

RECOMMENDATION

Receive the Preliminary Draft 2015-2023 Housing Element and provide staff with comments to consider prior to sending the document to the State Department of Housing and Community Development (HCD) for review.

BACKGROUND

All California cities and counties are required to have a Housing Element included in their General Plans. The Housing Element establishes housing objectives, policies, and actions (i.e., programs) in response to community housing conditions and needs. The Preliminary Draft Housing Element (Attachment 3) is designed to respond to current and near-term housing needs in San Carlos and to provide a framework for the community's longer-term approach to addressing its housing needs.

State Law Requirements

Unlike other mandatory General Plan elements, the Housing Element requires periodic updating and is subject to detailed statutory requirements and mandatory review by HCD.

State law establishes detailed content requirements for Housing Elements and a regional "fair share" approach for distributing new housing throughout all communities in the Bay Area. The law recognizes that for the private sector and non-profit housing sponsors to address housing needs and demand, local governments must adopt land use plans and implementing regulations that provide opportunities for, and do not unduly constrain, housing development.

The City of San Carlos fair share of the region's housing need is 2,735 new units for the 2023-2031 planning period. Of these 2,735 new units, 1,602 must be affordable to persons with income levels that are below 120% of the median income of San Mateo County (see Table 1 below).

Table 1. Regional Housing Needs Allocation (RHNA) for 2023-2031, San Carlos		
Income Level	Projected Housing Need	Percentage Distribution
Very Low (up to 50% of area median income)	739	27%
Low (51% to 80% of area median income)	425	16%
Moderate (81% to 120% of area median income)	438	16%
Above Moderate (>120% area median income)	1,133	41%
TOTAL	2,735	100%

Since not every property identified for housing development is guaranteed to be constructed with the amount of affordable housing to meet the RHNA, a common practice by many jurisdictions is to plan for a higher number of units as back up, or as "buffer" units. Although HCD's focus will be to ensure San Carlos has enough sites to accommodate 2,735 units, staff and the consultant team recommended an additional 30% of the low-income RHNA of 1,602 (481 units) as a minimum to provide the buffer that HCD recommends. This results in a total of 3,216 units to plan for in this housing element update. Because there are a number of projects in the pipeline (352 units) and some identified sites may be removed through the HCD review process and deemed inadequate, an additional small buffer was included in this first draft Housing Element, resulting in a total of 3,595 housing units to plan for in this housing element update.

The State also requires Housing Elements to include and address the following:

- Provide goals, policies, quantified objectives and scheduled programs to preserve, improve, and, develop housing.
- Identify and analyze existing and projected housing needs for all economic segments of the community.
- Identify, and where possible, remove constraints to housing development.
- Identify adequate sites that will be zoned and available within the Housing Element planning period – between 2023 and 2031 – to meet the City’s fair share of regional housing needs at all income levels.
- Undergo review by HCD and be certified by HCD in compliance with state law.

Housing Element policies must be clear and well formulated to provide unambiguous direction for making decisions. The State requires that the goals, policies, and actions (i.e., programs) promote the following topic areas:

- Support the provision of adequate sites;
- Assist in the development of new units;
- Conserve and improve the existing housing stock;
- Preserve at-risk units;
- Remove or mitigate constraints to the production of housing; and,
- Ensure equal housing opportunity.

Although the Housing Element must be responsive to the State’s statutory requirements, the San Carlos Preliminary Draft Housing Element is a local plan and reflects the vision and priorities of the community as expressed in the City’s General Plan and as received from the community throughout the update process.

RHNA Methodology

One commonly asked question is how the RHNA is developed and assigned. The goal is to divide the Bay Area’s housing need of 441,176 new units amongst Bay Area jurisdictions. The number of housing units to assign to each city and county is based on State requirements that the allocations be consistent with the development pattern set forth in Plan Bay Area 2050¹ and meet the following five objectives:

1. **Increase housing supply and mix of housing types**, tenure, and affordability in all cities and counties in an equitable manner.
2. **Promote infill development and socio-economic equity**, protect environmental and agricultural resources, encourage efficient development patterns and achieve greenhouse gas emission reduction target.
3. **Promote improved intraregional jobs-housing relationship**, including balance between low-wage jobs and affordable housing.
4. **Balance disproportionate household income distributions** (more high-income RHNA to lower-income areas and vice-versa).
5. **Affirmatively further fair housing**. (Affirmatively Furthering Fair Housing seeks to combat housing discrimination, eliminate racial bias, undo historic patterns of segregation, and lift barriers that restrict access to foster inclusive communities and achieve racial equity, fair housing choice, and opportunity for all Californians.)

