



CITY OF CARMEL-BY-THE-SEA

6th Cycle Housing Element Amendment:

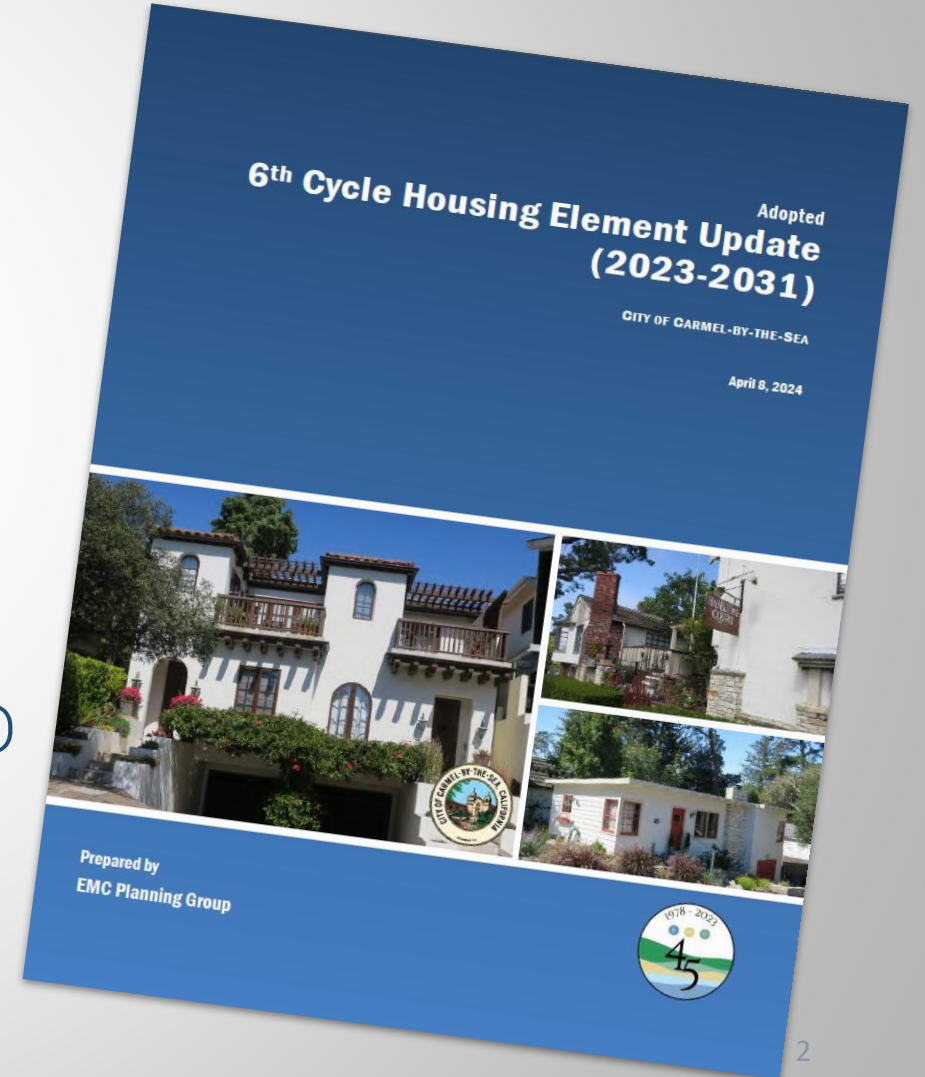
Review of a revised draft for formal submittal to the
State Department of Housing and Community Development

City Council Meeting
November 4, 2025



Tonight's Agenda

- ❑ Review draft amendments to the 6th cycle Housing Element
- ❑ Receive public comments
- ❑ Receive comments from the City Council
- ❑ Discuss revisions (if any)
- ❑ Direct staff to submit amendments to HCD for formal review





