

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

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March 22, 2023

Jeff Maltbie, City Manager
City of San Carlos
600 Elm Street
San Carlos, CA, 94070

Dear Jeff Maltbie:

RE: San Carlos' 6th Cycle (2023-2031) Adopted Housing Element

Thank you for submitting the City of San Carlos' (City) housing element that was adopted January 23, 2023 and received for review on January 27, 2023. Pursuant to Government Code section 65585, subdivision (h), the California Department of Housing and Community Development (HCD) is reporting the results of its review. Our review was facilitated by a conversation on March 21, 2023 with Lisa Porras and consultants Genevieve Sharrow and Diana Gonzalez. In addition, HCD considered comments from Housing Leadership Council of San Mateo County and David Kellogg pursuant to Government Code section 65585, subdivision (c).

The adopted housing element addresses most statutory requirements described in HCD's January 6, 2023 review; however, additional revisions are necessary to substantially comply with State Housing Element Law (Article 10.6 of the Gov. Code), as follows:

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

Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the city's or county's share of the regional housing need for each income level that could not be accommodated on sites identified in the inventory... (Gov. Code, § 65583, subd. (c)(1).)

Suitability of Nonvacant Sites: The element provides descriptions of the various factors utilized to indicate the potential for redevelopment (e.g., property owner interest, characteristics of existing uses, land value versus improvement value

and lack of investment) and also concludes recent trends support the validity of these factors. However, to demonstrate the potential for redevelopment, the element should also:

- Reflect the value of the various factors in the sites inventory. For example, the element should indicate which sites have property owner or developer interest.
- Support the validity of the various factors by describing how recent trends reflect the values of the various factors. For example, in Table 4.5-6, instead of broadly describing the prior use (e.g., single family), the element could describe the prior characteristics of existing uses, land value versus improvement value and lack of investment.

In addition, for your information, the element relies on nonvacant sites to accommodate 50 percent or more of the housing needs for lower-income households, which triggers requirements to make findings based on substantial evidence that the existing use is not an impediment and will likely discontinue in the planning period. While the resolution of adoption includes the appropriate findings, any changes to the analysis should be reflected in future re-adoption of the element, if necessary.

Small Sites: While the element was revised to state that sites smaller than half-acre utilized toward the lower-income regional housing needs allocation (RHNA) have common ownership, it should describe how the sites function as a larger cohesive site, particularly for parcels that allow less than 16 units. For example, the element could describe common access or how a parcel could not be developed unless consolidated with an adjacent site.

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

2. *An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including... ..land use controls... ..and local processing and permit procedures... (Gov. Code, § 65583, subd. (a)(5).)*

Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities... (Gov. Code, § 65583, subd. (c)(3).)

Land Use Controls: While the element was revised to state that three stories are allowed in the RM-20 zone if it meets the 35-foot height limit, it should provide examples to support this conclusion or add a program to address the identified constraint.

In addition, the element was revised to state that while no zone allows for 6 to 15 dwelling units per acre, SB 9 and accessory dwelling units (ADU) on single family lots is anticipated to address the need for these housing types. However, the element should evaluate development standards, including whether standards encourage these housing types and add or modify programs, as appropriate to address the constraint of not allowing a variety of densities. These programs will be essential to promoting housing mobility through enhanced housing choices and affordability to affirmatively further fair housing.

Finally, the element should evaluate the new zoning and development standards as part of this housing element update, particularly heights, floor area ratios and the cumulative effect of development standards on the ability to achieve maximum densities. Based on the outcomes of this analysis, the element should add or modify programs to revise development standards promote achieving maximum densities, including evaluating development standards every two years and making adjustments within a specified timeframe. HCD encourages the City to engage the development community as part of this analysis.

Processing and Permit Procedures: Based on public comment received, the City should describe the process the City uses to determine if a housing development is exempt from CEQA and whether the timing is followed for the Permit Streamlining Act or add a program as appropriate. HCD will send a sample program under separate cover.

Programs: As noted above, the element requires a complete analysis of potential governmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs and address and remove or mitigate any identified constraints.

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

The element concludes the City is the highest resource, highest median income and concentrated area of affluence. As a result, the element should include a robust suite of actions to promote housing mobility or more housing choices and affordability across greater geographies throughout the City, regardless of the RHNA. While the element includes meaningful actions, these actions should

increase numeric targets and additional actions should be included to promote housing mobility. Further, the element isolates the lower-income RHNA in a small area of the City. While this approach may be appropriate for a variety of reasons such as promoting infill and greater access to transportation alternatives, the element should consider place-based strategies (e.g., infrastructure, streetscapes, complete streets, safe routes to school and other neighborhood improvements or maintenance) and increased metrics toward mitigating displacement risk. Finally, the element should consider a mid-term evaluation of the effectiveness of affirmatively furthering fair housing (AFFH) strategies and adjustments as appropriate within a specific time. For more information on potential actions, please see HCD's AFFH Guidance Memo (starting on p. 72) at <https://www.hcd.ca.gov/planning-and-community-development/affirmatively-furthering-fair-housing>.

4. *Local governments shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the Housing Element, and the element shall describe this effort. (Gov. Code, § 65583, subd.(c)(9).)*

While the element was revised to state that all economic segments of the population were engaged. The element should clarify how all economic segments were reached and which organizations were contacted and participated in the process beyond HIP housing and Vista Center.

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. During the housing element revision process, the City must continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available while considering and incorporating comments where appropriate. Please be aware, any revisions to the element must be posted on the local government's website and to email a link to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting to HCD.

The element will meet the statutory requirements of State Housing Element Law once it has been revised and re-adopted, if necessary, to comply with the above requirements.

Chapter 654, Statutes of 2022 (AB 2339), adds specificity on how cities and counties plan for emergency shelters and ensure sufficient and suitable capacity. Future submittals of the housing element may need to address these statutory requirements. For additional information and timing requirements, please see HCD's memo at <https://www.hcd.ca.gov/sites/default/files/docs/planning-and-community/ab2339-notice.pdf>.

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

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

HCD appreciates the hard work and dedication that the housing element team, particularly Lisa Porras, provided throughout the housing element update and review. The City has made tremendous strides toward addressing the housing needs of the community and complying with housing element law. HCD applauds the City's approach to addressing the projected housing needs and collaborating with other jurisdictions in the County. We are committed to assist the City in addressing all statutory requirements of State Housing Element Law and look forward to working with the City. If you have any questions or need additional technical assistance, please contact Hillary Prasad, of our staff, at Hillary.Prasad@hcd.ca.gov.

Sincerely,



Paul McDougall
Senior Program Manager