

2015-2023 Housing Element

City of Carmel-by-the-Sea



December 1, 2015



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1 INTRODUCTION



The Housing Element documents the existing and projected future housing needs in the community, particularly the availability, affordability, and adequacy of housing. Policies and programs in the Element serve as strategies to address housing needs across the full economic and social spectrum of the community.

1.1 Purpose of the Housing Element

The Housing Element is designed to achieve the following:

- Identify adequate sites for a range of housing types;
- Assist in the development of adequate and affordable housing;
- Address constraints to meeting the City's housing needs;
- Conserve and improve the condition of existing housing; and
- Promote fair housing opportunities for all persons.

This Housing Element contains goals, policies, and programs that cover the planning period of December 31, 2015 through December 31, 2023 as established by the California Department of Housing and Community Development (HCD).

1.2 State Law and Local Planning

1.2.1 Consistency with State Law

The Housing Element is one of the seven General Plan Elements mandated by the State of California, as articulated in Sections 65580 to 65589.8 of the California Government Code. State Law requires that each jurisdiction's Housing Element consist of "an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, and scheduled program actions for the preservation, improvement, and development of housing." The



Housing Element plans for the provision of housing for all segments of the population. Section 65583 *et seq.* of the Government Code sets forth specific requirements regarding the scope and content of the Housing Element. [Table 1-1: State Housing Element Requirements](#) summarizes these requirements and identifies the applicable sections in the Housing Element where these requirements are addressed.

Table 1-1: State Housing Element Requirements

Required Housing Element Component	Reference
A. Housing Needs Assessment	
1. Analysis of population trends in Carmel-by-the-Sea in relation to countywide trends	Appendix A, A.1.1
2. Analysis of employment trends in Carmel-by-the-Sea in relation to regional trends	Appendix A, A.1.4
3. Projections and quantification of Carmel-by-the-Sea's existing and projected housing needs for all income groups	Appendix A
4. Analysis and documentation of Carmel-by-the-Sea's housing characteristics, including:	Appendix A, A.2
a. Overpayment	Appendix A, A.3.6
b. Overcrowding	Appendix A, A.3.6
c. Housing conditions	Appendix A, A.3.3
5. Analysis of land suitable for residential development	Section 2, 2.1
6. Analysis of governmental constraints upon housing	Appendix B, B.1
7. Analysis of nongovernmental constraints upon housing	Appendix B, B.8
8. Analysis of special housing needs	Appendix A, A.4
9. Analysis of emergency shelters	Appendix B, B.2
10. Analysis of opportunities for energy conservation	Section 2, 2.3
11. Analysis of assisted housing developments that are eligible to change from low income housing during the next 10 years	Appendix A, A.5
B. Goals and Policies	
12. Identification of Carmel-by-the-Sea's goals, quantified objectives and policies relative to the maintenance, improvement and development of housing	Section 3
C. Implementation Program	
13. Identification of adequate sites which will be made available through appropriate action to accommodate a variety of housing types for all income levels	Section 3
14. Identification of programs to assist in the development of adequate housing to meet the needs of low and moderate-income households	Section 3
15. Identification of opportunities to remove governmental constraints to the maintenance, improvement, and development of housing	Section 3
16. Identification of opportunities to remove constraints and/or provide reasonable accommodations for housing for persons with disabilities	Section 3
17. Identification of opportunities to conserve and improve the condition of the existing affordable housing stock	Section 3
18. Identification of programs to promote housing opportunities for all persons	Section 3
19. Identification of programs to address the potential conversion of assisted housing development to market-rate housing	Section 3
20. Identification of programs to identify zones where emergency shelters are permitted	Section 3



1.2.2 General Plan Consistency

According to State planning law, the Housing Element must be consistent with other General Plan Elements. While each of the Elements is independent, they are also interrelated. Certain goals and policies of each Element may also address issues that are primary subjects of other Elements. This integration of issues throughout the General Plan creates a strong basis for the implementation of plans and programs and achievement of community goals. The Housing Element is most closely tied to the Land Use and Community Character Element. Residential locations and densities established in that Element are consistent with the policies and programs incorporated into this Housing Element.

This Housing Element builds upon other General Plan Elements and is consistent with the policies and programs set forth by the General Plan. Whenever any Element in the General Plan is amended, the Housing Element will be reviewed and modified, if necessary, to ensure continued consistency between Elements.

1.2.3 Relationship to Other Plans and Programs

The Housing Element identifies goals, policies, action programs and objectives that directly address the housing needs of Carmel-by-the-Sea. There are a number of City plans and programs that work to implement the goals, policies, action programs and objectives of the Housing Element.

1.2.4 Organization of the Housing Element

The Housing Element is organized into the following sections:

- **Introduction** (Section 1) – describes the purpose of the Housing Element, community context, and public participation process;
- **Housing Resources** (Section 2) - evaluates land, financial, and administrative resources to address housing needs in the community;
- **Goals, Policies and Programs** (Section 3) - identifies the City's housing goals, policies, programs and objectives to achieve those goals.
- **Housing Needs Assessment** (Appendix A) - describes the City's population characteristics, housing characteristics, and existing and projected housing needs;
- **Housing Constraints** (Appendix B) - assesses potential market, governmental, and environmental constraints to the development, maintenance, and improvement of housing;
- **Housing Accomplishments** (Appendix C) - reviews and analyzes progress made in achieving housing goals in the 2007-2014 Housing Element; and
- **Workshop Summary and Comments** (Appendix D) – contains comments received during the public outreach process.



1.3 Community Context

Carmel-by-the-Sea is a small coastal community located on the Monterey Peninsula near the cities of Monterey, Pacific Grove, and the unincorporated communities of Pebble Beach and Carmel Valley. Compared to surrounding cities, Carmel is relatively young, incorporated in 1916. A strong residential character and centralized business district took hold during a period of rapid growth during the 1920s and 1930s. In addition to Carmel's abundant natural resources and amenities, this developmental period was critical in establishing the unique character of the community that attracts residents, visitors, and businesses to Carmel today.

By 1940, the City had a population of about 2,800 persons in 1,575 housing units. Housing and population growth slowed after the 1940s, increasing in population by only 1,400 in 50 years, to a height of 4,239 persons in 1990. The City, with an estimated population of 3,747 in 2015, is one of the least populated of the Peninsula cities.

Carmel-by-the-Sea supports a wide variety of housing types and sizes in its residential and commercial districts. Most of the housing stock is comprised of single-family detached homes located in the R-1 zoning district. Multi-family developments are scattered throughout the R-4 and Commercial zoning districts and represent the second largest segment of the housing stock.

Due to existing land use patterns, high housing demand and costs, limited vacant land, and environmental constraints, the City of Carmel-by-the-Sea is faced with several obstacles to providing a variety of housing types, including affordable housing. Opportunities for development of housing, including infill development, conversion of commercial uses to residential, and addition of new residential uses above existing commercial space, will be actively identified and pursued.

1.4 Public Participation

Public participation played an important role in the formulation of this Housing Element. Community outreach and activities are described in more detail in Appendix D.

Study sessions were held by the Planning Commission and City Council in August 2015 at the City Hall City Council Room. The purpose of these meetings was to receive comments from the Commission and Council as well as the public on the Draft Housing Element, prior to submittal to the HCD.

During these meetings, the Planning Commission, City Council and the public were provided with an overview of the Housing Element Update process and content. The focus of the meeting was on the Goals, Policies, and Programs proposed in the Draft Housing Element.

During the 60-day review by the California State Department of Housing and Community Development (HCD), the Draft Housing Element was available for review at the library and on the City's website. Notifications were mailed out to



those individuals and organizations that expressed interest in the Housing Element.

In addition, public hearings were held before both the Planning Commission and City Council prior to the adoption of this Housing Element. Notifications were published in the local newspaper in advance of each hearing.

The following agencies and interested parties were individually invited to participate during the Housing Element update:

- Alliance on Aging – senior services and housing programs
- American Red Cross (Carmel Chapter) – emergency shelter services
- Apartment Association of Monterey County
- Association of Monterey Bay Area Governments (AMBAG)
- Carmel Chamber of Commerce
- Carmel Foundation – senior housing, activities, education
- Carmel Residents Association – local citizens organization
- Coalition of Homeless Services Providers
- Community Human Services
- Habitat for Humanity
- Housing Authority of Monterey County (HAMC) – regional housing services and programs
- LandWatch Monterey County – environmental advocacy organization
- Monterey County Association of Realtors
- Monterey County Housing & Redevelopment
- Shelter Outreach Plus - homeless services

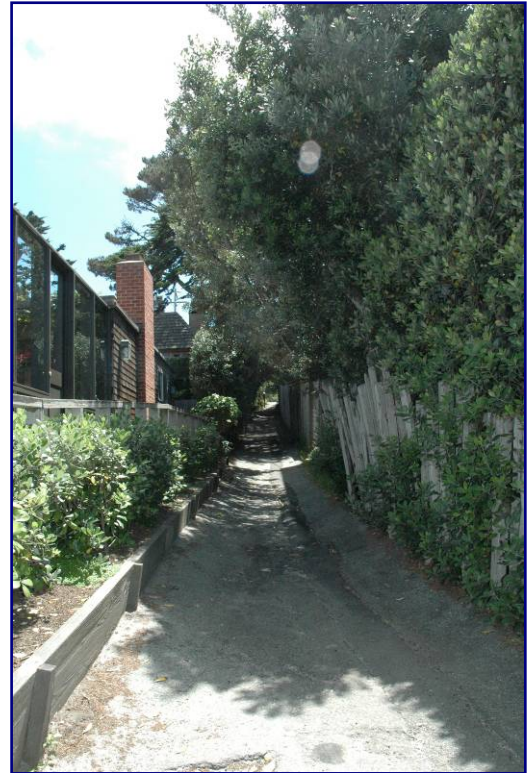


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2 HOUSING DEVELOPMENT RESOURCES



This section of the Housing Element describes and analyzes the resources available to the City of Carmel-by-the-Sea for the development, rehabilitation, and preservation of housing.

2.1 Adequate Sites Analysis

State Housing Element Law requires that cities demonstrate they have adequate sites to meet their housing obligations. An analysis of land resources must be completed and take into consideration zoning, development standards, and the availability of public services and facilities to accommodate a variety of housing types. The City must demonstrate that it has capacity or adequate sites to accommodate the projected need for housing.

The State Department of Finance (DOF) is responsible for projecting the total statewide housing demand, with the State Department of Housing and Community Development (HCD) apportioning this demand to each of the state's regions. This demand represents the number of additional units needed to accommodate the anticipated growth in the number of households, to replace expected demolitions and conversions of housing units to non-housing uses, and to achieve a future vacancy rate that allows for healthy functioning of the housing market.



The Association of Monterey Bay Area Governments (AMBAG) in cooperation with the local jurisdictions is tasked with the responsibility of allocating the region's projected new housing demand to each jurisdiction. The allocation is further divided into four income categories:

- Very-Low Income – 0% to 50% of the median income;
- Low Income – 51% to 80% of the median income;
- Moderate Income – 81% to 120% of the median income; and,
- Above-Moderate Income – more than 120% of the median income.

This process is known as the Regional Housing Needs Allocation (RHNA), and the goals are referred to as either the RHNA goals or the “regional share” goals for new housing construction. The allocation takes into account factors such as market demand for housing, employment opportunities, the availability of suitable sites and public facilities, commuting patterns, type and tenure of housing need, and others. In determining a jurisdiction's share of new housing needs by income category, the allocation is adjusted to avoid an over-concentration of lower-income households in any one jurisdiction.

The AMBAG has adopted a Regional Housing Needs Allocation Plan for its member jurisdictions. For Carmel-by-the-Sea, the plan establishes the City's share of regional housing growth needs as 31 additional units for the period of 2014 to 2023. [Table 2-1: Regional Housing Needs Allocation](#) displays the breakdown of this housing need by income group based on the median family income (MFI).

Cities must also analyze and plan for the growth needs of the extremely-low-income category (30 percent or less of the median income). The extremely-low-income growth need is assumed to be 50 percent of the very-low-income allocation.



Table 2-1: Regional Housing Needs Allocation 2014-2023

Income Category	Number of Units
Extremely Low Income (30 or less of the MFI) ¹	4
Very Low Income (0-50 percent MFI)	7
Low Income (51 to 80 percent AMI)	5
Moderate Income (81 to 120 percent AMI)	6
Above Moderate Income (Less than 120 percent AMI)	13
Total	31
Notes: ¹ Regional share of extremely-low income units is assumed to be 50 percent of the very-low income units. The extremely-low income allocation is a subset of the very-low allocation and is not added to the total construction need.	
Source: AMBAG, Regional Housing Needs Allocation Plan 2014-2023. Note: the RHNA projection period is January 1, 2014 to December 31, 2023	

2.1.1 Capacity to Meet Regional Housing Goals

Vacant Land

There is limited vacant land in Carmel available for residential development. While the City is primarily built out, scattered vacant sites can be found throughout the City. These sites are primarily zoned for single-family residential development.

The vacant residential land in Carmel has the realistic capacity to accommodate 74 dwelling units. Seventy units could be accommodated on parcels zoned for single-family residential use. Based on the densities permitted in these areas, the units would be affordable to above-moderate income households. Four units could be accommodated on vacant parcels zoned SC or RC. However, these parcels are relatively small and multifamily development is unlikely. Therefore, these units would likely be affordable to above-moderate income households. Estimated capacity of vacant sites is based on the maximum allowable units on each parcel, which is consistent with development patterns and the very high land cost in the City.

[Table 2-2: Vacant Land Permitting Residential Development](#) summarizes the vacant parcels permitting residential development while [Exhibit 2-1: Vacant Residential Parcels](#) shows the locations of these properties.



Table 2-2: Vacant Land Permitting Residential Development

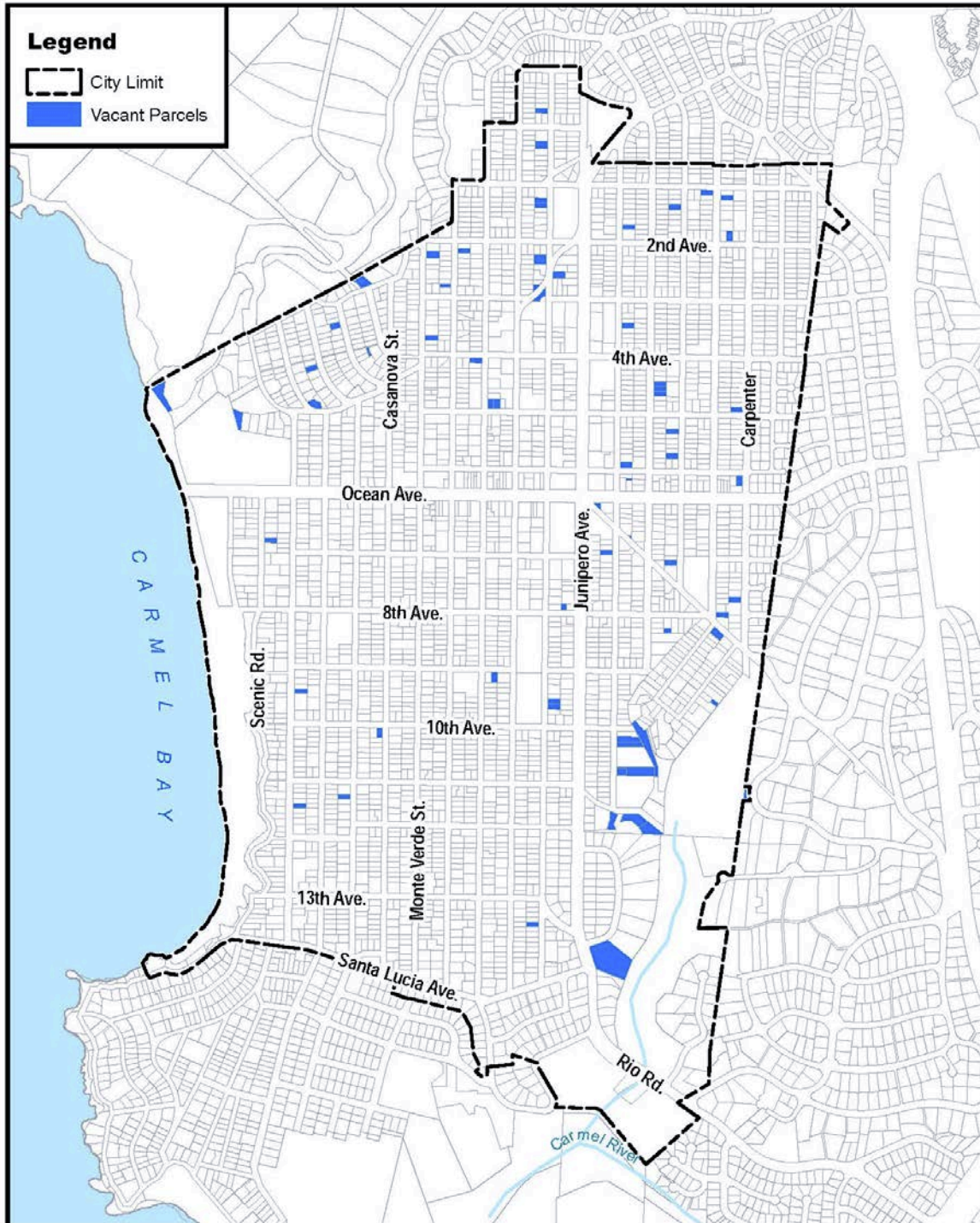
APN	Zoning	General Plan	Acreage	Permitted Density	Estimated Units	Notes
010115016000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010114002000	R-1	SFR	0.15	1 du/4,000 sq. ft.	1	
010121021000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010121017000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010122020000	R-1	SFR	0.03	1 du/4,000 sq. ft.	1	
010122003000	R-1	SFR	0.18	1 du/4,000 sq. ft.	1	
010128013000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010221008000	R-1	SFR	0.05	1 du/4,000 sq. ft.	1	
010221015000	R-1	SFR	0.14	1 du/4,000 sq. ft.	1	
010222007000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010232046000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010241027000	R-1	SFR	0.12	1 du/4,000 sq. ft.	1	
010241008000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010137020000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010108020000	R-1	SFR	0.12	1 du/4,000 sq. ft.	1	
010101012000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010027004000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010026001000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010021022000	R-1	SFR	0.10	1 du/4,000 sq. ft.	1	
010021013000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010038006000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010038002000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010033005000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010037010000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010037011000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010037012000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010092017000	R-1	SFR	0.11	1 du/4,000 sq. ft.	1	
010103012000	R-1	SFR	0.10	1 du/4,000 sq. ft.	1	
010045009000	R-1	SFR	0.10	1 du/4,000 sq. ft.	1	
010042027000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010042025000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010055004000	R-1	SFR	0.06	1 du/4,000 sq. ft.	1	
010076014000	R-1	SFR	0.11	1 du/4,000 sq. ft.	1	
010076015000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010052021000	R-1	SFR	0.13	1 du/4,000 sq. ft.	1	
010331032000	R-1	SFR	0.10	1 du/4,000 sq. ft.	1	
010331005000	R-1	SFR	0.39	1 du/4,000 sq. ft.	4	Subdivision required.
010331003000	R-1	SFR	0.19	1 du/4,000 sq. ft.	2	Subdivision required.
010331002000	R-1	SFR	0.17	1 du/4,000 sq. ft.	1	
010331010000	R-1	SFR	0.49	1 du/4,000 sq. ft.	5	Subdivision required.
010156020000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010073011000	R-1	SFR	0.26	1 du/4,000 sq. ft.	2	Subdivision required.
010073010000	R-1	SFR	0.29	1 du/4,000 sq. ft.	3	Subdivision required.
010073008000	R-1	SFR	0.16	1 du/4,000 sq. ft.	1	



APN	Zoning	General Plan	Acreage	Permitted Density	Estimated Units	Notes
010162004000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010272017000	R-1	SFR	0.08	1 du/4,000 sq. ft.	1	
010274002000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010279012000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010277017000	R-1	SFR	0.08	1 du/4,000 sq. ft.	1	
010311017000	R-1	SFR	0.09	1 du/4,000 sq. ft.	1	
010321042000	R-1	OS/R	0.17	1 du/4,000 sq. ft.	1	
010233003000	R-1	SFR	0.20	1 du/4,000 sq. ft.	2	Subdivision required.
010123015000	R-1	SFR	0.10	1 du/4,000 sq. ft.	1	
010031021000	R-1		0.09	1 du/4,000 sq. ft.	1	
010084034000	R-1		0.09	1 du/4,000 sq. ft.	1	
009361001000	R-1-C-20	SFR	1.47	1 du/ 20,000 sq. ft.	3	Subdivision required.
010136019000	SC	C	0.10	22 du/ac	2	
010136020000	SC	C	0.09	22 du/ac	1	
010087020000	RC		0.05	22 du/ac	1	
Total					74 dwelling units	



Exhibit 2-1: Vacant Residential Parcels





Underutilized Mixed Use Sites

The City permits by-right multifamily development with densities up to 22 du/ac in the commercial (CC, SC and RC) zoning districts. The units may be in stand-alone multifamily projects or within mixed use developments. The City's zoning code does not establish a minimum density requirement for these zones. Densities up to 44 du/ac are permitted, subject to a conditional use permit, when the development includes affordable housing. The development standards in the CC, SC and RC zoning districts are designed to provide maximum flexibility for development to achieve the maximum density standards. There are setback requirements only when the property faces the RC or a residential zone. The maximum lot coverage is designed to allow projects to achieve and exceed densities of 22 du/ac. Only one parking space per unit is required in the SC and CC zones and 1.5 spaces per unit in the RC zone regardless of the unit size.

To prevent the loss of existing residential units within the commercial zoning districts and to encourage the construction of new residential units, the City prohibits the conversion of existing second-floor residential floor space to commercial use and requires newly constructed floor space on the second floor to be used as residential units.

There are a number of opportunities for redevelopment of existing commercial uses to mixed use projects in the CC, SC and RC zoning districts. Redevelopment may occur through demolition and construction of new buildings or through conversion of upper floor commercial uses to residential uses.

Table 2-3: Underutilized Mixed-Use Parcels provides a comprehensive list of the parcels in the commercial districts that have capacity for residential development either through construction of additional building space for residential use or conversion of upper floor commercial uses to residential. The locations of these parcels are shown in **Exhibit 2-2: Underutilized Parcels**. Parcels unlikely to redevelop due to existing hotel/motel uses (which are protected under the City's Local Coastal Program) or that are too small to accommodate additional residential units were excluded from the list. Parcels with existing historic resources or in areas where an increase in floor area or height would be incompatible with surrounding buildings were also excluded. For these reasons, the City has identified the parcels on this list as having the greatest potential to redevelop during the planning period. The parcels within the SC, CC and RC zoning districts have a redevelopment capacity for approximately 78 additional dwelling units. Based on the density permitted by-right in these districts, these opportunities would provide for housing for lower- and moderate-income households.



