



A Property Owner Question & Answer Guide

“Considering an Accessory Dwelling Unit (ADU) in Carmel-by-the-Sea”

Carmel-by-the-Sea is looking for opportunities to add 349 new housing units throughout the city by 2031, as required by State law. This is a **BIG** hurdle for the one-square-mile Village, which has no vacant land and is characterized by small lots. However, Accessory Dwelling Units (ADUs) are one option that blends and disperses new housing into the Village’s existing neighborhoods. ADUs, historically referred to as Subordinate Units in Carmel and also known by names such as granny flats or in-law units, have the potential to add more affordable housing options for the local workforce, artists, and more, enhancing lifestyles and diversity for us all.

Preserving the Village's character is important when planning for an ADU. While state ADU laws are broad and ever-changing, careful consideration of the placement, size, views, privacy, trees, landscape, and setbacks, along with the alignment of architectural styles, materials, and colors with your current home, are important to protect the special character and environmental resources that make Carmel so unique. This guide addresses a variety of questions about ADUs to assist homeowners who are exploring adding an ADU to their property.

Important Notes

State legislation and local requirements are subject to change.

Unique factors affecting your property may apply to your ADU and are not represented in this Guide.

Consult the Community Planning & Building Department for updates.

What are the different types of accessory dwelling units?

There are two types of ADUs:

- **ADU** (Accessory Dwelling Unit). A complete, independent place to live, sleep, eat, cook, and bathe, with an exterior entry separate from the primary dwelling. An ADU does not have an internal connection with the primary dwelling.
- **JADU** (Junior ADU). A living space no more than 500 square feet in size, fully contained inside the walls of the primary dwelling. The bathroom can be private or shared with the primary dwelling. An efficiency kitchen must be provided. A JADU has an exterior entry separate from the primary dwelling and an internal connection with the primary dwelling.



Detached: free-standing structure



Attached: shares at least one wall with the primary home



Interior: built from existing converted space (i.e. attic or basement)



Garage apartment: converted former garage space



Above garage: unit built above garage

What are the basic requirements for an ADU and JADU?

Requirements & Considerations	ADU	JADU (Junior ADU)	Clarifications or References
Bedroom	Yes	Yes	
Bathroom	Yes	Yes*	Sink, Toilet, & Shower/Bathtub *Can be shared with the primary dwelling.
Exterior Entry	Yes	Yes ¹	Not less than 32" side-hinged egress door that provides access to the public way.
Inter-Accessibility with Primary Dwelling	No	Yes	A JADU is required to be inter-accessible if the bathroom facility is shared.
Kitchen	Yes	No	Permanent provisions for eating and cooking are required.
Efficiency Kitchen ²	No	Yes	A cooking facility with appliances, a food prep counter, and storage cabinets.
Minimum Unit Size	150 square feet	N/A	
Maximum Unit Size (current State Law)	850 SF for 1 BR 1,000 SF for a 2 BR* 50% of the living area or 800 square feet**	500 sq ft	*For detached ADUs **For attached ADUs.
Setbacks	4' side and rear setbacks	N/A	Exception: Conversion of existing structures can maintain existing setbacks.
Building Height	Max. 16'-24'*	N/A	16' for detached ADUs up to 800 SF with 4' side/rear setbacks. *Up to 24' if attached to the primary dwelling.
Parking	None	None	Note: our Village is within ½ mile from public transit, therefore ADU parking is not required.
Building Permit	Yes	Yes	For detached ADUs less than 800 SF, no more than 16 feet tall, with 4-foot side and rear setbacks, a permit can be issued in 60 days.
New Utility Connection Charges	No	No	Submeter is optional.
Fire Sprinklers	Yes*	Yes*	*If the primary dwelling has, or is required to have, sprinklers.
Solar System	Yes*	No	Solar-ready infrastructure is required for new detached ADUs only. Refer to the California Energy Code www.energy.ca.gov .
Owner Occupancy	No	Yes	If the property has a JADU, the owner must occupy one of the dwelling units.

¹ Exterior changes require review by the Planning Division.

