



## San Mateo Countywide Housing Element Update Kit

### Parking Standards Survey Summary

The following is a summary of Inclusionary Zoning requirements for San Mateo county municipalities. **This document is excerpted (with small edits) from a study conducted by EPS for the City of San Mateo. 21 Elements staff did not write this document.** If possible, we will post the full report on the 21 Elements Website.

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## INCLUSIONARY ZONING REQUIREMENTS SUMMARY

Prepared August 6, 2008

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Seven cities in the county have an inclusionary requirement of 15 percent, while in unincorporated areas of San Mateo County and five other San Mateo County cities the requirement is 20 percent.

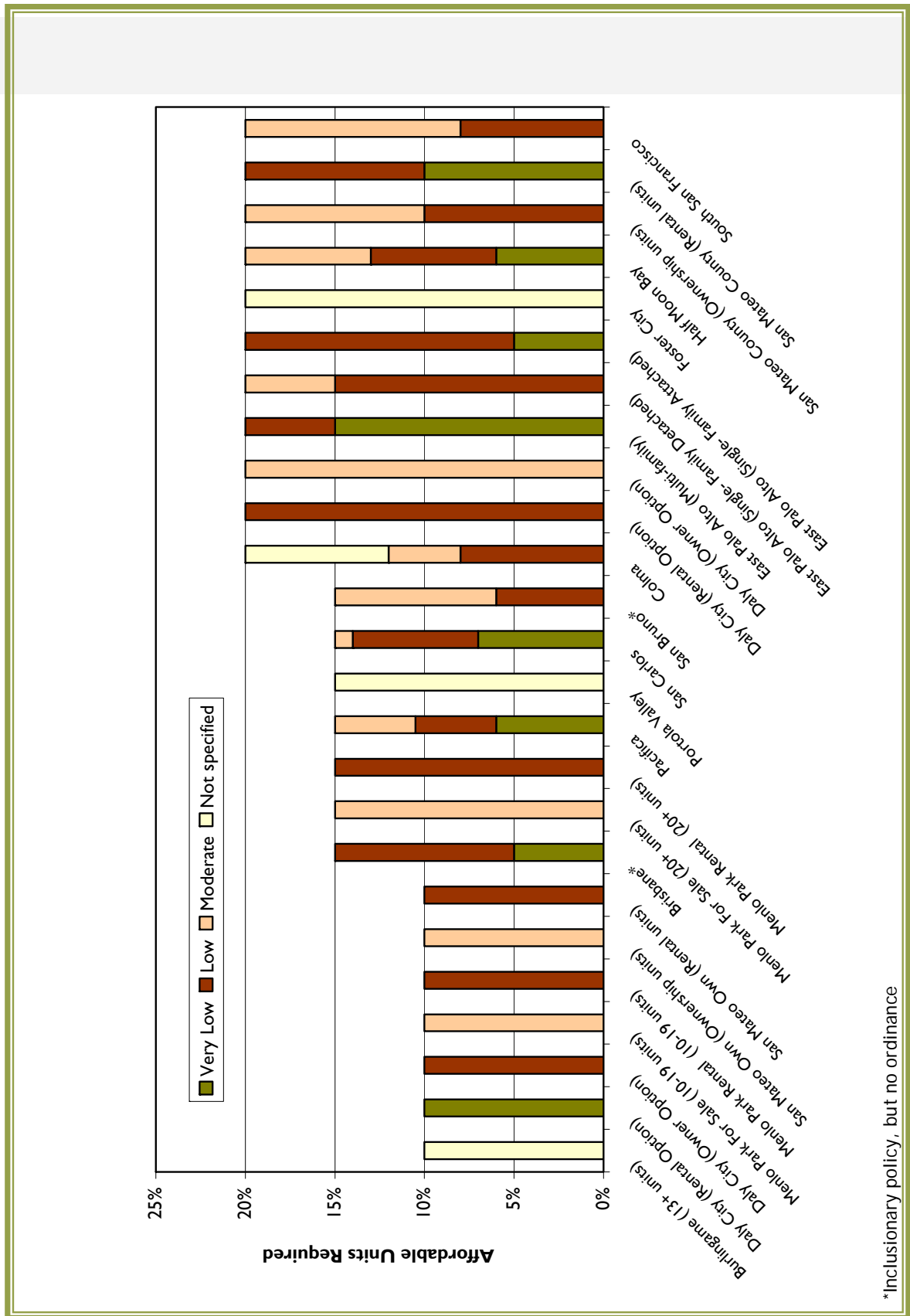
A number of cities in San Mateo County collect fees for small projects under the threshold to provide affordable units onsite. Most impose the fee on projects that consist of four or more units, although San Carlos collects the fee on 2 or more units.

Another issue for luxury market rate projects is the current requirement to provide “like” units as BMR’s, which can impose a significant cost to the developer for the amount of benefit gained. For example a current project in San Mateo will provide 2-bedroom units for a BMR sales price of \$271,000. The estimated sales price for similar market rate units starts at \$775,000. For each BMR unit provided to the program, the developer will lose about \$500,000 in sales revenues had the BMR units been sold at the market rate. Although the developer has included these costs in the overall budget, and believes the project as a whole will be profitable, the cost to provide a first time buyer unit is an extremely inefficient cost per unit. That same \$500,000 could leverage 3-5 units in an affordable rental project where the City would typically provide assistance. This cost is even more extreme in a single family detached development or other extremely high end condominium projects.

In this situation, several cities have allowed, or even preferred, to capture in lieu fees or allow offsite construction, in order to get more affordable units for the same developer contribution. For example, Mountain View collects in lieu fees for projects where the market rate units sell over a pre-determined bench-marked sales price. Palo Alto negotiates each project on a case by case basis in order to maximize the affordable unit counts and will either allow units constructed elsewhere or collect a fee. In San Mateo County, many cities allow some flexibility instead of providing BMR units onsite. Six cities will allow an in lieu fee if an option for onsite construction is infeasible. Nine cities will allow offsite construction depending on a variety of factors including developer infeasibility, the local need for units, or an increase in the number of affordable units. These are all examples of ways to add flexibility to a program to increase the number of affordable units.

EPS analyzed whether the adoption of Inclusionary requirements by cities impacted development patterns by comparing building permits issued before and after adoption of policies, but found no conclusive evidence one way or another.

Figure 16  
Comparison of Inclusionary Housing Policies in San Mateo County



\*Inclusionary policy, but no ordinance