

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

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May 1, 2009

Mr. Ron Munekawa, Chief of Planning
Department of Community Development
City of San Mateo
330 West 20th Avenue
San Mateo, CA 94403

Dear Mr. Munekawa:

RE: Review of the City of San Mateo's Draft Housing Element

Thank you for submitting San Mateo's draft housing element received for review on March 3, 2009 along with additional revisions on April 29 and 30, 2009. The Department is required to review draft housing elements and report the findings to the locality pursuant to Government Code Section 65585(b). The review was facilitated by communications with Mr. Ken Chin, Associate Planner, Ms. Sandy Council, Neighborhood Improvement and Housing Manager, Mr. Bill Wanner, Principal Planner, and Ms. Diana Elrod, the City's consultant.

The Department commends San Mateo's effort and success in addressing its housing and community development needs; including increasing capacity for higher density residential and mixed-use development through the adoption of the Transit-Oriented Development ordinance, Rail Corridor Plan, and El Camino Real Master Plan. The draft element addresses many statutory requirements; however, revisions will be necessary to comply with State housing element law (Article 10.6 of the Government Code). For example, the element must include an analysis of residential capacity estimates on non-residential sites and potential governmental constraints. The enclosed Appendix describes these and other revisions needed to comply with State housing element law.

The Department is committed to assisting San Mateo in meeting the statutory requirements of housing element law. If you have any questions or would like assistance, please contact Paul McDougall, of our staff, at (916) 322-7995.

Sincerely,


Cathy E. Creswell
Deputy Director

Enclosure

APPENDIX

CITY OF SAN MATEO

The following changes would bring San Mateo'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 the Department's website at www.hcd.ca.gov/hpd. Refer to the Division of Housing Policy Development and the section pertaining to State Housing Planning. Among other resources, the Housing Element section contains the Department's latest technical assistance tool *Building Blocks for Effective Housing Elements (Building Blocks)* available at www.hcd.ca.gov/hpd/housing_element2/index.php, the Government Code addressing State housing element law and other resources.

A. Housing Needs, Resources, and Constraints

1. *Include an inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites (Section 65583(a)(3)). The inventory of land suitable for residential development shall be used to identify sites that can be developed for housing within the planning period (Section 65583.2).*

San Mateo has a regional housing need of 3,051 housing units, of which 1,195 units are for lower-income households. To address the need, the City is relying on vacant and underutilized sites. However, to demonstrate the adequacy of these sites, the element must address the following:

Sites Inventory: Many sites listed in Appendix A are comprised of multiple parcels. For example, the site at Leslie/17th/Railroad is made up of three individual parcels. While the element may aggregate parcels, it must also list each parcel in the aggregated inventory by size, zoning, general plan designation and existing use.

The element should also discuss whether aggregated parcels are anticipated to develop individually or consolidated with other parcels. *For parcels anticipated to be consolidated*, the element should describe the potential for lot consolidation on sites comprised of multiple parcels, including conditions rendering parcels suitable and ready for redevelopment, trends or information on the number of owners and indicating where sites have been assembled. The element should also include policies and programs as appropriate to facilitate lot consolidation. *For parcels anticipated to develop individually*, the element should calculate residential capacity separately and evaluate existing and/or proposed policies or incentives the City will offer to facilitate development if sites are small (i.e., less than 50 units). This is particularly important given the necessary economies of scale to facilitate development of housing affordable to lower-income households. For example, most assisted housing developments utilizing State or federal financial resources typically include at least 50 to 80 units.

Realistic Capacity: The element estimates residential capacity based on a sample of projects (page 73). However, in estimating residential capacity of non-residentially zoned or mixed-use sites, the methodology must account for the extent to which uses other than residential are allowed. Projected residential development capacity should not, for example, assume residential-only development on all mixed-use or commercial sites.

Nonvacant Sites: The element must describe the existing uses of underutilized sites and demonstrate their suitability to accommodate a portion of the regional housing need. The analysis should evaluate the extent to which existing uses may impede additional residential development and a description, relative to identified sites, of development trends, market conditions and regulatory incentives and standards to facilitate redevelopment or reuse. The list of existing uses (Appendix A) should be sufficiently detailed to demonstrate the potential for redevelopment on identified sites within the planning period. For example, the element could detail existing uses for identified sites including information such as the condition and age of the structure, improvement to land value, or whether the use is operating, marginal, or discontinued.

Sites with Zoning for a Variety of Housing Types (Emergency Shelters): Pursuant to Chapter 633, Statutes of 2007 (SB 2), the element indicates the City will amend the Regional/Community Commercial category (pages 75 and 114). However, the element must also specifically demonstrate sufficient capacity to accommodate the need and describe the characteristics and suitability of the zone(s) for emergency shelters. For additional information, see the Department's SB 2 technical assistance memo at http://www.hcd.ca.gov/hpd/sb2_memo050708.pdf.

