

This section analyzes the resources available for the development, rehabilitation, and preservation of housing in San Carlos. This includes an evaluation of the availability of land resources, the City's ability to satisfy its share of the region's future housing needs, the financial resources available to support the provision of affordable housing, as well as the administrative resources available to assist in implementing the City's housing programs.

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Availability of Sites for Housing

A critical component of the Housing Element is the identification of sites for future housing development, and evaluation of the ability of these sites to accommodate the City's share of regional housing needs as determined by the Association of Bay Area Governments (ABAG). San Carlos is a highly urbanized community that has very little vacant, uncommitted land for new development. Sites along El Camino Real and San Carlos Avenue provide an opportunity to develop high density housing in proximity to high quality transit. The following discussion summarizes the residential growth potential areas along these corridors and concludes with an assessment of how these sites can address the City's share of regional housing needs.

Regional Housing Needs Allocation (RHNA)

California State law requires that each city and county has land zoned to accommodate its fair share of regional housing need. To determine whether a jurisdiction has sufficient land to accommodate its share of regional housing needs for all income groups, that jurisdiction must identify "adequate sites." Under State law (California Government Code §65583[c][1]), adequate

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sites are those with appropriate zoning and development standards to facilitate and encourage the development of a variety of housing types suitable for all income levels.

The California Department of Housing and Community Development (HCD) is responsible for determining the regional housing needs determination (RHND) (segmented by income levels) for each region’s planning body. ABAG is responsible for adopting a methodology to distribute the RHND to jurisdictions in the Bay Area. This process is referred to as the Regional Housing Needs Allocation (RHNA). The RHNA for the ABAG region covers an 8.5-year projection period (June 30, 2022 – December 15, 2030) and is divided into four income categories: very low, low, moderate, and above moderate. HCD determined that the projected housing need for the Bay Area region is 441,176 new housing units for this Housing Element planning period. ABAG allocated this projected growth to the various cities and unincorporated county areas within the ABAG region, creating the RHNA. San Carlos’ RHNA for the sixth cycle planning period is 2,735 housing units, with the units distributed among the four income categories as shown in Table 4.5-1. As illustrated in this chapter, San Carlos has sufficient capacity under existing land use policy to meet its 2023-2031 RHNA obligations.

Table 4.5-1 San Carlos RHNA

Income Group	% of County MFI	RHNA (Housing Units)	Percentage of Units
Very Low ¹	0-50%	739	27.0%
Low	51-80%	425	15.5%
Moderate	81-120%	438	16.0%
Above Moderate	120% +	1,133	41.4%
Total		2,735	100%

Progress towards RHNA

The “projection period” is the time period for which the RHNA is calculated (Government Code Section 65588(f)(2)). Projects that have been approved, permitted, or received a certificate of occupancy since the beginning of the RHNA projected period may be credited toward meeting the RHNA allocation based on the affordability and unit count of the development.

Proposed and approved residential development projects credited toward the 2023-2031 include a variety of affordable and market rate projects. Many of these projects are concentrated within and around the City’s Priority Development Area and Downtown, which provides a high level of opportunity for access to services and transit. As of 2021, the City is in the process of reviewing applications and preliminary plans for over 350 new

¹ Pursuant to AB 2634, local jurisdictions are also required to project the housing needs of extremely low-income households (0-30% AMI). In estimating the number of extremely low-income households, a jurisdiction can use 50% of the very low-income allocation or apportion the very low-income figure based on

Census data. Therefore, the City’s very low-income RHNA of 739 units can be split into 370 extremely low-income and 369 very low-income units.

units in San Carlos (Table 4.5-2). These units have not completed construction prior to June 30, 2022.

Projects providing affordable units are either 100-percent affordable housing developments with related deed restrictions or are providing a portion of the units affordable to comply with the City’s Below Market Rate (BMR) Ordinance. The BMR Ordinance requires that 15 percent of units in market rate developments are provided at affordable rates (10 percent moderate- and 5 percent low-income for ownership projects; 10 percent very low and 5 percent low-income for rental projects). Projects that include seven or more units must provide these units on site; projects with fewer units may pay in in-lieu fee. Revisions to the BMR Ordinance were adopted in June 2022. Revisions to the Ordinance lower the threshold for constructing units on site for ownership projects to 5 units; the threshold remains at seven for rental developments. The revisions also require ownership projects to provide 20 percent low-income units and provide an option for rental projects to provide 15 percent very low-income units, to correlate with State density bonus law.

Approved Projects

Approved projects have been reviewed for compliance with applicable Codes and regulations and have received planning entitlement approval. Projects will proceed through the building permit application review, issuance, and construction process in 2022.



626 Walnut (approved in 2020) will provide 3 low-income, 1 moderate-income, and 35 market-rate units

Table 4.5-2 Approved and Proposed Projects

Project	Project Status	Extremely/ Very Low- Income (0- 50% AMI)	Low- Income (50- 80% AMI)	Moderate- Income (80-120% AMI)	Above Moderate- Income (+120%)	Total
626 Walnut	Planning Approval	0	3	1	35	39
782 Elm	Planning Approval	0	0	0	4	4
1257 Magnolia	Planning Approval	0	0	0	9	9
616 Cedar	Planning Approval	0	0	0	4	4
560 El Camino Real	Under Construction (2023)	0	1	2	21	24
1525 San Carlos Ave	Under Construction (2023)	0	1	2	15	18
1240 El Camino Real	Under Construction (2023)	0	0	1	7	8
1232 Cherry	City Project/Design Phase	0	35	0	0	35
155-160 Vista Del Grande	Submitted/Under Review	0	11	0	78	89
308 Phelps	Submitted/Under Review	1	2	1	10	14
808 Alameda de las Pulgas	Submitted/Under Review	0	10	0	77	87
1360 Cherry	Submitted/Under Review	0	0	0	6	6
1383 Laurel	Submitted/Under Review	2	0	0	13	15
Total		3	63	7	279	352
Remaining RHNA		736	362	431	854	2,383

All approved and proposed projects are either approved, proposed, or under construction as of 2023. None of these projects have completed construction prior to June 30, 2022.

626 Walnut

This five-story mixed-use project located in the Mixed-Use Downtown (MU-CD) zone on a .61-acre lot will include 2,303 square feet of commercial space, and 35 units including three low-income and one moderate (as required by the City’s BMR Ordinance), resulting in a density of 58 du/ac. The applicant has submitted plans for a building permit, which is under review with the City. Previously, the site was occupied by an 8-unit apartment building, a two-story commercial building, and a one-story commercial building containing a restaurant and office space.



782 Elm

This four-story residential project located in the Medium Density (RM-59) zone on a .16-acre lot will include four units (25 du/ac). The applicant applied for and was issued a building permit in 2020. The property was sold, which resulted in a project delay, but is now moving forward. The property was previously occupied by one single-unit residence.



1257 Magnolia

This four-story residential project located in the RM-59 zone on a .22-acre lot will include nine units (42 du/ac). The applicant submitted plans for a building permit (under review as of June 2022). The property was previously occupied by one single-unit residence and an accessory dwelling unit. This project is conservatively counting only above moderate-income units; however, it will be subject to the BMR ordinance upon conversion to ownership units.



616 Cedar

Approved in 2019, this three-story infill project (0.18 acre) in the RM-59 zone will provide four above moderate condominium units with at grade covered parking (22 du/ac). A building permit was approved, but has not yet been issued as of June 2022. The property was previously occupied by two single-unit residences.



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Under Construction Projects

These projects are under construction, with anticipated completion and building permits finalized after June 30, 2022.

560 El Camino Real

This four-story mixed-use project located in the Mixed-Use Downtown (MU-D) zone on a .43-acre lot will include 2,756 square feet of commercial space, and 24 condominium units, including one low-income and one moderate income unit, consistent with the City’s BMR Ordinance (55 du/ac). Building permits were approved, but not issued yet as of June 2022. Property was sold and will move forward with a new owner. The property was previously occupied by two commercial buildings containing restaurant/bar uses.



1525 San Carlos Ave

This four-story mixed-use project located in the Mixed-Use San Carlos Avenue (MU-SC) district on a .3-acre lot will include 740 square feet of commercial space, and 18 residential units, including one low-income and 2 moderate income units consistent with the City’s BMR Ordinance (60 du/ac). Under construction as of June 2022, the property was previously occupied by one single-unit residence and an accessory dwelling unit.



1240 El Camino Real

This four-story mixed-use project located in the Mixed-Use South Boulevard (MU-SB) district on a .15-acre lot will include 6,683 square feet of commercial space, and 8 residential units, including one moderate income unit consistent with the City’s BMR Ordinance, resulting in a density of 53 du/ac. Under construction as of June 2022, the property was previously occupied by a single-story commercial building containing a bakery/restaurant.



Proposed Projects

Proposed projects listed here are either City-initiated projects or have an active submitted planning entitlement application under review with the Community Development Department.

1232 Cherry

In 2021, the City acquired the property at 1232 Cherry Street through eminent domain. Concept plans are being developed. This project will combine two parcels, one currently owned and operated by HIP Housing with six units of affordable housing and the other underutilized retail, to create a new housing project with 35 total units, all affordable to low- income households. The City’s uniform relocation policy will apply for the existing affordable units.



150 - 160 Vista Del Grande

This low density residential development in the RS-6 zone is slated to develop 89 townhomes. Consistent with the City’s BMR Ordinance, 11 units will be reserved for low-income households. With a lot size of 12.2 acres, the resulting density will be 7.3 du/ac. As of June 2022, the application was deemed incomplete and City staff is awaiting the applicant’s resubmittal. The applicant is working with the City to develop more specifics for the BMR plan. The site was previously vacant.



308 Phelps

This low density residential development in the RS-3 zone is slated to develop nine single family residences and five accessory dwelling units. With a lot size of three acres, the resulting density will be approximately 3 du/ac (not including the accessory dwelling units). The site was previously vacant.



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808 Alameda de las Pulgas

This low density residential development in the RS-6 zone is slated to develop 87 townhomes, including 10 below market rate units. With a lot size of 11.43 acres, the resulting density will be 7.7 du/ac. The site was previously vacant. The application is under review as of October 2022 with release of the EIR anticipated in November and hearings in early 2023.



1360 Cherry

This four-story mixed-use project located in the Mixed-Use Downtown (MU-CD) district on a 0.18-acre lot will include 937 square feet of commercial space, and 6 condominium units, resulting in a density of 34 du/ac. The application is under review as of June 2022. The site was previously occupied by a single-unit residence.



1383 Laurel

This four-story mixed-use project replaces a one-story auto-service and parts shop and includes ground-floor retail, a parking garage, and three levels of residential units above (15 units; including two very low-income units in compliance with the City’s BMR Ordinance). The planning application is currently (as of June 2022) under review.



The City’s development trends provide additional assurance regarding the likelihood of redevelopment. The City has seen a significant increase in housing development over the past decade, with projects both large and small. With the increase in allowable density associated with the Zoning Ordinance amendment completed in January 2023 (Action HOU-4.2), the City anticipates demand to continue to increase. With regard to smaller projects, very few projects “drop out” of the development process without being constructed. In general, nearly all small projects proposed have developed. Those few small projects that are not completed

have less experienced developers or are owner builders, and when construction costs are realized, the applicant withdraws. With regard to large projects, the vast majority of these types of projects, when they are at a formal application or approval phase (like the projects in Table 4.5-2) come to fruition. For example, of the four projects listed with Planning Approval in Table 4.5-2, all are moving forward. One is under construction as of January 2023 (782 Elm), one is for sale with the entitlements included (626 Walnut) by a developer who has multiple other active projects in San Carlos, one is requesting a condominium map, which will

result in activating the requirement for on-site affordable housing (1257 Magnolia), and one has building permit approval and partial fees paid (616 Cedar). All proposed projects in Table 4.5-2 are moving forward as well.

