

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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March 27, 2023

Drew Corbett, City Manager
City of San Mateo
330 West 20th Avenue
San Mateo, CA, 94403

Dear Drew Corbet:

RE: City of San Mateo's 6th Cycle (2023-2031) Adopted Housing Element

Thank you for submitting the City of San Mateo's (City) housing element adopted January 24, 2023 and received for review on January 30, 2023. Pursuant to Government Code section 65585, subdivision (h), the California Department of Housing and Community Development (HCD) is reporting the results of its review. Our review was facilitated by a conversation on March 8, 2023 with Zachary Dahl, Eloiza Murillo-Garcia, and consultant Diana Elrod. In addition, HCD considered comments from Housing Leadership Council of San Mateo, Christopher Conway, Andrew Wofford, and David Kellogg pursuant to Government Code section 65585, subdivision (c).

The adopted housing element addresses many statutory requirements described in HCD's September 28, 2022 review; however, additional revisions are necessary to fully comply with State Housing Element Law (Article 10.6 of the Gov. Code), see enclosed Appendix.

For your information, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), if a local government fails to adopt a compliant housing element within 120 days of the statutory deadline (January 31, 2023), then any rezoning to make prior identified sites available or accommodate the regional housing needs allocation (RHNA) shall be completed no later than one year from the statutory deadline pursuant to Government Code sections 65583, subdivision (c) and 65583.2, subdivision (c). Please be aware, if the City fails to adopt a compliant housing element within one year from the statutory deadline, the element cannot be found in substantial compliance until these rezones are completed.

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. During the housing element revision process, the City must continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available while considering and incorporating comments where appropriate. Please be

aware, any revisions to the element must be posted on the local government's website and to email a link to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting to HCD.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant; the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities programs; and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City will meet housing element requirements for these and other funding sources.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the City to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Planning and Research at: <https://www.opr.ca.gov/planning/general-plan/guidelines.html>.

HCD appreciates the dedication that the housing element team provided throughout the course of the housing element review. We are committed to assist the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Hillary Prasad, of our staff, at Hillary.Prasad@hcd.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul McDougall", with a stylized flourish at the end.

Paul McDougall
Senior Program Manager

APPENDIX CITY OF SAN MATEO

The following changes are necessary to bring the City's housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change, we cite the supporting section of the Government Code.

Housing element technical assistance information is available on HCD's website at <https://www.hcd.ca.gov/planning-and-community-development/hcd-memos>. Among other resources, the housing element section contains HCD's latest technical assistance tool, *Building Blocks for Effective Housing Elements (Building Blocks)*, available at <https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks> and includes the Government Code addressing State Housing Element Law and other resources.

A. Housing Needs, Resources, and Constraints

1. *Affirmatively further[ing] fair housing in accordance with Chapter 15 (commencing with Section 8899.50) of Division 1 of Title 2...shall include an assessment of fair housing in the jurisdiction. (Gov. Code, § 65583, subd. (c)(10)(A).)*

Integration and Segregation: The element still must include a regional analysis of integration and segregation for persons with disabilities and familial status, comparing the City to the region.

Disproportionate Housing Needs including Displacement: The element should analyze information on housing condition patterns within the City. This could include an analysis on concentrations of substandard housing geographically within the City.

Sites Inventory: The element must include a locational analysis (neighborhood by neighborhood) of the regional housing needs allocation (RHNA) by income group and evaluate the impact of identified sites in each area. The element states that there are no units in the sites inventory located in Racially Concentrated Areas of Affluence (RCAA), but it should analyze whether conditions are exacerbated and promote strong housing mobility within the City's programs to affirmatively further fair housing. In addition, the element stated no sites are identified in areas with high overcrowding and cost burden. The element should include an analysis of whether this affects the existing patterns and whether sites exacerbate conditions and identify further program actions that will be taken to promote equitable quality of life throughout the community (e.g., anti-displacement and place-based community revitalization strategies).

2. *Include an analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected needs for all income levels, including extremely low-income households. (Gov. Code, § 65583, subd. (a)(1).)*

Extremely Low-Income Households (ELI): While the element was revised to include the number of existing ELI households, it must include the number of projected ELI households. In addition, the element must analyze ELI housing needs including characteristics magnitude, housing types, resources, strategies, and gaps to address the identified need. Please see HCD's prior review for additional information.

3. *An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and public facilities and services to these sites. (Gov. Code, § 65583, subd. (a)(3).)*

Progress in Meeting the RHNA: While the element was revised to address affordability of the number of new units built since June 30, 2022, it must also address the availability of projects in the planning period, including the status of Projects 1, 3, 4, 5, 6 and 8. The element should describe the status, any barriers to development, and other relevant factors to demonstrate their availability in the planning period. Barriers may include remediation of the gas station, projects including multiple owners, site cleanup, as well as Site 6 allowing building permit issuance within 15 years.

