Affordable Housing in a "High-Tech Mayberry":
Site Selection and Policy Tools for San Mateo County, California

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Abstract

California’s Affordable Housing & Sustainable Communities (AHSC) program offers gap financing to affordable housing developments and infrastructure projects that demonstrate reductions in greenhouse gas emissions. Funded through revenue from the state’s carbon cap-and-trade market and motivated by statewide requirements to incentivize compact infill development near transit, AHSC challenges affordable housing developers, transit agencies, and city staff to work collaboratively to address issues of congestion, displacement, and transit access in the context of far-reaching sustainability goals. However, AHSC requirements in its inaugural year (2014-2015) favored projects in California’s largest, densest cities, leaving suburban communities skeptical of their ability to tap into the state’s largest new pot of funding for affordable housing.

One such place is San Mateo County, California, the suburban region on the San Francisco Peninsula that connects San Francisco to San Jose and Silicon Valley. It is within the context of the AHSC program in San Mateo County that I pose the question: to what extent should affluent suburban communities assume a portion of the region’s overall housing needs? I consider three scholarly discussions – suburbanization of poverty, spatial mismatch theory, and exclusionary housing policy – together to forge an alternative conception of affluent, transit-rich, and diverse inner-ring suburbs and their obligations to steward affordable housing development. To implement this conception on the ground, I consider the opportunities and barriers to affordable housing development in San Mateo County, identify sites that would be competitive for future rounds of AHSC funding, and propose policies and programs to protect critical sites.
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Context Maps of San Mateo County
Chapter 1: Introduction

San Mateo County, California, is a suburban region on the San Francisco Peninsula that connects San Francisco to San Jose and Silicon Valley. Originally a summer retreat for San Francisco’s Gold Rush elite that grew around a heavy commuter and shipping rail, San Mateo County has evolved into a network of 21 affluent, diverse, and transit-accessible small cities. While San Mateo County’s suburban cities have remained notoriously limited in their housing production for nearly five decades, the county as a whole has begun to capture a growing share of the booming commercial sector – and with it, skyrocketing rents, a changing demographic, and a renewed call to address a growing housing affordability crisis head on.

California’s Affordable Housing & Sustainable Communities (AHSC) program offers gap financing to affordable housing developments and infrastructure projects that reduce greenhouse gas emissions. Funded through revenue from the state’s carbon cap-and-trade market and motivated by statewide requirements to incentivize compact infill development near transit, AHSC challenges affordable housing developers, transit agencies, and city staff to work collaboratively to address issues of congestion, displacement, and transit access in the context of far-reaching sustainability goals. However, AHSC requirements in its inaugural year (2014-2015) favored projects in California’s largest, densest cities, leaving suburban communities skeptical of their ability to tap into the state’s largest new pot of funding for affordable housing.

It is within the context of the AHSC program in San Mateo County that I pose the question: to what extent should affluent suburban communities assume a portion of the region’s overall housing needs? I consider three scholarly discussions – suburbanization of poverty, spatial mismatch theory, and exclusionary housing policy – together to forge an alternative conception of affluent, transit-rich, and diverse inner-ring suburbs and their obligation to steward affordable housing development. To implement this vision on the ground, I consider the opportunities and barriers to affordable housing development in San Mateo County, identify sites that would be competitive for future rounds of AHSC funding, and propose policies and programs to protect critical sites.
1.1 – Purpose and research questions

In this thesis, I seek to complicate the popular conception of suburbs as affluent, exclusionary enclaves for wealthy, white homeowners. I do not wish to cast aside a history of suburbs connected to urban core disinvestment and racial exclusion, but I do seek to link places like San Mateo County into trends of industrialization, displacement, and poverty that suburban observers have tended to ignore (Bratt and Vladeck 2014; M. Orfield and Luce 2013). Even in suburban cities that are generally supportive of growth and development – of which I would argue San Mateo County has many – rising rents and low housing production point to a need to reassess a suburb’s conception of itself as a bedroom community and shoulder a share of the region’s response to its affordability crisis.

Unlike existing literature on affordable housing in suburban communities, I do not assume that new affordable housing will primarily serve urban renters “moving to opportunity” (Briggs 2005). Instead, I acknowledge the diverse demographic makeup of the status quo, highlighting the hidden poverty and threat of displacement that is the result of decades of limited housing production in the face of a booming commercial sector. This case also offers a counterfactual for the literature on the suburbanization of poverty, unpacking the meaning of an older, inner-ring suburb that isn’t growing more affordable as its adjacent urban housing market heats up.

From a practical perspective, I include an investigation of specific sites suitable for development of new affordable housing that can help to alleviate the housing crisis. While this exercise may prove most helpful to non-profit affordable housing developers hoping to pursue AHSC funds in San Mateo County, it also serves to illuminate the many opportunities for affordable housing development that are located in places that were thought to have none.

In order to evaluate the opportunities, challenges, and motivations of affordable housing development in affluent suburban communities, I explore the following three research questions:

1. To what extent should affluent suburban communities assume a portion of the region’s overall housing needs?
2. If we believe that affluent suburban communities should support affordable housing development, what policies and incentives are needed to enable the obligation to become a reality?

3. Specifically, do opportunities exist within suburban areas like San Mateo County to pursue AHSC funds, connecting affordable housing development to high-quality transit?

1.2 – Methodology

This thesis offers an in-depth case study of San Mateo County, an affluent suburban county in the San Francisco Bay Area. Concerns about housing affordability have helped motivate residents and officials to pursue AHSC funds, but these groups are unsure of how to overcome substantial barriers to affordable housing development. From a national housing policy perspective, this case study is an outlier for several reasons: AHSC is unique to California, from its program origins to its funding mechanism; the Bay Area’s affordability crisis is among the worst of any U.S. metropolitan area; and the county sits on a peninsula, constraining its supply of developable land. I would argue, however, that San Mateo County offers a prototype for transit-accessible suburbs throughout the United States. As housing markets in economically rich urban areas continue to heat up, suburban communities in these regions will likely feel the impact of rising rents, pressure to support density near transit, and regional demands to construct new, dense housing – affordable or otherwise. The ways in which suburban communities respond to the affordability crisis within their own city limits will have repercussions for the region at large.

I used a mix of data collection methods to understand the role of affordable housing in the suburban context of San Mateo County, examine the opportunities and barriers to development, and analyze the universe of potential affordable housing sites. I conducted a content analysis of Housing Element Plans, Specific Plans, and policy reports completed for individual cities, the county, or the region as a whole. In January and February 2016, I conducted 14 semi-structured interviews with city, county, and regional planning staff, non-profit affordable housing developers, planning consultants, and lending institutions. Selection of interview subjects was based on a list compiled by the Housing Leadership Council of San Mateo County of cities, developers, and planners interested in a conversation around San Mateo County’s pursuit of
AHSC funds. While the list of interested parties grew and evolved after the data collection period had ended, the interview sample is believed to be a representative selection of the attitudes and efforts around affordable housing in San Mateo County.

To select appropriate sites for AHSC participation, I created a Housing Opportunities Sites dataset that combines sites listed on each city’s Housing Element with a supplementary list of developable sites listed in a report for HEART, a San Mateo County housing advocacy group. I merged the dataset with ownership data culled from the San Mateo County Assessors Database to create a shortlist of publicly owned Housing Opportunity Sites. Using ArcGIS, I ran the entire Housing Opportunity Sites dataset through a suitability analysis to create six categories of competitive sites based on their density, parcel size, and proximity to transit and local amenities. The purpose of completing a suitability analysis was threefold: first, to demonstrate the opportunities for AHSC within San Mateo County; second, to evaluate the effectiveness of regional housing needs assessments and Housing Element Law; and third, to understand the patterns of inclusion and exclusion that appear via a mapping exercise.

I offer three points of clarifications for readers: first, while I use the term San Mateo County throughout this thesis, I am primarily referring to the eleven cities that line the Caltrain and/or El Camino Real corridor: Daly City, South San Francisco, San Bruno, Millbrae, Burlingame, Hillsborough, San Mateo, Belmont, San Carlos, Redwood City, Atherton, and Menlo Park. I also discuss East Palo Alto – the county’s poorest jurisdiction, the outcome of redlining and racial discrimination – as an exception to the county’s overall affluence. I do not discuss the coastal cities of Pacifica and Half Moon Bay as neither offer significant transit access or commercial development, and both have environmental constraints that are distinct from the rest of the county.

Second, while “suburban” and “suburb” are weighted terms symbolic of single-family homes, social exclusion, and car dependence, I believe that the term still categorically applies to places like San Mateo County. The U.S. Census defines suburbs as places that fall within a metropolitan area but are not listed on the Census-designated Combined Statistical Area (CSA) indicator; for example, San Francisco-Oakland-Hayward, CA CSA includes all cities in San Mateo County in its analysis, but not does identify in its label (Berube et al. 2010). Despite its increasing density,
emerging shift to alternative modes of transportation, and growth in commercial centers, San Mateo County remains distinctly “beyond the urban” in character. Short of creating a new term for these growing, diversifying bedroom communities, I will continue using the terms “suburban” and “suburb.”

Finally, “affordable housing” refers to units with regulated rents that are affordable to households earning less than the Area Median Income (AMI) as defined by the U.S. Department of Housing & Urban Development (HUD). Under this framework, affordable housing requires developers to set aside units for extremely low (30% AMI), very low (50% AMI), low (80% AMI), or moderate (120% AMI) income households. While the term “affordable housing” can refer to a wide range of housing types and funding programs, including federally subsidized housing (such as Section 8 or Public Housing), Low Income Housing Tax Credit units, Senior Housing, Supportive Housing, and Emergency Shelters, this thesis is agnostic toward the type of housing produced, opting instead to focus on the quantity of new units that is possible.

1.3 – Structure

Chapter 2 begins with an overview of California’s relevant housing policy, including regional fair share mandates and SB375, the state law aimed at reducing greenhouse gas emissions through coordinated land use planning. It follows with an introduction to the Affordable Housing & Sustainable Communities (AHSC) program and a review of the existing literature on suburbs and affordable housing. Chapter 3 introduces the case study through a detailed history and demographic portrait of San Mateo County, culminating in a discussion of its affordability crisis. Chapter 4 focuses specifically on affordable housing development, outlining the policies, programs, financing mechanisms, and site characteristics that pose challenges and opportunities to the cities in San Mateo County that wish to facilitate development. Chapter 5 introduces a suitability analysis of Housing Opportunity Sites, offering a categorization of AHSC competitiveness and a short list of sites to be preserved for future AHSC funding rounds. Chapter 6 concludes with a set of recommendations intended to expand the universe of Housing Opportunity Sites, preserve existing sites for affordable housing, and increase the role of suburban communities in providing solutions to the affordability crisis.
Chapter 2: Policy Overview and Literature Review

This chapter provides a brief overview of California housing policy, the Affordable Housing & Sustainable Communities program, and the literature on affordable housing and suburban development, in order to set the stage for an analysis of affordable housing in San Mateo County.

2.1 – California Housing Mandates

California was the earliest state to adopt affordable housing mandates at the state and local level. Between 1970 and 1980, California’s median home prices rose from 30% to 80% above the national average due to a rapidly increasing demand for housing and a constrained supply, particularly along the Pacific Coast (Taylor 2015). While most of the state’s housing policies trace their origins to this period, a range of state policies have emerged over the past fifty years encouraging municipalities to increase their housing supplies, provide affordable housing units, and – most recently – accommodate housing in compact areas near transit.

2.1.1 – Fair Share: Housing Elements and the Regional Housing Needs Assessment

In 1977, Governor Jerry Brown’s first administration adopted amendments to the California General Plan Law that required state or regional agencies to forecast expected population growth and apportion sufficient housing units to municipalities (Calavita and Grimes 1998). Regional Housing Needs Assessment (RHNA) numbers specify the number of Extremely Low Income, Low Income, Moderate Income, and Above Moderate Income (market rate) units that each municipality should accommodate within an eight-year RHNA cycle. Each city and county must prepare a Housing Element of its General Plan that addresses its projected housing needs. Housing Elements must demonstrate that the municipality has identified its requisite sites for the adequate provision of affordable housing (Bratt and Vladeck 2014). The California Department of Housing and Community Development (HCD) reviews all Housing Elements to determine that the municipality has identified sufficient sites and zoned them appropriately (20 du/ac or 30 du/ac by right, depending on jurisdiction). HCD cannot require a municipality to submit or change a
Housing Element, but it does have the power to litigate, block building permits, or withhold grant funding until an approved Housing Element is produced (Calavita and Grimes 1998).

2.1.2 – AB32, SB375, and the California Climate Investments Program

In 2003, the California State Assembly passed the California Global Warming Solutions Act (AB32), establishing a statewide goal of reducing total greenhouse gas (GHG) emissions to 1990 levels by 2020. One major area of targeted reductions is the transportation sector, which accounts for 37% of statewide emissions – far higher than the national average of 27% – due to the state’s shipping industry and reliance on private vehicle travel (California Air Resources Board 2014; US EPA 2016). Proponents of the law identified three strategies for reducing emissions from the transportation sector: increasing vehicle fuel efficiency; reducing the carbon content of fuels; and reducing the amount of vehicle miles traveled (VMT) (California Housing Partnership Corporation, TransForm, and Housing California 2012). While research funding and strict efficiency standards imposed on vehicles and fuel sold in the state could achieve the first two strategies, the third strategy required a complete reconceptualization of California’s historic growth patterns, including its infamous culture of suburban sprawl, freeway travel, and car ownership (Lampert 2009).

This reconceptualization appeared in the form of the Sustainable Communities and Climate Protection Act of 2008 (SB375), which seeks to reduce VMT by requiring metropolitan planning organizations (MPOs) to build greenhouse gas reductions into their Regional Transportation Plans (RTPs) through the addition of Sustainable Communities Strategies (SCS). An SCS is a regional land use plan that incentivizes compact development near high-quality transit while preserving open space. SB375 also rolls the state’s fair share housing laws into the SCS planning process. RHNA V – the latest Regional Housing Needs Assessment cycle for years 2014-2022 – included new requirements to link population forecasts and Housing Elements production goals into the regional SCS.

SB375 is a unique, progressive acknowledgement of the link between transportation choices, land use patterns, access to affordable housing, and overall levels of greenhouse gas emissions.
As of 2015, all regional MPOs have adopted Sustainable Communities Strategies. However, the preeminence of local control has created barriers to implementation of plans put forth by the MPOs. While SB375 encourages communities to participate in the regional SCS process, lack of regional authority to address restrictive local land use policies – such as failure to zone for density, limit greenfield development, or accommodate new transit – can restrict regional progress (Barbour 2015).

Fortunately, a third California climate change innovation has created an incentive to participate in the SCS and produce projects that could be financed through the program. California is the first U.S. state to launch a carbon trading market, requiring industries to purchase carbon credits if they wish to pollute in excess of their caps. Now in its third annual cycle, the California Climate Investments Program (CCIP) – formerly the Greenhouse Gas Reduction Fund – receives funds through the state’s annual cap-and-trade auction. 60% of the auction revenue funds continuous allocations to four programs: Low Carbon Transit Operations Program; Transit and Intercity Rail Capital Program; High Speed Rail; and the Affordable Housing & Sustainable Communities program. The remaining 40% of auction revenue is allocated annually according to the legislature; the 2015-16 allocation funds programs ranging from weatherization grants to wetlands restoration to urban forestry (California Housing Partnership Corporation, TransForm, and Housing California 2012). By expanding funding opportunities for cooperative entities, CCIP funds can help motivate counties and municipalities to implement Sustainable Communities Strategies and reduce GHG emissions at a local level.

