



CITY OF CARMEL-BY-THE-SEA CITY COUNCIL Staff Report

July 11, 2023
ORDERS OF BUSINESS

TO:	Honorable Mayor and City Council Members
SUBMITTED BY:	Marnie R. Waffle, AICP, Principal Planner
APPROVED BY:	Chip Rerig, City Administrator
SUBJECT:	Update on the Housing Element Public Review Draft

RECOMMENDATION:

Receive report and provide direction.

BACKGROUND/SUMMARY:

The City of Carmel-by-the-Sea last updated the General Plan Housing Element in 2015 for the 5th cycle planning period of 2015-2023. The Housing Element is required under State law to be updated every eight (8) years in a manner consistent with the Regional Housing Needs Allocation (RHNA). The 6th cycle planning period is 2023-2031, and the City's RHNA is 349 housing units. The Housing Element includes policies, programs, incentives, and objectives to achieve the City's housing goals and must be adopted by the local jurisdiction and certified by the California Department of Housing and Community Development (HCD) by December 2023.

Housing Ad-Hoc Committee

In 2022, a Housing Ad-Hoc Committee was established. Vice Mayor Bobby Richards and Councilmember Karen Ferlito were appointed to work with staff throughout the Housing Element update process and bring recommendations to the full Council for action throughout the process. The Housing Ad-Hoc Committee has been meeting regularly since October 2022 and has hosted three community meetings.

Contract with EMC Planning Group

On December 9, 2022, the City released a Request for Proposals (RFP) soliciting proposals from qualified professionals to update the General Plan Housing Element and Safety Element. On February 7, 2023, the city approved a professional services agreement with EMC Planning Group to assist staff with preparing the updates. EMC is located in Monterey, California, and has provided land use, planning, and environmental consulting services to public agencies throughout California for 44 years. The firm has prepared housing elements for jurisdictions throughout the State, including several recently completed and certified elements, as well as ongoing preparation of 6th Cycle Housing Element updates with the Town of Los Gatos and the Cities of Larkspur, Monte Sereno, Belvedere, and Sand City. EMC has a history of partnering with the City of Carmel-by-the-Sea. Past projects include but are not limited to the City's Local Coastal Plan and Mitigated Declaration (2000 – 2003) and the Coastal Engineering and Adaptation

Planning project (2022, ongoing).

Public Review Draft

On June 6, 2023, the Public Review Draft of the 6th cycle Housing Element was released for a 3-day public review period. The Housing Element Public Review Draft is 302 pages, and is available at the following link: <https://homecarmelbythesea.com/20454/widgets/65851/documents/43466>. A Reader's Guide is included as **Attachment 1**. On June 15, 2023, the Housing Ad Hoc Committee hosted a joint City Council and Planning Commission special meeting to discuss the Public Review Draft of the updated Housing Element. Staff received comments from the Council, Planning Commission, and the public at the meeting.

The public review period ended at 5:00 PM on Thursday, July 6th. Over the next few weeks, staff and our EMC partners will be cataloging and preparing responses to the comments received during the joint City Council/Planning Commission special meeting held on June 15th, through the dedicated project website, <https://homecarmelbythesea.com/>, and via email. The topics discussed in this report are not meant to be an exhaustive list of all public comments received during the public review period.

Policy Questions and Recommendations

Based on a preliminary review of comments received on the first draft Housing Element update, staff is seeking policy direction from the City Council on topics of significant interest and impact. Policy direction from the City Council will inform revisions to the draft Housing Element, which will be presented (along with the full public comment matrix) for Council review on August 1, 2023, prior to submittal to the State Department of Housing and Community Development (HCD) for their 90-day review.

To help guide the discussion, this section is formatted as follows:

- Description of the Policy Question
- Concerns expressed through comments received
- Response to clarify the intended policy direction
- Recommendation from Ad Hoc Committee and Staff

1. **Policy Question:** *Should we amend **Program 1.3.B: R-1 Motel (Conversion) Development Transfer Rights** to include existing motels not just in the R-1 but in every zoning district? Please note that the term "motel" is in reference to any transient lodging: hotel, motel, inn, b&b, etc.*

Concern: A missed opportunity to convert hotel sites in the downtown to multi-family housing.

Response: The previous 5th cycle Housing Element included Program 3-4.1.B: Conversion of R-1 Motels, allowing the conversion of R-1 motel units into permanent residences with the transfer of vacated rooms to the commercial district. This program is proposed to continue under the 6th cycle Housing Element as Program 1.3.B. Note that this program involves a transfer of development rights (motel rooms) from the existing site to an alternative downtown site.

At the joint City Council/Planning Commission special meeting on June 15, 2023, it was suggested that limiting the potential conversion of motels into permanent residences to only the R-1 district could result in a missed opportunity to convert a motel in the downtown (CC, RC, SC districts) to multi-family housing. A review of the Municipal Code revealed that a hotel in any zoning district can be converted and the rooms transferred to another commercially zoned site.

Recommendation: Modify Program 1.3.B to reflect its application to all hotels in all districts.

2. **Policy Question:** *Should we keep **Program 1.4.B: Objective Design Standards** to develop*

objective design standards for affordable multi-family housing projects? If not, should we remove one or more sites carried over from the 5th Housing Element cycle?

Concern: Loss of discretionary review process.

Response: State law requires that any site identified for affordable housing during the 5th cycle Housing Element that did not develop as planned, and is being carried over as a site for the 6th cycle Housing Element, must be approved by-right with no use permit or discretionary design review if the project includes at least 20 percent, deed-restricted, affordable units. There are 21 sites (with a total of 110 units) currently proposed to be carried over from the 5th cycle (refer to Table 1 below).

Table 1. 5th Cycle RHNA Sites

Carmel Realty office (6 units)
Three Garages (10 units)
Café Carmel (4 units)
Wells Fargo (11 units)
Yafa (5 units)
Court of the Fountains (12 units)
First American Title (2 units)
Monte Verde & 7th (2 units)
Chase Bank (2 units)
Olivier (2 units)
Parashis (4 units)
The Agency (2 units)
Faherty's (9 units)
Star Child (2 units)
Sunset Terrace (6 units)
Bell Tower Court (3 units)
Enzo's (4 units)
Doude Arcade (5 units)
Paseo San Carlos Square (7 units)
Carmel Office Supply (2 units)
Ocean & Dolores (10 units)

Because Carmel-by-the-Sea is facing a loss of discretionary review powers under these circumstances, the adoption of objective design standards would mitigate the potential impact of by-right approvals. Adopting objective design standards ensures that local control is retained over the design of these sites if an application is submitted for a housing project that includes at least 20 percent affordable units. The creation of objective design standards would occur through a public process in collaboration with the community and would be reviewed by the Planning Commission and adopted by the City Council. Without objective design standards in place, the City will lack a mechanism to control building design and materials, landscaping, or any other principles currently supported by the City's Design Guidelines

Recommendation: Keep Program 1.4.B and develop objective design standards for projects with at least 20% affordable multi-family housing.

3. *Policy Question: Should we keep a vacancy tax on the list of potential options in **Program 2.1.D:***

Establish Affordable Housing Trust Fund?

Concern: Imposing a vacancy tax on seasonal/vacation homes infringes on private property rights.

Response: A vacancy tax is one of many potential options that could be explored over the next 8 years (2023-2031) to fund, wholly or in part, an Affordable Housing Trust Fund. Exploring the feasibility of adopting a vacancy tax demonstrates to the State HCD that we are open to considering various funding streams. If it is determined that a vacancy tax only applies to Charter cities and not General Law cities like Carmel, or if the courts find vacancy taxes to be unconstitutional, or if we simply conclude it is not an appropriate tool for Carmel, we would cease exploration of the concept and report our findings to HCD. It is important to understand the commitment to explore is not a commitment to adopt a vacancy tax.

Recommendation: Remove vacancy tax from Program 2.1.D as a potential funding source for an Affordable Housing Trust Fund.

4. Policy Question: Should Program 3.1.A: Mixed Use Affordable Housing be modified to remove consideration of a third story when devoted to affordable housing?

Concern: Two and three-story buildings downtown may negatively impact Carmel's character.

Response: Two-story buildings are a common feature of the downtown and are allowed (and always have been allowed) throughout the commercial districts. Encouraging the addition of a second story to one-story buildings would add housing and, in many cases, would serve to improve the aesthetics of the downtown by shielding rooftop mechanical equipment and unsightly adjacent blank walls. Two examples of this existing condition are the Carmel Realty building at the northeast corner of Dolores and 8th and a series of one-story buildings on the east side of Dolores between 5th & 6th. In both of these areas, because the surrounding context is primarily two-story buildings, second-story additions could blend well with and complement the streetscape. All newly created second-floor space would be occupied by residential uses only.

Increasing the 30' height limit to allow 3-story buildings are not under consideration. However, it should be recognized there are examples of existing 3-story buildings downtown that blend well with the streetscape. These include the following buildings:

- Southeast corner of Ocean and Monte Verde;
- Monte Verde 2 southwest of Ocean (Mote Verde Inn);
- Northeast corner of Monte Verde & 6th (Pine Inn);
- Ocean 2 northwest of Lincoln (Pine Inn);
- Monte Verde 2 northeast of 7th (L'Auberge);
- Northeast corner of 7th & San Carlos (Nielsen Market);
- Northeast corner of 8th & San Carlos (Villa San Carlos);
- East side of Mission between Ocean & 7th (Carmel Plaza);
- San Carlos and Camino del Monte (Hofsas House), and
- Junipero between 5th and 6th (Carmel Bay View Inn).

In the 5th cycle Housing Element, Program 3-2.1.c: Incentives for Mixed-Use Affordable Housing included exploring the potential of allowing a third story when devoted to affordable housing as a development incentive. While no project applicants requested a third story for affordable housing, the previously approved Del Dono project included affordable housing and a third-floor mezzanine.

Encouraging third-floor (not third-story) mezzanines within two-story buildings could be a creative option to accommodate housing while maintaining the appearance of a two-story building from the exterior. Note that “story” references the exterior of a building, and “floor” references the interior.

Recommendation: Modify Program 3.1.A: Mixed Use Affordable Housing to allow for a third-floor (not a story) mezzanine within the current height limits to encourage the development of affordable housing. Note the current height limits are as follows. In the CC and SC districts, structures are limited to a maximum of 30 feet. In the RC and R-4 districts, structures are limited to a maximum of 26 feet. Building sites that face, abut, or adjoin any property in the R-1 district are limited to a height of 24 feet.

5. *Policy Question: Should we consider using Senate Bill (SB) 10 for the Regional Housing Needs Allocation (RHNA) sites zoned R-1, or should we remove them from the site's inventory?*

Concern: We committed to meeting our Regional Housing Needs Allocation (RHNA) without having to rezone property, but there are R-1 properties included in the site's inventory.

Response: The following sites are identified as potential housing sites and are currently zoned R-1:

- Red Cross (5 units),
- American Legion (5 units),
- First Church of Christ Scientist (9 units),
- Carmel Presbyterian Church (36 units), and
- Pine Inn Parking Lot (5 units).

While zoned R-1, all sites contain non-residential uses. These sites could be potential housing sites and retain their R-1 zoning if Senate Bill (SB) 10 is utilized. SB10 is a voluntary process that allows cities to override the underlying zoning of a parcel and permit up to 10 housing units.

Recommendation: Remove the Pine Inn Parking Lot and Carmel Presbyterian Church from the site's inventory. The City has learned that the property owner of the Pine Inn Parking Lot is exploring an alternative design concept. Carmel Presbyterian Church has a potential capacity that exceeds 10 units and would be underutilized under SB10. If the City Council prefers not to use SB10 on the remaining three sites, staff recommends they be removed and replaced with alternative sites.

6. *Policy Question: Should we modify **Program 1.3.C: Accessory Dwelling Units** to remove the creation of standardized, pre-approved Accessory Dwelling Unit plans?*

Concern: Accessory Dwelling Units are not affordable and are not being rented out, so why incentivize them?

Response: State law streamlined the permitting process for ADUs by eliminating a local jurisdiction's ability to require a use permit or conduct a discretionary design review for an ADU. Through the adoption of a local ADU ordinance, the City can regulate the design of an ADU through objective design standards. Carmel's local ordinance with objective ADU standards is currently being drafted.

The creation of standardized, pre-approved ADU plans provides “shelf-ready” construction drawings to interested property owners, further streamlining the permit process and reducing the cost. This type of incentive can be beneficial to homeowners seeking to establish an ADU.

Increasing the supply of ADUs is an important piece of the overall housing plan. It provides a housing opportunity for various household types (aging parents, caregivers, college students, disabled family members, single parents, empty nesters, etc.). ADUs can also provide an income stream to property owners, lessening the financial burden of homeownership. Whether or not an ADU is rented at market-rate or “free” today, tomorrow, or sometime over the course of 50 years, every new ADU adds a potential housing opportunity and diversifies the housing stock.

Recommendation: Retain Program 1.3.C to explore the creation of standardized, pre-approved Accessory Dwelling Unit plans.

7. *Policy Question: Should we keep properties that contain parking lots on the site's inventory, or should we remove them?*

Concern: Elimination of parking to provide more housing would exacerbate existing parking issues.

Response: The site's inventory can be found in Appendix C of the Draft Housing Element. A list of sites is provided in Table C-3. Some of the sites include existing parking lots that provide private parking, such as Bruno's Market, or public parking, such as the Sunset Center. While parking is unquestionably a necessity, parking lots are often underutilized pieces of land that hold a higher development potential than just parking spaces. Identifying these sites as opportunities for future housing does not mean that parking will be replaced with housing. Rather, the City can require that existing parking be incorporated into the design of a new housing project, which could include underground parking or at-grade parking with housing above. If spatially and financially feasible, the supply of parking could even increase through more efficient site design. It is worth noting numerous underground parking garages throughout the Village supply much-needed parking without the undesirable appearance of an asphalt parking lot.

Recommendation: Retain sites with parking lots on the site's inventory on the condition that existing parking spaces are incorporated into the design of any future housing project.

Next Steps and Timeline

The public comment period on the Public Review Draft of the Housing Element closed at 5:00 PM on Thursday, July 6th. Between July 7th and July 20th, City staff and EMC Planning Group will be reviewing public comments in coordination with the Housing Ad Hoc Committee, and preparing a catalog of written responses for submittal to HCD with the draft Housing Element. Based on public comments received and the feedback and policy direction received this evening, staff will revise the draft Housing Element.

On August 1, 2023, staff will present the revised document to the City Council and request authorization to submit the draft Housing Element to HCD for the State's 90-day review period.

After receiving comments from HCD, the draft Housing Element will be revised and resubmitted for certification. Any substantive changes in policy would be brought back to the City Council for consideration prior to resubmitting for certification. Once staff receives notification from HCD that the Housing Element is in substantial compliance with state law, staff will present the final document to the City Council for adoption.

FISCAL IMPACT:

Consultant fees for the 2023-2031 Housing Element (and Safety Element) update project are \$239,145.00. The cost will be fully paid with grant funding from SB2, LEAP, and REAP. In 2019 and 2020, the City received three grant awards totaling \$290,000 to assist with the cost of updating the Housing Element: SB2 (\$160,000), LEAP (\$65,000), and REAP (\$65,000).

PRIOR CITY COUNCIL ACTION:

On February 7, 2023, the City Council entered into a Professional Services Agreement with EMC Planning Group for the 6th cycle Housing Element update and General Plan Safety Element update.

ATTACHMENTS:

Attachment 1) Reader's Guide

Attachment 2) Draft - 6th Cycle Housing Element Update 2023-2031

Attachment 1

Housing Element Update 2023-2031
Public Review Draft Summary / Reader's Guide
June 9, 2023

The City is progressing with its 2023-2031 Housing Element update project, with a public review draft released on June 5, 2023. Below you will find key project dates and a high-level overview of the 5 chapters plus appendices A-F that comprise the 2023-2031 Draft Housing Element.

Key Project Dates (updated)

- June 5th: Public Review Draft published on [H.O.M.E. website](#) ("Housing Opportunities Made Easier")
- June 6th: Draft release advertised via City's Constant Contact Listserv and on the [City website](#) homepage
- June 15th: Joint City Council/Planning Commission Workshop** (Sunset Center, Carpenter Hall @ 5:30 pm and via Zoom) to discuss the Public Review Draft
- July 6th: Public comment period closes**
- July 11th: City Council meeting to review public comments
- Aug 1st: City Council meeting to review revised draft Housing Element (NEW)
- Aug 2nd: Submit draft Housing Element to the State Department of Housing and Community Development (HCD) for a 90-day review period (updated)
- Oct 31st: Receive comments from HCD (updated)

Overview of Draft 2023-2031 Housing Element (6th cycle)

Chapter 1 - Introduction (15 pages)

- **5th Cycle: 18 above moderate** (market-rate) housing units were constructed during the eight-year 2015-2023 5th cycle Regional Housing Needs Allocation (RHNA), which equals **58%** of the 5th cycle RHNA goal of **31 units**.
- **6th Cycle:** The 6th cycle RHNA goal is **349 units** constructed over the eight-year period from July 2023 to June 2031.

Chapter 2 - Goals, Policies, and Programs (25 pages)

- State law requires that each program have a "**quantified objective**." This is a goal for the City to work towards and a metric to report annually to HCD on progress.
- At this time, there are no penalties for not reaching the objective. Programs that are unsuccessful in reaching the objective will be re-evaluated in the 7th cycle.
- Each program description is followed by a note specifying if the program is new or carried over from the 5th cycle.
- Some of the proposed programs would require a **Zoning Code Amendment** if adopted. The proposed amendments are summarized below.
 - Revise existing parking standards for new housing units;
 - Establish a 33 dwelling unit per acre (du/ac) minimum density for new housing projects (Note: This results in 3 units on a 4,000-square-foot lot);
 - Adopt a housing overlay zoning district with objective design and development standards for qualifying projects;

- Adopt an Accessory Dwelling Unit (ADU) ordinance (in progress);
- Incentivize onsite hotel employee housing;
- Establish design and development standards for the A-2 zoning district (Sunset Center) for senior housing, which is already a permitted use;
- Allow manufactured homes in the R-1 district (required per State law);
- Eliminate the Use Permit requirement for multi-family development;
- Increase the floor area bonus from 15% to 25% for projects that include affordable housing; and
- Allow a low-barrier navigation center (required per state law).
- Establish an Affordable Housing Trust Fund (funding and use to be determined by City Council): goal to **raise \$1 million in 8 years**

Chapter 3 - Housing Needs and Constraints (20 pages)

- Summary of Carmel-by-the-Sea demographic data (population, employment, housing, etc.); note that Pacific Grove and Del Rey Oaks were used as a comparison to Carmel.
- Overview of governmental constraints affecting housing production. For details, see Appendix B.

Chapter 4 - Sites Inventory (6 pages)

- High-level Sites Inventory summary. For details, see Appendix C.

Chapter 5 - Energy and Resource Conservation (9 pages)

- Incorporates information from the City's Climate Action & Adaptation Plans.
- PG&E Programs and Incentives for energy efficiency.
- MPWMD rebates for water conservation.
- Federal and State financial assistance programs.

Appendix A - Housing Needs and Fair Housing Report (89 pages)

- Introduction with an explanation of "Affirmatively Furthering Fair Housing" or "AFFH" requirements per Gov. Code, § 8899.50, subd. (a)(1).
- Population, employment, and household characteristics.
- Disproportionate housing needs.
- Special needs groups.
- Access to opportunity.
- Housing stock characteristics.
- Fair housing enforcement and outreach capacity.
- Fair housing recommendations.

Appendix B - Housing Constraints (47 pages)

- Overview of Governmental and Non-Governmental constraints to housing development, including but not limited to:
 - Lengthy design review process;
 - Fees are financially prohibitive to lower-income households;
 - Two-story building height limit;

- Use Permit requirements for new residential projects;
- Subjective design standards which create uncertainty for developers;
- Protection of historic resources;
- Coastal Zone regulations;
- Outdated Accessory Dwelling Unit (ADU) ordinance;
- Lack of development standards in the A-2 district (Sunset Center); and
- Lack of water due to State Water Resources Control Board Order 95-10 and the 2008 Cease-and-Desist Order.

Appendix C - Vacant and Available Sites (38 pages)

- 35 identified sites that could accommodate 283 housing units.
 - Sites zoned R-1 that would require a rezone if retained in the sites inventory list:
 - Pine Inn parking lot (6 units)
 - First Church of Christ (9 units)
 - Red Cross (6 units)
 - American Legion (5 units)
 - Carmel Presbyterian (36 units)
 - Options for rezoning could include A-2 (senior housing) or R-4 (multi-family).
 - An alternative to rezoning (open for discussion): eliminate one or more of these sites and replace them with other properties that do not require rezoning.
- 46 units attributed to potential onsite hotel employee housing units
- 72 units attributed to potential accessory dwelling units
- Grand Total: 401 units (52 surplus units over our 349 RHNA goal = 15% buffer) *Note: A buffer is necessary due to the likelihood HCD will reject some of our proposed sites.*

Appendix D - Review of Previous Housing Element (9 pages)

- Effectiveness of 5th cycle (2015-2023) Housing Element; progress in implementation; and appropriateness of Goals, Objectives, and Policies.

Appendix E - List of Contacted Organizations (11 pages)

- Summary of outreach efforts to date.

Appendix F - ECONorthwest Feasibility Study (37 pages)

- Feasibility Study prepared by consultant ECONorthwest and received by the City Council on February 7, 2023.

Initial Public Review Draft

6th Cycle Housing Element Update (2023-2031)

CITY OF CARMEL-BY-THE-SEA

June 5, 2023



Prepared by
EMC Planning Group

INITIAL PUBLIC REVIEW DRAFT

**6TH CYCLE HOUSING ELEMENT UPDATE
(2023-2031)**

CITY OF CARMEL-BY-THE-SEA

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June 5, 2023



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1.0 Introduction

1.1 Introduction

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

Located on the Monterey Peninsula, Carmel-by-the-Sea is a bijou coastal community boasting sweeping views of the Pacific Ocean, acclaimed architecture, and a strong residential character. The City was incorporated in 1916, lending to its 1920-1930s architectural charm that is weaved throughout the City's centralized business district and commercial district. The City has nearly 50 properties within the commercial district that are regarded as historical resources. As a result of its beauty, the City is a popular tourism and second-home destination. Approximately 51 percent of housing units are for seasonal, recreational, or occasional use, creating high barriers of entry to the housing market for locals.

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

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

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

- Outline the community's housing production objectives consistent with State and regional growth projections;

- Describe goals, policies and implementation strategies to achieve local housing objectives;
- Examine the local need for housing with a focus on special needs populations;
- Identify adequate sites for the production of housing serving various income levels;
- Analyze potential constraints to new housing production;
- Evaluate the Housing Element for consistency with other General Plan elements; and
- Evaluate Affirmatively Furthering Fair Housing.

1.2 California’s Housing Crisis

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

If the region become less competitive in attracting workers and increasingly unaffordable to lower-income workers and seniors, then social and economic segregation will worsen, only exacerbating historic patterns of housing discrimination, racial bias, and segregation. This potentiality has become so acute in recent years that the California Legislature addressed the issue with new legislation in 2018. SB 686 requires all state and local agencies to explicitly address, combat, and relieve disparities resulting from past patterns of housing segregation to foster more inclusive communities. This is commonly referred to as Affirmative Furthering Fair Housing, or AFFH (more on this below).

“There’s a movement in California now called ‘Yes, In My Backyard,’ and I’d love to see us join that.”

May 24, 2023 Ad Hoc Committee
Community Meeting Attendee

Carmel-by-the-Sea has had moderate success in meeting its housing needs. In the last housing element cycle (2015 to 2022 – 2023 pending), for example, the City built 18 housing units, which represented 58 percent of its Regional Housing Needs Allocation (RHNA) of 31 new housing units. Of the units built, none were affordable to lower- and moderate-income households,² and 100 percent were affordable to above moderate-income households.

¹ Source: AMBAG, November 18, 2022. “Final 2022 Regional Growth Forecast”

² Source: City of Carmel-by-the-Sea HCD Annual Reports and City staff.

1.3 Regional Housing Needs Allocation

For the eight-year time frame covered by this Housing Element Update, the Department of Housing and Community Development (HCD) has identified the region’s housing need as 33,274 units. The total number of housing units assigned by HCD is separated into four income categories that cover housing types for all income levels, from very low-income households to market rate housing.³ This calculation is based on population projections produced by the California Department of Finance as well as adjustments that incorporate the region’s existing housing need. Per Government Code Section 65583(a), the Housing Element must also provide quantification and analysis of projected housing needs for extremely low-income households. The number of units for the extremely low-income level is not assigned by HCD, but is left for quantification by the local jurisdiction. This calculation is based on the HCD approved methodology⁴, assuming that 50 percent of very low-income households qualify as extremely low-income households.

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

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

Table 1-1 Regional Housing Needs Allocation

Income Group	Percentage of AMI	Share
Extremely Low Income ⁵	<30	57
Very Low Income	<50	56
Low Income	51-80	74
Moderate Income	81-120	44
Above Moderate Income	121 +	118
Total		349

SOURCE: AMBAG

³ HCD divides the RHND into the following four income categories:

Very Low income: 0-50% of Area Median Income

Low income: 50-80% of Area Median Income

Moderate income: 80-120% of Area Median Income

Above Moderate income: 120% or more of Area Median Income

⁴ <https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks/extremely-low-income-housing-needs>

⁵ Extremely low-income RHNA is found as a subset within the very low-income category for all other tables in this document

1.4 Affirmatively Furthering Fair Housing

In 2018, Assembly Bill 686 (AB 686), signed in 2018, established an independent state mandate to affirmatively furthering fair housing (AFFH). AB 686 extends requirements for federal grantees and contractors to “affirmatively further fair housing,” including requirements in the federal Fair Housing Act, to public agencies in California. Affirmatively furthering fair housing is defined specifically as taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity by replacing segregated living patterns with truly integrated and balanced living patterns; transforming racially and ethnically concentrated areas of poverty into areas of opportunity; and fostering and maintaining compliance with civil rights and fair housing laws.

AB 686 requires public agencies to:

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

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

An AFFH analysis was prepared and is included as an appendix to this housing element (see [Appendix A](#)).

Defining Segregation

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

Neighborhood level segregation (*within a jurisdiction, or intra-city*): Segregation of race and income groups can occur from neighborhood to neighborhood *within* a city. For example, if a local jurisdiction has a population that is 20 percent Latinx, but some neighborhoods are 80 percent Latinx while others have nearly no Latinx residents, that jurisdiction would have segregated neighborhoods.

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

There are many factors that have contributed to the generation and maintenance of segregation. Historically, racial segregation stemmed from explicit discrimination against people of color, such as restrictive covenants, redlining, and discrimination in mortgage lending. This history includes many overtly discriminatory policies made by federal, state, and local governments (Rothstein 2017). Segregation patterns are also affected by policies that appear race-neutral, such as land use decisions and the regulation of housing development.

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

Segregation Patterns in the Monterey Bay Area

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

Segregation and Land Use

It is difficult to address segregation patterns without an analysis of both historical and existing land use policies that impact segregation patterns. Land use regulations influence what kind of housing is built in a city or neighborhood (Lens and Monkkonen 2016, Pendall 2000). These land use regulations in turn impact demographics: they can be used to affect the number of houses in a community, the number of people who live in the community, the wealth of the people who live in the community, and where within the community they reside (Trounstine 2018). Given disparities in

wealth by race and ethnicity, the ability to afford housing in different neighborhoods, as influenced by land use regulations, is highly differentiated across racial and ethnic groups (Bayer, McMillan, and Reuben 2004).⁶

Segregation in the Carmel-by-the-Sea

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

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

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

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

May 24, 2023 Ad Hoc
Committee Community
Meeting Attendee

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

Regional Segregation

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

- The City has a higher share of white residents than other jurisdictions in the Monterey Bay Area as a whole, a lower share of Latinx residents, a lower share of Black residents, and a lower share of Asian/Pacific Islander residents; and
- Regarding income groups, the City has a lower share of very low-income residents than other jurisdictions in the Monterey Bay Area as a whole, a lower share of low-income residents, a lower share of moderate-income residents, and a higher share of above moderate-income residents.

1.5 Overview of Planning Efforts

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

Effectiveness of Previous Housing Element

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

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

During the 2015–2023 planning period, 18 new units were added to the City’s housing stock, none were low or very low income⁷. This indicates that residential growth for extremely and very low-income households was slower than anticipated, which may be in part due to the COVID pandemic, the cost of land and construction, and the overall lack of interest to develop affordable housing in the community. As a result, housing costs continued to increase substantially due to low supply, and affordability became more elusive.

The goals, objectives, policies, and actions in the 2015 Housing Element complied with State Housing Law and provided proper guidance for housing development in the City. In the 2023 Housing Element update, objectives for each of the goals will be modified as appropriate to more specifically respond to the housing environment in Carmel-by-the-Sea from 2023-2031. Policies will

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

also be modified as needed to respond to current Housing Element Law and existing and anticipated residential development conditions. See [Appendix E](#) for a complete review and analysis of Carmel-by-the-Sea's 5th Cycle Housing Element (2015-2023).

New State Laws Affecting Housing

While the City has taken steps throughout the 5th cycle to increase housing production locally, the State passed numerous laws to address California's housing crisis during the same period. As the State passes new legislation in the remainder of the 5th cycle and during the 6th cycle, the City will continue to amend the Municipal Code; to monitor and evaluate policies and programs designed to meet State requirements; and to proactively implement new policies and programs to help increase housing production citywide.

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

Climate Change and RHNA Methodology

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

Incentives for Accessory Dwelling Units

In 2020, AB 686, AB 587, AB 671, AB 881, and SB 13 further incentivize the development of accessory dwelling units (ADUs), through streamlined permits, reduced setback requirements, increased allowable square footage, reduced parking requirements, and reduced fees. The City last amended the Municipal Code in 2017 to address ADUs and currently follows State law.

The City also continues to monitor the existence of unauthorized second units. The City's zoning ordinance facilitates the legalization of unauthorized second units through the zoning clearance/building permit process. In 2023, the City intends to further amend the standards for ADUs and JADUs, consistent with State Law, to facilitate legalization of unauthorized living units and promote construction of new units.

Low-Barrier Navigation Centers

AB 101 (2019) requires jurisdictions to allow “low-barrier navigation centers” by-right in areas zoned for mixed uses and in nonresidential zones permitting multifamily uses, if the center meets specified requirements. A low-barrier navigation center is a service-enriched shelter focused on moving unhoused people into permanent housing. The center provides temporary living facilities while case-managers connect individuals to public benefits, health services, and housing. The City’s Municipal Code will be amended to comply with State law.

Surplus Public Land

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

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

Accelerated Housing Production

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

Priority Processing

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

Housing and Public Safety

In response to SB 379 (2015) and other recent state legislation, local jurisdictions must update their safety element to comprehensively address climate adaptation and resilience (SB 379 and SB 1035, 2018) and identify evacuation routes (SB 99 and AB 747, both 2019). These updates are triggered by the 6th Cycle housing element update. This housing element will contain an evaluation of the existing safety element and programming actions to update the safety element to satisfy the new state requirements. Also, as sites are identified and analyzed for inclusion in the City’s housing site inventory, special attention will be paid to the risk of wildfire and the need for evacuation routes. In

this way, the City will coordinate updates between the elements, so that future development is directed into areas that avoid or reduce unreasonable risks while also providing needed housing and maintaining other community planning goals.

Disadvantaged Communities

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

Consistency with General Plan

The City of Carmel-by-the-Sea last adopted its general plan in 1988. The general plan is a long-range planning document that serves as the “blueprint” for development for local jurisdictions in California. All development-related decisions in the City must be consistent with the General Plan, and if a development proposal is not consistent with the plan, then it must be revised or the plan itself must be amended.

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

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

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

1.6 Public Participation

The primary purpose of this chapter is to describe the effort made by the City of Carmel-by-the-Sea to engage all economic segments of the community (including residents and/or their representatives) in the development and update of the housing element. This public participation effort also includes formal consultation, pursuant to Government Code §65352.3, with

representatives from the Tribal Nations that are present and active in Monterey County. It is also responsive to AB 686 (Affirmatively Furthering Fair Housing), which requires local jurisdictions, as they update their housing elements, to conduct public outreach to equitably include all stakeholders in the housing element public participation program.

The 6th cycle RHNA numbers are a monumental change for all California communities, and the success of the update process hinged in part on a community outreach and engagement program that was robust, inclusive, and meaningful. The City's community engagement program has included an initial presentation to City Council, a series of Housing Ad Hoc Committee community meetings, stakeholder outreach, direct contact with interested residents and property owners, and online/virtual participation. Key components of the interactive engagement plan include:

- **Website.** Housing Opportunities Made Easier (HOME) at [HOME Carmel](http://homecarmelbythesea.com) (homecarmelbythesea.com) is a dedicated website that provides portal to all of the housing-element-related public engagement activities that are available to members of the public. This includes information on housing element basics, community ideas board, property owner interest forms, site surveys, site selection details, and materials from community workshops;
- **Q&A.** Received questions in a managed space that accommodated messages through the iterative brainstorming process; and
- **Surveys.** Encouraged community-members to voice their opinions in a convenient way that also helped City staff understand what areas of the city need more encouragement to participate. Aggregate data also helped the city understand generally who is participating with the outreach tools.
 - **Stakeholder Survey.** Released for public engagement on May 24, 2023 to solicit input from Carmel-by-the-Sea residents, property owners, business owners, employees, community activists, and visitors. The survey is currently ongoing. The housing element will contain updated policies and programs as guided by the public's perspective.
 - **Property Owner Interest Form.** Released for public engagement on April 6, 2023 to develop a list of property owners interested in building an accessory dwelling unit (ADU) or junior accessory dwelling unit (JADU). The survey is currently ongoing. A list of interested property owners will be added to [Appendix C – Sites Inventory](#) when the survey is closed.
- **Community Meetings.** Hosted to inform and educate the public on the 2023-2031 6th Cycle Housing Element Update planning process. These meetings are ongoing and continue to guide the policies and programs to ensure Carmel-by-the-Sea's character and values are upheld.
 - **November 17, 2022 Housing Ad Hoc Committee Community Meeting.** Hosted to introduce the 2023-2031 6th Cycle Housing Element Update to community residents.

- **February 28, 2023 Housing Ad Hoc Committee Community Meeting.** Hosted to discuss development constraints and potential incentives.
- **April 6, 2023 Housing Ad Hoc Committee Community Meeting.** Hosted to discuss current 5th Cycle Housing Element policies and programs, [HOME Carmel](#) unveiling and walk through, and introduction to AFFH.
- **May 24, 2023 Housing Ad Hoc Committee Community Meeting.** Hosted to discuss housing needs, fair housing, sites inventory, and policies and programs to address the needs.

Public Participation to Affirmatively Furthering Fair Housing

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

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

The City emphasized the power of public participation during the public draft 30-day review period. City messaging expressed the power of public comment during this 30-day period to have the community's voice included with the public record that will be read by decision-makers and the HCD reviewer, with transparent obligation to be responsive to comments as part of the preliminary draft submittal to HCD.

Tribal Consultation

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

Public Review of Draft and Final Housing Element

(To be completed following the Public Review Draft comment period).

2.0 Goals, Policies, and Programs

2.1 Introduction

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

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

2.2 What's New

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

Affirmatively Furthering Fair Housing

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

The City of Carmel-by-the-Sea is adopting new policies and programs through the update of this 6th Cycle Housing Element, to align with the state’s new AFFH mandate. Policies and programs that support this alignment are identified with the letters “AFFH.”

2.3 Program Overview and Quantified Objectives

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

Table 2-1 Quantified Objectives Summary

Income Category	New Construction	Rehabilitation*	Conservation/ Preservation**
Extremely Low	57	0	0
Very Low	56	5	0
Low	74	5	50
Moderate	44	6	0
Above Moderate	118	784	0
Total	349	800	0

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

NOTES: *The City has approximately 3,800 residential units, 50 (or about one percent) of which are affordable units. Each year the City processes approximately 100 building permits for remodels, additions, and other construction, which rehabilitates the existing housing stock. For the lower-income categories rehabilitation goals, the City assumes that one percent of the total permits processed will be for affordable units. Under these assumptions, the City would rehabilitate two units of affordable housing a year or approximately 16 units throughout the 2023-2031 planning cycle. This represents approximately 30 percent of the City’s existing affordable housing inventory.

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

2.4 Goals, Policies and Programs

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

GOAL H1 FACILITATE HOUSING CONSTRUCTION

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

Program 1.1.A: Adequate Sites

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

Quantified Objective: 113 Extremely Low and Very Low-income housing units

Timeframe: June 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

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

Program 1.1.B: Underutilized Sites - AFFH

Publicly owned sites represent an opportunity to partner with a non-profit or developer to build affordable units. The City may enter into an agreement with a development partner that makes development of affordable units more financially feasible because the cost of the land is under City ownership. The City will actively investigate the feasibility of utilizing underutilized publicly owned

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

That's where these programs and processes come in to play and that's why we need to amend the municipal code, to codify those things..."

May 24, 2023 Ad Hoc
Committee Community
Meeting Attendee

sites (including Flanders Mansion, Sunset Center parking lots, Post Office parking lot, Vista Lobos, and surplus right-of-way) for housing development and partnering with housing providers to develop housing for lower-income households and/or senior housing on appropriate underutilized sites.

Quantified Objective: 50 affordable units

Timeframe: June 2029

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly 3-3.1.b: Surplus Sites)

Program 1.1.C: Development on Small Sites

Small sites can be difficult to develop particularly when development standards don't adequately take into account small lot dimensions. The City will continue 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.

Quantified Objective: 20 units

Timeframe: December 2024

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

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

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

Program 1.2.A: Water Distribution Policy - AFFH

One of the major constraints to housing production in Carmel-by-the-Sea is the lack of water. Potable water is a fundamental infrastructure need for housing and is a limited resource in Carmel-

by-the-Sea. Water is regulated by the State Water Resources Board (SWRB) and the Monterey Peninsula Water Management District (MPWMD). Few sites have available water credits sufficient to accommodate construction of additional residential units, and the City's water allocation is limited as is the ability to service vacant sites with water service. The City will continue to work cooperatively with MPWMD to address water infrastructure limitations that affect the ability to serve new housing development.

The City will grant water allocation priority to those projects that assist the City in meeting its share of the regional housing need for lower- and moderate-income households and will adopt City policy to clearly reflect water allocation priority and incentives for extremely low and very low-income households.

Quantified Objective: 187 units

Timeframe: June 2025

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-3.2: Address Infrastructure Constraints)

Program 1.2.B: Address Infrastructure Constraints

Ensuring the City's infrastructure is modernized and can accommodate future growth is a critical charge of local governments. Much of the City's infrastructure is nearing the end of its lifecycle and crafting Capital Improvement Programs that effectively manage infrastructure is imperative. Additionally, the City experienced significant power outages during the 2022-2023 winter season that negatively impacted the City at large. The City's Public Works Department continues to improve City infrastructure including road maintenance and storm drains, through the City's 6-Year Capital Improvement Plan process. The City will continue to work cooperatively with outside agencies, including the Pacific Gas and Electric Company, the Carmel Area Wastewater District, and California American Water, to continue to maintain and upgrade the City's infrastructure.

Quantified Objective: N/A

Timeframe: 2030

Responsible Party: Public Works Department

Funding Source: General Fund

(Formerly Program 3-3.2: Address Infrastructure Constraints)

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

Program 1.3.A: Condominium Conversions - AFFH

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

Quantified Objective: Preserve rental units

Timeframe: June 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

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

Program 1.3.B: R-1 Motel (Conversion) Development Transfer Rights - AFFH

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 multi-family 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.

Quantified Objective: 15 units converted from motel rooms to housing units

Timeframe: December 2028

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

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

Program 1.3.C: Accessory Dwelling Units - AFFH

Accessory Dwelling Units (ADUs) and Junior ADUs (JADUs) provide affordable housing options for family members, seniors, students, in-home health care providers, and other small household types. ADUs can also be useful to generate additional rental income for the homeowner, making homeownership more financially feasible. It's also important to note that 80% percent of Carmel-by-the-Sea's vacant units are for seasonal, recreation, or occasional (second home) use. ADU and JADU development on properties used for occasional use adds to the permanent housing stock and provides on-site oversight for second home properties.

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.

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

As an incentive to motel and hotel owners to provide on-site affordable employee housing, the City will offer an additional motel/hotel room to offset loss of revenues for the business owners and to maintain visitor-serving coastal access.

The City will amend the Code as follows:

- Reflect current State ADU law in a timely manners as new relevant State laws are adopted during the planning cycle;
 - *Timeframe December 2024*
- Allow at least one on-site affordable employee housing unit in conjunction with one new hotel room per unit;
 - *Timeframe: December 2026*
- Develop pre-approved, standardized ADU plans.
 - *Timeframe: December 2028*

Quantified Objective: 36

Timeframe: December 2024-2028

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

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

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

The Community and Cultural Center Zoning District, A-2, allows senior housing (55+) as a permitted use in addition to uses that provide cultural and community activities associated with the arts, education and recreation; however, development standards are not specified for the A-2 district and design review is required. The lack of development and design standards adds uncertainty and can significantly lengthen the development process. Amending the A-2 zoning district with clear setbacks, height, and objective design standards will add clarity and remove a development constraint. The City will amend the Municipal Code to include clear development standards for the A-2 zoning district to encourage affordable senior housing.

Quantified Objective: 33 senior housing units

Timeframe: December 2024

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(NEW)

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.

Quantified Objective: 8 units

Timeframe: December 2024

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(NEW)

Policy 1.4: Improve Development Review and Approvals Processes***Program 1.4.A: Remove Use Permit requirement for multi-family development - AFFH***

Multi-family and duplex housing units constitute approximately 13 percent of Carmel's housing stock. Multi-family housing up to 22 du/ac is a permitted use in the R-4, CC, SC, and RC Districts. Multi-family housing greater than 22 du/ac is a conditionally allowed use in all those same districts.

The Conditional Use Permit (CUP) for residential developments greater than 22 du/ac is a multi-family residential unit is a development constraint. Site design review is required for multi-family

projects and the CUP process adds limited value to the review process for projects of this size and scale. In order to lessen this regulatory constraint, the City will amend the Code to remove the CUP for multi-family developments up to 33 du/ac.

Quantified Objective: 50

Timeframe: December 2024

Responsible Party: Community Development Department

Funding Source: General Fund

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

Program 1.4.B: Objective Design Standards - AFFH

The City currently lacks any adopted objective design guidelines. Detailed subjective design guidelines for single family residences and less detailed subjective design guidelines for commercial zones are in place. While the City's single-family design guidelines are being updated this year, objective design standards are not currently being developed. The less detailed design guidelines for the commercial zones creates a higher level of subjectivity for multi-family affordable projects.

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

Quantified Objective: 50

Timeframe: December 2025

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(NEW)

GOAL H2 PROTECT AFFORDABLE HOUSING AND IMPROVE THE HOUSING STOCK

Policy 2.1: Maintain and encourage expansion of permanent residential housing stock in the Commercial, R-1, and R-4 Districts.

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

Providing additional development capacity of any type, increases project feasibility. In order to better incentivize affordable residential development, the City will amend the Municipal Code to

increase the provide floor area bonuses from 15 to up to 25 percent for projects that include housing for moderate-, low- and very-low-income households. Distribute informational materials outlining the floor area and other applicable incentives.

Quantified Objective: 20 moderate units

Timeframe: December 2024

Responsible Party: Community Planning and Building

Funding Source:

(Formerly Program 3-2.1.a)

Program 2.1.B: Permanent Housing - AFFH

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

The City's ordinance prohibiting short-term, transient rentals and timeshares of residential dwellings in the R-1 District and allowing a limited number in commercial areas has successfully limited these uses and the City will continue to implement the ordinance. In an effort to address the high rate of second home ownership, the City will promote ADUs and JADUs on properties and will establish an Affordable Housing Trust Fund (see Program below).

Quantified Objective: 25 affordable units

Timeframe: June 2026

Responsible Party: Community Planning and Building and City Administrator

Funding Source: General Fund

(Formerly Program 3-4.1.a)

Program 2.1.C: Monitor Affordable Housing Stock - AFFH

The City will develop a City-managed Affordable Housing Oversight Program and continue to monitor affordable housing projects and work with the owners to preserve affordability through identification of funding sources and/or opportunities for partnerships with other housing providers. The program will formalize annual monitoring of the affordable housing stock throughout the city including in the coastal zone to ensure the affordable housing with the coastal

zone is being protected and provided as required by Government Code Section 65590. The City will updated its databases to better track data on the new construction, demolition, conversion and replacements housing units for low- and moderate-income households including the following:

- The number of new housing units approved for construction within the coastal zone;
- The number of housing units for persons and families of low- and moderate-income required to be provided in new housing developments either within or within three miles of the coastal zone;
- The number of existing residential dwelling units occupied by low- and moderate-income households required either within or three miles of the coastal zone that have been authorized to be demolished or converted; and
- The number of residential dwelling units for low- and moderate-income persons and families that have been required for replacement (of those units being demolished or converted) within or three miles of the coastal zone.

Quantified Objective: Monitor 60 housing units

Timeframe: June 2025

Responsible Party: Community Planning and Building

Funding Source: General Fund

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

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

May 24, 2023 Ad Hoc Committee
Community Meeting Attendee

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

The City currently relies on outside agencies and organizations to fund affordable housing projects which severely limits the City's ability to proactively fund affordable residential units or provide rehabilitation funds. In an effort to establish a funding source dedicated to affordability, the City will establish an Affordable Housing Trust Fund. Sources of funding could include a vacancy tax, Transit Occupancy Tax and/or transfer tax.

Quantified Objective: \$1,000,000

Timeframe: June 2031

Responsible Party: City Administrator

Funding Source: General Fund

(NEW)

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

Program 2.2.A: Historic Preservation Educational Programs

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

Quantified Objective: 50 rehabilitated historic units

Timeframe: December 2024

Responsible Party: Community Planning and Building

Funding Source: General Fund

(Formerly Program 3-4.3.a: Neighborhood Preservation Educational Programs)

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

Program 2.3.A: Preserve and Increase 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.

Quantified Objective: 10

Timeframe: December 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-2.1.b)

Policy 2.4: Preserve the existing housing stock

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

In order to stay habitable and energy efficient, all buildings need maintenance and when buildings fall into an extreme state of disrepair, a more comprehensive housing rehabilitation procedure is needed. Over the past few years, inflation and building supply chain issues have dramatically increased the cost of building materials. Labor costs have also risen significantly due to a shortage of skilled construction workers and ongoing cost-of-living increases. This results in very costly rehabilitation projects. In order to assist lower income property owners, the City will distribute information on the Inspection Services and Housing Rehabilitation programs and alternative ways of financing home repairs.

Quantified Objective: 5 rehabilitated units

Timeframe: June 3031

Responsible Party: Community Planning and Building

Funding Source: General Fund

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

Program 2.4.B: Residential Inspection Services

Many times, property owners do not have the knowledge to identify structural deficiencies and repair needs. Updates and repairs to properties are imperative to maintain the City's housing stock in good condition. This is particularly important given the age of the City's housing. The City will continue to inspect residences in the community for structural deficiencies and repair needs through the building permit process.

Quantified Objective: 50 units inspected

Timeframe: June 2031

Responsible Party: Community Planning and Building

Funding Source: General Fund

(Formerly Program 3-1.1.b: Residential Inspection Services)

GOAL H3 PROVIDE OPORTUNITIES 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. Encourage the private sector to produce affordable housing.

Program 3.1.A: Mixed Use Affordable Housing - AFFH

The retail and office landscapes are shifting and this change represents an opportunity to encourage mixed-use developments (housing over first-floor commercial uses) as a preferred development form. The City will proactively work with property owners to incentivize upper-story housing opportunities, including 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.

Quantified Objective: 10 upper-story housing project additions

Timeframe: June 2030

Responsible Party: Planning and Building Department

Funding Source: General Fund

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

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

Providing housing units for Extremely-Low Income 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 City will encourage development of housing for extremely-low-income households through a variety of activities such as targeted outreach to for-profit and non-profit housing developers on at least an annual basis, providing in-kind technical assistance, fee deferrals, expedited/priority processing, identifying grant and funding opportunities, applying for or supporting applications for funding on an ongoing basis, reviewing and prioritizing local funding for developments that include housing for ELI households and/or offering additional incentives to supplement the density bonus provisions in State law.

The City also has programs to encourage the development of Accessory Dwelling Units, a portion of which are affordable to Extremely-Low Income Households and the City has funded a position through the General Fund to focus on long-range planning and housing needs.

Quantified Objective: 113

Timeframe: December 2031

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

May 24, 2023 Ad Hoc Committee
Community Meeting Attendee

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

(Formerly Program 3-5.4.b)

Program 3.1.C: Density Bonus - AFFH

Density bonuses can provide a significant incentive to build affordable housing units. By increasing the number of units permitted to be built on a property, the financial investment required to bring the development to fruition has a higher likelihood of a return. Given the high cost of materials, labor and borrowing costs, increasing the number of units can make the housing project financially feasible. The City will further review and revise applicable density bonus and bonus density ordinances to clarify the regulations and increase certainty of applicability.

Quantified Objective: 25
Timeframe: December 2024
Responsible Party: Planning and Building Department
Funding Source: General Fund

(Formerly Program 3-5.4.a: Density Bonus)

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

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

Quantified Objective: 25
Timeframe: December 2024
Responsible Party: Planning and Building Department
Funding Source: General Fund

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

Program 3.1.E: Reduced Parking Requirements - AFFH

Parking requirements increase costs to residential development and take up valuable space that can be used for housing. The City will continue to offer reduced parking requirements for affordable

housing developments. Additionally, the City will waive the in-lieu fees for projects with affordable units, clarify the program requirements in the Central Commercial zoning district, and reduce parking requirements in the R-4 and RC zoning districts

Quantified Objective: 25 units

Timeframe: December 2024

Responsible Party: Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-5.5.b: Reduced Parking Requirements)

Program 3.1.F: Expedited Processing Procedures - AFFH

Faster permit processing times reduce overall project timelines and allow a project to get to the construction stage in a timely manner. Reducing overall project timelines is critical during this inflationary period where materials and labor costs continue to rise. Additionally, supply chains still have not recovered to pre-pandemic levels and delays in processing can also result in delays in placing orders and receiving materials and securing labor. The City will continue to offer expedited review procedures for residential projects that include affordable housing units and will clarify and refine permit processing procedures for affordable housing to shorten processing procedures.

Quantified Objective: 187 affordable units

Timeframe: December 2024

Responsible Party: Planning and Building Department

Funding Source: General Fund

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

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.

Additionally, sites listed in the Sites Inventory Appendix C, that were identified in the previous 5th cycle, and provide a minimum of 20% affordable units will be subject to an Overlay District enabling a By Right approval process per Government Code 65583.2(c). By Right means a jurisdiction shall not require:

- A Conditional Use Permit;
- A Planned Unit Development Permit;
- Design review other than Objective Development and Design Standards; or
- Other discretionary, local-government review or approval that would constitute a “project” as defined in Section 21100 of the Public Resources Code (California Environmental Quality Act “CEQA”).

Quantified Objective 100 units

Timeframe: December 2024

Responsible Party: Community Planning and Development Department

Funding Source: General Fund

(NEW)

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

Program 3.2.A: Reasonable Accommodation Procedures - AFFH

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

Quantified Objective: 8 applications

Timeframe: June 2031

Responsible Party: Community Planning and Building

Funding Source: General Fund

(Formerly Program 3-5.1: Reasonable Accommodation Procedures)

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

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

State Bill 2, passed in 2007, revised housing element law requiring that transitional and supportive housing be permitted as a residential use, subject only to restrictions that apply to other residential dwellings of the same type in the same zone. In compliance with SB 2, the City will continue to allow transitional/supportive housing as a residential use, subject only to those requirements of other residential dwellings of the same type in the same zone. The City will also amend the Municipal Code to clarify transitional and supportive housing is a permitted use in zoning districts that allow residential uses.

Quantified Objective: N/A

Timeframe: December 2024

Responsible Party: Community Planning and Building

Funding Source: General Fund

(Formerly Program 3-5.8: Zoning for Transitional and Supportive Housing)

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

AB101 (2019) provides a pathway to permanent housing for people experiencing homelessness. A “Low Barrier Navigation Center” is a housing first, low-barrier, service-enriched shelter focused on moving people into permanent housing that provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing. In order to comply with State law, the City will amend the Zoning Ordinance to include the definition for “Low Barrier Navigation Center” and will develop by right procedures for processing low barrier navigation centers.

Quantified Objective: N/A

Timeframe: December 2024

Responsible Party: Community Planning and Development

Funding Source: General Fund

(NEW)

GOAL H4 EXEMPLIFY SUSTAINABLE DEVELOPMENT AND ENERGY CONSERVATION

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

Program 4.1.A: Water Conservation - AFFH

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

Quantified Objective: Conserve water

Timeframe: June 2031

Responsible Party: Community Development and Building

Funding Source: General Fund

(Formerly 3-5.6.b Water Conservation)

Program 4.1.B: Energy Conservation and Green Building

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

Quantified Objective: 100 units

Timeframe: June 2031

Responsible Party: Community Planning and Building

Funding Source: General Fund

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

GOAL H5 PUBLICIZE HOUSING NEEDS AND RESOURCES

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

Program 5.1.A: Fair Housing Services - AFFH

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

Quantified Objective: 25 referrals/materials distributed

Timeframe: June 2031

Responsible Party: Community Planning and Development

Funding Source: General Fund

(Formerly Program 3-5.7)

Program 5.1.B: Section 8 Rental Assistance - AFFH

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

Quantified Objective: 40 referrals/materials distributed

Timeframe: June 2031

Responsible Party: Community Planning and Building

Funding Source: General Fund

(Formerly Program 3-5.3.b Section 8 Rental Assistance)

Program 5.1.C: Shared Housing Information - AFFH

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

Quantified Objective: 80 referrals/website visits

Timeframe: June 2031

Responsible Party: Community Planning and Building

Funding Source: General Fund

(Formerly Program 3-5.2: Shared Housing Information)

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

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

Quantified Objective: N/A

Timeframe: June 2031

Responsible Party: Community Planning and Building

Funding Source: General Fund

(Formerly Program 3-4.2.b)

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3.0

Overview of Housing Needs and Constraints

3.1 Introduction

This chapter summarizes housing needs and constraints in the City of Carmel-by-the-Sea. The analysis of housing needs primarily utilizes U.S. Census, ACS 5-Year 2019 Estimate data. For a detailed analysis of housing needs, please see [Appendix A—Housing Needs & Fair Housing Report](#). Also, for a detailed analysis of governmental and non-governmental constraints, please see [Appendix B—Housing Constraints](#).

3.2 Overview of Housing Needs

The following section provides an overview of demographic information, household and housing stock characteristics, and special housing needs in Carmel-by-the-Sea.

Population Growth

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

Table 3-1 Population Growth Forecast by Jurisdiction, 2015-2045

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

SOURCE: AMBAG Regional Growth Forecast, 2022

NOTE: *Projected growth values

Age Characteristics

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

Table 3-2 shows that Carmel-by-the-Sea’s most populous age group in 2019 was individuals 65 to 74 years of age (21 percent). Compared to the County and neighboring cities, Carmel-by-the-Sea has the largest 55 to 85+ age group (43 percent) followed by Pacific Grove (27 percent), Del Rey Oaks (23 percent), and the County (13 percent).

Table 3-2 Population Age Distribution by Jurisdiction, 2019

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

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

Race and Ethnicity Characteristics

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

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

Table 3-3 Population by Race by Jurisdiction, 2019

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

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

Between 2010-2019, Carmel-by-the-Sea’s population composition experienced fluctuations in nearly all populations, and by 2019 saw a decline in each population except non-Hispanic White. In 2015, the non-Hispanic White population experienced a two (2) percent decrease in size, while the Asian and Hispanic or Latino populations increased two (2) percent and three (3) percent, respectively. In 2019, Carmel-by-the-Sea experienced a seven (7) percent increase in the non-Hispanic White population, and a decline in both the Asian and Hispanic or Latino populations by four (4) percent and three (3) percent, respectively. Since 2015, population levels have remained less than one (1) percent for Black or African American, American Indian or Alaska Native, Native Hawaiian and Other Pacific Islander populations in Carmel-by-the-Sea.

Racially or Ethnically Concentrated Areas of Poverty and Affluence

A Racially Concentrated Area of Poverty or an Ethnically Concentrated Area of Poverty (R/ECAP) and a Racially Concentrated Area of Affluence (RCAAs) represent opposing ends of the segregation spectrum from racially or ethnically segregated areas with high poverty rates to affluent predominantly White neighborhoods.

The City of Carmel-by-the-Sea is not considered a R/ECAP nor is the City considered an RCAA. As highlighted previously, Carmel-by-the-Sea does not have a majority-minority population and thus cannot be labelled as a R/ECAP. According to the HCD AFFH Data Viewer, less than or equal to 20 percent of the City’s population is non-White. Though Carmel-by-the-Sea’s percentage of exclusively White population and AMI are higher than the county-wide average, the median income in the City is not high enough for the jurisdiction to be considered an RCAA. This could be a reflection of the high vacancy rate (over 50%) which could be explained by the high rate of second home (seasonal use) homeownership in the City.

Employment

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. [Table 3-4](#)

shows the employment growth forecast for Carmel-by-the-Sea, the County, and neighboring cities. This projected employment growth mirrors the County (17 percent) and is 4 percent higher than Pacific Grove (13 percent), but reflects one (1) percent lower than Del Rey Oaks (18 percent). This projected increase in job growth presents an opportunity for cities to construct additional housing options for the existing and future workforce.

Table 3-4 Employment Growth Forecast by Jurisdiction, 2015-2045

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

SOURCE: AMBAG Regional Growth Forecast, 2022

NOTE: *Projected growth values

According to 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.

Table 3-5 provides a breakdown of unemployment rates for Carmel-by-the-Sea, the County, and neighboring cities. Compared to the County and neighboring cities, Carmel-by-the-Sea has the lowest unemployment rate with less than 1 percent of unemployed residents. This indicates an approximate 4.8 percent less than the County, 5 percent less than the Del Rey Oaks, and 3.8 percent less than Pacific Grove.

"I know, being an artist in this town and a gallery owner, that many of our artists cannot afford to live in Carmel. And that is the very heartbeat of where this town was really rooted from."

May 24, 2023 Ad Hoc
Committee Community
Meeting Attendee

¹ ECONorthwest, Housing Feasibility Study, 2023

² U.S. Census Bureau Longitudinal Employer-Household Dynamics Data (See <https://lehd.ces.census.gov/>)

Table 3-5 Unemployment Rate, Carmel-by-the-Sea, 2019

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

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

Household Characteristics

Table 3-6 provides an overview of the projected housing units needed in Monterey County, Carmel-by-the-Sea, and neighboring cities, Del Rey Oaks and Pacific Grove.³ Carmel-by-the-Sea is forecast to have a household growth of approximately one (1) percent by 2045 – an increase of 42 housing units. Compared to the County, this reflects 18 percent less projected growth and two (2) percent less growth than Pacific Grove. Of the neighboring cities, the City of Del Rey Oaks has the highest projected increase in housing unit growth at 61 percent.

Table 3-6 Housing Forecast by Jurisdiction, 2015-2045

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

SOURCE: AMBAG Regional Growth Forecast, 2022

NOTE: *Projected growth values

Household Type and Size

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

³ Source: AMBAG Regional Growth Forecast, 2022

Carmel-by-the-Sea’s largest household type according to size is two-person households (42 percent) followed by one-person households (40 percent). This is consistent with married-couple family households remaining the largest household type since 2010 followed by single-person households. This reflects a demand for affordable housing units appealing to married-couple and single-person households.

Household Income

In Carmel-by-the-Sea, above moderate-income households make up the majority of households in the City (62 percent) followed by lower-income households (28 percent). [Table 3-7](#) shows households by income category in Carmel-by-the-Sea. Approximately seven (7) percent of households in Carmel-by-the-Sea identify as extremely low-income.

Table 3-7 Households by Income Category, Carmel-by-the-Sea, 2019

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

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

In 2019, Carmel-by-the-Sea’s median household income was \$98,188 – approximately \$27,173 higher than the County (\$71,015)⁴. The City of Del Rey Oaks had the second highest median household income at \$95,000 followed by Pacific Grove at \$88,250. Understanding Carmel-by-the-Sea’s median household income determines what income category households identify with and what affordability levels look like for the community.

The household income characteristics in Carmel-by-the-Sea reveal a demand for the development of more affordable housing options that appeal to both lower-income and above-moderate households.

Tenure

The number of residents who own their homes compared to those who rent their homes can help identify the level of housing insecurity (i.e., ability for individuals to stay in their homes) in a City and region. Generally, renters may be displaced more quickly if prices increase.

⁴ U.S. Census Bureau ACS 5-Year Estimate, 2019

In Carmel-by-the-Sea, the housing stock includes 828 renter-occupied housing units and 1,099 owner-occupied housing units. Table 3-8 shows housing units by type and tenure in Carmel-by-the-Sea. When analyzing housing unit type in tandem with tenure, the majority of all housing units are single-family detached (87 percent), of which 17 percent are renter-occupied and 32 percent are owner-occupied.

Table 3-8 Housing Units by Type and Tenure, Carmel-by-the-Sea, 2019

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

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

Homeownership rates often vary considerably across race/ethnicity in the Monterey Bay Area and throughout the country. These disparities not only reflect differences in income and wealth but also stem from federal, state, and local policies that limited access to homeownership for communities of color while facilitating homebuying for White residents. While many of these policies, such as redlining, have been formally disbanded, the impacts of race-based policy are still evident across Monterey Bay Area communities.

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

In many cities, homeownership rates for households in single-family homes are substantially higher than the rates for households in multi-family housing. In Carmel-by-the-Sea, 98 percent of households in detached single-family homes are homeowners, while 2 percent of households in multifamily housing are homeowners.

Displacement

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

According to the California Department of Housing and Community Development (HCD) AFFH Data Viewer and the Urban Displacement Project 2022 estimates, Carmel-by-the-Sea renter-occupied households earning between 0-80 percent AMI are at low risk of potential displacement or gentrification in the northern region of the City.

Disproportionate Housing Needs

Overcrowding

Understanding the prevalence of overcrowded households within a community helps determine the need for affordable and adequately sized housing units for the community. Overcrowding is defined as a household with more than one occupant per room excluding bathrooms and kitchens. Units with more than 1.5 persons per room are considered severely overcrowded. Overcrowding may occur due to a lack of available affordable and/or adequately sized housing units. Cultural norms and customs combined with low-income or lack of adequately size housing units can result in overcrowding too.

In Carmel-by-the-Sea, the majority of households (94 percent) do not experience overcrowding. Six (6) percent of households in Carmel-by-the-Sea are severely overcrowded and zero percent are moderately overcrowded. When analyzing overcrowding by tenure, 10 percent of renter-occupied households experience severe overcrowding compared to two (2) percent of owner-occupied households. Monterey County has an eight (8) percent higher rate of overcrowding than Carmel-by-the-Sea.

