

July 6, 2023

City of Carmel-by-the-Sea
P.O. Box CC
Carmel-by-the-Sea, CA 93921

RE: [Carmel-by-the-Sea Public Review Draft Housing Element](#)

City of Carmel Housing Team:

LandWatch has reviewed [Carmel-by-the-Sea Public Review Draft Housing Element](#). We support the goals to eliminate constraints and make it easier to build housing consistent with Regional Housing Needs Assessment (RHNA). Set forth below are specific comments on the site inventory and the proposed policies and programs.

Monterey County residents need multifamily housing, not more single-family homes, especially in Carmel.

Monterey County has a housing problem: the housing local governments have approved is misaligned with the housing needs of local working families and individuals, especially those who work in Carmel.

According to the [U.S. Census](#) Monterey County's median household income is \$82,000. A rule of thumb is that for a home to be affordable it should cost 2.5-3 times your annual income. For the average family in our county, they can afford a \$250,000 home. However, the [median price](#) of a home in Monterey County is almost \$900,000 and in Carmel \$1.9 million—impossibly expensive for most working families. [Census data](#) shows that almost 1,600 people commute daily into Carmel, likely to work. Those daily trips generate very significant greenhouse gas emissions.

For both equity and environmental reasons, [LandWatch](#) and others have advocated for more multifamily housing, which by its design is far more affordable than single family housing. Single family homes by and large serve the needs of investors, 2nd home owners, and Bay Area commuters, not local working families and individuals. Indeed, [it's been reported](#) that more than 40% of the homes in Carmel are vacant.

Unfortunately, Monterey County and its 12 cities have consistently approved single-family rather than multifamily housing. See [Monterey County Housing Pipeline](#), which documents more than 21,000 residential housing units that have been entitled (approved) but not yet been built. Almost

all of the approved units are single family homes. There are another 13,000 units for which entitlements are being sought, and most of these are also single-family homes. The data show a dire shortage of multifamily rentals, the costs (rents) of which align much more closely with median incomes in the County than the costs (mortgages) of single-family homes.

A. Housing constraints

Density: We encourage any program that will result in higher densities, such as the following:

- Program 2.3.A: Preserve and Increase Second and Existing Third Floor Residential Uses;
- Program 3.1.A: Mixed Use Affordable Housing – AFFH;
- Program 3.1.G: Affordable Housing Overlay Zoning District – AFFH; and
- Program 3.1.C: Density Bonus - AFFH. Increased densities are essential to enable projects that provide affordable units or mixed uses to pencil out. The City can unlock value by upzoning, and the City can require that some portion of that value be dedicated to provision of affordable units.

We believe these programs can be bolstered by providing for a local density bonus in addition to the bonus required by the State Density Bonus law. Program 3.1.C, calling for the City to “further review and revise” density bonus ordinances should be revised to provide a meaningful standard for that revision. For example, the City could provide a local density bonus equal to 150% of the state minimum. Such an approach is being taken by Sand City, which is proposing a 250 percent density bonus as long as 15% of the units are affordable to lower income households. In addition, the City could encourage density by providing one more concession than required by the State Density Bonus law at specified levels of affordability.

Program 2.1.A to create incentives for mixed use housing would provide a FAR bonus from 15 to 25% for projects that include affordable units. The program should make it clear that the increase in FAR is not simply the specified concession or waiver the City has decided to make for projects that qualify under the State Density Bonus law but that it represents an additional concession for projects with affordable units or that it independently permits an increase in density.

Program 1.4.A: Remove Use Permit requirement for multi-family development - AFFH. We support the removal of Conditional Use Permit (CUP) requirements for the R-1 (Single-Family Residential) and R-4 (Multifamily Residential), RC (Residential and Limited Commercial), CC (Central Commercial), SC (Service Commercial) and including the quasi-public zoning districts also permit limited residential uses; P-2 Improved Parklands (Park and Recreation District); A-2 Community and Cultural (Other Public District); and A-3 Senior Citizen Facility (Other Public District). Removal of the Use Permit Requirement will still leave projects encumbered by unnecessary discretionary review of site plans and design. Elimination of a CUP requirement should be coupled with adoption of objective standards for both site plan and design review, as discussed below.

Program 1.4.B: Objective Design Standards - AFFH. The program provides that the City will create Objective Design standards for multi-family affordable developments. The objective standards

should apply to both site plan review (i.e., review to determine whether the project meets development standards such as height, setback, FAR, and density) and design review so that approval of MFR projects can be entirely objective.

With or without ministerial by-right approval processes, objective standards accelerate permitting and increase certainty. Development of objective standards should be required for development in residential zones R-1 (Single-Family Residential) and R-4 (Multifamily Residential), RC (Residential and Limited Commercial), CC (Central Commercial), SC (Service Commercial) and including the quasi-public zoning districts also permit limited residential uses; P-2 Improved Parklands (Park and Recreation District); A-2 Community and Cultural (Other Public District); and A-3 Senior Citizen Facility (Other Public District).