California's Housing Needs

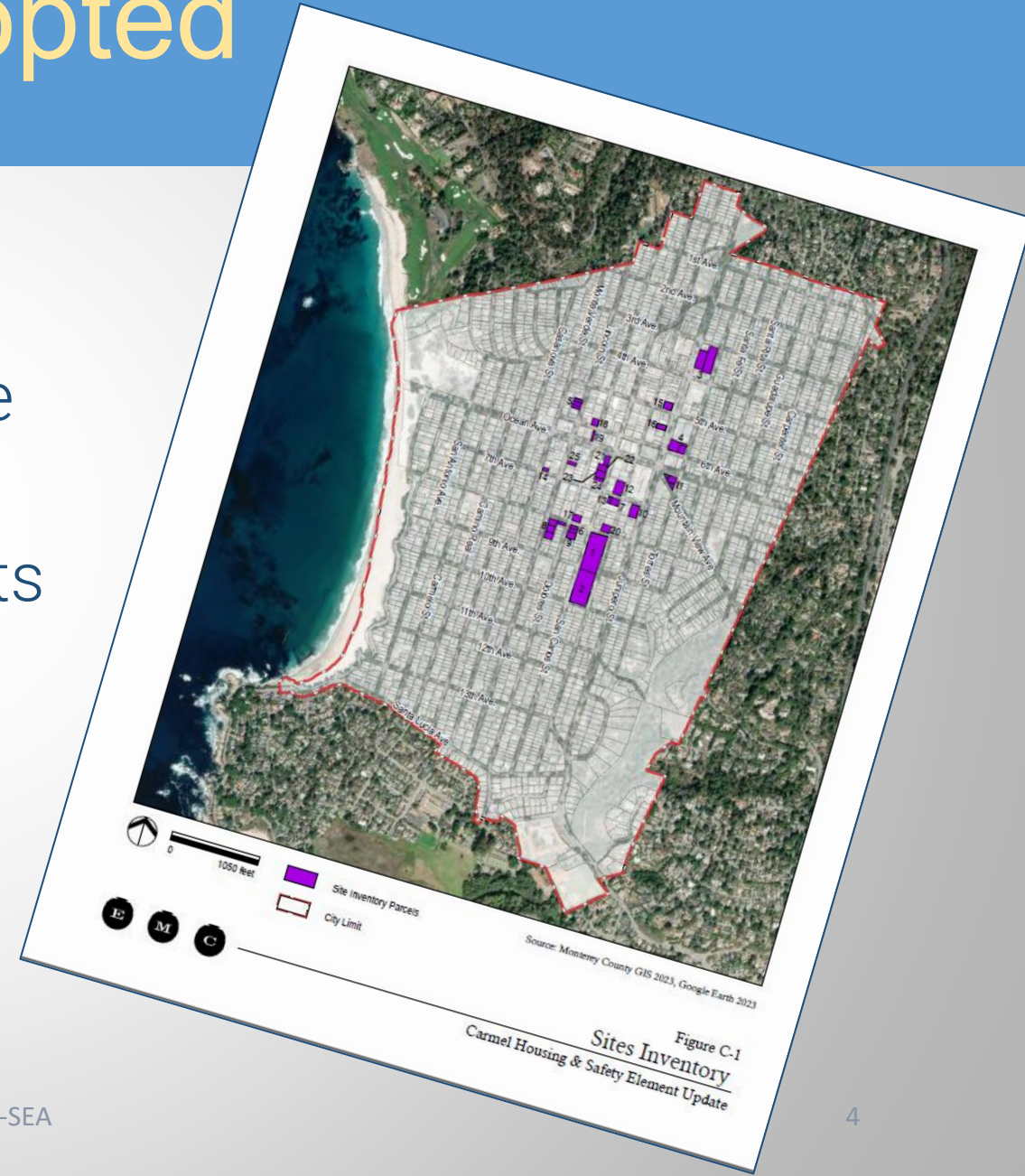
- State of CA estimated a need for **2.5 million** new homes statewide
- A regional share of **33,274 units** assigned to Monterey and Santa Cruz counties and cities
- Carmel-by-the-Sea's share is **349 units** (231 affordable)
- Realistic housing sites must be identified to accommodate these units
- How did we accomplish this?



Housing Sites: Adopted

- Identified 11 new sites
 - 228 units: 89/58/30/51
- Reused 14 sites from the 5th cycle
 - 60 units: 0/0/0/60
- 25 sites total and 288 housing units
 - 89 very low income
 - 58 low-income
 - 30 moderate-income
 - 111 above moderate income

And...





Housing Sites: Adopted

Other Housing Opportunities:

- Proposed a hospitality employee housing program
 - **31 units: 8/12/11/0**
- Projected ADU development
 - **34 units: 10/10/10/4**
- Captured pipeline projects
 - **57 units: 7/7/7/36**

