



A Property Owner Question & Answer Guide

“Considering an Accessory Dwelling Unit (ADU) in Carmel-by-the-Sea”

Carmel-by-the-Sea plans to add 349 new housing units throughout the city by 2031, as required by State law. This is a **BIG** hurdle for the one-square-mile village, which has no vacant land and is characterized by small lots. However, Accessory Dwelling Units (ADUs) are one option that blends and disperses new housing into the Village’s existing neighborhoods. ADUs, historically referred to as Subordinate Units in Carmel and also known by names such as granny flats or in-law units, have the potential to add more affordable housing options for the local workforce, artists, and more, enhancing lifestyles and diversity for us all.

Preserving the village's character is important when planning for an ADU. While state ADU laws are broad and ever-changing, careful consideration of the placement, size, views, privacy, trees, landscape, and setbacks, along with the alignment of architectural styles, materials, and colors with your current home, are important to protect the special character and environmental resources that make Carmel so unique. This guide addresses a variety of questions about ADUs to assist homeowners who are exploring adding an ADU to their property.

Important Notes

State legislation and local requirements are subject to change.

Unique factors affecting your property may apply to your ADU and are not represented in this Guide.

Consult the Community Planning & Building Department for updates.

What are the different types of accessory dwelling units?

There are two types of ADUs:

- **ADU** (Accessory Dwelling Unit). A complete, independent place to live, sleep, eat, cook, and bathe, with an exterior entry separate from the primary dwelling. An ADU does not have an internal connection with the primary dwelling.
- **JADU** (Junior ADU). A living space no more than 500 square feet in size, fully contained inside the walls of the primary dwelling. The bathroom can be private or shared with the primary dwelling. An efficiency kitchen must be provided. A JADU has a separate exterior entry and internal circulation to the primary dwelling.



Detached: free-standing structure



Attached: shares at least one wall with the primary home



Interior: built from existing converted space (i.e. attic or basement)



Garage apartment: converted former garage space



Above garage: unit built above garage

What are the basic requirements for an ADU and JADU?

Requirements & Considerations	ADU	JADU (Junior ADU)	Clarifications or References
Bedroom	Yes	Yes	
Bathroom	Yes	Yes*	Sink, Toilet & Shower/Bathtub *Can be shared with the primary dwelling.
Exterior Entry	Yes	Yes	Not less than 32” side-hinged egress door that provides access to the public way. ¹
Inter-Accessibility with Primary Dwelling	No	Yes	A JADU is required to be inter-accessible only if the bathroom facility is shared.
Kitchen	Yes	No	Permanent provisions for eating and cooking are required.
Efficiency Kitchen²	No	Yes	A cooking facility with appliances, a food prep counter, and storage cabinets.
Maximum Unit Size (current State Law)	850 SF for 1 BR 1,000 SF for a 2 BR* 50% of the living area or 800 square feet**	500 sq ft	*For detached ADUs. **For attached ADUs.
Setbacks	4’ side and rear setbacks	N/A	Exception: Conversion of existing structures can maintain existing setbacks.
Building Height	Max. 16’-24’*	N/A	16’ for detached ADUs up to 800 SF with 4’ side/rear setbacks. *Up to 24’ if attached to the primary dwelling.
Parking	None	None	
Building Permit	Yes	Yes	For detached ADUs less than 800 SF, no more than 16 feet tall, with 4-foot side and rear setbacks, a permit can be issued in 60 days.
New Utility Connection Charges	No	No	Submeter is optional.
Fire Sprinklers	Yes*	Yes*	*If the primary dwelling has, or is required to have, sprinklers.
Solar System	Yes*	No	Solar-ready infrastructure is required for new detached ADUs only. Refer to the California Energy Code www.energy.ca.gov .
Owner Occupancy	No	Yes	If the property has a JADU, the owner must occupy one of the dwelling units.

¹ Exterior changes require review by the Planning Division.

² “Efficiency kitchen” includes a sink, a cooking facility with appliances, a food preparation counter and storage cabinets. Appliances are limited to those that do not require electrical service greater than 120 volts, or natural or propane gas.

What other considerations should I be aware of?

- An ADU is a self-contained, independent dwelling on the same site as the primary dwelling.
- ADUs can be detached from the primary dwelling or attached to the primary dwelling.
- JADUs are created within the walls of the existing or proposed primary dwelling.
- Conversion of an existing guesthouse, studio, or garage can be a more affordable way to establish an ADU on your property.
- A guesthouse or studio may already contain a full or partial bath providing existing water credits and plumbing.
- A garage may contain a utility sink, which counts toward the water credits needed for an ADU.
- If you are considering a major remodel to your existing home, explore options to include an ADU, JADU, or both!
- ADUs cannot be sold separately from the primary dwelling³.

