Page

[Sunset center is an] ideal place for multiple family housing and studio apartments over parking.

Response: Sunset Center has been identified in the Sites Inventory for housing over parking.

Reference in document: *Appendix C.*

Comment #17, HOME Potential Sites Inventory Page

The Sunset Center plays a prominent role in the downtown parking plan. Please don't add to the parking and congestion problem by eliminating this parking area and bringing in more people.

Response: Program 1.1.C: The City will offer waived or reduced parking requirements for affordable housing projects. Alternate parking programs such as bike and/or car share or free or discounted bus passes will be evaluated to offset reduced parking. If an existing parking lot is redeveloped, the same number of those existing spaces will be integrated into the design of the new housing development, not eliminated. This can be accomplished through the incorporation of underground parking lots, housing above at-grade parking, or simply re-organizing site plan design for more efficient accommodation of both parking and housing. In the case of Sunset Center, the existing topography lends well to parking with housing above.

Reference in document: *Program 1.1.C*

Comment #18, HOME Potential Sites Inventory Page

Redevelop the pottery and yoga studios on the Southern side of the [Sunset Center] property, in addition to the parking lots. There's a lot of under-utilized space on this lot.

Response: The Sunset Center south parking lot as well as the north lot have been added to the Sites Inventory list. Because the yoga and pottery studios at the south lot are Inventory-listed historic resources, they would remain and be incorporated into the design of any new development.

Reference in document: *Appendix C*

Comment #19, HOME Potential Sites Inventory Page

This is a prime spot for more density. Rethink how this property can be used and find a way to get it usable again by a new owner.

Response: It appears as though this comment is in reference to Flanders Mansion. The City has not included Flanders Mansion in the 6th Cycle Sites Inventory. However, the City has identified other City-owned sites (Sunset Center north and south lots and Vista Lobos) as viable sites for redevelopment.

Reference in document: *Not applicable.*

2.3 Email Comments

Twelve comments were submitted by email to the City and/or the Housing Consultant at wahl@emcplanning.com. Due to length, responses received via email are included as an attachment to this document labeled: [Attachment A – Email Comments and Responses](#).

1. Cynthia Wagner Weick, email dated June 11, 2023;
2. Nancy and Tim Twomey, email dated June 14, 2023;
3. Sam Farr, email dated June 15, 2023;
4. Karen Wood, email dated June 24, 2023;
5. Leslie Williamson, email dated June 26, 2023;
6. Erin Allen, email dated June 29, 2023;
7. Stephen Engblom, email dated June 30 2023;
8. Michael DeLapa, email dated July 6, 2023;
9. Shannon Hughes, email dated July 6, 2023;
10. Stephanie Locke, email dated July 6, 2023;

11. Monterey Bay Economic Partnership, email dated July 6, 2023; and
12. Esther Goodhue, email dated July 5, 2023.

Email Comments and Responses



ATTACHMENT

Email Comment #1

Received from Cynthia Weick

Thank you for making available the Initial Public Review Draft 6th Cycle Housing Element Update (2023-2031) for the City of Carmel-by-the-Sea, June 5, 2023. As full-time residents of Carmel-by-the-Sea my husband and I have followed the development of this document by reading prior reports, attending meetings and researching other related materials from across the state.

Below are three general comments/suggestions, followed by specific comments/suggestions.

- Please create an executive summary at the start of the draft that succinctly details what is being proposed in terms of policy/program/code changes and specific sites. As is, the reader is expected to piece together the various recommendations to create a full picture of the changes recommended and their implications. This is not the same as the mostly topical summary provided on the HOME website – the information at the bottom of page 1 and top of page 2 in this summary is a start but needs to be enhanced to create a fuller picture. **Comment noted.**
- The document needs to be proofread. **Comment noted.**
- Quotes derived from public meetings are highlighted in the draft, and imply strong and unanimous community support of the plan that has been crafted. From other sources, the *Pine Cone* for example, there is a good deal of dissonance within the community over the housing issue. Moreover, a positive comment from a community member does not necessarily imply support for the entire plan, although this is the impression given in the draft. **Comment noted.**

My specific comments (in bold) follow passages from the draft (italicized).

Page 1-1

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.

This paragraph sets the stage for many of my comments below. Most regard the need to explicate more fully how the changes proposed demonstrate “the City’s commitment to ensuring new opportunities for residential development, as well as preserving and enhancing existing neighborhoods.”

Page 1-1

The Carmel-by-the-Sea 6th Cycle Housing Element represents a sincere and creative effort to meet State housing mandates within the constraints of a fully established built-out community, limited land availability, coastal hazards, and extraordinarily high costs of land and housing.

... “the need to protect the natural environment” should be added here. This is seminal value of the community and should be among the criteria used for developing new opportunities.

Response: Comment noted. Added to page 1-1 and A-92.

Page 1-7

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.

This is clearly and unfortunately true. The City and Chamber of Commerce should study why Carmel by the Sea is not viewed as a desirable area by LatinX, Black and Asian/Pacific Islanders who do indeed have the financial means to afford market-rate homes here. Are current residents unwelcoming? And how many of Carmel’s businesses are owned by LatinX, Black and Asian/Pacific Islanders? What is deterring this? If increasing racial/ethnic diversity is accomplished only through offering “affordable housing,” incorrect stereotypes that associate race/ethnicity and economic status will simply be reinforced. Not all non-white people are low income, and a truly diverse community should reflect this fact.

Response: Comment noted; the City will partner with the Chamber on this issue.

Page 2-4

The City will continue incentives and provisions that facilitate development on small sites, including waived or reduced parking requirements for affordable housing projects (0.5 parking spaces per unit), density bonuses that allow for development up to 88 du/ac, flexible or in some cases no required setbacks in the R-4 zone, and lot mergers. The City will also further evaluate the parking ratio and/or reducing parking requirements in the SC and RC zoning districts to help facilitate market rate housing. Alternative parking programs such as car share will also be considered to offset reduced parking.

While this clause appears to regard 20 units in this plan, it seems to have repercussions for additional current and future development. Parking for residents, employees and visitors is already problematic in Carmel. If affordable housing replaces parking lots in the City, and only 0.5 parking spaces are allocated for new units (some of which will have multiple new residents), the plan needs to specify where parking opportunities will be expanded to accommodate additional cars. If the intention is to expand parking along residential streets

this needs to be made explicit. This will have a deleterious impact on the aesthetics of the residential community – current and potential residents need to know about it.

Response: Existing parking would be integrated into new housing, not eliminated.

Carmel Municipal Code Section 17.14.060 (Central Commercial (CC) District Regulations Applicable) waives off-street parking entirely for apartments. In the SC District, the required parking for an affordable housing unit is ½ space per unit and for senior housing it is ⅓ space per unit. Senior housing also has a guest parking requirement of 1 space per 4 housing units. Alternative modes of transportation will also be explored.

Page 2-6

Pursuant to coastal zone requirements, the City has recognized existing R-1 motels as an important coastal visitor asset and economic base in the community and there are a number of older non-conforming motels and hotels in the R-1 residential zoning district. These commercial establishments can be encouraged to transition out of residential areas and be rehabilitated as multifamily residences. These properties are located in key residential areas and this policy would diversify the housing stock through a more affordable means of rehabilitating and refurbishing existing buildings. In order to encourage these properties to transition into permanent multi-family residences and to retain the same number of motel rooms to accommodate coastal visitor access in the City, the City will develop a program to incentivize the transfer of development rights of motels located in the R-1 zoning district to the commercial district.

It is concerning that the City is prioritizing visitors and the local economic base over the residential community of Carmel. It is also concerning that additional commercial zoning will be added to the R-1 residential zone. In the future will this be expanded such that developers can convert properties in other R-1 zones to commercial uses, affordable or not? What will prevent this? This should be made explicit.

Response: There will not be additional commercial zoning in the R-1 district. Existing R-1 hotels (a commercial activity) would be encouraged to relocate to the commercial zones to make more housing available in the residential zone (i.e. motel converted to multi-family housing).

Page 2-7

Additionally, the City has number of motel units that would greatly benefit from having an affordable on-site employee housing. These units would alleviate the current lack of housing that many employees in Carmel face.

This is a great example of how businesses in Carmel can and should support the employees who make them successful. Carmel is a small jurisdiction that has a disproportionately large and dense commercial sector that mainly serves the tourist industry. This appears to be driving much of the additional housing needs. The commercial sector should take more responsibility for making sure its employees are adequately compensated and can achieve an acceptable standard of living.

Response: Comment noted.

Page 2-8

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 standards for the A-2 zoning district to encourage affordable senior housing.