The units are expected to be available during the planning period. If any of any of the following units are not constructed, the site inventory reflects a generous surplus to ensure that adequate sites are available and the RHNA can be met. The City will continue to support housing development projects through technical assistance and will track progress toward the RHNA on these sites through Action HOU-3.7 (No Net Loss).

Sites Inventory

The Housing Element Sites Inventory consists of accessory dwelling unit (ADU) projections and vacant and underutilized sites in residential and mixed-use areas. Together, these sites ensure that the remaining RHNA can adequately be accommodated during the planning period. The sites have no identified constraints that would prevent development or reuse during the Housing Element period. The addition of minimum density requirements also ensures that sites will develop to their fullest potential. Table 4.5-3 summarizes the sites inventory, which is graphically represented in Figures 4.5-1. Appendix A includes site specific information for each identified site.

Table 4.5-3: Sites to Meet the RHNA

Project	Extremely/ Very Low- Income (0- 50% AMI)	Low-Income (50-80% AMI)	Moderate- Income (80-120% AMI)	Above Moderate- Income (+120%)	Total
RHNA After Approved/Proposed Projects are credited (Table 4.5-2)	736	362	431	854	2,383
Projected ADU construction	10	61	102	30	203
Vacant/Underutilized Residential Sites	31	18	81	238	368
Vacant/Underutilized Mixed-Use Sites	986	584	293	739	2,602
Total Sites	1027	663	476	1007	3,173
RHNA Status (+surplus/-deficit)	+291	+301	+45	+153	+790

Notes:
 AMI: Area Median Income
 Estimated ADU production is credited toward the RHNA consistent with HCD guidelines and ABAG affordability distribution assumptions (ABAG Affordability of Accessory Dwelling Units, 2021)

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ADU Projections

Since 2017, the Legislature has passed a series of new laws that significantly increase the potential for development of new ADUs and Junior ADUs (JADUs) by removing development barriers, allowing ADUs through ministerial permits, and requiring jurisdictions to include programs in their housing element that incentivize their development. Interest in constructing ADUs is high in San Carlos and continues to grow. In 2018, 19 ADUs received building permits; in 2019, 14 ADUs received building permits; in 2020, 29 ADUs received building permits; and in 2021, 33 ADUs received building permits. Although there was a 26 percent decrease between 2018 and 2019, there was a 107 percent increase between 2019 and 2020, and a 13 percent increase between 2020 and 2021. The City estimates that interest will continue to increase over the next few years before leveling off.

San Carlos's diverse built environment includes many single-family neighborhoods; as such there is ample capacity for additional ADUs. As of 2021, there were 8,228 parcels zoned R-3 and R-6, totaling 1,542 acres. In addition, ADUs are permitted in multi-family developments and mixed-use developments, which are allowed within a significant share of San Carlos, including Downtown, the neighborhoods surrounding Downtown, and large portions of the major corridors. The ongoing increase in ADU development experienced in recent years is likely to be representative of ADU production moving forward, based on trends in San Carlos, new and pending favorable legislation that creates new incentives and streamlined processes to build ADUs, and the pent-up demand for additional housing in San Carlos and

the Bay Area region at large. While it is impossible to predict with certainty the exact number of ADUs that will be developed in the planning period (2023-2031), the City conservatively estimates:

- An average of 24 ADUs per year will be constructed throughout the planning period. This reflects the average number of building permits issued for ADUs between 2018 and 2021. Given the anticipated increase in ADUs over the near term, this is a conservative estimate.
- Between July 1, 2022 and December 31, 2022, an estimated 12 units are anticipated (as the RHNA planning period starts July 1, 2022).
- In 2030, an estimated 23 units are anticipated (as the RHNA planning period ends December 15, 2030).
- A total of 203 ADUs can be predicted to be constructed during the planning period.

The affordability assumptions for the ADUs are based on the ABAG Housing Technical Assistance Team ADU affordability analysis for the 6th cycle RHNA, which was pre-certified by HCD. This analysis used a conservative interpretation that assumes more moderate and above moderate ADUs than the research found and as such represent a conservative assumption of affordability for San Carlos.

In general, ABAG² estimates an affordability breakdown of ADUs in the Bay Area as follows:

- 30% extremely low- and very low-income
- 30% low-income
- 30% moderate-income
- 10% above moderate-income.

Although ADUs are often affordable, the analysis conducted by ABAG notes that many ADUs are affordable to lower and moderate-income households because they are rented to family and friends of the homeowners. If minorities are underrepresented among homeowners, the families and potentially friends of the homeowners will be primarily white. Therefore, relying too heavily on ADUs could inadvertently exacerbate patterns of segregation and exclusion. Conversely, ADUs accomplish an important fair housing goal by adding new homes in parts of the city that are more likely to be areas of opportunity. As such, jurisdictions with concentrated areas of affluence (as noted in Figure 4.6-23, all of San Carlos is identified as an area of affluence) may want to use more conservative assumptions based on open market rentals, excluding units made available to family and friends. As such, the San Carlos Housing Element conservatively estimates an affordability of ADUs for the planning period as follows:

- 5% extremely low- and very low-income

- 30% low-income
- 50% moderate-income
- 15% above moderate-income.

Density, Capacity, and Affordability Assumptions

Consistent with HCD guidelines, methodology for determining realistic capacity on each identified site must account for land use controls and site improvements. To estimate of the number of units for each site, the City considered applicable the land use controls and site improvements, and trends related to market feasibility and typical densities of existing or approved residential developments at a similar affordability level in that jurisdiction. The Housing Element sites inventory surveyed large-scale residential and mixed-use development projects approved since 2015 to develop estimates related to potential development. Most recent projects have achieved built densities very near maximum densities, particularly those in mixed use areas. Some projects have exceeded maximums due to the use of density bonuses in exchange for the provision of affordable housing. Combined, all approved residential and mixed-use projects since 2015 had an average density of 86 percent of the maximum allowable density (Table 4.5-4). Residential zones had a lower average, of 53 percent of allowed capacity. Mixed use zones had an actual density of 107 percent of allowed density, due to extensive use of the State Density Bonus law.

² ABAG Housing Technical Assistance Team: Affordability of Accessory Dwelling Units: A report and recommendations for RHNA 6, September 8, 2021.

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In residential zones, many zoning changes will be implemented concurrently with the Housing Element that will encourage higher levels of density in the zones. In particular, the maximum density of multifamily zones is being increased and a minimum density requirement is being implemented. As such, for realistic capacity of future sites, the minimum required density is used for capacity calculations.

In mixed use zones, past precedence in San Carlos shows a density of 107 percent of allowed density. Because of the City’s Below Market Rate Ordinance and the high cost of land in mixed-use zones, developers have opted to maximize development potential and use the Density Bonus to achieve development beyond maximum levels, which is reflected in the development trends. In conjunction with the Housing Element, Action HOU-4.2 implements Zoning Ordinance amendments which will include not only an increase in density for mixed-use zoning districts, but also will institute a new minimum density requirement (approximately 75 percent of maximum density) to ensure anticipated housing densities are achieved.

To be conservative, rather using 107 percent of allowed density, the realistic capacity calculations assume 85 percent of maximum allowable density to account for the potential that a site in a mixed-use zone may develop with nonresidential uses. The sections that follow provide more detail on these assumptions.

Affordability

Based on state law (California Government Code Section 65583.2[c][3]), sites that allow development densities of at least 30 units per acre are credited toward the lower-income RHNA. The Government Code states that if a local government has adopted density standards consistent with the population-based criteria set by state law (at least 30 units per acre for San Carlos), HCD is obligated to accept sites with those density standards (30 units per acre or higher) as appropriate for accommodating the jurisdiction’s share of regional housing need for lower-income households. To reflect the distribution of the lower income RHNA (63 percent extremely/very low-income and 37 percent low-income), sites appropriate for accommodating the jurisdiction’s share of regional housing need for lower-income households are split between the extremely/very low- and low-income categories (63 percent and 37 percent respectively).

Table 4.5-4: Recent/Active Projects' Density

Year Approved	Project Name	Zone	Ex/Very Low-Income Units	Low-Income Units	Moderate-Income Units	Above Moderate-Income Units	Units	Acres	Allowed Density	Actual Density	% of Allowed Density
2015	1312 Laurel Street	MU-N	0	0	0	2	2	0.11	20	18.99	95%
2015	1501 San Carlos Ave	MU-SC	0	0	0	6	6	0.16	59	36.55	62%
2015	1525 San Carlos Avenue	MU-SC	0	1	2	15	18	0.30	59	60.31	102%
2015	530 Walnut Street	RM-59	0	0	0	9	9	0.20	59	46.01	78%
2015	545 Walnut Street	MU-D	0	0	0	9	9	0.17	50	52.04	104%
2015	657 Walnut Street	PD	0	0	0	109	109	2.90	N/A	37.59	N/A
2015	977 Laurel Street	MU-D	1	0	0	7	8	0.14	50	58.08	116%
2016	520 El Camino Real	MU-DC	0	0	1	8	9	0.19	50	46.73	93%
2017	1667 San Carlos Avenue	MU-SC	0	0	0	6	6	0.18	59	33.91	57%
2017	500 Walnut Street	RM-59	0	0	0	4	4	0.12	59	33.19	56%
2018	1040-1052 Laurel Street	MU-N	0	0	0	6	6	0.28	20	21.78	109%
2018	1257 Magnolia Avenue	RM-59	0	2	0	7	9	0.22	59	41.79	71%
2018	549 Prospect Avenue*	RM-59	0	0	0	4	4	0.15	59	26.84	45%
2018	575 Prospect Avenue*	RM-59	0	0	0	3	3	0.13	59	23.93	41%
2018	782 Elm Street	RM-59	0	0	0	4	4	0.16	59	24.89	42%
2019	1240 El Camino Real	MU-SB	0	0	1	7	8	0.15	50	52.14	104%
2019	560 El Camino Real	MU-DC	0	1	2	22	25	0.43	50	55.46	111%
2019	616 Cedar Street	RM-59	0	0	0	4	4	0.18	59	22.50	38%
2019	817 Walnut Street	MU-DC	23	0	0	1	24	0.24	50	99.15	198%
2020	626 Walnut Street	MU-DC	0	3	1	31	35	0.61	50	57.52	115%

Table 4.5-4: Recent/Active Projects' Density

Year Approved	Project Name	Zone	Ex/Very Low-Income Units	Low-Income Units	Moderate-Income Units	Above Moderate-Income Units	Units	Acres	Allowed Density	Actual Density	% of Allowed Density
			Approved Projects Total Average:								86%
			Approved Projects Residential Zone Average:								53%
			Approved Projects Mixed-Use Zone Average:								107%
In Review	1360 Cherry Street	MU-DC	0	0	0	6	6	0.18	50	33.96	68%
In Review	1383 Laurel Street	MU-SB	2	0	0	13	15	0.19	50	78.57	157%
In Review	308 Phelps Road	RS-3	0	0	1	13	14	3.00	3	4.67	156%
In Review	808 Alameda De Las Pulgas	RS-6	0	3	7	77	87	11.24	6	7.74	129%
In Review	Vista Del Grande	RS-6	0	11	0	78	89	12.20	6	7.30	122%
Anticipated Project	11 El Camino	PD-17	23	12	0	196	231	2.20	N/A	105.00	N/A
Anticipated Project	1232 Cherry	MU-DC	32	0	0	1	33	0.32	50	106.25	213%

* Projects were approved but have not applied for building permits.

