



CITY OF CARMEL-BY-THE-SEA

6th Cycle Housing Element Amendment Strategies

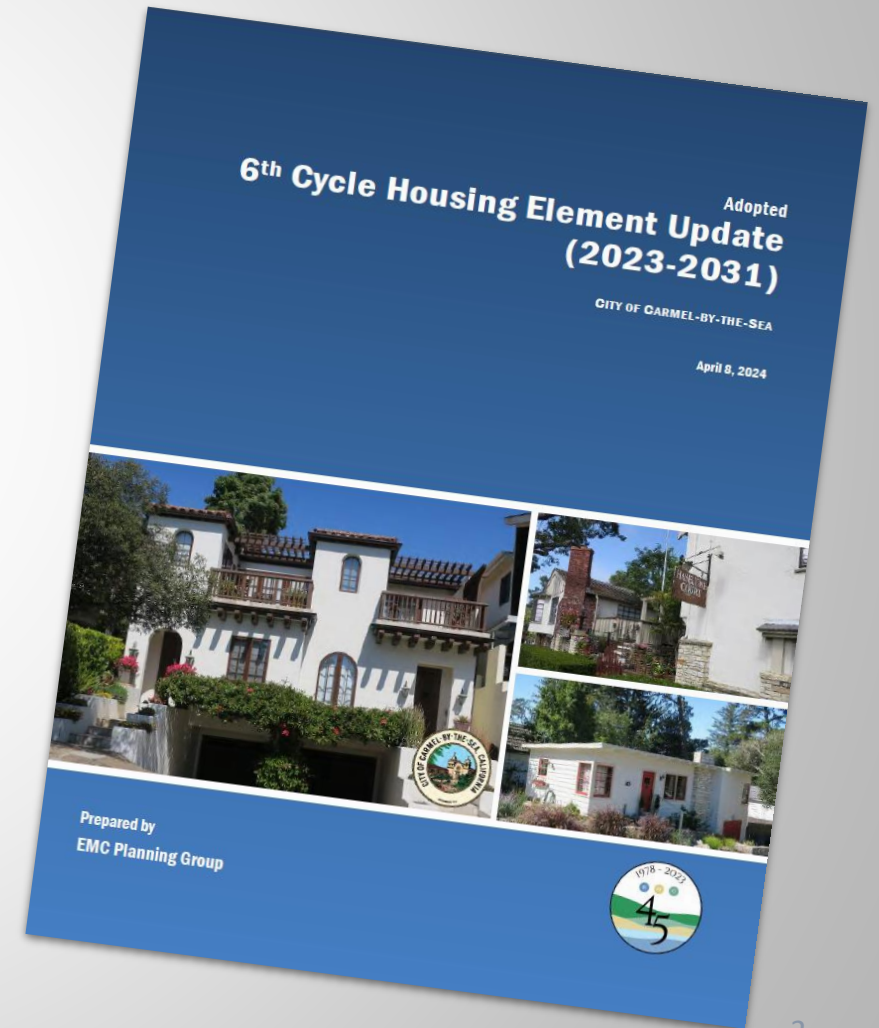
Planning Commission Meeting

May 14, 2025



Tonight's Agenda

- ❑ Review draft Housing Element Chapter 2
- ❑ Review draft Housing Element Appendix C
 - ❑ How did we get here?
 - ❑ What happens next?
 - ❑ The Five Strategies
 - ❑ Other Revisions
 - ❑ Q&A / Feedback





How did we get here?

- State of CA estimated a need for 2.5 million new homes
- A regional share of 33,274 units assigned to Monterey and Santa Cruz counties and cities
- Carmel-by-the-Sea's share is 349 units (231 affordable)
- Potential sites must be identified to accommodate these units
- Adopted the 6th cycle Housing Element in April 2024
- Met the statutory deadline protected the village from builder's remedy



How did we get here?

- Adoption of City Council Resolution 2024-062 to explore a housing element amendment
- 65 percent of affordable housing on two city-owned sites (149 units)
- Resident-led Affordable Housing Alternatives 'AHA' Group
- Supercharge Housing Element programs to disperse affordable housing throughout the village
- Focus on: Hotels, Downtown, ADUs, and Churches



How did we get here?

- City staff and the AHA Group have met for the last 10 months
- Subcommittees focused on specific topics
- Researching best practices, collecting and analyzing data, reviewing state law and other housing element programs, hosting community workshops, meeting individually with developers, churches, and property owners...
- Retained consultant Veronica Tam to assist with technical aspects of housing element law
- Regular meetings with the State Department of Housing and Community Development (HCD) to review revised strategies



What happens next?