It is wise to delineate development and design standards. Failing to do so for any and all new opportunities will transgress the introductory statement on page 1-1 in which the City commits to “preserving and enhancing existing neighborhoods.” Moreover, if affordable housing is of lesser quality than market rate housing, lower income residents will be treated unfairly. If the goal is to create a cohesive community within Carmel, low-income residents should not be relegated to substandard housing and thus be stigmatized.

Response: Comment noted.

Program 1.3.F: Manufactured Homes on a Foundation System.

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

This passage appears to make sure that manufactured homes would have to meet similar standards as any single-family dwelling in Carmel. In the last sentence, however, the wording should be changed to “development AND DESIGN standards.”

Response: Comment noted.

Page 2-12

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

The retail and office landscape is shifting and the City continues to experience retail and office vacancies. This shift represents an opportunity to the increase supply of housing including but not limited to housing over first-floor commercial uses, as a preferred development form in all Commercial Districts. The City will proactively work with property owners to encourage conversion of vacant existing second and third stories to affordable residential uses. The City will continue to prohibit the conversion of existing second-floor residential floor space to commercial use and will require newly constructed floor space at the second floor to be used as

residential units.

Consideration should be given to converting any and all vacancies in retail and office buildings to housing, including the first floors. Business to residential conversions should be made whenever possible as this will open up opportunities for housing.

Response: Comment noted. Carmel Municipal Code (CMC) Chapter 17.14 (Commercial Zoning Districts) encourages residential uses in all three commercial zoning districts (CC, SC, & RC). CMC Section 17.14.040.N.5 prohibits new residential units on the first story of any building in the CC district IF the units would front directly on a public street. Ground floor commercial space that does NOT front on a public street can be converted to residential use. Additionally, ground floor commercial space in the SC and RC could also be converted to residential use. The City will include this information in educational materials that promote the creation of new housing through conversion of existing commercial space.

Page 2-14

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

Providing housing units for Extremely-Low Income 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 family housing and non-traditional housing types such as single-room occupancy units and transitional housing.

The plan needs to explicitly address how parking will be made available to these sorts of households, and how residents in these households will be provided with needed services, as well as access to affordable groceries and other necessities.

Response: Comment noted. If an existing parking lot is redeveloped, the same number of those existing spaces will be integrated into the design of the new housing development, not eliminated. This can be accomplished through the incorporation of underground parking lots, housing above at-grade parking, or simply re-organizing site plan design for more efficient accommodation of both parking and housing. Car share and bus passes will also be explored. The City's "Housing Resources" webpage will provide information about City and County housing programs and services.

Page 2-16

Program 3.1.G: Affordable Housing Overlay Zoning District - AFFH Overlay districts are zoning districts established by the City to carry out specific purposes. Overlay districts can be constraints to development, or they can be used as a tool to encourage certain types of development. Currently, the city does not have an overlay district to encourage affordable housing. An overlay that requires a minimum density of 33 du/ac for specific sites, including but not limited to, identified in the Site Inventory encourages a higher unit yield and improves the financial viability of the project by increasing the unit count. Minimum density is also a tool that works to ensure the limited available land in the City is used in an efficient manner and

lower densities are avoided. The City will craft an affordable housing overlay zone with a minimum density of 33 du/ac.

In order to make sure current residents in the R-1 zones - and potential buyers in R-1 zones - are fully informed, the plan should explicitly address whether or not this overlay district may be expanded in the future into R-1 areas.

Response: No, the overlay district would not include the R-1 area. There are no plans to expand it into the R-1 area.

Page 3-4

According to U.S. Census Bureau data reported in a Housing Feasibility Study for the City of Carmel-by-the-Sea by ECONorthwest, 1 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.² 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.

The low percentage of workers who actually live in Carmel by the Sea should come as no surprise.

One, as stated in this report (Table 3-2) Carmel has a large number of people who are seniors, most of whom are retired and are not in the workforce.

Two, Carmel has a high proportion of retail operations, restaurants, etc. whose owners do not typically pay their employees wages or benefits that meet basic needs period, much less allow them to afford a home in Carmel.

Three, employees who have families and wish to live in, and ideally own, homes of a size larger than Carmel offers will choose to live elsewhere.

The argument that affordable housing will accommodate workers in Carmel is questionable and concerning given that prior reports estimate the number of employees in Carmel's central business district at 2,100, and the number of residents in the surrounding community at 3,200, living mostly in relatively small homes on small lots.

Thought should be put into ways in which employees can be better paid and provided with benefits – a mandated higher minimum wage is a start, followed by mandated benefits. If a business has to pay substandard wages and benefits to employees to survive, then it is not a viable business. Consideration should be given to ways in which Carmel can attract businesses that offer higher and fair compensation to employees.

Response: Comment noted.

Page A-18

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.

This is a good example of how the City is showing preference for the commercial sector and tourism over the residential sector, and also demonstrates the vicious cycle created by increased commercial activity, especially low wage commercial activity. Why does the one mile by one mile City of Carmel need additional employment in the future? And why should any city be proud of creating jobs that pay substandard wages and benefits to people? Won't the "additional housing options" associated with even more employment further transgress the commitment stated on page 1-1 to "preserving and enhancing existing neighborhoods"?

Response: Comment noted.

Page B-35

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.

Is this consistent with the statement on page 2-8 Program 1.3.F: (above)? If so, add verbiage that indicates how this "new program" makes sure that manufactured homes would have to meet similar development and design standards as any single-family dwelling in Carmel. If not, indicate what this "new program" entails.

Response: This program ensures that the Carmel Municipal Code remains in compliance with state law.

Multi-Family Housing

Currently, the City allows multi-family housing without a conditional use permit (CUP) at densities up to 22 dwelling units per acre. In order to provide additional incentive to build multi family housing, the City will amend the Code to remove the CUP for multi-family developments up to 33 du/ac.

Clarify in this statement where this multi-family housing can be built. Is this allowed in R-1 zones or only in the Overlay District? (See p 2-16 Program 3.1.G: Affordable Housing Overlay Zoning District – AFFH, above).

Response: Multi-family housing is currently allowed in all commercial districts (CC, SC, & RC) and the multi-family district (R-4). It is not currently allowed in the single-family (R-1) district. This program would eliminate the requirement for a use permit in the existing districts where multi-family is currently allowed. Is it not allowed in the R-1 district.

Email Comment #2

Received from Nancy and Tim Twomey

Thanks to all for all of your work on behalf of our Village. Great stuff.

General terminology confusion needing clarification. What is the difference between Design Standards versus Design Guidelines? If they are synonymous – please stay with Design Guidelines. If Design Standards are what is in code – then please call this out.

Response: Design Standards (if adopted after development and review by the public, the Planning Commission and City Council) would apply to specific projects downtown that include at least 20% affordable units. Applicants of such qualifying projects would be eligible for “By Right” project approval if all design standards are met. “By Right” would mean the applicant could bypass public hearings and have the project approved at the staff level. Think of design standards as “yes/no” checklist-style requirements. If not all design standards are met, the application would be processed through the City’s typical review process which involves public hearing(s) and compliance with the Design Guidelines, which include a mix of objective and subjective principles.

1. **Page 21 – Program 1.1.B – Underutilized Sites** – there are additional locations that should be considered outside of core listings provided. Why are they not on this listing?

Response: The initial sites listed were selected based on the likelihood of redevelopment based on opportunities such as low land-to-improvement ratios, property owner interest, and/or current planning applications. Refer to Section C.3 Site Inventory, for more information on sites.

2. **Page 22 – Program 1.1.C – Development on Small Sites** – concerned about decreasing parking requirements (mentioned again below) and very concerned about removing any requirements for setbacks, etc.

Response: Comment noted. Carmel Municipal Code Section 17.14.060 (Central Commercial (CC) District Regulations Applicable) waives off-street parking entirely for apartments. In the SC District, the required parking for an affordable housing unit is ½ space per unit and for senior housing it is ⅓ space per unit. Senior housing also has a guest parking requirement of 1 space per 4 housing units. With regards to setbacks, there are no setback requirements in the CC or SC districts. These provisions are already in place.

3. **Page 26 – Program 1.3.E – Amend the A-2 Zoning District – AFFH.** Does this item require alignment inside the Design Guidelines/Design Traditions Project underway – or will it be resolved by City Staff?

Response: Through a public process, development standards (i.e. parking, setbacks, height, floor area, open space, landscaping, etc.) and design guidelines will be developed that are appropriate for the A-2 district (which is limited to the Sunset Center property). Other options include a Community Plan District or a design competition with prospective developers.

