



Draft for Public Review

# Housing Element

of the General Plan

# 2023-2031

April 6, 2022



## 1. EXECUTIVE SUMMARY

San Mateo’s 2023-2031 Housing Element is a plan to help address the region’s housing crisis, a blueprint for supporting all forms of housing, and a demonstration of the City’s commitment to achieving greater housing equity and access for all residents. The Housing Element identifies existing housing conditions and community needs, describes where new housing can be developed, establishes goals and creates a plan for supporting the production of housing to meet the needs of the City’s current and future residents. It includes the following sections.

*“Home is where one starts from.”  
– T.S. Eliot*

### 1. Executive Summary

This Executive Summary provides a high-level summary of each section, and its findings and conclusions. The Sites Inventory is in Section 3, the Affirmatively Furthering Fair Housing Assessment is in Section 6 and the Housing Plan, with a complete breakdown of the goals, policies and programs, is included in Section 6. Detailed technical information and documentation to support the Housing Element’s findings and conclusions are included in the appendices.

### 2. Introduction and Background

The City of San Mateo is located in San Mateo County, California, on the San Francisco Bay Peninsula and has a population of 105,661 per the 2020 Census. It is approximately 20 miles south of San Francisco and borders Burlingame to the north, Hillsborough to the west, the San Francisco Bay and Foster City to the east and Belmont to the south.

The Housing Element is an integral part of the General Plan, which guides the policies of San Mateo, and is the only element that requires review and approval by the state. California has also established a significant number of new housing related laws to address the state’s housing crisis and this section provides an overview of the applicable legislation that the Housing Element is required to address and comply with. The State Department of Housing and Community Development (HCD) is tasked with reviewing housing elements for compliance and adequacy and is responsible for certifying the City’s Housing Element.

All new housing units need to have access to adequate infrastructure and municipal services, and in particular, sewage disposal and water capacity must be demonstrated. The City’s electrical and natural gas provider is Pacific Gas and Electric (PG&E), and the water service provider is predominantly the California Water Company, except for the portion of San Mateo east of the slough, which is served by the Estero Municipal Improvement District. Recology provides recycling, composting and waste disposal services and sewage disposal services are provided by the city. An assessment of Cal Water’s Urban Water Management Plan combined with increased water efficiency and conservation requirements found that there is sufficient water capacity to serve at least 7,015 new housing units by 2031. For sewage disposal, the City is currently building an updated sewage treatment facility which will have the capacity to serve the City into the future, including the new units for this housing cycle.



### 3. Housing Needs and Sites Inventory

For this upcoming eight-year housing cycle, HCD has identified the nine-county Bay Area region's housing need to be 441,176 units; with this number broken down into four income categories that cover housing types for all income levels, from extremely low-income households to market rate housing. This Regional Housing Needs Determination (RHND) is based on population projections produced by the California Department of Finance (DOF) as well as adjustments that incorporate the region's existing housing need. The City of San Mateo's Regional Housing Needs Allocation (RHNA) for this cycle is 7,015 new housing units.

A summary of facts about San Mateo's demographic data is provided to establish a basis for the City's housing needs and issues. A full version of the City's demographic report can be found in Appendix A. A key fact identified in this data is that the number of homes in San Mateo increased 3.6% from 2010 to 2020, which is *below* the growth rate for San Mateo County and *below* the growth rate of the region's housing stock during this time period. And, during this time period, home prices increased by 115.6% and rental prices increased by 74.2%. Overall, this demographic data supports the finding that the City does not have sufficient housing units to meet the needs of its residents and that housing affordability is a significant barrier for many middle- and lower-income residents.

An analysis of existing affordable housing units that are at risk of conversion/reversion to market rate, rendering them no longer affordable to the people living in them, identified 65 units in two developments (Bridgepoint Condominiums and Belmont Building) that have expiring affordability covenants. The potential loss of existing affordable housing units is an important issue to the City due to displacement of lower-income tenants and the limited alternative housing for such persons. Preservation of these units can be achieved in a variety of ways and policies and programs have been included in the Housing Plan to explore options to retain the units as affordable, replace the units elsewhere, or relocate tenants into alternative housing that is affordable to them.

To demonstrate how San Mateo can accommodate its RHNA of 7,015 new housing units, the Housing Element must identify adequate sites for housing (Sites Inventory), including rental housing, factory-built housing, and mobile homes, and make adequate provision for the existing and projected needs of all economic segments of the community. The Sites Inventory is required to include an inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment, and analyze the development capacity that can realistically be achieved for each site.