Realistic Capacity: The majority of sites still assume 100 percent maximum density as realistic capacity. The analysis must demonstrate that all projects in those zones developed at maximum density to support assumptions. In addition, the calculation of residential capacity must also account for the likelihood of residential development in zoning where 100 percent nonresidential uses are allowed. The analysis should be based on factors such as development trends including nonresidential, performance standards requiring residential uses or other relevant factors such as enhanced policies and programs. For example, the element could analyze all development activity in these nonresidential zones, how often residential development occurs and adjust residential capacity calculations, policies, and programs accordingly.

Small and Large Sites: While owner interest is helpful in determining the feasibility of development, the element must add additional information regarding likelihood of development during the planning period for the Hillsdale and Bridgepointe sites including feasibility during the planning period, whether the mall and other uses will remain, and timing of development, including affordable, on these large sites. The element could provide examples of other large site development with similar uses to support assumptions. In addition, to support assumptions for development of units affordable to lower-income households on small sites, the element should provide additional information on previous lot consolidations including zoning designations, number and size of parcels, and affordability of projects that developed on sites smaller than half an acre.

Suitability of Nonvacant Sites: While the element was revised to add some additional information for the nonvacant sites, it should connect the existing uses and feasibility of development to the project examples described. In addition, the element should describe the likelihood that existing uses will discontinue during the planning period, whether there are current leases, or other factors of whether the uses will impede

residential development. The element should also analyze the feasibility of developing gas stations and car wash sites during the planning period. The element states that each parcel was ranked for likelihood of development, but it should describe the criteria used for ranking and how they were applied to feasibility of development.

In addition, as noted in the housing element, the housing element relies upon nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households. For your information, the housing element must demonstrate existing uses are not an impediment to additional residential development and will likely discontinue in the planning period. (Gov. Code, § 65583.2, subd. (g)(2).) Absent findings (e.g., adoption resolution) based on substantial evidence, the existing uses will be presumed to impede additional residential development and will not be utilized toward demonstrating adequate sites to accommodate the regional housing need allocation.

City-Owned Sites: While the element includes Program 1.2 to develop City owned sites, it must describe whether there are any plans to sell or dispose of the property during the planning period and how the jurisdiction will comply with the Surplus Land Act.

Accessory Dwelling Units (ADU): The element did not address the finding regarding the City's ADU projections, please see HCD's prior review. In addition, Program 1.4 must commit to also monitoring affordability of the ADU units that are permitted as well as provide additional incentives or identify additional sites if production and affordability assumptions are not met.

Infrastructure: While the element was revised to state all sites have access to water, sewer and dry utilities, it must state whether there is sufficient capacity to accommodate the City's RHNA in the planning period. In addition, the element generally mentions infrastructure constraints for infill development. The element must describe and analyze the constraints as well as their impacts on the identified sites to meet the RHNA and add or modify programs as appropriate.

In addition, regardless of sufficient sewer capacity, Program 1.20 must commit to establishing a written procedure to grant priority sewer service to developments with units affordable to lower-income households.

4. *An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures... (Gov. Code, § 65583, subd. (a)(5).)*

Land Use Controls: The element must identify and analyze all relevant land use controls impacts as potential constraints on a variety of housing types. The analysis should analyze land use controls independently and cumulatively with other land use controls. While the element includes Program 1.7 to reduce parking within half a mile of transit, the program is dependent on an analysis, but the element is missing the analysis. In

addition, Program 1.7 must include specific implementation actions to reduce parking requirements for studio and one-bedroom units city-wide as well as for units that are at least 1,400 square feet. Please see HCD's prior finding. In addition, the element did not address the finding regarding analyzing lot coverage and limits on allowable densities. The element must also demonstrate feasibility of three-story developments in zones that limit height to 35 feet. Lastly, the element should analyze the open space requirements in the R-3 zone and include specific actions to reduce the constraint in the zone.

Fees and Exaction: While the element was revised to add an environmental review fee, it must describe all required fees for single family and multifamily housing development including conditional use permits (CUP), general plan amendments, zoning changes, site plan review, planned unit developments, specific plan, and development agreement fees. In addition, Table 4 should also clarify whether the fees are the same for single family and multifamily developments.

Local Processing and Permit Procedures: While the element includes information about processing times, it should also describe the procedures for a typical single family and multifamily development. The analysis should address the approval body, the number of public hearing if any, approval findings and any other relevant information, specifically for site plans and architectural review. The analysis should address impacts on housing cost, supply, timing and approval certainty. Many of the findings are ambiguous and should be addressed as a constraint including but not limited to findings one, two and three and add or modify programs as appropriate. Lastly, the preapplication process adds at least four months in addition to the typical approval times listed and the element should add or modify programs as appropriate to address the constraint.

Local Ordinances: While the element was revised to state that community benefits are in addition to state law, it should clarify the ability to exceed Measure Y. In addition, the element should describe how the inclusionary program, the community benefit program, and state density bonus law interact with incentives provided.

5. *An analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including... requests to develop housing at densities below those anticipated in the analysis required by subdivision (c) of Government Code section 65583.2, and the length of time between receiving approval for a housing development and submittal of an application for building permits for that housing development that hinder the construction of a locality's share of the regional housing need in accordance with Government Code section 65584... (Gov. Code, § 65583, subd. (a)(6).)*

Developed Densities and Permit Times: This element generally was not revised to address this finding, please see HCD's prior review.