The Design Traditions project thus far has focused on updating the design guidelines for the R-1 district. The in-progress update to the commercial design guidelines could also include multi-family housing.

4. **Page 26 Program 1.3.F – Manufactured Homes on a Foundation** - Concerned about embracing any "manufactured" homes, as they may not comply with factors in our Design Guidelines. This topic is also mentioned on page 191.

Response: State law requires that manufactured homes be a permitted use in the R-1 district (i.e., no use permit required). In the R-1 district, they are still subject to the residential design guidelines.

5. **Page 26 – Program 1.4.A – Remove Use Permit requirement for multi-family development - AFFH.** Please explain what is proposed here. Can you provide an example?

Response: A use permit is another entitlement (at additional cost) that a developer must secure to obtain approval of a project. For multi-family projects, the use permit is a tool to require affordable housing when the density is greater than 33 dwelling units to the acre. For projects with a density of 0-33 dwelling units per acre, the use permit provides little to no value as the code does not require any affordable housing at that density. This program removes a regulatory requirement that adds cost and uncertainty to a housing developer.

6. **Page 27 - Objective Design Standards....**The wording here is concerning. This program states that we lack objective Design Guidelines. Some of our current Design Guidelines ARE objective. And with Design Traditions 1.5, there is significant work to clarify what is Required/Objective vs Subjective/Recommended. Please consider acknowledging this in words used before final submittal.

Response: While some of the current design guidelines are objective, most are not. The effort to create additional objective design standards specific to multi-family housing will help streamline the review process and create more clarity and certainty for housing developers. These standards will be developed through a public process in collaboration with the community.

7. **Page 28 Program 2.1.B Permanent Housing -AND- Page 29 Program 2.1.D Establish Affordable Housing Trust Fund** – Please confirm yes or no, that our Village could consider funding a proposed Trust Fund via a vacancy tax ONLY if we became a Charter City – which is

a separate, involved, multi-year project if it was deemed beneficial or required.

Response: General law cities are authorized to enact a vacancy tax as a parcel tax pursuant to Article XIII A, Sec. 4 of the California Constitution. A vacancy tax is only one potential option to fund an Affordable Housing Trust Fund. Including it in a menu of options does not commit the City to adopting such a tax but rather exploring the possibility during the 8-year Housing Element cycle. Based on policy direction received from the City Council on July 11, 2023, a vacancy tax will remain “on the menu” for now.

8. Page 30 Program 2.3.A Preserve and Increase 2nd and Existing 3rd Floor Residential Uses -AND- Page 32 Program 3.1.A Mixed Use Affordable Housing – Today’s Carmel Downtown look and feel is critical to the visitor and residential experience. And each business benefits from the charm and attraction that it’s next-door business bring to all passersby. Encouraging property owners to add 2 or 3rd floors to 1 story buildings can negatively impact the Village charm and its overall livelihood. Caution and care must be applied to this recommended expansion.

Response: Two-story buildings have always been allowed in Carmel. Restricting two-story buildings downtown would require changing the Zoning Code and General Plan; this is not under consideration. In the Draft 2023-2031 Housing Element, the City identifies one-story buildings as an existing opportunity to meet the RHNA without resorting to more drastic measures. Further, increasing existing one-story buildings to two-stories may be an opportunity to actually improve the aesthetics of the downtown. This is particularly true of one-story buildings presently topped with unsightly mechanical equipment visible from the public right-of-way, and surrounded by blank walls of adjacent two-story buildings that contribute nothing in the way of architectural interest.

Another creative option to accommodate housing is to encourage third-floor mezzanines within two-story buildings. This would allow for additional living space within the building while maintaining the appearance of a two-story building from the exterior. As outlined in the Carmel Municipal Code, in the CC and SC districts, building height is limited to a maximum of 30 feet. In the RC and R-4 districts, building height is limited to a maximum of 26 feet. Building sites which face, abut, or adjoin any property in the R-1 district are limited to a height of 24 feet. Current height limits are not proposed to be changed.

9. Page 33 – Density Bonus – what is envisioned here? Can you provide potential examples?

Response: This is State law. The Carmel Municipal Code details both the State Density Bonus law and a local Carmel-specific Bonus Density provision in a manner that can be confusing and difficult to navigate. The intent is to review and simplify these regulations. Refer to Appendix B for more information.

10. **Page 33 - Program 3.1.D Facilitate Housing Construction** - all these Programs say the funding is from the General Fund.

o Let's say we get a housing boom and they comply with lower cost units - our city Income will decrease due to decrease in fees paid (should this decrease in fees be considered in future budget planning cycles?)

Response: The General Fund will not be used to construct housing. However, the costs in staff time associated with amending the code, developing new policies, revising fee schedules, etc. would be covered by the General Fund. Additionally, offering reduced permit fees would require use of the General Fund to cover staff time processing applications. It is a policy decision (offering reduced permit fees to encourage development of affordable housing) that the City Council would need to consider. If, after appropriate consideration, the Council determines it is not financially feasible, the City does not have to adopt reduced permit fees. It is simply one of many potential incentives that the City can propose to encourage development of affordable housing. Lastly, another way to reduce costs to the developer is through streamlining the permitting process and prioritizing affordable housing applications.

o The North Lot of Sunset Center is a targeted site for housing. But the process of construction will severely impact the functionality of this major Event Center for 1-3 years...which is unfortunate and must be minimized.

Response: Comment noted.

11. **Page 33-34 – Program Reduced Parking Requirements – AFFH.** Anyone that knows, lives in and visit our Village – knows that parking can be a challenge. Waiving or decreasing parking requirements as we increase occupancy will only elevate these challenges. Are we prepared and do we understand the impact of reduced parking as a benefit to affordable housing? And - In the proposal to shift from 22 du/ar to 33 du/ar....this likely increases the need for parking spaces...which are waived in most of these projects.

Response: When evaluating parking reductions or waivers, it is prudent to also consider alternative parking models to offset the reduction in parking while still providing viable transportation alternatives. See also response to comment #2.

12. **Page 34 Program 3.1.F Expedited Processing Procedures - AFFH** Concerned about bypassing or respecting the requirements in our Design Guidelines in any major new/remodel building in our village.

Response: Comment noted.

13. **Page 34 Program Expedited Processing Procedures – AFFH.** What is the general

direction or thoughts for this item?

Response: Granting priority processing to applications that include affordable housing.

14. **Page 34-35 Program 3.1.G Affordable Housing Overlay Zoning District** What is meant by “Design review other than Objective Development and Design Standards” We cannot have AFFH housing negatively impact the character of our Downtown.

Response: It means we can only apply objective design and development standards as part of our Design Review process.

15. **Page 54 – Vacant Housing by Type** - Where does the data in Table 3-10 come from?

Response: The source for data presented in Table 3-10 (pg. 3-14 of the Draft Housing Element) is the U.S. Census Bureau ACS 5-Year Estimate, 2019, Vacancy Status, Table ID: B25004.

16. **Page 69-148 – Fair Housing Recommendations** – Not unlike other cities - economic factors are the only factors limiting diversity in our housing stock. There must not/should not be any other diversity or fairness barriers in our Village. We are one contiguous square mile, with no intentional or unintentional points of separation. It seems odd that this much content is needed in our Housing Element.

Response: Comment noted. State law establishes the required contents of a Housing Element. More information can be found at:

<https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks>

17. **Page 157 - Section B** - The Constraints to me, other than what is stated, are poor programs designed and funding by the state that enables low-cost housing for more than the FIRST buyer and giving control of what's best per jurisdiction to that jurisdiction.

Response: Comment noted.

18. **Page 164 Development Standards** – Open item “Lack of development standards for A2” □ should this be a topic to be considered inside the Design Traditions 1.5 project scope? Or would this be done by City Staff?

Response: See response to comment #3.

19. **Page 168 – Commercial Design Review Process** – shouldn't there be a mention that any RC and R4 projects should align with the Residential Design Guidelines and possibly also processes?

Response: The residential design guidelines were developed with single family homes in mind. While there are certainly elements of the residential design guidelines that are appropriate for multi-family housing, more work should be done with multi-family housing in mind.

20. **Page 172 – top of page 2nd paragraph – regarding “pre-approved plans”** This recommendation is not supported by the Design Traditions 1.5 project. Any “cookie cutter” housing is NOT recommended.

Response: Agreed. The preapproved ADU plans would be building permit ready construction drawings. A variety of pre approved floor plans could be developed. The exterior colors, materials, and finishes would be site specific depending on the architectural style of the primary residence thereby aligning with our unique residential design guidelines.