Table 2-3: Underutilized Mixed-Use Parcels

APN	General Plan/ Zoning*	Acreage	Permitted Density	Estimated Units	Existing Use
010142006000	RC/RC	0.19	22 du/ac	4	Commercial-Shell
010191004000	RC/RC	0.07	22 du/ac	1	Commercial-Shell
010146004000	CC/CC	0.09	22 du/ac	1	Commercial-Shell
010141003000	CC/CC	0.37	22 du/ac	8	Commercial-Restaurant
010146003000	CC/CC	0.18	22 du/ac	3	Commercial-Shell
010147003000	CC/CC	0.09	22 du/ac	1	Commercial-Shell
010141006000	CC/CC	0.27	22 du/ac	5	Commercial-Bank/Financial
010146002000	CC/CC	0.18	22 du/ac	3	Commercial-Shell
010141009000	CC/CC	0.07	22 du/ac	1	Commercial-Shell
010141007000	CC/CC	0.28	22 du/ac	6	Commercial-Shell
010146001000	CC/CC	0.15	22 du/ac	3	Commercial-Shell
010147018000	CC/CC	0.31	22 du/ac	6	Commercial-Shell
010134005000	CC/CC	0.08	22 du/ac	1	Commercial-Shell
010138019000	CC/SC	0.19	22 du/ac	4	Commercial-Shell
010145008000	RC/RC	0.19	22 du/ac	4	1-Story Office Buildings
010142004000	RC/RC	0.09	22 du/ac	1	Mixed-Use Building
010142003000	RC/RC	0.09	22 du/ac	1	Vacant
010142012000	CC/SC	0.12	22 du/ac	2	Suburban Stores
010141011000	CC/CC	0.09	22 du/ac	1	Parking Lot
010147010000	CC/CC	0.09	22 du/ac	1	Commercial-Shell
010147015000	CC/CC	0.06	22 du/ac	1	Commercial-Shell
010147013000	CC/CC	0.08	22 du/ac	1	Commercial-Shell
010133004000	CC/CC	0.15	22 du/ac	3	Commercial-Shell
010213002000	CC/CC	0.06	22 du/ac	1	Commercial-Bank/Financial
010139001000	CC/CC	0.09	22 du/ac	1	Commercial-Shell
010138006000	CC/CC	0.13	22 du/ac	2	Mixed-Use Building
010132009000	CC/CC	0.09	22 du/ac	1	Parking Lot
010098004000	CC/SC	0.11	22 du/ac	2	Parking Lot
010097007000	CC/SC	0.18	22 du/ac	3	Stores and Apartments
010142013000	CC/SC	0.07	22 du/ac	2	Commercial
010148011000	RC/RC	0.11	22 du/ac	2	Single-family Residential
010142010000	RC/RC	0.08	22 du/ac	2	Commercial- Offices
Total				78	

* Please refer to Section B.1 for a description of General Plan and zoning designations.

Staff analysis of the sites with capacity for residential units in the CC, SC and RC zones identified the following sites that have the greatest potential to redevelop with residential uses within the planning period. While the estimated units shown in Table 2-3 are based on the by-right permitted density of 22 du/ac, all of the sites have the potential to be developed up to a density of 44 du/ac if affordable housing is provided.

- APN 010-191-004. The property is currently significantly underdeveloped. The building was originally constructed in 1950 (approximately 60 years old) and

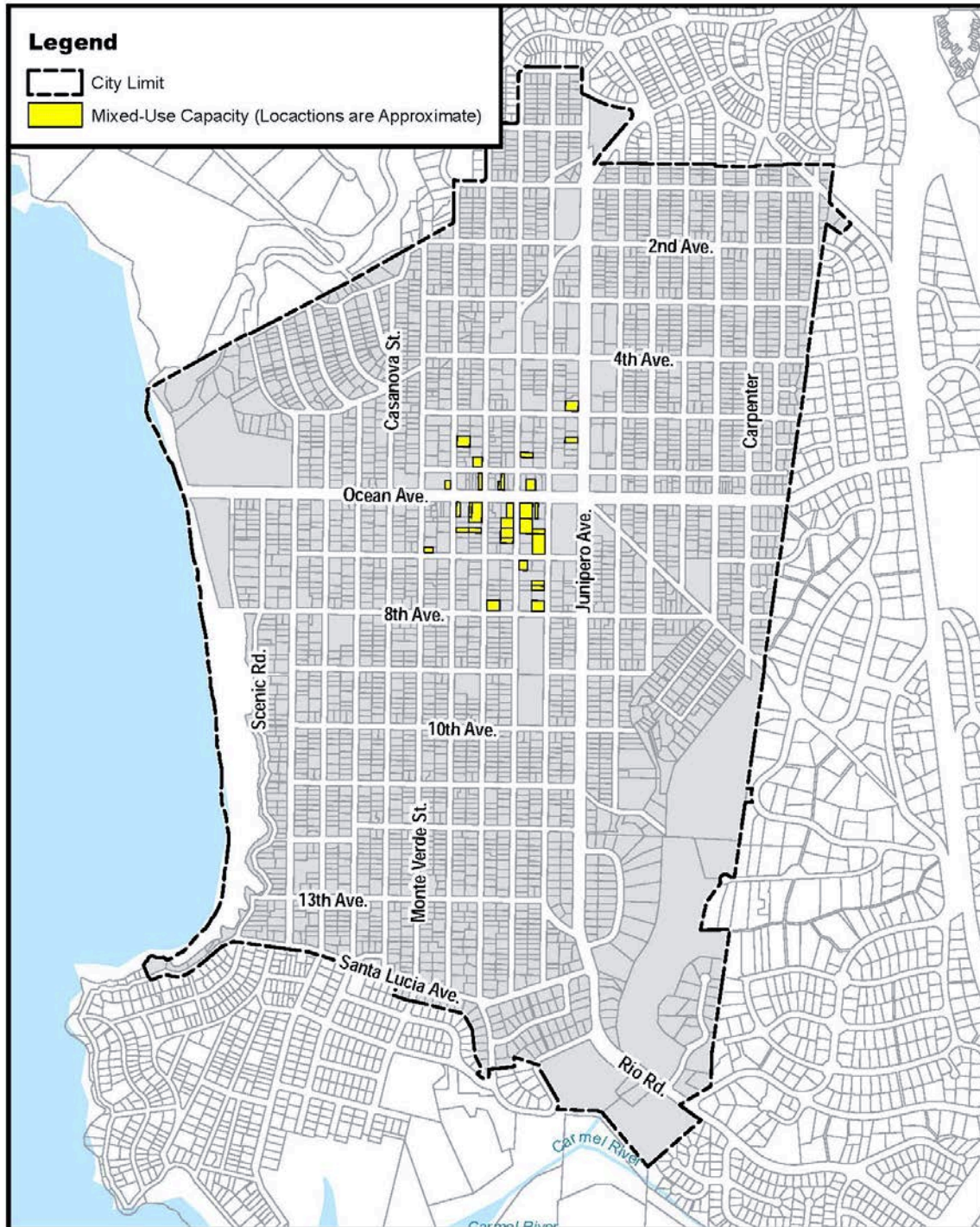


has a floor area ratio of approximately 47 percent, compared to the maximum allowed of 80 percent. Much of the site is developed with a surface parking lot. The building is currently used as an office space, but as there is little demand for commercial space in Carmel, it is likely that the site will be redeveloped with stand-alone housing as opposed to mixed-use.

- APN 010-145-008. The property is currently significantly underdeveloped. The building was constructed in 1938 as a drive-in market. The use was discontinued and currently operates as office space. The existing floor area ratio is approximately 44 percent, compared to the maximum allowed of 80 percent. Much of the site is developed with a surface parking lot.
- APN 010-142-003. The property is currently vacant and has water credits, making it highly likely that the property will be purchased and developed within the near future.
- APN 010-141-003. The property is a 16,000-square-foot site developed with one-story retail spaces. The property owner has expressed interest to add second-story residential uses to the site. At 22 units per acres, 8 units could be constructed. At 44 units per acre, 16 units could be constructed.
- APN 010-142-013. Property is currently underdeveloped and contains a building originally constructed in 1937. The property owner has had discussions with the City about adding at least two apartments on the second-story.
- APN 010-148-011. The site is currently developed with a small one-story single-family residence. The property is surrounded by multi-family units and commercial space. The highest and best use would be multi-family residential on the site.
- APN 010-142-010. The site is currently contains a small office building and is underdeveloped. The building has a floor area ratio of approximately 40 percent compared to the maximum allowed of 80 percent. The building was constructed in 1927 and is need of rehabilitation. Residential would be the highest and best use at this location.



Exhibit 2-2: Underutilized Mixed-Use Parcels





Underutilized R-4 Sites

The R-4 zone permits multi-family development by-right up to 33 du/ac. Projects providing affordable housing may be allowed to develop up to 44 du/ac through the City's Density Bonus Ordinance. The R-4 zone encompasses 5.81 acres. The City has identified three opportunity sites for residential development within the R-4 zone. City staff has identified these sites as having the greatest potential to redevelop with housing units during the planning period. The location of these sites is shown in [Exhibit 2-3: R-4 Opportunity Sites](#). These sites total approximately 0.44 acres. Detailed information on these sites is provided in [Table 2-4: R-4 Opportunity Sites](#).

Table 2-4: R-4 Opportunity Sites

APN	Block	Lot(s)	Acreage	Existing Use	Capacity ¹
010097003000	49	9 and 11	0.12	Office	3
010104003000	37	21, 22, 24, 26	0.23	Gas Station/Auto Repair	7
010109007000	36	14	0.09	Commercial/Residential	2

Notes:
1. Capacity is calculated based on the permitted density of 33 du/ac.
2. The General Plan Land Use designation for these sites is *Multi-Family Residential*
Source: City of Carmel-by-the-Sea Planning Department

All three sites are developed with non-conforming commercial uses with potential to be redeveloped with housing units. The sites are within a residential neighborhood and do not have any known environmental constraints that would render residential development unfeasible.

The City is nearly built-out and there is a limited opportunities to provide for new residential construction. As demand for housing in the City will continue, sites in residential neighborhoods with commercial uses such as those listed in Table 2-4 have been determined to have the greatest potential of being redeveloped with housing. The limited availability of vacant land, current market conditions for residential and commercial development and current development trends provide conditions that favor redevelopment of commercial uses with residential units in Carmel. The limited availability of raw land for residential development has increased the demand and feasibility of infill development. These conditions are attractive to investors interested in redeveloping existing properties with for-sale or rental multifamily buildings. Long-time property owners are provided additional opportunities to increase the value of their property through developing new or additional residential units.

The first site in Table 2-4 (Block 49, Lots 9 and 11) contains one building constructed in 1948. The building in good condition, but is exclusively used as office space (a non-conforming use) in a multi-family residential district. The development trend has been to increase residential uses instead of commercial uses in Carmel. No new office buildings have been proposed in within the area in approximately 10 years, while numerous housing developments have been



proposed. Non-conforming uses within residential neighborhoods such as this provide opportunities for redevelopment by property owners to maximize their improvement value.

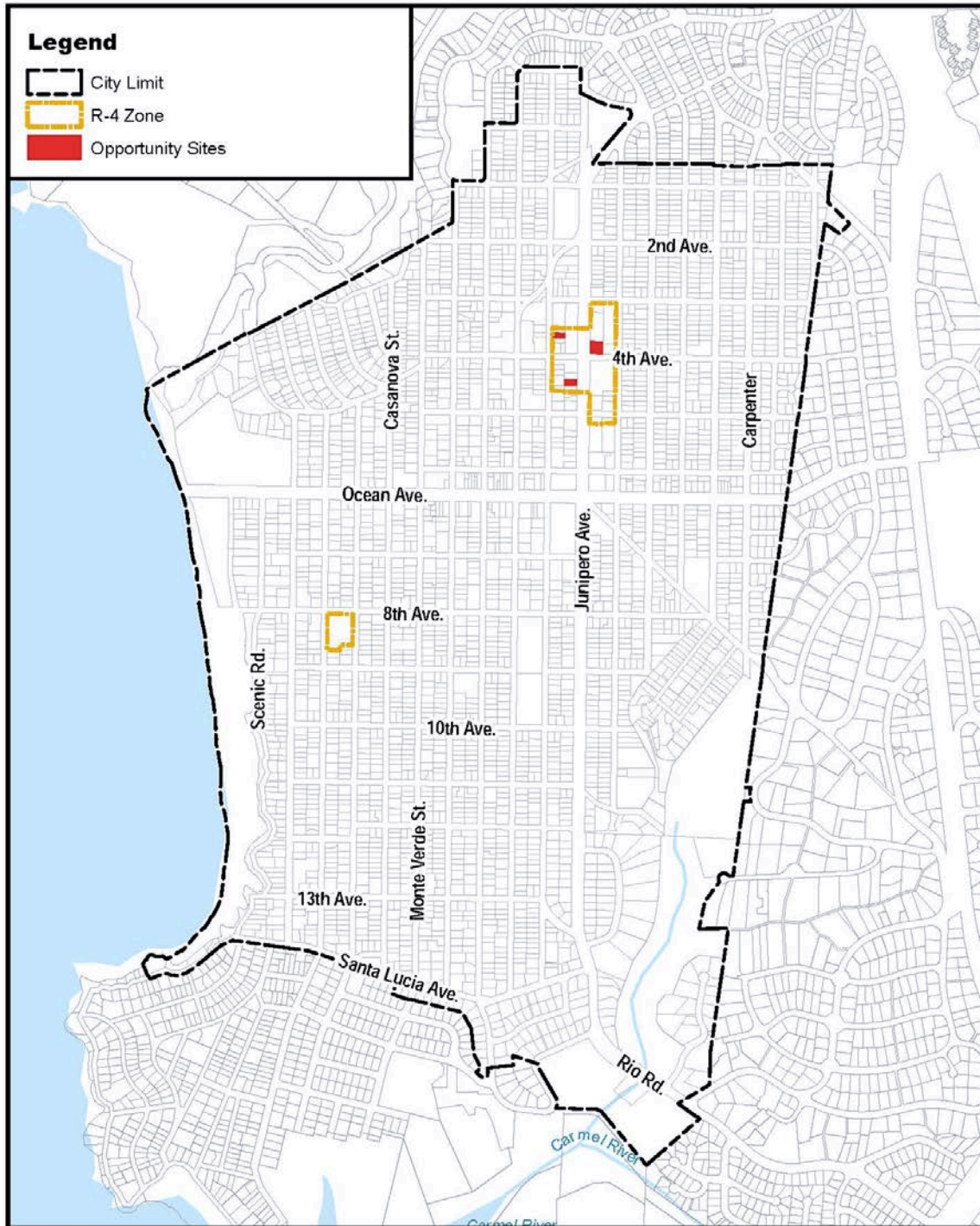
The second site (Block 37, Lots 21, 22, 24 and 26) contains one building constructed in 1961. The building is in good condition, but is significantly smaller than what is presently allowed in the R-4 District. Redevelopment with residential units would maximize the use of the property. The property owner has informally approached the City with interest in redeveloping the property with residential uses.

The third site in Table 2-4 (Block 36, Lot 14) contains structures built in the 1920s that have exceeded the useful lifespan of the building materials and are prime candidates for replacement. The City has demonstrated a successful track record of working with housing providers such as those listed in Section 2.2: Financial and Administrative Resources to provide affordable housing on sites of similar size and with similar characteristics. These projects include the recently completed Trevett Court which provides 14 affordable units on 0.18 acres and the Oliver White building which includes a moderate income unit on a small site (4,000 square feet). Carmel is a built-out city and all of the residential lots in the city are small in size. The City utilizes partnerships with housing providers to develop affordable housing on these small sites. The City has not found small lot size to constrain the ability to provide for affordable housing as all of the affordable housing projects listed in Table A-22 are projects with less than 25 units.

The City recognizes the physical limitations of small sites in providing for affordable housing. The City's current development standards are consistent with small lot development standards and address this potential constraint by allowing the parcels to be developed to maximize the number of units on the site. For example, affordable housing projects are required to have only 0.5 parking spaces per unit, allowing for less space to be dedicated to parking and more space to be dedicated to the living spaces. The maximum base density within the R-4 zone is 33 du/ac and the City's Density Bonus allows for development up to 88 du/ac. The required setbacks are flexible and in some cases there are no required setbacks.



Exhibit 2-3: R-4 Opportunity Sites





Sites Summary

Table 2-5: Development Capacity vs. RHNA shows that the development capacity of vacant sites and underutilized sites can accommodate the City’s RHNA allocation in all income categories.

Table 2-5: Development Capacity vs. RHNA

	<i>Extremely-Low Income¹</i>	<i>Very-Low Income</i>	<i>Low Income</i>	<i>Moderate Income²</i>	<i>Above-Moderate Income</i>	<i>Total Units</i>
2014-2023 RHNA Need	4	7	5	6	13	31
Vacant Sites					74	74
Underutilized Mixed Use Sites		78				78
R-4 Opportunity Sites		12				12
Total Capacity		90			74	164
Notes:						
1. The extremely-low-income need is a subset of the very-low-income allocation.						
2. The moderate-income need is accommodated through excess lower-income sites.						
Source: City of Carmel-by-the-Sea Planning Department, 2015						

2.2 Financial and Administrative Resources

Due to the City’s relatively high per capita income and lack of blighted conditions, the City is not generally competitive in applying and receiving state and federal housing funds. Instead, the City uses other methods of financing to provide housing programs and services in the community.

The City cooperates with non-profit organizations to encourage and facilitate assisted housing and housing services to the community. Public and non-profit agencies that serve as resources in the implementation of housing activities in Carmel are described below. These agencies play an important role in meeting the housing needs of the City. In particular, they are critical in the provision of affordable housing and the preservation of at-risk housing units in Carmel.

- **Carmel Foundation** – The Carmel Foundation is a non-profit organization for seniors located in Carmel-by-the-Sea. Through a long-term (30-year) lease of City-owned land at \$1 per year and private donations, the Carmel Foundation constructed and operates the 24-unit Norton Court Apartments, which provide affordable housing for seniors. The City has waived all application fees for the Carmel Foundation’s recently-completed Trevett Court Project, which expanded an existing affordable senior housing development from 9 units to 14 units.
- **Alliance on Aging** - The Alliance on Aging is a multi-service, nonprofit, community-based organization that has been serving the needs of seniors and their families since 1970. The following describe



some of the services the Alliance provides to Carmel-by-the-Sea residents:

- Information and Referral – provides a “one-stop shopping” experience for senior services, matching seniors and caregivers to appropriate services and public benefit programs and providing assistance with form/application completion.
- Senior Homesharing - Brings unrelated adults together in shared living arrangements to solve a variety of housing-related problems faced by seniors in Monterey County. The program serves as a registry for both "home seekers" and "home providers." Staff provides guidance and assistance to potential housemates as they go through the process of identifying, screening and negotiating the terms of shared living arrangements with potential "housemates." Seniors who need affordable housing and seniors who want to provide free or reduced-cost housing in exchange for various kinds of assistance are the program's target clientele, but single parents, students, disabled adults and others in need of affordable housing or in-home services are also eligible.
- Friendly Visitor Program – links volunteers with seniors, providing telephone reassurance, respite for caregivers, grocery shopping, and limited escort services to medical appointments.
- **Habitat for Humanity** - Habitat for Humanity is a community service organization that renovates and builds homes with the goal of eliminating poverty and providing decent shelter for all. Through volunteer labor and tax-deductible donations of money and materials, Habitat for Humanity constructs or rehabilitates homes in partnership with the families that will become the owners of the properties. Rehabilitated or newly constructed homes are sold to the families for the cost of materials through a mortgage that does not include interest or profit. Since 1976, Habitat for Humanity has built, rehabilitated or conserved more than 800,000 houses around the world. Habitat for Humanity, Monterey County is located in Seaside and actively continues to work with jurisdictions to find and acquire appropriate properties for residential development and redevelopment.
- **Seniors Helping Seniors** - This volunteer program establishes daily contact with seniors living alone. Seniors volunteer to phone other seniors on a daily basis to check in on how they are doing and identify any concerns.

Due to developers' ability to earn a high profit margin on projects built in Carmel-by-the-Sea, City staff is also able to negotiate with for-profit developers to provide affordable units as a component of and/or in addition to the primary project the developer is proposing. The City may offer incentives, such as reduced fees or parking standards, and/or a density bonus in order to facilitate development of



affordable units. [Table A-22: Inventory of Assisted Rental Housing](#), in Appendix A of this Housing Element identifies affordable projects built by both for-profit and non-profit developers with the assistance of the City.

2.3 Opportunities for Energy Conservation

In recent years, California has experienced significant price escalation for energy use. In recognition, Title 24 of the California Administrative Code sets forth mandatory energy standards and an “energy budget” that developers must prepare for new residential developments. The City continues to require and enforce compliance with Title 24 in construction activities requiring a building permit. The City has adopted energy conservation standards in new developments, and local utilities also offer energy conservation programs for Carmel-by-the-Sea residents.

Carmel-by-the-Sea residents receive electric and gas service through the Pacific Gas and Electric Company (PG&E). PG&E offers a number of programs to financially assist lower-income and special needs customers. These programs are outlined below.

- CARE (California Alternate Rates for Energy) provides discounted rates for low-income households and housing facilities by providing an ongoing 20 percent discount on monthly energy bills. The CARE program is available for single-family households, multi-family and mobile home park residents, group quarter facilities, and employee and farm worker housing.
- REACH (Relief for Energy Assistance through Community Help) is a one-time energy assistance program sponsored by PG&E and administered through the Salvation Army. REACH helps low-income customers, who have experienced severe, uncontrollable, or unplanned hardship and need assistance with their energy bills. In general, recipients receive REACH assistance only once per year, but exceptions are made for seniors, persons with disabilities and the terminally ill.
- Energy Partners Program provides free assistance for home insulation and energy efficiency improvements for low-income individuals. Assistance includes window weather stripping, insulation, and furnace improvements.
- LIHEAP – Low Income Home Energy Assistance Program provides financial assistance for low-income individuals to offset the costs of heating and/or cooling residences and to have dwellings weatherized to make them more energy efficient. The LIHEAP Block Grant fund is provided by the State Department of Health and Human Services. Assistance is provided through the following three programs: 1) free weatherization service assistance; 2) financial assistance for energy



bills; and 3) payments for weather-related or energy-related emergencies.

PG&E also offers additional quantities of electricity at the lowest price to residential customers with certain severe medical conditions such as those requiring life support equipment, person with special heating needs, and those with life-threatening diseases.



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3 GOALS, POLICIES AND PROGRAMS



The City of Carmel-by-the-Sea has always been proud of its residential character and heritage. All of the General Plan Elements and the Housing Element in particular, strive to preserve, promote, and strengthen this unique residential character. This section of the Housing Element contains goals, objectives, policies and programs intended to meet the following objectives: 1) Conserve and improve existing housing and maintain the character and stability of Carmel's residential neighborhoods; 2) Identify adequate sites for a range of housing opportunities; 3) Assist in the development of affordable housing; 4) Promote housing opportunities for all persons and provide housing and services for special needs groups; and 5) Address constraints to meeting the City's housing needs.

3.1 Goals, Policies and Programs

Goal G3-1: Preserve the existing housing stock.

Policy P3-1.1: Continue and expand programs to assist homeowners in maintaining and improving existing housing units.

Program 3-1.1.a: Housing Rehabilitation Information. To increase awareness and use of housing rehabilitation programs and funds and City Residential Inspection Services, the City will continue to distribute information on the Inspection Services and Housing Rehabilitation programs available through Monterey County, and alternative ways of financing home repairs. Information will be provided to housing providers, community groups, homeowners and the building trades. The City will continue to disseminate housing assistance informational materials in public buildings (City Hall, Libraries, Post Office) and on the City's website. Information may also be disseminated through workshops and public service announcements.

Objective: Provide information on rehabilitation programs, inspection services and home repair financing on a continuous basis in City Hall and other public offices

Responsible Party: Department of Community Planning and Building



Implementation Timeline: Throughout the planning period.

Program 3-1.1.b: Residential Inspection Services. The City's Building Official will continue to inspect residences in the community for structural deficiencies and repair needs at the request of the property owner. This program assists the property owner in deciding if structural repairs are needed and what repairs should be prioritized.

In conjunction with this program, the City will provide information on housing rehabilitation as described in Program 3-1.1.a.

