

CITY OF DALY CITY

Administrative Draft

Housing Element

RHNA 5 (2014-2022 Planning Period)



Introduction

Scope and Role of the Housing Element

From an urban planning perspective, nothing has impacted Daly City more than the construction of housing. Over the years Daly City has provided new housing opportunities for many thousands of families, many of whom settled in the city at the close of World War II.

Like much of the Bay Area, housing demand has exceeded housing supply in Daly City for many years. While job centers in the Bay Area region have flourished, housing construction has not kept pace with the demand created by a vast influx of households taking advantage of the rich opportunities offered by the region's employers. In bedroom communities like Daly City, these economic forces have led to soaring housing costs, overcrowding, and illegal construction.

Even in the current market downturn, the housing market continues to impact the daily lives of households in Daly City and throughout the region. Steep increases in the cost of for-sale homes at the beginning of the decade have been replaced by scarce credit to construct new housing and a foreclosure crisis not seen since the Great Depression. This climate further challenges the abilities of the State and local governments to assure equitable access to affordable housing.

What is a Housing Element?

State law requires each city and county to adopt a General Plan containing at least seven elements including a Housing Element. Unlike the other mandatory General Plan elements, the Housing Element must be updated every five years, is subject to detailed requirements of State law, and must be reviewed by the State Department of Housing and Community Development. Housing elements have been mandatory portions of general plans since 1969, reflecting the State recognition that the availability of housing is a matter of statewide importance and that cooperation between government and the private sector is critical to attainment of the State's housing goals. The regulation of the housing supply through planning and zoning powers affects the State's ability to achieve its housing goal of "decent housing and a suitable living environment for every California family" and is critical to the State's long-term economic competitiveness.

This Housing Element provides a comprehensive analysis of the status of housing in Daly City, and sets forth a goal, objectives, policies and programs to improve the quality of the City's housing stock and increase housing opportunities. Like other parts of this General Plan, the Housing Element has been prepared within the context of urban transformation that will result from an ever increasing population and mandates from State and regional agencies to build housing near existing transit. The policies contained within the element are intended to provide a framework for evaluating specific housing proposals; establish a coordinated, realistic course of action for dealing with Daly City's concerns; and be a tool for decision-makers when considering the approval of housing construction projects.

Since adoption of the General Plan (including Housing Element) in March 2013, the Planning Division prepared this update to the housing element to conform the document to the 2014-2022 RHNA. Because the City is in the midst of implementing the 2013 Housing Element, many of the goals, objectives, and tasks of that element have carried over into the new element, while tasks that have been accomplished have been removed.

Legal Requirements

Housing element law requires local governments like Daly City to adequately plan to meet their existing and projected housing needs, including their share of the regional housing need. Housing Element law is the State's primary market-based strategy to increase housing supply, choice, and affordability. The law recognizes that in order for the private sector to adequately address housing needs and demand, local governments must adopt land use plans and regulatory schemes that provide opportunities for, and do not unduly constrain, housing development.

The Housing Element process begins with the Department allocating a region's share of the statewide housing need to Councils of Governments (COG) based on State Department of Finance population projections and regional population forecasts used in preparing regional transportation plans. In Daly City, the Association of Bay Area Governments (commonly referred to as "ABAG") serves as the regional COG in the San Francisco Bay Area. In coordination with local governments, ABAG has been allocating the region's share of the statewide need to the cities and counties within the Bay Area. This allocation, which is discussed further within this document, is called the Regional Housing Need Allocation (RHNA or "ree-nuh"). The RHNA is required to promote the following objectives:

1. Increase the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner;
2. Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns; and
3. Promote an improved intraregional relationship between jobs and housing.

Housing element law requires local governments to be accountable for ensuring projected housing needs can be accommodated. The process maintains local control over where and what type of development should occur in local communities while providing the opportunity for the private sector to meet market demand.

Public Participation (2008-2013)

Housing issues affect the entire community – residents, employers and the public and private sectors. State Law requires that each city make a diligent effort to achieve public participation from all economic segments of the community in the development of the housing element. This requirement law presents an opportunity to engage constituents in a dialogue – defining problems and creating solutions.

In the fall of 2006, the Daly City City Council initiated a comprehensive update of the City's General Plan, including an update of the Housing Element. At the onset of this effort, the City conducted an extensive public outreach campaign to identify community values and better define the land use priorities of both residents and business owners in Daly City. This campaign used three primary means for gaining such input: a city-wide community survey, community focus groups, and two visioning workshops. This outreach campaign, called *Envision Daly City*, concluded in the spring of 2008 with a report by the same name.

Throughout this campaign, the City made an extraordinary effort to involve residents who had traditionally not participated in efforts to plan for land use and housing, including persons from underrepresented ethnic and economic backgrounds. The focus group format and composition, for example, were intentionally tailored to solicit input from these groups. Individual focus groups participants were selected with the assistance of Our Second Home Early Childhood Development Center and the Jefferson High School District based on their abilities to provide important insight into the land use and housing needs of renters, parents of school-aged children, and community youth, most of whom represented households with limited incomes.

As an additional effort to reach out to these groups, much of the written public outreach communication for the *Envision Daly City* campaign was multilingual (Spanish, Chinese, and Tagalog), including the community survey and flyers concerning *Envision Daly City* and Housing Element workshops, where translators were provided to non-English speaking participants. Each of these avenues for gaining community input has included discussions of housing-specific topics, including measured evaluations of housing affordability and conditions through the community survey and discussions of housing-related topics.

Because many of the discussions held with the focus groups centered upon the need and/or desire for community change and betterment, the specific discussions related to new housing policies were instead more abstract, concentrating on how participants would like Daly City as a place to live in the future. Not surprisingly, each focus group touched on the issue of housing provision and affordability. Several of the parents of school-aged children, for example, were in the midst of a foreclosure and expressed concern about the impact of that process on their family.

The City's Housing Goal for the 2013 General Plan was established at the second visioning workshop and reported together with other planning goals as part of the City's *Envision Daly City* report (available from the Planning Division). Since considerable effort was expended to develop this goal, the City has continued this vision and has included it in the 2014-2022 Housing Element.

Reaching out to the community ...

Planning for the future of Daly City
Keeping our community a great place to live

... why do we have to update the Plan?

The General Plan is a document adopted by the City Council that identifies the general type, location, and intensity of future land uses throughout the City. The City staff, Planning Commission, and City Council use the General Plan to assess which development proposals are appropriate and to establish priorities for capital improvement projects like roads, sewer and water lines, and storm water infrastructure. In addition, the Plan can serve as an important policy document related to such topics as environmental protection, coastal access, and economic development.

Perhaps the most often referred to part of the General Plan is the General Plan Land Use Map (often referred to as the "General Plan Map"). This map identifies, in general terms, the location for all existing and planned land uses in Daly City. The map has 20 land use designations, communicating the general location for all physical developments, open space, and public improvements. For areas designated for development, the map also communicates building intensity and residential density. All land use proposals, whether proposed by developers or the City, must be consistent with the General Plan Map.

The General Plan update currently being undertaken is called a comprehensive General Plan update meaning that all elements of the General Plan will be developed, written, and approved simultaneously.

... and why should you get involved?

Your involvement in the General Plan update process is essential. Because the General Plan contains the policies that the City will use to guide growth and development over the next 20 years, these policies will directly affect the standard of living that you, as a Daly City resident or business owner, enjoy every day. Your input is necessary to help the city planners who will write the General Plan correctly identify how Daly City's residents feel the city should look and function in the future. As is true with all land use decisions, many interests will be involved in crafting the new plan. This is your opportunity to provide constructive input into a land use planning process that will affect you, your family, and/or your business for many years to come.

We want to know what you think. Please complete and return this questionnaire.

Copies of this survey are available in Tagalog, Spanish, and Chinese. To obtain a copy of the survey in your language, contact the Planning Division at (650) 991-8033, or visit the General Plan update website at www.plandalycity.org.

這份調查問卷有英語、西班牙語和中文版本地址：索取一份合適您的語言的問卷調查，請與規劃部聯絡。電話：(650) 991-5526
Copias de esta encuesta están disponibles en Tagalo, Español y Chino. Para una encuesta traducida, por favor llame (650) 991-5527
Mga kopya sa Katanungan ay magagamit sa Tagalog, Espanyol at Chinese. Sa naisalan na mga Katanungan, tumawag sa (650) 991-5528



Public Participation (2014)

The Administrative Draft of the 2014-2022 Housing Element was prepared and released for public review on May 27, 2014, with a 30-day comment period ending June 21, 2014. This release coincided with two public workshops intended to obtain comments from the public regarding housing issues facing the City and to provide a public introduction and review of the Administrative Draft document. Comment gained from this public review was discussed further at Planning Commission and City Council meetings in July 2014, which were open for attendance by the public. Based on the comments received, the Draft Housing Element was released on August 2014 for an additional 30-day comment period.

The Draft Housing Element was subsequently submitted to HCD review in September 2014 and all State comments on the draft were completed in [insert month/year], with HCD certification granted in [insert month/year].

Following HCD review and conditional certification, the City of Daly City Planning Commission conducted a public hearing on [insert month/year] to discuss and receive comment on the Draft Housing Element. The general public was invited to attend the hearings and comment on the draft through public notices published in a newspaper of general circulation within the community. The Housing Element was subsequently adopted by the Daly City City Council on [insert day/month/year]. A copy of the final adopted Housing Element has been submitted to HCD.

Affordable Housing Accomplishments 2009-2014

As rental and for-sale housing costs have skyrocketed in the Bay Area, the City of Daly City undertook extensive efforts to attract affordable housing developers to the city and provide funding for affordable housing projects that are proposed. Like many public agencies, the City has struggled to stretch limited financial resources to meet the housing needs of Daly City's diverse population. In the 2009-2014 period, the following affordable housing projects had been completed, approved, or were under construction:

Habitat for Humanity Condominiums (completed).

In June 2009, the Daly City Redevelopment Agency (DCRA) entered into a Disposition and Development Agreement with Habitat for Humanity Greater San Francisco (HHGSF) for the Daly City Redevelopment Agency-owned parcel at 7555 Mission Street, located within a mile of the Colma BART station. HHGSF built 36 units of ownership multifamily housing, affordable to households at up to 60% of area median income. The Agency provided a forgivable loan to HHGSF for the land as long as the units remain affordable for 45 years. The Agency also contributed up to \$800,000 for development costs, in addition to \$1.26 million in HOME funds. The project received \$1.76 from the State's HCD Infill grant program. Construction of the project concluded in 2013.



6800 Mission Street Mixed Use (approved).

In April 2014, the Planning Commission and City Council approved an application by Mid-Peninsula Housing Coalition to construct a mixed-use building consisting of 52 affordable residential dwelling units and approximately 2,400 square feet on a 0.77-acre site. The project will provide affordability levels ranging from extremely low- to low-income. The financing and incentive package for the project consists of a land conveyance from the Daly City

Housing Development Finance Agency, San Mateo County HOME/CDBG funds, City HOME funds, San Mateo County Affordable Housing funds, Low Income Housing Tax Credits, and Federal Home Loan Bank Affordable Housing Program funds. The approved project density is 65 dwelling units per acre. To allow construction at this density, the City Council approved a 35 percent density bonus and granted a height concession. An aggregation of seven parcels, the development site provides an example of the potential for parcel merger along the Mission Street corridor.



Review of the 2013 Housing Element

Housing element law requires that each local government review its housing element to ensure that the element's goals, objectives, and policies are contributing to the attainment of the state housing goal, have been effective in attaining the community's housing goals and objectives, and that the City has, in general, made progress toward implementing its housing element. This review covers the time period beginning January 1, 2009 and ending December 31, 2014, the Housing Element planning period established by the State Department of Housing and Community Development and the Association of Bay Area Governments (ABAG). Within San Mateo County, ABAG acknowledged the formation of the subregion for the purpose of developing the Regional Housing Need Allocation (RHNA) in 2006. As was the case with the 2009-2014 RHNA, Daly City, together with 20 other jurisdictions within the County, participated in the development of the RHNA identified within this section.

Progress Toward Numerical Objectives During the 2009-2014 Planning Period

Table HE-1 identifies the RHNA that was the basis for housing element policy in the 2013 Housing Element. This allocation identified the need for the City to provide housing sites which allowed 1,207 units, or about 240 units per year within the 2009-2014 planning period. Thirty percent of these 1,207 units, or about 360 housing units, were targeted to be affordable to lower-income households.

Table HE-1: Regional Housing Need Allocation ("RHNA") 2009 to 2014

Income Category	RHNA 2009-2014	Annual Construction Requirement	Maximum Income (2009)
Extremely Low	120	24	\$ 33,950
Very Low	121	24	\$ 56,550
Low	121	24	\$ 90,500
Moderate	338	68	\$ 114,000
Above Moderate	507	101	
	1,207	241	

Source: Association of Bay Area Governments (ABAG); HUD

Notes: Maximum sales price assumes 30 percent GAI devoted to PITI, 10 percent down on 6.25%, 30yr fixed loan, \$350 HOA dues; maximum rental price for three-bedroom unit, assuming maximum 30 percent GAI devoted to rent; The RHNA projects a housing need of 241 total very low-income units, of which 50 percent is estimated here to be extremely low-income. Maximum incomes are for a four-person household.

Table HE-2 provides a summary of residential permits receiving final occupancy inspection by the City Building Division in the 2009 – 2014 planning period. In review of both the total and annual objectives, the total number of permits receiving final occupancy inspection within this period is indicative that the housing construction did not occur on all the developable residential building sites identified in the 2013 Housing Element. Instead, only 470 units were constructed during this period, fulfilling roughly 40 percent of the total projected housing allocation. On an annualized basis, only in the year 2013 was the annual allocation achieved.

Table HE-2: Residential Construction Overview (2009-2014)

Unit Type	2009	2010	2011	2012	2013	2014	Units Constructed 2009-2013
Single Family	3	21	11	5	10	tbd	50
Multiple-Family	74	0	95	5	246	tbd	420
Mobile Homes	0	0	0	0	0	tbd	0
Total	77	21	106	10	256		470

Source: Daly City Building Division

Table HE-3 provides a detail of the affordability achieved by residential construction in the 2009 – 2014 planning period. This table includes completed projects providing deed restricted affordable units in compliance with the City's Inclusionary Zoning Ordinance, Redevelopment Agency (now dissolved) set-aside agreements, and completed second units. Affordability assumptions have been made for second units relying on the *Affordability of Secondary Dwelling Units Study* developed by 21 Elements. Based on this table, the following observations about construction in the 2009 – 2014 planning period can be made:

- As a percentage, the construction of dwellings affordable to households in the above-moderate income category was lowest, while construction of dwellings affordable to households in the above-moderate income category was highest;
- The City struggles with achieving affordability targets in the Extremely Low-Income category, where only second units served households in this income category;

Table HE-3: Residential Construction - Affordability and RHNA Fulfillment (2009 – 2014)

Project	Location	Site Size	Density	Construction Completed	Funding Source	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total
The Geneva Condominiums (Mixed Use)	2665 Geneva Avenue	1.26 ac	57 du/ac	2009	Private financing	0	0	11	0	61	72
Habitat for Humanity SF Homes	101 Parkview Avenue	0.07 ac	29 du/ac	2011	RDA Contribution, HOME Funds, Federal Home Loan Bank, Private Contributions	0	1	1	0	0	2
88 Hillside Apartments (Mixed Use)	88 Hillside Boulevard	1.70 ac	56 du/ac	2011	Private financing	0	0	0	14	81	95
Monarch Village Senior Apartments	165 Pierce Street	3.18 ac	65 du/ac	2013	Private financing	0	0	16	16	176	208
Habitat for Humanity Condominiums	7555 Mission Street	0.69 ac	52 du/ac	2013	RDA Contribution, HOME Funds, HCD In-Fill Grant Program	0	18	18	0	0	36
Second Units	Various	Various	Various	Various	Private financing	15	3	4	3	1	25
Miscellaneous Infill	Various	Various	Various	Various	Private financing	0	0	0	0	32	32
Total Affordable Housing Activity 2009-2014						15	22	50	33	351	470
Regional Housing Needs Allocation (RHNA) 1999-2007						120	121	121	338	507	1207
RHNA Unit Construction Rate						13%	18%	41%	10%	69%	39%

- Second units construction remains one of the most viable way of providing housing to lower-income households, especially those who have extremely low-incomes;
- Affordability is achieved almost exclusively in dense development projects. Almost all of the affordable dwelling unit production in the 2009-2014 RHNA cycle was constructed as part of project that was great than 50 dwelling units per acre;
- Affordable housing construction is heavily reliant on contributions from tax incentive programs, state and local grant programs, HOME funds, and similar financial incentives; and
- Rental housing accounts for almost all affordable housing constructed.

Progress Toward Policy Objectives During the 2009-2014 Planning Period

Table HE-4 provides an abbreviated description of the tasks identified in the 2013 Housing Element and the status of the City's implementation of each task.

Table HE-4: Implementation of 2004 Housing Element Objectives and Policies (2009-2014)

Policy/Task	Policy/Task Summary	Responsibility	Status	Expected Completion Timeframe
Task HE-1.1:	Increase minimum property sizes in commercial zones.	ECD/Planning	Draft C-MU Zone text prepared	Fall 2014
Task HE-1.2:	Develop lot merger incentives.	ECD/Planning	Draft C-MU Zone text prepared	Fall 2014
Task HE-2.1:	Develop Permit Streamlining Program.	ECD/Planning	Not begun.	Fall 2015
Task HE 2.3:	Amend (lengthen) automatoic expiration	ECD/Planning	Not begun.	Fall 2015
Task HE-2.2:	Continue to exempt from CEQA infill housing	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-3.1:	Establish Commercial Mixed-Use (C-MU) zone.	ECD/Planning	Draft C-MU Zone text prepared	Fall 2014
Task HE-3.2:	Review existing design guidelines for mixed-use development.	ECD/Planning	Not begun.	Fall 2014
Task HE-3.3:	Increased percent parking reduction for all	ECD/Planning	Draft C-MU Zone text prepared	Fall 2014
Task HE-3.4:	Allow parking reductions for projects with	ECD/Planning	Not begun.	Summer 2015
Task HE-3.5:	Amend residential parking regulations to reflect bedroom count.	ECD/Planning	Not begun.	Summer 2015
Task HE-3.6:	Establish parking space minimums after parking reductions.	ECD/Planning	Not begun.	Summer 2015
Task HE-4.1:	Establish interior noise levels for all new residential.	ECD/Planning	Not begun.	Not begun.
Task HE-4.2:	Require noise study in the 65dB CNEL noise contour.	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-4.3:	Amend CEQA compliance guidelines to assure compliance with noise requirements.	ECD/Planning	Not begun.	Summer 2015.
Task HE-5.1:	Align the maximum neighborhood density applicable to second units to General Plan density.	ECD/Planning	Not begun.	Summer 2015
Task HE-5.2:	Amend parking requirements for small	ECD/Planning	Not begun.	Summer 2015
Task HE-5.3:	Amend the requirement for owner-occupancy for second units.	ECD/Planning	Not begun.	Summer 2015
Task HE-5.4:	Continue to offer same-day, express plan check permitting for all second units.	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-5.5:	Monitor second unit construction and rental	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-6.1:	Remove the use permit requirement some	ECD/Planning	Draft C-MU Zone text prepared	Fall 2014
Task HE-6.2:	Amend Sullivan Corridor Specific Plan	ECD/Planning	Complete.	Complete.
Task HE-6.3:	Rezone 169 First Avenue to allow at least 20	ECD/Planning	Complete.	Complete.
Task HE-6.4:	Amend PD #46 to remove 36 dwelling unit	ECD/Planning	Complete.	Complete.