¹ Plan Bay Area 2050 connects the elements of housing, the economy, transportation and the environment through 35 strategies that will make the Bay Area more equitable for all residents and more resilient in the face of unexpected challenges. <https://www.planbayarea.org/finalplan2050>

Concerns stemming from proposed new development in the life science and biotechnology sectors in San Carlos' east side have generated comments regarding whether San Carlos is providing for enough housing. To that end, staff consulted with RSG to prepare a memo² on the impacts of new development on the City's jobs/housing balance. One of the summary findings shows that San Carlos has produced enough housing to maintain a jobs/housing ratio of 1.46:1, which is considered a healthy balance by planning and community development organizations and assumes an average of 1.5 employed residents for every household. It is key to note that the RHNA assignments to each city and county in the Bay Area aims to achieve an overall regional balance rather than each city having its own intra-jurisdictional jobs/housing balance since not every employed person will live in same city or county where they work.

Based on the sites that have been identified to meet these housing needs, staff has identified the ability to accommodate a total of 3,595 new units (see Table 2 below).

Table 2. Total Unit Capacity Based on Pipeline Projects and Housing Sites	
City of San Carlos RHNA	2,735 Units
Additional Units (i.e., "buffer units")	481 (30% of 1,602 below market rate units)
Total Units to Plan For	3,216
Pending/Approved Projects in Pipeline	352
Projected Accessory Dwelling Units (ADUs)	203
Projected SB9 Units	160
*Multi-family Units	425
*Mixed-Use Units	2,455
TOTAL UNIT CAPACITY	3,595
	(+379 more than 3,216; RHNA + buffer)
	(+860 more than 2,735; baseline RHNA)

*Based on upzoning (i.e., increased units/acre and building height) in San Carlos' Mixed-Use and Multi-Family Zoning Districts.

To achieve the RHNA targets (and the total unit capacity) amendments are required to San Carlos's Zoning Ordinance, which is a critical part of this Housing Element update and discussed further below.

In developing a strategy to accommodate San Carlos' fair share of housing, staff and the consultant team worked with participants at community workshops where three big themes emerged:

- Place new housing units in existing residential neighborhoods where housing is already allowed under current zoning regulations.
- Focus most of the housing growth along major transit corridors next to everyday needs and services and in higher-density zoning districts that allow residential.
- Amend the San Carlos Zoning Ordinance to increase densities (units/acre) and building heights to accommodate additional housing.

PRELIMINARY DRAFT HOUSING ELEMENT

The Preliminary Draft Housing Element for the 2023-2031 planning period (Attachment 3) includes eight (8) overall sections, which are outlined below. Almost all of these sections are mandatory requirements pursuant to State law and cannot be significantly altered. State law requirements for Housing Elements must include and discuss housing needs, housing constraints, housing resources, a review of the previous housing element progress, and fair housing. Altogether they form a background analysis, and, together with community input, they work together to develop a

² See Attachment 2, New Development Impacts on Jobs/Housing Balance

strategy or Housing Plan consisting of Goals, Policies, and Actions items to follow and implement over the next 8 years. Accordingly, Section 2: Housing Plan is a key part of the Housing Element, as it will guide decision making and City action over the next 8 years.

- 1) Introduction
 - a. Overview of the Housing Element
 - b. Consistency with the San Carlos General Plan
 - c. State Law Requirements for Housing Element
 - d. Process of Preparing the Housing Element
- 2) Housing Plan
 - a. Housing Goals, Policies, and Actions
- 3) Needs Assessment
 - a. Population and Employment Trends
 - b. Household Characteristics
 - c. Housing Stock Characteristics
 - d. Special Housing Needs
 - e. Energy Conservation Opportunities
 - f. At-Risk Housing Analysis
 - g. Projected Housing Need (RHNA)
- 4) Constraints to Housing Production
 - a. Non-Governmental Constraints
 - b. Governmental Constraints
- 5) Housing Resources
 - a. Availability of Sites for Housing
 - b. Administrative and Financial Resources
- 6) Affirmatively Furthering Fair Housing
 - a. Primary Findings
 - b. Fair Housing Enforcement and Capacity
 - c. Integration and Segregation
 - d. Displacement Risk
 - e. Disproportionate Housing Needs
 - f. Fair Housing Issues, Contributing Factors, and Action Plan
- 7) Previous Housing Element Program Accomplishments
 - a. Previous Housing Element Program Accomplishments
 - b. Previous Housing Element Progress Toward Quantified Objectives
- 8) Appendix A: [Housing] Sites Inventory Table

Section 2, Housing Plan: Goals, Policies, and Actions (i.e., Programs)

While Section 2 of the Housing Element contains eight (8) Goals, twenty (20) Policies, and thirty-five (35) Action items, staff has highlighted the following Actions items that respond to community input and identify how San Carlos will meet its RHNA obligation.

Action HOU 3.1: Encourage concurrent production of on or offsite affordable housing in lieu of commercial/housing linkage fee payment.

