Appendix C
Housing Sites Inventory Analysis

C.1 Introduction

The Association of Monterey Bay Area Governments (AMBAG) forecasts that the two-county (Monterey and Santa Cruz) Monterey Bay Area will add 32,867 new households between 2020 and 2045[1]. For the eight-year time frame covered by this 6th Cycle Housing Element Update, the State Department of Housing and Community Development (HCD) has identified the region's housing need as 33,274 units. The total number of housing units assigned by HCD is separated into four income categories that cover housing types for all income levels, from very low-income households to above-moderate income (market rate) housing. This calculation, known as the Regional Housing Needs Allocation (RHNA), is based on population projections produced by the California Department of Finance (DOF) as well as adjustments that incorporate the region's existing housing need. The adjustments result from recent legislation requiring HCD to apply additional adjustment factors to the baseline growth projection from the 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 6th cycle RHNA resulted in a significantly higher number of housing units for which the Monterey Bay Area must plan compared to previous Housing Element cycles.

Revised Sites Inventory Strategy

In April 2024, the City of Carmel-by-the-Sea adopted the 6th cycle Housing Element, which was found to be compliant with State law by the California Department of Housing and Community Development (HCD) on April 25, 2024. In pursuing the implementation of its adopted Housing Element, the City has come to realize that certain sites may be challenging to develop and that the community desires to diversify its housing stock and to spread affordable housing opportunities throughout the community. In response, a group of resident volunteers came together called the Affordable Housing Alternatives Group, or "AHA". AHA is composed of a highly motivated group of residents that have devoted their energy and talents to crafting policies tailored to Carmel that will address the City's housing needs. In partnership with City staff, the AHA Group provided thousands of volunteer hours, met with City staff on a weekly basis (often more frequently), leveraged community connections to identify property owners interested in adding new housing on their

[1] Source: Final 2022 Regional Growth Forecast, AMBAG, November 18, 2020

properties, attended meetings with HCD, and genuinely dedicated themselves to help finding housing solutions with the best chance of becoming reality. One of the many benefits that grew out of this collaboration was the development of an alternative sites strategy for meeting the City's RHNA that provides a more viable path to the creation of affordable housing opportunities within the village. This new Appendix C replaces the previously adopted Appendix C and represents the culmination of efforts by AHA members, the Carmel community, and City staff to refine the Housing Element in a way that maximizes the potential for affordable housing development in the City.

C.2 Regional Housing Needs Allocation

RHNA Summary

AMBAG adopted its Final 6th Cycle Regional Housing Needs Allocation Plan 2023-2031 on October 12, 2022. The plan was approved by HCD on November 8, 2022. For Carmel-by-the-Sea, the RHNA to plan for in this cycle is 349 units. Details are provided below.

Carmel-by-the-Sea's share of the regional housing need for the eight-year period from 2023 to 2031 is 349 units, which is a 1,125 percent increase over the 31 units required during the 2014 to 2023 RHNA cycle. The housing need is divided into four income categories of affordability: Extremely Low Income, Very Low Income, Low Income and Moderate Income. **Table C-1** shows Carmel-by-the-Sea's RHNA for the 2023 – 2031 planning period.

Table C-1 Regional Housing Needs Allocation (RHNA) – 2023-2031

Income Group	Carmel-by - the-Sea Units	Percent	Monterey County Units	Percent	Monterey Bay Area Units	Percent
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 Toward RHNA

The RHNA planning period for the 2023-2031 Housing Element (6th Cycle) is June 30, 2023 through December 15, 2031. The statutory adoption date for the 6th Cycle Housing Element is December 15, 2023 – six months after the beginning of the RHNA planning period. To account for this discrepancy, the City of Carmel-by-the-Sea can receive credits for the number of housing units entitled, permitted, or under construction since the beginning of the projection period, up to the data cutoff date for the writing of this Housing Element (December 31, 2024) and apply these to the RHNA. Accordingly, the units permitted in this 18-month period count toward the 2023-2031 Housing Element (6th Cycle) and are subtracted from the City's RHNA of 349 units.

Table C-2 provides a summary of the City's remaining RHNA obligations after accounting for eligible credits. **Table C-3** lists "pipeline" projects, and includes three housing projects (totaling 23 units) and 45 ADUs that have earned approval for entitlements and/or permits and will begin construction during the 6th Cycle Housing Element. Therefore, the City has a remaining RHNA of 281 units for which the City must identify adequate sites.

Table C-2 Remaining RHNA

	Very Low-Income Units	Low-Income Units	Moderate-Income Units	Above Moderate-Income Units	Total Units
2023–2031 RHNA	113	74	44	118	349
Units permitted between June 30, 2023 and December 31, 2024	13	13	13	29	68
Remaining RHNA	100	61	31	89	281

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

Table C-3 Pipeline Projects

APN	Project Name	Zoning	General Plan	Area	Min. Density (du/ac)	VLI	LI	MI	AM	Tenure	Entitlement Status
010138003000 010138021000	Ulrika Plaza	SC	Core Commercial	0.37	33	--	--	--	12	Rental	Approved
010145012000 010145024000 010145023000	JB Pastor	SC	Core Commercial	0.27	33	--	--	--	8	Rental	Approved
010146010000	Scandia Lopez	CC	Core Commercial	0.09	33	--	--	--	3	Rental	Permitted
					Subtotal	**0**	**0**	**0**	**23**		
					ADUs	**13**	**13**	**13**	**6**	Rental	Approved/ Permitted/ Constructed
					Grand Total	**13**	**13**	**13**	**29**	**68**	

SOURCE: City of Carmel-by-the-Sea, 2025

NOTES: VLI = very low-income; LI = low-income; MI = moderate-income; AM = above moderate-income.

Pipeline Projects

Ulrika Plaza

The Planning Commission approved the Ulrika Plaza project on August 9, 2023. On December 13, 2024, a building permit application was received for the project, which is slated to begin construction by the end of 2025. The 16,000-square-foot (0.37 acre) project site includes a 22,400 square foot mixed-use building with 9,000 square feet of ground-floor retail, 12 market rate residential units, and 28 parking spaces in an underground garage. The project density is 33 dwelling units per acre.

The project, previously known as Del Dono and Del Dono II, resulted from merging two 8,000-square-foot lots. In this first incarnation of the project, the original developer planned to construct a mixed-use building containing ground-floor commercial space and 16 residential units total (at a density of 44 dwelling units per acre). The project was approved and broke ground in 2019.A two-story commercial building with underground parking was demolished on the north lot, and a one-story commercial building with a surface parking lot was demolished on the south lot. The developer lost their funding during construction and the property was subsequently sold and redesigned as Ulrika Plaza.

This project is an example of the redevelopment of underutilized commercial buildings and a surface parking lot in the Service Commercial (SC) District. All land use entitlements have been obtained.

JB Pastor Building

The Planning Commission approved the JB Pastor project on April 9, 2025. The project site is a 12,000-square-foot (0.27 acre) commercial parcel. The site is composed of three (3) legal lots of record and is currently developed with a two-story, historic community room building, surface parking, a one-story commercial building, and a two-story mixed-use building (office & residential). The developer proposes demolishing all existing site improvements, excluding the historic community room, and constructing two (2), 2-story mixed use buildings totaling approximately 12,900 -square-feet with ground floor commercial space, eight (8) market rate second-floor apartments, and 12 on-site parking spaces. The project density is 29 dwelling units per acre.