Table HE-4: Implementation of 2004 Housing Element Objectives and Policies (2009-2014) (continued)

Policy/Task	Policy/Task Summary	Responsibility	Status	Expected Completion Timeframe
Task HE-7.1:	Ensure that residential densities identified on the General Plan Land Use Map can be reasonably constructed.	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-8.1:	Adopt requirement for specific findings for rezonings of residential to non-residential.	ECD/Planning	Not begun.	Summer 2015
Task HE-9.1:	Amend the minimum condominium unit minimum requirement.	ECD/Planning	Not begun.	Summer 2015
Task HE-9.1:	Increase minimum number of units for condominium conversion.	ECD/Planning	Not begun.	Summer 2015
Task HE-9.2:	Amend the condominium regulations to include specific standards for a relocation program.	ECD/Planning	Not begun.	Summer 2015
Task HE-10.1:	Leverage funds to encourage the production	ECD/Planning/Housing	On-going activity or requirement.	Not applicable.
Task HE-10.2:	Offer technical assistance to landowners and prospective developers regarding to promote housing.	ECD/Planning/Housing	On-going activity or requirement.	Not applicable.
Task HE-10.3:	Continue to routinely monitor, investigate and utilize available new funding sources.	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-11.1:	Enforce the requirements of the Inclusionary Zoning Ordinance.	ECD/Planning/Housing	On-going activity or requirement.	Not applicable.
Task HE-11.2:	Provide analysis in General Plan Annual Report of the effectiveness of the Inclusionary Zoning Ordinance.	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-11.3:	Amend the Inclusionary Zoning Ordinance to	ECD/Planning	Complete.	Complete.
Task HE-11.4:	Ensure effective information about	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-11.5:	Adopt disclosure requirement requirements	ECD/Planning	Not begun.	Summer 2015
Task HE 11.7:	Continue to offer alternative compliance to	ECD/Planning/Housing	On-going activity or requirement.	Not applicable.
Task HE-12.1:	Development plan check prioritization system	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-12.2:	Continue to offer parking reductions for low-	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-12.3:	Amend parking reductions for multi-family	ECD/Planning	Not begun.	Summer 2015
Task HE-12.4:	Develop a Density Bonus Ordinance.	ECD/Planning	Complete.	Complete.
Task HE-12.5:	Offer streamlined environmental review for	ECD/Planning	On-going activity or requirement.	Not applicable.

Table HE-4: Implementation of 2004 Housing Element Objectives and Policies (2009-2014) (continued)

Task HE-13.1:	Give priority expenditure of City housing funds to projects that will provide deed restricted affordable rental housing.	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-13.2:	Apply for and/or co-sponsor funding opportunities for the construction of rental housing.	ECD/Housing	On-going activity or requirement.	Not applicable.
Task HE-13.3:	Give priority expenditure of City housing funds to projects that will occupy sites that have been previously developed.	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-14.1:	Allow emergency shelters in the C-R/O	ECD/Planning	Complete.	Complete.
Task HE-14.2:	Establish homeless shelter regulations.	ECD/Planning	Complete.	Complete.
Task HE-14.3:	Allow transitional housing in any residential zone.	ECD/Planning	Complete.	Complete.
Task HE-14.4:	Allow supportive housing in any residential zone.	ECD/Planning	Complete.	Complete.
Task HE-15.1:	Maintain an active role in expanding accessibility and require all State and local accessibility codes to be met.	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-15.2:	Monitor the implementation of the City's ordinances to ensure compliance with "reasonable accommodation".	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-15.3:	Include accommodation of special needs for the physically disabled in Zoning Ordinance.	ECD/Planning	Complete.	Complete.
Task HE-15.4:	Amend the second unit regulations for disabled persons.	ECD/Planning	Complete.	Complete.
Task HE-15.5:	Fund and support home repair programs for	ECD/Housing	On-going activity or requirement.	Not applicable.
Task HE-16.1:	Assist in the implementation fair housing and	ECD/Housing	On-going activity or requirement.	Not applicable.
Task HE-16.2:	Amend the Zoning Ordinance to revise the definition of family.	ECD/Planning	Complete.	Complete.
Task HE-16.3:	Continue to contract to provide fair housing services to its residents and property owners.	ECD/Housing	On-going activity or requirement.	Not applicable.
Task HE-17.1:	Continue to operate the Housing Assistance Program.	ECD/Housing	On-going activity or requirement.	Not applicable.
Task HE-18.1:	Develop location regulations for larger residential care facilities.	ECD/Planning	Not begun.	Summer 2015
Task HE-19.1:	Parking reductions for extremely low-income households.	ECD/Planning	Not begun.	Summer 2015

Table HE-4: Implementation of 2004 Housing Element Objectives and Policies (2009-2014) (continued)

Policy/Task	Policy/Task Summary	Responsibility	Status	Expected Completion Timeframe
Task HE-13.1:	Give priority expenditure of City housing funds to projects that will provide deed restricted affordable rental housing.	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-13.2:	Apply for and/or co-sponsor funding opportunities for the construction of rental housing.	ECD/Housing	On-going activity or requirement.	Not applicable.
Task HE-13.3:	Give priority expenditure of City housing funds to projects that will occupy sites that have been previously developed.	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-14.1:	Allow emergency shelters in the C-R/O	ECD/Planning	Complete.	Complete.
Task HE-14.2:	Establish homeless shelter regulations.	ECD/Planning	Complete.	Complete.
Task HE-14.3:	Allow transitional housing in any residential zone.	ECD/Planning	Complete.	Complete.
Task HE-14.4:	Allow supportive housing in any residential zone.	ECD/Planning	Complete.	Complete.
Task HE-15.1:	Maintain an active role in expanding accessibility and require all State and local accessibility codes to be met.	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-15.2:	Monitor the implementation of the City's ordinances to ensure compliance with "reasonable accommodation".	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-15.3:	Include accommodation of special needs for the physically disabled in Zoning Ordinance.	ECD/Planning	Complete.	Complete.
Task HE-15.4:	Amend the second unit regulations for disabled persons.	ECD/Planning	Complete.	Complete.
Task HE-15.5:	Fund and support home repair programs for	ECD/Housing	On-going activity or requirement.	Not applicable.
Task HE-16.1:	Assist in the implementation fair housing and	ECD/Housing	On-going activity or requirement.	Not applicable.
Task HE-16.2:	Amend the Zoning Ordinance to revise the definition of family.	ECD/Planning	Complete.	Complete.
Task HE-16.3:	Continue to contract to provide fair housing services to its residents and property owners.	ECD/Housing	On-going activity or requirement.	Not applicable.

Table HE-4: Implementation of 2004 Housing Element Objectives and Policies (2009-2014) (continued)

Policy/Task	Policy/Task Summary	Responsibility	Status	Expected Completion Timeframe
Task HE-17.1:	Continue to operate the Housing Assistance Program.	ECD/Housing	On-going activity or requirement.	Not applicable.
Task HE-18.1:	Develop location regulations for larger residential care facilities.	ECD/Planning	Not begun.	Summer 2015
Task HE-19.1:	Parking reductions for extremely low-income households.	ECD/Planning	Not begun.	Summer 2015
Task HE-19.2:	Waive the parking requirements altogether for ELI deed-restricted second units that are transit proximate.	ECD/Planning	Not begun.	Summer 2015
Task HE-19.3:	Explore the inclusion of units specifically targeted to and restricted for ELI households.	ECD/Planning/Housing	On-going activity or requirement.	Not applicable.
Task HE-20.1:	Allow voluntary reconstruction of non-	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-21.1:	Allow involuntary, i.e., after natural disaster, reconstruction of non-conforming residential buildings.	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-22.1:	Monitor existing at-risk low-income housing.	ECD/Housing	On-going activity or requirement.	Not applicable.
Task HE-23.1:	Develop enhanced residential energy efficiency standard.	ECD/Planning/Building	Not begun.	
Task HE-23.2:	Establish energy and water efficiency	ECD/Planning/Building	On-going activity or requirement.	Not applicable.
Task HE-24.1:	Amend the building code to require the inclusion of mandatory green building standards.	ECD/Planning/Building	Complete.	Complete.
Task HE-24.2:	Amend the building code to require HERS 86 in all City-funded affordable housing project.	ECD/Planning/Building	Not begun.	Summer 2015
Task HE-25.1:	Amend the Zoning Ordinance to require street tree planting.	ECD/Planning	Not begun.	Summer 2015
Task HE-25.2:	Amend the plan check process to ensure compliance with street tree planting requirements.	ECD/Planning/Building	Not begun.	Summer 2015
Task HE-26.1:	Appoint a stormwater control manager.	ECD/Planning/Public	Complete.	Complete.
Task HE-26.2:	Publish acceptable stormwater treatment measures and distribute to developers.	ECD/Planning	Complete.	Complete.
Task HE-26.3:	Consider use of ROW for stormwater treatment mechanisms.	Public Works	On-going activity or requirement.	Not applicable.

Table HE-4: Implementation of 2004 Housing Element Objectives and Policies (2009-2014) (continued)

Policy/Task	Policy/Task Summary	Responsibility	Status	Expected Completion Timeframe
Task HE-27.1:	Create and adopt a Climate Action Strategy Plan.	ECD/Planning	Not begun.	Summer 2015
Task HE-27.2:	Adopt progressive energy efficiency strategies.	ECD/Planning/Building	Not begun.	Summer 2015
Task HE-28.1:	Reduce/eliminate fees for alternative energy installations.	ECD/Building	Complete.	Complete.
Task HE-28.2:	Encourage, incentivize, or require all new major construction projects to pre-plumb for	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-28.3:	Develop a funding source for loans that invest in solar electric, solar hot water, etc.	ECD/Planning	Not begun.	Summer 2015
Task HE-28.4:	Develop development standards for	ECD/Planning	Complete.	Complete.
Task HE-29.1:	Establish an expanded code enforcement program.	ECD/Planning	Complete.	Complete.
Task HE-30.1:	Require provision of relocation assistance to	ECD/Planning	On-going activity or requirement.	Not applicable.
Task HE-31.1:	Review/amend the Mixed-Use Design Guidelines and ZO to identify/mitigate impacts to smaller buildings.	ECD/Planning	Not begun.	Summer 2015.

Daly City Housing Needs

Income Categories

The Department of Housing and Urban Development (HUD) created household income categories to make it easier to discuss housing needs and affordability. The categories are summarized below:

Table HE-5: Income Category Definitions

Extremely Low	below 30% of area median income
Very Low	30%-50% of area median income
Low	50%-80% of area median income
Moderate	80%-120% of area median income
Above Moderate	Above 120% of area median income

California's Department of Housing and Community Development (HCD) uses these categories, sometimes with minor adjustments, to establish the annual numerical income limits for San Mateo County, displayed in the table below:

Table HE-6: San Mateo County Income Limits 2013

Income Category	Number of Persons in Household				
	1	2	3	4	5
Extremely Low	\$23,750	\$27,150	\$30,550	\$33,950	\$36,650
Very Low	\$39,600	\$42,250	\$50,900	\$56,550	\$61,050
Lower Income	\$63,350	\$72,400	\$81,450	\$90,500	\$97,700
Median Income	\$72,100	\$82,400	\$92,700	\$103,000	\$111,250
Moderate Income	\$86,500	\$98,900	\$111,250	\$123,600	\$133,500

Source: HCD State Income Limits 2013

General Demographics

Daly City has 103,690 residents according to the most recent census estimates from July 2012, making it the largest city in San Mateo County. According to census data, Daly City's population shrunk by two percent from 2000 to 2010. However, the Association of Bay Area Governments predicts that Daly City's growth will pick up dramatically over the next two decades, bringing the population to almost 130,000 by 2030.¹

¹ Although ABAG provides the most accurate population projects for the area, the projections are based on theoretical models, and often run high.

From a historical perspective, the population of Daly City increased greatly since 1930, most significantly in the decades immediately following World War II. Between 1950 and 1970, the City's population quadrupled to almost 67,000 people as the residential subdivisions of Westlake and Serramonte dotted Daly City's landscape west of newly constructed Interstate 280.

Daly City is comprised of a majority Asian population: 57 percent. Approximately a quarter of Daly City's residents are white, and another 15 percent are mixed race or other. Only three percent of Daly City's residents are black. Twenty-two percent of the population identifies as Hispanic. Latino or Hispanic is not a separate racial category on the American Community Survey, and so all individuals who identify as Latino or Hispanic also belong to another racial category as well (ie- black, white, other etc.).

The median age in Daly City is 39, and the population has aged since 2000 when the median was 35. Daly City's age distribution is very similar to the county's as a whole. Approximately 21 percent of the residents are children under 19, and 20 percent are over the age of 60. Daly City, like other cities in San Mateo County, can expect to see a dramatic increase in the number of seniors as the baby boomer population ages.

Table HE-7: Daly City Population Growth

	Number			Percent Change		
	Daly City	County	State	Daly City	County	State
1990	92,311	649,623	29,760,021	x	x	x
2000	103,625	707,163	33,871,648	12%	9%	14%
2010	101,123	718,451	37,253,956	-2%	2%	10%
2020 (Projected)	118,000	801,300	x	17%	12%	x
2030 (Projected)	129,700	862,800	x	10%	8%	x

Source: Association of Bay Area Governments, Projections 2009; US Census SF1 1990-2010

Table HE-8: Race and Ethnicity

	Daly City	County	State
White	26%	59%	62%
Black	3%	3%	6%
Asian	57%	25%	13%
Other	10%	8%	14%
More than one Race	4%	5%	4%
Hispanic	22%	25%	38%
Not Hispanic	78%	75%	62%
Total population	101,443	720,143	37,330,448

Source: 2009-2011 American Community Survey

Table HE-9: Age of Residents

	2000		2011	
	Daly City	Daly City	County	State
Under 5 years	6%	5%	6%	7%
5 to 19 years	19%	16%	18%	21%
20 to 34 years	24%	23%	19%	22%
35 to 44 years	16%	14%	15%	14%
45 to 59 years	18%	22%	22%	20%
60 to 74 years	11%	14%	13%	11%
75 years and over	5%	6%	6%	5%
Median age	35	39	39	35
Total population	103,621	101,443	720,143	37,330,448

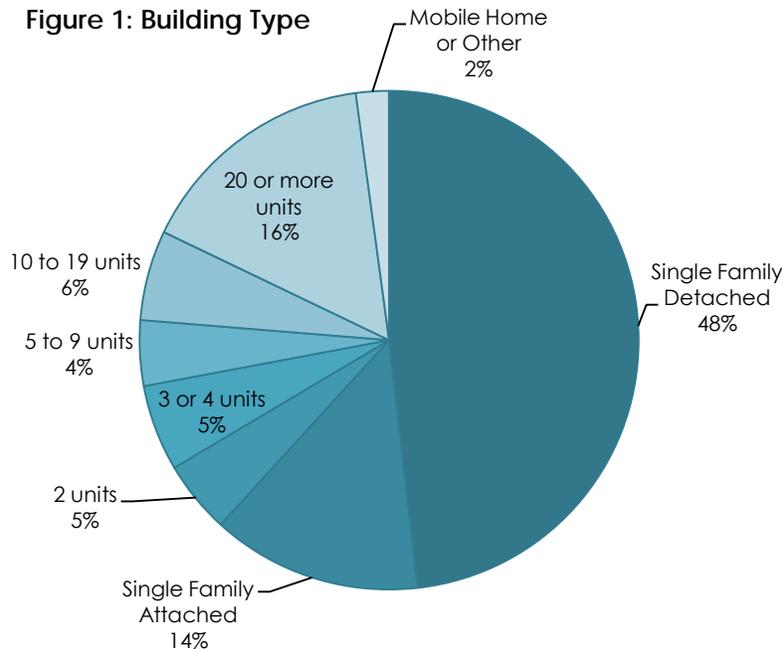
Source: 2000 US Census SF1, 2009-2011 American Community Survey

Some of the special needs of this population will be discussed in greater detail below.

Housing

Physical Characteristics. Daly City currently has 33,000 homes, an approximately six percent increase since 2000. Most (56 percent) of the households in Daly City own their own homes. Since 2000, however, the percentage of renters has increased slightly.

Figure 1: Building Type



Close to half the homes in Daly City are single-family detached, and another 14 percent are single-family attached. Twenty-two percent of the population lives in larger apartment buildings of ten units or more, and the remainder mostly live in moderately size buildings of three to 19 units.

Daly City has low vacancy rates. According to 2011 data from the American Community Survey, the vacancy rate for owner-occupied homes was 1.8 percent and the rate for rentals was 3.2 percent. A housing market with a vacancy rate under five percent is considered to be a tight market. Tight markets can lead to high housing prices and subsequent higher rates of overcrowding. Though Daly City's vacancy rates are very low, they have increased somewhat since 2000.

Figure HE-2: Tenure Type

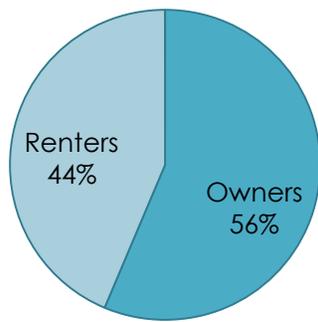


Table HE-10: Total Housing Units

	Daly City		County		State	
	Number	Percent Change	Number	Percent Change	Number	Percent Change
2000	31,311	-	260,576	-	12,214,549	-
2011	33,061	5.6%	271,140	4%	13,688,351	12%

Source: 2009-2011 American Community Survey, 2000 US Census

Table HE-11: Tenure Type

		Daly City	County	State
		2000	Percent Owners	60%
	Percent Renters	40%	39%	43%
2011	Percent Owners	56%	59%	56%
	Percent Renters	44%	41%	44%

Source: 2010 US Census SF1, 2009-2011 American Community Survey

Table HE-12: Building Type

	Daly City	County	State
Single Family Detached	48%	57%	58%
Single Family Attached	14%	9%	7%
2 units	5%	2%	3%
3 or 4 units	6%	5%	6%
5 to 9 units	4%	6%	6%
10 to 19 units	6%	6%	5%
20 or more units	16%	14%	11%
Mobile Home or Other	2%	1%	4%
Total	33,061	271,140	13,688,351

Source: 2009-2011 American Community Survey

Table HE-13: Bedrooms

	Daly City	County	State
No bedroom	4%	4%	4%
1 bedroom	16%	16%	14%
2 bedrooms	28%	26%	28%
3 bedrooms	34%	34%	33%
4 bedrooms	14%	16%	16%
5 or more bedrooms	3%	5%	4%
Total	33,061	271,140	13,688,351

Source: 2009-2011 American Community Survey

Table HE-14: Vacancy Rate

		Daly City	County	State
2000	Owner	0.3%	0.5%	1.4%
	Renter	1.7%	1.8%	3.7%
2011	Owner	1.8%	1.2%	2.2%
	Renter	3.2%	4.0%	5.5%

Source: 2009-2011 American Community Survey, 2000 US Census

Occupancy Characteristics

Daly City has a relatively large average household size at 3.2, but this size has decreased slightly since 2000 when it was 3.3. For comparison, the average households size across San Mateo County is 2.7. Households in owner-occupied homes tend to be slightly larger at 3.3 people per home.

Table HE-15: Household Size

		Daly City	County	State
2000	Average Household Size	3.3	2.7	2.9
2011	Average Household Size	3.21	2.7	2.9
	Owners Average Household Size	3.3	2.8	3.0
	Renters Average Household Size	3.1	2.7	2.9

Source: 2010 US Census SF1, 2009-2011 American Community Survey

Most of the households (72 percent) in Daly City are families, with or without children. Families with children comprise 30 percent of the population, and families without children are 42 percent. Another 20 percent of the households are comprised of single people living alone.