2.2 – The Affordable Housing & Sustainable Communities Program

Funded by the California Climate Investments Program (CCIP), the Affordable Housing & Sustainable Communities (AHSC) program invites California’s affordable housing developers to collaborate with city staff and transit agencies on low- and moderate-income housing projects that will reduce greenhouse gas (GHG) emissions. This section will provide an overview of the program’s goals, results of the first allocation of projects, and key program requirements.
2.2.1 – Program Goals

The Affordable Housing & Sustainable Communities (AHSC) program is operated by the California Strategic Growth Council (SGC), an interdisciplinary state coordinating agency, in partnership with the California Department of Housing and Community Development (HCD) and the California Air Resources Board (ARB). The program received $130 million in auction revenue allocations in its first year (2014-15), grew to $320 million in the current cycle (2015-16), and is expected to increase each year. Funds are awarded through a competitive application process to “land-use, housing, transportation, and land preservation projects [that] support infill and compact development that reduce GHG... Projects facilitate the reduction of GHG emissions by improving mobility options and increasing infill development, which decrease VMT and reduce land conversion” (Strategic Growth Council 2015). Successful projects demonstrate linkages with other public policy goals such as addressing air pollution, conditions in disadvantaged communities, public health outcomes, connectivity and accessibility to jobs and services, investments in mobility and active transportation, transit ridership, provision of affordable housing, and protection of agricultural lands.

AHSC includes two statutory set-asides by law: 50% of the total annual AHSC funds must be awarded to affordable housing preservation and development projects, and 50% of the total funds must be awarded to projects that benefit Disadvantaged Communities as identified by the CalEPA, California’s Environmental Protection Agency. In the first AHSC funding round (2014-15), projects could be eligible under either of two designated project areas: Transit-Oriented Development (TOD), which requires projects to include affordable housing and be located within a half-mile of transit with 15-minute headways during peak hours; or Integrated Connectivity Project (ICP), which must reduce GHG emissions and reduce VMT but do not have to include affordable housing.

The program opens the doors to a wide range of eligible projects, including affordable housing development and preservation near transit but also expanding to: active transportation investments like bicycle lanes and greenways; non-infrastructure related transportation projects like ridership programs for target populations; complete streets capital projects; agricultural easements; and any other program or investment that can demonstrate reductions in GHG.
according to regional Sustainable Communities Strategies. While most 2014-15 projects included an affordable housing component, the 2015-16 round of awards is expected to increase its emphasis on “mode shift”, or encouraging residents to transition from driving to walking, biking, or using public transit. It is unclear how change this will influence its ranking of affordable housing applicants. It is also important to note that one statutory set-aside and eligible project piece does not preclude another: an affordable housing project located in a Disadvantaged Community that offers discounted transit passes to residents and connects them to a transit station through improved sidewalks and bicycle lanes would meet both statutory set-asides, connect to other policy objectives, reduce GHG emissions by eliminating the need to own a private vehicle – and be a highly competitive AHSC applicant.

2.2.2 – Program Requirements

The 2014-15 AHSC round awarded $121.9 million to two transit connectivity projects and 30 affordable housing construction projects near transit. While supporters commended the program for getting off the ground quickly – from CCIP allocation in September 2015 to full program guidelines in January 2015 – excitement over the selected projects was muted because most project applications were sponsored by developers working alone, rather than through partnerships with the city staff or transit agencies. Los Angeles and San Francisco received the majority of awards, bumping against a jurisdictional cap until it was lifted in an unexpected funding round in December 2015. 12 of the 30 funded housing projects were located in the state’s two largest cities, Los Angeles and San Francisco, and received over two-thirds of the total funding. Only 11 projects were awarded in jurisdictions that would be considered suburbs. Many projects failed to include meaningful infrastructure improvements that would introduce permanent mode shifts. (A favorite example is that a bicycle repair station received a higher GHG reduction score than a dedicated bicycle lane leading to a transit station). Rural areas, whose agricultural operations were major purchasers of the carbon credits that funded the program, were unable to recapture any of these expenditures for their own affordable housing and transit investments due to their lack of high-frequency transit options.
The program’s limited results in its first year have largely been credited to its vague transportation infrastructure guidelines and heavy weight on an applicant’s score generated by CalEEMod, a modeling software used to estimate GHG reductions. After several months of public comment and workshops, SGC released new guidelines for the 2015-16 funding allocation in December 2015. The two statutory set-asides for affordable housing and disadvantaged communities have been preserved, but the program now includes a third program area known as the Rural Innovation Project Area (RIPA) that won’t have to compete against the transportation and walkability scores of TOD and ICP applicants. A developer cap of $40 million per funding cycle has replaced the jurisdictional cap. CalEEMod has been fine-tuned to adjust scoring based on land use sub-types (Single Family Housing, Apartments High Rise, Apartments Low Rise, Apartments Mid Rise, Condo/Townhouse, Condo/Townhouse High Rise, Retirement Community) and project setting – Low Density Suburban, Suburban Center, Urban, Urban Center – rather than relying on a one-size-fits-all environment. Lastly, the scoring system has been adjusted to reward projects that demonstrate meaningful collaboration between developers, transit agencies, and city partners and include transportation and infrastructure investments proven to encourage mode shift.

In the inaugural AHSC cycle, only the largest jurisdictions (Los Angeles, San Francisco, and Oakland) believed themselves to be competitive for a new set of funds that so heavily prioritized density and transit-oriented development. With updated guidelines catering to a wider variety of place types and existing infrastructure, the 2015-16 AHSC program will likely be more competitive, more diverse in the array of projects it supports, and – potentially – more open to suburban affordable housing development near transit.

2.2.3 AHSC in the Suburbs

The argument for favoring AHSC projects in dense urban areas is clear: California’s coastal cities are transit-rich locations struggling with housing affordability, concentrations of poverty, and rapid displacement that pushes low-income families to transit-inaccessible locations. However, the cities and neighborhoods that ring California’s major cities are on the receiving end of a vast suburbanization of poverty, housing, jobs, and services that has no end in sight. Programs like
AHSC that encourage all communities to build more compactly, develop their transit networks, and facilitate affordable housing development are key to reimaging California’s suburban future, preserving opportunities for low-income households in their communities, and reducing greenhouse gas emissions for all.

2.3 – Literature Review: Suburbs and Affordable Housing

The distribution of AHSC funds and the role of affordable housing development within suburban areas links into one of community development’s most polarizing debates: should affordable housing double as community development, reinforcing housing opportunities and preventing displacement within low-income neighborhoods; or, should housing opportunities expand to higher-income suburban areas where low-income households will have greater access to quality schools, safe neighborhoods, and access to jobs (Goetz 2015; M. Orfield et al. 2015)? The community development literature tends to assume that low-income families concentrate in older, denser urban neighborhoods, but demographic changes since the 1990s reveal that the suburbs of major metropolitan areas are assuming an increasingly large share of employment and housing opportunities for households of all incomes, races, and ethnicities (Berube et al. 2010). The diversification of suburbs suggests that the popular conception of wealthy, homogenous, exclusive municipalities – where fair housing laws are deployed to mandate the inclusion of low-income and minority families – is due for a recalibration.

This thesis seeks to elucidate the complicated nature of places like San Mateo County, a large suburban area on the San Francisco Peninsula with a range of attitudes toward affordable housing. While some jurisdictions are consistently inclusive of diverse populations and housing types, others are markedly exclusionary. A third category of jurisdictions falls somewhere between the two poles – not opposed to affordable housing, but not entirely sure how to be a steward in the midst of the nation’s hottest housing and job markets. This section reviews the literature on suburban America and affordable housing within this evolving development context.
2.3.1 – What was a suburb?

The popular imagination conceives of suburbs as tranquil bedroom communities within commuting distance of a single metropolitan central business district. The suburb of the modern-industrial world traces its origins to the Garden City movement that sought to contain congestion and industrial uses within the city center while creating clean, peaceful satellite communities for residential uses. The suburbs we think of today – homogenous and car-oriented with strip malls and cul de sacs – emerged during a period of rapid mass-production of single-family homes on greenfield sites after World War II (Hanlon, Vicino, and Short 2006). Writes Jill Grant: “No urban form has been more maligned in public discourse than the American-style residential suburb. It stands accused of being inefficient, sterile, homogenous, car-oriented, anti-social, and even obesogenic (inducing its inhabitants to become fat)” (Grant et al. 2013).

Early debates on the merits and demerits of suburbs focus on a symbolic conception of the suburb, rather than a demographic or architectural portrait of the suburb itself. The classic social geography model of the Chicago School built on the Garden Cities movement by conceptualizing metropolitan areas in terms of an urban core with other land uses, including residential suburbs, layering out from the center (Walker and Lewis 2001). Scholars like Robert Fishman wrote of suburbs as monuments to the middle-class, a place where “work was excluded from the family residence; middle-class villas were segregated from working-class housing; the greenery of suburbia stood in contrast to a gray, polluted urban environment” (Fishman 1996). Critics wrote of the “suburban nightmare,” illustrating the monotony, conformism, and “moral minimalism” that prevail when suburban dwellers are isolated from art, culture, and authenticity (Hall and Lee 2010). While scholars would occasionally acknowledge the existence of other non-urban locales – including older cities swallowed by metropolitan expansion and office parks built within emerging suburbs – their critiques focuses specifically on a single suburban conception: single-family landscapes dominated by “white, married, middle-class homeowners with children” (Hall and Lee 2010; Fishman 1996).

In the 1980s, scholars began to complicate the suburban narrative by turning their interest to the growth of office space, light and heavy industry, and other commercial uses in areas that were commonly perceived of as bedroom communities. Labels like Exopolis, Postsurburbia, and Edge
City identified employment centers outside the urban core and linked them to rapid growth in property speculation, large-scale development, and regional decentralization (Walker and Lewis 2001; Robert E. Lang and LeFurgy 2003; R. E. Lang, Nelson, and Sohmer 2008; Garreau 2011). Later scholars acknowledged that industry and office space in the suburbs are phenomenon as old as suburbs themselves; Richard Walker described suburban office parks as combining “the manifest benefits of access to the city and its agglomeration economies with a degree of freedom from the working class, city politics, and contending business interests” (Walker 2001). Suburban governments worked with real estate agents and economic development specialists to attract businesses (and their tax revenues) for themselves. The decentralization of the metropolitan economy demonstrates that suburbs contain layers of complexity – among land uses, demographics, employers, and residential needs – that depart from the persistent cultural image of the single-family bedroom community.

None of this is to say, however, that suburbs aren’t core to a history of white flight and abandonment of the central city. The 1974 U.S. Commission on Civil Rights found suburban policies like restrictive covenants and exclusionary zoning to serve as a “white noose” around the city of Baltimore, Maryland (Donovan 2016). Federal policies like the Fair Housing Act and the Move To Work category of Housing Choice Vouchers were created to reverse exclusionary practices in high-opportunity, primarily suburban, neighborhoods (Ellen and Yager 2015). Even suburban industrialization is linked to an exodus from the central city’s “urban ills”. While the intention of this thesis is to complicate the popular conception of rapidly growing, industrializing suburban areas, it does not wish to ignore the restrictive practices of white enclaves. Instead, it seeks to reframe the ways in which suburbs conceive of themselves, illustrating that they are more diverse, more industrial, and more central to the flows and needs of metropolitan areas than many care to admit.

2.3.2 – Suburbs in Transition

According to the 2010 Census, 84% of Americans now live in Metropolitan Statistical Areas, the majority of whom live in suburbs (Berube et al. 2010). The U.S. Office of Management and Budget (OMB) defines most Metropolitan Statistical Areas by a single densely populated core (principal
city) of at least 50,000 people and the counties and cities that commute to that core. However, as metropolitan areas grow and suburbs accommodate larger shares of the residential and employment population, MSAs have added additional principal cities into their MSA names: Boston-Cambridge-Quincy, MA-NH or San Francisco-Oakland-Fremont, CA, for example (Berube et al. 2010). These complex metropolitan identifiers reflect the growing importance of suburbs and secondary cities in the regional economy.

The Brookings Institution’s “State of Metropolitan America” report uses US Census data to analyze the vast demographic changes that occurred between 2000 and 2010. The report identified five trends that “put to rest the old perceptions of cities as declining, poor, minority places set amid young, white, wealthy suburbs” and brought older cities and newer suburbs together across many economic and demographic factors (Berube et al. 2010). The identified trends are:

- **Growth:** Urban areas and high-density suburbs shared characteristics like population growth, shifts to alternative transportation, and growth in office and commercial space, while outer suburban housing markets crashed;
- **Population diversification:** The white population grew in urban areas, while the majority of all major non-white racial and ethnic groups now live in suburbs;
- **Aging:** The elderly and “empty nesters” are a growing share of suburban households, while the gap between cities and suburbs for young families with children has narrowed;
- **Educational attainment:** The highest educational attainment outcomes are found in high-density suburbs; and
- **Income:** The income and poverty gaps between cities and suburbs narrowed, but poverty is growing much faster in suburbs compared to cities. The majority of a metropolitan area’s low-income households now live in the suburbs.

The demographic evidence outlined in the Brookings report builds on recent scholarship focused on the suburbanization of poverty. Between 2000 and 2008, suburbs in the largest metropolitan areas saw the number of households living below the poverty line increase by 25%, five times faster than the growth in poverty in urban centers. Today, suburbs house the largest share of the nation’s low- and extremely-low income households (Kneebone and Garr 2010). This growth is hypothesized to be linked to decentralization of employment centers, urban redevelopment that favors high-income households, and the bottoming out of the suburban housing market that
brought down rents and home values in neighborhoods further from urban centers (Berube et al. 2016; Jargowsky 2003).

As some suburbs – particularly older, inner-ring jurisdictions – become increasingly diverse and interconnected, conceptions of land use patterns and transportation behaviors will have to evolve. Existing literature finds that growth in suburban employment centers has created a spatial mismatch between the location of job opportunities and the location of appropriate housing (Chapple 2006; Cervero 1996; Milakis, Cervero, and Van Wee 2015). Earlier scholars hypothesized that employment decentralization would result in the co-location of jobs and housing, but regional housing dynamics, like lack of housing options that align with incomes, have prevented the hypothesis from realizing (Cervero 1989). The consequences of spatial mismatch are palpable, seen in the congestion on highways as people commute long distances between affordable homes and job centers.

The interplay between these two literatures – the suburbanization of poverty and spatial mismatch theory – touches on a problem I seek to explore in this thesis: can a suburb shoulder the growth in poverty if a spatial mismatch exists? That is, can a suburb that has expanded its commercial space at the expense of its housing supply simultaneously become poorer, or does the suburbanization of poverty exacerbate spatial mismatch? Are the poor pushed out of the city and inner-ring suburbs to even more remote places?

One strategy to resolve spatial mismatch and address congestion has been an emphasis on transit-oriented development (TOD) and smart growth. TOD increases allowable densities and supports new, multifamily development near transit stations, encouraging residents to live compactly and use transit for their commutes and daily errands (Lund, Cervero, and Wilson 2004). These strategies form the core theory behind land use policies like California’s SB375. But to be successful – to address the complex needs of the suburban poor, to resolve spatial mismatch, and to mitigate climate change’s impacts in an equitable way – smart growth thinking will have to proactively include elements like affordable housing, equitable development, and enhanced connectivity between housing, jobs, and schools in a suburban context in addition to an urban one. This thesis seeks to explore this need.
2.3.3 – Affordable Housing in Today’s Suburbs

Despite the increasing acknowledgement of suburbs as dense, complex, heterogeneous places, most of the literature on affordable housing in the suburbs reverts to discussions of lawsuits, mandates, and exclusionary practices in the context of white NIMBYism. A deep subset of the literature focuses on exclusionary zoning, such as limits on density, lot size, setbacks, and parking that prevent multifamily and starter home development. Such practices are linked to social and racial segregation and poor educational outcomes for low-income families because they limit access to communities where single-family, market-rate housing is out of reach (Massey et al. 2013; Bratt and Vladeck 2014; Briggs 2005; Schuetz, Meltzer, and Been 2009). Along a similar vein, scholarship on the Fair Housing Act, Affirmatively Furthering Fair Housing rules, Moving to Opportunity vouchers, and other federal programs designed to desegregate neighborhoods focuses on an urban-suburban dichotomy in which low-income families must escape their urban neighborhoods and relocate to predominantly white “areas of opportunity” (Briggs 2005; Gurian and Allen 2010). Other parts of the literature turns attention to resegregation, in which racially diverse suburbs are in the process of transitioning from predominantly white to predominantly non-white as urban regeneration depresses older suburban housing markets (G. Orfield and Lee 2007). None of this literature discusses a suburban place that is growing across several indicators, including housing values, population, and diversity, while continuing to struggle with affordable housing and constraints on development. The benefit of unpacking these places is that a third way for community development can emerge, where low- and moderate-income groups can remain in the suburbs where they live, where households can enjoy both a breadth of job opportunities and open access to high-quality neighborhood schools.

