



# CITY OF CARMEL-BY-THE-SEA

## Housing Element Update 2023-2031



Housing Ad Hoc Committee Community Meeting

February 28, 2023

City Hall Council Chambers, 5:30 – 7:30pm



# Agenda

- Introductory remarks
- Housing Element overview
- What We Heard at Community Meeting #1
- In Partnership with EMC Planning Group, Inc.
- Housing Feasibility Study by ECONorthwest
- Discussion of development constraints and potential incentives



# Housing Ad Hoc Committee Mission Statement

Mayor Pro Tem Bobby Richards & Councilmember Karen Ferlito

*“The mission of the Housing Ad Hoc Committee is to provide guidance as the City updates the Housing Element of its General Plan. The Committee will participate in public outreach and education; consider opportunities and incentives for the development of affordable housing; and explore creative, tailored solutions to meet the City’s workforce and range of other housing needs while preserving the character of Carmel by-the-Sea.”*



# Housing Element Overview

<https://hcd.wistia.com/medias/9mr2gli886>





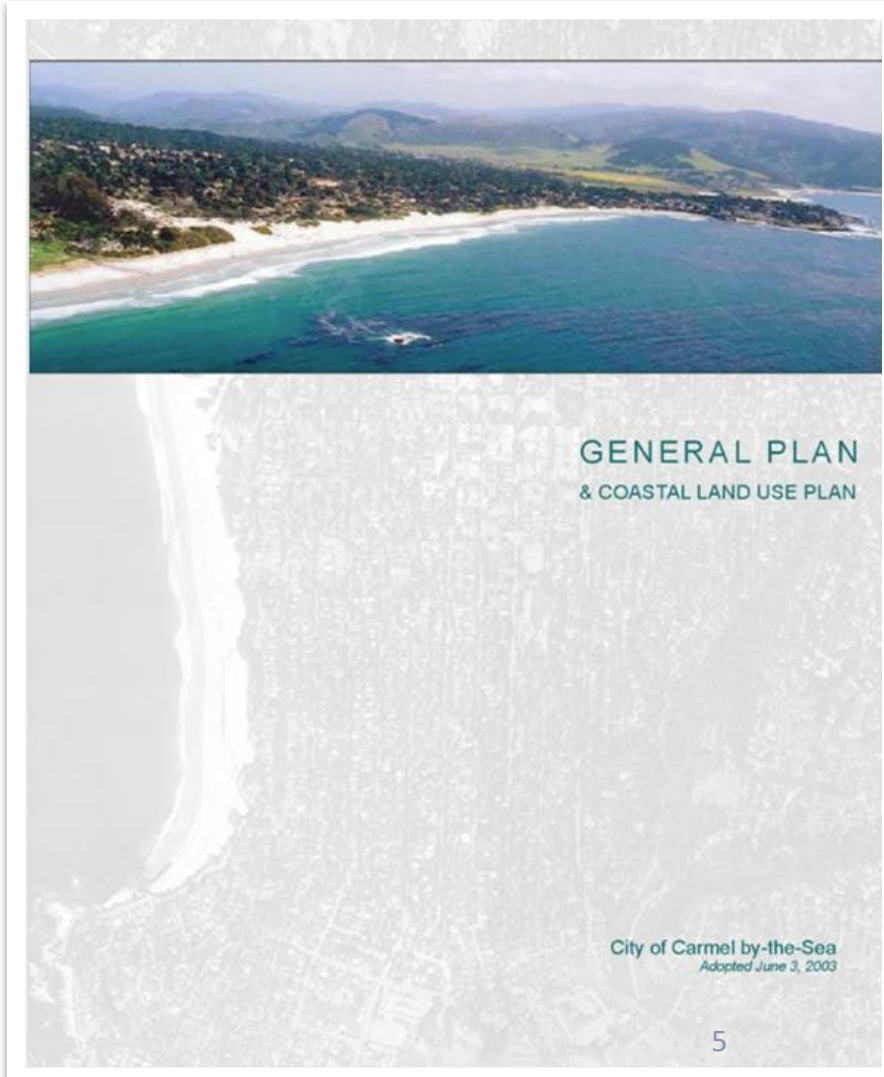
# Housing Element Overview

The **Housing Element** is part of the General Plan

<https://ci.carmel.ca.us/post/general-plan>

1. Land Use\* and Community Character
2. Circulation\*
3. Housing\*
4. Coastal Access and Recreation Element
5. Coastal Resource Management
6. Public Facilities and Services
7. Open Space\* and Conservation\*
8. Environmental Safety\*
9. Noise\*

\* Seven State mandated elements





# Housing Element Overview

- “Housing Blueprint” or Plan that sets forth goals, policies, programs, and objectives to meet the housing needs of the community
- The Plan is updated every 8 years
- The Plan is reviewed and certified by the Department of Housing and Community Development (HCD)



California Department of  
**Housing and Community Development**

2015-2023 Housing Element

City of  
Carmel-by-the-Sea



December 1, 2015





# Affordable Housing

- The Plan addresses housing opportunities for all income levels
- “Affordable” = <30 % of gross income spent on housing, including utilities
- Some households pay <50% of gross income = severely cost burdened
- Providing a range of housing options allows workers to live closer to their jobs; accommodates the needs of families with children; and allows people to age in place
- Shorter commutes = fewer vehicle miles traveled = reduced environmental impacts