Cost Burden

According to HCD, overpayment or cost burden is measured as households spending more than 30 percent of their gross income including utilities for housing; severe overpayment or severe cost burden is measured as households spending 50 percent or more of their gross income for housing.

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

In Carmel-by-the-Sea, 23 percent of households are cost burdened and 23 percent are severely cost burdened, while the County has a cost burden rate of 22 percent and a severe cost burden rate of 18 percent. It is important to relate Carmel-by-the-Sea's 46 percent total cost burden to the 10 percent of renter households experiencing overcrowding, as these may be indicators of an unaffordable and homogenous local housing market.

When analyzing cost burden by tenure, renter and owner households experience similar levels of cost burden. Renter-occupied households experience 24 percent cost burden and 23 percent severe cost burden (47 percent total), whereas owner-occupied households experience 23 percent cost burden and 22 percent severe cost burden (45 percent total).

Neighborhoods

All Carmel-by-the-Sea residents live in neighborhoods identified as “Highest Resource” areas by State-commissioned research, while none live in areas identified by this research as “Low Resource” or “High Segregation and Poverty” areas. These neighborhood designations are based on a range of indicators covering areas such as education, poverty, proximity to jobs and economic opportunities, low pollution levels, and other factors.⁵

Special Needs Groups

Extremely Low-Income Households and Poverty Status

Extremely low-income households are those that earn less than 30 percent of the median family income (MFI). Very low-income households are those that earn 50 percent or less of the MFI.

The 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) data indicates there were approximately 310 extremely low- and very low-income households living in Carmel-by-the-Sea. There are approximately 140 extremely low-income households in Carmel-by-the-Sea, 100 of which are owner-occupied households and 40 extremely low-income renter-occupied households.

In Carmel-by-the-Sea, 62 percent of households make more than 100 percent of the Area Median Income (AMI),⁶ compared to 7 percent making less than 30 percent of AMI, which is considered extremely low income. In Monterey County, 30 percent AMI is the equivalent to the annual income of \$21,305. Many households with multiple wage earners, including food service workers, full-time students, teachers, farmworkers and healthcare professionals, can fall into lower AMI categories due to relatively stagnant wages in many industries.

Throughout the region, there are disparities between the incomes of homeowners and renters. Typically, the number of low-income renters greatly outpaces the amount of housing available that is affordable for these households. In Carmel-by-the-Sea, the largest proportion of both renters and homeowners fall in the Greater than 100 percent of AMI group. Lower-income owner-occupied households as a whole (0-80 percent of AMI), makeup 16 percent of households and renter-occupied households makeup 13 percent of households.

“We can’t allow cities and counties to export their poverty. Every community has to be responsible for the sum total of its parts and every community has low-income people.”

May 24, 2023 Ad Hoc Committee
Community Meeting Attendee

⁵ For more information on the “opportunity area” categories developed by HCD and the California Tax Credit Allocation Committee, see this website: <https://www.treasurer.ca.gov/ctcac/opportunity.asp>. The degree to which different jurisdictions and neighborhoods have access to opportunity will likely need to be analyzed as part of new Housing Element requirements related to affirmatively furthering fair housing.

Currently, people of color are more likely to experience poverty and financial instability as a result of federal and local housing policies that have historically excluded them from the same opportunities extended to white residents.⁷ These economic disparities also leave communities of color at higher risk for housing insecurity, displacement or homelessness. In Carmel-by-the-Sea, Black or African American residents experience the highest rates of poverty (50 percent), followed by Hispanic or Latinx residents (13 percent).

Seniors

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

In Carmel-by-the-Sea, senior households makeup 43 percent of all households, of which 15 percent rent their homes. Similarly, the County and neighboring cities' senior households primarily own their homes. The majority of Carmel-by-the-Sea senior households earn a yearly income of \$200,000 or more (14 percent). However, an estimated 61 percent of senior households earn less than the City's median household income (\$98,188).

People with Disabilities

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

Overall, 12 percent of people in Carmel-by-the-Sea have a disability of some kind. Of the 12 percent of people with a disability, approximately less than 70 individuals have a developmental disability.⁸ Of the individuals in Carmel-by-the-Sea with a developmental disability, less than 31 are children (i.e., under the age of 18) and less than 36 are adults. The most common living arrangement for individuals with disabilities in Carmel-by-the-Sea is the home of a parent/family/guardian.⁹

⁷ Moore, E., Montojo, N. and Mauri, N., 2019. *Roots, Race & Place: A History of Racially Exclusionary Housing the San Francisco Bay Area*. *Hass Institute*.

⁸ California Department of Developmental Services, *Consumer Count by California ZIP Code and Age Group (2021)*.

⁹ California Department of Developmental Services, *Consumer Count by California ZIP Code and Residence Type (2021)*.

Large Households

Large households are defined as households of five (5) or more individuals. Large households often have different housing needs than smaller households. Household income and local housing markets can greatly impact a household's ability to afford adequately sized housing. If a city's rental housing stock does not include larger apartments, large households who rent could end up living in overcrowded conditions. Similarly, large households may experience overpayment as a result of a high housing market and limited availability.

Carmel-by-the-Sea has 70 large households of which 57 percent are renter-occupied households. Renter-occupied households makeup the majority of all 3-5+ person households. This combined with a total cost burden rate of 46 percent for renter-occupied households, suggests it is likely that large households in Carmel-by-the-Sea may experience overcrowding and/or overpayment.

Single-Parent Households

Households headed by one person are often at greater risk of housing insecurity, particularly female-headed households, who may be supporting children or a family with only one income. Female-headed households with children may face particular housing challenges, with pervasive gender inequality resulting in lower wages for women. Moreover, the added need for childcare can make finding a home that is affordable more challenging.

In Carmel-by-the-Sea, female-headed family households make up 75 percent of single-parent households and male-headed households makeup 25 percent. This is consistent with the County and neighboring cities. In 2019, there were no single-parent households that fell in the Below Poverty Level category in Carmel-by-the-Sea.

Farmworkers

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

According to the California Employment Development Department, the average farm worker (Farming, Fishing, and Forestry Occupation) in Monterey County earned a median annual income of \$29,901. This annual income places each individual or household in the very low-income bracket for Carmel-by-the-Sea. Additionally, this limited income may be significantly impacted by employment status (permanent or seasonal).

There are no agriculture uses within the City of Carmel-by-the-Sea. Nonetheless, Carmel-by-the-Sea shares the responsibility for farmworker housing as farmworkers may work within 75 miles of agricultural land uses (including dairy, vineyards and produce) and the City is within 75 miles of these uses.

Persons Experiencing Homelessness

Homelessness remains an urgent challenge in many communities across the state, reflecting a range of social, economic, and psychological factors. Rising housing costs result in increased risks of community members experiencing homelessness. Far too many residents who have found themselves housing insecure have ended up homeless in recent years, either temporarily or longer term. Addressing the specific housing needs for the unhoused population remains a priority throughout the region, particularly since homelessness is disproportionately experienced by people of color, people with disabilities, those struggling with addiction and those dealing with traumatic life circumstances.

In Monterey County, the most common type of household experiencing homelessness is those without children in their care. Among households experiencing homelessness that do not have children, 83 percent are unsheltered. Forty-five (45) percent of homeless households with children are unsheltered. In Carmel-by-the-Sea, the number of households experiencing homelessness has decreased between 2017 to 2022 from 16 persons to one (1), respectively.

Housing Stock Characteristics

Housing Growth

The number of new homes built in the Monterey Bay Area has not kept pace with the demand, resulting in longer commutes, increasing prices, and exacerbating issues of displacement and homelessness. In 2019, Carmel-by-the-Sea had 3,832 housing units, an approximate 6 percent increase from the 3,606 units that existed in 2010. This reflects 4 percent more growth than Monterey County during the same period.

Between 2015 and 2022, 18 housing units were issued permits in Carmel-by-the-Sea which represents 58 percent of the RHNA number of 31 units assigned in the 5th Cycle Housing Element. [Table 3-9](#) shows housing permits by income group in Carmel-by-the-Sea. Of the 18 housing units permitted, all were for above moderate-income.

Housing Type

In recent years, most housing produced in the region and across the state consisted of single-family homes and larger multi-unit buildings. However, some households are increasingly interested in “missing middle housing,” including duplexes, triplexes, townhomes, cottage clusters and accessory dwelling units. These housing types may open up more options across incomes and tenure, from young households seeking homeownership options to seniors looking to downsize and age-in-place.

Table 3-9 Housing Permits by Income Group, Carmel-by-the-Sea, 2015-2021

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

SOURCE: California Department of Housing and Community Development (HCD), 5th Cycle Annual Progress Report Permit Summary (2022).

NOTE: Universe: Housing permits issued between 2015 and 2022. Notes: HCD uses the following definitions for the four income categories: Very Low Income: units affordable to households making less than 50 percent of the Area Median Income for the county in which the jurisdiction is located. Low Income: units affordable to households making between 50 percent and 80 percent of the Area Median Income for the county in which the jurisdiction is located. Moderate Income: units affordable to households making between 80 percent and 120 percent of the Area Median Income for the county in which the jurisdiction is located. Above Moderate Income: units affordable to households making above 120 percent of the Area Median Income for the county in which the jurisdiction is located.

It is important to have a variety of housing types to meet the needs of a community today and in the future. In 2019 Carmel-by-the-Sea’s mix of housing types was as follows:

- 87 percent of homes were single-family detached;
- 10 percent were multifamily;
- 2 percent were mobile homes; and
- 1 percent were single-family attached.

Chapter 2 of the Housing Element includes programs to expand the variety of housing types available in Carmel-by-the-Sea.

Housing Availability

Compared to the County and neighboring cities, Carmel-by-the-Sea has the highest vacancy rates at 50 percent. Table 3-10 shows vacant housing units by type in Carmel-by-the-Sea. From 2010 to 2019, the City has experienced a stable vacancy average of 51 percent as a result of tourism and second-home ownership. Eighty (80) percent of Carmel-by-the-Sea’s vacant units are for seasonal, recreations, or occasional (second home) use, aligning with the 51 percent average vacancy trends. This creates a significant barrier for current and potential residents to enter the local housing market and squanders opportunities to correct the housing crisis, address diversity, and provide inclusive housing options to promote a vibrant and active community.

“One way to increase the stock of people living here is to rent out empty houses and put disincentives on them for not renting.”

May 24, 2023 Ad Hoc Committee
Community Meeting Attendee

The House Element includes programs to address the high vacancy rate related to occasional (second home) use. All policies and programs can be found in [Chapter 2](#) of the Housing Element.

Table 3-10 Vacant Housing Units by Type, Carmel-by-the-Sea, 2019

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

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

Displacement

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

According to the California Department of Housing and Community Development (HCD) AFFH Data Viewer and the Urban Displacement Project 2022 estimates, Carmel-by-the-Sea renter-occupied households earning between 0-80 percent AMI are at low risk of potential displacement or gentrification in the northern region of the City. Displacement risk data is insufficient for the central and southern regions of the City.

Housing Costs and Affordability

Housing costs reflect a complex mix of supply and demand factors, including an area's demographic profile, labor market, prevailing wages and job outlook, coupled with land and construction costs. In the Monterey Bay Area, the costs of housing have been steadily increasing since 2000, besides a decrease during the Great Recession.

A diversity of homes at all income levels creates opportunities for all Carmel-by-the-Sea residents to live and thrive in the community. The following represent current housing costs in Carmel-by-the-Sea:

- Ownership: The median home value was estimated to be \$2,070,835 in 2022. Home prices increased by 59 percent from 2019 to 2022. This reflects a 20 percent higher increase than the County, which is similar to neighboring cities.¹⁰
- Rental Prices: As of 2023, the average rent for an apartment in Carmel-by-the-Sea ranged from \$2,200 (studio) to \$5,459 (three bedrooms).¹¹

Table 3-11 reports the maximum monthly housing costs affordable to households according to income group in Monterey County. Income groups are based on the HCD 2022 State Income Limits Report, which considers housing affordable assuming a household can pay up to 30 percent of its monthly income toward housing.

Table 3-11 Housing Affordability, Carmel-by-the-Sea, 2022

Income Group	HCD Income Limits	Maximum Affordable Price	
		Monthly Rental	Ownership
Extremely Low (0-30% AMI)			
One Person	\$23,900	\$598	\$100,340
Two Person	\$27,300	\$683	\$114,614
Three Person	\$30,700	\$768	\$128,889
Four Person	\$34,100	\$853	\$143,163
Very Low (30-50% AMI)			
One Person	\$39,800	\$995	\$167,093
Two Person	\$45,500	\$1,138	\$191,024
Three Person	\$51,200	\$1,280	\$214,954
Four Person	\$56,850	\$1,421	\$238,675
Low (50-80% AMI)			
One Person	\$63,700	\$1,593	\$267,433
Two Person	\$72,800	\$1,820	\$305,638
Three Person	\$81,900	\$2,048	\$343,843
Four Person	\$91,000	\$2,275	\$382,048
Moderate (80-120% AMI)			
One Person	\$75,650	\$1,891	\$317,603
Two Person	\$86,500	\$2,163	\$363,155
Three Person	\$97,300	\$2,433	\$408,497
Four Person	\$108,100	\$2,700	\$453,839

SOURCE: California Department of Housing and Community Development, State Income Limits, 2022, Monterey County

¹⁰ Zillow Home Value Index, December 2019-2022

¹¹ Zillow Rental Price Index, March 2023

As discussed earlier, the median home price in Carmel-by-the-Sea in December 2022 was \$2,070,835 which is only affordable to above moderate-income households earning approximately \$495,000 annually or more (62 percent of Carmel-by-the-Sea households are categorized as above moderate-income).

3.3 Governmental and Non-Governmental Constraints

Housing development is affected by government regulations and other non-governmental forces, such as the cost of land and building materials and the availability and cost of housing loans. Housing elements are required to investigate the impact of these constraints as they present themselves in the city for which the housing element is being prepared. This subsection provides a brief overview of governmental and non-governmental constraints in the City. Please see [Appendix B](#) for a full discussion of housing constraints.

Summary of Governmental Constraints

The governmental constraints to the development of affordable housing in Carmel-by-the-Sea are summarized below.

Location in the Coastal Zone

Carmel-by-the-Sea is located in the California Coastal Zone and is therefore subject to a host of regulations that are not present in communities outside the Coastal Zone. The presence of additional land use regulation via the Local Coastal Program, in general, means that housing development in Carmel-by-the-Sea faces a high bar to succeed

Most of the recent remedies brought forward by the California legislature to facilitate housing development are either outright inapplicable in the Coastal Zone (SB 35) or are secondary to California Coastal Commission policies that protect habitat resources (SB 9).

Conversion of Motels for Multi-Family Housing (Opportunity)

The City will explore the development of a program to allow the transfer of development rights of hotels and motels located in the R-1 zoning district to the commercial zoning district. This might allow older motels to convert to multi-family housing and thereby provide a new source of affordable housing in the community.

Accessory Dwelling Units

The City of Carmel-by-the-Sea last updated its ADU ordinance in 2017, and therefore the City's regulations addressing ADUs are out of date. The City has included a new program in this 6th Cycle Housing Element to revise its Zoning Code to be consistent with ADU and JADU state law, incentivize manager's units in existing hotels and motels and develop standardized ADU plans.

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.

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.

Transitional and Supportive Housing

The 6th Cycle Housing Element includes a program to update the Municipal Code to further clarify that transitional and supportive housing in the R-1 and R-4 zoning district are permitted uses.

Low Barrier Navigation Centers

A program has been included in the element to develop by-right procedures for processing low-barrier navigation centers.

Development Standards for Senior Housing

A program is included to address the lack of development standards in the A-2 zone in order to provide greater clarity and certainty to guide and future development design.

Lack of Water Resources

The primary infrastructure constraint to the development of housing in Carmel is the lack of potable water. The lack of a reliable available water supply continues to limit growth in Carmel and throughout the Monterey Peninsula region.

"You have a water allocation from the Water Management District. You also have a record from Cal-Am of uses, and all these absentee houses are not using any water.

So, that difference could be used for affordable housing."

May 24, 2023 Ad Hoc Committee
Community Meeting Attendee

Non-Governmental Constraints

In terms of non-governmental constraints, the availability of land and land costs will remain a constraint to affordable housing, and programs to use publicly-owned lands—such as City-owned land—can make a difference. The cost of construction and construction materials is also a constraint, and to the degree that the City can subsidize affordable housing projects with available funds dedicated to housing, this too can make a difference.

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4.0 Housing Sites Inventory

4.1 Introduction

The Association of Monterey Bay Area Governments’ forecasts that the two-county Monterey Bay Area will add 32,867 new households between 2020 and 2045¹. For the eight-year time frame covered by this Housing Element Update, HCD has identified the region’s housing need as 33,274 units. The total number of housing units assigned by HCD is separated into four income categories that cover housing types for all income levels, from very low-income households to market rate housing. This calculation, known as the Regional Housing Needs Allocation (RHNA), is based on population projections produced by the California Department of Finance as well as adjustments that incorporate the region’s existing housing need. The adjustments result from recent legislation requiring HCD to apply additional adjustment factors to the baseline growth projection from the California Department of Finance, in order for the regions to get closer to healthy housing markets. To this end, adjustments focus on the region’s vacancy rate, level of overcrowding and the share of cost burdened households, and seek to bring the region more in line with comparable ones. These new laws governing the methodology for how HCD calculates the RHNA resulted in a significantly higher number of housing units for which the Monterey Bay Area must plan compared to previous cycles.

4.2 Regional Housing Needs Allocation

AMBAG adopted its *Final 6th Cycle Regional Housing Needs Allocation Plan 2023-2031* in October 2022. Carmel-by-the-Sea-by-the-Sea’s share of the regional housing need for the eight-year period from 2023 to 2031 is 349 units, which is a 1,125 percent increase over the 31 units required by the 2014 to 2023 RHNA. The housing need is divided into the four income categories of housing affordability. [Table 4-1](#) shows Carmel-by-the-Sea-by-the-Sea’s RHNA for the planning period 2023 – 2031.

¹ Final 2022 Regional Growth Forecast, AMBAG, November 18, 2020

Table 4-1 Carmel-by-the-Sea-by-the-Sea’s Regional Housing Needs Allocation 2023–2031

Income Group	Carmel-by-the-Sea-Units	Percent	Monterey County Units	Percent	Monterey Bay Area Units	Percent
Extremely Low Income (<30% of AMI)	57	16.3%	2,206	10.9%	3,934	11.8%
Very Low Income (<50% of AMI)	56	16.0%	2,206	10.9%	3,934	11.8%
Low Income (50%-80% of AMI)	74	21.2%	2,883	14.2%	5,146	15.5%
Moderate Income (80%-120% of AMI)	44	12.6%	4,028	19.8%	6,167	18.5%
Above Moderate Income (>120% of AMI)	118	33.9%	8,972	44.2%	14,093	42.4%
Total	349	100.0%	20,295	100.0%	33,274	100.0%

SOURCE: AMBAG 2021

NOTE: The Association of Monterey Bay Area Governments (AMBAG) Executive Board adopted the 2023-2031 Regional Housing Needs Allocation Plan (RHNA) on October 12, 2022 (Resolution No. 2022-24). The plan was approved by the California Housing and Community Development on November 8, 2022.

4.3 Site Inventory

The purpose of the sites inventory is to identify and analyze specific sites that are available and suitable for residential development from 2023-2031 in order to accommodate Carmel-by-the-Sea-by-the-Sea’s remaining RHNA of 349 units. The City doesn’t build the housing but creates the programs and policies within its control to plan for where housing can be developed and how many units can be on the sites. This inventory only lists sites that are likely to be developed during this housing element period.

The City has identified 35 sites capable of accommodating 283 housing units. In addition, the City has developed a program of new incentives for the 46 hotel owners in the community to house lower-income employees in existing hotel rooms. Finally, the City has an active accessory dwelling unit program that is capable of providing additional lower-income housing. Together, these housing resources have the potential to accommodate 401 housing units across all income levels (approximately 115 percent of Carmel-by-the-Sea’s RHNA). [Table 4-2](#) provides an overview of Carmel-by-the-Sea’s housing resources for the 2023-2031 planning period. For a detailed analysis of Carmel-by-the-Sea’s housing resources, please see [Appendix C](#).

Table 4-2 Overview of Housing Sites Inventory Sites

Housing Resource	Very Low-Income Capacity	Lower Income Capacity	Moderate Income Capacity	Above Moderate-Income Capacity	Total Capacity
Total	115	84	75	127	401
RHNA*	113	74	44	118	349
Difference	2	10	31	9	52
Percent of RHNA	101%	113%	170%	108%	115%

SOURCE: City of Carmel-by-the-Sea-by-the-Sea; EMC Planning Group Inc.

NOTE: *Adjusted as shown in Table 4-2, above.

4.4 Summary and Conclusions

The vacant and underutilized sites, converted hotel rooms, and accessory dwelling units identified in this report are sufficient to accommodate approximately 115 percent of the City of Carmel-by-the-Sea-by-the-Sea’s Regional Housing Needs Allocation for the 6th Cycle planning period. This 15 percent “cushion” is highly recommended because of the state’s no-net-loss policy, which precludes jurisdictions from approving development that results in an overall housing site deficit. The “cushion” essentially provides a degree of flexibility for policy makers as they make development decisions. Many of the sites identified in this report have existing uses that would need to be demolished or remodeled to accommodate new housing.

Nonetheless, for communities like Carmel-by-the-Sea-by-the-Sea that are largely built out and surrounded on all sides by other communities, redevelopment and densification is the only practical solution to providing its share of housing for the Monterey Bay Area RHNA. By its nature, such redevelopment is more costly and more time consuming than building new units on vacant land. To offset these constraints, 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.

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5.0

Energy Conservation and Reduction of Greenhouse Gas Emissions

5.1 Introduction

This chapter summarizes opportunities for energy conservation and the reduction of Greenhouse Gas emissions in the construction of housing in the City of Carmel-by-the-Sea.

5.2 Opportunities for Energy Conservation and Reducing Greenhouse Gas Emissions

The City adopted a Climate Adaption Plan (CAP) and Climate Action Plan on August 2, 2022. The documents which identify goals, policies and actions that seek to contribute to increasing resilience to climate change in Carmel. The CAP includes a policy to minimize health impacts of climate change that includes the following actions that address energy conservation and reducing greenhouse gases:

- **Invest in Improving Resilience in Critical Facilities.** Invest in sustainable backup power sources to provide redundancy and continued services for critical facilities, including City Hall, Carmel Police Department, Carmel Fire Department, the Libraries, and assisted living facilities, in the event of a power outage triggered by a climate event.
- **Conduct a Feasibility Study for Existing Building Electrification and Back-up Power.** Perform an electrification feasibility study/existing building analysis in order to understand the potential for, and associated costs of, electrification retrofitting, including heat pumps, along with on-site energy generation and battery storage to provide a more resilient back-up power supply. Establish a plan for reducing or eliminating natural gas from existing buildings, potentially through a reach code, and building resilience to potential electrical grid shutoffs.
- **Improve Resilience in Existing Building Stock.** Develop a program for identifying funding and incentives to weatherize residential and commercial buildings that addresses severe weather protection, energy efficiency, indoor air quality improvements, and other housing improvements. Include an outreach campaign as part of this program to advertise the benefits of weatherizing and electrifying buildings.

- **Promote Funding Opportunities.** Work with partners like 3CE and PG&E to identify and promote potential resilience opportunities and accessible funding and financing mechanisms to pay for building electrification, weatherization, and battery backups.

State Regulations

The City requires compliance with Title 24 of the California Code of Regulations on the use of energy efficient appliances and insulation. Through compliance with Title 24, new residential development has reduced energy demand particularly when contrasted with older building stock.

Providing energy conservation opportunities to residents who reside in less energy efficient residential units can ultimately lead to a reduction in utility-related housing costs for many households. The City processes in excess of 500 building permits per year for remodels, additions and other construction which rehabilitates the existing housing stock and increases energy efficiencies and improves water conservation.

Central Coast Community Energy

Central Coast Community Energy (3CE) is the community electricity provider for 33 Central Coast communities in Monterey, San Benito, Santa Cruz, San Luis Obispo, and Santa Barbara counties and is governed by local elected officials serving on the Board of Directors. 3CE was formed with the mission to reduce dependence on fossil fuels by providing carbon-free, affordable and reliable electricity and innovative programs within the community. CCCE is on a path to sourcing 100 percent clean and renewable energy by 2030. In collaboration with regional and statewide partners, 3CE provides customers with access to energy program rebates and incentives to electrify the region's transportation, buildings, and agricultural sector. Carmel-by-the-Sea is a member of 3CE.

Pacific Gas & Electric

Pacific Gas and Electric Company (PG&E), which provides energy efficiency services in Carmel-by-the-Sea, offers public information and technical assistance to homeowners regarding energy conservation. PG&E also provides numerous incentives for energy efficiency in new construction and home remodeling. For example, remodeling rebates exist for projects installing three or more upgrades from a flexible menu of options that earn points towards incentives and rebates. This program's incentives range between \$1,000 and \$4,500.

Additionally, PG&E provides residents with information regarding energy saving measures including various incentives and programs available to developers and residential property owners. [Table 5-1, PG&E Programs and Incentives for Residential Properties](#), includes a description of the various types of financial and energy-related assistance that PG&E offers low-income customers.

Table 5-1 PG&E Programs and Incentives for Residential Properties

Program	Description
Energy Savings Assistance Program	PG&E's Energy Savings Assistance program offers free weatherization measures and energy-efficient appliances to qualified low-income households. PG&E determines qualified households through the same sliding income scale used for CARE. The program includes measures such as attic insulation, weather stripping, caulking, and minor home repairs. Some customers qualify for replacement of appliances including refrigerators, air conditioners, and evaporative coolers.
Energy Efficiency for Multifamily Properties	The Energy Efficiency for Multi-Family Properties program is available to owners and managers of existing multi-family residential dwellings containing five or more units.
Multifamily Properties	The Energy Efficiency for Multifamily Properties program is available to owners and managers of existing multifamily residential dwellings containing five or more units. The program encourages energy efficiency by providing rebates for the installation of certain energy-saving products.
California Alternate Rates for Energy (Care)	PG&E offers this rate reduction program for low-income households. PG&E determines qualified households by a sliding income scale based on the number of household members. The CARE program provides a discount of 20 percent or more on monthly energy bills.
Reach (Relief for Energy Assistance Through Community Help)	The REACH program is sponsored by PG&E and administered through a non-profit organization. PG&E customers can enroll to give monthly donations to the REACH program. Qualified low-income customers who have experienced uncontrollable or unforeseen hardships, which prohibit them from paying their utility bills may receive an energy credit. Eligibility is determined by a sliding income scale based on the number of household members. To qualify for the program, the applicant's income cannot exceed 200 percent of the Federal poverty guidelines.
Medical Baseline Allowance	The Medical Baseline Allowance program is available to households with certain disabilities or medical needs. The program allows customers to get additional quantities of energy at the lowest or baseline price for residential customers.

SOURCE: PG&E, 2022.

Monterey Water Management District

The Monterey Peninsula Water Management District was formed on June 6, 1978 under the enabling legislation found in West's California Water Code. District functions include:

- Augmenting the water supply through integrated management of ground and surface water;
- Promote water conservation;
- Promote water reuse and reclamation of storm and wastewater; and
- Foster the scenic values, environmental qualities, native vegetation, fish and wildlife, and recreation on the Monterey Peninsula and in the Carmel River Basin.

The Water Management District serves approximately 105,911 people within the cities of Carmel-by-the-Sea, Del Rey Oaks, Monterey, Pacific Grove, Seaside, Sand City, Monterey Peninsula Airport District and portions of unincorporated Monterey County including Pebble Beach, Carmel Highlands and Carmel Valley. The District has established five main goals:

1. Increase the water supply to meet community and environmental needs;
2. Assist California American Water in developing a legal water supply;
3. Protect the quality of surface and groundwater resources and continue the restoration of the Carmel River environment;
4. Instill public trust and confidence; and
5. Manage and allocate available water supplies and promote water conservation.

Rebates are available for water saving fixtures and appliances for homes and businesses. California American Water (Cal-Am), Seaside Municipal Water District, and other system customers within the District are eligible for a rebate when purchasing and installing water saving devices. Residential rebates are available for purchase of the Qualifying Devices when funding is available. The following are residential rebates:

- High Efficiency Toilet — \$75;
- Ultra High Efficiency Toilet — \$125;
- Toilet Flapper — \$15;
- Pint Urinal — \$250;
- High Efficiency Residential Dishwasher (Maximum of 3.5 gallons per cycle and has Energy Star certification) — \$125;
- High Efficiency Residential Clothes Washer (Water Factor of 4.3 and Energy Star Certification) — \$500;
- A second or subsequent rebate for replacing a High Efficiency Clothes Washer is available after 8 years;
- Instant-Access Hot Water System — \$200 per Qualifying Property;
- On-demand pump or point-of source water heater as part of an Instant-Access Hot Water System — \$100 per component, to a maximum of two components per Qualifying Property;
- Multi-Family Dwelling Meter Split — \$100/dwelling unit;
- Smart Controller — \$100 with four stations. Additional \$10 available per station up to twenty (20) stations;
- One or more Soil Moisture Sensor(s) on a conventional automatic Irrigation System — \$25 per sensor;

- Cistern water tanks — \$50 per 100 gallons of water storage capacity (up to 500 gallons) in a Cistern, then \$25 per 100 gallons of water storage capacity up to a maximum storage capacity of 25,000 gallons per Qualifying Property. Sites must have sufficient roof area to fill Cistern and may require an inspection;
- Lawn removal and replacement with low water use plants or permeable surfaces — \$1.00 per square-foot to a maximum of 2,500 square-feet per Qualifying Property. Pre-qualification, inspections and deed restrictions are required;
- Rotating Sprinkler Nozzles (minimum purchase and installation of ten) — \$4.00 per nozzle;
- Graywater Irrigation System supplied by one Clothes Washer for irrigation — \$100. A site inspection is required by Building Inspector and/or MPWMD; and
- Graywater Irrigation System supplied by one or more Bathrooms that have a Bathtub/Shower connected to a Graywater Irrigation System — \$100 per Bathroom. (Residential limit: 4) A site inspection is required by Building Inspector and/or MPWMD.

As part of the 6th Cycle Housing Element Update process, the City of Carmel-by-the-Sea will continue to implement a Water Conservation program that supports the MPWMD and also provides information to the community on water conservation retrofits and best practices.

Federal and State Programs

The Low-Income Home Energy Assistance Program (LIHEAP) is a federally funded program aimed at assisting low-income households that pay a high portion of their income to meet their energy needs. LIHEAP is funded by the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Community Services.

- The Home Energy Assistance Program (HEAP) provides one-time financial assistance to help balance an eligible household's utility bill;
- The Energy Crisis Intervention Program (ECIP) provides assistance to low-income households that are in a crisis situation. Such an example would be a household receiving a 24-48 hour disconnect notice or service termination by their utility company. Another example would be a household facing an energy-related crisis that could be deemed potentially life-threatening in the household, such as a combustible appliance;
- LIHEAP Weatherization provides free energy efficiency upgrades to low-income households to lower their monthly utility bills while also improving the health and safety of the household's occupants;
- Education on basic energy efficiency practices and instruction on the proper use and maintenance of installed weatherization measures; and
- Energy budget counseling.

The Inflation Reduction Act (IRA) has provided significant federal funding to support electrification of new construction, renovations, and existing buildings over the next ten years. Enhanced amounts are provided for income-qualified residents. Support provided by IRA includes:

New Home Construction Tax Credits (single family or multi-unit)

- Up to \$2,500 tax credit if meets Energy Star certification requirements;
- Up to \$5,000 tax credit if meets Zero Energy Ready Homes certification requirements; and
- Tax credit is "per unit" for multifamily developments; maximum tax credit requires conformance with prevailing wage requirements.

Home Improvement Tax Credits (for households with tax liability)

- 30 percent of project cost, capped at \$2,000 for heat pump installation and \$1,200 for other energy efficiency appliances and improvements; and
- Available January 2023 through 2032; tax credits can be claimed on a per year basis.

Home Improvement Tax Rebates (for low and moderate-income households)

- Rebates up to \$14,000 depending on income for heat pumps, induction and electric ranges, and other energy efficiency improvements; and
- Available Fall 2023 through 2032.

Home Renewable Power Tax Credits

- 30 percent of project cost for installation of solar panels, battery storage, and any other renewable power source on property;
- Example: \$19,000 to install rooftop solar panels generates \$5,700 tax credit; and
- Retroactive to 2022, full credit sunsets in 2032; then 22 percent credit expires in 2035.

The Property Assessed Clean Energy (PACE) Financing program enables property owners to secure upfront funding for energy efficiency, water efficiency, renewable energy, and seismic improvement projects. These improvements are repaid through an up to 20-year special line item on their property taxes instead of traditional consumer credit.

The City includes a program in the 6th cycle Housing Element to promote energy conservation and green building and to actively disseminate information about State and Federal programs.

Housing Needs & Fair Housing Report



APPENDIX

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Appendix A

Housing Needs & Fair Housing Report

A.1 Introduction

The following report provides both the City of Carmel-by-the-Sea Housing Needs Assessment and Fair Housing Assessment. This analysis primarily utilizes U.S. Census Bureau American Community Survey (ACS) 5-Year Estimate data and California Department of Housing and Community Development (HCD) data. It is important to note, there are discrepancies between U.S. Census Bureau ACS data and HCD data, specifically when analyzing Carmel-by-the-Sea at a regional scale.

Housing Needs Assessment

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

Fair Housing Assessment

In 2018, Governor Brown signed Assembly Bill (AB 686) requiring all public agencies in the state to affirmatively requirements went into effect on January 1, 2019 and required all public agencies to “administer programs and activities relating to housing further fair housing (AFFH) beginning January 1, 2019.¹ The new and community development in a manner that affirmatively furthers fair housing, and take no action inconsistent with this obligation”² AB 686 also made changes to Housing Element Law to incorporate requirements to AFFH as part of the housing element and general plan to include an analysis of fair housing outreach and capacity, integration and segregation, access to opportunity, disparate housing needs, and current fair housing practices.

¹ Public agencies receiving funding from the U.S. Department of Housing and Urban Development (HUD) are also required to demonstrate their commitment to AFFH. The federal obligation stems from the fair housing component of the federal Civil Rights Act mandating federal fund recipients to take “meaningful actions” to address segregation and related barriers to fair housing choice.

² California Department of Housing and Community Development Guidance, 2021, page 9.

Affirmatively Furthering Fair Housing

“Affirmatively furthering fair housing” means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. The duty to affirmatively further fair housing extends to all of a public agency’s activities and programs relating to housing and community development. (Gov. Code, § 8899.50, subd. (a)(1).)”

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

History of segregation in the region

The United States’ oldest cities have a history of mandating segregated living patterns—and cities south of Monterey Bay are no exception. Monterey County and the Monterey Bay region have an interesting past, as far as the fight to end racial segregation is concerned. Some of the segregation in the Monterey Bay area can be attributed to historically discriminatory practices, such as: redlining and discriminatory mortgage approvals—as well as “structural inequities” in society, and “self-segregation” (i.e., preferences to live near similar people).

Kent Seavey’s 2007 book *Carmel: A History in Architecture* details the history of Carmel-by-the-Sea and adjacent cities, from its early settlement by Spanish explorers to its marketing as a “seaside resort for Catholics” in the 1880s to the development of the City’s more contemporary history and architectural design. Similar to other jurisdictions within Monterey County, Carmel-by-the-Sea does not have a high level of diversity.

Ann Marie Shambaugh, in a contribution to a “Current in Carmel” news article, further states: “...for much of Carmel’s Black community, which makes up less than 3 percent of the

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

In sum, not all residents had the ability to build housing wealth or achieve economic opportunity.

This historically unequal playing field in part determines why residents have different housing needs today.

population, choosing to live here leads to certain burdens not faced — or often even realized — by the city’s 84-percent white majority. Frequent misunderstandings. Being stereotyped. Battle fatigue. Not likely to help any city achieve a top ranking, these are scenarios many of Carmel’s Black residents often face in their hometown, a place some moved to despite advice from friends against it”.³

In addition to historical discriminatory practices that embedded segregation into living patterns throughout the Monterey Bay area, it’s also necessary to recognize the historical impacts of colonization and genocide on Indigenous populations and how the effects of those atrocities are still being felt today. Historically, the Monterey Peninsula had been home to indigenous populations for more than 10,000 years. The original inhabitants of present-day Monterey County were the Ohlone (Costanoan), Salinan, and Esselen tribes who have “...lived in communities related by language, family, and custom.”⁴ However, “[d]ue to the devastating policies and practices of a succession of explorers, missionaries, settlers, and various levels of government over the centuries since European expansion, these tribes have lost the vast majority of their population as well as their land.”⁵ The lasting influence of these policies and practices have contributed directly to the disparate housing and economic outcomes collectively experienced by Native populations today.⁶

The *Monterey County Weekly* news outlet highlights the past and present effects of restrictive covenants, along with other housing issues such as “the lack of affordable housing, generational wealth inequities and zoning issues,” as contributing factors to the higher levels of segregation within the county.⁷ Carmel-by-the-Sea’s General Plan and Municipal Code historically emphasized single-family residential patterns and consequently, the City offers a limited variety of housing types with 87 percent single family detached units. Historically, this type of development contributed to segregation patterns, including in Carmel-by-the-Sea, due to, among other factors, the higher purchase costs that accompany single-family homes. Financing for single-family properties favored educated higher income earners and as a result purchasing property in the City remained out of reach for many lower income households and lead to the demographics seen in the City today.

³ <https://www.youarecurrent.com/2020/10/13/the-best-place-for-all-to-live-black-carmel-residents-speak-out-on-frustrations-building-more-inclusive-community/>

⁴ From *Racial Beachhead: Diversity and Democracy in a Military Town*, by Carol Lynn McKibben, 2012, Stanford University Press.

⁵ <https://www.smcoe.org/for-communities/indigenous-people-of-san-mateo-county.html>

⁶ <https://www.americanprogress.org/article/systemic-inequality-displacement-exclusion-segregation/>

⁷ [A new group sets out to explore the history of racist housing covenants in Monterey County. | News | montereycountyweekly.com](https://www.montereycountyweekly.com/news/a-new-group-sets-out-to-explore-the-history-of-racist-housing-covenants-in-monterey-county/)

Though Carmel-by-the-Sea’s population demographics are not as diverse as other jurisdictions within Monterey County and restrictive covenants were not enacted specifically in the City, enacting policies and programs that promote AFFH and highlight the community’s assets could attract individuals to the area, and encourage those that work in the City to live there as well.

The timeline of major Federal Acts and court decisions related to fair housing choice and zoning and land use appears on the following page.

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

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

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

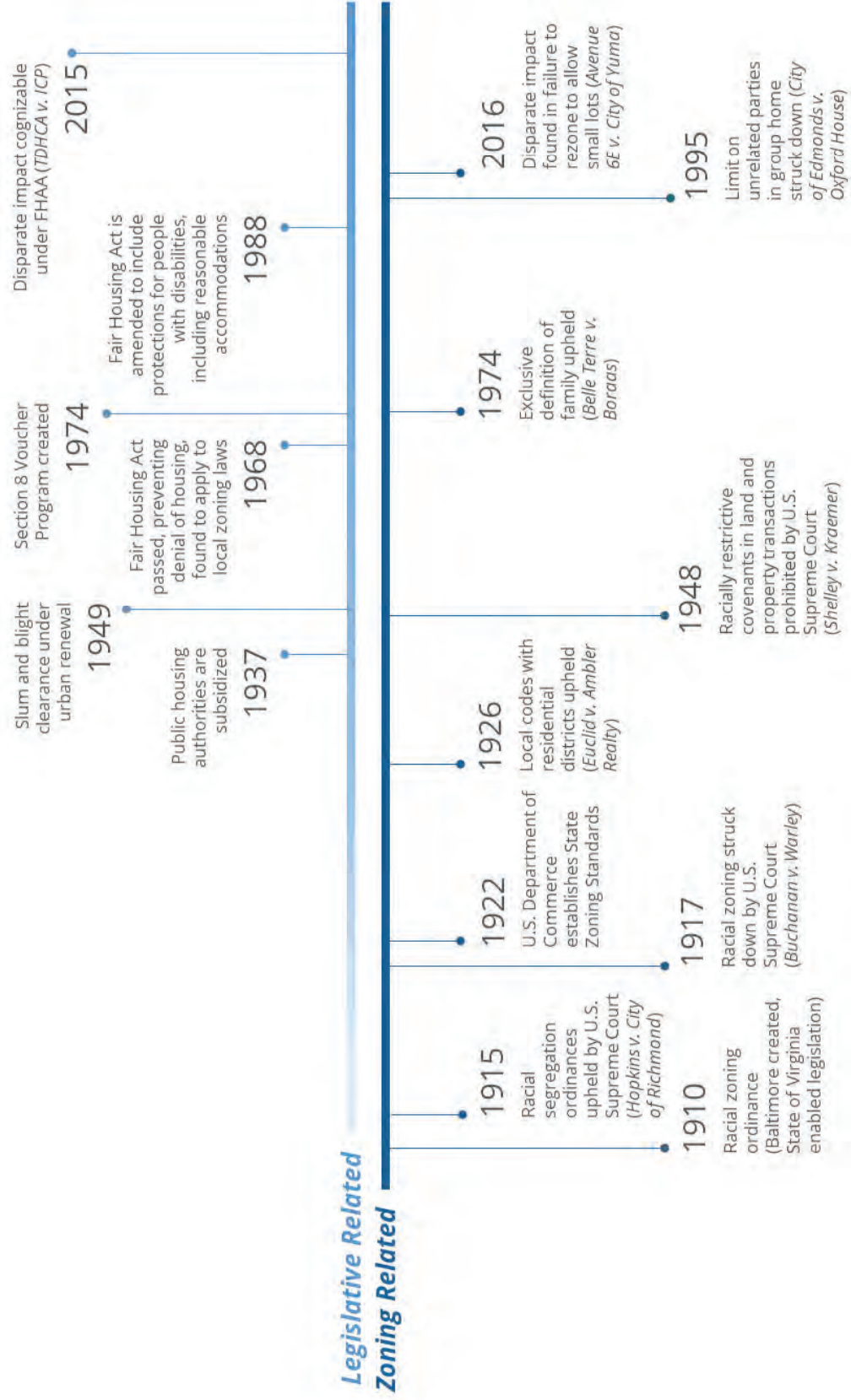
**Carmel-by-the-Sea has been and will continue to be
enriched and enhanced in its cultural fabric, economic
prosperity and personal understanding of others by
having a principled and respectful community standard
towards all people,**

July 5, 2021

Proclamation of the City

Council of Carmel-By-The-Sea

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



SOURCE: Root Policy Research

Overview of Carmel-by-the-Sea

Over the past 20 years, Carmel-by-the-Sea has experienced growth in both population and jobs, which means more housing of various types and sizes is needed to ensure that residents across all income levels, ages, and abilities have a place to call home. While the number of people drawn to the City has steadily increased, housing production has stalled, contributing to the housing shortage that communities are experiencing today. In many cities within Monterey County, this has resulted in residents being priced out, increased traffic congestion caused by longer commutes, and fewer people across incomes being able to purchase homes or meet surging rents. Additionally, with increasing population and economic pressures comes the space for inequitable housing practices. The following Housing Needs and Fair Housing Assessment develops context for the goals, programs, and policies that Carmel-by-the-Sea will implement to address inequities in the 6th Cycle Housing Element.

A.2 Population, Employment, and Household Characteristics

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

Population Growth

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

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

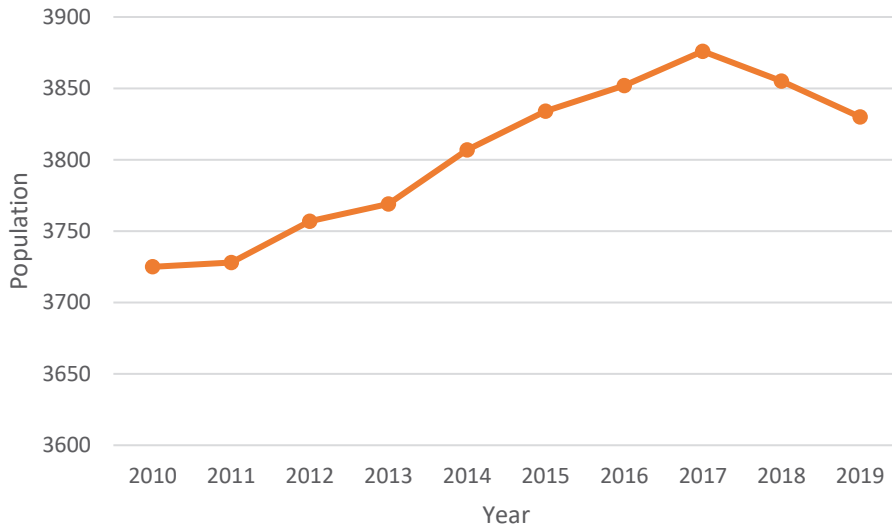
Jurisdictions	Population							Change 2015-2045	
	2015	2020	2025*	2030*	2035*	2040*	2045*	Numeric	%
Monterey County	430,310	441,143	452,761	467,068	476,028	483,884	491,443	61,133	14%
Carmel-by-the-Sea	3,854	3,949	3,946	3,954	3,964	3,974	3,984	130	3%
Del Rey Oaks	1,663	1,662	1,693	1,734	1,859	2,330	2,650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

SOURCE: AMBAG Regional Growth Forecast, 2022

NOTE: *Projected growth values

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

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



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

Age Characteristics

A community’s housing needs are partly determined by preferences of age groups and household types (age, family/non-family, presence of children, female-headed, etc.). When seeking housing, households may prioritize factors such as size, accessibility, and price. For instance, younger and middle-aged households may seek homes that can accommodate a growing household size, whereas older adults may seek to downsize to an apartment with assistive care services or a smaller more affordable single-family home. Disabled persons may seek homes that are accessible and include universal design or visitability features. Overall, the life stages of a population determine the housing stock that is needed in a community.

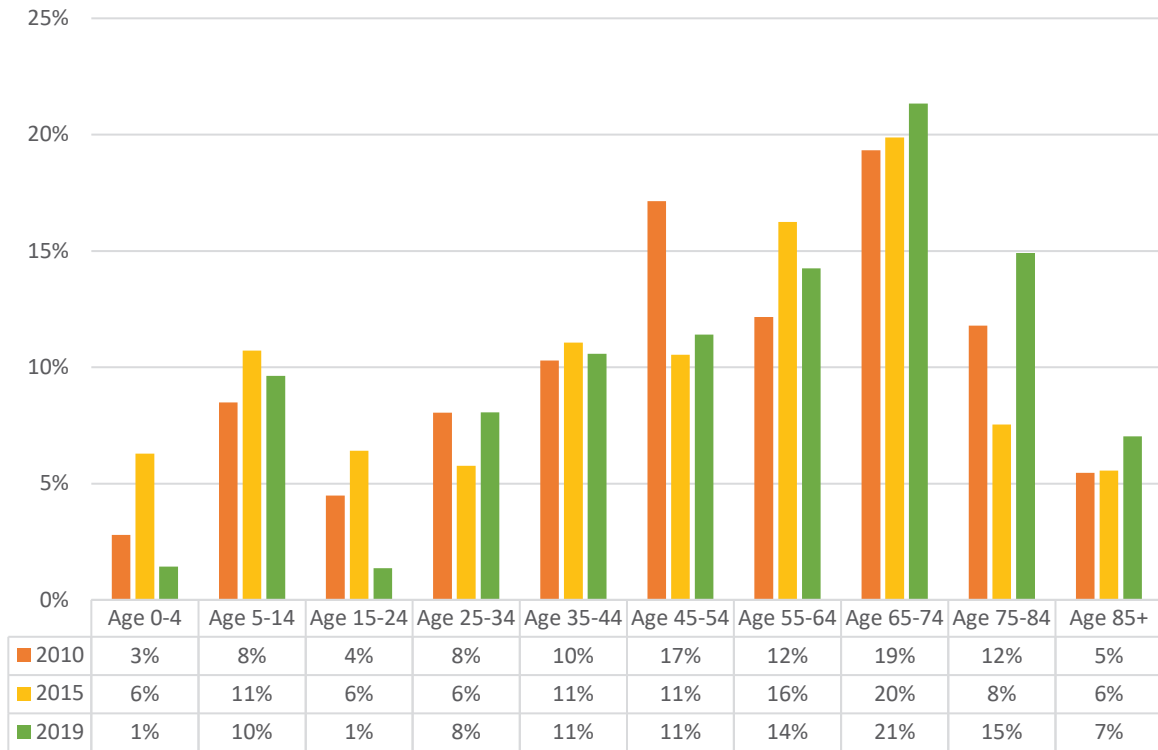
“When I grew up, this was a town of children. All the property owners were parents. All the employees in the stores were parents. So, everything in this town was about children, and we don't have children anymore.”

May 24, 2023 Ad Hoc
Committee Community
Meeting Attendee

In 2010, Carmel-by-the-Sea’s predominant age group was individuals between 65 and 74 years of age (19 percent). Figure A-3 shows that between 2010 and 2019, the general age of the population has been slowly increasing, with the most populous age groups in the City being individuals between 55

and 84 years of age. The City’s median age has changed little since 2010, ranging from 56 in 2010, 54 in 2015, and 59 in 2019. Overall, the City’s aging trend suggests a demand for housing geared toward middle-aged to senior groups.

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



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

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

Table A-2 Population Age Distribution by Jurisdiction, 2019

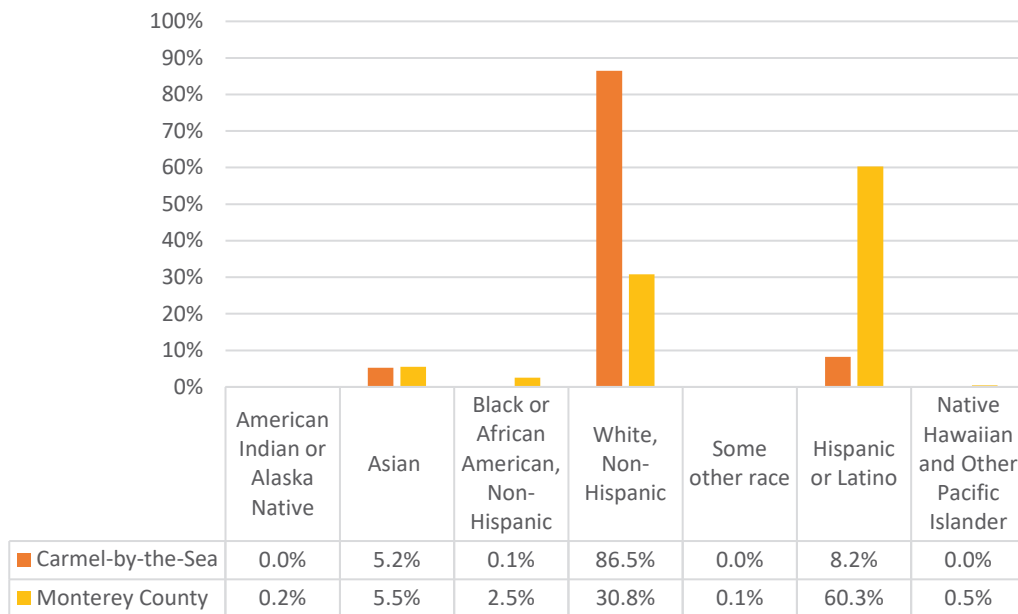
Jurisdiction	Population Age									
	0-4	5-14	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Monterey County	7.3%	14.8%	14.3%	14.4%	13.0%	11.8%	11.1%	7.7%	3.6%	1.9%
Carmel-by-the-Sea	1.4%	9.7%	1.4%	8.1%	10.6%	11.4%	14.3%	21.3%	14.9%	7%
Del Rey Oaks	5.7%	8.3%	5.7%	12.6%	12.5%	13%	18.9%	15.9%	4.4%	2.9%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

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

Race and Ethnicity Characteristics

Understanding the racial and ethnic composition of a city is vital to ensuring equal opportunity to housing for all groups, inclusive of cultural norms and preferences. An in-depth analysis of race and ethnicity is provided in the Fair Housing Report in [Appendix A](#). [Figure A-4](#) illustrates the racial and ethnic composition of Carmel-by-the-Sea compared to the County.

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



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

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

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

Table A-3 Population by Race by Jurisdiction, 2019

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

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

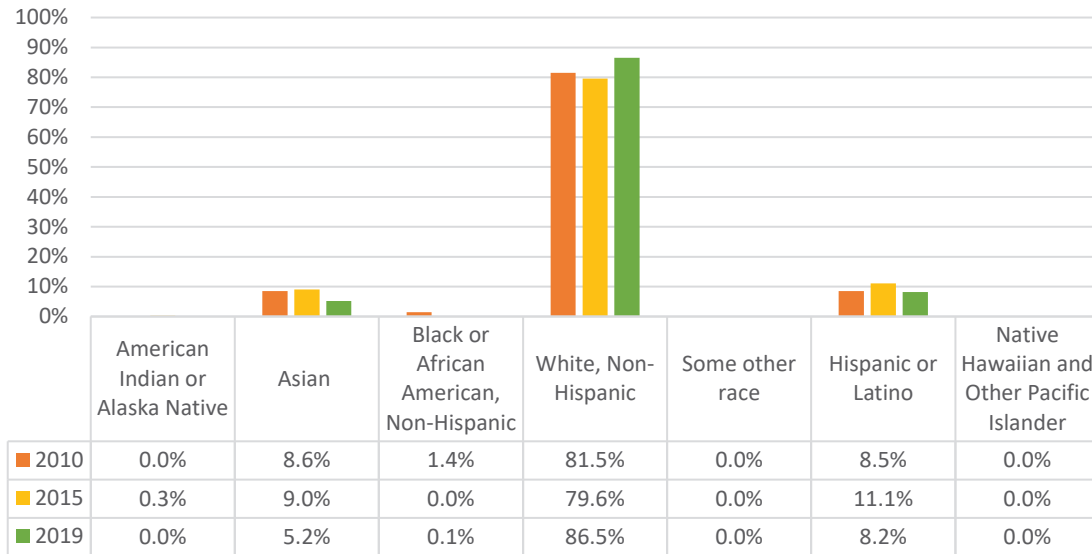
When analyzing race and ethnicity in a city, it's important to understand how demographics have changed over time. [Figure A-5](#) illustrates changes in population by race between 2010-2019 in Carmel-by-the-Sea. During this time frame, Carmel-by-the-Sea's population composition experienced fluctuations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

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

Diversity Index

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

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



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

Integration and Segregation

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

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

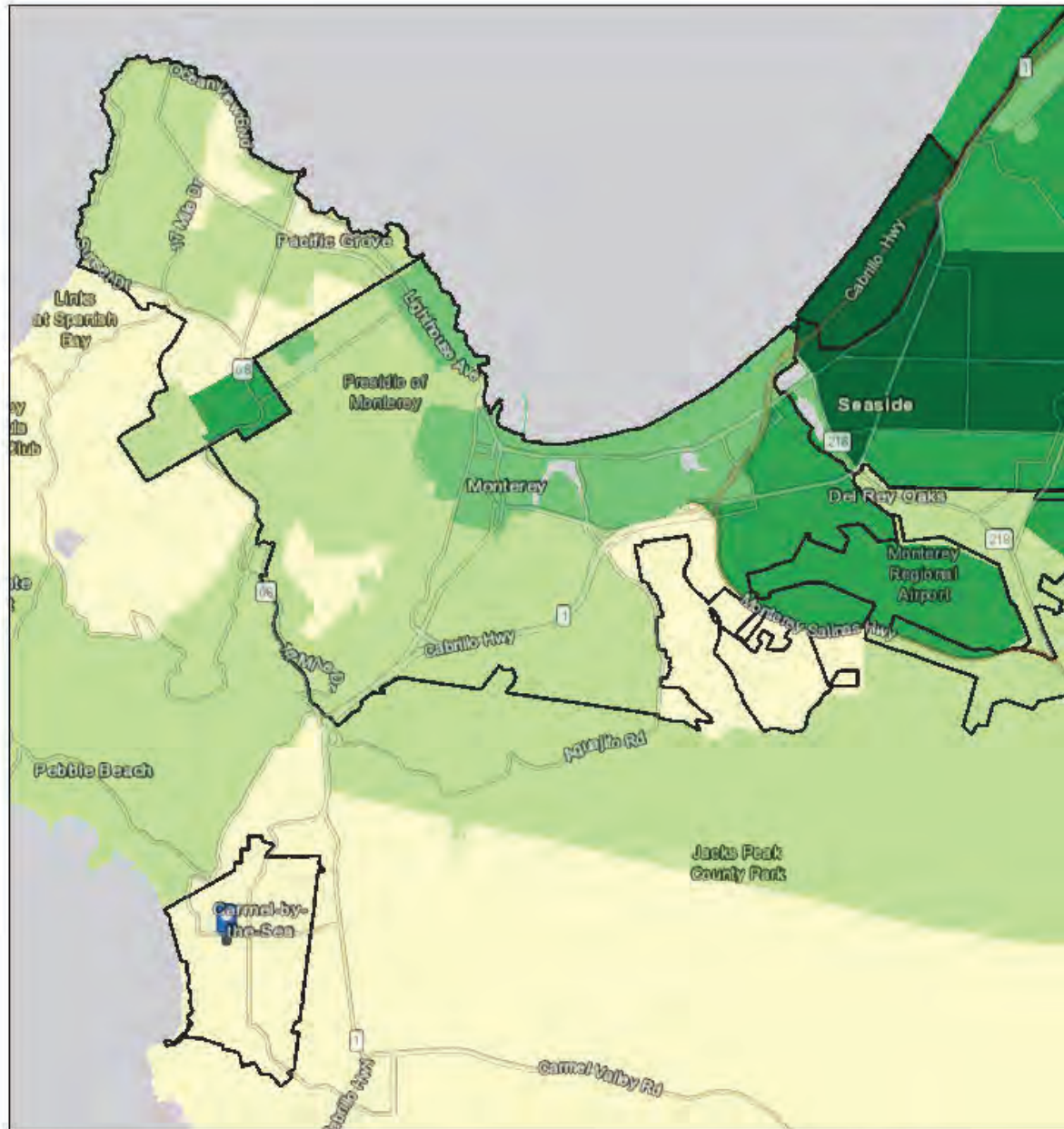
Figure A-6 below depicts the level of diversity within the City. Carmel-by-the-Sea, along with neighboring jurisdictions have the lowest levels of diversity within the region. Carmel-by-the-Sea has a low level of diversity with 86.5 percent of the population identifying as non-Hispanic White.

Racially or Ethnically Concentrated Areas of Poverty and Affluence

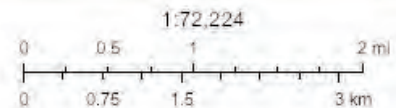
A Racially Concentrated Area of Poverty or an Ethnically Concentrated Area of Poverty (R/ECAP) and a Racially Concentrated Area of Affluence (RCAAs) represent opposing ends of the segregation spectrum from racially or ethnically segregated areas with high poverty rates to affluent predominantly White neighborhoods. Historically, HUD has paid particular attention to R/ECAPs as a focus of policy and obligations to AFFH. Recent research out of the University of Minnesota Humphrey School of Public Affairs argues for the inclusion of RCAAs to acknowledge current and past policies that created and perpetuate these areas of high opportunity and exclusion.⁸

⁸ Goetz, E. G., Damiano, A., & Williams, R. A. (2019). Racially Concentrated Areas of Affluence: A Preliminary Investigation. *Cityscape: A Journal of Policy Development and Research*, 21(1), 99–124

Figure A-6 Diversity Index, Carmel-by-the-Sea, 2018



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

R/ECAPs

HCD and HUD's definition of a Racially/Ethnically Concentrated Area of Poverty is: A census tract that has a non-White population of 50 percent or more (majority-minority) or, for non-urban areas, 20 percent, AND a poverty rate of 40 percent or more; OR A census tract that has a non-white population of 50 percent or more (majority-minority) AND the poverty rate is three times the average tract poverty rate for the County, whichever is lower.

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

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

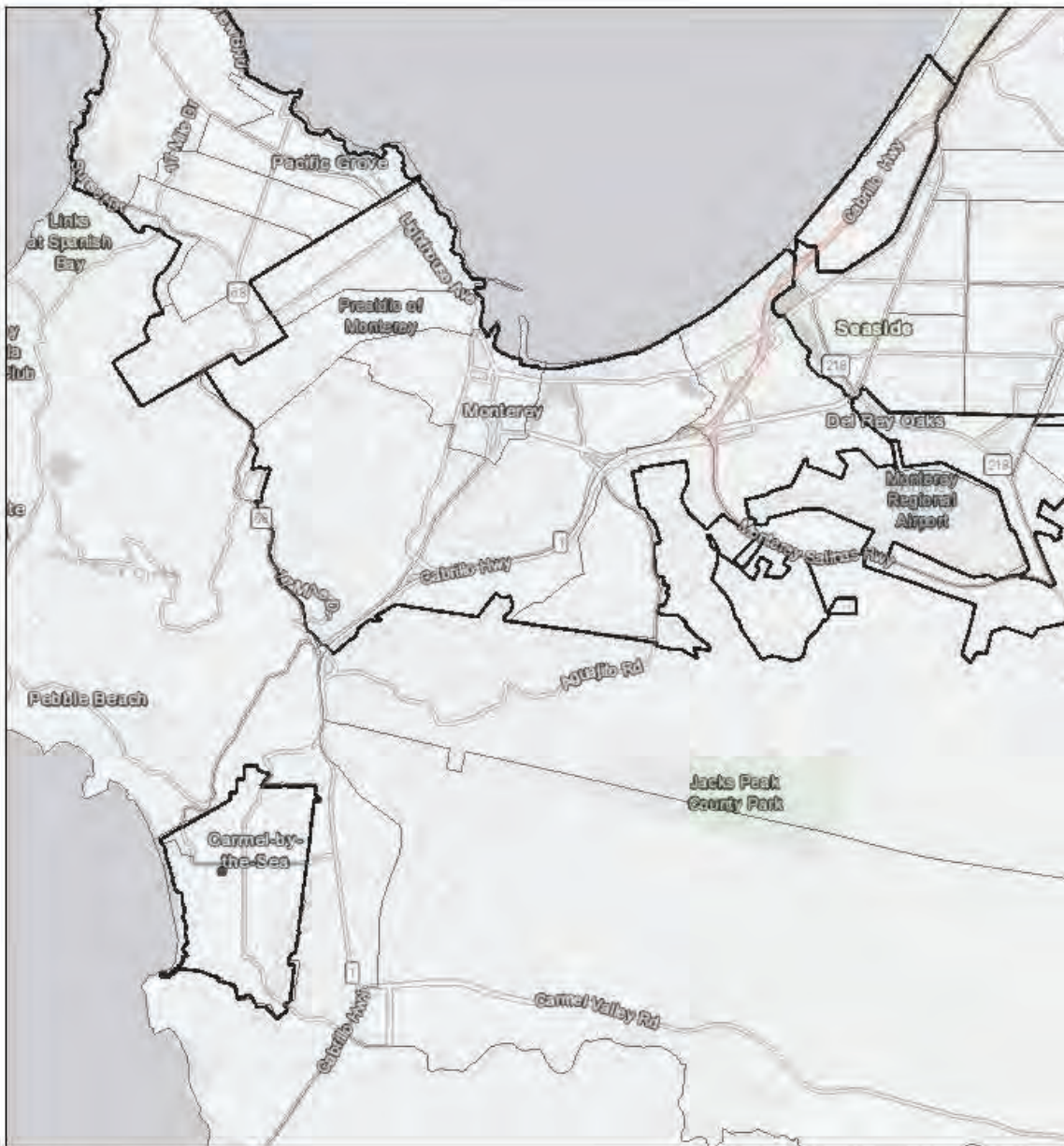
RCAAs

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

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

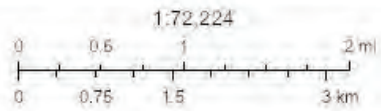
As can be seen in the [Figure A-7](#) and [Figure A-8](#), the City of Carmel-by-the-Sea is not considered a R/ECAP; nor, is the City considered an RCAA. As highlighted previously, Carmel-by-the-Sea does not have a majority-minority population and thus cannot be labelled as a R/ECAP. [Figure A-9](#) shows that less than or equal to 20 percent of the City's population is non-White. Though Carmel-by-the-Sea's percentage of exclusively White population and AMI are higher than the county-wide average, the median income in the City is not high enough for the jurisdiction to be considered an RCAA. This could be a reflection of the high vacancy rate (over 50%) which could be explained by the high rate of second home (seasonal use) homeownership in the City.