21. **Page 172 – Objective Design and Development Standards-** Here again, is the mention of “lack” of adopted design guidelines. Our Design Guidelines today have both objective & subjective standards today. And the Design Traditions 1.5 effort is working on revisions that increase the objective terminology. This section also calls out that there are no objective standards for multi-family – when this work too is incorporated into the Design Traditions 1.5 effort. These must be indicated here.

Response: The intent is to create objective design and development standards for multi-family affordable housing to streamline the review and approval process. Adding in elements of subjectivity creates less certainty for a housing developer and adds time and cost to the review process. Adoption of any new standards would be part of a public process in collaboration with the community.

22. **Page 181 – in Processing & Permit Procedures** – in the second paragraph, you call out that ADU’s are exempt from the Design Review Ordinance. ADU’s really must align with requirements in our Design Guidelines wherever possible...even if ministerial.

Response: Objective Design Standards would accomplish this.

23. **Page 189 – Summary of Governmental Constraints** – PLEASE include mention that these “constraints” are in place to protect the charm and character of our Village in the Forest by the Sea. These factors are what provides the economic engine for our community and make it a wonderful place to live and visit. We cannot risk a slippery slope of lessening these review steps.

Response: Comment noted.

The programs in the Housing Element are specifically designed to encourage

development of affordable housing. No procedural changes would occur with the development of market rate single family homes.

24. **Page 190 – bullet 5.** This wording acknowledges that our Design Guidelines include both objective and subjective standards. They propose a new version of just objective guidelines – this separate version would cause significant version control issues and usability confusion points. Please do not accept this recommendation.

Response: Objective Design Standards for affordable multi-family housing projects would be based on the core design principles of the village. The City currently has design guidelines for single family residential and commercial storefronts. The City has a separate set of design guidelines specific to commercial storefronts at Carmel Plaza. The proposed set of Objective Design Standards would focus on affordable multi-family housing.

25. **Page 191 – ADUs & Manufactured Homes -** Our upcoming ADU ordinance must embrace alignment with our (current or future) Design Guidelines – that are critical to maintaining the character of our Village in the Forest by the Sea.

Response: Comment noted. Objective design guidelines for ADUs are being considered.

26. **Page 219 Carmel Foundation Site –** Although I do not believe the Foundation is receptive to building housing in their primary location – this targeted site would require rezoning. It was our understanding that rezoning was not going to be required to meet our RHNA mandated requirements.

Response: The Carmel Foundation property is zoned A-3 and senior housing is currently allowed as a permitted use.

27. **Page 245 – Program 3-4. 1.a Permanent Housing –** I understand that we can't consider vacant unit tax unless we are a charter city. So why is this even mentioned as a possibility?

Response: General law cities are authorized to enact a vacancy tax as a parcel tax pursuant to Article XIII A, Sec. 4 of the California Constitution.

28. **Page 246 – Program 3-4 2.a Neighborhood Compatibility.** I do not understand why this building bulk item should be marked as “Deleted” this is a critical requirement in the current and future Design Guidelines.

Response: Comment noted. This will continue whether or not it is a program in the Housing Element. The thought in deleting it is that doing what we have always done isn't producing affordable housing, and we need to focus the Housing Element document on that goal. Market rate development will continue to be evaluated against the City's current

Design Guidelines.

29. **Page 247 – Program 3-5.3.c Subordinate Units** – There is no mention of ADU alignment with any of the Design Guidelines and there must be. At least to indicate the strong desire for ADU's to support the Guidelines especially tied to usable space, landscape, siting, finishes....

Response: Comment noted. This will be accomplished with the ADU ordinance.

30. **Page 248 – Program 3-5.4.a Density Bonus** – I've scanned our City Municipal Code and don't get any real clarification on what this could entail. It doesn't look to specify if it could include waiving requirements, or waiving fees or ????? Is this what you expect to "clarify"?

Response: See response to comment #9.

31. **Page 249 – Program 3-5.5.a & b Reduced Fees, Entitlement, Parking.** These two descriptions mention "reduced parking in-lieu" fees....when in our FY2022/23 and upcoming FY2023/2024 budgets and prior years too – there is NO NET NEW inbound parking in-lieu fees being added. So, it is a real program or not???

Response: On June 2, 2020, the City Council adopted Urgency Ordinance 2020-003 waiving the "annual setting of the value of improved off-street parking facilities" (i.e. updating the parking in-lieu fee) until further notice. This Ordinance remains in effect until rescinded by the Council. The parking in-lieu fee of \$54,080 per parking space was last adopted by Resolution 2003-72 and remains in effect. The City Council chose to hold the fee at the 2003 rate and not increase it.

32. **Page 265 begins the ECONorthwest Feasibility Study** – that likely shouldn't be included in our final HDC submission. Or I question why it should be included.

Response: It must be included because it provides critical analysis of some of the sites that have the potential for housing development over the next 8 years. The revised draft will include an introduction to the ECONW Appendix to better describe the Feasibility Study and how it ties into the analysis within the full Housing Element draft.

33. **Page 302 – Recommendations** – These three items need edits and/or more discussion...as below....(below is copy/paste from current draft – and this is the EcoNorthwest report – that may or may not be applicable)

o **Explore changes to development standards.** Our review of Carmel's zoning code found that overly restrictive development standards, such as the two-story height limit are not likely to facilitate maximum allowed densities. The City should explore options to remove these barriers

consistent with the findings above.

Response: This is a recommendation for the City to consider when updating the Housing Element and it is being explored in the proposed Housing Element programs. Rather than increase the two-story height limit, the City is proposing to establish a minimum density of 33 du/acre to encourage the development of affordable housing.

o **Adopt objective design standards.** Local developers indicate that the review and approval process in Carmel is overly restrictive. Senate Bill 35 and the Housing Accountability Act also require the use of objective standards. The City's code currently includes subjective standards. The City should analyze its current code language and develop recommendations for objective criteria and opportunities for a streamlined review process.

Response: Comment noted.

o **Create an accessory dwelling unit program.** An accessory dwelling unit program could range broadly from creating promotional materials and informational outreach to an aggressive program that could project subsidies, development of pre-approved plans, assisting with allocating water credits (for deed-restricted units only), and technical assistance with planning and building staff navigating the planning and permitting process for property owners.

Response: Comment noted.

Email Comment #3

Received from Sam Farr.

For decades City and County General Plans have had to have approved Housing Elements indicating the numbers of units, their rents or costs and quality of the housing stock. They also have to use census data to inventory the residents as to age groups, income groups and ethnicity. The goal is to sustain opportunity for all. You can't export poverty.

Response: Comment noted.

Carmel has had a Housing Element for decades, but never enforced its responsibilities. Neither have most Cities and Counties in California, that's why the Legislature is putting pressure on local governments to implement their own plans. The State doesn't tell us where, when and how to make good on our promises to follow our General Plan, just insisting we get started after all these years. Just do it!

Response: Comment noted.

Carmel originated as a middle class town. Everyone who worked in the town lived here. It was a working class community. They built it, maintained it, and improved it. Tourism was an add on, not the primary purpose of Carmel. So strongly did our City Fathers feel this way they enshrined it in the preamble hanging in the Council Chambers. "Carmel is a Residential Community". Q. At what point do the empty houses no longer make it residential? If too few people are here to run Little League, volunteer for the Library Board, vote in elections do we lose being "a Community"?

Response: Comment noted.

Carmel, the School District, even the Regional Park district and the unincorporated lands around us have under utilized space to accommodate additional units for those that work here, or as limited income Seniors want to stay here.

Response: Comment noted.

Working with architects we can maintain our aesthetic beauty though spacial planning. As Citizens of this great town, that is famous for finding solutions to problems through design, we should help the electeds solve a problem that we created by pushing our historic workforce out of town. Welcome to the hot seat. Go Padres!

Response: Comment noted.

Email Comment #4

Received from Karen Wood.

I understand we need more affordable housing for workers to live in the Peninsula but don't understand where the water is coming from. I know development has been stymied for decades due to our water issue. Also the infrastructure in Carmel Valley will be hard pressed to accommodate all the new housing planned out this way, especially Carmel Valley Road. I hope thought is given to building with this in mind. Just frustrating to see that while building affordable housing (which I'm all for), the majority of housing is moderate and above. I understand developers need to make a profit but perhaps our state could consider other ways which could enable much more affordable housing for many more people. Might this be up for discussion please read how Vienna has tackled this.

https://reasonstobecheerful.world/100-years-of-urban-housing-success/?utm_source=Reasons+to+be+Cheerful&utm_campaign=6f09839892-EMAIL_CAMPAIGN_2021_11_22_04_40_COPY_01&utm_medium=email&utm_term=0_89fb038efe_6f09839892-389536856

Response: Comment noted. A City policy to clearly reflect water allocation priority and incentives for Extremely Low, Very Low, Low and Moderate-Income households will be adopted (see Program 1.2.A). In the 6th Cycle Housing Element, 57 extremely low, 56 very low, 74 low, and 44 moderate income units are required to be constructed. The City will continue to work cooperatively with the Monterey Peninsula Water Management District (MPWMD) to address water availability and infrastructure limitations that affect the ability to serve new housing development.

