



# CITY OF SAN MATEO

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## Agenda Report

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**TO:** City Council  
**FROM:** Drew Corbett, City Manager  
**PREPARED BY:** Community Development Department  
**MEETING DATE:** March 20, 2023

**SUBJECT:**

General Plan, Housing Element, and Housing Successor Agency – 2022 Annual Progress Reports

**RECOMMENDATION:**

Accept the Annual Progress Reports for General Plan, Housing Element, and Housing Successor Agency, and direct the Community Development Director to file the reports with the State of California.

**BACKGROUND:**

Government Code Sections 65400 and 65700 require local planning agencies to submit an Annual Progress Report (APR) on the status of their General Plan and Housing Element implementation to the local legislative body. The APR is then required to be submitted to California Department of Housing and Community Development (HCD) and Office of Planning and Research (OPR) by April 1<sup>st</sup> of each year. Therefore, the City's Community Development Department (CDD) is seeking acceptance of the General Plan and Housing Element Annual Progress Reports (Attachments 1 and 2) by City Council, prior to submittal to OPR and HCD.

The City's annual Housing Successor Report, as required pursuant to California Health and Safety Code Section 34176.1(f), is included as Attachment 3. This report provides details of the housing funds, assets, and activities of the City of San Mateo, which is acting as the Housing Successor Agency of the former Redevelopment Agency of the City of San Mateo.

**General Plan Annual Progress Report Summary**

The General Plan is a State-mandated document that sets the framework for the City's physical, social, and economic development into the future. In 2018, California Government Code Section 65700(b) was amended to make the General Plan APR requirement applicable to charter cities. In prior years, charter cities were only required to submit an APR that documented progress made toward implementing their certified Housing Element. The City submitted its first General Plan APR in 2020.

The City's General Plan APR (Attachment 1) highlights the accomplishments in 2022 in implementing land use related goals, policies, and actions. Through the accomplishments highlighted in the APR, the City continues to work to achieve a healthy economic, social, and physical environment to serve the San Mateo community. The APR includes the following key information:

- Planning activities initiated or completed by the City in 2022;
- Highlights of major planning applications approved in 2022;
- Building permit and construction status of major development projects; and
- Implementation summary of General Plan goals, policies and actions pertaining to land use.

However, it should be noted that the City’s primary focus has been on making progress on the General Plan Update, which will be a comprehensive update to the General Plan through 2040. Currently, the target timeline for the General Plan Update is to have it ready for City Council adoption by the end of 2023.

### Housing Element Annual Progress Report Summary

While the Housing Element is a part of the General Plan, the Housing Element APR is subject to additional and specific requirements not applicable to other elements of the General Plan. The Housing Element APR has been prepared pursuant to California Government Code Section 65400 and includes a detailed accounting of all housing projects submitted, reviewed, entitled, and constructed in the City in 2022. The APR also provides an update on the implementation on each of the Housing Element’s policies and programs to achieve the City’s housing vision.

This is the eighth APR on the City’s Housing Element for the 2015-2023 housing cycle, and it includes the following information:

- Progress report on implementation of the Housing Element programs (Attachment 2 - Table B):
- Progress in meeting the City’s share of regional housing needs assessment (RHNA) by income level;
- Information on the types of housing units that were issued building permits, as well as those that were completed; and
- Information on number of planning applications submitted, as well as those that were approved.

During the 2022 reporting period, the City made progress on the Housing Element implementation, including the following achievements:

- Kiku Crossing, a 225-unit affordable housing project began construction, which will contribute to the City’s progress is meeting its affordable housing goals;
- Accessory Dwelling Unit (ADU) production, both permits issued and units finaled (construction completed), increased significantly in 2022;
- An SB 9 Ordinance that allows up to two detached or attached primary housing units on one parcel, establishes objective standards, and regulates subdivision of parcels in single-family zoned areas in accordance with State law was adopted; and
- A policy that sets standards for mechanical parking lift systems in multi-family residential projects was adopted.

Table 1 below summarizes some of the key data contained in Table A-2 regarding housing units and their affordability levels, included in planning applications submitted and approved in 2022; as well as building permits issued and completed (certificate of occupancy). Per HCD definition, applications submitted are applications that have been determined complete by the jurisdiction.

<b>Table 1 - 2022 Housing Units Summary Table</b>	<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Above Moderate</b>	<b>Total</b>	<b>Report Table</b>
<b>Planning Applications</b>						
Units Submitted	109	39	29	1,492	1,669	Table A
Units Disapproved	0	0	0	0	0	Table A
Total Units Approved	4	8	2	109	123	Table A
<b>Building Permits</b>						
Permit Issued	121	132	42	73	368	Table A-2
Certificate of Occupancy	11	20	25	193	249	Table A-2

Tables A and A-2 in the attached APR also indicate what type of housing units are approved and built. In addition to regular housing units, the production of accessory dwelling units (ADUs) is also included in the housing numbers outlined in Table 1. In 2022, 84 ADU building permits were issued and 53 ADU permits were finaled. For comparison, in 2021, 68 ADU

permits were issued and 24 ADU permits were finalized.