By-Right Ministerial Permitting of MFR Infill Housing: In addition to provision of objective standards, the Housing Element should require provision of by-right, ministerial permitting for all infill multi-family residential projects. The adoption of objective development and design review standards can eliminate the need for discretionary review and obviate the redundant project-level CEQA review for urban infill projects in areas already subjected to program level CEQA review. CEQA review should take place when the City amends its General Plan or zoning code, not when a developer comes to the City with a conforming project.

Ministerial by-right approval should be applicable to MFR projects on an infill site as defined by the language from SB 35 or the CEQA infill exemption. (Government Code Section 65913.4(a)(2) [SB 35] or Public Resources Code Section 21094.5(e)(1)(B) [CEQA infill exemption].)

The ministerial permitting program should not apply to projects on environmentally sensitive sites, e.g., habitat for endangered, rare or threatened species; farmland of statewide and local importance; wetlands; earthquake/seismic hazard zones; federal, state, and local preserved lands, NCCP and HCP plan areas, and conservation easements; riparian areas; Department of Toxic Substances Control (DTSC) facilities and sites; landslide hazard, flood plains and, floodways; and wildfire hazard as determined by the Department of Forestry and Fire Protection. (See Gov. Code 65913.4(6)(B) through (K) [sites excluded from ministerial permitting in SB 35].)

Concerns for gentrification and loss of historic resources could be addressed by continuing to require discretionary review for projects on existing affordable housing sites, mobile home sites, or historic resources sites. (See Gov. Code 65913.4(a)(7), (10) [SB 35].)

By-right ministerial permitting for all infill MFR units is not a stretch. Program 3.1.G will already require that the City provide by-right ministerial permitting based on objective standards for sites identified in prior housing elements that have not been developed and are proposed for at least 20% affordable housing. (Gov. Code, § 65583.1(c).)

The Draft Housing Element mentions, but does not explain, a “Housing Priority Overlay Zone” in which by-right development would be permitted. City Officials have proposed a “Housing Priority Overlay Zone” to facilitate redevelopment and/or intensification of uses on sites included in the

City's housing sites inventory (see Table C-3, Appendix C). This overlay zone allows for housing development by right (objective design and development standards apply), minimum density, and otherwise overrides the development standards of the base district to ensure that the number and types of units identified in the housing sites inventory can be achieved. (Housing Element, p. 4-3.)

The Housing Element does not identify the area subject to this Housing Priority Overlay Zone and none of the programs uses the term. Nor is it clear whether this Housing Priority Overlay Zone is to be adopted in the Housing element or is merely something being "proposed" by "City Officials" in some other context. The Housing Priority Overlay Zone should not be limited to the sites in Table C-3 identified in prior housing elements that are now subject to by-right permitting under Government Code Section 65583.1(c) as referenced in Program 3.1.G. All infill MFR sites should be included in the Housing Priority Overlay Zone.

Program 2.1.D – Affordable Housing Trust Fund. The program is intended to raise \$1 million for affordable housing through a vacancy tax, hotel tax, or transfer tax. We encourage the City to pursue a vacancy tax, which will have the dual benefit of raising funds and encouraging use of existing properties for primary residential use rather than vacation or second home use.

Program 3.1.E: Reduced Parking Requirements - AFFH. The city should consider reduction of parking requirements, by either eliminating parking requirements entirely or by setting lower requirements. This strategy is being used by hundreds of cities now to reduce the cost of housing and to increase effective density. (See <https://parkingreform.org/resources/mandates-map/>.)

Another strategy that should be adopted is to unbundle parking from rental units. The City should require that parking be separately priced in all rental unit contracts and that tenants be free to decline that parking.

Program 3.1.F: Expedited Processing Procedures - AFFH. This program needs to specify measurable objectives or objective standards. The program should be revised to specify a time period in which ministerial permit would be granted or the application deemed approved. Specific fee waivers should be identified.

Program 3.1.A – Mixed Use Affordable Housing. This program is intended to create incentives for upper-story housing but it is insufficiently ambitious because it lacks mandates and reinforces an unworkable height limit. Instead of merely mentioning the "potential of allowing a third story when devoted to affordable housing subject to appropriate objective design standards, including the City's 30-foot height limit," the program should require the City to permit a third story for any kind of housing, subject to a workable height limit. A three-story building with typical 14-foot ground floor retail ceilings would require a height limit of at least 35 to 40 feet. The Appendix F ECO Northwest Feasibility Study makes it clear that the existing two-story height limit is the most significant limitation on achieving higher density. (Appendix F, pp. 13-14.)

B. Housing resources - site inventory

Overall, we support the selection of sites which show the most potential for mixed use and multi-family development, such as Site #2, #4, #6, #9, #10, #14, #15, #16, #17 #18 and #21. There are 7 out of 21 sites (Site #1, #3, #5, #7, #8, #12, and #13) that are either primarily used as parking lots or which have an excess of parking area. The city has proposed Program 3.1.E: Reduced Parking Requirements - AFFH, but its policy could further remove development barriers by significantly reducing parking by setting maximum parking requirements for new developments or completely eliminating parking requirements.

Thank you for this opportunity to comment.

Regards,

A handwritten signature in black ink, appearing to read "Michael DeLapa". The signature is stylized with a large, looped "M" and a long, sweeping "L" at the end.

Michael DeLapa
Executive Director