- Planning Commission review of the following drafts:
 - Chapter 2, Programs
 - The Five Strategies to dispersing affordable housing
 - Other Chapter 2 revisions
 - A new Appendix C, Vacant and Available Sites
 - A revised Sites Inventory (list of potential housing sites)
- Answer questions, receive feedback



What happens next?

- May 20th joint City Council-Planning Commission meeting
 - Second review of Chapter 2 and Appendix C
 - Answer questions, receive feedback
 - Incorporate feedback, polish drafts before submitting to the State for informal 'friendly' review
 - Target submittal date: May 30th
 - Estimated state review time: 3 weeks



The Five Strategies

**Hotel-to-Residential
Conversion
(Hotel 'Key' Transfer)**

**Downtown Mixed-
Income
Incentive Program**

**Downtown
Live/Work Program**

**Accessory
Dwelling Units**

**Housing on
Religious Facility
Owned Property**



#1 Hotel-to-Residential

CONVERSION OF UNDERPERFORMING HOTELS TO MIXED-INCOME HOUSING
(i.e. some affordable units, some market rate units)

- Program historically referred to as 'Transfer of Development Rights'
- OLD: 1.3.B - Encourage the conversion of R-1 motels to permanent residences and transferring the motel rooms to the commercial district (4th and 5th cycle housing elements)
- NEW: 1.1.F - 'Hotel Keys' program is more robust and expands the transfer of rooms from a underperforming hotel that is converted into mixed-income housing



#1 Hotel-to-Residential

DETAILS | HOW IT WORKS

- **Hotel Owner:**
 - Sells the underperforming hotel to be converted
- **Developer:**
 - Buys the underperforming hotel
 - Converts it to mixed-income housing (keeps or sells)
 - Sells the rights to the hotel room keys to a 3rd party
- **Involved parties:**
 - Hotel owner (sells hotel)
 - Developer (converts hotel to housing)
 - Hotel developer (buys hotel room rights)



#1 Hotel-to-Residential

PROGRAM BENEFITS

- **Innovative Approach:** Converts underperforming hotels into affordable housing units
- **Transferable Rights:** Allows hotel development rights to be sold or transferred to new projects
- **Optimizes Resources:** Repurposes numerous existing underperforming hotels for community benefit
- **Aligns With Village Character:** Utilizes small, scattered sites for housing conversions
- **Utilizes Superpower:** Leverages special economics of Carmel which caps the number of hotel rooms permitted to operate in the city (948 rooms as of Jan 1, 2025)
- **Privately funded:** No public subsidy or tax credits needed, economics make sense



#1 Hotel-to-Residential

INCENTIVES

- Transfer of hotel keys to another property in the commercial district
- Increased density for the hotel converted to mixed-income housing
- Hotel residential suites on the site receiving the hotel keys
- Allocation of water credits
- Streamlined permit review
- Expedited permit processing
- Reduced permitting fees



#1 Hotel-to-Residential

PROJECTED HOUSING UNITS: 161

- 15 underperforming hotels
 - 379 hotel rooms
 - 85% conversion rate
- 322 housing units
 - 50% reduction to be conservative
- 161 housing units
 - Estimate 75% of units affordable
- 120 affordable housing units
 - 41 market rate housing units

161



#2 Downtown Mixed-Income

DETAILS

- Goal: a program with broader applicability (beyond hotels and live/work sites) to incentivize construction of mixed-income housing downtown
- Inspired by the Trevvett Court concept (8,000 sf lot; infill site → 88 du/ac)
- Income mix – *tentatively* 30% affordable, 70% market rate

INCENTIVES

- Higher density (up to 88 du/acre, inclusive of all state/local bonuses, incentives)
- Water allocation credits
- Expedited processing
- Waived or reduced permitting fees



#2 Downtown Mixed-Income

BENEFITS

- Incentivizes the creation of mixed-income housing
- Distributes housing for various income groups throughout the village
- Economically viable - no public funding required
- Profitable for property owners increasing the likelihood units will be constructed
- Incentivizes larger bedroom count units encouraging families with children



#2 Downtown Mixed-Income

PROJECTIONS

- 3 sites proposed to be included in the housing element
 - Su Vecino Court
 - Cottage Restaurant
 - GBG building
- Projected Housing Units: 27 (9 affordable, 18 market rate)

27



#3 Downtown Live/Work

DETAILS

- Create a new “live/work” use category downtown: commercial storefront with residential space in rear (off-street or upper story space)
- Many off-street or upper story commercial spaces are under-utilized or vacant
- Rent is low – owner could make more money rent the space as a deed-restricted affordable live/work unit than as a strictly commercial space