Sites that can qualify for 100 percent affordable units based on the allowed density but do not meet the size parameters established by AB 1397 (0.5-10 acres) are split evenly between the moderate- and above moderate-income categories. To reflect the distribution of the upper income RHNA (28 percent moderate-income and 72 percent above moderate-income), sites identified in the moderate-income category are split between the moderate- and above moderate-income categories (28 percent and 72 percent respectively).

Opportunities and affordability for renting and ownership differ in San Carlos. Historically, many cities throughout the State have actively discouraged the provision of multi-family or entry-level housing. As a result, San Carlos has disproportionately accommodated single family homeowners and provided fewer opportunities for renters (28 percent of San Carlos households are renters). As noted in Chapter 3 (Needs Assessment), average rents are within the fair market rent for the region, but median home sale prices in San Carlos are \$500,000 more than the median for San Mateo County. Due to the significantly higher housing costs in San Carlos relative to other San Mateo County

communities, the City has decided to upzone residential zones in proximity to major corridors up to 100 dwelling units per acre and mixed-use zones up to 120 dwelling units per acre (doubling existing densities) to facilitate the development of affordable housing for all households.

Residential Zones - Site Assumptions

The analysis of land for residential sites utilized City Geographic Information System (GIS) data to identify vacant and underutilized parcels in the four residential zones: RS-3, RS-6, RM-59, and RM-100. To calculate realistic potential units in residential areas, potential site constraints and applicable development standards were considered. In residential areas, underutilized parcels generally are occupied by only one or two single-family homes, parking lots, and nonconforming uses. Sites in the RS-6 (maximum density of six units per acre) and RS-3 (maximum density of 3 units per acre) zones are identified to meet the above moderate-income RHNA. Sites in the RM-59 and RM-100 (maximum density of 59 and 100 units per acre respectively) are identified to meet the lower-income RHNA. Small sites (less than one-half acre) are credited toward the moderate- and above-moderate income categories to account for a potential variety of types, sizes, and amenity levels in future higher-density development projects.

The Housing Element sites inventory surveyed large-scale residential and mixed-use development projects approved since 2015 to develop estimates related to potential development. Combined, all approved residential and mixed-use projects since

2015 had an average density of 86 percent of the maximum allowable density (Table 4.5-4). Residential zones had a lower average, of 53 percent of allowed capacity. Two significant initiatives are anticipated to revise the trend in residential zoning districts which resulted in production of housing that was less than the maximum allowable density. First, previously, the City's Below Market Rate Ordinance required compliance for all residential developments of seven or more units. For mid-sized projects where the maximum allowed densities would result in between seven units to approximately 12 units, most developers (estimated at 90 percent) were opting to stay below seven units, providing six units instead and sometimes substantially below density (but with much larger units). In 2022, the City updated the BMR Ordinance to lower the threshold for constructing affordable units from a minimum of seven units to a minimum of five units for all ownership projects; the threshold for rental projects remains at seven units. Second, Action HOU-4.2 implements Zoning Ordinance amendments which will include not only an increase in density for higher density residential neighborhoods and mixed-use areas, but also will institute a new minimum density requirement (approximately 75 percent of maximum density) to ensure anticipated housing densities are achieved. As such, to provide a conservative estimate of realistic capacity for the sites inventory, minimum densities are used to calculate realistic capacity in the RM-59 and RM-100 zones. Due to the already low intensity of single-family zones, maximum density is used to calculate realistic capacity in the RS-3 and RS-6 zones.

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Table 4.5-5: Recent/Active Projects on Residential Land

Project Name	Zone	Acres	# of Units	Allowed Density (du/ac)	Developed Density (du/ac)	Year Approved	Affordability Level	Previous Use
530 Walnut Street	RM-59	0.20	9	59	46.0	2015	AM	Single family home
500 Walnut Street	RM-59	0.12	4	59	33.2	2017	AM	Single family home
1257 Magnolia Avenue	RM-59	0.22	9	59	41.8	2018	AM	Single family home and ADU
549 Prospect Avenue	RM-59	0.15	4	59	26.8	2018	AM	Single family home
575 Prospect Avenue	RM-59	0.13	3	59	23.9	2018	AM	1 residential unit, plus 1 commercial office unit
782 Elm Street	RM-59	0.16	4	59	24.9	2018	AM	Single family home
616 Cedar Street	RM-59	0.18	4	59	22.5	2019	AM	2 single family homes
808 Alameda De Las Pulgas	RS-6	11.24	87	6	7.74	In Review	L, AM	3 single family homes
155-160 Vista Del Grande	RS-6	12.20	74	6	6.1	In Review	L, AM	Vacant
308 Phelps Road	RS-6	3.00	14	3	4.66	In Review	AM	Vacant

Action HOU-3.8 is included in the Housing Plan requiring the replacement of units affordable to the same or lower income level as a condition of any development on a nonvacant site consistent with those requirements set forth in Government Code section 65915(c)(3). These assumptions are considered realistic and based on trends, evidence, and minimum density requirements.

Due to the predominantly built-out nature of San Carlos, most development occurs as infill development and replaces less intense uses. The scarcity of land makes higher-density development highly cost effective in the RM-59 and RM-100 zones. Recycling to higher intensity uses is expected to continue. Even so, the City acknowledges that small lot development in residential areas may be more difficult and thus has only

identified properties that have the potential for sufficient added capacity to make recycling of land economically feasible.

In the multifamily zones, 19 of the 24 parcels (79 percent) are currently developed with single family homes and the zoning allows for an increase in units that ranges from 800 percent to 2,500 percent. The calculations presented in Tables 4.5-7 and 4.5-8 do not include potential density bonus units. Many of the sites identified in the RM-59 and RM-100 zone offer opportunities for lot consolidation. For sites identified to meet the lower income RHNA, consolidation is only assumed if the properties are under common ownership.

Existing Uses

Demand for higher density housing in San Carlos is high even for sites developed with residential uses. Tables 4.5-5 shows that in residential zones, redevelopment of sites has occurred throughout the city, often replacing single-unit residential, with or without accessory dwelling units already on site. As indicated in Table 4.5-5, several residential projects were developed below the allowable densities in recent years. To encourage higher density construction, the City is implementing multiple mechanisms:

- By January 2023, the Zoning Ordinance will be revised to add a new residential zone that allows up to 100 units per acre.
- Concurrent with the Housing Element, the Zoning Ordinance will be revised to add minimum densities to all residential zones, at approximately 75 percent of maximum density.
- In June 2022, the City revised the Below Market Rate Ordinance to reduce the threshold for providing inclusionary units on site for ownership projects from seven to five units.

Mixed-Use Zones - Site Assumptions

The potential for development of residential units in mixed-use areas is predicated on the interest from developers and on the limited opportunities for higher-density development elsewhere in the immediate surrounding areas. Most projects in mixed-use areas occur at or near maximum density and several have utilized

density bonuses to exceed maximum densities. Demand for housing is high in mixed-use zones; at the same time there is to a lesser degree demand for office and hotel space. To determine realistic capacity in mixed-use zones, two factors are considered: (1) estimated average densities of residential and mixed-use development and (2) the likelihood that nonresidential development may occur rather than residential development.

To determine average densities, a review of all approved projects in mixed use zones since 2015 was conducted. Residential and mixed-use projects in Mixed Use Zones averaged 107 percent of the allowed capacity for the zone, due to extensive use of the State Density Bonus law. Even when analyzing the average development buildout without including density bonus units, projects in Mixed Use Zones averaged 92 percent of the allowed capacity for the zone (See Table 4.5-4.). To consider the potential for nonresidential development, the City reviewed all projects (residential and nonresidential) in mixed-use zones since 2015. During that time, 20 projects were developed (Table 4.5-6), of which three (15 percent) were nonresidential. The remaining 17 projects (85 percent) were residential or mixed-use. To provide a conservative estimate of realistic capacity for the sites inventory, an 85 percent multiplier is applied in mixed-use zones to account for the potential redevelopment with nonresidential uses. Of the fifteen mixed-use projects in Table 4.5-4, twelve (or 80 percent of mixed-use projects) had actual densities that exceeded 85 percent of maximum allowable density. Larger mixed-use projects were able to achieve the highest densities. Only three (of fifteen total mixed-use projects since 2015) had densities less than 85 percent

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of maximum allowable density. The average size of those projects was 6 units. In the inventory, 84 of 134 sites (parcels) or 63 percent had a realistic capacity higher than six units. In fact, the average size of mixed-use sites was 19 units. These higher density trends are a result of the extensive use of density bonus provisions. In addition to the State's density bonus law, the City has enacted a local density bonus program. The City's zoning code (18.17.030) allows residential owner-occupied developments with one or more on-site below market rate units that are affordable to low-income households, or to a lower income category to be granted one additional unit for each unit affordable to low-income households or to a lower income category. Residential rental developments with one or more on-site below market rate units that are affordable to low-income households may be granted two additional units for each unit affordable to low-income households. Residential rental developments with one or more on-site below market rate units that are affordable to very low-income households, or to a lower income category, may be granted four additional units for each unit affordable to very low-income households or to a lower income category. More than half (60 percent or nine) mixed use projects in Table 4.5-4 include affordable (below market rate) units. Realistic capacity assumption in this Element do not reflect the potential use of density bonus programs but the availability of the state and local programs ensures that a high proportion of future development will reach actual densities higher than what is assumed in the inventory (85 percent of maximum). Based on the City's strong history of mixed-use developments exceeding maximum allowable densities (and recent amendments to the City's Below

Market Rate Ordinance to reduce the threshold of compliance from seven units to five units for ownership product (the majority of projects), the use of 85 percent of maximum densities for mixed use sites is realistic, reasonable, and attainable. The City has undertaken a comprehensive zoning update (anticipated adoption in January 2023), whereby the City will increase housing capacity by revising zoning standards for mixed-use areas to allow up to 120 units per acre and minimum densities at approximately 75 percent of maximum. All mixed-use sites are in zones that will have adopted minimum densities that range from 30 units per acre to 90 units per acre. State guidance indicates that if the jurisdiction has adopted a law, policy, procedure, or other regulation that requires the development of a site to contain at least a certain minimum residential density, the jurisdiction can utilize that minimum density to determine the capacity of a site. In this inventory, the capacity calculation used is slightly higher than the minimum density because on average previous projects have occurred at 107 percent of the allowed capacity for the zone. In addition, a significant surplus of sites has been identified well beyond the City's required RHNA.

Previous and pipeline projects in mixed use areas have accommodated a mix of incomes. For example, 817 Walnut Street (approved in 2019) includes 23 very low-income units and one moderate/caretaker unit. In addition, projects comply with the City's BMR Ordinance to provide a portion of housing affordable to lower-income households throughout the city. These trends indicate that sites in mixed use areas are appropriate for accommodating the very low, low, and moderate-income RHNA.

Small sites (less than one-half acre) are credited toward the moderate- and above-moderate income categories to account for a potential variety of types, sizes, and amenity levels in future higher-density development projects.

The summary of recent projects where residential development is currently occurring (Table 4.5-6) shows that there are a variety of existing uses that are being recycled and replaced with more intense housing, ranging from single-unit residential, small apartment buildings, commercial buildings, offices, and parking lots.