² "Efficiency kitchen" includes a sink, a cooking facility with appliances, a food preparation counter and storage cabinets. Appliances are limited to those that do not require electrical service greater than 120 volts, or natural or propane gas.

What other considerations should I be aware of?

- An ADU is a self-contained, independent dwelling on the same site as the primary dwelling.
- ADUs can be detached from or attached to the primary dwelling.
- JADUs are created within the walls of the existing or proposed primary dwelling.
- Converting an existing guesthouse, studio, or garage can be a more affordable way to establish an ADU on your property.
- A guesthouse or studio may already contain a full or partial bath, providing existing water credits and plumbing.
- A garage may contain a utility sink, which counts toward the water credits needed for an ADU.
- If you are considering a major remodel of your existing home, explore including an ADU, JADU, or both!
- State law exists that allows ADUs to be sold separately from a primary residence. However, each jurisdiction (County or City) must approve this option locally. Carmel-by-the-Sea has not.

Is my ADU/JADU required to be rented?

No. Who occupies the ADU/JADU and whether you charge rent to those occupants is your choice. ADUs provide housing options for various situations (See **Who might occupy my ADU/JADU?** below). Due to their smaller size, ADUs can be more affordable, thereby increasing the number of great people who call Carmel-by-the-Sea home.

Note: Short Term Rentals (rental for less than 30 days) are not allowed in Carmel's residential neighborhoods. Learn more [here](#).

Who might occupy my ADU/JADU?

- Family members or friends attending local colleges, starting a career, or saving to purchase a home.
- Aging family members with special needs.
- Caregivers (for adults or children).
- You! For downsizing or renting out your primary dwelling for rental income.
- Tenants working in hospitality, healthcare, education, arts, etc.

What commonly motivates property owners to consider an ADU?

- Future rental income.
- Increase in property value.
- Housing for caregivers, relatives, and others.
- A flexible living space as your needs change over time.
- Streamlined permit approvals.

How do ADUs contribute to our community and environment?

With ADUs, you can:

- Welcome new residents to our community, adding to its vitality.
- Provide housing opportunities for family, friends, the local workforce, and service providers.
- Provide more affordable housing options.
- Integrate housing into existing neighborhoods.
- Reduce drive time for local workers, decreasing emissions and roadway congestion.
- Contribute to alleviating the California Housing Crisis and ...
- Help the Village meet the State-mandated requirements to produce 349 new housing units by 2031.

When is Amnesty or Conversion of an ADU or JADU applicable?

- Did you know that 54% of the ADUs permitted in our Village over the past three years were conversions of existing structures? These structures included garages, guesthouses, studios, basements, and other structures that were converted through the official permitting process.
- An ADU or JADU conversion is when existing permitted space is remodeled to become an official dwelling unit. Consider the function element of an ADU or JADU as noted in the page 2 matrix to explore the space and other requirements.
- An Amnesty ADU or JADU is when an existing structure was previously converted to a dwelling unit without a permit, and the property owner takes the necessary steps to legalize the unit and bring it up to basic health and safety standards for a dwelling unit. (see next Q/A)

Why should I consider the Amnesty option for my unpermitted ADU?

- If you have an existing unpermitted ADU (occupied, rented, or not), the State has relaxed the requirements for obtaining a permit. Instead of bringing the unit up to current building code requirements, you must only achieve minimum health and safety standards (refer to Amnesty Legislation [Gov. Code Sec. 66332](#)).
- But why consider this? Here are a few of the benefits:
 - Reduce risks to occupants (possible unit health and safety gaps)
 - Reduce liability (e.g., insurance will not cover damages if a fire starts in an unpermitted unit)
 - Increase property value (improves potential for rental income and resale value)
 - Peace of Mind (legalizing unit eliminates worry of liability or future code enforcement actions/requirements)
 - Possible incentives such as reduced permitting fees and expediting processing provided by the municipality
- An inspection report can verify if there are gaps with these basic State Health & Safety [requirements](#) that are not optional as you proceed with permitting. Work with the Planning Division for added guidance on amnesty.

How do ADUs and JADUs contribute to the State-mandated housing requirements?

