



APPENDIX E

REVIEW OF PRIOR ELEMENT

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- Table A – Prior Housing Element Evaluation



1 INTRODUCTION

The update of the Housing Element provides an opportunity to reflect on past achievements and challenges, identifying what is working, and what are the impediments in meeting the City of San Mateo's housing needs.

The following summary highlights key accomplishments and challenges from the previous Housing Element's planning period (2015 to 2023). This information will help ensure that the updated element for 2023 to 2031 builds on success, responds to lessons learned, and positions the City to better achieve the community's housing priorities.

A more detailed program-by-program review of progress and performance is in Table A.

2 ACHIEVEMENTS

Implementation of San Mateo's Housing Element over the past eight years has resulted in a number of achievements:

2.1 Progress Towards Meeting Affordable Housing Goals

Through a combination of policy changes, planning, investment and use of city land, the City is making progress towards meeting its affordable housing goals—both for creating new units and rehabilitating existing units. This is a big accomplishment, and the result of a lot of hard work and support from the City Council. The City's specific plans have played a key role in laying the groundwork along with city-owned land assets and affordable housing funds. Key projects included:

- **Kiku Crossing**, which includes 225 affordable units on city-owned land adjacent to the Caltrain tracks in addition to a parking structure that serves both residents of these units and the downtown. The project broke ground in 2022, but the certificate of occupancy will be granted during the 6th cycle of the Housing Element.
- **Montara**, in which the City has negotiated an acre of land for affordable housing as part of the overall master plan for this significant new area of redevelopment in close proximity to the Caltrain station and other amenities. The development has 68 affordable units with a set aside of 12 units for formerly homeless veterans.
- **Station Park Green**, a multi-phased transit-oriented housing development which will place hundreds of new housing units near the Hayward Park Caltrain station. As of 2022, three phases have been completed, creating 492 new units with 49 of them being available at 50% AMI due to the City's Below Market Rate inclusionary ordinance.
- **Rehab Housing**: As of the end of 2021, 246 rehabilitation projects were completed on homes owned by low-income households through City of San Mateo programs. As a result, low-income families were able to stay in their homes which were naturally affordable.

2.2 New Policies to Generate Affordable Housing Funds

In 2016 the City adopted a new ordinance to establish a commercial linkage fee, which has generated over \$7 million. There are three tiers of pricing for the fee, with retail/service at \$5.40 per square foot, hotel at \$10.79 per square foot, and office/research at \$26.99 per square foot. In addition to this, the City increased its Inclusionary Housing requirement, which is now at 15% for rental housing at 80% Area Median Income (AMI) and 15% for ownership housing at 120% AMI. Additional affordable units can be provided for bonuses and concessions.

2.3 Market Rate Housing Goals Were Met

Developers built 1,784 new units of “above moderate income” housing between 2015 and 2022, exceeding our housing need target (RHNA) for this income category by 44% percent. The reasons for success in this income bracket are because the demand for housing is high while rents and sales prices for these units make the projects comparatively more economically viable.



2.4 Increased Production of Accessory Dwelling Units

Accessory dwelling units, or ADUs (often referred to as second units or in-law units) have become increasingly popular after the City adopted a new ADU ordinance in response to changes in State law. Since these changes were enacted, interested homeowners are able to add ADUs to their property with ease, which helps to create new rental housing in existing neighborhoods. Prior to these changes, the City averaged completing between 2 and 5 ADUs each year. The City is now receiving between 40 and 60 applications a year as a result, and continues to work to provide better information and other resources to help homeowners interested in creating ADUs, including updating its zoning code requirements to provide additional flexibility on size and height requirements beyond state minimums.

2.5 Accessing New Funding Sources from Non-local Sources

In 2020, the City began receiving the Permanent Local Housing Allocation (PLHA) grant from HCD. One portion of the grant is being utilized for subsidizing tenant services in special needs affordable housing while the remainder of the funds were used to develop and fund a new rapid rehousing program. The City anticipates continuing to receive this funding as an annual formula grant and plans to use it to increase housing affordability within the City.

2.6 Increasing efficiency in the Housing Development Process

One of the local responses to the emerging COVID-19 pandemic included streamlining the development process, which has now switched to an all-electronic plan submittal and review process. The City will continue this progress to provide clear, measurable guidance for multifamily developments using modern technology.

2.7 Interventions to Preserve Affordable Housing

In the previous Housing Element cycle, two affordable housing projects that had expiring agreements on their BMR units were identified. Through collaborative efforts between staff and housing managers, new agreements on both Lesley Park Towers and Humboldt House were able to extend their affordability through a new rehabilitation HOME loan and contract extensions respectively.

3 CHALLENGES

The City was unable to meet all of the goals set forth by the previous Housing Element. The following challenges were experienced:

3.1 A Divided and Polarized Vision for the Future of the City

While there has been strong support for the new programs and policies implemented to increase housing affordability, some members of the community fear the impact that height and density could have on their neighborhoods. They are also concerned about increased traffic, despite the City's focus on Transit Oriented Development (TOD). This has resulted in voter initiatives to limit new development. The City has had to strike a balance that is fair for all members of the community while responding to housing responsibilities.