INCENTIVES

- Water allocation credits
- Expedited permit processing
- Waived or reduced permit fees



#3 Downtown Live/Work

BENEFITS

- Utilize existing building square footage rather than constructing new buildings
- Provide affordable housing opportunities for creatives, shopkeepers, and entrepreneurs who can pay a single rent living and working in the same unit
- Encourage more local serving businesses downtown
- Activate areas of downtown with new full-time residents and commercial storefronts



#3 Downtown Live/Work

PROJECTIONS

- 20 properties with live/work potential
 - 259 commercial spaces fit the criteria
- 14 live/work properties listed for RHNA credit
 - 116 potential live/work units
 - Estimate = 85 units, all affordable to lower incomes

85

Projected Housing Units: 85 (all affordable to lower incomes)



#4 Accessory Dwelling Units

DETAILS

- Supercharged the Accessory Dwelling Units program
 - OLD: 1.3.C -> NEW: 1.1.H
- Emphasizes a commitment to implementing state legislation
 - Update ADU Ordinance
 - Implement amnesty program
 - Implement pre-approval of ADU plans, etc.
 - Monitor new state legislation related to ADUs



#4 Accessory Dwelling Units

DETAILS

- Expands on ways to encourage the use of ADUs as rental units
 - Explore a renter match program
 - Promote ADUs to the local workforce
- Identifies a robust education and outreach program
 - Community workshops
 - Property Owners Guide to Building an ADU
 - Dedicated ADU webpage, etc.



#4 Accessory Dwelling Units

BENEFITS

- Increase the permanent housing stock
- Provide affordable housing options for the local workforce
- Provide additional full-time housing options for local seniors
- Increase full-time occupancy of ADUs through a renter match program
- Legalize unpermitted ADUs to ensure safety and encourage full-time occupancy

77

INCENTIVES

- TBD

Projected Housing Units: 77 (23 very low, 23 low, 23 moderate, 8 market rate)



#5 Religious Facilities

DETAILS

- Revamped the Program
 - OLD: 1.1.D -> NEW: 1.1.E
- Senate Bill 4, Affordable Housing on Faith and Higher Education Lands Act of 2023
- Housing project up to 20 du/acre by-right & 100% affordable
- 3 sites proposed to be included:
 - All Saints
 - First Church of Christ Scientist
 - Church of the Wayfarer



#5 Religious Facilities

BENEFITS

- Encourages the natural synergy between supportive faith communities and those in need of support
- Leverages properties that are some of the largest in the village
- Provides a vehicle for translating interest into action



#5 Religious Facilities

INCENTIVES

- Exemptions from environmental review (State)
- Reduction in parking requirements (State)
- Increased density (State)
- By-right design approvals (State)
- Priority water allocation (City)
- Expedited application processing (City)
- Reduced permitting fees (City)

65

Projected Housing Units: 65 (all affordable)



Sites Inventory

Sites Inventory is located in Appendix C

- Adopted Appendix C: Table C-3 (page C-5, PDF page 251)
 - RHNA is achieved with:
 - 25 sites + hospitality employee housing + ADUs + pipeline projects = 410 units
- Proposed Appendix C: Table C-17
 - RHNA is achieved with:
 - 12 sites + ADUs + pipeline projects + hotel keys + MIIP + live/work + churches = 469 units (current estimate)
- Affordable housing is dispersed, not concentrated



Other Revisions

- Local Universal Design Standards accidentally deleted, will be put back in

Program 3.2.C: Local Universal Design Standards – AFFH

Universal design is the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design. To ensure accessible housing for all residents, the City will develop Universal Design Standards that incorporate accessibility design features that exceed current California Building Code requirements.

Quantified Objective: N/A

Timeframe: Adoption of Universal Design Standards by June 2026

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-5.1: Reasonable Accommodation Procedures)



Other Revisions

- Overnight Visitor Accommodation - Employee Housing Program
 - Program retained but no longer for RHNA credit (OLD: 1.3.D NEW: 1.1.G)

Program 1.3.D – Overnight Visitor Accommodation - Employee Housing Program

The City has a number of overnight visitor accommodation (motels, hotels, inns) properties that would greatly benefit from incorporating affordable on-site employee housing. [Appendix C](#) provides a list of existing overnight visitor accommodation locations. These units would alleviate the current lack of housing that many hospitality employees that work in Carmel face. As an incentive to the owners/operators of motels, hotels, and inns to provide on-site affordable employee housing, the City will offer an additional overnight accommodation room for each onsite housing unit created. This incentive will serve to increase affordable rental housing, offset the loss of revenues for the business owners, and maintain visitor-serving coastal access. The City will amend the Municipal Code to allow at least one on-site affordable employee housing unit in conjunction with one new overnight visitor accommodation room.