Objective: Provide residential inspection services to residents to facilitate preservation of 5 units.

Responsible Party: Department of Community Planning and Building (Building Official)

Implementation Timeline: Throughout the planning period.

Program 3-1.1.c: Housing Maintenance Information. The high quality of life in Carmel-by-the-Sea and the elevated standards for housing design have resulted in few violations that threaten the health and safety in the community. Since the City's housing stock is aging, however, code violations will likely increase without an active program informing the community of property maintenance techniques and rehabilitation assistance for homeowners who do not have the means to update their residences.

To encourage maintenance of the housing stock and reduce the likelihood of code violations and substandard units, the City will disseminate informational materials identifying techniques used to upgrade property consistent with health and safety standards. The informational materials will continue to be disseminated at public buildings, through the City's website, and in conjunction with Program 3-1.1.a.

Objective: Provide housing maintenance information to facilitate preservation of 5 units.

Responsible Party: Department of Community Planning and Building

Implementation Timeline: Throughout the planning period.



Goal G3-2: Preserve existing residential units and encourage the development of new multi-family housing in the Commercial and R-4 Districts.

Policy P3-2.1: Continue to encourage mixed-use developments (second-floor housing over first-floor commercial uses) as a preferred development form contributing to the village character in all Commercial Districts.

Program 3-2.1.a: Incentives for Mixed-Use Development. The City's Zoning Code allows for the development of new residential units on the second floor of all development in the commercial district. As an incentive, the Code will continue to provide floor area bonuses of up to 15 percent for projects that include housing for moderate-, low- and very-low-income households (see Table B-5).

To promote awareness of the incentives and further encourage affordable housing in mixed-use development, the City will distribute informational materials outlining the floor area and other applicable incentives. The information will be provided to developers and property owners in the commercial district on a continuous basis at City Hall.

Objective: Encourage affordable housing in mixed-use development.

Responsible Party: Department of Community Planning and Building

Implementation Timeline: Throughout the planning period.

Program 3-2.1.b: Preserve and Increase Second Floor Residential Uses. To prevent the loss of existing residential units in mixed-use buildings, the City will continue to prohibit the conversion of existing second-floor residential floor space to commercial use. The City will also continue to require newly constructed floor space at the second floor to be used as residential units.

Objective: Preserve and increase second floor residential uses (5 units)

Responsible Party: Department of Community Planning and Building

Implementation Timeline: Ongoing, project based

Program 3-2.1.c: Incentives for Mixed Use Affordable Housing. Explore options to further incentivize upper-story housing opportunities, such as the potential of allowing a third story when devoted to affordable housing subject to appropriate design standards, including the City's 30-foot height limit.

Objective: Increase affordable housing opportunities

Responsible Party: Department of Community Planning and Building



Implementation Timeline: Review options and if additional incentives are necessary, initiate a Zoning Code amendment in 2016-17

Program 3-2.1.d: Multi-Family Residential Development Review. The City requires a conditional use permit for all multi-family residential development with densities exceeding 22 du/ac, consistent with the adopted Local Coastal Program. To ensure the provisions of the Municipal Code do not have an undue negative impact on the supply and cost of multi-family housing, the City will continue to monitor multi-family residential development applications to assess whether the CUP requirement is posing an unreasonable development constraint. If it is determined that the CUP requirement is negatively affecting the cost and supply of housing, the City will initiate Zoning Code and LCP amendments to revise permit requirements for residential projects with densities greater than 22 du/ac to ensure permits are granted based on objective criteria.

Objective:	Continue to monitor the review process for multi-family residential development projects to ensure that the CUP requirement is not acting as an unreasonable constraint to development.
Responsible Party:	Department of Community Planning and Building
Implementation Timeline:	Throughout the planning period. If the multi-family development review process is found to be acting as an unreasonable constraint, initiate an amendment to the Zoning Code and LCP.

Goal G3-3: Provide adequate sites for the development of a wide range of housing types for all citizens.

Policy P3-3.1: Ensure adequate sites are available to meet the City's projected housing growth needs.

Program 3-3.1.a: Adequate Sites. The City has a remaining RHNA or growth need of 7 units affordable to Extremely Low- and Very Low-Income households. The City's General Plan and Zoning Ordinance continue to provide for a variety of housing types at appropriate densities to accommodate the remaining RHNA need.

The City will encourage and facilitate the development of new dwelling units consistent with the remaining RHNA need by continuing to work with housing providers such as the Carmel Foundation. The City will also encourage development of new affordable units through incentives and concessions outlined in Programs 3-5.4.a, 3-5.4.b, 3-5.5.a, 3-5.5.b, and 3-5.5.c of this Housing Element.

Objective: Encourage and facilitate construction of new dwelling



units to meet the City's remaining RHNA need

Responsible Party: Department of Community Planning and Building

Implementation Timeline: Ongoing through 2023

Program 3-3.1.b: Surplus Sites. City-owned surplus land may provide additional sites for new affordable and senior housing, exclusively or in combination with another public use. The City shall investigate the feasibility of utilizing surplus sites for housing development and partnering with housing providers to develop housing for lower-income households and/or senior housing on appropriate surplus sites.

Objective: Identify surplus sites that may be suitable for residential development

Responsible Party: Department of Community Planning and Building

Implementation Timeline: Ongoing

Program 3-3.1.c: Development on Small Sites

The City will continue incentives and provisions in the City's Municipal Code that facilitate development on small sites including reduced parking requirements for affordable housing projects (0.5 parking spaces per unit), density bonuses that allow for development up to 88 du/ac and flexible or in some cases no required setbacks in the R-4 zone.

The Lot Merger Program currently provides for two types of owner-initiated lot mergers. First, a property owner may request a merger to consolidate lots and/or lot fragments as defined by this code to create a single parcel that meets the requirements for a legal building site in the district where the property is located. The Director may approve a request for merger without public notice or a hearing.

The City also currently encourages the merger of small R-1 lots into larger lots to promote diversity in design and housing size and to preserve open space. Two or more contiguous lots, each of which would individually meet the standards for development as a building site, may be merged through the filing of a voluntary merger request by the owner(s). Upon approval of such a merger by the Department of Community Planning and Building, and recording of merger documents or maps with the County Recorder, certain incentives become available to the property owner.

The City will review its Lot Merger Program to determine if any refinements should be made, including a requirement that mergers be approved by the Planning Commission rather than the Director. The City may also consider incentives for commercial lot mergers when lower-income units are provided, and eliminating any



provisions of this program that have the unintended effect of restricting housing opportunities.

- Objective:** Encourage and facilitate development on small sites
- Responsible Party:** Department of Community Planning and Building
- Implementation Timeline:** Continue to offer lot merger incentives on an on-going basis; review lot consolidation incentives in 2016 and if changes are determined to be necessary, initiate a Zoning Code amendment.

Policy P3-3.2: Continue to monitor and work cooperatively with regional agencies to augment infrastructure in a manner that provides adequate capacity for existing and new housing needs while preserving and improving the unique visual character of the City.

Program 3-3.2: Address Infrastructure Constraints. The primary constraint to housing production in Carmel is the lack of water. Few sites have available water credits sufficient to accommodate construction of additional residential units. The City will continue work cooperatively with the Monterey Peninsula Water Management District (MPWMD) and other regional agencies to address infrastructure limitations (e.g. sewer, water, roads) that affect the ability to serve new housing development.

The City will also continue to grant water allocation priority to those projects that assist the City in meeting its share of the regional housing need for lower- and moderate-income households.

- Objectives:** Address regional and local infrastructure constraints to housing development
Priority water allocation for housing affordable to lower- and moderate-income households
- Responsible Party:** Department of Community Planning and Building
- Implementation Timeline:** Ongoing

Goal G3-4: Protect the stability of residential neighborhoods by promoting year-round occupancy and neighborhood enhancement.

Policy P3-4.1: Maintain and encourage expansion of permanent residential housing stock in the R-1 District.

Program 3-4.1.a: Permanent Housing. A substantial percentage of the City's housing stock lies vacant much of the year as second homes occupied for weekends, vacations or on a seasonable basis. This has the effect of reducing the number of permanent, year-round residents in the City.

To encourage an increase in full-time residential occupancy and use of the housing stock for permanent housing, the City will continue to



implement the ordinance adopted in 1988 prohibiting short-term, transient rentals and timeshares of residential dwellings in the R-1 District. No additional motel units are permitted in the R-1 District.

Objective: Continue to implement City ordinances on the prohibition of short-term, transient rentals and timeshares of residential dwellings in the R-1 District

Responsible Party: Department of Community Planning and Building

Implementation Timeline: Ongoing

Program 3-4.1.b: Conversion of R-1 Motels. Pursuant to coastal zone requirements, the City has recognized existing R-1 motels as an important coastal visitor asset and economic base in the community. However, conversion or redevelopment of these units as permanent residential dwellings provides additional housing and can improve the integrity of residential neighborhoods. The City will continue to allow conversion of R-1 motel units into permanent residences with the transfer of vacated rooms to the commercial district.

Objective: Continue to allow conversion of R-1 motel units to permanent residences

Responsible Party: Department of Community Planning and Building

Implementation Timeline: Ongoing, project based

Policy P3-4.2: Preserve and protect the scale and character of established neighborhoods while encouraging property improvement.

Program 3-4.2.a: Neighborhood Compatibility. The City will continue to enforce height, coverage and floor area standards to ensure that new construction and remodels do not present excess visual mass or bulk to public view or to adjoining properties. The City will continue to enforce design standards which ensure that buildings relate to a human scale and that they avoid use of oversize design elements that make them appear dominating or monumental.

The City will continue to require that projects not meeting adopted design guidelines be reviewed by the Planning Commission. Diversity in architecture is encouraged as long as proposed designs perpetuate the broader elements of community design that characterize the streetscape within each neighborhood.

Objective: New construction compatible with existing neighborhood

Responsible Party: Department of Community Planning and Building

Implementation Timeline: Ongoing, project based



Program 3-4.2.b: Support Neighborhood Organizations. The City will continue to support neighborhood organizations that promote neighborhood involvement, safety and improvement. When appropriate, the City will develop partnerships with these organizations to promote neighborhood enhancement programs, conduct outreach, and solicit community input.

Objective: Support and partner with neighborhood organizations

Responsible Party: Department of Community Planning and Building

Implementation Timeline: Ongoing

Policy P3-4.3: Promote public awareness and foster pride in the history and culture of the village through historic preservation programs.

Program 3-4.3.a: Neighborhood Preservation Educational Programs. The City will continue to use education programs to improve public understanding of the City's rich cultural and design heritage as a means of encouraging compatible housing design within existing neighborhoods, and provide zoning flexibility and incentives to facilitate rehabilitation of historic resources.

Objective: Community education and preservation of historic resources

Responsible Party: Department of Community Planning and Building

Implementation Timeline: Ongoing

Goal G3-5: Preserve and increase the supply of housing for lower- and moderate-income households, senior citizens and other special needs groups. Prohibit discrimination in the sale or rental of housing.

Policy P3-5.1: Recognize the special needs of persons with disabilities and the need to retain flexibility in the design review process to accommodate these needs.

Program 3-5.1: Reasonable Accommodation Procedures. The City understands that building and development standards may constrain the ability of persons with disabilities to live in a housing unit suited to their needs. To provide relief from building and development standards without impacting the public health, safety and welfare, the City shall continue to implement Policy C11-01, which describes procedures to provide reasonable accommodation for persons with disabilities in compliance with the provisions of SB 520. Information on reasonable accommodation procedures shall be provided at City Hall and on the City's website.

Objective: Continue to implement the City's reasonable accommodation procedures



Responsible Party: Department of Community Planning and Building
Implementation Timeline: Throughout the planning period

Policy P3-5.2: Promote housing opportunities for senior citizens.

Program 3-5.2: Shared Housing Information. Both the Alliance on Aging and Monterey County Housing Authority administer shared housing programs for seniors in Monterey County that assist seniors in locating roommates to share existing housing. This program often enables seniors to live independently for a longer time period. To expand participation in both of the available programs the City shall distribute informational materials to the Carmel Foundation and display information at City Hall and other public buildings and posted on the City's website.

Objective: Promote use of shared housing programs
Responsible Party: Department of Community Planning and Building
Implementation Timeline: Throughout the planning period

Policy P3-5.3: Preserve and expand affordable and rental housing opportunities to enable local employees such as teachers, police, fire fighters and other City personnel to live in the community where they work.

Program 3.5.3.a: Condominium Conversions. The City will continue to implement its condominium conversion policy, which restricts the conversion of apartments to condominiums to preserve the lower-cost rental housing options, typical of apartments, within the City. Apartments cannot be converted to condominiums unless a new apartment is being created to offset the conversion.

Objective: Continue policies on the restriction of apartment to condominium conversions
Responsible Party: Department of Community Planning and Building
Implementation Timeline: Ongoing, project based

Program 3-5.3.b:Section 8 Rental Assistance. The Section 8 Rental Assistance program extends federal rent subsidies to low-income households that spend more than 30 percent of their income on rent. The Monterey County Housing Authority administers the Section 8 Rental Assistance Program in Carmel.



The City will continue to facilitate use of the Section 8 program in the community by distributing information for the program at City Hall and the Library.

Objective:	Facilitate use of Section 8 rental assistance for lower-income families
Responsible Party:	Department of Community Planning and Building, Monterey County Housing Authority
Implementation Timeline:	Provide information on an ongoing basis

Program 3-5.3.c: Subordinate Units. The City's Municipal Code allows construction of new subordinate units as a permitted use on lots of 8,000 square feet or greater to provide additional rental housing in the R-1 District to lower-income households.

To further encourage the creation of subordinate units, the City will investigate potential amendments such as permitting subordinate units on smaller lots. In addition, the City will implement incentives which may include waiver/reduction of certain fees, priority processing, and reduced parking and setback requirements.

The City will provide informational materials on incentives and technical assistance to property owners. The informational materials will be available at City Hall and on the City's website.

Objective:	Development of 5 subordinate units
Responsible Party:	Department of Community Planning and Building
Implementation Timeline:	Review subordinate unit regulations during 2016-17 and if changes are determined to be necessary, initiate a Zoning Code amendment.

Program 3-5.3.d: Monitor Affordable Housing Stock. The City does not currently have any housing stock at-risk of converting to market rate. A number of housing developments within the City provide affordable housing, but are not deed-restricted. The City shall continue to monitor the affordable housing projects and work with the owners to preserve affordability through identification of funding sources and/or opportunities for partnerships with other housing providers should the property owners decide to convert the developments to market-rate housing.

The City will also annually monitor the affordable housing stock in the coastal zone to ensure the affordable housing with the coastal zone is being protected and provided as required by Government Code Section 65590. The City will track data on the new construction, demolition, conversion and replacements housing units for low- and moderate-income households within the coastal zone including the following:



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

Objective:	Monitor and facilitate preservation of 59 affordable housing units
Responsible Party:	Department of Community Planning and Building, Monterey County Housing Authority
Implementation Timeline:	Continue to monitor affordable housing throughout the planning period

Policy P3-5.4: Encourage the private sector to produce affordable housing.

Program 3-5.4.a: Density Bonus. The City of Carmel currently provides for a density bonus, incentives and concessions to facilitate and encourage the development of lower-income housing units. To further the effectiveness of the City's Density Bonus Ordinance, the City shall review and revise applicable ordinances to comply with State law.

Objective:	Revised density bonus to comply with State requirements
Responsible Party:	Department of Community Planning and Building
Implementation Timeline:	Concurrent with Housing Element adoption

Program 3-5.4.b: Housing for Extremely-Low Income Households. The City shall encourage the development of housing units for households earning 30 percent or less of the Median Family Income (MFI) for Monterey County. Specific emphasis shall be placed on the provision of family housing and non-traditional housing types such as single-room-occupancy units and transitional housing. The City will encourage development of housing for extremely-low-income households through a variety of activities such as targeted outreach to for-profit and non-profit housing developers on at least an annual basis, providing in-kind technical assistance, fee deferrals, expedited/priority processing, identifying grant and funding



opportunities, applying for or supporting applications for funding on an ongoing basis, reviewing and prioritizing local funding for developments that include housing for ELI households and/or offering additional incentives to supplement the density bonus provisions in State law. In addition, a Zoning Code amendment will be processed to identify appropriate locations and standards for group residential facilities, which could serve ELI residents.

- Objective:** Encourage and facilitate development of 4 housing units affordable to Extremely-Low Income households consistent with the remaining RHNA need.
- Responsible Party:** Department of Community Planning and Building
- Implementation Timeline:** Outreach to developers on at least an annual basis;
Apply for or support applications for funding on an ongoing basis;
Review and prioritize developments that include housing targeted to ELI households
Initiate a Zoning Code amendment in 2015-16.

Policy P3-5.5: Reduce or eliminate governmental constraints on the provision of affordable housing.

Program 3-5.5.a: Reduced Entitlement and Development Fees. Entitlement and development fees paid by project applicants assist in the City's ability to recover administrative and operating costs. These fees may have the unintended consequence of increasing the cost of housing. To encourage the development of affordable housing, the City will continue to reduce the amount of fees required for projects that provide affordable housing to the extent feasible.

- Objective:** Continue to offer reduced planning fees as an incentive to facilitate affordable housing development, if feasible.
- Responsible Party:** Department of Community Planning and Building
- Implementation Timeline:** Ongoing, project based

Program 3-5.5.b: Reduced Parking Requirements. The City will continue to offer reduced parking requirements for affordable housing developments. In addition, the City will investigate the feasibility and effectiveness of further reducing existing in-lieu fees and amending the existing shared parking program to include housing units in affordable housing projects.

- Objective:** Reduced parking requirements for affordable housing
- Responsible Party:** Department of Community Planning and Building
- Implementation Timeline:** Review parking requirements in 2016-17 if revisions are determined to be appropriate, initiate a Code



amendment.

Program 3-5.5.c: Expedited Processing Procedures. Permit and approval processes have the potential to increase the cost of development. To help mitigate the cost of development, the City will continue to offer expedited review procedures for residential projects that include affordable housing units. This program is helpful in reducing holding costs incurred by project applicants while processing entitlements, plan check and building permits. The specific procedures for fast-track processing of affordable housing projects are included in the City's Municipal Code.

Objective: Expedited review and processing for projects with an affordable housing component

Responsible Party: Department of Community Planning and Building

Implementation Timeline: Ongoing, project based

Policy P3-5.6: Support energy and water conservation programs to reduce the consumption of these resources in housing and to reduce housing costs.

Program 3-5.6.a: Energy Conservation and Green Building. Energy conservation in the home has the potential to bring about considerable savings in the overall cost of housing. The City will continue to review applications for new construction and substantial alterations taking into consideration solar orientation and access to sunlight. Additionally, the City will continue to require compliance with current state building standards for energy efficiency in all new homes.

Objective: Promote energy conservation

Responsible Party: Department of Community Planning and Building

Implementation Timeline: Ongoing

Program 3-5.6.b: Water Conservation. The City recognizes a need to conserve and manage its water resources to accommodate the regional housing need. The City has adopted a Water Management Program, which in part seeks to reduce unnecessary water consumption in existing and new development. The Program requires the use of water-conserving plumbing fixtures in all new construction, replacement of non-compliant fixtures in remodeling projects with substantial construction and water-conserving landscaping. The City shall continue to enforce the Water Management Program and provide information to the community on water conservation retrofits and best practices. In addition, the City will provide information on and



promote water conservation education and retrofit rebates provided by the Monterey Peninsula Water Management District.

- Objective:** Promote water conservation
- Responsible Party:** Department of Community Planning and Building
- Implementation Timeline:** Ongoing

Policy P3-5.7: Support and enforce fair housing laws and expand fair housing choice by promoting housing opportunities and removing impediments to fair housing.

Program 3-5.7: Fair Housing Services. The California Department of Fair Employment and Housing and the Conflict Resolution and Mediation Center of Monterey County provide fair housing services and information. These agencies advise persons in need of information on housing and employment, mediate landlord/tenant disputes and research complaints about discriminatory housing practices. The City shall coordinate with these agencies to provide printed information about fair housing services at City Hall, on the City's website, and in other public buildings. The City shall also refer inquiries related to fair housing to these agencies.

- Objective:** Provide fair housing information and service referrals in City Hall, on the City website and at other public buildings
- Responsible Party:** Department of Community Planning and Building
- Implementation Timeline:** Throughout the planning period

Policy P3-5.8: Facilitate the provision of transitional and supportive housing in appropriate districts in the community.

Program 3-5.8: Zoning for Transitional and Supportive Housing. In compliance with SB 2, the City will continue to allow transitional/supportive housing as a residential use, subject only to those requirements of other residential dwellings of the same type in the same zone.

- Objective:** Facilitate the provision of transitional and supportive housing
- Responsible Party:** Department of Community Planning and Building
- Implementation Timeline:** Throughout the planning period



3.2 Quantified Objectives

Table 3-1 summarizes the City’s quantified objectives for the 2015-2023 planning period.

Table 3-1: Quantified Objectives

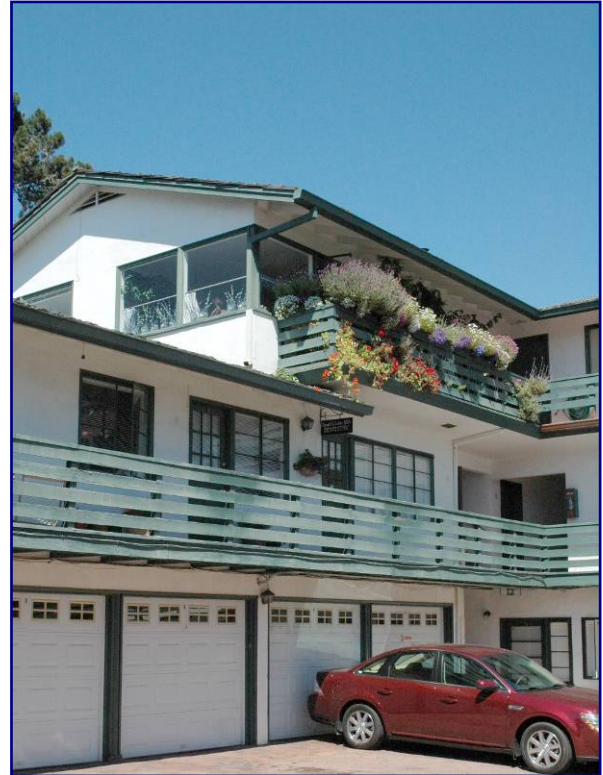
Program/ Income Category	Quantified Objective (Number of Units)
New Construction	
Extremely Low Income (subset of the Very Low Income objective)	4
Very Low Income	7
Low Income	5
Moderate Income	6
Above Moderate Income	13
Total	31
Rehabilitation*	
Extremely Low Income	0**
Very Low Income	5
Low Income	5
Moderate Income	6
Above Moderate Income	784
Total	800
Conservation***	
Extremely Low Income	64
Very Low Income	
Low Income	
Moderate Income	
Above Moderate Income	--
Total	64
Notes:	
* The City has approximately 3,400 residential units, 55 (or about two percent) of which are affordable units. Each year the City process approximately 100 building permits for remodels, additions, and other construction, which rehabilitates the existing housing stock. For the lower-income categories rehabilitation goals, the City assumes that two percent of the total permits processed will be for affordable units. Under these assumptions, the City would rehabilitate two units of affordable housing a year or approximately 16 units throughout the 2015-2023 planning cycle. This represents approximately 30 percent of the City’s existing affordable housing inventory. While the Above Moderate Income level rehabilitation goal is fairly large, it is consistent with the historic data on rehabilitation work for market-rate housing in Carmel.	
** The City does not have any existing units that would qualify as an extremely low income category units.	
*** The City has no units at risk of converting to market rate during this planning cycle.	
Source: City of Carmel-by-the-Sea, 2015.	



