



Housing Element: Needs Assessment

A. Population and Employment Trends

Housing needs are influenced by population and employment trends. This section provides a summary of changes to the population size, age, and racial/ethnic composition, as well as current employment conditions of the City of San Carlos.

Current Population and Projected Population Growth

Between 2010 and 2020, as reported by the California Department of Finance, the population of San Carlos grew approximately six percent, from 28,406 to 30,145 residents. Compared with the County of San Mateo, which experienced a 7.6 percent increase from 2010 to 2020, San Carlos' growth rate was less. The Association of Bay Area Governments (ABAG) growth forecasts predict a steady increase in population through 2030. From 2020 to 2030, ABAG estimates that the City's population will grow by 12.5 percent, while countywide population is expected to increase by 10.4 percent; however, both are forecasted to grow less from 2030 to 2040 than the previous decade (see Table 1).

Table 1: Population and Projected Growth

Area	2010	2020	2030	2040	Change 2010-2020	Projected Change 2020-2030	Projected Change 2030-2040
San Carlos	28,406	30,145	33,915	35,250	6.1%	12.5%	3.9%
San Mateo County	718,451	773,244	853,260	916,590	7.6%	10.4%	7.4%

Source: CA Department of Finance E-5 Population and Housing Estimates, ABAG Growth Forecasts (Plan Bay Area Projections 2040)

In addition to population projections, several other demographic characteristics and trends inform housing needs. Among these characteristics are age composition, racial and ethnic composition, and employment.

Table 2: Age, Race and Ethnicity, and Employment by Industry

Demographic Profile	2010	2018
Age		
0-19	7,070 (25%)	7,754 (26%)
20-44	8,462 (30%)	8,522 (28%)
45-64	8,827 (31%)	9,146 (30%)
65+	4,047 (14%)	4,658 (16%)
Median Age	42.6	42.2
Race/Ethnicity		
White (non-Hispanic)	21,830 (73%)	22,612 (75%)
Hispanic	3,283 (11%)	2,579 (9%)
Black	394 (1.3%)	205 (0.7%)
Asian/Pacific Islander	4,378 (15%)	4,992 (17%)
Other	1,234 (4%)	466 (1.5%)
Employment by Industry		
Educational services, and health care and social assistance	2,852 (20%)	3,344 (21%)
Retail trade	1,282 (9%)	1,001 (6%)
Manufacturing	1,657 (12%)	1,785 (11%)
Professional, scientific, and management, and administrative and waste management services	3,019 (21%)	3,837 (24%)
Construction	593 (4%)	672 (4%)
Arts, entertainment, and recreation, and accommodation and food services	709 (5%)	716 (4%)
Finance and insurance, and real estate and rental and leasing	1,192 (8%)	1,725 (11%)
Other services, except public administration	577 (4%)	510 (3%)
Transportation and warehousing, and utilities	286 (2%)	554 (3%)
Public Administration	589 (4%)	493 (3%)
Wholesale Trade	482 (3%)	303 (2%)
Information	883 (6%)	1,174 (7%)
Agriculture, forestry, fishing and hunting, and mining	0 (0%)	15 (0.1%)

Source: US Census Bureau 2010, 2018 5-Year Estimates

Age

Population age distribution serves as an important indicator of housing needs because housing needs and preferences change as individuals or households grow older. Young families tend to focus more on cost and the ability to become first-time homebuyers. Table 2 shows the age distribution of San Carlos residents. In 2018, the 45-64 age group constituted the largest age group at approximately 30 percent, followed by the 20-44 age group at 28 percent. Compared with 2010, persons between 45-64 age continued to be the largest age group at 31 percent followed by persons between 20-44 at 30 percent maintaining its position as the second largest age group. The median age in the city is 42.2 years. Compared with the County (39.6 years) and the State (36.3 years), San Carlos's population is older. Since the age group 20-44 is the second largest at 28 percent, the need for larger units, at a range of income levels young families grow is likely to increase.

Race and Ethnicity

Table 2 also shows the racial/ethnic distribution of population in San Carlos. White (75 percent) and Asian/ Pacific Islander (17 percent) residents make up most of the City's population. Compared with the County of San Mateo, San Carlos has a higher percentage of White residents (75 percent compared to the County's 51 percent) and lower percentage of Asian/Pacific Islander residents (16 percent compared to 30 percent). Since 2010, the percentage of White residents and Asian/Pacific Islander residents have both increased by two percentage points, while Black and Hispanic residents have decreased (0.6 and two percent, respectively).