410
114/87/58/151

349 units required
410 units planned
~17.5% buffer



Amendment Process

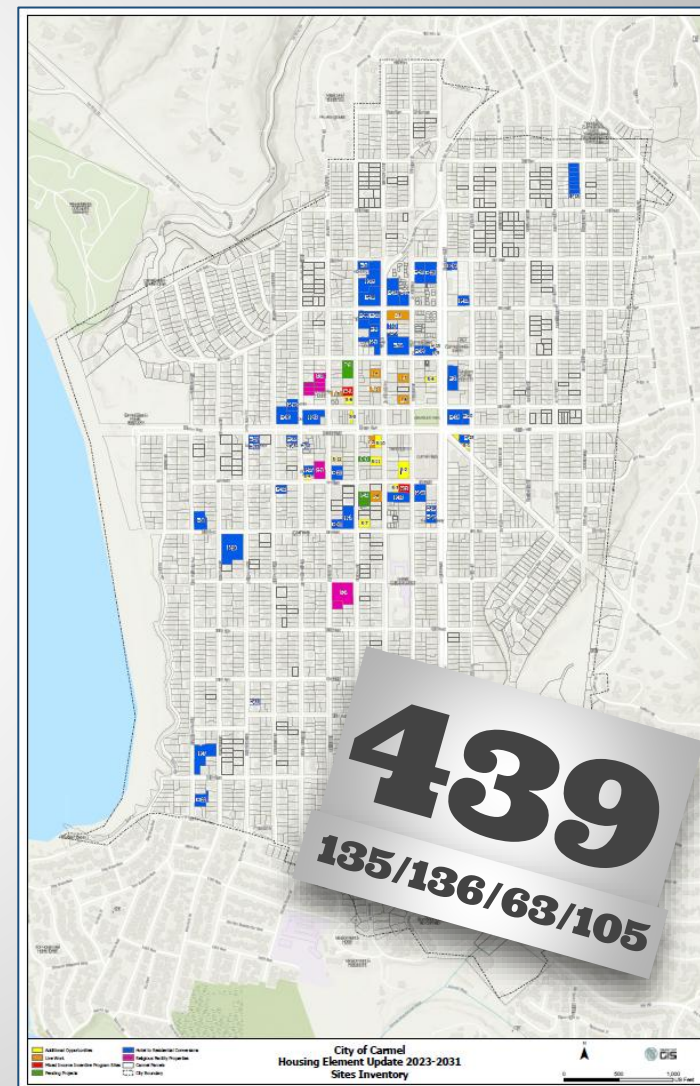
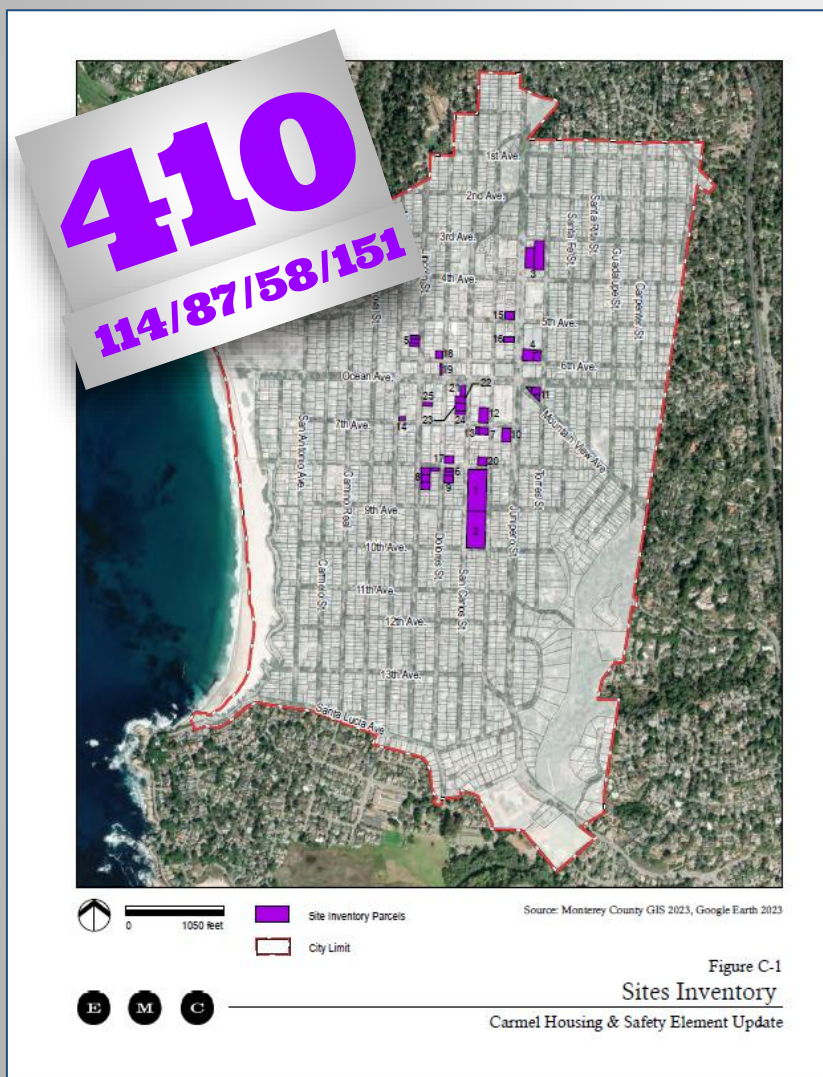
- July 2024 City Council Resolution 2024-062
- Collaboration between city staff and the AHA residential group
- Community meetings in August 2024 and March 2025
- Multiple meetings with HCD to review and receive feedback on the five strategies
- Planning Commission and City Council feedback in May 2025
- 'Friendly' Review by HCD in June/July 2025



Housing Sites

Adopted

Proposed





Housing Sites: Amendment

Reused 12 sites from the 5th cycle (yellow)

53 units: 0/2/0/51

Included 3 church sites (hot pink)

65 units: 33/32/0/0

Updated ADU projections (2025-2031)

70 units: 21/21/21/7

Pipeline projects

68 units: 13/13/13/29

Included 2 Mixed Income Incentive Program Sites (red)

12 units: 2/2/2/6

Included 8 Live/Work Sites (orange)