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A HOUSING NEEDS ASSESSMENT



When preparing the Housing Element, jurisdictions must evaluate both existing and future housing needs for all income groups.

This section analyzes demographic and housing characteristics that influence the demand for and availability of housing. The analyses form a foundation for establishing programs and policies that seek to address identified housing needs. Housing needs are identified according to income, tenure and special needs groups.

Primary data sources include the U.S. Census Bureau, the U.S. Department of Housing and Urban Development (HUD), the California Department of Finance (DOF) and the Association of Monterey Bay Area Governments (AMBAG). These data sources are the most reliable for assessing existing conditions and provide a basis for consistent comparison with historical data and the basis for forecasts.

A.1 Population Characteristics and Employment Trends

Housing needs in a community are largely determined by population growth and various demographic variables such as age distribution. This section provides a summary of the changes to the population size and age and racial/ethnic composition of Carmel-by-the-Sea.



A.1.1 Population Growth Trends

The City of Carmel-by-the-Sea (City) was incorporated in 1916 and by 1940 had a population of 2,837. Today, the City, which is one square mile in area, has one of the smallest populations in the Monterey Peninsula. According to the U.S. Census, the City had a population of 4,239 in 1990. From 1990 to 2015, the population has declined by 11.6 percent compared to an increase of nearly 20 percent for the county as a whole (Table A-1: Population Trends – Carmel-by-the-Sea and Monterey County).

Table A-1: Population Trends - Carmel-by-the-Sea and Monterey County

Jurisdiction	1990	2000	2010	2015	Percent Change (1990-2015)
Carmel-by-the-Sea	4,239	4,081	3,722	3,747	-11.6%
Monterey County	355,660	401,762	415,057	425,413	19.6%

Sources: U.S. Census; California Department of Finance.

A.1.2 Age Characteristics

A community’s age characteristics can help identify its housing needs and project the distribution of demand for future housing types. According to the 2010 U.S. Census, about two-thirds of the City’s population was age 50+ and the median age in the City was 59 years. By comparison, in Monterey County, the population median age was about 33 years.

Table A-2: Age Distribution - Carmel-by-the-Sea and Monterey County

Age Group	Carmel		Monterey County	
	Persons	%	Persons	%
Under 5 years	84	2%	32,547	8%
5 to 9 years	126	3%	30,577	7%
10 to 14 years	100	3%	29,037	7%
15 to 19 years	109	3%	32,624	8%
20 to 24 years	76	2%	32,481	8%
25 to 34 years	216	6%	62,077	15%
35 to 49 years	560	15%	81,498	20%
50 to 64 years	1,123	30%	69,794	17%
65 to 74 years	680	18%	22,921	6%
75 to 84 years	433	12%	14,744	4%
85 years and over	215	6%	6,757	2%
Total	3,722	100%	415,057	100%
Median age	59.2		32.9	

Source: 2010 Census, Table DP-1



A.1.3 Race/Ethnicity Characteristics

As shown in [Table A-3: Race and Ethnicity](#), 90 percent of the City’s population was non-Hispanic white, as compared to only 33 percent of the County population as reported in the 2010 Census.

Table A-3: Race and Ethnicity

Racial/Ethnic Group	Carmel		Monterey County	
	Persons	%	Persons	%
Not Hispanic or Latino	3,548	95.3%	185,054	44.6%
-White	3,350	90.0%	136,435	32.9%
-Black or African American	10	0.3%	11,300	2.7%
-American Indian/Alaska Native	6	0.2%	1,361	0.3%
-Asian	105	2.8%	23,777	5.7%
-Native Hawaiian/Pacific Islander	6	0.2%	1,868	0.5%
-Other races or 2+ races	71	1.9%	10,313	2.5%
Hispanic or Latino (any race)	174	4.7%	230,003	55.4%
Total	3,722	100%	415,057	100%
Source: 2010 Census, Table DP-1				

A.1.4 Employment Characteristics

[Table A-4: Occupations for Carmel-by-the-Sea and Monterey County](#) shows that the largest occupational categories for City residents was management/business/science and arts. These categories accounted for about 57 percent of employed residents.

Table A-4: Occupations for Carmel-by-the-Sea and Monterey County

Occupation	Carmel		Monterey County	
	Employees	% of All Jobs	Employees	% of All Jobs
Management, business, science, and arts	828	56.8%	48,201	27.6%
Service	207	14.2%	35,996	20.6%
Sales and office	308	21.1%	37,637	21.6%
Natural resources, construction, and maintenance	79	5.4%	33,086	19.0%
Production, transportation, and material moving	35	2.4%	19,533	11.2%
Total Employed Persons	1,457	100%	174,453	100%
Source: U.S. Census, 2009-2013 ACS				

A.2 Household Characteristics

The U.S. Census defines a household as all persons who occupy a housing unit. This may include families related through marriage or blood, unrelated individuals living together, or individuals living alone. The U.S. Census defines a family as related persons living within a single housing unit.



Household type and size, income levels, the presence of special needs populations, and other household characteristics influence the type of housing needed by residents. This section details the various household characteristics affecting housing needs.

A.2.1 Household Composition and Size

As shown in [Table A-5: Household Size Distribution](#), one-person households made up the largest segment of the City’s renter-occupied households and two-person households made up the largest segment of owner-occupied households.

Table A-5: Household Size Distribution

Household Size	Owners		Renters	
	Households	%	Households	%
1 person	252	23.8%	279	43.9%
2 persons	646	61.0%	78	12.3%
3 persons	86	8.1%	98	15.4%
4 persons	32	3.0%	180	28.3%
5 persons	14	1.3%	0	0.0%
6 persons	29	2.7%	0	0.0%
7+ persons	0	0.0%	0	0.0%
Total households	1,059	100%	635	100%
Source: 2009-2013 ACS Table B25009				

With a majority of one- or two-person households, smaller sized units (1 to 2 bedrooms) would meet a significant portion of the City’s housing needs. However, some households may desire larger living spaces.

A.2.2 Household Income

Household income relates directly to the household’s ability to acquire adequate housing. While above-moderate-income households have more disposable income to spend on housing, low- and moderate-income households are more limited in the range of housing that they can afford. Typically, as the income of households decreases the incidence of overpayment and overcrowding increases.

The Department of Housing and Community Development (HCD) establishes housing affordability criteria for five income categories based on the 2015 Monterey County median income of \$68,700 (see [Table A-6: Income Range by Affordability Category, 2015](#)).

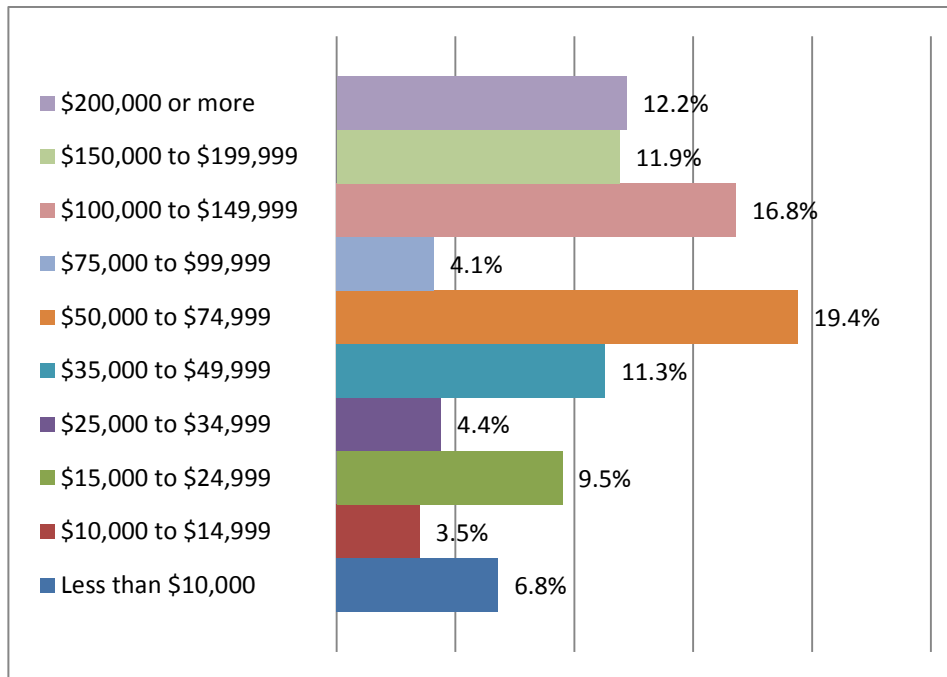


Table A-6: Income Range by Affordability Category, 2015

Affordability Category	Percent of County Median	Income Limit (\$)¹
Extremely Low Income	≤30%	\$24,250
Very-Low Income	31%-50%	\$43,650
Low Income	51%-80%	\$58,000
Moderate Income	81%-120%	\$82,450
Above-moderate Income	>120%	> \$82,450
Notes:		
¹ Based on 2015 MFI of \$68,700 for 4-person households in Monterey County.		

According to recent Census estimates, the median household income in Carmel-by-the-Sea was approximately \$72,000 per year. As seen in Figure A-1, about 40 percent of households had annual incomes over \$100,000.

Figure A-1: Household Income Distribution



Source: U.S. Census 2009-2013 ACS

As shown in **Table A-7: Household Income by Tenure**, approximately 44 percent of renter-occupied households and 23 percent of owner-occupied households in Carmel-by-the-Sea were within the extremely-low-, very-low- and low-income categories. Approximately 17 percent of renter-occupied households and three percent of owner-occupied households were within the extremely-low-income category.



Table A-7: Household Income by Tenure

Income Category	Carmel		Monterey County	
	Owners	Renters	Owners	Renters
30% AMI or less	3.3%	16.5%	5.1%	16.2%
31-50% AMI	6.7%	19.5%	7.6%	17.1%
51-80% AMI	13.0%	7.5%	13.2%	21.1%
81-100% AMI	2.5%	5.3%	9.1%	10.9%
>100% AMI	74.5%	51.1%	65.1%	34.7%

Source: HUD CHAS data based on 2008-2012 ACS

A.3 Housing Stock Characteristics

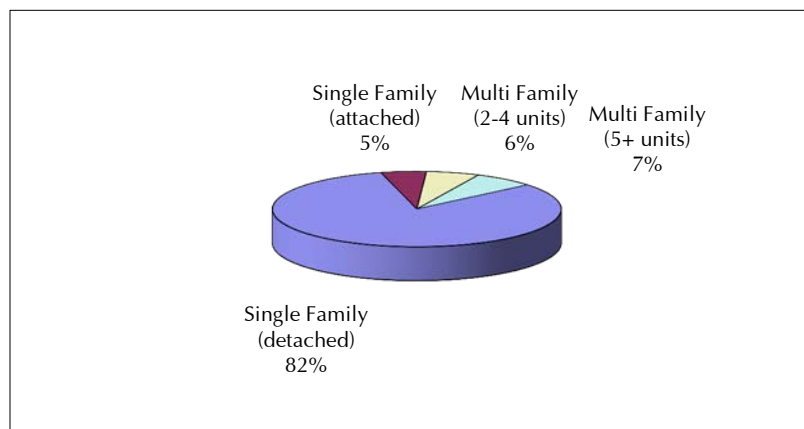
This section evaluates housing stock characteristics including tenure and vacancy rates, housing age and conditions, and housing costs and affordability.

A.3.1 Housing Stock

According to the U.S. Census and the DOF, housing stock in Carmel-by-the Sea showed a net increase of only 83 units from 2000 to 2015. The City is nearly built out and is also constrained by the lack of water to serve new development. Residential construction in recent years involved mostly demolition and replacement of older units with new, larger units. With very few vacant lots in the City and limited water available to new projects, infill is the primary method of residential construction.

Eighty-two percent of the housing stock is comprised of single-family detached homes, while multi-family developments of five or more units represent the second largest segment of the housing stock (see [Figure A-2: Housing Stock Composition](#)).

Figure A-2: Housing Stock Composition



Source: DOF, 2015



The City's average household size is 1.79, which suggests that units with three-bedrooms or less could adequately house most of the City's population. As shown in [Table A-8: Unit Size by Tenure](#), about 85 percent of owner-occupied housing units and about 75 percent of rental units had three bedrooms or less.

Table A-8: Unit Size by Tenure

Unit Size	Owner-Occupied		Renter- Occupied	
	Units	%	Units	%
Studio/1 bedroom	3	0.3%	192	30.2%
2 bedrooms	431	40.7%	287	45.2%
3 bedrooms	463	43.7%	120	18.9%
4 bedrooms	111	10.5%	36	5.7%
5 or more bedrooms	51	4.8%	0	0.0%
Total	1,059	100%	635	100%

Source: 2009-2013 ACS Table B25042

A.3.2 Housing Tenure and Vacancy

Housing tenure refers to whether a unit is owned or rented. Vacancies can also be an important housing market indicator in that the vacancy rate influences the cost of housing and may reflect the match between housing demand and availability.

Tenure

Recent Census estimates showed that 62.5 percent of Carmel-by-the-Sea residents owned the units they occupied, while 37.5 percent rented. This ownership rate is significantly higher than for Monterey County as a whole, which had just under 50 percent owner-occupied units ([Table A-9: Occupied Units by Tenure](#)).

Table A-9: Occupied Units by Tenure

	Owner-Occupied		Renter- Occupied		Total	
	Units	% ¹	Units	% ¹	Units	% ¹
Carmel-by-the-Sea	1,059	62.5%	635	37.5%	1,694	100%
Monterey County	62,398	49.7%	63,030	50.3%	125,428	100%

Source: 2009-2013 ACS Table B25042

Vacancy

A vacancy rate of 5 to 6 percent is generally considered optimal to balance the demand for and supply of housing. A certain level of vacancy is needed to moderate the cost of housing, allow sufficient choice for residents, and provide an incentive for unit upkeep and repair.



As shown in [Table A-10: Vacancy Rates](#), over 31 percent of Carmel-by-the-Sea's housing stock was vacant due to seasonal, recreational, or occasional use. This high percentage is not unusual for scenic coastal communities due to the popularity of second homes in such areas.

Table A-10: Vacancy Rates

Occupancy Status	Units	Percent of Total
Total Units	3,417	100%
Occupied Units	2,095	61.3%
Vacant Units	1,322	38.7%
For rent	89	2.6%
For sale only	67	2.0%
Rented or sold, not occupied	23	0.7%
For seasonal, recreational, or occasional use	1,063	31.1%
Other vacant	80	2.3%

Source: U.S. Census 2010, Table DP1

In 2010, 2.6 percent of units were vacant and for rent while 2.0 percent of units were vacant and for-sale.

A.3.3 Housing Stock Age and Conditions

Age of Housing Stock

The age of a housing unit is often an indicator of housing conditions. In general, housing that is 30 years or older may need repairs based on the useful life of materials. Housing over 50 years old is more likely to need major repairs. According to recent Census estimates, 79 percent of housing units in the City were built before 1980 and 64 percent were built before 1960 ([Table A-11: Age of Housing Stock](#)).

Table A-11: Age of Housing Stock

Year Built	Carmel		Monterey County	
	Units	%	Units	%
Built 2010 or later	0	0%	350	0.3%
Built 2000 to 2009	221	6%	13,234	9%
Built 1990 to 1999	172	5%	16,974	12%
Built 1980 to 1989	351	10%	18,987	14%
Built 1970 to 1979	196	6%	27,982	20%
Built 1960 to 1969	317	9%	22,037	16%
Built 1950 to 1959	740	21%	19,775	14%
Built 1940 to 1949	530	15%	9,633	7%
Built 1939 or earlier	993	28%	10,354	7%
Total units	3,520	100%	139,326	100%

Source: Census 2009-2013 ACS, Table DP-4



Housing Conditions

Housing is considered substandard when conditions are found to be below the minimum standard of living conditions defined in Section 1001 of the Uniform Housing Code. Households living in substandard conditions are considered to be in need of housing assistance, even if they are not seeking alternative housing arrangements, due to threat to health and safety.

In addition to structural deficiencies and standards, the lack of infrastructure and utilities often serves as an indicator for substandard conditions. According to recent Census estimates, none of the housing units in the City lacked kitchen or plumbing facilities.

In 2008, a City-wide windshield survey was conducted as part of the Housing Element update to evaluate general housing conditions. The survey focused on identifying housing units in need of substantial repair or rehabilitation. Properties were evaluated from the public right-of-way and the surveyors did not enter onto private property.

Approximately 3,000 properties in the residential and commercial districts were visually inspected, although a survey form was not completed for every property. The exterior condition (siding, roofing, windows and doors, foundation, electrical) of the properties was visually evaluated to determine if moderate or substantial improvements were needed or if the property was in a dilapidated condition. The vast majority of units in the City are in good condition with either no or moderate repairs needed. According to the windshield survey, approximately 77 units were determined to need substantial repairs and approximately 16 were determined to be in a dilapidated condition. Due to high property values and strong housing demand, it is unlikely that housing conditions have declined significantly since the 2008 survey was completed.

A.3.4 Housing Costs and Rent

Home Prices

Recent Census estimates reported a median value for all owner-occupied units in Carmel-by-the-Sea of over \$1 million ([Table A-12: Value of Owner-Occupied Housing Units](#)). Only about 5 percent of homes were valued at less than \$500,000.



Table A-12: Value of Owner-Occupied Housing Units

Price Range	Number of Units	Percent of Total
\$49,999 or less	0	-
\$50,000 to \$99,999	0	-
\$100,000 to \$149,999	0	-
\$150,000 to \$199,999	0	-
\$200,000 to \$299,999	37	3.5%
\$300,000 to \$499,999	19	1.8%
\$500,000 to \$999,999	271	25.6%
\$1,000,000 or more	732	69.1%
Total	1,059	100%
Median value	\$1,000,000+	

Source: Census 2009-2013 ACS, Table DP-4

These statistics show that for-sale housing in Carmel-by-the-Sea is only available to above-moderate income households.

Rental Rates

As shown in [Table A-13: Gross Monthly Rent](#), the median monthly rent in Carmel-by-the-Sea was reported by the Census Bureau to be \$1,559.

Table A-13: Gross Monthly Rent

Gross Rent	Units	Percentage
Less than \$200	0	-
\$200 to \$299	0	-
\$300 to \$499	22	4.0%
\$500 to \$749	0	-
\$750 to \$999	86	15.7%
\$1,000 to \$1,499	157	28.6%
\$1,500 or more	284	51.7%
Median	\$1,559	

Source: Census 2009-2013 ACS, Table DP-4

According to recent Census estimates, about two-thirds of renter households in Carmel-by-the-Sea spent 30 percent or more of their household income on rent ([Table A-14: Gross Rent as a Percentage of Household Income](#)).



Table A-14: Gross Rent as a Percentage of Household Income

Percent of Household Income	Number of Households	Percent of Households
Less than 15 percent	32	6.1%
15 to 19.9 percent	49	9.3%
20 to 24.9 percent	68	12.9%
25 to 29.9 percent	29	5.5%
30 to 34.9 percent	71	13.5%
35 percent or more	277	52.7%
Total	526	100%

Source: Census 2009-2013 ACS, Table DP-4

A.3.5 Housing Affordability

Housing affordability can be determined by comparing the sales prices and rents for housing in Carmel-by-the-Sea to the affordable payment for households at each income level.

Housing affordability is defined as paying no more than 30 percent of household income on housing expenses. [Table A-15: Affordable Rent and Purchase Price by Income Category](#) summarizes affordable rents and purchase prices by income categories based on the 2015 median family income of \$68,700 for Monterey County.

Table A-15: Affordable Rent and Purchase Price by Income Category

Income Category	Income Limits	Affordable Rent	Affordable Price (est.)
Extremely Low (<30%)	\$24,250	\$606	\$85,000
Very Low (31-50%)	\$36,250	\$906	\$145,000
Low (51-80%)	\$58,000	\$1,450	\$230,000
Moderate (81-120%)	\$82,450	\$2,061	\$350,000
Above moderate (120%+)	>\$82,450	> \$2,061	> \$350,000

Assumptions:
 -Based on the 2015 Monterey County median income of \$68,700
 -Based on a family of 4 (income limits and affordable prices or rents are adjusted for family size)
 -30% of gross income for rent or principal/interest/taxes/insurance (PITI)
 -10% down payment, 4% interest, 1.2% taxes & insurance, \$250 HOA dues
 Source: Cal. HCD; J.H. Douglas & Associates

Based on the very high market prices and rents in the City, it is clear that low- and moderate-income households have a very difficult time finding suitable affordable housing without subsidies.



A.3.6 Overpayment and Overcrowding

Overpayment

Overpayment is defined as households paying more than 30 percent of their gross income on housing related expenses, including rent or mortgage payments and utilities. High housing costs can cause households to spend a disproportionate percentage of their income on housing. This may result in repayment problems, deferred maintenance or overcrowding.

Lower-income households with a disproportionate housing cost burden are more likely to have difficulty finding suitable housing. In general, a larger proportion of renter-households have disproportionate housing cost burdens than owner-households because of their typically lower incomes.

Comprehensive Housing Affordability Strategy (CHAS) estimates published by HUD ([Table A-16: Overpayment by Tenure and Income](#)) showed that 77 percent of renters and 75 percent of homeowners in the extremely-low-income category spent more than 30 percent of their income on housing. All renters and about 38 percent of homeowners in the very low-income category were overpaying, while all renters and about two-thirds of homeowners in the low-income category experienced overpayment. Even in the above-moderate-income category, overpayment was experienced by about 31 percent of renters and 25 percent of homeowners.

Table A-16: Overpayment by Tenure and Income

Income Category	Owners		Renters	
	Households	Percent	Households	Percent
Extremely low households	40		110	
Households overpaying	30	75.0%	85	77.3%
Very low households	80		130	
Households overpaying	30	37.5%	130	100%
Low households	155		50	
Households overpaying	105	67.7%	50	100%
Moderate households	30		35	
Households overpaying	0	-	0	-
Above moderate households	890		340	
Households overpaying	220	24.7%	105	30.9%

Source: U.S. Department of Housing and Urban Development, CHAS based on the 2008-2012 ACS

Overcrowding

An overcrowded housing unit is defined as one with more than one person per room, excluding bathrooms, kitchens, hallways, and porches. A severely overcrowded housing unit is defined as one with more than 1.5 persons per room. Overcrowding can result from either a lack of affordable housing (which can force



more people to live together) and/or lack of available housing units of adequate size.

Table A-17: Overcrowding by Tenure

Occupants per Room	Carmel		Monterey County	
	Units	%	Units	%
Owner occupied units	1,059	100%	62,398	100%
1.01 to 1.50	0	0.0%	2,881	4.6%
1.51 to 2.00	0	0.0%	776	1.2%
2.01 or more	0	0.0%	209	0.3%
Renter occupied units	635	100%	63,030	100%
1.01 to 1.50	10	1.6%	7,581	12.0%
1.51 to 2.00	0	0.0%	2,892	4.6%
2.01 or more	0	0.0%	917	1.5%

Source: Census 2009-2013 ACS, Table B25014

Recent Census estimates reported that no owner-occupied units and only 1.6 percent of rental units in Carmel-by-the-Sea were overcrowded, while no units were severely overcrowded (Table A-17: Overcrowding by Tenure).

A.4 Special Needs Populations

Certain population groups may have a more difficult time finding decent affordable housing due to their special circumstances or needs. These “special needs” populations include elderly persons, large households, female-headed households, persons with disabilities, homeless, agricultural/farm workers, extremely-low income households, and students.