Employment

Residents in San Carlos are primarily employed in professional, scientific, management, and administrative and waste management services (24 percent), and educational services, health care and social assistance (21 percent). The average salary for professional, scientific, and management, and administrative and waste management services jobs is \$126,060 a year while those in and educational services, and health care and social assistance make, on average, \$66,359. A large salary gap between the two major industries occurs in San Carlos. Employment characteristics are important as they have a direct relationship with

income. In San Carlos, the industries in which most residents work have high median earning potential.

According to the 2017 Economic Census prepared by the U.S. Census Bureau, most (92 percent) employed residents work outside of San Carlos. In addition to the estimated 985 residents who live and work in San Carlos, over 13,000 workers commute into San Carlos for their jobs. Major employers in San Carlos are outlined in Table 3.

Table 3: Top 10 Employers in San Carlos

Employer	Number of Employees
Palo Alto Medical Foundation	500
Natera Inc.	405
Pacific Gas & Electric Co.	284
Recology San Mateo County	240
Novartis Pharmaceuticals	230
Oportun Inc.	219
Delta Star Inc.	216
The Home Depot #0628	212
Check Point Software Tech Inc.	208
SC Transit Village, Inc.	202

Source: City of San Carlos Comprehensive Annual Financial Report July 1, 2018 – June 30, 2019

B. Household Characteristics

San Carlos household characteristics are summarized in Table 4. According to Census estimates, the number of households in San Carlos increased by 319 between 2010 and 2018. At the same time, the population has increased by an estimated 1,700 people, indicating an overall increase in household size.

Housing tenure refers to the occupancy of a housing unit—whether the unit is owner-occupied or renter-occupied. Housing tenure is influenced by demographic factors (e.g., household income, composition, and age of the householder), as

well as housing cost. Nearly three-quarters (72 percent) of San Carlos households own their homes.

Income

The median household income for San Carlos (\$169,694 in 2018) is higher than the county of San Mateo median household income (\$113,776). In San Carlos, on average, owner households have a significantly higher median income (\$208,250) than renter households (\$91,250), a trend that is also reflected in San Mateo County, where owner median income is \$140,665 and renter median income is \$84,298.

The Census estimates that in San Carlos, three percent of residents live in poverty. The poverty threshold is set by the U.S. government to indicate the least amount of income a person or family needs to meet their basic needs. Poverty thresholds are established based on family size and are updated annually in relation to the Consumer Price Index, but do not vary geographically. In San Carlos, certain populations are much more likely to be living in poverty. For example, 24 percent of Black/African American residents, seven percent of Hispanic residents, and 11 percent of residents with less than a high school degree are living in poverty. The proportion of people living in poverty in San Carlos is lower than the county of San Mateo at large, where nearly six percent of residents live in poverty.

Because poverty thresholds do not differ based on geographic differences, a better measure to understand income disparities can be to identify various percentages compared to the median income for a particular area. For housing planning and funding purposes, the Department of Housing and Urban Development (HUD) uses five income categories to evaluate housing need based on the Area Median Income (AMI) for the county:

- Extremely Low-Income Households earn 0-30 percent of AMI
- Very Low-Income Households earn 30-50 percent of AMI
- Low-Income Households earn 50-80 percent of AMI
- Moderate-Income Households earn 80-100 percent of AMI (HCD uses 120%)

- Above Moderate-Income Households earn over 100 percent of AMI (HCD uses 120%+)

The number and percentage of residents within each of these categories is listed in Table 4. Nearly half (45 percent) of renter households are in the lower income categories (0-80 percent AMI); 20 percent of owners are lower income.

Table 4: Household Characteristic by Tenure

Household Characteristic	Owner Households	Renter Households	All Households
Number of Households ¹	8,148 (72%)	3,179 (28%)	11,327
Median Household Income ¹	\$208,250	\$91,250	\$169,640
Household Income Categories ²			
Extremely Low Income (0-30% AMI)	500 (6%)	400 (12%)	900 (8%)
Very Low Income (30-50% AMI)	470 (6%)	425 (13%)	895 (8%)
Low Income (50-80% AMI)	610 (8%)	650 (20%)	1,260 (11%)
Moderate Income (80-100% AMI)	505 (6%)	395 (12%)	900 (8%)
Above Moderate Income (100%+ AMI)	6030 (74%)	1,380 (42%)	7,410 (65%)
Total number of projected Extremely Low-Income Households (RHNA) ²	N/A	N/A	325
Overpayment			
All Households Overpaying for Housing ²	1,940 (24%)	1,225 (38%)	3,165 (28%)
Lower Income Households Overpaying for Housing ²	970 (61%)	1,080 (73%)	2,050 (67%)

Note 1 Source: U.S. Census Bureau 2018 5-Year Estimates

Note 2 Source: U.S. Department of Housing and Urban Development Comprehensive Housing Affordability Strategy (CHAS) Tables 2013-2017

Housing Overpayment

State and federal standards specify that households spending more than 30 percent of gross annual income on housing experience a housing cost burden.