This project is an example of the redevelopment of underutilized commercial properties, including a surface parking lot in the Service Commercial (SC) District.

Scandia Lopez/Hakim

The Planning Commission approved additions to the historic Percy Parkes Building for three (3) new residential units on July 13, 2022. The 4,000-square-foot (0.09 acres) project site includes a 2,750 square foot one-story historic commercial building. The project consists of a second floor addition to the existing commercial building and the construction of a two-story building in the courtyard behind the existing building. The project density is 33 dwelling units per acre.

This project is an example of additions to a one-story historic commercial building in the Central Commercial (CC) District to provide housing. The commercial tenant relocated to another retail space within the village prior to approval of the project. All land use entitlements have been obtained. No appeals of the project were filed. A building permit was issued in April 2025.

Accessory Dwelling Units

Between July 1, 2023 and December 31, 2024, the City has issued certificates of occupancy and building permits, and is in the process of reviewing additional ADU applications, for a total of 45 ADUs and JADUs as documented in the City's Housing Element Annual Progress Reports submitted to HCD. The City continues to see a strong interest in ADUs and expects that trend to continue throughout the planning period.

C.3 Regulatory Framework for Meeting the RHNA

The purpose of the Sites Inventory is to identify and analyze specific sites that are available and suitable for residential development in order to accommodate Carmel-by-the-Sea's assigned 349 housing units. The City is not responsible for building the housing, but must provide adequate capacity through land use policies and zoning regulation to accommodate the remaining RHNA.

Sites to Accommodate Lower-Income RHNA

Sites Used in Previous Planning Periods Housing Elements

Government Code Section 65583.2(c)

Each site includes information about whether it was used in a prior housing element planning period, if it is currently vacant, and the number of anticipated housing units by income category.

Appropriate Zoning

Government Code Section 65583.2(c)(3)

Under state law, the "default density" for suburban jurisdictions such as Carmel-by-the-Sea, is at least 20 dwelling units per acre. At this density a project site is deemed appropriate to accommodate lower-income housing. The General Plan designation that meets this prerequisite is Multi-Family Residential (and/or zoning at R-4), with a maximum density of 33 dwelling units per acre, or 44 dwelling units per acre with a local density bonus when affordable units are provided.

Residential uses are also permitted in the City's CC, SC, and RC zones, up to 22 units per acre by right. Projects meeting the local Bonus Density incentive may reach 44 units per acre. A 100 percent affordable housing project may reach 88 units per acre, inclusive of all state and local bonuses

The City is implementing Program 3.1.G to change the maximum allowable density of 33 dwelling units per acre to a minimum density of 22 dwelling units per acre and a maximum allowable density of 40 units per acre in the Commercial (CC, SC, and RC) Districts and the Multi-Family Residential (R-4) District. Combining local and State density bonuses, the total capacity can reach 88 units per acre, representing a total combined local and State bonus of 120 percent. This will enable a higher yield of residential units, rather than larger units at a lower yield, which is likely to result in increased financial feasibility for the development of affordable units. In addition, the City is modifying the Municipal Code to broaden the eligibility for receiving up to a total of 88 du per acre, inclusive of all state and local bonuses, in commercial zones from 100 percent affordable housing projects to projects that qualify for the Mixed-Income Incentive Program.

Site Size

Government Code Section 65583.2(c)(2)(A), (B), and (C)

Several factors outside of the City of Carmel-by-the-Sea's control impact the availability and developability of land throughout the village. The incorporated area of Carmel-by-the-Sea is one-square-mile, bordered by Pescadero Canyon to the north and Carmel Bay to the west. The City is located entirely within the Coastal Zone and has a certified Local Coastal Program that complies with the policies of the California Coastal Act. It is also built-out and composed of small lot sizes. The original subdivision maps for the City (recorded in 1888 and 1902 established a grid pattern of commercial lots ranging in size from 2,500 square feet (0.057 acres) to 4,000 square feet (0.09 acres). While some parcels have been combined, many remain in their original configuration today.

No Net Loss

Government Code Section 65863

Through the eight-year RHNA planning period of the 6th Cycle Housing Element, pursuant to the State of California's No Net Loss Law, the City is required to identify an alternative site(s) if a site on the Sites Inventory is developed at a lesser ratio of lower-income units than planned. Program 1.1.A will regulate this requirement of No Net Loss for the 6th cycle (see Chapter 2).

Reliance on Nonvacant Sites to Accommodate More than 50 Percent of the RHNA for Lower- Income Units

Government Code Section 65583.2(g)(2)

Per State law, when more than 50 percent of the sites intended to accommodate the RHNA for lower-income households are nonvacant sites, the resolution adopting the housing element must include findings stating that the uses on these sites are likely to be discontinued during the planning period and outline the factors used to make that determination.

C.4 Carmel-by-the-Sea Strategies for Meeting RHNA

To fully accommodate the remaining RHNA and to foster housing opportunities throughout the community, the City is pursuing the following strategies:

- Promote the development of Accessory Dwelling Units (ADUs)
- Facilitate the conversion of underperforming hotels into affordable housing
- Pursue the development of affordable housing on religious facility sites
- Facilitate conversion of underutilized commercial spaces into affordable live/work housing
- Incentivize mixed-income affordable projects downtown

Accessory Dwelling Units (ADUs)

Assumptions and Analysis

ADUs represent a significant opportunity for Carmel-by-the-Sea to provide affordable housing throughout the community. Pursuant to State law, local jurisdictions are able to project the number of ADUs over the eight-year planning period based on the demonstrated trend of recent ADU production. Between 2019 and 2024, the City issued building permits for 61 ADUs, with a sharply rising trend over the past two years, yielding an annual average of 10.2 units.

Table C-4 ADU Development Trends

	2019	2020	2021	2022	2023	2024	Average
Permitted ADUs	4	8	9	8	13	19	10.2

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

Capacity During 6th Cycle Planning Period

Based on a historical average of 10 ADUs per year, the City estimates that 70 ADUs could be constructed over the remaining seven years (2025-2031) of the eight-year planning period. Using the HCD-approved income distribution of 30 percent very low income, 30 percent low income, 30 percent moderate income, and 10 percent above moderate income, ADUs are projected to contribute 21 very low income, 21 low income, 21 moderate income, and 7 above moderate income units to the City's future housing stock over the course of the planning period.

Proactive Efforts to Accelerate Affordable ADU Development

The City recognizes the significant potential role that ADUs can play in providing affordable housing. This Housing Element includes a program to accelerate the development of ADUs, particularly affordable ADUs, during the planning period. These efforts are designed to accelerate the City's ADU trend, which has already risen sharply in recent years. The City anticipates that this program will generate a potential 10 percent boost to its trends, resulting in an additional 7 ADUs, for a total of 77 ADUs over the remaining seven years (2025-2031) of the eight-year planning period.