Figure A-7 R/ECAP by Census Tract, Carmel-by-the-Sea, 2009-2013



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- City/Town Boundaries
- Current R/ECAP Score
 - 1 - R/ECAP
 - 0 - Not a R/ECAP

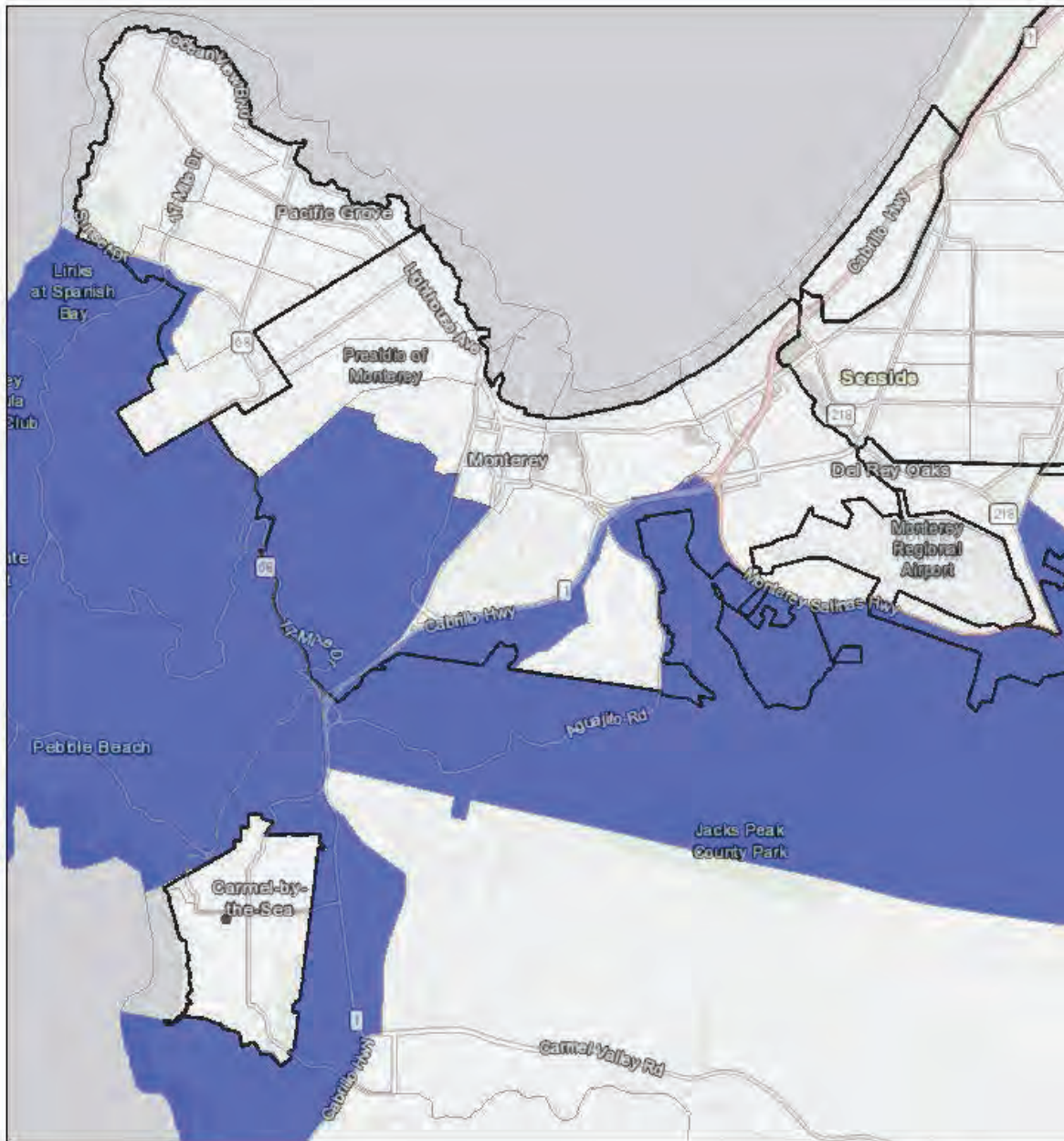


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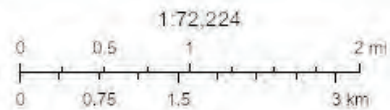
SOURCE: California Department of Housing and Community Development, AFFH Data Viewer

Figure A-8 RCAAs by Census Tract, Carmel-by-the-Sea, 2015-2019



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-  City/Town Boundaries
- (R) Racially Concentrated Areas of Affluence "RCAA" (ACS, 2015 -2019) - Tract
-  0 - Not a RCAA
-  1 - RCAA



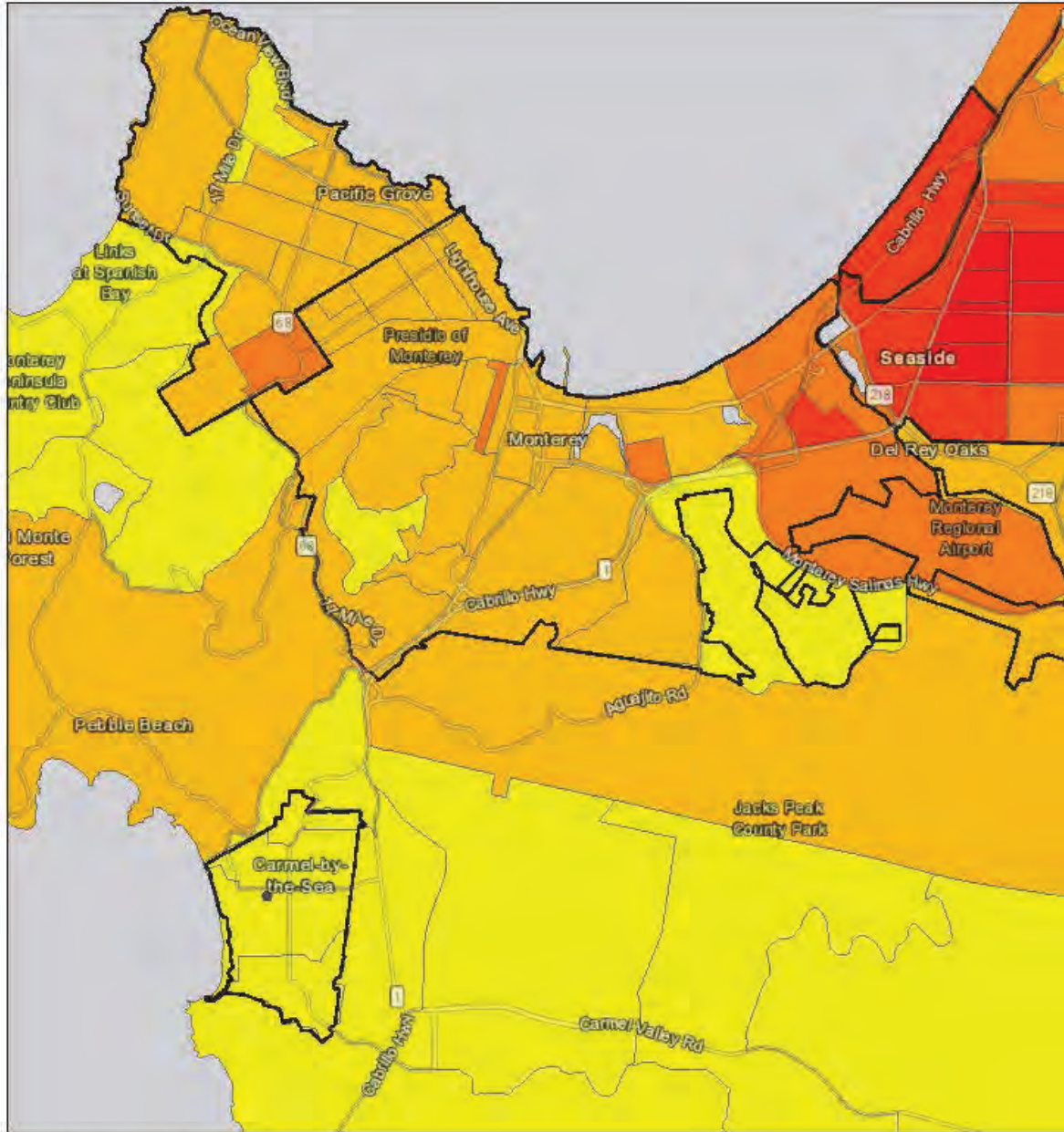
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CA HCD

Bureau of Land Management | Esri, HERE, Garmin, GeoTechnologies, Inc. | USGS, EPA | PlaceWorks 2021, HUD 2019 | PlaceWorks 2021, HUD 2020 | PlaceWorks 2021, Esri, U.S. Census | Esri

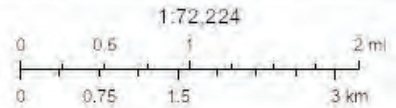
SOURCE: California Department of Housing and Community Development, AFFH Data Viewer

Figure A-9 Percent Non-White by Block Group, Carmel-by-the-Sea, 2018



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- City/Town Boundaries
- (R) Racial Demographics (2018) - Block Group
- ≤ 20%
- 21 - 40%
- 41 - 60%
- 61 - 80%
- > 81%



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Bureau of Land Management, Esri, HERE, Garmin, GeoTechnologies, Inc., USGS, EPA | PlaceWorks 2021, HUD 2019 | PlaceWorks 2021, HUD 2020 | PlaceWorks 2021, Esri, U.S. Census | Esri, CA HCD

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

Employment

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

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

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

SOURCE: AMBAG Regional Growth Forecast, 2022

NOTE: *Projected growth values

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

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

- Education services, healthcare, and social assistance industries were the largest employers of Carmel-by-the-Sea (28 percent) in both 2010 and 2019, followed by arts, entertainment, recreation, accommodation, and food services (19 percent and 15 percent, respectively);
- Information industries experienced the greatest increase between 2010 and 2019 (585 percent), followed by construction (276 percent);
- Five sectors experienced drastic declines in employment between 2010 and 2019 including finance and insurance, real estate, and rental leasing (137 percent), professional, scientific, management, and administrative services (61 percent), public administration (54 percent), arts, entertainment, recreation, accommodation, and food services (35 percent), and education services, healthcare, and social assistance (20 percent);

- Wholesale trade (2 percent) and agriculture, forestry, fishing and hunting, and mining (0 percent) industries experienced the least amount of growth; and
- Overall, there was a 19 percent decrease in employment for Carmel-by-the-Sea residents between 2010 and 2019.

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

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

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

Balance of Jobs to Workers

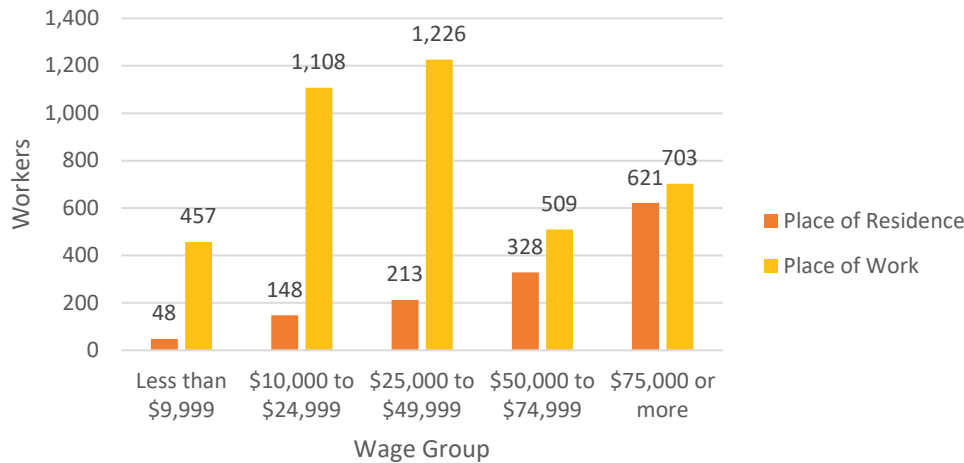
A city houses employed residents who either work in the community where they live or work elsewhere in the region. Conversely, a city may have job sites that employ residents from the same city but more often employ workers commuting from outside of it. Smaller cities will typically have more employed residents than jobs and export workers, while larger cities tend to have a surplus of jobs and import workers. To some extent, the regional transportation system is set up for this flow of workers to the region's core job centers. At the same time, as the housing affordability crisis has illustrated, local imbalances may be severe, where local jobs and worker populations are out of sync at a sub-regional scale.

One measure of local imbalance is the relationship between workers and jobs. A city with a surplus of workers, “exports” workers to other parts of the region, while a city with a surplus of jobs must conversely “import” them.

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

Figure A-10 illustrates earnings of workers in comparison to worker place of residence and place of work in Carmel-by-the-Sea. In 2019, Carmel-by-the-Sea had more low-wage jobs than low-wage residents (where low-wage refers to jobs paying less than \$25,000). At the high end of the wage spectrum (i.e., wages over \$75,000 per year), the City had more high-wage jobs than high-wage residents.⁹ This indicates the City is a net-importer of workers.

Figure A-10 Worker Earnings by Place of Residence & Place of Work, Carmel-by-the-Sea, 2019



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

⁹ The source table is top-coded at \$75,000, precluding more fine-grained analysis at the higher end of the wage spectrum.

According to U.S. Census Bureau data reported in a Housing Feasibility Study for the City of Carmel-by-the-Sea by ECONorthwest,¹⁰ 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.¹¹ Concentrations in hospitality and leisure services may create obstacles for local workers that earn lower-incomes and cannot afford to live in the community. Such imbalances of jobs to housing impacts an individual’s ability to integrate into the community due to long distance travel, excessive costs of travel, and reduced personal time.

Unemployment rates are essential to understanding the affordability needs of a community when determining housing options. [Table A-6](#) provides a breakdown of unemployment rates for Carmel-by-the-Sea, the County, and neighboring cities. Compared to the County and neighboring cities, Carmel-by-the-Sea has the lowest unemployment rate with less than 1 percent of unemployed residents. This indicates an approximate 4.8 percent less than the County, 5 percent less than the Del Rey Oaks, and 3.8 percent less than Pacific Grove.

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

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

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

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

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

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

¹⁰ ECONorthwest, Housing Feasibility Study, 2023

¹¹ U.S. Census Bureau Longitudinal Employer-Household Dynamics Data (See <https://lehd.ces.census.gov/>)

Table A-7 Regional Housing Needs Allocation

Income Group	Percentage of AMI	Share
Extremely Low-Income ¹²	<30	57
Very Low-Income	<50	56
Low-Income	50-80	74
Moderate-Income	80-120	44
Above Moderate-Income	120+	118
Total		349

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

In Monterey County, the median household income in 2019 was an estimated \$71,015 compared to Carmel-by-the-Sea at \$98,188. [Table A-8](#) lists occupations by mean salary in Monterey County. According to [Table A-8](#), the occupations that fall below 50 percent of the median income are Food Preparation and Serving-Related Occupations; Personal Care and Services Occupations; and Farming, Fishing, and Forestry Occupations. The majority of occupations in Monterey County have an average income that is low (50-80 percent AMI) or very low (<50 percent AMI). If applied to Carmel-by-the-Sea, it should be anticipated that affordable housing is needed to accommodate potential low- and very low-income households.

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

Occupation	Salary
Management Occupations	\$117,738
Business and Financial Operations Occupations	\$78,900
Computer and Mathematical Occupations	\$96,980
Architecture and Engineering Occupations	\$92,554
Life, Physical, and Social Science Occupations	\$84,516
Community and Social Services Occupations	\$59,549
Legal Occupations	\$103,094
Education, Training, and Library Occupations	\$69,296
Arts, Design, Entertainment, Sports, and Media Occupations	\$56,599
Healthcare Practitioners and Technical Occupations	\$115,486
Healthcare Support Occupations	\$42,625
Protective Service Occupations	\$70,161

¹² Extremely low-income RHNA is found as a subset within the very low-income category for all other tables in this document.

Occupation	Salary
Food Preparation and Serving-Related Occupations	\$30,127
Building and Grounds Cleaning and Maintenance Occupations	\$36,330
Personal Care and Service Occupations	\$31,984
Sales and Related Occupations	\$42,099
Office and Administrative Support Occupations	\$44,239
Farming, Fishing, and Forestry Occupations	\$29,901
Construction and Extraction Occupations	\$60,870
Installation, Maintenance, and Repair Occupations	\$54,180
Production Occupations	\$41,905
Transportation and Material Moving Occupations	\$37,144

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

Household Characteristics

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

Table A-9 provides an overview of the projected housing units needed in Monterey County, Carmel-by-the-Sea, and neighboring cities, Del Rey Oaks and Pacific Grove.¹³ Carmel-by-the-Sea is forecast to have a household growth of approximately 1 percent by 2045 – an increase of 42 housing units. Compared to the County, this reflects 18 percent less projected growth and 2 percent less growth than Pacific Grove. Of the neighboring cities, the City of Del Rey Oaks has the highest projected increase in housing unit growth at 61 percent.

¹³ Source: AMBAG Regional Growth Forecast, 2022

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

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

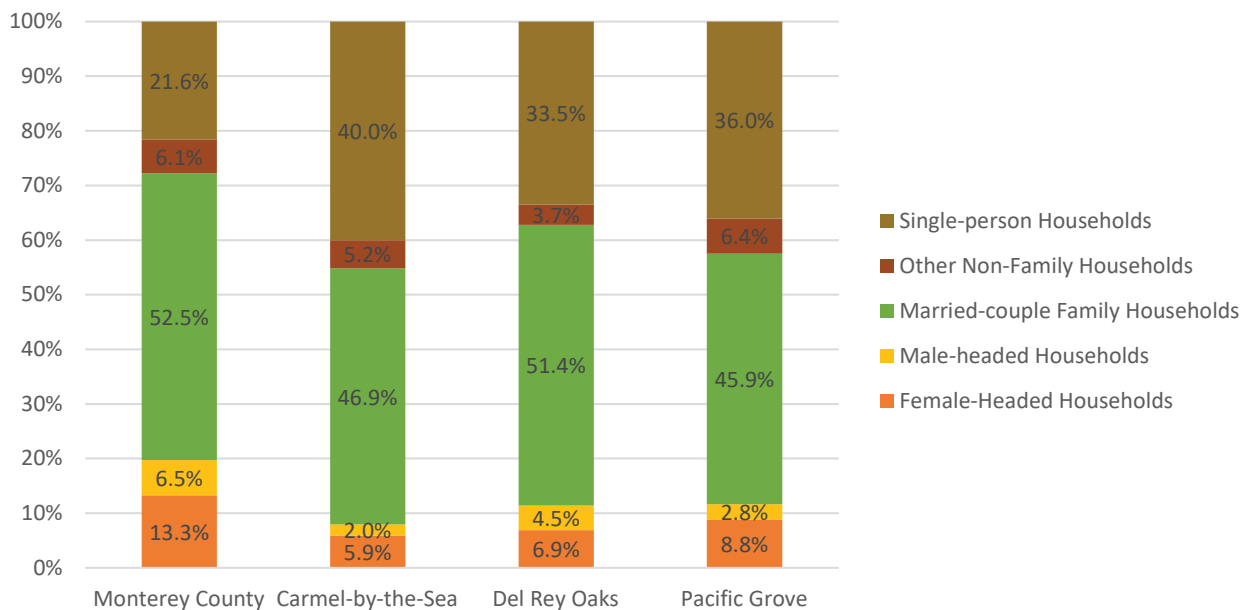
SOURCE: AMBAG Regional Growth Forecast, 2022

NOTE: *Projected growth values

Household Type and Size

Figure A-11 illustrates household characteristics by type in 2019 for Carmel-by-the-Sea, the County, and neighboring cities, Del Rey Oaks and Pacific Grove. In Carmel-by-the-Sea, the largest household type was married-couple family households (47 percent) followed by single-person households (40 percent). This is consistent with the County and neighboring cities. Carmel-by-the-Sea has the lowest percentage of female-headed households (6 percent) compared to the County (13 percent), Del Rey Oaks (7 percent), and Pacific Grove (9 percent).

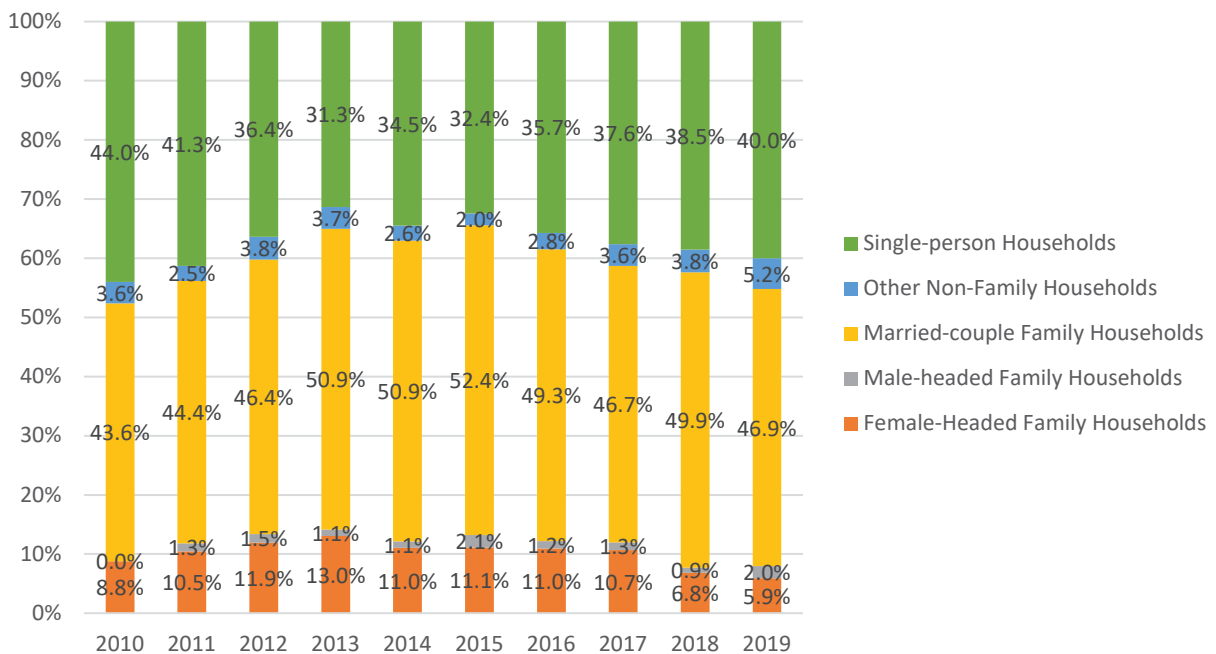
Figure A-11 Household by Type by Jurisdiction, 2019



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

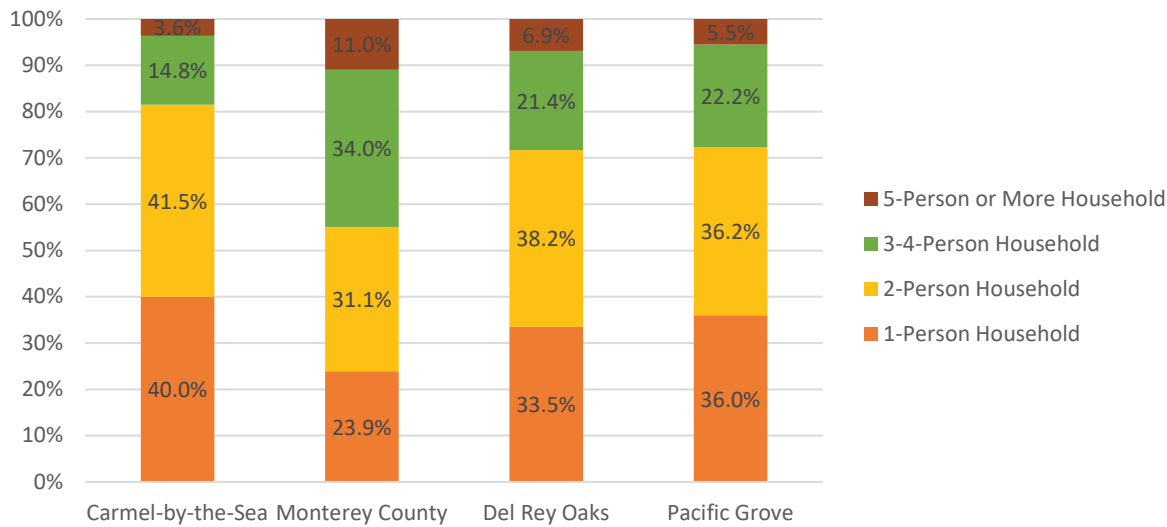
Figure A-12 illustrates household changes between 2010-2019 in Carmel-by-the-Sea. Over the last decade, married-couple family households have remained the largest household type in the City followed by single-person households. Since 2015, married-couple family households have begun declining, while single-person households have increased. Female-headed households experienced the most fluctuation between 2010-2019, showing a steady increase between 2010-2013, then slowly decreasing through 2019 to 6 percent (7 percent decrease between 2013-2019). Male-headed households have slightly increased since 2010 from zero to 2 percent in 2019. These changes in household type over time indicate a need for housing options that appeal to both family-sized and smaller-sized households (keeping affordability in mind).

Figure A-12 Changes in Household Type, Carmel-by-the-Sea, 2010-2019



SOURCE: U.S. Census Bureau, ACS 5-Year Estimates, 2010-2019
 NOTE: Non-family households include unrelated persons living in one housing unit.

Figure A-13 illustrates households by household size for Carmel-by-the-Sea, the County, and neighboring cities. Carmel-by-the-Sea’s largest household type according to size is 2-person households (42 percent) followed by 1-person households (40 percent). This is consistent with findings in Figure A-12, with married-couple family households remaining the largest household type since 2010 followed by single-person households. This reflects a demand for affordable housing units appealing to married-couple and single-person households.

Figure A-13 Households by Household Size by Jurisdiction, 2019

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

Household Income

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

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

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

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

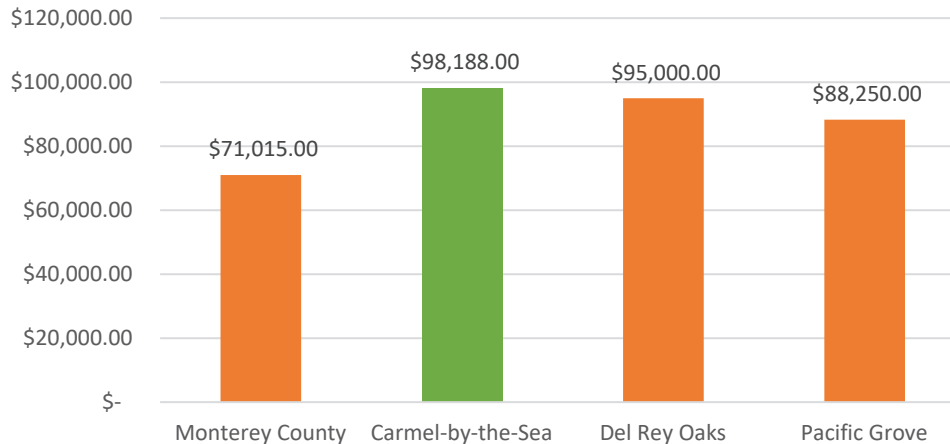
Table A-10 summarizes households by income category in Carmel-by-the-Sea in 2019. Above moderate-income households makeup the majority of households in the City (62 percent) followed by lower-income households (28 percent). Approximately 7 percent of households in Carmel-by-the-Sea identify as extremely low-income. This reflects a need for more affordable housing in the City, and in tandem with Figure A-12 and Figure A-13 findings, it is likely the demand for single-person households is accompanied by a need for affordable options.

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

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

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

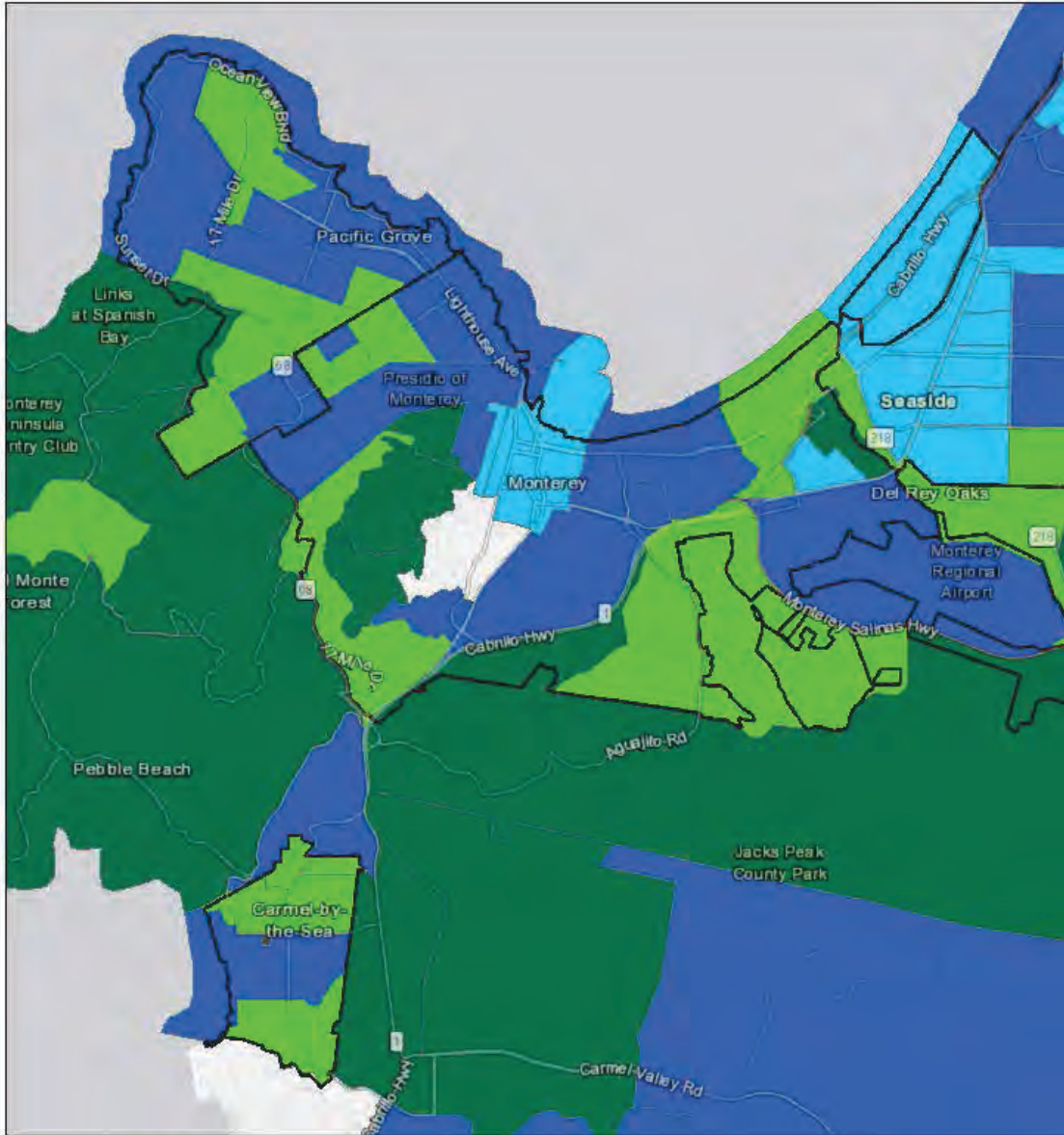
Figure A-14 illustrates the median household income in Carmel-by-the-Sea, the County, and neighboring cities in 2019. Carmel-by-the-Sea's median household income was \$98,188 – approximately \$27,173 higher than the County (\$71,015). The City of Del Rey Oaks had the second highest median household income at \$95,000 followed by Pacific Grove at \$88,250. Understanding Carmel-by-the-Sea's median household income determines what income category households identify with and what affordability levels look like for the community.

Figure A-14 Median Household Income by Jurisdiction, 2019

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

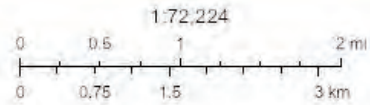
Figure A-15 illustrates median household income across Carmel-by-the-Sea. According to the HCD AFFH Data Viewer, Carmel-by-the-Sea households experience variation in median household income based on location. Households located in the center of the City reportedly earn less than the City's annual median income (\$98,188) and households located in the north and south earn more (>\$87,100 - <125,000).

Figure A-15 Median Income by Block Group, Carmel-by-the-Sea, 2015-2019



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- City/Town Boundaries
- (R) Median Income (ACS, 2015-2019) - Block Group
- < \$55,000
- < \$87,100 (HCD 2020 State Median Income)
- < \$125,000
- Greater than \$125,000



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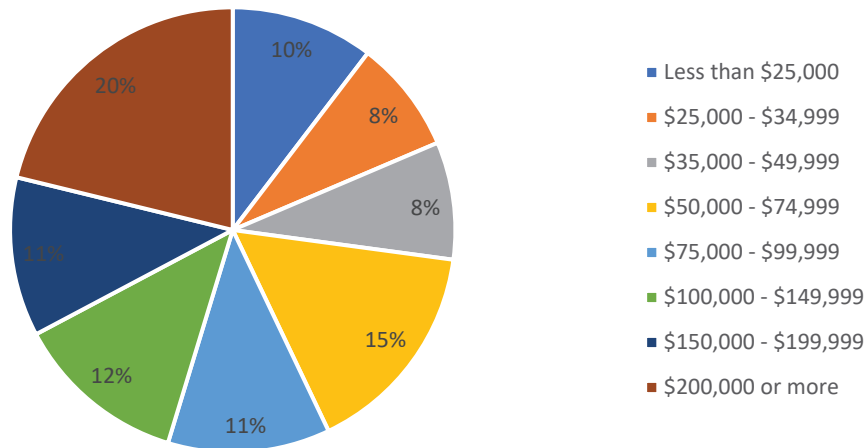
CA HCD

Bureau of Land Management, Esri, HERE, Garmin, GeoTechnologies, Inc., USGS, EPA, Esri, HERE, Garmin, OpenStreetMap contributors, and the GIS user community

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

Figure A-16 provides a breakdown of 2019 incomes by category in Carmel-by-the-Sea. Approximately 43 percent of households are earning \$100,000 or more (more than the City's annual median income). Conversely, 26 percent households earn an annual income less than \$50,000 (\$48,188 less than the City's annual median income). Approximately 41 percent of households are earning below the City's annual median income, of which 10 percent earn less than \$25,000.

Figure A-16 Income by Category, Carmel-by-the-Sea, 2019

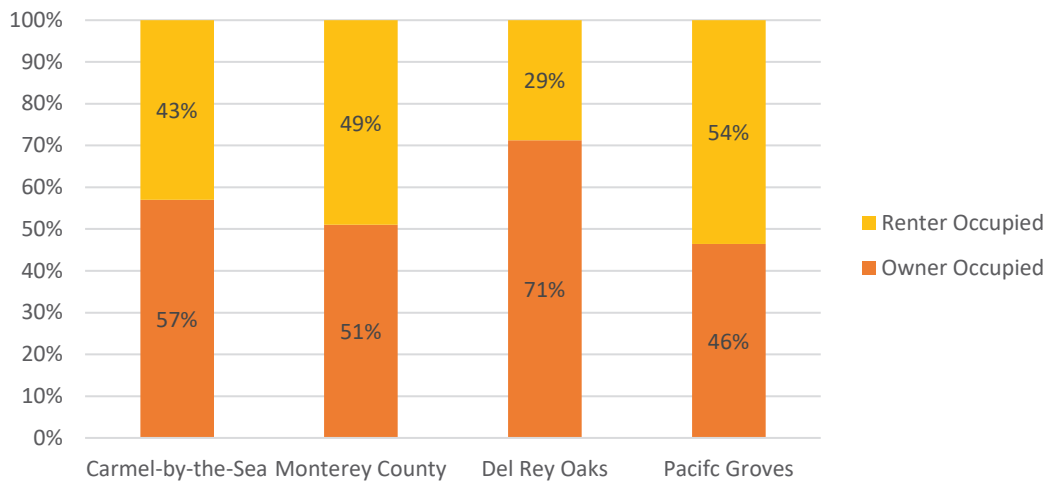


SOURCE: U.S. Census Bureau, ACS 5-Year Estimates, 2019

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

Figure A-17 illustrates housing by tenure in Carmel-by-the-Sea, the County, and neighboring cities. Fifty-seven (57) percent of households in Carmel-by-the-Sea are owners and 43 percent are renters. This reflects an approximate 6 percent higher owner household population than the County (51 percent), 11 percent higher than Pacific Grove (46 percent), and 14 percent lower than Del Rey Oaks (71 percent).

Figure A-17 Housing Tenure by Jurisdiction, 2019



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

A.3 Disproportionate Housing Needs

Housing Problems and Severe Housing Problems

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

Disproportionate Housing Needs

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

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

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

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

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

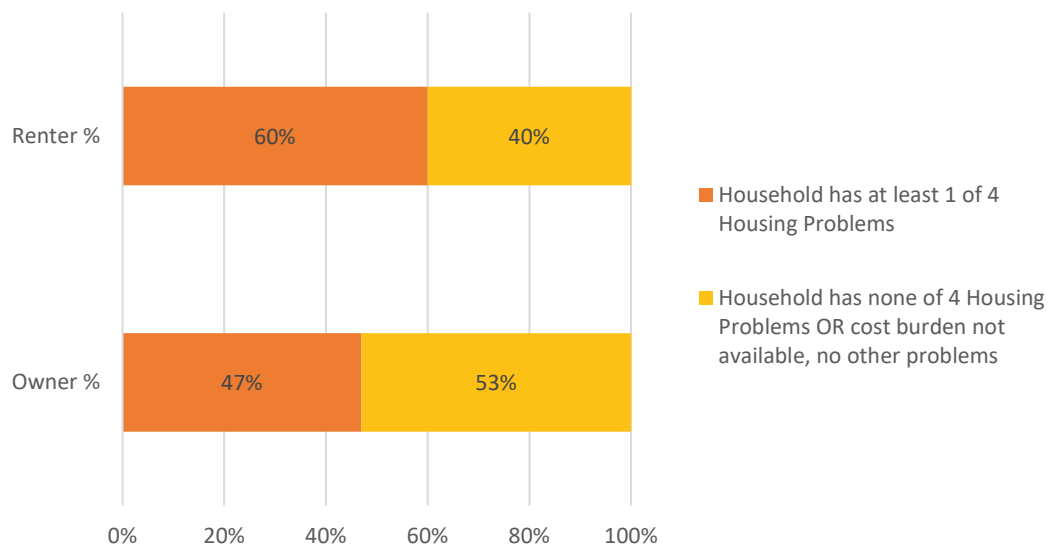
- Incomplete kitchen facilities;
- Incomplete plumbing facilities;
- More than 1.5 persons per room; and
- Cost burden greater than 50 percent.

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

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

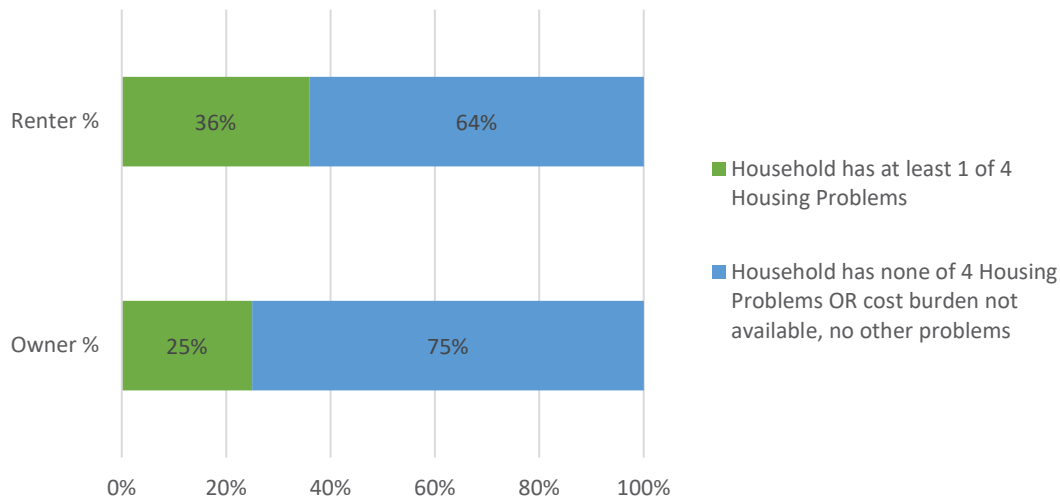
Figure A-18 and Figure A-19 illustrate housing problems by tenure and severe housing problems by tenure in Carmel-by-the-Sea during 2019. Approximately 60 percent of renter households have at least one of four housing problems and 36 percent have at least one of four severe housing problems. In contrast, 47 percent of owner households experience at least one housing problem and 25 percent have at least one severe housing problem.

Figure A-18 Housing Problems by Tenure, Carmel-by-the-Sea, 2015-2019



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

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

Figure A-19 Severe Housing Problems by Tenure, Carmel-by-the-Sea, 2015-2019

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

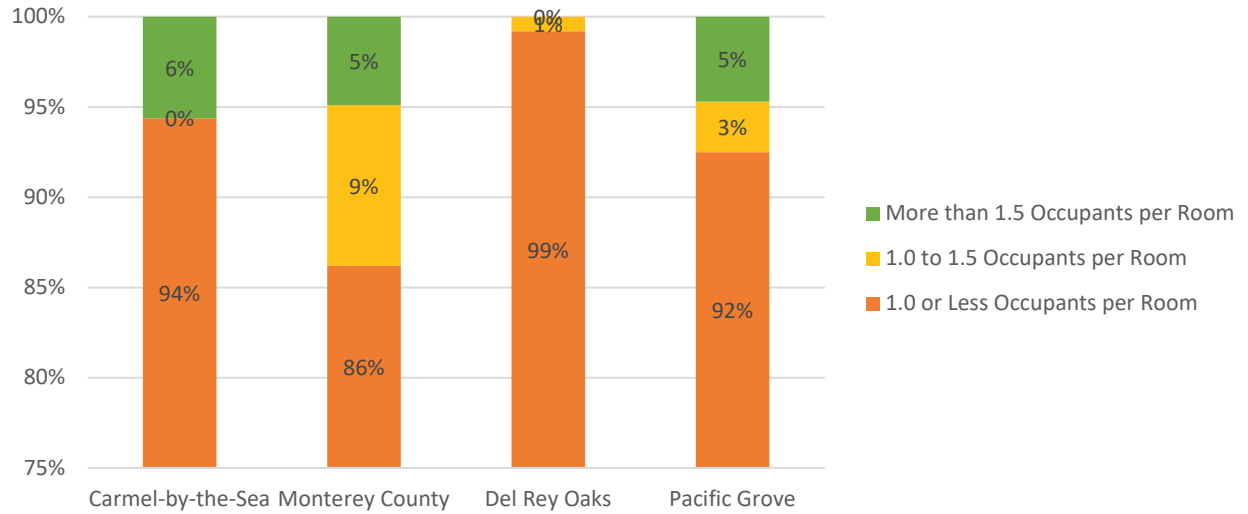
NOTE: The four housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1.5 person per room, and cost burden greater than 50%.

Overcrowding

Understanding the prevalence of overcrowded households within a community helps determine the need for affordable and adequately sized housing units for the community. Overcrowding is defined as a household with more than one occupant per room excluding bathrooms and kitchens. Units with more than 1.5 persons per room are considered severely overcrowded. Overcrowding may occur due to a lack of available affordable and/or adequately sized housing units. Cultural norms and customs combined with low-income or lack of adequately size housing units can result in overcrowding too. For example, in Asian culture, households are often comprised of multi-generations. If this custom is also compounded by low-income or lack of adequately sized housing units overcrowding may occur.

Figure A-20 illustrates overcrowding by severity in Carmel-by-the-Sea, the County, and neighboring cities in 2019. The City of Del Rey Oaks households experience the least amount of overcrowding (0.8 percent) and no severe overcrowding, compared to Carmel-by-the-Sea households that experience zero percent moderate overcrowding, but 6 percent severe overcrowding. Monterey County has a higher overall percentage of households that experience overcrowding (9 percent) and severe overcrowding (5 percent) compared to Carmel-by-the-Sea.

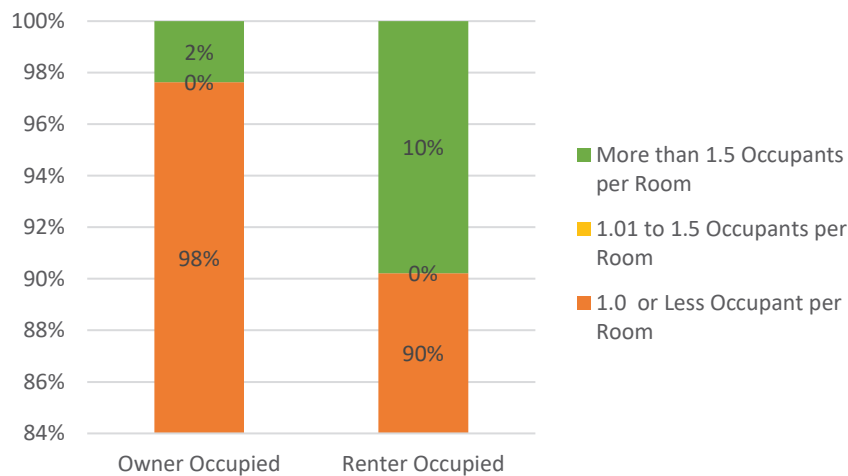
Figure A-20 Overcrowding by Severity by Jurisdiction, 2019



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

Figure A-21 illustrates overcrowding by tenure and severity in Carmel-by-the-Sea during 2019. Renter households in Carmel-by-the-Sea experience 8 percent more overcrowding than owner households. While renter households do not experience overcrowding (more than 1-person per room), 10 percent experience severe overcrowding (more 1.5-persons per room). Similarly, owner households in Carmel-by-the-Sea do not experience overcrowding, but 2 percent do experience severe overcrowding.

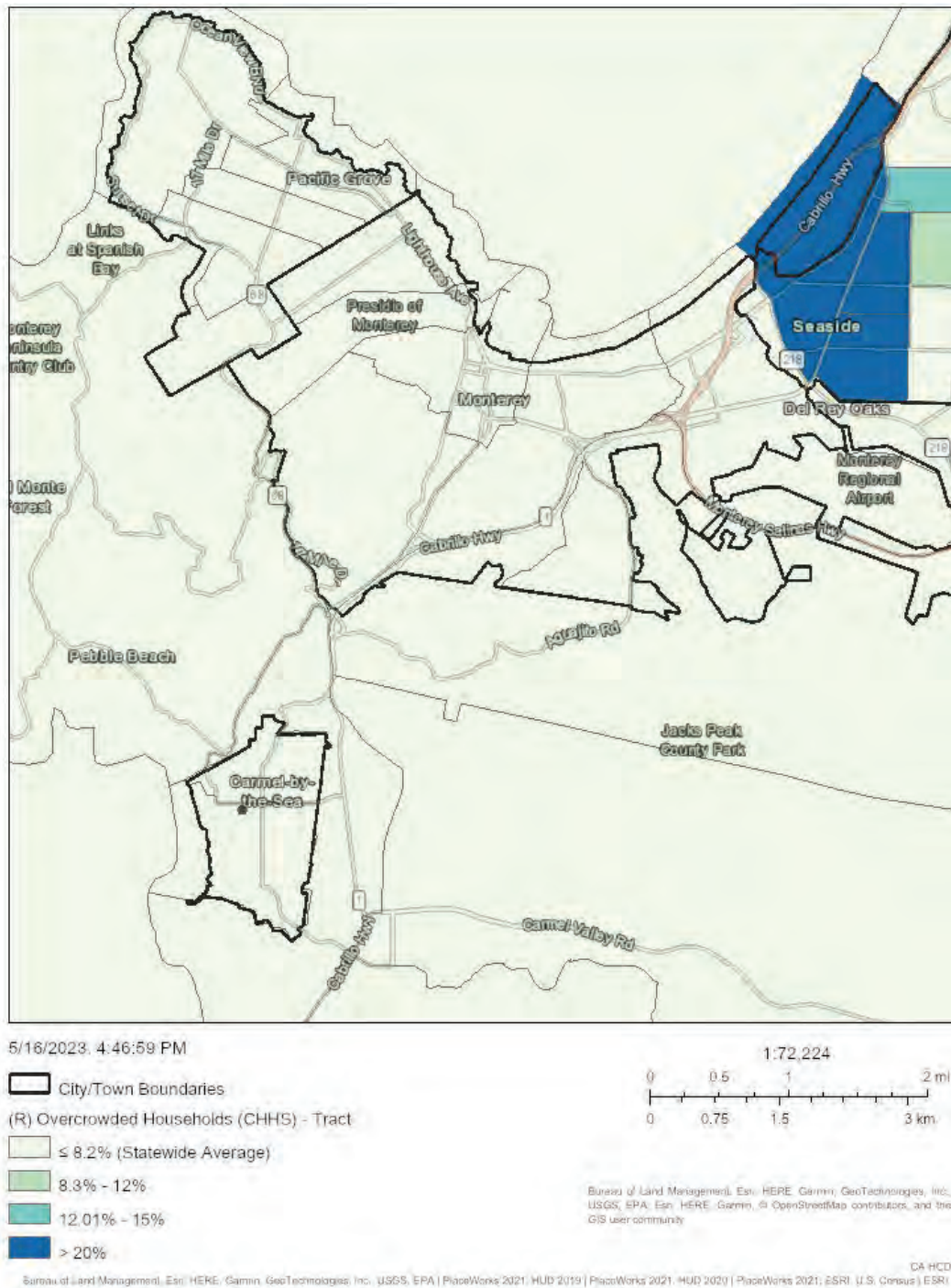
Figure A-21 Overcrowding by Tenure and Severity, Carmel-by-the-Sea, 2019



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

Figure A-22 illustrates overcrowded households in Carmel-by-the-Sea. According to the HCD AFFH Data Viewer, Carmel-by-the-Sea households experience no variation in overcrowding based on location. In the City, overcrowding rates are less than 8.2 percent.

Figure A-22 Overcrowded Households, Carmel-by-the-Sea



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

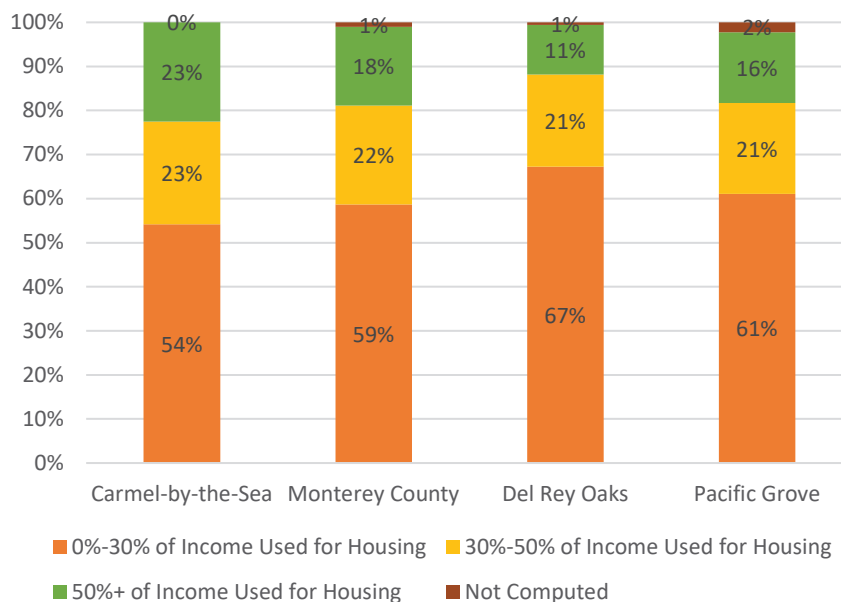
Cost Burden

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

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

Figure A-23 illustrates cost burden severity in Carmel-by-the-Sea, the County, and neighboring cities. Carmel-by-the-Sea household cost burden rates are similar to the County. In Carmel-by-the-Sea, 46 percent of households experience some level of cost burdened, of which 23 percent are severely cost burdened, while the County has a cost burden rate of 22 percent and a severe cost burden rate of 18 percent. The cities of Del Rey Oaks and Pacific Grove have slightly lower rates of cost burden overall with 67 percent and 61 percent of households experiencing no cost burden, respectively. Overall, the City of Del Rey Oaks has the lowest percent of households experiencing any type of cost burden. It is important to relate Carmel-by-the-Sea’s approximate 46 percent cost burden with its 10 percent population of overcrowded renter households, as these may be indicators of an unaffordable and homogenous local housing market.

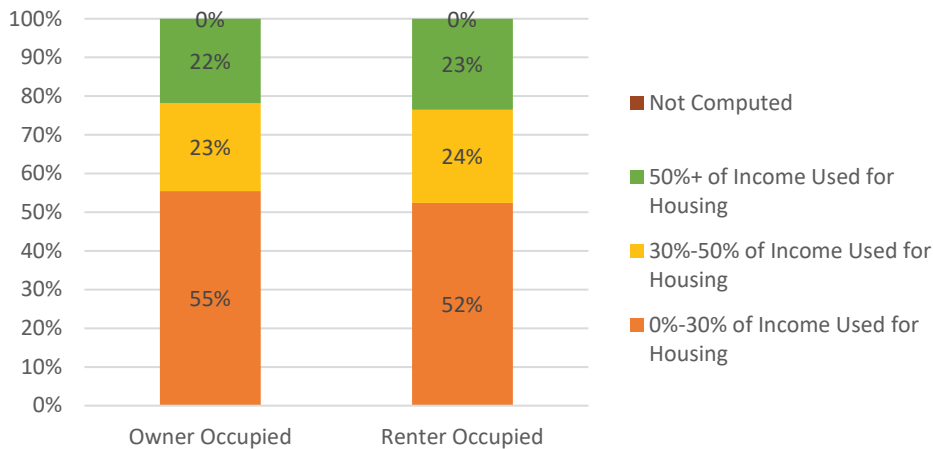
Figure A-23 Cost Burden Severity by Jurisdiction, 2015-2019



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

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

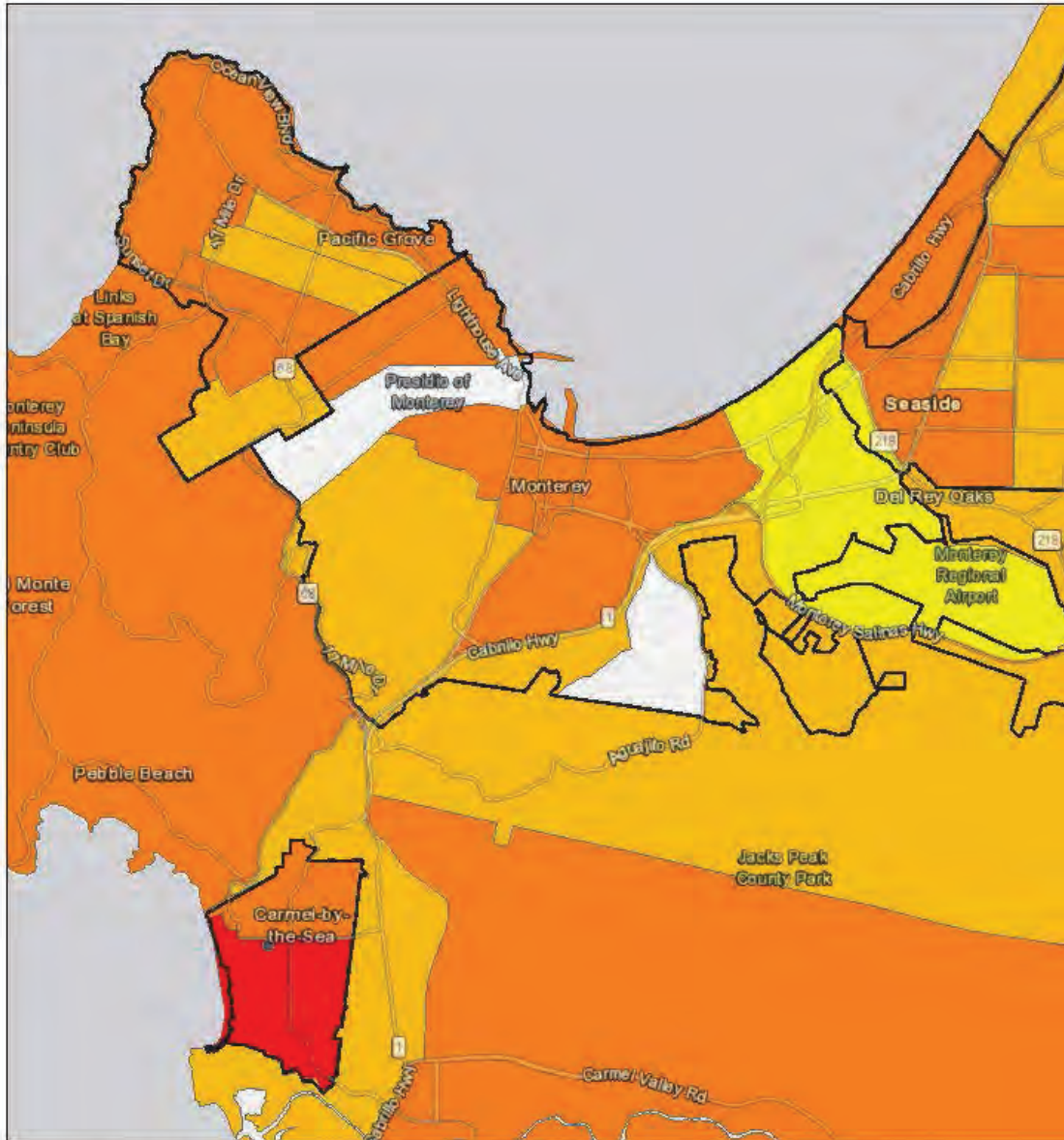
Figure A-24 Cost Burden by Tenure, Carmel-by-the-Sea, 2015-2019



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

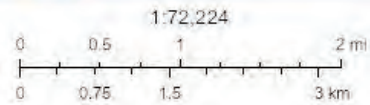
Figure A-25 illustrates cost burden of home owners in Carmel-by-the-Sea. According to the HCD AFFH Data Viewer, the highest rates of cost burden among home owners in Carmel-by-the-Sea are concentrated in the central and southern regions of the City. In these regions, 80 percent of households experience cost burden. In the northern region of the City, 40-60 percent of households experience cost burden.

Figure A-25 Cost Burden by Home Owners, Carmel-by-the-Sea, 2015-2019



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- City/Town Boundaries
- (R) Overpayment by Home Owners (ACS, 2015 - 2019) - Tract
- < 20%
- 20% - 40%
- 40% - 60%
- > 80%



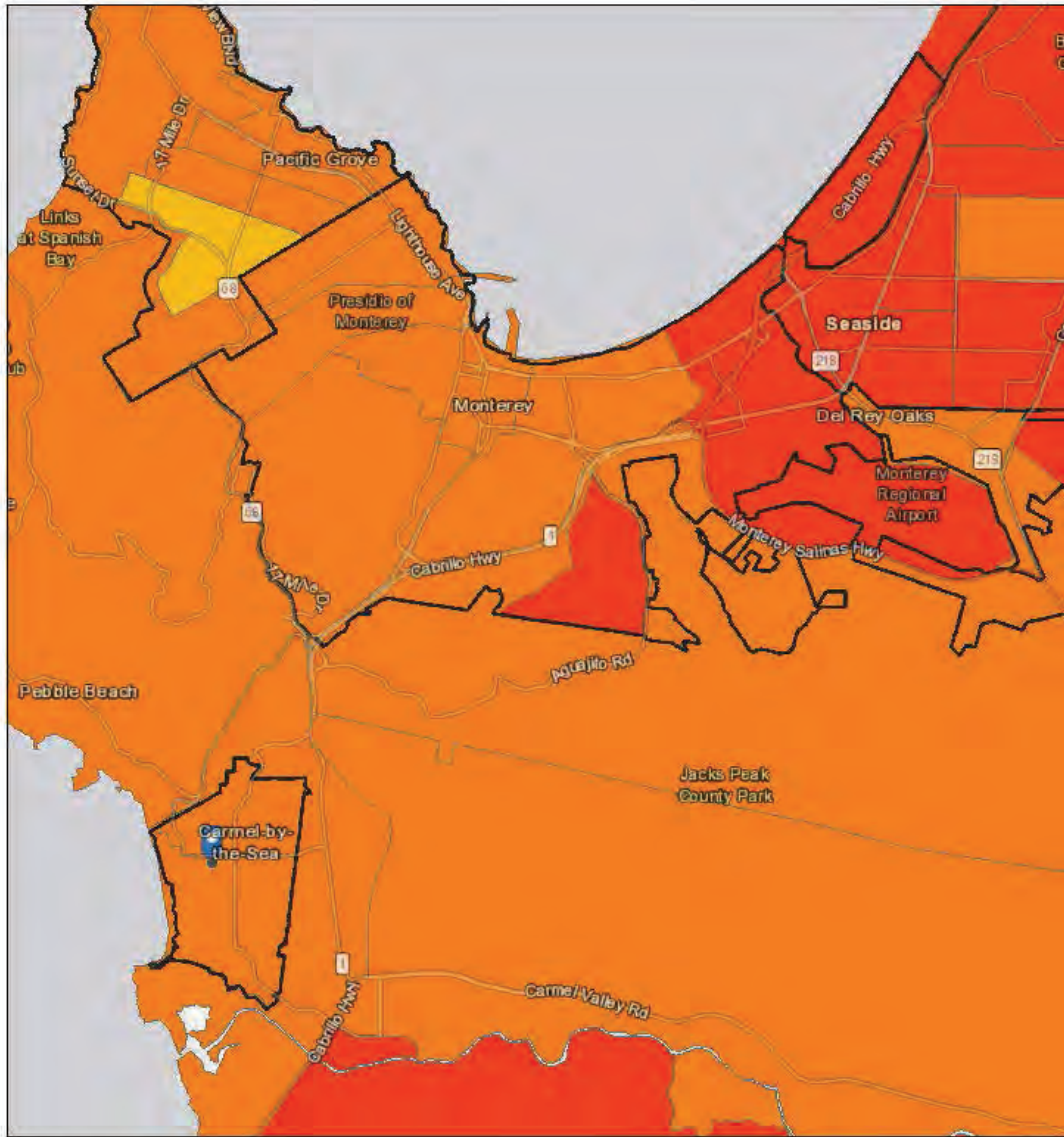
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SOURCE: California Department of Housing and Community Development, AFFH Data Viewer

Figure A-26 illustrates cost burden of renters in Carmel-by-the-Sea. When analyzing concentrations of cost burden among renter-occupied households in Carmel-by-the-Sea, there is no variation based on location. Between 40-60 percent of renter-households experience cost burden across the City.