Table HE-16: Household Type

	Daly City	County	State
Single person	21%	25%	24%
Family no kids	42%	37%	35%
Family with kids	30%	31%	33%
Multi-person, nonfamily	7%	7%	7%
Total households	31,253	256,305	12,433,049

Source: 2009-2011 American Community Survey

The median income in Daly City in real dollars is approximately \$80,000, lower than the county median of \$92,000. Approximately a quarter of Daly City's residents are extremely or very low income, and another quarter are low-income. This means that almost half of Daly City's residents are at particular risk for overpaying for housing.

Figure HE-3: Income Category

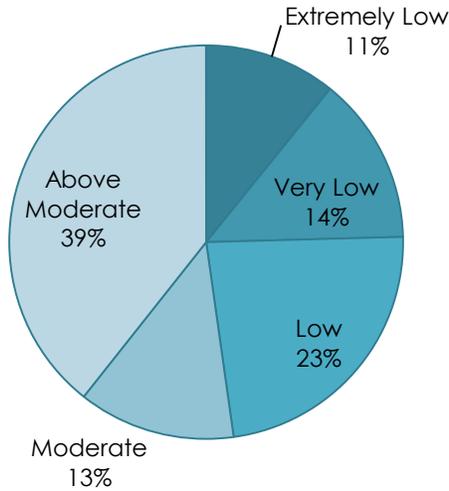


Table HE-17: Household Income

	Daly City	County	State
Under \$25,000	14%	12%	21%

\$25,000 to \$34,999	7%	6%	9%
\$35,000 to \$49,999	10%	10%	13%
\$50,000 to \$74,999	19%	16%	17%
\$75,000 to \$99,999	14%	12%	12%
\$100,000+	35%	44%	28%
Poverty Rate	8.9%	7.4%	16%
Total	31,253	256,305	12,433,049
Median Income 2000	\$84,119	\$95,606	\$64,116
Median Income 2011	\$79,743	\$91,958	\$63,816

Source: Association of Bay Area Governments

Note: Adjusted for inflation to 2013 dollars

Table HE-18: Households by Income and Tenure

	Extremely Low	Very Low	Low	Moderate	Above Moderate
Owner	37%	35%	49%	65%	77%
Renter	63%	65%	51%	35%	23%
Total	3,290	4,190	7,055	3,925	11,975
% of all households	11%	14%	23%	13%	39%

Sources: CHAS Data 2006-2010

Housing San Mateo County's workforce

Though San Mateo County has a robust economy, much of its workforce cannot afford to live within the county. Job growth has been strong, albeit cyclical, over the past 10 years, and will continue to grow, while housing development has not kept up the pace. According to the Department of Housing, by 2025, San Mateo County's supply of housing will only meet 1/3- 1/2 of the demand. Additionally, 40 percent of new jobs in the county will pay lower income wages (source?).

A home meets the standard definition of affordable if it does not cost more than 30 percent of a household's income. A household that spends more than 30 percent of its gross income on housing is described as overpaying for housing. Therefore the definition of affordable housing shifts based on household size and income.

It is sometimes helpful to have examples to understand the income categories. A four-person family with one parent working fulltime as a cook and another working in retail is considered low income and can afford a monthly rent of \$1,400 and a home costing \$222,000. A single parent family with one adult working as a police officer would be considered moderate income, and can afford a monthly rent of \$2,400 and a home of \$374,000. Unfortunately, neither of these families can afford San Mateo County's median condominium, costing \$413,300, and a single-family home is far out of their range. The police officer's family can afford the median county rent (\$2,234), but the retail and cook family falls short.

Table HE-19: Home Affordability by Occupation

Occupation	Annual Salary	Affordable Home	Affordable Rent
Elementary School Teacher	\$66,590	\$255,805	\$1,665
Police Officer	\$97,487	\$374,495	\$2,437
Cook	\$29,247	\$112,352	\$731
Retail Salesperson	\$28,427	\$109,202	\$711
Registered Nurse	\$112,137	\$430,774	\$2,804

Source: HCD State Income Limits 2013; www.hsh.com/calc-howmuch.html

Note: Maximum Affordable House Price is based on the following assumptions: 4.5% interest rate; 30-year fixed loan; 50% Yearly Salary as Down Payment; 1% property tax; PMI, .5% insurance rate; and no other monthly payments/debt.

Workforce

Daly City is largely a residential community, and thus has only approximately .2 jobs for every resident. Forty percent of Daly City's employees make more than \$3,333 per month. Almost all Daly City residents leave the city to work, and workers from other jurisdictions fill 83 percent of the jobs in the city, according to census data.

According to ABAG projections, Daly City can expect to see its workforce increase by 62 percent by 2025, with much of that job growth coming from the financial and professional services sector and the health, educational and recreational service sector.

Table HE-20: Workforce Age, Salary, and Education

	Daly City	County
Jobs by Worker Age		
Age 29 or Younger	24%	19%
Age 30 to 54	54%	61%
Age 55 or Older	22%	20%
Salaries Paid by Jurisdiction Employers		
\$1,250 per Month or Less	25%	14%
\$1,251 to \$3,333 per Month	35%	27%
More than \$3,333 per Month	40%	59%
Jobs by Worker Educational Attainment		
Less than High School	11%	9%
High school or Equivalent, No College	13%	13%
Some College or Associate Degree	22%	23%
Bachelor's Degree or Advanced Degree	29%	36%
Educational Attainment Not Available	24%	19%
Total Workers	15,982	303,529

Source: 2011 U.S. Census On The Map

Note: Educational Attainment Not Available is for workers 29 and younger

Table HE-21: Projections for Types of Jobs (2000-2025)

Geographical Area	2000	2010	2020	2025	2000-2025 Change	2000-2025 Percent Change
Daly City						
Agriculture and Natural Resources Jobs	20	20	30	30	10	50%
Manufacturing, Wholesale and Transportation Jobs	1,540	1,280	1,650	2,000	460	30%
Retail Jobs	3,530	3,090	4,110	5,130	1,600	45%
Financial and Professional Services Jobs	2,240	2,450	3,190	3,940	1,700	76%
Health, Educational and Recreational Service Jobs	8,130	9,870	13,570	13,770	5,640	69%
Other Jobs	1,810	2,090	2,860	3,110	1,300	72%
Total Jobs	17,270	18,800	25,410	27,980	10,710	62%

Source: Association of Bay Area Governments, Projections 2009; Note: Employment data includes jobs within the jurisdictional sphere of influence.

Home Prices and Affordability

According to Zillow data from November 2013, the median sale price for a single-family home in Daly City is \$628,000. The median sale price for a multi-family home in Daly City is close to \$369,000 as of October 2013. According to Zillow, home prices in Daly City have increased by more than a quarter over the past year.²

As a result of the climbing housing prices, a single person making moderate income or less cannot afford to buy a home in Daly City. A family of four making the median income or higher can afford a home in a multi-family unit, though cannot afford a single family home. Given that half the housing stock in Daly City is single-family homes, and that more than half the population of Daly City is making less than a moderate income, there are significant affordability concerns in terms of homeownership, especially if the market continues to rise.

² Zillow, www.zillow.com

Table HE-22: Median Home Sale Prices

	Single Family			Multi Family		
	Daly City	County	State	Daly City	County	State
2005	\$877,650	\$939,148	\$576,436	\$577,150	\$586,432	\$498,848
2006	\$858,168	\$961,170	\$636,410	\$548,550	\$625,140	\$534,980
2007	\$808,818	\$935,536	\$594,272	\$464,800	\$600,432	\$493,920
2008	\$612,935	\$865,512	\$485,784	\$345,600	\$554,364	\$412,776
2009	\$553,680	\$749,304	\$365,580	\$324,000	\$465,696	\$337,716
2010	\$558,623	\$762,910	\$359,948	\$296,925	\$449,507	\$333,733
2011	\$485,860	\$691,439	\$330,527	\$248,230	\$390,576	\$300,142
2012	\$497,130	\$660,944	\$305,727	\$263,610	\$360,065	\$271,185

Source: San Mateo County Association of Realtors, based on actual sales of each year; State based on Zillow/MLS; Note: Adjusted for inflation to 2013 dollars

Table HE-23: Ability to Pay for For-Sale Housing

	Annual Income	Maximum Affordable Home Price	Median Priced Single Family Detached Home	Affordability Gap for Single Family Home	Median Priced Townhouse or Condominium	Affordability Gap for Condo
Single Person						
Extremely Low Income	\$23,750	\$97,114	\$627,900	-\$530,786	\$366,600	-\$269,486
Very Low Income	\$39,600	\$161,925	\$627,900	-\$465,975	\$366,600	-\$204,675
Low Income	\$63,350	\$259,039	\$627,900	-\$368,861	\$366,600	-\$107,561
Median Income	\$72,100	\$294,818	\$627,900	-\$333,082	\$366,600	-\$71,782
Moderate Income	\$86,500	\$353,699	\$627,900	-\$274,201	\$366,600	-\$12,901
Four Person						
Extremely Low Income	\$33,950	\$138,822	\$627,900	-\$489,078	\$366,600	-\$227,778
Very Low Income	\$56,550	\$231,233	\$627,900	-\$396,667	\$366,600	-\$135,367
Low Income	\$90,500	\$347,655	\$627,900	-\$280,245	\$366,600	-\$18,945
Median Income	\$103,000	\$370,055	\$627,900	-\$257,845	\$366,600	\$3,455
Moderate Income	\$123,600	\$505,402	\$627,900	-\$122,498	\$366,600	\$138,802

Source: Baird + Driskell Community Planning; San Mateo County Association of Realtors; www.hsh.com/calc-howmuch.html

Note: Maximum Affordable House Price is based on the following assumptions: 4.5% interest rate; 30-year fixed loan; 50% Yearly Salary as Down Payment; 1% property tax; PMI, .5% insurance rate; and no other monthly payments/debt.

Rents and Affordability

Rents in Daly City are comparable to rents in the county as a whole. According to RealFacts, in 2013 a studio in Daly City cost \$1,400, a 1-bedroom \$1,700, a two-bedroom \$2,000 and a three bedroom \$3,000. Rents have been rising since 2010, after seeing a dip during the housing crisis.

In Daly City, a single person earning below the median income cannot afford the average one-bedroom apartment. A family of four cannot afford a three-bedroom apartment unless they are making well over the median income.

Table HE-24: Average Rents in Jurisdiction from RealFacts

	Studio		1 Bdrm 1 Bath		2 Bdrm 1 Bath		3 Bdrm 2 Bath	
	Price	Percent Increase	Price	Percent Increase	Price	Percent Increase	Price	Percent Increase
2005	\$1,078	x	\$1,280	x	\$1,637	x	\$2,397	x
2006	\$1,209	12%	\$1,419	11%	\$1,761	8%	\$2,431	1%
2007	\$1,245	3%	\$1,493	5%	\$1,822	3%	\$2,484	2%
2008	\$1,229	-1%	\$1,494	0%	\$1,890	4%	\$2,635	6%
2009	\$1,162	-5%	\$1,418	-5%	\$1,675	-11%	\$2,389	-9%
2010	\$1,156	-1%	\$1,449	2%	\$1,739	4%	\$2,375	-1%
2011	\$1,205	4%	\$1,453	0%	\$1,767	2%	\$2,426	2%
2012	\$1,382	15%	\$1,652	14%	\$2,037	15%	\$2,802	16%
2013	\$1,459	6%	\$1,683	2%	\$2,085	2%	\$2,962	6%

Source: RealFacts Annual Trends Report, based on reporting from large apartment complexes

Note: Adjusted for inflation to 2013 dollars

Table HE-25: Summary of 2013 Rents

	Daly City		County	
	RealFacts	Craigslist	RealFacts	Craigslist
Studio	\$1,459	\$1,372	\$1,463	\$1,429
One Bedroom	\$1,683	\$1,723	\$2,004	\$1,990
Two Bedroom	\$2,085	\$2,213	\$2,285	\$2,660
Three Bedroom	\$2,962	\$2,903	\$3,400	\$3,758
Four Bedroom	x	\$2,500	x	\$6,418

Source: RealFacts Annual Trends Report, based on reporting from large apartment complexes, Craigslist Survey conducted in June and July 2013

Note: County Craigslist information derived from average of municipal sampling.

Table HE-26: Ability to Pay for Rental Housing

	Annual Income	Maximum Affordable Monthly Rent	2012 Market Rent	Affordability Gap
Single Person				
Extremely Low Income	\$23,750	\$594	\$1,683	-\$1,089
Very Low Income	\$39,600	\$990	\$1,683	-\$693
Low Income	\$63,350	\$1,584	\$1,683	-\$99
Median Income	\$72,100	\$1,803	\$1,683	\$120
Moderate Income	\$86,500	\$2,163	\$1,683	\$480
Four Person				
Extremely Low Income	\$33,950	\$849	\$2,962	-\$2,113
Very Low Income	\$56,550	\$1,414	\$2,962	-\$1,548
Low Income	\$90,500	\$2,263	\$2,962	-\$700
Median Income	\$103,000	\$2,575	\$2,962	-\$387
Moderate Income	\$123,600	\$3,090	\$2,962	\$128

Source: Baird + Driskell Community Planning; RealFacts (2013)

Note: Estimates based upon upper end of income bracket. Single person analysis based upon 1 bedroom 1 bath unit, four person estimate is based on 3 bedroom 2 bath unit. Ability to pay is based upon 30% of income devoted to housing.

Overpayment

A household is considered to be overpaying for housing if they spend more than 30 percent of their income on rent or mortgage payments. More than half the Daly City residents making less than \$75,000 annually are overpaying for housing. Almost all of the lowest income renters, those making less than \$35,000, are overpaying on rent.

If there is not enough affordable housing in Daly City, lower-income people may choose to live elsewhere and commute into the city to work. Those who do live in Daly City may live in overcrowded units, and have extremely limited money to dedicate towards other necessities such as food, transportation, and medical care. Extremely low income households paying more than 50 percent of their income towards housing are at greater risk for becoming homeless.

Figure HE-4: Households Overpaying for Housing by Income

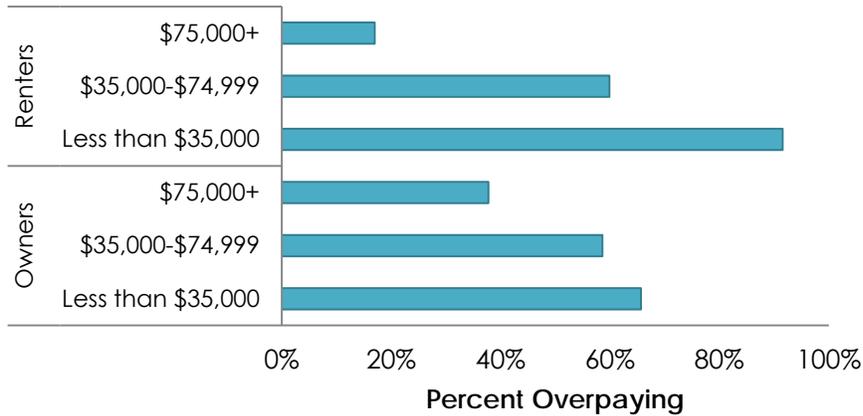


Table HE-27: Households Overpaying for Housing

	Income	Daly City		County	State
		Number	Percent		
Owner-occupied	Less than \$35,000	1310	66%	68%	68%
	\$35,000-\$74,999	2550	59%	53%	54%
	\$75,000+	4224	38%	33%	27%
Renter-occupied	Less than \$35,000	3756	92%	95%	90%
	\$35,000-\$74,999	2863	60%	61%	49%
	\$75,000+	729	17%	11%	9%

Source: 2009-2011 American Community Survey

Note: Excludes Households with no income or cash rent.

Overcrowding

According to the census, a unit is overcrowded if it is occupied by 1.01 persons or more per room (excluding bathrooms and kitchens). Units with more than 1.5 persons per room are considered severely overcrowded. Overcrowding increases health and safety concerns and stresses the condition of the housing stock and infrastructure. Overcrowding is strongly related to household size, particularly for large households.

Daly City has a larger number of overcrowded units than elsewhere in the county. More than seven percent of owner-occupied homes are overcrowded, and two percent are extremely overcrowded. Rental homes also have higher rates of overcrowding: 13 percent are overcrowded and six percent are extremely overcrowded. Rates of overcrowding are closely linked to instances of overpayment and affordability.

Table HE-28: Number of Overcrowded Units

	Occupied Homes	Percent			
		Daly City	Daly City	County	State
Owner	Not overcrowded	16,033	91%	96%	96%
	Overcrowded	1,263	7.2%	3%	3%
	Extremely overcrowded	323	1.8%	1%	1%
Renter	Not overcrowded	11,042	81%	86%	86%
	Overcrowded	1,785	13.1%	8%	8%
	Extremely overcrowded	807	5.9%	5%	6%

Source: 2009-2011 American Community Survey

Note: 0-1 people per room is not overcrowded, 1-1.5 people per room is overcrowded, more than 1.5 people per room is extremely overcrowded

Other Housing Problems

In addition to issues with affordability and overcrowding, housing can have physical problems such as age or lack of facilities. One of the best ways to assess the condition of the housing stock is through a windshield tour. However, barring that, the census gives some useful information as to the status of the housing.

Much of Daly City's housing stock was built in the 1950s or earlier. Older housing can be more expensive to maintain and renovate. Approximately three-quarters of all homes were built before 1980. Only four percent of the homes have been built in the last decade.

The census tracks other housing problems, including a lack of plumbing and kitchen facilities. Homes in Daly City have a small number of additional housing problems. 151 units lack complete kitchen facilities.

Table HE-29: Year Structure Built

	Daly City	County	State
Built in 2000 or more recently	4%	5.4%	12%
Built in 1990s	7%	6%	11%
Built in 1980s	11%	9%	15%
Built in 1970s	21%	17%	18%
Built in 1960s	16%	17%	14%
Built 1950s or Earlier	40%	45%	30%
Total	33,061	271,140	13,688,351

Source: 2009-2011 American Community Survey

Table HE-30: Number of Potential Housing Problems

	Daly City		County	
	Number	Percent	Percent	Percent
Lacking complete plumbing facilities	0	0.0%	0.3%	0.6%
Lacking complete kitchen facilities	151	0.5%	0.9%	1.3%
No telephone service available	328	1.0%	1.2%	1.9%

Source: 2009-2011 American Community Survey

Regional Housing Needs Allocation

The Regional Housing Needs Allocation (RHNA) addresses housing demand across income levels and coordinates housing policy throughout California. Each jurisdiction in the Bay Area (101 cities, nine counties) is given a share of the anticipated regional housing need. The Bay Area's regional housing need is generally allocated by the California State Department of Housing and Community Development (HCD), and finalized through negotiations with the Association of Bay Area Governments (ABAG). However in San Mateo County, jurisdictions formed a sub-regional agreement and divided the countywide need themselves.

According to the RHNA, Daly City will need to ensure there is land available for a total of 1,350 new units between 2014 and 2022. Approximately 40 percent of those units will be for households making more than moderate income, 16 percent will be for households making moderate income, 14 percent for low-income, and 15 percent for very low income and extremely low income households each.

Table HE-31: Regional Housing Needs Allocation 2014 - 2022

	Extremely Low Income up to \$31,650	Very Low Income \$31,651 - 52,750	Low Income \$52,751 - \$84,400	Moderate Income \$84,401 - \$123,600	Above Moderate Income \$123,601+	Total
Atherton	17	18	26	29	3	93
Belmont	58	58	63	67	222	468
Brisbane	12	13	13	15	30	83
Burlingame	138	138	144	155	288	863
Colma	10	10	8	9	22	59
Daly City	200	200	188	221	541	1,350
East Palo Alto	32	32	54	83	266	467
Foster City	74	74	87	76	119	430
Half Moon Bay	26	26	31	36	121	240
Hillsborough	16	16	17	21	21	91
Menlo Park	116	117	129	143	150	655
Millbrae	96	97	101	112	257	663
Pacifica	60	61	68	70	154	413
Portola Valley	10	11	15	15	13	64
Redwood City	353	353	429	502	1,152	2,789
San Bruno	179	179	161	205	431	1,155
San Carlos	97	98	107	111	183	596
San Mateo City	429	430	469	530	1,242	3,100
South San Francisco	282	283	281	313	705	1,864
Woodside	11	12	13	15	11	62
Unincorporated San Mateo County	76	77	103	102	555	913
Total	2,292	2,303	2,507	2,830	6,486	16,418

Note: Yearly Income is based on a family of four

Source: Association of Bay Area Governments, Final 2014-2022 Regional Housing Need Allocation by County

Special Housing Needs

Certain groups have greater difficulty in finding decent, affordable housing due to their special circumstances. Special circumstances may be related to employment and income, family characteristics, disability, and household characteristics.