Regardless of local support, housing market strength, or social motives, most scholars of housing policy support the preservation and development of affordable housing in suburban areas – if not exclusively, then at the very least as a complement to continued development in urban contexts. As suburban municipalities become increasingly diverse – in age, race, ethnicity, and income – and increasingly urban in character and amenities, scholars of affordable housing will be required to reframe the role of affordable housing within this new category.
San Mateo County, looking north to San Francisco and Marin County
Chapter 3: Setting the Context

This chapter begins with the history of industrialization in the San Francisco Bay Area, demonstrating how the preferences of the region’s elite have long influenced the development patterns of San Mateo County. It concludes with a demographic portrait of San Mateo County today, unpacking the effect of spatial mismatch on the county’s labor force, commuting patterns, and affordability.

3.1 – History of San Mateo County

San Mateo County became its own county in 1856, six years after California statehood. Its history mirrors the legend of the American frontier, with indigenous groups, European monarchs, American pioneers, wealthy industrialists, and unrestrained entrepreneurs each staking their claim to its prosperous hills and valleys.

3.1.1 – Industrialization and San Francisco’s Elite

While San Mateo County’s native and Spanish history can be detected in the shadows of street names and historic markers, the landscape we see today can more succinctly be traced to the Gold Rush of 1848 and the surge of wealth and speculation that engulfed the small communities around the San Francisco Bay. San Francisco itself became an “instant city”, growing to 50,000 people between 1849 and 1855, and tripling in population just ten years later (Walker 2001). While San Francisco was the center of the region’s banking and manufacturing industries, other communities cropped up throughout the Bay Area to serve as mining camps, agricultural centers, and shipping depots connecting to railroads and ports.

The San Francisco Peninsula developed slowly during this time, with most of the growth concentrating in the flatlands along the San Francisco Bay. Redwood City, the Peninsula’s oldest city and seat of San Mateo County, takes its name from its central role in the lumber and construction industries; loggers extracted redwood trees from the hills of the Peninsula and
shipped them through Redwood City’s port to be used in San Francisco’s rapid construction (Aknin 2016). The middle-class communities of San Mateo and Menlo Park developed alongside the opening of California’s first railroad, the San Francisco & San Jose Railroad (SF&SJ), in 1861 (Streatfield 2012). While some businessmen used the train to commute up the Peninsula to San Francisco, the communities were primarily sustained by their own centers of commerce and activity in the downtowns around the train stations. San Mateo County’s compact, single-story downtown typology draws its origins to this time.

Further from the shipping and commerce centers of the Peninsula’s flatlands, San Francisco’s wealthiest businessmen built elaborate rural estates for summers spent away from the crowded, foggy city (Streatfield 2012). The SF&SJ railroad allowed businessmen, including William Ralston, the founder of the Bank of California, and Darius Mills, a principal investor in Western railroads, to commute to the city from their estates throughout the summer. As rail service improved, the estates became full-time residences and exclusive communities of wealthy industrialists and their families. Communities of workers connected to the construction, maintenance, and service of the estates, including carpenters, craftsmen, gardeners, and domestic workers, developed in proximity to the estates – though Burlingame and Hillsborough, the wealthiest communities, excluded the development of small, working-class homes. This dynamic – wealth in the hills, workers in the flatlands – reflected a pattern stamped across the entirety of the Bay Area. In *American Babylon*, a chronicle of Oakland’s African-American suburbanization, Robert O. Self writes: “By the 1920s, real estate interests had carved the city [of Oakland] into long, narrow strips that marked neighborhoods by income and elevation – flatlands, foothills, and hill – and embedded a class regime literally into the physical terrain” (Self 2005).

The Peninsula’s emergence as a bedroom community for San Francisco’s elite helps to explain the region’s unevenness in terms of commercial development, heavy industry, and workforce housing. In 1900, a growing manufacturing industry spread south from San Francisco to a new jurisdiction – appropriately named South San Francisco. Workers, many of whom were already priced out of San Mateo County’s wealthier suburbs, settled in dense, single-family neighborhoods around the San Bruno Mountains (Walker 2001). These communities (South San Francisco, San Bruno, and Brisbane), with their small lots and older homes, have retained their working-class character and diverse population through to today. However, continued industrial
decentralization past South San Francisco into San Mateo County was blocked by the Peninsula’s estate holders. In 1908, in the interest of protecting the rural land and tranquil character around their homes, owners of estates in Burlingame and Hillsborough blocked a proposed copper-smelting plant in South San Francisco, cutting off further expansion of industrial land uses. While some manufacturing did emerge along the bayshore of the Peninsula during World War II, most hopped the Bay to grow around the Port of Oakland and access the cheap land in Alameda and Contra Costa Counties (Walker 2001). The estate holders’ early act of NIMBYism solidified large swaths of San Mateo County as exclusive bedroom communities for San Francisco’s elite.

3.1.2 – Peninsula in Transition: From Elite Enclaves to a High Tech Mayberry

San Mateo County’s twentieth century development patterns reflected the rise of the automobile and the greater Bay Area’s spike in population due to immigration from Asia and the Pacific, migration of African-Americans from the American South, and growth in manufacturing jobs during World War II. While the estates and other large homes for the wealthy were preserved in the county’s hills, the flatlands alongside El Camino Real filled with modest single-family homes, wide arterial streets, and low-density shopping centers. The narrow strip of land between the San Francisco Bay and Highway 101 (which was expanded to a freeway in 1949) became home to scatterings of small single-family neighborhoods, industrial parks, and warehouses that fed off their proximity to South San Francisco and the San Francisco International Airport, which became the major airport for the region in the 1930s. The middle- and working-class communities of South San Francisco, San Bruno, Redwood City, and San Mateo assumed much of this industrial growth, while the small cities of Burlingame, Hillsborough, Millbrae, Belmont, San Carlos, Atherton, and Menlo Park retained their bedroom community characters by prohibiting industrial, commercial, and multifamily land uses.

The SF&SJ railroad – operated by Southern Pacific from 1907 to 1980 – maintained its role as a commuter rail, though it suffered from low ridership and operating deficits due to a rising preference for car commuting. In 1980, Caltrans, the State’s Department of Transportation, began to subsidize and upgrade the service. In 1987, the Peninsula Corridor Joint Powers Board took over management of the route, creating the Caltrain system that travels the historic SF&SJ
route today. The system allows residents of San Mateo County to access high-paying jobs in San Francisco – as was true at its founding – and the growing technology and information industry that was transforming the farmland south in Santa Clara County and San Jose.

In 1951, the California State Legislature created the San Francisco Bay Area Rapid Transit Commission to discuss options for a rapid transit network that would serve all five counties that ringed the San Francisco Bay. Stated the Commission: “If the Bay Area is to be preserved as a fine place to live and work, a regional rapid transit system is essential to prevent total dependence on automobiles and freeways.” While San Mateo County’s Supervisors were party to the original BART commission, the County soon withdrew its support, citing high costs, access to their own SF&J SJ rail network, and concerns that Santa Clara County residents would flood San Mateo County’s highways on their way to new rapid transit stations (BART 2012; Elkind 2012). When the original BART network opened in 1973, it included only one station in San Mateo County (Daly City), and its users were displeased with the station’s lack of parking for the county’s park-and-ride commuters (Cervero and Landis 1997; Fredricks 2013). Additional stations wouldn’t open until 1996 (Colma) and 2003 (South San Francisco, San Bruno, and Millbrae) after decades of negotiations with the San Mateo County Transit District.

As the Peninsula was grappling with automobile congestion, rapid housing development, and low transit ridership, local and regional activists began to advocate for the preservation of San Mateo County’s remaining open space and farmland. The Midpeninsula Open Space District was created by voter initiative in 1971 under the advocacy of environmental groups, nature lovers, and recreationalists. Other open space and farmland preservation groups, including the Peninsula Open Space Trust (POST) and the National Park Service, purchased undeveloped land for permanent protection throughout the San Francisco Bay Area. Today, nearly a quarter of San Mateo County’s land area is preserved open space or protected farmland, including 23,000 acres set aside as a watershed reserve for San Francisco’s water supply. While preserved open space does limit opportunities for new housing, advocacy organizations like the Greenbelt Alliance have evolved to pursue a joint development agenda, supporting infill development in cities and suburbs while opposing the conversion of open space and farmland (Greenbelt Alliance 2013).
The final stage of San Mateo County’s history that is relevant to the discussion of affordable housing today is the first Silicon Valley tech boom in the 1990s. While Silicon Valley’s cluster of electronics, computer, and technological innovation emerged from Stanford University (just across the San Mateo County line in Palo Alto) in the 1970s, the 1990s saw a rapid infusion of new wealth and people that accompanied the invention of the Internet. The Bay Area became the primary model of a post-industrial shift from manufacturing and heavy industry to technology, system design, industry clusters, and the “New Economy.” The Dot-Com era – which grew to include artists, video game designers, and movie special effects studios in historic warehouse districts of San Francisco – created a frenzy of wealth, speculation, and investment. Wrote Richard Walker: “The American Technological Sublime (embraced America’s money culture, had joyous intercourse, and gave birth to the hellspawn of the dot-coms. This commercial castle was built on profitless clouds, however, and would ultimately fall to earth” (Walker 2016). When the bubble burst in April 2000, 90% of the new Dot-Coms went out of business. Seemingly overnight, tech hubs emptied out, causing office and commercial rents to plummet.

Much of the Dot-Com wealth fed into San Mateo County, which saw skyrocketing home prices and rents throughout the 1990s. The growth in demand for San Mateo County real estate was not matched with a growth in housing production, however; housing prices in San Mateo County grew quickly during the Dot-Com bubble and didn’t bottom out when the bubble burst. The county’s rents and home values have consistently been higher – and faster growing – than its neighboring counties.

San Mateo County’s resistance to development carried over to the non-residential real estate sector. Despite the enormous growth in commercial and industrial opportunities to its north and south, San Mateo County didn’t acquire its own industry cluster or high-tech sector at the scale of its neighbors during any of the industrial booms of the nineteenth or twentieth centuries. While strict open space protections are a commonly cited culprit, a more interesting hypothesis is the County’s historic legacy of elite enclaves, which preserved the County’s status as a bedroom community and pushed development until dense pockets along the flatlands. Today, the majority of land remaining for development takes the form of the vast parking lots, strip malls, and racetracks that emerged as a consequence of these development preferences.
3.1.3 – Housing Discrimination and Racial Exclusion

The broad strokes of San Mateo County’s development history leave out a critical commentary on race and exclusion in the San Francisco Peninsula. Even as the County depended on immigrant and migrant labor for its development – Chinese immigrants on railroads, Latino braceros on the farms, African-Americans on the manufacturing lines in World War II, and scholars of all races for its progress in research, technology, and academia – exclusionary policies and housing discrimination dictated where populations could settle within the county (Cervero, Rood, and Appleyard 1999). In San Mateo County, real estate agents and property managers steered African-Americans and Latinos to East Palo Alto, a 2.5 square mile city east of Highway 101. In addition to the racial and geographic isolation that characterized East Palo Alto, the city struggled with environmental degradation and health hazards after the 1962 opening of the Romic waste management facility, a hazardous chemicals processing center for the region’s growing technology industry. By 1992, the city was nicknamed “The Murder Capital of the US”, reporting 42 murders in a city of only 24,000 people – though most press neglected to mention that at least sixteen of the murders were the result of outsiders coming in to the city to purchase drugs (Cutler 2016).

East Palo Alto’s history mirrors that of other African-American communities victimized by redlining, housing discrimination, the War on Drugs, and – increasingly – gentrification. What is unique about East Palo Alto is its location, tucked between the affluent communities of Palo Alto and Menlo Park, and a suburban community itself. As the following section will demonstrate, East Palo Alto is the last remaining affordable, majority-minority jurisdiction in San Mateo County – but it is likely the least capable of withstanding the force of the current tech boom, restrained housing production, and housing affordability crisis.
3.2 – San Mateo County Today

“Today we are a community that some people refer to as a "High-Tech Mayberry"
because the people who now want to live here... are people who are connected to the
world in terms of technology, software, biotechnology – there’s a lot of knowledge-based
employers in the region here and these are the people who are moving to San Carlos.
They’re connected to the world.”
– Al Savay, Community Development Director at City of San Carlos

Today, San Mateo County appears to be undergoing a rapid reassessment of its attitudes toward
commercial and residential development, ushering in a new era of multifamily and office park
construction and transit-oriented planning initiatives. In concert with the second tech boom that
has subsumed the San Francisco Bay Area, San Mateo County is – beginning to – grapple with the
impacts its development patterns and political choices have on tax revenue, housing affordability,
congestion, and displacement.

3.2.1 – Demographics

San Mateo County has a population of approximately 740,000 in 448 square miles. In comparison
to neighboring counties of San Francisco and Santa Clara (which includes San Jose), San Mateo
County is slightly wealthier, slightly older, with a slightly larger proportion of homeowners
compared to renters. Like San Francisco, its population is over 40% white, but it has a larger
Hispanic/Latino population (25%) and smaller Asian population (26%) than its neighbor to the
north. San Mateo County is home to the majority of the Bay Area’s Filipino population, though a
large population with Chinese and Asian Indian origins lives in the county as well. With a median
income of over $105,000, the Asian population in San Mateo County reports the highest income
of all racial groups.
The county’s median income is $91,421. Despite its high figures of wealth on average, over 17% – or 44,805 households – earn less than $35,000 in annual income. The income gradient is particularly distinctive along racial lines, where African American and Latino households are earning far less than the median income on average. However, signs of the suburbanization of...
poverty don’t seem to be appearing in San Mateo County, despite its status as an inner-ring suburb adjacent to the nation’s most expensive housing market. San Mateo County was the only county in the Bay Area that didn’t see a significant increase in poverty between 2009 and 2014 (see Figure 3.3). Rent burden percentages – the proportion of the population paying more than 30% of their monthly income on rent – increased throughout the region, but San Mateo County is the only county that saw its population of severely rent burdened – where over 50% of monthly income is paid toward rent – increase less than its rent burdened figure.

Figure 3.3: Percent Change and Absolute Change in Poverty Status by County

<table>
<thead>
<tr>
<th>County</th>
<th>2009</th>
<th>2014</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alameda</td>
<td>25,927</td>
<td>31,967</td>
<td>6,040</td>
</tr>
<tr>
<td>Contra Costa</td>
<td>15,963</td>
<td>20,667</td>
<td>4,704</td>
</tr>
<tr>
<td>Marin</td>
<td>2,206</td>
<td>3,427</td>
<td>1,221</td>
</tr>
<tr>
<td>Napa</td>
<td>1,756</td>
<td>2,516</td>
<td>760</td>
</tr>
<tr>
<td>San Francisco</td>
<td>9,988</td>
<td>12,517</td>
<td>2,529</td>
</tr>
<tr>
<td>San Mateo</td>
<td>8,014</td>
<td>8,186</td>
<td>172</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>24,514</td>
<td>29,442</td>
<td>4,928</td>
</tr>
<tr>
<td>Solano</td>
<td>7,455</td>
<td>10,159</td>
<td>2,704</td>
</tr>
<tr>
<td>Sonoma</td>
<td>6,694</td>
<td>8,948</td>
<td>2,254</td>
</tr>
<tr>
<td>Total (All)</td>
<td>102,517</td>
<td>127,829</td>
<td>25,312</td>
</tr>
</tbody>
</table>
While it’s difficult to draw conclusions based on these figures alone, San Mateo County’s comparatively slow increases in poverty and rent burden should not be viewed as a victory. Rather, San Mateo County’s highly constrained housing supply appears to be cutting off – or squeezing out – the low-income residents who struggle to find or maintain a home there. With median rent for a two-bedroom apartment in San Mateo (one of the county’s largest, most diverse cities) surpassing $3,300 per month, a growing number of households are forced to choose between overcrowded, substandard housing and leaving the county altogether.