A.4.1 Elderly Persons

Elderly persons are considered a special needs group because they are more likely to have fixed incomes. Elderly persons often have special needs related to housing location and construction. Because of limited mobility, elderly persons typically need access to facilities and services (e.g., medical and shopping) and public transit. In terms of housing construction, elderly persons may need ramps, handrails, elevators, lower cabinets and counters and special security devices to allow for their reduced mobility.

Carmel-by-the-Sea has a large proportion of senior households. According to recent Census estimates, approximately 55 percent of the City’s owner households were headed by persons age 65+, with over 30 percent headed by persons 75 or over. On average, renters tended to be younger than owners, with about 27 percent of renter households headed by persons age 65 or over (Table A-18: Elderly Households by Tenure).



Table A-18: Elderly Households by Tenure

Householder Age	Owner		Renter	
	Households	%	Households	%
Under 65 years	480	45.3%	461	72.6%
65 to 74 years	259	24.5%	127	20.0%
75 to 84 years	250	23.6%	34	5.4%
85 years and over	70	6.6%	13	2.0%
Total Households	1,059	100%	635	100%

Source: U.S. Census 2009-2013 ACS, Table B25007

The Zoning Ordinance gives some incentives for providing Senior Housing: 1) A density bonus of up to 25 percent if 50 percent or more of all units in a development are reserved for Senior Citizens; and 2) Reduced on-site parking requirements. 1/3 space is required per senior unit.

A.4.2 Large Households

Large households, defined as those with five or more persons, are considered a group with special housing needs due to the limited availability of adequately sized affordable housing units. Unavailability of housing units with larger bedroom counts can result in overcrowding and accelerated unit deterioration. As shown in [Table A-19: Large Households by Tenure](#), large households represent only 4 percent of the City’s owner households and no renter households.

Table A-19: Large Households by Tenure

Household Size	Owners		Renters	
	Households	%	Households	%
1 person	252	23.8%	279	43.9%
2 persons	646	61.0%	78	12.3%
3 persons	86	8.1%	98	15.4%
4 persons	32	3.0%	180	28.3%
5 persons	14	1.3%	0	0.0%
6 persons	29	2.7%	0	0.0%
7+ persons	0	0.0%	0	0.0%
Total households	1,059	100%	635	100%

Source: 2009-2013 ACS Table B25009

A.4.3 Female-Headed Households

Female-headed households are a special needs group due to comparatively low rates of homeownership, lower incomes and high poverty rates experienced by this group. According to recent Census estimates, about 16 percent of owner households and 8 percent of renter households were female-headed households in Carmel-by-the-Sea.



Table A-20: Female-Headed Households by Tenure

Household Type	Owners		Renters	
	Households	%	Households	%
Married couple family	599	56.6%	263	41.4%
Male householder, no wife present	0	0.0%	18	2.8%
Female householder, no husband present	168	15.9%	53	8.3%
Non-family households	292	27.6%	301	47.4%
Total households	1,059	100%	635	100%
Source: 2009-2013 ACS Table B11012				

A.4.4 Persons with Disabilities

According to recent Census estimates, approximately 7 percent of non-institutionalized City residents reported some type of disability (see Table A-21: Disabilities by Age Group). As might be expected, those aged 65 and over generally reported the highest disability rates, although a high percentage of young children also reported disabilities. Approximately 15 percent of seniors reported some type of disability, compared to only 2 percent for persons between age 18 and 64. The most frequently reported disability for seniors was an ambulatory difficulty (10 percent of the senior population). Housing opportunities for those with disabilities can be maximized through housing assistance programs and providing universal design features such as widened doorways, ramps, lowered countertops, single-level units and ground floor units.

Developmental Disabilities

As defined by federal law, “developmental disability” means a severe, chronic disability of an individual that:

- Is attributable to a mental or physical impairment or combination of mental and physical impairments;
- Is manifested before the individual attains age 18;
- Is likely to continue indefinitely;
- Results in substantial functional limitations in three or more of the following areas of major life activity: a) self-care; b) receptive and expressive language; c) learning; d) mobility; e) self-direction; f) capacity for independent living; or g) economic self-sufficiency; and
- Reflects the individual's need for a combination and sequence of special, interdisciplinary, or generic services, individualized supports, or other forms of assistance that are of lifelong or extended duration and are individually planned and coordinated.



Table A-21: Disabilities by Age Group

Disability by Age	Persons	Percent
Total civilian noninstitutionalized population	3,760	-
With any disability	248	6.6%
Under Age 5 - total persons	193	--
With a hearing difficulty	26	13.5%
With a vision difficulty	26	13.5%
Age 5 to 17 - total persons	506	
With a hearing difficulty	0	0.0%
With a vision difficulty	0	0.0%
With a cognitive difficulty	0	0.0%
With an ambulatory difficulty	0	0.0%
With a self-care difficulty	0	0.0%
Age 18 to 64 - total persons	1,886	
With a hearing difficulty	0	0.0%
With a vision difficulty	0	0.0%
With a cognitive difficulty	0	0.0%
With an ambulatory difficulty	44	2.3%
With a self-care difficulty	21	1.1%
With an independent living difficulty	21	1.1%
Age 65 and over* - total persons	1,175	
With a hearing difficulty	73	6.2%
With a vision difficulty	16	1.4%
With a cognitive difficulty	21	1.8%
With an ambulatory difficulty	114	9.7%
With a self-care difficulty	16	1.4%
With an independent living difficulty	23	2.0%
Source: U.S. Census, 2009-2013 ACS		
Note: Totals may exceed 100% due to multiple disabilities per person		

The Census does not record developmental disabilities as a separate category of disability. According to the U.S. Administration on Developmental Disabilities, an accepted estimate of the percentage of the population that can be defined as developmentally disabled is 1.5 percent. Many developmentally disabled persons can live and work independently within a conventional housing environment. More severely disabled individuals require a group living environment where supervision is provided. The most severely affected individuals may require an institutional environment where medical attention and physical therapy are provided. Because developmental disabilities exist before adulthood, the first issue in supportive housing for the developmentally disabled is the transition from the person's living situation as a child to an appropriate level of independence as an adult.

The California Department of Developmental Services (DDS) currently provides community-based services to approximately 243,000 persons with developmental disabilities and their families through a statewide system of 21 regional centers, four developmental centers, and two community-based facilities. The San Andreas Regional Center (SARC) located in Campbell (<http://www.sarc.org/>) provides



services for people with developmental disabilities in Monterey, San Benito, Santa Clara, and Santa Cruz counties. The SARC is a private, non-profit community agency that contracts with local businesses to offer a wide range of services to individuals with developmental disabilities and their families. As of 2014, SARC served a small number of clients¹ living in Carmel-by-the-Sea (zip code 93921).

There is no charge for diagnosis and assessment for eligibility. Once eligibility is determined, most services are free regardless of age or income. There is a requirement for parents to share the cost of 24-hour out-of-home placements for children under age 18. This share depends on the parents' ability to pay. There may also be a co-payment requirement for other selected services.

Regional centers are required by law to provide services in the most cost-effective way possible. They must use all other resources, including generic resources, before using any regional center funds. A generic resource is a service provided by an agency that has a legal responsibility to provide services to the general public and receives public funds for providing those services. Some generic agencies may include the local school district, county social services department, Medi-Cal, Social Security Administration, Department of Rehabilitation and others. Other resources may include natural supports. This is help that disabled persons may get from family, friends or others at little or no cost.

A.4.5 Homeless

An accurate assessment of the homeless population is difficult because of the transient nature of the population. Many individuals are not visibly homeless, but move around in temporary living conditions.

The County conducted a point-in-time count and prepared a series of independent homeless peer interviews as part of the 2015 Monterey County Homeless Census and Survey. This survey used two methods for data collection: a point-in-time count on January 28, 2015 and a series of independent homeless peer interviews, as recommended by HUD. The 2015 Monterey County Homeless Point-in-Time Census and Survey² counted 1,630 unsheltered homeless people and an additional 678 people living in emergency shelters, transitional housing, and domestic violence shelters. The final estimate of the 2015 Monterey County Homeless Census and Survey is 2,308 persons. Of those, 6 unsheltered persons were identified as living in the City of Carmel-by-the-Sea.

While no homeless shelter is located in Carmel, the Police Department refers homeless persons found within the City to Peninsula area shelters, including the Salvation Army/Monterey Peninsula Corps in Sand City and I-HELP, located in Seaside. Officers have a list of resources for the unsheltered homeless persons including referral numbers for emergency medical services, mental health services, food services, shelter facilities, and services for veterans. The City of Carmel does not have an official contractual agreement with these facilities. The

¹ The California Department of Developmental Services reported the number of City residents receiving services as "less than 10" but the exact number is not available due to confidentiality requirements.

² <http://www.appliedsurveyresearch.org/homelessness-reports/2014/8/13/i632hx7w90yp8vkih9y2m4iqfpgad>



Police Department and these shelters operate under common understanding that the existing shelters will accept homeless persons if there is capacity.

A.4.6 Agricultural/Farm Workers

Agricultural workers are defined as persons whose primary incomes are earned through seasonal agricultural work. Agricultural workers have special housing needs because they typically earn lower incomes than other types of workers and move throughout the season from one harvest to another. According to recent Census estimates³, 12 persons, comprising less than one percent of Carmel-by-the-Sea's labor force, were employed in the agriculture, forestry, fishing and hunting, and mining industries. It is assumed that only a small percentage of persons employed in this industry are involved in active agricultural production and harvest. Therefore, there is no apparent or recognized need for farmworker housing in the City.

A.4.7 Students

The college student population in the area is another significant factor affecting housing demand. Recent Census estimates reported that 249 residents of Carmel-by-the-Sea were college students, representing about seven percent of the City's population.⁴ Near Carmel, the Middlebury Institute of International Studies at Monterey (MIIS) is located in the City of Monterey and the California State University, Monterey Bay (CSUMB) is located in the cities of Marina and Seaside.

According to the CSUMB website, the student population has grown from 654 in 1995 to over 6,600 in 2015. Forty-five percent of the CSUMB students live in on-campus apartments, residence halls, and family housing.

According to the MIIS website, the student population consists of approximately 725 students. The MIIS does not have dormitories or on-campus housing. However, the school's student services provide exclusive short-term & long-term rental databases to help students find housing.

It is anticipated that some of Carmel's college students attend CSUMB and MIIS, while others may commute to UC Santa Cruz or attend other universities or colleges located in the region.

A.5 Affordable Housing

A.5.1 Affordable Housing Inventory

As of 2015, a total of 59 units provided affordable housing through a variety of local programs ([Table A-22: Inventory of Assisted Rental Housing](#)). Each of these projects serves as an example of the methods and incentives used by the City to achieve production of affordable housing units.

³ 2009-2013 Census ACS, Table DP-03

⁴ 2009-2013 Census ACS, Table DP-02



Oliver White Building and Viejo Carmel

In 1987, the City granted a use permit to the private property owner of a small site (4,000 sq. ft.) known as the Oliver White Building (Dolores northeast of Eighth). This permit authorized the construction of a mixed-use development with four residential units in the Residential and Limited Commercial (RC) District. Originally this site was developed with a single-story commercial building. The owner and the City worked together through the permit process to achieve a second story of residential apartments at a density of 44 units per acre. Since the project exceeded the base density of 33 units per acre, the applicant was required to provide one moderate-cost rental unit. As part of the conditions of approval, the City did not permit the affordable unit to be converted to above-market-rate housing.

The Viejo Carmel project (northwest corner of Junipero and Fourth Avenues) is a large example of infill development that provides affordable housing. This 20,000-square-foot site was occupied by semi-industrial uses and offices (welding shop, repair services, contractor's office, etc.). The City approved permits authorizing the site to be razed and redeveloped with ten condominiums and ten apartments at a density of 44 units per acre. Without density bonuses, the site could only achieve 15 residential units. With density bonuses, the developer gained three additional market rate units in exchange for providing 2 apartments reserved for low-income households. In addition to the density bonus, the City reduced the parking requirement for the low-income housing units. The applicant was required to preserve in perpetuity two rental units for low-income households

Norton Court Apartments

In 1986, the City adopted a Specific Plan for Norton Court and granted a use permit to the Carmel Foundation (a key non-profit community organization for seniors) to construct Norton Court Apartments for seniors. As part of this development, the City entered into a 50-year agreement to lease the property for one dollar per year to the Carmel Foundation. This amounts to a substantial land subsidy provided by the City that offsets part of the cost of developing housing. While the Specific Plan does require all the units to be occupied by seniors it did not specify that the units be restricted as low- and moderate-income housing. Rents are maintained as affordable to lower-income seniors strictly through private donations raised by the Carmel Foundation. No direct public funding is involved.

Trevett and Hazeltine Courts

Trevett and Hazeltine Courts were developed with funding from the Carmel Foundation. Rents are maintained as affordable to lower-income seniors with private donations raised by the Carmel Foundation. No public funding is involved.

San Carlos Lodge

This site, located on San Carlos Street north of Fifth Avenue, was granted a use permit for a major addition and allowing the conversion of some existing apartments to transient motel units. As a condition of permit approval, the applicant retained two of the existing apartments as affordable housing for



moderate-income households on the property. Use permit conditions do not allow these units to be converted to market-rate housing.

Table A-22: Inventory of Assisted Rental Housing

Development Name	Total Units	Household Type	Provided By	Expiration of Affordability
Oliver White Building	1	Moderate	Density Bonus	In perpetuity
Viejo Carmel	2	Low	Density Bonus	In perpetuity
Norton Court	24	Senior Low	Lease Subsidy and Specific Plan	Not applicable
San Carlos Lodge	2	Any	As part of motel conversion, the City required two affordable apartments	In perpetuity.
Trevett Court	14	Senior	Private non-profit	Not applicable
Hazeltine Court	12	Senior	Private non-profit	Not applicable
Hasegawa	1	Low	Inclusionary	In perpetuity
Carl	1	Senior	Inclusionary	2027
Mandurrago	2	Senior	Inclusionary	In perpetuity
Mandurrago	2	Senior	Inclusionary	2020
Gonzales	1	Low	Inclusionary	In perpetuity
Ravel Corporation	1	Low	Inclusionary	In perpetuity
Trini Iye	1	Moderate	Inclusionary	In perpetuity
Total	64			

Source: City of Carmel-by-the-Sea Community Planning and Building Department, 2015.

The City is required by the California Coastal Act to track information regarding affordable housing units within the coastal zone. This analysis must include:

- The number of housing units approved for construction after January 1, 1982;
- The number of units for persons and families of low and moderate income that have been required to be included in new housing developments within three miles of the coastal zone;
- The number of existing units occupied by low- or moderate-income residents; and
- The number of low- and moderate-income residential units that have been replaced, demolished or converted.

The City’s housing stock is entirely located within three miles of the coastal zone. As shown in [Table A-22: Inventory of Assisted Rental Housing](#), the City has a total of 64 affordable housing units, all constructed after 1982. No affordable housing units have been replaced, demolished or converted.



A.5.2 Potential Loss of Assisted Housing Units

Housing units developed with public subsidies are an important source of affordable housing to lower-income households. Preserving the long-term affordability of such housing units is the most cost-effective means for providing decent and affordable housing to lower-income households in a community. Recognizing this important resource, State Housing Element law requires that a jurisdiction examine the potential loss of publicly subsidized multi-family rental housing for lower-income households due to expiration of deed restrictions, affordability covenants, and/or subsidy contracts.

Norton Court, Trevett Court, and Hazeltine Court are owned and operated by the Carmel Foundation, a non-profit organization which does not intend to convert the units to market rate housing within this Housing Element cycle. Trevett Court and Hazeltine Court did not receive any public assistance and have no deed restrictions or affordability covenants. While Norton Court receives a subsidized property lease, no use restriction was ever placed on the property to maintain the units as affordable housing. Units in the Oliver White Building, Viejo Carmel, and San Carlos Lodge are restricted as affordable housing in perpetuity. Therefore, no housing in Carmel-by-the-Sea that meets the State's definitions of affordable housing are at-risk of losing affordability controls over the next ten years.



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B CONSTRAINTS ON HOUSING PRODUCTION



Market, governmental, infrastructure, and environmental factors may constrain the provision of adequate and affordable housing. These constraints may result in housing that is not affordable to lower- and moderate-income households, or may render residential construction economically infeasible for developers.

B.1 Governmental Constraints

Local policies and regulations can impact the price and availability of housing and in particular, the provision of affordable housing. Land use controls, site improvement requirements, fees and exactions, and permit processing procedures may present constraints to the maintenance, development and improvement of housing. This section discusses potential governmental constraints in Carmel-by-the-Sea.

B.1.1 Land Use Controls

The Land Use Element of the Carmel-by-the-Sea General Plan sets forth policies for development Citywide, including residential development. These land use policies, coupled with zoning regulations, establish the amount and distribution of land for different uses. Housing supply and costs are affected by the amount of land designated for residential use, the density at which residential development is permitted, and the standards that govern the character of development.



General Plan

Every city in California is required to have a General Plan, which establishes its goals and policies for land use and development. The General Plan is the foundation of all land use controls in a jurisdiction. The Land Use Element of the General Plan identifies the location, distribution and density of the land uses within the City. Residential densities are expressed in dwelling units per acre (du/ac). The Carmel-by-the-Sea General Plan identifies two residential land use designations and two designations that include both commercial and residential uses. [Table B-1: General Plan Residential Land Use Designations](#) summarizes Carmel-by-the-Sea’s residential land use designations and their associated acreages and density ranges.

Table B-1: General Plan Residential Land Use Designations

Designation	Description	Existing Acreage	Permitted Density
Single-Family Residential	Intended to provide for single-family residential development at low densities.	344.85	2 – 11 du/ac
Multi-Family Residential	Intended to provide for multiple family residences at a high density.	5.81	≤33 du/ac ≤44 du/ac with affordable housing component
Core Commercial	Intended to provide for a wide range of retail and service uses in scale with the overall residential character of the community.	11.71	≤33 du/ac
Residential/ Commercial	Intended to provide for a mix of residential dwellings and a limited range of office and service uses in scale with the character of the community.	18.06	≤33 du/ac
Source: City of Carmel-by-the-Sea General Plan.			

Depending on land costs, certain densities are needed to make a housing project economically feasible for people at various income levels.

In 2004, Assembly Bill (AB) 2348 established “default” density standards. If a local government has adopted density standards consistent with the established population criteria, sites with those density standards are accepted as appropriate for accommodating the jurisdiction’s share of regional housing need for lower-income households. For jurisdictions such as Carmel-by-the-Sea in suburban counties, the “default” density is 20 dwelling units per acre.

Zoning Code

The Zoning Code is the primary tool for implementing the General Plan. It is designed to protect and promote public health, safety and welfare, as well as to promote quality design and quality of life. The City of Carmel-by-the-Sea’s residential zoning designations control both the use and development standards of each residential parcel, thereby influencing the development of housing.



The Carmel-by-the-Sea Zoning Code provides for a variety of residential development types. [Table B-2: Residential Land Use Controls](#) summarizes the zoning districts that permit by-right residential development or residential development subject to a conditional use permit.

Table B-2: Residential Land Use Controls

Zoning Code Designation	Zoning District(s)	Primary Residential Types
Residential Low Density	R-1	Single-family residential dwellings.
Residential Low, Medium, and High Density Residential	R-4	Low to Medium density single-family detached dwellings are permitted. High-density multi-family residential dwellings including duplexes, apartments and condominiums are permitted via Conditional Use Permit.
Commercial Low, Medium and High Density Residential	CC, SC, RC	Residential uses above commercial or on ground floor.

Source: Carmel-by-the-Sea Zoning Code.

The City has adopted a Subordinate Unit Ordinance that allows second units to be built in the R-1 district. Two classes of new subordinate units can be constructed. Class 3 subordinate units are designed to facilitate the housing needs of persons with disabilities who find it necessary to live with or near a companion, but where separate, self-contained facilities are important to both parties. Class 4 subordinate units are established to provide affordable housing to low- or very-low-income households as defined by California statutes. (Class 1 and Class 2 subordinate units apply to 271 existing units that pre-dated adoption of the ordinance).

B.1.2 Residential Development Standards

The largest zoning district in the City is the Single-Family Residential (R-1) District. Approximately half of the parcels in this zone are 4,000-square-foot lots. The remaining lots reflect a wide diversity of larger sizes. The Zoning Code establishes the maximum amount of residential floor area that can be developed on a single-family lot. For the typical 4,000 square foot lot, the maximum above-ground floor area with garage is 1,800 square feet with maximum site coverage of 2,400 square feet. Additional floor space is allowed in basements through an incentive program. For parcels over 4,000 square feet in area, the City uses a sliding scale to determine maximum floor area and site coverage. Housing units within this district may contain up to two stories, plus a basement. The maximum roof height of buildings is 18 feet for a single-story unit and 24 feet for a two-story unit. Front and rear yard setbacks are generally established at 15 feet. A variety of side yard setback combinations can be used to ensure that at no point will any structure occupy more than 75 percent of the lot width.



Carmel's Zoning Code also allows for development of multi-family dwelling units. The R-4 District allows apartments and attached housing at a base density of up to 33 units per acre, and up to 44 units per acre when affordable housing is provided.

Residential uses are also allowed within each of the City's commercial land use districts at a maximum density of 33 units per acre, with a bonus density of up to 44 units per acre when a development includes affordable housing. Buildings within this district may have up to two stories plus an underground garage.

Floor area bonuses of five to ten percent may be granted to projects that include permanent apartments reserved for senior citizens and/or low- or very-low-income households. Sites abutting or across the street from an R-4 or RC district require at least a five-foot front yard setback, while sites abutting or across from the R-1 district require a front yard setback of 7.5 feet. Sites abutting an R-1 or R-4 district require a rear setback of 10 feet. Sites in other locations do not require a rear setback. Buildings within this district may have up to two stories plus an underground garage.



Table B-3: Summary of Zoning Requirements

Zone	Minimum Lot Area (Sq. Ft.)	Maximum Lot Coverage	Maximum Floor Area (Sq. Ft.)	Maximum Building Height	Minimum Front Yard (Ft.)	Minimum Interior Side Yard (Ft.)	Minimum Street Side Yard (Ft.)	Minimum Rear Yard (Ft.)
Residential Districts								
R-1	2,500 ⁱ 4,000	22% of the base floor area	Less than 45 percent of the area of the building site ⁱⁱ 2,400 ⁱⁱⁱ	24 feet 2 stories	15	3	5	15
R-4	4,000	33 units/acre 44 units/acre with density bonus	N/A	26 feet 2 stories	No setback. 5 – if across from R-4, RC; 7.5 across from R-1	No setback ^{iv}	N/A	No setback 10 – if abutting R-1 or R-4
					Buildings shall not be less than six feet from any other building on the same site.			
Commercial Districts								
CC	N/A	One story – 95% of the site area Two story – 135% of the site area 150% with 15% bonus	N/A	30 feet 2 stories	No setback. 5 – if across from R-4, RC; 7.5 across from R-1	No setback ^{iv}	N/A	No setback 10 – if abutting R-1 or R-4
SC	N/A	One story – 95% of the site area Two story – 135% of the site area 150% with 15% bonus	N/A	30 feet 2 stories	No setback. 5 – if across from R-4, RC; 7.5 across from R-1	No setback ^{iv}	N/A	No setback 10 – if abutting R-1 or R-4
RC	N/A	One story – 70% of the site area Two story – 80% of the site area 95% with 15% bonus	N/A	26 feet 2 stories	No setback. 5 – if across from R-4, RC; 7.5 across from R-1	No setback ^{iv}	N/A	No setback 10 – if abutting R-1 or R-4
ⁱ Lots of record in existence on February 4, 1948. ⁱⁱ Applies to sites less than 4,000 square feet. ⁱⁱⁱ The maximum potential floor area on a site is the sum of the base floor area plus any bonus floor area. The City uses a sliding scale to determine maximum floor area and site coverage. ^{iv} If abutting R-4 or RC district a side yard setback of at least 5 feet along at least 50% of each side property line. The remaining 50% requires no setback unless the faces a public street. Any site abutting R-1 district requires a setback of five feet along entire sideyard.								
Source: City of Carmel-by-the-Sea Municipal Code, Chapter 17.								