The purpose of the Sites Inventory is to evaluate whether there are sufficient sites with appropriate zoning capacity to meet the City's RHNA goal. The Sites Inventory analysis does not include the economic feasibility of specific sites, does not take into consideration the owner's intended use of the land now or in the future, and does not dictate where residential development will actually occur. Based on previous Housing Elements, it is anticipated that some of the sites on the list will be developed with new housing, some will not, and some housing will be built on sites not listed in the inventory.

The methodology used to estimate the development potential of each property included on the Sites Inventory was developed based on the criteria established by state law, development/redevelopment feasibility, site constraints, zoned capacity versus real capacity and prior project history. To ensure a higher likelihood of new developments exceeding the estimates in the Sites Inventory, conservative assumptions were employed. Overall, the Sites Inventory identified sites spread around the City with

capacity to develop up to 10,922 units, or 156% of the City’s RHNA. This development capacity exists within the City’s current zoned densities and does not require any rezonings to achieve. The following table provides a summary breakdown of the Sites Inventory by income category.

#### San Mateo Sites Inventory Breakdown

Housing Opportunity Areas	Total Units	Very Low	Low	Moderate	Above Moderate	Pipeline
Bridgepointe	1,845	405	274	281	885	-
Hillsdale Station South	2,465	629	364	409	1,063	67
101/92 Interchange	2,076	360	165	191	1,381	961
Other Sites	4,056	615	636	489	2,295	1,320
ADUs	480	24	144	240	72	
<b>Totals</b>	<b>10,922</b>	<b>2,033</b>	<b>1,583</b>	<b>1,610</b>	<b>5,696</b>	
RHNA	7,015	1,777	1,023	1,175	3,040	
<b>Buffer</b>	<b>3,907</b> (56%)	<b>256</b> (14%)	<b>560</b> (55%)	<b>435</b> (37%)	<b>2,656</b> (87%)	

*This information is included as Table 7 in Section 3.5 of the Housing Element.*

#### 4. Other Required Housing Element Components

This section provides a summary and evaluation of housing production constraints, an overview of the funding opportunities and housing resources provided by the City, and the applicable energy conservation and climate change policies and requirements for new housing developments.

The constraints section analyzes potential and actual governmental and nongovernmental constraints to the maintenance, improvement, or development of housing that hinder a jurisdiction from meeting its housing goals. Governmental constraints to housing include zoning regulations, development standards, infrastructure requirements, development impact fees, and the development review and permitting processes. Nongovernmental constraints include availability of financing, the price of land, the cost of construction, and the length of time to design and construct new housing.

The city is in the process of implementing measures to reduce development costs, streamline the development review process and amend/simplify the Zoning Code to reduce these constraints. Nongovernmental constraints are largely determined by market conditions or other factors, over which the City has little control. However, there are still opportunities to influence market conditions and their associated costs indirectly, which can help reduce these constraints.

The Housing Resources of the City are grouped into three categories. The first is the various funding sources that the city is able to leverage for affordable housing production, preservation, and protection; the second are the existing programs that the city manages and supports to increase the housing supply or otherwise serve past, current, and prospective residents of affordable housing; and the third is the inventory of sites that are adequate for development to meet projected housing needs.

Home energy efficiency has become an increasingly significant factor in housing construction, particularly in the past few years with the increasing demand to build energy efficient and sustainable buildings in California. The California Energy Code and the California Green Building Code in State Title 24 establish uniform energy efficiency and green building standards that all construction must adhere. The City’s 2020



Climate Action Plan (CAP) sets standards to reduce greenhouse gas (GHG) emissions for housing and construction by exceeding minimum state requirements, providing education and outreach on benefits and financial incentives associated with energy upgrades, and continuing support for energy efficiency and electrification retrofits.

## 5. Public Participation

Over the past twelve months, the city has conducted a significant community outreach effort to engage with the community, with over nineteen public and community meetings and workshops, five intercept/pop-up events, four surveys and partnership with 21 Elements. The outreach effort included an emphasis on connecting with community members for whom English was not spoken at home, renters, those under 45 years of age, low-income and very low-income households, people with disabilities, seniors, single female heads of household, people experiencing homelessness, and those from under-represented neighborhoods.