# State > Regional > Local Housing Needs



**2.5 MILLION  
HOMES  
NEEDED**

Very Low Income  
**643,352**

Low Income  
**384,910**

Moderate Income  
**420,814**

Above Moderate Income  
**1,051,177**

The California Department of Housing and Community Development  
**Statewide Housing Plan**







# State > **Regional** > Local Housing Needs

**Association of Monterey Bay Area Governments (AMBAG)** allocated the regional share (**33,274 units**) to the 18 cities and counties in our region



**ASSOCIATION OF  
MONTEREY BAY AREA  
GOVERNMENTS**

Carmel-by-the-Sea  
King City  
Salinas  
Capitola  
County of Monterey

Del Rey Oaks  
Marina  
Sand City  
Santa Cruz  
County of Santa Cruz

Gonzales  
Monterey  
Seaside  
Scotts Valley

Greenfield  
Pacific Grove  
Soledad  
Watsonville



# State > Regional > **Local** Housing Needs

The 6<sup>th</sup> RHNA Cycle requires the City of Carmel to create a housing plan that accommodates **349** new housing units between 2023 and 2031.

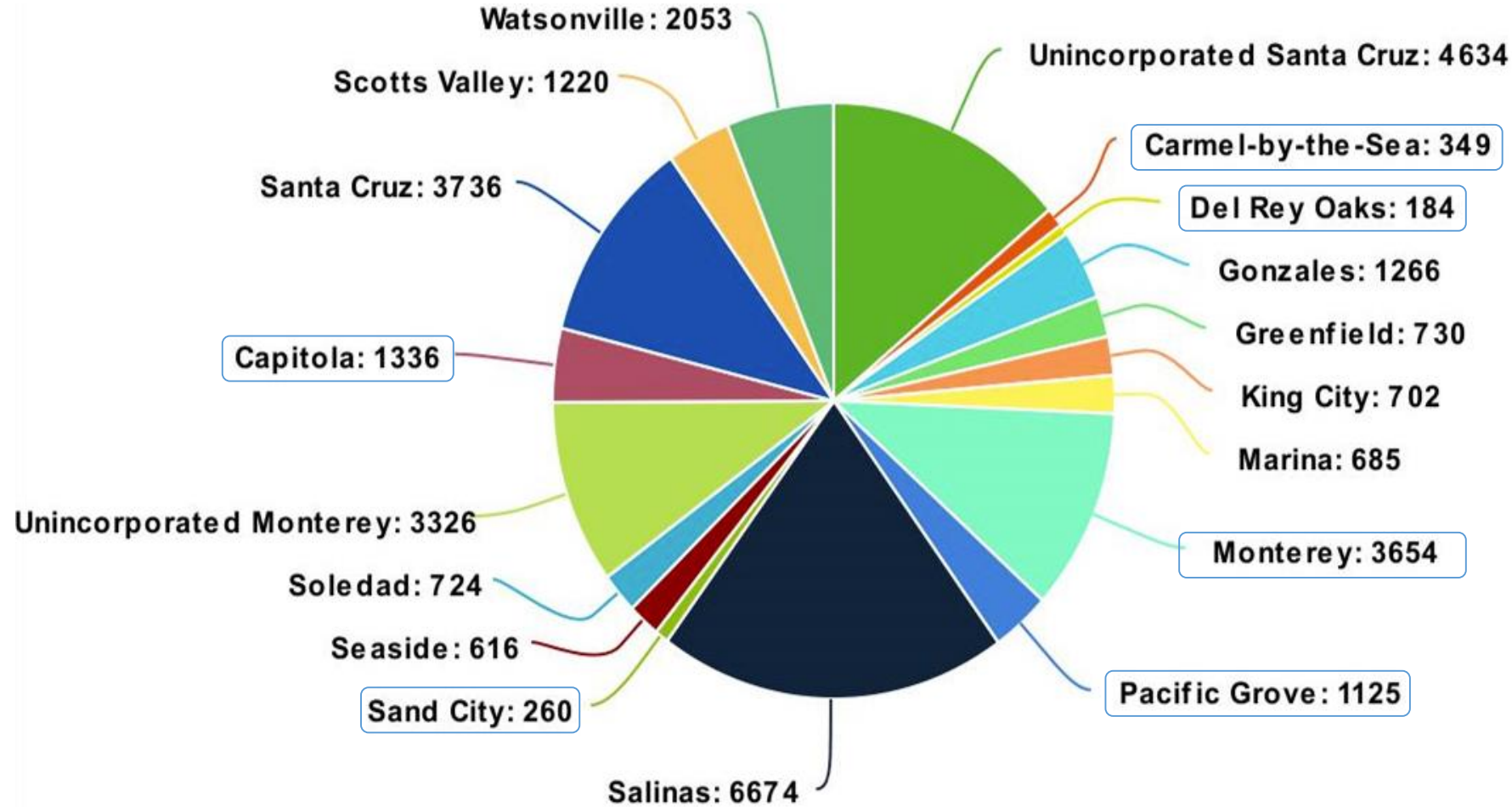
Region	Income Group Totals				RHNA
	Very Low	Low	Mod.	Above Mod.	Total
Monterey County	7,868	5,146	6,167	14,093	33,274
Carmel-By-The-Sea	113	74	44	118	349
Del Rey Oaks	60	38	24	62	184
Gonzales	173	115	321	657	1,266
Greenfield	101	66	184	379	730
King City	97	63	178	364	702
Marina	94	62	173	356	685
Monterey	1,177	769	462	1,246	3,654
Pacific Grove	362	237	142	384	1,125
Salinas	920	600	1,692	3,462	6,674
Sand City	59	39	49	113	260
Seaside	86	55	156	319	616
Soledad	100	65	183	376	724
Unincorporated Monterey	1,070	700	420	1,136	3,326
Santa Cruz County					
Capitola	430	282	169	455	1,336
Santa Cruz	859	562	709	1,606	3,736
Scotts Valley	392	257	154	417	1,220
Watsonville	283	186	521	1,063	2,053
Unincorporated Santa Cruz	1,492	976	586	1,580	4,634

\*An additional buffer of 15 to 30% is recommended because not all sites will develop as planned.