Site Selection

To identify additional sites with potential for new development or recycling opportunities, the following criteria were used listed in importance as these factors would ensure a high level of certainty of redevelopment:

- Parcel is currently vacant; or
- If parcel is not vacant:
 - Property owner has expressed interest in redevelopment. In December 2022, the City surveyed property owners of sites included in the inventory as well as owners of potential sites not included. Several property owners indicated that they were not interested in redevelopment, and those sites have been removed from the inventory. As a result of the survey, several sites that had been previously identified as potential but not included as a site to meet the RHNA, were added to the inventory based

on property owner interest. Overwhelmingly site owners showed varying degrees of interest and many inquired about the extent of residential development that could be allowed. (over 22 percent of parcels in the inventory have owners that have expressed interest in redevelopment. These sites are noted in Table 4.A-1 in Appendix A).

- Existing uses are multi-family residential (condominiums or apartments) only if the additional potential capacity is at least three times the existing number of uses and no developments with more than 10 units.
- Characteristics of existing uses such as older or declining uses or uses developed significantly below potential realistic capacity.
 - Land values vs. improvement values. In some cases, a parcel is included with a higher improvement value if the structure is older or shows obvious signs of deferred maintenance or if the site is underutilized (characterized by large surface parking or unused surface area on the site or have a significant increase in capacity potential). On residential sites, most sites with higher improvement values are developed with single-family homes on properties designated for multi-family uses at densities of 45 to 59 units per acre. These sites have the potential for at least a seven-fold increase in capacity. While the assessed improvements-to-land (I/L) ratio is often used as

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an indicator of economic underutilization, limitations on assessments under Proposition 13 can distort I/L ratios when a property has not sold and been reassessed at market value in many years, resulting in a higher ratio than would be calculated if the property were reassessed with today's land values. National chain fast food restaurants can be difficult to justify because of the high value of site improvements. In the inventory, a Carl's Jr and Dunkin Doughnuts location are included because the property owners have expressed interest in full tear down and redevelopment with housing.

- No recent, significant enhancements have been made (exempt enhancements include site cleanup or paint)

Identifying potential sites must balance available information on the site with a visual and contextual assessment. While data pointing at older structures or high improvement value can give a good sense of the redevelopment potential, for many sites visual cues are important. There are a few sites where the data indicates a higher improvement value or a newer structure, but a visual assessment shows that a structure shows signs of disrepair or is underdeveloped in comparison with development nearby. On the other hand, a site with older structures and a very high land value may not be an ideal site due to a new tenant that has invested in façade improvements such as paint and signage or the nature of the use limits the redevelopment potential, such as a convalescent home. While any of these properties can redevelop,

this sites inventory presents the City's good faith effort to identify sites that show the most potential for redevelopment.

Small Sites

The scarcity of land makes higher-density development very cost-effective, and development most often occurs on small lots in San Carlos. As indicated in Table 4.5-4, very few projects occur on sites that are over 0.50 acres. Of the 26 major development projects that have occurred in recent years, half occurred on lots that were 0.19 acres or less, with projects occurring on lots as small as 0.11 or 0.12 acres. 100-percent affordable housing developments have also been constructed/are being proposed on small lots, including 817 Walnut (23 affordable units on 0.24 acres) and 1232 Cherry (34 affordable units on 0.32 acres). In the inventory, 65 percent of parcels used to meet the lower-income RHNA are greater than 0.5 acres and can be stand-alone sites (no consolidation needed). Eleven of the 31 lower income sites are smaller than 0.5 acres, but these sites are included because combined with adjacent, commonly owned parcels the sites exceed the 0.5-acre threshold. With common ownership, the parcels function together as one site without consolidation constraints.

Small site development is common in San Carlos. Table 4.5-5 shows that seven of the ten recent projects in residential zones were on small sites (less than one-half acre). When looking at both residential and mixed-use zones, Table 4.5-6 shows that 16 of 20 recent or anticipated mixed-use projects are on small sites. Several included affordable units (977 Laurel Street, 1525 San

Carlos Avenue, 560 El Camino Real, and 1232 Cherry). The City's BMR Ordinance, coupled with significant increases in density, are anticipated to result in a significant increase in rates of development and affordable housing in San Carlos. Despite these trends, to be conservative in this sites inventory, no sites to meet the lower income RHNA are smaller than half an acre unless the parcels are adjacent to parcels with the same owner. In neighboring Redwood City, small lot development has also been common. Redwood City's adopted 6th Cycle Housing Element shows that there have been 14 small site developments since 2016 with a total of 126 units. The two largest small lot developments (20 units at 612 Jefferson Avenue and 39 units at 1304 El Camino Real) are affordable projects. The densities in Redwood City correlate with the increased densities that San Carlos adopted in 2023.

Lot Consolidation Potential

Many of the sites identified in the inventory offer opportunities for lot consolidation. Nevertheless, lot consolidation assumptions in the inventory are minimal. Only adjacent parcels that are under common ownership are assumed to have lot consolidation potential. Of the 169 parcels in the inventory, only 44 (or 26 percent) assume lot consolidation potential, all of these due to common ownership. Because of common ownership, these function as one larger site. The 44 parcels that assume lot consolidation are grouped into 19 total sites. Of those 19 multiple-parcel sites, 15 are currently developed as one functioning site. For example, several sites have commercial space in two buildings with a central parking lot and function as a

commercial/office center. Many have one use such as a commercial building and an associated parking lot, both of which are owned by the same entity. In cases where the buildings have different functions, they share common parking areas/lots which indicate that redevelopment would likely occur for all buildings. One site has two separate single-family homes that function as distinct uses, but are owned by the same property owner. These parcels are adjacent to several large apartment buildings and their redevelopment would likely occur in concert to better leverage the newly adopted densities that would allow for up to 100 units per acre. Table 4.5-5 and 4.5-6 show that redevelopment of single family uses to multi-family or mixed uses is common. Common ownership of two adjacent single-family homes is not common and represents an ideal redevelopment opportunity. Furthermore, more than half of the sites that include lot consolidation have owners who have expressed interest in redevelopment of the sites. Table 4.A-1 in the Appendix A indicates the sites that function as one use, sites that have different uses with common entry and parking, sites that have common ownership, and sites that have owners that have expressed interest in redevelopment of uses per the new General Plan and zoning designations. Outside of these sites, all other sites identified to meet the lower-income RHNA are stand-alone sites that can provide greater than 16 units and are greater than 0.5 acres in size.

Table 4.5-5 shows that there is a current project in review and combines three properties (808 Alameda de las Pulgas) and includes lower income units. Table 4.5-6 shows that since 2019,

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six projects that have been developed or anticipated to be developed combines multiple uses and parcels (often without the benefit of common ownership assumed in the sites inventory) and included lower income units (1240 and 560 El Camino Real, 626 and 817 Walnut Street, 1525 San Carlos, and 1232 Cherry).

As density increases, the likelihood of lot consolidation increases as well. For example, the City has received a request for a lot consolidation for a potential residential project at 240-260 El Camino Real. For lower income sites, consolidation is only assumed if the properties are under common ownership.

Existing Uses on Non-Vacant Sites and Development of Non-Residential Uses

Much of the City's housing capacity is on sites with zoning that allows both residential and non-residential uses. It is difficult for the City to forecast how properties with zones that permit both stand-alone residential uses, mixed use with a residential component, and stand-alone non-residential uses, such as commercial or office, will develop. However, the City has seen significant numbers of development projects in the City that mirror many of the characteristics of development opportunities in the site inventory.

San Carlos is a primarily built out community. However, the City recognizes that it must provide opportunities for new residential uses throughout the City. The City has seen an increased interest in residential development in non-residential and mixed-use zoning districts due to the scarcity of redevelopable residential land and the acute demand for new residential which has made

residential development more lucrative. Residential uses in proximity to services and transportation corridors will also be in demand due to AB 2097, a new state law that prohibits parking minimums near transit corridors and transit stops.

The City anticipates increased residential developments in the City's mixed-use zones for the following reasons:

- There is a general lack of developable residential land in the City.
- There has been a significant level of development of residential uses in mixed-use zoning districts. Table 4.5-4 shows that since 2015 among the 27 approved or in process residential projects, more than half (15 or 55 percent) are in mixed-use zoning districts. Table 4.5-6 shows that most of the recent mixed-use projects involve the conversion of non-residential uses. Uses on the projects identified in Table 4.5-6 are similar and consistent with uses on sites allowing a mix of uses identified in the sites inventory as well as similar size (greater than half an acre), and locations.
- There is a marked increase in inquiries and expressed interest by property owners to redevelop non-residential sites into residential uses, a trend seen in the surrounding region. In December 2022, the City surveyed property owners of sites included in the inventory as well as owners of potential sites not previously included. Several property owners indicated that they were not interested in redevelopment, and those sites have been removed

from the inventory. As a result of the survey, several sites previously identified as potential but not included, were added to the inventory based on property owner interest. Overwhelmingly site owners showed varying degrees of interest and many inquired about the extent of residential development that could be allowed (over 22 percent of parcels in the inventory have owners that the City was able to reach and that have expressed interest in redevelopment. These sites are noted in Table 4.A-1 in Appendix A).

- Revisions to the General Plan land use categories and Zoning Ordinance amendments (Action HOU-4.2) will significantly incentivize mixed use development by allowing more intense residential development. Due to the significantly higher housing costs in San Carlos relative to other San Mateo County communities, the City has decided to increase housing capacity by revising zoning standards for mixed-use areas to allow up to 120 units per acre and minimum densities at approximately 75 percent of maximum.
- The City is strengthening incentives for transit-oriented development by updating the Zoning Ordinance to reference/incorporate the minimum parking prohibitions associated with AB 2097, effective January 1, 2023, within 0.5 miles of public transit (as defined in AB 2097) in all zoning districts. Over 80 percent of parcels in the site inventory are located within 0.5 miles of public transit, including bus service on El Camino Real (State Route 82) and the Caltrain regional rail line.
- For residential only development in Mixed Use zones, the City will remove additional required setbacks (i.e., removing requirement to follow RM-59 zoning setbacks), which will remove constraints to development.
- The City will remove guest parking in Mixed-Use zones.
- The City has committed to building on outreach conducted during the Housing Element update and will continue to proactively outreach to property owners with a survey on how the city can support redevelopment/new housing efforts.
- Existing uses: The existing site uses in Table 4.5-6 mirror that of the City's current inventory. In the Downtown and along major corridors, historically non-residential areas, the sites have a mix of older stand-alone commercial uses some with surface parking areas. Mixed-use sites are characterized by having a variety of commercial uses, but the site selection focused on smaller scale uses such as small stores or buildings. Large multi-story buildings and sites that showed signs of improvement were not included.
- Size: Mixed-use sites (most are stand-alone parcels) in the inventory have an average size of 0.25 acres. Table 4.5-6 shows that most mixed-use projects with residential components on sites with existing uses and with the potential for development of non-residential uses, have a median size of 0.23 acres. Close to two-thirds of mixed-use projects are 0.25 acres in size or smaller. Sites that are less than 0.5 acres in size are identified to meet the moderate and above moderate-income RHNA.

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- Location: The example projects resemble the sites included in the inventory in that they are located along major commercial corridors or in areas that have historically been developed with non-residential uses. In response to increased interest in residential development along this corridor, the City has decided to increase housing capacity by revising zoning standards for mixed-use areas to allow up to 120 units per acre and minimum densities at approximately 75 percent of maximum. More than three-quarters of parcels in the site inventory are located within 0.25 mile of El Camino Real.