Key accomplishments of the community outreach efforts included:

- Launch of a [Housing Element Update website](#) that included links to past event video recordings, meeting materials, outreach and survey summaries, and information about upcoming meetings and ways to get involved.
- Two mailers – one citywide in October 2021 and a second in January 2022 targeted to renters – inviting community members to participate in community workshops, public meetings, and online surveys.
- Three public Housing Element workshops, five presentations/discussions at City Council and Planning Commission public meetings, a focus group discussion with builders, developers and architects, and presentations to many local community-based organizations, including the Chamber of Commerce, Downtown Merchants Association and San Mateo-Foster City School District Parent Teacher Association (SMFCSD PTA).
- Two related Housing Element Surveys conducted by the City between October 11, 2021 and January 16, 2022 received a total of 750 responses. Online responses from community members accounted for 594 responses, with 156 additional responses to a subset of questions collected by staff and the consultant team as intercept surveys during pop-up events in the North Central and Shoreview Neighborhoods, as well as Macedonia food distribution events.

Feedback and insights from tenants, non-English speakers, lower-income residents, property owners and developers helped to highlight new policy opportunities and ways to strengthen and improve existing policies, with the overarching challenge of housing affordability and availability being a reoccurring topic. Themes that were incorporated into the Housing Plan included production of more missing middle housing, more outreach and education to tenants and landlords, streamlining and simplifying development review and permitting processes, doing more to address fair housing and equity, and ensuring that new housing is sustainable and addresses climate change.

## 6. Affirmatively Furthering Fair Housing (AFFH) Assessment

This section provides an overview of AFFH requirements; a history of segregation in the region; and an assessment of the San Mateo's AFFH issues.

“Affirmatively furthering fair housing” means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. California law, as established by AB 686, requires all public agencies to “administer programs and activities relating to housing and community development in a manner that affirmatively furthers fair housing, and take no action inconsistent with this obligation.” The law also required that housing elements include an analysis of fair housing outreach and capacity, integration and segregation, access to opportunity, disparate housing needs, and current fair housing practices.

The United States’ oldest cities have a history of mandating segregated living patterns—and Northern California cities are no exception. The Association of Bay Area Governments (ABAG), in its recent Fair Housing Equity Assessment, attributes segregation in the Bay Area to historically discriminatory practices—highlighting redlining and discriminatory mortgage approvals—as well as “structural inequities” in society, and “self-segregation” (i.e., preferences to live near similar people).

A Fair Housing Assessment for all San Mateo County jurisdictions was conducted by 21 Elements, a countywide jurisdictional collaborative. For the City of San Mateo, the Assessment describes fair housing enforcement and outreach capacity, integration and segregation, access to opportunity and disparate housing needs as contributing factors that should be addressed in the city’s fair housing action plan. Some primary findings in the Fair Housing Assessment included:

- 16% of fair housing complaints filed in San Mateo County between 2017 to 2021 (57 total) were in the City of San Mateo (9 total), which is approximately aligned with the city share of the county’s population (14%).
- Racial and ethnic minority populations are disproportionately impacted by poverty, low household incomes, overcrowding, and homelessness compared to the non-Hispanic White population in the City of San Mateo. Additionally, racial and ethnic minorities are more likely to live in moderate resources areas and be denied for a home mortgage loan.
- The northeast area of San Mateo is disproportionately impacted by high poverty, low education opportunity, low economic opportunity, low environmental scores, high social vulnerability scores, concentrations of cost burdened households, overcrowding, and moderate resource scores. These areas are generally on either side of Highway 101 and stretch to the San Francisco Bay waterfront, encompassing the North Central and Shoreview neighborhoods.
- The City of San Mateo has a slight concentration of residents with a disability with 9% of the population compared to 8% in the county. Residents living with a disability in the city are more likely to be unemployed and are largely concentrated in areas around Highway 101.
- Racial and ethnic minority students in the City of San Mateo—served by the San Mateo Union High School District and the San Mateo-Foster Elementary School District—experience lower educational outcomes compared to other students.
- Nearly half of all renter households in the City of San Mateo are cost burdened—spending more than 30% of their gross income on housing costs—and one in four are extremely cost burdened—spending more than 50% of their gross income on housing costs.

Contributing factors to these Primary Findings include:

- Higher rates of mortgage denial rates among Hispanic households stems from decades of



discrimination in housing markets and challenges building wealth through economic mobility and homeownership.

- The northern portion of the city offers the most affordable homes, and as such, residents living in these areas have lower incomes and higher rates of poverty.
- Hispanic residents are more likely than others to work low wage jobs that do not support the City's or region's housing prices, resulting in higher rates of cost burden and overcrowding.
- Hispanic residents are primarily concentrated in the northeastern area of the city where residents face higher poverty and cost burden as well as poor opportunity outcomes according to TCAC's opportunity maps.
- Concentration of naturally occurring affordable ownership and rental housing opportunities in the northeast areas of the city further concentrates poverty, cost burden, and overcrowding in areas with low economic and environmental outcomes.
- There is a relative lack of affordable housing opportunities in higher resourced areas of the city.
- Highway 101 creates a major barrier between the Shoreview neighborhood and the rest of the City of San Mateo.
- The unemployment rate for the City of San Mateo's residents with a disability is four times that of persons without a disability.
- The undersupply of accessible housing units, particularly for renters, creates a scarcity of units for residents living with a disability.
- There are concentrations of the population living with a disability west of Highway 101 in the North Central neighborhood.
- Residents with disabilities and Hispanic households face increased housing discrimination.