Is my ADU/JADU required to be rented?

No. Who occupies the ADU/JADU and whether you charge rent to those occupants is your choice. ADUs provide housing options for various situations (See **Who might occupy my ADU/JADU?** below). Due to their smaller size, ADUs can be more affordable, increasing the number of great people calling Carmel-by-the-Sea home.

Note: Short Term Rentals (rental for less than 30 days) are not allowed in Carmel's residential neighborhoods. [Learn more here.](#)

Who might occupy my ADU/JADU?

- Family members or friends attending local colleges, starting a career, or saving to purchase a home.
- Aging family members with special needs.
- Caregivers (for adults or children).
- You! For downsizing or renting out your primary dwelling for rental income.
- Tenants working in hospitality, healthcare, education, arts, etc.

What commonly motivates property owners to consider an ADU?

- Future rental income.
- Increase in property value.
- Housing for caregivers, relatives, and others.
- Flexible living space as your needs change over time.
- Streamlined permit approvals.

How do ADUs contribute to our community and environment?

With ADUs, you can:

- Welcome new residents to our community, adding to its vitality.
- Provide housing opportunities for family, friends, the local workforce, and service providers.
- Provide more affordable housing options.
- Integrate housing into existing neighborhoods.
- Reduce drive time for local workers, decreasing emissions and roadway congestion.
- Contribute to alleviating the California Housing Crisis and ...
- Help the Village meet the State-mandated requirements to produce 349 new housing units by 2031.

³ Exception: The accessory dwelling unit or the primary dwelling was built or developed by a qualified nonprofit corporation.

How do ADUs and JADUs contribute to the State-mandated housing requirements?

Every new housing unit counts!

- The 6th cycle Housing Element, adopted in April 2024, estimates that 34 new ADUs will be constructed by 2031, an average of four per year.
- Since 2018, 30 new ADUs have been completed, and an additional 22 ADUs are currently under construction. That equals 52 new housing units dispersed throughout the Village!
- Due to their smaller size, ADUs and JADUs have the potential to provide housing opportunities for a broader range of income levels.
- Consider the following:
 - An ADU or JADU occupied by a caregiver rent-free as part of their compensation package is considered an affordable housing unit.
 - An ADU or JADU occupied by an aging family member rent-free is considered an affordable housing unit.
 - An ADU or JADU occupied by a family member or friend at a discounted rate while attending college or just starting out after graduation is considered an affordable housing unit.
 - A 250-square-foot ADU rented at market rate may also qualify as an affordable housing unit due to its smaller size.

As you can see, a new ADU/JADU can serve various housing needs beyond just providing rental income for the owner. As your needs change over time, so can the use of your ADU/JADU.

Are there requirements, assistance or services available to aid in qualifying renters?

Yes! Many local property management companies provide screening, qualification, and rental agreement templates that comply with federal, state, and local laws. The following are a few online services and organizations that may be helpful:

- California Apartment Association provides standard rental templates.
<https://caanet.org/topics/rental-lease-agreements/>
- American Apartment Owners Association provides background check services.
<https://www.american-apartment-owners-association.org/tenant-screening-background-checks/california/>
- California Tenants and Landlords Rights and Responsibilities
<https://landlordtenant.dre.ca.gov/resources/guidebook/index.html>

What about the scarce water and meters in our Village?

- Older homes have less efficient water fixtures (e.g., sinks, toilets, showers, etc.) that can be replaced with newer, more efficient fixtures, freeing up the water needed to supply an ADU. This is often called “Harvesting of Water Credits”.
- Some homes may have unused water credits. By identifying current appliances and water fixtures (e.g., washing machines, dishwashers, showerheads, etc.), you can better understand your specific water needs.
- [Click here](#) for the Monterey Peninsula Water Management District (MPWMD) Water Release Form to calculate your existing fixture count and the amount of water needed for a new ADU. Other useful forms can be found on [MPWMD's website](#). For more information on fixture counts and water credits, please contact MPWMD at (831) 658-5601.
- Unique requirements of your ADU planning may influence your needs or preference for a separate/new water meter. Currently, there is a regional moratorium on new meters and limited available new water credits that may impact your building timeline.

- Some homeowners may already have a guesthouse or studio with a bathroom that can be converted to an ADU by adding a kitchen. Confirming you have adequate water credits for your kitchen sink or optional dishwasher is a first step.