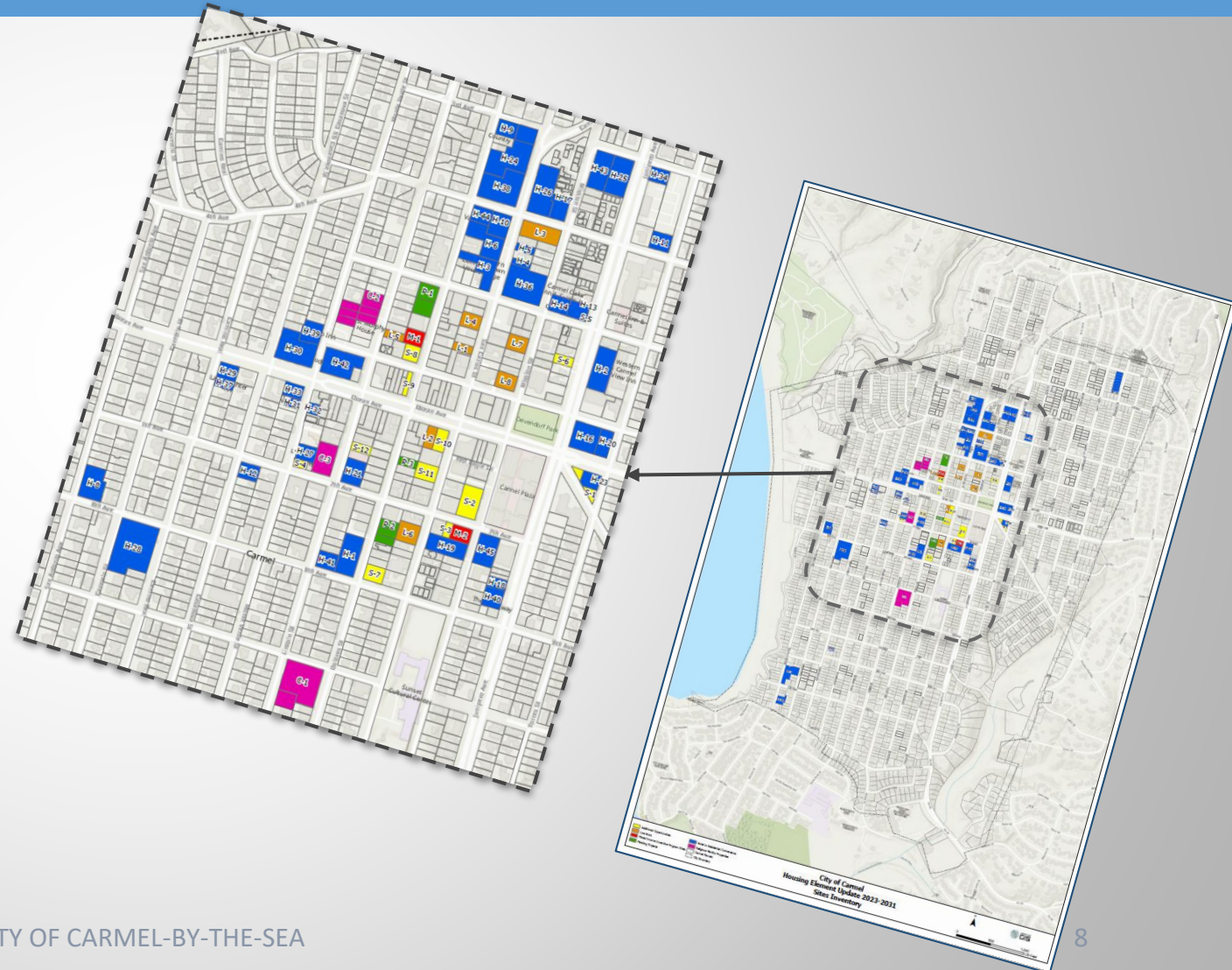
78 units: 39/39/0/0

Hotel to Residential Conversion (blue)

161 units: 40/40/40/41

KEY: 1/2/3/4=Very Low, Low, Moderate, Above Moderate

CITY OF CARMEL-BY-THE-SEA





The Five Strategies:

Leveraging Constraints into Opportunities

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

Downtown Mixed-
Income
Incentive Program

Downtown
Live/Work Program
(new)

Accessory
Dwelling Units

Housing on
Religious Facility
Owned Property



Hotel-to-Residential

- Program historically referred to as 'Transfer of Development Rights'
- EXISTING: 1.3.B Encourage the conversion of hotels to multi-family with 15% affordable units and transferring the hotel rooms to another site in the commercial district
 - Incentive is allowing the transfer in exchange for the housing
 - Typically, the entitlement would be abandoned upon conversion
 - No quantifiable RHNA credit gained



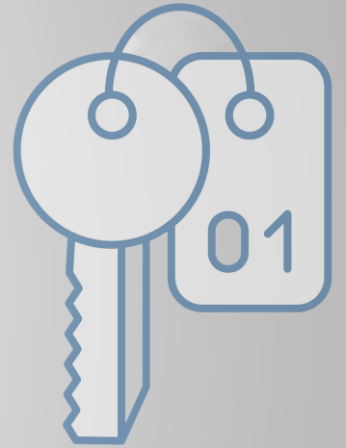


Hotel-to-Residential

CONVERSION OF UNDERPERFORMING HOTELS TO MIXED-INCOME HOUSING

(75% affordable units, 25% market rate units)