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

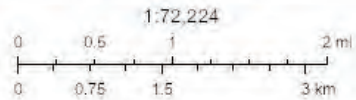


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City/Town Boundaries

(R) Overpayment by Renters (ACS, 2015 - 2019) - Tract

- 20% - 40%
- 40% - 60%
- 60% - 80%



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CA HCD

Bureau of Land Management, Esri, HERE, Garmin, GeoTechnology, Inc., USGS, EPA, Esri, HERE, Garmin, OpenStreetMap contributors, and the GIS User community

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

A.4 Special Needs Groups

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

Extremely Low-Income Households and Poverty Status

Extremely low-income (ELI) households are those that earn less than 30 percent of the median family income (MFI). Very low-income households are those that earn 50 percent or less of the MFI. Extremely low-income households typically face a combination of housing challenges related to income status, family size/type, disability status, access to housing opportunities and other household characteristics. Additionally, ELI households are more likely to experience overcrowding, cost burden, and substandard housing conditions. Extremely low-income households are typically minimum-wage workers, disabled persons, farmworkers, and seniors on fixed incomes.

Table A-11 provides a breakdown of extremely low-income households in Carmel-by-the-Sea. The 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) data indicates there were approximately 140 ELI households (7 percent of total households) in Carmel-by-the-Sea. Of the extremely low-income households in Carmel-by-the-Sea, 29 percent are renter-occupied households and 71 percent are owner-occupied households, or 2 percent and 5 percent of all households, respectively.

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

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

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

Table A-11 Extremely Low-Income Households, Carmel-by-the-Sea, 2015-2019

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

SOURCE: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) 2015-2019.

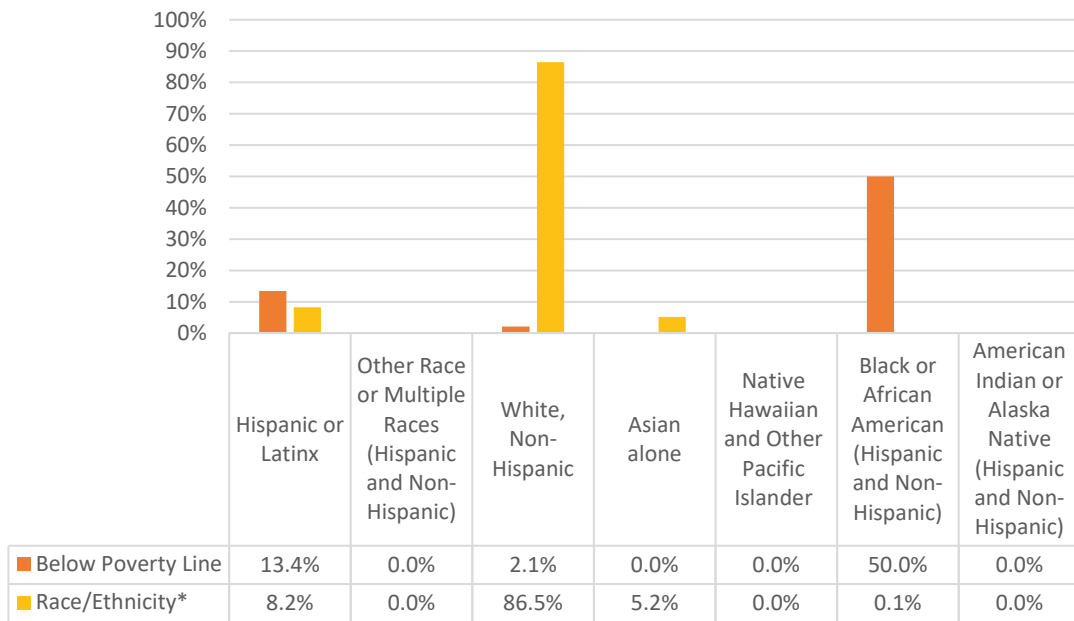
NOTE: MFI = HUD Median Family Income, this is the median family income calculated by HUD for each jurisdiction, to determine Fair Market Rents (FMRs) and income limits for HUD programs. MFI will not necessarily be the same as other calculations of median incomes (such as Census number), due to a series of adjustments that are made.

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

***Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes.

Figure A-27 illustrates the percent of the population in Carmel-by-the-Sea living below the poverty line in 2019 by race and ethnicity. Despite being the smallest population in the City, the Black or African American population is estimated to have the highest rate of poverty (50 percent). In contrast, the non-Hispanic White population represents 87 percent of the total population and only 2 percent is living below the poverty line. The Hispanic or Latinx population experiences the second highest rate of poverty with 13 percent living below the poverty line.

Figure A-27 Percent Living Below the Poverty Line by Race and Ethnicity, Carmel-by-the-Sea, 2019



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

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

- Policy 3.1: Incentivize affordable housing development, with an emphasis on affordable housing built to accommodate Extremely Low-Income residents. Encourage the private sector to produce affordable housing; and
- Policy 4.1: Support energy and water conservation programs to reduce the consumption of these resources in housing and to reduce housing costs.

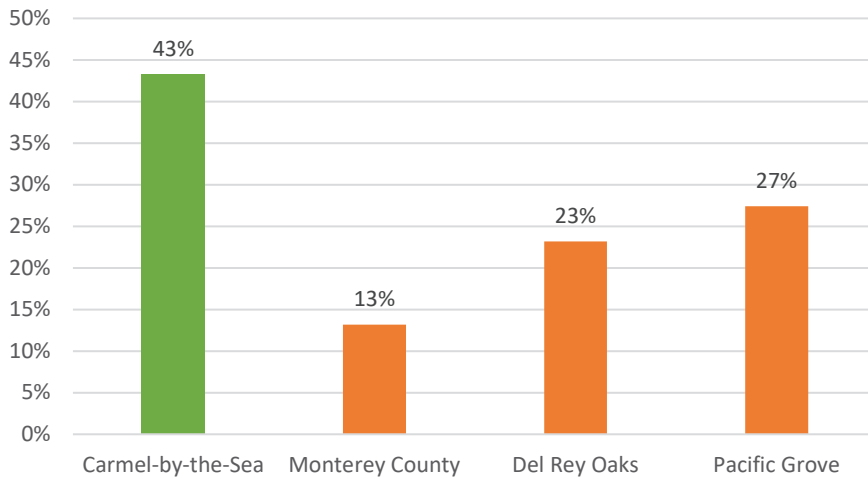
All housing policies and programs can be found in full detail in [Chapter 2](#) of the Housing Element.

Seniors

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

Figure A-28 illustrates the senior population in Carmel-by-the-Sea, the County, and neighboring cities. Compared to the County and neighboring cities, Carmel-by-the-Sea has the highest senior population (43 percent), approximately 30 percent more than the County and 16 percent more than Pacific Grove.

Figure A-28 Senior Population by Jurisdiction, 2019

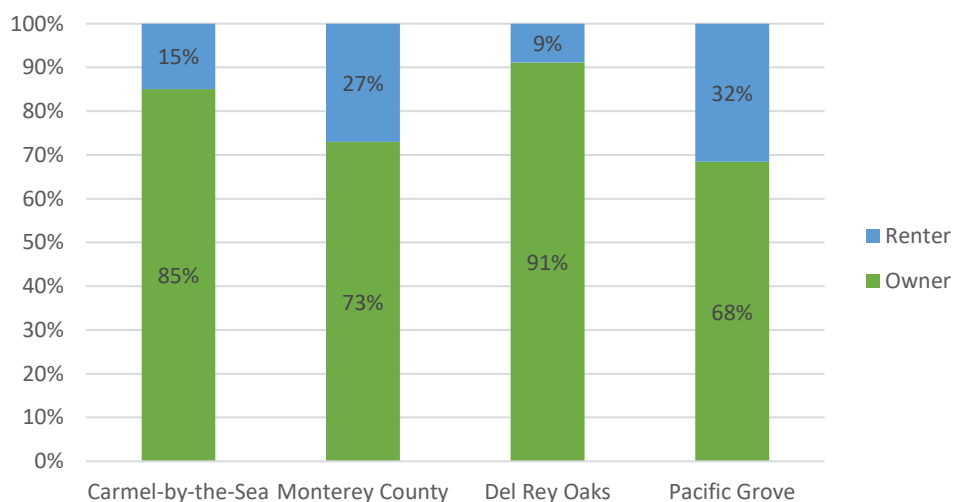


SOURCE: U.S. Census Bureau, 2019

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

Figure A-29 illustrates senior housing by tenure in Carmel-by-the-Sea during 2019. Senior households in Carmel-by-the-Sea are primarily owners (85 percent). Similarly, the senior households of the County (73 percent) and neighboring cities of Del Rey Oaks (91 percent) and Pacific Grove (68 percent) are majority owners.

Figure A-29 Senior Housing by Tenure, Carmel-by-the-Sea, 2019

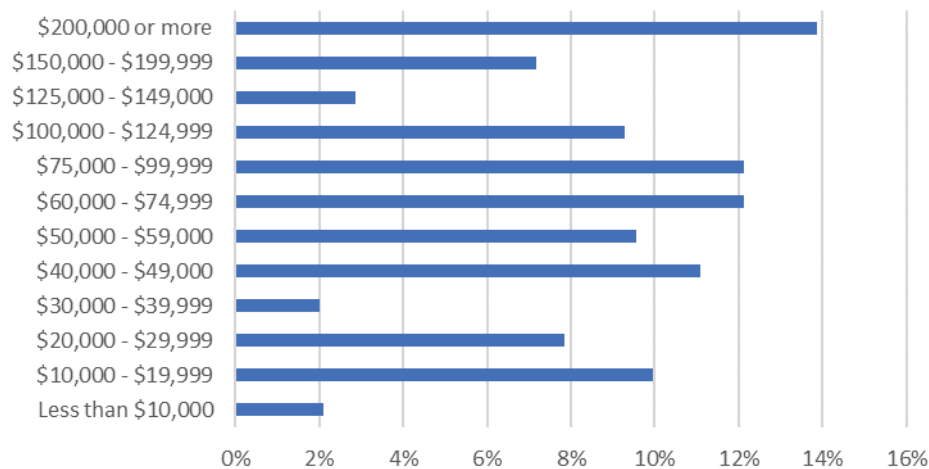


SOURCE: U.S. Census Bureau, 2019

NOTE: Senior population is identified as persons 65 years and older.

Figure A-30 illustrates senior households by their income. The majority of Carmel-by-the-Sea senior households earn a yearly income of \$200,000 or more (14 percent). However, an estimated 61 percent of senior households earn less than the City’s median household income (\$98,188).

Figure A-30 Senior Households by Income, Carmel-by-the-Sea, 2019



SOURCE: U.S. Census Bureau, 2019

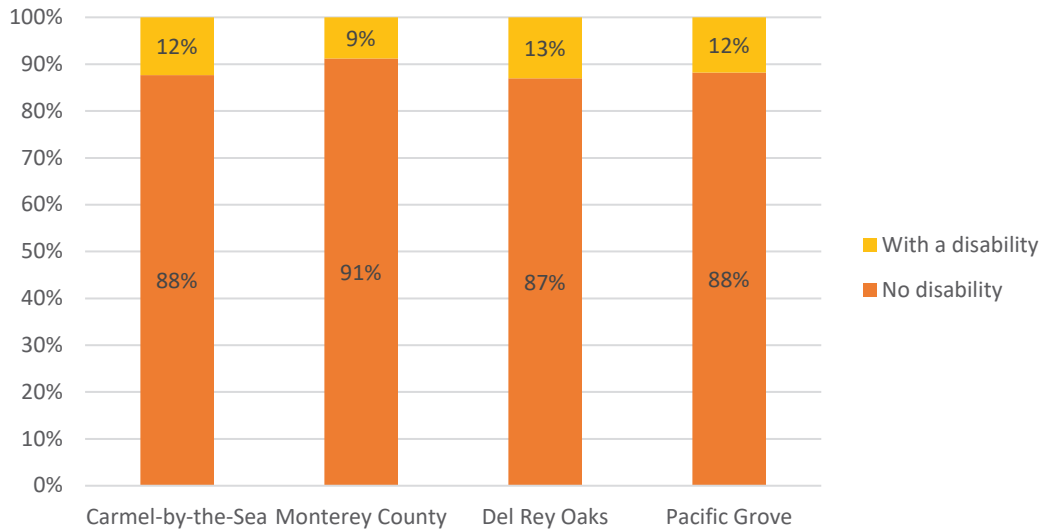
NOTE: Senior population is identified as persons 65 years and older.

People with Disabilities

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

Figure A-31 illustrates population by disability status in Carmel-by-the-Sea, the County, and neighboring cities in 2021. Twelve (12) percent of the population in Carmel-by-the-Sea has some form of disability, which is on par with neighboring cities. The cities of Del Rey Oaks and Pacific Grove each have a population of 13 percent and 12 percent, respectively, with a disability. The County has the lowest percentage of persons with a disability at 9 percent.

Figure A-31 Population by Disability Status by Jurisdiction, 2021



SOURCE: U.S. Census Bureau, 2021

Table A-12 provides an overview of disability by type and age in Carmel-by-the-Sea during 2021. Hearing difficulty is the most widespread disability in Carmel-by-the-Sea (41 percent) with the highest concentration in persons 65 years of age and older. Self-care difficulty is the least common disability with 2 percent experiencing this in Carmel-by-the-Sea. Overall, seniors (persons aged 65+) makeup the largest demographic with a disability (50 percent).

Table A-12 Disability Status by Age, Carmel-by-the-Sea, 2021

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

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

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

State law also requires Housing Elements to examine the housing needs of people with developmental disabilities. Developmental disabilities are defined as severe, chronic, and attributed

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

Table A-13 shows the population with developmental disabilities by age in Carmel-by-the-Sea. In Carmel-by-the-Sea, of the 798 persons with a disability, approximately less than 70 have a developmental disability. Of these, less than 31 are children (I.e., under the age of 18) and less than 36 are adults.

Table A-13 Population with Developmental Disabilities by Age, Carmel-by-the-Sea, 2021

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

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

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

Table A-14 shows the population with developmental disabilities by residence in Carmel-by-the-Sea. The most common living arrangement for individuals with developmental disabilities in Carmel-by-the-Sea is the home of parent/family/guardian.

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

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

SOURCE: California Department of Developmental Services, Consumer Count by California ZIP Code and Residence Type (2021).

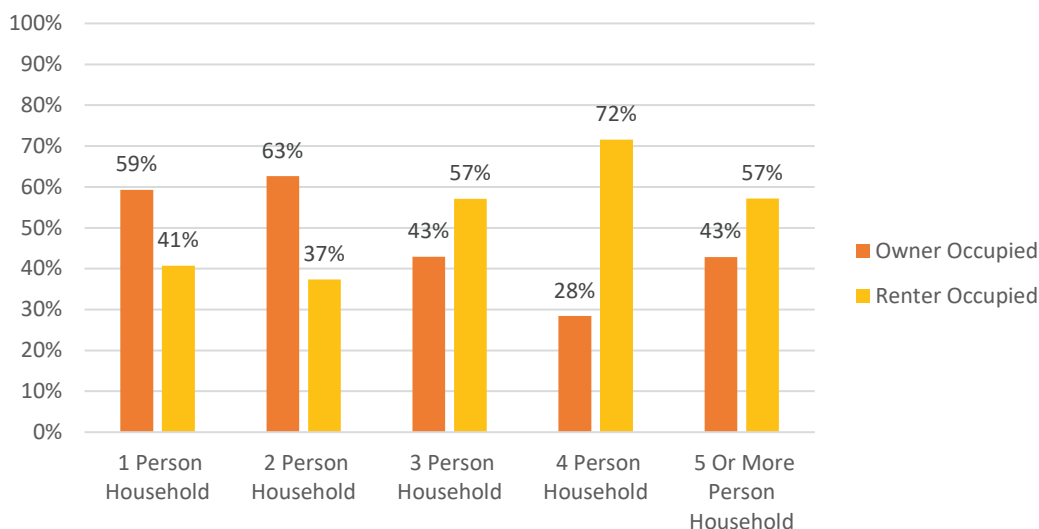
NOTE: Universe: Population with developmental disabilities. Notes: The California Department of Developmental Services is responsible for overseeing the coordination and delivery of services to more than 330,000 Californians with developmental disabilities including cerebral palsy, intellectual disability,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

Large Households

Large households are defined as households of five or more individuals. Large households often have different housing needs than smaller households. Household income and local housing markets can greatly impact a household's ability to afford adequately sized housing. If a city's rental housing stock does not include larger apartments, large households who rent could end up living in overcrowded conditions. Similarly, large households may experience overpayment as a result of a high housing market and limited availability.

Figure B-32 illustrates 2019 households by size and tenure in Carmel-by-the-Sea. The City has 70 large households, of which 57 percent are renter-occupied households. Owner-occupied households makeup the majority of 1-person and 2-person households, whereas renter-occupied households makeup the majority of all 3-5 person households. This combined with a total cost burden rate of 46 percent for renter households (Figure A-24), suggests it is likely that large households in Carmel-by-the-Sea may experience overcrowding and/or overpayment.

Figure A-32 Households by Size and Tenure, Carmel-by-the-Sea, 2019



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

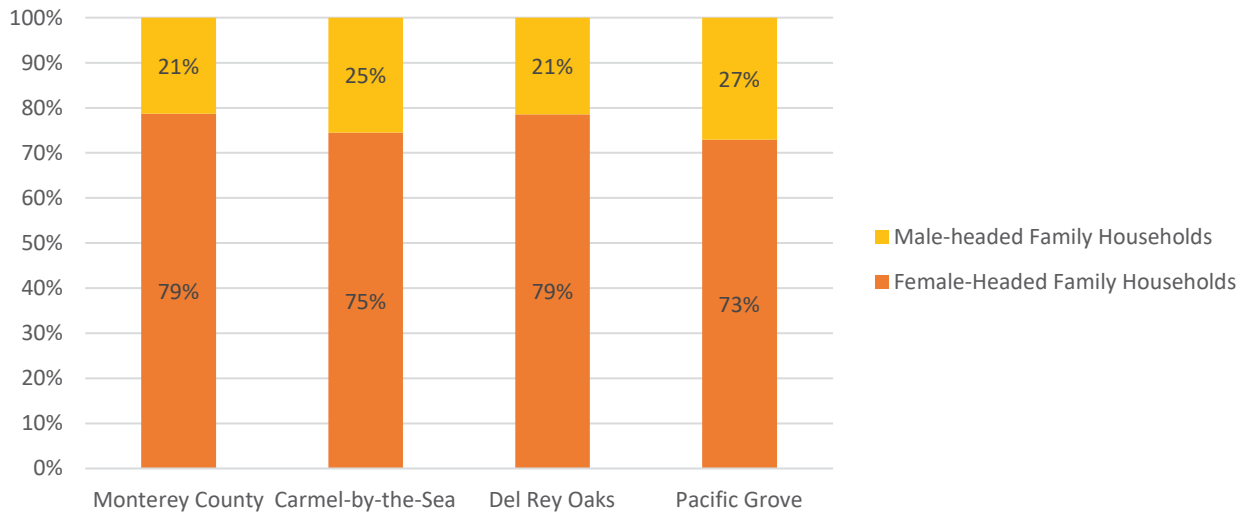
Single-Parent Households

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

In Carmel-by-the-Sea, the largest proportion of households are married-couple family households at 47 percent, while female-headed households make up 6 percent and male-headed households make up 2 percent of all households (Figure A-11). Figure A-33 shows single-parent households in Carmel-by-the-Sea, the County, and neighboring cities. Compared to the County and neighboring

cities, Carmel-by-the-Sea's ratio of single-parent households is on par. Carmel-by-the-Sea's single-parent households are predominantly female-headed family households (75 percent). Male-headed family households makeup 25 percent.

Figure A-33 Single-Parent Households by Jurisdiction, 2019



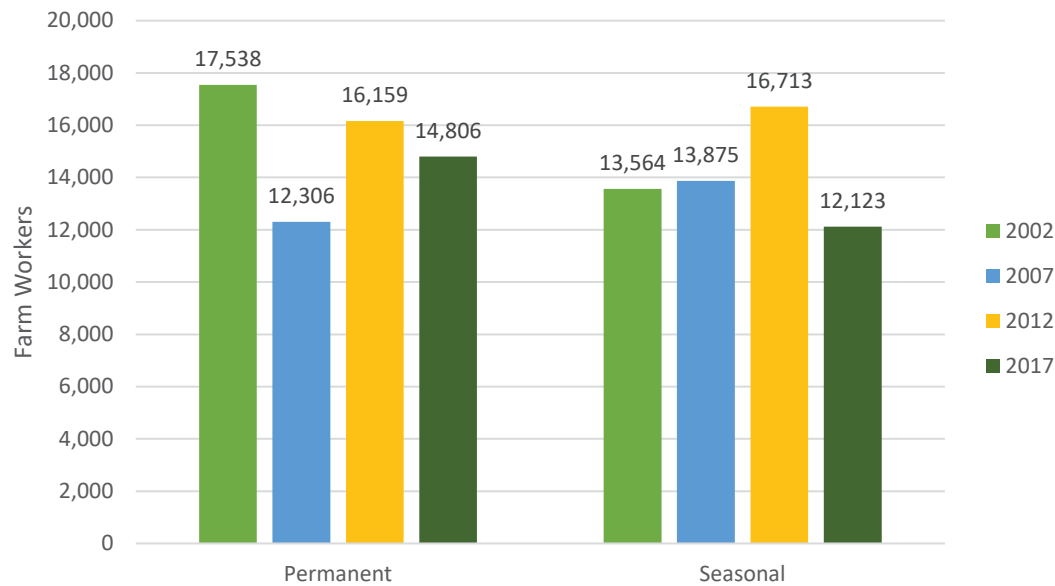
SOURCE: U.S. Census Bureau, ACS 5-Year Estimate, 2019

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

Farmworkers

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

According to the U.S. Department of Agriculture Census of Farmworkers, the number of permanent farm workers in Monterey County has decreased since 2002, totaling 14,806 in 2017, and the number of seasonal farm workers has also decreased, totaling 12,123 in 2017. [Figure A-34](#) shows hired farm labor in Monterey County between 2002-2017.

Figure A-34 Hired Farm Labor, Monterey County, 2002-2017

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

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

There are no agriculture uses within the City of Carmel-by-the-Sea. However, Carmel-by-the-Sea shares the responsibility for farmworker housing as farmworkers may work within 75 miles of agricultural land uses (including dairy, vineyards and produce) and the City is within 75 miles of these uses.

Persons Experiencing Homelessness

Homelessness remains an urgent challenge in many communities across the state, reflecting a range of social, economic, and psychological factors. Rising housing costs result in increased risks of community members experiencing homelessness. Addressing the specific housing needs for the unhoused population remains a priority throughout the region, particularly since homelessness is disproportionately experienced by people of color, people with disabilities, those struggling with addiction and those dealing with traumatic life circumstances.

Table A-15 show changes in the homeless population between 2017-2022 in Carmel-by-the-Sea, the County and neighboring jurisdictions. According to the 2022 Monterey Homeless Count and Survey Comprehensive Report, Carmel-by-the-Sea has seen a decrease in homeless persons since 2017, totaling one person in 2019. Similarly, the Monterey Bay Area overall has seen a decrease in homeless populations with the exception of Seaside.

Table A-15 Homeless Population by Jurisdiction, 2017-2022

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

SOURCE: 2022 Monterey Homeless Count and Survey Comprehensive Report

NOTE: % change was not calculated when jurisdiction was below 25 individuals.

Table A-16, shows household type and shelter status in Monterey County in 2019. In Monterey County, the most common type of household experiencing homelessness are those without children in their care. Among households experiencing homelessness that do not have children, 83 percent are unsheltered. Similarly, the majority of homeless households with children are unsheltered (45 percent).

Table A-16 Homelessness by Household Type and Shelter Status, Monterey County, 2019

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

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

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

A.5 Access to Opportunity

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

Access to Opportunity

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

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

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

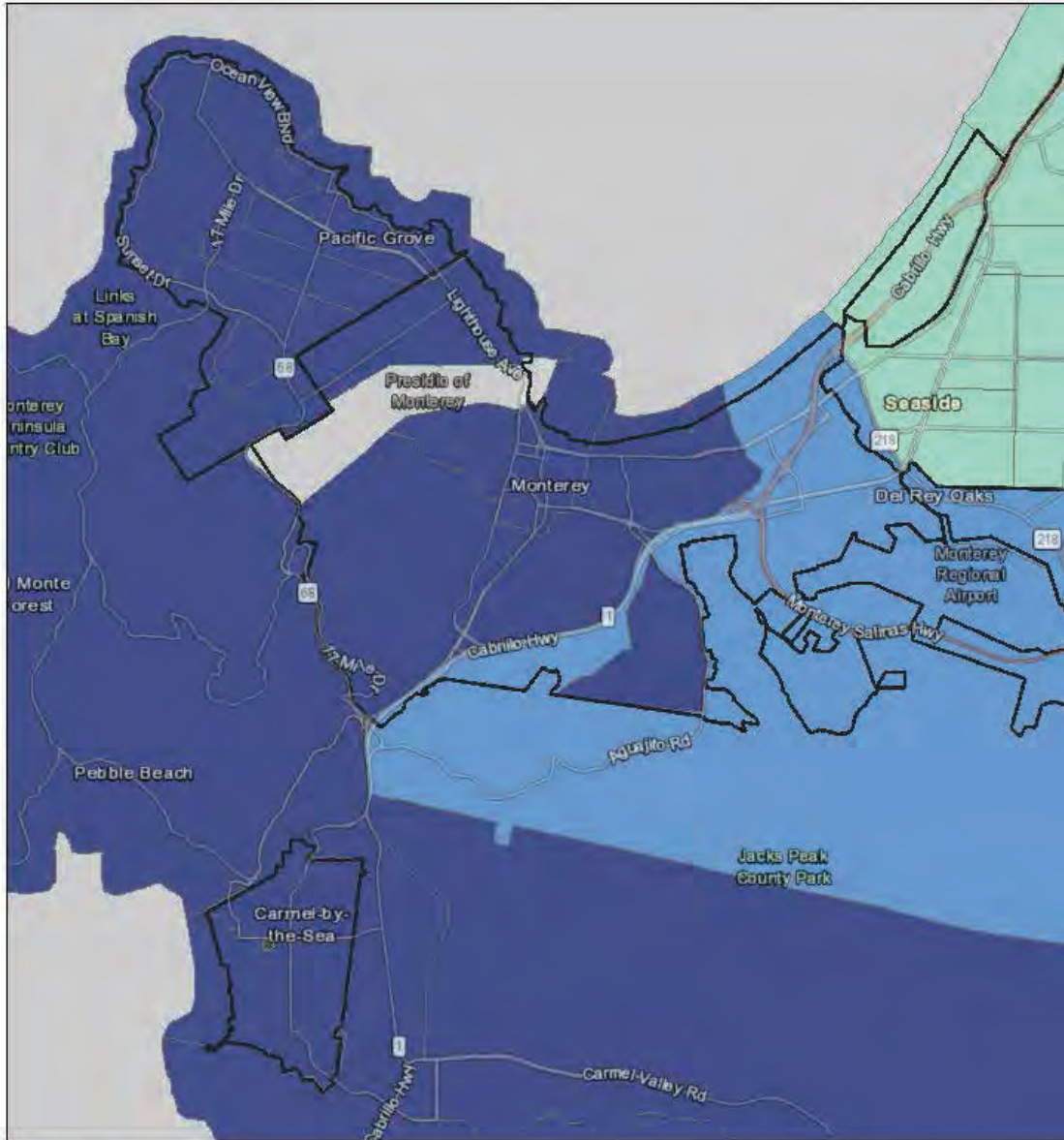
Disparities in Access to Opportunity

As can be seen in [Figure A-35, TCAC Opportunity Composite Score](#), Carmel-by-the-Sea is considered a highest resource area as is much of western Monterey County. According to the HCD AFFH Data Viewer TCAC Opportunity Map, there are no areas of variation in access to opportunity across the City.






Economic

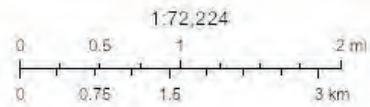
TCAC’s economic opportunity score is comprised of poverty, adult educational attainment, employment, job proximity, and median home value. [Figure A-36](#) shows concentrations of economic outcomes in Carmel-by-the-Sea. According the HCD AFFH Data Viewer TCAC Economic Opportunity Map, all areas of Carmel-by-the-Sea have a high economic opportunity score of 0.75-1.0. This reflects a high level of opportunity for economic advancement for residents in Carmel-by-the-Sea.

Figure A-35 TCAC Opportunity Composite Score, Carmel-by-the-Sea, 2022



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-  City/Town Boundaries
- (R) COG Geography TCAC Opportunity Map 2022 - Composite Score (Tract)
-  Highest Resource
-  High Resource
-  Moderate Resource
-  Missing/Insufficient Data



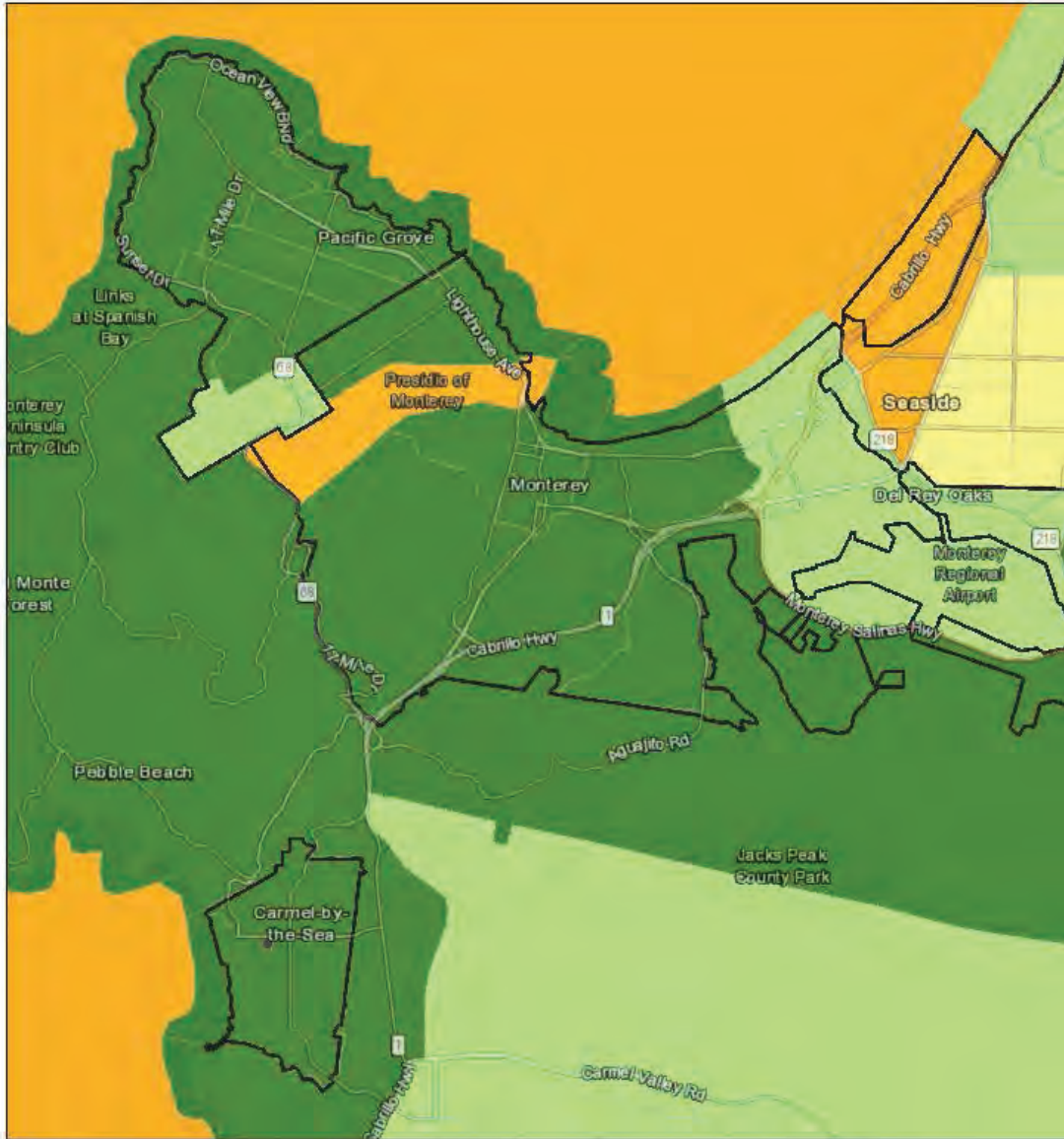
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SOURCE: California Department of Housing and Community Development AFFH Data Viewer

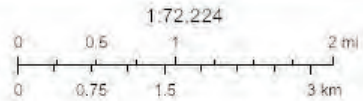
Figure A-36 TCAC Opportunity Economic Score, Carmel-by-the-Sea, 2022



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(R) COG Geography TCAC Opportunity Map 2022 - Economic Score (Tract)

- < 0.25 (Less Positive Economic Outcomes)
- 0.25 - 0.5
- 0.5 - 0.75
- .75 - 1 (More Positive Economic Outcomes)
- City/Town Boundaries



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Bureau of Land Management, Esri, HERE, Garmin, GeoTechnologies, Inc., USGS, EPA, Esri, HERE, Garmin, OpenStreetMap contributors, and the GIS user community

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

Education

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

Figure A-37 shows the level of TCAC educational opportunity across Carmel-by-the-Sea. According to TCAC's Educational Opportunity Map, Carmel-by-the-Sea scores between 0.75-1.0 indicating a high level of positive educational outcomes for residents in Carmel-by-the-Sea.

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

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

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

Environment

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

Figure A-38 shows TCAC environmental outcomes across Carmel-by-the-Sea. According to the HCD AFFH Data Viewer TCAC Environmental Opportunity Map, Carmel-by-the-Sea scores between 0.75-1.0 indicating a low level of environmental pollution burden and positive outcomes for residents in Carmel-by-the-Sea.

Figure A-37 TCAC Opportunity Education Score, Carmel-by-the-Sea, 2022

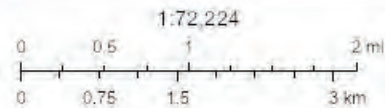


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City/Town Boundaries

(R) COG Geography TCAC Opportunity Map 2022 - Education Score (Tract)

- < 0.25 (Less Positive Education Outcomes)
- .25 – 0.5
- 0.5 – 0.75
- .75 – 1 (More Positive Education Outcomes)



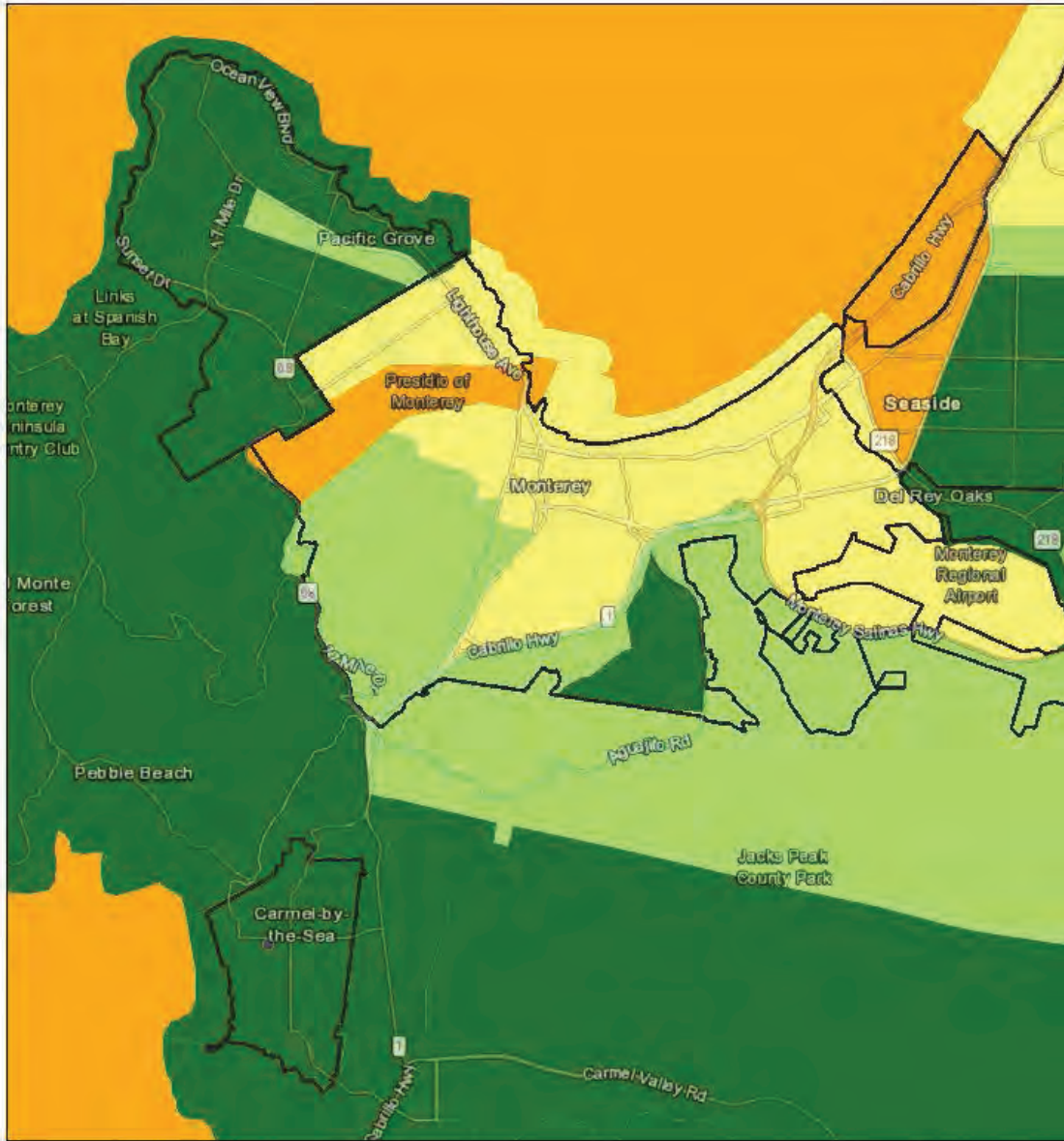
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Bureau of Land Management, Esri, HERE, Garmin, GeoTechnologies, Inc., USGS, EPA | PlaceWorks 2021, HUD 2019 | PlaceWorks 2021, HUD 2020 | PlaceWorks 2021, ESRI, U.S. Census | ESRI

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

Figure A-38 TCAC Opportunity Environmental Score, Carmel-by-the-Sea, 2022

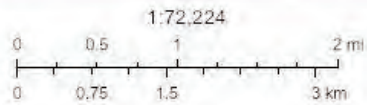


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City/Town Boundaries

(R) COG Geography TCAC Opportunity Map 2022 - Environmental Score (Tract)

- < .25 (Less Positive Environmental Outcomes)
- 0.25 - 0.5
- 0.5 - 0.75
- .75 - 1 (More Positive Environmental Outcomes)



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

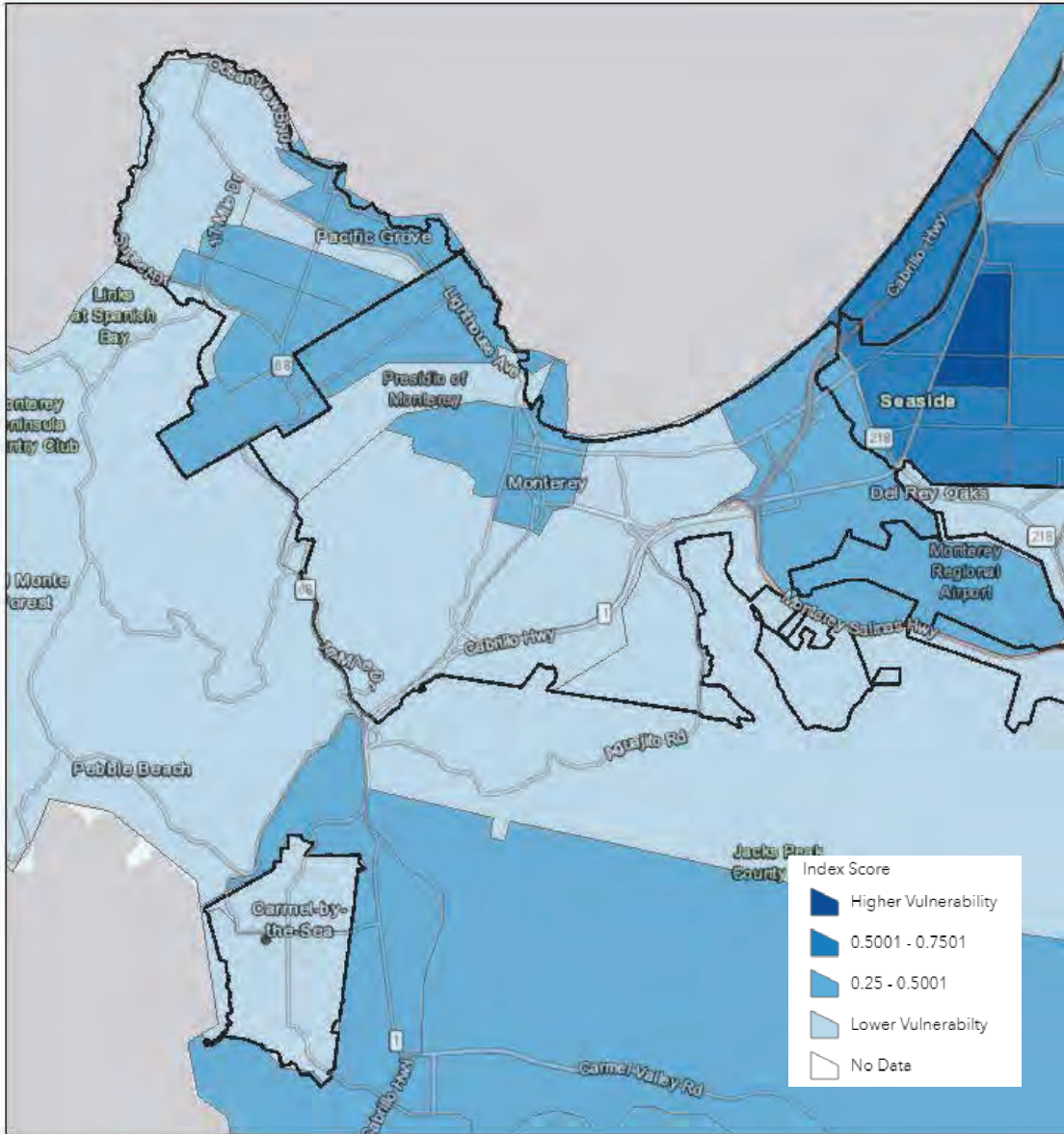
The Social Vulnerability Index (SVI) provided by the Center for Disease Control (CDC)—ranks census tracts based on their ability to respond to a disaster—includes four themes of socioeconomic status, household composition, race or ethnicity, and housing and transportation.

Figure A-39 shows SVI levels across Carmel-by-the-Sea. Carmel-by-the-Sea scores low on the SVI (less than 0.25) indicating that the City is slightly vulnerable to disasters, but highly equipped to respond to them. Just outside of the City’s borders however, vulnerability levels increase to 0.25-0.5. This is likely due to a difference in jurisdictional resources.

Disparities Specific to the Population Living with a Disability

In Carmel-by-the-Sea, 12.3 percent of the population is living with at least one disability, compared to 8.8 percent in Monterey County. The most common disabilities in the City are: hearing difficulty (9.9 percent), ambulatory difficulty (4.4 percent), and independent living difficulty (4.3 percent). For the population 65 and over, the share of the population with hearing difficulties increases to 19.3 percent.

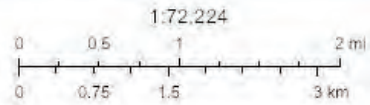
Figure A-39 Social Vulnerability Index, Carmel-by-the-Sea, 2018



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City/Town Boundaries

(A) Social Vulnerability Index (CDC, 2018) - Tract



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

A.6 Housing Stock Characteristics

Carmel-by-the-Sea's housing stock is defined as all housing units within its jurisdiction.

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

Housing Growth

Table A-17 provides an overview of housing growth trends between 2010-2019 in Carmel-by-the-Sea, the County, and neighboring cities. Between 2010-2019, Carmel-by-the-Sea housing unit estimates grew approximately 6 percent, more than the County and Del Rey Oaks, but 2 percent less than Pacific Grove. These estimates show the majority of housing growth in Carmel-by-the-Sea occurred between 2015-2019 (8 percent).

Table A-17 Housing Unit Growth Trends by Jurisdiction, 2010-2019

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

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

Housing Type

Table A-18 provides a comparison of housing unit types in Carmel-by-the-Sea, the County, and neighboring cities. In Carmel-by-the-Sea, single-family detached units are the most common housing type (87 percent). This aligns with the County (63 percent), Del Rey Oaks (76 percent) and Pacific Grove (60 percent) having majority single-family detached units. Overall, Carmel-by-the-Sea has the highest percentage of single-family detached units compared to the County and neighboring cities, but the lowest percentage of multifamily housing units (10 percent).

Figure A-40 illustrates housing type trends in Carmel-by-the-Sea between 2010-2019. In 2010, the majority of housing types were single-family detached homes (82 percent); this has since increased to 87 percent in 2019. Multifamily housing (2+ units) has decreased by 3 percent since 2010 accounting for only 10 percent of housing types in 2019. In 2010, mobile homes comprised the smallest percentage of housing type in Carmel-by-the-Sea, and have since slightly increased to 2 percent in 2019.

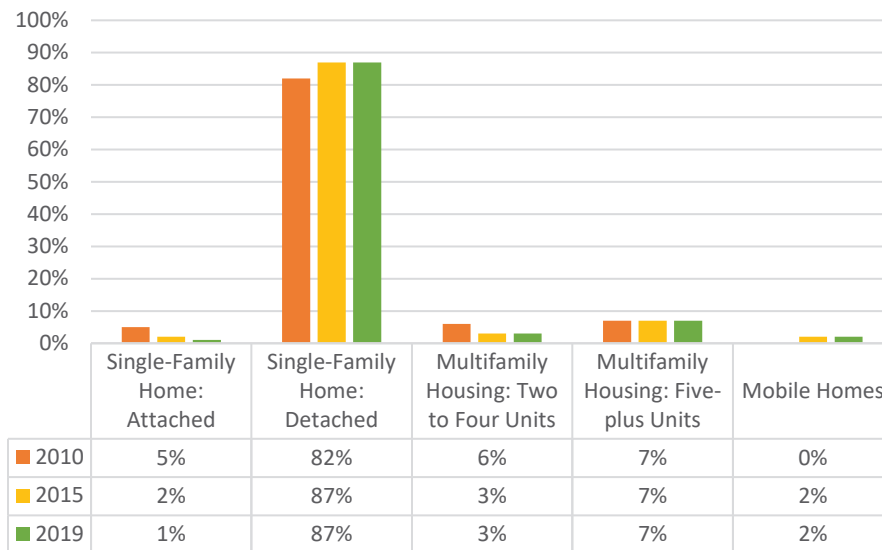
Table A-18 Housing Units by Type by Jurisdiction, 2019

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

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

NOTE: Table indicates total housing units.

Figure A-40 Housing by Type in Carmel-by-the-Sea, 2010-2019



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

Housing Availability and Tenure

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

In Carmel-by-the-Sea, the housing stock includes 828 renter-occupied housing units and 1,099 owner-occupied housing units (Table A-19). When analyzing housing unit type in tandem with tenure, the majority of all housing units are single-family detached (87 percent), of which 17 percent are renter-occupied and 32 percent are owner-occupied (Figure A-17; Table A-19).

Table A-19 Housing Units by Type and Tenure, Carmel-by-the-Sea, 2019

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

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

NOTE: Table indicates total occupied housing units.

Table A-20 provides an overview of household size by tenure for Carmel-by-the-Sea, the County, and neighboring cities. In Carmel-by-the-Sea, the average household size is 2.04, of which the majority of larger households are comprised of renter-occupied units (2.13 persons/unit). An average household size of 2.04 suggests a need for more smaller housing units. This aligns with 82 percent of Carmel-by-the-Sea's population being comprised of 1-2 person households (Figure A-13). Compared to the County and neighboring cities, Carmel-by-the-Sea has the lowest average household size (2.04 persons/unit). The County has a high average household size of 3.27 suggesting a need for large housing units and even a need for smaller independent units such as ADUs/JADUs for extended family, etc.

Table A-20 Household Size by Tenure by Jurisdiction, 2019

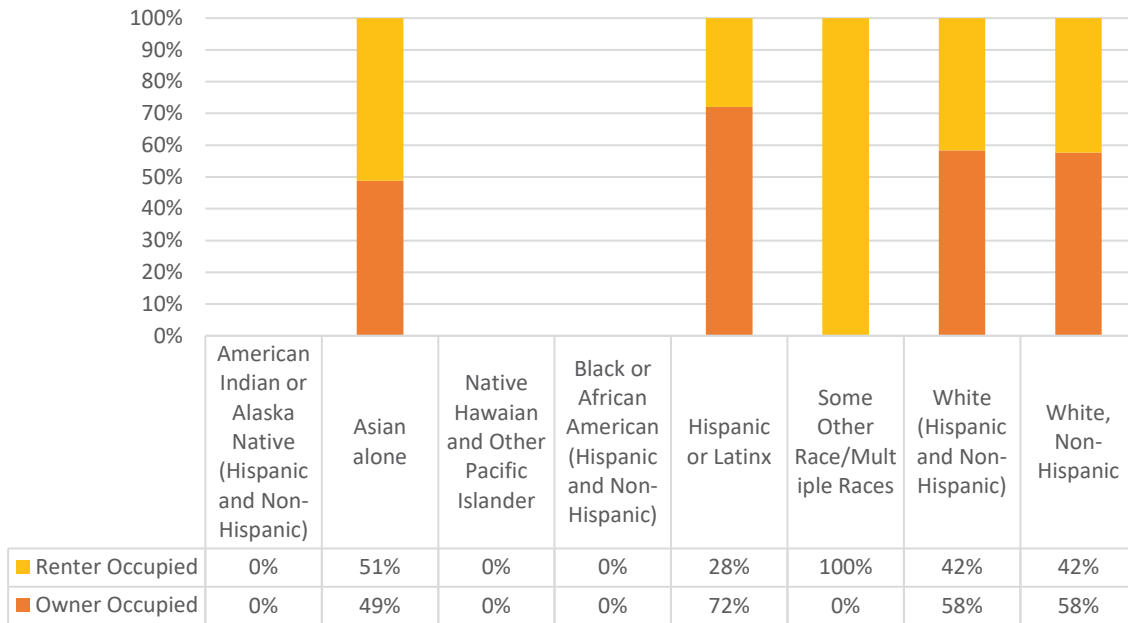
Jurisdiction	Owner-Occupied	Renter-Occupied	Average Household Size
Monterey County	3.13	3.41	3.27
Carmel-by-the-Sea	1.97	2.13	2.04
Del Rey Oaks	2.29	2.49	2.35
Pacific Grove	2.34	2.15	2.23

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

Figure A-41 illustrates 2019 household tenure by race in Carmel-by-the-Sea. Tenure by race varies some in Carmel-by-the-Sea as the majority of all households are non-Hispanic White (87 percent), of which 58 percent are owner-households and 42 percent are renter-households (Figure A-4; Figure

A-41). Hispanic or Latino households (8 percent) makeup the second largest population in Carmel-by-the-Sea, of which 72 percent are owner-households and 28 percent are renter-households. Less than 1 percent of Black or African American, Native Hawaiian or Other Pacific Islander, and American Indian or Alaska Native households are represented in the City’s housing market.

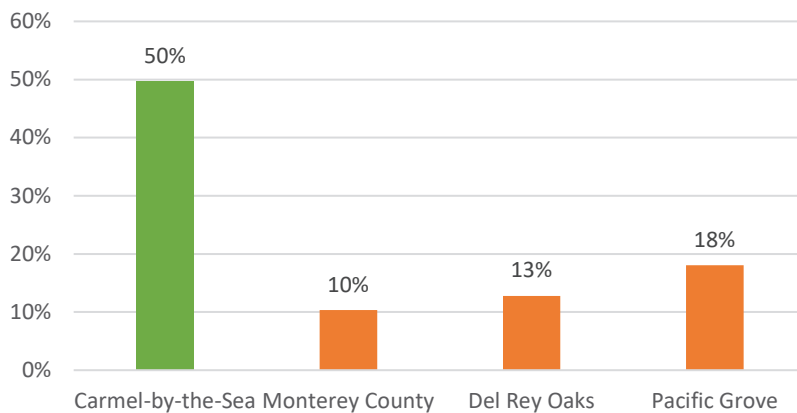
Figure A-41 Household Tenure by Race, Carmel-by-the-Sea, 2019



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

Figure A-42 illustrates vacancy rates in Carmel-by-the-Sea, the County neighboring cities. Carmel-by-the-Sea has a vacancy rate of 50 percent. This reflects a 40 percent higher vacancy rate than the County (10 percent) and 32 percent higher than Pacific Grove (18 percent). The City of Seaside has the lowest vacancy rate at 8 percent (9 percent below Sand City).

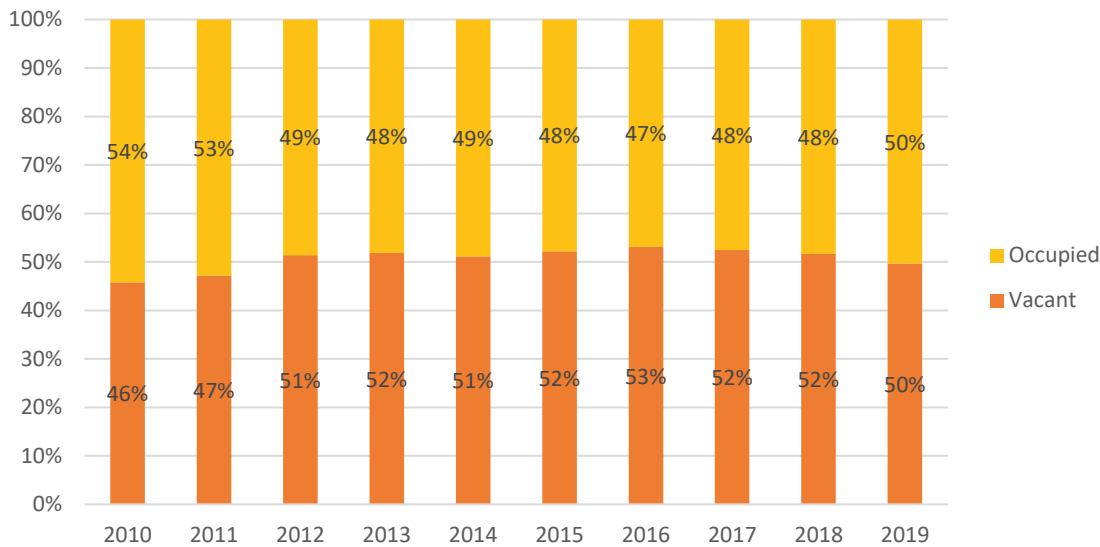
Figure A-42 Vacancy Rates by Jurisdiction, 2019



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

Figure A-43 illustrates vacancy trends in Carmel-by-the-Sea from 2010-2019. Over the course of nearly a decade, the City has experienced a stable vacancy average of 51 percent. This is staggeringly high considering the current housing crisis. Additionally, this affects the accuracy of data reporting for the city, as the majority of homeowners do not live in Carmel-by-the-Sea full time, thus resulting in skewed data collection.

Figure A-43 Vacancy Trends, Carmel-by-the-Sea, 2010-2019



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

Table A-21 shows vacant housing units by type, revealing 80 percent of Carmel-by-the-Sea's vacant units are for seasonal, recreational, or occasional use, aligning with the 51 percent average vacancy trends (Figure A-43). The high percentage of vacant housing units is largely impacted by tourism and second-home ownership. This creates a significant barrier for current and potential residents to enter the local housing market and squanders opportunities to correct the housing crisis, address diversity, and provide inclusive housing options to promote a vibrant and active community.

Table A-22 shows housing permits issued by the City of Carmel-by-the-Sea by income group. Between 2015 and 2022, 18 housing units were issued permits in Carmel-by-the-Sea which represents 58 percent of the RHNA number of 31 units assigned in the 5th Cycle Housing Element. Table 3-9 shows housing permits by income group in Carmel-by-the-Sea. Of the 18 housing units permitted, all were for above moderate-income.

Table A-21 Vacant Housing Units by Type, Carmel-by-the-Sea, 2019

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

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

Table A-22 Housing Permits by Income Group, Carmel-by-the-Sea, 2015-2021

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

SOURCE: California Department of Housing and Community Development (HCD), 5th Cycle Annual Progress Report Permit Summary (2022).

NOTE: Universe: Housing permits issued between 2015 and 2021. Notes: HCD uses the following definitions for the four income categories: Very Low Income: units affordable to households making less than 50 percent of the Area Median Income for the county in which the jurisdiction is located. Low Income: units affordable to households making between 50 percent and 80 percent of the Area Median Income for the county in which the jurisdiction is located. Moderate Income: units affordable to households making between 80 percent and 120 percent of the Area Median Income for the county in which the jurisdiction is located. Above Moderate Income: units affordable to households making above 120 percent of the Area Median Income for the county in which the jurisdiction is located.

Assisted Housing Developments At-Risk of Conversion

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

The California Housing Partnership Preservation Database is the state's most comprehensive source of information on subsidized affordable housing at risk of losing its affordable status and converting to market-rate housing.¹⁴ According to the database, there are no federal or state assisted units in Carmel-by-the-Sea. Currently, there are no affordable housing units at risk of conversion to market rate.

¹⁴ This database does not include all deed-restricted affordable units in the state, so there may be at-risk assisted units in a jurisdiction that are not captured.

Displacement

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

According to the California Department of Housing and Community Development (HCD) AFFH Data Viewer and the Urban Displacement Project 2022 estimates, Carmel-by-the-Sea renter-occupied households earning between 0-80 percent AMI are at low risk of potential displacement or gentrification in the northern region of the City. Mapping of the central and southern regions of the City show sufficient data was not captured to definitively report displacement risk. [Figure A-44](#) illustrates displacement risk in Carmel-by-the-Sea.

Housing Age and Condition

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

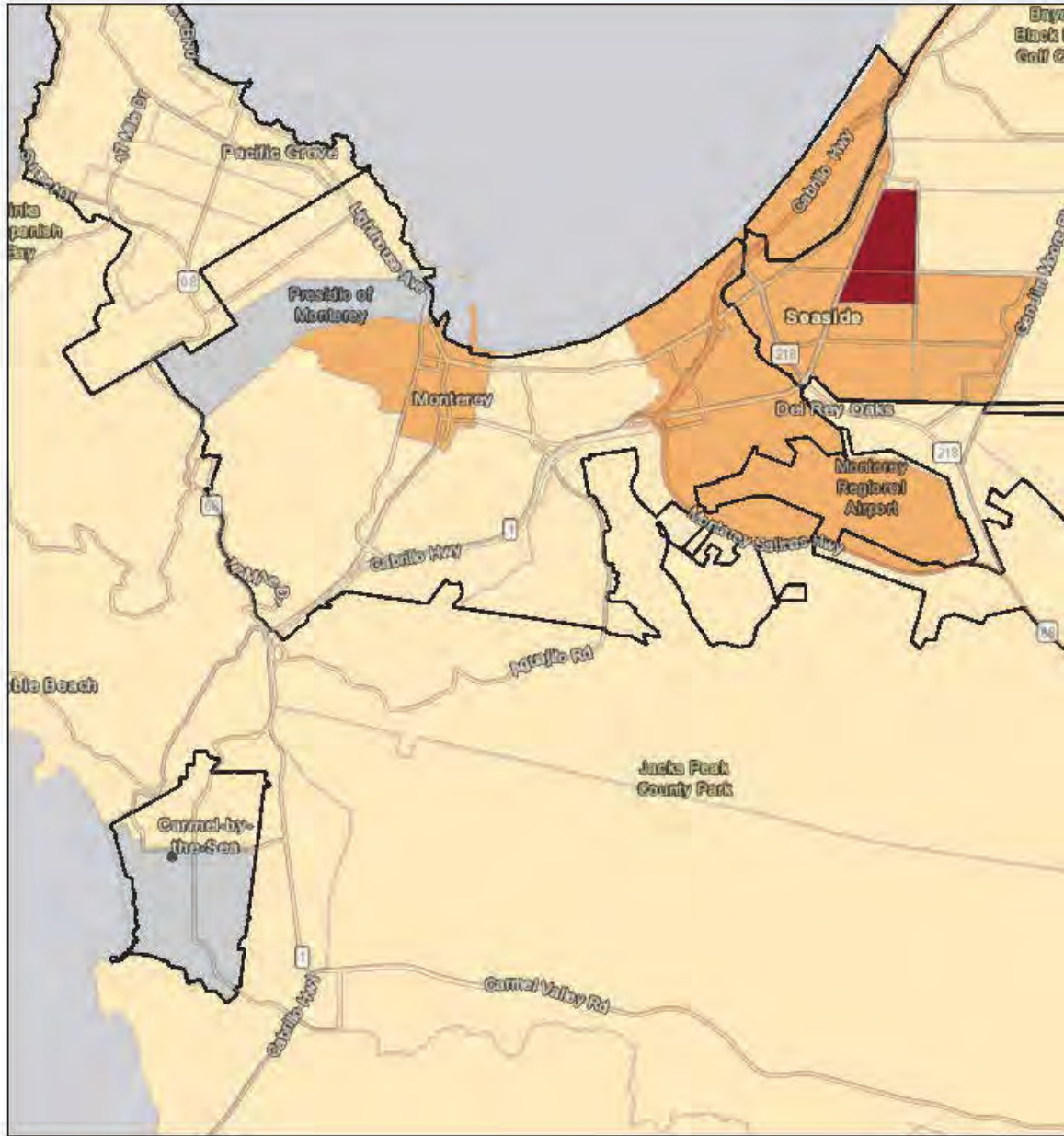
[Figure A-45](#) illustrates housing stock by age in Carmel-by-the-Sea. In Carmel-by-the-Sea, 95 percent of the housing stock was built prior to 1999 and is over 20 years old. Thirty-seven (37) percent of the housing stock was built between 1940-1959 and 2 percent was built in 2010 or later.