# Regional Housing Needs Allocation (RHNA)

Region	Total
<b>Monterey County</b>	<b>33,274</b>
Carmel-By-The-Sea	349
Del Rey Oaks	184
Gonzales	1,266
Greenfield	730
King City	702
Marina	685
Monterey	3,654
Pacific Grove	1,125
Salinas	6,674
Sand City	260
Seaside	616
Soledad	724
Unincorporated Monterey	3,326
<b>Santa Cruz County</b>	
Capitola	1,336
Santa Cruz	3,736
Scotts Valley	1,220
Watsonville	2,053
Unincorporated Santa Cruz	4,634





# Regional Housing Needs Allocation (RHNA)

In the **5<sup>th</sup> RHNA Cycle** (2015- 2023) Carmel planned for **31** housing units.

In the **6<sup>th</sup> RHNA Cycle** (2023-2031) Carmel is planning for **349** housing units.

Cycle	Very Low	Low	Moderate	Above Moderate	Total
RHNA 5	11	5	6	13	31
RHNA 6	113	74	44	118	349





# 5th Cycle (2015 - 2023) Performance

How did we do during the 5th cycle?

Cycle	Very Low	Low	Moderate	Above Moderate	Total
<b>RHNA 5 Goals</b>	<b>11</b>	<b>5</b>	<b>6</b>	<b>13</b>	<b>31</b>
<b>RHNA 5 Permit Issued</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>21</b>



# 2023-2031 Housing Element Timeline

## Winter/Spring

- ✓ Housing Feasibility Study
- ✓ Consultant contract
  - Community outreach
  - Program development
  - Collaborate with HCD
  - Housing Element Update
  - Environmental Review (CEQA)

## Summer

- 30 day public review period
- 2 week response to comments period
- Submit Draft Housing Element to HCD for 90-day review period

## Fall

- Respond/incorporate HCD comments (if any)
- Planning Commission hearing
- City Council adoption hearing
- Certification from HCD by December 15



# Concurrent/Subsequent Actions

- Environmental Review (CEQA)
- Updating the Housing Element requires an amendment to the General Plan/Local Coastal Plan
- State law also requires that we review and update, if needed, our Safety Element
- Rezoning (if necessary)
- Implementation over the next 8 years





# Grant Assistance

This effort is funded by grants, including:

1. Senate Bill 2 (SB2): **\$160,000**
2. Local Early Action Planning (LEAP): **\$65,000**
3. Regional Early Action Planning (REAP1): **\$65,000**

Total Grant Funding: **\$290,000**

Future Opportunity - Regional Early Action Planning (REAP 2): \$125,000 (for implementation of the housing element)







# Consequences of not having a Certified Housing Element

- **Fines** - \$10,000 to \$100,000 per month, x3, x6
- **“Builder’s Remedy” / Housing Accountability Act** - Allows projects with 20% Low Income or 100% Moderate Income units
- **Ineligible** for certain grant funding
- **Permit Moratorium** - Jurisdiction may lose power to issue permits
- **Mandated Compliance** - Agent appointed to bring Element into compliance
- **Suspension of Local Land Use Power** - Court-mandated controls on land to override jurisdiction control

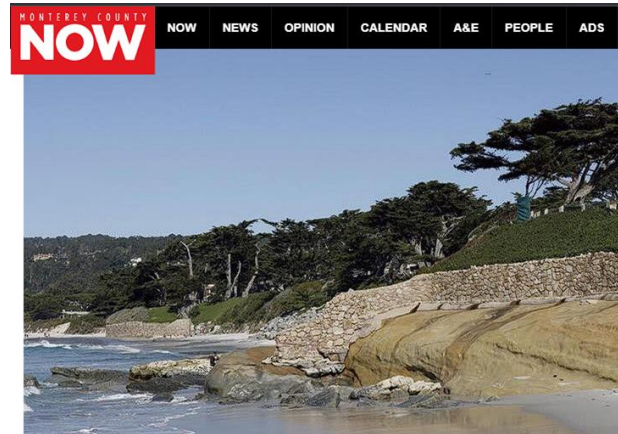
<https://www.hcd.ca.gov/planning-and-community-development/accountability-and-enforcement>

\*Website from EMC Planning Group with more info coming soon



# Housing Plan Tied to Grant Funding

- Mission Trail Nature Preserve
- State storm recovery funds
- Preparing for sea level rise/repair seawall
- CALFire grant for Forest Management Plan
- Storm drains; sewer



## The Carmel Pine Cone

Volume 109 No. 1 www.carmelpinecone.com January 6-12, 2023  
TRUSTED BY LOCALS AND LOVED BY VISITORS SINCE 1915



### Storm wreaks havoc as trees crash into houses, power lines

By MARY SCHELY

CAROL TOTH and her family were just getting ready for dinner Wednesday around 6 p.m. when they heard a loud bang and ran outside to investigate. A towering Monterey pine had fallen onto their Torres Street house and sent a big limb through the ceiling directly over a bed in one of the rooms.