Hotel Conversion to Affordable Housing

Assumptions and Analysis

Hotel-to-Residential Conversion Program (Hotel 'Key' Transfer) – How it Works

As noted in the description in Chapter 2, the goal of the Hotel-to-Residential Conversion Program is to incentivize hotel owners to convert underperforming hotels into mixed-income multifamily residential by allowing them to sell the "hotel keys" associated with the converted hotel rooms (which are particularly valuable in light of the cap on the number of hotel rooms in the City). The intention is to provide property owners that undertake conversion projects with an above market return by allowing them to "sell the property twice" – i.e., by combining the residual market value of the converted hotel and the market value of the hotel keys. The sample proforma below illustrates the mechanics.

Consider a hypothetical 19-room hotel property with an average daily rate (ADR) of $211 and a 68% occupancy rate, equating to $143 in revenue per available room (RevPAR). In relation to other hotels in Carmel-by-the-Sea, such a hotel would operate below the 16th percentile in terms of performance (see the following section), making it a prime candidate for the Hotel-to-Residential Conversion Program. Assume further that the hotel's 19 rooms are converted into 16mixed-income apartment units (a roughly 85% conversion ratio) with the following income distribution: 4very low, 4low, 4moderate, and 4 above moderate income. If a developer were to acquire the hotel from the existing hotel owner at a 6.00% cap rate for $5,887,283 and invest $1,600,000 in capital expenditures to convert the hotel rooms into apartments ($100,000 per unit), the developer's total cost basis would be $7,487,283. Assuming a projected net operating income of $302,717 and a cap rate of 6.00%, the former hotel (now apartments) would sell for $5,045,280, which would result in an approximately $2.4 million loss for the developer. However, when the proceeds from the sale of the 19 hotel keys is taken into consideration (an assumed $300,000 per key multiplied by 19 keys equals $5,700,000), the gross proceeds from the overall investment rises to $10,745,280, resulting in a total profit of $3.3 million and a return on investment (ROI)of approximately 44%. Such a return is substantially above market for a commercial real estate investment with this risk profile, and will generate a high degree of interest in the program on the part of developers and local hotel owners.

Table C-5 Proforma of Sample Hotel-to-Residential Conversion

	Project	Per Unit
Purchase price of hotel	$5,887,283	
Conversion costs	$1,600,000	$100,000
Total developer investment	**$7,487,283**	
Sale of converted hotel (now apartments)	$5,045,280	
Sale of hotel keys	$5,700,000	$300,000
Total developer return	**$10,745,280**	
Profit	**$3,257,997**	
Return on Investment (ROI)	**44%**	

Capacity During the 6th Cycle Planning Period

Identification of Hotel Room Opportunities

Based on data collected by the City from Transient Occupancy Tax (TOT) returns for Fiscal Year 2023-24, hospitality properties were graded on a curve (norm-referenced grading), based on revenue per available room or "RevPAR" (**Table C-6**).

Table C-6 Carmel Hotels Grouped by Performance (RevPAR)

	RevPAR	Hotels	Rooms	Rooms % of Total
Group 1	$331 - $466	7	117	12%
Group 2	$287 - $313	12	287	30%
Group 3	$188 - $231	8	169	18%
Group 4	$155 - $184	8	239	25%
Group 5	$100 - $140	7	140	15%
Total		**42**	**952**	

Groups 4 and 5 in the table above include properties whose revenue per available room (RevPAR) falls between 0.5 and 1.5 standard deviations below the market average. Specifically, with a market average RevPAR of $231.31 and a standard deviation of $87.56, this range encompasses properties with RevPARs between approximately $100 and $184. These hotels are considered underperformers relative to the broader market and operate below the 16th percentile of market performance. All told, there are 15 hotels that are underperforming (i.e., in groups 4 and 5). These underperforming hotels have 379 total rooms, representing approximately 40 percent of Carmel's total hotel room inventory.

Table C-7 Carmel Hotels and Hotel Room Inventory

APN	Address	Overnight Visitor Accommodation Establishment Name	No. of Rooms
010148015000	Dolores & 8th	Adobe Inn	20
010095010000	Junipero between 5th & 6th	Best Western Carmel Bay View Inn	56
010136023000	5th & San Carlos	Best Western Carmel's Townhouse Lodge	28
010131011000	San Carlos between 4th & 5th	Briarwood Inn	12
010131013000	E/S San Carlos between 4th & 5th	Briarwood Inn II/Holland Court Inn	11
010136022000	San Carlos between 4th & 5th	Candle Light Inn	20
010286015000	San Antonio & 13th	Carmel Beach Hotel & Spa	22
010268008000	San Antonio & 8th	Carmel Cottage Inn LLC	5
010124009000	SE Dolores & 3rd	Carmel Country Inn LLC	12
010136021000	San Carlos @ 4th	Carmel Fireplace Inn	22
010104002000	4th & Torres	Carmel Garden Inn	10
010195501500	7th & Casanova	Carmel Green Lantern Inn	17
010097007000	Junipero & 5th	Carmel Inn & Suites	20
010097018000	Mission & 5th	Carmel Oaks	17

APN	Address	Overnight Visitor Accommodation Establishment Name	No. of Rooms
010021024000 010021025000 010021002000 010021003000 010021026000 010021027000 010021028000 010021029000	Carpenter between 1st & 2nd	Carmel Resort Inn	30
010094002000	Ocean & Junipero	Carmel Village Inn/Le Petit Pali	34
010123005000	4th @ Mission Street	Carmel Wayfarer Inn	17
010087002000	Junipero between 7th & 8th	Carriage House Inn	13
010142002000	San Carlos @ 7th	Coachman's Inn	30
010094001000	Torres & Ocean Ave	Comfort Inn Carmel by the Sea	19
010147008000	7th & Lincoln Ave	Cypress Inn	44
010287008000	San Antonio, 4 SE of 13th	Edgemere Cottages	Closed
010085005000	SW Ocean/Torres	Forest Lodge	4
010124001000 010124014000	2 NW of 4th on San Carlos	Hofsas House	37
010109015000	SWC 3rd & Junipero	Horizon Inn	20
010123014000	4th & San Carlos	Hotel Carmel	27
010191005000	Monte Verde @ 7th	L'Auberge Carmel	20
010264006000	8th & Camino Real	La Playa Hotel	75
010261014000	SE Camino Real & Ocean	Lamplighter Inn	6
010214032000	Ocean @ Monte Verde	Lobos Lodge	30
010196027000	Monte Verde & 7th	Monte Verde Inn	10
010201013000	Monte Verde @ 7th	Monte Verde Inn East	7
010019061000	Ocean & Monte Verde	Normandy Inn	48
010104005000	SEC 3rd & Junipero	Ocean View Lodge	6
010273014000	Camino Real between 11th & 12th	Sea View Inn	8*** see note
010131025000	San Carlos at 5th	Stilwell Hotel	42** see note
010261015000	Camino Real 2 SE of Ocean	Sunset House	5
010124012000	4th & San Carlos	Svendsgaard's Inn	35
010214029000	Monte Verde & 6th	Tally-Ho Inn	12
010087003000	Junipero between 7th & 8th	The Hideaway/Le Petit Pali @ 8th	24
010148007000	NE Corner Lincoln & 8th	The Homestead	12
010213003000	Ocean between Lincoln/Monte Verde	The Pine Inn	49
010109016000	Mission @ 3rd Ave	Tradewinds Carmel	28
010136016000	Dolores & 7th	Vagabond House	13
010087013000	7th & Mission	Wayside Inn	22

Note:Hotels organized in alphabetical order.