In general, the market in San Carlos and the surrounding region supports housing as the highest and best use of property, yielding highest returns for property owners, especially in existing neighborhoods, along corridors, and in Downtowns with access to goods, services, and high-quality transit. Based on this analysis and future efforts undertaken through the Housing Plan, the City concludes that likelihood that the identified units will be developed as noted in the inventory in zones that allow 100 percent nonresidential uses is high and that existing uses will not impede additional residential development.

To demonstrate the feasibility and probability of site redevelopment, the property characteristics of sites in San Carlos can be categorized into five site types (indicated in Appendix Table A.4-1), as follows:

Site Type 1: Vacant sites (no existing uses)

Site Type 2: Sites included in the inventory at the request of the property owner. Most of these sites have been designated for mixed use development at 100 or more dwelling units per acre as part of the City’s General Plan/zoning update and are generally located in the downtown area of the City near El Camino Real.

Site Type 3: These sites are in the Downtown Area or in mixed use areas that allow 100 or more units per acre. All Type 3 sites have been redesignated for mixed use at densities of 100 or more units per acre, creating a very compelling incentive for redevelopment. No San Carlos project examples allowed 100 or more units per acre because these are new designations not available previously. In addition, these sites also have at least one additional site selection factor that indicates a ripeness for development: building age (over 50 years old), land that is more valuable than the existing uses, or owner interest in redevelopment during the planning period. Most sites have more than one additional factor. Most of these sites are generally located in the downtown area of San Carlos near El Camino Real. This part of the community benefits from minimum parking prohibitions associated with AB 2097, effective January 1, 2023, within 0.5 miles of public transit (as defined in AB 2097).

Site Type 4: These sites allow moderately high densities (ranging from 30 to 59 units per acre). All Type 4 sites have been redesignated for mixed use at higher densities than previously allowed, offering a significant incentive for redevelopment. In addition, these sites also have at least one additional site selection factor that indicates a ripeness for development: building age

(over 50 years old), land that is more valuable than the existing uses, owner interest in redevelopment during the planning period, or similarity to project examples. Most sites have more than one additional factor. Most of these sites are generally located in areas near El Camino Real, the City's major thoroughfare with minimum parking prohibitions associated with AB 2097, effective January 1, 2023, within 0.5 miles of public transit (as defined in AB 2097).

To further show the likelihood of redevelopment of the identified sites, each example project in Table 4.5-6 is assigned a letter and the Sites Inventory Table in Appendix A includes references to the projects that resemble the site based on existing uses, size, location/zoning, and/or previous uses. For example, sites that are currently developed with retail or service uses share similarities to 10 project examples indicating that redevelopment of commercial/retail uses with housing is a strong local trend. High density residential and mixed-use development on sites previously occupied by single family units in zones that allow significantly higher densities are also well represented in the project example table (Table 4.5-6) and correspond to 25 parcels in the inventory, based on the existing use and comparable size. Redevelopment of commercial/office uses to housing is also common, as represented in Table 4.5-6 and correspond to 26 parcels in the inventory based on the existing use and comparable size.

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Table 4.5-6: Recent/Active and Anticipated/Conceptual Projects in Mixed Use Zones

Project Name	Zone	Acres	# of Units	Allowed Density (du/ac)	Developed Density (du/ac)	% of Allowed Density	Year App-oved	Afford Level	Previous Use
A 545 Walnut Street	MU-D	0.17	9	50	52	104%	2015	AM	Single family home -two units – 1 story single family home + 1 dwelling unit above garage (built in 1957)
B 977 Laurel Street	MU-D	0.14	8	50	58	116%	2015	VL,AM	Mixed use building with 8 for-rent residential units including one BMR (application is for change of use to for-sale units)
C 1312 Laurel Street	MU-N	0.11	2	20	19	95%	2015	AM	Single-story commercial building; sandwich spot/flower shop
D 657 Walnut Street	PD	2.90	109	50	37.6	--	2015	AM	~13,040 sf of commercial uses, an ~7,930 sf vacant grocery building, and two 6-unit residential buildings and a surface parking lot. New project (Wheeler Plaza) included consolidation of 16 parcels.
E 1525 San Carlos Avenue	MU-SC	0.30	18	59	60	102%	2015	L,M,AM	Single family home and ADU (built in 1940); New project included lot consolidation – common ownership lot line adjustment)
F 1501 San Carlos Avenue	MU-SC	0.16	6	59	37	62%	2015	AM	Single family home and ADU (built in 1922/1949)
G 520 El Camino Real	MU-DC	0.19	9	50	47		2016	M,AM	Vacant
H 644-685 Laurel Street	MU-DC	0.25	Office	50	--		2016	--	Retail
I 26 El Camino Real	MU-NB	0.63	Hotel	50	--		2017	--	Hotel
J 1040-1052 Laurel Street	MU-N	0.28	6	20	21	109%	2018	AM	2 single family homes – New project included lot consolidation and subdivision)

Table 4.5-6: Recent/Active and Anticipated/Conceptual Projects in Mixed Use Zones

Project Name	Zone	Acres	# of Units	Allowed Density (du/ac)	Developed Density (du/ac)	% of Allowed Density	Year App-oved	Afford Level	Previous Use
K 1240 El Camino Real	MU-SB	0.15	8	50	52	104%	2019	M,AM	Single-story commercial building with restaurant/bakery (built in the 1950s)
L 560 El Camino Real	MU-DC	0.43	24	50	55	111%	2019	L,M,AM	2 commercial buildings; 1 bar and 1 restaurant – over 40 years old, new project included consolidation of 3 parcels)
M 817 Walnut Street	MU-DC	0.24	24	50	99	198%	2019	VL	Single family home and a two-story, five-unit residential addition (built 1940-1960), New project included lot consolidation and lot line adjustment – 2,803 sf added from neighboring city parking lot, both city owned
N 1667 San Carlos Avenue	MU-SC	0.18	6	59	34	57%	2017	AM	Single family home (over 70 years old)
O 626 Walnut Street	MU-DC	0.61	35	50	58	115%	2020	L,M	8-unit apartment building, a two-story commercial building, and a one-story commercial building containing a restaurant and office space (built 1940-1979 combined two parcels under separate ownership)
P 993 Laurel	MU-D	0.21	Office	50	--		2020	--	Hair Salon
Q 1360 Cherry Street	MU-DC	0.18	6	50	34	68%	In Review	AM	Single family home built in 1928
R 1383 Laurel	MU-SB	0.19	15	50	78.95	157%	In Review		One-story auto-service and parts shop – built in 1986 -new project included consolidation of 3 lots
S 11 El Camino Real	MU-NB	2.2	231	50	105		Anticipated	TBD	CVS store and parking lot built in 1967 – new project included consolidation of 2 lots

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Table 4.5-6: Recent/Active and Anticipated/Conceptual Projects in Mixed Use Zones

Project Name	Zone	Acres	# of Units	Allowed Density (du/ac)	Developed Density (du/ac)	% of Allowed Density	Year App-rov-ed	Afford Level	Previous Use
T 1232 Cherry	MU-DC	0.32	34	50	106	213%	Anticipated	L	6-unit affordable multi-family building, 1 story-commercial – built 1958-1963 – new project included consolidation of 3 properties under separate ownership - 2 lots plus a portion of an alley to be re-aligned
Mixed Use Projects in Redwood City									
U 2336 El Camino Real	MUC-ECR	0.51	16	--	31.4	--	since 2020	AM	Daycare.
V 504 El Camino Real	MUC-ECR	0.5	33	60	83	138%	since 2020	AM/VL	Office/retail use. New project includes 5 very low-income units.
W 849 Veterans Blvd.	MUC-VB	1.14	90	60	79	132%	since 2020	AM/VL	Retail building. New project includes 7 very low-income units.
X 847 Woodside	MUN	0.94	44	40	47	118%	since 2020	AM/VL	Mortuary. New project includes 6 moderate-income units.
Y 104/112 Cedar Street	MUT-S	0.29	15	20-40	51	128% -255%	since 2020	AM/VL	Vacant property. New project includes 15 very low-income units.
Mixed Use Projects in San Mateo									
Z 1 Hayward Avenue Mixed Use	E2-1/R4: Office with resid. overlay	0.29	18	--	61	--	2017-2022	--	Demo existing commercial and residential uses (5 units). New mixed-use development with office and (77%) residential uses.
A 1919 O'Farrell St. Multi-Family	E1-1/R4: Office with resid. overlay	0.71	49	--	68	--	2017-2022	--	Demo existing office building. New 5-story residential apartment building
BB 303 Baldwin Ave. Mixed-Use	C1-2/R5: Commercial,	0.93	64	--	68	--	2017-2022	--	Demo existing grocery store. New 5-story mixed-use building with ground floor commercial

Table 4.5-6: Recent/Active and Anticipated/Conceptual Projects in Mixed Use Zones

Project Name	Zone	Acres	# of Units	Allowed Density (du/ac)	Developed Density (du/ac)	% of Allowed Density	Year App-rov-ed	Afford Level	Previous Use	
		office with resid. overlay							and office and residential uses above	
C C	2700 S. El Camino Real Mixed-Use	C3-1/R4: Commercial with resid. overlay	1.0	68	--	68	--	2017-2022	--	Demo two commercial buildings. New 5-story commercial and residential building.
D D	2775 S. Delaware St. Multi-Family	BMSP: Mixed-Use per Bay Meadows Specific Plan	1.0	68	--	68	--	2017-2022	--	New residential apartment building (100% affordable)
EE	1650 S. Delaware St. Multi-Family	TOD: Mixed Use	1.07	73	--	68	--	2017-2022	--	Demo the existing office building. New 5- story 73-unit residential apartment building

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Residential Sites Inventory

State law requires that jurisdictions demonstrate in the Housing Element that the land inventory is adequate to accommodate that jurisdiction’s share of the region’s projected growth. As a fully built-out community, very little vacant land remains in the city. A total of 13.1 acres of vacant and underutilized parcels in residential zones were identified.

Combined, there is the potential to yield 368 new dwelling units on vacant and underutilized land in residential zones (Table 4.5-7). All but one site zoned for lower density (RS-3 and RS-6) are vacant. In the multifamily zones, 19 of the 24 parcels (79 percent) are currently developed with single family homes and the zoning allows for an increase in units that ranges from 800 percent to 2,500 percent.

Table 4.5-7: Vacant and Underutilized Residential Land

General Plan Designation	Zoning	Density	# of Parcels	Acres	Potential Dwelling Units	Affordability Level*
Single Family - 3	RS-3	3 du/acre	3	4.1	13	Above Moderate
Single Family - 6	RS-6	6 du/acre	8	4.0	24	Above Moderate
Multiple Family - 59	RM-59	45 to 59 du/acre	1	1.1	49	Very Low/Low
Multiple Family - 100	RM-100	75 to 100 du/acre	23	3.9	282	Above Moderate/ Moderate
Total			35	13.1	368	

*Note: Based on state law (Government Code Section 65583.2(c)(3)), sites that allow development densities of at least 30 units per acre are credited toward the lower-income RHNA. Sites that can qualify for 100 percent affordable units based on the allowed density but do not meet the size parameters established by AB 1397 (0.5-10 acres) are split evenly between the moderate- and above moderate-income RHNA categories.

Given the scarcity of developable land in San Carlos and the continuing demand for housing in the Bay Area, nearly all the recent residential construction in the city has involved infill development on underutilized properties. The analysis of residential capacity on recyclable land included in this section includes underutilized parcels in the RS-6, RM-59, and the newly upzoned RM-100 residential zones. One of the parcels identified in the RS-6 zone has a nonconforming commercial use and is a large site. Parcels identified in the RM-59 and RM-100 zones are

underutilized based on presence of single-family homes and can significantly increase the number of units on the site.