Had her daughter and grandchildren been in that back room, Toth speculated, "they would have been dead."

While the bedroom suffered major damage, the garage took the brunt of the blow and was quickly condemned by a city building official as unsafe.

"Our garage is cut in half," she said.

"A big old tree"

The pine had been standing in the backyard of a house on Santa Fe a block above hers that sold about six months ago, according to Toth, who said the pine was trimmed a year ago in advance of the sale but should have been taken down altogether.

"It's a big old tree," she said. "That tree has been there forever, and it should have been cut down a long time ago."

Toth said she and her family have owned their home on Torres near Third since 1985 and had a tree fall across its roof about 15 years ago. The damage was more dramatic in appearance because it karate-chopped the roof, but less extensive because the tree broke through a false

See CRASHED page 124



PHOTOS COURTESY FROM ARNOLD CARRI (TOP) AND ANDREW MICHAEL TROVIAN

[Top] A tree crashed through the roof of a home on Torres in Carmel Wednesday evening, destroying a bedroom and a garage. Thursday morning in Pacific Beach, huge waves created an amazing show at the Lone Cypress (above right), while in Torrey Pines a Cal Fire crew (right) assisted at a house that was damaged by waves and suffered a fire when a generator malfunctioned.

### PG&E kept homes in dark for two days

### Flooding, waves trigger evacuations

By CHRIS COUNTS



# What we Heard at Community Meeting #1

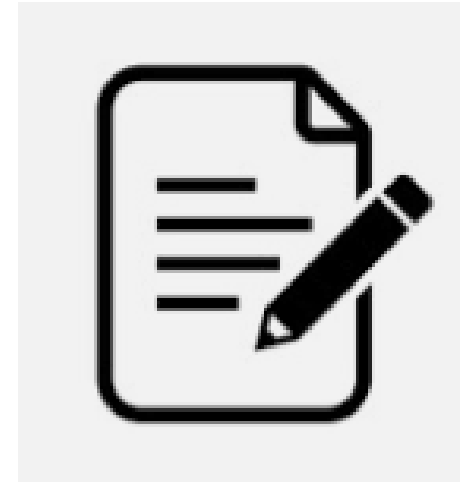


- Can we appeal the RHNA and join a class action lawsuit?
- The City shouldn't dedicate a lot of time to this
- “Incentives” may benefit the wealthy
- Perceived challenges for low-income residents (lack of services)
- Desire to preserve the character of the residential zones
- Growth is limited without water
- Concern about more cars in Carmel
- Concern about loss of character
- Concern about lot subdivisions
- Concern about increases to the existing 2-story height limit



# What we Heard at Community Meeting #1

- No one is being “forced” to build anything
- Paid parking revenue could fund underground parking
- Encourage ADUs/JADUs
- Focus on studio apartments and even micro units (<350 sf)
- Add 2nd story units to existing 1-story downtown buildings
- Convert vacant 2nd-story offices to residential
- Retrofit hotel rooms
- Consider Sunset Center, Vista Lobos, Larsen Field, AT&T switching center
- The abundance of second homes is a newer phenomenon; Carmel has supported many more full-time residents in the past

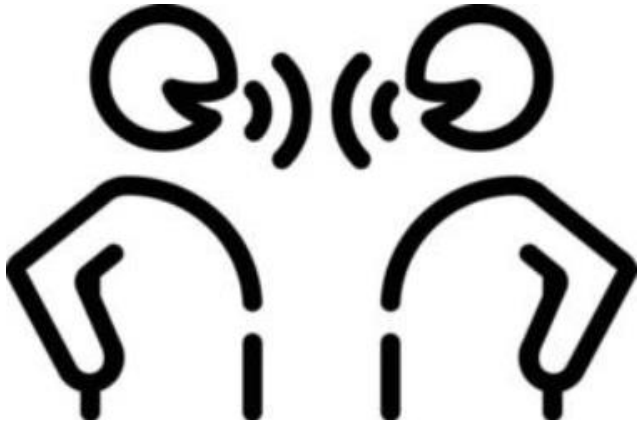






# What we Heard at Community Meeting #1

- Post a list of all ideas (rejected and under consideration) online
- Consider impact of Design Guidelines update
- Increase fees for new builds to start an affordable housing fund
- Rezone to meet these goals
- Opportunity to be compassionate and creative
- Carmel Foundation program has been successful
- Many workers spend more time in this community than homeowners
- No power to require ADUs to be rentals
- To control the outcome we can't combat the State
- We have talented designers in this community





# EMC Planning Group

- A local firm with 40 + years of experience
- Project Manager Ande Flower & TEAM
- Housing Elements for San Juan Bautista, Atwater, Sand City, and Greenfield (5th cycle); Los Gatos, Monte Sereno, Larkspur, Belvedere, Ceres, and Sand City (6th cycle)





# Affirmatively Furthering Fair Housing

This new requirement for the Housing Element update process: AB 686 Affirmatively Furthering Fair Housing (AFFH) is comprehensive.