Action HOU 3.3: Facilitate the Legalization and Construction of Accessory Dwelling Units (ADUs). Review other cities best practices for “pre-approved” ADUs and expedited review.

Action HOU 3.7: No Net Loss. No jurisdiction shall reduce or require or permit the reduction of residential density for any parcel identified in the Housing Sites Inventory (inventory in Appendix A of Housing Element) unless consistent with the General Plan and that remaining sites in the Sites Inventory are adequate to accommodate the jurisdiction’s need. (State law requirement).

Action HOU 3.13: Reevaluate City Density Bonus Provisions that allow rental projects to add bonus market rate units at a ration of 4:1 for each very-low income unit and 2:1 for each low-income unit. This program currently applies citywide to rental housing developments. Reevaluate to target particular areas rather than apply it uniformly throughout the City.

Action HOU 4.2: Zoning Ordinance Revisions. This action calls for increasing densities, heights, and number of stories, and inserting new minimum density standards into San Carlos’ multi-family and mixed-use zoning districts. (Note: San Carlos will not be able to meet its RHNA obligation without these changes.)

Table 4.2-1: Summary of Proposed Zoning Changes

Zone		Maximum Density (du/ac)		Minimum Density (du/ac)	Building Height (feet)		Building Stories (stories)	
Existing	Proposed	Existing	Proposed	Proposed	Existing	Proposed	Existing	Proposed
MU-N	MU-N-40	20	40	30	30-50 depending on distance from RS zone	50	4	4
MU-N	MU-N-50	20	50	38		50 (40 adjacent to RS zone)	4	4
MU-N	MU-N-120	20	120	90		75	4	6
MU-DC	MU-DC-100	50	100	75		50	4	4
MU-D	MU-D-100	50	100	75		60	4	5
MU-D	MU-D-120	50	120	90		75	4	6
MU-SC	MU-SC-120	59	120	90		75	4	6
MU-NB	MU-NB-120	50	120	90		75	4	6
MU-SB	MU-SB-100	50	100	75		60	4	5
MU-SB	MU-SB-120	50	120	90		75	4	6
RM-20	RM-20	20	20	15	35	35	3	3
RM-59	RM-59	59	59	45	50	50	4	4
--	RM-100	n/a	100	75	n/a	60	n/a	5

*Note: The City of San Carlos Zoning Ordinance does not have a minimum density requirement; with this update, a minimum density threshold is proposed.

In addition, this Action calls for:

- ✓ Removal of the requirement for ground-floor non-residential uses along portions of El Camino Real and Old County Road, south of E. San Carlos Avenue.
- ✓ Removal of minimum private open space requirement (e.g., decks, balconies; developers can choose to place these amenities in projects if they like; common open space areas and landscaping are still required).
- ✓ 100% residential projects in Mixed-Use zoning districts may follow the zero lot line setbacks provisions for Mixed Use projects (i.e., would no longer need to conform to RM-59 standards).
- ✓ Removal of guest parking requirement in all RM and Mixed-Use Zones.
- ✓ Removal of side and rear building setbacks pertaining to the building wall containing living rooms, primary rooms, sleeping rooms, and walls containing windows.
- ✓ Allowing multi-family residential in the P Zoning district as an accessory use to allowed uses such as religious facilities and schools.

Action HOU 4.4: Objectivity and Streamlining Development Regulations. Streamline the development review process by developing clear, objective standards in development regulations. With clear, objective standards for residential development, consider by-right approvals (i.e., no public hearing requirement).

Goal 7, Policies HOU 7.1 and Actions HOU-7.1 and HOU-7.2 relating to childcare development impact fee, by right childcare centers.

CIVIC ENGAGEMENT AND PUBLIC COMMENTS

The planning process sought to engage many key audiences: the City Council Housing Subcommittee, Planning Commission, City Council, various other Commissions, a wide variety of stakeholders (local agencies and housing groups, community organizations, housing developers, and student groups, etc.), and the general public (residents of the community). Hundreds of residents, businesspeople, and other stakeholders participated across a series of activities. Outreach and participation for this Housing Element update was different than previous years because much of the update process occurred during the COVID-19 pandemic. Meetings were promoted through website updates, social media posts, mailers, and flyers posted in public spaces to advertise and invite the community to virtual workshops. Service organizations were directly contacted to solicit participation in the program, and included organizations representing lower- and moderate-income households, seniors, and youth, among others. Through this robust outreach and engagement process, the strategies in the Housing Element were defined.