Email Comment #5

Received from Leslie Williamson

Hello,

I know this is a bit down the road, but I think the point needs to be made very clear to property owners. In parts of Oregon, the entire property is reassessed when an ADU is added. I'm not sure how the County of Monterey handles property taxes in a similar situation.

Response: Comment noted.

Thanks for listening,

Lesli Williamson

Email Comment #6

Received from Planning Commissioner Allen

Dear Brandon and Marnie,

After reading the Pine Cone on Saturday- I realized that I did not do a good job of explaining myself in regards to the Housing Element in our joint Council/Commission meeting. So I feel the need to expand on my answer.

After hearing my fellow Commissioners concerns- it made me think....who are we targeting? And are we aligned on who we will attract to our village with affordable housing? I'd like to offer low income housing and set people up for success- I'm concerned about how they afford our restaurants? (\$30 hamburgers) Our village markets? And services? (typically 100% more here than other areas) So they have to leave town for everything? Not able to wrap my head around that one.

Response: Comment noted.

So then are we trying to attract a young worker? I'm trying to visualize what would be appealing to a single 30 year old in our quiet town? Aside from beauty!

Or is it the family with small kids? As addressed by Commissioner Delves in his comment around Halloween and the vibrance of a community. These folks are going to need financial support and a plan to home ownership.

Response: We received 154 Stakeholder Survey responses. These responses helped inform the demographics of the City as well as what types of housing community members are interested in. See Appendix H for an analysis of the Stakeholder Surveys.

I stated that I don't want to make changes in our guidelines or offer incentives. I believe we won't need to. Your plan is really good- and I think it will be well received during the State review process.

Response: Comment noted.

Some things that I want to propose:

- An aligned "Vision of the Future" and how we see our community changing.....growing number of single people, Baby Boomers still owning the majority of housing and aging in place, Millennials unable to purchase homes, GenZers facing an unprecedented behavioral health crisis, home ownership at its lowest rate in five decades.

Response: Comment noted.

- Expand 5.2.A for more connectivity with Not For Profit, Non Profit, Foundations and Charities from across the country and around the world. Residents want to help- they just need to know how.

Response: Comment noted.

- Utilizing our “prestige” to attract the right investors and create our future vs. waiting for a proposal. Collaborate with developers that share our vision and purpose. We don’t have to do this in a vacuum or silo- I’m sure plenty of influential people would help.

Response: Comment noted.

- Hold an annual “Design Competition” that would bring architects and designers from around the world to provide solutions to 1.4.B for housing in a village that is creative and innovative.

Response: Comment noted. The City will look into this option further.

- Then provide financial options (from investors and residents) that could be offered to new home buyers- potentially new home buyers that would renovate or build a “cottage” that has a proposed plan from the design competition for 2.4.B then potentially offer financial assistance through a rent to own program. A “Return to the Cottage” campaign.

Response: Comment noted.

- Rally volunteers to help in the rehabilitation of historic units in 2.2.A

Response: Comment noted.

- Work with local architects to provide pro bono services to low income home buyers or owners wanting to add an additional housing option.

Response: Comment noted.

- Most of all- creation of a plan that doesn’t take the standard path. A plan that can really shape a positive future for our community.

Response: Comment noted.

Email Comment #7

Received from Stephen Engblom

To the Carmel by the Sea Planning Staff and Housing Element team of consultants,

I really appreciate the thorough work done to date. I am very proud to be part of a community that is taking the responsibility of being a good steward of our town while balancing the need to address our housing attainability crisis and environmental crisis. There is no better way to address our environmental crisis and add charm to our town than to find context appropriate ways of removing the eyesore of parking lots from our town and replacing them with well designed residences.

The Carmel-by-the-Sea Housing Element draft provides a comprehensive and well-thought-out plan for addressing the housing needs of the community while considering the unique characteristics of the city. Carmel-by-the-Sea is renowned for its high quality of life, beautiful environment, and distinctive architecture, and it is important to preserve and enhance these aspects while ensuring housing options for both residents and visitors.

The draft acknowledges the challenges faced by the city, such as limited land availability, coastal hazards, and high costs of land and housing. Despite these constraints, the Housing Element demonstrates a sincere and creative effort to meet the state's housing mandates and provide a suitable living environment for all residents.

By outlining housing production objectives consistent with state and regional growth projections, the Housing Element aligns with the broader goals of California's housing policies. It also focuses on special needs populations, ensuring that the housing plan addresses the specific requirements of vulnerable groups within the community.

Moreover, the draft identifies adequate sites for housing development catering to various income levels, thus promoting inclusivity and affordability. The analysis of potential constraints to new housing production demonstrates a thorough understanding of the local context and the need to balance development with environmental considerations.

Importantly, the Housing Element is evaluated for consistency with other General Plan elements, ensuring that it aligns with the broader vision and goals of the city. Additionally, the evaluation of Affirmatively Furthering Fair Housing highlights a commitment to equity and non-discrimination in housing practices.

Overall, the Carmel-by-the-Sea Housing Element draft represents a forward-thinking and comprehensive approach to addressing the community's housing needs. It balances the preservation of the city's unique character with the necessity of providing diverse housing options. By embracing creativity and considering the challenges specific to Carmel-by-the-Sea, this plan sets the stage for the city's long-term vitality and success.

I have a questions/suggestions.

Response: Comments noted.

Allow for future consideration of three stories

While I think the site inventory is well thought out, limiting the study to current two story limitation across the board seems to all but ensure a problem in the following decade. Has the city looked at how the site inventory could yield more if zoning change in Commercial districts were allowed for three stories in select sites within Carmel-by-the-Sea. There is historic precedent for three stories in the historic core (hotels: Cypress Inn, La Playa, Auberge), and given the topography of some of the biggest sites – three stories could be accommodated without disturbing view sheds. This could offer several benefits to the overall housing process. By increasing the building height limit in specific locations, it can help generate more market interest in these sites and ultimately yield more housing units – thereby easing pressure on future generations. Here are some reasons why three stories can be advantageous:

1. **Increased Housing Capacity:** By allowing taller buildings, there is an opportunity to maximize the use of available land and increase the number of housing units that can be accommodated on a given site. This is particularly valuable in areas where land is limited, and it becomes challenging to create housing options that meet the demand.
2. **Diverse Housing Options:** By introducing one extra floor on key sites / special buildings, it becomes possible to diversify the architecture and types of housing available. Three-story structures can create visual interest at key corners. And accommodate a mix of apartment-style units, townhouses, or even live-work spaces. This variety attracts a wider range of residents, including families, professionals, and individuals with different housing preferences and needs.
3. **Increased Affordability Potential:** With greater housing capacity, there is an opportunity to include a mix of market-rate and affordable housing units within the three-story buildings. This can help address affordability concerns and provide housing options for a broader range of income levels, ensuring a more inclusive and diverse community.
4. **Improved Market Interest:** Increasing the building height limit can make certain sites more appealing to developers, investors, and potential homeowners. The additional building stories can enhance the return on investment by allowing for a greater number of housing units, which can attract developers who are looking to maximize their investment in the area.
5. **Preserving Open Space:** By allowing an additional floor in specific areas, it may be possible to concentrate development in selected corners or centers of site, thus allowing a design the ability to accommodate more open space into their design concepts, like courtyards, or paseos, and the community to have the ability to consider some of the sites as open space in other parts of the community. This helps strike a balance between urban development and maintaining the natural and aesthetic appeal of Carmel-by-the-Sea.

Response: Comments noted.

However, it is essential to approach the implementation of a zoning change to allow for an additional floor carefully, considering the existing architectural character and context of the surrounding area. Adequate urban planning, design guidelines, and community input should be incorporated to ensure that the increased building height complements the existing aesthetic and does not detract from the unique charm of Carmel-by-the-Sea.

By exploring the possibility of three stories in select sites, Carmel-by-the-Sea can potentially unlock more housing opportunities, accelerate the eradication of ugly parking lots in the village center, cater to a

broader range of residents, and create a sustainable and vibrant community for the future.

Thank You for the opportunity to comment.