Housing cost burdens occur when housing costs increase faster than household income. When a household spends more than 30 percent of its income on housing costs, it has less disposable income for other necessities such as health care, childcare, and food. In the event of unexpected circumstances such as loss of employment or health problems, lower-income households with a housing cost burden are more likely to become homeless or double up with other households. In San Carlos, 28 percent of households are overpaying for housing. The situation is much starker for lower income households, where 67 percent are overpaying for housing. Almost three-quarters (73 percent) of lower income renters are overpaying for housing, and 61 percent of lower income owners are overpaying for housing.

C. Housing Stock Characteristics

Housing Stock

In 2020, the Department of Finance reported 12,385 housing units in the San Carlos. According to the City's building permit records, between 2010 and 2019, the local housing stock has increased by 550 units. Most of the City's housing stock is made up of single-family attached and detached homes (72 percent) with the remaining 28 percent multi-family. Census data indicates that 0.2 percent of owner units and 3.1 percent of rental units are vacant.

San Carlos was developed as a community of single-family dwelling units and has primarily remained as such. Single-family structures make up 72 percent of the City's housing stock, with multi-family comprising 28 percent and mobile homes and other housing representing 0.26 percent.

Table 5: Owner and Renter Housing Characteristic

Housing Characteristic	Owner Households	Renter Households	All Housing Units/ Households
Total Housing units	N/A	N/A	12,385
Single-Family Detached			8,394 (68%)
Single-Family Attached			540 (4%)
Multi-Family Units			3,419 (28%)
Mobile Home/Other			32 (.26%)
Median Household Size			2.57
Total Households	69%	27%	
Vacancy Rate	0.2%	3.1%	516 (4%)
Overcrowded Units	86	142	228
Units Needing Replacement/Rehabilitation	N/A	N/A	2
Housing Cost	\$1,970,500	\$2,182	N/A

Sources: 2020 CA Department of Finance E-5 Population and Housing Estimates, US Census Bureau 2018 5-Year Estimates, CoreLogic August 2020

Overcrowding

In response to a mismatch between household income and housing costs in a community, some households may not be able to buy or rent housing that provides a reasonable level of privacy and space. According to both California and federal standards, a housing unit is considered overcrowded if it is occupied by more than one person per room (excluding kitchens, bathrooms, and halls). In San Carlos, two percent of occupied housing units are overcrowded. Overcrowding is more prevalent in rental units (four percent).

Housing Condition

The condition of housing stock can be an indicator of potential rehabilitation needs. Based upon observations and experiences of the San Carlos Building Official, the City estimates that in 2020, fewer than two housing units are in

severe need of replacement or substantial rehabilitation due to housing conditions.

Housing Cost

The cost of housing in a community is directly correlated to the number of housing problems and affordability issues. High housing costs can price low-income families out of the market, cause extreme cost burdens, or force households into overcrowded or substandard conditions. The San Carlos median home price in August 2020, based on information provided by CoreLogic, was \$1,970,500. This was 15.9 percent higher than the median price in August 2019. The August 2020 median home price was \$503,000 higher than in San Mateo County at large.

More than a quarter (28 percent) of San Carlos households are renters. There are limited sources that provide median or average rents for a specific geography. The Census estimates the average rent between 2013 and 2018 in San Carlos was \$2,182 per month with most (26 percent) paying between \$2,000 and \$2,499 in rent. These estimates appear significantly lower than current (2020) searches through search engines such as Zillow, Trulia, Zumper, etc. Rentjungle.com provides a median rent by month for jurisdiction and reported an average rent of \$2,738 in August 2020 (\$2,402 for one-bedroom units and \$3,143 for two-bedroom units) in San Carlos. Table 6 shows that the HUD-determined fair market rents for San Mateo County fall within these range of the rents within San Carlos. Therefore, the average rental rates in San Carlos generally are less than the HUD determined fair market rents, indicating that certain parts of San Mateo County are potentially more expensive than local rents.