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

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

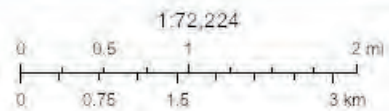
All programs and policies can be found in [Chapter 2](#) of the Housing Element.

Figure A-44 Displacement Risk, Carmel-by-the-Sea, 2022



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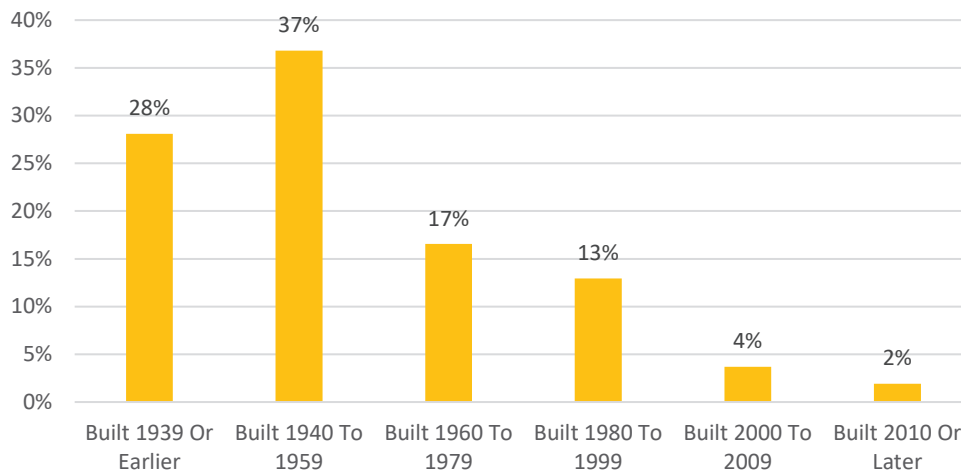
- City/Town Boundaries
- Low Data Quality
- Lower Displacement Risk
- At Risk of Displacement
- 1 Income Group Displacement
- 2 Income Groups Displacement



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

Figure A-45 Housing Stock by Age, Carmel-by-the-Sea, 2019

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

Housing Costs and Affordability

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

Home Prices and Rental Costs

Table A-23 show changes in median home values between 2019-2022 in Carmel-by-the-Sea, the County and neighboring cities. According to Zillow Home Value Index data, the median home value in Carmel-by-the-Sea was estimated at \$1,299,387 in December 2019. By 2022, the median home value in Carmel-by-the-Sea increased approximately 59 percent due to market demand. By comparison, the median home value in the County was valued at \$561,490 in December 2019 and experienced a 39 percent increase by 2022.

Table A-233 Median Home Value by Jurisdiction, 2019-2022

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

SOURCE: Zillow Home Value Index, 2019-2022

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

Rental Affordability

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

Table A-24 shows average rent estimates by unit size in Carmel-by-the-Sea based on 2023 Zillow rental market data. Included in the table is Housing and Urban Development’s (HUD) Fair Market Rents (FMR) for 2023, which establishes rental subsidy limits for Section 8 housing voucher recipients.

Table A-24 Average Rent by Number of Bedrooms, Carmel-by-the-Sea, 2023

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

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

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

Table A-25 reports the maximum monthly housing costs affordable to households according to income group in Monterey County. Income groups are based on the HCD 2022 State Income Limits Report, which considers housing affordable assuming a household can pay up to 30 percent of its monthly income toward housing. In Table A-25, maximum affordable sales prices are based on the following assumptions: 6.42 percent interest rate,¹⁵ 30-year fixed loan, and a 5 percent down payment.

As mentioned in Table A-23, the median home price in Carmel-by-the-Sea in December 2022 was \$2,070,835 which is only affordable to above moderate-income households earning approximately \$495,000 or more annually (62 percent of Carmel-by-the-Sea households are categorized as above moderate-income).

¹⁵ Interest rate based on December 29, 2022 interest rate according to Freddie Mac Primary Mortgage Market Survey

Table A-255 Housing Affordability, Carmel-by-the-Sea, 2022

Income Group	HCD Income Limits	Maximum Affordable Price	
		Monthly Rental	Ownership
Extremely Low (0-30% AMI)			
One Person	\$23,900	\$598	\$100,340
Two Person	\$27,300	\$683	\$114,614
Three Person	\$30,700	\$768	\$128,889
Four Person	\$34,100	\$853	\$143,163
Very Low (30-50% AMI)			
One Person	\$39,800	\$995	\$167,093
Two Person	\$45,500	\$1,138	\$191,024
Three Person	\$51,200	\$1,280	\$214,954
Four Person	\$56,850	\$1,421	\$238,675
Low (50-80% AMI)			
One Person	\$63,700	\$1,593	\$267,433
Two Person	\$72,800	\$1,820	\$305,638
Three Person	\$81,900	\$2,048	\$343,843
Four Person	\$91,000	\$2,275	\$382,048
Moderate (80-120% AMI)			
One Person	\$75,650	\$1,891	\$317,603
Two Person	\$86,500	\$2,163	\$363,155
Three Person	\$97,300	\$2,433	\$408,497
Four Person	\$108,100	\$2,700	\$453,839

SOURCE: California Department of Housing and Community Development, State Income Limits, 2022, Monterey County

A.7 Fair Housing Enforcement and Outreach Capacity

This section discusses fair housing legal cases and inquiries, fair housing protections and enforcement, and outreach capacity.

Fair Housing Legal Cases and Inquiries

California fair housing law extends beyond the protections in the Federal Fair Housing Act (FHA). In addition to the FHA protected classes—race, color, ancestry/national origin, religion, disability, sex, and familial status—California law offers protections for age, sexual orientation, gender identity or expression, genetic information, marital status, military or veteran status, and source of income (including federal housing assistance vouchers).

The California Department of Fair Employment in Housing (DFEH) was established in 1980 and is now the largest civil rights agency in the United States. According to their website, the DFEH's mission is, "to protect the people of California from unlawful discrimination in employment, housing and public accommodations (businesses) and from hate violence and human trafficking in accordance with the Fair Employment and Housing Act (FEHA), Unruh Civil Rights Act, Disabled Persons Act, and Ralph Civil Rights Act".¹⁶

DFEH receives, evaluates, and investigates fair housing complaints. DFEH plays a particularly significant role in investigating fair housing complaints against protected classes that are not included in federal legislation and therefore not investigated by HUD. DFEH's website provides detailed instructions for filing a complaint, the complaint process, appealing a decision, and other frequently asked questions.¹⁷ Fair housing complaints can also be submitted to HUD for investigation.

Additionally, Monterey County has a number of local resource and enforcement organizations:

- **The Housing Authority of the County of Monterey:** A public agency that provides rental assistance and develops and manages affordable housing throughout Monterey County, California;
- **South County Housing:** A non-profit community development corporation. The organization's mission is to promote viable neighborhoods that enhance healthy, sustainable communities by collaboratively providing affordable housing and promoting neighborhood services;
- **Public Interest Law Project:** a nonprofit support center for California legal services and other public interest law programs. The California Affordable Housing Law Project (CAHLP) is a project of the Public Interest Law Project. CAHLP concentrates primarily on the enforcement of California's housing element and redevelopment statutes and of state and federal relocation assistance and fair housing laws;
- **Coalition of Homeless Service Providers:** Advocate on the subject of homelessness with policy makers, public funders, and those with lived experience; and
- **California Rural Legal Assistance (CRLA):** a nonprofit legal service program created to help California's low-income individuals and communities. CRLA provides low-income rural Californians with free legal assistance and a variety of community education and outreach programs. Half of its resources are committed to multi-client cases that grapple with the root causes of poverty, with the goal of improving conditions for farmworkers, single parents, school children, the elderly, people with disabilities, and entire communities.

¹⁶ <https://www.dfeh.ca.gov/aboutdfeh/>

¹⁷ <https://www.dfeh.ca.gov/complaintprocess/>

Between 2012 and 2017, 53 fair housing complaints in Monterey County had been filed with the California Department of Fair Employment and Housing (DFEH). Among the complaints countywide, most were related to physical disabilities (23 instances) and familial/marital status (ten instances). Discrimination based on race was also common (seven instances). A complaint may involve multiple acts of discrimination and vice versa. A total of 57 acts of discrimination were recorded in Monterey County. Refusal to rent (17 instances), discriminatory statements (12 instances), and denial of reasonable accommodation/modifications (12 instances) were the most common discriminatory acts in the County.¹⁸

In 2020, a total of six (6) discrimination cases were found with the Office of Fair Housing and Equal Opportunity. Fifty percent of the cases were filed on the basis of disability bias. None of the complaints alleged racial bias. [Figure A-46](#) illustrates that out of all of the FHEO cases filed in the state of California in 2020 (398), only between 1 and 2.5 percent of the cases were filed in Monterey County. None of the discrimination cases filed in Monterey County in 2020 took place in Carmel-by-the-Sea.¹⁹

A total of six discrimination complaints were filed within Monterey County during 2020. Of those cases, three of them alleged discrimination based on disability. [Figure A-47](#) illustrates this statistic by showing that 40.01 to 65 percent of the cases filed in Monterey County during 2020 reflected disability bias. None of the FHEO complaints occurred in the City of Carmel-by-the-Sea.

NFHA identifies three significant trends in 2020 that are relevant for this AFFH:

- First, fair lending cases referred to the Department of Justice from federal banking regulators has been declining, indicating that state and local government entities may want to play a larger role in examining fair lending barriers to homeownership;
- Second, NFHA identified a significant increase in the number of complaints of harassment—1,071 complaints in 2020 compared to 761 in 2019; and
- Finally, NFHA found that 73 percent of all fair housing complaints in 2020 were processed by private fair housing organizations, rather than state, local, and federal government agencies—reinforcing the need for local, active fair housing organizations and increased funding for such organizations.²⁰

¹⁸ Source: California Department of Fair Employment & Housing, 2018; Monterey County Regional Analysis of Impediments to Fair Housing Choice, 2019



¹⁹ City of Carmel-by-the-Sea, 2023

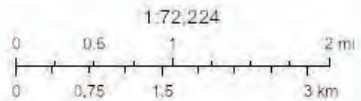
²⁰ <https://nationalfairhousing.org/2021/07/29/annual-fair-housing-report-shows-increase-in-housing-harassment/>

Figure A-46 FHEO Cases Total, Monterey County, 2020



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-  City/Town Boundaries
- (A) FHEO Cases - Total (2020) - County
-  .01 - .025 Cases



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

Figure A-47 FHEO Cases, Disability Bias, Monterey County, 2020

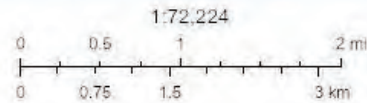


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City/Town Boundaries

(A) FHEO Cases - Disability Bias (2020) - County

40.01% - 65%



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

Outreach and Capacity

Currently, Carmel-by-the-Sea’s website is being updated to contain outright information about local fair housing ordinances. The website will transparently describe the steps residents should take if they feel they have faced discrimination and are seeking information about filing complaints (e.g., link to HUD’s and State of California fair housing pages). The site will also reference the organizations that provide fair housing services and assistance to City residents.

The following organizations offer fair housing services and assistance to the residents of Carmel-by-the-Sea:

- Conflict Resolution and Mediation Center;
- Legal Services for Seniors;
- California Rural Legal Assistance;
- ECHO Fair Housing Services
- HUD Housing Assistance;
- Central Coast Center for Independent Living; and
- Center for Community Advocacy.

Compliance with state law. Carmel-by-the-Sea is compliant with the following state laws that promote fair and affordable housing. The city has not been alleged or found in violation of the following:

- Housing Accountability Act (Gov. Code. Section 65589.5) requiring adoption of a Housing Element and compliance with RHNA allocations;
- No Net Loss Law (Gov. Code Section 65863) requiring that adequate sites be maintained to accommodate unmet RHNA allocations;
- Least Cost Zoning Law (Gov. Code. Section 65913.1);
- Excessive Subdivision Standards Law (Gov. Code. Section 65913.2); and
- Limits on Growth Controls Law (Gov. Code. Section 65302.8).

Housing Specific Policies Enacted Locally

The City of Carmel-by-the-Sea identified the following local policies that contribute to the regulatory environment for affordable housing development in the City:

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

- Policy 1.3: Reduce or eliminate governmental constraints on the provision of affordable housing. Direct public funding resources to the conservation of existing housing units in neighborhoods where continued residential use is appropriate.
- Policy 2.3: Preserve and expand affordable and rental housing opportunities to enable local employees to live in the community where they work.
- Policy 2.4: Preserve the existing housing stock.
- Policy 3.2: Recognize the special needs of persons with disabilities and the need to retain flexibility in the design review process to accommodate these needs.

A.8 Fair Housing Recommendations

Contributing Factors and Fair Housing Action Plan

The disparities in housing choice and access to opportunity discussed above stem from historical actions, socioeconomic factors that limit employment and income growth, barriers to open housing choice, and until recently, very limited resources to respond to needs.

FAIR HOUSING ISSUE: Household Characteristics

Carmel-by-the-Sea has significantly lower proportions of racial and ethnic minorities compared to Monterey County and the AMBAG region. The absences of protected classes and housing options suitable to them may indicate exclusionary behavior.

CONTRIBUTING FACTORS

- Lack of racial and ethnic diversity within the City;
- Lack of adequate affordable housing options.

FAIR HOUSING ISSUE: Disproportionate Housing Needs

Forty-six (46) percent of Carmel-by-the-Sea households are cost burdened households, of which 24 percent are renter-occupied households and 23 percent are owner-occupied.

CONTRIBUTING FACTORS

- Lack of affordable housing;
- Lack of adequate housing stock that meets the needs of residents; and
- Jobs-worker imbalance.

FAIR HOUSING ISSUE: Special Needs Groups

In Carmel-by-the-Sea, extremely low-income and special needs groups experience disproportionate impacts of poverty, increasing the challenge of obtaining adequate housing in the City.

CONTRIBUTING FACTORS

- Lack of affordable housing;
- Jobs-worker imbalance;
- Lack of accessible units for individuals with disabilities; and
- Lack of Transitional and Supportive Housing/Emergency Shelters.

FAIR HOUSING ISSUE: Housing Stock

Carmel-by-the-Sea's lack of affordable housing production, limited variety of housing types, and increasing housing costs create barriers to enter the local housing market.

CONTRIBUTING FACTORS

- Since 2015, there have been 18 housing permits in the City for only above moderate-income households; and
- Lack of developable land, due to coastal zoning ordinances.

FAIR HOUSING ISSUE: Access to Opportunity

Low production of affordable housing in Carmel-by-the-Sea limits housing choices for low-income households, and has a disproportionate impact on Hispanic or Latino, Asian, and Black/African American households.

CONTRIBUTING FACTORS

- Of the 18 housing permits issued in Carmel-by-the-Sea since 2015, zero were issued for lower-income households; and
- Costs of land, materials, and labor which limit profitability of affordable housing.

FAIR HOUSING ISSUE: Fair Housing Enforcement

No residents filed fair housing complaints in Carmel-by-the-Sea, indicating a potential lack of awareness about fair housing rights.

CONTRIBUTING FACTORS

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

Local Knowledge of Contributing Factors to Fair Housing

In order to better inform this Housing Element to meet the needs of residents of Carmel-by-the-Sea, the City prompts the input of the public. All responses will be taken into consideration for incorporation into the Housing Element to guide policies and programs that address the housing needs of existing and future residents.

In your experience in Carmel-by-the-Sea, what has contributed to the fair housing issues? What solutions do you envision to address these issues?

Priority Contributing Factors

The City of Carmel-by-the-Sea has prioritized the following contributing factors to the Fair Housing issues mentioned above:

- Lack of diverse housing stock;
- Lack of affordable housing overall;
- Lack of access to information about Fair Housing rights;
- Lack of Transitional and Supportive Housing/Emergency Shelters; and
- Lack of accessible units for individuals with disabilities.

Recommended Fair Housing Programs and Policies

The following are recommended policies that are intended to address the City's fair housing issues and contributing factors:

- Lack of diverse housing stock
 - Program 1.3.A: Condominium Conversions;
 - Program 1.3.B: R-1 Motel Development Rights Transfer;
 - Program 1.3.C: Accessory Dwelling Units; and
 - Program 1.3.E: Amend the A-2 Zoning District.

- Lack of Affordable Housing overall
 - Program 3.1.B: Housing for Extremely-Low Income Households;
 - Program 3.1.C: Density Bonus; and
 - Program 3.1.G: Affordable Housing Overlay Zoning District.
- Lack of accessible units for individuals with disabilities
 - Program 3.2.A: Reasonable Accommodation Procedures.
- Lack of Transitional and Supportive Housing/Emergency Shelters
 - Program 3.3.A: Zoning for Transitional and Supportive Housing; and
 - Program 3.3.B: Low-Barrier Navigation Centers.
- Lack of access to information about Fair Housing rights
 - Program 5.1.A: Fair Housing Services;
 - Program 5.1.B: Section 8 Rental Assistance; and
 - Program 5.2.A: Shared Housing Information.

A.9 Conclusion

To address the fair housing issues identified in this Housing Needs and Fair Housing report, the programs listed in the above section are included in [Chapter 2](#) of this Housing Element.

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Housing Constraints



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Appendix B

Housing Constraints

B.1 Introduction

Housing development is affected by public regulations and other forces. This chapter discusses both governmental and non-governmental constraints that affect housing in the City of Carmel-by-the-Sea. Governmental constraints consist of policies, requirements, or other actions imposed by various levels of government on land and housing ownership and development. In addition to local standards, the City follows building and design requirements put forth by State laws, the Uniform Building Code, Subdivision Map Act, energy conservation requirements, as well as other regulatory standards. However, Federal and State agency regulations that may constrain development are beyond the City's control and are therefore not addressed in this document. Non-governmental constraints are other conditions that impact housing development such as market factors, environmental setting, land availability, and construction costs.

B.2 Governmental Constraints

Governmental constraints are policies, standards, requirements, or actions imposed by the various levels of government upon land and housing ownership and development. Although federal and state agencies play a role in the imposition of governmental constraints, these agencies are beyond the influence of local government and are therefore not addressed in this document. As appropriate, the City will monitor federal and State legislation that could impact housing and support, or change additions to existing legislation. The City will update the Planning Regulations, as needed, to comply with any new housing related planning or zoning laws enacted by the State during the 6th Cycle Planning Period (2023-2031)

General Plan and Land Use Controls

Each city and county in California must prepare a comprehensive, long-term General Plan to guide its future. The Land Use Element of the General Plan establishes the basic land uses and density of development within each jurisdiction. Under state law, the General Plan elements must be internally consistent, and each jurisdiction's zoning must be consistent with its General Plan. Thus, the Land Use Element must provide suitable locations and densities to implement the policies of the Housing Element.

The City’s development policies, standards and requirements were established with the intent of maintaining the long-term health, safety, and welfare of the community. To achieve this, the City has implemented a range of procedures, regulations, and fees associated with all local development. Specific land use and development constraints, such as zoning regulations, governmental fees, building code standards, design review, and processing and permitting time can greatly influence the type and cost of construction that occurs.

The City of Carmel-by-the-Sea General Plan/Coastal Land Use Plan (General Plan) was adopted in 2003 and most recently amended in 2015. The General Plan Housing Element identifies permitted land uses and development intensities for all land within City boundaries. Permitted uses within the City include “Single-Family Residential” and “Multi-Family Residential.” The “Commercial/Residential” designation also permits mixed use building designations under Commercial Zoning and is intended to provide for a mix of residential dwellings and a limited range of office and service uses in scale with the character of the community. [Table B-1, Residential Land Use Designations](#), identifies the residential land use designations and their maximum permitted densities.

Table B-1 Residential Land Use Designations

Designation	Maximum Density
Single-Family Residential	11 du/ac
Multi-Family Residential	33 du/ac 44 du/ac (with affordable housing)
Commercial/Residential	33 du/ac

SOURCE: Carmel-by-the-Sea 2003 General Plan

The range of residential densities provided by Carmel-by-the-Sea’s General Plan is sufficient to accommodate a range of housing types and affordability levels. It does not, therefore, pose an undue governmental constraint the development of housing for the community.

Local Coastal Program and Coastal Land Use Plan

The California Coastal Act was established to balance landowners’ rights to develop and the public’s right to enjoy the coastline. This resulted in an area defined as the Coastal Zone and it is regulated to ensure orderly, long-range conservation, use, and management of the natural, scenic, cultural, recreational, and manmade resources of the coast. All of the Carmel-by-the-Sea is located within the coastal zone, which in this area extends from the coast east to California State Route 1.

Carmel-by-the-Sea’s Local Coastal Program (LCP) was certified by the Coastal Commission in 2004, enabling the City to issue Coastal Development Permits (CDPs). This allows the City to process development applications more quickly than would occur without this certification and direct

permitting authority and oversight from the Coastal Commission. The LCP includes the following General Plan Elements: Land Use, Circulation, Coastal Access and Recreation, and Coastal Resource Management; Carmel Municipal Code Chapter 17 (Implementation Plan); and, the General Plan and Zoning Code.

The presence of land use regulation via the LCP, in general, means that housing development in Carmel-by-the-Sea faces a high bar to succeed. Most of the recent remedies brought forward by the California legislature to facilitate housing development are either outright inapplicable in the Coastal Zone (SB 35) or are secondary to California Coastal Commission policies that protect habitat resources (SB 9).

Zoning Code

The City of Carmel-by-the-Sea Zoning Code (City Municipal Code Title 17, Chapter 17.08-Residential Zoning Districts) establishes regulatory standards that dictate the type, location, density, and scale of residential development within the City's boundaries. Below are the two primary zoning districts within the city that allow for residential uses:

- R-1 Single-Family Residential District; and
- R-4 Multifamily Residential District.

In addition, the following zoning districts provide for some residential uses above commercial uses or on ground floor after review and approval of a conditional uses permit.

- CC Central Commercial District;
- SC Service Commercial; and
- RC Residential and Limited Commercial.

The following public and quasi-public zoning districts also permit limited residential uses:

- P-2 Improved Parklands (Park and Recreation District);
- A-2 Community and Cultural (Other Public District); and
- A-3 Senior Citizen Facility (Other Public District).

The City of Carmel-by-the-Sea Municipal Code (CMC) provides zoning regulations that are more specific than the General Plan Land Use designations. The R-1 (Single-Family Residential) district provides an appropriate land area for permanent single-family residential uses and structures and to enhance and maintain the residential character of the City. The R-4 (Multifamily Residential) district is intended to serve two purposes: 1) to provide an appropriate location for a mix of multifamily residential dwelling units convenient to the commercial area; and 2) to serve as a buffer or transitional zone between the commercial area and the single-family residential district.

Commercial zoning districts that permit some residential uses include: Central Commercial District (CC), which is intended to provide an appropriate location for a broad range of retail, residential and service uses. Uses which generate high pedestrian traffic and which do not have large space requirements are appropriate in this district. Residential uses are appropriate on the second floor of structures. Service Commercial (SC) is intended to provide an appropriate location for services, offices, residential and limited retail activities that primarily serve local needs. This district is intended to provide a distinct transition between the more intense activities in the CC district and the less intense activities in the districts on its periphery. Mixed uses of commercial and residential activities are appropriate throughout this district. The Residential and Limited Commercial (RC) district seeks to provide an appropriate location for permanent and transient residential uses, service and office uses, and limited retail uses that do not adversely impact the residential neighborhood. This district is intended to provide a transition and buffer between the more intense activities in the CC and SC districts and the less intense activities in the R-1 and R-4 districts.

Certain public and quasi-public zoning districts also permit limited residential uses. “Improved Parklands” (P-2) zoned areas permit single-family, senior citizen, and family day care uses which are limited to the use and maintenance of existing buildings for nonprofit organizations, governmental buildings and uses, and residential use. Sites located in the “Community and Cultural Center” (A-2) and “Senior Citizen Facility” (A-3) districts permit senior citizen housing outright.

Table B-2, *Residential Uses Permitted by Zone*, shows residential uses, the zoning districts in which they are permitted, and whether they are permitted by right (without discretionary action) or with a conditional use permit (CUP). The City’s Municipal Code is available online: (<https://www.codepublishing.com/CA/CarmelbytheSea/>).

Zoning regulations do not appear to pose any serious problems to the development of the remaining undeveloped residential sites. Rather, the challenges to developing the remaining sites have more to do with the design review and non-governmental constraints such as: site topography, available land, and construction costs. Regulations concerning building setbacks and open space are not unusually restrictive, and on-site parking is not required to be covered by a carport or garage. The City’s zoning standards have been written with the unique aspects of the community in mind and have attempted to mitigate the issues of topographic and other environmental constraints.

Table B-2 Residential Uses Permitted by Zone

Residential Use	Residential Zoning Districts		Commercial Zoning Districts				Public and Quasi-Public Districts (Park and Recreation & Other Public Districts)		
	R-1	R-4	CC	SC	RC	P-2	A-2	A-3	
	P	P	C-L-5	C	C	P-L-1	-	-	
Single-Family	P	P	C-L-5	C	C	P-L-1	-	-	
Accessory Dwelling Units									
Accessory Dwelling Unit (Interior)	P	P	-	-	-	-	-	-	
Accessory Dwelling Unit (New Structure)	P	P	-	-	-	-	-	-	
Class I Accessory Dwelling Unit	P	-	-	-	-	-	-	-	
Class II Accessory Dwelling Unit	P	-	-	-	-	-	-	-	
Studio	P	P	-	-	-	-	-	-	
Guesthouse (Noncommercial)	C	-	-	-	-	-	-	-	
Multifamily Dwellings									
0-22 dwelling units/acre	-	P	P	P	P	-	-	-	
22 dwelling units/acre	-	C	-	-	-	-	-	-	
23-33 dwelling units/acre	-	-	C	C	C	-	-	-	
34-44 dwelling units/acre	-	-	C	C	C	-	-	-	
45-88 dwelling units/acre	-	-	C	C	C	-	-	-	
Senior Citizen Housing	R-L-5	P	P	P	P	P-L-1	P	P	
Family Day Care									
Small Family	R-L-5	P	-	-	P	P-L-1	-	-	
Large Family	-	C-4	-	C	C	P-L-1	-	-	
Group Residential	-	C	-	-	-	-	-	-	

Residential Use	Residential Zoning Districts		Commercial Zoning Districts				Public and Quasi-Public Districts (Park and Recreation & Other Public Districts)		
	R-1	R-4	CC	SC	RC	P-2	A-2	A-3	
Transient Rental, Legal Nonconforming	-	R-L-6	C-L-7	C-L-7	C-L-7	-	-	-	
Transient Rental, Housing Incentive	-	R-L-7	C-L-8	C-L-8	C-L-8	-	-	-	

SOURCE: CMC Title 17 Zoning 2023

NOTE: Key:

(P) permitted use classifications.

(L) use classifications that are permitted, subject to certain specific limitations noted by the number designations and listed at the end of Schedule II-1 (CMC Section 17.08.040) and Schedule II-B (CMC Section 17.14.030).

(C) use classifications permitted after review and approval of a conditional use permit by the Planning Commission. Conditions or standards may apply to these uses, noted by the number designations and listed at the end of Schedule II-1.

(—) prohibited

Residential Districts Specific Limitations and Conditions

R-L-1. Limited to advertising, consumer credit reporting, secretarial and court reporting, equipment maintenance and repair, personnel supply services, and nonretail computer services and repair.

R-L-2. Allowed only on existing quasi-public use sites established prior to December 1, 1980, or added as an accessory use to such existing uses.

R-L-3. Limited to existing units established prior to January 1, 1967, and/or authorized by a use permit issued between 1967 and 1990. *Note: These provisions approved by voter referendum.

R-L-4. Limited to existing commercial spaces established prior to 1993 and occupied by commercial uses continuously since that time.

R-L-5. Limited to occupancy within a single-family residence.

R-L-6. Limited to permits approved prior to the adoption of Ordinance 2019-03.

R-L-7. Limited to transient rental units approved through the issuance of a conditional use permit as an incentive for the creation of new housing units. See CMC 17.14.040(W)(2)(b).

Commercial Districts Specific Limitations and Conditions

C-L-1. Limited to advertising, consumer credit reporting, secretarial court reporting, equipment maintenance and repair, personnel supply services, and nonretail computer services and repair.

C-L-2. Allowed only as accessory use to gasoline stations and limited to a maximum of 300 square feet. No sales of alcohol are permitted. See CMC 17.14.040(D)(2) and (J)(2).

C-L-3. Any establishments with activities generating noise, odors, deliveries by large vehicles, high traffic by customers, or requiring large storage needs are not permitted.

C-L-4. Limited to offices for the following categories: operators of nonresidential buildings, apartment buildings, dwellings, real estate agents and managers, and title companies.

C-L-5. Limited to sites that are already developed with a single-family dwelling, or that were originally developed as, or used as, a single-family dwelling but have since been converted to another use. Existing single-family dwellings can be maintained, altered, repaired and/or redeveloped. R-1 district floor area ratio standards shall apply to these sites.

C-L-6. Subject to the same regulations as apply to other family residential dwellings in the same zone.

C-L-7. Limited to permits approved prior to the adoption of Ordinance 2019-03.

C-L-8. Limited to transient rental units approved through the issuance of a conditional use permit as an incentive for the creation of new housing units. See CMC 17.14.040(W)(2)(b).

Public and Quasi-Public Districts Specific Limitations and Conditions

P-L-1: Limited to the use and maintenance of existing buildings for nonprofit organizations, governmental buildings and uses, and residential use.

P-L-2: Limited to facilities serving only park visitors and/or tenants of park buildings.

P-L-3: Limited to schools for theater arts.

P-L-4: Limited to workshops and classes connected with the arts.

P-L-5: Only as an accessory use, when in connection with any other authorized use.

Commercial Motel Uses in R-1 Residential Areas

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 in the R-1 residential zoning district. These commercial establishments can be targeted to transition out of residential areas and be rehabilitated as multi-family residences. The properties are located in key prime residential areas. Enabling commercial uses to relocate to commercial zoning districts would diversify the housing stock by allowing the existing motels and hotels to be rehabilitated and refurbished into multi-family units. In order to encourage these properties to transition into permanent multi-family residences, and to retain the same number of hotel and motel rooms for the current businesses, the City will develop a program to allow the transfer of development rights of hotels and motels located in the R-1 zoning district to the commercial zoning district.

Overlay Zoning Districts

Overlay districts are zoning districts established by the City to carry out specific purposes. They are governed by a set of regulations that address specific subjects such as archaeological significant resources or environmentally sensitive habitat areas. The City current has overlay districts that address the following:

- Archeological significance;
- Parks;
- Beach and Riparian areas;
- Environmentally Sensitive Habitats;
- Annexed County Lots; and
- Downtown Conservation District.

Overlay districts can be constraints to development, or they can be used as a tool to encourage certain types of development. Currently, the city does not have an overlay district to encourage affordable housing. An overlay district crafted to require a minimum density of 33 du/ac for specific sites identified in the Site Inventory would be another tool to encourage efficient use of property by requiring a minimum density that a project would need to achieve if in the affordable housing overlay zone. The City will craft an affordable housing overlay zone with a minimum density of 33 du/ac.

Development Standards

With the exception of building heights, development standards in Carmel-by-the-Sea are typical for a small residential community. As for building heights, the City limits building heights to two stories and 30 feet or less, which can render higher allowable densities (up to 44 du/ac with affordable

housing) unachievable. The City has discussed the possibility of increasing height limits, but community resistance to increasing the height limit has been consistent (e.g., damaging to the character of the downtown). Some community members have supported the allowance of mezzanines as a third interior story, if it could be accomplished without appearing as a three-story building. The Zoning Code permits multi-family dwellings in all commercial districts and existing underutilized commercial spaces can be repurposed for residential uses.

The Community and Cultural Center Zoning District, A-2, allows senior citizen housing (55+) as a permitted use in addition to uses that provide cultural and community activities associated with the arts, education and recreation; however, development standards are not specified for the A-2 district and design review is required. The lack of development standards adds uncertainty to the development process. Amending the A-2 zoning district with clear setbacks, height, and landscaping requirements will add clarity and remove a development constraint. The City of Carmel-by-the-Sea has included a new program in this 6th Cycle Housing Element to amend the A-2 Zoning District to include clear development standards as a means to encourage affordable senior citizen housing.

[Table B-3, Residential Development Standards](#), summarizes residential development standards in Carmel-by-the-Sea.

Density Bonus

Floor area bonuses are available for projects in the commercial zones that include an intra-block walkway and/or a courtyard (see CMC 17.14.140.D.2). The same floor area bonus is available for projects that include affordable units. This indicates that the City equally values walkways or courtyards and affordable units. The City may consider making walkways and/or courtyards a requirement, and keep or increase the bonus for affordable units. Additionally, the existing floor area bonus for affordable units really only incentivizes creation of moderate units, not low or very low (see CMC 17.14.140.D.1).

Table B-3 Residential Development Standards

Zoning	Minimum Lot Area (sq ft)	Setbacks			Maximum Height ^{1,2,3}	Maximum Floor Area (sq ft)	Maximum Lot Coverage or Density (R-4)
		Front (in feet)	Minimum Side Yard (in feet)	Rear			
Residential Districts							
R-1	2,500 ¹ 4,000	15	Interior	Street Side	24 feet 2 stories	Less than 45 percent of the area of the building site ² 2,400 ³	22% of the base floor area
			3	5			
R-4	4,000	No setback. 5 – if across from R-4, RC; 7.5 across from R-1	No setback ^{4,5} N/A	No setback. 10 – if abutting R-1 or R-4	26 feet 2 stories	N/A	33 units/acre 44 units/acre with density bonus
Commercial Districts							
CC	N/A	No setback. 5 – if across from R-4, RC; 7.5 across from R-1	No setback ⁴	No setback 10 – if abutting R-1 or R-4	30 feet 2 stories	N/A ¹	One story – 95% of the site area Two story – 135% of the site area 150% with 15% bonus
SC	N/A	No setback. 5 – if across from R-4, RC; 7.5 across from R-1	No setback ⁴	No setback 10 – if abutting R-1 or R-4	30 feet 2 stories	N/A	One story – 95% of the site area Two story – 135% of the site area 150% with 15% bonus
RC	N/A	No setback. 5 – if across from R-4, RC; 7.5 across from R-1	No setback ⁴	No setback 10 – if abutting R-1 or R-4	26 feet 2 stories	N/A	One story – 70% of the site area Two story – 80% of the site area 95% with 15% bonus

SOURCE: CMC Title 17 2023

NOTE:

1. Lots of record in existence on February 4, 1948.
2. Applies to sites less than 4,000 square feet.
3. The maximum potential floor area on a site is the sum of the base floor area plus any bonus floor area. The City uses a sliding scale to determine maximum floor area and site coverage.
4. If abutting R-4 or RC district a side yard setback of at least 5 feet along at least 50% of each side property line. The remaining 50% requires no setback unless the faces a public street. Any site abutting R-1 district requires a setback of five feet along entire side yard.
5. Buildings shall not be less than six feet from any other buildings on the same site.

Site Plan and Design Review

Architectural design is important to Carmel-by-the-Sea. The historic character of Carmel’s built environment has been shaped by decades of careful and deliberative design review (referred to as “design study” in Carmel) that addresses such features as site design, architectural style, building materials, color palettes, window treatments, tree placement and landscaping. This attention to detail has resulted in a beautiful, forested village atmosphere that continues to capture the imagination of people from around the world who visit and even choose to make Carmel their home.

The same design review process that has contributed to Carmel becoming a world-famous destination, however, has also impacted its ability to provide housing for lower-income households and by extension housing for a less affluent and racially diverse population. In this way, Carmel has in some ways become a victim of its own success. Many of the actors, artists, and writers who have made Carmel their home over the decades came from modest beginnings and travelled to the area not to live in multi-million-dollar homes, but to experience and become part of a “rich” artistic community. They came for inspiration not exclusivity.

Part of the challenge, then, is for Carmel to find a way back to its roots—to provide space again for the next generation of the artistically gifted who have yet to make their mark on the world, a space that contains a full mix of incomes and backgrounds within which the artist can find meaning and inspiration. All of which leads back, in this instance, to the City’s design study process, which involves multiple layers of overly exhaustive, and depending on the scale and size of the project, prohibitively time-consuming and expensive review components.

The following subsection provides a detailed description of Carmel’s design review process.

Residential Design Review Process

The typical residential development review process for Carmel-by-the-Sea generally falls under two design study “tracks” – Track 1 and Track 2.

Residential Track 1 Design Study

Track 1 Major Design Study Applications are projects that can be approved at the staff level and typically do not require a public hearing. “Track 1 Major” projects are projects involving additions of less than 10% of the existing floor area, or projects with multiple minor components (Track 1 Minor) that together add complexity and require a more detailed review.

The Track 1 Major review is also limited to projects that: 1) do not require significant cuts to the roots/limbs of any “significant” or “moderately significant” trees; 2) do not require the demolition of substantial alteration of any dwelling unit; and 3) are sited and designed to protect public views to and along the ocean and scenic coastal access.

The major steps involved with a Track 1 Design Study Application are as follows:

1. Submit a Design Study Application – This is the formal project application. Planning staff will review the application for completeness and provide early feedback.
2. Staff Review and Decision – Staff will review the application for completeness and consistency with the Residential Design Guidelines. If the application is incomplete or inconsistent with the Design Guidelines, staff will notify the project applicant of the changes that are required. If the application is complete and approvable, staff will notify the applicant has been approved. If approved, an approval packet is completed and issued. The approval packet consists of (1) an Approval Letter, (2) Conditions of Approval, (3) a Notice of Approval, and (4) an Affidavit of Posting of the Notice of Approval.
3. Noticing/Appeal Period - The Notice of Approval is required to be posted on-site by the applicant for a 10-calendar day appeal period. For Track 1 Major projects, the approval notice will also be mailed to neighbors within 100 feet of the property.
4. Building Permit/Notice of Authorized Work – Following the end of the appeal period, and assuming no appeals are filed, the applicant may apply for either a Building Permit or Notice of Authorized Work. The approval packet will inform the applicant if a Building Permit or Notice of Authorized Work is required.

Residential Track 2 Design Study

Track 2 Design Study Applications are for new residential construction, large additions and substantial alterations that require Planning Commission approval. The purpose of the Track 2 Design Study is to promote orderly development, to ensure high quality neighborhood design that is harmonious with its surroundings, to implement the General Plan, and to preserve and promote the visual character of the City. The major steps involved with a Track 2 Design Study Application are as follows:

1. Submit a Preliminary Site Assessment Application – This is required for all Track 2 Projects. After the assessment is completed by staff, the applicant will move on to submitting their project application.
2. Submit a Design Study Application – This is the formal project application. Planning staff will review it for completeness and provide early feedback.
3. Participate in a Forest and Beach Commission Hearing (if tree removal is proposed): A request to remove or prune a significant tree must be approved by the Forest and Beach Commission (FBC) prior to determining completeness of the application. The removal or pruning of any tree will require a separate tree removal application be submitted (Permit Type: Tree with Construction).
4. Install Staking and Flagging (story poles) – “Story poles” provide a visual representation of the proposed project for the public and the Planning Commission. Story poles must be installed and

heights certified by a California licensed surveyor or civil engineer at least 10 days prior to the scheduled Concept Hearing. To avoid having to relocate or reposition the story poles, it is recommended story poles be installed after the application has been deemed complete.

5. Participate in a Historic Resource Board Hearing (properties located on the City’s Inventory of Historic Resources Database) – Projects on historic sites are subject to additional review from a city-retained historical consultant and review by the Historic Resources Board (HRB) prior to consideration by the Planning Commission. The historic status of a property will be determined during the Preliminary Site Assessment.
6. Participate in a Concept Hearing – The Concept Review phase by the Planning Commission (PC) will address site planning, access, building massing and neighborhood design issues, such as privacy and view impacts. Projects are evaluated using both the development standards in the Zoning Code and the *Residential Design Guidelines – Introduction and Design Concept Review*.
7. Obtain a Volume Study – Each site is permitted a certain amount of exterior volume. Volume is defined as the total space occupied by all structures located above average grade. The Planning Division will send the architectural design plans to a City-retained architect/engineer to calculate the volume. A deposit will be collected at the time of application submittal and the unused balance will be returned to the applicant.
8. Participate in a Final Details Hearing – In this review by the Planning Commission (PC), the project is reviewed for compliance with the City’s *Residential Design Guidelines – Final Details Review*. Issues such as landscaping, architectural character, and exterior materials are evaluated.
9. Final Approval and Appeal Period – The Planning Commission’s approval is subject to a 10-working day appeal period. Story poles must remain until the appeal period has expired. At the conclusion of the appeal period, and assuming no appeals are filed, the applicant may proceed with submitting an application for a Building Permit. If an appeal is filed, the appeal will be considered by the City Council at the next available council meeting.

Commercial Design Review Process

In addition, the City has established two tracks for design review of projects proposing new construction, alterations, rebuilds, additions, demolitions, and other exterior design changes in the central commercial (CC), service commercial (SC) and residential and limited commercial (RC) districts and the multifamily residential (R-4) district. Commercial development is subject to the City’s *Commercial Design Guidelines* (2000) and *Carmel Plaza Storefront Design Guidelines* (2001) as applicable.

Commercial Track One Design Review

The Director may approve Track One applications for design changes in all commercial zoning districts and the R-4 district based on a determination that such projects comply with the Zoning Code and all applicable commercial design guidelines.

Commercial Track Two Design Review

The Planning Commission shall review and approve Track Two applications. This is a discretionary process for reviewing substantial design changes in commercial zoning districts and the R-4 district.

Historic Resources

Upon submittal of a design study, building permit or other application for alteration of a property, the City shall determine if the subject property contains historic resources and is therefore eligible for the Carmel Inventory of Historic Resources (last updated in 2022). If it is determined that the property contains historic resources, the applicant shall be required to obtain a determination of consistency with the Secretary of the Interior's Standards for the Treatment of Historic Properties as part of the project review process.

Minor Alterations

Determinations of consistency for minor alterations shall be reviewed by City staff for compliance with the Secretary of the Interior's Standards for the Treatment of Historic Properties. Minor alterations that are found not to comply with the Secretary's Standards shall be considered and processed as major alterations requiring an evaluation by a qualified professional and final action by the Historic Resources Board.

Major Alterations

Determinations of consistency for major alterations shall require an evaluation by a qualified professional and shall be reviewed and approved by the Historic Resources Board.

The City's current approach to conserving historic resources does not present a constraint to constructing new residential units.

Building and Fire Code

Building and safety codes are adopted to preserve public health and safety, and ensure the construction of safe and decent housing. These codes and standards also have the potential to increase the cost of housing construction or maintenance. The City's Building Code is currently based on the latest, 2022 version of the California Building Code, along with all required updates (City Ordinance No. 2022-004). The City has not made any amendments to the Code that might diminish the ability to accommodate persons with disabilities or other special-needs groups.

The 2022 California Fire Code as adopted by the City and effective January 1, 2023 (found in Chapter 15.55 of the CMC), prescribes the issuance of Fire Code Operational Permits for operations, processes, and/or activities that present higher levels of risk to life and property. Operational permits allow the City to better track specific hazards and to assure that safeguards for hazardous operations, processes, and activities are maintained in accordance with local, State and Federal Regulations.

Carmel Municipal Code Title 8.32.100, Section 102.1(5) requires new structures, or existing structures to which additions, alterations or repairs are made that involve the addition, removal or replacement of fifty percent (50%) or greater of the linear length of the walls of the existing building (exterior plus interior) within a five-year period, are required to be outfitted with an automatic fire sprinkler system. Fire sprinklers shall be addressed as part of the building permit review. It is recognized that the costs of an automatic fire sprinkler system can vary considerably, based on various factors, including water service capabilities, whether a new meter is required, and the type of fire suppression system required for the application in question. However, it is generally recognized by City staff that installing fire sprinklers can be expensive fire sprinklers and presents challenges from a water flow standpoint. Parts of Carmel have low water pressure affecting the ability to install sprinklers, which in-turn significantly increases construction costs if additional on-site infrastructure is needed (water holding tanks, pumps, etc.) to serve the sprinkler system.

Additionally, vehicular access within the community is affected by steep, hilly terrain and many secondary ridge lines. Many streets are narrow and winding, restricting the speed at which a fire apparatus may safely respond and also increasing the time lapse between fire detection and apparatus arrival, during which a household will face the fire or other emergency on their own.

The State Fire Marshal's Office, and the City of Carmel-by-the-Sea, have adopted regulations for protection of structures built in areas susceptible to wildland fires under California Building Code Chapter 7A (2019 edition). Exterior wildfire exposure protection within the City of Carmel-by-the-Sea is prescribed in Municipal Code Title 15, Buildings and Construction. Protective features include such active measures as combustible vegetation management and sprinkler systems; and passive protection features such as fire resistive roofing and building opening protection. The extent of protection is determined by the location of the property. The currently adopted (October 2008) California Department of Forestry and Fire Protection (CAL FIRE) *Very High Fire Hazard Severity Zones in Local Responsibility Areas* (LRA) map for Carmel-by-the-Sea, identifies a large area encompassing northern and eastern portions of the City as a "Very High Fire Hazard Severity Zone." It should be noted that all LRA maps across the state of California are undergoing updates and according to CAL FIRE are anticipated to be released sometime in 2024. Within the areas identified in the "Very High Fire Hazard Severity Zone," additional construction features are mandated. These typically include ignition resistant materials, spark protection for ventilation openings, and exterior window and door protection. Detailed requirements are contained in Chapter 7A of the California Building Code and in Carmel Municipal Code Titles 8 and 15.

The City finds that the adopted Building Code and Zoning Code enforcement activities are not constraints to the development, maintenance or preservation of housing.

Special Housing Topics

This section discusses several special housing topics that have been the subject of recent attention in the California Legislature.

Accessory Dwelling Units (ADUs)

An accessory dwelling unit (or ADU) is defined as an attached or detached residential dwelling which provides complete independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation, which is located on the same parcel as a single-family dwelling (CMC 17.68.030). Based on their relatively small size, and because they do not require paying for land or major new infrastructure, ADUs and Junior ADUs (JADU) are considered affordable by design. ADUs can provide affordable housing options for family members, seniors, students, in-home health care providers, and other small household types. ADUs can also be useful to generate additional rental income for the homeowner, making homeownership more financially feasible. Additionally, the City has a high rate of second home (vacation) ownership. Encouraging ADUs and JADUs may be appealing to second home owners because ADUs will provide a higher level of security to the property if there is a full-time resident, add an income stream to a property that lies vacant for a high proportion of the year and will provide much needed affordable smaller housing units.

The City's ADU ordinance was last updated in 2017 (Ord. 2017-10 § 1 (Exh. A), 2017). Carmel-by-the-Sea is following the requirement of the state law which can add to confusion and lack of clarity to property owners interested in construction ADUs and is in the process of updating the ADU Ordinance to incorporate state laws that have expanded since 2017.

In recent years, the California Legislature has passed a series of bills aimed at encouraging single-family homeowners to add ADUs to their property by requiring local jurisdictions to adopt regulations to facilitate their production and streamline their approval. The State passed legislation in 2017, 2019, 2020, and 2021 to further assist and support the development of ADUs, including "by right" approval for units less than 850 square feet for a one-bedroom and 1,000 square feet for a two-bedroom unit. ADUs are also permitted in commercial structures per State law.

The City permits one guesthouse on sites of 6,000 square feet or greater upon approval of a use permit. Guesthouses shall contain no food preparation facilities of any kind, but are permitted to have a bathroom with a toilet, sink and bathing facility. A guesthouse on any building site may be converted to an accessory dwelling unit, generally requiring the permitting of kitchen sink and facilities. Converting existing guesthouses to fully functional ADUs, or JADUs represent a cost-effective method requiring a building permit to increase the City's housing stock. These opportunities could be strong candidates for prioritization of the City's limited water distribution.

The City has number of hotel and motel units that would greatly benefit from having an affordable on-site manager's unit. These units would alleviate the current lack of housing that many employees in Carmel face. As an incentive, the City can offer an additional bonus hotel room to offset loss of revenues for the business owners.

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

The City of Carmel-by-the-Sea has included a new program in this 6th Cycle Housing Element to revise its Zoning Code to be consistent with ADU and JADU state law, incentivize manager's units in existing hotels and motels and develop standardized ADU plans.

Manufactured Housing / Mobile Homes

There are no mobile home parks located in Carmel-by-the-Sea. The City permits mobile homes on a permanent foundation as a single-family residential use, subject only to the design review requirements as any other single-family residential use in the same zone pursuant to State law California Government Code 65852.3. Such housing is subject to the same development standards and design review criteria as wood-frame housing. A new program to amend the Municipal Code to clarify this type of housing as a permitted use in the R-1 zoning district is included in the Housing Element.

Multi-Family Rental Housing

Multi-family and duplex housing units constituted approximately 13 percent of Carmel's housing stock. Multi-family housing up to 22 du/ac is a permitted use in the R-4, CC, SC, and RC Districts. Multi-family housing greater than 22 du/ac is a conditionally allowed use in all those same districts. Senior Housing is allowed in all districts.

The Conditional Use Permit (CUP) for residential developments greater than 22 du/ac is a development constraint to higher density development. Site design review is required for multi-family projects and the CUP process adds very limited value to the review process for projects of this size and scale. In order to lessen this regulatory constraint, the City will amend the Code to remove the CUP for multi-family developments up to 33 du/ac.

Objective Design and Development Standards

The City currently lacks any adopted objective design guidelines. Detailed subjective design guidelines for R-1 and high-level subjective design guidelines for commercial zones are in place. While the City's single-family design guidelines are being updated this year, the City is not incorporating objective standards for multi-family affordable projects.

The lack of Objective Design Standards could pose a constraint to residential development. Guidelines that are subjective, or zoning districts that lack clear development standards increase uncertainty and risk for housing developers. Objective Design Standards would provide a measure of clarity that proposed developments will be measured against and provides the community with assurance that developments will conform with measurable objective standards.

Community Care Facilities

To maintain compliance with the Lanterman Developmental Disabilities Services Act (Lanterman Act), the City currently permits small residential or community care facilities serving six or fewer individuals in all residential zoning districts by-right and facilities serving seven or more individuals in all residential zoning districts with approval of a Conditional Use Permit (CUP). Larger community care facilities (greater than six (6) persons) may be required to meet certain conditions, including restrictions on hours of operation, security, loading requirements, and management. These conditions are comparable to all similar uses within the designated zoning district and would not impose constraints to the development of care facilities.

Transitional and Supportive Housing

Transitional housing is generally defined as a facility that provides shelter for homeless individuals, and generally involves integration with other social services and counseling programs to assist in the transition of self-sufficiency through the acquisition of permanent income and housing. Transitional housing is temporary housing (generally six months to two years) for a homeless individual or family who is transitioning to permanent housing. This housing can take several forms, including group housing or multi-family units, and often includes a supportive services component to allow individuals to gain necessary life skills in support of independent living. There are no known transitional housing facilities in the City.

Supportive housing is generally defined as permanent, affordable housing with on-site services that help residents transition into stable, more productive lives. Services may include childcare, after-school tutoring, career counseling, etc.

The City's Zoning Ordinance permits transitional and supportive housing by right in all residential zoning districts, regardless of the number of persons the facility serves compliant with SB 2 passed in 2007. The 6th cycle Housing Element includes a program to update the Municipal Code to further clarify transitional and supportive housing in the R-1 and R-4 zoning district as permitted uses.

Emergency Shelters

Emergency shelters are generally defined as a facility which provides immediate short-term housing for homeless individuals.

Emergency shelters for the homeless is defined as a residential facility, lodging house, or dwelling, where no rent is paid, that provides temporary accommodation to homeless persons and/or

families. Pursuant to State law (Senate Bill 2), jurisdictions with an unmet need for emergency shelters are required to identify a zone(s) where emergency shelters will be allowed as a permitted use without a conditional use permit or other discretionary permit. The identified zone must have sufficient capacity to accommodate the shelter need, and at a minimum provide capacity for at least one year-round shelter. Permit processing, development and management standards for emergency shelters must be objective and facilitate the development of, or conversion to, emergency shelters.

As described in [Appendix A – Housing Needs & Fair Housing Report](#), the 2022 *Monterey Homeless Count and Survey Comprehensive Report* prepared by Applied Survey Research estimated there was only one transient resident in the City as of 2022. There are no emergency shelters located in the City. However, the Zoning Code allows siting of emergency shelters as community social service facilities, which are defined as “Any noncommercial housing facility, such as homeless shelters or emergency shelters, which may also provide meals, showers, and/or laundry facilities. Specialized programs and services related to the needs of the residents may also be provided. This classification excludes transitional housing facilities that provide long-term living accommodations.” Community social service facilities are permitted by-right in the CC, SC, and RC districts as well as with a CUP in the R-1 and R-4 districts. In addition, shelters for families and single women with children are permitted at all churches in the community as a part of their social outreach functions. Religious facilities are conditionally permitted in the R-1 district (only on existing quasi-public use sites established prior to December 1, 1980, or added as an accessory use to such existing uses) and allowed with a conditional use permit (CUP) in the RC district.

Low Barrier Navigation Centers

Assembly Bill (AB) 101, adopted in 2019, requires approval “by right” of low barrier navigation centers that meet the requirements of State law. A “Low Barrier Navigation Center” is a housing first, low-barrier, service-enriched shelter focused on moving people into permanent housing that provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing. If the City receives applications for these uses, it will process them as required by State law. A program has been included in the element to develop by-right procedures for processing low-barrier navigation centers.

Senior Citizen Housing

As previously noted, several zoning districts within the City already permit and accommodate for senior citizen housing. The A-2 zoning district (Cultural and Community Center, i.e., the Sunset Center) and the A-3 zoning district (Senior Citizen Housing) permits by-right housing for senior citizens. A program is included to address the lack of development standards in the A-2 zone in order to provide greater clarity and certainty to guide and future development design.

Constraints for People with Disabilities

Both the federal Fair Housing Act and the California Fair Employment and Housing Act impose an affirmative duty on local governments to make reasonable accommodations (i.e., modifications or exceptions) in their zoning and other land use regulations when such accommodations may be necessary to afford disabled persons an equal opportunity to use and enjoy a dwelling. For example, it may be a reasonable accommodation to allow covered ramps in the setbacks of properties that have already been developed to accommodate residents with mobility impairments. The City adopted a reasonable accommodation policy (City Council Policy C11-01) in July 2011. This policy provides a reasonable accommodation in the land use and zoning context to ensure equal access to housing and facilitate the development of housing for individuals with disabilities. The policy provides individuals with disabilities or developers of housing for people with disabilities flexibility in the application of land use, zoning and building regulations, policies, practices, and procedures.

Community Care Facilities

The City currently permit community care facilities in several zoning districts. Community care facilities refers to facilities providing non-medical care and supervision under license from the California Department of Social Services. This classification excludes hospitals, residential care facilities, family day care homes, day care centers, and transitional housing. Community care facilities are permitted in the CC, SC, and RC districts as well as by conditional use permit in the R-4 district.

Residential Care Facilities

The City also permit residential care facilities within certain zoning districts. Residential care facilities include facilities that are licensed by the State of California to provide living accommodations and 24-hour, primarily non-medical care and supervision for persons in need of personal services, supervision, protection, or assistance. Living accommodations are shared living quarters with or without separate kitchens or bathrooms for each room or unit. This classification includes facilities that are operated for profit as well as those operated by public or nonprofit institutions.

Group Homes

The Zoning Code defines group residential as “Shared living quarters without separate kitchens or bathrooms for each room or unit, including boardinghouses, dormitories, and private residential clubs, but excluding guesthouses.” As described above, state-licensed group homes are permitted under the regulations for Community Care Facilities and Residential Care Facilities. Unlicensed group homes are not currently identified as a permitted use in any zoning district.

The City has not identified any zoning or other land-use regulations that could discriminate against persons with disabilities or impede the availability of such housing for these individuals. Examples of the ways in which the City facilitates housing for persons with disabilities through its regulatory and permitting procedures are:

- As discussed above, the City Zoning Code allows residential care facilities for six or fewer persons subject to the same standards and procedures as apply to other residential dwellings of the same type in the same zone.
- The City has also adopted reduced parking requirements (0.33-space per unit or bed) for Senior Housing, Cooperative Housing, Group Care Facilities, Nursing Homes and Other Residential Care Facilities. Retrofitting of dwellings to meet the needs of persons with disabilities is also an eligible activity under the City’s Housing Rehabilitation Program. Construction and rehabilitation activities are also subject to the Federal Americans with Disabilities Act requirements and the City is active in promoting ADA compliance.
- The City defines family as “an individual or two or more persons living together as a single nonprofit housekeeping unit and sharing common living, sleeping, cooking, and eating facilities,” which is consistent with State law.

Single-Room Occupancy (SRO)

Single room occupancy (SRO) hotels are one-room units intended for occupancy by a single individual. It is distinct from a studio or efficiency unit, in that a studio is a one-room unit that must contain a kitchen and bathroom. Although SRO units are not required to have a kitchen or bathroom, many SROs have one or the other. The City’s Zoning Code does not explicitly define single room occupancy housing, although CMC 17.08.050(F) allows guesthouses, studios, and multi-family units as small as 400 square feet. The Code also requires that all multi-family projects of three or more units include a mix of unit sizes, and at least 25 percent of all units are required to be 400 to 650 square feet in size.

Short-Term Rentals

In order to preserve Carmel-by-the-Sea’s residential character, no home or subordinate unit may be rented for less than 30 consecutive days in a residential zoning district. This current restriction is intended to ensure that residential units are available for full-time residential use. The City has a high number of motels and hotels to service the tourism industry and transient guests.

Community Planning and Building Fees

The City charges fees and assessments to cover the costs of processing permits. Processing fees are commensurate with the fees for the rest of the County of Monterey. Compared to the high costs of undeveloped, unimproved land and high site development costs in the City, processing and connection fees are negligible and, therefore, do not present a constraint to development. However, the partial waiving of such fees would help reduce the cost of any proposed affordable housing. The City’s current fee schedule is shown below in [Table B-4, Summary of Community Planning & Building Fees \(2022-2023\)](#).

Table B-4 Summary of Community Planning & Building Fees (2022-2023)

Application/Permit Type	Fee
Design Study and Review	
Track 1 Design Review/Study - Minor	\$448 per application
Track 1 Design Review/Study - Major	\$813 per application
Track 1 Design Rev/Study-Streamline	\$203 per application
Track 1 Design Rev/Study - Referral to Planning Commission	\$1,120 per application in addition to the base Track 1 fee
Track 1 Design Rev/Study-Referral to Historic Resources Board	\$1,120 per application in addition to the base Track 1 fee
Track 2 Design Review - Minor	\$2,360 per application
Track 2 Design Review - Major	\$5,392 per application
Track 2 Design Rev - Major New Commercial Building	\$2,438 per application plus a deposit determined by staff with charges at the fully allocated hourly rates for Project Planner
Preliminary Site Assessment	\$1,183 per application
Volumetric Analysis	\$135 per application plus \$1,500 deposit with charges at the fully allocated hourly rates plus any outside costs.
Use Permit and Other Services	
Use Permit	\$2,730 per application
Use Permit Amendment	\$1,818 per application
Temporary Use Permit	\$365 per application
Restricted Comm Use Transfer Request	\$521 per application
Water Credit Transfer Request	\$3,663 per application
Variance	\$2,235 per application
Pre-Application Review - Staff	\$1,683 per application with 50% of this fee credited towards future planning fees for this project.
Preliminary Review - Planning Commission	\$3,485 per application with 50% of this fee credited towards future planning fees for this project.
Coastal Dev. Permit - Development	\$135 per application - Added to other Planning fees
Coastal Dev. Permit - Event	\$1,417 per application
Tobacco Retail License	Current fee as adopted by the Monterey County Board of Supervisors
Amendments, Annexations, and Agreements	
Specific Plan/Specific Plan Amendment General Plan Amendment Sphere Of Influence Amendment Zoning Code Amendment	\$5,210 deposit with charges at the fully allocated hourly rates plus outside costs
Annexation Development Agreement	\$10,420 deposit with charges at the fully allocated hourly rates plus outside costs
Environmental Review, Maps, and Lot Lines	
Environmental Review (IS/ND/EIR)	Contract cost plus 10%
Environmental Notice of Exemption	\$156 per application plus County fees

Application/Permit Type	Fee
Mitigation Monitoring	\$3,126 deposit with charges at the fully allocated hourly rates plus outside costs.
Tentative/Final Map	\$4,168 deposit with charges at the fully allocated hourly rates plus any outside costs.
Amended Final Map	\$1,042 deposit with charges at the fully allocated hourly rates plus any outside costs.
Certificate Of Compliance	\$610 per application plus actual contract cost
Lot Line Adjustment/Subdivision - Planning Commission	\$542 per application plus actual contract cost
Lot Merger - Staff Review	\$938 per application plus actual contract cost
Historic Evaluation	
Prelim (Phase 1) Historical Evaluation - Staff	\$474 per application
Phase 1 Historic Evaluation - Qualified Professional	\$271 per application plus actual cost for Historian review with \$1,500 deposit
Phase 2 Historic Evaluation-Historic Resources Board Review	\$1,579 per application plus actual cost for Historian review with \$1,500 deposit
Appeal To Historic Resources Board	\$2,120 per application plus actual cost for Historian review with \$1,500 deposit
Mills Act Contract Processing	\$3,584 per application
Determinations, Extensions, and Appeals	
Planning Commission Code Determination	\$1,214 per application
Zoning Compliance Determination	\$573 per application
Time Extension - Staff	\$313 per application
Time Extension - Planning Commission	\$907 per application
Time Extension - City Council	\$1,099 per application
Public Hearing Continuance - Planning Commission	\$886 per continuance
Public Hearing Continuance - Council	\$938 per continuance
Appeal To Planning Commission	\$2,084 per appeal - Appeal in the Coastal Zone
Appeal To City Council	\$2,084 per appeal - Appeal in the Coastal Zone
Building Services	
Building Relocation	\$1,938 per application
Large Family Day Care (Residential)	\$761 per application
General Plan Update	3.5% of all Building & Safety permits
Planning Technical Assistance	Charge the fully allocated hourly rate for all personnel involved after 15 minutes.
Building Plan Check	Based on Building and Safety Construction Valuation
Building Inspection	Based on Building and Safety Construction Valuation
Building Re-Inspection	\$146 per re-inspection

Application/Permit Type	Fee
Permit Application Extension	\$94 per extension (maximum of 4)
Permit Extension	\$146 per extension (maximum of 2)
Building Permit Pre-Applic. Confer.	\$318 per application
Building Single Trade Permit	\$167 per permit
On-Site Driveway Permit	\$271 per permit
Solar Plan Check/Inspection Permit	Plan Check - \$318 Inspection - \$135
Re-Roof Permit	\$255 per permit
Building Board Appeal	\$1,052 per appeal
Duplicate Inspection Card	\$63 per card
Building Technical Assistance	Charge the fully allocated hourly rate for all personnel involved after 15 minutes.
Stop Work Investigation	\$568 per investigation plus double the permit fee
Temporary Certificate Of Occupancy	\$224 per application
Alternate Materials/Methods Review	\$214 per application plus actual cost of City Staff for all time over one hour.
Building Phased Work Request	\$302 per application
Landscape Plan Check/Inspection	\$281 per plan/inspection
Building Technology Surcharge	\$8 per permit
Encroachment Permit	
Temporary Encroachment Permit	\$219 per permit
Permanent Encroachment Permit	Street Excavation - \$766 per permit and \$4.25/lineal foot Other - \$432 per permit and \$4.25/lineal foot or \$432 per permit and \$2.13/lineal foot (aerial installation) Plus cost of damage to public right-of-way or street as determined by the Public Works Director.
Traffic control plan review/inspection	\$370 per review plus \$210 per each additional review
Use of credit card/ debit card	2.5% of charged amount

SOURCE: City of Carmel-by-the-Sea Fee Schedule Effective July 3, 2022 – June 30, 2023

In comparison with other jurisdictions in the County of Monterey, the fees in Carmel-by-the-Sea for new residential projects – both single-family and multi-family units – are generally in line. [Table B-5](#), provides a comparison between the cities of Carmel-by-the-Sea and Pacific Grove, which are geographically, socioeconomically and demographically similar in size and types of residential development.