State Housing Element law states that special needs groups include the following: senior households, disabled persons, developmentally delayed persons, large households, female-headed households with children, students, homeless persons, and farmworkers. This section provides a discussion of the housing needs facing each group.

Seniors. Seniors face many housing challenges as they age, including a fixed budget, higher medical costs, and greater likelihood of disabilities. There are approximately 6,100 seniors living in Daly City.

Almost a fifth of the seniors in Daly City have incomes higher than \$100,000, but more than half the seniors have an income below \$50,000.

Seniors in Daly City, like seniors in San Mateo County at large, are significantly more likely to be homeowners than renters. Thus, housing concerns for seniors in Daly City might include retrofits to allow seniors to age in place (stay in their current home as they get older). Often, homeownership means greater housing security. According to the "Key Housing Trends in San Mateo" report, 52 percent of seniors who rent in San Mateo county are economically insecure while only 27 percent of seniors who own their own home without a mortgage are economically insecure.

As the large baby boomer population ages, Daly City, like the rest of San Mateo County, is expected to see a growing senior population. According to the "Key Housing Trends in San Mateo County" document, the county can expect to see a 76 percent increase in the number of seniors. A key challenge in the coming years will be how to accommodate the needs of aging residents. For more information about senior trends and preferences, see the 2013 "Key Housing Trends in San Mateo" report.

Table HE-32: Seniors and Income

	Daly City	County	State
Below Poverty Level	8%	6%	10%
Income under \$30,000	37%	28%	38%
\$30000-\$49,000	16%	19%	20%
\$50,000-\$74,999	15%	16%	16%
\$75,000-\$99,999	10%	11%	9%
\$100,000+	22%	26%	17%
Total Seniors	6,126	55,093	2,474,879

*Source and Notes: 2009-2011 American Community Survey,
Seniors are age 65+*

Table HE-33: Senior Households Renting Versus Owning by Tenure

		Daly City	County	State
All Ages	Owners	57%	60%	57%
	Renters	43%	40%	43%
	Total	31,115	256,423	12,433,172
Age 65-74	Owners	79%	79%	75%
	Renters	21%	21%	25%
	Total	3,142	27,053	1,265,873
Age 75-84	Owners	78%	81%	75%
	Renters	22%	19%	25%
	Total	2,066	18,014	823,750
Age 85 +	Owners	78%	75%	69%
	Renters	22%	25%	31%
	Total	689	9,136	342,029

Source and Notes: 2009-2011 American Community Survey,
Seniors are age 65 +

People with Disabilities. People with disabilities face many challenges when looking for housing. There is a limited supply of handicap accessible, affordable housing generally, and the supply is especially tight near transit. Being near transit is important because many people with disabilities cannot drive. People with disabilities are also often extremely low income due to the challenge of securing long-term employment, and to higher medical bills. Additionally, because some people with disabilities, particularly developmental disabilities, have lived with their parents they often do not have rental or credit history. This makes it harder for them to compete for the limited housing that is available.

A recent state law, SB 812, requires Housing Elements to include an analysis of the special housing needs of people with developmental disabilities. Additionally, SB 812 requires that individuals with disabilities receive public services in the least restrictive, most integrated setting appropriate to their needs.

California defines developmentally disabled as a, “severe and chronic disability that is attributable to a mental or physical impairment. The disability must begin before the person’s 18th birthday, be expected to continue indefinitely, and present a substantial disability.” Some development disabilities cause mental retardation and some do not. Common developmental disabilities include Down’s Syndrome, autism, epilepsy and cerebral palsy.

People with developmental disabilities in San Mateo County have various diagnoses. The common ones are summarized below. Because people can have multiple diagnoses, the numbers total more than 100 percent. People with developmental disabilities also tend to be younger than the general population. There are several reasons for this. For some diagnoses there is a shorter life expectancy. More importantly, starting in the 1990s there was an “autism wave” with many more young people being diagnosed with the disorder, for reasons that are still not well understood. The racial demographics of the developmentally disabled population mirror that of the population of the Bay Area.

Many people with developmental disabilities are unable to secure long-term employment. This results in many people relying on Supplemental Security Income (SSI) and many earn 10-20 percent of the Area Median Income (AMI).

People with developmental disabilities have various housing needs and housing situations. Almost all (76 percent) of Daly City residents with disabilities live with a parent or legal guardian. An additional 60 residents live in community care facilities.

Table HE-34: Type of Developmental Disability

	Jurisdiction Percent
Mild/Moderate Mental Retardation	50%
Autism	18%
Epilepsy	18%
Cerebral Palsy	17%
Severe/Profound Mental Retardation	11%

Source: Golden Gate Regional Center

Table HE-35: Age of People with Development Disabilities

People with Developmental Disability	
0-5	19%
6-21	30%
22-51	36%
52+	15%
Total	100%

Source: Golden Gate Regional Center. (County level data)

Table HE-36: Living Arrangements of People with Developmental Disabilities

Lives with	Number		Percent	
	Daly City	County	Daly City	County
Parents/Legal Guardian	368	2,289	76%	66%
Community Care Facility (1-6 Beds)	55	532	11%	15%
Community Care Facility (7+ Beds)	4	73	1%	2%
Independent/Supportive Living	39	349	8%	10%
Intermediate Care Facility	12	191	2%	5%
All Others	4	60	1%	2%
Total:	482	3,494	100%	100%

Source: Golden Gate Regional Center

Note: Counts based on zipcode and may include areas outside of jurisdictional borders.

Trends that are affecting the people with developmental disabilities include California's moves to reduce institutionalization, ageing family caregivers not being able to continue providing in-house care and the growing wave of people with autism.

- **Deinstitutionalization** – In 1977, California, passed the Lanterman Developmentally Disabled Services Act, to minimize the institutionalization of developmentally disabled people, help them remain in their communities, and to allow them to live their lives as similar to non-disabled

people as possible. To accomplish this end the state has been closing large institutional care facilities, resulting in more people with disabilities being integrated into the community. However, this has increased the demand for community based independent living options to serve the needs of the developmentally disabled.

- **Aging Baby Boomers Unable to Care for Their Children with Developmental Disabilities** – Almost three quarters of people with developmental disabilities live with a parent or caregiver, and many of these caregivers are baby boomers. As these caregivers age their ability to continue to care for their developmentally disabled children will decrease to the point where it is no longer possible. This trend is also going to be a factor in the increased need for community based independent living options for the developmentally disabled. Many service delivery systems and communities are not prepared to meet the increasing need.
- **Increasing Numbers of People with Autism** - There is a large number of people with developmentally disabilities that have autism. They have been brought up as independent members of the community and want to remain independent and involved in the community. There is a coming need to supply community based independent living options for these individuals.

Other Disabilities. People in Daly City have non-developmental disabilities, such as hearing disabilities or vision disabilities, as well. Some residents have both developmental and non-developmental disabilities.

In Daly City, more than a third of the senior population has some kind of disability. Nine percent of the total population in the city have some kind of disability. The most common disabilities in Daly City are ambulatory disabilities (five percent of the population), independent living disabilities (four percent) and cognitive disabilities (3.5 percent).

Table HE-37: Age and Type of Disability

	Number			Percent		
	Daly City	County	State	Daly City	County	State
Under 18 with Disability	264	3,270	280,649	1.4%	2.1%	3.0%
Age 18-64 with Disability	4,299	23,231	1,843,497	4.3%	5.0%	7.9%
Age 65 + with Disability	4,723	28,703	1,547,712	36%	31%	37%
Any Age with Any Disability	9,286	55,204	3,671,858	9%	8%	10%
Any Age With Hearing Disability	2,119	15,651	1,022,928	2.1%	2.2%	2.8%
With Vision Disability	1,677	8,199	685,600	1.7%	1.1%	1.9%
With Cognitive Disability	3,507	19,549	1,400,745	3.5%	2.7%	3.8%
With Ambulatory Disability	5,392	29,757	1,960,853	5.3%	4.2%	5.3%
With Self Care Disability	1,904	12,819	862,575	1.9%	1.8%	2.3%
With Independent Living Disability	4,453	22,735	1,438,328	4.4%	3.2%	3.9%

Source: 2009-2011 American Community Survey

Note: Some people may have multiple disabilities

Disability policy recommendations. The three major needs for people with disabilities are low cost (subsidized) rents, handicapped accessible homes, and buildings near public transportation. These needs are very similar to the desires of other segments of the population. Policies that promote affordable housing generally are also good for the disabled community. Specific recommendations from the Golden Gate Regional Center include (and the City of Daly City's provision of each):

- Jurisdictions assisting with site identification for low income developments – the City Housing Coordinator provides this information
- Policies to promote accessible homes – the City has adopted a Reasonable Accommodation Ordinance
- Inclusionary zoning – the City has adopted an inclusionary zoning law
- Second units – the City has adopted a flexible second ordinance
- Mixed use zoning – the City allows mixed-use development in a number of zones

Additionally, some people with development disabilities need supportive housing that is affordable and located near public transit. In supportive housing, additional services are provided at the home.

Female-headed and large households

Households headed by a single parent can have special needs due to the economic limitation of earning only one income, and the challenges of childcare without a partner. Although gender equality has made strides over the past 50 years, women continue to earn lower incomes than men. Therefore, female-headed households in particular have specific housing needs that must be addressed. Female-headed households can have special needs that include low cost housing, suitable for children and located near schools and childcare facilities. Innovative, shared living arrangements, including congregate cooking and childcare, could also be appropriate

Female-headed households make up a quarter of the total households in Daly City. The most vulnerable female-headed households can be those where women are living with children without a partner. Daly City has 1,298 such households. An additional approximately 6,400 households are headed by women living alone or with other family members. Female-headed households are more likely to be living under the poverty line than other households: nine percent of female-headed households in Daly City are under the poverty line.

Table HE-38: Female Headed Households

	Daly City		County	State
	Number	Percent		
Female living with own children, no husband	1,298	4%	4%	7%
Female living with other family members, no husband	3,320	11%	6%	6%
Female living alone	3,136	10%	15%	13%
Total Households	31,253	100%	256,305	12,433,049
Female Households Below Poverty Level	NA	9%	8%	17%

Source: 2009-2011 American Community Survey

Large households are defined as households with five or more members living in the same home. Large households are a special needs group because of the difficult in finding adequate and affordable housing. Many jurisdictions have few large homes, and often these larger homes are significantly more expensive than smaller ones. Large households throughout San Mateo County are much more likely than smaller households to have some kind of housing problem.

Daly City has 5,700 households with five or more members. These households are significantly more likely than smaller households to have housing problems: a majority of large households in Daly City have some kind of housing problem.

Table HE-39: Households of 5 or more by Tenure and Housing Problems

		Daly City		County	State
		Number	Percent		
Owner-occupied	Housing Problems	2,355	68%	59%	61%
	No Housing Problems	1,100	32%	41%	39%
Renter-occupied	Housing Problems	1,850	82%	84%	81%
	No Housing Problems	405	18%	16%	19%

Source: 2006-2010 CHAS Data

Homelessness in San Mateo County

All 21 jurisdictions within San Mateo County have adopted the ten-year HOPE Plan (Housing Our People Effectively: Ending Homelessness in San Mateo County), designed to end homelessness within ten years. The HOPE Plan adopts a Housing First policy, which seeks to move homeless people into permanent housing instead of shelters by increasing the stock of affordable and subsidized housing. Although the HOPE planners recognized that there is a lack of needed resources throughout the housing continuum, including emergency and transitional housing, the greatest need and the most effective use of new and/or redirected resources is for creating and sustaining quality affordable housing and supportive housing.

According to a 2013 countywide homeless survey there are 2,281 homeless people living in San Mateo County. Close to 90 percent of the homeless population was living in San Mateo County when they became homeless,

The homeless in San Mateo are both sheltered, meaning they live in emergency shelters, transitional housing, treatment centers or other similar institutions; and unsheltered, meaning they live on the street, in encampments or in a vehicle.

The number of homeless people living on the street in San Mateo County has decreased since 2007, while the number living in an RV, car or encampment, has risen dramatically to just over 40 percent of the total homeless population. The remaining 43 percent are considered sheltered homeless, and live in shelters, transitional housing, motels or institutions.

The vast majority homeless people are single adults (who may be living with another adult, but no children). Still, one-fifth of the sheltered homeless are families. Most were white (60%) and male (60-71 percent). Notably, 72 percent of the unsheltered homeless population has an alcohol and drug problem, while only eight percent of the sheltered population has a similar problem.

Homelessness in Daly City

As of the 2013 San Mateo Homeless Census, 27 unsheltered homeless people and 50 sheltered homeless people lived in Daly City. The number of unsheltered homeless people has declined over the past five years from a high of 49 in 2009. The number of sheltered homeless people has simultaneously increased.

Table HE-40: Homeless Count

Year	Daly City			County		
	Unsheltered Homeless	Sheltered Homeless	Total	Unsheltered Homeless	Sheltered Homeless	Total
2007	42	38	80	1,094	970	2,064
2009	49	47	96	803	993	1,796
2011	44	38	82	1,162	987	2,149
2013	27	50	77	1,299	982	2,281
2007 - 2013 Change	-15	12	-3	205	12	217
2007 - 2013 % Change	-36%	+32%	-4%	+19%	+1%	+11%

Source: 2013 San Mateo County Homeless Census and Survey, 2011 San Mateo County Homeless Census and Survey, 2009 San Mateo County Homeless Census and Survey, prepared by the San Mateo Human Services Agency, Center on Homelessness

Table HE-41: Demographics of Homeless Population

	County	
	Unsheltered Homeless	Sheltered Homeless
Single Adult or Living w/Another Adult	94%	79%
Family	6%	21%
Male	71%	60%
Female	29%	40%
White	60%	x
Latino	19%	x
African American	13%	x
Other Races	10%	x
Non-Veteran	89%	76%
Veteran	11%	24%
Alcohol / Drug Problems	72%	8%
Physical Disability	52%	x
Chronic Health Problem	47%	x
Mental Illness	37%	10%

Source: 2013 San Mateo County Homeless Census and Survey, prepared by the San Mateo Human Services Agency, Center on Homelessness. May not total 100% due to rounding

Table HE-42: Location when Homelessness Occurred

	County
Living in San Mateo County when became homeless	87%
Hometown in San Mateo County	69%

Source: 2013 San Mateo County Homeless Census and Survey, prepared by the San Mateo Human Services Agency, Center on Homelessness

Table HE-43: County Homeless Population Location 2007-2013

	2007	2013	Change
On the Street	29%	15%	-41%
In Car, R.V., or Encampment	24%	41%	90%
In Emergency Shelter	14%	11%	-18%
In Motel with Motel Voucher	5%	1%	-73%
In Transitional Housing	15%	19%	41%
In Institution	13%	12%	7%
Total:	2,064	2,281	217

Source: 2013 San Mateo County Homeless Census and Survey, 2011 San Mateo County Homeless Census and Survey, 2009 San Mateo County Homeless Census and Survey, prepared by the San Mateo Human Services Agency, Center on Homelessness

Farm Workers

Farmworkers are traditionally defined as persons whose primary incomes are earned through seasonal agricultural labor. They have special housing needs because of their relatively low income and the unstable nature of their job (i.e. having to move throughout the year from one harvest to the next). ABAG has determined that housing for farmworkers is not suitable in the urbanized portion of the Bay Area located far from agricultural areas.

Constraints to Housing Production

Constraints to the maintenance, improvement, and construction of housing can generally be divided into two categories - governmental and non-governmental. State law requires analysis of actual and potential constraints and identification of ways to reduce or overcome the constraints, where possible, to meet the identified housing needs. In many instances constraints represent a balance between the need for housing and other desirable goals. Where this is the case, the consideration of these other goals should be examined to make certain the constraint is not unnecessarily severe.

Governmental Constraints to Housing Production

Actions by local governments may impede housing construction, maintenance, and improvement in a variety of ways. For example, excessive fees or improvement requirements may discourage housing activity or possibly price housing above the level some groups can afford. Environmental impact reports (EIRs) can be costly and create delays, although by state Statute such analyses are mandatory. In some instances the lack of available water and/or sewer facilities may temporarily diminish housing construction activity. The governmental constraints to housing development include land use controls in the form of the General Plan, specific plans, and zoning; building codes; fees and dedications; site

improvements; permit processing procedures; and infrastructure constraints. Each of these potential constraints is discussed below.

General Plan Land Use Designations. Daly City's 2013 General Plan contains five residential land use designations that communicate the City's policies related to residential development densities. These designations and their respective densities are identified in Table HE-44.

Table HE-44: 2013 General Plan Land Use Designations

Land Use Designation	Density Limitations
Open Space Residential	0 to 2 dwelling units per acre
Low Density Residential	2 to 14.5 dwelling units per acre
Medium-Low Density Residential	14.6 to 20 dwelling units per acre
Medium Density Residential	20.1 to 35 dwelling units per acre
High Density Residential	35.1 to 50 dwelling units per acre
Very High Density Residential	over 50 dwelling units per acre

In addition to the residential land use designation described above, several newer high-density mixed-use developments have been constructed or approved for construction along the Mission Street and Geneva Avenue corridors. As of 2013, these corridors are designated Commercial Mixed Use by the General Plan land use map, a designation which does not restrict residential densities. Development potential is instead limited only by parking and building envelope regulations set forth by the Zoning Ordinance.

Specific Plan Designations. Subsequent to the adoption of the 1987 General Plan the City adopted to the BART Station Area (1993) Specific Plan and Sullivan Corridor Specific Plan (1998). Both of these specific plans contain land use designations and development regulations that replaced the land use designations and zoning regulation in place within these areas prior to their adoption. Below is short synopsis of each plan and the relevant residential designations that are contained within each.

BART Station Area Specific Plan. Prepared in conjunction with the San Mateo County Transit District, the BART Station Specific Plan was prepared in anticipation of the construction of the Colma BART Station (construction completed in 1996). The primary purpose of the Specific Plan was to identify a physical development plan for the area immediately adjacent to the new station in support of the transportation/transit role that the area was contemplated to fulfill within Daly City at the time. Table HE-45 identifies the land use designations identified by the Specific Plan as allowing residential uses:

Table HE-45: BART Station Area Specific Plan Land Use Designations

Land Use Designation	Density Limitations
Low Density Residential	6 to 12 dwelling units per acre
Medium Density	12 to 25 dwelling units per acre
High Density Residential	25 to 55 dwelling units per acre
Mixed-Use Commercial/Office	Function of height/coverage limitations and parking regulations
Neighborhood commercial	Function of height/coverage limitations and parking regulations

Several significant high-density residential projects have been constructed within the BART Station Specific Plan Area. Most recently, Habitat for Humanity completed construction of a condominium project at 7555 Mission Street, which provided 36-units (47 du/ac) of housing to lower-income households. Additional development potential exists at an underutilized SamTrans park and ride lot located adjacent to the Colma BART Station. Although this site is presently designated

Office/Convenience Retail, the potential does exist for a mixed-use project containing higher density residential uses. A six-acre portion of this site has in fact been identified for redesignation and rezoning to accommodate up to 50 dwelling units per acre.