Table 6: Fair Market Rents in San Mateo County

Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2020 FMR	\$2,197	\$2,720	\$3,339	\$4,365	\$4,657

Source: FY2020 Fair Market Rents. U.S Department of Housing and Urban Development (HUD)

D. Special Housing Needs

Housing Element law requires local governments to include an analysis of housing needs for residents in specific special needs groups and to identify resources available to address these needs.

Table 7: Special Needs Groups in San Carlos

Special Needs Category	Count	Percent
Persons with Disabilities	1,988 persons	7% of residents
Persons with Developmental Disabilities ¹	123 persons	0.4% of residents
Elderly (65+ years)	4,658 persons 2,773 households	15% of residents 24% of households
Large Households (5+ members)	697 households	6% of households
Farmworkers	15 persons	0.1% of labor force
Female Headed Households	906 households	8% of households
People Experiencing Homelessness	30 persons	0.001%

Note 1: Reflects the consumer count by ZIP Code (94070) as reported by the California Department of Development Services

All Other Rows Source: US Census Bureau 2018 5-Year Estimates, California Department of Developmental Services (DDS)

Persons with Disabilities including Persons with Developmental Disabilities

Disabled residents face housing access and safety challenges. Disabled people, in most cases, are of limited incomes and often receive Social Security income only. As such, most of their monthly income is often devoted to housing costs. In addition, disabled persons may face difficulty finding accessible housing (housing that is made accessible to people with disabilities through the positioning of appliances and fixtures, the heights of installations and cabinets, layout of unit to facilitate wheelchair movement, etc.) because of the limited number of such units.

There are 1,988 residents with disabilities in San Carlos, representing seven percent of total residents. Many residents with disabilities are 75 years and older (41 percent). A total of 689 people with disabilities live in poverty, representing 78 percent of those living in poverty and 2.3 percent of the total resident population.

The State Department of Developmental Services (DDS) currently provides community-based services to persons with developmental disabilities and their families through a statewide system of 21 regional centers. The Golden Gate Regional Center serves residents in San Carlos. The center is a private, non-profit community agency that contracts with local service providers to offer a wide range of services to individuals with developmental disabilities and their families. In San Carlos (as represented by ZIP Code 94070), 123 persons are reported as consumers of the services provided at the local Regional Center. Of these, 70 clients are above the age of 18 (57 percent) and 53 clients are between the age of 0 and 17 (43 percent).

Elderly (65+ years)

Many senior-headed households have special needs due to their relatively low incomes, disabilities or limitations, and dependency needs. Specifically, many people aged 65 years and older live alone and may have difficulty maintaining their homes, are usually retired and living on a limited income, and are more likely to have high health care costs and rely on public transportation, especially those with disabilities. The limited income of many elderly persons often makes it difficult for them to find affordable housing.

There are 4,658 elderly residents in San Carlos, representing 16 percent of the population. Nearly one-quarter (24 percent) of San Carlos households are headed by elderly residents (2,773 households). Four percent of seniors (194 elderly residents) live in poverty. In San Carlos, 878 people of all ages live in poverty (three percent of the total population).

Large Households (5+ members)

Large households, defined by HCD as households containing five or more persons, have special housing needs due to the limited availability of adequately sized, affordable housing units. Larger units can be very expensive; as such, large households are often forced to reside in smaller, less expensive units or double-up with other families or extended family to save on housing costs, both of which may result in unit overcrowding.

In San Carlos, there are 697 large households (six percent of total households). The majority (86 percent) of these households own their homes (600 households) while 14 percent are renters. An estimated 1.5 percent of families living in poverty; it is estimated that none of these are large families.

Farmworkers

Due to the high cost of housing and low wages, a significant number of migrant farm workers have difficulty finding affordable, safe, and sanitary housing. In San Carlos, 15 residents work in agriculture, forestry, fishing and hunting, and mining occupations, and can be assumed to be farmworkers. This represents only 0.09 percent of the workforce. Maps from the State of California Department of Conservation Farmland Mapping and Monitoring Program show no farmland in San Carlos. Due to the low number of agricultural workers in the city, the housing needs of migrant and/or farm worker housing need can be met through general affordable housing programs.

Female Headed Households

Single-parent households require special consideration and assistance because of the greater need for childcare, health care, and other services. In particular, female-headed households with children tend to have lower incomes and a greater need for affordable housing and accessible childcare and other supportive services. The relatively low incomes earned by female-headed households, combined with the increased need for supportive services, can severely limit housing options.

In San Carlos, 906 female-headed households represent eight percent of total households. Of these, 58 percent own their home and 42 percent rent. A greater proportion of female-headed households are renters compared to the city as a whole (42 percent and 28 percent, respectively). Of all households living in poverty, 0.8 percent (67 households) are female-headed households.