Other Revisions

- Programs Deleted:
 - Program 1.1.B City-Owned Sites
 - Program 1.3.E Amend the A-2 Zoning District
 - Program 1.3.I Implement State Law SB10 Opportunities

Program 1.1.B: City-Owned Sites - AFFH

The City plans to pursue three (3) sites (#1, #2, and #3 in the Sites Inventory) over the next five years for the potential development of 149 total units over the three sites (124 affordable to lower-income households and 25 for

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.

Program 1.3.I: Implement State Law SB 10 Opportunities to Maximize Feasibility of Development in Strategic Locations.

SB 10 encourages strategic density within neighborhoods. Three (3) underutilized sites currently zoned R-1 and located on the periphery of the commercial district are occupied by non-residential



Other Revisions

- Formatting Changes:
 - Quantified Objectives/Time frame/Responsible Party/Funding Source

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 the Carmel Heritage Society. 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: Proactive outreach and partnerships through June 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-4.2.b: Support Neighborhood Organizations)



Other Revisions

- Updated quantified objectives
- Updated timeframes

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 the Carmel Heritage Society. 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: Proactive outreach and partnerships through June 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

(Formerly Program 3-4.2.b: Support Neighborhood Organizations)



Other Revisions

- Removal of scattered quotes

"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 Housing Ad Hoc
Committee Community Meeting

"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 Housing Ad Hoc
Committee Community Meeting

"... 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 into play and that's why we need to amend the Municipal Code, to codify those things..."

May 24, 2023 Housing Ad Hoc



Some Takeaways

- This is an early draft of revised Chapter 2, Programs and new Appendix C
- The substance of the revisions focus on The Five Strategies and the Sites Inventory
- Other proposed revisions are included
- All *new* program numbers (i.e., 1.4.C) are subject to change
- The number of units each program is estimated to yield may also change based on review by the State Department of Housing and Community Development (HCD)



Questions?

FEEDBACK?

QUESTIONS?

COMMENTS?

IDEAS?



Thank you!

AHA Group
Hans Buder
Victoria Beach
Tim Twomey
Mark Watson
Nancy Twomey
Kristi Reimers
Graeme Robertson
Beth Bowman
Cooper Steele
Mel Ahlborn
Adam Jeselnick
Erik Dyar

City staff
Brandon Swanson
Anna Ginette
Marnie Waffle



Statistics

- Average age is 65-74 years old
- Ethnically 85% white
- 62% of households are above-moderate income
- 46% of households are cost burdened
- 57% housing units owner occupied
- 43% housing units renter occupied
- State of CA estimated a need for 2.5 million new homes
- Association for Monterey Bay Area Governments (AMBAG) assigned a share of that need - 33,274 units to distribute to Monterey and Santa Cruz counties and cities (0.01%)
- Carmel-by-the-Sea assigned a share of 349 units (0.01%)
- A 1,025% increase from the 5th cycle

Note: Data is from 2019



The '149'

- Remove affordable housing from City-owned sites at Sunset Center and Vista Lobos

Site	Very Low	Low	Moderate	Above Moderate	Total
Sunset Center North Lot	20	10	3	0	33
Sunset Center South Lot	30	25	5	0	60
Vista Lobos	28	11	17	0	56
Grand Total					149



Adopted Sites Inventory

- Appendix C, Table C-3 (page C-5, PDF page 251)
- 25 sites + hospitality employee housing + ADUs + pipeline projects = **410 units**

Site #	Location (Reference to ECO NW Study)	APN	Zoning	General Plan	Acreage	Applied Density (DU/AC)	Minimum Capacity	Very Low	Low	Moderate	Above Moderate
TOTAL							288	89	58	30	111
Hospitality Employee Housing							31	8	12	11	0
Anticipated ADUs							34	10	10	10	4
Pipeline Projects (including 26 ADUs; see Table C-4)							57	7	7	7	36
Subtotal Other							122	25	29	28	40
GRAND TOTAL							410	114	87	58	151
RHNA							349	113	74	44	118
Difference							61	1	13	14	33
Difference (Percent)							117%	101%	118%	132%	128%



Proposed Sites Inventory*

*Work in Progress

	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 Scattered 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-36

12 sites +
ADUs +
pipeline projects
+
hotel keys +
MIIP +
live/work +
churches =
469 units