Sullivan Corridor Specific Plan. The Sullivan Corridor Specific Plan was adopted as means to guide the revitalization of properties within the Sullivan Corridor, which is the area in the general proximity of City Hall, west of Interstate 280. The Plan's land use designations were prepared to compliment the construction of new public and commercial developments occurring in the area at the time, including the North County Health Center and the Colma BART Station. Table HE-46 identifies the land use designations identified by the Specific Plan as allowing residential uses.

Developers of larger projects located within the Sullivan Corridor Specific Plan Area can elect to have their projects reviewed by the Sullivan Corridor Committee, which is comprised of two City Council members. Although review by the Steering Committee does add time to the development review process, developers are able to obtain valuable input from Councilmembers very early in the process. The estimated time for Sullivan Corridor Committee review is three to four weeks.

Table HE-46: Sullivan Corridor Specific Plan Land Use Designations

<u>Land Use Designation</u>	<u>Density Limitations</u>
Residential Low Density	0 to 14.5 dwelling units per acre
Residential High Density	None identified
Residential Retail Commercial	Maximum FAR of 1.0
Service Commercial	Maximum FAR of 3.0
Retail and Office Commercial	Maximum FAR of 5.0

The most significant residential construction project in this area has been a 208-unit (65 du/ac) mixed-use senior apartment complex at 165 Pierce Street. As an urban infill site, the project provides an example of the potential for the Sullivan Corridor Area to provide additional housing opportunities are vacant and underutilized sites in the area are developed or redeveloped. Construction of the project concluded in 2013.

Inclusionary Zoning Ordinance (DCMC Chapter 17.47). In recognition of the fact that neither Federal or state funding for affordable housing construction will be sufficient to fully address Daly City's affordable housing problem, nor will the private housing market likely provide affordable housing opportunities to low-income households, the Daly City City Council adopted an Inclusionary Zoning Ordinance in 2007. The City's Inclusionary Housing ordinance, Chapter 17.47 of Title 17 of the Daly City Municipal Code, adopted in September 2007 was repealed and replaced by an Affordable Housing Ordinance adopted in April 2014. The Affordable Housing Ordinance requires the following:

1. Rental developments: all rental projects shall pay an affordable housing impact fee unless an alternative is proposed by the developer and approved by the City Manager.
2. Ownership developments : all ownership projects of five or more units shall either include 20 percent of the units to be affordable to Moderate Income households or, if approved by the City Manager, an affordable housing impact fee.

An affordable housing impact fee resolution based on a housing nexus study conducted by Keyser Marston Associates was established concurrently with the adoption of the Affordable Housing Ordinance. The affordable housing impact fees shall be deposited into an Affordable Housing Trust Fund. Monies deposited into the Fund must be used to increase and improve the supply of housing affordable to Moderate-, Low-, and Very Low-Income households in the City.

Inclusionary zoning ordinances like Daly City's are sometimes perceived as adding to the cost of housing by requiring market-rate units in the particular project to subsidize the affordable units in that same project. Because no projects have been subject to the requirements of the City's inclusionary zoning ordinance, it is not possible to systematically evaluate whether or not this has been the case in Daly City. Furthermore, because all development projects have unique financial circumstances (many include complex public financing mechanisms and/or land transactions), any discussion of this subject as it relates to the Daly City housing market would be purely hypothetical.

While there are several studies in existence which provide some insight on this subject in a broad sense, there are essentially three plausible scenarios that explain who ultimately pays the subsidy cost of inclusionary units. Each of these scenarios relates to the purchase of the property on which a project subject to the inclusionary ordinance was completed and all are applicable regardless of the ultimate project tenure (substitute "rent" for "purchase price"):

1. The first scenario is that the developer purchased the property on which the residential project was to be built *before* the inclusionary zoning ordinance was adopted. Because the developer can only sell market rate units at prices dictated by the local housing market and the land and construction costs to build the project are all assumed to be fixed, the cost to subsidize the inclusionary units is subsidized by developer profits.
2. The second scenario is that the developer purchased the property on which the residential project was to be built *after* adoption of the inclusionary ordinance and he/she had full knowledge of the ordinance's requirements and the financial implications of these requirements to the development project. In this instance, only the land cost remains not fixed. Unable to increase the purchase price for units due to competitive housing market limitations and unwilling to decrease his or her profit margin, the developer will most likely pass the subsidy cost to the land owner, who will either agree to the discounted land price or choose not sell. While it would appear that this scenario could result in non-production of housing should the land owner choose not to sell, this is probably unlikely as willing sellers realize that the long-term carrying costs of vacant or underutilized land will ultimately exceed the cost of accepting the discounted land price before these carrying costs are incurred.
3. The third scenario is that the developer purchased the property on which the residential project was to be built *after* adoption of the inclusionary ordinance, and, to maintain his or her profit margin, passes the subsidy cost of the inclusionary units to the purchasers of the market rate units in the same project instead of paying a discounted land price to the land owner. In this scenario, the developer would have actually adjusted the market price for the unit upward in the amount of the subsidy cost. While the inelasticity of the Bay Area housing market would seemingly allow for such an adjustment to occur, this scenario is not likely because if the developer had the ability to adjust the price upward, he or she would most likely have done so with or without the existence of an inclusionary zoning ordinance.

In reviewing the Potential Housing Sites Inventory List, it is likely that most, if not all, of the sites on this list will be developed by persons other than the current property owners. Hypothetically, because developers of these sites will be unable to raise the market price for the non-inclusionary (market rate) units beyond that allowed by the housing market, developers will be required to pay less for land or reduce their profits.

Notwithstanding this hypothetical analysis, Daly City's inclusionary zoning ordinance recognizes that there could be instances when the inclusionary housing requirements make market-rate housing more expensive. However, the City has made a conscious decision that the community's interests are best served by the adoption of the ordinance to address the environmental and job-housing balance inequities that would result if the City took no action to ensure that all income groups maintain access to the marketplace for new rental and for-sale homes.

To ensure the most effective implementation of the City's inclusionary zoning ordinance, two tasks have been added to the Objectives, Policies, and Tasks section of this Housing Element. Task HE 11.3 requires that, through staff training, the City will ensure effective dissemination about the Inclusionary Zoning Ordinance to prospective property purchasers and developers, and prepare paper and electronic brochures to assist these individuals to better understand and determine their obligation under the ordinance. Task HE 11.6 mandates that the City adopt a disclosure requirement about the existence of an inclusionary zoning ordinance in Daly City and that directs property purchasers to the City for additional details. This disclosure would be required for transaction of properties over a certain size and valuation that could be subject to the City's inclusionary zoning ordinance.

Table HE-47: Zoning District Designations and Densities

Zoning Designation	Lot Area per D.U. (sq. ft.)	Resulting Density
MHP Mobile Home Park	1/200 min. (avg. 1/2500)	17.4 du/ac
R-1 Single Family	1/3,000	14.5 du/ac
R-1A Single Family/Duplex	1/1,250	34.8 du/ac
R-2 Duplex	1/1,500	29.4 du/ac
R-2A Two Family Design	1/1,250	34.8 du/ac
R-3 Multiple Family	1/500	87.1 du/ac
BRM BART Multiple Family	1/1,750	25 du/ac
R-4 Multi-family/Professional	1/300	145 du/ac
C-1 Light Commercial District	1/300	145 du/ac
C-2 Heavy Commercial District	1/300	145 du/ac
PD Planned Unit Development	Flexible	Not applicable
Pre-PD Pre-Planned Unit Dev.	Flexible	Not applicable

Development regulations. The Zoning Ordinance contains eight residential districts and four non-residential districts in which residential development is allowed. The minimum lot area per unit and resulting densities of these districts are presented in Table HE-47 above. It is important to note that there is no land currently zoned R-4 in Daly City.

As identified in Table HE-47, residential development is allowed within several commercial zones, most notably within the C-1 Light Commercial District. The C-1 zone encompasses all properties fronting Mission Street, for its full length, and almost all of Geneva Avenue in the Bayshore neighborhood. Sites likely to yield large numbers of affordable housing units are located within these two commercial corridors. In fact, several larger projects identified in the Potential Housing Sites Inventory List are located on Mission Street or Geneva Avenue.

Table HE-48 on the subsequent page identifies the development regulations for each of the above zones, as contained in the Daly City Zoning Ordinance. As shown in the table, the minimum lot sizes for both the R-3 Multiple Family and C-1 Light Commercial zones are 2,500 square feet in most instances. Both zones also allow the construction of single-family homes. In combination, these regulations allow owners of larger parcels to subdivide their parcels for single-family residential development or small commercial uses. This effectively allows scarce larger parcels that could be used for higher density mixed-use development to be underutilized. Similarly, the building heights for both the R-3 and C-1 zones are only six feet higher than that allowed in the R-1 zone (30 feet maximum versus 36 feet maximum), where the R-3 and C-1 zones allow sixth times the density allowed by the R-1 zone (87 du/ac versus 14.5 du/ac).

Because a 36-foot height limit may be appropriate for the C-1 Light Commercial zone in other parts of Daly City, the policy section of this Housing Element sets forth a requirement that the Zoning Ordinance be amended to establish a new Commercial Mixed-Use (C-MU) zone for areas encompassing Mission Street and Geneva Avenue, and establish development regulations in the Zoning Ordinance specifically for higher-density mixed-use development. To preserve larger commercial and residential sites, this

Housing Element also requires that the Zoning Ordinance increase the minimum parcel sizes for all commercial and R-3 Multiple Family zones be increased as determined necessary to promote the construction of higher density and/or mixed-use development. Likewise, the Housing Element commits the City to exploring increased building height within the C-MU zone, as determined sufficient to promote the construction of higher density mixed-use development within the zone. Further study of increased height along Mission Street and Geneva Avenue would be undertaken as part of the Zoning Ordinance update, which will commence in 2015.

Parking regulations. Parking requirements for new residential development are contained within the Zoning Ordinance as identified in Table HE-49. Because parking is a significant factor in multifamily and affordable housing construction costs, the constraints to housing production caused by parking regulations must be closely examined.

Table HE-48: Daly City Regulations for Residential Zones

Zoning District	Permitted Uses	Use Permit Req'd	Max. Building Height	Min. Lot Area	Floor Area Ratio	Min. Lot Width	Max. Lot Coverage	Min. Front Yard	Min. Side Yard	Min. Rear Yard	Lot Area Per D.U.
R-1	Single-family	No	30 ft.	3000 s.f. 2500* s.f.		33 ft. 25* ft.	50% 55%*	15 ft.	None	10 ft.	3000 s.f. 2500* s.f.
R-1/A	Single-family	No	30 ft.	2500 s.f.		25 ft.	55%	15 ft.	None	10 ft.	
	Duplexes	Yes									
R-2	R-1	All uses permitted in this zoning classification (see above)									
	One two-family dwelling	No	36 ft.	3000 s.f. 2500* s.f.		33 ft. 25* ft.	60%	15 ft.	None	10 ft.	1500 s.f. 1250 s.f.
	Single-family, two-family	No	30 ft.	2500 s.f.		25 ft.					
Duplexes	Yes										
R-3	R-1, R-2	All uses permitted in these zoning classifications (see above)									
	Multi-family	No	36 ft.	3000 ft. 3500* ft.		33 ft. 25* ft.	75%	15 ft.	None	10 ft.	500 s.f.
BRM	Sm. Apt's., townhms, flats...	No	45 ft.	5000 s.f.		50 ft.	60%	5 ft. 10 ft. max	None	15 ft.	
	R-1, R-2	Yes									
R-4	R-1, R-2, R-3	All uses permitted in these zoning classifications (see above)									
	Multi-family	No	FAR 3.5 : 1.0	10000 s.f.	3.5 - 1.0	100 ft.	70%	15 ft.	None 20 ft. **	10 20 ft.**	300 s.f.
MHP	Mobile homes	No	30 ft.	2500 s.f.		30 ft.	75%	5 ft.	3 ft.	3 ft.	
C-1	R-3	All uses permitted in this zoning classifications (see above), except use permit is required									
	R-4	No	36 ft.	2,500 sf – 3,000 sf		33 ft. 25* ft.	70%	None	None	None	300 s.f.
C-2	C-1	All uses permitted in this zoning classifications (see above), except use permit is required and 7.0 – 1.0 FAR									
	R-3	Yes		2,500 sf – 3,000 sf	7.0 – 1.0	33 ft. 25* ft.	70%	None	None	None	300 s.f.
PD	A variety of uses or combination of uses are allowed in this zoning classification pending City approval of an applicant's planning application										
Pre-PD	Serves as a transitional zoning classification for PD (see description of PD uses above)										

* for lots or subdivisions recorded prior to 1/1/49

** for buildings in excess of 3 stories

Other exceptions may apply

Currently, Daly City's Zoning Ordinance requires two parking spaces for each condominium unit (irrespective of number of bedrooms) or any apartment with two or more bedrooms. This is the same parking requirement for single family units. Reductions to the parking requirements are permitted by the Zoning Ordinance for development proposals that are determined to be exclusively for low-income

households or individuals. Projects that are partially low-income are not allowed reduced parking unless the project is rezoned to Planned Development. In addition to parking reductions for low-income projects, residential projects for low-income elderly persons are required to provide only one fourth of the parking indicated above.

Table HE-49: Daly City Parking Regulations

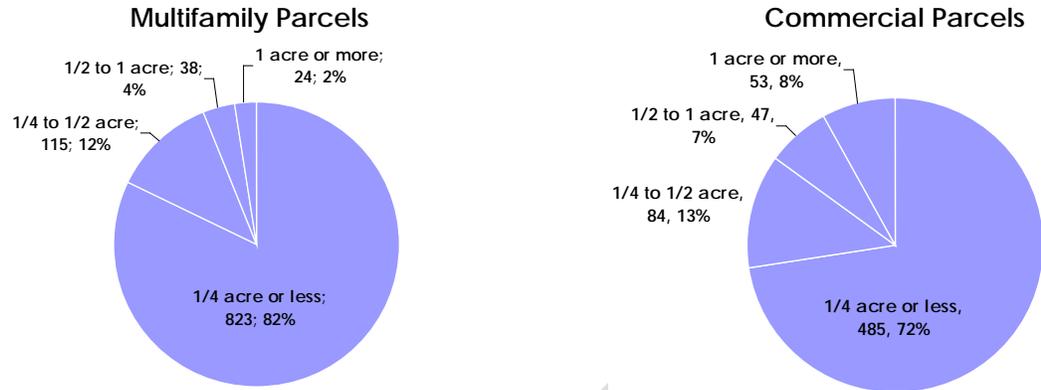
<u>Residential Type</u>	<u>Required Parking Spaces</u>
Single-family	2 spaces per unit
Two-family (Duplex)	2 spaces per unit; 4 per structure
Multiple-family	1 space per studio
	1.5 spaces per one bedroom
	2 spaces per two-bedroom unit or larger
Condominium	2 spaces, irrespective of bedroom count
Mobilehome Park	1 space per mobilehome, plus 1 guest space each grouped in common area
Boardinghouse	1 space per rentable room, plus one space per every 200 sq. ft. kitchen and administrative office area
Secondary Unit	2 spaces, plus 2 per principal dwelling (4 total)

Note: Single family includes all condominiums irrespective of size

Generally, the City’s residential development standards are consistent with the requirements of neighboring jurisdictions and accepted planning practice. There is anecdotal evidence, given high land costs in Daly City and throughout the region, that parking requirements could constrain the development of new and/or affordable housing.

Parcel sizes. In the future, construction of higher-density housing projects will rely on the redevelopment of sites and adaptive re-use of existing buildings (retrofitting and re-using a building for a use other than its original construction). The lack of larger parcels that can accommodate high-density residential development presents a severe constraint to large-scale housing production. However, as identified in Figure HE-5, only 24 multi-family zoned parcels larger than one acre exist throughout Daly City. Similarly, only 53 commercially-zoned parcels (where higher-density residential development is also allowed) are larger than one acre. Conversely, the vast majority of parcels are less than ¼ acre in size.

Figure HE-5: Multifamily and Commercial Parcel Sizes (2013)



Since almost all of the larger parcels in Daly City are already developed (see Vacant Land Survey for vacant parcels), further subdivision of these parcels or development of non-residential uses on them will very likely constrain housing production. Under the current zoning regulations, property owners are allowed to subdivide existing larger parcels into lots as small as 2,500 square feet, the minimum lots size in both the C-1 Limited Commercial and R-3 Multiple-Family Residential zones. The City does not presently have any legal mechanism to merge lots.

Condominium regulations. Although not considered detrimental to any specific affordable housing development proposal, an existing provision of Zoning Code currently prohibits condominiums less than 20 units, severely impacting the potential for the construction of small for-sale condominium projects within Daly City. This Housing Element identifies the reduction of the 20-unit minimum as a specific task of the Zoning Ordinance update that will commence upon adoption of the General Plan.

Building Codes. The 2013 International Building Code, as amended by the City, has also established construction standards which add to the cost of housing development. Local code amendments have been significantly reduced in an effort to allow greater uniformity of construction standards throughout the county. The remaining local amendments are minor and do not add significantly to the cost of housing, but significantly increase the long-term safety of residents, prevent fire spreading to adjoining homes, and improve insurance rates.

Fees and Dedications. Site improvements and exactions by the City, such as traffic signals or park in-lieu fees increase the cost of development in Daly City. To better assure equity in the application of fees related to new development, the City analyzed the needed public facilities associated solely with new development and established a fee that allocates a 'fair share' of cost to new residential and commercial development. Most off-site improvements needed to serve future growth are funded through the City's Public Facilities Fees.

All Bay Area cities charge fees in order to pay the costs to process, regulate and mitigate the impacts of new development on City services and infrastructure. If fees are inordinately high, they can lead to higher costs and/or discourage housing development within the community.

Tables HE-50 through HE-52 shows the prototypical planning impact fees charged by the City of Daly City for the following projects:

- One single-family home: four-bedroom, 2,400 square foot in size with a 500 square foot garage;
- Fifty single family homes on eight acres, proposed on a site which requires rezoning and tentative map; and

- Ninety-six townhouse units in 16 buildings on eight acres, proposed on a site which requires rezoning and tentative map

Tables HE-50 through HE-52 have been developed based on the costs of providing public facilities to new development and reflect the AB 1600 fee program developed by the City intended to mitigate the impacts of new development on public facilities. Public facilities funded through the AB1600 fee include police, library, fire, administrative facilities, roadways, water and wastewater. The fees are charged on the basis of geographic benefit zones, each with differing cost bases.