**Closed for remodel to Stilwell hotel during data gathering and not included in program analysis.

***B&B – not included in program analysis.

Developer Interest

In recent months the City and members of the AHA Group have conducted several meetings with hotel owners, affordable housing developers, and hotel developers. These groups have expressed strong interest in this program. The following is a recap of some of those meetings:

10/22/24 - Met with an affordable housing developer who has extensive experience developing, building, owning, and operating low income housing. This company was involved in the development of Trevvett Court, a 14-unit affordable development located across from the Post Office in downtown Carmel, and managed by the Carmel Foundation. More recently this developer has completed an affordable housing project in Monterey. The developer provided input on the City's proposed incentives and expressed interest in participating in the program.

11/14/24 - Met with an affordable housing developer who has in-depth experience with affordable employee housing in the agricultural industry. Similarities between agricultural employee housing and our Hotel-to-Residential Conversion Program were discussed. The developer also provided input on which types of incentives were most attractive and expressed interest in the program

12/19/24 - We met with a real estate investment and development firm that specializes in hospitality. Their business model is to identify, purchase, and reposition an existing hotel, and then build affordable employee housing as part of the property. They invest in local affordable housing for the community workforce. The firm stated that they are very interested in the program, and are actively looking for projects in Carmel-by-the-Sea for when the program comes online.

Capacity Calculations

Overall, there are 379 hotel rooms in the 15 underperforming hotels in Groups 4 and 5 in **Table C-6**. The City anticipates that some hotel rooms may need to be merged when converting to apartments, particularly in order to create higher bedroom count units. Assuming a 15-percent discount when converting from hotel rooms to apartments, the 379 hotel rooms could potentially yield 322 total units.

The City's proposed program would require that at least 75 percent of the converted units become deed-restricted affordable units. More specifically, the proposed income distribution is: 25 percent very low income; 25 percent low income; 25 percent moderate income; and 25 percent above moderate income.

While initial outreach efforts have generated overwhelming support and interest, the City recognizes that not all hotels within Groups 4 and 5 would pursue this option during this Housing Element cycle.. Based on discussions with market rate and affordable housing developers, hotel operators, and commercial brokers, a more conservative estimate is that 50 percent of the hotel rooms would be converted to mixed-income housing through this program. Therefore, with the conservative assumptions of a 15 percent reduction in the number of hotel rooms with potential to convert to housing units (379 to 322), and then a further 50 percent reduction on those expected to convert during the 6th cycle Housing Element planning period (322 to 161), the City is assuming that 161 housing units could result from this program in the 6th cycle.

Table C-7 Hotel Room Conversion Potential

	Rooms/Units
Hotel Rooms within Groups 4 and 5	379
Hotel Rooms to Housing Units Conversion (85 percent)	322
Hotel Conversions During 6th Cycle Planning Period (50 percent)	**161**
Income Mix	
Very Low Income (25 percent)	40
Low Income (25 percent)	40
Moderate Income (25 percent)	40
Above Moderate Income (25 percent)	41

Affordable Housing on Religious Facility Properties

Capacity During 6th Cycle Planning Period

Owner Interest

The City engaged with the five churches in the community and received strong interest in exploring opportunities to develop affordable housing.

On November 19, 2024, the Affordable Housing Alternatives (AHA) Group hosted the Faith & Homes community meeting at the Sunset Center. Representatives from all five Carmel-by-the-Sea churches attended the meeting and showed interest in the group's effort to integrate workforce housing throughout the community. Also in attendance were architects and developers interested in partnering with AHA and the church community to facilitate housing in Carmel. The program included presenters from various backgrounds and disciplines, all speaking with a focus on the goal of finding ways to make development of affordable housing on church sites easier.

Following the meeting, the AHA Group reached out via email to provide church representatives with additional resources and offered to meet again with representatives from individual churches to answer follow-up questions.

Two members of the AHA group formed a subcommittee to focus on engagement with the church community. In coordination with City staff, a regulatory analysis of the five church properties was undertaken to provide churches with a better understanding of the opportunities available for housing development on their sites. The analysis included a summary of state legislation and local regulations applicable to properties owned by religious institutions. The goal was to give local churches a head start on their planning efforts as they approach design professionals to start sketching out possibilities.

On March 5, 2025, AHA and city staff met with representatives of the First Church of Christ Scientist to provide a tailored regulatory analysis of their 0.64 acre property to facilitate the development of a housing project under Senate Bill 4. The church's existing sanctuary is too large for their congregation's current needs and they are looking to downsize their facility. They would like to give back to the community by developing the underutilized portions of their property as housing.

On March 7, 2025, AHA and City staff met with representatives of the All Saints Episcopal Church to provide a tailored regulatory analysis of their 1 acre property to facilitate the development of a housing project under Senate Bill 4. The church currently operates a day school in Monterey County and has considered building housing for its teachers, as well as other local workers, on a portion of its property.

On April 1, 2025, AHA and City staff met with representatives of the Church of the Wayfarer to provide a tailored regulatory analysis of their 0.37-acre property. This religious institution is located in a commercial zoning district and is permitted a higher density of up to a total of 88 du/ac, inclusive of all state and local bonuses, than what is possible under SB 4. The church is considering both adaptive reuse of existing buildings and demolition and reconstruction of portions of its site.

To assist the churches in understanding their potential for development, the City conducted a preliminary site analysis for each church property. Churches may choose to pursue any of these options, other related options, or any combination thereof:

- Multifamily housing
- Transitional housing
- Supportive housing
- Single-room occupancy housing

To qualify for SB 4, 100 percent of the units must be affordable and deed-restricted for 55 years. Up to 20 percent of the units may be rented to moderate-income households, and up to 5 percent (per State law) may be occupied by church staff.

Capacity Calculation

For residentially zoned properties, SB 4 allows the church properties to develop housing at the State-established default density for lower income housing (20 units per acre for Carmel), without the need to rezone or amend the General Plan. The City estimates capacity based on gross density, allowing a flexible approach to accommodating housing. The churches could pursue a combination of infilling, and adaptive reuse to maximize the number of units on site.