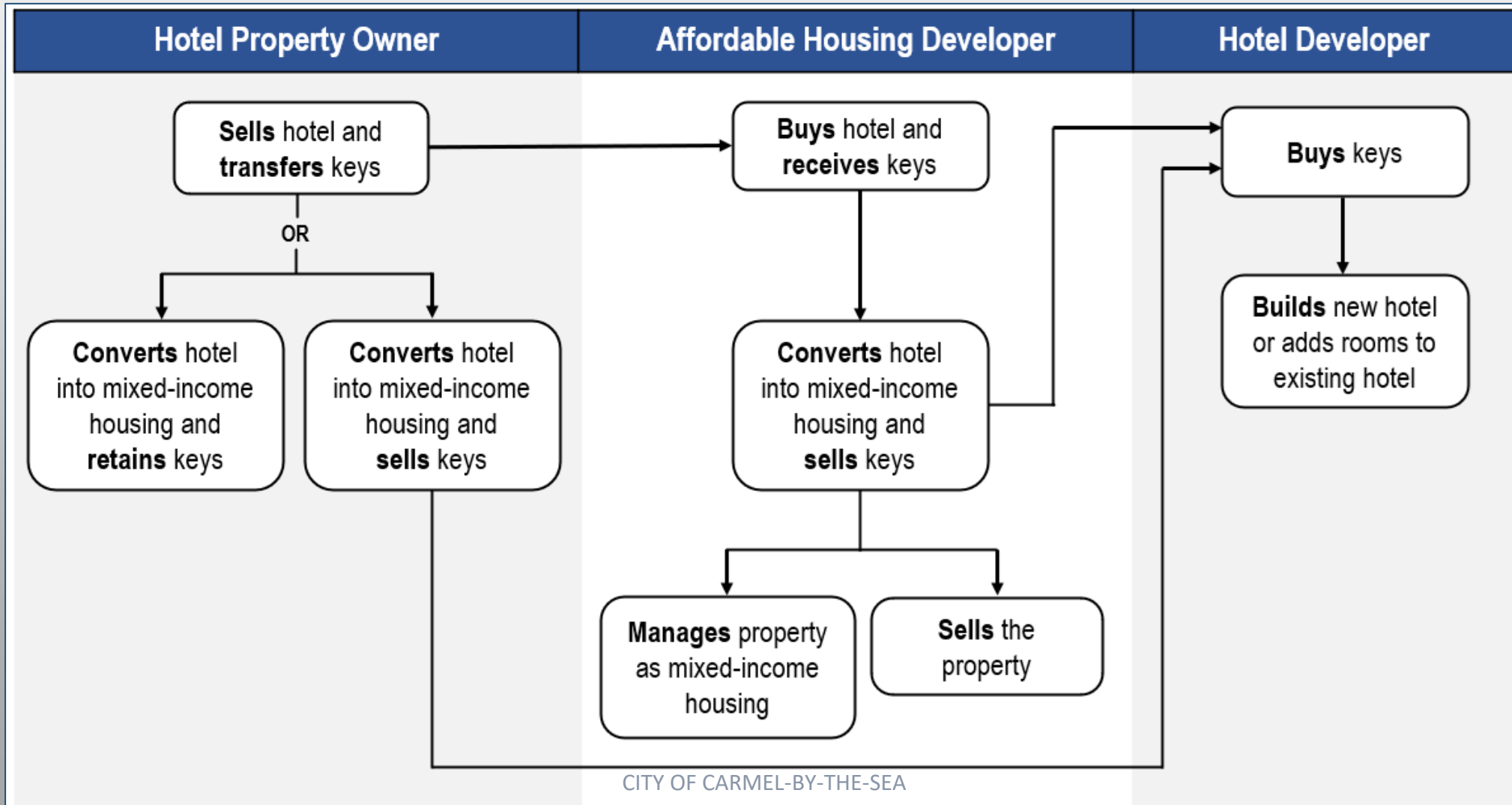
- PROPOSED: 1.1.F 'Hotel Keys' program is reinvented and expands the transfer of hotel room rights from a hotel that is converted into mixed-income housing with 75% affordable units and allows for the keys to be sold to offset the cost of providing affordable housing





Hotel-to-Residential

How it works





Hotel-to-Residential Incentives

- Transferable development rights to the CC, SC, or RC Districts
- Priority water allocation to transferred keys in exchange for affordable housing
 - 0.068 acre feet for a 1 bath apartment
 - 0.064 acre feet per hotel room
- Increased development potential (FAR) on affordable housing sites
- Hotel residential suites - a hybrid market-rate for-sale unit that is owner-occupied for a portion of the year and operated as a hotel room for the remainder of the year
- Streamlined project review
- Expedited permit permitting
- Reduced permit fees



Hotel-to-Residential Program Benefits

- Innovative Approach: Unlocks value of hotel keys to incentivize conversion of underperforming hotels into affordable residential housing
- Optimizes Resources: Repurposes existing underperforming hotels and upgrades hotel stock which will increase the City's TOT revenue
- Aligns With Village Character: Focuses on the conversion of small, scattered site hotel properties, integrating affordable housing into the fabric of the Village
- Utilizes Superpower: Carmel caps the hotel rooms permitted to operate in the city (currently 948 rooms), which leverages the value of the keys
- Privately funded: No public subsidy or tax credits needed - economically viable