Ten of the residential parcels are vacant. For the remaining non-vacant sites with available land and improvement value data, 68 percent have land values that equal or exceed site improvement values. In most cases these are sites with single family homes on properties designated for multi-family uses at densities of up to 100 units per acre.

Mixed-Use Sites Inventory

Nearly all of San Carlos is developed; there is an extremely limited amount of vacant land within City limits. The City's Mixed Use zoning districts facilitate the redevelopment of underutilized properties to create vibrant, walkable centers and corridors. New housing in these areas is an integral part of the vision for San Carlos; a balance of housing opportunities for both affordable and market-rate housing is essential to meet this goal. A survey of land was conducted in areas that permit mixed-use development, and a total of 33.4 acres of underutilized parcels in mixed-use zones was identified, with the potential to yield 2,602 new dwelling units (Table 4.5-8).

There are several underutilized properties along the major corridors that allow mixed use. The sites chosen are significantly underutilized given their size and given the development potential under the mixed-use development standards. All the sites with existing residential uses provide the opportunity to more than double the unit capacity. Over two-thirds of sites have land values that exceed site improvement values.

Most of the mixed-use sites are located within one block of El Camino Real (State Route 82), San Carlos Avenue, and/or the San Carlos Caltrain station. The rail line connects San Carlos to San Francisco and the Silicon Valley region. Several new and under construction projects in this area demonstrate the interest in developing housing in proximity to these major transportation corridors (see Table 4.5-6).

Site Suitability, Realistic Capacity and Re-use of Sites (Assembly Bill [AB] 1397)

Consistent with updated Housing Element law (Assembly Bill 1397) related to the suitability of small and large sites, the lower-income sites inventory presented in this section is limited to sites of between 0.5 and 10 acres in size, as HCD has indicated these size parameters best accommodate lower-income housing. In this inventory, several sites include multiple parcels that are less than one-half acre in size, however when consolidated with adjacent parcels are more than 0.5 acres. Small lot development is very common in San Carlos, and Actions HOU-2.1 and HOU-2.2 are included to identify additional incentives as needed. Small sites (less than one-half acre) are credited toward the moderate- and above-moderate income categories to account for a potential variety of types, sizes, and amenity levels in future higher-density development projects. For very low and low-income sites, all but two of the parcels in the inventory are at least 0.5 acres in size. The two parcels that are smaller are included only because they have the potential for lot consolidation with an adjoining parcel that is under common ownership and make up a site over 0.5 acres in size.

AB 1397 also adds specific criteria for assessment of the realistic availability of non-vacant sites during the planning period. If non-vacant sites accommodate half or more of the lower-income need, the Housing Element must present "substantial evidence" that the existing use does not constitute an impediment for additional residential use on the site. Due to the built-out nature of San Carlos, most sites have existing uses.

Table 4.5-8: Mixed-Use Sites by Zone (see Figure H-4.5-I Sites Inventory Map)

General Plan Designation	Zoning	Density	# of Parcels	Acres	Potential Dwelling Units	Affordability Level*
Mixed Use , High	MU-D-120	90 to 120 du/acre	21	5.2	522	Above Moderate/ Moderate/Low/Very Low
Mixed Use, Medium High	MU-DC-100	75 to 100 du/acre	14	2.6	210	Above Moderate/ Moderate/ Low/Very Low
Mixed Use, Low	MU-N-40	30 to 40 du/acre	34	7.9	248	Above Moderate/ Moderate/ Low/Very Low
Mixed Use, Medium	MU-N-50	38 to 50 du/acre	7	1.7	69	Above Moderate/ Moderate/ Low/Very Low
Mixed Use, High	MU-N-120	90 to 120 du/acre	6	2.4	238	Above Moderate/ Moderate/ Low/Very Low
Mixed Use, High	MU-NB-120	90 to 120 du/acre	6	6.1	615	Low/Very Low
Mixed Use, Medium High	MU-SB-100	75 to 100 du/acre	14	1.9	152	Above Moderate/ Moderate/ Low/Very Low
Mixed Use, High	MU-SB-120	90 to 120 du/acre	27	3.8	370	Above Moderate/ Moderate/ Low/Very Low
Mixed Use, High	MU-SC-120	90 to 120 du/acre	5	1.8	178	Above Moderate/ Moderate/Low/Very Low
Total			134	33.4	2,602	

***Note:** Based on state law (Government Code Government Code Section 65583.2(c)(3)), sites that allow development densities of at least 30 units per acre are credited toward the lower-income RHNA. Sites that can qualify for 100 percent affordable units based on the allowed density but do not meet the size parameters established by AB 1397 (0.5-10 acres) are split between the moderate- and above moderate-income RHNA categories.

Non-vacant sites included in the inventory have been chosen due to their location, existing uses, and potential for intensification.

To ensure that appropriate sites have been chosen, properties that show recent investments or updates or that contain uses of local

importance are not included, and clear criteria were used to evaluate all sites within San Carlos, as described above. In addition, through the public engagement process, sites identified to have additional constraints were removed.

AB 1397 also requires that specific parameters be placed on sites that were used in previous planning cycles but did not develop and are now used in the current Housing Element to meet the lower income RHNA. However, as noted in HCD guidance documents, due to updates in the prior planning period to the general plan or other planning activities, such as the creation of a specific plan, some sites previously identified in the housing element may have been rezoned allowing a higher density, and therefore increasing the potential housing capacity of the site. Because the zoning characteristics of this site have changed, it can be considered a new site for the purposes of the housing element inventory. All of the lower-income sites in the Housing Element have been rezoned to significantly increase densities and thus none are subject to the reuse provisions of AB 1397.

Moderate-Income and Above Moderate-Income Housing (AB 725)

For jurisdictions that are considered Metropolitan, the element must identify at least 25 percent of the remaining moderate and above moderate RHNA on sites that allow at least four units of housing (e.g., four plex or greater). (Gov. Code, § 65583.2, subd.(c)(4).) Of the 169 parcels in the sites inventory, 138 are used to address the moderate- and above moderate-income RHNA. Of

those 138 parcels, 116 (or 84 percent) allow for development of 4 or more units.

No Net Loss Provision

Government Code Section 65863 stipulates that a jurisdiction must ensure that its Housing Element inventory can accommodate its share of the RHNA by income level throughout the planning period. If a jurisdiction approves a housing project at a lower density or with fewer units by income category than identified in the Housing Element, it must quantify at the time of approval the remaining unmet housing need at each income level and determine whether there is sufficient capacity to meet that need. If not, the city must “identify and make available” additional adequate sites to accommodate the jurisdiction’s share of housing need by income level within 180 days of approving the reduced-density project. Program HOU-3.7 is included in the Housing Element to set up a process for compliance.

Comparison of Sites Inventory and RHNA

Table 4.5-9 shows that approved and proposed project credits and the sites inventory identified in this chapter total 3,525 units, 1,756 of which are in the lower-income RHNA categories. Overall, the City can adequately accommodate—and have excess capacity for—the RHNA.

The identified sites and the densities allowed will provide opportunities to achieve remaining RHNA goals for all income categories as well as provide surplus of units, which help support no net loss provisions consistent with State law.

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The identified sites can realistically be redeveloped with residential units during the planning period. These areas are considered highly likely to experience recycling for two key reasons: 1) the high demand for more affordable housing throughout San Mateo County, and 2) the availability of underutilized land in areas designated for mixed-use, with the potential for high-density residential development. The sites chosen are significantly underutilized given their size and location and recent development trends. Interest is especially high in areas identified in this Housing Element, including mixed-use areas. San Carlos makes every effort to support

development that contributes to the city and facilitates a walkable, pedestrian-oriented community, consistent with land use policy. Developers continue bring forward new projects in San Carlos, due to the city’s convenient location, available transit, maximum allowable densities, and livable community. As market forces continue to push toward higher densities, recycling of underutilized land is expected to occur at an increasing rate. Given the newly increased densities associated with new zones in residential and mixed-use areas, the City can anticipate increased recycling of land, particularly in higher-density areas where economies of scale can be realized.

Table 4.5-9: Comparison of Sites, Pipeline Projects, and RNHA

Project	Extremely/ Very Low- Income (0- 50% AMI)	Low- Income (50-80% AMI)	Moderate- Income (80- 120% AMI)	Above Moderate- Income (+120%)	Total
2023-2031 RHNA	739	425	438	1,133	2,735
Approved and Proposed Projects	3	63	7	279	352
Projected ADU construction	10	61	102	30	203
Vacant/Underutilized Residential Sites	31	18	81	238	368
Vacant/Underutilized Mixed-Use Sites	986	584	293	739	2,602
Total	1,030	726	483	1,286	3,525
RHNA Status (+surplus/-deficit)	+291	+301	+45	+153	+790

Figure 4.5-1
Sites Inventory
Map

Legend

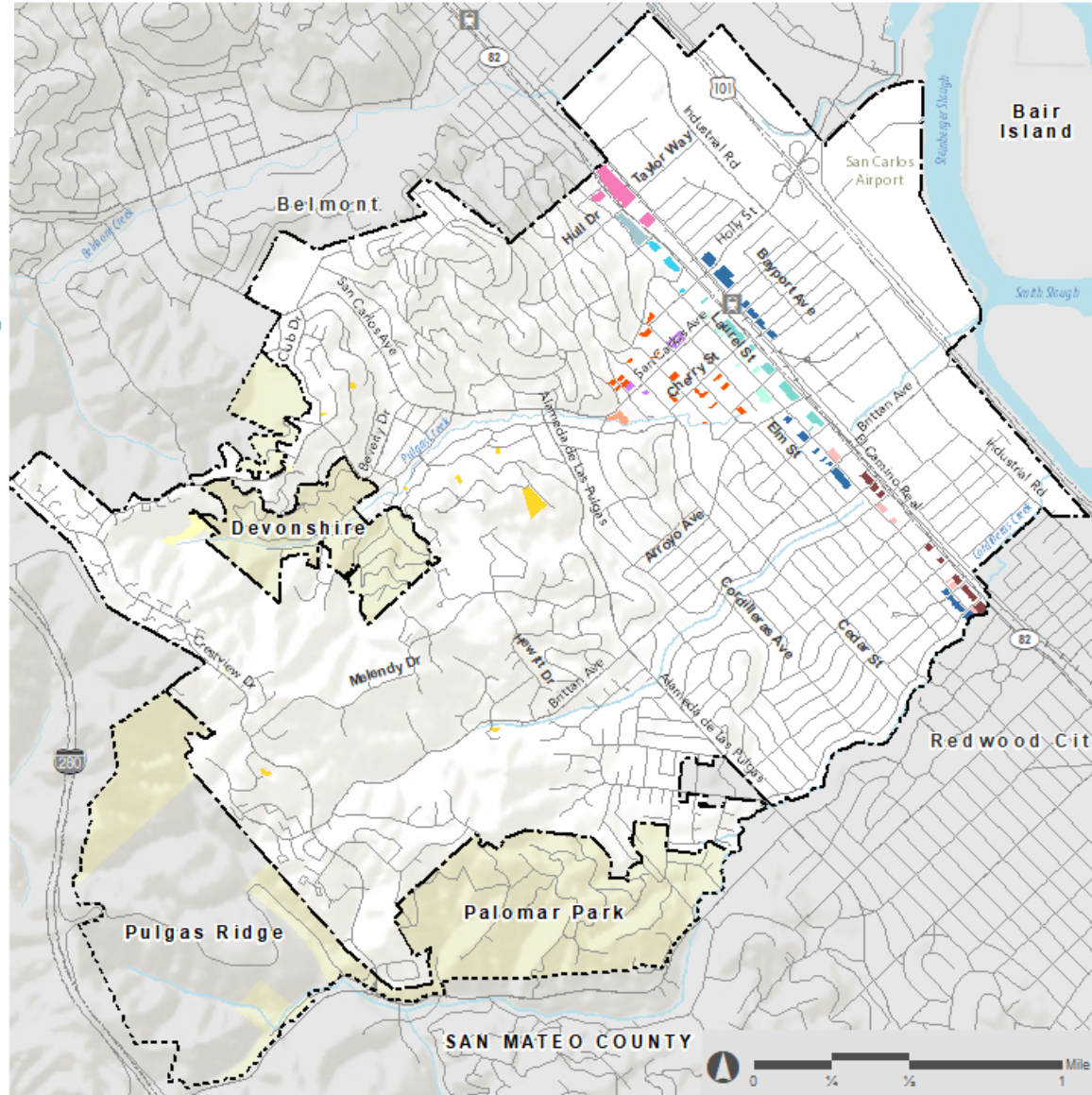
Residential Sites

- Residential - Single Family, RS-3
- Residential - Single Family, RS-6
- Residential - Multi-Family, RM-59
- Residential - Multi-Family, RM-100