Table HE-50: Hypothetical Development - Single Family Infill

Assumed - 2400 sf + 500 sf garage, 2 stories, 4 bedrooms, 3 bath

Entitlement Fees		Total Cost for Entire Project
1	No fees	\$ -
Subtotal		\$ -
Construction Fees		Total Cost for Entire Project
1	Building plan check fee	\$ 9,462
2	Plumbing permit fee	\$ 211
3	Electrical permit fee	\$ 322
4	Mechanical permit fee	\$ 121
5	General Plan maintenance fee	\$ 1,819
6	Planning plan check fee	\$ 506
7	Public facilities fee	\$ 5,074
8	T24 energy fee	\$ 506
9	Tech. fee	\$ 51
10	Cal. Green fee	\$ 220
11	Sewer connection fee	\$ 2,780
Subtotal		\$ 21,072

Source: Daly City Building Division; compiled by 21 Elements

Table HE-51: Hypothetical Development - Single Family Infill

Assumed - 50 single family homes on eight acres
 Project requires rezoning and tentative map

Entitlement Fees	Total Cost for Entire Project
1 Subdivision planning fee	\$ 14,749
2 Design review planning fee	\$ 1,293
3 Environmental review (mitigated neg dec)	\$ 2,995
4 Public Notice planning fee	\$ 150
5 Department of Fish and Game fee	\$ 2,101
6 Fire Department review	\$ 216
7 Records storage	\$ 27
Subtotal	\$ 21,531

Construction Fees	Total Cost for Entire Project
1 Building plan check fee	\$ 25,495
2 Plumbing permit fee	\$ 9,369
3 Electrical permit fee	\$ 13,900
4 Mechanical permit fee	\$ 5,556
5 General Plan maintenance fee	\$ 75,132
6 Planning plan check fee	\$ 22,664
7 Public facilities fee	\$ 253,700
8 T24 energy fee	\$ 22,664
9 Tech. fee	\$ 2,266
10 Cal. Green fee	\$ 11,001
11 Sewer connection fee	\$ 132,700
Subtotal	\$ 574,448

Source: Daly City Building Division; compiled by 21 Elements

Table HE-52: Hypothetical Development - Single Family Infill

Assumed - 96 townhouse units in 16 buildings on eight acres
 Project requires rezoning and tentative map

Entitlement Fees	Total Cost for Entire Project
1 Zone change planning fee	\$ 14,254
2 Design review planning fee	\$ 1,293
3 Environmental review (mitigated neg dec)	\$ 2,995
4 Public Notice planning fee	\$ 150
5 Department of Fish and Game fee	\$ 2,101
6 Fire Department review	\$ 216
7 Records storage	\$ 27
Subtotal	\$ 21,036
Construction Fees	Total Cost for Entire Project
1 Building plan check fee	\$ 20,021
2 Plumbing permit fee	\$ 15,728
3 Electrical permit fee	\$ 22,422
4 Mechanical permit fee	\$ 9,729
5 General Plan maintenance fee	\$ 113,604
6 Planning plan check fee	\$ 34,532
7 Public facilities fee	\$ 487,104
8 T24 energy fee	\$ 34,532
9 Tech. fee	\$ 3,453
10 Cal. Green fee	\$ 21,121
11 Sewer connection fee	\$ 255,720
Subtotal	\$ 1,017,965

Source: Daly City Building Division; compiled by 21 Elements

Figures HE-6 and HE-7 provide a comparison of Daly City's fees to others jurisdictions within San Mateo County for each of the aforementioned development prototypes. Among these jurisdictions, the median fee for the single-family and 10-unit condo prototypes are \$XX,XXX and \$XX,XXX, respectively. As identified in Table HE-21, Daly City's total fees for these two prototypes are \$30,830 and \$255,691, respectively.

While Daly City's fees are generally similar to those of adjacent jurisdictions for the single-family home prototype (in the \$XX,XXX range), the City's fees for the 10-unit condominium prototype are further from the County-wide median. A large portion of the fees for this development prototype is attributable to impacts fees, specifically park impacts. As identified in Table HE-X, more than 50 percent of the impact fee collected by the City is for park impacts. To address this issue, the City has committed to review the park impact fees collected by the City ensure that they are justifiable given the impacts equitable among various classes of development projects. For example, the City currently does not collect park in-lieu fees for multifamily development that consists of rental housing. The result of this is that increased burden is placed upon other classes of projects notwithstanding the actual demand for parks created by each project class.

Figure HE-6: Comparative Fee Analysis for Prototypical Developments – Single-family home (2013)

[data needed from 21 Elements]

Source: 21 Elements Development Fees Survey (2013)

Figure HE-7: Comparative Fee Analysis for Prototypical Developments – 10-Unit Condo (2013)

[data needed from 21 Elements]

Source: 21 Elements Development Fees Survey (2008)

Although fees imposed by the City on new residential development add to the cost of housing, these fees are necessary to offset the impact to the City's infrastructure directly caused by new development. As identified in Table HE-50 through HE-52, the City collects such fees to pay for non-operational impacts to facilities such as police and fire department buildings, stormwater treatment plants, and libraries. School impact fees, which account for over 50 percent of the impact fee amount, are established by State law and not influenced by the City. Although impact fees may seem to be a significant cost factor in residential development, their cost is often folded into the permanent financing of a residential development project, which is then paid over the term of home mortgage. In the context of a mortgage, the total of City fees for a single-family detached homes equates to about 1.6 percent of the total mortgage payments for a typical new home in Daly City over 30 years. This is a significantly lower cost factor than cost proportions devoted to private profit, such as interest charges, mortgage insurance, and realtor fees.

Site Improvement requirements. In addition to permit processing and impact fees charged by the City, a new subdivision may be required to install improvements off-site, dedicate land for parks (or pay an in-lieu fee), or contribute to the cost for services provided to the project. These are typical costs associated with mitigating environmental impacts associated with a development and they vary on a case by case basis depending upon the anticipated impacts. While these costs are necessarily a part of new development in the City, the charges are carefully analyzed in each case in order to avoid unnecessary requirements being placed on new residential development.

While new subdivisions typically require the construction of expensive infrastructure such as new roads, sewer trunk lines, and stormwater catchment systems, most new residential development in Daly City will continue to occur as denser buildings situated adjacent to existing infrastructure, either replacing existing older buildings or vacant in-fill lots. This type of development is therefore able to forgo much of the expense typically associated with improvement of the public right-of-way. There are instances where utility upsizing may be required to accommodate a significant increase in the utility demand over a previously existing less-intensive use. However, these costs are much lower on a per-dwelling-unit basis than the costs associated with acquiring land and constructing new utilities for a new subdivision.

Permit processing procedures. The Zoning Ordinance identifies the residential types permitted, permitted with a use permit, or not allowed in each zone allowing residential uses. Permitted uses are those uses allowed without discretionary review and require only a building permit as long as the project complies with all development standards and design guidelines.

The permit requirements for each housing type allowed in each zoning district are identified in Table HE-53. As identified in the table, the development review process is very expedient for new residential development proposed in a residential zone. Most approvals may be made at the staff level and Design Review Committee (DRC) approval is required only for those projects where four or more units are proposed, and for which an entitlement necessitating a public hearing is required. The DRC, which consists of the two City Council members appointed by the Mayor, has the ability to approve non-discretionary projects or discretionary projects that are exempt from the requirements of the California Environment Quality Act. Otherwise, City Council certification of either a Mitigated Negative Declaration (MND) or Environmental Impact Report (EIR) is required.

Despite the expediency of constructing new residential projects on residentially-zoned land, the most significant additions to the housing supply in Daly City has occurred in multiple-family apartment and condominium buildings exceeding 50 dwelling units per acre. Due to permit requirements in place at the time of their construction, these types of buildings have typically been subject to a use permit (due to their location in the C-1 zone on Mission Street or Geneva Avenue), a subdivision map (because they involve a condominium), or both. In certain cases, typically involving projects outside the Mission Street/Geneva Avenue corridors, a rezoning may have also been required. In rare circumstances, an amendment to the General Plan Land Use Map may also be required as a part of project approval.

Table HE-53: Existing Entitlement Requirements by Zoning District

Building Type	Zoning Designations Allowing Residential Uses											
	R-1	R-1/A	R-2	R-2A	R-3	R-4	BRM	MH	C-1	C-2	C-R/O	C-R/R
Single family home (one unit).....	BP	BP	BP	BP	BP	BP	BP	NA	UP	UP	BP	UP
Second unit in existing single-family home.....	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP
Duplex (two units).....	NA	UP	BP	BP	BP	BP	BP	NA	UP	UP	UP	UP
Triplex (three units).....	NA	NA	NA	NA	BP	BP	BP	NA	UP	UP	UP	UP
Multiple family (four or more units).....	NA	NA	NA	NA	DR	DR	DR	NA	UP	UP	UP	UP
Mixed Use (Retail/Office/Residential).....	NA	NA	NA	NA	NA	NA	NA	NA	UP	UP	UP	UP
Residential Care Facility ≤ 6 persons.....	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP
Residential Care Facility > 6 persons.....	UP	UP	UP	UP	UP	UP	UP	UP	UP	UP	UP	UP
Emergency Shelter.....	NA	NA	NA	NA	NA	NA	NA	NA	UP	UP	BP	BP
Single-Room Occupancy.....	NA	NA	BP	BP	BP	BP	BP	NA	UP	UP	UP	UP
Manufactured Homes.....	BP	BP	BP	BP	BP	BP	BP	NA	UP	UP	UP	UP
Mobile Homes.....	BP	BP	BP	BP	BP	BP	BP	BP	UP	UP	NA	UP
Transitional Housing.....	BP	BP	BP	BP	BP	BP	UP	UP	BP	BP	BP	BP
Supportive Housing.....	BP	BP	BP	BP	BP	BP	UP	UP	BP	BP	BP	BP

Most Significant Entitlement Required: "NP" = No permit req'd, "NA" = Not allowed, "BP" = Building Permit, "DR" = Design Review Committee, "UP" = Use Permit

Source: City of Daly City Planning Division

All subdivisions (including condominium maps) and use permits must be approved by the City Council with a recommendation from the Planning Commission. Typical findings of a residential subdivision include that the project is consistent with the General Plan, that the site on which the subdivision is to be located is physically suitable for the number of lots proposed, and that adequate infrastructure exists to serve the proposed subdivision. The findings for a use permit are similar, adding that the use is compatible with surrounding uses and the neighborhood character and that the project would not jeopardize the public health, safety, and welfare. Rezoning and General Plan amendments are legislative acts and are therefore not subject to written findings.

Staff has completed an analysis as to whether any of the findings identified in the preceding paragraph have been detrimental to project approvals, in terms of additional processing time, cost, and developer certainty. In a review of approximately 35 planning entitlement applications, including rezonings, and major and minor subdivisions, that the City Council has considered since the adoption of the current Housing Element in 2004, in no instance did mandated findings present an obstacle to the Council granting these approvals. In fact, the City Council approved all 35 applications, adopting the required findings in each instance.

Table HE-54: Typical Processing Time by Type of Approval

Type of Approval or Permit	Typical Processing Time	Approval Body
Zoning Entitlements		
Building Permit (ministerial projects).....	1 to 4 weeks	Staff
Design Review.....	4 to 6 weeks	Design Review Committee [†]
Use Permit.....	8 to 10 weeks	City Council
Variance.....	8 to 10 weeks	City Council
Coastal Development Permit (coastal zone only).....	8 to 10 weeks	City Council ^{††}
Parcel Maps.....	10 to 12 weeks	City Council
Subdivision Maps.....	10 to 12 weeks	City Council
Zone Change (to traditional zones).....	10 to 12 weeks	City Council
Zone Change (to planned development zoning).....	12 to 16 weeks	City Council
General Plan Amendment.....	12 to 16 weeks	City Council
[†] Processed concurrently for items approved by City Council ^{††} May be appealed to Coastal Commission		
Environmental Review		
Mitigated Negative Declaration.....	10 to 12 weeks	City Council
Environmental Impact Report.....	24 to 36 weeks	City Council

Source: City of Daly City Planning Division

The time it takes for developers to secure any of the above entitlements varies depending upon many factors such as the nature, size, location, and complexity of the project, including the involvement of other agencies. Table HE-54 identifies the typical processing time most common in the entitlement process. It should be noted that, for projects requiring more than one entitlement, the City processes these entitlements concurrently. For example, the condominium map and environmental review for a new mixed-use project could be processed concurrently with the City Council's consideration of the subdivision map for the project. In 2008, the City Council adopted revisions to the Zoning Ordinance to allow concurrent processing of design review and other discretionary approvals that required Planning Commission and City Council approval. This change removed the requirement for projects which had been approved by the City Council to return to the Design Review Committee for additional review.

As identified in Table HE-54, typical permit processing times range from one week for simple projects where only a building permit is required to several months for more complicated projects involving

substantial environmental review. Projects that require the preparation and adoption of an Environmental Impact Report (EIR) are subject to the greatest processing time, often exceeding six months. The requirement for an EIR preparation is however extremely rare as the City has in most instances determined that a Mitigated Negative Declaration is sufficient for most residential development projects.

Of the sites identified on Table HE-X on page HE-X, only two required the preparation of the EIR. The remaining projects were either processed through the adoption of either a Mitigated Negative Declaration or a determination that the project is exempt from CEQA. The Act grants exemptions to projects to urban in-fill sites that are five-acres or less in size, have adequate infrastructure in place to accommodate the number of units proposed, and do not require rezoning or General Plan amendment.

To assist in streamlining the development review process, the City has established design guidelines for both new single-family homes and mixed-use development. In anticipation that the City will receive more applications for larger mixed-use buildings, especially along Geneva Avenue and Mission Street, Task HE-3.2 on page 74 has been added to this Housing Element which commits the City to reviewing the existing mixed-use design guidelines to ensure that the guidelines address instances where higher-density development is proposed adjacent to lower-density neighborhoods. Also, in an effort to increase developer certainty, a new task amending the automatic expiration for all discretionary land use approvals has been added as Task HE-2.3. Lastly, tasks relating specifically to removing the requirements for use permit approvals for residential projects in commercial (see Tasks HE-X and HE-X).

In addition to design guidelines, the City offers developers an opportunity to receive feedback from a two-member ad hoc City Council Committee prior to committing to the entitlement process. These Committee meetings are particularly useful to developers of affordable housing projects, where potential issues can be scoped in the initial stages and resolved to minimize or avoid the creation of conflicts or controversy that could derail an affordable housing project.

In terms of entitlement processing for emergency shelters and transitional housing, the City of Daly City in 2014 adopted revisions to its Zoning Ordinance identifying emergency shelters as a permitted land use on C-R/O designated properties in the Sullivan Corridor Specific Plan area, as required by the 2013 Housing Element without the requirement for a use permit. Notwithstanding this allowance, it is noteworthy that the city has historically deferred to the San Mateo County Office of Housing, which has taken the lead role in San Mateo County to evaluate and provide for homeless population needs, facilities and services. This County Office has concluded in the past that homeless needs for Daly City in addition to other neighboring communities are being served and met by the year-round operation of Safe Harbor in South San Francisco. Safe Harbor is an emergency shelter closest to Daly City and most likely to serve Daly City residents needs for homeless facilities. Homeless counts and needs assessment by the County occurs annually and biennial, respectively. No requests have been received for added emergency shelters.

Emergency shelter for special needs populations is accommodated by the organizations that serve those particular populations and needs. When approached by these organizations the City has historically provided appropriate assistance as needed.

Regarding transitional housing, the City in 2014 adopted revisions to its Zoning Ordinance and making transitional housing allowed in the R-1 Residential Single Family District without the requirement for a use permit. Historically, the City has worked with non-profit organizations and governmental agencies to assess needs, evaluate sites, and determine operational and acquisition costs. Otherwise, the City has not received nor expects to receive within the term of this Housing Element Update a request for new construction of these facilities. More commonly, existing buildings are being adapted for reuse to accommodate these needs rather than new buildings being constructed, typically without requiring any discretionary permits.

Infrastructure Limitations. Since the vacant, residentially zoned properties are either small or moderate in size and are scattered throughout the City, it is unlikely that any development will create a serious, additional demand on existing services and infrastructure (i.e., water, distribution lines, sewer collection system, etc.).

The North San Mateo County Sanitation District completed a \$23 million modification to its treatment facility, increasing capacity from 8 million gallons per day to 10.3 million gallons per day. This expansion, completed in 1990, was in response to a serious lack of capacity that resulted in a sewer connection moratorium during 1986-87. The expanded capacity will easily serve all projected new growth.

Daly City's water system should also be adequate to serve future needs. Portions of the system, including the Bayshore neighborhood, will need expanded storage capacity to meet future fire flow requirement for residential development. In addition, Daly City is working with the San Francisco Public Utilities Commission to address integrated resource management issues associated with conjunctive use of supplemental surface water to recharge groundwater supplies, and development of tertiary recycled water as an irrigation source to local golf courses. These strategies are intended to extend available resources to meet projected water needs, but none of these improvements are perceived to pose a significant limitation to long-term residential growth.

Constraints on Housing for Persons with Disabilities. Under SB 520 passed in 2001, State Housing Element law was amended to require localities to "analyze potential and actual constraints upon the development, maintenance and improvement of housing for persons with disabilities and demonstrate local efforts to remove governmental constraints that hinder the locality from meeting the need for housing for persons with disabilities."

With regard to fulfilling this requirement, the City has existing procedures and policies that enhance accessibility in its residential housing. The City enforces the accessibility provisions under Title 24 of the California Codes that apply to new construction of multifamily development with three or more dwelling units. The City has also adopted (2014) a Reasonable Accommodation Ordinance which provides a reasonable accommodation procedure allowing the Director of the Department of Economic and Community Development to review and grant reasonable accommodation requests using criteria identified. Central to the decision to grant the request is whether the requested accommodation would impose an undue financial or administrative burden on the jurisdiction, or would require a fundamental alteration in the nature of the jurisdiction's land use and zoning or building program. If the Director can find that the request does not, and is necessary to make housing available to an individual with disabilities protected under the fair housing laws, the Director may grant the request for reasonable accommodation in accordance with specific findings.

The City has also supported programs over the years to enable lower income households, including those with persons with disabilities, an opportunity to maintain and improve their housing, while providing them with needed financial relief. The City's Residential Rehabilitation Program, which offers grants and low interest loans, and the nonprofits, North Peninsula Neighborhood Services and Rebuilding Together, both of whom provide grants to low-income households as well, allow accessibility modifications as eligible activities. Another nonprofit, Center for the Independence of the Disabled (CID), solely undertakes accessibility improvements to housing for a person with disabilities. All four programs are funded annually with City CDBG funds.

Non-Governmental Constraints to Housing Production

Constraints attributable to the private market that affect the improvement, maintenance and production of housing are generally categorized as non-governmental constraints. The imbalance between housing supply and demand makes housing costs in the Bay Area among the nation's highest. The high costs of development, financing, and land are the greatest barriers to the provision of affordable housing.

Land Costs. Daly City's proximity to the San Francisco employment center and the rapidly increasing job opportunities there have created an environment which makes Daly City a desirable place to live.

Market forces continue to push land costs upward resulting in an increase in housing costs. As the cost of housing rises at a much greater rate than income, there is a decreasing opportunity for home ownership to a growing proportion of Daly City residents. Additionally, there is an increasing number of households who can barely afford the home they purchased and, as a result, cannot afford expenditures on routine maintenance and repair.

Market Conditions. Another potential constraint to housing rehabilitation in some portions of Daly City is the uncertainty some property owners may feel toward the long-term prospects for upgrading a neighborhood. Areas where this could be a constraint are generally the older neighborhoods east of Interstate 280.

Many of the current building condition problems stem from the inability of some Daly City residents to pay for well-maintained, standard housing. In this regard, the housing problem is basically a problem of poverty. A low-income family cannot pay prevailing rents for decent housing without imposing a severe strain on the family budget. They have two choices: spend an inordinately high percentage of income to get a standard unit or spend a more reasonable amount and accept substandard housing.

Landlords may face a similar dilemma. Revenues received from a building must match the operating cost, including mortgage payments, taxes, insurance and basic upkeep. If there are no tenants willing or able to pay the amount needed to maintain the building in good condition, costs are usually reduced by cutting back on maintenance and repair. Ignoring needed repairs causes the building to deteriorate and with it the neighborhood.

Construction Costs. Based on building cost estimator guides, the cost of constructing a wood-frame, single-family residence in the Bay Area has increased significantly since 1980 with lumber, concrete and labor constituting the most rapidly rising components. The construction cost, without considering land costs, financing, etc., for an average single-family home in Daly City is approximately \$200,000. The cost of a single-family lot that can be built on varies depending on the characteristics of the property (e.g. sloped) and location. A 2,500 square foot lot will cost from \$300,000 to \$400,000.