**Table B-5 Comparison of the City of Carmel-by-the-Sea and the City of Pacific Grove
Average Design Review Fees**

Application Type(s)	Carmel-by-the-Sea	Pacific Grove
Staff Level Design/Counter Review	\$448 ¹ /\$813 ²	\$230 ³ /932 ⁴
Design Review/Architectural Permit – Single Family & Multi-Family	\$2,360 ⁵ /5,392 ⁶	\$3,318 ⁷ /\$4,060 ⁸
Planning Commission/Historic Resources Board Referral or Appeal	\$1,120 in addition to the base Track 1 fee	25 percent of base permit fee or \$1,136 (whichever is greater)

SOURCE: City of Carmel-by-the-Sea Fee Schedule Effective July 3, 2022 – June 30, 2023; City of Pacific Grove Master Fee Schedule Fiscal Year 2022-23

NOTE:

1. Track 1 Design Review/Study - Minor
2. Track 1 Design Review/Study – Major
3. Counter Review & Determination – no new square footage
4. Counter Review & Determination - new square footage
5. Track 2 Design Review – Minor
6. Track 2 Design Review - Minor
7. Architectural Permit – Single Family
8. Architectural Permit – Multifamily four units or less
6. Architectural Permit – Single Family

The City is not a full-service municipality; several agencies and special districts levy fees on new development for the provision of basic urban services. These agencies and special districts include the following:

- Carmel Unified School District;
- California American Water (Cal-Am);
- Carmel Area Wastewater District;
- Monterey Peninsula Water Management District; and
- Carmel Fire Department.

Special district fees add to development costs in the City. Carmel is under the jurisdiction of the Monterey Peninsula Water Management District (water district) and receives its water from the California-American Water Company (Cal-Am). 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. According to the water district, the City, as of March 2023, has a total available water allocation of 2.661-acre feet, which represents only three (3) percent of the water district’s total available allocation across the district, which includes all of the Monterey Peninsula south to Carmel Valley and portions of the Santa Lucia Range. The current MPWMD permit fees are governed by the Fees and Charges Table (effective August 16, 2021) and start at \$1,800 plus \$90 per hour for more than 20 hours.

The Carmel Unified School District requires the payment of an impact fee of \$0.49 per square foot for new residential construction. The school district does not offer any discounts for the payment of impact fees.

The Carmel Area Wastewater District charges a new residential connection fee of \$8,242.66 and charges an annual rate of \$1,005.94 for residential uses.

Fees charged by these outside agencies vary according to project types and size and increase development costs. The City does not control fees for outside agencies; but outside agency fees are a constraint and add to the overall cost of development.

Processing and Permit Procedures

The processing time needed to obtain development permits and required approvals varies depending on the scope of the project. The size of projects in Carmel-by-the-Sea is typically limited to the remodeling or construction of a single-family home, a minor commercial modification, or the construction of a second unit. The City strives to keep its permit procedures streamlined and processing times short. The Planning Division is the lead agency in processing residential development applications and coordinates the processing of those applications with other City departments such as the Building and Public Works Departments and other outside agencies as deemed appropriate, such as the fire and water districts.

Carmel-by-the-Sea has traditionally encouraged high architectural standards for new development. City zoning regulations require design review approval for any proposed additions to or the construction of new single-family homes, duplexes or multi-family developments. However, accessory dwelling units are exempt from the Design Review Ordinance and must only meet the location and development standards outlined in the Accessory Dwelling Unit Ordinance (Chapter 17.08.050 of the municipal code).

Applications for building and related permits are generally processed in as an efficient manner as practical in Carmel-by-the-Sea. Although the Historic Resources Board, the City Council and the Planning Commission only meet once a month, determination on a project is usually reached in one meeting or two (if the City Council is required to hear the matter). However, for Track 2 Design Study applications, the City does require applicants to take part in a Forest and Beach Commission if tree removal is proposed, as well as a separate Concept Hearing and Final Details hearing with the Planning Commission prior to formal approval consideration. There is no separate Design Review Board in City/Jurisdiction, with the Planning Commission conducting design review. The typical processing time for discretionary review is therefore four to six months, depending on the level of design study required (Track 1 or Track 2), whether tree removal or replacement is proposed, whether the property is deemed historic or eligible for historic listing, whether the property falls within the “Beach and Riparian Overlay” (Coastal Commission Appeal Jurisdiction), and whether

the project requires a volume study or any other technical study be conducted. While this review procedure assists in achieving project acceptability and allows for neighborhood participation through multiple public hearings, the overall scale and level of complexity of review does provide a barrier to applicants without the financial resources and time to see a residential project through to completion.

However, the City does have a practice of moving projects with affordable housing ahead of other projects in the development processing queue when setting development review agendas. Due to Permit Streamlining law, this incentive is less powerful than it once was. However, it may reduce review time by as much as a month. Even this minor benefit attracts developer attention during pre-application meetings. Projects that include affordable housing are also expedited through the plan check process.

Carmel-by-the-Sea's development process can be summarized in the following nine steps. All of these steps may not be necessary depending on the nature of a project:

1. **Application Submittal** - The planning application submittal process begins when a developer or property owner (Project Applicant) submits a development application, required fees, and application materials. Often times the developer will have met informally with the Planning Department to review the project and receive preliminary feedback on the proposal in advance of the formal project submittal.
2. **Plan Review** - After the application is received, it is routed through the relevant City Departments, including Building, Fire, and Public Works. A planner is assigned to serve as the developer's liaison, helping to expedite the permit process and coordinating the department reviews. During a 30-day review period for completeness, individual departments assess the appropriate Design Study track (Track 1 or Track 2), completeness of the application, work with the Project Applicant to correct any project deficiencies, and prepare preliminary Conditions of Approval.
3. **Application Assessment** - The application is assessed for its compliance with the standards of the Zoning Code (Title 17 of the municipal code) as well as the City's Residential and Commercial Design Guidelines.
4. **Environmental Review** - A review of the environmental issues associated with the proposed project (as required by the California Environmental Quality Act) will also be completed during the Plan Review stage of the process.
5. **Forest and Beach Commission/Historic Resources Board** – If a project proposes to remove or replace any significant trees, it will require review by the Forest and Beach Commission. If the property is a listed historic resource or has potential eligibility for listing as a historic resource, the project is required to be reviewed by the Historic Resources Board.

6. **Planning Commission/City Council Approval** - If a project is determined to require discretionary action, it will be scheduled for review by the Planning Commission. A Public Notice will be provided and all property owners within 300 feet of the project site will be notified by mail. In some instances (for example, a property rezoning), the project will require City Council approval. After projects receive approval by the Planning Commission there is a ten-day appeal period during which the project may be appealed to the City Council. The City Council decision is final. There are different levels of planning review/approval depending on the scope of work proposed.
7. **Plan Check** - After the project receives any required approvals, the full plans may be submitted to the Building Department for a plan check for building permits. The plans will be routed to the City's Public Works and Planning Departments. The project planner will review the plans for conformance with the Zoning Code, any required Conditions of Approval, and with plans approved by the Planning Commission or City Council. The Building Department will verify that all building, fire, mechanical, plumbing and electrical code requirements are fulfilled in compliance with the California Code and other State requirements.
8. **Building Permit** - After the project plans receive approval from the relevant departments, the Building Department issues a building permit. Construction can begin after this point. Regular inspections are required throughout the construction process. The final inspection requires clearance from all relevant City departments and the Carmel Fire Department.
9. **Occupancy Permit** - Once the final inspection is complete, the developer needs to secure a certificate of occupancy. New buildings or structures cannot be used or occupied until the Building Official has issued a certificate of occupancy.

Table B-6 shows the typical processing time for a residential development application.

Both single-family homes, duplexes and multi-family projects go through the same zoning compliance and design review process. The review and approval of multi-family projects typically takes longer due to the complexity of a more intense development and the myriad issues that need to be considered including adequate site servicing, design review, potential tentative map review, and the more active involvement of other departments and agencies outside of Planning. Although there is a high level of public input on some planning applications, Carmel-by-the-Sea's zoning standards and design review ordinance are fairly detailed. There is a level of certainty on behalf of the project applicants that if the project meets the standards and goals of the ordinances, the project will receive City support.

Table B-6 Review/Approval Requirements and Processing Times

Zoning District	Design Study	Use Permit	CDP ¹	Typical Processing Time ²
R-1 Single-Family Residential District				
Single family residence	Yes	No	Yes	6-9 months
ADU (Subordinate Unit)	Yes	No	Yes	4-6 months
Guest house	Yes	Yes	Yes	4-6 months
Building sites exceeding 30 percent slope	Yes	Yes	Yes	6-9 months
R-4 Multi-Family Residential District				
Single family residences	Yes		Yes	6-9 months
Multi-family residences 0-22 units/acre	Yes		Yes	8-10 months
Multi-family residences 23-44 units/acre	Yes	Yes	Yes	8-10 months
Commercial Districts				
Multi-family residences 0-22 units/acre	Yes		Yes	8-10 months
Multi-family residences 23-44 units/acre	Yes	Yes	Yes	8-10 months
Public and Quasi-Public Districts (A-2 and A-3)				
Senior Citizen Housing	Yes	Yes	Yes	8-10 months

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

NOTE:

1. CDP – Coastal Development Permit – required for all projects that increase the height and/or floor area on an existing structure by 10 percent or more.
2. Includes time for building plan check

SB 35 Streamlining

Government Code section 65913.4 allows qualifying development projects with a specified proportion of affordable housing units to move more quickly through the local government review process and restricts the ability of local governments to reject these proposals. The bill creates a streamlined approval process for qualifying infill developments in localities that have failed to meet their RHNA, requiring a ministerial approval process, removing the requirement for CEQA analysis, and removing the requirement for discretionary entitlements. Since the adoption of this section of the Government Code, the City has not yet received an application under these provisions.

As previously noted, the portion of the City located within the California Coastal Zone is not subject to SB 35 (see Government Code Section 65913.4(6)).

SB 9 California Housing Opportunity and More Efficiency (HOME) Act

SB 9, also known as the California Housing Opportunity and More Efficiency (HOME) Act, is a state bill that requires cities to allow one additional residential unit onto parcels zoned for single-

dwelling units. Since the adoption of this section of the Government Code, the City has adopted an urgency ordinance in January 2022 and will update its SB 9 Ordinance for formal adoption by early 2023 to facilitate subdivision under SB 9. The City has not received any inquiries of interest for SB 9 lot splits and is not currently processing any SB 9 application.

Infrastructure Constraints

Water Supply

The primary infrastructure constraint to the development of housing in Carmel is the lack of potable water. The lack of a reliable available water supply continues to limit growth in Carmel and throughout the Monterey Peninsula region.

Carmel is under the jurisdiction of the Monterey Peninsula Water Management District (MPWMD) and receives its water from the California-American Water Company (Cal-Am). The MPWMD has permit authority over the production and distribution of all water supplies within the Monterey Peninsula region, and allocates water supplies to cities and County areas within its jurisdiction. Water service by Cal-Am is constrained by State Water Resources Control Board (SWRCB) Order WR 95-10, which determined that approximately 70 percent of Cal-Am supply is based on unlawful diversion from the Carmel River. Order 95-10 requires that any new water supply be used to reduce diversions from the Carmel River prior to allowing new users. Furthermore, SWRCB issued a Cease-and-Desist order to Cal-Am in 2008 to further restrict water use which limits the placement of new water meters to service new development.

The City has approximately 2.661 acre-feet of available water¹. This is the only water available until the District supplies increase and new allocations are made to each city in the District. Based on current supplies, sufficient water may not be available to fully accommodate additional development commensurate with the City's total RHNA (349 units). The City will continue to work with local and regional agencies to explore options for additional water supplies during the 6th cycle Housing Element planning period.

The City includes a program to work with local and regional agencies to pursue new water supplies and includes prioritizing water allocation for affordable housing through the development of a water distribution policy.

Wastewater

The Carmel Area Wastewater District (CAWD) collects and conveys wastewater from a business or residence to the wastewater treatment plant using underground pipes and lift stations. The CAWD collection system is comprised of approximately 81 miles of gravity sewers ranging in size from 6 inches to 27 inches in diameter together with nearly four (4) miles of force mains, seven (7) pump stations, and over 1,500 manholes.

¹ March 2023 MPWMD Monthly Allocation Report

The major trunk sewers include the Carmel Valley Interim Trunk Sewer which serves Rancho Rio Vista, portions of Carmel Views, the Carmel Rancho Shopping Center, Hacienda Carmel, Del Mesa Carmel, Quail Meadows and outlying areas at the mouth of the Carmel Valley; the Hatton Canyon Sewer (which joins the Carmel Valley Trunk sewer at the intersection of State Route 1 and Rio Road) serves the High Meadows, Carmel Knolls and portions of the Carmel Hills subdivisions; two trunk sewers serve the city of Carmel and the Hatton Fields areas.

Pump stations are located at (1) the westerly boundary of Hacienda Carmel, (2) the westerly terminus of 8th Avenue (at Scenic Drive), (3) the intersection of Monte Verde Street and Sixteenth Avenue, (4) west side of Scenic Road approximately 200 feet north of Ocean View Avenue, (5) the end of Calle La Cruz (Carmel Meadows) (6) at the westerly boundary of the Carmel Meadows subdivision approximately 750 feet southwesterly of the Calle La Cruz pump station and (7) on the West side of Highlands Drive approximately 100 yards from Highway 1. All pump stations have been upgraded to allow remote monitoring and have capabilities for standby power and emergency bypass.

The Districts' permitted capacity is 3.0 million gallons per day (MGD) and their current average daily dry weather flow is approximately 1.2 to 1.3 MGD.

The City is required to plan for an additional 349 residential housing units in this planning cycle. Based on capacity and communication with the District, the CAWD has adequate treatment capacity to serve these units².

On and Off-Site Improvement Standards

Since the City is built-out, all infrastructure, including curbs, gutters, sidewalks, streets and utilities are in place. Development of residential units involves hooking up to the existing utilities, which already exist in the right-of-way. All electrical distribution lines, telephone, cable television, and similar service wires or cables, which provide services to new development, are to be installed underground. Typical infrastructure costs in the CC, SC, RC, and R-4 districts are limited to sidewalk, curb, and gutter improvements, undergrounding of utility wires, stormwater drainage improvements, and landscaping. The City's Municipal Code does not contain requirements for subdivision off-site improvements. However, the Code includes a chapter on requirements related to streets, sidewalks, and public places.

Sidewalks

Construction of sidewalks is not required in residential areas of the City. If sidewalk construction is proposed, a permit is required. The proposal must show that the construction of the sidewalk or walkway will preserve public safety, health or welfare, resolve a serious drainage problem, or that it would otherwise benefit the general public. The construction of the sidewalk or walkway must

² May 17, 2023 email correspondence with CAWD

follow the natural contours of the land, and no less than 50 percent of the sidewalk area in front of any building site must be retained in planting. There are no specific requirements regarding the width of the sidewalks.

Driveways

Construction of a driveway requires a permit from the Department of Community Planning and Building in conjunction with the Director of Public Works and the Director of Forest, Parks and Beach.

Landscaping

Sidewalk street trees are encouraged by the City, with the City Forester determining number of trees, species, and exact location. Sidewalk street trees should be located near the head of, and adjacent to, parallel parking spaces with the trunk of the tree located 4.5 feet back from the head of the parking space. For trees at the curb line there should be at least four feet between the trunk and the facing building or planters in front of the building. All tree planters are encouraged to be as large as possible so that additional landscaping can be incorporated into the planters.

The City also encourages including “mini-parks”, which is a park that protrudes into the street from the curb line or is in the street. The design of mini-parks must be consistent with the standards in the Forest and Beach Management Plan. All new mini-park installations require a review by the Staff Traffic Committee and approval by the Planning Commission.

Streets

The streets in Carmel are narrow in width, 26 to 34 feet, with no gutters or sidewalks. This lack of formal development of streets throughout Carmel (with the exception of some of the downtown thoroughfares) has been a conscious effort on the part of residents to maintain a “village in a forest” atmosphere. The City has not established standardized street widths requirements. As Carmel is a built-out city and new development will occur as infill or redevelopment on parcels within the established street grid, construction of new streets is not anticipated. Therefore, street standards will have no impact on the cost and supply of housing.

Parking Requirements

The City’s parking requirements are generally in line with typical parking requirements. In the R-1 District, one (1) on-site parking space per dwelling must be provided on sites of 8,000 square feet or less in area and two (2) on-site parking spaces per dwelling on sites larger than 8,000 square feet in area. One (1) parking space must also be provided for each guesthouse. (CMC 17.10.030(F)(1)). R-1 zone sites with Class II accessory dwelling units are required provide a minimum of one (1) parking space on-site at the time of approval. Upon enlargement or improvement of a Class II unit, one (1) parking space each for the primary dwelling on the site and for the accessory dwelling unit are required. Improvements to accessory dwelling units are allowed even if one or both parking spaces

encroaches into a setback. Sites with Class III or IV accessory dwelling units are required to provide one parking space behind all setbacks for the accessory dwelling unit and are required to comply with all parking requirements established in Chapter 17.38 CMC, Off-Street Parking Requirements, for other development on the site. These parking standards are low enough to avoid posing a constraint to development. To the degree that these standards conflict with new state law regarding accessory dwelling units, they will be corrected as the City brings its ADU regulations into line with the most recent changes in state law (see the discussion above under the heading “Special Housing Topics”).

Table B-7, summarizes off-street parking requirements as shown in Table A of 17.38.020, for all uses, projects, developments and redevelopments. New projects or developments shall only be allowed when meeting all parking requirements of this chapter and the requirements of any conditional use permit, subdivision approval or specific plan applicable to the property. Proposed uses within existing buildings may replace existing uses as long as any existing parking deficiencies on the property are not increased by the replacement. Proposed additions of floor area, new shops or dwelling units, or other similar changes in land use resulting in a net increase in parking requirements, as set forth in this chapter, shall provide all required parking generated by the new activities on the site.

Table B-7 Minimum Off-Street Parking Requirements

Land Use	Basis for Requirement	Land Use District Parking Factors			
		CC	SC	RC	R4
Permanent Residential Use	Spaces per Unit	1	1	1.5	1.5
Affordable Housing for Moderate-, Low- or Very Low-Income	Spaces per Dwelling Unit	½	½	½	½
Senior Housing, Cooperative Housing or Group Care Facilities	Spaces per Dwelling Unit	1/3	1/3	1/3	1/3
	Guest Spaces per Each Four Full Units	1	1	1	1
Nursing Home or Other Resident Care Facility	Spaces per Patient or Resident	N/A	1/3	1/3	1/3
Commercial Retail or Service Uses Not Otherwise Specified in This Table	Spaces per 600 Square Feet of Commercial Floor Area or per Business/Shop Space, whichever is Greater	1	1	1	1
SIC 701: Hotels and Motels	Spaces per Rental Unit, Including Manager's Unit	1	1	1	1

SOURCE: CMC 17.38.020(C) Table A: Minimum Parking Requirements

The City has adopted a reduced parking requirement for developments that include affordable housing. Parking costs contribute significantly to the cost of development in Carmel-by-the-Sea and this flexibility often makes affordable housing more feasible.

Summary of Governmental Constraints

The governmental constraints to the development of affordable housing in Carmel-by-the-Sea are summarized below.

The City's development regulations are consistent with California housing law, and the Zoning Code does not pose an unnecessary constraint to the development of affordable housing. However, because housing production has been limited in Carmel-by-the-Sea, the Housing Element Update includes programs to further incentivize development activity. Depending on site-specific conditions - such as the presence of significant trees or historic resources and degree of incompleteness of submitted plans, some applicants may find the City's design review process to be lengthy. The City's review fees, while comparable with those of surrounding jurisdictions, can pose a barrier for applicants without sufficient financial resources.

The existing development constraints attributable to governmental (City) processes, and with possible solutions where feasible, are summarized below:

1. The City's design review (design study) process may be lengthy for projects involving significant trees, historic resources, and/or underdeveloped plans. Following are governmental bodies responsible for decision-making through the course of development review:
 - Forest and Beach Commission (if significant tree removal is proposed);
 - Historic Resources Board for historic properties and also for non-historic properties in the Conservation District (one hearing to ensure development is compatible with neighborhood context);
 - Planning Commission: One hearing, minimum, for commercial and multi-family residential projects. Preliminary hearing/review for commercial/multi-family is optional but encouraged. Two hearings, minimum (one Concept hearing, one Final hearing) for single-family projects;
 - City Council review on appeal; and
 - Coastal Commission review on appeal (Coastal Zone Appeal jurisdiction only).
2. The City's design review process may be financially prohibitive for lower income households and likely most affordable housing projects. Carmel does not charge impact fees. Therefore, waiving impact fees are not a viable solution to incentivize affordable units.

3. There is community concern that increasing the existing two-story height limit (24-feet in R-1 and 24-30 feet in commercial zones depending on adjacent land uses) would negatively impact the unique character of Carmel.
 - Solution: Encourage mezzanines as a third story at the building interior (if it can be accomplished without appearing as a three-story building); and
 - Solution: Consider a third story setback as an incentive for fully affordable housing projects.
4. The City does not have an inclusionary housing ordinance, but a density bonus is available via a conditional use permit which may allow up to 44 du/acre as long as the project includes 100% affordable units.
 - Solution: Consider replacing the use permit requirement at 34+ du/acre currently used as the mechanism to require the construction of affordable housing and instead consider an inclusionary ordinance that encourages special needs housing.
5. The City's existing residential and commercial design guidelines include both objective and subjective standards.
 - Solution: Consider developing a set of strictly objective design standards to be used for affordable housing projects.
6. Many properties are listed on City's Inventory of Historic Resources, which may limit the scope of possible alterations or additions and use flexibility.
 - Solution: Educate the community about how to appropriately design projects that meet the Secretary of the Interior's Standards, as required by local/state/federal law.

Location in the Coastal Zone

Carmel-by-the-Sea is located in the California Coastal Zone and is therefore subject to a host of regulations that are not present in communities outside the Coastal Zone. The presence of additional land use regulation via the Local Coastal Program, in general, means that housing development in Carmel-by-the-Sea faces a high bar to succeed. The additional hurdles presented by Coastal Zone regulations represent an additional layer of complexity to the City's already time-consuming review process.

Conversion of Motels for Multi-Family Housing (Opportunity)

The City will explore the development of a program to allow the transfer of development rights of hotels and motels located in the R-1 zoning district to the commercial zoning district. This might allow older motels to convert to multi-family housing and thereby provide a new source of affordable housing in the community.

Accessory Dwelling Units

The City of Carmel-by-the-Sea last updated its ADU ordinance in 2017, and therefore the City's regulations addressing ADUs are out of date. The City has included a new program in this 6th Cycle Housing Element to revise its Zoning Code to be consistent with ADU and JADU state law, incentivize manager's units in existing hotels and motels and develop standardized ADU plans.

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.

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.

Transitional and Supportive Housing

The 6th Cycle Housing Element includes a program to update the Municipal Code to further clarify that transitional and supportive housing in the R-1 and R-4 zoning district are permitted uses.

Low Barrier Navigation Centers

A program has been included in the element to develop by-right procedures for processing low-barrier navigation centers.

Development Standards for Senior Housing

A program is included to address the lack of development standards in the A-2 zone in order to provide greater clarity and certainty to guide and future development design.

Lack of Water Resources

The primary infrastructure constraint to the development of housing in Carmel is the lack of potable water. The lack of a reliable available water supply continues to limit growth in Carmel and throughout the Monterey Peninsula region.

B.3 Non-Governmental Constraints

State law (Government Code Section 65583(a)(6)) requires an analysis of potential and actual governmental and non-governmental constraints to the maintenance, improvement, and development of housing for all income levels. The Housing Element must identify ways, if any, to reduce or overcome these constraints in order to meet the City's housing needs.

Land Availability and Cost

Three primary factors contribute to high land costs on the Monterey Peninsula, and in Carmel-by-the-Sea in particular: 1) the area is considered a desirable place to live, 2) available land is in short supply and 3) land costs vary both between and within jurisdictions based on factors such as the desirability of the location and the permitted density. According the real estate website, Zillow, the typical land value for a single-family home is between \$800,000 and \$1.2 million in the city of Monterey, but between \$1.5 million and \$5 million in a jurisdiction like Carmel-by-the-Sea.

Construction Costs

Construction costs associated with housing development are generally comprised of both soft and hard costs. Soft costs for housing development include the cost of architectural, engineering, accounting, legal and other professional services, as well as the cost of obtaining permits and paying government-imposed fees. Carrying costs and the cost of construction financing can also be considered soft costs. Hard costs include the costs of labor and materials and can also include impact fees and costs accumulated through permitting delays.

Hard costs are very high in Carmel-by-the-Sea, and both the high cost of labor and the high cost of materials could be considered constraints on housing development. Hard construction costs can vary significantly across the City based on the varied and unique geographic conditions throughout the county. Hard costs can be higher than average in Carmel-by-the-Sea.

Hard and soft costs contribute significantly to the overall cost of developing new housing. High hard costs are difficult for an individual jurisdiction to mitigate.

Availability of Financing

As a stable and affluent community, private housing mortgage financing is readily available in Carmel-by-the-Sea. There are no mortgage-deficient areas in the City and no identifiable underserved groups in need of financing assistance. At the time this Housing Element was drafted, interest rates for homebuyers were increasing from a low of 2.75 percent in 2020 to almost 7 percent in 2023 for a fixed rate, 30-year mortgage. The current economic climate is uncertain and still affected by the increasing inflation, the possibility of recession, geopolitical tensions, businesses rebounding and responding to changes brought on by the COVID-19 pandemic, and ongoing supply chain disruptions.

Requests to Develop at Densities Below Those Permitted

New State Housing Element law now requires the non-governmental constraints analysis to evaluate developer requests to build at densities below the density identified in the Housing Element sites inventory. Carmel-by-the-Sea does not receive requests to develop below densities and this is not a constraint to development.

Small Lots and Large Units

Property within Carmel-by-the-Sea is typically smaller than a half-acre, which can be a constraint for housing production. Lot consolidation incentivization may be a solution. Large multi-family units have become commonplace with recent housing proposals. Large units reduce the number of multi-family units overall, which decreases the housing variety available, and increases the number of luxury expensive housing options. A minimum density requirement is being considered with the Housing Priority Overlay Zone for sites included with the Sites Inventory.

Seasonal Vacancies

Carmel-by-the-Sea has a 50% vacancy rate of which 80% is attributed to seasonal vacancies, given the community's strong tourism industry. Tourists seeking seasonal homes skews the demand for housing, making it challenging for Carmel-by-the-Sea employees to find available housing and driving up rents and home prices. Rising housing prices decrease the stock of housing affordable to Carmel-by-the-Sea residents, further spurring the statewide housing shortage. Programs to address this issue are included in the 6th cycle Housing Element including encouraging Accessory Dwelling Units and the establishment of an Affordable Housing Trust Fund which could be funded by a vacancy tax.

Length of Time between Application Approval and Building Permit Issuance

New Housing Element law now also requires an examination of the length of time between receiving approval for a housing development and submittal of an application for building permits. The time between application approval and building permit issuance is influenced by a number of factors, none of which are directly impacted by the City. Factors that may impact the timing of building permit issuance include: required technical or engineering studies; completion of construction drawings and detailed site and landscape design; securing construction and permanent financing; and retention of a building contractor and subcontractors. Generally, building permits are submitted in a timely manner after planning entitlements; however larger projects have experienced longer timeframes given supply chain issues and labor shortages, neither of which the City controls.

Environmental Justice Element Requirement

An Environmental Justice Element or equivalent is not required for Carmel-by-the-Sea because no disadvantaged communities exist within the city's boundaries (as defined in Gov. Code, § 65302, (h)(4)(A)). "Disadvantaged communities" means an area identified by the California Environmental Protection Agency pursuant to Section 39711 of the Health and Safety Code or an area that is a low-income area that is disproportionately affected by environmental pollution and other hazards that can lead to negative health effects, exposure, or environmental degradation.

Environmental Constraints

Environmental constraints affecting housing include geologic and seismic conditions and fire hazards, which are a threat to the built environment. However, the primary environmental constraint to the development of housing in Carmel-by-the-Sea is the limited water supply as discussed above. These constraints are discussed in detail below.

Fire Hazards

Carmel-by-the-Sea is often referred to as a “Village in the Forest,” due to its extensive urban forest. The high density of structures within the Carmel residential areas and business district among numerous trees increase the fire hazard. In addition, the Pescadero Canyon, Del Monte Forest, and Mission Trails Park located adjacent to the City, introduces the possibility of a wildland fire. The currently adopted (October 2008) California Department of Forestry and Fire Protection (CAL FIRE) *Very High Fire Hazard Severity Zones in Local Responsibility Areas* (LRA) map for Carmel-by-the-Sea, identifies a large area encompassing northern and eastern portions of the City as a Very High Fire Hazard Severity Zone. In such zones, roofs and exterior walls of new buildings must be made of noncombustible materials. It should be noted that all LRA maps across the state of California are undergoing updates and according to CAL FIRE are anticipated to be released sometime in 2024.

Obtaining insurance for structures is increasingly difficult given the Very High Fire Hazard Severity Zone which poses a constraint to residential development.

The City of Carmel-by-the-Sea is part of a regional coordination effort with other Monterey County cities, including Pacific Grove and Monterey. These neighboring agencies provide aid to each other on an as-needed basis. Fire protection for the City is provided by the City of Monterey Fire Department based out of the Carmel Fire Station located on 6th Avenue.

Emergency and Evacuation Planning

Emergency response is provided through coordinated efforts by the cities of Monterey, Pacific Grove, and Carmel. Emergency planning and evacuation pose many challenges for the City due to the precarious topography and narrow City roads. The General Plan Safety Element (both the currently adopted version and the updated Safety Element being prepared in conjunction with the 6th Cycle Housing Element) provides an in-depth analysis of emergency and evacuation planning and protocols, as well as scenario mapping and evacuation route mapping. City staff generally note that particularly in Carmel, where small lots make meeting egress requirements difficult at higher densities, incentivizing lot mergers in the commercial district will help address concerns and challenges associated with emergency and evacuation planning across the City.

Seismic

The entire California Coast and Coast Range area is prone to earthquakes. Based on history, the probability of a moderate or high magnitude earthquake occurring in the greater Monterey region in

the next few decades is quite likely. Faults that could present hazards to Carmel-by-the-Sea during an earthquake event include the following active or potentially active faults: San Andreas, San Gregorio-Palo Colorado, Chupines, Navy, and Cypress Point. The San Andreas and San Gregorio faults are two dominant faults within the Monterey County region that are considered active with evidence of historic or recent movement.

While the seismic hazards cannot be eliminated, there are a number of regulations that reduce the impact of these hazards. The Alquist-Priolo Earthquake Fault Zoning Act was passed in 1972 to mitigate the hazard of surface faulting to structures for human occupancy, by preventing the construction of buildings used for human occupancy on the surface trace of active faults. The California Building Code includes provisions associated with engineering design and building requirements that address seismic hazards. In addition, the City of Carmel-by-the-Sea General Plan includes policies addressing hazards from seismic activity.

Tsunami

The City would be minimally affected by a moderate to extreme tsunami event. This can be accredited to coastal topography along Carmel's western boundary. The steep cliff, or a step-down in elevation between the Scenic Road and the beach, acts as a protective boundary during a tsunami event. However, low lying portions of Carmel-by-the-Sea are susceptible to inundation from tsunami, known as waves produced from a seismic event. Only the southern-most portion of the City and the low-lying Carmel Lagoon neighborhood (within unincorporated Monterey County) could be impacted if a 21-foot-high tsunami wave were to enter the Carmel River lagoon. Impacts from tsunami could include damage to improvements from wave inundation and from wave carried debris.

Tsunami is a potential safety hazard as well as a hazard to property. The actual areas that will be impacted from a tsunami will vary depending on factors such as the size of the tsunami wave, tide level at the time of the tsunami, the wave source location and the wave direction. In general, areas adjacent to the shoreline that are below an elevation of approximately 15 to 20 feet above mean sea level appear to have a higher level of risk.

Flooding

Carmel is located on a sloping terrain that offers good storm water runoff into both the Pacific Ocean and the Carmel River. Only a small portion of the City's southern tip is designated as a FEMA 100- year Flood Zone. Mission Fields, a residential area, is within the 100-year floodplain, as are the Carmel Center/Carmel Rancho shopping centers (though each of these areas are outside of the City limits). Carmel Beach is subject to flooding during high tide and beach sand is lost yearly during winter storms. The beach is a clearly separated from adjacent roads and houses by a moderately steep hill. Due to that topographical feature, the coastal flooding rarely extends past the beach. There are several areas of the City, which have been identified in the City's general plan as

being prone to localized flooding. The main area subject to localized flooding is located within the Mission Trail Nature Preserve. The Mission Trail site is owned by the City and used as a park. This use mitigates some of the damage that would normally result from the retention of water on the site.

The City's general plan, via the current Safety Element includes policies and programs which address flooding (see policies P8-27 through P8-31). The Safety Element Update will also include and update where necessary the City's policies and programs related to flooding. The City's municipal code (Chapter 15.56 Community Floodplain) further addresses flood risks and hazards found in the City as well as identifying methods for reducing flood losses. In order to accomplish its purposes, this chapter of the municipal code includes regulations to: 1) restrict or prohibit uses which are dangerous to health, safety, and property due to water or erosion hazards, or which result in damaging increases in erosion or flood heights or velocities; 2) require that uses vulnerable to floods, including facilities which serve such uses, be protected against flood damage at the time of initial construction; 3) control the alteration of natural floodplains, stream channels, and natural protective barriers, which help accommodate or channel floodwaters; 4) control filling, grading, dredging, and other development which may increase flood damage; and 5) prevent or regulate the construction of flood barriers which will unnaturally divert floodwaters or which may increase flood hazards in other areas. (Ord. 2018-03 § 1 (Exh. A § 4), 2018).

Coastal Erosion and Landslides

Erosion on sloped inland areas and at the shoreline (beach) has been a problem for much of Monterey County, including Carmel. The hazards due to erosion are difficult to separate from those due to flooding and landsliding. In some cases, erosion is a result of flood and landslide conditions; in others, rapid water runoff and landsliding can occur in areas subject to prolonged erosion. The preventive costs of erosion are generally included within flood control measures and the overall costs of hillside development. Adoption of the present state of the art procedures for erosion prevention in hillside areas will, in most cases, eliminate losses.

Losses due to coastal erosion can be reduced most economically by avoiding construction in areas subject to severe erosion. Erosion of the beach bluffs is addressed in the City's Shoreline Management and Emergency Operations plans.

Summary of Non-Governmental Constraints

In summary, while Carmel-by-the-Sea is subject to the environmental constraints described above, the City's General Plan sets forth a series of actions to minimize these constraints. Carmel-by-the-Sea incorporates this information into its land use planning and development review processes. In an effort to continue to reduce constraints to housing development, the Housing Element Update includes specific policies and programs in Chapter 2 to reduce or eliminate non-governmental constraints to the extent feasible and practical.

Housing Sites Inventory Analysis



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Appendix C

Housing Sites Inventory Analysis

C.1 Introduction

The Association of Monterey Bay Area Governments' forecasts that the two-county Monterey Bay Area will add 32,867 new households between 2020 and 2045¹. For the eight-year time frame covered by this Housing Element Update, HCD has identified the region's housing need as 33,274 units. The total number of housing units assigned by HCD is separated into four income categories that cover housing types for all income levels, from very low-income households to market rate housing. This calculation, known as the Regional Housing Needs Allocation (RHNA), is based on population projections produced by the California Department of Finance as well as adjustments that incorporate the region's existing housing need. The adjustments result from recent legislation requiring HCD to apply additional adjustment factors to the baseline growth projection from the California Department of Finance, in order for the regions to get closer to healthy housing markets. To this end, adjustments focus on the region's vacancy rate, level of overcrowding and the share of cost burdened households, and seek to bring the region more in line with comparable ones. These new laws governing the methodology for how HCD calculates the RHNA resulted in a significantly higher number of housing units for which the Monterey Bay Area must plan compared to previous cycles.

C.2 Regional Housing Needs Allocation

AMBAG adopted its *Final 6th Cycle Regional Housing Needs Allocation Plan 2023-2031* in October 2022. For Carmel-by-the-Sea, the proposed RHNA to be planned for this cycle is 349 units. Details are provided below.

RHNA Summary

Carmel-by-the-Sea's share of the regional housing need for the eight-year period from 2023 to 2031 is 349 units, which is a 1,125 percent increase over the 31 units required by the 2014 to 2023 RHNA. The housing need is divided into the four income categories of housing affordability. [Table C-1](#) shows Carmel-by-the-Sea's RHNA for the planning period 2023 – 2031.

¹ Final 2022 Regional Growth Forecast, AMBAG, November 18, 2020

Table C-1 Carmel-by-the-Sea’s Regional Housing Needs Allocation – 2023–2031

Income Group	Carmel-by-the-Sea Units	Percent	Monterey County Units	Percent	Monterey Bay Area Units	Percent
Extremely Low Income (<30% of AMI)	57	16.3%	2,206	10.9%	3,934	11.8%
Very Low Income (30% - 50% of AMI)	56	16.0%	2,206	10.9%	3,934	11.8%
Low Income (50%-80% of AMI)	74	21.2%	2,883	14.2%	5,146	15.5%
Moderate Income (80%-120% of AMI)	44	12.6%	4,028	19.8%	6,167	18.5%
Above Moderate Income (>120% of AMI)	118	33.9%	8,972	44.2%	14,093	42.4%
Total	349	100.0%	20,295	100.0%	33,274	100.0%

SOURCE: AMBAG 2021

NOTE: The Association of Monterey Bay Area Governments (AMBAG) Executive Board adopted the 2023-2031 Regional Housing Needs Allocation Plan (RHNA) on October 12, 2022 (Resolution No. 2022-24). The plan was approved by the California Housing and Community Development on November 8, 2022.

Progress to Date

The RHNA planning period for the 2023-2031 Housing Element (6th Cycle) is June 30, 2023 through December 15, 2031. The statutory adoption date for the 6th Cycle Housing Element is December 31, 2023—a full six months after the beginning of the planning period. To account for this discrepancy, the City of Carmel-by-the-Sea must account for the number of housing units permitted prior to adoption of the 6th Cycle Housing Element and apply these to the 2023-2031 RHNA. Accordingly, the units permitted in this period count toward the 2023-2031 planning period RHNA and are subtracted from the 6th Cycle RHNA. [Table C-2](#) shows the City of Carmel-by-the-Sea’s adjusted RHNA, which accounts for progress made prior to the adoption of the updated Housing Element document.

Table C-2 Carmel-by-the-Sea’s Adjusted RHNA

	Very Low-Income Units	Low-Income Units	Moderate-Income Units	Above Moderate-Income Units	Total Units
2023–2031 RHNA	113	74	44	118	349
Units permitted between June 30, 2023 and December 31, 2023	TBD	TBD	TBD	TBD	TBD
Remaining RHNA					

SOURCE: City of Carmel-by-the-Sea

C.3 Site Inventory

The purpose of the sites inventory is to identify and analyze specific sites that are available and suitable for residential development from 2023-2031 in order to accommodate Carmel-by-the-Sea's assigned 349 housing units. The City doesn't build the housing but creates the programs and policies to plan for where it should go and how many units could be on potential sites.

Overview of Selected Sites

This section provides information on the current list of potential sites under consideration for determining how the City will accommodate the State's required minimum of 349 housing units.

Figure C-1 shows an overview of the potential sites inventory map that has been developed for Carmel-by-the-Sea's 6th Cycle Housing Element Update.

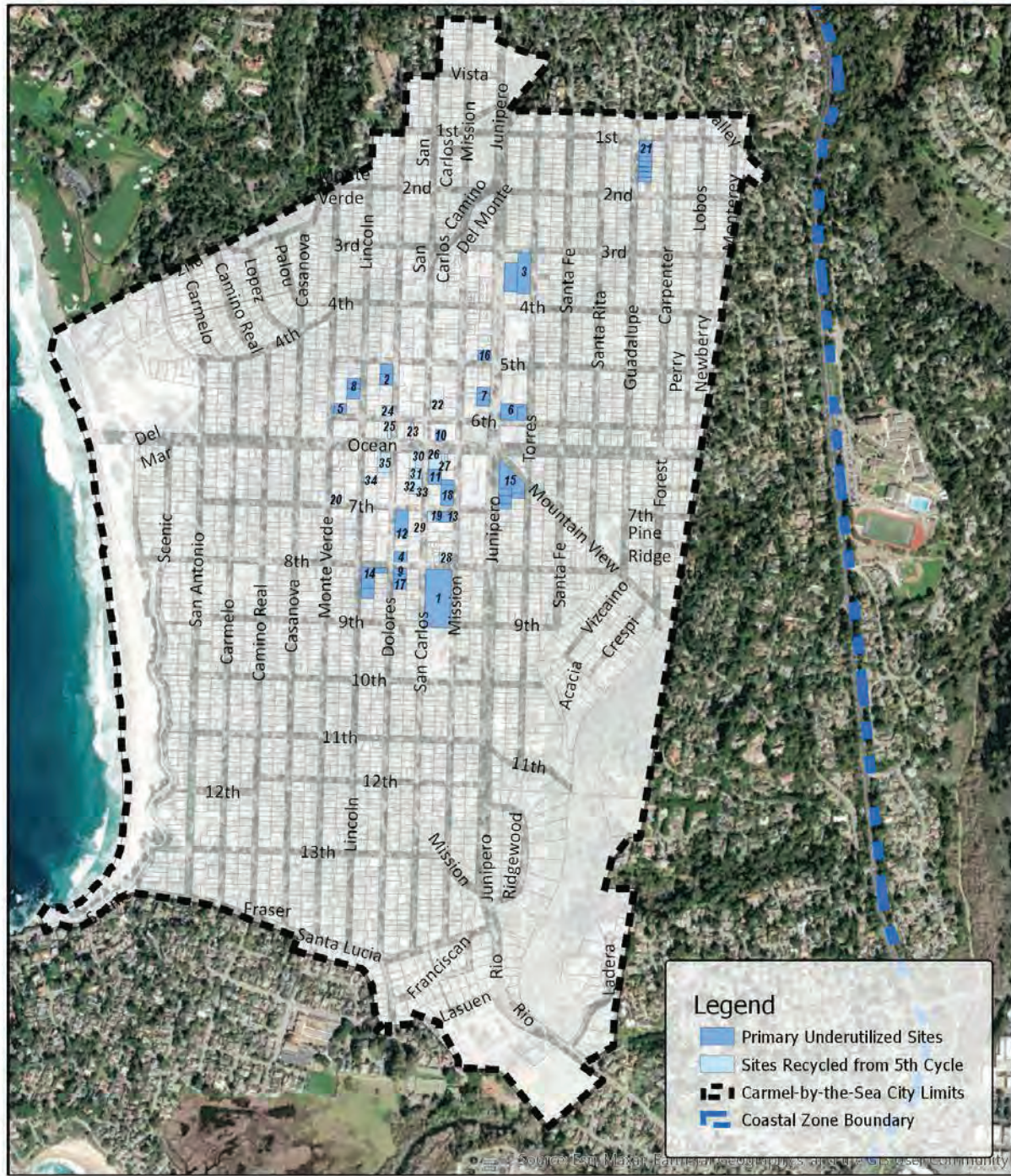
Key Housing Opportunities

This section provides details on vacant and underutilized sites that are available for housing development in the city. The City has identified 35 sites capable of accommodating 283 housing units. In addition, the City has developed a program of new incentives for 46 hotel owners in the community to house lower-income employees in existing hotel rooms. Finally, the City has an active accessory dwelling unit program that is capable of providing additional lower-income housing.

Altogether, these housing resources have the potential to accommodate approximately 115 percent of Carmel's RHNA. Each of these opportunities is discussed in more detail below.

The City's estimate of number of housing units that can realistically be developed on key housing opportunity sites is considered conservative. What has been omitted from this list are 43 vacant sites capable of accommodating 43 market-rate housing units, all of which were previously identified in Carmel's 5th Cycle Housing Element.

Figure C-1 Potential Sites Inventory Map



Source: Esri, Maxar, Earthstar Geographics, and EMC Planning Group

Figure C-1

Housing Sites Inventory

Carmel-by-the-Sea
6th Cycle Housing Element



The capacity estimate for these primary underutilized sites is supported, in part, by a recent housing feasibility study undertaken by the City in preparation for the City’s 6th Cycle Housing Element update.² This study provided an in-depth analysis of the redevelopment potential for the first 16 primary underutilized sites (the January 2023 feasibility study is attached in its entirety as [Appendix F](#)).

A one-page description of each primary underutilized site, including a photograph of the site, is presented in the following section. The information provided for sites 1 through 16 has been excerpted directly from the 2023 feasibility study.

Primary Underutilized Sites

The City has identified 21 underutilized sites capable of accommodating 248 lower-income and market-rate housing units. Eight of the total 21 primary underutilized sites were identified in the 5th Cycle Housing Element, all of which were identified at the time as having the highest probability of developing. Achieving this level of construction on the sites identified as primary underutilized sites would be dependent on a number of factors, not the least of which would be Carmel’s discretionary development review process. The City has recognized this factor and has included a new program in this 6th Cycle Housing Element update to permit redevelopment of all of underutilized sites identified herein without the need for a conditional use permit (i.e., “by right”). While significant hurdles remain—construction costs, design review, etc.—this new program removes the single greatest obstacle to achieving the City’s housing objectives for these underutilized sites.

² ECO Northwest, January 27, 2023. “Housing Element Analysis for the City of Carmel by-the-Sea.”

Site #1: Sunset Center Lots Site

Number of Housing Units: 33

Description: The north lot at Sunset Center is a large (1.02 acre) parking lot with no improvements other than paving. It is a City-owned site. The City has expressed interest in redeveloping the site for housing so long as parking needs for Sunset Center could be accommodated in the development program. A design competition could be a program to incentivize local architects to partner with non-profit affordable housing developers.

The south lot could also be a viable housing development site. Figure C-2 shows a photograph of the North Sunset Center Lots Site.

“I live near the sunset Center. I would love to see that made into a usable space, and will completely support your efforts to do that. So, go for it. Have courage and get this work done.”

May 24, 2023 Ad Hoc
Committee Community
Meeting Attendee

Figure C-2 Sunset Center Lots Site (Site #1)



Site #2: Ulrika Plaza Site

Number of Housing Units: 12

Description: The 0.37-acre Ulrika Plaza site, previously entitled as a mixed-use building. The initial developer lost the project for financial reasons and it was acquired by another developer. This developer has been working to get a development program for 12 market-rate apartment units approved on the site for several years. The site is a case study of a development not building to maximum density.

Figure C-3 Ulrika Plaza Site (Site #2)



Site #3: City Public Works (Vista Lobos) Site

Number of Housing Units: 42

Description: This is a City-owned site totaling 1.28 acres at the north end of the study area. The site is a large parking lot with low value improvement used for public parking. The City has expressed interest in using the site for housing if feasible. Potential height restrictions due to a protected viewshed to Point Lobos (see CMC 17.12.050) could limit achievable density and feasibility, though opportunities exist to cut into the slope at street grade.

Figure C-4 City Public Works (Vista Lobos) Site (Site #3)



Site #4: Carmel Realty Office Site

Number of Housing Units: 4

Description: This site is a 0.18-acre corner-lot parcel that is currently owned and used for office space by Carmel Realty. It has low lot coverage and scores well with a land-to-improvement ratio. It is a single-story structure that is surrounded on all sides by structures that are at least two stories tall. The site was previously used in the RHNA 5 inventory.

Figure C-5 Carmel Realty Office Site (Site #4)



Site #5: Pine Inn Parking Lot Site

Number of Housing Units: 5

Description: This 0.18-acre site is the parking lot for the Pine Inn. The site is not attached or adjacent to the inn, it is a separate parcel across the street. As driving patterns and parking needs change, this site could be a future candidate for redevelopment.

Figure C-6 Pine Inn Parking Lot Site (Site #5)



Site #6: Bruno's Market Site

Number of Housing Units: 17

Description: This site is two adjacent parcels totaling over 0.53 acres under the same ownership. The site includes a parking lot that leads to low lot coverage. It also scores in the top tier for land-to-improvement ratio. It could be a potential redevelopment candidate.

Figure C-7 Bruno's Market Site (Site #6)



Site #7: Three Garages Site

Number of Housing Units: 7

Description: This site would be an assemblage of three equal sized parcels totaling 0.33 acres. Two of the parcels are under the same ownership, and one was previously used in the RHNA 5 inventory. Existing uses include a site with parking and three attached garages, and a commercial building used for real estate sales. Combined the site scores in the top tier for land-to-improvement ratio and in the mid-tier for value per square foot.

Figure C-8 Three Garages Site (Site #7)



Site #8: First Church of Christ Parking Lot Site

Number of Housing Units: 9

Description: This site is a parking lot used by the First Church of Christ. It is three separate tax lots totaling 0.28 acres. Assessor’s records have missing values for ownership on the two southern parcels but given its existing use we assume that all three parcels are owned by the Church. In 2020, the State of California passed AB 1851, commonly referred to as the “yes in God’s backyard” bill. This bill makes it easier for religious institutions to convert excess parking to affordable housing by prohibiting a local agency from requiring the replacement of religious-use parking spaces that a developer of a religious institution affiliated housing development project proposes to eliminate as part of that housing development project. Redevelopment of the structures on the site would require a zone change.

Figure C-9 First Church of Christ Parking Lot Site (Site #8)



Site #9: Red Cross Site

Number of Housing Units: 5

Description: This site includes two adjacent parcels owned and used by the American Red Cross. Collectively the site is 0.18 acres. Because the site is owned by a nonprofit organization it does not have Assessor's values to calculate redevelopment metrics. However, site inspection confirms a low intensity use. Because the owner is a mission-driven organization, it's possible they may be a willing partner if they can find an alternative for their current operations.

Figure C-10 Red Cross Site (Site #9)



Site #10: Café Carmel Site

Number of Housing Units: 3

Description: All single-story downtown buildings can be explored as opportunities for densification. Site orientation, existing and surrounding uses, and access are contributing factors to feasibility. The Café Carmel site pictured is one example of a single-story commercial property with two-story building on either side. The Café Carmel site specifically scores in the top tier for land-to-improvement ratio and has a land value around \$100 per-square-foot. The site was previously used in the RHNA 5 inventory.

Figure C-11 Café Carmel Site (Site #10)



Site #11: Wells Fargo Site

Number of Housing Units: 8

Description: This site is two adjacent parcels comprised of the existing Wells Fargo building and associated parking lot. Combined the site is 0.38 acres. The site was identified as a candidate site in the RHNA 5 Housing Element inventory. It scores in the top tier for land-to-improvement ratio. It is owned by an institutional entity (Wells Fargo). However, conversations with City staff indicate that it could be a candidate for inclusion as a historic property which would complicate redevelopment.

Figure C-12 Wells Fargo Site (Site #11)



Site #12: Esperanza 7th and Dolores Site

Number of Housing Units: 15

Description: This site is three adjacent parcels owned by Esperanza Carmel. The site totals roughly 0.30 acres. Esperanza has a development proposal on the site for eight (8) market-rate apartment units.

Figure C-13 Esperanza 7th and Dolores Site (Site #12)



Site #13: 7th and Mission Site**Number of Housing Units: 5**

Description: This 0.18-acre site currently accommodates a clothing boutique in a single-story commercial building. Half of the site is comprised of a parking lot, which leads to low lot coverage and a land-to-improvement ratio above 1.5. However, its value per-square-foot is high at nearly \$500 per-square-foot, making acquisition of the property less likely.

Figure C-14 7th and Mission Site (Site #13)

Site #14: Carmel Foundation Site

Number of Housing Units: 20

Description: The Carmel Foundation is the only provider of deed-restricted affordable housing in Carmel. Their administrative offices include four parcels totaling 0.62 acres. This site does not score high on land-to-improvement ratio but scores in the top tier of value per-square-foot. This site is being considered as a candidate because the Carmel Foundation is a mission-driven organization and interviews with leadership indicate that if they can accommodate their administrative functions off-site, they would consider redeveloping their property for affordable housing. Redeveloping this site would require rezoning.

Figure C-15 Carmel Foundation Site (Site #14)



Site #15: Carmel Presbyterian Site

Number of Housing Units: 36

Description: This site is five adjacent parcels totaling almost 1.1 acres. Over a third of the site is a parking lot. See previous comments about AB 1851. The site is outside of the commercial core and would require a zone change to facilitate redevelopment beyond housing construction within the existing parking lot area.

Figure C-16 Carmel Presbyterian Site (Site #15)



Site #16: NW Corner Juniper & 5th Site

Number of Housing Units: 3

Description: This is a corner lot site totaling 0.18 acres. The existing use is a parking lot and single-story commercial building. The site was included in the RHNA 5 inventory. It scores in the mid-tier for both redevelopment metrics.

Figure C-17 5th and Juniper Site (Site #16)



Site #17: American Legion Site

Number of Housing Units: 5

Description: This site is approximately 0.18 acres that is immediately adjacent to the Red Cross Site (Site #9). This site was not included in the RHNA 5 inventory. The existing use is the American Legion building. City staff have identified this site because it is underutilized and owned by a quasi-public organization. It's possible that this site could be combined with the Red Cross site to yield a larger affordable housing project.

Figure C-18 American Legion Site (Site #17)



Site #18: NW Corner Mission & 7th Site**Number of Housing Units:** 8

Description: This site is approximately 0.37 acres. The existing use is single-story commercial building. The site was included in the RHNA 5 inventory. NW Corner of Mission & 7th (APN 010-141-003). The property owner has expressed interest to add second-story residential uses to the site. At 33 units per acres, 12 units could be constructed.

Figure C-19 NW Corner Mission & 7th Site (Site #18)

Site #19: 7th 2 SW of Mission Site**Number of Housing Units: 2**

Description: This small site is approximately 0.07 acres. The existing use is a small commercial building. The site was included in the RHNA 5 inventory. Property is currently underdeveloped and contains a building originally constructed in 1937. The property owner has had discussions with the City about adding at least two apartments on the second-story. The City has had recent experience facilitating this kind of housing development addition to an existing building.

Figure C-20 7th 2 SW of Mission Site (Site #19)

Site #20: NE Corner Monte Verde & 7th Site

Number of Housing Units: 1

Description: This small site is approximately 0.07 acres. The site was included in the RHNA 5 inventory. The property is currently significantly underdeveloped. The building was originally constructed in 1950 (approximately 60 years old) and has a floor area ratio of approximately 47 percent, compared to the maximum allowed of 80 percent. The building is currently used as an office space, but as there is little demand for commercial space in Carmel it is likely that the site will be redeveloped with stand-alone housing as opposed to mixed-use.

Figure C-21 NE Corner Monte Verde & 7th Site (Site #20)



Site #21: Carmel Resort Inn Site

Number of Housing Units: 8

Description: This small site is approximately 0.74 acres. The existing use is the Carmel Resort Inn. The site was not included in the RHNA 5 inventory.

Figure C-22 Carmel Resort Inn Site (Site #21)



Sites Recycled from 5th Cycle

To ensure the City has a buffer of housing sites for lower income housing, the City has included 14 additional sites, each of which was previously included in Carmel's 5th Cycle Housing Element. These sites are capable of accommodating an additional 35 units, all of which have been assigned to the above-moderate-income category. As with the other underutilized sites, the likelihood of successfully developing these other sites is improved the City's proposed new program that would permit redevelopment of all underutilized sites without the need for a conditional use permit (i.e., "by right"). No additional discussion of these sites is provided.

Employee Housing at Local Hotels

As mentioned above, the City of Carmel-by-the-Sea has included a new program in this 6th Cycle Housing Element update to incentivize the dedication of a minimum of one hotel room to house lower-income employees. As there are 46 hotels in the City, this program has the potential to add at least 46 moderate- and lower-income units to the City's housing stock.

Accessory Dwelling Units (ADUs and Junior ADUs)

Based on HCD's Annual Progress Report Dashboard, 18 ADUs were constructed in Carmel in the four-year period between 2018 and 2021. This averages 4.5 ADUs per year, which when extrapolated to the eight-year planning period for the 6th Cycle Housing Element update, equates to a total of 36 units. Because the State of California has recently adopted a host of new rules easing the construction of ADUs, the City has doubled its estimate of potential ADUs to a total of 72 units. Following the rule of thumb recommended by HCD, these 72 units have been distributed to very low-, low-, moderate-, and above moderate-income households as follows: 30 percent, 30 percent, 30 percent, 10 percent, respectively.

Table of Housing Resources

This section provides the formal inventory table of sites that the City of Carmel-by-the-Sea will rely on in the 6th Housing Element planning cycle. Per state law and Housing Program 3.3 (see Chapter 3 of this 6th Cycle Housing Element), the City is required to maintain "no net loss" of the housing capacity represented by this list of parcels and the sites they comprise. To facilitate this, the inventory presented below has been designed with excess capacity. This allows some degree of flexibility in decision making for individual development projects as they come forward for approval by City Council.

In short, with some limited flexibility, the City is committed to permitting housing on each of the parcels listed in the table below, and in doing so, ensuring that the number of units listed for each parcel in the table--“planned capacity”—is achieved. Should the City approve development that is inconsistent with the parcel’s planned capacity, it is then required as part of that approval to:

- Find, based on quantitative evidence, that the remaining inventory of housing sites is still sufficient to meet the City’s 6th Cycle RHNA; or
- Identify one or more available sites with the realistic development capacity to replace the housing that would have otherwise been developed had consistency with planned capacity been achieved.

Table C-3, [Housing Sites Inventory](#), provides details and capacity estimates for each of the parcels that comprise the 35 housing sites identified in the sections above.

Table C-3 Housing Sites Inventory

Site #	Location	APN	Zoning	General Plan	Acreage	Applied Density (DU/AC)	Total Realistic Capacity	Very Low	Low	Moderate	Above Moderate
Primary Underutilized Sites											
1	Sunset Center Lots Site (#1)	010143001000	A-2		1.02	33	33	17	16		
2	Ulirika Plaza Site (#2)	010138003000	SC		0.37	33	12				12
		010138021000									
3	City Public Works Site (Vista Lobos) (#3)	010104001000	R-4		1.28	33	42	35			7
		010104004000									
4	Carmel Realty Office Site (#4)	010145008000	RC	RC	0.19	33	4				4
5	Pine Inn Parking Lot (#5)	010212010000	R-1		0.18	33	5	5			
6	Bruno's Market Site (#6)	010095013000	RC		0.53	33	17	12	5		
		010095012000									
7	Three Garages Site (#7)	010098004000	SC	CC	0.33	33	7				7
		010098005000									
		010098006000									
8	First Church of Christ Parking Lot (#8)	010212027000	R-1	SFR	0.28	33	9		9		
		010212004000									
		010212026000									
9	Red Cross Site (#9)	010144015000	R-1	SFR	0.18	33	5				5
		010144016000									
10	Café Carmel Site (#10)	010133004000	CC	CC	0.15	33	3				3
11	Wells Fargo Site (#11)	010141006000	CC	CC	0.36	33	8				8
		010141011000									
12	Esperanza 7th and Dolores Site (#12)	010145012000	SC		0.46	33	15				15
		010145020000									
13	7th and Mission Site (#13)	010142001000	SC		0.18	33	5				5

Site #	Location	APN	Zoning	General Plan	Acreage	Applied Density (DU/AC)	Total Realistic Capacity	Very Low	Low	Moderate	Above Moderate
14	Carmel Foundation Site (#14)	010149012000	A-3		0.62	33	20	10	10		
		010149010000									
		010149011000									
		010149001000									
15	Carmel Presbyterian Site (#15)	010084030000	R-1		1.10	33	36	36			
		010084023000									
		010084024000									
		010084022000									
010084003000											
16	NW Corner Junipero & 5th (#16)	010097007000	SC	CC	0.18	33	3				3
17	American Legion Site	010144014000	R-1	SFR	0.18	33	5				5
18	NW Corner Mission & 7th	010141003000	CC	CC	0.37	33	8				8
19	7th 2 SW of Mission	010142013000	SC	CC	0.07	33	2				2
20	NE Corner Monte Verde & 7th	010191004000	RC	RC	0.07	33	1				1
21	Carmel Resort Inn	010021014000	R-1	SFR	0.74	33	8				8
		010021013000									
		010021012000									
		010021011000									
		010021030000									
		010021031000									
		010021032000									
010021033000											
Subtotal Primary Underutilized Sites					8.84		248	93	46	16	93
Sites Recycled from 5th Cycle											
22	San Carlos 2 NE of 6th	010132009000	CC	CC	0.09	33	1	--	--	--	1
23	Ocean 4 NW of San Carlos	010134005000	CC	CC	0.08	33	1	--	--	--	1
24	NW Corner Dolores & 6th	010138006000	CC	CC	0.13	33	2	--	--	--	2

Site #	Location	APN	Zoning	General Plan	Acreage	Applied Density (DU/AC)	Total Realistic Capacity	Very Low	Low	Moderate	Above Moderate
25	NW Corner Ocean & Dolores	010139001000	CC	CC	0.09	33	1	--	--	--	1
26	SE Corner Ocean & San Carlos	010141007000	CC	CC	0.28	33	6	--	--	--	6
27	Ocean 2 SE of Mission	010141009000	CC	CC	0.07	33	1	--	--	--	1
28	NW Corner Mission & 8th	010142006000	RC	RC	0.19	33	4	--	--	--	4
29	SE Corner of San Carlos & 7th	010142012000	SC	CC	0.12	33	2	--	--	--	2
30	San Carlos 2 SW of Ocean	010146001000	CC	CC	0.15	33	3	--	--	--	3
31	San Carlos 2 SW of Ocean	010146002000	CC	CC	0.18	33	3	--	--	--	3
32	San Carlos 2 NW of 7th Ave	010146003000	CC	CC	0.18	33	3	--	--	--	3
33	San Carlos 2 NW of 7th Ave	010146004000	CC	CC	0.09	33	1	--	--	--	1
34	Lincoln SE of Ocean	010147010000	CC	CC	0.09	33	1	--	--	--	1
35	SW Corner Ocean & Dolores	010147018000	CC	CC	0.31	33	6	--	--	--	6
	Subtotal Recycled Sites						35	0	0	0	35
TOTAL							283	93	46	23	121
Potential Converted Hotel Units											
ADUS											
							46	0	16	30	0
							72	22	22	22	6
GRAND TOTAL							401	115	84	75	127
RHNA							349	113	74	44	118
Difference							52	2	6	24	17
Difference (Percent)							115%	101%	113%	170%	108%

SOURCE: City of Carmel-by-the-Sea; EMC Planning Group Inc.