Counteracting patterns of segregation, locating lower income housing in high opportunity areas, addressing various disparities in housing opportunity

*"...explore creative, tailored solutions to meet the City's workforce and range of other housing needs while preserving the character of Carmel by-the-Sea."*

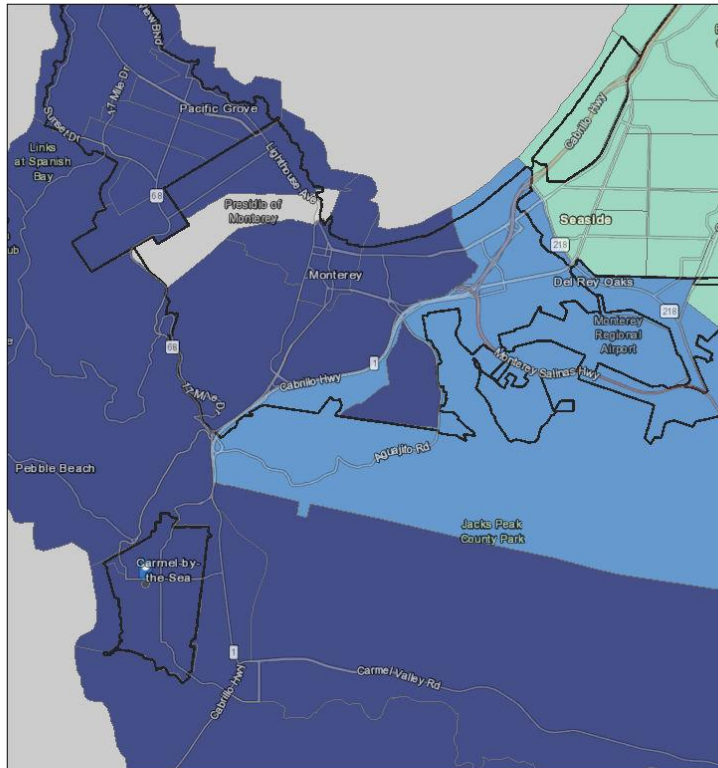


- Housing Ad Hoc Committee



# Affirmatively Furthering Fair Housing

TCAC Opportunity Map Composite Score, 2022



2/20/2023, 10:03:29 PM  
 1:72,224  
 0 0.5 1 2 mi  
 0 0.75 1.5 3 km

[ ] City/Town Boundaries  
 (R) COG Geography TCAC Opportunity Map 2022 - Composite Score (Tract)  
 [Dark Blue] Highest Resource  
 [Medium Blue] High Resource  
 [Light Blue] Moderate Resource  
 [Grey] Missing/Insufficient Data

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

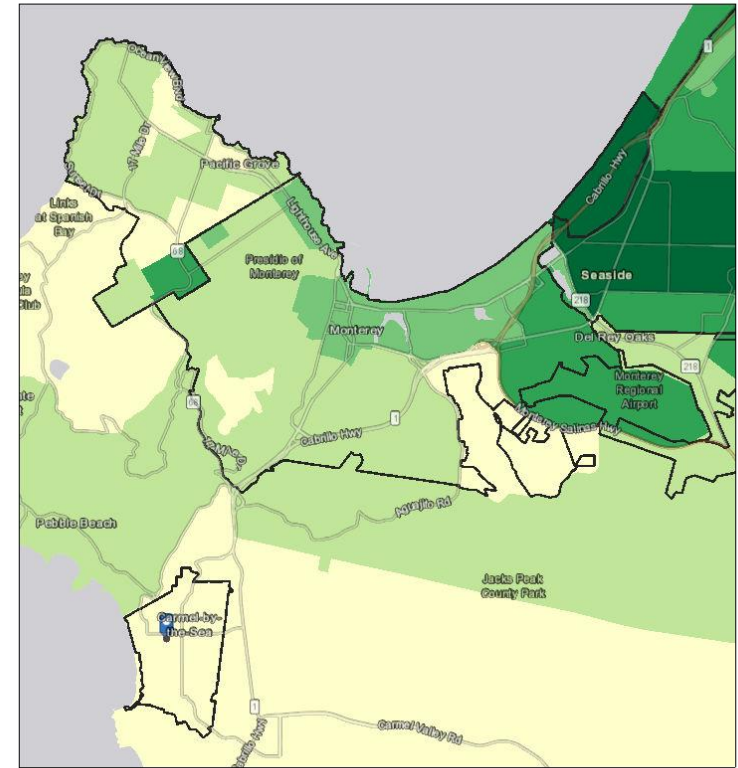
CA, HCD  
 Bureau of Land Management, Esri, HERE, Garmin, GeoTechnologies, Inc., USGS, EPA | PlaceWorks 2021, HUD 2019 | PlaceWorks 2021, HUD 2020 | PlaceWorks 2021, ESRI, U.S. Census | ESRI

HCD's Goal = increase and vary housing opportunities to support diversity within high resource areas

We start by:

- Learning from the past
- Future-proofing policies
- Resolving past inequities

Diversity Index, 2018



2/20/2023, 9:55:33 PM  
 1:72,224  
 0 0.5 1 2 mi  
 0 0.75 1.5 3 km

[ ] City/Town Boundaries  
 (A) Diversity Index (2018) Block Group  
 [Yellow] Lower Diversity  
 [Light Green] Moderate Diversity  
 [Green] Higher Diversity

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

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





# Affirmatively Furthering Fair Housing



Many voices will contribute to the creative solutions Carmel will choose to serve regional housing needs.