Sites with Zoning for a Variety of Housing Types (Transitional and Supportive Housing): The element did not address this requirement. Pursuant to SB 2, transitional and supportive housing must be permitted as a residential use subject only to those restrictions that apply to other residential uses of the same type in the same zone. The element must demonstrate how the City's zoning complies with this requirement or include programs as appropriate.

2. *Analyze potential and actual governmental constraints upon the maintenance, improvement, and development of housing for all income levels, including fees and other exactions required of developers, and local processing and permit procedures (Section 65583(a)(5)).*

Processing and Permit Procedures: Although the element describes the City's pre-application process and processing times (page 81-82), it must specifically analyze approval procedures for typical multi- and single-family developments, including the level of discretionary action, for impacts on the cost and supply of housing, including approval certainty. The analysis must specifically address decision-making criteria, such as approval findings by permit type for residential uses, particularly multifamily. See the sample analysis in the *Building Blocks'* technical assistance tool at http://www.hcd.ca.gov/hpd/housing_element2/CON_permits.php.

Fees and Exactions: While the element lists planning and impact fees per unit for typical multi- and single-family developments (page 82); it should also analyze the impacts on the cost and affordability of housing. For example, the analysis could address the proportion fees represent of total development costs and how the impact project feasibility and costs.

Constraints on Persons with Disabilities: While the element includes a program to evaluate potential constraints on housing for persons with disabilities, it must include the actual analysis of potential constraints. Examples of standards and requirements that should be analyzed include: (1) any definitions of family in the zoning code; (2) whether the locality has an established reasonable accommodation procedure; (3) maximum concentration requirements for residential care facilities; (4) any site planning requirements that may constrain housing for persons with disabilities; and, (5) any parking reductions for housing for persons with disabilities. Refer to the *Building Blocks*' website, including a sample analysis, at http://www.hcd.ca.gov/hpd/housing_element2/CON_disabilities.php.

B. Housing Programs

1. *Identify adequate sites which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels, including rental housing, mobilehomes, and emergency shelters and transitional housing (Section 65583(c)(1)).*

As noted in the finding A1, the element does not include a complete sites inventory or analysis; as a result, the adequacy of sites and zoning has not been 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 and zoning for a variety of housing types. In addition:

Program H2.14 (The Homeless): While the program allows emergency shelters as a permitted use in the Regional/Community Commercial category, it must be revised as follows to comply with SB 2:

- clarify permitted use is consistent with SB 2 to permit emergency shelters without a conditional use permit or other discretionary action;
- commit to only subject shelters to the same development and management standards that apply to other allowed uses within the identified zone; and
- amend zoning within one year after adoption of the City's housing element.

2. *The housing element shall contain programs which "assist in the development of adequate housing to meet the needs of extremely low-, low- and moderate-income households (Section 65583(c)(2)).*

Pursuant to AB 2634, existing programs should either be revised or programs added to specifically assist in the development of a variety of housing types to meet the housing needs of extremely low-income (ELI) households. To address this requirement, the element could revise programs to prioritize some funding for the development of housing affordable to ELI households and/or offer financial incentives or regulatory concessions to encourage the development of housing types, such as single-room occupancy units, which address the needs of this income group.

To assist in the development of housing for lower-income households, the element includes one program (H2.3) to give funding for housing for lower-income households a high priority. However, the element should include other actions to assist the development of housing for lower-income households. Other actions the City could consider to assist in the development of housing for low- and moderate-income households include expedited processing, concessions, and incentives beyond density bonus law, fee waivers or deferrals and assisting with site acquisition. Further, Program H2.3 should be revised with timelines for providing or applying for funding.

3. *The housing element shall contain programs which "address, and where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing" (Section 65583(c)(3)).*

As noted in finding A2, the element requires analysis of potential governmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs to address and remove or mitigate any identified constraints.

4. *The housing program shall preserve for low-income household the assisted housing developments identified pursuant to paragraph (8) of subdivision (a). The program for preservation of the assisted housing developments shall utilize, to the extent necessary, all available federal, state, and local financing and subsidy programs identified in paragraph (8) of subdivision (a), except where a community has other urgent needs for which alternative funding sources are not available. The program may include strategies that involve local regulation and technical assistance (Section 65583(c)(6)).*

Program H1.7-1 (Retention of Existing Housing): While the Program commits to monitor at-risk units, it should be revised with additional actions to preserve at-risk units. Examples of additional actions include responding to notices of intent to pre-pay, assisting with funding, and facilitating tenant education.