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D.4 Conclusion

The vacant and underutilized sites, converted hotel rooms, and accessory dwelling units identified in this report are sufficient to accommodate approximately 115 percent of the City of Carmel-by-the-Sea's Regional Housing Needs Allocation for the 6th Cycle planning period. This 15 percent "cushion" is highly recommended because of the state's no-net-loss policy, which precludes jurisdictions from approving development that results in an overall housing site deficit. The "cushion" essentially provides a degree of flexibility for policy makers as they make development decisions. Many of the sites identified in this report have existing uses that would need to be demolished before new housing could be constructed.

Nonetheless, for communities like Carmel-by-the-Sea that are largely built out and surrounded on all sides by other communities, redevelopment and densification is the only practical solution to providing its share of housing for the Monterey Bay Area RHNA. By its nature, such redevelopment is more costly and more time consuming than building new units on vacant land. To offset these constraints, 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. 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.

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Review of Previous Housing Element



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Appendix D

Review of Previous Housing Element

D.1 Introduction

In order to effectively plan for the future, it is important to reflect back on the goals of the previous Housing Element and to identify those areas where progress was made and those areas where continued effort is needed. State Housing Element guidelines require communities to evaluate their previous Housing Element according to the following criteria:

- Effectiveness of the Element;
- Progress in Implementation; and
- Appropriateness in Goals, Objectives and Policies.

D.2 Effectiveness of the Element

The City's 2015 Housing Element identified the following goals:

- Goal G3-1 Preserve the existing housing stock;
- Goal G3-2 Preserve existing residential units and encourage the development of new multi-family housing in the Commercial and R-4 Districts;
- Goal G3-3 Provide adequate sites for the development of a wide range of housing types for all citizens;
- Goal G3-4 Protect the stability of residential neighborhoods by promoting year-round occupancy and neighborhood enhancement; and
- Goal G3-5 Preserve and increase the supply of housing for lower- and moderate-income households, senior citizens and other special needs groups. Prohibit discrimination in the sale or rental of housing.

In order to achieve these goals, the 2015 Housing Element listed a series of policies and actions. The policies covered a range of actions, including (but not limited to): development of mixed-use projects with high-density housing; preserving existing second floor housing over first-floor commercial uses; converting R-1 hotels to housing; enforcing the City's prohibition on short-term rentals; reviewing requirements for condition use permits on multi-family developments with

densities greater than 22 du/ac; using city-owned surplus sites for affordable housing; and granting water priority to affordable housing projects. The 2015 policies and programs complied with State Housing Law guidelines in effect at the time.

D.3 Progress in Implementation

To assess the City’s progress in implementing the 2015 Housing Element, the following key areas were reviewed:

- Adopted Programs;
- Production of Housing;
- Preservation of “At Risk” Units; and
- Rehabilitation of Existing Units.

Each of these areas is discussed in detail below.

Overview of Adopted Programs

Table D-1, [Overview of Adopted Programs](#), identifies all of the actions the City committed to in the 2015 Housing Element. The table also includes a description of the progress that was made during the 2015–2023 planning period.

Table D-1 Overview of Adopted Programs

Program Number	Programs/Actions [The text provided in this column is a synopsis only, for complete program language please refer to the 2015 Housing Element]	Achievements/Effectiveness	Continue/ Modify/ Delete
Goal G3-1: Preserve the existing housing stock			
Program 3-1.1.a	<p>Housing Rehabilitation Information. Distribute information on the Inspection Services and Housing Rehabilitation programs available through Monterey County, and alternative ways of financing home repairs</p>	<p>During the planning period, the City provided information on rehabilitation programs, inspection services, and home repair financing at City Hall and on the City's website. During the Planning period, the City's website was redesigned with new features that make navigation easier.</p> <p>Dissemination of information at City Hall and on the City's website is a passive activity that can effectively educate and inform the public. To capture a broader audience and take a more active role in disseminating information, the City will take advantage of established venues such as the Farmer's Market, Library programming, and local service organizations to promote available resources.</p>	Continue
Program 3-1.1.b	<p>Residential Inspection Services. Inspect residences in the community for structural deficiencies and repair needs at the request of the property owner</p>	<p>The City continues to provide residential inspection services to residents as part of Code Enforcement complaints and during the building permit process.</p>	Continue
Program 3-1.1.c	<p>Housing Maintenance Information. Disseminate informational materials identifying techniques used to upgrade property consistent with health and safety standards. The informational materials will continue to be disseminated at public buildings, through the City's website, and in conjunction with Program 3-1.1.a.</p>	<p>During the planning period, the City provided housing maintenance information at City Hall and on the City website to facilitate the preservation of the existing housing stock. During the Planning period, the City's website was redesigned with new features that make navigation easier.</p> <p>Dissemination of information at City Hall and on the City's website is a passive activity that can effectively educate and inform the public. To capture a broader audience and take a more active role in disseminating information, the City will take advantage of established venues such as the Farmer's Market, Library programming, and local service organizations to promote available resources.</p>	Modify and Combine with 3-1.1.a

Program Number	Programs/Actions [The text provided in this column is a synopsis only; for complete program language please refer to the 2015 Housing Element]	Achievements/Effectiveness	Continue/ Modify/ Delete
Goal G3-2: Preserve existing residential units and encourage the development of new multi-family housing in the Commercial and R-4 Districts.			
Program 3-2.1.a	Incentives for Mixed-Use Development. Provide floor area bonuses of up to 15 percent for projects that include housing for moderate-, low- and very-low-income households. Distribute informational materials outlining the floor area and other applicable incentives.	The City continues to encourage affordable housing in mixed-use development. No development participated in this program.	Modify to improve the incentive.
Program 3-2.1.b	Preserve and Increase Second Floor Residential Uses. Prohibit the conversion of existing second-floor residential floor space to commercial use. Require newly constructed floor space at the second floor to be used as residential units.	The City continues to preserve existing second floor residential uses and encourages the conversion of second floor commercial space to residential use. This was a successful program that resulted in protection of existing units and construction of new units.	Continue
Program 3-2.1.c	Incentives for Mixed Use Affordable Housing. Explore options to further incentivize upper-story housing opportunities, such as the potential of allowing a third story when devoted to affordable housing subject to appropriate design standards, including the City's 30-foot height limit.	The City continues to look for ways to increase affordable housing opportunities. No development participated in this program. Staff will make a concerted outreach effort to better publicize this program.	Continue.
Program 3-2.1.d	Multi-Family Residential Development Review. Monitor multi-family residential development applications to assess whether the CUP requirement (CUP for MFDs at densities 22 du/ac +) is posing an unreasonable development constraint. If it is determined that the CUP requirement is negatively affecting the cost and supply of housing, the City will initiate Zoning Code and LCP amendments to revise permit requirements for residential projects with densities greater than 22 du/ac to ensure permits are granted based on objective criteria.	The City monitored the review process for multi-family residential development and found that the Use Permit requirement for multi-family projects at densities between 23 and 33 dwelling units per acre was not a deterrent to development. The primary constraint to increased density remains a lack of water resources. However, the City remains open to eliminating the Use Permit requirement for all densities greater than 22 dwelling units per acre. While the monitoring of multi-family residential development applications did not reveal an unreasonable development constraint, the elimination of the Use Permit requirement would result in cost savings for applicants who would no longer have to pay the Use Permit application fee. Additionally, the application processing time would be reduced by eliminating one of the permit entitlements.	Modify to remove the CUP requirement for densities up to 33 du/ac and look at the CUP requirements in general that can be removed.

Program Number	Programs/Actions [The text provided in this column is a synopsis only; for complete program language please refer to the 2015 Housing Element]	Achievements/Effectiveness	Continue/ Modify/ Delete
Goal G3-3: Provide adequate sites for the development of a wide range of housing types for all citizens.			
Program 3-3.1.a	<p>Adequate Sites. The City will encourage and facilitate the development of new dwelling units consistent with the RHNA need by continuing to work with housing providers such as the Carmel Foundation. The City will also encourage development of new affordable units through incentives and concessions outlined in Programs 3-5.4.a, 3-5.4.b, 3-5.5.a, 3-5.5.b, and 3-5.5.c of this Housing Element.</p>	<p>The City encouraged the construction of new dwelling units to meet the City's RHNA requirements and promoted incentives and concessions to facilitate new construction. A lack of water resources continues to be the largest constraint to developing high-density housing.</p> <p>The Carmel Foundation manages 50 affordable senior housing units in Carmel. While the City has a long-standing relationship with the Foundation, they do not accept government funding, and the operating costs of the housing units result in an annual deficit. Identification of additional funding sources and housing providers should be considered while maintaining a strong relationship with the Foundation.</p> <p>City staff regularly promotes the incentives available for developing new affordable units when meeting with prospective developers and processing new development applications. The primary constraint to increased density remains a lack of water resources.</p>	<p>Modify. The City will craft a policy requiring minimum densities.</p>
Program 3-3.1.b	<p>Surplus Sites. Investigate the feasibility of utilizing surplus sites for housing development and partnering with housing providers to develop housing for lower-income households and/or senior housing on appropriate surplus sites.</p>	<p>The City continues to evaluate the feasibility of constructing new housing on surplus land, specifically the Sunset Center parking lot. No development partners emerged during this housing element cycle; however, discussions remain ongoing.</p>	<p>Modify to identify underutilized publicly owned sites including Flanders Mansion, Sunset Center parking lots, Post Office parking lot and Vista Lobos.</p>

Program Number	Programs/Actions [The text provided in this column is a synopsis only; for complete program language please refer to the 2015 Housing Element]	Achievements/Effectiveness	Continue/ Modify/ Delete
Program 3-3.1.c	<p>Development on Small Sites. The City will continue incentives and provisions that facilitate development on small sites including 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 review its Lot Merger Program to determine if any refinements should be made, including a requirement that mergers be approved by the Planning Commission rather than the Director. The City may also consider incentives for commercial lot mergers when lower-income units are provided, and eliminating any provisions of this program that have the unintended effect of restricting housing opportunities.</p>	<p>During the planning period, the City maintained reduced parking requirements for affordable housing projects and the density bonus provisions allowing high-density housing development of up to 88 dwelling units per acre. A lack of water resources continues to be the largest constraint to developing high-density housing.</p> <p>The City continued to promote incentives associated with lot mergers in the single-family district, including additional floor area for the primary dwelling and accessory dwelling units, additional site coverage, and an additional accessory structure. Lot merger applications continue to be approved by the Community Planning & Building Director.</p> <p>No development participated in the density bonus or setback incentive in the commercial or multi-family districts.</p> <p>The City did not pursue a lot merger incentive program for the commercial districts. Density bonus regulations continue to provide the greatest incentive.</p> <p>Most lot merger applications were for single building sites comprised of multiple legal lots of record. Merging these sites did result in the granting of incentives. New State ADU laws exceed the ADU incentive the City currently offers and should be reevaluated.</p>	<p>Modify to continue lot merger approval by Director, simplify parking requirement reductions, reevaluate the density bonus and setback incentives.</p>
Program 3-3.2	<p>Address Infrastructure Constraints. Work cooperatively with the Monterey Peninsula Water Management District (MPWMD) and other regional agencies to address infrastructure limitations (e.g. sewer, water, roads) that affect the ability to serve new housing development. Grant water allocation priority to those projects that assist the City in meeting its</p>	<p>During the planning period, the City continued to work with regional agencies such as the Monterey Peninsula Water Management District (MPWMD) and the Carmel Area Wastewater District (CAWD) to ensure adequate infrastructure is in place to accommodate new housing and maintenance of existing residential units. Additionally, the City focused on stormwater drainage improvements to reduce flooding. The</p>	<p>Modify to further incentivize water allocation for lower income units.</p>

Program Number	Programs/Actions [The text provided in this column is a synopsis only; for complete program language please refer to the 2015 Housing Element]	Achievements/Effectiveness	Continue/ Modify/ Delete
	share of the regional housing need for lower- and moderate-income households.	<p>City's Public Works Department continues to improve City infrastructure related to road maintenance and storm drains. The City continued prioritizing water allocation for lower-income units; however, no development applications were received for lower-income housing.</p> <p>Lack of water resources continues to be a significant constraint to housing development. The City will establish a formal policy to prioritize water allocations to affordable housing projects.</p>	
Goal G3-4: Protect the stability of residential neighborhoods by promoting year-round occupancy and neighborhood enhancement			
Program 3-4.1.a	<p>Permanent Housing. Continue to implement the ordinance adopted in 1988 prohibiting short-term, transient rentals and timeshares of residential dwellings in the R-1 District.</p>	<p>The City continued to enforce the prohibition of short-term rentals in the single-family residential district. The City continues to use Host Compliance as part of the ongoing enforcement. On average, 27 violation letters were mailed annually during the planning period.</p> <p>A significant percentage of single-family homes continue to remain vacant for part of the year due to second home ownership.</p> <p>During the planning period, the City enforced the provisions of the Timeshare Ordinance and made minor updates to the Ordinance to increase clarity. One enforcement action was taken against a timeshare company during the planning period.</p>	<p>Modify to explore methods to raise funds from vacant units to an affordable housing fund, property tax reduction or ADU incentive program.</p>
Program 3-4.1.b	<p>Conversion of R-1 Motels. Continue to allow conversion of R-1 motel units into permanent residences with the transfer of vacated rooms to the commercial district.</p>	<p>During the planning period, the City allowed the conversion of R-1 motels to permanent residences. Specifically, the Happy Landing Inn was converted to a permanent residence during the planning period. Additionally, a change in ownership of the Carmel Resort Inn resulted in a development application to downsize the footprint of the hotel property and construct 8 new single-family dwellings. Two of the 8 homes have been approved by the Planning Commission.</p>	<p>Modify to better incentivize the program to encourage MFD.</p>

Program Number	Programs/Actions [The text provided in this column is a synopsis only; for complete program language please refer to the 2015 Housing Element]	Achievements/Effectiveness	Continue/ Modify/ Delete
Program 3-4.2.a	Neighborhood Compatibility. Continue to enforce height, coverage and floor area standards to ensure that new construction and remodels do not present excess visual mass or bulk to public view or to adjoining properties. Continue to enforce design standards which ensure that buildings relate to a human scale and that they avoid use of oversize design elements that make them appear dominating or monumental. Continue to require that projects not meeting adopted design guidelines be reviewed by the Planning Commission.	The City continues to review new construction for compatibility with the existing neighborhood. In 2021, the City received 26 new Track 2 Design Study planning applications for single-family units which required Planning Commission hearings.	Delete
Program 3-4.2.b	Support Community Organizations. Continue to support neighborhood organizations that promote neighborhood involvement, safety and improvement. When appropriate, develop partnerships with these organizations to promote neighborhood enhancement programs, conduct outreach, and solicit community input.	The City continues to support and partner with neighborhood organizations such as the Carmel Residents Association and the Carmel Foundation and the more recently formed Carmel Cares.	Modify to further support outreach and education.
Program 3-4.3.a	Neighborhood Preservation Educational Programs. Continue to use education programs to improve public understanding of the City's rich cultural and design heritage as a means of encouraging compatible housing design within existing neighborhoods, and provide zoning flexibility and incentives to facilitate rehabilitation of historic resources.	The City continues to implement the Historic Preservation Ordinance and the review of properties for historical significance upon submittal of a planning application. In 2021, the City reviewed 75 residential properties for historical significance and property improvements. The City uses the Historic Building Code to facilitate residential rehabilitation.	Continue.
Goal G3-5: Preserve and increase the supply of housing for lower- and moderate-income households, senior citizens and other special needs groups. Prohibit discrimination in the sale or rental of housing.			
Program 3-5.1	Reasonable Accommodation Procedures. Continue to implement Policy C11-01, which describes procedures to provide reasonable accommodation for persons with disabilities in compliance with the provisions of SB 520. Information on reasonable accommodation procedures shall be provided at City Hall and on the City's website.	The City continues to promote the reasonable accommodation process to residents on a project specific basis. A number of inquiries were received throughout the planning period; however, few applications were received. All applications were approved. The City is currently evaluating the application fee to ensure it does not discourage the use of the policy.	Modify to reduce permit fee.
Program 3-5.2	Shared Housing Information. Distribute informational materials from the Monterey County Housing Authority to the Carmel Foundation and display information at City Hall and other public buildings and posted on the City's website.	The City continues to provide information related to shared housing information at City Hall and on the City's website.	Modify to clarify intent and enhance education and outreach.

Program Number	Programs/Actions [The text provided in this column is a synopsis only; for complete program language please refer to the 2015 Housing Element]	Achievements/Effectiveness	Continue/ Modify/ Delete
Program 3-5.3a	<p>Condominium Conversions. Continue to implement condominium conversion policy, which restricts the conversion of apartments to condominiums to preserve the lower-cost rental housing options, typical of apartments, within the City. Apartments cannot be converted to condominiums unless a new apartment is being created to offset the conversion.</p>	<p>The City continues to implement the Condominium Conversion Ordinance to actively preserve and protect existing apartments. No formal applications for condominium conversions were submitted during the planning period and the Ordinance appears to be effective in halting conversions.</p>	Continue
Program 3-5.3.b	<p>Section 8 Rental Assistance. Continue to facilitate use of the Section 8 program in the community by distributing information for the program at City Hall and the Library.</p>	<p>The City continues to provide information regarding Section 8 rental assistance at City Hall, on the City's website, and through the library.</p>	Continue
Program 3-5.3.c	<p>Subordinate Units. The City's Municipal Code allows construction of new subordinate units as a permitted use on lots of 8,000 square feet or greater to provide additional rental housing in the R-1 District to lower-income households. To further encourage the creation of subordinate units, the City will investigate potential amendments such as permitting subordinate units on smaller lots. In addition, the City will implement incentives which may include waiver/reduction of certain fees, priority processing, and reduced parking and setback requirements. The City will provide informational materials on incentives and technical assistance to property owners. The informational materials will be available at City Hall and on the City's website.</p>	<p>The City has a long history of permitting Subordinate Units (now called Accessory Dwelling Units). The City reviewed the subordinate unit regulations during the planning period and adopted updated regulations to facilitate new dwelling units. The amended regulations were approved by the California Coastal Commission and incorporated into the City's Local Coastal Plan. The City is currently working on additional amendments to the regulations in accordance with State law.</p> <p>During the planning period 2021, the City received 18 new applications for Accessory Dwelling Units (ADUs) and continues to issue building permits ADUs. This program was effective and will be modified to further encourage ADUs and Junior ADUs.</p>	<p>Modify to reflect State Laws governing ADUs and combine regulations for Subordinate Units and Guest Houses to clarify regulations.</p> <p>Allow the use of ADUs at existing hotels as a means of employee housing.</p>
Program 3-5.3.d	<p>Monitor Affordable Housing Stock. Continue to monitor affordable housing projects and work with the owners to preserve affordability through identification of funding sources and/or opportunities for partnerships with other housing providers. Annually monitor the affordable housing stock in the coastal zone to ensure the affordable housing with the coastal zone is being protected and provided as required by Government Code Section 65590. The City will track data on the new construction, demolition, conversion and replacements housing units for low- and moderate-income households within the coastal zone including the following:</p> <ul style="list-style-type: none"> The number of new housing units approved for construction within the coastal zone; 	<p>The City continued to monitor the existing affordable housing stock in partnership with the Carmel Foundation. Other than the defunct Del Dono I and II projects, no new affordable housing units were approved in the Coastal Zone during the planning period. Additionally, no existing affordable units were demolished or converted.</p>	<p>Modify to update the City database to better track affordable housing and facilitate monitoring.</p>

Program Number	Programs/Actions [The text provided in this column is a synopsis only; for complete program language please refer to the 2015 Housing Element]	Achievements/Effectiveness	Continue/ Modify/ Delete
	<ul style="list-style-type: none"> The number of housing units for persons and families of low- and moderate-income required to be provided in new housing developments either within or within three miles of the coastal zone; The number of existing residential dwelling units occupied by low- and moderate-income households required either within or three miles of the coastal zone that have been authorized to be demolished or converted; and The number of residential dwelling units for low- and moderate-income persons and families that have been required for replacement (of those units being demolished or converted) within or three miles of the coastal zone 		
Program 3-5.4.a	<p>Density Bonus. Review and revise applicable density bonus ordinances to comply with State law.</p>	<p>The City adopted a new density bonus ordinance in conformance with State requirements. No development took advantage of the density bonus ordinance during the planning period possibly because the regulations are confusing and difficult to apply.</p>	<p>Modify to clarify regulations.</p>
Program 3-5.4.b	<p>Housing for Extremely-Low Income Households. Encourage the development of housing units for households earning 30 percent or less of the Median Family Income (MFI) for Monterey County. Specific emphasis shall be placed on the provision of family housing and non-traditional housing types such as single-room-occupancy units and transitional housing. Encourage development of housing for extremely-low-income households through a variety of activities such as targeted outreach to for-profit and non-profit housing developers on at least an annual basis, providing in-kind technical assistance, fee deferrals, expedited/priority processing, identifying grant and funding opportunities, applying for or supporting applications for funding on an ongoing basis, reviewing and prioritizing local funding for developments that include housing for ELI households and/or offering additional incentives to supplement the density bonus provisions in State law.</p>	<p>The City continued to work with developers and promote the construction of affordable housing. Projects that included affordable housing units received expedited review. These included Del Dono I and Del Dono II. However, no applications for lower-income households were submitted during the planning period.</p> <p>During the planning period, the construction of Accessory Dwelling Units (ADUs) provided housing opportunities for extremely-low income households.</p> <p>Group Residential facilities are permitted with the approval of a Use Permit in the R-4 district. Group Residential is defined as Shared living quarters without separate kitchens or bathrooms for each room or unit, including boardinghouses, dormitories, and private residential clubs, but excluding guesthouses.</p>	<p>Continue</p>

Program Number	Programs/Actions [The text provided in this column is a synopsis only; for complete program language please refer to the 2015 Housing Element]	Achievements/Effectiveness	Continue/ Modify/ Delete
Program 3-5.5.a	Reduced Entitlement and Development Fees. Continue to reduce the amount of fees required for projects that provide affordable housing to the extent feasible.	The City continued to waive parking requirements for apartments in the Central Commercial (CC) District. The City also provides reduced parking in-lieu fees for constructing new residential units in other commercial zones. Fee studies are conducted every 3 years. Fees are based on staff processing time. Other than the parking in-lieu fee (which has not been collected in years), the city does not impose impact fees.	Continue.
Program 3-5.5.b	Reduced Parking Requirements. Continue to offer reduced parking requirements for affordable housing developments. In addition, investigate the feasibility and effectiveness of further reducing existing in-lieu fees and amending the existing shared parking program to include housing units in affordable housing projects.	The City continued to offer reduced parking standards for affordable housing and senior housing units. The City also waived on-site parking requirements and payment of parking in-lieu fees for new apartments in the Central Commercial (CC) zoning district. Additionally, the City passed an Ordinance fixing the parking in-lieu fee at the 2003 rate until further notice. The regulations can be confusing and the City will work to better clarify the program.	Modify.
Program 3-5.5.c	Expedited Processing Procedures. Continue to offer expedited review procedures for residential projects that include affordable housing units.	The City continues to expedite the review of projects that include an affordable housing component. Specifically, the City expedited the review of two housing projects, Del Dono I and Del Dono II, which included 16 residential units with 2 deed-restricted moderate-income units. Unfortunately, a lack of construction funding halted the project's construction, and the properties are now under new ownership. A revised housing proposal that includes 12 apartments is under review and does not currently include any affordable housing and therefore does not qualify for expedited processing. The expedited regulations can be confusing and the City will work to better clarify the program.	Modify to clarify and refine expedited processing procedures.
Program 3-5.6.a	Energy Conservation and Green Building. Continue to review applications for new construction and substantial alterations taking into consideration solar orientation and access to sunlight. Additionally, continue to require compliance with current state building standards for energy efficiency in all new homes.	The City continues to promote energy conservation through the building plan check review process. The City will continue to implement the energy conservation requirements set forth in the Building Code and look for opportunities to promote energy conservation at City Hall and on the City website.	Modify to enhance outreach efforts.

Program Number	Programs/Actions [The text provided in this column is a synopsis only; for complete program language please refer to the 2015 Housing Element]	Achievements/Effectiveness	Continue/ Modify/ Delete
Program 3-5.6.b	Water Conservation. Enforce the Water Management Program and provide information to the community on water conservation retrofits and best practices. In addition, provide information on and promote water conservation education and retrofit rebates provided by the Monterey Peninsula Water Management District.	The City continues to promote water conservation in coordination with the Monterey Peninsula Water Management District. The City will continue these efforts and look for opportunities to further promote water conservation measures.	Modify to enhance outreach efforts.
Program 3-5.7	Fair Housing Services. The California Department of Fair Employment and Housing and the Conflict Resolution and Mediation Center of Monterey County provide fair housing services and information. These agencies advise persons in need of information on housing and employment, mediate landlord/tenant disputes and research complaints about discriminatory housing practices. The City shall coordinate with these agencies to provide printed information about fair housing services at City Hall, on the City's website, and in other public buildings. The City shall also refer inquiries related to fair housing to these agencies.	The City provides fair housing information to provide to the public at City Hall and on the City website and will continue to maintain and update the information. The City will continue to maintain, update and look for opportunities to expand the information available to the public.	Modify to enhance outreach efforts.
Program 3-5.8	Zoning for Transitional and Supportive Housing. In compliance with SB 2, the City will continue to allow transitional/supportive housing as a residential use, subject only to those requirements of other residential dwellings of the same type in the same zone.	The City did not receive any inquiries regarding transitional or supportive housing during this planning period.	Continue and update the Municipal Code.

SOURCE: City of Carmel-by-the-Sea

Production of Housing

The 2015 Housing Element identified a Regional Housing Needs Allocation of 31 housing units in City of Carmel-by-the-Sea between January 1, 2015 and June 30, 2023. The RHNA was divided into the following income categories:

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

Table D-2 provides a summary of housing units produced in the city from 2015-2023. During the 2015–2023 planning period, 18 new units were added to the City’s housing stock, achieving approximately 58 percent of the City’s RHNA. This indicates that residential growth was slower than anticipated, which may be in part due to the COVID pandemic, the cost of land, and the overall lack of support for new housing development in the community. All units produced were affordable to households with above-moderate incomes.

Table D-2 Housing Units Produced, 2015-2023

Affordability	New Construction Need	Housing Units Produced	Percent Achieved
Very Low	7	0	0.0%
Low	5	0	0.0%
Moderate	6	0	0.0%
Above Moderate	13	18	100.0%
Total	31	18	58%

SOURCE: HCD Annual Progress Report Dashboard (as of May 19, 2023).

NOTE: This table should be updated prior to finalization to account for units through January 1, 2024.

Preservation of “At Risk” Units

The California Housing Partnership Preservation Database is the state’s most comprehensive source of information on subsidized affordable housing at risk of losing its affordable status and converting to market-rate housing.¹ According to the database, there are no federal or state assisted units in Carmel-by-the-Sea. Currently, there are no affordable housing units at risk of conversion to market rate.

¹ This database does not include all deed-restricted affordable units in the state, so there may be at-risk assisted units in a jurisdiction that are not captured.

Rehabilitation of Existing Units

The 2015 Housing Element identified an objective of rehabilitating a total of 16 affordable units and 784 above-moderate-income units in the 2015–2023 planning period. The City issued over 250 building permits on average each year that permitted reroofs, water heater upgrades and replacement, electrical upgrades, window repairs and replacements, remodels.

D.4 Summary

Like many communities, the City of Carmel-by-the-Sea experienced strong development of single-family homes, Accessory Dwelling Units and conversion of second-floor commercial space to residential units during the 2015–2023 planning period. Of the 31 units it identified in the City’s RHNA the City permitted 18 units, approximately 58 percent of the total, all of them for above moderate-income households; however, some of these units are ADUs which represent housing opportunities for lower-income housing.

The goals, objectives, and policies identified in the 2015 Housing Element were appropriate for the 2015-2023 timeframe because they complied with the program requirements mandated by State law at the time. The 6th Cycle Housing Element will be revised to address new state mandates and to put City of Carmel-by-the-Sea on track to fully meets its housing obligations.

List of Contacted Organizations

E
APPENDIX

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Appendix E

List of Contacted Organizations

E.1 Introduction

This appendix provides the names of organizations, tribal units, and other stakeholders that were contacted during the preparation of Carmel-by-the-Sea's 6th Cycle Housing Element. In addition to these contacts, the City created a dedicated website called: "HOME Carmel-by-the-Sea" which can be found at <https://homecarmelbythesea.com>. This website provides a portal to all of the housing element related public engagement activities that were available to members of the public during the update process. This includes information on housing element basics, site surveys, stakeholder surveys, and materials from community workshops.

E.2 List of Contacted Organizations

This section provides contact information for organizations and agencies in the Monterey Bay Area that were contacted during housing element preparation.

Association of Monterey Bay Area Governments
24580 Silver Cloud Court
Monterey, CA 93940
T: (831) 883-3750
[Association of Monterey Bay Area Governments \(ambag.org\)](https://www.ambag.org)

Monterey Peninsula Water Management District
5 Harris Court, Building G
Monterey, CA 93940
T: (831) 658-5601
[Monterey Peninsula Water Management District \(mpwmd.net\)](https://www.mpwmd.net)

Carmel Area Wastewater District
3945 Rio Rd.
Carmel, CA 93922
T: (831) 624-1248
[Carmel Area WasteWater District \(cawd.org\)](https://www.cawd.org)

Carmel Chamber of Commerce
Ocean Ave. between Junipero and Mission
Inside Carmel Plaza 3rd Floor
Carmel, CA 93921
(831) 624-3877
[Carmel Chamber of Commerce](https://www.carmelchamber.com)

Carmel Foundation
 8th and Lincoln St.
 Carmel, CA93923
 T: (831) 624-1588
www.carmelfoudation.org

Landwatch Monterey County
 306 Capitol Street #101
 Salinas, CA 93901
 T: (831) 759-2824
[Monterey County - LandWatch](#)

- Esperanza Carmel, Christopher Mitchell;
- Carmel Realty, Bill Mitchell;
- Pine Inn, Richard Gunner & Dave Tipton;
- 3 Garages, Judie Profeta;
- First Church of Christ, Kent Wadsworth;
- Café Carmel, Greg Kraft;
- Wells Fargo, Brian Buhowsky;
- CBG, Montag Ivestor;
- Carmel Foundation, Holly Zoller;
- Carmel Presbyterian, Bob Spencer;
- Yafa Property, Sandy Freschi;
- Levett Properties, Denny Levett & Jeanne Cox Levett;
- Doud Arcade, John Plastini;
- Linggi Building / Flaherty's, Alan Buchwald;
- Eric Miller Architects;
- Silcon Constructors;
- Carmel Plaza;
- Carmel Residents Association;
- Carmel Preservation Association;
- Carmel Heritage Society;
- Monterey Bay AIA;

- Builders Exchange; and
- Beesley Realty.

E.3 City Contact List

This section provides contact information for City officials that were contacted during housing element preparation.

- Brandon Swanson, Director of Community Planning & Building;
- Marnie Waffle, ACIP, Principal Planner;
- Katherine Wallace, Associate Planner;
- Chip Rehrig, City Manager;
- Robert Harary, Public Works Director;
- Gaudenz Panzholder, Fire Chief; and
- Ashlee Wright, Library and Community Activities Director.

E.4 Tribal Consultation

This section provides contact information for all tribal consultation during housing element preparation.

Irene Zwierlein, Chairperson
Amah Mutsun Tribal Band of Mission San Juan Bautista
3030 Soda Bay Road
Lakeport, CA, 95453

Valentin Lopez, Chairperson
Amah Mutsun Tribal Band
P.O. Box 5272
Galt, CA 95632

Tony Cerda, Chairperson
Costanoan Rumsen Carmel Tribe
244 E. 1st Street
Pomona, CA, 91766

Rudolph Rosales (Ulax Huchumas)
Indigenous Peoples Consultant
Esselen Nation
P.O. Box 647
Monterey, CA 93942

Susan Morley, Cultural Resources
Esselen Tribe of Monterey County
3059 Bostick Avenue
Marina, CA 93933

Tom Little Bear Nason, Chairman
Esselen Tribe of Monterey County
P. O. Box 95
Carmel Valley, CA, 93924

Ann Marie Sayers, Chairperson
Indian Canyon Mutsun Band of Costanoan
P.O. Box 28
Hollister, CA, 95024

Kanyon Sayers-Roods, MLD Contact
Indian Canyon Mutsun Band of Costanoan
1615 Pearson Court
San Jose, CA, 95122

Isaac Bojorquez, Chairman
Kakoon Ta Ruk Band of Ohlone-Costanoan Indians of the Big Sur Rancheria
PO Box 8355
Woodland, CA, 95776

Christanne Arias, Vice Chairperson
Ohlone/Costanoan-Esselen Nation
519 Viejo Gabriel
Soledad, CA, 93960

Louise Miranda-Ramirez, Chairperson
Ohlone/Costanoan-Esselen Nation
P.O. Box 1301
Monterey, CA, 93942

Dee Dee Ybarra, Chairperson
Rumsen Am:a Tur:ataj Ohlone
14671 Farmington Street
Hesperia, CA, 92345

Kenneth Woodrow, Chairperson
Wuksache Indian Tribe/Eshom Valley Band
1179 Rock Haven Ct.
Salinas, CA, 93906

E.5 Service Organizations

Housing Authority of the County of Monterey
123 Rico Street
Salinas, CA 93907
(831) 775-5000

Monterey County Department of Social Services
1000 South Main Street
Salinas, CA 93901
(831) 755-4448

Catholic Charities Dioceses of Monterey
922 Hilby Avenue, Suite C.
Seaside, CA 93955
Monterey Peninsula (831) 393-3110
Salinas Valley (831) 422-0602

United Way Monterey County
232 Monterey Street
Suite 200
Salinas, CA 93901
(831) 372-8026

CHISPA, Inc.
295 Main St. #100
Salinas, CA 93901
(831) 757-6251

Mid-Peninsula Housing Coalition
303 Vintage Park Drive
Suite 250
Foster City, CA 94404
(650) 356-2900
info@midpen-housing.org

Habitat for Humanity Monterey Bay
108 Magnolia Street
Santa Cruz, CA 95062
(831) 469-4663
www.habitatmontereybay.com

ECHO Fair Housing Services
580 Pacific Street
Monterey, CA 93940
(831) 566-0824
<https://www.echofairhousing.org/fair-housing-services.html>

Central Coast Center for Independent Living
318 Cayuga Street
Suite 208
Salinas, CA 93901
(831) 757-2968
<https://www.cccil.org/>

Center for Community Advocacy
22 West Gabilan Street
Salinas, CA 93901
(831) 753-2324
<https://cca-viva.org/>

The Salvation Army Good Samaritan Center
1491 Contra Costa
Seaside, California 93955
(831) 899-4911
<https://montereypeninsula.salvationarmy.org/>

Hope Services
1144 Fremont Blvd.,
Suite D
Seaside, CA 93955
(831) 393-1575
<https://www.hopeservices.org/>

Coalition of Homeless Service Providers
1942 Fremont Boulevard
Seaside, CA 93955
(831) 883-3080
<https://chsp.org/>

Monterey County Stand Down for Homeless Veterans
<https://www.montereystanddown.org/>

Diocese of Monterey
425 Church Street
Monterey, CA 93940
(831) 373-4345
<https://dioceseofmonterey.org/>

E.6 Additional Outreach

- Website Housing Opportunities Made Easier (H.O.M.E.) for Carmel-by-the-Sea in operation April 2023. The website is presented in English with surveys in English and in Spanish. Information continues to be posted on this website;
- Housing Element Website Information Published: April 2023, May 2023, June 2023;
- E-Notification informing the public to, “Visit our Dedicated Housing Element Website” was sent in April 2023;
- Housing Element Introduction and Overview Ad Hoc Housing Committee meeting on November 17, 2022;
- March 28, 2023 a Housing Ad Hoc Committee Meeting of the Housing Element was conducted. The meeting provided an overview of the housing feasibility study and constraints that limit housing production;
- April 6, 2023 Housing Ad Hoc Committee Meeting addressed 5th cycle accomplishments and goals programs and policies;
- May 24, 2023 Housing Ad Hoc Committee Meeting discussed the importance of equity, housing needs assessment information, potential 6th cycle programs and provided some strategies for sites and ways to provide feedback throughout this process;
- July 11, 2023 City Council meeting to provide strategic direction on public comment received;
- Advertisement in the local newspaper about the housing element to spark interest in the community to become involved;
- City staff have spoken with property owners interested in the housing element process and about their interests in potentially redeveloping private property;
- June 15, 2023 a Joint City Council and Planning Commission Housing Element Workshop was held to discuss the draft Housing Element and the 30-day public comment period and to provide an opportunity for the public to give verbal feedback/comments on the draft Housing Element;
- July 11, 2023, a Special meeting of the City Council to provide strategic direction related to public comment received; and
- The City has implemented other methods of involvement for community members, including: the “Housing” email Listserv, announcements listed in the “Friday Letter” and “Carmel Pine Cone”, and a survey from community members.

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ECONorthwest Feasibility Study

F

APPENDIX

DATE: January 27, 2023
 TO: Brandon Swanson, City of Carmel-by-the-Sea
 FROM: Chris Blakney, ECONorthwest
 SUBJECT: Housing Element Analysis for the City of Carmel-by-the-Sea

Introduction

In the State of California, local jurisdictions maintain a General Plan that serves as a blueprint for its long-term vision. Among the required “elements” of a general plan is the Housing Element. The Housing Element is the only element that state law requires be updated on a periodic cycle. The California Department of Housing and Community Development (HCD) is responsible for overseeing Housing Element updates. Every eight years, HCD allocates a share of projected statewide housing need to regions across the state. This is called the Regional Housing Need Allocation (RHNA). The state is currently in the sixth of these cycles. The sixth cycle will cover the June 30, 2023 to December 15, 2031 planning period for the City of Carmel-by-the-Sea [Carmel].

The City is a part of the Association of Monterey Bay Area Governments (AMBAG). AMBAG is responsible for developing a methodology for allocating its regional share of housing need to its individual jurisdictions. The Final Sixth Cycle (2023-2031) Regional Housing Needs Allocation plan, completed in October 2022, determined that Carmel’s share of regional housing need is 349 units; 187 of these units must be suitable to accommodate lower income households. It is important to note that RHNA targets reflect zoned capacity, not a construction quota.

Figure 1: Regional Housing Needs Allocation, Fifth and Sixth Cycle

Source: California Department of Housing and Community Development¹

Cycle	Income Level				Total
	Very Low	Low	Moderate	Above Mod.	
RHNA5 (2015-2023)	11	5	6	13	31
RHNA6 (2023-2031)	113	74	44	118	349
Sixth Cycle Income and Rent Ranges (County of Monterey)					
<i>Income Levels</i>	\$0 - \$45,050	\$45,050 - \$72,080	\$72,080 - \$108,120	\$108,120 +	
<i>Rent Level/mo</i>	\$0 - \$1,126	\$1,126 - \$1,802	\$1,802 - \$2,703	\$2,703 +	

While the City satisfied its Fifth Cycle RHNA planning target and received a certification for the 2015-2023 planning period, the market did not produce all 31 planned units. This underscores a considerable hurdle for the City in the Sixth Cycle which represents a 1,000% increase in its housing target for the cycle. This capacity is particularly challenging because Carmel does not have a deep supply of vacant land and presently lacks water resources to accommodate significant growth. This is further complicated by a parcelization pattern that includes many

¹ <https://www.hcd.ca.gov/docs/grants-and-funding/inc2k22.pdf>

small taxlots and market conditions that support high values for existing structures, making redevelopment improbable.

Executive Summary

As City officials begin to prepare for the Housing Element Update, they want to better understand some of the challenges to development and opportunities for adding housing capacity. This analysis summarizes our work exploring market conditions, observations in the City's zoning code, and sites/locations that are most likely to have development potential. While this report does not constitute a site alternatives analysis suitable for the City's Housing Element Update, it may provide insights into the development challenges, opportunities, and candidate sites for meeting the City's RHNA obligation in the Sixth Cycle.

Although renovation and replacement construction is common in Carmel, the City has had very limited net-new residential development during the Fifth Cycle (2015-2023) RHNA planning period². This has been in part a function of barriers in the current zoning code, access to water rights, market conditions, and the existing development pattern in the City's commercial core. In this work, we have found that existing development standards, such as a two-story height limit, effectively prohibit achieving maximum allowed residential densities. Another challenge is a parcelization pattern of smaller lots with existing moderate scale commercial development with well-performing tenants. Despite these challenges, our analysis identified 17 sites in or adjacent to the commercial core that could be viable candidates for redevelopment or densification. To be sure, for development to occur on these sites—specifically development serving lower income households—the City will need to take action to remove barriers and identify resources to support financial feasibility. Actions recommended for consideration include financial subsidies, disposition of City-owned land, targeted rezoning of specific sites adjacent to the existing commercial zones, and amendments to development standards to remove development constraints.

Local Context

Carmel-by-the-Sea is a small coastal community located on the Monterey Peninsula. Incorporated in 1916, the City is among the most affluent communities in California. The City has a strong residential character and a centralized business district. Carmel's architecture in its business district has a distinct character, having been built out during the 1920s and 1930s. Over 45 properties in the commercial district are considered historical resources.

Carmel is also a popular coastal tourism and second home destination. There are over three dozen hotels in Carmel and roughly 40 percent of all housing units are for seasonal, recreational, or occasional use—a rate ten times the national average.³ This dynamic has created a housing market that severely lacks affordability. Forty-seven percent of all households that

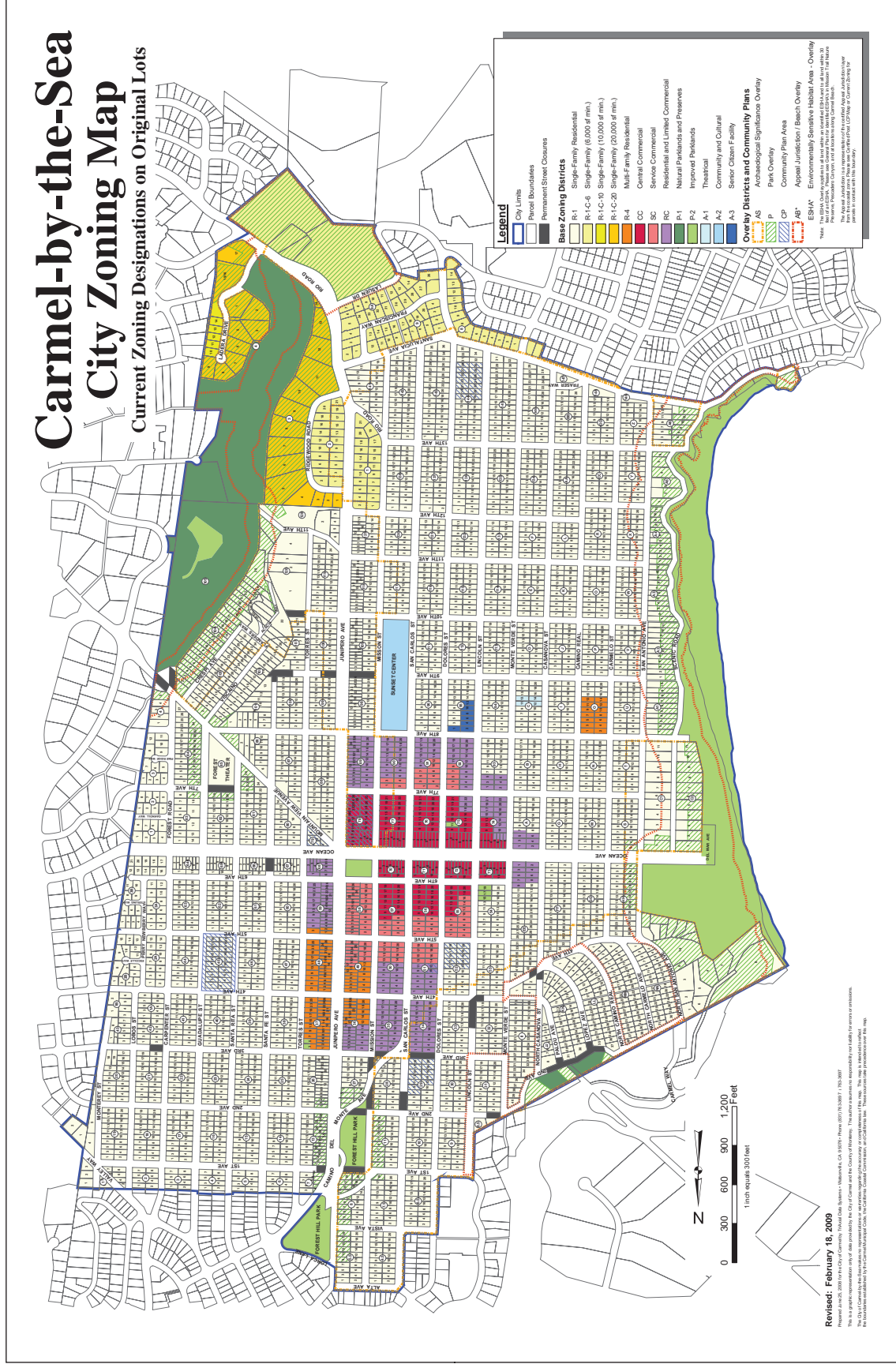
² According to Carmel's most recent Annual Progress Report to HCD.

³ U.S. Census Bureau. American Community Survey 5-Year Estimates (2016-2020); Table B2004. (See <https://data.census.gov/>)

rent (vs. own) their homes in Carmel are cost burdened, spending greater than 20 percent of their income on housing. Among these, a full 25 percent of renter households are severely cost burdened, spending 50 percent or more of their income on housing. 2,102 individuals work in Carmel, of whom only 2.6 percent live in Carmel.⁴

⁴ U.S. Census Bureau Longitudinal Employer-Household Dynamics Data (See <https://lehd.ces.census.gov/>)

Figure 2: Carmel-by-the-Sea Zoning Map on Original Plat
 Source: City of Carmel-by-the-Sea (see <https://planningsites.org/CarmelPlanning/>)



Site Visit

In June 2022, City staff hosted a walking tour of the village. The purpose of this exercise was to observe the characteristics of the built environment and evaluate the potential of City-owned sites to accommodate development of housing. Key themes from this visit include:

Height. The City's current code has a two-story height limit. However, there are many older structures throughout the commercial core that are taller than two stories and are adjacent to single- or two-story buildings.

Interior Courtyards. One of the unique characteristics of Carmel's built environment is the network of interior courtyards and intra-block passageways that connect businesses. Residents and visitors are encouraged to explore these interior areas behind business frontages and facades.

City-Owned Sites. The City owns several sites across the village. In addition to larger and potentially underutilized sites in the downtown core, it owns a series of sites that are unimproved street rights-of-way.

Sunset Center North and South Lots. If on-site parking could be accommodated, the north lot of the Sunset Center could be a redevelopment candidate. The South Lot may also be explored for development potential.

Topography. Some areas within and on the periphery of the commercial district have steep slopes. These areas could be opportunities for development with tuck-under parking.



Low density retail in commercial district



Example of interior courtyard



Ulrika Plaza at 5th and Dolores



Example of City-owned ROW site



Sunset Center North Lot



Example of underutilized parking

Market Overview

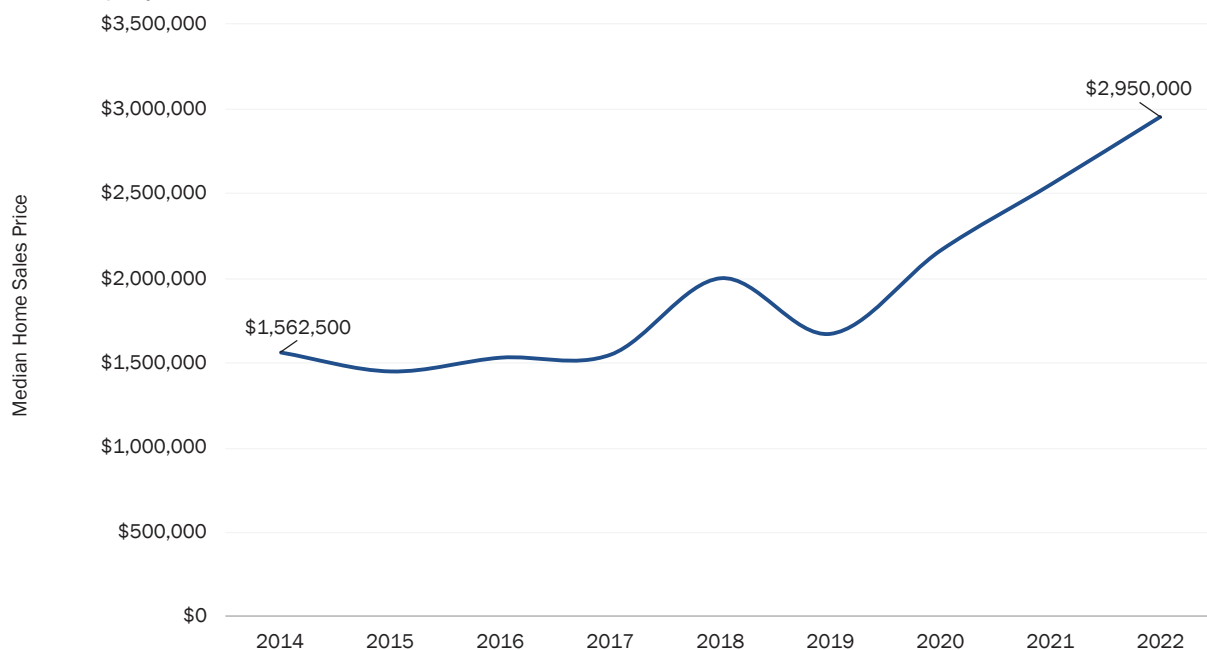
The ability of the market to deliver housing production in the future is largely a function of existing market conditions. An observation of socioeconomic conditions also informs housing need in the community.

For-Sale Market

Following several years of relative stability, the price of homeownership in Carmel has accelerated rapidly in recent years. Since 2019, the median home price in Carmel has jumped from \$1.6 million to \$2.95 million, an increase of 84 percent.⁵ Price increases are being driven by demand-side forces.

Figure 3: Median Home Price

Source: Property Radar⁶



Over this same period, there has been an acceleration of both sales volume and the share of homes that are purchased all cash or with mostly cash. For example, in 2020 and 2021 sales volumes were 50 percent higher than the previous five-year average. Moreover, the percentage of home sales with 75 percent to 100 percent cash down increased from 53 percent to 61 percent through the first half of 2022. This is indicative of a market that is attracting outside capital from other high-value markets. In the context of observed migration patterns in Northern California because of the COVID-19 pandemic, we suspect that much of the movement in the market is being driven by migration of high-net-worth households out of the Bay Area. This is observed

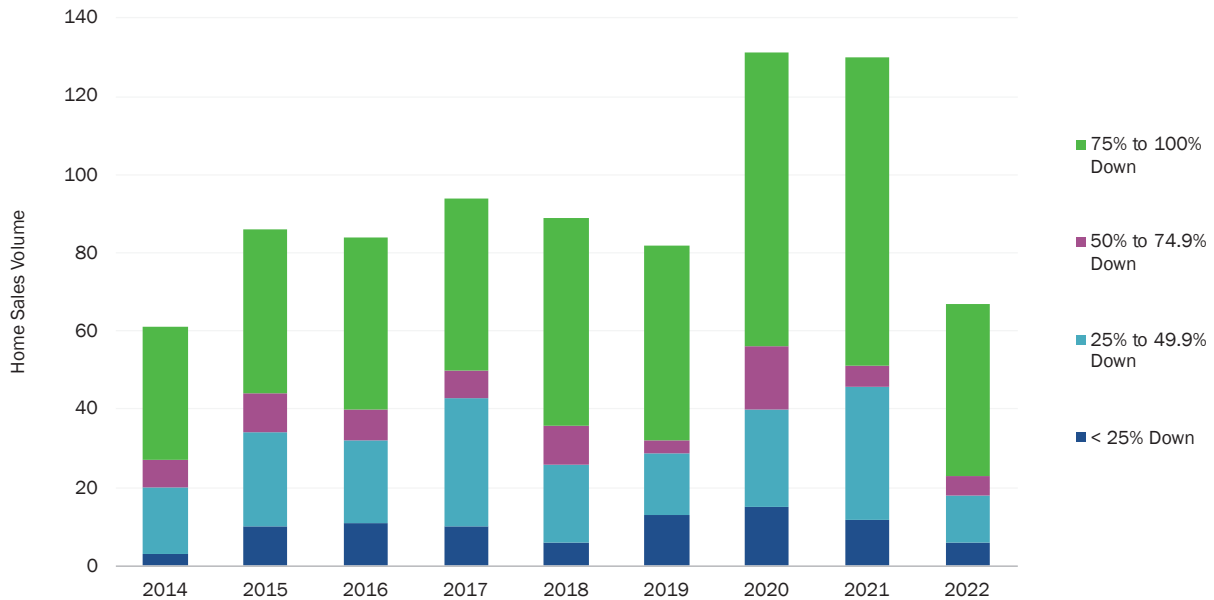
⁵ Property Radar. (See <https://www.propertyradar.com/>) Data reported through most recent period available

⁶ Property Radar. (See <https://www.propertyradar.com/>) Data reported through most recent period available

in migration data from the U.S. Postal Service that shows that since March 2020 Carmel has seen a migration-driven increase of 552 households.⁷

Figure 4: Sales Volume and Percent of Purchase Price in Cash

Source: Property Radar⁸



Second-Home Market

Tourism and the impacts of second homes and long-term rentals are also having an observed impact on affordability in Carmel.⁹ Data from the U.S. Census Bureau shows that nearly 40 percent of all housing units are used for seasonal, recreational, or occasional use. This rate is ten times the national average.

Figure 5: Share of Housing Units that are Second Homes

Source: U.S. Census American Community Survey (2016-2020 estimates); Table B25004¹⁰

	Nation	Carmel
Total housing units	138,432,751	3,731
For seasonal, recreational, or occasional use	5,303,302	1,479
Share of housing units that are second homes	3.8%	39.6%

⁷ USPS Change-of-Address Migration Data
<https://www.arcgis.com/apps/dashboards/951428e32723456c879d0966af4baa8a>

⁸ Property Radar. (See <https://www.propertyradar.com/>)

⁹ Short-term rentals are not permissible as per CMC 17.08.060 and CMC 17.14.040. (See <https://www.codepublishing.com/CA/CarmelbytheSea/html/Carmel17/Carmel1708.html>)

¹⁰ U.S. Census American Community Survey (2016-2020 estimates); Table B25004. (See <https://data.census.gov/>)

Renter Market

Reliable real-time market data on the local rental market is challenging to obtain because the majority of the rental market is organized through individual transactions, small property management firms, and in some cases informal agreements. Figure 6 below demonstrates that tenure split (owner vs. renter-occupied) in Carmel is roughly equal. However, a full 78 percent of the rental market is being met by single-family housing units (rather than apartment buildings), typically rented out by individuals as opposed to large property management firms.

Figure 6: Tenure (Rent vs. Own) by Units in Structure in Structure

Source: U.S. Census American Community Survey (ACS) (2016-2020 estimates)¹¹

Note: Tenure refers to whether a unit is occupied by someone who owns the unit (owner-occupied) or rents the unit (renter-occupied).

Unit Type	Owner-Occupied	Renter-Occupied	Total
Single-family Detached	993	694	1,687
Single-family Attached	0	19	19
Duplex	0	0	0
Triplex/Quadplex	0	22	22
Small Multifamily (5-19 units)	0	162	162
Large Multifamily (20+ units)	0	0	0
Mobile Homes ¹²	0	19	19
Total	993	916	1,909
<i>Tenure Split</i>	52.0%	48.0%	

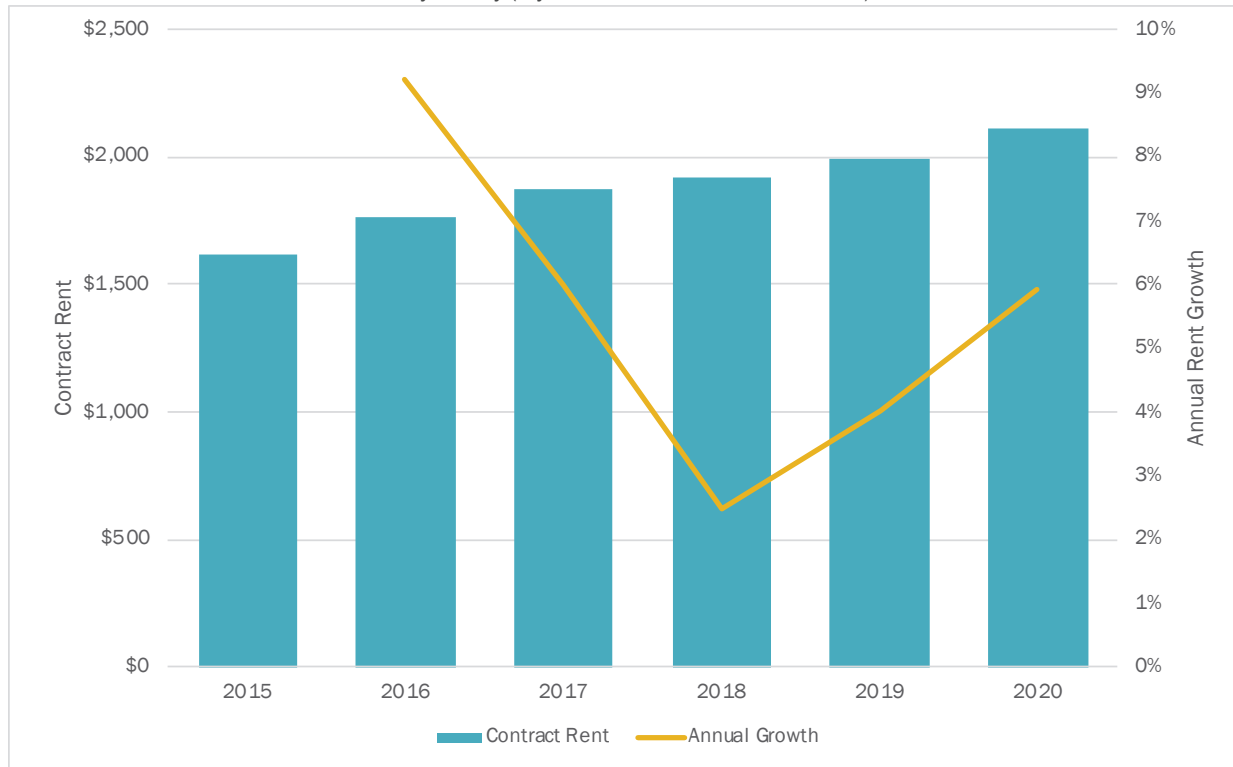
In Figure 7 below, we report annual contract rent reported for the market by the U.S. Census Bureau's American Community Survey. We consider "average" rent levels reported in the survey to be considerably lower than where rental properties transact at in the market based on observations of current rent levels. However, this data is showing the expected trend of accelerated rent growth over the last two observation years.

¹¹ U.S. Census American Community Survey (2016-2020 estimates). (See <https://data.census.gov/>)

¹² The U.S. Census uses survey data across a five-year period to produce estimates across a broad range of demographic and socioeconomic variables in the American Community Survey (ACS). Because the ACS uses survey data to develop estimates, results can be unintuitive and have larger margins of error in smaller geographies. See <https://www.census.gov/programs-surveys/acs/methodology.html> for a review of the Census Bureau's methodology for the ACS.

Figure 7: Annual Contract Rent

Source: U.S. Census American Community Survey (5-year estimates from 2015-2020)¹³



Cost Burden

State and federal standards specify that households spending more than 30% of gross annual income on housing experience a housing cost burden. Housing cost burdens occur when housing costs increase faster than household income. When a household spends more than 30% of its income on housing costs, it has less disposable income for other necessities, including health care, food, education, and clothing. In the event of unexpected circumstances such as the loss of employment or serious health problems, lower-income households with a burdensome housing cost are more likely to become homeless or be forced to double-up with other households. Homeowners with a housing cost burden have the option of selling their homes and becoming renters. Renters, on the other hand, are vulnerable and subject to constant changes in the housing market.

In Carmel, 47 percent of all households that rent their homes are cost burdened, spending greater than 30 percent of their income on housing. Among these, a full 25 percent of renter households are severely cost burdened, spending 50 percent or more of their income on housing.