Availability of Financing. Financing costs reached an all-time high in the first part of this decade. The lack of affordable financing has led to a proliferation of creative financing packages including variable rate mortgages, balloon payments, interest-only loans, equity participation and other techniques. The long-term outlook for interest rates is highly uncertain, and will be influenced by such factors as deficit spending by the federal government, federal housing policy, borrowing needs of businesses and individuals, and the monetary policy of the Federal Reserve Board. These are all factors over which Daly City has little or no influence. In the spirit of the overall Housing Goal, the City must recognize the constraints in establishing realistic policies. The City has and should continue to sponsor and/or administer interest rate reducing programs (e.g. Housing Revenue Bond and Residential Rehabilitation Programs that benefit specific groups like low and moderate income households, first-time home buyers, and groups with special needs).

Regional Housing Needs Assessment

State law requires that a local Housing Element include a projection of the housing units by income category for the forthcoming planning period and that the Association of Bay Area Governments (ABAG) determine the existing and projected regional housing needs of the Bay Area as well as each city's share of that regional need. The Government Code states that, "...a locality's share of the regional housing need includes that share of the housing need of persons at all income levels within the area significantly affected by the jurisdiction's general plan." Within San Mateo County, ABAG acknowledged the formation of the subregion for the purpose of developing the Regional Housing Need Allocation (RHNA) in 2006. Daly City, together with 20 other jurisdictions within the County, participated in the development of the RHNA identified within this section.

Income Definitions (Federal)

The United States Department of Housing and Urban Development (HUD) identifies the five income categories below for the development of the Consolidated Plan and Strategy for Housing and Community Development, which is prepared every five years by City of Daly City as required by federal mandate. Through each of these categories, the Federal Government sets the maximum dollar amount that a household should pay for housing. By the current standard, the amount that a household pays for housing should not exceed 30 percent of their gross income for rent or mortgage payments including utility costs. Households that pay more than 30 percent of gross income for housing are considered to have a cost burden, while households paying 50 percent or more for housing are considered to have an extreme cost burden.

Extremely Low-income:	A household earning 30 percent or less of the area median income. In 2014, a family of four earning \$33,950 or less in San Mateo County is considered to fall within the extremely low-income category.
Very Low-income:	A household earning between 31 and 50 percent of area median income. In 2014, a family of four earning between \$33,950 and \$56,550 in San Mateo County is considered within the very low-income category.
Lower-Income:	A household earning between 51 and 80 percent of the area median income. In 2014, a family of four earning between \$56,550 and \$90,500 in San Mateo County is considered within the lower-income category.
Moderate Income:	A household earning between 81 and 120 percent of the area median income. In 2014, a family of four earning between \$90,500 and \$123,600 in San Mateo County is considered within the moderate-income category.
Median Income:	The point at which 50 percent of all households earn more and 50 percent earn less than the area median income. In 2014, the median income for a family of four in San Mateo County is \$103,000.

Income Definitions (State)

The State of California Department of Housing and Community Development (HCD) uses federally defined income categories as a basis to administer their housing programs. The Association of Bay Area Governments (ABAG) calculates future housing needs using the five income categories of:

- Very low (50 percent or less of the area median income)
- Low (51 to 80 percent of the area median income)
- Moderate (81 to 120 percent of the area median income) and
- Above moderate (greater than 120 percent of the area median income)

However, ABAG incorporates the federal definitions of income in their existing need since the existing need estimates are derived from HUD calculations.

Regional Housing Needs Allocation (RHNA)

Housing Element law requires a quantification of Daly City's share of the regional housing need as established by the Association of Bay Area Governments (ABAG) in its Regional Housing Need Plan (RHNP). The Regional Housing Need Allocation (RHNA) for Daly City represents the minimum projection of additional housing units needed to accommodate household growth of all income levels by the end of the housing element's statutory planning period. As such the allocation addresses the fifth housing element cycle, which covers an 8.75-year RHNA projection period (January 1, 2014 to September 30, 2022) and an eight-year planning period (February 15, 2015 to February 15, 2023).

As shown in Table HE-55, the City must demonstrate that it can accommodate a total of 1,350 new dwelling units distributed among five income categories by 2022.

Table HE-55: Regional Housing Need Allocation ("RHNA") 2014 to 2022

Income Category	RHNA 2014- 2022	Annual Construction Requirement	Maximum Income (2014)
Extremely Low.....	200	25	\$ 33,950
Very Low.....	200	25	\$ 56,550
Low.....	188	24	\$ 90,500
Moderate.....	221	28	\$ 114,000
Above Moderate...	541	68	
	1,350	169	

Source: Association of Bay Area Governments (ABAG); HUD

Notes: Maximum sales price assumes 30 percent GAI devoted to PITI, 10 percent down on 6.25%, 30yr fixed loan, \$350 HOA dues; maximum rental price for three-bedroom unit, assuming maximum 30 percent GAI devoted to rent; The RHNA projects a housing need of 241 total very low-income units, of which 50 percent is estimated here to be extremely low-income. Maximum incomes are for a four-person household.

Adequate Sites Inventory and Analysis

This section will demonstrate the City's ability to provide a sufficiently zoned number of parcels capable of accommodating the 1,350 dwelling units allocated to it by the Regional Housing Need Allocation between the years 2014 and 2022. The analysis relies on the summary provided in Table HE-56 – Summary of Regional Housing Need Allocation Compliance on page 65.

Sites Approved for Residential Development (Table HE-56, page 65 – Green Rows)

According to State guidelines, Daly City may count housing units approved as of January 1, 2014, toward satisfying its RHNA goals for the 2014-2022 planning period. The green rows in Table HE-X identify the sites that contain 473 units which remained in an approved status as of this date. Of these units, 16 are affordable for extremely low-, 62 are affordable for very low-, 33 for low-, 81 for moderate-, and 281 above-moderate income households. All of these units are affordable to extremely low-, very low-, low- and moderate-income households are deed restricted affordable units produced through the affordable housing agreements between the City and developers, disposition and development agreements (when previous Redevelopment Agency funding or property had been utilized in the construction), or through project conditions of approval.

Sites Located in Zoning Districts Which Either Permit or Require Residential Land Uses (Table HE-56, page 65 – Orange and Blue Rows)

Accounting for units in an approved status, the City must identify additional sites on which the balance of the RHNA, or 877 units, could be constructed. For this reason, Table HE-56 identifies in orange and blue rows the additional sites where residential development is either permitted or required. In combination, these sites provide a possibility for an additional 485 units. When combined, the list of sites approved for residential development and the list of sites where residential development is permitted provide for 958 units -- 392 units less than the RHNA requires.

In addition to the requirement that substantial sites be provided to accommodate the RHNA, State law requires that the City evaluate and identify sites which achieve housing affordability objectives for “lower-income” households. The State does so through the use of the “default density” standard, established by the California Department of Housing and Community Development (HCD). In Daly City, the default density standard is 30 dwelling units per acre. In short, HCD must accept those sites which conform to the default density standard as appropriate for accommodating Daly City’s housing need for these households. If a site does not allow a residential density of 30 dwelling units per acre or more, housing capacity on the site must be assumed to be affordable only for above moderate-income levels. Moderate-income sites, i.e., where density is less than 30 dwelling units per acre, are identified in the blue rows on Table HE-56.

For sites that meet the default density standard, State law is silent on specific affordability level assumptions (e.g. extremely low, very low, low or moderate). Based on historic affordability levels and new policies and actions in the Housing Element, Daly City has assumed approximate affordability levels of ten percent for extremely low-, seven percent for very low-, ten percent for low-, 15 percent for moderate- and the remainder for above moderate-income households. The same assumption was made in the 2013 Housing Element. The unit allocation among income categories in Table HE-X reflects these assumptions.

Tasks Necessary to Address Shortfall of Adequate Housing Sites and Housing Affordability (Table HE-56, page 65 – Yellow Rows)

The City of Daly City is obligated by State law to ensure that appropriately zoned land exists in the City that would allow construction of all units in the RHNA, including the 392-unit deficiency identified in the prior section, targeted to the specific affordability levels identified in the RHNA. The tasks intended to address the overall unit deficiency are as follows:

- Amend the BART Station Area Specific Plan to redesignate the 8.7-acre Samtrans park-and-ride lot at 3501 Junipero Serra Boulevard (APNs 008-131-010 through 040 and 008-132-010 and 020) to the Specific Plan’s High Density Residential designation. The permitted residential density currently within this designation would be 25 to 55 dwelling units per acre, allowing between 218 and 478 units. However, concurrent with redesignation, the City will amend the Specific Plan regulations to require at least 30 dwelling units per acre, corresponding to an allowance of at least 261 units, and amend the development regulations provided within the Plan to comply with the balance of policies provided in the Housing Element. Because the parameters and constraints associated with developing this property are unknown, this Table HE-56 has assumed a 261-unit yield for the purpose of RHNA compliance.
- Amend the General Plan designation and Zoning Map for the 12.14-acre property located generally northeast of the intersection of Carter Street and Martin Street (APN 005-050-240) from C-RO Commercial Retail and Office and C-1 Light Commercial to, respectively, to Residential - Low Density and R-1 Single Family Residential District, respectively. The Residential - Low Density General Plan designation permits between two 2 and 14.5 dwelling units per gross acre, which would therefore allow up 176 units on the subject site. Given the minimum lot size that would be required, development would likely occur at approximately 12 units per acre, yielding approximately 134 units.
- Amend the General Plan designation and Zoning Map for the 1.15-acre property located on Brunswick Street across from Chelsea Court (APN 003-210-260) from C-MU Commercial Mixed-Use and C-2 Heavy Commercial, respectively, to Residential High Density and R-3 Multiple Family Residential District, respectively. The site is currently identified to permit up 43 du/ac, or 50 units, and required to be mixed-use, i.e., providing retail and/or office at the street level. The amendment would increase the potential dwellings by eight units, while removing the retail and office requirement.

Because the above redesignations permit residential development of at least 30 dwelling units per acre, both sites would conform to the State's default density criteria, allowing for the assumed affordability discussed in the previous section.

Tasks Necessary to Address Housing Affordability

As identified in Table HE-56, the City has provided a sufficient number of sites to address both the Regional Housing Need Allocation for all income affordability categories except the Extremely Low-Income category, where a deficit continues to exist. As was the case with the 2013 Housing Element, this Housing Element proposes an expansion of the City's second unit program directed at increasing the number of second units in Daly City and, in particular, smaller second units which are those most likely to be affordable to households of extremely low-income, i.e., less than \$33,950 for a four-person household. The tasks intended to expand the second unit program are as follows:

- Remove an existing 16 dwelling unit per acre cap presently imposed in Daly City's older neighborhood and instead align the density applicable to second unit to be consistent with the General Plan density. The requirement to complete this amendment to the Zoning Ordinance is identified as Task HE-5.1 on page 75;
- Remove the parking requirement for small units inside small homes that conform to the City's parking regulations. The requirement to complete this amendment to the Zoning Ordinance is identified as Task HE-5.2 on page 75; and
- Eliminate the requirement for owner-occupancy for second units where the applicant for a non-owner occupied second unit can demonstrate that the entire property is subject to professional property management by means of a written contract supplied to the City. The requirement to complete this amendment to the Zoning Ordinance is identified as Task HE-5.3 on page 75.

On average, there are about ten applications for second units approved each year. While there are many inquiries from homeowners about potentially adding a second unit to their home, many homeowners are disallowed from doing so either because their property is of insufficient size to support the amount of parking required for a second unit, the neighborhood density will not support additional units, or the home is not occupied by the homeowner. The changes identified above are targeted toward broadening the City's existing second unit program in a way that would allow smaller second units in Daly City's older neighborhoods which are within walking distance to transit and retail/eating establishments on Mission Street. Staff estimates that these modifications could double the number of permissible second units each year dispersed throughout the City, thereby effectively addressing the City's extremely low-income housing supply deficit identified in Table HE-56.

Evaluations of second unit affordability in Daly City have historically shown that the sub-\$800 rental market is provided almost entirely in the city's existing second unit housing stock. In April 2014, 21 Elements completed a comprehensive analysis of second unit construction and affordability in San Mateo County, intended to determine the degree to which second units were affordable to households earning less than the County median income. The study concluded that second units were in fact affordable to lower income households. Using the study as a basis, the City has assumed that following affordability levels for second units

- Approximately 25-60 percent of second units are affordable to Extremely Low-Income households;
- Approximately 10-25 percent of second units are affordable to Very Low-Income households;
- Approximately 15-20 percent of second units are affordable to Low-Income households; and
- Approximately 10-20 percent more of secondary units are affordable to Moderate-Income households.

As part of the program to expand the amount of the smaller, more affordable second units in Daly City, this Housing Element also commits the City to monitoring second unit construction and rental activity on an annual basis and reporting this information in the City's General Plan Annual Report in Task HE-5.5.

Realistic Development Capacity Assumptions

This Housing Element utilizes the following assumptions regarding the realistic development capacity of sites identified on Table HE-56, which have been segmented to sites which are anticipated to be exclusively residential and sites that are anticipated to be mixed-use in nature.

Sites zoned exclusively for residential uses. Of the 28 housing sites identified on Table HE-56, 15 sites are subject to zoning regulations which allow exclusively residential uses. The anticipated density on these sites ranges from 15 dwelling units per acre to 50 dwelling units per acre, largely reflecting the *maximum* permissible General Plan density currently attributable to each of these sites. The City has assumed that development will occur at or near the maximum permissible density because development trends in Daly City have historically supported this assumption. Of the 16 residential housing projects proposed over the past 20 years in traditional residential zones (exclusive of new projects in planned development zones), all multi-family housing development has maximized the density allowed by the General Plan Land Use Map and all single-family proposals have utilized the smallest permissible lot size allowed by the zoning.

Sites not zoned exclusively for residential uses. The remaining 13 sites identified on Table HE-56 are not zoned exclusively for residential uses and are characterized as "underutilized" sites located in either the Mission Street or Geneva Avenue corridors, meaning that property owners have either expressed an interest in redeveloping their properties or have previously obtained land use entitlements to do so. These corridors are more urban in nature than other areas in Daly City and development within them has historically exceeded 50 dwelling units per acre. Examples of recent projects built at similar densities include: Hillcrest Gardens – 35 Hillcrest Drive (100 du/ac), Vista Grande – 6730 Mission Street (63 du/ac), Schoolhouse Station – 99 School Street (67 du/ac), The Geneva Condominiums (57 units per acre), and Landmark Daly City (56 units per acre). The City recently approved the Mission Street Apartments – 6800 through 6834 Mission Street (Mid-Peninsula Housing Coalition – The Farm) which provides 68 du/ac. Each of these projects replaced previously existing uses and all, except for Hillcrest Gardens, contains a mixed-use ground level retail component.

Both the Mission Street and Geneva Avenue corridors are presently zoned C-1 Light Commercial and are identified for rezoning to C-MU Commercial Mixed Use in Task HE-3.1 primarily as a means to promote housing construction with ground floor retail uses through a more streamlined development review process than currently exists. Neither the existing General Plan Land Use Element nor the Zoning Ordinance identifies a maximum residential density in the Retail and Office General Plan designation or C-1 Light Commercial zone designation for these areas. The new C-MU zone intended to replace the existing C-1 zoning will also likely not impose density limitations. Parking and ground level retail proportions to be introduced as part of the new C-MU zoning will provide unit limits on individual development projects.

Non-Vacant Housing Sites

Of the 22 sites identified in Table HE-56, 13 sites are occupied by existing structures or parking lots. Of these 12 sites, six sites are occupied by existing greenhouses, nurseries, and other agricultural land uses which have an improvement-to-land value ratio of less than 1.0, supporting the notion that redevelopment of these properties is feasible and even likely, given the history of sites with agricultural uses being converted to residential uses in Daly City. For example, the site at 89 Second Avenue (.46 acres), which is currently for sale, is presently occupied by both a greenhouse and a single-family home. The real estate listing for the property identifies the site as a potential multi-family housing site.

Of the remaining six sites intended to meet the RHNA, only five sites have significant existing buildings (one site is occupied by a church parking lot that is not necessary to provide required parking by the church which owns it). A complete analysis of these sites is as follows:

East Market Street between Mission Street and First Street. This 1.73-acre privately owned site consists of three parcels owned by a single entity which has expressed interest in redeveloping all or a portion of the site. A roughly 0.37-acre portion of the site is vacant, with the balance of the site occupied by existing operational retail buildings, an operational bank and the parking and drive aisles associated with these uses. The combined land-to-property value ratio for the entire site is 0.69, although the ratio for the parcel which contains the bank is 2.7. Because of the high land-to-property value ratio associated with the bank, the 0.74-acre figure identified in Table HE-56 omits the bank portion of the property together with a 0.78-acre portion of the site associated with the bank parking lot.

The development capacity identified in Table HE-56 for this site reflects a modest estimate of the potential density of the site at 40 dwelling units per acre, roughly two-thirds of the density recently approved for the Mission Street Apartments (6800 Mission Street) and three-quarters the density constructed at Landmark Daly City (6501 Mission Street). To allow a mixed-use development containing residential uses and to ensure the most comprehensive development project, the City in 2014 amended the BART Station Specific Plan to redesignate the three-parcels to the Neighborhood Commercial Residential Above specific plan designation, thereby providing the development parameters (e.g., maximum number of stories, site coverage, etc.) that ensure a development allowance consistent with that specified in Table HE-56.

1698 Bryant Street. This 1.38-acre privately owned site is currently occupied by an operational auto repair garage that has previously been considered by a non-profit housing developer for the construction of 48 apartments. The condition of the building, constructed in the 1950s, is average, and the land-to-property value ratio for this site exceeds 3.0, due in large part to an extremely low (\$22,000) land value attributable to the site per the San Mateo Tax Collector. The development capacity identified in Table HE-56 reflects the density advanced as a part this developer's proposal and a City staff assessment that 48 apartments could be built upon the property subject to both the parking reductions proposed in this Housing Element and a recently adopted amendment to the Sullivan Corridor Specific Plan allowing the density designation and floor area ratio sufficient to permit at least 48 dwelling units on the site. The overall site density with this number of units would be 35 dwelling units per acre. Monarch Village, with a density of 65 dwelling units per acre, completed construction immediately across Pierce Street from the subject parcel.

SamTrans Park and Ride Lot. As discussed in the Land Use Element, the SamTrans Park and Ride Lot (3501 Junipero Serra Boulevard) is owned by the San Mateo County Transit District and consists of an existing parking lot that provides daily paid parking for use by patrons to the Colma BART Station. The District has recently selected a master developer for the site and begun discussions with the City about potentially developing the entire 8.7-acre site in a mixed-use format. The City is supportive of redeveloping the site and has provided policy guidance in the Land Use Element intended to allow for broader mix of land uses in a more intensive format than is currently provided by the BART Station Area Specific Plan. To this end, the Housing Element proposes a redesignation of the lot to the Specific Plan's Residential High Density designation and amending the designation language to require at least 30 dwelling units per acre. This designation change allows for the mixed-use building type sought by SamTrans and the developer, while permitting residential densities necessary to achieve the affordability levels sought by the City. Because the parameters and constraints associated with developing this property are however unknown, this Table HE-56 has assumed a 261-unit yield (30 du/ac) for the purpose of RHNA compliance.

Compliance with the State's "By Right" Requirement

In order to fully comply with the State's "by right" requirement, which mandates that sites necessary to satisfy the City's RHNA not be subject to conditional use permit or other discretionary approvals, it will be necessary for the City to remove the use permit requirement for mixed-use projects located in the (future) C-MU Commercial Mixed Use zone that provide a residential component resulting in an overall net density of at least 30 dwelling units per acre and which also contain a first-floor commercial component that occupies a proportion of the total building area identified by the Zoning Ordinance. The requirement to complete this amendment is identified as Task HE-X on page X.