Every new housing unit counts!

- The 6th cycle Housing Element, adopted in April 2024, estimates that 34 new ADUs will be constructed by 2031, at an average rate of four per year.
- Since 2018, 41 new ADUs have been completed, and an additional 36 ADUs are currently under construction. That equals 77 new housing units dispersed throughout the Village!
- Due to their smaller size, ADUs and JADUs have the potential to provide housing opportunities for a broader range of income levels.
- Consider the following:
 - An ADU or JADU occupied by a caregiver rent-free as part of their compensation package is considered an affordable housing unit.
 - An ADU or JADU occupied by an aging family member rent-free is considered an affordable housing unit.
 - An ADU or JADU occupied by a family member or friend at a discounted rate while attending college or just starting out after graduation is considered an affordable housing unit.
 - A 250-square-foot ADU rented at market rate may also qualify as an affordable housing unit due to its smaller size.

As you can see, a new ADU/JADU can serve various housing needs beyond just providing rental income for the owner. As your needs change over time, so can the use of your ADU/JADU.

Are there requirements, assistance, or services available to qualify renters?

Yes! Many local property management companies provide screening, qualification, and rental agreement templates that comply with federal, state, and local laws. The following are a few online services and organizations that may be helpful:

- California Apartment Association provides standard rental templates.
<https://caanet.org/topics/rental-lease-agreements/>
- American Apartment Owners Association provides background check services.
<https://www.american-apartment-owners-association.org/tenant-screening-background-checks/california/>
- California Tenants and Landlords Rights and Responsibilities
<https://landlordtenant.dre.ca.gov/resources/guidebook/index.html>

What about the scarce water and the prohibition on setting new meters in our Village?

- Older homes often have less efficient water fixtures (e.g., sinks, toilets, showers) that can be replaced with newer, more efficient models, thereby freeing up the water needed to supply an ADU. This is often referred to as “Harvesting of Water Credits.”
- Some homes may have unused water credits. By identifying your current appliances and water fixtures (e.g., washing machines, dishwashers, showerheads), you can better understand your specific water usage needs.
- [Click here](#) for the Monterey Peninsula Water Management District (MPWMD) Water Release Form to calculate your existing fixture count and the amount of water needed for a new ADU. Other useful forms can be found on [MPWMD’s website](#). For more information on fixture counts and water credits, please contact MPWMD at (831) 658-5601.
- The unique requirements of your ADU planning may influence your needs or preferences for a separate or new water meter. Currently, there is a regional moratorium on installing new meters, and limited new water credits are available, which may impact your building timeline.
- Some homeowners may already have a guesthouse or studio with a bathroom that can be converted to an ADU by adding a kitchen. Confirming you have adequate water credits for your kitchen sink or optional dishwasher is a first step.

What are the tax considerations of an ADU or JADU?

The following information is general in nature. Please consult a tax professional as part of your ADU planning.

- When adding square footage to your home or undertaking a substantial remodel, the assessed value of your property and your resulting tax bill may increase. Examples include building an addition to your home, constructing a detached ADU, or converting a garage into an ADU.
- All improvements requiring a building permit are reported to the Monterey County Assessor; however, not all improvements will impact your property taxes. For more information, please contact the Assessor at (831) 755-5035.
- State or Federal taxation applies to rental income generated by an ADU.
- Rental income from two or fewer residential units is exempt from City business license requirements and taxation.

What are the permit and utility fee considerations?

The City is exploring reduced permit fees for ADUs and JADUs as an incentive for property owners. Details on incentives will be addressed separately from this Guide.