Hotel-to-Residential

Projected Housing Units

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

(out of 948+)

161
40/40/40/41



Downtown Mixed-Income

Program 1.1.D Mixed-Income Incentive Program

Four Core Principles:

1. Inspired by the physical layout of Trevvett Court
 - a. 14-unit low-income senior housing on an 8,000 square foot lot
 - b. 76 du/acre
2. Incentivize the creation of mixed-income housing
3. Economically viable without public funding
4. Accommodate families with children





Downtown Mixed-Income Incentives

- By-right density 22-40 du/acre
 - No conditional use permit
 - No affordable housing requirement
 - Current HE proposes a minimum density of 33 du/acre
- Up to 88 du/acre, inclusive of all state/local bonuses and incentives
- Floor Area Ratio bonus for affordable units
- Priority water allocation for both market rate and affordable units
 - 0.068 af 1-bath apartment / 0.111 af 2-bath apartment
- Expedited application processing
- Waived or reduced permitting fees
- Free pre-application development meeting



Downtown Mixed-Income Program Benefits

- Increase development opportunities throughout the commercial districts
- Incentivize the creation of mixed-income (affordable and market rate) housing
- Economically viable - no public funding required
- Incentivize larger bedroom count units encouraging families with children



Downtown Mixed-Income Projected Housing Units

- 2 sites proposed to be included for RHNA credit
 - Su Vecino Court and GBG building
 - Program available throughout the commercial district

12
2/2/2/6

Site No. APN/ Parcel Size	Property Name	Zoning	General Plan Land Use	Property Owner Interest	Utilization (% Vacant or Under- utilized)	Condition	Year Built	Improvement to Land Value Ratio	FAR < / = 50% of Allowable	Units @ 40 du/ac	Income Distribution
M-1 010-138-020 8,000 SF	Su Vecino Court	Central Commercial (CC)	Core Commercial	Yes	0%	C4	1963	0.55	No	6	1/1/1/3
M-2 010-142-001 8,000 SF	GBG building	Service Commercial (SC)	Core Commercial	Yes	0%	C3	1975	0.51	Yes	6	1/1/1/3
Total										12	
Note: 1/1/1/6 = 1 Very Low, 1 Low, 1 Moderate, 3 Above Moderate											



Downtown Live/Work

DETAILS

- Create a new “live/work” land use category/definition:
 - Commercial storefront with residential space in the rear
- Many off-street or upper-story commercial spaces are underutilized or vacant
- Low commercial rent
- Higher deed-restricted live/work rents

INCENTIVES

- Priority water allocations
 - 0.068 af 1-bath apartment
- Expedited application processing
- Waived or reduced permitting fees
- Free pre-application development meeting



Downtown Live/Work Program Benefits

- Prioritizes utilizing existing building square footage
- Activate areas of downtown with new full-time residents and commercial storefronts
- Opportunity to create affordable housing for local creatives, shopkeepers and entrepreneurs
- Bring local serving businesses back to Carmel
- Reduce vacancy rates and boost local sales tax revenue
- Create affordable housing without public funding



Downtown Live/Work

Projected Housing Units

Site No. APN	Property Name	GP/ Zoning	General Plan Land Use	Property Owner Interest	Condition	Year Built	Improvement to Land Value Ratio	Potential Live/ Work Spaces	Conversion Rate Applied	Total Potential Units
L-1 010-135-026	Serena Court	Central Commercial (CC)	Core Commercial	Yes	C4	1972	0.69	7	100%	7
L-2 010-146-017	Doud Arcade	Central Commercial (CC)	Core Commercial	Yes	C5	1930	2.02	12	100%	12
L-3 010-131-027	Villa Carmel mixed use	Residential & Limited Commercial (RC)	Residential/ Commercial	Yes	C4	1987	0.66	13	100%	13
L-4 010-135-028	Eastwood Building	Service Commercial (SC)	Core Commercial	Yes	C4	1972	0.69	8	100%	8
L-5 010-138-010	El Prado de Su Vecino	Service Commercial (SC)	Core Commercial	Yes	C4	1968	1.07	10	100%	10
L-6 010-145-018	Stonehouse Terrace	Service Commercial (SC)	Core Commercial	Yes	C3	1978	5.49	12	100%	12
L-7 010-132-003	Tejido Building	Central Commercial (CC)	Core Commercial	No	C4	1973	1.26	10	75%	8
L-8 010-132-016	Ivy Courtyard	Central Commercial	Core Commercial	No	C4	1976	0.50	10	75%	8
Totals								82	78 (6 ELI/ 29 VL/ 39 L)	

78
35/39/0/0

KEY: 1/2/3/4=Very Low, Low, Moderate, Above Moderate



Accessory Dwelling Units

EXISTING: 1.3.C

- Adopt ADU Ordinance
- Timely amendments as new laws are adopted
- Pre-approved plans

PROPOSED: 1.1.H

Additional commitments:

- Presales inspection program
- Renter match program
- Incentivize affordability
- More robust outreach and education