3.2.2 – Jobs-Housing Imbalance

San Mateo County’s employment, commuting patterns, and housing production numbers suggest that the county is contributing to a growing spatial mismatch, both in terms of available housing units, variety of job opportunities, and modes of transportation to travel between the two. According to the 2014 American Community Survey (ACS), 70% of San Mateo County residents drive alone to work, and less than 10% use public transportation to commute. Less than 3% walk or bike to work, suggesting that almost no employment centers are within a half-mile of residential areas.
ACS data on travel times to work complicates the picture. Residents of San Francisco skew toward much longer commutes, suggesting that many San Francisco residents may be traveling outside the city to access jobs. Santa Clara County has the shortest travel times on average, hinting that many residents are traveling to jobs in Silicon Valley or across the Bay in Alameda and Contra
Costa Counties, but bypassing San Mateo County. Measures in worker inflow and outflow show that San Mateo County is rivaled only by Contra Costa County – the sprawling, predominantly suburban county in the East Bay – by the number of residents it loses to jobs elsewhere in the Bay Area. Of San Mateo County’s nearly 350,000 employed residents, just 205,000 live and work within the county. Over 50,000 commute to Santa Clara County and 75,000 commute to San Francisco.

More striking, however, is what the data tells us about how many workers are commuting in to San Mateo County from very far distances: Santa Clara County sends more than 41,000 workers; Alameda County sends nearly 35,000, over twice what it receives; Contra Costa sends over 10,000; and places outside the San Francisco Bay Area entirely (such as Stockton and Sacramento, over two hours away by car) send as many as 10,000 commuters each day. While the Bay’s further flung suburban counties have some job centers and amenities of their own, what they have in abundance is affordable housing – something that San Mateo County explicitly, unambiguously, does not.

Figure 3.7: San Mateo County Workers Earning Less than $1,250 per Month by Sector

<table>
<thead>
<tr>
<th>Jobs by NAICS Industry Sector (2014)</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation and Food Services</td>
<td>8,904</td>
<td>20.5%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>8,462</td>
<td>19.5%</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>4,472</td>
<td>10.3%</td>
</tr>
<tr>
<td>Administration &amp; Support, Waste Management and Remediation</td>
<td>3,481</td>
<td>8.0%</td>
</tr>
<tr>
<td>Educational Services</td>
<td>3,283</td>
<td>7.5%</td>
</tr>
<tr>
<td>Other Services (excluding Public Administration)</td>
<td>2,866</td>
<td>6.6%</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>1,937</td>
<td>4.5%</td>
</tr>
<tr>
<td>Professional, Scientific, and Technical Services</td>
<td>1,834</td>
<td>4.2%</td>
</tr>
<tr>
<td>Arts, Entertainment, and Recreation</td>
<td>1,611</td>
<td>3.7%</td>
</tr>
<tr>
<td>Construction</td>
<td>1,552</td>
<td>3.6%</td>
</tr>
<tr>
<td>All Remaining Industries</td>
<td>5,089</td>
<td>11.7%</td>
</tr>
<tr>
<td>Total Workers Earning $1250 per month or less</td>
<td>43,491</td>
<td></td>
</tr>
</tbody>
</table>

As Figure 3.7 reveals, nearly 13% of jobs based in San Mateo County – over 43,000 – pay less than $1,250 in monthly wages. These jobs primarily serve the food and hospitality, retail, health care and social assistance, administrative support, and educational services industries. Of the workers
who hold the county’s lowest paying jobs, 66.5% are White, 23% are Hispanic or Latino, 20.8% are Asian, and 7.4% are African American. Over a third of low-income workers have completed some college, with 16.6% holding a Bachelor’s degree. It is not clear from the data where San Mateo County’s low-wage workers live or how they commute, but in a county whose median monthly rent surpasses $2,000, it is reasonable to assume that a portion of the county’s retail, service, and healthcare workforce must be commuting long distances. This assumption mirrors other research that suggests that low-income and minority households are increasingly being pushed out of cities and regions that are enjoying economic and “sustainable” growth (Benner and Pastor 2012; Chapple 2014).

For a county that sits between two of the hottest job markets in the country and has benefited exorbitantly from this proximity – from its founding in the 1850s through to today – San Mateo County remains obstinately low in its production of housing units in general, and affordable housing units in particular. The county added 33,000 new jobs in the past five years but only 7,078 housing units, many of them single-family homes (Baird + Driskell Community Planning 2016). The ABAG 2015 State of the Region report found that cities in the county approved only 546 multifamily housing permits per year on average, compared to 2,769 per year San Francisco and 4,029 per year in Santa Clara County. While Santa Clara County’s figures are part of a larger surge in housing growth (they also issued 1,279 single-family permits per year), and San Francisco’s permit activity indicates a deliberate switch from single-family to multifamily construction, San Mateo County’s figures suggest a resistance to housing production in general.

As of 2014, the San Francisco Bay Area had a population of 7.4 million people, 270,000 of which have moved to the area since 2010. San Mateo County’s growth rate is 0.98%, on par with the Bay Area’s growth of approximately 1% per year. Due to its rising popularity and constrained housing supply, San Mateo County has one of the lowest housing vacancy rates and fastest rising average rent amounts in the region. Of the top ten jurisdictions with the greatest percentage increase in average rent between 2010 and 2014, half of them are jurisdictions in San Mateo County, while four others are located in the northern part of Santa Clara County just over the county line. The city of Belmont, for example, saw a 50% increase, with an average rent $698 higher than it was in 2010. Redwood City, Foster City, Burlingame, and San Mateo saw similar increases.
3.2.3 – “Our kids can’t afford to live here”: Acknowledging the Affordability Crisis

The city of San Francisco’s affordability crisis has received its share of popular press of late – and rightly so. Rent for a one-bedroom apartment in San Francisco has surpassed $3,000 per month as of February 2016, rivaled only by New York City and nearly $1,000 higher than average rents in other hot market cities like Boston, Los Angeles, and Washington, DC (“Average Rent In San Francisco, San Francisco Rent Trends and Rental Comps” 2016). But what does it mean if the suburbs – places that are supposed to be growing more affordable as the preference for urban places heats up – also escalate in value? Are growing, compressing suburban places as responsible for supplying opportunities for affordable housing as their urban counterparts? Or, do we permit them to be the wealthy enclaves of their history, tucked away from the congested city but enjoying the benefits of upgraded transit, rising salaries, and the commercial opportunities that seek them out?

There is an increasing acknowledgement of the role wealthy, growing, transit-accessible places like San Mateo County have in mediating the affordability crisis. While a portion of this pressure is coming from the usual suspects – housing advocacy groups, state Regional Housing Needs Assessments, and regional sustainability plans – a growing movement of concern is emerging from within: older constituents note that their children can no longer afford to live in the cities where they grew up; residents are alarmed at the numbers of homeless men and women, many of them elderly, they see sleeping in cars on the quiet streets of single-family neighborhoods; and retail stores, childcare centers, and medical facilities can’t find workers willing to accept both low wages and long commutes.

In Monica Potts’ haunting portrayal of homelessness in Silicon Valley, she summons scholar Frederick Jackson Turner’s 1893 “Frontier Thesis,” which argues that the American frontier – a central tenet of American democracy – is in fact an early characterization of gentrification: farmers claim land from native populations; new arrivals fill in surrounding plots of land, creating a town and commerce center; investors purchase land at a premium, pushing out the farmers and developing the land for industry and the masses (Potts 2015). For most of American history, those pushed out have always found somewhere new to go. For better or for worse, new farmland, new neighborhoods, new communities, new cities, and new suburbs have takes in the
displaced populations. But in the San Francisco Bay Area, where people are being displaced from the places they've already been displaced to, where do they have left to go?

While production of housing in general – and affordable housing in particular – is only a piece of the solution to the affordable housing crisis, it is an area where San Mateo County has a tangible, realizable amount of progress to be made. The remaining chapters of this thesis will review the landscape of affordable housing development in San Mateo County and present potential sites where new housing could be built through the Affordable Housing & Sustainable Communities (AHSC) program.
Chapter 4: Opportunities and Challenges for Affordable Housing Development

This chapter summarizes the opportunities and barriers to affordable housing development in San Mateo County. These findings are based on personal interviews with city, county, and regional planning staff, non-profit affordable housing developers, planning consultants, and lending institutions, with supplementary data provided by city, county, and regional policy reports. The purpose of this chapter is to unpack the perceived barriers to affordable housing development in a county that is frequently dismissed as expensive, NIMBY, and intentionally exclusionary toward affordable housing. While some findings – small, oddly shaped parcels and loss of redevelopment financing, for example – will sound familiar to any elected official, developer, or policymaker familiar with the region, my hope is to illuminate the many latent opportunities that exist for affordable housing development throughout San Mateo County.

Figure 4.1: Affordable Housing in San Mateo County – Summary of Findings

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Development Areas, Station Area Specific Plans, Downtown Precise Plans</td>
<td>Low densities outside transit corridors</td>
</tr>
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<td>AB 2135 First Right of Refusal</td>
<td>Small cities, small staffs</td>
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<td>Housing Impact Fee</td>
<td>Loss of Redevelopment</td>
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<td>Preservation Programs</td>
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<td>Accessory Dwelling Units</td>
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<td>Grand Boulevard Initiative</td>
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<td>Jobs/Housing Task Force</td>
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Morris 47
4.1 – Housing Policy and Planning

Matt Franklin, the President of MidPen Housing, San Mateo County's most active non-profit affordable housing developer, allocated the county’s cities into three categories of amenability toward affordable housing: the first third are aggressive about their housing priorities, with mandatory inclusionary policies and incentives for affordability; the second third are aggressively “no way no how”, with minimum 1 du/ac zoning throughout their residential areas; and the final third fall somewhere in the middle – not averse, but not proactive in their planning or incentives (Franklin 2016). The County government itself, expressed through the elected Board of Supervisors, is highly supportive of affordable housing, mandating its housing staff to pursue creative solutions to a problem that is becoming increasingly critical to address (Cade 2016).

This thesis focuses primarily on Franklin’s first and third categorizations, opting not to dwell on the communities that are truly exclusionary of multifamily development, affordable or otherwise. As reviewed in Chapter 2, literature on affordable housing development in suburban areas tends to focus on the ways in which affluent communities prevent affordable housing development through zoning and lawsuits. By focusing on the opportunities that exist within San Mateo County’s affluent but amenable cities, I hope to complicate our portrayal of suburban communities and provoke cities to reimagine the ways in which they can contribute to regional housing needs.

4.1.1 – Land Use and Zoning

Land use is the focal point of many existing studies and toolkits on development potential in San Mateo County. A 2007 study on transit-oriented development opportunities for the San Mateo County Transit District (SamTrans) found that land assembly of small-scaled infill sites and on-site parking requirements are the two major barriers to development near BART and Caltrain stations in the county (HNTB Corporation, Strategic Economics, and Hexagon Transportation Consultants 2007). The study found that reducing parking requirements to 1.3 spaces per unit made development on sites as small as 50 feet by 100 feet (about 1.15 acres) financially feasible for market-rate developers. The study also proposed eliminating affordable housing requirements or
replacing on-site unit requirements with in-lieu fees to make smaller TOD projects more feasible (SamTrans 2007).

A more recent study completed by Berkeley-based Baird & Driskell Community Planners sought to demonstrate that San Mateo County has sufficient sites for affordable housing to meet its production goals and qualify for competitive housing tax credits. The report identified four key barriers: high cost of development and scarcity of funding; cost and complexity of redeveloping underutilized properties; sites identified in Housing Element subsequently developed with other uses; and community opposition (Baird + Driskell Community Planning 2016). Of the nearly 4,000 sites listed on jurisdictions’ Housing Element plans, the report found only 88 that were considered “development ready,” with only 22% of the 88 sites likely to receive sufficient locational and amenity points to qualify for 9% Low Income Housing Tax Credits. The sites that were listed on Housing Elements but not feasible for affordable housing development were predominantly located in or next to single-family neighborhoods. Other large sites were politically infeasible because of their existing uses: for example, community colleges and seminaries made appearances on some jurisdictions’ Housing Element Plans.

Despite limitations due to parcel size and evidence of restrictive or exclusionary zoning, many communities in San Mateo County are shifting their land use patterns to accommodate higher densities, lower parking requirements, and better transit connections. Of communities with Caltrain, BART, or interest in improving bus service, all but one (Atherton) opted in to Plan Bay Area’s voluntary Priority Development Area (PDA) framework (Johnson 2016). The cities of Belmont, Millbrae, Redwood City, San Bruno, San Carlos, San Mateo, and South San Francisco have adopted downtown station area plans with variations on higher allowed densities, lower parking requirements, a mix of land uses, and streamlined entitlement processes (Council 2016; Aknin 2016; Baird + Driskell Community Planning 2016).

While all counties in the San Francisco Bay Area are constrained by urban growth boundaries, San Mateo County is uniquely constrained by its geography; as a peninsula bisected by a mountain range, its ability to grow outward is limited by more than just open space regulations (Wheeler 2000). Nearly 80% of the county is designated either open space or single-family residential (Aknin 2016). Its lack of significant industrial development at any point in its history limits the
supply of large, readily developable parcels that it can easily convert to housing, commercial, or mixed uses. But creativity abounds: in San Mateo, the historic Bay Meadows racetrack has been redeveloped into an 83-acre mixed use “urban village”, including 1,000 affordable rental and homeownership units, near the Hillsdale Caltrain station (Council 2016). In Redwood City, density requirements that were found to encourage unnecessarily large unit sizes have been replaced with form-based zoning and a total unit number cap in its Downtown Area Precise Plan, 15% of which will be designated affordable. Even with affordability requirements, San Mateo and Redwood City have seen rapid development in their downtown and transit-oriented areas – and the Peninsula’s other cities are beginning to take note.

4.1.2 – Small Cities, Small Staffs

Policy and advocacy for affordable housing comes from a range of actors outside City Hall, including state and county policymakers, housing advocacy groups, and non-profit developers. Nonetheless, the responsibility of planning for and approving developments – not to mention negotiating for community benefits like affordable housing – falls onto city staffs. Only four cities in San Mateo County (Daly City, San Mateo, Redwood City, and South San Francisco) surpass 50,000 people in population, with only the former two surpassing populations of 100,000. The remaining seventeen cities range in size from very small (Colma - 1,492; Brisbane - 4,443) to midsize suburban (Belmont - 26,731; Menlo Park - 33,071). Most of San Mateo County’s jurisdictions have small city planning staffs with no designated housing planner or staff person with development expertise (Johnson 2016; Aknin 2016; Savay 2016; Swiecki 2016; Sullivan 2016; Council 2016). The lack of expertise and available staff hours devoted to housing means that staffs of small cities are overpowered by developers who claim their projects won’t be feasible under the city’s hoped-for requirements (Bay 2016; Abrams 2016). Staff also lack the time to commit to extensive community engagement in neighborhoods dominated by powerful NIMBY voices (Johnson 2016). New programs like AHSC which favor city collaboration on applications require a dedicated staff person (Cade 2016; Stewart-Rose 2016). Flexing policy levers to support affordable housing or collaborate on housing projects takes staff time, energy, and creativity – something that small cities don’t always have the capacity to do.
4.2.2 – Loss of Redevelopment Financing

California was a pioneer in using tax-increment financing districts (TIF) to fund large-scale redevelopment of industrial sites and downtown areas. The program’s inclusionary policy required that 15% of any new housing built in redevelopment areas be reserved for low- and moderate-income households. In addition, at least 20% of all TIF revenue was required to be allocated to a city Low and Moderate Income Housing Fund (Blount et al. 2014). In 2011, under pressure to reduce California’s budget deficit, Governor Jerry Brown eliminated the redevelopment program and recalled all unspent TIF funds to the State Treasury. Seemingly overnight, California’s developers lost their major source of gap financing for affordable housing construction and preservation projects (Adelman 2016).

The loss of redevelopment halted production of affordable housing throughout California, including San Mateo County. For example, Redwood City’s downtown redevelopment plan was adopted six months prior to the dissolution of redevelopment. Not only did Redwood City lose a projected $10 million per year in revenue for affordable housing over the lifetime of its downtown growth, several large projects slipped through the approval process with no required affordability component or in-lieu fee (Aknin 2016). Other funding sources were forced to adapt to the shifting financing needs of developers. The Low Income Investment Fund’s (LIIF) Transit-Oriented Affordable Housing (TOAH) Fund was in its final planning stages when redevelopment was dissolved, prompting the fund to shift toward holding and acquisition of sites so non-profit developers could wait out the next possible funding source for development (Adelman 2016).