Stephen Engblom and Lance Relicke
Monte Verde 3SW 12
Carmel By The Sea, CA 93921

Email Comment #8

Received from Michael DeLapa

July 6, 2023

City of Carmel-by-the-Sea

P.O. Box CC

Carmel-by-the-Sea, CA 93921

RE: Carmel-by-the-Sea Public Review Draft Housing Element

City of Carmel Housing Team:

LandWatch has reviewed Carmel-by-the-Sea Public Review Draft Housing Element. We support the goals to eliminate constraints and make it easier to build housing consistent with Regional Housing Needs Assessment (RHNA). Set forth below are specific comments on the site inventory and the proposed policies and programs. Monterey County residents need multifamily housing, not more single-family homes, especially in Carmel.

Response: Comment noted.

Monterey County has a housing problem: the housing local governments have approved is misaligned with the housing needs of local working families and individuals, especially those who work in Carmel. According to the U.S. Census Monterey County's median household income is \$82,000. A rule of thumb is that for a home to be affordable it should cost 2.5-3 times your annual income. For the average family in our county, they can afford a \$250,000 home. However, the median price of a home in Monterey County is almost \$900,000 and in Carmel \$1.9 million—impossibly expensive for most working families. Census data shows that almost 1,600 people commute daily into Carmel, likely to work. Those daily trips generate very significant greenhouse gas emissions.

Response: Comment noted.

For both equity and environmental reasons, LandWatch and others have advocated for more multifamily housing, which by its design is far more affordable than single family housing. Single family homes by and large serve the needs of investors, 2nd home owners, and Bay Area commuters, not local working families and individuals. Indeed, it's been reported that more than 40% of the homes in Carmel are vacant.

Response: Comment noted.

Unfortunately, Monterey County and its 12 cities have consistently approved single-family rather than multifamily housing. See Monterey County Housing Pipeline, which documents more than

21,000 residential housing units that have been entitled (approved) but not yet been built. Almost all of the approved units are single family homes. There are another 13,000 units for which entitlements are being sought, and most of these are also single-family homes. The data show a dire shortage of multifamily rentals, the costs (rents) of which align much more closely with median incomes in the County than the costs (mortgages) of single-family homes.

Response: Comment noted.

A. Housing constraints

Density: We encourage any program that will result in higher densities, such as the following:

- Program 2.3.A: Preserve and Increase Second and Existing Third Floor Residential Uses;
- Program 3.1.A: Mixed Use Affordable Housing – AFFH;
- Program 3.1.G: Affordable Housing Overlay Zoning District – AFFH; and
- Program 3.1.C: Density Bonus - AFFH. Increased densities are essential to enable projects that provide affordable units or mixed uses to pencil out. The City can unlock value by upzoning, and the City can require that some portion of that value be dedicated to provision of affordable units.

Response: Comment noted.

We believe these programs can be bolstered by providing for a local density bonus in addition to the bonus required by the State Density Bonus law. Program 3.1.C, calling for the City to “further review and revise” density bonus ordinances should be revised to provide a meaningful standard for that revision. For example, the City could provide a local density bonus equal to 150% of the state minimum. Such an approach is being taken by Sand City, which is proposing a 250 percent density bonus as long as 15% of the units are affordable to lower income households. In addition, the City could encourage density by providing one more concession than required by the State Density Bonus law at specified levels of affordability.

Response: Carmel Municipal Code Section 17.12.020.C (Bonus Density) offers a local density bonus of up to 44 dwelling units per acre in the R-4 Multi-Family District. In the Central Commercial (CC), Service Commercial (SC), and Residential and Limited Commercial (RC), the City proposes to increase the floor area bonus incentive from 15% to 25%. Additionally, the City will continue to offer incentives and concessions that facilitate development on small sites in the commercial and multi-family districts, including waived or reduced parking requirements for affordable housing projects, and density bonuses that allow for development up to 88 du/ac.

Program 2.1.A to create incentives for mixed use housing would provide a FAR bonus from 15 to 25% for projects that include affordable units. The program should make it clear that the increase in FAR is not simply the specified concession or waiver the City has decided to make for projects that qualify under the State Density Bonus law but that it represents an additional

concession for projects with affordable units or that it independently permits an increase in density.

Response: Comment noted. The FAR bonus is not tied to State Density Bonus law.

Program 1.4.A: Remove Use Permit requirement for multi-family development - AFFH. We support the removal of Conditional Use Permit (CUP) requirements for the R-1 (Single-Family Residential) and R-4 (Multifamily Residential), RC (Residential and Limited Commercial), CC (Central Commercial), SC (Service Commercial) and including the 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). Removal of the Use Permit Requirement will still leave projects encumbered by unnecessary discretionary review of site plans and design. Elimination of a CUP requirement should be coupled with adoption of objective standards for both site plan and design review, as discussed below.

Response: Comment noted. The City proposes to remove the requirement for a Use Permit(s) to streamline the entitlement process and facilitate affordable housing development. Currently, for projects with a density greater than 33 du/acre, the Use Permit is the instrument by which affordable housing is required. The City does not have an Inclusionary Housing ordinance. See program 3.1.A: Mixed Use Affordable Housing and program 1.4.B: Objective Design Standards.

Program 1.4.B: Objective Design Standards - AFFH. The program provides that the City will create Objective Design standards for multi-family affordable developments. The objective standards should apply to both site plan review (i.e., review to determine whether the project meets development standards such as height, setback, FAR, and density) and design review so that approval of MFR projects can be entirely objective.

Response: Comment noted. The City will develop Objective Design Standards that can be applied to both site plan review and design review.

With or without ministerial by-right approval processes, objective standards accelerate permitting and increase certainty. Development of objective standards should be required for development in residential zones R-1 (Single-Family Residential) and R-4 (Multifamily Residential), RC (Residential and Limited Commercial), CC (Central Commercial), SC (Service Commercial) and including the 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).

Response: Comment noted. The City proposes Objective Design Standards for multi-family affordable housing to further incentivize and diversify the housing stock. Objective design standards are also being considered for Accessory Dwelling Units.

By-Right Ministerial Permitting of MFR Infill Housing: In addition to provision of objective standards, the Housing Element should require provision of by-right, ministerial permitting for all infill multi-family residential projects. The adoption of objective development and design review standards can eliminate the need for discretionary review and obviate the redundant project-level CEQA review for urban infill projects in areas already subjected to program level CEQA review. CEQA review should take place when the City amends its General Plan or zoning code, not when a developer comes to the City with a conforming project.

Response: Comment noted. Due to small lot sizes in Carmel, housing projects are typically categorically exempt from CEQA.

Ministerial by-right approval should be applicable to MFR projects on an infill site as defined by the language from SB 35 or the CEQA infill exemption. (Government Code Section 65913.4(a)(2) [SB 35] or Public Resources Code Section 21094.5(e)(1)(B) [CEQA infill exemption].)

Response: Comment noted.

The ministerial permitting program should not apply to projects on environmentally sensitive sites, e.g., habitat for endangered, rare or threatened species; farmland of statewide and local importance; wetlands; earthquake/seismic hazard zones; federal, state, and local preserved lands, NCCP and HCP plan areas, and conservation easements; riparian areas; Department of Toxic Substances Control (DTSC) facilities and sites; landslide hazard, flood plains and, floodways; and wildfire hazard as determined by the Department of Forestry and Fire Protection. (See Gov. Code 65913.4(6)(B) through (K) [sites excluded from ministerial permitting in SB 35].)

Response: Comment noted.

Concerns for gentrification and loss of historic resources could be addressed by continuing to require discretionary review for projects on existing affordable housing sites, mobile home sites, or historic resources sites. (See Gov. Code 65913.4(a)(7), (10) [SB 35].)

Response: Comment noted.

By-right ministerial permitting for all infill MFR units is not a stretch. Program 3.1.G will already require that the City provide by-right ministerial permitting based on objective standards for sites identified in prior housing elements that have not been developed and are proposed for at least 20% affordable housing. (Gov. Code, § 65583.1(c).)

Response: Comment noted.

The Draft Housing Element mentions, but does not explain, a “Housing Priority Overlay Zone” in

which by-right development would be permitted. City Officials have proposed a “Housing Priority Overlay Zone” to facilitate redevelopment and/or intensification of uses on sites included in the City’s housing sites inventory (see Table C-3, Appendix C). This overlay zone allows for housing development by right (objective design and development standards apply), minimum density, and otherwise overrides the development standards of the base district to ensure that the number and types of units identified in the housing sites inventory can be achieved. (Housing Element, p. 4-3.)

Response: Comment noted. Refer to revised Program 3.1.G.