Table C-8 Affordable Housing Potential on Church Properties

Church Address	APNs	Site Size	Zoning	Allowable Density	Height	Estimated Capacity (Excluding Density Bonus)
All Saints' Episcopal SWC Dolores Street & 9th Avenue	010-157-013	1.01	R1	20 du/acc	2-Story 24 feet	20
First Church of Christian Science Monte Verde 2 NE of 6th Ave	010-212-004 010-212-021 010-212-026 010-212-027 010-212-028 010-212-029 010-212-030	0.64	R1	20 du/ac	2-Story 24 feet	13
Church of the Wayfarer NWC Lincoln & 7th Avenue	010-191-002	0.37	RC	88 du/ac	2-Story 26 feet	32
Total		**2.02**				**65**

Downtown Carmel

Characteristics and Underutilization

Affordable Housing on Small Lots

While State law assumes sites 0.5 acre or larger are feasible for the development of affordable housing for lower income households, Carmel, by virtue of its original street grid, is primarily composed of small 4,000-square-foot lots. However, downtown Carmel does have a large number of 8,000 square feet lots (0.18 acre), which have been formed over the years through the merging of two 4,000-square-foot lots. As illustrated in **Table C-9**, excluding hotels, existing multifamily housing, and cultural and recreational facilities, Carmel has 36 lots of 8,000 square feet in size.

Table C-9 Distribution of Lot Sizes

Lot Size	# of Parcels
<4,000 sf	120
4,001 to 7,999 sf	50
8,000 to 8,700 sf	36
10,000 to 12,000 sf	4
12,001 to 16,000 sf	3
>21,780 sf (0.5 acre)	1

Carmel, along with many similar communities, has achieved affordable housing on sites smaller than 0.5 acre. In exploring the feasibility of building affordable housing on small lots, the City has reviewed numerous Housing Elements of:

- Small communities of similar size as Carmel
- Coastal communities with similar market conditions and characteristics

This search yielded many examples of affordable housing projects on sites smaller than 0.5 acre. However, in citing these examples in the Carmel Housing Element, the City only considered projects that are:

- Recent projects (within five years) that can demonstrate recent development trends
- Projects that received credits toward the 6th RHNA for the respective jurisdictions
- Projects on small sites that approximate typical Carmel parcel sizes

As shown in **Table C-10**, affordable housing has been achieved on small sites in the region. For those projects that most closely approximate Carmel lot sizes, an average of 32 percent affordable units was achieved. The density range of these projects span a wide spectrum from fairly low density (15 units per acre) to higher high densities at about 100 units per acre.

Table C-10 Affordable Housing Projects on Small Sites

City	Project	Site Size (Acres)	Estimated Density	Very Low/ Low	Moderate	Above Moderate	% Lower Income
Monterey	480 Cannery Row	0.15	407	11	0	50	22%
Monterey	449 Alvarado St	0.30	90	7	0	27	21%
Santa Cruz	2120 Mission St	0.22	64	3	0	11	21%
Santa Barbara	21 E. Anapamu	0.10	120	12	0	0	100%
Santa Barbara	116 E. Cota	0.25	116	28	0	1	97%
Pacific Grove	301 Grand Ave	0.17	65	3	0	8	27%
St. Helena	963 Hope St	0.19	26	4	1	0	80%
Ojai	408-410 Montgomery St	0.20	15	3	0	0	100%

In Carmel, a project called "Trevvett Court" was built in 2010 on an 8,000-square-foot lot at a density of 76 units per acre and an FAR of 1.09 to achieve 14 affordable units. The project is owned and managed by the Carmel Foundation and was developed without any public funding. However, the requirement for 100 percent affordable housing to qualify for the enhanced density at 88 units per acre represents an obstacle for affordable housing development. To address this impediment, the City will be amending the Municipal Code to reduce the affordable housing requirement (tentatively proposed to be 30 percent) .

Figure C-2 Trevvett Court

Methodology for Identifying Underutilized Properties in Downtown

Downtown Safari

To identify properties with potential to introduce housing in downtown Carmel via adaptive reuse/conversion, infilling, or redevelopment, AHA mobilized its members to conduct a detailed "safari" of all properties in downtown Carmel. The safaris were a highly organized, boots on the ground undertaking that saw 17 volunteers canvassing the entire commercial district of the City to collect a specific set of property data. These volunteers, utilizing a mobile app, catalogued 218 properties and nearly 1,000 leasable spaces, collecting unique data for each site including things like current use, vacancy status, and property condition to help better understand housing development potential.

Objective Criteria for Identifying Underutilized Properties

The City uses a number of characteristics to narrow down properties with redevelopment and adaptive reuse potential. These include:

- *Owner Interest:* Expressed interest of property owners to pursue residential uses. This represents a key consideration for redevelopment or adaptive reuse to include residential uses.
- *Utilization:* Vacancy is >10 percent of total leasable spaces OR vacancy + underutilized spaces >20 percent of total leasable spaces.
- *Age of Structure:* Buildings older than 35 years (built prior to 1990) typically require major system upgrades and are not ADA-compliant. Retrofitting existing structures to meet current ADA standards is usually cost prohibitive or even physically not feasible. Buildings that face such financial or physical constraints rarely invest significantly for modernization or systems upgrades, rendering the buildings progressively not suitable for current trends.
- *Conditions of Structure:* AHA members conducted a visual survey of building conditions. Structures that are rated C4, C5, and C6 are considered in less than desirable conditions:
  - *C4 (Maintained, But Requires Minor Repairs)* - The property improvements show slight deferred maintenance and minor physical decline from regular wear and tear. The structure has been fairly well-kept but needs cosmetic and/or minor repairs.
  - *C5 (Functional, But Requires Repairs or Rehabilitation)* – Property has not been adequately maintained but is functional. Does not have any significant safety concerns. The structure shows noticeable deferred maintenance and needs substantial repairs. While the functional utility and overall livability are somewhat diminished, the structure remains usable and functional as a residential dwelling.
  - *C6 (Poorly Maintained with Significant Damage)* – Property has been poorly maintained. The improvements suffer from significant damage or deferred maintenance, with defects severe enough to impact safety, soundness, or structural integrity. Substantial repairs and rehab are required, encompassing many or most major building components.
- *FAR or Building Height Index:* <=50 percent of allowable FAR, indicating a substantial potential for increasing the leasable/saleable areas
- *Improvement to Land Value Ratio:* <1.0, indicating the value of improvements (structures) is less than the value of land.

Communities often use similar factors in identifying nonvacant sites with potential for redevelopment. The factors used by Carmel are similar to those used by other communities in the coastal region.

Table C-11 Regional Redevelopment Trends

	Carmel	Capitola	Santa Barbara	Seaside
Vacancy	>10%	---	---	---
Building Conditions	Requiring repairs to significant damage	---	---	---
Age of Structure	35+ Years	---	---	30+ Years
FAR	<=50%	<=50%	---	<= 30%
Improvement to Land Value Ratio	<1.0	<1.0	<2.01	<0.5

Based on location, the City further identifies the viable properties based on opportunities for live/work units versus the City's new Mixed Income Incentive Program, which allows projects to reach up to a total of 88 du/ac inclusive of all state and local bonuses if affordable components are included (tentatively proposed at 30 percent).

In selecting sites that are feasible for additional residential uses (either redevelopment or adaptive reuse), the City follows these rules:

- *Live/Work Units* – This unit type is created primarily from the conversion of existing space. As such, among the factors discussed above, FAR or Building Height Index is not critical because the City's methodology for projecting the potential unit yield does not assume increasing building space. Therefore, a property meeting three of the four factors would qualify a property as a viable site.
- *MIIP (Redevelopment)* – In contrast to live/work units, for redevelopment projects, the ability for the developer to double the building square footage or height is an attractive factor. Therefore, FAR or Building Height Index is included as one of the factors for consideration. A property meeting three of the five factors would qualify a property as a viable site.