The City's consultant, MIG, facilitated multiple virtual interactive community workshops that addressed housing-related issues as part of the Housing Element update process. The workshops included a presentation, live polling, virtual whiteboard recording to collect input from the participants, and an interactive discussion. City staff conducted robust community outreach to encourage maximum participation in the workshops and surveys that followed workshops. This included social media posts on Facebook, NextDoor, Instagram, and Twitter. Announcements about the project and workshop were made at public meetings including City Council, Planning Commission, Transportation & Circulation Commission, Economic Development Advisory Council, and the Youth Advisory Council. In addition, the workshops were promoted through the City's Spotlight Newsletter, City Council Newsletter, Adult Community Center Newsletter, Chamber of Commerce Newsletters, and E-notify blasts. Grassroots efforts included booths at the San Carlos Farmer's Market and flyers throughout the Downtown. Across all the workshops and surveys there were 370 stakeholders who participated. The images below are captured from the Introduction Section of the Preliminary Draft Housing Element and describe the number of workshops and study sessions held to date, including this study session and the upcoming study session with City Council on September 26, 2022.

Table 4.1-1: Community Workshops and Surveys

Community Workshop	Date / Date Range	Topic	Number of Participants
Survey #1	Mid-October to December 7, 2020	Housing and Environmental Safety	76
Workshop #1	November 30, 2020	Community Values, Issues, and Concerns	65
Survey #2	January 11 – February 12, 2021	Housing Priorities	75
Workshop #2	January 20, 2021	Values and Land Use Strategies	75
Workshop #3	May 26, 2021	Housing Changes and Solutions	37
Workshop #4	August 11, 2021	Housing Changes and Zoning Strategies	42

Table 4.1-2: Study Sessions

Study Sessions	Date	Topic
City Council Subcommittee Meetings	August 20, 2020; November 5, 2020; February 10, 2021; September 1, 2021; November 10, 2021; and March 15, 2021	Introduction to the Housing Element, Community Input, Meeting the RHNA and Housing Policies
Planning Commission Study Session	October 19, 2020	Introduction to the Housing Element
City Council Study Session	September 27, 2021	Community Input and RHNA
Planning Commission EIR Scoping Session	January 12, 2022	Process Update and EIR Scoping
City Council Subcommittee Meetings	August 20, 2020; November 5, 2020; February 10, 2021; September 1, 2021; November 10, 2021; March 15, 2021; September 2022	Meeting the RHNA, Housing Policies, and Public Review Draft Housing Element
Planning Commission Study Session	September 19, 2022	Public Review Draft Housing Element
City Council Study Session	September 26, 2022	Public Review Draft Housing Element

A summary of community outreach and community input is provided within Attachment 1.

NEXT STEPS

Staff will present the Preliminary Draft Housing Element, along with any comments received from the Planning Commission to the City Council on September 26, 2022. Following City Council's review and direction, staff will consider the Planning Commission, City Council, and public comments for possible revision to the Preliminary Draft Housing Element. The Draft Housing Element will then be submitted to HCD for its review.

The remaining steps towards Housing Element certification by the State include:

- September 26, 2022: City Council Study Session
- September 30, 2022: 30-day public comment period ends
- October 1 – October 15, 2022: potential revisions made to Draft Housing Element based on public comments, recommendations from the Planning Commission, and City Council direction
- October 17, 2022 – Submit Draft Housing Element to the State Department of Housing and Community Development for its review and comments (HCD has up to 90 days to respond to the City with comments/findings)
- Housing Element adoption:
 - January 2, 2023 – Planning Commission formal recommendation to the City Council
 - January 23 – City Council consideration of adoption
- Housing Element Compliance Review (HCD has up to 60 days to review and respond on any subsequent drafts)
- Return to Planning Commission and City Council with any substantive changes required by the State Department of Housing and Community Development, as necessary.

Schedule

The State requires all jurisdictions in the Bay Area to have an adopted Housing Element by January 31, 2023, with a 120-day grace period. Local jurisdictions that do not adopt a Housing Element that is found to be in compliance with State law by HCD within 120 calendar days of the due date must complete any required rezoning to meet the RHNA within one calendar year of the due date, which would include rezoning many sites to allow by-right residential development (not subject to CEQA review).

Staff anticipates formal adoption occurring in January 2023, followed by State certification thereafter and within the 120-day grace period.

Closing

Prior to presenting a Preliminary Draft Housing Element to the State Department of Housing and Community Development, staff would like to hear from the Planning Commission if there is anything missing in the Housing Element prior to sending the draft to the State.

Attachments:

1. Summary of Community Workshops and Outreach Comments
2. New Development Impacts on Jobs/Housing Balance, RSG Report
3. Preliminary Draft Housing Element, 2023-2031 (hardcopies delivered to the Planning Commission on September 1, 2022; and on August 30, 2022 made available for public viewing on the project website at www.SanCarlos2040.org; hardcopies available since September 1, 2022 at the San Carlos Library at 610 Elm Street, the Adult Community Center at 601 Chestnut Street, and the Development Services Permit Counter at City Hall, 600 Elm Street.