Mixed Use Sites

- Mixed Use, MU-D-100
- Mixed Use, MU-D-120
- Mixed Use, MU-DC-100
- Mixed Use, MU-N-40
- Mixed Use, MU-N-50
- Mixed Use, MU-N-120
- Mixed Use, MU-NB-120
- Mixed Use, MU-SB-100
- Mixed Use, MU-SB-120
- Mixed Use, MU-SC-120

- City of San Carlos Boundary
- Sphere of Influence
- Caltrain Railroad and Stations
- Streets
- Waterbodies
- Surrounding Jurisdictions



January 2023
Source: United States Census Bureau, 2019. City of San Carlos, County of San Mateo, Urban Footprint, 2020.

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Consistency with Affirmatively Furthering Fair Housing (AFFH)

State law requires that sites to meet the RHNA must be identified throughout the community in a manner that affirmatively furthers fair housing opportunities (Government Code Section 65583(c)(10)). Affirmatively furthering fair housing means taking meaningful actions that address significant disparities in housing needs and in access to opportunity. For purposes of the Housing Element sites inventory, this means that sites identified to accommodate the lower-income need are not concentrated in low-resourced areas (for example, with a lack of access to high performing schools, proximity to jobs, location disproportionately exposed to pollution or other health impacts) or areas of segregation and concentrations of poverty.

HCD and the California Tax Credit Allocation Committee (TCAC) coordinated efforts to produce opportunity maps that evaluate specific economic, environmental, and educational

characteristics that have been shown by research to support positive economic, educational, and health outcomes for low-income families. Figure 4.5-2 shows the TCAC opportunity areas in San Carlos, with the exception of a small area in the northeast corner of the city, all of the city categorized as highest and high resource.

Racially or ethnically concentrated areas of poverty (R/ECAPs) are HUD-designated Census tracts with relatively high concentrations of non-white residents living in poverty. There are no R/ECAPs within San Carlos. The distribution of identified sites improves fair housing and equal opportunity conditions because sites are mostly distributed in highest and high resources areas.

A thorough AFFH analysis based on the City’s most current Analysis of Impediments to Fair Housing Choice is included in the Housing Constraints section of this Housing Element.

Table 4.5-10: Sites and TCAC/HCD Opportunity Areas

TCAC/HCD Opportunity Areas	Affordability Level						Total Units	
	Lower Income Units		Moderate Income Units		Above Moderate Income Units			
High Resource	1,217	75%	159	43%	402	41%	1,778	60%
Highest Resource	402	25%	215	57%	575	59%	1,192	40%
Total Sites	1,619	100%	374	100%	977	100%	2,970	100%
	55%		13%		33%		100%	

Table 4.5-1 I: Sites and Segregation/Integration and Disproportionate Housing Needs

Census Tracts	Affordability Level							Total Units	% Low/Mod HH	% Non-White Pop	% Persons with Disabilities	% Renter HHs	% Children in Female-Headed HHs	% Over-crowded HHs
	Lower Income Units		Moderate Income Units		Above Moderate Income Units									
Census Tract 6091	73	5%	17	5%	42	4%	132	4%	45%	42%	10%	25%	4%	9%
Census Tract 6092.01	353	22%	146	39%	364	37%	863	29%	31%	30%	7%	42%	6%	1%
Census Tract 6092.02	1,110	69%	140	37%	356	36%	1,606	54%	45%	39%	12%	73%	7%	0%
Census Tract 6093	83	5%	71	19%	178	18%	332	11%	25%	24%	7%	17%	12%	0%
Census Tract 6094	-	-	-	-	-	-	-	-	16%	23%	5%	10%	18%	0%
Census Tract 6095	-	0%	-	0%	5	1%	5	0%	18%	35%	5%	14%	6%	0%
Census Tract 6096.01	-	0%	-	0%	29	3%	29	1%	34%	32%	3%	32%	17%	3%
Census Tract 6096.02	-	-	-	-	-	-	-	-	14%	31%	8%	7%	5%	0%
Census Tract 6096.03	-	0%	-	0%	3	0%	3	0%	19%	26%	6%	9%	12%	0%
Total	1,619	100%	374	100%	977	100%	2,970	100%	27%	31%	7%	27%	8%	2%

Segregation and Integration

Most census tracts in San Carlos are largely comprised of White, non-Hispanic residents (68%). However, one tract, census tract 6092.02, indicates a relatively higher concentration of non-White residents (43%); this tract is located between Magnolia Ave and Cherry St. Sites included in the inventory located within this region are largely lower-income housing with a 1,061-unit capacity (low and very low income), a moderate-income capacity

of 140 units, and an above moderate-income capacity of 356 units. These new housing sites help further an integrated mixed-income community, which helps address overconcentration of affordable housing in areas with lower income housing.

Any concerns of displacement as a result of the integration of high-income housing could be addressed with anti-displacement strategies. For this, the City will implement the following program, Action HOU-3.10 Anti-Displacement Strategies. The

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program will adopt tenant protection policies, as well as support local efforts to establish land trusts, or housing preservation funds.

Persons with Disabilities

In San Carlos, there is a generally low percentage of the population living with disabilities (7%). Of all tracts in the City, tract 9062.02 has a relatively higher concentration of residents living with disabilities (12%). The housing sites identified in the inventory are similar to that which were described in the previous ‘Segregation and Integration’ section of the Constraints chapter of the Housing Element. The abundance of housing options located primarily in a high density/multi-family area of the city that is concentrated around public transit makes it easier for those with disabilities (namely independent living disabilities) to access services and resources.

Access to Opportunity Most of the City is designated as a high to highest resource areas, according to the TCAC Composite Score map shown in Figure 4.5-2. A greater portion of the sites identified in the site inventory are located within the area of “highest resource”, while the remainder can be found in “high resource” areas. Of all the new sites considered in the “highest resource” areas, a total of 485 units are designated as lower income sites (very low and low income), most of which are located in mixed-use zones, with good access to local transit and services. These sites provide opportunities for low-income housing in predominantly high-income areas, which helps to create more economically integrated areas citywide. The

inclusion of lower income sites in higher income areas also helps improve housing mobility and access to opportunity for low-income households.

Disproportionate Housing Needs

Compared to surrounding cities, San Carlos has relatively lower rates of cost burden for both homeowners and renters, however some tracts see a greater percentage of renters experiencing housing cost burden. The majority of the City also has overcrowding rates that are lower than the California average (8.2%), with the exception of the tract located northeast of El Camino Real (Tract 6091.00), where nine percent of the population experiences overcrowding. Additionally, 60 percent of renter-households within this tract experience cost burden. The sites identified in the inventory within this tract are largely very-low to low-income units (73 units). The increase availability of affordable housing could potentially alleviate the housing problems associated with overcrowding and overpayment for some residents. The addition of affordable rental units does not present an overconcentration or significant addition of lower-income housing to the area, where the median income is upwards of \$126,000.

Infrastructure Capacity

The sites inventoried in this Housing Element all lie within urban areas well served by street and utility infrastructure. As part of the environmental analysis completed for the Housing Element update, the availability of sufficient water supply and wastewater treatment capacity to meet the demand for San Carlos’ General

Plan projections and the current RHNA was analyzed. Aside from the non-governmental and governmental constraints discussed in Chapter 4 (Constraints), no additional constraints would impede the development of new housing units in the future on the identified sites.

Drinking water in San Carlos is provided by Cal-Water. Cal Water's Individual Supply Guarantee (ISG) is 35.68 MGD (39,993 acre-feet per year; AFY), which is shared among its Bear Gulch, Mid-Peninsula, and South San Francisco Districts (also referred to as the "Peninsula Districts"). The 2020 UWMP estimates the Peninsula Districts' demand will increase over time to 36,396 AF in 2045. **Therefore, the Peninsula Districts are expected to have adequate water supplies during normal years to meet its projected demands through 2045 (including capacity on identified sites).** However, like most districts across the State, the District is expected to experience significant shortfalls during single dry and multiple dry year conditions. Cal Water has developed a Water Shortage Contingency Plan to address potential water shortage conditions. The Water Shortage Contingency Plan (WSCP) addresses water shortage conditions resulting from any cause (e.g., droughts, impacted distribution system infrastructure, regulatory-imposed shortage restrictions, etc.). The WSCP identifies a variety of actions that Cal Water would implement to reduce demands and further ensure supply reliability at various levels of water shortage.

The San Carlos Public Works Department provides wastewater collection service for San Carlos. The City owns and operates a

sanitary sewer collection system consisting of approximately 104 miles of sewer pipelines and six sewer lift stations. Wastewater generated within the City is treated at a wastewater treatment plant (WWTP) operated by a joint powers authority called Silicon Valley Clean Water (SVCW), which serves the communities of Belmont, Redwood City, San Carlos, and the West Bay Sanitary District. The SVCW WWTP has a capacity to treat 29.5 MGD, but currently receives approximately 20.0 MGD from customers in the SVCW service area. As described in the General Plan EIR, of the total capacity, the City of San Carlos is allocated a total treatment capacity of 4.47 MGD. The San Carlos flow wastewater projection for residential and existing non-residential uses is 3.16 MGD, which would result in 1.31 MGD of capacity remaining within San Carlos allocation. **Therefore, the City's wastewater collection system is expected to have adequate capacity to meet its projected demands through 2045 (including capacity on identified sites).**