3.2 High Land and Construction Costs

With the exception of building housing for the upper end of the market, it is difficult to build more affordable housing without some form of incentive and subsidy. The barrier of land cost causes the City to struggle to find new sites for all types of development.

3.3 Outdated Housing Programs and Policies

In the previous Housing Element, some items under the Goals, Policies, and Programs, such as those focused on protections for design of single family neighborhoods, were either misplaced and would have been better located in the Urban Design element or were potentially undermining other housing goals through not incentivizing or furthering affordable housing development. This list has been updated in the current cycle to ensure the City has the tools available in the form of goals, policies and programs that can best respond to the current and emerging housing challenges.

In addition, prior programs generally did not specifically address the needs to special needs groups, including people with disabilities, farmworkers, seniors and others. The new Housing Element includes more targeted programs to reach various special needs group, including but not limited to the Fair Housing Action Plan.

3.4 Falling Short of Quantified Objectives

In the previous Housing Element Cycle, the City estimated that a grand total of 3,164 housing units would be made through both construction and preservation. The combination of all the above challenges led the City to struggle to meet this goal, with a total of 2,573 units by 2022. See the tables below:



Table 1: Quantified Objectives, 2015-2023

Conservation/Preservation	Total	ELI	VLI	LI	MOD
Lesley Park Towers	200		200		
Humboldt House	9		9		
Sub Total	209	0	209	0	0

New Construction	Total	ELI	VLI	LI	MOD
2000 S. Delaware	60				60
Bay Meadows Affordable Site	60	20	40		
Bay Meadows BMR	65			25	40
Station Park Green BMR	60		60		
Other BMR	150		45	25	80
Other Affordable TBD	85	30	45	10	
Sub Total	480	50	190	60	180
AFFORDABLE TOTAL	689	50	399	60	180
Private Sector/Market Rate	2475				
GRAND TOTAL	3164				

Table 2: Accomplishments, 2015-2023

Conservation/Preservation	Total	ELI	VLI	LI	MOD
Lesley Park Towers	200		200		
Humboldt House	9		9		
1110 Cypress	7			7	
Sub Total	216	0	209	7	0
<hr/>					
New Construction	Total	ELI	VLI	LI	MOD
2000 S. Delaware	60				60
Bay Meadows Affordable Site	67	14	36	17	
Bay Meadows BMR	54			31	23
Station Park Green BMR	60		60		
Other BMR	117		82	23	12
Other Affordable Kiku Crossing	223	43	45	135	
Sub Total	581	57	223	206	95
AFFORDABLE TOTAL	797	57	432	213	95
Private Sector/Market Rate	1776				
GRAND TOTAL	2573				



4 OPPORTUNITIES

Through the existing work efforts and trends, the City has taken lessons learned to incorporate in the updated Housing Element:

4.1 Rewrite the Zoning Code

Several items have been identified in the current zoning code that will require revisions to facilitate affordable housing development to meet a diverse set of housing challenges. The City plans to adopt objective design standards, minimum density, by-right designation, single family revisions, and to amend the housing overlay. City staff plan to research what practices can best encourage missing middle housing, special needs housing, supportive housing, farmworker housing, and many others.

4.2 The General Plan Update

While COVID-19 has delayed the update process, the City has met with a team to coordinate land use and zoning changes with housing needs. The General Plan update will help address many of the community's development-related concerns, for example by complementing extra height and density with community benefits. The City aims to add an additional consultant to help craft a package of measurable community benefits, that can be used in conjunction with density bonus requirements above state minimums, to provide developer with options.

4.3 New Opportunities for Transit Oriented Development

In 2021, the City welcomed the opening of the new Hillsdale Caltrain station and throughout 2020 – 2022, parts of the Master Bike Plan began to be implemented around the North Central Neighborhood. These changes reflect developments being made in non-auto dependent modes of transportation, may lead to more non-auto centric housing choices. Opportunities for increased diversity in housing forms may soon follow.

4.4 Creative Solutions to Site Limitations

This may include finding new types of feasible sites for development, such as repurposing retail, strip shopping centers, older low-rise office buildings and more. As demonstrated by recent projects and developer interest, this solution is viable to max out development potential in underutilized areas in order to meet requirements set by the Regional Housing Needs Allocation (RHNA).

4.5 More Uses for Technology to Increase Efficiency of Housing Programs

The City has begun the process of improving the webpage to make housing programs more accessible to the typical applicant. With new collaboration, the changes can also make service providers more connected to their prospective clients. In addition, the City has joined other jurisdictions in putting support behind a County-wide effort to establish a centralized electronic BMR unit portal to match people to units more efficiently than ever before.

4.6 New Affordable Housing Opportunities Identified

The “Talbots Toy’s” site is currently a City-owned site within the downtown area within 0.5 miles of transit and many other amenities such as parks and grocery. The City has received a pre-application from a private developer for future development of affordable housing and has leased the site to them for \$1 per year. Additionally, the City has acquired another site located a block away called the Ravioli site, which the City anticipates highlighting for future redevelopment.