For past APRs, all ADUs were counted as Above Moderate (market rate) units. However, based on research and survey work completed by the Association of Bay Area Governments (ABAG), a technical report was published in 2021 that found ADUs often meet lower income affordability requirements based on the incomes of the occupants and/or their rental rates. Based on these findings, local jurisdictions are justified in allocating affordability assumptions to permitted ADUs across the income levels to meet their affordable housing allocations.<sup>1</sup> The recommended affordability breakdown by income level that a Bay Area jurisdiction can use for ADUs, which is as noted as being conservative, is 30% of ADUs as Very Low Income, 30% as Low Income, 30% as Moderate Income and 10% as Above Moderate Income. The report also notes that if a jurisdiction has fair housing concerns, they may want to use more conservative assumptions and apply 5% Very Low Income, 30% Low Income, 50% Moderate Income and 15% Above Moderate Income for their affordability assumptions. This technical report, which was prepared in consultation with HCD, and 21 Elements, a planning and housing collaborative forum for San Mateo County jurisdictions, has confirmed that past APRs can be amended to get BMR credit for ADUs constructed in past years of this current housing cycle.

The 2021 APR was amended and resubmitted to HCD with an updated breakdown of ADUs by income level. To ensure that the affordability breakdown for ADUs is most reflective of the market conditions in San Mateo, staff is using a very conservative affordability breakdown for ADUs of 35% at Low Income, 50% at Moderate income, and 15% at Above Moderate income. Table 2 below summarizes the ADU production by income level for the past eight years of the current housing cycle that has been submitted to HCD.

**Table 2 – ADU Affordability Breakdown by Year**

	2015	2016	2017	2018	2019	2020	2021	2022	Total
<b>Total ADU Building Permits Issued</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>8</b>	<b>45</b>	<b>52</b>	<b>68</b>	<b>84</b>	<b>271</b>
Low Income ADUs	1	1	2	3	15	18	24	29	93
Moderate Income ADUs	2	2	4	4	23	26	34	42	137
Above Moderate Income ADUs	1	0	1	1	7	8	10	13	41

Table B in the attached APR shows the progress of housing unit production by affordability level as defined by issuance of building permits for the past eight years of the current housing cycle (2015-2023). These numbers illustrate that the City has achieved nearly 81% of its allocation for total new housing units. Table 3 below summarizes the City's RHNA allocation and housing production through the end of 2022.

**Table 3 – RHNA and Housing Construction by Year**

	2015	2016	2017	2018	2019	2020	2021	2022	Total Units	Total RHNA
<b>Total Housing Units</b>	<b>591</b>	<b>189</b>	<b>465</b>	<b>90</b>	<b>386</b>	<b>96</b>	<b>317</b>	<b>368</b>	<b>2,501</b>	<b>3,100</b>
Very Low Income Units	0	12	37	7	67	3	0	121	247	859
Low Income Units	23	3	0	0	25	1	41	132	222	469
Moderate Income Units	88	2	4	0	0	0	37	42	175	530
Above Moderate-Income Units	480	172	424	83	294	92	239	73	1,857	1,242

These totals reflect the updated ADU affordability breakdown.

<sup>1</sup> Association of Bay Area Governments, "Affordability of Accessory Dwelling Units", Table 4 (Peninsula Market Rents/ Not Rented to Friends and Family), September 2021.

Table H includes information on one City-owned surplus site, which has received a proposal for a new housing development project. For the 2022 reporting period, three new tables were added: Table I – Lot Splits, Table J – Student Housing Developments with a Density Bonus and a table to report on the Local Early Action Program (LEAP) grant accomplishments. The City did not have anything to report in Table C – Sites Identified or Rezoned to Accommodate Shortfall Housing Need and No Net Loss Law, Table E – Commercial Development Bonus Approved, Table F – Units Rehabilitated, Preserved and Acquired for Alternative Adequate Sites and Table J – Student Housing Developments with a Density Bonus. The City did not have any projects or sites that met the reporting criteria in those tables.

### **Housing Successor Report Summary**

The purpose of the Housing Successor Report (Attachment 3) is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the City of San Mateo acting as the Housing Successor of the former Redevelopment Agency of the City of San Mateo under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (the Dissolution Law) for the fiscal year July 1, 2021 to June 30, 2022.

During the fiscal year 2021-22 reporting period the City received \$346,455 in new revenues from loan repayments, which contributed to a fund balance of \$1,132,846 as of June 30, 2022. The \$2,850,000 subsidy for the Kiku Crossing affordable housing project was also drawn from this fund during the fiscal year 2021-22 reporting period.

### **BUDGET IMPACT:**

There is no impact on the General Fund for this report.

### **ENVIRONMENTAL DETERMINATION:**

This Annual Progress Reports on the General Plan, Housing Element and Housing Successor Agency are not a project subject to CEQA, because they are an organizational or administrative activity that will not result in direct or indirect physical changes in the environment (CEQA Guidelines Section 15378(b)(5)).

### **NOTICE PROVIDED**

All meeting noticing requirements were met.

### **ATTACHMENTS**

Att 1 – General Plan Annual Progress Report, 2022  
Att 2 – Housing Element Annual Progress Report, 2022  
Att 3 – Annual Housing Successor Report, 2021-2022

### **STAFF CONTACT**

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