Recently, San Mateo County’s savvier communities have pursued “Boomerang Funds,” reclaiming a portion of their lost redevelopment revenue from the state. While the returned funds don’t have the same inclusionary requirements as redevelopment funds had, cities like San Mateo have voluntarily adopted a 20% inclusionary rule on all boomerang funds (Council 2016). In 2015, the state approved Community Revitalization Districts, a limited reintroduction of TIF districts for communities where residents earn less than 80% of the statewide median income and have higher than average rates of unemployment, crime, and dilapidated infrastructure (“Bill Text - AB-2 Community Revitalization Authority.” 2016; Webster 2015). However, it is unlikely that any
community in San Mateo County meets the requirements to become a Community Revitalization District (Weigel 2015).

4.1.3 – The Palmer Decision

Many communities in San Mateo County had Below Market Rate (BMR) ordinances, a version of inclusionary zoning requiring ten to 15% on-site affordability or in-lieu fees in all new developments. In 2009, however, the California Second District Court of Appeals issued a decision on Palmer/Sixth Street Properties LP v. City of Los Angeles, ruling that inclusionary policies that required affordable rental units constituted an unlawful taking of property. The Palmer Decision, as it is known, ended BMR and Inclusionary ordinances in many cities without the political wherewithal to negotiate alternatives. For example, San Bruno’s 2007 BMR Ordinance had extended the inclusionary requirements of its redevelopment district to new developments throughout the city; the program captured nearly $4 million in in-lieu fees from four single-family subdivisions in the 2000s and intended to utilize the revenue toward a multifamily development near its downtown (Sullivan 2016). In 2013, after the city had dismantled its BMR Ordinance following the Palmer Decision, San Bruno’s new Transit Corridors Plan was adopted with no required affordability component. The first approved project, an 83-unit residential building on a former cinema site, has moved forward with no affordability component (Sullivan 2016).

Some communities have maintained their BMR Ordinances, either through local mandate or local apathy. San Mateo’s BMR Ordinance was adopted through a voter initiative on height limits in the 1990s. Because the ordinance was supported by popular vote, San Mateo’s legal counsel has taken the interpretation that the Palmer Decision does not apply (Council 2016). San Carlos has maintained a 15% BMR ordinance with little objection from developers working in the city (Savay 2016). The small city of Brisbane has its BMR Ordinance primarily because no housing developments have been approved in the city since the Palmer Decision was announced, so no developer has had reason to object to its requirements (Swiecki 2016).

Since 2009, both the California Supreme Court (SBIA v. City of San Jose) and the US Supreme Court (Texas Department of Housing and Community Affairs v. The Inclusive Communities
Project) have issued decisions indicating support for inclusionary housing policies (Howlett 2016). Several state senate and assembly bills were introduced as “Palmer Fix” bills, aiming to restore inclusionary zoning powers to local jurisdictions, but Governor Brown has vetoed each of them. The latest Palmer Fix bill, AB 1229, is currently working its way through the legislature, but it is unclear whether the Governor will continue to veto it.

4.1.4 – Exploring Alternatives

“It’s not like when we had redevelopment we were knocking it out of the park, like we were churning out well in excess of our goals for affordable housing – we weren’t. I think that’s the dirty secret about redevelopment. It’s gotten much harder since it left, yes, but something should be said for trying different things and experimenting.”
- San Francisco Bay Area Regional Planner

With the instability of inclusionary policies and the dissolution of redevelopment funding, San Mateo County’s communities have been forced to pursue creative alternatives to traditional affordable housing incentives. While adoption of new policies has been pursued aggressively in some cities – and slowly in others – the proactive political support for new funding mechanisms and planning policies demonstrates the urgency of the affordability crisis. The most common alternatives are: density bonuses; first right of refusal on publicly owned land; housing impact fees; preservation programs; and accessory dwelling units (ADUs).

Density Bonus

California first enacted a Density Bonus Law in 1979, under Governor Jerry Brown’s first administration. The law offers developers concessions, or “bonuses” on allowable dwelling units per acre, in exchange for the provision of affordable housing. For example, a development that reserves 11% of its units for very low-income households is granted a density bonus of 35%. For a proposed development of 50 units, a density bonus would allow its development on an acre-sized parcel zoned 40 du/ac, so long as the development includes six affordable units. Some communities in San Mateo County have codified Density Bonus Law in their own Downtown Precise Plans and Transit-Oriented Development Specific Plans, allowing greater bonuses than
what is already required by state law. This approach is used in San Mateo, where a voter initiated height limit capped buildings at five stories unless affordable units are included on site (Council 2016).

Other communities, however, have pursued Specific Plans that invalidate or delay Density Bonus Law. Redwood City, for example, has the most successful downtown plan from a development perspective, but one of the least successful plans from an affordability perspective. After a ten-year community engagement process, Redwood City exchanged density requirements for form-based zoning and total unit caps. Because the plan’s release aligned with the loss of redevelopment and uncertainty around the Palmer Decision, it specified no affordability components (Aknin 2016). Thousands of units entered the development pipeline, but because none of them were affordable, the city put the increased value of the upzoned land directly into developer’s pockets without claiming any community benefits for itself (Abrams 2016). In December 2015, Redwood City retroactively added affordability into its Downtown Plan; its unit cap of 2,500 new residential units now specifies that 15% of new units must be affordable to low and moderate-income households. While the market-rate units are being developed first, the hope is that the remaining 375 affordable units will be proposed with the same eagerness (Aknin 2016).

First Right of Refusal on Publicly Owned Land

AB 2135, approved by Governor Brown in 2014, allows affordable housing developers the first right of refusal on the sale of surplus publicly-owned land (“Bill Text - AB-2135 Surplus Land: Affordable Housing.” 2016). Unfortunately, this law hasn’t been successfully adopted or enforced within San Mateo County, where public agencies frequently lease, not sell, their land to developers. For land that is for sale, the sixty day holding period is often too short for non-profit developers who don’t always have the cash on hand to make a purchase quickly (Franklin 2016; Abrams 2016). In other instances, the state law has been unenforced by public agencies that stand to earn significantly higher than the asking price once the land is offered to the competitive private market (Cade 2016).
**Housing Impact Fee**

The most promising alternative to an inclusionary ordinance is a Housing Impact Fee, also called a linkage fee, determined through a nexus study that connects new commercial and residential development to an increased demand for affordable housing. Currently, Daly City, East Palo Alto, Menlo Park, Redwood City, and San Carlos have adopted impact fees for single family, condo, apartment, office, retail, or variations on all five. Inspired by the success of impact fees in the first five jurisdictions, fifteen other jurisdictions and unincorporated San Mateo County jointly hired consultants to create the Grand Nexus Study, a highly unique, collaborative process designed to determine or update appropriate fees for jurisdictions throughout the county.

San Mateo, Foster City, and San Bruno are on track to adopt housing impact fees in 2016 (Sullivan 2016; Council 2016). As the first community in the county to adopt a fee, Redwood City is also the first jurisdiction to adopt an update to its fees based on data from the Grand Nexus Study. Just one month after the update in December 2015, two new projects had already entered the development pipeline and were projected to produce nearly seven million dollars in impact fees; the fees will be used to purchase land and RFP it out to a non-profit affordable housing developer (Aknin 2016). The updated impact fees are listed in Figure 4.2.

### Figure 4.2: Redwood City’s Housing Impact Fee (Adopted December 2015)

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Fee per SF</th>
<th>Minimum Project Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condos and Apartments</td>
<td>$20</td>
<td>5 or More Net New Units for Residential Projects</td>
</tr>
<tr>
<td>Single Family</td>
<td>$25</td>
<td></td>
</tr>
<tr>
<td>Townhome/Duplex/Triplex Developments</td>
<td>$25</td>
<td></td>
</tr>
<tr>
<td>Office</td>
<td>$20</td>
<td>More than 5,000 square feet of Net New Construction for Commercial Projects</td>
</tr>
<tr>
<td>Hotel</td>
<td>$5</td>
<td></td>
</tr>
<tr>
<td>Retail and Restaurants</td>
<td>$5</td>
<td></td>
</tr>
</tbody>
</table>

Source: Final Adoption of the Affordable Housing Impact Fee Program 2015

As an aside, the Grand Nexus Study recommended a maximum linkage fee per square foot of $142 for hotel, $249 for retail, and $222 for office. The difference between maximum justified fees and the recommended fees adopted by the city council is based on financial feasibility and the projected development impact of linkage fees (Strategic Economics and Vernazza Wolfe...
The substantial fee gap hints at San Mateo County’s overwhelming preference for commercial development compared to residential development, somewhat explaining the widening jobs-housing imbalance and growing spatial mismatch. This preference is likely due to long-held beliefs that commercial development offers more tax revenue for the city over time – though the growing trend of employers who provide all workday services (from meals to transportation) in-house rather than sending their employees to spend in the community somewhat disputes this belief (Abrams 2016; Sullivan 2016).

Regardless of the specific fee per square foot that emerges from a nexus study, the local revenue produced to support affordable housing is highly useful. Local contributions – be they federal HOME funds or Community Development Block Grants (CDBG), or contributions from local fee collection – often serve as the first-in, risk-bearing financing layer that sustains vulnerable developments through the entitlement and financing application process (Franklin 2016). Without a local source of revenue from inclusionary in-lieu fees, boomerang funds, impact fees, or some other local twist on revenue collection, affordable housing in a competitive market like San Mateo County has little hope of being developed.

**Preservation Programs**
According to the California Housing Partnership Corporation, 57,000 federally subsidized affordable units in California are at risk of conversion to market rate in the next five years. Six Section 202/811 projects in San Mateo County are set to expire in 2016 alone, resulting in 177 low-income senior housing units that will be eliminated unless the projects are refinanced. The county’s flatlands are also home to hundreds of Naturally Occurring Affordable Housing units (NOAHs), four- to eight-unit low-density apartment buildings along El Camino Real and other commercial corridors. While these buildings offer naturally low rents to long-time residents, many of them are in need of rehabilitation. Matt Franklin of MidPen Housing is engaged in an effort to create a Preservation Fund aimed at purchasing, rehabbing, and preserving the long-term affordability of NOAHs for their existing residents.

**Accessory Dwelling Units (ADUs)**
Accessory Dwelling Units (ADUs), also known as In-Law Units or Secondary Units, are small detached or semi-detached homes located on parcels typically limited to a single-family home.
ADUs are regarded as a form of “hidden density,” adding units that are tucked into single-family neighborhoods but naturally affordable because of their small size. Barriers to ADUs include density requirements that limit the number of dwelling units on a parcel, zoning codes that require buildings to be set back from the property line, and parking requirements that require the homeowner to construct an additional parking spot on site to serve the unit (Wegmann and Chapple 2014). Fortunately, most communities in San Mateo County are revising their zoning codes to facilitate the addition of ADUs in single-family neighborhoods.

4.1.5 – Regional Collaboration

San Mateo County’s greatest source of strength is its willingness to collaborate, pool sources of revenue and expertise, and contribute staff energy toward finding solutions to affordable housing challenges that would seem insurmountable. Even as individual jurisdictions construct their own policies and programs in support – or exclusion – of affordable housing, countywide processes attract representatives from cities, advocacy groups, and county departments to work toward the mutual goals of meeting their RHNA numbers, housing their low-income workforce, and ensuring equitable access to the county’s growing prosperity. These unique, collaborative programs and processes demonstrate a profound effort to overcome the county’s land, staff, and funding shortcomings in support of far-reaching housing production goals. The following is a shortlist of collaborative countywide efforts:

Measure A

In November 2012, San Mateo County voters overwhelmingly approved a half-cent sales tax increase for a period of ten years in April 2013, increasing funding to social services, infrastructure improvements, and emergency shelter housing countywide. $13 million of the revenue in the first two years of the program was allocated to the San Mateo County Department of Housing, resulting in loan financing to tax credit projects and special needs housing (Council 2016). The Department of Housing is also using the funds for a farmworker housing needs assessment and a Housing Innovation Grant program to solicit new ideas for creating and preserving affordable housing. (In full disclosure, a Housing Innovation Grant awarded to the Housing Leadership Council of San Mateo County is funding a portion of this research.)
21 Elements

State Housing Element Law typically requires metropolitan planning agencies to allocate distinct numbers to each jurisdiction based on regional population and employment forecasting, but some subregions are permitted to receive aggregated allocations that they divide amongst themselves through a separate process. 21 Elements is an effort by all jurisdictions in San Mateo County to distribute their Regional Housing Needs Allocations amongst themselves rather than relying on individual allocations from the Association of Bay Area Governments (ABAG). A subregional RHNA process is ideally suited to places like San Mateo County, where some jurisdictions are more amenable to affordable housing than others. While the goals of equal burden and fair housing that underline the Housing Elements process become somewhat diluted, subregional RHNA processes can ultimately produce more realistic and politically feasible Housing Elements.

A subregional RHNA only allocates to jurisdictions the quantities of extremely low-, low-, moderate-, and above moderate-income housing units to be identified during each RHNA cycle; jurisdictions must then complete their own Housing Elements plans demonstrating that they have sufficient sites for their RHNA. Regardless, Baird + Driskell Community Planning’s 21 Elements process outfitted each jurisdiction with the demographic data, housing market analysis, and policy toolkit necessary to create a Housing Element plan that would be approved by the state and – ideally – facilitate development of low- and moderate-income housing. The 21 Elements process has served as a progressive model for other regions hoping to complete a subregional process in the next RHNA cycle. It has also spun off additional collaborations within the county, including the Grand Nexus Study that will likely result in widespread adoption of Housing Impact Fees.

Grand Boulevard Initiative

The Grand Boulevard Initiative (GBI) is a collaborative planning process engaging cities, transportation agencies, business owners, advocacy groups, and residents along El Camino Real in San Mateo and Santa Clara Counties. GBI seeks to upgrade El Camino Real from a congested, low-density state highway marked by strip malls and car dealerships to a tree-lined, medium-density, multimodal “Complete Street.” While an initial version of the Grand Boulevard Plan focused on proposals for density bonuses, greening, pedestrian safety, and bus rapid transit, the latest
iteration of GBI’s Guiding Principles includes a new consideration for jobs and housing growth along the corridor. A future goal for GBI might be collaboration on funding applications, such as AHSC, similar to a successful approach adopted by the East Bay Corridor Initiative in Alameda County (Bay 2016).

Jobs/Housing Task Force
The latest evidence of countywide collaboration is the Closing the Jobs/Housing Gap Task Force – commonly referred to as the Jobs/Housing Task Force – which seeks to address the widening jobs-housing gap in the county (Durand 2015). As a group of city and county elected officials concerned with the high cost of housing, the task force invites policy advocates and experts to monthly meetings to hear solutions to the growing crisis. By June 2016, the task force hopes to have compiled a list of possible solutions to create and retain affordable housing, including rent control, preservation funding, and other financing sources.

One hope that advocates and concerned residents have for the Jobs/Housing Task Force is an increased emphasis on employer support for housing production in general, and affordable housing in particular. Santa Clara County is frequently cited as a model in public sector collaboration with employers; the city of Mountain View, for example, recently collected $45 million in Housing Impact Fees from the expansion of the LinkedIn campus. Rather than paying the fee directly to the city to manage, LinkedIn has agreed to work cooperatively with MidPen Housing to produce affordable housing near its site (Franklin 2016). Other advocates wish for employers to issue press releases in support of affordable housing, encouraging employees to become active in the social issues that affect the cities where they live and work (Abrams 2016).

4.2 – Site-Specific Challenges and Opportunities

San Mateo County offers vast variety in its amenability toward affordable housing development, and processes like 21 Elements, the Grand Nexus Study, and the Grand Boulevard Initiative hint at a growing acknowledgment of the affordability crisis and a growing interest in implementing solutions. Despite this important shift in political and cultural awareness, critical site-specific
challenges persist. San Mateo County is both geographically constrained and economically hot; most potential sites are expensive, small, and difficult to develop.