Downtown Live/Work Units

Assumptions and Analysis

In cataloguing leasable spaces downtown, the resident volunteers on the Safari teams identified 266 off-street, upper story, or peripherally located storefronts that were either vacant or under-utilized. The lack of demand for this off-street space translates into surprisingly low rents. The market for commercial space in downtown Carmel has two tiers: the spaces with frontage on main streets, such as Ocean Avenue, which command eye-popping rents (often in excess of $7.00 per square foot NNN), and these less desirable off-street spaces, which have surprisingly low rents (typically $1.50 to $2.00 per square foot NNN). Carmel does not currently allow a live/work use–i.e., a dual purpose space where someone lives and operates a business in the same unit–but if it did, the commercial rents for these off-street commercial spaces are so low, that in most cases, a property owner could actually command a higher rent by renting these spaces as deed-restricted affordable live/work units than as strictly commercial space.

As an example, consider a 350 square foot off-street or upper story commercial space. As a purely commercial use, that space would rent for $1.50 to $2.00 per square foot. For the purposes of this illustration, let us assume the more conservative $2.00 per square foot figure, which equates to $700 per month. By contrast, if that same space were converted into a live/work space and deed restricted at a rental rate affordable to a low-income household, the property owner could charge approximately $1,629 per month, or 233% more. Even if the space were converted into a live/work unit affordable to a very low-income household, the property owner would still be able to charge a meaningfully higher rent–$934 vs. $700. The conclusion is striking: a property owner could make more money renting a small, impaired commercial space in downtown Carmel as an affordable live/work unit than as a strictly commercial space. **Table C-12** extends this analysis to commercial spaces of various sizes, demonstrating the overall economic viability of the proposed program.

Table C-12 Rent Comparison – Residential versus Commercial

Downtown Carmel-by-the-Sea Live / Work Feasibility Analysis	1 Person Household			
	250 sf	350 sf	450 sf	550 sf
Moderate Income				
Max affordable live/work rent ***(net of Utility Allowance)***	**$1,943**	**$1,943**	**$1,922**	**$1,922**
Current market rate commercial rent @ $2/sf	$500	$700	$900	$1,100
Low Income				
Max affordable live/work rent ***(net of Utility Allowance)***	**$1,629**	**$1,629**	**$1,608**	**$1,608**
Current market rate commercial rent @ $2/sf	$500	$700	$900	$1,100
Very Low Income				
Max affordable live/work rent ***(net of Utility Allowance)***	**$934**	**$934**	**$913**	**$913**
Current market rate commercial rent @ $2/sf	$500	$700	$900	$1,100

The Housing Element includes a program to incentivize the conversion of these underutilized spaces into work/live units, provided that the units would be deed restricted as affordable housing for lower income households. Figure C-3 provides examples of underutilized commercial spaces in Carmel and Figure C-4 illustrates the conversion potential of such spaces into work/live units. These illustrations were developed by local architects who are familiar the City's development regulations. This particular case study is located in the CC zone. The property is a two-story building on a 4,000-square-foot lot, with 3,963 square feet of building area. Eight live/work units could be achieved by converting about 3,200 square feet into units between 350 and 430 square feet, while retaining a portion of the existing commercial space.

Figure C-3 Examples of Underutilized Commercial Spaces

Capacity During 6th Cycle Planning Period

Downtown Carmel has a number of examples of an unusual building type that contains multiple, compact, commercial spaces, often arrayed along a narrow passageway or courtyard off the main pedestrian sidewalk. These Carmel compact commercial types would be suitable for full conversion of all their units from work to live/work – making them a live/work site. Downtown Carmel also has a number of conventional commercial or mixed-use buildings that have one or more compact commercial units within the larger building and these, too, would be suitable for conversion from work to live/work – making them scattered live/work units.

Overall, the safari efforts identified 20 properties appropriate for work/live sites, and many more properties that could host live/work units. A total of 259 vacant or underutilized spaces were identified. Specifically, five of the identified sites have expressed owner interest to pursue housing by converting the existing leasable commercial spaces into work/live units. Based on the number of leasable spaces, excluding spaces with prime street frontage, existing residences, and local knowledge of feasibility/probability by AHA members, the City estimates at least 148 work/live units can be achieved. Conservatively, the City anticipates only 50 percent of these spaces (85 units, rounding up at each property) would be converted during the 6th cycle Housing Element planning period. Such converted units would be required to be deed restricted as housing affordable to lower income households (43 very low income and 42 low income).

Figure C-4 Work/Live Adaptive Re-Use Case Study

Table C-13 Properties with Live/Work Potential

APN	Property Name	GP/ Zoning	Property Owner Interest	Condition	Year Built	Improvement-Land Value Ratio	Potential Live/Work Spaces	Conversion Rate Applied	Total Potential Units
010-132-003	Tejido Building	CC	No	C4	1973	1.26	10	50%	5
010-135-012	Hogsbreath passage	CC	No	C5	1963	0.88	6	50%	3
010-135-026	**Serena Court**	**CC**	**Yes**	**C4**	**1972**	**0.69**	**7**	100%	7
010-142-005	Heather Glen Court	RC	NO	C4	1983	2.01	6	50%	3
010-145-021	**Adam Jeselnick Architecture Building**	**RC**	**Yes**	**C4**	**1977**	**0.66**	**5**	100%	5
010-146-017	Doud Arcade	CC	No	C5	1930	2.02	12	50%	6
010-131-027	**Villa Carmel mixed use**	**RC**	**Yes**	**C4**	**1987**	**0.66**	**13**	100%	13
010-142-006	**Sunset Terrace**	**RC**	**Yes**	**C5**	**1973**	**0.54**	**10**	100%	10
010-132-006	May Court	CC	No	C5	1949	1.09	6	50%	3
010-135-007	Faux tudor with private courtyard	CC	No	C4	1984	2.11	9	50%	5
010-135-028	**Eastwood Building**	**SC**	**Yes**	**C4**	**1972**	**0.69**	**8**	100%	8
010-138-010	El Prado de Su Vecino	SC	**Yes**	C4	1968	1.07	10	50%	10
010-138-011	Cortile San Remo	SC	No	C5	1978	0.89	8	50%	4
010-145-001	Hampton Court	SC	No	C4	1982	0.86	6	50%	3
Totals							116		85

Note: The discounted number of units for conversion potential is purely for RHNA purposes. Each property can pursue conversion of all spaces.

Opportunities for the Mixed Income Incentives Program

Overall, the Safari efforts identified 20 properties at least 8,000 square feet in size and appropriate for redevelopment/infill to provide housing units on site. These properties meet at least three of the factors used to determine suitability, and at 88 units per acre, these properties have a potential yield of 385 units. If following the Trevvett Court model (at 76 units per acre), these properties could accommodate 320 units.