People Experiencing Homelessness

Population estimates for people experiencing homelessness can be difficult to quantify. Census information is often unreliable due to the difficulty of efficiently counting a population without permanent residences. Given this impediment, a point-in-time count is conducted throughout many jurisdictions in the country during the last week in January. In 2019, 30 unsheltered individuals were identified in San Carlos during the point-in-time count, which is 3.3 percent of the total number of unsheltered individuals in San Mateo County. In 2017, 28 unsheltered individuals were counted in San Carlos.

There are no homeless shelters in the San Carlos; however, there are shelters and resources in cities nearby. The closest resources are in Redwood City about three miles away. LifeMoves Redwood Family House is an organization that works to return people to stable housing and provides shelter in the interim. Redwood City also has two shelters, Daybreak Shelter (transitional housing for homeless teens) and LifeMoves Maple Street Shelter.

E. Energy Conservation Opportunities

Energy-related housing costs can directly impact the affordability of housing. While California Building Code standards contain mandatory energy efficiency requirements for new development, the City and utility providers are also important resources to encourage and facilitate energy conservation and to help residents minimize energy-related expenses. Policies addressing climate change and energy conservation are integrated into the San Carlos General Plan, including ACTION EM-3.1: Implement Climate Action Plan measures to require tree planting. The City is in the process of developing a new Climate Mitigation and Adaptation Plan (“CMAP”) that will set greenhouse gas (GHG) reduction

targets for 2030 and 2050 and identify strategies to meet the new targets and adapt to the impacts of climate change.

San Carlos residents have access to resources that support energy efficiency and renewable energy. The Bay Area Regional Energy Network (BAYREN) provides free energy evaluations that connect owners with qualified contractors and rebates for energy upgrades. The HomeIntel program is a part of PG&E; this program provides customers with plans to reduce wasted energy in their homes. The Property Assessed Clean Energy Financing (PACE) program allows residents to borrow loans for energy upgrades, which are then paid back through property taxes. There are also three programs to help residents utilize solar energy: Bay Area SunShares, LetsGoSolar, and PG&E Solar Education Opportunities.

San Mateo County and all 20 of its cities and towns formed Peninsula Clean Energy, a community-controlled, not-for-profit, joint powers agency. Peninsula Clean Energy serves all of San Mateo County with cleaner energy at low rates. Residents may enroll in a program drawing 50 percent of electricity from renewables, or for an additional fee, 100 percent of electricity from renewables.

F. At-Risk Housing Analysis

State housing law requires an inventory and analysis of government-assisted dwelling units eligible for conversion from lower income housing to market rate housing during the next ten years. Reasons for this conversion may include expiration of subsidies, mortgage pre-payments or pay-offs, and concurrent expiration of affordability restrictions.

Based on City records and information from the California Housing Partnership Corporation, in the next 10 years (2021-2031), no assisted housing developments in San Carlos are at risk of losing affordability.

Pursuant to Government Code Section 65863.11, the state maintains a list of “Entities Interested in Participating in California's First Right of Refusal Program” at <https://www.hcd.ca.gov/policy-research/docs/HPD-00-01.xlsx>. This list includes various entities working in San Mateo County and several entities

interested in properties located in any county. If a development becomes at risk of conversion to market-rate housing, the City will maintain contact with local organizations and housing providers who may have an interest in acquiring at-risk units and will assist other organizations in applying for funding to acquire at-risk units.

G. Projected Housing Need (RHNA)

Housing Element law requires a quantification of each jurisdiction’s share of the regional housing need as established in the plan prepared by the jurisdiction’s council of governments. The California Department of Housing and Community Development (HCD), in conjunction with ABAG, determine a projected housing need for the Bay Area, including the counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma. This share, known as the Regional Housing Needs Allocation (RHNA), is projected to be 441,176 new housing units for the 2023-2031 planning period throughout the ABAG region. ABAG has, in turn, allocated this share among its constituent jurisdictions, distributing to each a RHNA divided into income levels. The City of San Carlos has an estimated RHNA of 2,390 housing units to accommodate in the housing element period. The income distribution is as shown in Table 8.

Table 8: Regional Housing Needs Allocation 2022-2030

Income Group	% of County AMI	Number of Units Allocated	Percent of Total Allocation
Very Low ¹	0-50%	650	27%
Low	>50-80%	370	15%
Moderate	>80-120%	380	16%
Above Moderate	120%+	990	41%
Total	---	2,390	

Note 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 650 units can be split into 325 extremely low-income and 325 very low-income units.