4.2.1 – Small Parcels

Like all states, California’s affordable housing development is dictated by competitiveness and feasibility for Low Income Housing Tax Credits, the principle source of development equity for nearly every new construction project. The application for tax credits is time-consuming and expensive, with a substantial amount of overhead fees and soft costs associated with their use. Most affordable housing developers report that a development must include at least 40 affordable units to be competitive for tax credits and make the application cost-effective (Franklin 2016). Unfortunately, most sites designated in cities’ Housing Elements are far less than an acre in size and typically include a by right zoning of 20 units per acre or less. Housing Elements are allowed to list bundled parcels to reach desired density, but accomplishing development on a bundled parcel requires waiting for sites to vacate and go on sale, negotiating purchases with multiple landowners, and soliciting approval for their re-parcelization (Abrams 2016). In addition to being small, parcels are often oddly shaped, narrow, or steeply graded. These sites are most prevalent along El Camino Real and near transit stations, posing a particularly large challenge for transit-oriented affordable housing development.

4.2.2 – NIMBYism and Proximity to Single-Family Homes

When a layperson is asked about affordable housing development in San Mateo County – or any affluent suburban area, for that matter – the first barrier that comes to mind is NIMBYism. NIMBYism is a significant barrier in the county’s more exclusionary communities; the tiny city of Brisbane, for example, is home to a large voting bloc of longtime residents resistant to any kind of new development in their community (Swiecki 2016). Elected officials who push affordable housing or increasing density too strongly are unlikely to be reelected. However, shifts in demographics toward younger, more diverse residents are frequently paired with a wider acceptance of affordable housing, a market preference for dense, walkable communities, and a willingness to express this preference in the voting booth (Savay 2016; Aknin 2016; Abrams...
Even in Atherton and Hillsborough, San Mateo County’s most affluent communities, single-family neighborhoods are opening to the idea of Accessory Dwelling Units and 2 DU/AC allowed densities.

Throughout the county, however, proposals for dense, multifamily development of any kind near single-family neighborhoods can expect strong opposition. In the city of San Mateo, the 83-acre Bay Meadows Racetrack redevelopment added several thousand residential units, a commercial district, and bicycle/pedestrian improvements near the Hillsdale Caltrain station. A small single-family neighborhood adjacent to the project feared that the development’s reduced parking requirements would lead residents of the Bay Meadows development to park their cars on the street in their neighborhood. Homeowners demanded that a wall be constructed to cut off pedestrian access to their neighborhood, and the city obliged. Just a few years later, with a new Whole Foods, Starbucks, Crunch Fitness, and train station just a stone’s throw away, the neighborhood is requesting that a gate be added through the wall (Council 2016).

Experienced non-profit affordable housing developers are unfazed by NIMBYism. Developers engage in proactive community engagement whether they’re required to or not (Franklin 2016). Additionally, to qualify for tax credits and other targeted financing sources, affordable housing developments must be near locational amenities like transit options, medical clinics, grocery stores, and public schools – many of which are concentrated in higher density commercial corridors and transit stations areas further from single-family neighborhoods. (Sullivan 2016; Savay 2016).

4.2.3 – Cost of Land, Cost of Development

In a county where land acquisition totals over $90,000 per unit, the cost of land in San Mateo County is the single largest barrier to affordable housing development. Projects for even moderate-income households require deep subsidies (Adelman 2016). Cities that collect in-lieu and impact fees are forced to sit on unused revenue because no land is affordable to purchase (Johnson 2016; Bay 2016). The cost of land is mediated in three ways: first, through inclusionary zoning policies that can require Master Developers to donate land for affordable housing.
development. This approach, for example, created two parcels that are currently up for RFP in the city of San Mateo (Council 2016). Second, public agencies can donate their land for affordable housing development, as is the case in Redwood City where a 1-acre city-owned parcel downtown valued at $10 million is being donated for affordable housing (Aknin 2016). A third option requires a developer to purchase land in the competitive private market; while this is much more common when the housing market is down, MidPen Housing and other savvy affordable housing developers have had success securing parcels with their own capital (Franklin 2016).

Even with a donated land parcel, the cost of development in San Mateo County can frequently surpass $320,000 per unit. The development process – securing entitlements, applying for financing, undergoing environmental impact review, approving designs, and conducting community engagement – can take anywhere from two to ten years before a project breaks ground (Morgan 2016). Some cities have attempted to expedite the entitlement process in their Specific Plans; Redwood City’s form-based zoning in its downtown area has streamlined the entitlement process down to six months, and San Bruno’s Transit Corridor Plan requires a pre-submittal process that is designed to obtain community approval earlier in the process (Aknin 2016; Sullivan 2016). Regardless, the soft costs and pre-development process inherent to affordable housing development remain costly.

4.2.4 – Access to Transportation

Nearly every competitive financing source for affordable housing development in California rewards access to quality, high frequency public transportation, particularly light rail and streetcar lines, trains with headways shorter than fifteen minutes during rush hour, and Bus Rapid Transit (BRT) systems. While most neighborhoods in the flatlands of San Mateo County enjoy access to the Bay Area Rapid Transit System (BART), Caltrain, and the San Mateo County Transit District (SamTrans) bus system, nearly every transit option runs at a financial deficit with low frequencies in service (Simon 2016).
Plans to improve transit access in San Mateo County focus overwhelmingly on the Peninsula Corridor Electrification Project (PCEP), a $1.76 billion plan to convert Caltrain to an electric system. While the modernization program will allow Caltrain to operate more efficiently, increase headways during peak hours, and relieve overcrowding, the improvements will do little to expand the reach of the county’s transit network. According to a 2014 ridership survey, the average Caltrain rider earns an annual income of $117,000 and uses the train to commute to job centers in San Francisco and Silicon Valley (Donato-Weinstein 2014). The system doesn’t serve the county’s low-income service, shift, or farmworkers who are most likely to use transit when it is available, but most likely to drive older, more polluting vehicles when it is not (California Housing Partnership Corporation, TransForm, and Housing California 2012).

Santa Clara County’s Valley Transit Authority (VTA) is moving forward with plans to implement Bus Rapid Transit on El Camino Real from Palo Alto to downtown San Jose. While El Camino Real’s vacant and underutilized parcels in both San Mateo and Santa Clara Counties are key sites for affordable housing, only sites in Santa Clara County along a high-frequency BRT system would be competitive for affordable housing financing that favors projects near high-frequency transit systems. SamTrans is beginning to consolidate bus lines to target service improvements on El Camino Real, but the county is far from constructing the infrastructure needed to introduce BRT. Additionally, the consolidation of SamTrans bus lines has cut some east-west lines that connected low- and moderate-income households to commercial centers and train stations. If San Mateo County is going to support affordable housing development on transit-accessible sites, it will need to improve bus service to a wider range of neighborhoods.

4.3 – Bringing It All Together: Pursuit of AHSC Funds

The opportunities and challenges for affordable housing development near transit in San Mateo County are not insurmountable, but they require tremendous creativity, collaboration, and proactive engagement on the part of city and county staff, elected officials, housing advocacy groups, transit agencies, and affordable housing developers. Most of all, they require a full-fledged commitment to pursue new funding sources – particularly the cap-and-trade funded
Affordable Housing & Sustainable Communities (AHSC) program that is currently in its second year.

In the first year of the AHSC program, stakeholders in San Mateo County were largely discouraged from submitting applications due to their lack of high-frequency transit and lack of CalEPA Disadvantaged Communities designated neighborhoods (Bay 2016). Two groups submitted unsuccessful applications seeking funding for infrastructure improvements around the South San Francisco Caltrain Station, but neither involved affordable housing or collaboration with the City of South San Francisco (Stewart-Rose 2016). This year, rewritten requirements have piqued the county’s interest in the program. One of the South San Francisco applicants, for example, is reapplying with a proposal to construct an affordable senior housing project in addition to station area improvements (Cade 2016). With access to $320 million – and growing – at stake, San Mateo County’s cities need to increase their awareness of the program, track down parcels to donate, and work collaboratively with developers and transit agencies to identify projects that can benefit from both affordable housing and infrastructure improvements.
Chapter 5: Opportunities for AHSC in San Mateo County

San Mateo County must increase its housing production – affordable and otherwise – to relieve its jobs-housing imbalance and preserve housing options for its low- and moderate-income households. Given what we know about the opportunities, challenges, and barriers to affordable housing in San Mateo County, what can its county and city governments, non-profit affordable housing developers, transit agencies, and housing advocates do to support the construction of affordable housing on key sites? This chapter surveys the universe of Housing Opportunity Sites in San Mateo County, introduces six categories of competitiveness for Affordable Housing & Sustainable Communities (AHSC) funding, and highlights 15 high priority sites for city, transit, and developer collaboration on future AHSC applications.

5.1 – Methodology

San Mateo County’s Housing Element Plans list sites that each jurisdiction deems appropriate for affordable housing. By law and in theory, these sites should provide enough land for the development of sufficient multifamily housing projects, single-family homes, or Accessory Dwelling Units (ADUs) to fulfill each jurisdiction’s Regional Housing Needs Assessment (RHNA). This chapter analyzes the universe of Housing Opportunity Sites against the site-specific requirements necessary to make a proposed development feasible and competitive for the Affordable Housing & Sustainable Communities program. The methodology for analysis is detailed below.

5.1.1 – Site-Specific Criteria

Site selection for affordable housing development relies on a specific set of political, economic, and programmatic criteria that enable projects to be competitive for financing, receive local entitlements, and endure the pre-development and development phases without running out of working capital. Sites must be large enough and zoned densely enough to support at least 40 housing units and achieve economies of scale on soft costs and property management fees.
To receive highly competitive 9% Low Income Housing Tax Credits, projects must be located near transit and other locational amenities.

The AHSC program specifies additional criteria intended to pair affordable housing development with reductions in greenhouse gas emissions and vehicle miles traveled (VMT). According to the 2015-16 Affordable Housing & Sustainable Communities Program Guidelines, competitive applicants must meet some or all of the following site-specific criteria:

- Implement local planning efforts, such as Transit-Oriented Development Specific Plans or Priority Development Areas, that seek to implement regional Sustainable Communities Strategies (SCS) and/or Regional Transportation Plans (RTP);
- Located within a half-mile of rail or bus systems with headways of fifteen minutes or less during peak hours (for TOD projects). Projects lacking high-quality transit are still eligible for AHSC funds, but are considered Integrated Connectivity Projects (ICP);
- Located within walking distance of local services, including public elementary, middle, or high schools, medical clinics that accept public insurance, large format grocery stores, and licensed childcare facilities; and
- Have a Walk Score and Bicycle Score of at least 50 points (Somewhat Walkable/Bikable), with additional points awarded for higher Walk and Bike Scores.

By law, the AHSC program includes two “statutory set-asides” to preserve the intent of the program: 50% of program funds must be awarded to projects that contain an affordable housing development component, and 50% of funds must be awarded to projects that fall within or provide benefits to a CalEPA-designated Disadvantaged Community. Statutory set-asides are not mutually exclusive; projects that propose affordable housing development within a Disadvantaged Community will be highly competitive because they offer overlapping benefits. Projects that fulfill neither criterion are still eligible for AHSC funds, but are not likely to be competitive. All sites evaluated in this chapter will be eligible for one statutory set-aside based on their inclusion of affordable housing, but only a small number of sites will be eligible for the second Disadvantaged Communities statutory set-aside.

A final consideration that influences the site selection process is the cost of acquiring a parcel for development. While some non-profit affordable housing developers have the financial resources
to purchase parcels outright, most developers tend to rely on land donations from Master Developers mandated by BMR or Inclusionary ordinances or land leases obtained through city RFPs (Franklin 2016; Morgan 2016). As most jurisdictions in San Mateo County no longer have inclusionary requirements – and thus options for partnerships with Master Developers are limited – land owned by a City, the County, SamTrans, or the Peninsula Corridor Joint Powers Board (Caltrain) is particularly valuable for affordable housing development.

**Figure 5.1: Summary of Site-Specific Affordable Housing & Sustainable Communities Criteria**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Access</td>
<td>Within ½ mile of transit, such as light rail, Bus Rapid Transit, or other rapid transit system, with headways greater than 15 minutes at peak hours (TOD); or, within ½ mile of other transit infrastructure (ICP)</td>
</tr>
<tr>
<td>Locational Amenities</td>
<td>Within walking distance of public elementary, middle, or high schools, medical clinics that accept public insurance, large format grocery stores, and licensed childcare facilities</td>
</tr>
<tr>
<td>Implement SCS</td>
<td>Within a Transit-Oriented Development Plan, Station Area Plan, and/or Priority Development Area</td>
</tr>
<tr>
<td>Walk Score and Bike Score</td>
<td>A score of at least 50 (Somewhat Walkable; Somewhat Bikable)</td>
</tr>
<tr>
<td>Disadvantaged Community</td>
<td>Within, or providing benefits to, a CalEPA Disadvantaged Community. Projects that “providing benefits to” Disadvantaged Communities seek to limit displacement, introduce work opportunities, or offer job training hours.</td>
</tr>
</tbody>
</table>

5.1.2 – Creating a Universe of Housing Opportunity Sites

In order to identify sites that would be both feasible for development and competitive for AHSC funding in San Mateo County, I first created a list of all possible “Housing Opportunity Sites.” I began with a list of sites identified in each jurisdiction’s Housing Element, which is a useful starting point for two reasons: first, the current RHNA cycle provides allocations to be accomplished between 2015-2022. As we are early in the RHNA cycle, the sites listed on Housing Elements are less likely to be in development than sites at large. Second, while Housing Elements offer no requirement to streamline entitlements or prioritize development of affordable housing over other uses on designated sites, Housing Elements offer a best guess of vacant and underutilized sites where affordable housing could expect support from a local jurisdiction.
To supplement the Housing Element list, I added the results of Baird + Driskell’s San Mateo County Affordable Housing Sites Inventory prepared in February 2016 for HEART of San Mateo County. While the study also relied on Housing Elements sites, it includes a small set of additional sites identified by a steering committee of non-profit affordable housing developers. The merged dataset of both Housing Elements sites and Baird + Driskell sites created a universe of 3,746 Housing Opportunity Sites.

In ArcGIS, I joined the universe of Housing Opportunity Sites with parcel polygons collected from the San Mateo County Open Data Portal. I then conducted a suitability analysis to determine sites that were: a) located near a Disadvantaged Community; b) inside a Priority Development Area; c) within a quarter mile of an existing SamTrans bus line; d) had a Walk Score of at least 50; and e) were located within one mile of other locational amenities like public schools, grocery stores, medical clinics, and childcare facilities. The analysis created six categories of sites – from most competitive to least competitive – that will be reviewed in section 5.2 below.

Finally, I incorporated ownership data from the San Mateo County Assessors Database to identify the number and location of Housing Opportunity Sites that are owned by a City, the County, SamTrans, or the Peninsula Corridor Joint Powers Board. While private ownership does not preclude a site from being developed into affordable housing, privately owned sites on the open market typically sell above their asking prices in San Mateo County (Cade 2016). Affordable housing developers can receive publicly owned sites through donation or purchase them at a non-competitive market price through first right of refusal privileges. Sites that are both publicly owned and competitive for AHSC offer an expedited path toward pursuing AHSC financing in upcoming funding rounds.

5.2 – Analysis of Housing Opportunity Sites

A suitability analysis of San Mateo County’s Housing Opportunity Sites reveals six distinct categories of sites that would – or would not – be competitive for AHSC. One factor that makes San Mateo County broadly competitive for affordable housing financing is its richness of locational amenities, including public schools, medical clinics, large format grocery stores, and
childcare facilities that are evenly dispersed across the county; so long as sites are located near bus routes, they are highly likely to be walkable to amenities that make them competitive for tax credits and AHSC funding. Factors that make San Mateo County less competitive for AHSC funds are its low-frequency transit network, lack of Disadvantaged Communities, low allowed densities, and small parcels. Regardless, opportunities exist within San Mateo County’s more transit-connected and densely zoned neighborhoods to create affordable housing and pursue AHSC funds.