# The Housing Element Update Process

**We have less than a year to accomplish BIG housing goals.**

## Great Opportunity:

- Housing Element certification with inspired Carmel-by-the-Sea solutions
- Maintain local control and provide new development opportunities
- Direct growth to enhance Carmel by-the-Sea charm

## Necessary for Success:

- Radical transparency throughout the process
- Courageous creativity
- Timely engagement and responsiveness
- Objective reception of required data & analysis







# ECONorthwest Housing Feasibility Study

- >3 dozen hotels
- 40% of housing is for seasonal/occasional use (10x national average)
- 2,102 individuals work in Carmel, but only 2.6% live in here
- 26% of workers commute from >25 miles away



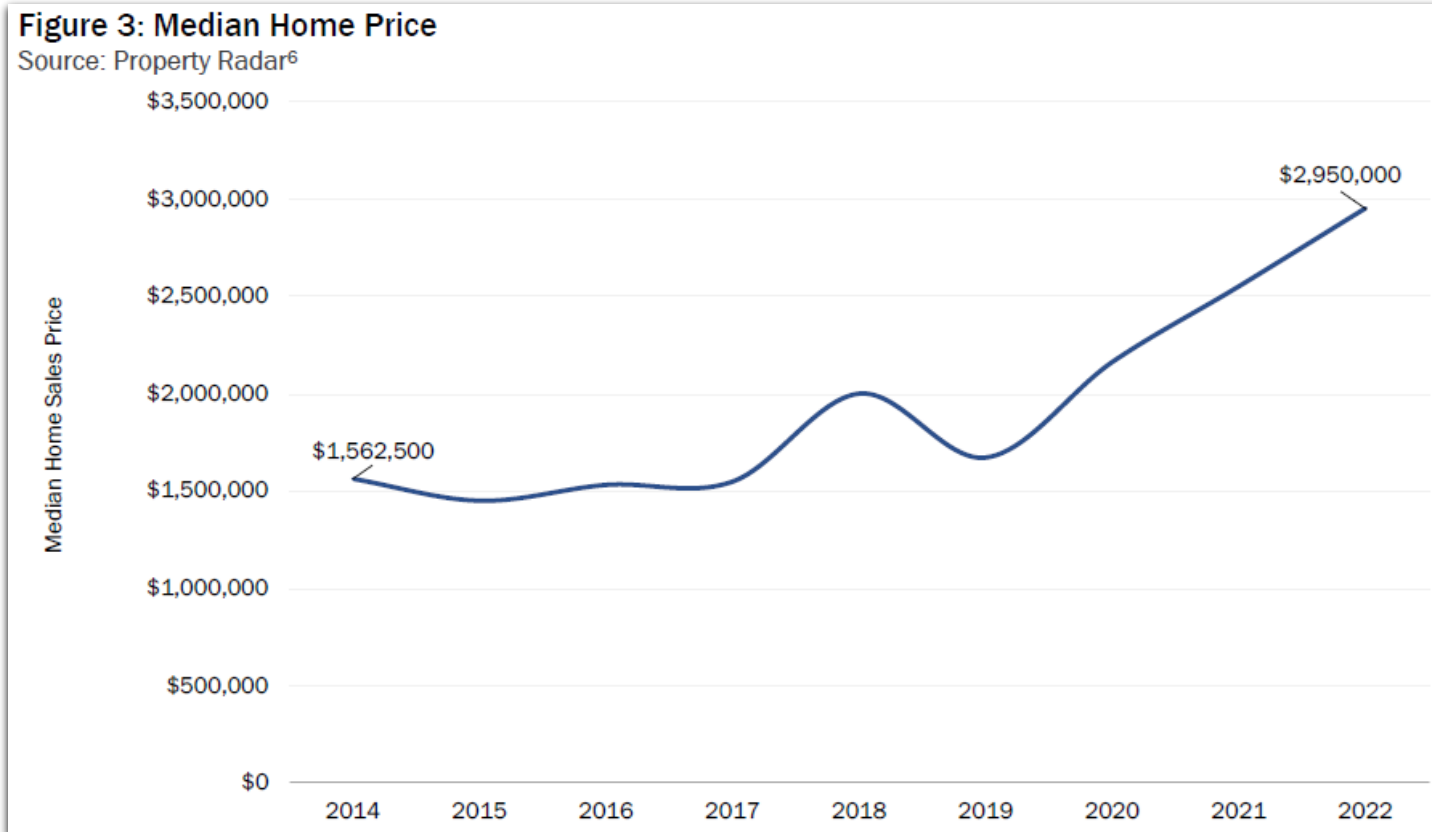
CITY OF CARMEL-BY-THE-SEA





# ECONorthwest Housing Feasibility Study

- Since 2019, our median home price increased 84% from \$1.6m to \$2.95m
- Increase in sales volume and amount of homes purchased all/mostly cash







# ECONorthwest Housing Feasibility Study

## Housing Feasibility Study by ECONorthwest:

- Local Context
- Market Overview
- Zoning Code Review
- High-Level Sites Analysis
- Housing Capacity Opportunities
- Recommended Actions/Potential Incentives

**ECONorthwest**  
ECONOMICS • FINANCE • PLANNING

DATE: January 27, 2023  
TO: Brandon Swanson, City of Carmel-by-the-Sea  
FROM: Chris Blakney, ECONorthwest  
SUBJECT: Housing Element Analysis for the City of Carmel-by-the-Sea

### Introduction

In the State of California, local jurisdictions maintain a General Plan that serves as a blueprint for its long-term vision. Among the required “elements” of a general plan is the Housing Element. The Housing Element is the only element that state law requires be updated on a periodic cycle. The California Department of Housing and Community Development (HCD) is responsible for overseeing Housing Element updates. Every eight years, HCD allocates a share of projected statewide housing need to regions across the state. This is called the Regional Housing Need Allocation (RHNA). The state is currently in the sixth of these cycles. The sixth cycle will cover the June 30, 2023 to December 15, 2031 planning period for the City of Carmel-by-the-Sea [Carmel].