B.1.3 Parking Standards

The Zoning Code also establishes parking requirements for each zoning district. In the R-1 District, one parking space per dwelling must be provided on sites of 8,000 square feet or less in area and two parking spaces per dwelling on sites larger than 8,000 square feet in area. One parking space must also be provided for each guesthouse. Requirements for other districts are listed below in [Table B-3: Parking Standards](#).

Table B-3: Parking Standards

Land Use	Basis for Requirement	R4	CC	SC	RC
Permanent Residential Use	Spaces per Unit	1.5	1.0	1.0	1.5
Affordable Housing for Moderate, Low, or Very Low Income	Spaces per Unit	0.5	0.5	0.5	0.5
Senior Housing, Cooperative Housing or Group Care Facilities	Spaces per Unit	0.33	0.33	0.33	0.33
Nursing Home or Other Residential Care Facilities	Spaces per Patient or Resident	0.33	N/A	0.33	0.33
Transient Residential	Spaces per Rental Unit	1.0	1.0	1.0	1.0

Source: City of Carmel-by-the-Sea Zoning Code, 2015.

B.2 Provisions for a Variety of Housing

Housing Element law specifies that jurisdictions must identify sites to be made available through appropriate zoning and implement development standards to encourage and facilitate the development of housing for all economic segments of the community. This includes single-family homes, multi-family housing, manufactured housing, transitional and supportive housing, farm worker housing, and emergency shelters.

[Table B-4: Residential Uses Permitted in Major Zones](#) summarizes the housing types permitted by-right, conditionally permitted or prohibited in the City by zone. In addition to single-family and multifamily houses, the City also permits or conditionally permits subordinate units, senior citizen housing, community care facilities, community social service facilities, residential care facilities, and transitional and supportive housing in many of the residential and non-residential zones. The City permits mobile homes as a single-family residential use, subject only to the design review requirements as any other single-family residential use in the same zone.

A conditional use permit is required for multi-family projects with densities greater than 22 du/ac. The conditional use permit review process is concurrent with the City’s design review process so no additional time is needed. The following standard findings are required for all conditional use permits:



- That the proposed use will not be in conflict with the City's General Plan.
- That the proposed use will comply with all zoning standards applicable to the use and zoning district.
- That granting the use permit will not set a precedent for the approval of similar uses whose incremental effect will be detrimental to the City, or will be in conflict with the General Plan.
- That the proposed use will not make excessive demands on the provision of public services, including water supply, sewer capacity, energy supply, communication facilities, police protection, and fire protection.
- That the proposed use will not be injurious to public health, safety or welfare.
- That the proposed use will be compatible with surrounding land uses and will not conflict with the purpose established for the district within which it will be located.
- That the proposed use will not generate adverse impacts affecting health, safety, or welfare of neighboring properties or uses.

Based on the number of projects that have been approved with densities above 22 du/ac (see Section A.5.1. Affordable Housing Inventory), the City has not found the conditional use requirement to negatively impact the cost or supply of multi-family housing. The conditional use permit allows the City to permit development of higher-density multi-family projects while ensuring negative impacts to the surrounding neighborhood are minimized or eliminated.



Table B-4: Residential Uses Permitted In Major Zones

Zone	Single Family	Multiple Family		Subordinate Units				Senior Citizen Housing	Community Care Facilities	Community Social Service Facilities	Residential Care Facilities			Transitional & Supportive Housing
		0-22 du/ac	>22 du/ac	I	II	III	IV				General	Limited	Senior	
Residential Districts														
R-1	P	---	---	P	P	C	P	L-3	---	C-1	---	L-3	---	*
R-4	P	P	C	---	---	---	---	P	L-2	L-2	---	P	C	*
Commercial Districts														
CC	P	P	C	---	---	---	---	P	P	P	---	P	---	*
SC	P	P	C	---	---	---	---	P	P	P	C	P	C	*
RC	P	P	C	---	---	---	---	P	P	P	C	P	C	*
P = Permitted by Right; C = Conditional Use Permit Required; "—" = Not listed for the zone; * = Permitted subject to the same requirements as apply to other residential dwellings of the same type in the same zone L# = Limited # 1. Allowed only on existing quasi-public use sites established prior to December 1, 1980, or added as an accessory use to such existing uses. 2. Limited to existing commercial spaces established prior to 1993 and occupied by commercial uses continuously since that time. 3. Limited to occupancy within a single-family residence.														
Source: City of Carmel-by-the-Sea Municipal Code Chapter 17, 2015														



B.2.1 Facilitating Special Needs Housing

Carmel-by-the-Sea has adopted policies to proactively facilitate and encourage special needs housing throughout the community. These policies are designed to ensure that all persons have the opportunity to find suitable housing. The following details provisions of the Zoning Code allowing for special needs housing.

Agricultural/Farm Workers Housing

The City does not have any land zoned for agriculture or housing exclusively for farmworkers. However, recent Census data estimated that only 12 residents of Carmel-by-the-Sea were employed in farming, fishing, and forestry occupations. Therefore, no specific policy or program is currently needed to address farm worker housing.

Emergency Shelters and Transitional/Supportive Housing

Emergency shelters for the homeless is defined as a residential facility, lodging house, or dwelling, where no rent is paid, that provides temporary accommodation to homeless persons and/or families. Pursuant to State law (SB 2), jurisdictions with an unmet need for emergency shelters are required to identify a zone(s) where emergency shelters will be allowed as a permitted use without a conditional use permit or other discretionary permit. The identified zone must have sufficient capacity to accommodate the shelter need, and at a minimum provide capacity for at least one year-round shelter. Permit processing, development and management standards for emergency shelters must be objective and facilitate the development of, or conversion to, emergency shelters.

As described in Appendix A - Needs Assessment, the Police Department estimates there are three transient residents in the City. There are no emergency shelters located in the City. However, the Zoning Code allows siting of emergency shelters as community social service facilities, which are defined as *“Any noncommercial housing facility, such as homeless shelters or emergency shelters, which may also provide meals, showers, and/or laundry facilities. Specialized programs and services related to the needs of the residents may also be provided. This classification excludes transitional housing facilities that provide long-term living accommodations.”* Community social service facilities are permitted by-right in the CC, SC, and RC districts as well as with a CUP in the R-1 and R-4 districts. In addition, shelters for families and single women with children are permitted at all churches in the community as a part of their social outreach functions. Religious facilities are conditionally permitted in the R-1 district (only on existing quasi-public use sites established prior to December 1, 1980, or added as an accessory use to such existing uses) and allowed with a conditional use permit (CUP) in the RC district.

The Zoning Code allows supportive and transitional housing subject only to the same standards and procedures as apply to other dwellings of the same type in the same zone consistent with the provisions of SB 2.



Senior Housing

Senior Housing refers to housing provided for senior citizens as defined by the State of California. Senior housing is permitted in the CC, SC, RC and R4 districts and permitted by CUP in the R-1 district.

Community Care Facilities

Community care facilities refers to facilities providing non-medical care and supervision under license from the California Department of Social Services. This classification excludes hospitals, residential care facilities, family day care homes, day care centers, and transitional housing. Community care facilities are permitted in the CC, SC, and RC districts as well as by CUP in the R-4 district.

Residential Care Facilities

Residential care facilities include facilities that are licensed by the State of California to provide living accommodations and 24-hour, primarily non-medical care and supervision for persons in need of personal services, supervision, protection, or assistance. Living accommodations are shared living quarters with or without separate kitchens or bathrooms for each room or unit. This classification includes facilities that are operated for profit as well as those operated by public or nonprofit institutions.

Residential care facilities include three subgroups discussed below.

General

“General” refers to a residential care facility providing 24-hour non-medical care for more than six persons in need of personal services, supervision, protection, or assistance. This classification includes hospices, board and care homes, and similar establishments that are licensed by the State of California. General residential care facilities are permitted with a CUP in the CC and RC districts.

Limited

“Limited” refers to a residential care facility providing 24-hour non-medical care for six or fewer persons in need of personal services, supervision, protection, or assistance essential for sustaining the activities of daily living. This classification includes only those facilities licensed for residential care by the State of California. Limited residential care facilities are permitted subject to the same standards as apply to other dwellings of the same type in the same zone.

Senior

“Senior” refers to a residential care facility providing 24-hour medical or non-medical care for more than six persons 60 years of age or older in need of personal services, supervision, protection, or assistance for sustaining the activities of daily living. This classification includes nursing homes for the elderly, life care or continuing care homes, and similar facilities licensed for residential care by the State of California. Senior residential care facilities are permitted with a CUP in the SC, RC, and R-4 districts.



Single-Room Occupancy

The City's Zoning Code does not explicitly define *single room occupancy* housing, although section 17.8.5(E) allows multifamily units as small as 400 square feet. The Code also requires that all multifamily projects of three or more units include a mix of unit sizes, and at least 25 percent of all units are required to be 400 to 650 square feet in size.

Group Homes

The Zoning Code defines *group residential* as "Shared living quarters without separate kitchens or bathrooms for each room or unit, including boardinghouses, dormitories, and private residential clubs, but excluding guesthouses." As described above, state-licensed group homes are permitted under the regulations for Community Care Facilities and Residential Care Facilities. Unlicensed group homes are not currently identified as a permitted use in any zoning district. Program 3-5.4.b includes a commitment to process a Zoning Code amendment to identify appropriate locations and standards for unlicensed group homes.

Manufactured Housing

Pursuant to State law, the City allows manufactured housing on a permanent foundation in all residential zones. Such housing is subject to the same development standards and design review criteria as wood-frame housing.

Housing for Persons with Disabilities

The U.S. Census Bureau defines persons with disabilities as those with a long-lasting physical, mental or emotional condition. This condition can make it difficult for a person to perform certain activities such as seeing, hearing, talking, walking, climbing stairs, lifting or carrying, or difficulty with certain social functions. This condition can also impede a person from being able to go outside the home alone or to work at a job or business.

Reasonable Accommodation Procedures

Council Policy C11-01 establishes procedures for providing reasonable accommodation in the application of zoning and building regulations for persons with disabilities in conformance with state law.

Zoning Regulations

The City has not identified any zoning or other land-use regulations that could discriminate against persons with disabilities or impede the availability of such housing for these individuals.

Examples of the ways in which the City facilitates housing for persons with disabilities through its regulatory and permitting procedures are:

- As discussed above, the City Zoning Code allows residential care facilities for six or fewer persons subject to the same standards and procedures as apply to other residential dwellings of the same type in the same zone.



- The City has also adopted reduced parking requirements (0.33-space per unit or bed) for Senior Housing, Cooperative Housing, Group Care Facilities, Nursing Homes and Other Residential Care Facilities. Retrofitting of dwellings to meet the needs of persons with disabilities is also an eligible activity under the City's Housing Rehabilitation Program. Construction and rehabilitation activities are also subject to the Federal Americans with Disabilities Act requirements and the City is active in promoting ADA compliance.
- The City defines family as "an individual or two or more persons living together as a single nonprofit housekeeping unit and sharing common living, sleeping, cooking, and eating facilities," which is consistent with State law.

B.2.2 Flexible Development Standards

Carmel-by-the-Sea's Zoning Code includes provisions for flexible development standards. This flexibility can be an important means to address important goals and objectives of the City, such as providing affordable housing for all income groups.

Mixed-Use Development

The R-4, CC, SC, and RC zoning districts allow for residential development in conjunction with office and/or commercial uses; otherwise known as mixed-use development. This form of development has been used successfully to combine apartments with retail and offices throughout Carmel's downtown area.

Subordinate Units

The Zoning Ordinance implements State law by providing guidelines for provision of second units on single-family lots as a source of affordable housing while preserving the existing residential character of the neighborhood. Subordinate units are allowed on lots of 8,000 square feet and larger. Owners of lots developed with both a primary dwelling and a subordinate unit can live in either unit or can rent both units. Program 3-5.3.c includes the review of current subordinate unit regulations to evaluate whether changes are needed to better facilitate the production of additional units.

Reduced Parking Requirements

The City provides five options for meeting parking requirements: (1) on-site surface parking; (2) on-site underground parking; (3) off-site parking if surplus parking on some nearby site is dedicated to a development project; (4) payment of fees in-lieu of parking if site conditions make on-site parking difficult; and (5) shared parking for mixed-use projects. In addition, the City requires 0.5 spaces per unit for affordable housing compared with 1 to 1.5 spaces per unit for market-rate units.

In summary, the City of Carmel-by-the-Sea provides flexible tools in its Zoning Code to facilitate and encourage infill development and housing opportunities in single-family, multi-family, and commercial zones. These tools can be used to help reduce the cost of housing.



B.2.3 Programs to Achieve Housing Affordability

Carmel-by the Sea provides several tools to encourage the production of affordable housing. These programs help achieve diversity and balance of housing types that are affordable to all economic segments of the community. The primary tools Carmel uses to ensure affordable housing are:

Density Bonus Program

The City has adopted a 33 percent density bonus for projects that include affordable housing units.

For residential projects at densities between 33 and 44 units the Zoning Code requires that at least one of the following three standards be met:

- At least 20 percent of all units on the site will be used as housing for “lower-income households;” or
- At least 10 percent of all units on the site will be used as housing for “very low-income households;” or
- At least 50 percent of all dwellings units on the site will be used as housing for “senior citizens” as established in California Housing Statutes.

Due to lack of water, the City has processed very few multi-family projects over the past five years. However, most of the projects the City has approved in recent years have included affordable units to qualify for a density bonus. While there have been no significant problems in implementation, certain aspects of the program may not encourage the development of very low-income units as well as low-income units, which may conflict with the intent of State law. The last update to the Housing Element provided a program that would reflect the provisions and intent of State law by altering the way that density bonus units are calculated. However, this program was not implemented. Therefore, the fractions of units continue to be rounded down, creating disparities between lots of different sizes. A Zoning Code amendment is being processed concurrently with adoption of this Housing Element to revise the City’s density bonus regulations consistent with state law.

Mixed-Use Development Floor Area Bonuses

The Zoning Code provides for floor area bonuses for mixed-use projects in all commercial districts and the R-4 district that include housing for lower-income households. [Table B-5: Affordable Housing Bonuses](#) summarizes the requirements and bonuses awarded to projects based on affordability level.



Table B-5: Affordable Housing Bonuses

Affordability / Income Level ¹	Unit Requirement	Floor Area Bonus
Moderate Income	At least 25 percent of units reserved for moderate income	Up to 5 percent
Low Income	At least 20 percent of units reserved for low income	Up to 10 percent
Very Low Income	At least 10 percent of units reserved for very low income	Up to 15 percent
Notes:		
¹ The Zoning Code uses AMBAG's definitions of the income levels.		
Source: City of Carmel-by-the-Sea Zoning Code, 2015.		

Reduced Development Fees

The City's fee schedule discounts planning and building fees proportional to the percentage of the development devoted to affordable units. For example, a project including ten percent affordable units, receives a ten percent discount on development fees.

Expedited Permit Processing

Little backlog exists in the City's development review process. However, the City moves projects with affordable housing ahead of other projects in the development processing queue when setting development review agendas. Due to Permit Streamlining law, this incentive is less powerful than it once was. However, it may reduce review time by as much as a month. Even this minor benefit attracts developer attention during pre-application meetings. Projects that include affordable housing are also expedited through the plan check process.

Reduced Parking Requirements for Affordable Housing

The City has adopted a reduced parking requirement for developments that include affordable housing (refer to [Table B-3: Parking Standards](#)). Parking costs contribute significantly to the cost of development in Carmel-by-the-Sea and this flexibility often makes affordable housing more feasible.

The combined effect of programs in the Carmel-by-the-Sea Zoning Code facilitates the production of affordable housing and encourages developers to include affordable units in new development projects.

B.3 Building Codes and Enforcement

Building and safety codes are adopted to preserve public health and safety, and ensure the construction of safe and decent housing. These codes and standards also have the potential to increase the cost of housing construction or maintenance.



B.3.1 Building Codes

Carmel-by-the-Sea has adopted the 2013 California Building Codes, which establish construction standards for all residential buildings. The Building Codes are designed to protect the public health, safety and welfare. The City amends the Building Codes as needed to further define requirements based on unique local conditions.

The City's adopted amendments to the 2013 California Building Code provide for the following:

- In cases where structures are abandoned, they will be abated in the interests of public health, safety and welfare. A building or structure is deemed abandoned if such damaged building or structure is unusable for any permitted use as it existed prior to damage, for four consecutive months.
- Buildings or structures relocated or moved within the City limits do not need to comply with the requirements of a new building.
- A certification of occupancy cannot be issued until the driveway, approach, planning, zoning and Fire Department requirements have been completed and approved.
- Openings in Exterior Walls located opposite the following groups and commercial zones are not permitted if there is less than 3 feet from the property boundary (Group A, E, I, B, M, and R) and protected (Group A, E, I, B, and M) if that distance is less than 6 feet. ("Protected" openings mean wire glass non-operable windows and solid core one and three-quarter-inch rated self-closing fire doors.
- When there is a change in ownership of any Group R, Division 3 occupancy (dwellings and lodging houses), a smoke detector installation is required.
- For all buildings in the City, any new roof covering, or any roof covering in the event of re-roofing of 25 percent or more of any existing roof, is required to be of a fire-retardant material.
- All sites where grading and/or excavation are conducted are required to adhere to the latest edition of the California Building Code. In addition, the following requirements have to be met:
 - When the fill or excavation exceeds 50 cubic yards a bond of \$1,000 has to be obtained to ensure the public way and property is maintained clear and in a clean manner.
 - Tree protection, drainage and erosion controls are required to be in place prior to, and during, all work, until completion of the project.



Code compliance is a division of the Community Planning and Building Department and is managed by the Planning Director. The City employs two part-time code compliance officers who make a proactive effort to educate property owners and local contractors on the City’s regulations. In addition, code compliance officers operate on a reactive basis. When a violation on a property is either reported or discovered, a violation notice is sent to the property owner. The property owner is given the option to apply for a permit, if applicable, to correct the violation or to remove the violation.

Based on its analysis, the City finds that the adopted Building Code and Zoning Code enforcement activities are not constraints to the development, maintenance or preservation of housing.

B.3.2 Americans with Disabilities Act

The Fair Housing Act of 1998 (FHA) and the Americans with Disabilities Act (ADA) are federal laws intended to assist in providing safe and accessible housing. ADA provisions include requirements for a minimum percentage of units in new developments to be fully accessible for persons with physical disabilities. Compliance with these regulations may increase the cost of housing construction as well as the cost of rehabilitating older units, which may be required to comply with current codes. However, the enforcement of ADA requirements is not at the discretion of the City, but is mandated under federal law.

B.4 Planning and Development Fees

B.4.1 Planning Fees

The City charges fees and assessments to cover the costs of processing permits. [Table B-6: Typical Residential Planning Fees](#) summarizes these costs. The City does not charge any development impact fees.

Table B-6: Typical Residential Planning Fees

Development Process	Fee	
	Single Family	Multi-Family
Administrative Permits	\$140 - \$370	\$155 - \$408
Preliminary Site Assessment	\$300	\$335
Residential Design Study	\$1,425	\$1,650
Demolition	\$200	\$200
Conditional Use Permits	\$595 - \$760	\$614 - \$785
Environmental Review	\$2,800	\$2,893
Planning Studies (noise, traffic, etc.)	\$2,800	\$2,893
Building Permits	Varies by construction value	Varies by construction value
Source: City of Carmel-by-the-Sea Planning Department, 2015.		



Table B-7: Typical Total Planning, Development and Impact Fees summarizes the costs for a typical single-family project, small multi-family project and large multi-family project. The single-family and small multi-family project fees are based on recent projects that are typical examples of the size and scale of projects in Carmel. The single-family fees assume demolition of an existing unit and construction of a 1,800-square-foot house. The small multi-family fees assume conversion of a second floor commercial space to two residential condos. The large multi-family project is based on demolition of a 9-unit building and replacement with a 14-unit building with a total of 8,700 square feet and a underground garage. This larger project is less common in Carmel.

Table B-7: Typical Total Planning, Development and Impact Fees

Development Process/Fee	Single Family ¹	Small Multi-Family ²	Large Multi-Family ³
Design Review/Coastal Permit	\$1,425	\$825	\$118
Use Permit	--	--	\$54
Demo Permit	\$200	--	\$14
Plan Check Fee	\$1,738	\$850	\$436
Building Permit Fee	\$2,673	\$1,335	\$671
School Fees	\$882	\$735	\$490
Strong Motion Fee	\$47	\$39	\$20
Building Standards Fee	\$20	\$16	\$8
Road Impact Fee	\$3,719	\$3,099	\$1,550
Total (per unit)	\$10,704	\$6,899	\$3,361
Est. % of Total Development Code	1%	1%	1%
Notes: 1. Assumes an 1,800-sf house with a valuation of \$360,000 2. Assumes 2 condos averaging 1,500 sf with a valuation of \$300,000 each 3. Assumes a 14-unit apartment building averaging 620 sf with a valuation of \$100,000 each Source: City of Carmel-by-the-Sea Planning Department, 2015.			

B.5 Local Processing and Permit Procedures

Given the water constraints and lack of vacant land, proposals for development in the City, particularly for residential development, have been limited. Therefore, the local processing time is not delayed by backlog. Typically, the City's processing time is approximately three to four months for the development of a single-family home and six to eight months for a multi-family or mixed-use development, which includes projects requiring design studies, use permits, or coastal development permits. **Table B-8: Review/Approval Requirements and Processing Times** summarizes the types of permits the City requires for various types of projects and the typical time required for permit review and approval.



Table B-8: Review/Approval Requirements and Processing Times

Zoning District	Design Study	Use Permit	CDP*	Typical Processing Time**
R-1				
Single family residence	√		√	6-7 months
Subordinate unit	√		√	4-6 months
Guest house	√	√	√	4-6 months
Building sites exceeding 30 percent slope	√	√	√	6-7 months
R-4				
Single family residences	√		√	6-7 months
Multifamily residences 0-22 units/acre	√		√	8-10 months
Multifamily residents residences 23-44 units/acre	√	√	√	8-10 months
Commercial Districts				
Multifamily residences 0-22 units/acre	√		√	8-10 months
Multifamily residents residences 23-44 units/acre	√	√	√	8-10 months
Note: * CDP – Coastal Development Permit – Required for all projects that increase the height and/or floor area on an existing structure by 10 percent or more. ** Includes building plan check				
Source: City of Carmel-by-the-Sea Community Planning and Building Department, 2015.				

A preliminary site assessment (PSA) for the property on which the project will occur is required prior to application submittal. The PSA is prepared by the City Forester and Planning staff and identifies the opportunities and constraints of the site. By designing a project that responds to the PSA, the applicant has the opportunity to expedite the application process by mitigating potential project impacts prior to submitting an application.

New residential development requires approval of a Design Study. A Use Permit and Coastal Development Permit (CDP) may also be required and are processed concurrently with the Design Study.