**Figure 5.2: Categories of Competitiveness for Affordable Housing Sites in San Mateo County**

<table>
<thead>
<tr>
<th>Category</th>
<th>Competitiveness</th>
<th>PDA</th>
<th>In a Disadvantaged Community</th>
<th>Within ¼ Mile of Disadvantaged Community</th>
<th>Within ½ Mile of SamTrans Bus Route</th>
<th>Number / Percent of Total Sites</th>
<th>Number / Percent of Publicly Owned Sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Very Competitive</td>
<td>X*</td>
<td>X</td>
<td>X</td>
<td>31 / 0.8%</td>
<td>0 / 0.0%</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Competitive</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>28 / 0.8%</td>
<td>0 / 0.0%</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td>40 / 1.1%</td>
<td>0 / 0.0%</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>885 / 23.6 %</td>
<td>202 / 87.1%</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Not Competitive</td>
<td></td>
<td>X</td>
<td></td>
<td>1,478 / 39.3%</td>
<td>30 / 12.9%</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,284 / 34.3%</td>
<td>0 / 0.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total 3,746 / 100%</td>
<td>232 / 100%</td>
<td></td>
</tr>
</tbody>
</table>

*One Category 1 site (East Palo Alto) does not fall within a Priority Development Area.

**Category 1: Sites within a Disadvantaged Community**

San Mateo County has two CalEPA-designated Disadvantaged Communities: one on the border of Daly City and unincorporated Colma near Colma BART, and one in a southwestern neighborhood of East Palo Alto. East Palo Alto listed one parcel on its Housing Element that falls within the Disadvantaged Community boundary; however, this site is only 0.3 acres in size with an allowed density of 8 du/ac, rendering it too small to support affordable housing development. It also does not fall within a Priority Development Area. Colma/Daly City’s Disadvantaged Community aligns with a Priority Development Area around the BART station, making it a highly competitive
location for AHSC funds. Both Daly City and San Mateo County listed sites around Colma BART on their Housing Elements, though 24 of the 30 sites are smaller than half an acre and would require bundling parcels owned by several different private owners.

*Categories 2 and 3: Sites that provide benefits to a Disadvantaged Community*

Categories 2 and 3 include parcels that would “provide benefits to” a Disadvantaged Community due to their half-mile proximity. The 28 sites in Category 2 are located in a Priority Development Area, either around the Colma BART station or in East Palo Alto’s Ravenswood/4 Corners TOD Specific Plan. However, the Daly City parcels in this category have already been purchased, bundled, and undergone pre-development by non-profit affordable housing developer MidPen Housing as 5800 Mission Family Apartments. The sites located in East Palo Alto have been marked as underutilized according to the Ravenswood/4 Corners TOD Specific Plan, but they are predominantly occupied by single-family homes in a modest, low-density neighborhood. Development on these parcels would be infeasible. Of Category 2, only the four sites along Bay Road and Pulgas Avenue are large enough – and truly underutilized enough – to support affordable housing development.

The 40 sites listed in Category 3 fall within a half-mile of a Disadvantaged Community and are transit-connected, but they are not located in a Priority Development Area. While these sites are not likely to be competitive for AHSC currently, future planning efforts to increase allowed densities, improve transit connections, and expand implementation of Sustainable Communities Strategies could reduce greenhouse gas emissions while simultaneously creating a feasible environment for affordable housing development.

*Category 4: Sites that implement Sustainable Communities Strategies*

Category 4 sites are not automatically eligible for a Disadvantaged Community Statutory Set-Aside based on proximity, but they could become eligible if they offer work or training hours to a Disadvantaged Community’s residents. Regardless, Category 4 sites are competitive for AHSC based on their access to transit, wealth of locational amenities, and location within a Plan Bay Area Priority Development Area (PDA). Nearly 25% of sites listed on Housing Elements fall within a PDA, though this proportion is primarily achieved through the efforts of seven cities – Daly City,
Millbrae, San Carlos, San Mateo, Burlingame, Menlo Park, and Redwood City – that have made a point of steering a majority of their Housing Elements sites into the dense Caltrain corridor. Other cities, including Belmont and Burlingame, have Priority Development Areas but have allocated more than half of their sites to lower density neighborhoods further from the Caltrain corridor. With nearly 900 potential sites – only 178 of which are larger than a half-acre – a competitive AHSC application will depend on combining parcels, achieving desired density, and ensuring streamlined entitlements. Fortunately, most Category 4 sites are located within jurisdictions that have demonstrated strong support for affordable housing within their dense downtown and commercial areas, and may be able to capture revenue to support affordable housing through existing inclusionary zoning policies or upcoming linkage fees.

Category 5: Sites With Bus Service
The largest category of Housing Opportunity Sites, Category 5 parcels are located within a quarter-mile of existing SamTrans bus routes, but are not located in a Priority Development Area or Disadvantaged Community. No Category 5 sites are located near rail transit or other dense commuting corridors like El Camino Real. One exception is Atherton, which has not opted into Plan Bay Area’s Priority Development Area criteria but has listed a small number of sites in its downtown area near the Caltrain station. While Category 5 sites tend to be larger – some historic estates have been listed, for example – many sites are located in shopping centers or commercial strips that serve the county’s more affluent hillside neighborhoods. These sites would only be competitive for AHSC and other affordable housing development financing if SamTrans committed to increasing frequencies of its east-west routes in communities like Hillsborough, Brisbane, Atherton, Woodside, and unincorporated areas of San Mateo County.

Category 6: Sites with No Transit Connections
The 1,284 sites in Category 6 are highly unlikely candidates for new construction of multifamily affordable housing. Like Category 5, these sites tend to be located in or near single-family neighborhoods in the hills of San Mateo County. The allowed densities are generally between one and 10 du/ac, with some communities specifying minimum lot sizes up to 10 acres. While their remoteness and lack of appropriate densities disqualifies them from multifamily development, their location within single-family neighborhoods with large lot sizes suggests that these parcels
could be the beneficiaries of policies and incentives to support Accessory Dwelling Units or single-family infill.

5.2.1 – Analysis of Results

Housing Elements are a useful tool for analysis because they require cities to articulate through planning where affordable housing could be built, what form it could take, and what audience it could serve. San Mateo County’s Housing Elements reveal a high degree of thoughtfulness and customization attuned to the context of each individual city, with a clear understanding of the development barriers that accompany each proposed site. However, most Housing Elements did not appear to select sites with consideration for funding sources. The Housing Elements of East Palo Alto, Daly City, and San Mateo County offer no mention of their status as a CalEPA Disadvantaged Community, and no effort was made to steer Housing Opportunity Sites into neighborhoods that would be highly competitive for AHSC funding. This is most likely a function of the AHSC program guidelines being introduced in the same year that Housing Elements were being updated, though its not clear that sites were considered based on their competiveness for existing funding sources either.

San Mateo County’s rail transit network is limited to the north-south routes of Caltrain and BART, where vacant, developable land is scarce. El Camino Real’s low-density shopping centers and parking lots offer one of the last remaining locations for transit-accessible development. Modernizing Caltrain and increasing bus service will help San Mateo County become a more transit-oriented suburb, but these improvements will increase the cost of land in a corridor that is key to accessing competitive affordable housing financing. If San Mateo County is to commit to increasing its supply of affordable housing, its transit agency will have to invest an a higher-frequency east-west bus route to serve the County’s low-income but transit-dependent populations, such as those who live in East Palo Alto.

Finally, several municipalities primarily listed Housing Element sites that are located in single-family neighborhoods, effectively eliminating the opportunity for affordable housing development and hinting at exclusionary practices. While single-family development and
Accessory Dwelling Units can help jurisdictions inch toward their housing production goals, future Housing Elements should prioritize sites that are feasible for multifamily housing development.

5.3 – Priority Sites for AHSC

488 Housing Opportunity Sites in Categories 1 through 4 are larger than an acre, suggesting that these sites may be feasible for development and competitive for AHSC funding. Further research on allowed density, site conditions, and existing development proposals could create a comprehensive list of sites that would be competitive for AHSC funding. Given the limitations of a remote study, I have opted in this thesis to review a smaller list of publicly owned Housing Opportunity Sites. Not only do publicly owned sites offer the possibility of parcel donation or lower purchase prices, cities can exercise their power to protect these key opportunity sites for uses such as affordable housing. The publicly owned sites should therefore be a priority for development of affordable housing.

Of the 3,746 Housing Opportunity Sites listed on Housing Elements or the Baird + Driskell study, 146 are owned by a city, county, or transit agency and are not currently schools, waste management facilities, occupied City Halls, water treatment plants, or preserved open space. These conditions leave us with a list of city-owned parking lots, vacant public offices, or downtown parcels leased to low-density commercial uses. Many of these parcels were purchased by Redevelopment Agencies for inclusion in TIF areas, but have since transitioned to city ownership and remained vacant. Because most are located in downtown areas and the county’s flatlands, parcels tend to be zoned for medium to high densities. As such, the primary barriers to development are small parcel sizes and lack of adjacency to other publicly owned parcels, rather than low allowed densities or proximity to single-family homes. All projects fall into Category 4 of AHSC competitiveness; no Housing Elements listed publicly owned sites in Categories 1 through 3.

Figure 5.3 lists publicly owned Housing Opportunity Sites whose allowed densities – either by right or through a 35% density bonus – and parcel size support an affordable housing project of at least 40 dwelling units. Parcels that are currently in development have been removed from the
list. The remaining 15 high-priority publicly owned AHSC sites are listed in Figure 5.3 and discussed by jurisdiction below. Maps of publicly owned sites can be found in Appendix I.

Figure 5.3: High Priority Publicly Owned AHSC Sites

<table>
<thead>
<tr>
<th>ID</th>
<th>APN</th>
<th>Jurisdiction</th>
<th>AHSC Competitiveness</th>
<th>Parcel Size (Ac)</th>
<th>Density (DU/Ac)</th>
<th>Zoning</th>
<th>Owner</th>
<th>Walk Score</th>
<th>Max Units w/ Bonus (DU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>024-180-300*</td>
<td>Millbrae</td>
<td>4</td>
<td>9.77</td>
<td>80</td>
<td>MSASP</td>
<td>SamTrans</td>
<td>87</td>
<td>781</td>
</tr>
<tr>
<td>2</td>
<td>024-146-150</td>
<td>Millbrae</td>
<td>4</td>
<td>0.73</td>
<td>60</td>
<td>DIA</td>
<td>City</td>
<td>81</td>
<td>44</td>
</tr>
<tr>
<td>3</td>
<td>053-231-200*</td>
<td>Redwood City</td>
<td>4</td>
<td>1.61</td>
<td>200</td>
<td>DTPP</td>
<td>City</td>
<td>91</td>
<td>200</td>
</tr>
<tr>
<td>4</td>
<td>052-364-110*</td>
<td>Redwood City</td>
<td>4</td>
<td>1.38</td>
<td>180</td>
<td>DTPP</td>
<td>County</td>
<td>91</td>
<td>180</td>
</tr>
<tr>
<td>5</td>
<td>052-354-030*</td>
<td>Redwood City</td>
<td>4</td>
<td>0.80</td>
<td>200</td>
<td>DTPP</td>
<td>Caltrain</td>
<td>91</td>
<td>180</td>
</tr>
<tr>
<td>6</td>
<td>052-362-150</td>
<td>Redwood City</td>
<td>4</td>
<td>0.50</td>
<td>100</td>
<td>DTPP</td>
<td>City</td>
<td>91</td>
<td>100</td>
</tr>
<tr>
<td>7</td>
<td>052-372-130*</td>
<td>Redwood City</td>
<td>4</td>
<td>0.04</td>
<td>60</td>
<td>DTPP</td>
<td>City</td>
<td>91</td>
<td>60</td>
</tr>
<tr>
<td>8</td>
<td>050-133-460</td>
<td>San Carlos</td>
<td>4</td>
<td>0.80</td>
<td>50</td>
<td>MU-D</td>
<td>City</td>
<td>95</td>
<td>40</td>
</tr>
<tr>
<td>9</td>
<td>035-320-120</td>
<td>San Mateo</td>
<td>4</td>
<td>1.90</td>
<td>50</td>
<td>TOD</td>
<td>City</td>
<td>58</td>
<td>95</td>
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<td>10</td>
<td>033-281-140</td>
<td>San Mateo</td>
<td>4</td>
<td>1.13</td>
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<td>City</td>
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<td>11</td>
<td>034-183-060</td>
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<td>4</td>
<td>1.08</td>
<td>50</td>
<td>CBD-S</td>
<td>City</td>
<td>97</td>
<td>54</td>
</tr>
<tr>
<td>12</td>
<td>093-312-060*</td>
<td>South San Francisco</td>
<td>4</td>
<td>6.98</td>
<td>1113</td>
<td>ECR/C-MXH</td>
<td>City</td>
<td>71</td>
<td>1,113</td>
</tr>
<tr>
<td>13</td>
<td>011-322-030</td>
<td>South San Francisco</td>
<td>4</td>
<td>2.22</td>
<td>80</td>
<td>ECR/C-MXH</td>
<td>City</td>
<td>71</td>
<td>108</td>
</tr>
<tr>
<td>14</td>
<td>012-317-090*</td>
<td>South San Francisco</td>
<td>4</td>
<td>0.73</td>
<td>100</td>
<td>Downtown Transit Core</td>
<td>City</td>
<td>73</td>
<td>97</td>
</tr>
<tr>
<td>15</td>
<td>012-334-130*</td>
<td>South San Francisco</td>
<td>4</td>
<td>0.65</td>
<td>80</td>
<td>Downtown Transit Core</td>
<td>City</td>
<td>73</td>
<td>52</td>
</tr>
</tbody>
</table>

Total Possible Units: 3,160

* Sites have been bundled with adjacent publicly owned parcels
**South San Francisco**

South San Francisco offers perhaps the most competitive application for AHSC funds. While it is not in a Disadvantaged Community itself, its proximity to Colma suggests that a project could offer job training or workforce opportunities that “provide benefits to” a Disadvantaged Community. Two large publicly owned sites in particular, just south of South San Francisco BART, would be highly competitive applicants if they were paired with Bus Rapid Transit along El Camino Real, sidewalk improvements that increased walkability to BART, or implementation of the Centennial Way Bicycle Route planned from Millbrae to Colma. The remaining publicly owned Housing Opportunity Sites are centrally located in South San Francisco’s dense downtown core near its Caltrain station.

**Millbrae**

As Millbrae only became a transit hub once BART extended down the Peninsula is 2003, its transition from bedroom community to dense, transit-oriented community is still in progress. Programs like AHSC that support affordability while increasing infrastructural connections to transit are a natural fit for implementation of Millbrae’s Downtown and Station Area Specific Plans. Two publicly owned sites listed on the City of Millbrae’s Housing Elements would be highly competitive for AHSC funds due to their proximity to BART, Caltrain, and El Camino Real bus service. One site—a 9.8-acre SamTrans-owned parking lot—falls within the Millbrae Station Area Specific Plan (MSASP), which has planned for 1,750 new residential units on several sites, 15% of which will be affordable to low- and moderate-income households. The site listed on the Housing Elements plan could meet the entirety of MSASP’s affordability goals. The second site, a 0.7-acre City-owned parking lot two blocks from El Camino Real in Millbrae’s downtown area, has an allowed density of 60 DU/Ac, enabling as many as 43 housing units on site.

**Redwood City**

Three of Redwood City’s five publicly owned Housing Opportunity Sites are city-owned parking lots targeted for redevelopment; a fourth is a Caltrain parking lot owned by the Peninsula Corridor Joint Powers Board, and a fifth is currently the County’s law library. All five sites are located within the City’s Downtown Precise Plan (DTPP), which uses total unit caps – rather than site-specific approved densities – to facilitate affordable housing alongside market-rate

Morris 75
development. Because no development thus far has included an affordable component, Redwood City should consider donating a publicly owned parcel for affordable housing development or imposing deep affordability requirements on publicly owned parcels that are developed with residential uses. All sites in Redwood City’s downtown area have a Walk Score of 91, making them highly competitive for AHSC and tax credits based on their site-specific characteristics.

San Carlos
The City of San Carlos operates several parking lots between El Camino Real and Laurel Street, its historic downtown. While many of these lots are a one third of an acre in size or less, one is large enough (0.8 acres) to support at least forty units of affordable housing. San Carlos’ city government has signaled interest in leasing public parcels for development and would likely be interested in partnering on an AHSC application. Affordable housing in this area would create workforce housing for employees of the shops and restaurants near San Carlos’ downtown or provide a walkable lifestyle for San Carlos’ seniors. Either use would influence mode shift and make for a competitive AHSC application.