The City is a part of the Association of Monterey Bay Area Governments (AMBAG). AMBAG is responsible for developing a methodology for allocating its regional share of housing need to its individual jurisdictions. The Final Sixth Cycle (2023-2031) Regional Housing Needs Allocation plan, completed in October 2022, determined that Carmel’s share of regional housing need is 349 units; 187 of these units must be suitable to accommodate lower income households. It is important to note that RHNA targets reflect zoned capacity, not a construction quota.

Figure 1: Regional Housing Needs Allocation, Fifth and Sixth Cycle  
Source: California Department of Housing and Community Development<sup>1</sup>

Cycle	Income Level				Total
	Very Low	Low	Moderate	Above Mod.	
RHNA5 (2015-2023)	11	5	6	13	31
RHNA6 (2023-2031)	113	74	44	118	349
Sixth Cycle Income and Rent Ranges (County of Monterey)					
Income Levels	\$0 - \$45,050	\$45,050 - \$72,080	\$72,080 - \$108,120	\$108,120 +	
Rent Level/mo	\$0 - \$1,126	\$1,126 - \$1,802	\$1,802 - \$2,703	\$2,703 +	

While the City satisfied its Fifth Cycle RHNA planning target and received a certification for the 2015-2023 planning period, the market did not produce all 31 planned units. This underscores a considerable hurdle for the City in the Sixth Cycle which represents a 1,000% increase in its housing target for the cycle. This capacity is particularly challenging because Carmel does not have a deep supply of vacant land and presently lacks water resources to accommodate significant growth. This is further complicated by a parcelization pattern that includes many

<sup>1</sup> <https://www.hcd.ca.gov/docs/grants-and-funding/inc2k22.pdf>



# Housing Feasibility Study – 17 Sites - Methodology

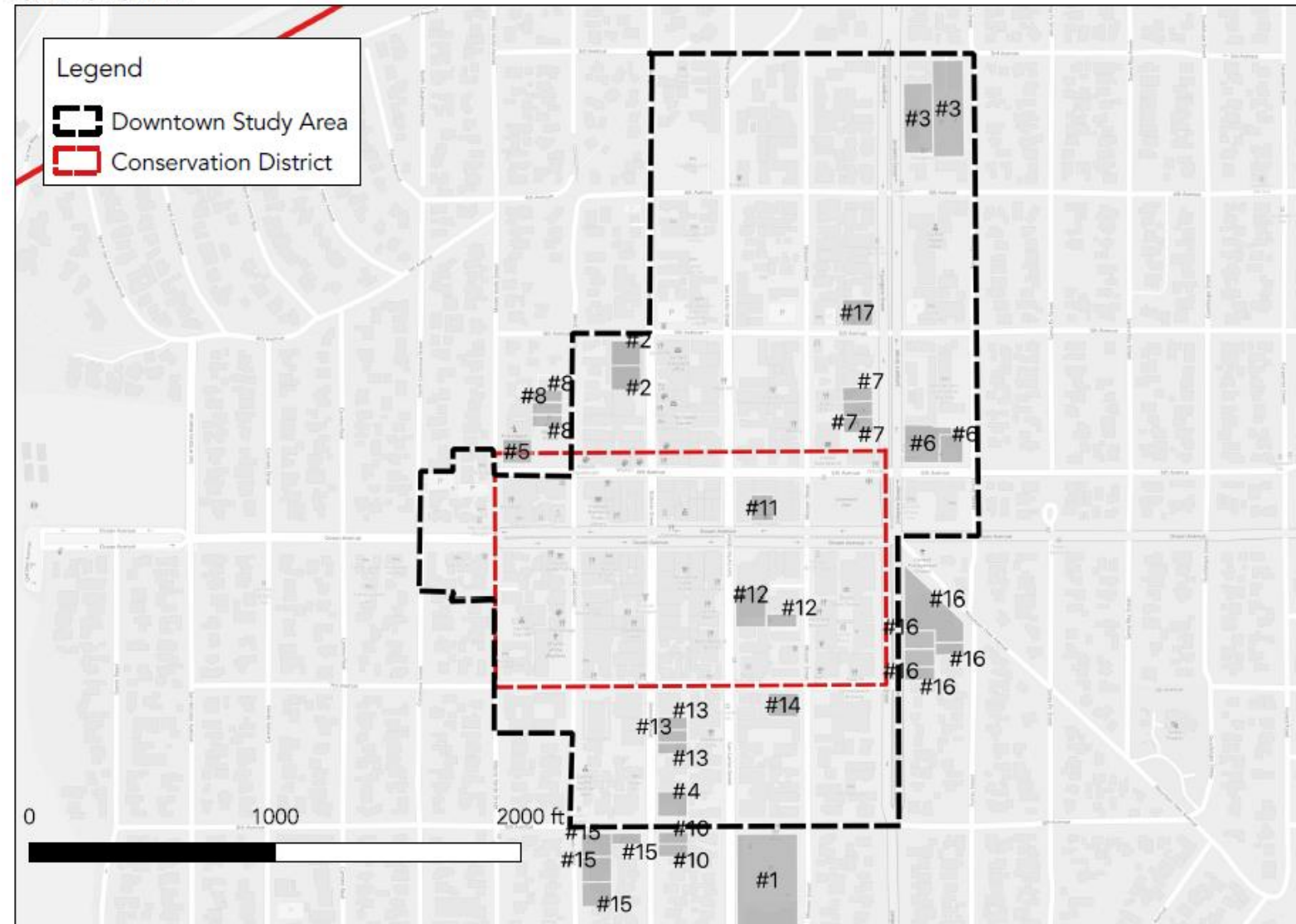
- Remove historic resources
- Total value per-square-foot
- Sites with adjacent ownerships
- Sites with high value uses
- Sites identified in RHNA 5
- Discussions with developers
- Land-to-improvement ratio
- Site visit and spot checking