Accessory Dwelling Units

Projected Housing Units

Table A. Number of Building Permits Issued By Year

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

70
21/21/21/7

- Average 10.2 ADUs issued building permits per year between 2019 and 2024
- Projecting 10 ADUs per year over the next 7 years (2025 - 2031)
- 2025 building permits issued: 12 (as of 10/14/2025)
- Affordable breakdown: $21/21/21/7 = 70$ units



Religious Facilities

65

Details

- 3 church sites
 - All Saints
 - First Church of Christ Scientist
 - Church of the Wayfarer
- SB-4 (2023): Affordable Housing on Faith and Higher Education Lands Act
 - Increase in density from 9 du/acre to 20 du/acre

Incentives

- Priority water allocation
- Expedited application processing
- Reduced permitting fees
- Technical assistance
- Trust Fund support

Projected Housing Units:
65 (all affordable)



Does it all add up?....Yes.

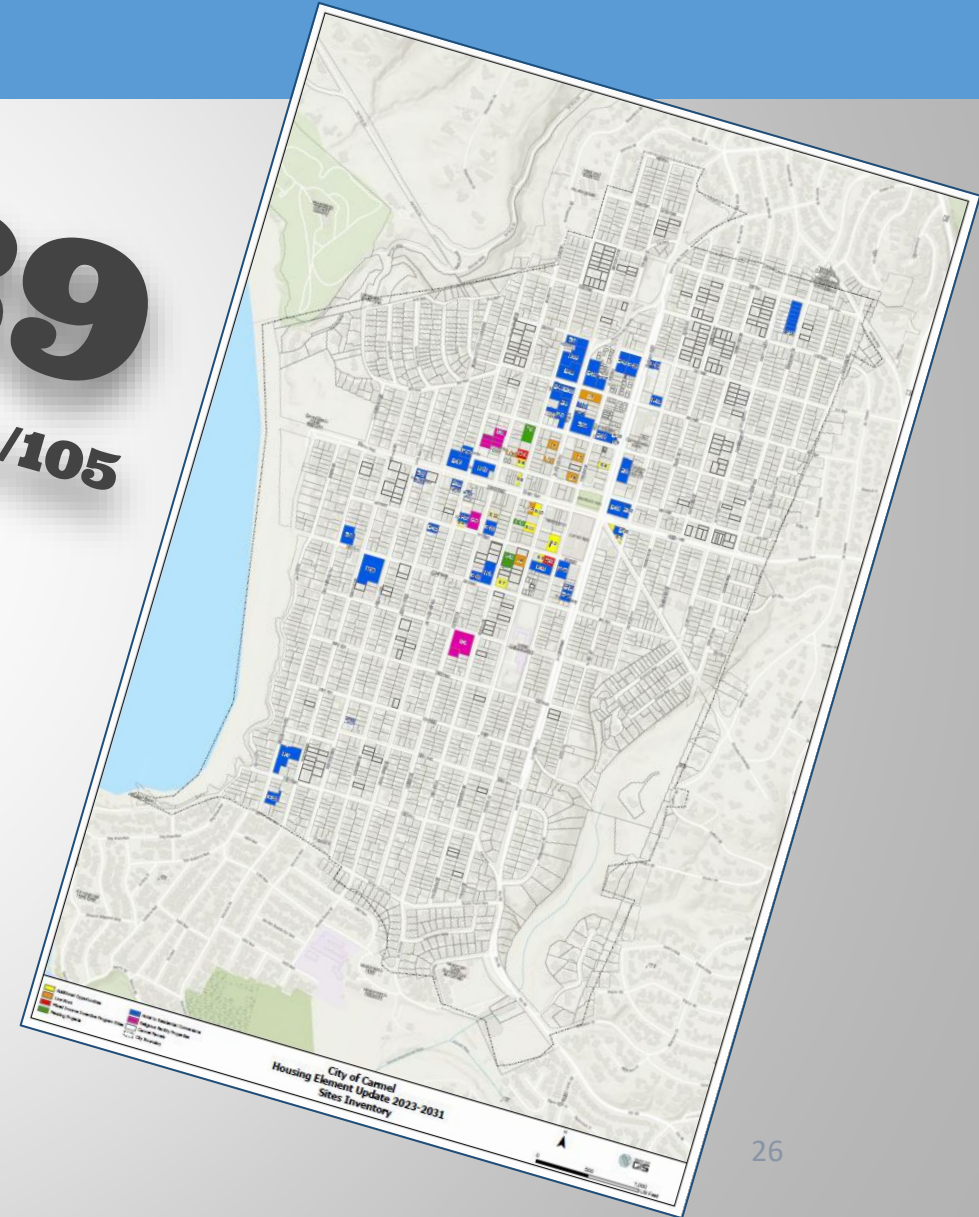
Total RHNA: 349 units

- 70 units - ADUs
- 161 units - Hotel Conversions
- 65 units - Church Properties
- 78 units - Live/Work
- 12 units - Mixed Income Incentives
- 53 units - Other

Total Capacity: 439 units (+90)