6. *Analyze any special housing needs such as elderly; persons with disabilities, including a developmental disability; large families; farmworkers; families with female heads of households; and families and persons in need of emergency shelter. (Gov. Code, § 65583, subd. (a)(7).)*

Special Needs Populations: This element generally was not revised to address this finding. Please see HCD's prior review for additional information.

B. Housing Programs

1. *Include a program which sets forth a schedule of actions during the planning period, each with a timeline for implementation, which may recognize that certain programs are ongoing, such that there will be beneficial impacts of the programs within the planning period, that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element... (Gov. Code, § 65583, subd. (c).)*

To have a beneficial impact in the planning period and achieve the goals and objectives of the housing element, programs must have specific commitment and discrete timing (e.g., at least annually, by 2025), as follows:

- *Policy 1.4 (Incentivize ADU Development)*: The program should be revised to include specific commitment to reducing fees if found to be a constraint.
 - *Policy 1.15 (Supportive Housing Requirements)*: The timing must be revised to implement the program by a specific date within the first two years of the planning period.
 - *Policy 1.17 (Farmworker Housing)*: The program must be revised to comply with Health & Safety Code section 17021.5.
 - *Policy 5.2.2 (Incentivize Developers)*: This program should be revised to include proactive outreach to developers throughout the planning period.
 - *Policy 5.4.5 (Future Improvements in Disadvantaged Communities)*: The program must include an alternative action if the study is not implemented.
2. *Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the city's or county's share of the regional housing need for each income level that could not be accommodated on sites identified in the inventory completed pursuant to paragraph (3) of subdivision (a) without rezoning, and to comply with the requirements of Government Code section 65584.09. Sites shall be identified as needed to facilitate and encourage the development of a variety of types of housing for all income levels, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. (Gov. Code, § 65583, subd. (c)(1).)*

As noted in Finding A3, the element does not include a complete site analysis, therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the City may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types.

In addition, Policy 3.7 (Expanding Homeless Shelters) must clarify implementation actions after the study in Action A.

3. *The Housing Element shall contain programs which assist in the development of adequate housing to meet the needs of extremely low-, very low-, low- and moderate-income households. (Gov. Code, § 65583, subd. (c)(2).)*

While the element includes Policy 5.1.4 (Regional Forgivable Loan Program) to support the regional program to assist ELI households, it is a regional policy. The element should specify what actions the City is taking to address the ELI need.

4. *Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities. The program shall remove constraints to, and provide reasonable accommodations for housing designed for, intended for occupancy by, or with supportive services for, persons with disabilities. (Gov. Code, § 65583, subd. (c)(3).)*

As noted in Findings A4 and A5, the element requires a complete analysis of potential governmental and nongovernmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs and address and remove or mitigate any identified constraints. In addition, the element should be revised as follows:

- Policy 1.7 (Update Zoning Code Development Standards): This program must make a firm commitment and specify which parking requirements will be removed that are a constraint to multifamily development.
- Policy 1.14 (Evaluate and Update Special Needs Group Housing Requirements): The program should commit to revising procedural requirements to permit group homes for seven or more persons in all zones allowing residential uses based on objective criteria to facilitate approval certainty similar to other residential uses of the same form.
- Design Review: While program 1.6 (Streamline Housing Application Review) was added to revise the design review process for multifamily and mixed-use developments, it should commit to ensuring the findings and process is objective if the process is not eliminated.
- State Density Bonus Law: While the element includes Program 1.3 (Increase Below Market Rate Unit Production) to update the density bonus ordinance, the program should include specific timing early in the planning period for implementation.
- Measure Y: While the element includes Program 1.21 (Adopt San Mateo General Plan 2040), it must include specific commitments to increase densities and adjustments to development standards. In addition, the element should include a specific program to address the constraint of Measure Y.

6. *Promote and affirmatively further fair housing opportunities and promote housing throughout the community or communities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability, and other characteristics... (Gov. Code, § 65583, subd. (c)(5).)*

As noted in Finding A1, the element requires a complete affirmatively furthering fair housing (AFFH) analysis. Depending upon the results of that analysis, the City may need to revise or add programs. The element must be revised to add goals and actions based on the outcomes of a complete analysis. Goals and actions must specifically respond to the analysis and to the identified and prioritized contributing factors to fair housing issues and must be significant and meaningful enough to overcome identified patterns and trends. Actions must have specific commitment, metrics, and milestones as appropriate and must address housing mobility enhancement, new housing choices and affordability in high opportunity areas, place-based strategies for community preservation and revitalization and displacement protection.

In addition, the element should reference the table in Appendix D in the programs section and the programs identified in Appendix D (Attachment 1) should include geographic targets for each identified action to affirmatively further fair housing. All programs that affirmatively further fair housing should include metrics, milestones and geographic targets. The analysis demonstrates a need for housing mobility in the RCAA and higher opportunity areas, but the sites analysis states no units were identified in these areas. Programs should be revised to include significant and meaningful action to overcome the identified patterns and trends.