San Mateo
San Mateo is currently undergoing rapid development near its Hayward Park and Hillsdale Caltrain stations; both projects will introduce thousands of new residential units – several hundred of which will be affordable to low and moderate-income renters and homeowners. One 5.9-acre city-owned utility lot remains undeveloped in Hayward Park, offering an opportunity for additional residential units when paired with private development and the city’s deep inclusionary requirements. Two additional city-owned parking lots are located in San Mateo’s historic downtown core near the San Mateo Caltrain station; each of these sites are larger than an acre, well connected to locational amenities, and ripe for development.
5.4 – Conclusions

A mapping exercise exploring San Mateo County’s Housing Opportunity Sites confirms the landscape of support for affordable housing development: one tier of cities aggressively pursues good housing policy, ushering their Housing Elements sites into Priority Development Areas and pushing for feasible densities; a second tier is exclusionary of multifamily development, tucking their sites into neighborhoods where new development is unlikely; and a third tier falls somewhere in between, supporting density and development where politically feasible but unsure of how to further their housing production goals.

Affordable housing developers can seek out opportunities within this constrained framework, but genuine progress on achieving RHNA goals and supporting development will have to come from the cities themselves. By donating publicly owned land and honoring first right of refusal requirements, cities can lower the prohibitive costs of acquisition, re-parcelization, and escalating market values that inhibit the development of affordable housing. Doing so can have profound results: developing the 15 high-priority publicly owned Housing Opportunity Sites listed in this thesis, for example, accomplishes 20% of the county’s RHNA allocation and provides new, secure affordable housing to 3,160 vulnerable households.
Chapter 6: Conclusion

In this final chapter, I will revisit my original research questions to assess what I have learned and offer recommendations for protecting and expanding the universe of Housing Opportunity Sites in San Mateo County. By analyzing the opportunities and barriers to affordable housing development in San Mateo County and constructing a list of potential sites for housing development, I hope to have illuminated the many ways in which affluent suburbs like San Mateo County can pursue funding sources thought to be off-limits and overcome the inertia that leaves policymakers, developers, and planners unconvinced of the region’s ability to overcome its housing affordability crisis.

6.1 – Overall Assessment

The intention of this thesis is threefold: first, to complicate the characterization of affluent suburbs as exclusionary, NIMBY enclaves; second, to unpack the impact of spatial mismatch in concert with the displacement of low-income households from dense urban centers; and third, to understand the landscape of affordable housing development in the context of a new, complex funding program. Through a review of existing literature, a discussion of opportunity and barriers to housing development, and an analysis of Housing Opportunity Sites, I have sought to weave the narrative of an affluent suburban county in the San Francisco Bay Area that is beginning to acknowledge its jobs-housing imbalance and seek solutions to its affordability crisis.

Research Question #1: To what extent should affluent suburban communities assume a portion of the region’s overall housing needs?

Chapter 2 discussed the logic of fair share mandates, like California’s Regional Housing Needs Allocation, which dictates that all communities have an equal burden to provide an array of housing options, affordable and otherwise. In practice, this mandate is rarely achieved as developers face the barriers, from cost of land to NIMBYism to lack of financing, discussed in Chapter 4. However, I argue in this thesis that the demographic, economic, and land use
landscape in suburban areas is changing, and with it the demand to develop and preserve affordable housing is growing.

While San Mateo County has exuberantly embraced commercial growth, its housing production obligations have fallen behind. Efforts like SB375’s Sustainable Communities Strategies that coordinate housing, transportation, and workforce demands at a regional level are an attempt to codify responses to spatial mismatch and address each county’s obligation to assume regional needs. When one county’s population trends run counter to the others – such as San Mateo County’s nonexistent growth in poverty – it becomes clear that entities are not shouldering burdens equally. For a place like San Mateo County, which sits squarely between (and increasingly within) the San Francisco Bay Area’s most desirable job and housing markets, its obligation to meet regional demands is more pronounced than ever.

When prompted, policymakers and advocates state that a best-case scenario would be for San Mateo County to meet its Regional Housing Needs Allocation (RHNA), a goal that no city in the county has accomplished in previous cycles. RHNA V allocated 16,418 housing units to San Mateo County, approximately 60% of which must be affordable to extremely low, low, and moderate-income households. While it is too early in the current RHNA cycle to assess San Mateo County’s progress toward meeting its RHNA goals, there exist several promising signs. 21 Elements has enabled the county to direct its subregional RHNA allocation to the cities that are most willing to assume new growth. The County’s Jobs/Housing Task Force and Housing Innovation Grants are seeking new tools to preserve existing housing and spur new development, and the cities of San Mateo, Redwood City, Daly City, and South San Francisco have several thousand units in their development pipeline, approximately 10% of which will be affordable.

*Research Question #2: If we believe that affluent suburban communities should support affordable housing development, what policies and incentives are needed to enable the obligation to become a reality?*

Chapter 4 revealed that affordable housing development in San Mateo County is difficult, though not impossible. Some non-profit affordable housing developers are able to purchase parcels on the private market; others respond to City RFPs and accept land donations from Master
Developers as required through Inclusionary Ordinances. Recent policy changes, such as first right of refusal privileges on the sale of publicly owned land, enable affordable housing developers to purchase land without competing against private developers who can outbid them. New funding sources like the Affordable Housing & Sustainable Communities (AHSC) program provide much-needed gap financing to projects that offer transit connections to low-income residents. However, challenges to development abound. While Governor Brown’s first stint as governor (1975-1983) responded to the state’s rising housing costs with aggressive housing production policies, his current administration (2011-present) has shifted its focus to reducing the state’s budget deficit and vetoing policies deemed excessive. The impact of this shift is that funding sources and policy protections have dried up. At the local level, BMR Ordinances have been lost to the Palmer Decision, revenue for affordable housing from redevelopment districts has been returned to the state, and broad affordable housing financing mechanisms have been replaced for highly specific ones like AHSC.

Local jurisdictions that hope to steward the development of affordable housing must be able to capture a portion of the private revenue that is streaming into their cities. Cities that have maintained their Inclusionary Ordinances have been able to obtain whole parcels to donate to non-profit affordable housing developers. Other cities are implementing Housing Impact Fees to collect revenue from new residential and commercial developments. While any amount of revenue is helpful, the fees collected are ultimately small when weighed against the scale of private development and the cost of land. Jurisdictions should feel empowered to charge larger Housing Impact Fees, particularly on commercial development that has enjoyed unbridled growth in the past decades.

Finally, while discussions of affordable housing have tended to seek out the new – the next funding source, impact fee, or policy that will be more powerful than anything prior – places like San Mateo County would benefit from an effort to implement policies that are already known to be effective. Tools like rent stabilization, just cause for eviction ordinances, and preservation funds can maintain the stock of affordable housing that already exists and prevent displacement of the county’s low-wage workers, transit-dependent families, and vulnerable seniors. While fights to implement these protections focus on major urban housing markets like San Francisco,
Oakland, Boston, and New York, it may be time to consider the impact these policies could have on the suburban places that surround them.

**Research Question #3: Specifically, do opportunities exist within San Mateo County to pursue AHSC funds, connecting affordable housing development to high-quality transit?**

Chapter 5 surveyed the universe of Housing Opportunity Sites in San Mateo County, concluding that only 984 of 3,746 possible sites are in locations that would be competitive for the Affordable Housing & Sustainable Communities (ASHC) program. Of these, only 488 are larger than an acre, indicating that affordable housing development may be feasible. Narrowed further, only 146 Housing Opportunity Sites are publicly owned, and of these, only 15 are transit-accessible, large enough to support development, and not currently under development. While these numbers appear dismal at first glance, development of all 15 high priority, publicly owned Housing Opportunity Sites to their maximum density would produce 3,160 housing units, accomplishing 20% of the county’s RHNA allocation. These figures suggest that there are significant gains to be made just by working within the county’s existing constraints.

It is worthwhile to consider, however, policies and incentives that could be deployed to expand the universe of Housing Opportunity Sites beyond those currently listed on a Housing Element or maintained in a developer’s mental rolodex. Future Housing Elements could be more proactive in their pursuit of sites that would be competitive for financing programs like AHSC. Cities with Disadvantaged Communities, like Daly City and East Palo Alto, could use this status to engage in comprehensive community development planning around their transit-dependent, low-income populations. SamTrans and the Peninsula Corridor Joint Powers Board could adopt Joint Development Agreements or deep inclusionary policies on their land to give preference to low-income residents who are most likely to use their services. With millions of dollars in housing and infrastructure financing at play, it is critical for San Mateo County to mobilize in pursuit of these funds.
6.2 – Recommendations

This section offers recommendations to expand the universe of affordable housing sites that will be competitive for AHSC, preserve the sites that are currently competitive, and implement policies and programs that will make San Mateo County as a whole a more productive environment for multifamily affordable housing development. The proposed recommendations seek to build off existing success stories, such as 21 Elements, and current efforts that are already underway in San Mateo County, including the implementation of Residential and Commercial Linkage Fees, proposals emerging from the Jobs/Housing Task Force, and the County’s coordination around the current 2015-16 AHSC funding round.

Recommendations for City Staff, County Officials, Transit Agencies, and the General Public fall into three specific categories: 1) Strategic Planning, which asks each entity to demonstrate support for affordable housing as a top priority; 2) Data, which seeks to expand the availability and use of data for affordable housing development; and 3) Relationships, which hopes to increase collaboration among diverse partners in pursuit of common goals.

**Figure 6.1: Recommendations**

<table>
<thead>
<tr>
<th>CITY</th>
<th>COUNTY</th>
<th>TRANSIT</th>
<th>GENERAL PUBLIC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Planning</strong></td>
<td>Prioritize publicly owned land in PDAs for affordable housing</td>
<td>Set countywide goal to submit at least three AHSC applications per funding cycle</td>
<td>Adopt Joint Development Agreements on all transit-owned land</td>
</tr>
<tr>
<td><strong>Data</strong></td>
<td>Identify sites for affordable housing in CalEPA Disadvantaged Communities</td>
<td>Create publicly accessible database of land owned by county, cities, or transit agencies</td>
<td>Identify potential infrastructural improvements for inclusion on AHSC applications</td>
</tr>
<tr>
<td><strong>Relationships</strong></td>
<td>Facilitate workforce partnerships for affordable housing developments</td>
<td>Act as coordinating agent between AHSC stakeholders</td>
<td>Create bus pass option for purchase by housing developers</td>
</tr>
</tbody>
</table>
Recommendations for City Governments:

1. **Strategic Planning:** Cities should prioritize publicly owned land in Transit-Oriented Development Specific Plans, Downtown Precise Plans, and Priority Development Areas for affordable housing development. This land is key to connecting low-income, transit-dependent populations to transit options and enables non-profit affordable housing developers to access key parcels for a fraction of the cost of privately owned sites.

2. **Data:** Cities should identify feasible sites for affordable housing development in and near the CalEPA Disadvantaged Communities of unincorporated Colma and East Palo Alto. These sites should be prioritized on future Housing Elements.

3. **Relationships:** Cities should facilitate partnerships between transit agencies, non-profit affordable housing developments, and workforce development groups to provide employment and training hours for residents of CalEPA Disadvantaged Communities on AHSC projects. Not only will these partnerships provide skill building and livable wages to historically excluded groups, a workforce partnership will entitle AHSC applicants to a statutory set-aside based on the project’s role “providing benefits to” residents of a Disadvantaged Community, thus making it more competitive for funds.

Recommendations for San Mateo County Department of Housing:

1. **Data:** The San Mateo County Department of Housing (SMCDOH) should create a publicly accessible database of all sites owned by a City, the County, the San Mateo County Transit District (SamTrans), and the Peninsula Corridor Joint Powers Board (Caltrain). This list will enable the enforcement of AB 2135, the 2014 California law that entitles affordable housing developers to a first right of refusal on the sale of surplus publicly owned land.

2. **Strategic Planning & Relationships:** SMCDOH should adopt a countywide goal to submit at least three AHSC applications for affordable housing development per funding cycle. While SMCDOH will not necessarily be party to an application, its role at a coordinating agent between transit agencies, developers, and cities will ensure that AHSC awards are pursued in high priority, competitive areas.
Recommendations for the San Mateo County Transit Agency and Peninsula Corridor Joint Powers Board:

1. **Strategic Planning:** The San Mateo County Transit Agency (SamTrans) and the Peninsula Corridor Joint Powers Board (Caltrain) should adopt Joint Development Agreements in their station areas to prioritize equitable development near Caltrain, BART, and future El Camino Real Bus Rapid Transit. Development Agreements should require at least 15% inclusionary on all sites leased for development.

2. **Data:** SamTrans and Caltrain should identify potential infrastructural improvements, such as sidewalk expansions or bicycle lanes, near high priority Housing Opportunity Sites. Identifying infrastructure improvements in advance of a development proposal will help to expedite AHSC applications as projects enter pre-development.

3. **Relationships:** SamTrans should create a bus pass option for housing developers to purchase for their residents, similar to Valley Transit Authority’s EcoPass program. Bus passes that are tied to residential units incentivize transit use, reduce costs for the transit user, and reduce vehicle miles traveled, making a proposed affordable housing project with transit passes highly competitive for AHSC funding.

Recommendations for the General Public:

1. **Strategic Planning:** City planning staff and elected officials seek to meet the needs and demands of their constituents. San Mateo County residents should voice public support for Housing Impact Fees, Inclusionary Policies, and other housing policies by attending public hearings, writing to their City Council representatives, and attending advocacy events like San Mateo County’s annual Affordable Housing Week.

2. **Data:** The local start-up community should create an open source mapping software to enable cities and non-profit affordable housing developers to identify housing sites based on site-specific criteria. While the real estate industry frequently deploys tools like WalkScore and Redfin to identify competitive market opportunities, a new tool should be developed to serve the unique needs of the affordable housing development.
3. **Relationships:** Employees should encourage their San Mateo County employers to advocate for both market-rate and affordable housing development alongside demands to expand commercial space. Employers should also participate in working groups like the County’s Jobs/Housing Task Force and city planning committees. Similarly, employers should demonstrate to their employees that housing production goals serve the region’s interests.

**Additional Recommendations:**

1. **Governor Brown should adopt AB 1229,** the latest Palmer Fix bill to pass through the state legislature. A Palmer Fix will allow jurisdictions to reinstate their BMR Ordinances, expanding the universe of Housing Opportunity Sites as Master Developers donate parcels or provide in-lieu fees.

2. **The Strategic Growth Council,** the agency in charge of implementing and awarding AHSC funds, should specify the proportion of future AHSC funds that will be allocated to Transit-Oriented Development (TOD) and Integrated Connectivity Projects (ICP) in addition to Rural Innovation Project Area (RIPA) projects. Specifying the allocation will give jurisdictions and developers working in suburban areas without high-frequency transit access a degree of predictability over their AHSC competitiveness.

3. **The California Department of Housing and Community Development (HCD) should amend Housing Element Law** to require jurisdictions to select sites based on their competitiveness for key financing programs like AHSC and Low Income Housing Tax Credits. This amendment will require cities to prioritize sites that are most likely to be developed.
6.3 – Conclusions

This thesis was admittedly ambitious; in the midst of regional demands to increase housing production, curb greenhouse gas emissions, improve public transportation, and resolve spatial mismatch, how do we also challenge an affluent suburban county to reconsider its conception of itself as an elite “High-Tech Mayberry”? While my hope is that this thesis complicates the discussion around affordable housing development in affluent suburbs, further research should seek to measure the combined impact of spatial mismatch and suburbanization of poverty, weigh the social and economic benefits of building affordable housing near transit, and unpack the demographic dynamics of today’s most affluent, transit-connected suburbs in the midst of today’s urbanization/suburbanization trends.

The Affordable Housing & Sustainable Communities program presents an opportunity for San Mateo County to challenge the notion that urban areas should shoulder the majority of a region’s affordable housing needs. While exclusive bedroom communities have posed a challenge for affordable housing development in the past, the inner-ring suburbs of today are increasingly connected to high-quality transit networks, an array of workforce needs, and a diversity of incomes, ages, and ethnicities – all of whom require access to high quality, affordable housing.
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Appendix I: Housing Opportunity Site Maps

Daly City/Colma

South San Francisco & San Bruno