Are there tax considerations I should be aware of?

The following information is general in nature. Please consult a tax professional as part of your ADU planning.

- When adding square footage to your home or undertaking a substantial removal, the assessed value of your property and your resulting tax bill may increase. Examples include building an addition to your home, constructing a detached ADU, or converting a garage to an ADU.
- All improvements requiring a building permit are reported to the Monterey County Assessor; however, not all improvements will impact your property taxes. For more information, please contact the Assessor at (831) 755-5035.
- State or Federal taxation applies to rental income generated by an ADU.
- Rental income from two or fewer residential units is exempt from City business license requirements and taxation.

What are the permit and utility fee considerations?

- The City is exploring reduced permit fees for ADUs and JADUs as an incentive to property owners. Details on incentives will be addressed separately from this Guide.
- JADU: A building permit is required to establish a JADU and for any associated improvements (e.g., installing an exterior entry door and an efficiency kitchen).
- ADU: A building permit is required to construct a new attached or detached ADU. This includes electrical, plumbing, and mechanical.
- Garage/Guest House/Studio Conversion: A building permit is required to convert existing structures into an ADU.
- Additional considerations:
 - o The Building Code requires that a detached ADU include solar-ready infrastructure.
 - o The Carmel Municipal Code requires that electrical service lines be undergrounded if the electrical panel is upgraded or the value of the project is more than \$200,000.
 - o Fire sprinklers are required if the primary dwelling has sprinklers.
- School District Fees: The school district charges \$0.49 per square foot on new residential construction.
 - o Additions less than 500 square feet are exempt from this fee⁴.
- Traffic Impact Fees: ADUs under 750 square feet are exempt from impact fees assessed by TAMC (Transportation Agency for Monterey County).
- ADUs and JADUs converted from existing square footage are not considered new or separate dwelling units for delivery of water, sewer, or power. Local special districts (sewage) or water corporations cannot charge connection fees.

Are there financial assistance and/or funding options?

- Explore these California programs:
 - o <https://www.hcd.ca.gov/policy-and-research/accessory-dwelling-units>
 - o <https://www.calhfa.ca.gov/adu/index.htm>
- Local programs include:
 - o Habitat for Humanity, <https://www.habitatmontereybay.com/adu>
 - o Carmel-by-the-Sea resources <https://ci.carmel.ca.us/post/housing-resources>

⁴ <https://www.carmelunified.org/departments/business-services/developer-fees> (August 26, 2024)

What are the steps, from planning through permits and estimated timing?

- Complete the water district’s [Residential Water Release Form](#) to determine your existing fixture count and calculate the amount of water you need for an ADU or JADU. You can also contact MPWMD at (831) 658-5601 to find out if there is an existing water permit on file for your property.
- Work with a designer/contractor to develop plans for your ADU/JADU.
- Submit a Building Permit application to the Carmel-by-the-Sea Building Safety Division.
 - a. For online permit submissions, visit <https://carmel.portal.iworq.net/portalhome/carmel>.
 - b. Submittal requirements for an [attached ADU](#).
 - c. Submittal requirements for a [detached ADU](#).
 - d. For additional resources, visit the Building Safety Division “Application and Informational Handout” webpage [here](#).
- Work with a contractor to construct your ADU/JADU.
- Upon completion, you will receive a Certificate of Occupancy from the Building Safety Division.
- Begin using your new housing unit!

*If you want to establish an ADU or JADU, please email housing@ci.carmel.ca.us.
Please also sign up [online](#) to receive updates on ADUs.*

More Reference Documents & Sources

State of California Department of Housing and Community Development (HCD)

<https://www.hcd.ca.gov/policy-and-research/accessory-dwelling-units>

- [State Handbook/Guidelines](#) (PDF) for ADUs as of July 2022.
- [Frequently Asked Questions: Junior Accessory Dwelling Units](#) (undated).
- HCD guidance on [Tiny Homes](#) (not in Carmel’s Housing Programs at this time).

California Coastal Commission (CCC)

<https://www.coastal.ca.gov/>

- [Updates Regarding the Implementation of New ADU Laws](#) (January 2022).
- [Implementation of New ADU Laws](#) (April 2020).

State of California Legislation on ADU’s (subject to change)

- California [Senate Bill \(SB\) 477](#) on Accessory dwelling units.
- State law governing [ADUs](#).
- State law governing [JADUs](#).

*We are seeking your feedback on this Guide.
Please email comments, questions, and suggestions to housing@ci.carmel.ca.us.*