In response to this analysis, as well as community input, an Affirmatively Furthering Fair Housing Action Plan, which details how the city proposes to respond to the factors contributing to the fair housing challenges identified in this analysis, was developed. The Action Plan is included in Appendix D and the policies and programs to implement the Action Plan are included in the Housing Plan under Goal 5.

## 7. Housing Plan

The City of San Mateo's primary objective is to maintain and provide a diversity of housing opportunities for current and future residents. There should be a variety of housing types and sizes, a mixture of rental and ownership housing, and housing that supports special needs populations, including farmworkers, single female heads of household, people with disabilities, and those who are unhoused. This variety of housing opportunities should accommodate a diverse population, leading to a variety of household sizes and types at all income levels.

In addition, the city needs to increase housing supply to meet the housing demand caused by current and future job growth. The types of new housing created should accommodate all income levels consistent with the city's RHNA. The goals, polices, and actions contained in this Housing Plan support these overarching objectives while also ensuring that the city will meet its statutory obligations to affirmatively further fair housing and facilitate housing production at all income levels.

The City has identified five goals to guide the Housing Element's policies and programs. The first three are based upon the "3Ps" framework that seeks to address the region's housing needs through a combination of Production, Preservation and Protection and is endorsed by the Association of Bay Area Governments (ABAG). The fourth goal, or "fourth P," is Promotion of community engagement and public outreach to

support social resilience, and the fifth goal is to Affirmatively Further Fair Housing (AFFH).

- **Production** – Facilitate and support the production of new housing at all income levels, but especially affordable housing. Eighteen policies have been identified to support this goal.
- **Preservation** – Preserve existing housing that is affordable to lower- and middle-income residents. Six policies have been identified to support this goal.
- **Protection** – Protect current residents to prevent displacement. Seven policies have been identified to support this goal.
- **Promotion** – Promote social resilience through public education and community outreach to make information more available and accessible. Four policies have been identified to support this goal.
- **Affirmatively Further Fair Housing** – Address the issues of fair housing, equity and access while reinforcing the objective that affirmatively furthering fair housing is both a stand-alone priority and decisively inseparable from achieving the Housing Element’s other goals. Thirteen policies have been identified to support this goal.

## 8. Quantified Objectives

In addition to the sites inventory and the Housing Plan, the city needs to provide an estimate of actual housing units that can be preserved and produced given available resources, permits issued and projected pipeline projects expected to be completed within the next housing cycle. State law recognizes that the city’s total housing needs exceed available resources and the community’s ability to satisfy this need within the content of the general plan. Thus, the quantified objectives do not need to completely account for San Mateo’s RHNA but should establish the maximum number of housing units that can be constructed, rehabilitated, and conserved in the City over an eight-year timeframe.

For the upcoming housing cycle, the city’s quantified objectives for conservation are 470 units, with 74 being affordable units, and the quantified objectives for construction are 5,358 units, with 1,441 being affordable units. The total of quantified objectives for the city are 5,828 units, including 1,515 affordable units. For a full breakdown of units by affordability level and by project or category, see Table 13 – Quantified Objectives for Cycle 6 (2023 – 2031), in this Section.

## 9. Review of Prior Housing Element

The final section provides a summary of the key accomplishments, challenges, and opportunities learned from the city’s previous Housing Element. The city’s RHNA for the fifth housing cycle was 3,100 units. The city was able to achieve many its goals through successful implementation of most of its policies and programs but fell short of its affordable housing goals. Key accomplishments include increased accessory dwelling unit (ADU) production, new funding sources, protecting existing affordable housing units, and using new technology to speed up development. Significant progress was also made on the design and entitlement of two affordable housing projects on city-owned properties in Downtown. Overall, through the first seven years of this cycle, the city has been able to achieve a total of 2,133 new housing units and exceed its market rate housing target; however, this only represents 69 percent of the city’s RHNA. A variety of factors have contributed to this production shortfall, including high land and construction costs, outdated policies, and community division over growth and building heights. The lessons learned over this past cycle have been used to help inform the Housing Plan in this Housing Element.