However, to diversify the City's strategies for the 6th cycle RHNA, this Housing Element includes only the three properties with expressed owner interest for redevelopment. These three properties have a combined capacity of 27 units at 40 units per acre (the maximum allowable density, excluding density bonus), with an income distribution of 3 very low income, 3 low income, 3 moderate income, and 21 above moderate income units (30 percent lower and moderate income).

Case Study Analysis

Trevvett Court (a recent 100% affordable housing site on a 8,000 square feet lot with 14 units – for a density of 76du/acre) is a single-use senior residence. Both to test the feasibility of even higher densities on similar lots and the feasibility of introducing street-front commercial uses, which are mandatory in some downtown areas, local architects volunteered pro bono analytical services. They studied typical midblock and corner lots both with and without considering parking facilities, as new-builds or re-use projects, and with an eye toward providing a mix of apartment sizes, including family units. Their research showed that within current allowable building envelopes, densities of up to 88 du/acre are possible throughout all downtown zones, even when including street front commercial space (See Figure C-5).

Table C-14 Mixed Income Incentive Program Sites

APN	Property Name	GP/ Zoning	Property Owner Interest	Utilization (% Vacant or Under-utilized)	Condition	Year Built	Improvement-Land Value Ratio	FAR or Height Index	Units (40 du/ac)
010-138-020	Su Vecino Court	CC	Yes	0%	C4	1963	55	No	9
010-191-001	Cottage Restaurant Complex	CC	Yes	0%	C6	1940	.72	Yes	9
010-142-001	GBG building	SC	Yes	0%	C3	1975	.51	Yes	9
	Total								**27**

Additional Opportunities for Housing

In addition to the various opportunities presented in previous sections, the City also has a number of scattered sites where additional housing could be accommodated. These sites total 56 additional units, including 2 low income and 54 above moderate income units. Detailed descriptions of these sites are included in subsection C.6.

Nonvacant Site Analysis Methodology

Government Code Section 65583.2(g)(2)

Existing Uses

Each site included in the Site Inventory has been selected by the City based on its perceived developability and/or expressed interest by a property owner. All zoning districts within the city allow residential uses.

Many sites included in the Sites Inventory are zoned commercial. This is in part, a result of the City's Municipal Code requirement that all newly constructed second-story floor area, including area in new buildings, remodeled buildings and replacement, rebuilt or reconstructed buildings, to be occupied by residential dwellings only and shall not be used for any commercial land use (CMC 17.14.050F). Currently, the Commercial District has a number of vacant spaces in need of remodeling and building code updates. Timing is ripe for redevelopment and/or second story additions to accommodate residential units, as remodels and repairs are currently being undertaken and are expected to continue.

These residential unit requirements have not been an impediment to development in the commercial district, and have successfully resulted in two-story structures that support residential development on the second floor and commercial on the ground floor. The City has not received applications or requests for single-story developments in the commercial district. This is in part due to land value and the cost of construction, which does not support the development of single-story commercial buildings in Carmel-by-the-Sea. The City's effort to support mixed-use development has been a strategy to encourage the development of housing, despite its built-out nature. Many commercial property owners have expressed interest in converting underutilized second floor office space to residential use or constructing a second story to accommodate residential units. To this end, there are several programs in Chapter 2 that seek to take advantage of this emerging opportunity by leveraging the in-depth analytical data collected by the AHA safari efforts including Programs 1.1.C (Live/Work Housing), 1.1.D (Mixed Income Incentive), and 1.1.E (Affordable Housing on Religious Facility Properties).

A goal in selecting sites has been to minimize displacement. For many sites, the expectation that housing will be developed in the future is based on receipt of property owner interest in adding a second story to existing commercial structures to develop residential units. Conversion of overnight visitor serving units either through redeveloped housing sites (Program 1.1.F: Hotel to Residential Development) or construction of on-site employee housing (Program 1.1.G: Employee Housing) is another viable strategy that the City is employing to develop residential units due to actual interest. In addition, the conversion of downtown office space and parking lots appears to have a strong possibility of yielding residential units (Program 2.1.A: Incentives for Mixed Use Development and Program 2.3.A: Preserve and Increase Upper Floor Residential Use).

While the City does not anticipate the displacement of low- or very low-income households, the City is prepared to comply with the requirements of Government Code section 65915, subdivision (c)(3). Program 2.1.C in Chapter 2 will be in effect to require replacement housing units subject to the requirements of the Government Code. Additionally, CMC 17.14.050.A prohibits the conversion or demolition of an existing residential unit unless replacement housing is provided subject to the findings in 17.64.070.

Development Trends

Historically, residential development in Carmel-by-the-Sea has been most feasible using densities ranging between 22-33 dwelling units per acre. Development trends in the City reveal successful residential development in the commercial district primarily through office conversion and second- story additions for residential units. In the last 10 years, the City has not had any one-story developments in the commercial districts. All new construction in the commercial districts has consisted of two- story buildings with second-floor residential use (as required in CMC Section 17.14.050.F).

This has been a successful strategy utilized by the City to enable the development of residential units within the constraints of limited developable land. The following projects are examples of 5th cycle residential development in Carmel-by-the-Sea, which have been considered in determining the realistic capacity of sites identified in the Site Inventory.

Some of the most recent mixed-use development projects include:

Great Valley Holdings/Clark Apartments: In 2020, the Planning Commission approved the construction of a new two-story mixed-use building. The 3,600-square-foot site contained a 2,200- square-foot two-story commercial building with surface parking. The project consisted of demolishing the existing building and constructing a new 3,500-square-foot two-story mixed-use building for a ground-floor restaurant and two second-floor rental apartment units. The building was previously occupied on both floors by a restaurant and had been vacant for a few years. The project density is 25 dwelling units per acre.

This project is an example of redeveloping an underutilized site with a new two-story mixed-use building in the Service Commercial (SC) District. No appeals of the project were filed. The project has been constructed and received final occupancy.

Schultz: In 2020 the Community Planning & Building Director approved an interior and exterior remodel of a commercial space in a 4,500-square-foot multi-tenant two-story mixed-use building in the Service Commercial (SC) District for the conversion of second-floor commercial space to a 1,160-square-foot apartment. The property is 4,000 square feet (0.09 acres). The residential density on this mixed-use parcel is 22 du/acre.

Parashis: In 2020 the Community Planning & Building Director approved minor exterior alterations to a 6,700-square-foot two-story commercial building in the Central Commercial (CC) District to facilitate the conversion of second-floor office space to a 2,118-square-foot apartment. The property is 6,400 square feet (0.15 acres). The residential density on this mixed-use parcel is 7 du/acre. Other past mixed-use development projects are shown in **Table C-15**.