Design Study applications are required to achieve consistency with residential zoning standards and are evaluated using the City's Residential Design Guidelines. Early in the development review process, the City makes available to applicants the Residential Design Guidelines as codified in the Zoning Code, a list of required application materials, applicable zoning standards, and a list of required findings for approval. These materials clearly delineate the standards and guidelines by which each project is measured. As explained in the Design Guidelines, the primary purpose of the design review process is to ensure that



projects enhance and maintain the City's residential village character. The following are examples of issues considered during the Design Review process:

- Site and building design with respect to topography, vegetation, public and private views, site drainage and erosion, and solar access;
- Compatibility with adjacent uses in terms of bulk, scale, massing, architecture, and privacy; and
- Landscaping that is drought tolerant, consistent with the neighborhood character, and consistent with the City's Urbanized Forest objectives.

A Track 2 Design Study requires two hearings: Concept Review and Final Review. At Concept Review, the reviewing body analyzes the project in terms of its impact on the urban forest; neighborhood character; topography; open space; privacy, views, light and air; parking and access; and building mass and scale. The Final Review measures the project's consistency with the building and landscape design guidelines. Required findings and standard conditions are attached to each Design Study approval. A volume study is also required, which is completed by one of the City's consulting architects. The study begins after the Concept Review phase and typically takes two weeks to complete. The Track 2 Design Study application requires at least two to three months to process. Track 2 Design Study is a discretionary review process for projects that require a public hearing. Projects that require a Track 2 Design Study, demolition permit, use permit, variance, or other land use permit or environmental review are reviewed by the Planning Commission. All Track 2 projects are subject to the coastal development permit requirements of the certified LCP, and a Track 2 Design Study approval constitutes a coastal development permit. All Track 2 projects require public notice and a hearing.

A Use Permit or CDP requires review by the Planning Commission. These permit applications are processed concurrently with the Design Study and do not add to the total process timeframe. Additional findings are required for approval of a Use Permit and CDP, including consistency with General Plan and Local Coastal Plan policies. These required findings are listed in the Zoning Code and focus on physical design, configuration, bulk, architecture, placement on the lot, impacts on trees, compatibility with the size and scale of surrounding buildings, etc. and do not consider the use itself.

The City has adopted a Local Coastal Program/Land Use Plan (LCP) that sets goals and policies for development within the Coastal Zone. The California Coastal Commission has certified that the LCP meets the coastal zone requirements, which enables the City to issue Coastal Development Permits. This allows the City to process projects more quickly than would occur with Coastal Commission review.

The permit processing and approval process may increase the cost of development. To reduce constraints to the production, maintenance and improvement of housing, the City uses expedited review for projects that include



affordable housing units and offers incentives such as and reduced planning fees to offset costs.

B.5.1 Environmental Review Process

State regulations require environmental review of proposed discretionary projects (e.g., subdivision maps, use permits, etc.). Costs resulting from fees charged by local government and private consultants needed to complete the environmental analysis, and from delays caused by the mandated public review periods, are also added to the cost of housing and passed on to the consumer. However, the presence of these regulations helps preserve the environment and ensure environmental safety to residents of Carmel-by-the-Sea.

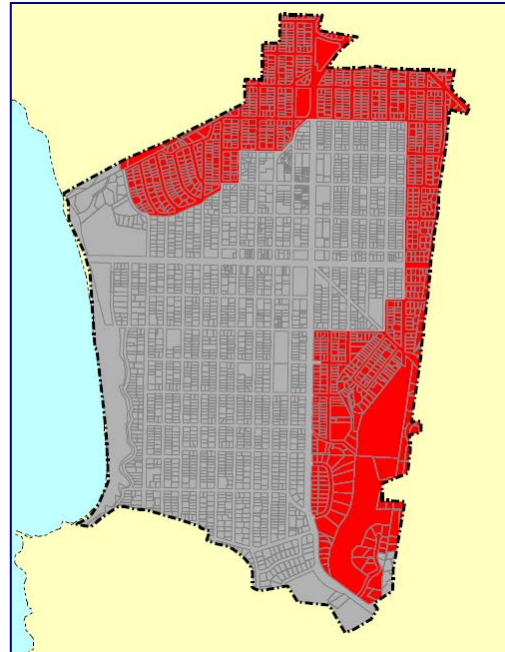
B.6 Environmental and Infrastructure Constraints

B.6.1 Environmental Constraints

Environmental constraints affecting housing include geologic and seismic conditions and fire hazards, which are a threat to the built environment. However, the primary environmental constraint to the development of housing in Carmel-by-the-Sea is the limited water supply. These constraints are discussed in detail below.

Fire Hazard

Carmel-by-the-Sea is often referred to as a “Village in the Forest,” due to its extensive urban forest. The high density of structures within the Carmel residential areas and business district among numerous trees increase the fire hazard. In addition, the Pescadero Canyon, Del Monte Forest, and Mission Trails Park located adjacent to the City, introduces the possibility of a wildland fire. The California Department of Forestry and Fire Protection Fire Hazard Severity Zone Local Responsibility Areas (LRA) map for Carmel-by-the-Sea, identifies a large area encompassing northern and eastern portions of the City as a Very High Fire Hazard Severity Zone. In such zones, roofs and exterior walls of new buildings must be made of noncombustible materials.



The City of Carmel-by-the-Sea is part of a regional coordination effort with other Monterey County cities, including Pacific Grove and Monterey. These neighboring agencies provide aid to each other on an as-needed basis.



Geologic and Seismic Hazards

The entire California Coast and Coast Range area is prone to earthquakes. Based on history, the probability of a moderate or high magnitude earthquake occurring in the greater Monterey region in the next few decades is quite likely. Faults that could present hazards to Carmel-by-the-Sea during an earthquake event include the following active or potentially active faults: San Andreas, San Gregorio-Palo Colorado, Chupines, Navy, and Cypress Point. The San Andreas and San Gregorio faults are two dominant faults within the Monterey County region that are considered active with evidence of historic or recent movement.

While the seismic hazards cannot be eliminated, there are a number of regulations that reduce the impact of these hazards. The Alquist-Priolo Earthquake Fault Zoning Act was passed in 1972 to mitigate the hazard of surface faulting to structures for human occupancy, by preventing the construction of buildings used for human occupancy on the surface trace of active faults. The California Building Code includes provisions associated with engineering design and building requirements that address seismic hazards. In addition, the City of Carmel-by-the-Sea General Plan includes policies addressing hazards from seismic activity.

B.6.2 Infrastructure Constraints

Water Supply

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

Carmel is under the jurisdiction of the Monterey Peninsula Water Management District (MPWMD) and receives its water from the California-American Water Company (Cal-Am). The MPWMD has permit authority over the production and distribution of all water supplies within the Monterey Peninsula region, and allocates water supplies to cities and County areas within its jurisdiction. Water service by Cal-Am is constrained by State Water Resources Control Board (SWRCB) Order WR 95-10, which determined that approximately 70 percent of Cal-Am supply is based on unlawful diversion from the Carmel River. Order 95-10 requires that any new water supply be used to reduce diversions from the Carmel River prior to allowing new users. Furthermore, SWRCB issued a Cease and Desist order to Cal-Am in 2008 to further restrict water use, up to an additional 50 percent, if upheld.

Since 1993, MPWMD has been given a single, lump-sum supply of Cal-AM water to allocate proportionately to the jurisdictions within its boundaries. As of February 2008, 121 of the 342 acre feet of water remain. Some jurisdictions, like the City of Del Rey Oaks, has used up its allocated amount of water, while Carmel-by-the-Sea is close to expending its respective allocation.

There are five projects currently under discussion as options for providing a new water supply, including desalination, groundwater replenishment, aquifer storage and recovery in the Seaside Basin, and potential expansion of the Los Padres Reservoir to meet the existing and future water needs of North Monterey County. However, though these water projects may be able to accommodate planned



growth, they would not be in place during the current Housing Element planning period due to the required technical studies, environmental review, and concurrent financing issues.

With regard to more immediate water supply, there is currently a project proposed by the Eastwood Trust that would provide Carmel-by-the-Sea with approximately 80 acre-feet annually (AFA) of water for potable use. The Eastwood Trust was approved to amend its Water Right License (License 13868), which originally authorized the diversion up to 0.45 cubic feet per second (cfs) of water from the subterranean stream of the Carmel River, for a maximum of 131.8 AFA of water. Water was diverted under License 13868 from two wells, and authorized to be used for the purpose of irrigation in a place of use consisting of 99 acres of land located within the Carmel River watershed on a property known as the Eastwood/Odello Ranch, part of the original Coast Ranch. In July 2015, the State Water Board split License 13868 into two new licenses: Licenses 13868A and 13868B. License 13868A authorizes the municipal use of 85.6 acre feet per year for existing lots of record within the parts of Cal-Am's service area that are within the Carmel River watershed or the City of Carmel-by-the-Sea. After adjustment for system losses, License 13868A will allow a Water Entitlement of 80 AFA. License 13868B dedicates the remaining portion of the existing water rights to in-stream uses.

On July 3, 2015, the State Water Board certified the final EIR for the project. On August 17, 2015, the Monterey Peninsula Water Management District Board adopted Ordinance No. 165, establishing a Water Entitlement, which would allow Carmel-by-Sea residents to potentially purchase water rights in order to develop legal lots of record that are currently vacant. Table 2-2 of the Housing Element identifies vacant lots that could potentially be developed with 74 new residential dwelling units.

Although water scarcity and provision of new supply is ultimately beyond the control of the City, the City supports efforts by the MPWMD and other agencies to expand the water supply and has a representative on both the Technical Advisory Committee and the Policy Advisory Committee. The City also cooperated with the District in developing projected water demand needs at build-out for use in the planning of future water projects.

In 2009, the City Council passed a resolution which states Carmel-by-the-Sea's support for the Water for Monterey County Coalition and continued collaboration of political and quasi-political entities in Monterey. Based on the understanding that Monterey Peninsula's water supply projects require a focused technical and political effort to be resolved, the Coalition is set to provide regional projects and water management programs that focus on sustainable and cost effective water supply solutions.

State law mandates the prioritizing of water for affordable housing. The City's share of water resources is internally allocated to land use categories based on policies in the Land Use and Community Character and Housing Elements of the General Plan. These policies affirm the City's commitment to housing by establishing residential uses (new homes, apartments, and remodeling) as one of



the highest priorities with the largest water allocation. In particular, existing subdivided lots zoned for housing should always be considered "first in line" for limited water resources except when this would preclude development of essential public services, recreational uses/facilities, or visitor serving uses consistent with the Coastal Act. New subdivisions of land are limited until existing subdivided lots have a secure water supply. The concept of spreading this limited resource across many properties should be retained so that no single project consumes a disproportionate share of this limited resource. This will maximize the number of units that can be built or approved.

The City has approximately 3.251 acre-feet of available water, of which approximately 1.67 acre-feet are in the City's reserves. The remaining 0.589 acre-feet is only available for affordable housing projects. In the past 5 years the City has allocated approximately 0.308 acre-feet to affordable housing projects. This is the only water available until the District supplies increase and new allocations are made to each city in the District. Based on current supplies, sufficient water may not be available to fully accommodate additional development commensurate with the City's total RHNA allocation (31 units). The City will continue to work with local and regional agencies to explore options for additional water supplies (see Program 3-3.2).

In addition, the City's Municipal Code includes specific requirements for water conservation in existing and new developments such as landscaping, plumbing fixtures, irrigation, and the use of free-flowing water conveyances, such as hoses. New development projects and existing structures needing a building permit for substantial proposed construction must meet the City's water conservation requirements.

Section 3: Goals, Policies and Programs of this Housing Element includes policies to continue to prioritize water allocation for affordable housing.

Wastewater

The Carmel Area Wastewater District provides sewer service to the City and outlying areas including the mouth of the Carmel Valley, Carmel Views, a portion of Rancho Rio Vista, Carmel Woods, Mission Fields, Hatton Fields, Quail Meadows and a small portion of the Highlands (Highlands Inn, Tickle Pink Inn and the Highlands Sanitary Assoc.). It also provides wastewater treatment and disposal service, by contract, to the Pebble Beach Community Services District and Point Lobos Reserve.

The District's facilities consist of approximately 80 miles of gravity sewers, interceptors, and force mains, six remote sewage pump stations, and a wastewater treatment plant with secondary treatment for ocean discharge and tertiary (microfiltration and reverse osmosis) treatment to reclaim water for irrigation of golf courses in the Del Monte Forest. The District's permitted capacity is 3.0 million gallons per day (MGD) and their current average daily dry weather flow is 1.8 MGD.

The City is required to plan for additional 31 residential housing units in this planning cycle. Based on discussions with the District and the remaining capacity



of approximately 40 percent, the District has adequate treatment capacity to serve these units.

B.7 On-Site and Off-Site Improvements

Another factor that can add to the cost of new construction is the cost of providing adequate infrastructure (major and local streets; water and sewer lines; and street lighting) required to be installed in new residential development. Since Carmel-by-the-Sea is primarily built-out and future development will primarily occur on in-fill sites, the costs associated with developing raw land and improving infrastructure systems usually do not arise in the City. Typical infrastructure costs in the CC, SC, RC, and R-4 districts are limited to sidewalk, curb, and gutter improvements, undergrounding of utility wires, stormwater drainage improvements, and landscaping.

Off-Site Improvements

The City's Municipal Code does not contain requirements for subdivision off-site improvements. However, the Code includes a chapter on requirements related to streets, sidewalks, and public places.

Sidewalks

Construction of sidewalks is not required in residential areas of the City. If sidewalk construction is proposed, a permit is required. The proposal must show that the construction of the sidewalk or walkway will preserve public safety, health or welfare, resolve a serious drainage problem, or that it would otherwise benefit the general public. The construction of the sidewalk or walkway must follow the natural contours of the land, and no less than 50 percent of the sidewalk area in front of any building site must be retained in planting. There are no specific requirements regarding the width of the sidewalks.

Driveways

Construction of a driveway requires a permit from the Department of Community Planning and Building in conjunction with the Director of Public Works and the Director of Forest, Parks and Beach.

Landscaping

Sidewalk street trees are encouraged by the City, with the City Forester determining number of trees, species, and exact location. Sidewalk street trees should be located near the head of, and adjacent to, parallel parking spaces with the trunk of the tree located 4.5 feet back from the head of the parking space. For trees at the curb line there should be at least four feet between the trunk and the facing building or planters in front of the building. All tree planters are encouraged to be as large as possible so that additional landscaping can be incorporated into the planters.

The City also encourages including "mini-parks", which is a park that protrudes into the street from the curb line or is in the street. The design of mini-parks must be consistent with the standards in the Forest and Beach Management Plan. All new



mini-park installations require a review by the Staff Traffic Committee and approval by the Planning Commission.

Streets

The streets in Carmel are narrow in width, 26 to 34 feet, with no gutters or sidewalks. This lack of formal development of streets throughout Carmel (with the exception of some of the downtown thoroughfares) has been a conscious effort on the part of residents to maintain a “village in a forest” atmosphere. The City has not established standardized street widths requirements. As Carmel is a built-out city and new development will occur as infill or redevelopment on parcels within the established street grid, construction of new streets is not anticipated. Therefore, street standards will have no impact on the cost and supply of housing.

B.8 Non-Governmental Constraints

Land costs, construction costs, and market financing contribute to the cost of housing reinvestment, and can potentially hinder the production of new affordable housing. Although many constraints are driven by market forces beyond the City’s control, Carmel retains some leverage in instituting policies and programs to address the constraints.

B.8.1 Land and Construction Costs

Land costs in Carmel-by-the-Sea are elevated due to the high demand for housing, lack of vacant land, and shortage of water for development. The location of a parcel has a significant impact on its value. As a result, land costs in the community vary significantly depending on location, especially proximity to the coast. City policies have no effect on land cost. As of October 2015, a vacant 0.09-acre R-1 lot was listed for sale (Carpenter Street/6th Avenue) at a price of \$529,000.

Another major cost associated with building a new house is the cost of building materials and labor, which can comprise up to 50 percent or more of the sales price of a home. Construction costs for a typical wood frame single-family house is at minimum \$175 to \$200 per square foot, while custom homes and units with extra amenities are higher. Given the high land and construction costs, homes built in Carmel-by-the-Sea have been primarily high-end custom homes.

B.8.2 Availability of Mortgage Financing

The availability of financing affects a person’s ability to purchase or improve a home. Interest rates are determined by national policies and economic conditions, and local governments can do little to affect these rates. Jurisdictions can, however, offer interest rate write-downs to extend home purchasing opportunities to a broader economic segment of the population. In addition, government insured loan programs may be available to reduce down payment requirements.

Under the Home Mortgage Disclosure Act (HMDA), lending institutions are required to disclose information on the disposition of loan applications and the income, gender, and race of loan applicants. This information is available for the Salinas Metropolitan Statistical Area (MSA), which encompasses Monterey



County. Carmel-by-the-Sea includes Census Tracts 118.01 and 118.02. According to the latest available HMDA data (2013), the percentage of home loan applications denied in these two tracts combined was 6.7 percent compared to 18.6 percent for the Salinas MSA as a whole, therefore homebuyers in Carmel-by-the-Sea do not appear to experience discrimination in mortgage lending.

Carmel-by-the-Sea is similar to other communities in California with regard to private sector home financing programs. The recent crisis in the mortgage industry has affected the availability of real estate loans, although the long-term effects are uncertain. For buyers with good credit histories, mortgages can be obtained at very favorable interest rates.



C HOUSING PROGRAM ACCOMPLISHMENTS



In order to develop an effective housing strategy for the 2015-2023 planning period, the City must assess the achievements of its existing housing programs. With this assessment the City can determine the effectiveness and continued appropriateness of the existing programs and make necessary adjustments for the next eight years.

C.1 Evaluation of Accomplishments under the Previous Housing Element

State Housing Element law requires cities to assess the achievements under their adopted housing programs as part of the Housing Element update. These results are quantified where possible (e.g. the number of units rehabilitated), but may be qualitative where necessary (e.g. mitigation of governmental constraints). The results are compared with projected or planned goals from the previous Housing Element. Where significant shortfalls exist between what was planned and what



was achieved, the reasons for such differences are discussed and appropriate revisions should be made in order to achieve the City's objectives.

Carmel-by-the-Sea has established the following goals to guide future policies and program actions related to housing:

- Goal G3-1. Preserve the existing housing stock.
- Goal G3-2. Preserve existing residential units and encourage the development of new multi-family housing in the Commercial and R-4 Districts.
- Goal G3-3. Provide adequate sites for the development of a wide range of housing types for all citizens.
- Goal G3-4. Protect the stability of residential neighborhoods by promoting year-round occupancy and neighborhood enhancement.
- Goal G3-5. Preserve and increase the supply of housing for lower- and moderate-income households, senior citizens and other special needs groups. Prohibit discrimination in the sale or rental of housing.

This section reviews the City's progress in implementing the housing programs since 2010, and their continued appropriateness for the 2015-2023 Housing Element. [Table C-1: Existing Program Accomplishments](#) summarizes the City's housing accomplishments since 2010 as well as future actions that should be taken.



Table C-1: Existing Program Accomplishments

Policy	Program	Accomplishments & Future Actions
P3-1.1. Housing Preservation and Rehabilitation	3-1.1.a. Housing Rehabilitation Information.	Policy and programs were posted on city website. This program should be continued.
	3-1.1.b. Residential Inspection Services.	Active inspection response time, generally within 2 days of request. This program should be continued.
	3-1.1.c. Housing Maintenance Information.	Maintenance information is available on a walk-in basis provided by staff based on the individual inquiry. This program should be continued.
P3-2.1. Preserve and Encourage Multi-Family Housing in the Commercial and R-4 Districts	3-2.1.a. Incentives for Mixed-Use Development.	City Municipal Code Section 17.14.140.D provides a floor area bonus of up to 15% for projects that include affordable housing units in Commercial and Multi-Family Zoning Districts. In addition, the City provides water credits for projects that include affordable housing units. The Department of Community Planning and Building educates owners of commercial properties and developers on these bonuses. This program should be continued.
	3-2.1.b. Preserve and Increase Second Floor Residential Uses.	With regard to preserving second-floor residential uses in the Commercial Zoning District, City Municipal Code Section 17.14.050. states that: <i>"No existing residential dwelling unit occupying floor space at any level above the first story in any structure shall be converted to any commercial use"</i> and <i>"except as provided for legally established motel units in CMC 17.14.040(M), Hotels and Motels, all newly constructed second story floor area, including area in new buildings, remodeled buildings and replacement, rebuilt or reconstructed buildings, shall be occupied by residential dwellings only and shall not be used for any commercial land use."</i> The City has enforced these regulations by disapproving proposals to convert second-story residential uses to commercial uses, and by requiring that new and reconstructed buildings only be allowed residential units on the second story. This program should be continued.
	3-2.1.c. Conditional Use Permits for Multi-Family Residential Development	Within all Commercial Zoning Districts multi-family housing is a permitted use at a density of up to 22 dwelling units/acre. A Conditional Use Permit is required for densities of 23 to 44 dwelling units/acre. In 2013, the City



Policy	Program	Accomplishments & Future Actions
		<p>approved a Use Permit (UP 13-6) for the reconstruction of a third unit of a multi-family complex in the Commercial District. In 2014, the City approved a Use Permit (UP 14-6) for the reconstruction of a 2-unit duplex in the Commercial District. As demonstrated by the successful completion of these projects, the CUP requirement is not a constraint to high-density housing development, therefore this program should be revised accordingly.</p>
<p>P3-3.1. Adequate Sites to Accommodate Projected Growth Needs</p>	<p>3-3.1.a. Adequate Sites.</p>	<p>The City's General Plan and Zoning Ordinance provide for a variety of housing types at appropriate densities to accommodate the City's RHNA needs. This program should be continued.</p>
	<p>3-3.1.b. Surplus Sites</p>	<p>No surplus sites were identified. This program should be continued.</p>
	<p>3-3.1.c. Development on Small Sites.</p>	<p>As recommended in Program 3-3.1.c of the City's 2010 Housing Element, the City has continued offer incentives for lot mergers including a floor area bonus, site coverage bonus, and allowance for additional accessory structures. The City has approved approximately 15 lot mergers since 2010. No additional incentives have been identified as necessary to facilitate development of small sites. This program should be continued.</p>
<p>P3-3.2. Work with Regional Agencies to Augment Infrastructure in Support of Projected Housing Growth</p>	<p>3-3.2.a. Prioritize Water Allocation for Affordable Housing.</p>	<p>The City has a total 2.854 acre-feet of water available for municipal purposes and private development projects. In 2013, the City Council updated the City's Water Allocation and maintained 0.507 acre-feet of water in a category reserved for Low Income Housing. Programs 3-3.2.a, 3-3.2.b and 3-3.3.a should be combined and continued.</p>
	<p>3-3.2.b. Regional Infrastructure Constraints.</p>	<p>California American Water (Cal-Am) is the primary purveyor of water from the Monterey Peninsula. The majority of the water served by Cal-Am comes from the Carmel River. 1995, the State Water Resources Control Resources Board (SWRCB) ruled that Cal-Am did not have valid permits for the majority of water it was pumping and limited the amount of water that could be pumped from the river. This ruling put a limit on water credits available for residential and commercial projects, and has limited overall regional development. In 2009, the SWRCB issued a Cease and Desist Order requiring that Cal-Am cease its unauthorized diversions by December 31, 2016. The Monterey Peninsula is currently working on a water supply project to address the water demand for the region.</p>



Policy	Program	Accomplishments & Future Actions
		Programs 3-3.2.a, 3-3.2.b and 3-3.3.a should be combined and continued.
P3-3.3. Development and Improvement of Infrastructure to Accommodate Housing Needs and Preserve Visual Character	3-3.3.a. Local Infrastructure Constraints.	Since 2010, the City has spent several million dollars on infrastructure improvements including the repaving of approximately 20% of the City streets, improvement to the City's storm drain system, and the installation of a dry-weather storm drain diversion system near the coastline. In addition, the City has assisted PG&E with improvements to its gas-line system. These improvements help to facilitate additional housing development. Programs 3-3.2.a, 3-3.2.b and 3-3.3.a should be combined and continued.
P3-4.1. Expansion of Permanent Residential Housing in the R-1 District	3-4.1.a. Permanent Housing.	The City has continued to implement the ordinance adopted in 1988 that prohibits transient rentals and timeshare use of residential dwellings in the R-1 District. In 2012, the City hired a Code Compliance Officer that is responsible for enforcing the prohibition on transient rentals. This program should be continued.
	3-4.1.b. Conversion of R-1 Motels.	The City has continued to allow the conversion of R-1 motel units into permanent residences. In 2014, the City approved a Design Study application to convert a 4-unit motel located in the R-1 Zoning District into a single-family residence. In 2014, the Planning Commission also reviewed a concept proposal to demolish a 25-unit motel located in the R-1 Zoning District, in order to construct 16 new single-family residences. This program should be continued.
P3-4.2. Preserve Scale and Character of Established Neighborhoods While Encouraging Property Improvement	3-4.2.a. Neighborhood Compatibility.	The City has continued to enforce height, coverage and floor area standards to ensure that new construction and remodels do not present excess visual mass or bulk to public view or to adjoining properties. Programs 3-4.2.a and 3-4.2.b should be combined and continued.
	3-4.2.b. Design Review.	The City has continued to implement thorough Design Study review of all projects. Since the Housing Element was last updated 2010, the City has processed approximately 900 Residential Design Study applications and 200 Commercial Design Reviews. Of these applications, approximately 350 were referred to the Planning Commission for a decision. Programs 3-4.2.a and 3-4.2.b should be combined and continued.