Figure 8: Percent of Income Spent on Rent, City of Carmel-by-the-Sea (2020)

Source: American Community Survey 2016-2020 Five-Year Estimate (Table B25070)¹⁴

Income on Rent	Households	Share
----------------	------------	-------

¹³ U.S. Census American Community Survey (5-year estimates from 2015-2020). (See <https://data.census.gov/>)

¹⁴ American Community Survey 2016-2020 Five-Year Estimate (Table B25070). (See <https://data.census.gov/>)

Less than 10.0 percent	153	16.7%
10.0 to 14.9 percent	49	5.3%
15.0 to 19.9 percent	182	19.9%
20.0 to 24.9 percent	63	6.9%
25.0 to 29.9 percent	39	4.3%
30.0 to 34.9 percent	61	6.7%
35.0 to 39.9 percent	70	7.6%
40.0 to 49.9 percent	70	7.6%
50.0 percent or more	229	25.0%
Total:	916	100.0%

Commute Patterns

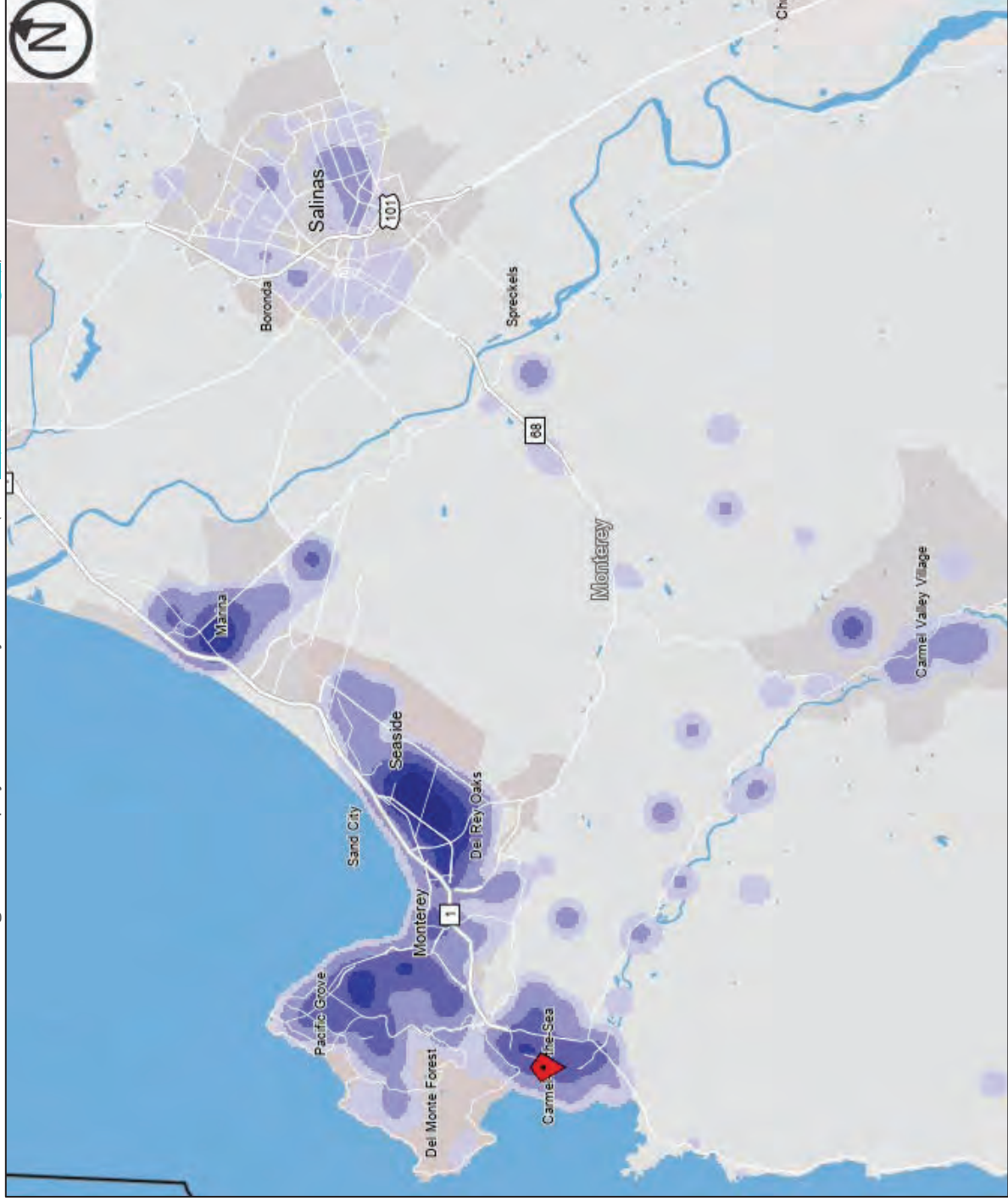
It is hypothesized that Carmel's concentration of jobs in the leisure and hospitality sector creates challenges for local workers who do not have sufficient incomes to afford housing in the community. This imbalance of jobs to housing impacts quality of life including how far workers must travel for work, increasing transportation costs, and reducing individual productivity. In general, a good balance of jobs to housing would occur where the jobs available in a community match the labor force skills, and where housing is available at prices, sizes, and locations suited to workers who wish to live in the area.

In Carmel, roughly half of all workers live within 10 miles of the city. Primary areas where workers live include Seaside, Monterey, Salinas, and Pacific Grove. A full 26 percent of workers commute from greater than 25 miles away. Only 2.6 percent of workers live and work in Carmel.¹⁵

¹⁵ U.S. Census Bureau Longitudinal Employer-Household Dynamics Data (See <https://lehd.ces.census.gov/>)

Figure 9: Commute Patterns, Where Employees in Carmel Live (2019)

Source: U.S. Census Bureau Longitudinal Employer-Household Dynamics Data. (See <https://data.census.gov/>)



Code Review

As part of our scope, we conducted a code review to identify potential issues and barriers that could limit housing production in the Multifamily Residential (R-4) district and the commercial zones; Residential and Limited Commercial (RC) Central Commercial (CC), and Service Commercial (SC).

General Notes

- The pattern of existing development is small lot (3,800-6,000), detached single-family. Most new development will be infill.
- Multifamily is defined as any development with two or more units on the same lot.

Building Height in All Zones

Building height throughout the city is limited to two stories, with maximum heights established for each zone. CMC 17.14.150.B-C establishes maximum building heights for the R-4¹⁶, RC, SC, and CC zones. Structures in R-4 and RC zones are limited to 26 feet and structures in the CC and SC zones are limited to 30 feet. Building sites which face, abut or adjoin any property in the R-1 district are limited to a height of 24 feet. Building height may also be determined by compatibility with nearby structures facing the same street or intersection and within the same pedestrian field of view (i.e., generally, within 100 feet to either side of, or across the street from the proposed structure).

Given the existing small lot sizes observed throughout the city and off-street parking requirements (discussed in more detail below for the R-4 zone), a two-story maximum height will likely prohibit many multifamily projects from achieving base density allowances in the R-4 zone. Building height limitations, maximum building coverage, and floor area ratio (F.A.R) limitations (discussed in more detail below) will even more severely limit multifamily projects from achieving base density allowances in commercial zones, even if parking requirements are lower than in residential zones.

R-4 Development Standards

Density

CMC 17.12.020.B establishes a maximum base density of 33 du/ac, and CMC 17.12.020.C offers a density bonus of 44 du/ac in exchange for affordable units. While these density thresholds are relatively high, they are difficult to achieve given the City's inventory of small lots between roughly 3,800-6000 square feet, with lot widths around 50-60 feet and two-story building height maximum. Off-street parking requirements will further limit the ability to achieve base density.

Given the site constraints and a need for many developments to achieve base density for financial reasons, it is unlikely developers will be able to take advantage of the density bonus

¹⁶ Underground parking does not count as a story in the R-4 zone.

since their ability to achieve the *base* density is already constrained. If the density bonus was offered in another story, rather than du/ac, it could help reduce barriers and allow more housing production on smaller sites.

Parking

CMC 17.38.020 requires 1.5 parking spaces per residential dwelling unit and offers reduced parking standards for affordable units (0.5 spaces per unit) in the R-4 zone. CMC 17.12.020.F.1 prohibits parking requirements in the R-4 zone to be met on-street or through a fee-in-lieu.

Providing parking onsite while achieving the allowed density will be a challenge for many development sites given that many of the existing lots in the city are only 50-60 feet wide. While underground parking is allowed and does not count against the maximum building height, underground parking is far more expensive to construct. Reducing parking standards for certain areas (i.e. areas with access to transit or walkable to commercial districts) or for unit types (i.e. studios and one-bedrooms) may help developments achieve base densities.

Unit Distribution

CMC 17.12.020 requires that on sites larger than 4,000 sf, 50 percent of all units must be provided as rental apartments.

CMC 17.08.050.F. requires at least 25 percent of all units in a multifamily project containing more than two units be between 400-650 square feet. While this provision on its own is not necessarily a barrier to housing development, parking standards for these small units are the same as a single-family home. Reducing the parking standard for smaller multifamily units will help developments to achieve density more easily.

Commercial Zone Development Standards

Building Coverage

CMC 17.14.130.A. limits building coverage to 80 percent in the CC and SC zones.¹⁷ The existing pattern of development in these two zones appears to exceed 80 percent building coverage on many parcels. Additionally, the code prohibits the removal of existing courtyard or intra-block walkways, which will further limit the amount of allowable building coverage on some sites.

Since the land costs in Carmel-by-the-Sea are exceptionally high, these maximum building coverage requirements will likely act as a development barrier. This becomes even more of a challenge in the context of redevelopment where the existing structure exceeds 80 percent building coverage. New developments may be required to build a smaller building than previously existed.

¹⁷ Exceptions are granted up to 95 percent.

Floor Area Ratio

CMC 17.14.140.A-B establish F.A.R limits for the commercial zones. One-story buildings in the CC and SC zones are allowed to achieve an F.A.R equal to 95 percent of the site area. However, this contradicts the allowed building coverage discussed above (80 percent), excluding the exceptions. Two-story buildings can obtain an F.A.R equal to 135 percent of the site area, which further limits the allowed square footage outside of the building coverage maximums, as either the first or second story would need to be smaller than the other to meet this F.A.R. For example:

- A 5,000 square foot lot is allowed a maximum of 4,000 square feet in building coverage, which could translate to about an 8,000 square foot building if the two stories were of equal size. However, two-story buildings are limited to 135 percent of the total site area.
 - 135 percent of the total site area is 6,750 square feet. The F.A.R requirements reduces the potential square footage by approximately 1,250. This lost square footage could translate into roughly two additional apartment units.
 - However, if using a density bonus the limit would be 150% of the total site area, reducing the amount of lost square footage for project utilizing a density bonus.

The restriction is even more severe in the RC zone adjacent to the Single Family Residential (R-1) zone, where F.A.R requirements limit two-story buildings to 80 percent of the total site area. For example:

- A 5,000 square foot lot could result in a maximum building coverage of 3,500 (70 percent), so two stories of the same size could render a 7,000 square foot building.
 - With F.A.R. limited to 80 percent of the total site area for two-story structures, this limits the building to 4,000 square feet. This represents a loss of about 3,000 square feet.
 - Like the example above, the loss of square footage is reduced if a project can capitalize on a bonus.

F.A.R. bonuses are available for projects that include affordable housing, courtyards, and/or intra-block walkways.

Review Processes and Additional Studies

The City should be mindful of how additional procedures and studies can add time and cost to projects that are facing unprecedented cost escalations in the current economic environment. For example, CMC 17.08.050.F.1 requires all multifamily projects to prepare an acoustical analysis and the implementation of acoustical design treatments to meet noise standards contained in Title 25 of the California Government Code. While this is not a barrier to development on its own, it does require a small amount of time and cost to the development process. Cumulatively, review processes can add up to be a significant barrier to development and the City should endeavor to streamline review and approvals wherever possible.

The City also requires conditional use permits for certain residential developments in all zones (i.e. developments over 22 du/ac). The City’s standard practice is to process approvals concurrently where possible; but removing this additional process could reduce extra steps and cost in the development process for both City staff and applicants, while eliminating the additional cost of preparing a conditional use application.

High-Level Sites Analysis

In its forthcoming update to the Housing Element of the General Plan, the City will be required to identify physical sites that have the zoned capacity to accommodate its share of regional housing need (349 units). The State agency (Housing and Community Development “HCD”) responsible for oversight and certification of the Housing Element has specific requirements for this analysis. It is beyond the scope of this project to conduct a full HCD compliant alternative sites analysis. And the sites included in this review is unlikely to be an exhaustive list of candidates. It likely also includes candidates that future study may find less viable. However, as a precursor to the Housing Element Update, we provide a high-level overview of potential candidate sites. In our methodology we combine anecdotal context through conversations with local developers and property owners alongside a range of variables that are theoretically indicative of redevelopment potential. These include:

- Historic resources
- Sites with adjacent ownerships
- Sites identified in RHNA5
- Land-to-improvement ratio
- Total value per-square-foot
- Sites with high value uses
- Discussions with developers
- Site visit and spot checking

Defining a Study Area

Housing redevelopment generally requires scale to be financially feasible because the value of the new use must be measurably higher than the existing use. Scale is a function of site size and allowed density. Under the existing zoning code, only the R-4 and commercial zones allow multifamily development. For this reason, the focus of this work is on the commercial core, defined in Figure 11.

Conservation District

The purpose of the Conservation District (codified in 2004) is to “recognize that Ocean Avenue and the commercial properties that surround this corridor contain some of the most memorable and important commercial buildings in Carmel”.¹⁸ The district includes special procedures that influence the development and design context for properties in the district. While we did not consider all properties in the district to be infeasible, the additional development and design standards add an additional layer of complexity to redevelopment potential.

¹⁸ Carmel Municipal Code § 17.20.260. (See <https://www.codepublishing.com/CA/CarmelbytheSea/html/Carmel17/Carmel1720.html>)

Figure 10: Zoning Map; Carmel-by-the-Sea
 Source: City of Carmel-by-the-Sea

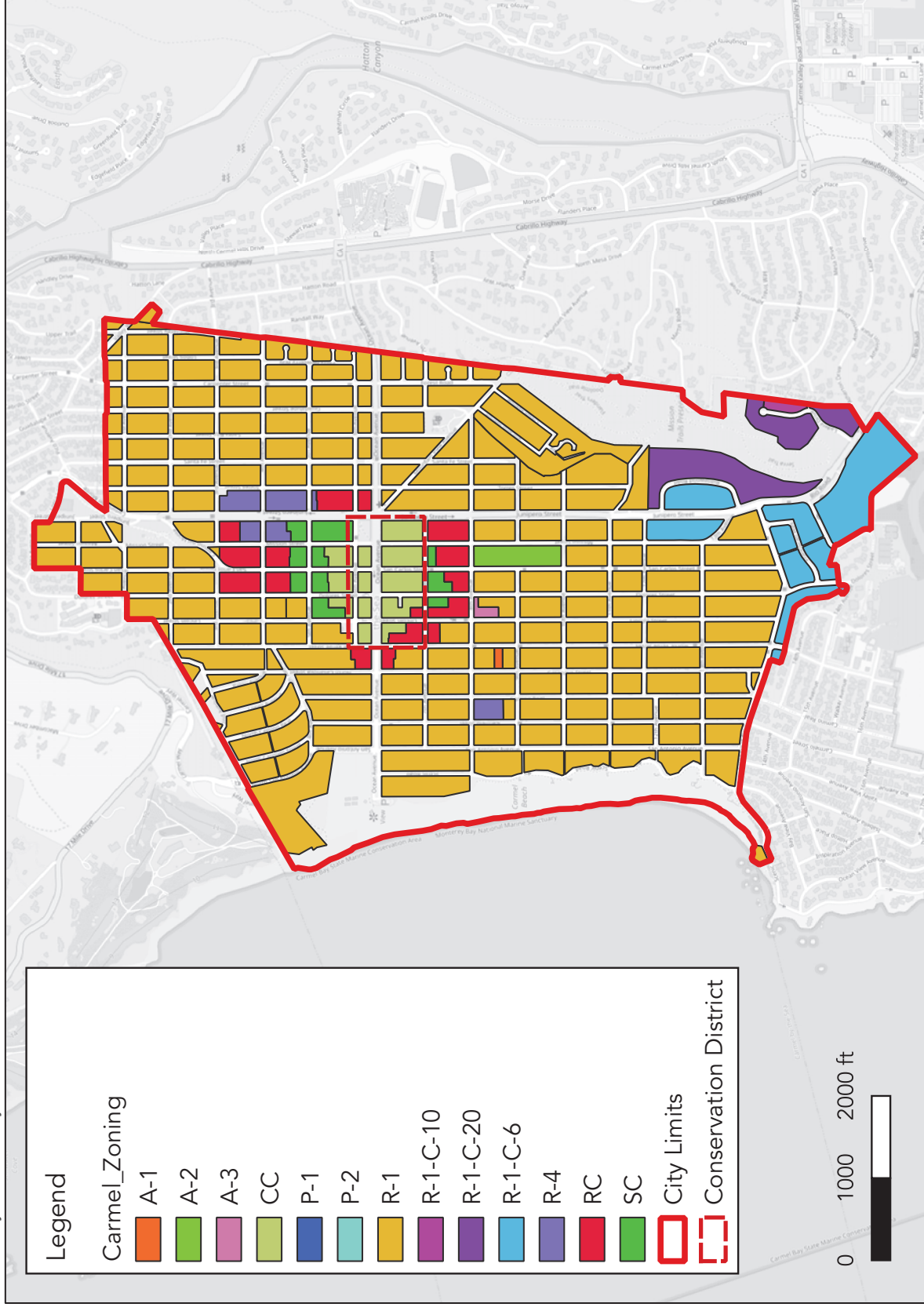
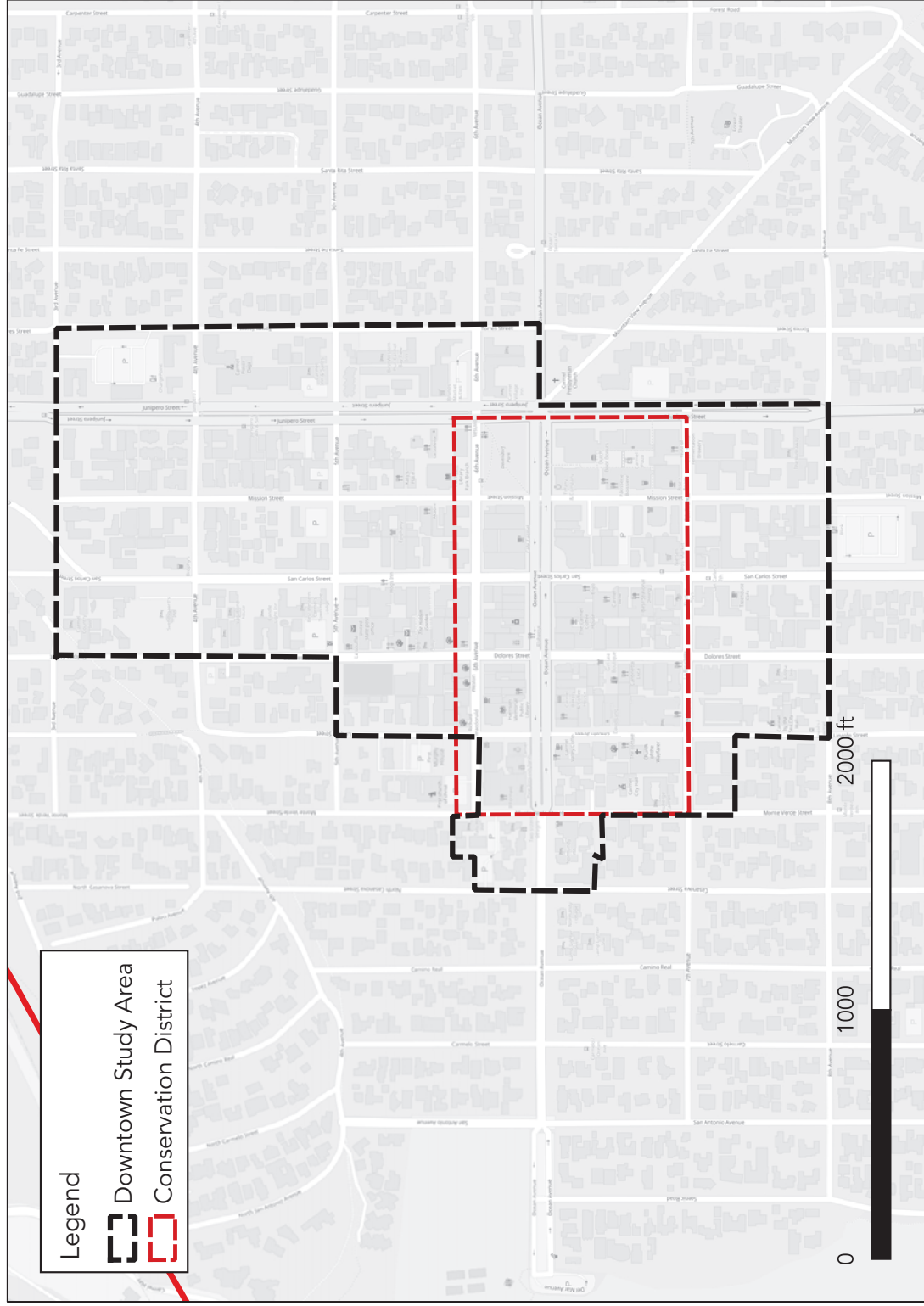


Figure 11: Commercial Core Study Area Definition

Source: ECONorthwest



Historic Resource Properties

The project study area includes 45 properties that are identified as historic. All but seven of these are in the Conservation District (see Figure 12). While we did not omit historic resource sites from being considered redevelopment candidates outright, redevelopment or renovation of historic resource sites will have an additional layer of complexity, as projects will need to meet the Secretary of the Interior's Standards for Rehabilitation.¹⁹

Properties Omitted Due to Existing Use

In this step we removed properties from consideration that have clear uses that would be a barrier to redevelopment, regardless of the redevelopment economics of the physical sites (see Figure 13). This included a removal of civic and institutional uses such as City Hall, libraries, parks, and open space. It also removed all attached ownership sites (such as condominiums) because assembling ownerships of these properties is nearly impossible. Lastly, we removed sites with businesses where the likely income generating potential of the use was high relative to the real estate asset (such as hotel properties). Due to Carmel's tourism draw, even a 2-star hotel commands room rates well above average for the class. Conversations with City staff and local developers further suggested that it would be highly unlikely that any hotel property in the commercial core would fully redevelop or reposition to permanent housing. However, there is opportunity to add workforce housing capacity through programs that convert a single hotel room to an on-site managers unit.

Fifth Cycle (RHNA5) Housing Element Sites

Carmel's Fifth Cycle Housing Element was adopted in 2015. This document includes an inventory of sites that were identified at the time as the most likely to accommodate future housing need (see Figure 14). The analytical process to identify these sites is established and findings certified by the State Department of Housing and Community Development (HCD).

Adjacent Ownerships

Sites that can obtain scale through size and density generally have a higher likelihood of redevelopment. Larger sites offer greater flexibility and fewer barriers. Often, two or more sites adjacent to each other that are both underutilized can be combined to make more feasible development site. However, assemblage of multiple ownerships can be a barrier. In this step we used ownership data in Assessor's records to identify properties that are adjacent to each other but have the same owner (see Figure 15). If they meet other redevelopment criteria, these sites are more likely to redevelop.

¹⁹ Secretary of the Interior's Standards for Rehabilitation. (See <https://www.nps.gov/subjects/taxincentives/secretarys-standards-rehabilitation.htm>)

Figure 12: Historic Resource Properties

Source: City of Carmel-by-the-Sea.

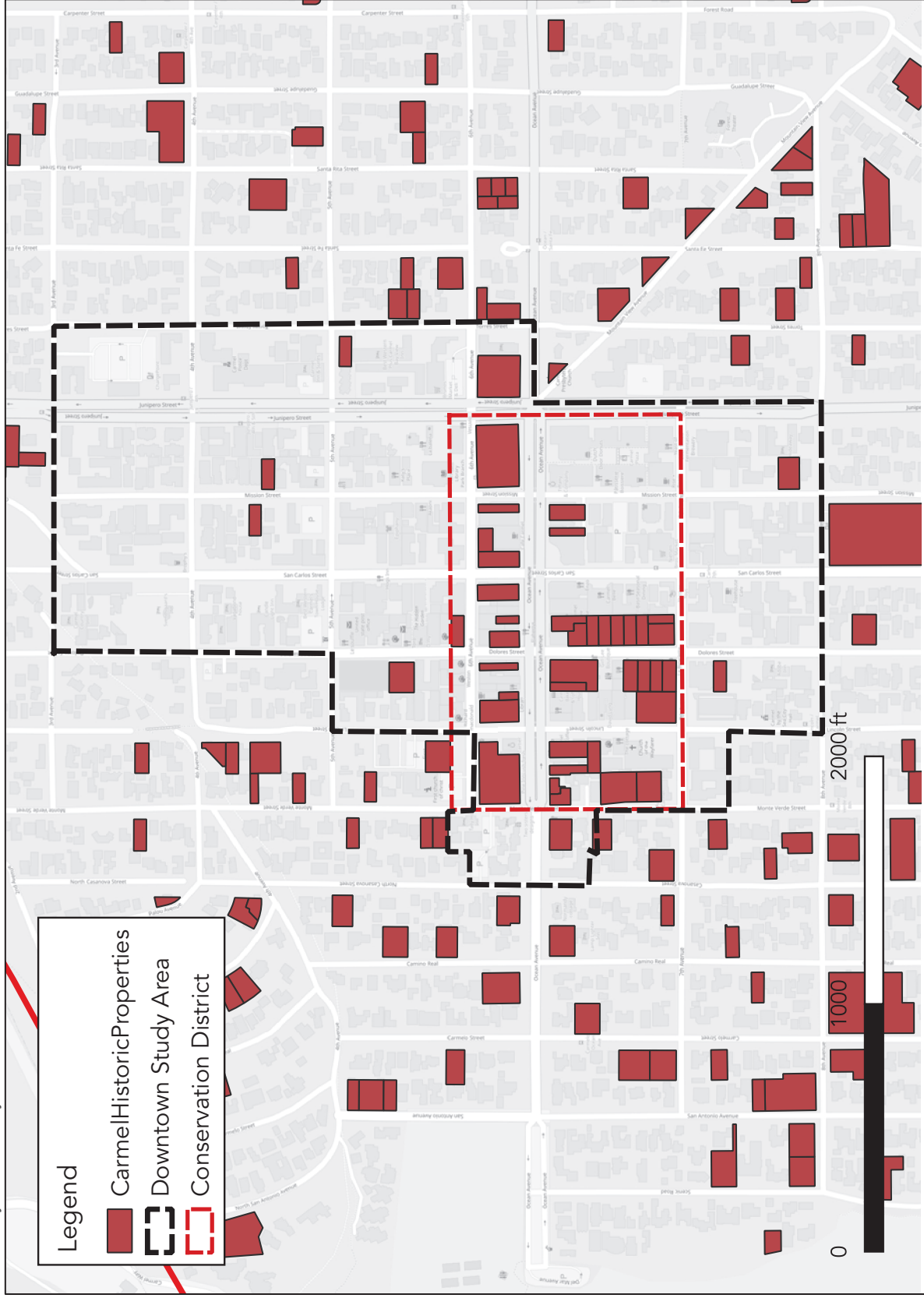


Figure 13: Omitted Properties do to Existing Use

Source: ECONorthwest

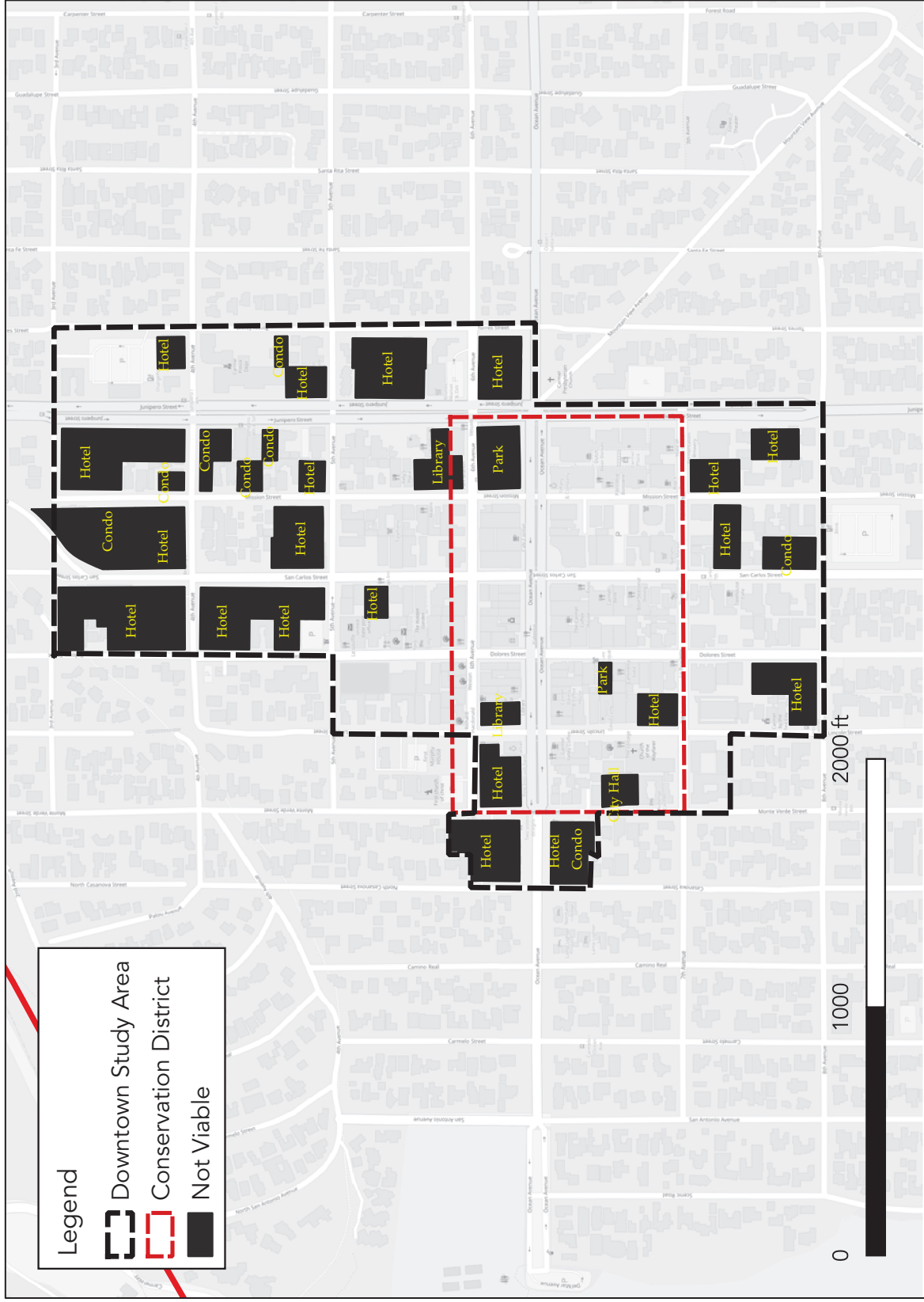


Figure 14: RHNA5 Sites in the Commercial Core
 Source: Carmel-by-the-Sea Fifth Cycle Housing Element, Digitized by ECONorthwest

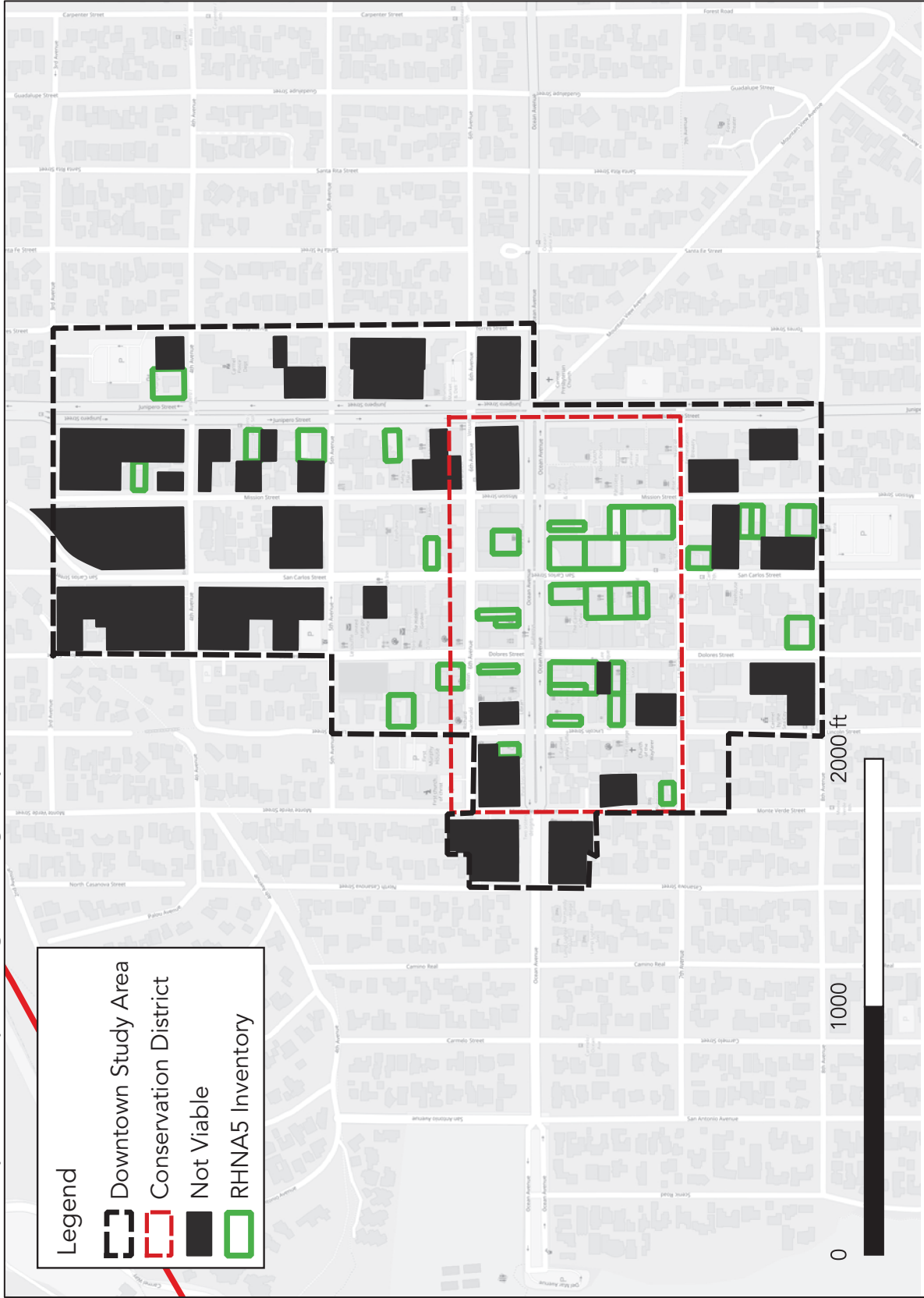
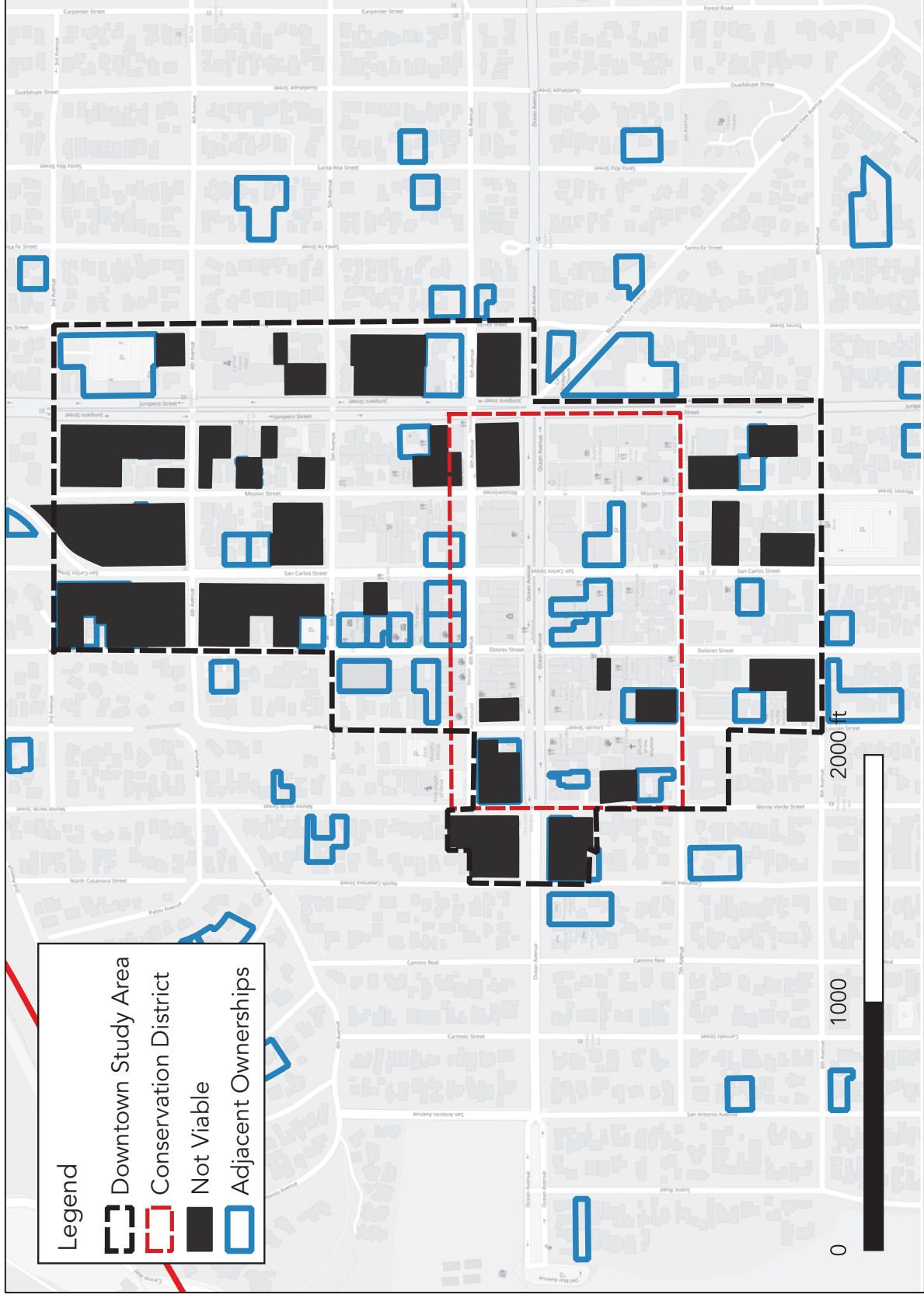


Figure 15: Sites with Adjacent Ownerships

Source: ECONorthwest



Land-to-Improvement Ratio

Land-to-Improvement ratio is a metric that compares the value of an improvement on a property to the value of the land using data from the Monterey County Assessor's Office. Theoretically, the more valuable land is compared to improvements on a site, the more likely the site is to redevelop (see Figure 16).

Data Limitations

The land-to-improvement metric and the value per-square-foot metric (below) use assessed value as reported by the Assessor. Assessor's data can deviate broadly from real market value in California due to Proposition 13 which limits the annual increase in assessed value to 2 percent until a property transacts. While the ratio of improvement and land value should be more stable, properties that have not transacted for a long time could provide misleading results. For this reason, we consider these metrics alongside all other variables and in conjunction with site/spot checks.

Total Value Per-Square-Foot

In development economics the term "residual land value" is defined as the maximum value that a developer can pay for a site for a given development program. It is influenced by a range of factors including construction costs, development form, market conditions, and the developer's threshold for rate of return, among other factors. It was beyond the scope of this work to do feasibility testing that would calculate actual residual land values. However, we know that the more expensive it is to acquire sites, the less likely development is to be feasible. Therefore, identifying sites in the study area with the lowest combined value (land plus improvements) relative to the size of the site can be an indicator of redevelopment potential (see Figure 17).

Candidate Site List

We combined the analysis above with an in-person site visit, visual assessment using aerial and streetscape photography, and conversations with local representative to develop an inventory of candidate sites that could have redevelopment potential. In addition to properties within the study area, we also evaluated sites adjacent to the commercial core that could be candidates for future rezoning to allow more housing density. Each site is briefly discussed below Figure 18.²⁰

²⁰ Sites are not listed in any particular order of prioritization

Figure 16: Land-to-Improvement Ratio
 Source: ECONorthwest using Monterey County Assessor's Data

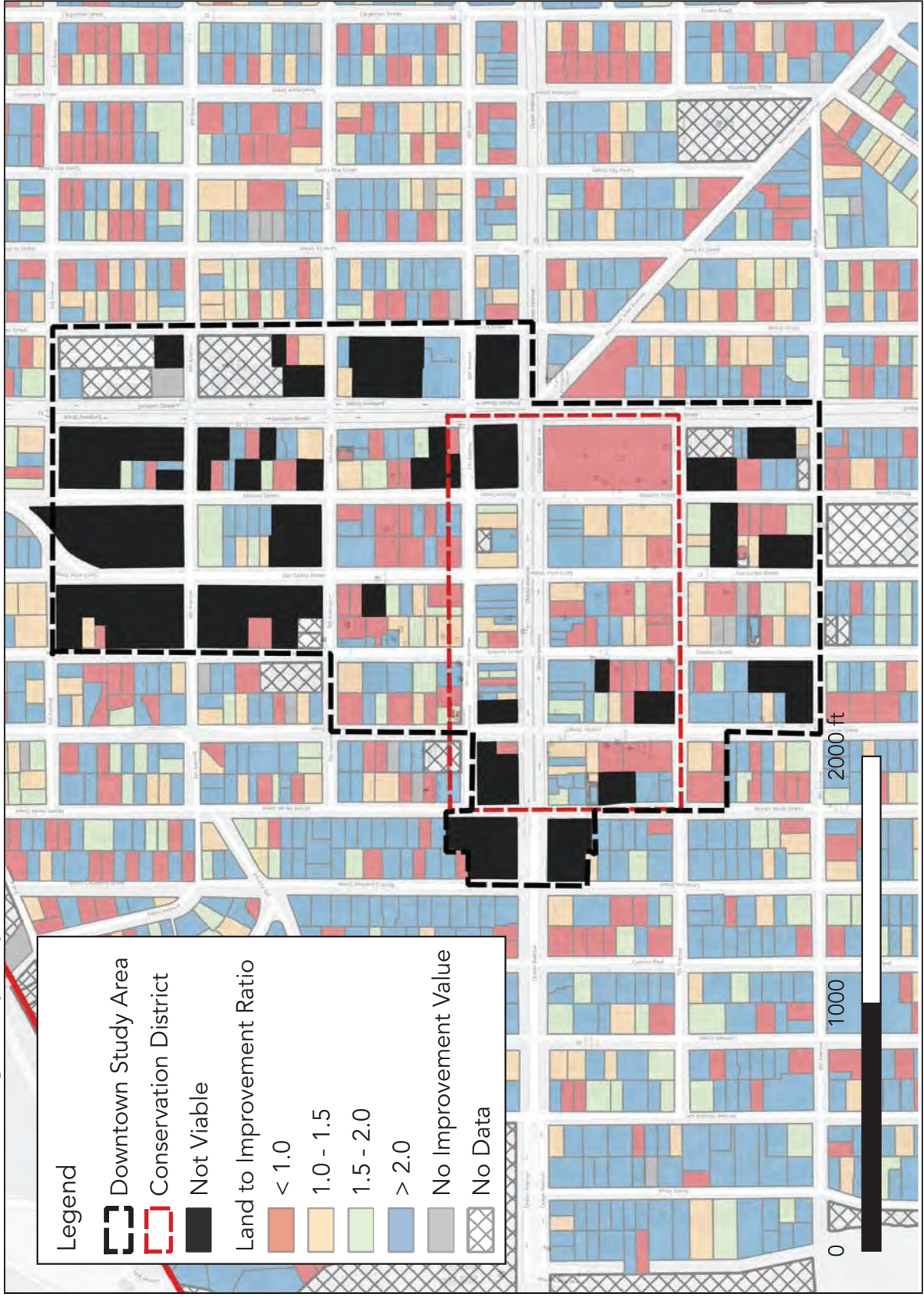


Figure 17: Total Value Per-Square-Foot
 Source: ECONorthwest using Monterey County Assessor's Data

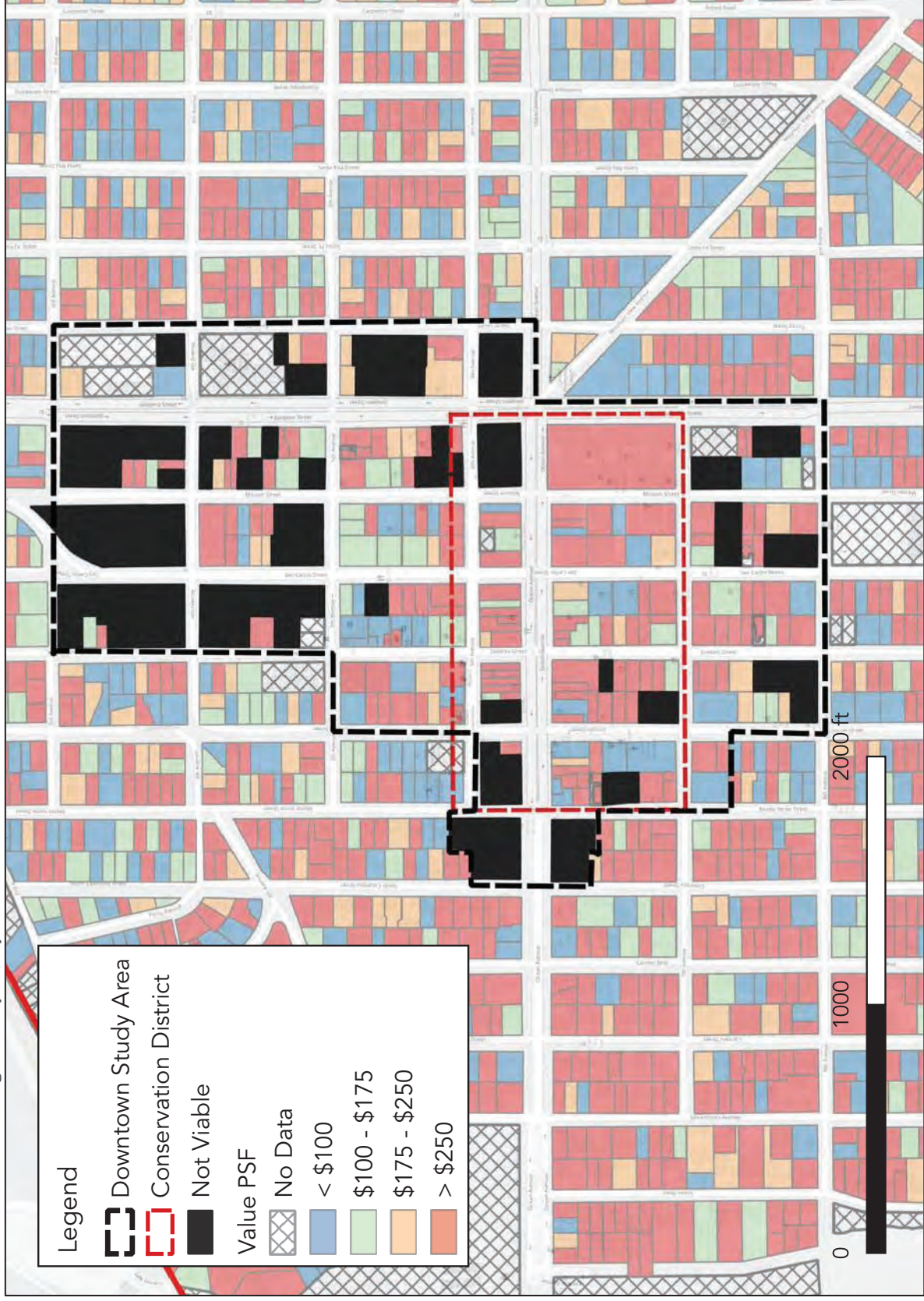


Figure 18: Candidate Site List

Source: ECONorthwest

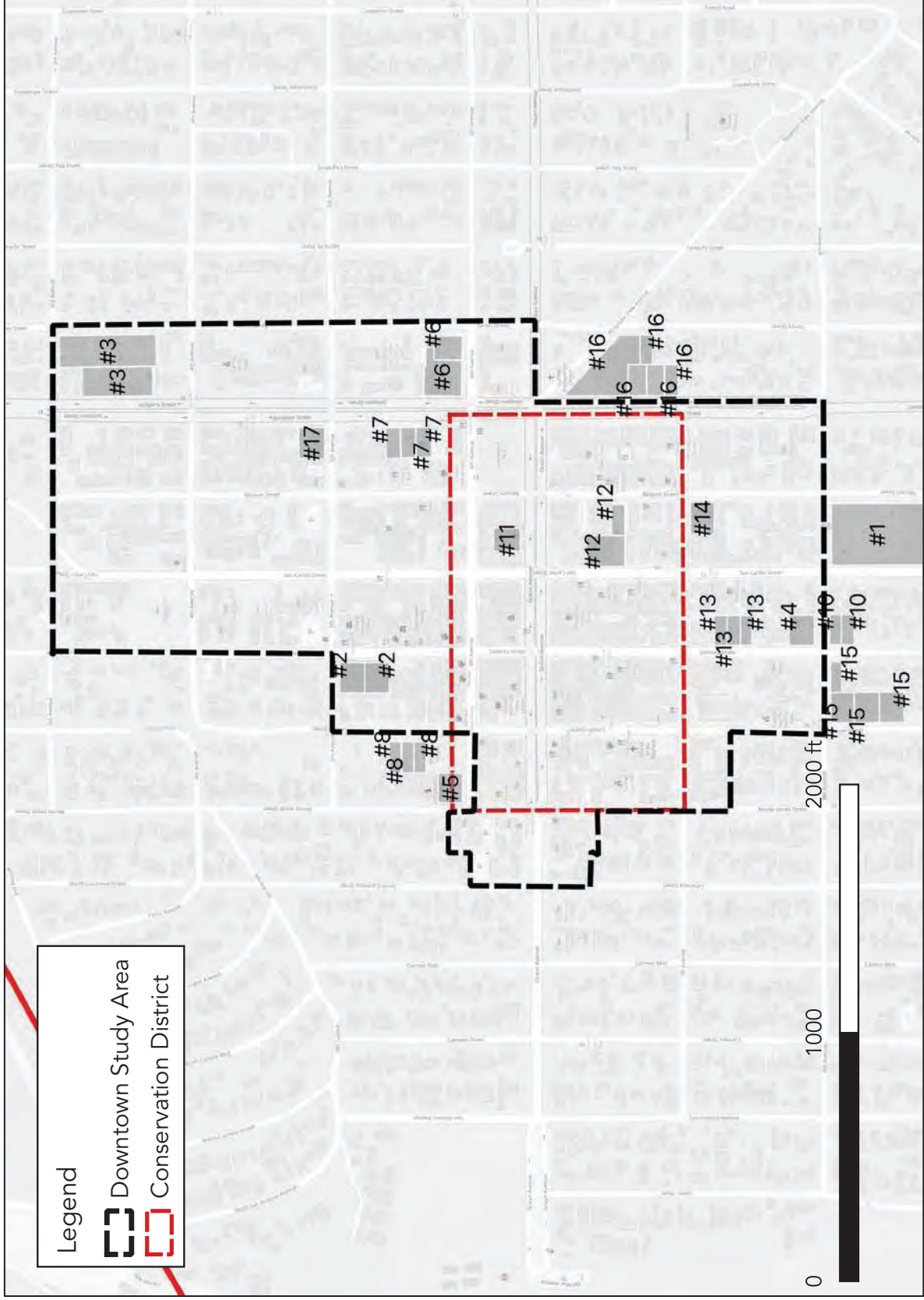


Figure 19: Data Table of Candidate Sites

Source: City of Carmel-by-the Sea Planning Department

Site ID	APN	Zoning	Lot Size	Acres	Max units @ 22 DUA ²¹	Max Units @ 44 DUA ²²	Max Units @ 88 DUA ²³
#1	10143001000	A-2	90,084	1.02	22	45	90
#2	10138003000	SC	7,913	0.37	8	17	33
	10138021000	SC	7,949				
#3	10104001000	R-4	32,136	1.28	28	57	113
	10104004000	R-4	21,576				
#4	10145008000	RC	7,878	0.18	3	8	16
#5	10212010000	R-1	7,637	0.18	3	8	16
#6	10095013000	RC	15,313	0.53	11	24	47
	10095012000	RC	8,027				
#7	10098005000	SC	4,871	0.33	7	15	30
	10098004000	SC	4,676				
	10098006000	SC	4,901				
#8	10212027000	R-1	4,014	0.28	6	13	25
	10212004000	R-1	4,004				
	10212026000	R-1	3,994				
#10	10144015000	R-1	4,155	0.18	3	8	16
	10144016000	R-1	3,738				
#11	10133004000 (Example)	CC	6,398	0.14	3	7	13
#12	10141006000	CC	12,520	0.38	8	17	34
	10141011000	CC	4,377				
#13	10145012000	SC	3,632	0.30	6	14	27
	10145024000	SC	4,030				
	10145023000	SC	4,118				
#14	10142001000	SC	8,009	0.18	3	8	16
#15	10149012000	A-3	7,435	0.62	13	28	55
	10149010000	A-3	7,964				
	10149011000	A-3	7,985				
	10149001000	A-3	3,615				
#16	10084030000	R-1	26,874	1.10	24	49	97
	10084023000	R-1	5,822				
	10084024000	R-1	6,016				
	10084022000	R-1	4,496				
	10084003000	R-1	3,856				
#17	10097007000		8,534	.020	4	9	18
			TOTAL:	7.27 acres	152 units	327 units	646 units

²¹ Permitted by-right. No affordable requirements

²² 20% of units must be for low-income households OR 10% must be for very low-income households OR 50% must be for seniors. All units must be deed restricted for a minimum of 30 years.

²³ All units must be deed restricted affordable for a minimum of 30 years.

Site 1: Sunset Center Lots Site

The north lot at Sunset Center is a large (1.02 acre) parking lot with no improvements other than paving. It is a City-owned site. The City has expressed interest in redeveloping the site for housing so long as parking needs for Sunset Center could be accommodated in the development program. A zone change from Theatrical District (A-2) to Multifamily Residential (R-4) would be required to facilitate development of the site. The south lot could also be viable, but larger scale development may not be as compatible with existing residential development scale this far removed from the commercial core.



Site 2: Ulrika Plaza Site

The 0.37-acre Ulrika Plaza site previously entitled as a mixed-use building. The initial developer lost the project for financial reasons, and it was acquired by another developer. This developer has been working to get a development program for 12 market-rate apartment units approved on the site for several years. The site is a case study of a development not building to maximum density.



Site 3: City Public Works (Vista Lobos) Site

This is a City-owned site totaling 1.28 acres at the north end of the study area. The site is a large parking lot with low value improvement used for public parking. The City has expressed interest in using the site for housing if feasible. Potential height restrictions due to a protected viewshed to Point Lobos (see CMC 17.12.050) could limit achievable density and feasibility.



Site 4: Carmel Realty Office Site

This site is a 0.18-acre corner-lot parcel that is currently owned and used for office space by Carmel Realty. It has low lot coverage and scores well with a land-to-improvement ratio. It is a single-story structure that is surrounded on all sides by structures that are at least two stories tall. The site was previously used in the RHNA5 inventory.



Site 5: Pine Inn Parking Lot

This 0.18-acre site is the parking lot for the Pine Inn. The site is not attached or adjacent to the inn, it is a separate parcel across the street. As driving patterns and parking needs change, this site could be a future candidate for redevelopment.



Site 6: Bruno's Market Site

This site is two adjacent parcels totaling over 0.53 acres under the same ownership. The site includes a parking lot that leads to low lot coverage. It also scores in the top tier for land-to-improvement ratio. It could be a potential redevelopment candidate.



Site 7: Three Garages Site

This site would be an assemblage of three equal sized parcels totaling 0.33 acres. Two of the parcels are under the same ownership, and one was previously used in the RHNA5 inventory. Existing uses include a site with parking and three attached garages, and a commercial building used for real estate sales. Combined the site scores in the top tier for land-to-improvement ratio and in the mid-tier for value per-square-foot.



Site 8: First Church of Christ Parking Lot

This site is a parking lot used by the First Church of Christ. It is three separate taxlots totaling 0.28 acres. Assessor's records have missing values for ownership on the two southern parcels but given its existing use we assume that all three parcels are owned by the Church. In 2020, the State of California passed AB1851²⁴, commonly referred to as the "yes in God's backyard" bill. This bill makes it easier for religious institutions to convert excess parking to affordable housing by prohibiting a local agency from requiring the replacement of religious-use parking spaces that a developer of a religious institution affiliated housing development project proposes to eliminate as part of that housing development project. Redevelopment of the site would require a zone change.



Site 9: Misc. City-Owned Sites (Not Mapped)

The City owns a series of miscellaneous small vacant sites in the R-1 zone. These sites are legacy right-of-way that were not developed for streets. Some of these sites may have development potential. However, our site visit identified that barriers were common, including mature trees, topography, and use for primary access for existing homes.



²⁴ California Assembly Bill. 2020. "Religious institution affiliated housing development projects: parking requirements." 2019-2020 Regular Session. AB 1851. (See <https://openstates.org/ca/bills/20192020/AB1851/>)

Site 10: Red Cross Site

This site is two adjacent parcels owned and used by the American Red Cross. Collectively the site is 0.18 acres. Because the site is owned by a non-profit organization it does not have Assessor's values to calculate redevelopment metrics. However, site inspection confirms a low intensity use. Because the owner is a mission-driven organization, it's possible they may be a willing partner if they can find an alternative for their current operations.



Site 11: Café Carmel Site (Representing ALL single-story downtown buildings)

All single-story downtown buildings can be explored as opportunities for densification. Site orientation, existing and surrounding uses, and access are contributing factors to feasibility. The Café Carmel site pictured is one example of a single-story commercial property with two-story building on either side. The Café Carmel site specifically scores in the top tier for land-to-improvement ratio and has a land value around \$100 per-square-foot. The site was previously used in the RHNA5 inventory.



Site 12: Wells Fargo Site

This site is two adjacent parcels comprised of the existing Wells Fargo building and associated parking lot. Combined the site is 0.38 acres. The site was identified as a candidate site in the RHNA5 Housing Element inventory. It scores in the top tier for land-to-improvement ratio. It is owned by an institutional entity (Wells Fargo). However, conversations with City staff indicate that it could be a candidate for inclusion as a historic property which would complicate redevelopment.



Site 13: Esperanza 7th and Dolores Site

This site is three adjacent parcels owned by Esperanza Carmel. The site totals roughly 0.30 acres. Esperanza has a development proposal on the site for eight market rate apartment units.



Site 14: 7th and Mission Site

This 0.18-acre site currently accommodates a clothing boutique in a single-story commercial building. Half of the site is comprised of a parking lot, which leads to low lot coverage and a land-to-improvement ratio above 1.5. However, it's value per-square-foot is high at nearly \$500 per-square-foot, making acquisition of the property less likely.



Site 15: Carmel Foundation Site

The Carmel Foundation is the only provider of deed-restricted affordable housing in Carmel. Their administrative offices include four parcels totaling 0.62 acres. This site does not score high on land-to-improvement ratio but scores in the top tier of value per-square-foot. This site is being considered as a candidate because the Carmel Foundation is a mission-driven organization and interviews with leadership indicated that if they can accommodate their administrative functions off-site, they would consider redeveloping their property for affordable housing. Redeveloping this site would require rezoning.



Site 16: Carmel Presbyterian Site

This site is five adjacent parcels totaling almost 1.1 acres. Over a third of the site is a parking lot. See previous comments about AB1851. The site is outside of the commercial core and would require a zone change to facilitate redevelopment.



Site 17: 5th and Junipero Site

This is a corner lot site totaling just under 0.20 acres. The existing use is a parking lot and single-story commercial building. The site was included in the RHNA5 inventory. It scores in the mid-tier for both redevelopment metrics.



Housing Capacity Opportunities

Based on our review of market conditions, the character of existing development, and potential needs in the community, we see opportunities to add housing capacity in the following ways:

Promote Accessory Dwelling Units

Accessory dwelling units are commonly built as additional structures on lots with an existing home or are created through garage conversions. Lots that are conducive to accommodating ADUs have common characteristics including larger lot sizes, detached garages, and low lot coverage ratios. In Carmel over 87 percent of parcels are zoned for single-family residential uses (R-1), totaling nearly 2,900 lots. Carmel has also had growing interest in ADU development, receiving 13 applications for ADUs in 2021, up from 8 in 2020.



Infill Capacity

There are several sites, including City-owned properties, where infill could be possible. Development of these sites would require careful consideration of existing adjacent uses. Depending on the scale of the site, this redevelopment could be small-scale plex (duplex, triplex, quadplex) infill or relatively large-scale development. The City should consider amendments to development standards and design guidelines to facilitate achieving the maximum allowed densities. This would result in a greater likelihood of development feasibility for low-to-mid-rise multifamily development forms ranging from three to four stories.



Encourage adding residential units above commercial uses

Carmel's business district has many properties that are single-story low-intensity commercial uses. Some of these properties may be candidates to add an additional story of housing above the existing commercial. There is existing and recent development precedent that this densification is feasible, even for historic properties. The best candidates would be properties where the scale of adjacent properties is two-stories or greater.



Full Redevelopment

There may be opportunities in the commercial district where the value of housing may be higher than the existing commercial use. These sites would be candidates for razing the existing structure and building maximum feasible density. To be feasible the scale of development would have to maximize the development potential of the site through larger massing and maximum height.



Recommended Actions and Potential Incentives

Based on the preceding analysis, we offer the following recommendations for further consideration as the City progresses to an update of its Housing Element.

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.

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.

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.

Create a preservation and monitoring program. The City should take action to understand its inventory of existing deed-restricted units and understand the risk of them converting to market rate.

Consider expanding the R-C and/or R-4 zone. Our analysis identified areas south and west of the commercial core that have opportunity sites and/or concentrations of parcels that could be candidates for redevelopment based on common metrics. The City should explore rezoning opportunities in these areas.

Inventory and incentivize properties with opportunities for densification. The City should consider at a minimum creating an inventory of single-story commercial properties with opportunities for densification and conducting property owner outreach. Other alternatives would be to establish flexible development standards like parking waivers and height limit adjustments, or to assist with water credits.

Explore solutions to water credit barriers to development. The water supply conditions on the Monterey Peninsula are a significant barrier to development. To add units to an existing structure or develop/redevelop a property, a developer must obtain water credits to accommodate the net change in fixtures. However, there are a finite number of credits available and no secondary market for transfer. To accommodate future development, the City should play an active role in regional efforts to improve access to water resources and water credits and facilitate prioritizing water credits for affordable housing.