Table C-15 Past Mixed-Use Development Projects

Project Name	Year Approved	Zoning District	Lot Size (s.f.)	Residential Spaces	Units Per Acre
Del Dono	2016	SC	8,000	8	44
Fink Condominium	2017	CC	4,000	1	11
Lincoln Lane	2018	SC	8,000	2	11
Marliz Estate	2018	CC	2,750	1	17
Brigantino	2018	RC	3,500	2	25
MDC Real Estate	2018	CC	4,000	1	11
Brosche Building	2019	CC	3,470	2	28
Flint-Herman Residence	2019	RC	3,500	1	25
Der Ling Building	2019	CC	3,000	1	16

While many of the projects listed above utilized densities between 22-33 dwelling units per acre, some developed at 44 dwelling units per acre (Del Dono I and Del Dono II) and a few developed below 20 dwelling units per acre (Fink Condominium; Lincoln Lane; MDC Real Estate; Marliz Estate; Der Ling Building; and Parashis). Additionally, all but one of the projects listed above are less than 0.5 acres. These factors were taken into consideration when determining appropriate densities to apply to the Sites Inventory, and supports the City's decision to amend the base zoning for the commercial zoning districts (SC, RC, and CC) and the multi-family residential district (R-4) to establish a minimum density of 33 dwelling units per acre. The intention of this zoning code amendment is to facilitate the development of residential units at a higher yield, rather than enabling the development of larger units at a lower yield.

Considerations for Capacity Analysis

Dry Utilities and Water Capacity

Current or planned availability and accessibility of sufficient water, sewer, and dry utilities has also been considered and reported for each site. All sites have sufficient dry utilities. Program 1.2.A has been included to grant priority water and sewer services to proposed developments that include units affordable to lower-income households now that On January 27, 2025, the Monterey Peninsula Water Management District (MPWMD) adopted Ordinance 197 allocating 14 acre feet of water to the City (see Chapter 2).

Site Typology

Government Code Section 65583.2 (c)

This housing plan and Site Inventory provides capacity for a variety of housing types; including multi-family rental housing, factory-built housing, mobile homes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. The Zoning Ordinance and General Plan for the sites allow the housing types listed above. Figure C-2 illustrates the anticipated housing development types included in this site inventory.

To enable the development of a variety of housing types, the City has expanded possible options for property owners to construct, rehabilitate, convert, or add to an existing single-story structure including:

- Zoning changes included with Program 1.1.F in Chapter 2 that incentivize existing overnight visitor accommodation sites to be converted into multi-family housing units; and
- Zoning changes with Program 1.1.G in Chapter 2 that incentivize the constriction of employee housing units at overnight visitor accommodation sites
- Zoning changes with Program 1.1.C in Chapter 2 that incentivize the development of "Live/Work" units in underutilized commercial spaces.

Adjustment Factors for Realistic Capacity

Government Code Section 65583.2(c)(2)

Land use controls and site improvement requirements have been analyzed for constraints within

Appendix B – Housing Constraints, and necessary changes to the review process are included as programs within Chapter 2 – Goals, Policies and Programs. Additionally, the City will amend the Municipal Code base zoning for the commercial zoning districts (SC, RC, and CC) and the multi-family residential (R-4) zoning district to establish a minimum density of 22 dwelling units per acre and a maximum allowable density of 40 units per acre, with a total capacity of 88 units per acre inclusive of local and State density bonuses, to increase the potential yield of residential units. The realistic development capacity for the sites begins with assuming those process changes to be in place by or prior to July 2025. Generally, the following adjustment factors have been considered for determining realistic capacity of the sites:

- Site geometry and on-site improvements;
- Age of structures and building conditions
- Vacancy and under-utilization;
- Improvement-to-land value ratio; and
- Building height and FAR index.

Table C-16 Additional Scattered Siteus

Site #	Location (Reference to ECO NW Study)	APN	Zoning	General Plan	Acreage	Applied Density (DU/AC)	Minimum Capacity	Very Low	Low	Moderate	Above Moderate
Primary Underutilized Sites											
11	Forest Cottages Specific Plan, NE Corner of Ocean & Mountain View	010085004000 010085005000 010085003000	R-1	SFR	0.30	20	6	--	2	--	4
				Subtotal Primary Underutilized Sites	**0.30**		**6**	**0**	**2**	**0**	**4**
Sites Recycled from 5th Cycle											
12	Court of the Fountains NW Corner Mission & 7th	010141003000	CC	CC	0.37	33	12	--	--	--	12
13	First American Title 7th 2 SW of Mission	010142013000	SC	CC	0.07	33	2	--	--	--	2
14	Office building NE Corner Monte Verde & 7th	010191004000	RC	RC	0.07	33	2	--	--	--	2
15	Yafa NW Corner Junipero & 5th	010097007000	SC	CC	0.18	33	5	--	--	--	5
16	Three Garages Site (#7)	010098004000	SC	CC	0.11	33	3	--	--	--	3
17	Carmel Realty Office Site (#4) NE Corner 8th & Delores	010145008000	RC	RC	0.19	33	6	--	--	--	6
18	(Parashis) Millard Building NW Corner Dolores & 6th	010138006000	CC	CC	0.13	33	4	--	--	--	4
19	The Agency NW Corner Ocean & Dolores	010139001000	CC	CC	0.09	33	2	--	--	--	2
21	Enzo's San Carlos 2 SW of Ocean	010146001000	CC	CC	0.15	33	4	--	--	--	4
24	Paseo San Carlos Square #1 San Carlos 2 NW of 7th Ave	010146004000	CC	CC	0.09	33	2	--	--	--	2

Site #	Location (Reference to ECO NW Study)	APN	Zoning	General Plan	Acreage	Applied Density (DU/AC)	Minimum Capacity	Very Low	Low	Moderate	Above Moderate
25	Carmel Office Supply & Business Center Lincoln SE of Ocean	010147010000	CC	CC	0.09	33	2	--	--	--	2
				Subtotal Recycled Sites	**1.54**		**44**	**0**	**0**	**0**	**44**
				Total	**1.84**		**48**	**0**	**2**	**0**	**48**

C.5 Summary of RHNA Strategies

The revised Housing Element provides a comprehensive strategy to meet the City's RHNA through diverse housing options and locations.

Table C-17 Summary of Sites Inventory

	Very Low-Income Units	Low- Income Units	Moderate-Income Units	Above Moderate-Income Units	Total Units
RHNA Figures					
Total RHNA	113	74	44	118	**349**
Credits (ADUs and Pipeline Projects)	13	13	13	29	**68**
Remaining RHNA	**100**	**61**	**31**	**89**	**281**
Production by Program					
ADUs	**23**	**23**	**23**	**8**	**77**
Hotel Conversion	**40**	**40**	**40**	**41**	**161**
Church Properties	**33**	**32**	**0**	**0**	**65**
All Saints' Episcopal	10	10	0	0	20
First Church of Christian Science	7	6	0	0	13
Church of the Wayfarer	16	16	0	0	32
Live/Work Units	**43**	**42**	**0**	**0**	**85**
Mixed-Income Incentive Program	**3**	**3**	**3**	**18**	**27**
Other Housing Opportunities	**0**	**2**	**0**	**52**	**54**
Forest Cottages Specific Plan	0	2	0	4	6
Other Market Rate Scatttered Sites	0	0	0	48	48
Total Capacity	**142**	**142**	**66**	**119**	**469**
Over Remaining RHNA	42	81	35	30	**188**
% Over Remaining RHNA	42%	133%	113%	34%	**67%**

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

C.6 Technical Background Documents

Hotel Conversion Proforma - FORTHCOMING

Legal Analyses for Church Properties - FORTHCOMING

Descriptions of Scattered Sites - FORTHCOMING