349 units required
439 units planned
~26% buffer

439
135/136/63/105





Other Revisions

- Overnight Visitor Accommodation - Employee Housing Program
 - Program retained but no longer for RHNA credit (OLD: 1.3.D - NEW: 1.1.G)
 - Could still produce RHNA-qualified units
 - Avoids mandatory rezoning
- Benefit:
 - Creation of workforce housing
- Incentive:
 - Replace, transfer, or sell hotel room key

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

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



Other Revisions

Deleted Programs

- Program 1.1.B City-Owned Sites
- Program 1.3.E Amend the A-2 Zoning District
- Program 1.3.I Implement State Law SB10 Opportunities
- Program 3.2.C Local Universal Design Standards

Program 1.1.B: City-Owned Sites - AFFH

The City plans to p
years for the potent
income households

Program 1.3.E: Amend the A-2 Zoning District - AFFH

The Communi
permitted use i
arts, education

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

SB 10 encour
zoned R-1 a

Program 3.2.C: Local Universal Design Standards – AFFH

Universal design is the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design. To ensure accessible



Other Revisions

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

Policy 5.2: Promote public awareness and foster pride in the history of the village.

Program 5.2.A: Support Community Organizations - AFFH

Community organizations play a pivotal role to provide outreach and services to those facing housing issues. The City will continue to support neighborhood organizations that promote neighborhood involvement, safety and improvement, including but not limited to the Carmel Residents Association, the Carmel Foundation and the Carmel Heritage Society. The City will develop partnerships with these organizations to promote neighborhood enhancement programs, conduct and improve outreach and education, and solicit community input.

Quantified Objective: N/A

Timeframe: Proactive outreach and partnerships through June 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

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



Other Revisions

- Updated quantified objectives
- Updated timeframes

Policy 5.2: Promote public awareness and foster pride in the history of the village.

Program 5.2.A: Support Community Organizations - AFFH

Community organizations play a pivotal role to provide outreach and services to those facing housing issues. The City will continue to support neighborhood organizations that promote neighborhood involvement, safety and improvement, including but not limited to the Carmel Residents Association, the Carmel Foundation and the Carmel Heritage Society. The City will develop partnerships with these organizations to promote neighborhood enhancement programs, conduct and improve outreach and education, and solicit community input.

Quantified Objective: N/A

Timeframe: Proactive outreach and partnerships through June 2031

Responsible Party: Community Planning and Building Department

Funding Source: General Fund

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



Other Revisions

- Removal of scattered quotes

"I'm pretty passionate about affordable housing and diversity. I think that's what makes a community, and we do lack it. I have kids that live in the community and go to Carmel High School, and I would like to see more of a social, economic, and age difference in our community, personally."

May 24, 2023 Housing Ad Hoc
Committee Community Meeting

"I believe a vacancy tax should be proposed to the voters, which can go toward funding affordable housing. The City needs to frame affordable housing in a positive way. I feel like people's aversion to affordable housing in their communities is just a public relations failure."

May 24, 2023 Housing Ad Hoc
Committee Community Meeting

"... The land as it exists now, the way it's zoned, could support the 349 units, plus the buffer. So, the question then is how do we get people excited about developing some of those units?"

That's where these programs and processes come into play and that's why we need to amend the Municipal Code, to codify those things..."

May 24, 2023 Housing Ad Hoc



Comments/Feedback

October 20, 2025

Planning Commission:

“unique to
Carmel”
“good proposals”
“creative”
“realistic”
“doable”
“conservative”
“diversified”

Support for the 5 strategies

Take action on the parking issue

Reaffirmed recommendation on water allocation

In support of submitting the draft amendment to the State

Update Program 1.2.A regarding water allocation

Consider optional deed restrictions on live/work units not mandatory

Hotel-to-Residential program will require commercial water allocation

Affordable housing should include a mix of unit sizes

Water, parking, and constructions costs are a constraint

Impacts to return on investment

Water allocation to the commercial category for the hotel program

Strategic parking management plan needed

Year round resident parking access in high fire zones

Strategic impact report on RHNA and future resident needs

Support for removing city-owned sites and still looking at highest and best use of the properties



Comments/Feedback

October 20, 2025

Community/Public:

- Concerns with the state of parking and impact of adding 349 new residences
- Consider the number of people per housing unit, number of cars per household
- Allocate water to all land use categories in support of housing element strategies
- Adequate staffing resources to process volume of development applications
 - Developers not sufficiently included in the process
 - Support for releasing the RFP on city-owned sites
 - Lack of public review
 - Lack of environmental review
 - Cal HDF letter



What happens next?

- Public comment period underway
- Special Planning Commission Meeting October 20th
- City Council Meeting November 4th
 - Receive Planning Commission and public comments
 - Provide direction to staff if changes need to be made
- Incorporate feedback and revise drafts before submitting to the State for formal review
- State 60-day review period
 - 30-day mid-review check-in with HCD
- Receive letter from HCD - adopt or revise

439
135/136/63/105



Comments/Questions

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connected!

Sign Me Up!

<https://ci.carmel.ca.us/>



Email:

housing@ci.carmel.ca.us

Housing Resources:

<https://ci.carmel.ca.us/post/housing>

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