- **JADU:** A building permit is required to establish a JADU and for any associated improvements (e.g., installing an exterior entry door and an efficiency kitchen).
- **ADU:** A building permit is required to construct a new attached or detached ADU. This includes electrical, plumbing, and mechanical.
- **Garage/Guest House/Studio Conversion:** A building permit is required to convert an existing structure into an Accessory Dwelling Unit (ADU).
- **Additional considerations:**
 - o The Building Code requires that a detached ADU include solar-ready infrastructure.
 - o The Carmel Municipal Code requires that electrical service lines be undergrounded if the electrical panel is upgraded or the project value exceeds \$200,000.
 - o Fire sprinklers are required if the primary dwelling has a sprinkler system.
- **School District Fees:** The school district charges \$0.49 per square foot on new residential construction. Additions less than 500 square feet are exempt from this fee³.
- **Traffic Impact Fees:** ADUs under 750 square feet are exempt from impact fees assessed by the Transportation Agency for Monterey County (TAMC).
- **Utilities:** ADUs and JADUs converted from existing square footage are not considered new or separate dwelling units for water, sewer, or power delivery. Local special districts (sewage) or water corporations cannot charge connection fees.

Are there financial assistance and/or funding options?

- Explore these California programs:
 - o <https://www.hcd.ca.gov/policy-and-research/accessory-dwelling-units>
 - o <https://www.calhfa.ca.gov/adu/index.htm>
- Local programs include:
 - o Habitat for Humanity, <https://www.habitatmontereybay.com/adu>
 - o Carmel-by-the-Sea resources, <https://ci.carmel.ca.us/post/housing-resources>

What are the steps, from planning through permits and estimated timing?

- Complete the water district's [Residential Water Release Form](#) to determine your existing fixture count and calculate the amount of water you need for an ADU or JADU. You can also contact MPWMD at (831) 658-5601 to determine if an existing water permit is on file for your property.
- Work with a designer/contractor to develop plans for your ADU/JADU.
- Submit a Building Permit application to the Carmel-by-the-Sea Building Safety Division.
 - o For online permit submissions, visit <https://carmel.portal.iworq.net/portalhome/carmel>.
 - o Submittal requirements for an [attached ADU](#).
 - o Submittal requirements for a [detached ADU](#).
 - o For additional resources, visit the Building Safety Division's "Application and Informational Handout" webpage [here](#).
- Timeline for review and approval (per Gov. Code [Section 66317](#)):
 - o The application must be approved or denied within 60 days from the date a completed application is received.

³ <https://www.carmelunified.org/departments/business-services/developer-fees> (August 26, 2024)

- If the ADU is part of a new single-family dwelling, substantial remodel, or addition, it may be processed as a combined application.
- Obtain your building permit!
 - Work with a contractor to build your ADU/JADU.
- You will receive a Certificate of Occupancy from the Building Safety Division upon completion.
 - Begin using your new housing unit!

If you have general questions about ADUs or are in the early stages of planning an ADU or JADU, email planning@ci.carmel.ca.us or call (831) 620-2010.

If you have questions about the building permit process, email building@ci.carmel.ca.us or call (831) 620-2010

If you have questions about the amnesty program, email housing@ci.carmel.ca.us or call (831) 620-2057.

To receive updates on Accessory Dwelling Units (ADUs), sign up [online](#).

More Reference Documents & Sources

State of California Department of Housing and Community Development (HCD)

<https://www.hcd.ca.gov/policy-and-research/accessory-dwelling-units>

- [State Handbook/Guidelines](#) (PDF) for ADUs as of January 2025.
- [Frequently Asked Questions: Junior Accessory Dwelling Units](#) (undated).
- HCD guidance on [Tiny Homes](#) (not in Carmel's Housing Programs at this time).

California Coastal Commission (CCC) <https://www.coastal.ca.gov/> (updates expected)

- [Updates Regarding the Implementation of New ADU Laws](#) (January 2022).
- [Implementation of New ADU Laws](#) (April 2020).

State of California Legislation on ADUs (subject to change)

- California [Senate Bill \(SB\) 477](#) on Accessory Dwelling Units.
- State law governing [ADUs](#).
- State law governing [JADUs](#).

Other Note(s):

1. This guide does not include ADU guidance for Multifamily Residential Units; however, these are delineated in the January 2025 HCD ADU Handbook, as mentioned above.
2. Fire Hazard Severity Zones – According to HCD, ADUs cannot be prohibited in these zones.

We are seeking your feedback on this Guide.

Please email comments, questions, and suggestions to housing@ci.carmel.ca.us.