The Housing Element does not identify the area subject to this Housing Priority Overlay Zone and none of the programs uses the term. Nor is it clear whether this Housing Priority Overlay Zone is to be adopted in the Housing element or is merely something being “proposed” by “City Officials” in some other context. The Housing Priority Overlay Zone should not be limited to the sites in Table C-3 identified in prior housing elements that are now subject to by-right permitting under Government Code Section 65583.1(c) as referenced in Program 3.1.G. All infill MFR sites should be included in the Housing Priority Overlay Zone.

Response: Comment noted. Refer to revised Program 3.1.G. Additionally, a map has been added to the draft Housing Element delineating the proposed boundary of the overlay district. The overlay zone is not proposed to be limited to the sites identified in Table C-3.

Program 2.1.D – Affordable Housing Trust Fund. The program is intended to raise \$1 million for affordable housing through a vacancy tax, hotel tax, or transfer tax. We encourage the City to pursue a vacancy tax, which will have the dual benefit of raising funds and encouraging use of existing properties for primary residential use rather than vacation or second home use.

Response: Comment noted.

Program 3.1.E: Reduced Parking Requirements - AFFH. The city should consider reduction of parking requirements, by either eliminating parking requirements entirely or by setting lower requirements. This strategy is being used by hundreds of cities now to reduce the cost of housing and to increase effective density. (See <https://parkingreform.org/resources/mandates-map/>.)

Response: Carmel Municipal Code Section 17.14.060 (Central Commercial (CC) District Regulations Applicable) waives off-street parking entirely for apartments. In the SC District, the required parking for an affordable housing unit is ½ space per unit and for senior housing it is ⅓ space per unit. Senior housing also has a guest parking requirement of 1 space per 4 housing units. The City will continue to offer waived or reduced parking requirements for affordable housing projects. Additionally, alternate parking programs such as bike and/or car share or free or discounted bus passes will

be evaluated to offset reduced parking.

Another strategy that should be adopted is to unbundle parking from rental units. The City should require that parking be separately priced in all rental unit contracts and that tenants be free to decline that parking.

Response: Comment noted.

Program 3.1.F: Expedited Processing Procedures - AFFH . This program needs to specify measurable objectives or objective standards. The program should be revised to specify a time period in which ministerial permit would be granted or the application deemed approved. Specific fee waivers should be identified.

Response: Comment noted.

Program 3.1.A – Mixed Use Affordable Housing. This program is intended to create incentives for upper-story housing but it is insufficiently ambitious because it lacks mandates and reinforces an unworkable height limit. Instead of merely mentioning the “potential of allowing a third story when devoted to affordable housing subject to appropriate objective design standards, including the City’s 30-foot height limit,” the program should require the City to permit a third story for any kind of housing, subject to a workable height limit. A three-story building with typical 14-foot ground floor retail ceilings would require a height limit of at least 35 to 40 feet. The Appendix F ECO Northwest Feasibility Study makes it clear that the existing two-story height limit is the most significant limitation on achieving higher density. (Appendix F, pp. 13-14.)

Response: Comment noted. The City is not proposing to increase the height limits to 3-stories. The RHNA can be achieved in the 6th Cycle Housing Element through more efficient use of existing building sites such as conversion of 2nd floor office space to residential, second floor additions to one-story buildings, and redevelopment of parking lots. Additionally, the City is proposing a third-floor mezzanine to further incentivize affordable housing.

B. Housing resources - site inventory

Overall, we support the selection of sites which show the most potential for mixed use and multi-family development, such as Site #2, #4, #6, #9, #10, #14, #15, #16, #17 #18 and #21. There are 7 out of 21 sites (Site #1, #3, #5, #7, #8, #12, and #13) that are either primarily used as parking lots or which have an excess of parking area. The city has proposed Program 3.1.E: Reduced Parking Requirements - AFFH, but its policy could further remove development barriers by significantly reducing parking by setting maximum parking requirements for new developments or completely eliminating parking requirements.

Response: Comment noted. Table C-3 has been revised based on public comment and policy direction from the City Council. The City will evaluate alternative parking programs to offset reduced or waived parking requirements. Alternative modes of

transportation must be considered when evaluating the elimination of parking in Carmel due to limited access to public transit.

Thank you for this opportunity to comment.

Regards,

Michael DeLapa
Executive Director

Email Comment #9

Received from Shannon Hughes

Here are comments on the plan for 349 units in Carmel.

Nice job involving the community through the public meetings and providing documents for us to react to.

I've reviewed the site inventory list and have concerns about many of them:

Public parking lots: Parking is already very limited in town and we have a separate parking effort that will likely require change, cost and communication. I support incentives to private property owners to open up their limited parking for the general public or to get them re-imagining their lots for an alternate use but I'm doubtful that will bring about many new housing units.

Response: Comment noted. If a parking lot is redeveloped, existing parking will be integrated into the new housing development, not eliminated.

Small lots: Even if half of these were redeveloped (and that's a huge stretch goal), it won't bring about the big changes that will be required to get to 349. I'd focus on bigger lots that have more of an opportunity to impact our total goal. Those include Flanders Mansion (how can this expansive property be better utilized with more density?) and Sunset Center (how expand development opportunities to the SE and SW corners to include the pottery and yoga studios?)

Response: Program 1.1.B: Underutilized Sites. The City commits to actively investigate the feasibility of developing publicly owned sites. Table C-3 Sites Inventory includes the north and south parking lots at Sunset Center as well as the Vista Lobos site, all of which are owned by the City.

Privately owned property: While including these private lots shows a valiant effort, I doubt the incentives would be great enough to have many of these property owners redevelop/reimagine their space. I suggest a low probability factor on these options.

Response: Comment noted.

The committee has done a thorough job looking at the supply side but what about the demand side? What understanding do we have of the needs of the people who would be moving into these units in terms of location, desired configuration/size/type, timing...and can we work with other organizations (non-profit and otherwise) who specialize in understand the needs of future residents and getting affordable units built in communities?

Response: See Appendix H (Stakeholder Survey Response) for a summary of community member responses to questions about desired housing types.

Again, thanks for the opportunity to review.

Shannon Hughes
3017 Lasuen Drive, Carmel

prskh@yahoo.com
206-548-8329

Email Comment #10

Received from Stephanie Locke

SUBJECT: Initial Public Review Draft Housing Element Update for Carmel-by-the-Sea

Dear Ms. Wahl:

Thank you for the opportunity to review and comment on the City of Carmel-by-the-Sea's draft housing element update. I am a resident of Carmel-by-the-Sea, serve the City of Carmel as a Planning Commissioner, and I work for the Monterey Peninsula Water Management District. It is from these perspectives that I offer the following comments on the draft document.

SECTION 1.6 PUBLIC PARTICIPATION

First, I'd like to compliment the City and EMC for setting up a user-friendly website (<https://homecarmelbythesea.com/housing-element-updates>) that provides the resources necessary to review the housing element update. In the bulleted key components and interactive engagement plan, please be sure to include the public meeting held with the Planning Commission and the City Council at Sunset Center on June 15, 2023, that was also well-attended by the public.

Response: Comment noted. This meeting as well as the meetings of July 11, 2023 and August 1st, 2023 will be added.

SECTION 2.4 GOALS, POLICIES AND PROGRAMS

With the need to accommodate 113 Low- and Very Low-Income households, the City must do everything it can to incentivize development of these types of units. As I mentioned during the June 15th meeting, the City should partner with local housing organizations such as the Carmel Foundation, Mid-Pen Housing, GLC Foothill Partners LLC, Ascent, and others. Perhaps the proposed Affordable Housing Trust Fund (Program 2.1.D) could be funded by donations, endowments, etc. in addition to General Fund monies to be used to reduce costs to developers of restricted Low- and Very Low-Income housing.

Response: Comment noted. The City will engage the public in the development of an affordable housing trust fund, and explore all available funding options including donations and endowments.

Program 1.1.A: Adequate Sites. There is a typo in the third sentence: "...new units consistent with RHNA be (should be "by") continuing..."

Response: Comment noted.

Program 1.2.B: Address Infrastructure Constraints -- It is discouraging to read about Program 1.2.B, Address Infrastructure Constraints. The City must prioritize maintenance of infrastructure to ensure that existing and future residents and businesses occupy a safe and stable community.

Response: Comment noted.

Program 1.3.B, R-1 Motel (Conversion) Development Transfer Rights -- AFFH is an interesting concept that should be pursued.

Response: Comment noted.

Program 1.3.C: Accessory Dwelling Units – AFFH is challenging given the Design Guidelines. Standardized pre-approved ADU plans have worked very well for the City of Seaside, which is the only Peninsula city that has this program to date. I agree that this would reduce costs for some people who want to build an ADU.