Policy	Program	Accomplishments & Future Actions
	3-4.2.c. Support Neighborhood Organizations.	The City has continued to support and work with neighborhood organizations that promote neighborhood safety and improvement. For example, the City has worked with: 1) the Carmel Resident's Association on preserving community character, 2) the Carmel Garden Club on several public landscaping projects, and 3) with the Friends of the Forest on the maintenance and preservation of the City's park trail system. This program should be continued.
P3-4.3. Promote Public Awareness and Pride through Historic Preservation	3-4.3.a. Neighborhood Preservation Education Programs.	The City continually educates the public on its cultural and design heritage as a means of encouraging compatible housing design within existing neighborhoods. There have been several public workshops and meeting with the purpose of discussing historic preservation and the City's Design Guidelines. Programs 3-4.3.a and 3-4.3.b should be combined and continued.
	3-4.3.b. Incentives for Historic Resources.	The City has offered incentives to owners of historic resources. In 2010, the City adopted a Mills Act program, which provides tax benefits to property owners of historic resources. A total of 5 Mills Act contracts have been issued by the City since the program was adopted. Programs 3-4.3.a and 3-4.3.b should be combined and continued.
P3-5.1. Recognize Special Needs of Persons with Disabilities and Retain Flexibility in the Design Review Process	3-5.1.a. Reasonable Accommodation Procedures.	Senate Bill (SB) 520 requires that California jurisdictions adopt policies and procedures to provide reasonable accommodation for persons with disabilities. In 2011 the City Council adopted Policy C11-01, which established procedures for reasonable accommodation. This program should be revised to reflect prior accomplishments.
P3-5.2. Promote Housing for Senior Citizens	3-5.2.a. Shared Housing Information.	The City works with the Carmel Foundation on identifying opportunities for senior housing within the City. The City has also assisted with the distribution of information to the public on organizations such as the Alliance on Aging and Monterey County Housing Authority. This program should be continued.
P3-5.3. Preserve Existing Affordable and Rental Housing	3-5.3.a. Condominium Conversions.	The City has continued to implement its condominium conversion policy, which restricts the conversion of apartments to condominiums to preserve the lower cost rental housing options such as apartments. Apartments are prohibited from being converted to condominiums unless



Policy	Program	Accomplishments & Future Actions
		a new apartment is being created to offset the conversion. This program should be continued.
	3-5.3.b. Section 8 Rental Assistance.	The City continued to facilitate the use of Section 8 through dissemination of information; however, as a federal program the City has no authority to change existing eligibility regulations. This program should be revised and continued.
	3-5.3.c. Subordinate Units.	The City has continued to provide information to the public on the establishment of subordinate units. This program should be continued.
	3-5.3.d. Monitor Affordable Housing Stock.	The City maintains a data base for its affordable housing stock and ensures that compliance is maintained with affordable housing covenants. This program should be continued.
P3-5.4. Encourage Private Sector Affordable Housing	3-5.4.a. Density Bonus	The City currently offers a density bonus for projects that include affordable housing units and is in the process of revising density bonus regulations to comply with State law.
	3-5.4.b. Housing for Extremely-Low-Income Households.	The City continues to encourage development of housing for extremely-low-income households through a variety of activities such as technical assistance, fee deferrals, expedited/priority processing, identifying grant and funding opportunities, applying for or supporting applications for funding on an ongoing basis, reviewing and prioritizing local funding and offering incentives under the density bonus provisions in State law. This program should be continued.
P3-5.5. Reduce or Eliminate Governmental Constraints on Affordable Housing.	3-5.5.a. Reduced Entitlement and Development Fees.	No reductions of processing fees were approved due to budget constraints. This program should be continued.
	3-5.5.b. Reduced Parking Requirements.	The City has continued to reduce the parking requirement for affordable housing units. Municipal Code Section 17.38.020 requires only 0.5 parking spaces per affordable housing unit in the Commercial and Multi-Family Zoning Districts. The normal requirement is 1 to 1.5 spaces per unit. This program should be continued.
	3-5.5.c. Expedited Processing Procedures.	The City continues to offer expedited permit processing for projects that include affordable units. This program should be continued.



Policy	Program	Accomplishments & Future Actions
P3-5.6. Support Energy and Water Conservation	3-5.6.a. Energy Conservation.	Carmel enforces the latest conservation standard base on the July 1, 2014 of the California Energy Commission publication. This program should be combined with Program 3-5.6.b and continued.
	3-5.6.b. Green Building	Carmel incorporates the latest building code as part of all plan reviews of construction documents. This program should be combined with Program 3-5.6.a and continued. The Green Building Program has been superseded by the CALGreen standards included with the adoption of the 2013 Building Code.
	3-5.6.c. Water Conservation	Ongoing oversight assistance is provided by Monterey Water Management District. The City Council has also formed a conservation committee and has waived permit fees for projects for the purposes of water conservation. This program should be continued.
P3-5.7. Fair Housing	3-5.7.a. Fair Housing Services.	The City works with the California Department of Fair Employment and Housing and the Housing and Conflict Resolution and Mediation Center of Monterey County. The City has referred inquiries regarding fair housing to these agencies. This program should be continued
P3-5.8. Transitional and Supportive Housing	3-5.8.a. Zoning for Transitional and Supportive Housing.	The City adopted revisions to transitional/supportive regulations in 2012 and is reviewing and refining the Code concurrent with the 2015 Housing Element update.



C.2 Share of Regional Growth

The Association of Monterey Bay Area Governments (AMBAG) determined that the City of Carmel-by-the-Sea's share of regional housing need was 32 new units for the 2007-2014 planning period. [Table C-2: Share of Regional Housing Need and Accomplishments](#), shows the progress toward meeting the identified need during the previous housing cycle.

Table C-2: Share of Regional Housing Need and Accomplishments

Income Category	RHNP Allocation	New Units Constructed	Percent of Needs Met
Extremely Low Income (30 or less of the MFI)	4	-	-
Very Low (31-50 percent AMI)	3	7	233%
Low (51-80 percent AMI)	5	7	140%
Moderate (81-120 percent AMI)	6	-	-
Upper (>120 percent AMI)	14	6	43%
Total	32	20	63%

Sources: AMBAG. Regional Housing Needs Plan 2014-2023
Department of Community Planning and Building, City of Carmel-by-the-Sea, 2015.



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D PUBLIC PARTICIPATION SUMMARY

This update to the Housing Element has provided residents and other interested parties with opportunities to review draft documents and proposed policies, and to provide recommendations for consideration by decision-makers. Public notices of all Housing Element meetings and public hearings were published in the local newspaper in advance of each meeting, as well as by direct mail to interested parties and posting the notices on the City's website. The draft Housing Element was made available for review at City Hall and posted on the City's website.

As part of the public review process, the following public meetings were held to review the draft Housing Element.

August 19, 2015	Planning Commission Public Workshop
August 31, 2015	City Council Public Meeting
November 18, 2015	Planning Commission Public Hearing
December 1, 2015	City Council Public Hearing

Table D-1 provides a list of persons and organizations that were sent direct mail notice of all public meetings on the Housing Element while Table D-2 summarizes comments received and how those comments were addressed.

Table D-1: Public Notice List

Alliance on Aging – senior services and housing programs
American Red Cross (Carmel Chapter) – emergency shelter services
Apartment Association of Monterey County
Association of Monterey Bay Area Governments (AMBAG)
Carmel Chamber of Commerce
Carmel Foundation – senior housing, activities, education
Carmel Residents Association – local citizens organization
Coalition of Homeless Services Providers
Community Human Services
Habitat for Humanity
Housing Authority of Monterey County (HAMC) – regional housing services and programs
LandWatch Monterey County – environmental advocacy organization
Monterey County Association of Realtors
Monterey County Housing & Redevelopment
Shelter Outreach Plus - homeless services



Table D-2: Public Comments Summary

Comment	Response
Should the City offer incentives for lot mergers?	Lot mergers can create more viable building sites for housing, although incentives would be most effective when used where multi-family or affordable units may be built.
Is there any surplus City property that could be used for affordable housing?	No City property has been determined to be surplus at this time, although staff will continue to monitor this option.
Does the City require "green" building standards?	Yes, the City has adopted the latest state building codes, which include green building techniques for energy and water conservation.
Affordable housing is needed for seniors and tourism service workers.	Many coastal areas face the problem of low-wage jobs and high housing costs. The City has been proactive in providing regulations and incentives to encourage the production of affordable housing to the extent feasible.
Are there other things the City could do to encourage affordable housing production?	Small cities like Carmel don't have the resources many larger cities have, in terms of land, staff and budget. In particular, Carmel has very little vacant land where new housing can be built. Subordinate (second) units can provide affordable units, but small lot sizes, topography and other constraints limit the potential number of units. The City has regulations that encourage housing in commercial zones and could also explore ways to create more housing units within existing neighborhoods.
What about water supply?	Water supply is a major limiting factor on all types of development, and the City is working closely with public and private entities to seek additional sources.
Could the City use rent control to create more affordable units?	Under state law (Costa-Hawkins) there are limitations on the use of rent control, including landlords' ability to set rents at any level when a unit becomes vacant and exemptions for single-family houses and condos.
We should encourage more full-time residents in Carmel – there are a lot of vacant units used as vacation homes.	Desirable coastal and resort communities often have high vacancy rates due to second homes. Cities have limited ability to influence second home ownership and use. In 1988 the City adopted an ordinance prohibiting short-term rental and timeshares in the R1 zone.



E. GLOSSARY OF TERMS

Above-Moderate-Income Household. A household with an annual income greater than 120 percent of the area median family income adjusted by household size, as determined by the California Department of Housing and Community Development.

Apartment. An apartment is one or more rooms in an apartment house or dwelling occupied or intended or designated for occupancy by one family for sleeping or living purposes and containing one kitchen.

Assisted Housing. Generally multi-family rental housing, but sometimes single-family ownership units, whose construction, financing, sales prices, or rents have been subsidized by federal, state, or local housing programs.

Below-Market-Rate (BMR). Any housing unit sold or rented to low- or moderate-income households for an amount less than the fair market value of the unit.

Build-Out. That level of urban development characterized by full occupancy of all developable sites in accordance with the General Plan and zoning regulations.

Community Development Block Grant (CDBG). A grant program administered by the U.S. Department of Housing and Urban Development (HUD) on a formula basis for entitlement communities and by the State Department of Housing and Community Development (HCD) for non-entitled jurisdictions. This grant allots money to cities and counties for housing rehabilitation and community development, including public facilities and economic development activities.

Condominium. A structure of two or more units, the interior spaces of which are individually owned; the balance of the property (both land and building) is owned in common by the owners of the individual units. (See "Townhouse.")

Covenants, Conditions, and Restrictions (CC&Rs). A term used to describe restrictive limitations that may be placed on property and its use, and which usually are made a condition of holding title or lease.

Deed. A legal document which transfers ownership of real estate.

Density Bonus. The allocation of development rights that allow a parcel to accommodate additional square footage or residential units beyond the maximum for which the parcel is zoned, in exchange for the provision of affordable housing.

Density, Residential. The number of residential dwelling units per acre of land.

Developable Land. Land that is suitable as a location for structures and that can be developed free of hazards to, and without disruption of, or significant impact on, natural resource areas.



Down Payment. Money paid by a buyer from his own funds, as opposed to that portion of the purchase price which is financed.

Duplex. A detached building under single ownership that is designed for occupation as the residence of two families living independently of each other.

Dwelling Unit (du). A building or portion of a building containing one or more rooms, designed for or used by one family for living or sleeping purposes, and having a separate bathroom and only one kitchen or kitchenette. See Housing Unit.

Elderly Housing. Typically one- and two-bedroom apartments or condominiums designed to meet the needs of persons 62 years of age and older or, if more than 150 units, persons 55 years of age and older, and restricted to occupancy by them.

Emergency Shelter. Housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person. No individual or household may be denied emergency shelter because of an inability to pay.

Extremely-Low-Income Household. A household with an annual income equal to or less than 30 percent of the area median family income adjusted by household size, as determined by the California Department of Housing and Community Development.

Fair Market Rent. The rent, including utility allowances, determined by the United States Department of Housing and Urban Development for purposed of administering the Section 8 Housing Program.

Family. An individual or two or more persons living together as a single nonprofit housekeeping unit and sharing common living, sleeping, cooking, and eating facilities. .

General Plan. A comprehensive, long-term plan mandated by State Planning Law for the physical development of a city or county and any land outside its boundaries which, in its judgment, bears relation to its planning. The plan shall consist of seven required elements: land use, circulation, open space, conservation, housing, safety, and noise. The plan must include a statement of development policies and a diagram or diagrams illustrating the policies.

Goal. A general, overall, and ultimate purpose, aim, or end toward which the City will direct effort.

Green Building. Green or sustainable building is the practice of creating healthier and more resource-efficient models of construction, renovation, operation, maintenance, and demolition. (US Environmental Protection Agency)

Historic Preservation. The preservation of historically significant structures and neighborhoods until such time as, and in order to facilitate, restoration and rehabilitation of the building(s) to a former condition.



Historic Property. A historic property is a structure or site that has significant historic, architectural, or cultural value.

Household. All those persons—related or unrelated—who occupy a single housing unit. (See “Family.”)

Housing and Community Development Department (HCD). The State agency that has principal responsibility for assessing, planning for, and assisting communities to meet the needs of low-and moderate-income households.

Housing Element. One of the seven State-mandated elements of a local general plan, it assesses the existing and projected housing needs of all economic segments of the community, identifies potential sites adequate to provide the amount and kind of housing needed, and contains adopted goals, policies, and implementation programs for the preservation, improvement, and development of housing.

Housing Payment. For ownership housing, this is defined as the mortgage payment, property taxes, insurance and utilities. For rental housing this is defined as rent and utilities.

Housing Unit. The place of permanent or customary abode of a person or family. A housing unit may be a single-family dwelling, a multi-family dwelling, a condominium, a modular home, a mobile home, a cooperative, or any other residential unit considered real property under State law.

Housing and Urban Development, U.S. Department of (HUD). A cabinet-level department of the federal government that administers housing and community development programs.

Implementing Policies. The City’s statements of its commitments to consistent actions.

Implementation. Actions, procedures, programs, or techniques that carry out policies.

Infill Development. The development of new housing or other buildings on vacant lots in a built-up area or on new building parcels created by permitted lot splits.

Jobs-Housing Balance. A ratio used to describe the adequacy of the housing supply within a defined area to meet the needs of persons working within the same area.

Live-Work Units. Buildings or spaces within buildings that are used jointly for commercial and residential purposes where the residential use of the space is secondary or accessory to the primary use as a place of work.

Low-Income Household. A household with an annual income usually no greater than 51-80 percent of the area median family income adjusted by household size,



as determined by the California Department of Housing and Community Development.

Low Income Housing Tax Credits. Tax reductions provided by the federal and State governments for investors in low-income housing.

Manufactured Housing. Residential structures that are constructed entirely in a factory, and which since June 15, 1976, have been regulated by the federal Manufactured Home Construction and Safety Standards Act of 1974 under the administration of the U. S. Department of Housing and Urban Development (HUD). (See “Mobile Home” and “Modular Unit.”)

Mixed-use. Properties on which various uses, such as office, commercial, institutional, and residential, are combined in a single building or on a single site in an integrated development project with significant functional interrelationships and a coherent physical design. A “single site” may include contiguous properties.

Moderate-Income Household. A household with an annual income usually no greater than 81-120 percent of the area median family income adjusted by household size, as determined by the California Department of Housing and Community Development.

Multiple Family Building. A building designed and used exclusively as a dwelling by three or more families occupying separate suites.

Ordinance. A law or regulation set forth and adopted by a governmental authority, usually a city or county.

Overcrowding Housing Unit. A housing unit in which the members of the household, or group, are prevented from the enjoyment of privacy because of small room size and housing size. The U.S. Bureau of Census defines an overcrowded housing unit as one which is occupied by more than one person per room.

Parcel. A legal lot or tract of land.

Planning Area. The area directly addressed by the general plan. A city’s planning area typically encompasses the city limits and potentially annexable land within its sphere of influence.

Policy. A specific statement of principle or of guiding actions that implies clear commitment but is not mandatory. A general direction that a governmental agency sets to follow, in order to meet its objectives before undertaking an action program. (See “Program.”)

Poverty Level. As used by the U.S. Census, families and unrelated individuals are classified as being above or below the poverty level based on a poverty index that provides a range of income cutoffs or “poverty thresholds” varying by size of family, number of children, and age of householder. The income levels are updated each year to reflect the change in the Consumer Price Index.



Program. An action, activity, or strategy carried out in response to adopted policy to achieve a specific goal or objective. Policies and programs establish the “who,” “how” and “when” for carrying out the “what” and “where” of goals and objectives.

Redevelop. To demolish existing buildings; or to increase the overall floor area existing on a property; or both; irrespective of whether a change occurs in land use.

Regional. Pertaining to activities or economies at a scale greater than that of a single jurisdiction, and affecting a broad geographic area.

Regional Housing Needs Assessment. A quantification of projected housing need, by household income group, for all localities within a region.

Rehabilitation. The repair, preservation, and/or improvement of substandard housing.

Residential Land. Land designated in the General Plan and zoning ordinance for building consisting of dwelling units. May be improved, vacant, or unimproved. (See “Dwelling Unit.”)

Residential Care Facility. A facility that provides 24-hour care and supervision to its residents.

Residential, Multiple Family. Usually three or more dwelling units on a single site, which may be in the same or separate buildings.

Residential, Single-Family. A single dwelling unit on a building site.

Retrofit. To add materials and/or devices to an existing building or system to improve its operation, safety, or efficiency. Buildings have been retrofitted to use solar energy and to strengthen their ability to withstand earthquakes, for example.

Rezoning. A change in the nature, density, or intensity of uses allowed in a zoning district and/or on a designated parcel or land area.

Second Unit. A self-contained living unit, either attached to or detached from, and in addition to, the primary residential unit on a single lot. Also referred to as a “Granny Flat.”

Section 8 Rental Assistance Program. A federal (HUD) rent-subsidy program that is one of the main sources of federal housing assistance for low-income households. The program operates by providing housing assistance payments to owners, developers, and public housing agencies to make up the difference between the Fair Market Rent (set by HUD) and the household’s contribution toward the rent, which is calculated at 30 percent of the household’s adjusted gross monthly income (GMI). “Section 8” includes programs for new construction, existing housing, and substantial or moderate housing rehabilitation.

Shared Living. The occupancy of a dwelling unit by persons of more than one family in order to reduce housing expenses and provide social contact, mutual



support, and assistance. Shared living facilities serving six or fewer persons are permitted in all residential districts by §1566.3 of the California Health and Safety Code.

Single-Family Dwelling, Attached. A dwelling unit occupied or intended for occupancy by only one household that is structurally connected with at least one other such dwelling unit. (See “Townhouse.”)

Single-Family Dwelling, Detached. A dwelling unit occupied or intended for occupancy by only one household that is structurally independent from any other such dwelling unit or structure intended for residential or other use.

Single Room Occupancy (SRO). A single room, typically 80-250 square feet, with a sink and closet, but which may require the occupant to share bathroom, shower, and kitchen facilities.

Subsidized Housing. To assist by payment of a sum of money or by the granting to terms or favors that reduces the need for monetary expenditures. Housing subsidies may take the forms of mortgage interest deductions or tax credits from federal and/or state income taxes, sale or lease at less than market value of land to be used for the construction of housing, payments to supplement a minimum affordable rent, and the like.

Substandard Housing. Residential dwellings that, because of their physical condition, do not provide safe and sanitary housing.

Supportive Housing. Housing with no limit on length of stay, that is occupied by the target population, and that is linked to an onsite or offsite service that assists the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community. *Target population* means persons with low incomes who have one or more disabilities, including mental illness, HIV or AIDS, substance abuse, or other chronic health condition, or individuals eligible for services provided pursuant to the Lanterman Developmental Disabilities Services Act (Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code) and may include, among other populations, adults, emancipated minors, families with children, elderly persons, young adults aging out of the foster care system, individuals exiting from institutional settings, veterans, and homeless people.

Target Areas. Specifically designated sections of the community where loans and grants are made to bring about a specific outcome, such as the rehabilitation of housing affordable by very-low- and low-income households.

Tenure. The ownership status of a housing unit. A housing unit is “owned” if the owner or co-owner lives in the unit, even if it is mortgaged or not fully paid for. All other occupied units are classified as “rented,” including units rented for cash rent and those occupied without payment of cash rent.

Townhouse. A dwelling unit that is attached to another unit with no dwelling unit located above or below another and with each dwelling unit having its own exterior entrance.



Transitional Housing. Buildings configured as rental housing developments, but operated under program requirements that require the termination of assistance and recirculating of the assisted unit to another eligible program recipient at a predetermined future point in time that shall be no less than six months from the beginning of the assistance.

Very-Low-Income Household. A household with an annual income usually no greater than 31-50 percent of the area median family income adjusted by household size, as determined by the California Department of Housing and Community Development.



Acronyms Used

ACS:	American Community Survey
AMBAG:	Association of Monterey Bay Area Governments
BMPs:	Best Management Practices
CALTRANS:	California Department of Transportation
CEQA:	California Environmental Quality Act
CHAS:	Comprehensive Housing Affordability Strategy
CIP:	Capital Improvement Program
DIF:	Development Impact Fee
DOF:	Department of Finance
DU/ac:	Dwelling units per acre
EDD:	California Employment Development Department
FAR:	Floor Area Ratio
FEMA:	Federal Emergency Management Agency
HCD:	California Department of Housing and Community Development
HOA:	Homeowners Association
HUD:	U.S. Department of Housing and Urban Development
LAFCO:	Local Agency Formation Commission
MFI:	Median Family Income
NPDES:	National Pollutant Discharge Elimination System
RHNA:	Regional Housing Needs Assessment
RTP:	Regional Transportation Plan
TOD:	Transit-Oriented Development
TDM:	Transportation Demand Management
TSM:	Transportation Systems Management
WCP:	Water Conservation Plan