# Housing Feasibility Study – 17 Sites

1. Sunset Center Lots
2. Ulrika Plaza
3. Public Works / Vista Lobos
4. Carmel Realty (NE Dolores & 8th)
5. Pine Inn Lot
6. Bruno's Market
7. Three Garages on Junipero
8. First Church of Christ Scientist Lot
9. Misc. City-owned sites
10. Wells Fargo
11. Red Cross
12. Cafe Carmel / ALL 1-story downtown bldgs
13. 7<sup>th</sup> & Dolores
14. 7<sup>th</sup> & Mission
15. Carmel Foundation
16. Carmel Presbyterian
17. 5<sup>th</sup> & Junipero

Figure 18: Candidate Site List

Source: ECONorthwest







# Housing Feasibility Study – 17 Sites

**Sunset Center Lots**



**Public Works/  
Vista  
Lobos**



**Pine Inn Lot**



**Ulrika Plaza**



**Carmel Realty (NE Dolores & 8th)**



**Bruno's Market**







# Housing Feasibility Study – 17 Sites

**Three Garages on Junipero**



**Misc.  
City  
Sites**

**Café Carmel/  
ALL 1-story  
downtown  
buildings**



**First Church of Christ Lot**



**Red Cross**



**Wells Fargo**

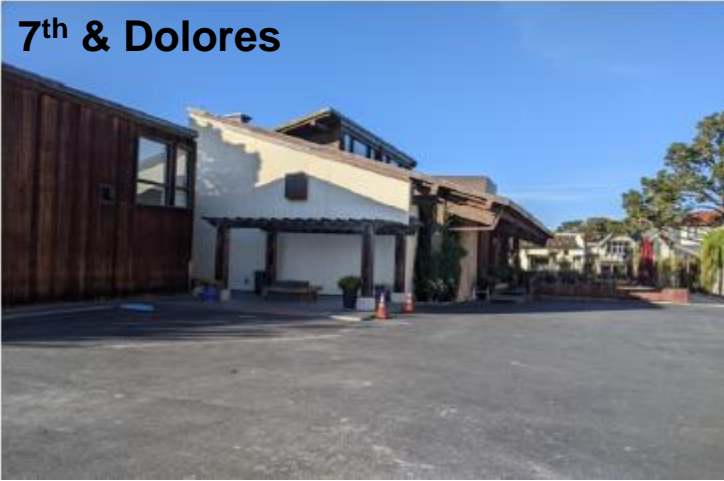






# Housing Feasibility Study – 17 Sites

**7<sup>th</sup> & Dolores**



**Carmel  
Foundation**



**7<sup>th</sup> & Mission**



**Carmel Presbyterian**



**5<sup>th</sup> & Junipero**





# Housing Feasibility Study – Constraints

- Water
- Market Conditions/High Land Value
- Small Lot Sizes
- City Review Process





# Housing Feasibility Study – Constraints

- Density Bonus: 44 du/ac if affordable units included
- Development Standards:
  - 2-story limit: 26' (R-4, RC) or 30' (CC, SC)
  - 80% max bldg coverage (CC, SC)
  - Keep existing courtyards/ thru-walkways
  - 1-story F.A.R = 95 % of site area (CC, SC)
  - 2-story F.A.R = 135% of site area
  - 1.5 parking spaces per dwelling unit; 0.5 parking spaces for affordable units





# Housing Feasibility Study – Incentives

- Public-private partnerships/  
land lease
- Targeted rezoning of specific sites
- Amendments to development standards to remove development constraints, expand exemptions and/or bonuses
- Remove or reduce parking requirements
- Fee reductions or waivers





# We Want to Know:

- Thoughts on the Housing Feasibility Study?
- What other constraints prevent the construction of new housing?
- What are some potential incentives to encourage new housing?





# Ad Hoc Committee Contact Info



Councilmember Karen Ferlito  
[kferlito@cbts.us](mailto:kferlito@cbts.us)



Mayor Pro Tem Bobby Richards  
[brichards@cbts.us](mailto:brichards@cbts.us)

<https://ci.carmel.ca.us/post/long-range-planning-initiatives>

Brandon Swanson

Planning & Building Director:  
[bswanson@cbts.us](mailto:bswanson@cbts.us)

Marnie R. Waffle

Principal Planner: [mwaffle@cbts.us](mailto:mwaffle@cbts.us)

Katherine Wallace

Associate Planner: [kwallace@cbts.us](mailto:kwallace@cbts.us)





# Thank you for attending!

- Sign up for the “Housing” email listserv
- Future meetings published in the “Friday Letter” + *Carmel Pine Cone*
- Slides from this presentation will be posted on the City website:  
<https://ci.carmel.ca.us/post/long-range-planning-initiatives>
- Dedicated webpage from EMC Planning coming soon

**GET !  
INVOLVED!**