Response: Pre-approved ADU plans will be explored via this program. Objective design standards can also be explored in conjunction with pre-approved construction plans.

Under this same heading is a proposal to incentivize owners of lodging facilities to provide on-site affordable employee housing in exchange for approval of an additional room. This is a great idea to facilitate workforce housing, although the site may or may not be able to accommodate new hotel rooms that might be offered as an incentive to convert one or two existing rooms into a living unit for an employee.

Response: Comment noted. This is an opportunity to create a housing opportunity for employees similar to the “manager’s unit” concept that was common in the past. The City looks forward to exploring the feasibility of this concept over the next 8 years.

Program 1.3.F: Manufactured Homes on a Foundation System – There is a typo in the third word: It should probably read “currently” not “current.”

Response: Comment noted.

Program 1.4.B: Objective Design Standards – AFFH – Objective multi-family housing affordable design standards would certainly reduce the cost and uncertainty/risk of these developments, but the concept of standardization will run into objections from various residents and community groups.

Response: Comment noted. Preservation of the village character remains a top priority while the City looks for innovative solutions to diversify the housing stock.

Program 2.1.C: Monitor Affordable Housing Stock – AFFH – There are two typos on page 2-11 in the first paragraph under this heading. “The City will updated (should be update) its databases to better track data on the new construction demolition, conversion and replacements (should be replacement).”

Response: Comment noted.

Program 2.3.A: Preserve and Increase Second and Existing Third Floor Residential Uses – AFFH. There is a comma after “commercial uses” that shouldn’t be there.

Response: Comment noted.

SECTION 5.0 ENERGY CONSERVATION AND REDUCTION OF GREENHOUSE GAS EMISSIONS

Monterey Peninsula Water Management District: I'm not sure that the inclusion of the list of rebates is necessary for the topic of furthering conservation in the construction of housing, but the one included in the draft document is out of date. The current version can be found at <https://www.mpwmd.net/rules/Rule141-TableXIV-1.pdf>.

Response: Comment noted. The list of rebates has been updated.

More importantly and directly related to conservation in the construction of housing in Carmel-by-the-Sea are the water efficiency requirements for new construction and landscaping, remodels/additions, and changes in use (commercial to residential). MPWMD [Rule 142 Water Efficiency Standards](#) and [Rule 142.1 Water Efficient Landscape Requirements](#) codify these MPWMD requirements and should be included in the final document. In addition, the MPWMD enforces [Rule 162 Stage 1 Water Conservation: Prohibition on Water Waste](#) which is always in effect.

Response: Comment noted.

Program 2.4.B: Residential Inspection Services – The program speaks to maintaining property and identifying necessary repairs. The City inspects properties through the building permit process, but why not offer annual inspection services if requested? This should be focused on multi-family housing in the Village.

Response: This program has been removed due to lack of City resources.

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-Income residents [hyphenation changed]. Encourage the private sector to produce affordable housing – Shouldn't this title include both Extremely Low- and Low-income housing levels?

Response: Comment noted.

Program 3.1.B: Housing for Extremely Low Income Households – AFFH – The second paragraph of this program seems to suggest that of the ADUs being developed recently, there is “a portion of which are affordable to Extremely Low Income Households.” However, at the June 15, 2023, joint meeting of the City Council and the Planning Commission, I asked if there are any deed restricted affordable ADUs in Carmel, and I believe the answer was “no.” Without income restrictions, there is no way to know that an ADU is affordable to the occupant. Along this line, I'd like to see a requirement for more affordable units in multi-family housing. The current trigger is set too high, and there should also be incentives to make the inclusion of these units viable.

Response: Comment noted. Based on research conducted in the San Francisco Bay Area, ADUs can be affordable without the use of deed restrictions (which is currently prohibited under State law). When considered along with pre-approved construction drawings, fee

reductions/waivers, or other incentives, ADUs become more widely available to households with more modest incomes which increases the potential of an ADU being utilized for rental income. Additionally, while an ADU may not be used as rental housing today, it becomes part of the permanent housing stock, increasing the availability of housing well into the future as properties are sold to new owners or life circumstances change.

Program 4.1.A: Water Conservation – AFFH – See previous comment about Section 5.0.

Response: Comment noted.

Program 5.1.C: Shared Housing Information – AFFH – Consider using the HOME website or similar as a community bulletin board to announce housing opportunities.

Response: Comment noted. The HOME website will sunset at the end of the project. However, the City has created a new Housing webpage (<https://ci.carmel.ca.us/post/housing-resources>) which will be maintained and enhanced throughout the next 8 years.

To conclude my comments, I want to commend you for the extensive effort undertaken to compile this draft document. I am very concerned about the aging population in our community and the ability of those residents to continue to live in our village without experiencing housing insecurity. I am also concerned about the number of part-time/second/short-term rental homes and the rising cost of renting here without the addition of new restricted income housing opportunities.

As I stated at the joint City Council/Planning Commission meeting in June 2023, I moved to Carmel-by-the Sea as a newly-single mother of a 6th grader, and we had a big dog. I was fortunate to find a rental that was barely affordable to me and lived there until my son completed high school. However, the house was sold shortly after graduation, and I was forced to find replacement housing. I've been in that "housing insecurity" position and don't wish it upon anyone, especially someone on a fixed income who is older with challenges. I encourage the City of Carmel-by-the-Sea to prioritize housing for its workforce and for its elder population.

Sincerely,

Stephanie Locke

Email Comment #11

Received from Monterey Bay Economic Partnership



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.

Response: Comment noted. The draft 6th Cycle Housing Element includes the Sunset Center north and south parking lots and the Vista Lobos parking lot which are owned by the City. The Norton Court senior housing development is an example of an on-going public-private partnership between the City and the Carmel Foundation whereby the City retains ownership of the land and the housing is managed by the Foundation. The City looks

forward to entering into new public-private partnerships to advance our housing goals.

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.

Response: Comment noted. Carmel Municipal Code Section 17.14.060 (Central Commercial (CC) District Regulations Applicable) waives off-street parking entirely for apartments. In the SC District, the required parking for an affordable housing unit is ½ space per unit and for senior housing it is ⅓ space per unit. Senior housing also has a guest parking requirement of 1 space per 4 housing units. With regards to setbacks, there are no setback requirements in the CC or SC districts. The City will ensure these development incentives are incorporated into the housing overlay district. Additionally, the City is proposing a third-floor mezzanine as an additional incentive for affordable housing.

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

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

Response: Comment noted.

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.

Response: Comment noted. The City does not currently have an inclusionary housing ordinance and instead relies on the use permit process to ensure that housing projects between 34 and 88 dwelling units per acre contain affordable housing units. The City is open to exploring alternatives to the use permit process in order to obtain affordable housing. Additionally, the City is proposing to remove the use permit requirement for other project components such as underground parking.

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.

Response: Comment noted.

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.

Response: Comment noted. The City is proposing to increase the floor area bonus from 15% to 25% to encourage the development of affordable housing.

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.

Response: Comment noted. Carmel Municipal Code (CMC) Chapter 17.14 (Commercial Zoning Districts) encourages residential uses in all three commercial zoning districts (CC, SC, & RC). CMC Section 17.14.040.N.5 prohibits new residential units on the first story of any building in the CC district IF the units would front directly on a public street. Ground floor commercial space that does NOT front on a public street can be converted to residential use. Additionally, ground floor commercial space in the SC and RC could also be converted to residential use. The City will include this information in educational materials that promote the creation of new housing through conversion of existing commercial space. Please note this program has been refocused on underutilized upper floors.

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.

Response: Comment noted. The City is proposing a housing overlay district that combines development standards, Objective Design Standards, and incentives in a cohesive ordinance providing clear information to prospective housing developers.

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

Email Comment #12

Received from Esther Goodhue

What a huge accomplishment - I learned so much about Carmel. My only addition would be the possible use of ground floor commercial space for residences for people with special needs. These empty spaces don't appear to be marketable any longer.

Response: Comment noted. Carmel Municipal Code (CMC) Chapter 17.14 (Commercial Zoning Districts) encourages residential uses in all three commercial zoning districts (CC, SC, & RC). CMC Section 17.14.040.N.5 prohibits new residential units on the first story of any building in the CC district IF the units would front directly on a public street. Ground floor commercial space that does NOT front on a public street can be converted to residential use. Additionally, ground floor commercial space in the SC and RC could also be converted to residential use. The City will include this information in educational materials that promote the creation of new housing through conversion of existing commercial space.

Thank you for the educational experience.

Best,
Esther