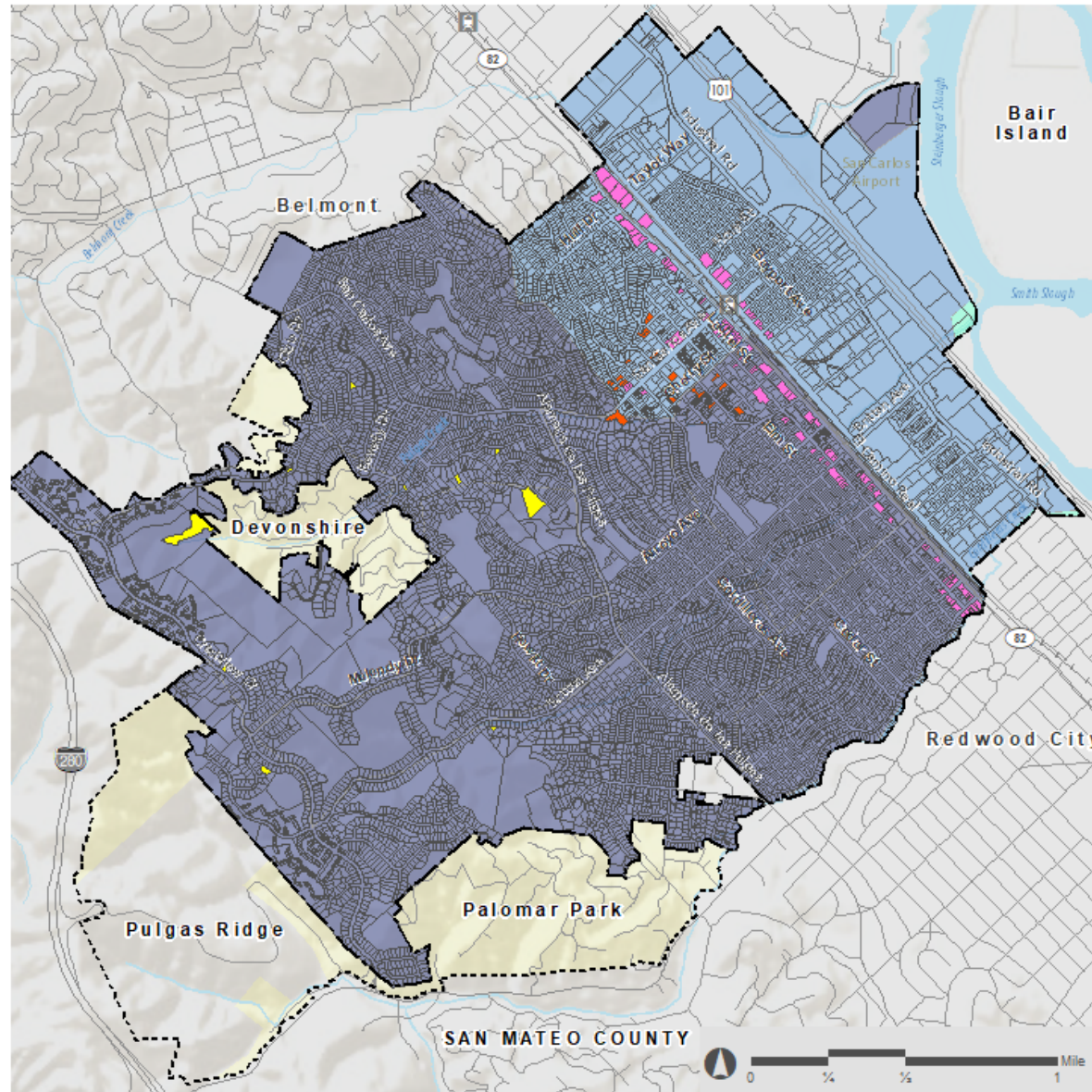
San Carlos is fully developed, and full urban-level services are available to each site in the inventory. Specifically, water, sewer, and dry utility services are available for all the sites included in the inventory. To ensure that infrastructure needs of specific projects are addressed, the City requires that project applications for new development be reviewed for adequate infrastructure.

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Figure 4.5-2
Opportunity
Areas and Sites
Inventory Map

Legend

- City of San Carlos Boundary
- - - - - Sphere of Influence
- + + + + + Caltrain Railroad and Stations
- 6th Cycle RHNA Sites**
- Mixed Use
- Residential - Multi-Family
- Residential - Single Family
- TCAC Opportunity Areas (2021)**
- Highest Resource
- High Resource
- Moderate and Low Resource
- Waterbodies
- Surrounding Jurisdictions



January 2023
Sources: United States Census Bureau, 2019.
City of San Carlos, 2022, County of San Mateo,
Urban Footprint, 2020.

Applications are evaluated on a case-by-case basis to ensure the capacity exists to service new developments.

Administrative and Financial Resources

Financial Resources

Most projects that are exclusively affordable housing (especially for extremely low- and very low-income households) cannot be developed without financing and other subsidies required to write down the cost of land or other development incentives necessary to reduce construction costs. Funding sources include U.S. Department of Housing and Urban Development (HUD) funds, Tax Credits, and other loans and grants.

Federal Resources

CDBG/HOME: Through the Community Development Block Grant (CDBG) program, HUD provides funds to local governments for a wide range of community development activities. These funds can be used for the acquisition of land for affordable housing units, rehabilitation through a nonprofit organization for housing, development of infrastructure and facilities, and public service activities. Another source of HUD funds is available under the HOME Investment Partnerships Program (HOME). These funds can be used to assist tenants or homeowners through acquisition, construction, reconstruction, or the rehabilitation of affordable housing. A federal priority for use of these funds is preservation of the at-risk housing stock. The City is a participating jurisdiction in the San Mateo County Consortium to receive CDBG and HOME funds

Housing Choice Voucher Program: The Housing Authority of the County of San Mateo administers the HUD Section 8 Housing

Choice Voucher Program for San Carlos residents. The program provides rental subsidies to low-income families who spend more than 30 percent of their gross income on housing costs. The program pays the difference between 30 percent of the recipients' monthly income and the federally approved payment standard. The voucher allows a tenant to choose housing that may cost above the payment standard, but the tenant must pay the extra cost.

State Resources

Low Income Housing Tax Credits (LIHTC): Created by the 1986 Tax Reform Act, the LIHTC program encourages the construction and rehabilitation of rental housing for lower-income households. The program allows investors an annual tax credit over a 10-year period, provided that the housing meets the following minimum low-income occupancy requirements: 20 percent of the units must be affordable to households at 50 percent of AMI or 40 percent of the units must be affordable to those at 60 percent of AMI. The total credit over the 10-year period has a present value equal to 70 percent of the qualified construction and rehabilitation expenditure. The tax credit is typically sold to large investors at a syndication value.

Additional State housing resources include:

- Affordable Housing and Sustainable Communities (AHSC)
- CalHFA Single and Multi-Family Program
- CalHome Program
- Homekey
- Housing-Related Parks Grant

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- Infill Infrastructure Grant (IIG)
- Local Housing Trust Fund (LHTF)
- Multifamily Housing Program (MHP)
- No Place Like Home
- Permanent Local Housing Allocation (PLHA)

Local Resources

Housing Endowment and Regional Trust of San Mateo County (HEART): HEART was formed in 2003 as a public/private partnership among the San Mateo cities and county, and the business, nonprofit, education, and labor communities. HEART raises funds from public and private sources to meet critical housing needs in San Mateo County.

Affordable Housing (BMR) Ordinance: The City’s Below Market Rate (BMR) Housing Ordinance requires that 15 percent of units in market rate rental developments are provided at affordable rates (10 percent moderate- and 5 percent low-income for ownership projects; 10 percent very low- and 5 percent low-income for rental projects). Revisions to the BMR Ordinance were adopted in June 2022 to lower the threshold for constructing units on site for ownership projects to from 7 to 5 units; the threshold remains seven for rental developments. The revisions also require ownership projects to provide 20 percent low-income units and provide an option for rental projects to provide 15 percent very low-income units, to correlate with State density bonus law. Projects smaller than this threshold pay an in-lieu fee. Projects that result in a fractional unit of less than 0.5 can opt to pay an in-lieu instead of providing an additional unit. Any calculation that

results in a fraction greater than 0.5 is required to build the additional unit.

The City of San Carlos has also adopted a Commercial Development BMR Housing Program that requires developers of commercial projects to mitigate their impact on affordable housing by paying a Commercial Linkage Fee. The Linkage Fee applies to commercial projects including changes in use, additions in floor area and new development as follows:

- Restaurant, & Personal Service \$5.00 per square foot
- Hotel: \$10.00 per square foot
- Office, Medical Office, Research & Development: \$20.00 per square foot

Since the commercial linkage fee went into effect in 2017, the City has collected over \$6.5 million to fund affordable housing projects. The City anticipates these funds to continue to grove over the next few years.

San Mateo County Affordable Housing Fund: To date, the San Mateo County Affordable Housing Fund, together with its Preservation sub-fund, has allocated over \$120 million to assist 2,761 units in San Mateo County—supporting development of 2,403 new affordable rental and homeownership units, and preservation as affordable housing of 358 multifamily rental units.

Redevelopment Agency: When the City’s Redevelopment Agency was dissolved on Feb. 1, 2012, in accordance with

California State law, the city formed a Successor Agency to handle the unfinished business of the former Redevelopment Agency. The former Redevelopment Agency had a geographically defined Project Area where a portion of the property taxes from the properties within the area went to support the activities of the Agency, including capital projects, economic development and affordable housing. The City adopted a last and final Recognized Obligation Payment Schedule (ROPS) filed for July 1, 2019 through June 30, 2035, totaling in approximately \$18 million.

Administrative Resources

The following agencies and organizations contribute to the goal of preserving and increasing affordable housing in San Carlos. Both government agencies and partnerships with nonprofit agencies and for-profit developers are necessary to implement many housing programs.

San Carlos

Community Development Department: The Community Development Department is home to the Building, Economic Development and Housing, and Planning Divisions which help advance the city's housing needs. The Economic Development and Housing Division manages the City's housing efforts, participating in both local and regional housing efforts as well as evaluation of housing opportunities as they become available, programs to increase the supply of workforce housing, and funding support for key housing programs. The Planning Division is responsible for advance planning, current planning (ensuring that development projects are consistent with the

General Plan, the Development Code, and State codes), and land use regulation.

San Mateo County

The Housing Authority of the County of San Mateo administers the HUD Section 8 Housing Choice Voucher Program for San Carlos residents. In addition, the San Mateo County Housing & Community Development (HCD) Division coordinates homelessness response for the County and serves as the organizing agency for local jurisdictions.

Partnerships

Creative approaches and partnerships are often necessary in order to finance and build affordable housing. Nonprofit and for-profit organizations provide housing, including affordable housing, and a wide range of supportive services for residents with special housing needs throughout the county. Partners also help manage homeownership programs and assist in other housing and community development activities. Some of these local partners include:

- **Bridge Housing** (designs, develops, and manages affordable housing)
- **Center for Independence of the Disabled** (provides support services, community awareness, and advocacy for people with disabilities)
- **Eden Housing** (designs, develops, and manages affordable housing)
- **First Community Housing** (designs, develops, and manages affordable housing)

- **HIP Housing: Human Investment Project** (supports home sharing, self-sufficiency, and property development/housing rehabilitation)
- **Habitat for Humanity Greater San Francisco** (builds and rehabilitates homes for affordable purchase)
- **Lesley Senior Communities** (senior living provider)
- **LifeMoves** (homeless services provider)
- **Mercy Housing** (designs, develops, and manages affordable housing)
- **MidPen Housing** (designs, develops, and manages affordable housing)
- **Mental Health Association of San Mateo County** (housing and services provider)
- **PARCA** (services provider for people with developmental disabilities)
- **Rebuilding Together Peninsula** (housing renovation and repair services)
- **Samaritan House** (homeless services provider)

Housing Element sets forth policies and programs to continue to facilitate the development and maintenance of housing, remove constraints to housing development and housing access, and to form partnerships to meet housing needs.

For-profit developers also provide affordable units in larger-scale projects in San Carlos, both through density bonuses and the City's BMR Ordinance requirements.

The Housing Element Goals, Policies, and Implementation Programs outline the City's plan to continue to work with a network of nonprofit and for-profit organizations to build affordable housing, rehabilitate and preserve housing, and provide an extensive menu of supportive services to San Carlos residents, families, and persons with special needs. Moreover, the

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