Table HE-56 SUMMARY OF REGIONAL HOUSING NEED ALLOCATION COMPLIANCE

	Reference Name (owner name)	Street Address/APN	General Plan Designation	Current Zoning	Existing Use	Entitlement Status	Site Size	Assumed Density (du/ac)	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total Development Capacity
Approved as of January 1, 2014 (A)	Serramonte Condominiums (CA - Daley, LLC)	[no assigned address] (APN 091-247-080)	Residential High Density	Planned Development	Vacant land	Approved	4.00 ac	50 du/ac	10	30	20	80	60	200
	KB Homes Residential Subdivision	387 Peoria Street (APN 003-211-310)	Residential Low Density	Planned Development	Vacant land	Approved	4.91 ac	11 du/ac	0	0	0	0	54	54
	Mission Street Apartments (Mid-Peninsula Housing Coalition - The Farm)	6800 - 6834 Mission (APNs 003-172-240, -130, -140, -150, -160, -170, and -180)	Commercial Mixed-Use†	C-1 Light Commercial	Closed auto dealership and vacant office	Approved	0.77 ac	68 du/ac	6	32	13	1	0	52
	Garden Valley Townhomes (Callan)	320 Third Avenue (006-392-050 thru -080; 006-393-080, -090, -170, -190 & -200)	Residential Medium Density	Planned Development	Vacant land	Approved	1.90 ac	26 du/ac	0	0	0	0	50	50
	Christopher Highlands Residential Subdivision (Lennar)	60 Christopher Court (APN 008-345-020)	Residential Low Density	R-1 Single-Family Residential	Closed public elementary school	Approved	14.00 ac	6 du/ac	0	0	0	0	80	80
	Point Martin Residential Subdivision (Carey)	1 Steve Courter Way (APN 005-042-020)	Residential Low Density	Planned Development	Vacant land	Approved	1.84 ac	9 du/ac	0	0	0	0	16	16
	Annie Street Residential Subdivision (Carey)	1500 Annie Street (APNs 006-341-010, 006-341-020, and 006-188-030)	Commercial Mixed-Use	Residential Retail Commercial (C-R/R)	Existing home and contractor yard	Approved	2.60 ac	7 du/ac	0	0	0	0	17	17
	Annie Street Residential Subdivision (Johnson)	1564 Annie Street (APN 006-341-030)	Commercial Mixed-Use	Residential Retail Commercial (C-R/R)	Greenhouse and existing home	Approved	0.34 ac	12 du/ac	0	0	0	0	4	4
Sites Located in Zoning Districts Which Either Permit or Require Residential Land Uses (B)	Geneva Avenue bet. Pasadena/Castillo (Schembri/Waldman)	2321 and 2333 Geneva Avenue (APN 005-061-010 thru 070)	Commercial Mixed-Use†	C-1 Light Commercial	Vacant land	Zoned	0.37 ac	57 du/ac	1	3	2	8	6	21
	Geneva/Rio Verde NE Corner (Patel)	[no assigned address] (APNs 005-065-120, -130, -140, and -190)	Commercial Mixed-Use†	C-1 Light Commercial	Vacant land	Zoned	0.35 ac	57 du/ac	1	3	2	8	6	20
	Castle/Third Greenhouse Site	89 Second Avenue (APN 006-234-030)	Residential High Density	R-3 Multiple-Family Residential	Greenhouse and existing home	Zoned	0.46 ac	50 du/ac	1	3	2	9	7	23
	130 Station Avenue (Uniacke)	130 Station Avenue	Residential High Density	R-3 Multiple-Family Residential	Vacant land	Zoned	0.23 ac	50 du/ac	1	2	1	5	3	12
	Brunswick Street across from Chelsea Court (Mormon Church)	[no assigned address] (APN 003-210-260)	Commercial Mixed-Use†	C-2 Heavy Commercial	Vacant land	Zoned	1.15 ac	43 du/ac	3	8	5	20	15	50
	E. Market between Mission Street and First Street (Garibaldi)	[no assigned address] (APNs 006-251-210, -220, and -230)	Commercial Mixed-Use†	C-1 Light Commercial	Office building and vacant land	Zoned	0.74 ac	40 du/ac	1	4	3	12	9	30
	Serramonte Del Rey (JUHS)	[no assigned address] (APN 091-211-230)	Office Commercial	Planned Development	Closed high school site (vacant portion)	Zoned	4.97 ac	35 du/ac	9	26	18	70	53	175
	Samoan Church Property	[no assigned address] (APN 005 067 210 and 220)	Residential Medium Density	R-2 Two-Family Residential	Parking lot	Zoned	0.57 ac	35 du/ac	1	3	2	8	6	20
	St. Francis Court Condominiums (Skyline Heights Partners)	1050 St. Francis Boulevard (APN 091-211-340)	Residential Medium Density	Planned Development	Vacant land	Zoned	2.49 ac	35 du/ac	4	13	9	35	26	87
	Bryant Street Apartments	1698 Bryant Street (APN 006-346-140)	Commercial Mixed-Use	Residential Retail Commercial (C-R/R)	Auto repair (operational)	Zoned	1.38 ac	35 du/ac	2	7	5	19	14	48
Sites Located in Zoning Districts Which Either Permit or Require Residential Land Uses (B)	First Avenue Greenhouses (Alioto)	169 First Avenue (APN 006-252-080)	Residential Medium-Low Density	R-3 Multiple-Family Residential	Greenhouses	Zoned	1.00 ac	20 du/ac	0	0	0	0	20	20
	Washington/Bryant Greenhouse Site	[no assigned address] (APN 006-345-070)	Commercial Mix-Use	Residential Retail Commercial (C-R/R)	Nursery (no structures)	Zoned	0.34 ac	15 du/ac	0	0	0	0	5	5
	Edgeworth Greenhouse Site (Shimamoto)	[no assigned address] (APN 006-346-170)	Residential Retail Commercial (C-R/R)	Residential Retail Commercial (C-R/R)	Greenhouse	Zoned	0.17 ac	15 du/ac	0	0	0	0	3	3
	Edgeworth/Washington Greenhouse Site	[no assigned address] (APNs 006-344-020 and -160)	Residential Retail Commercial (C-R/R)	Residential Retail Commercial (C-R/R)	Greenhouse	Zoned	1.02 ac	15 du/ac	0	0	0	0	15	24
	Calgary Street/Rio Verde single family (Baldini)	55 Calgary Street (APNs 005-064-260 and -280)	Retail/Office Commercial†	Planned Development	Vacant land	Zoned	0.34 ac	23 du/ac	0	0	0	0	8	8
	Rio Verde greenhouses (Perfite)	[no assigned address] (APN 005-064-210)	Residential Medium-Low Density	R-1 Single-Family Residential	Greenhouse	Zoned	0.40 ac	20 du/ac	0	0	0	0	7	7
	Lisbon Street Greenhouse Site (Podesta)	640 Lisbon Street (APN 006-453-020)	Residential Medium-Low Density	R-1 Single-Family Residential	Greenhouse	Zoned	0.27 ac	15 du/ac	0	0	0	0	4	4
Subtotal	Sites Approved for Residential Development as of January 1, 2014 - (A)								16	62	33	81	281	473
	Sites Located In Zoning Districts Which Either Permit or Require Residential Land Uses - (B)								24	73	49	194	146	485
	2014-2022 Regional Housing Need Allocation (RHNA) - (C)								200	200	188	221	541	1350
	Remaining Housing Need Before Rezoning/GP Changes = (A) plus (B) minus (C)								-160	-65	-106	54	-114	-392
Zoning/GP Changes (D)	SamTrans Park and Ride Lot	3501 Junipero Serra Boulevard (APNs 008-131-010 through 040, and 008-132-010 and 020)	Retail/Office Commercial†	BART Office/ Convenience Retail	Surplused BART Park and Ride lot	Proposed for Redesignation	8.70 ac	30 du/ac	13	39	26	104	78	261
	Carter/Martin Intersection site	[no assigned address] (APN 005-050-240)	Retail/Office Commercial†	C-2 Heavy Commercial	Vacant land	Proposed for Redesignation	12.14 ac	12 du/ac	0	0	0	0	146	134
	Brunswick Street across from Chelsea Court - (Mormon Church) - ADDITIONAL UNITS	[no assigned address] (APN 003-210-260)	Residential High Density	R-3 Multiple-Family Residential	Vacant land	Proposed for Redesignation	1.15 ac	50 du/ac	1	1	1	3	2	8
Remaining Housing Need After Rezoning/GP Changes = (A) plus (B) minus (C) plus (D)								-146	-25	-80	162	-34	11	

† Properties within the Commercial Mixed-Use General Plan Land Use designation on Mission Street or Geneva Avenue are not subject to density limitations; project densities for the properties reflect recent development trends for proposed and/or completed mixed-use projects within the same zone.

CITY OF DALY CITY HOUSING ELEMENT 2014-2022

Quantified Objectives

Based on the objectives outlined in this Housing Element, the City has established the quantified objectives shown in Table HE-57 to meet its housing needs over the 2014-2022 planning period. A more detailed discussion follows.

Table HE-57: Quantified Objectives by Income Category

Income Category	Extremely Low	Very-Low	Low	Moderate	Above Moderate	Total
Vacant Sites	4	12	8	31	40	94
Underutilized Sites	4	11	7	30	33	86
New Second Units	9	2	2	0	0	13
Conservation	3	3	0	0	0	6
Rehabilitated Units	2	1	0	0	0	3
Preserved Units	12	12	0	0	0	24
Total	33	42	17	61	73	226

Construction Objective

The population of Daly City can expect to grow by 13,700 residents between 2010 and 2030. This figure represents an addition of about 685 new residents per year or an annual population growth rate of 0.64 percent. Based on the current household size (3.37 persons per household), this population increase will create an annual need for about 200 housing units each year between 2010 and 2030.

Taking into account existing housing units under construction, this long-term 200 unit-per-year target roughly correlates to the eight-year 1,350-unit construction target established as part of the Regional Housing Need Allocation (RHNA) (see *Regional Housing Needs Assessment* section for discussion). According to the Table HE-56 on page 65, there are a 25 development sites on which significant housing developments could be constructed. These sites range in size from .17 acres to 14 acres, and range in approved or allowed density from 15 units per acre to 68 units per acre. Combined, the sites could provide as many as 958 dwelling units, or enough housing for about 3,161 new residents.

Although the sites identified in Table HE-56, in combination with two identified rezonings, satisfy the 2014-2022 RHNA, this Housing Element does not identify which sites will be available for housing development beyond this timeframe. For this reason, the City has developed a comprehensive set of housing policies targeted toward maximizing the use of both vacant and previously development properties not reflected in Table HE-56.

Rehabilitation Objective

In order to upgrade deteriorated dwelling units found throughout Daly City, the City will work to complete the rehabilitation of 31 dwelling units per year for the years 2014 through 2022. This is a continuation of the objective identified in the 2013 Housing Element. While it is not possible to specify precisely which units will be rehabilitated, the quantified objective is, within the next seven years, to correct 90 percent of the residential buildings with major or critical deficiencies identified in the Housing Conditions Survey. While the City's Residential Rehabilitation Program is not targeted to a specific area and property owners throughout the City may avail themselves of the Program, the neighborhoods east of Interstate 280 have the highest concentration of dilapidated units and may likely require a greater proportion of the residential rehabilitation resources.

This category also includes rehabilitation loans or grants to provide access for handicapped persons. Eligible homes can be retrofitted with such modifications as ramps, grab bars, lowered sinks and widened doorways. The City implemented the Senior Minor Home Repair Program in July 1990 that offers grants to seniors to make necessary repairs to their homes, often deferring the cost of repair until the dwelling is sold. Also, the City has annually allocated CDBG funds to a nonprofit, Center for the Independence of the Disabled, to provide free home modifications for eligible households with disabled members.

Replacement Objective

The City will seek to remove by appropriate means all buildings identified as not suitable for rehabilitation. A substandard building is considered not suitable for rehabilitation if improvement costs to make it into decent, safe and sanitary housing exceeds the cost of replacing it with a newly constructed building. Such units are, by definition, considered to be in such a state of disrepair that rehabilitation is not feasible, and occupancy of these units on a long-term basis poses a significant threat to health and safety of the occupants.

Recognizing the guidelines for replacement, it is nearly impossible to determine the precise number of units not suitable for rehabilitation. In a few extreme cases, dilapidated and structurally unsound buildings will require major work (e.g., new foundations, structural modifications, new heating and plumbing) to the extent that demolition and complete new construction would be more cost effective. The structural problems associated with these properties usually go undetected in a windshield survey of building conditions like the one completed in July of 2001 and updated in 2008. However, based on previous demolition permits issued by Daly City a total of three such units per year is anticipated. The Replacement Objective for the current planning period from 2014-2022 is, therefore, 15 units. This number reflects the same objective identified in the 2013 Housing Element.

Preservation Objective

In order to conserve the existing housing stock, the City should avoid actions that would adversely affect existing, sound dwellings, such as rezoning to non-residential uses and approving major demolition projects without adequate replacement housing. The preservation objective also contributes to the provision of a balanced housing supply by discouraging the demolition of lower cost housing that would be replaced with more expensive housing, unless that housing complies with the previously cited housing construction objectives. The San Mateo County Housing Authority, along with the City, is presently monitoring the one at-risk rental property, Villa Fontana Apartments with 120 affordable units), in Daly City to ensure its long-term affordability.

Second Unit Construction Objective

As identified in the *Tasks Necessary to Address Housing Affordability* section, the sites identified in Table HE-X together with rezonings are insufficient to address the Extremely Low-Income category where a deficit of units affordable to Extremely Low-Income households remains. The section describes a number of steps the City will take as part of the Zoning Ordinance update to increase the number of second units in Daly City and, in particular, smaller second units which are those most likely to be affordable to households of extremely low-income. The changes to the Zoning Ordinance outlined in the section will effectively introduce the potential for new smaller second units in neighborhoods where these units are presently not allowed due to density limits and parking restrictions. Staff estimates that these modifications could double the number of permissible second units each year dispersed throughout the City, effectively addressing the City's extremely low-income housing supply deficit.

Preservation of Affordable At-Risk Housing Units

California Government Code Section 65583 requires jurisdictions to evaluate the potential for low-income housing projects to convert to non-low-income housing and to propose activities to preserve or replace the converted units. The following information is required:

- An inventory of restricted low-income housing projects in the City and their potential for conversion;
- An analysis of costs for preserving and/or replacing the units at risk;
- An analysis of the organizational and financial resources available for preserving and/or replacing the units at risk;
- Quantified objectives for the number of at-risk units to be preserved;
- Programs for preserving the at-risk units

The State requires that the analysis include projects that are at-risk of converting during the next two five year planning periods under the Housing Element.

Inventory of At-Risk Units

This section identifies in Daly City the low-income units at-risk of converting to market rate units during the next ten years and evaluates the likelihood of conversion.

This inventory includes all multiple-family units which are assisted under a variety of federal, State, and local programs, including HUD programs, State and local bond programs, redevelopment programs and local in-lieu fees, inclusionary housing polices, density bonuses, and direct assistance programs. The inventoried units should be those eligible to change to market rate housing uses due to termination of subsidy contract, mortgage prepayment, or expiring use restrictions. Within Daly City, there is only one government assisted low-income housing project (see description below) at-risk of converting to market rate housing use during the next ten years.

Apartment Name:	Villa Fontana
Owner:	G&K Management Co., Inc. 5150 Overland Ave. Culver City, CA 90230
Total Unit Count:	120 (of which all are targeted to elderly and/or disabled and 112 are Section 8 units)
Mortgage Type:	HUD Section 236 Mortgage and Section 8 Agreement. While the Section 236 Mortgage contract does not expire until September 2016, the owner executed a HUD Mark Up-to-Market agreement on October 1, 1999 that prevents it from opting out of its project-based Section 8 contract until September 30, 2004.

Amberwood Apartments in Daly City is no longer on the at-risk inventory for Daly City because it opted out in July 1999. Amberwood contains 123 elderly units. This project was originally funded with a HUD 221(d)(4) loan. All tenants in the complex now receive Section 8 vouchers from the San Mateo County Housing Authority. Presently, the owner of Amberwood Apartments is voluntarily participating in the

Section 8 Voucher Program and has not indicated any intentions to discontinue program participation in the near future.

If owners of at-risk housing complexes wish to prepay the HUD loan or terminate their HUD contract, they must notify affected tenants and public agencies at least one year prior to sale or termination under federal and State law. In addition, State law requires that owners of at-risk multifamily buildings seeking to sell or end their HUD contract provides qualified organizations interested in maintaining the affordability of the units first right of refusal.

With the current state of high cost housing market in San Mateo County, it is difficult to assess whether the City's at-risk units will convert to market housing or not. However, the Villa Fontana ownership appears to find its HUD subsidies satisfactory as evident from its recently re-negotiated Mark Up-to-Market agreement for project-based Section 8. Meanwhile, Amberwood Apartments, which opted out in July 1999, continues using HUD assistance by accepting tenant-based Section 8 vouchers. There has been no noticeable discontent with HUD assistance from either Villa Fontana or Amberwood Apartments. The San Mateo County Housing Authority and HUD, not Daly City, have purview over Villa Fontana's HUD mortgage. The City will monitor its at-risk units on its own initiative and work with and support the County Housing Authority and HUD to make sure these units remain affordable (see Program 16 on Page 118).

Cost Analysis of Preservation and Replacement

The following analysis examines the cost of preserving the units at-risk and the cost of producing replacement rental housing comparable in size and rent levels to the units which might convert to market rate prices. In addition, this analysis will compare the costs between preservation and replacement.

Preservation costs. In the Bay Area, including Daly City, housing prices have undergone dramatic increases in recent years. A comparable apartment building in size and rents to Villa Fontana Apartments was recently listed for sale at \$11.2 million, or \$112,000 per unit. Applying this per unit estimate to Villa Fontana, with its 120 units, would result in a market value of approximately \$13.4 million. The costs of preserving units discussed above factor in purchase, rehabilitation, and maintenance costs. Maintenance costs are assumed to be low for Villa Fontana given its age and excellent condition.

Replacement costs. The cost of developing new housing depends on a variety of factors such as density, size of units, location and related land costs, and type of construction. Land costs in the Bay Area are among the highest in the nation. The cost to replace Villa Fontana Apartments has been estimated using average costs for land and construction in Daly City. The per unit replacement cost is estimated to be between \$100,000 to \$125,000 per unit. Consequently, the replacement cost for the 120-unit Villa Fontana Apartments would range from \$12 million to \$15 million. Based on the present day housing market and its inflated prices, the replacement cost for Villa Fontana is likely nearer the higher end of the range.

Under the earlier analysis of preservation costs, it was assumed that HUD Section 8 subsidies would be available annually for existing and future owners of Villa Fontana Apartments. If Congress significantly cuts Section 8 appropriations in the near future, the estimated preservation costs for Villa Fontana would increase significantly. Based on the assessment of preservation and replacement costs, preserving the City's at-risk units appears to be the most cost-effective option.

Resources for Preservation

The types of resources available to preserve the at-risk low-income housing units in Daly City fall into two categories: 1) entities, such as public agencies or non-profits, with the interest and capacity to purchase and/or manage at-risk units, and 2) financial resources available to purchase existing units or develop replacement units.

Public and nonprofit agencies. As part of the research for this section, local and regional private, non-profit housing organizations were contacted. They could not make a commitment to purchase the at-risk units in the future because the need to assume ownership and management of these units is speculative at this stage. They did state, though, that they were interested and would be willing to work with Daly City to preserve the long-term affordability of these units if necessary. The organizations contacted were Mid-Peninsula Housing Coalition, Citizens Housing Corporation and Mercy Charities Housing.

The State Housing and Community Development Department (HCD) also maintains a list of qualified organizations, including nonprofit housing developers, who are interested in being given first right of refusal on any upcoming sale of federally-subsidized at-risk rental units in order to keep the units affordable.

Public financing and subsidies. As a result of the high cost of purchasing and developing housing, intense competition for available funding, and restrictions on the use of funds, financing for the preservation and/or replacement of at-risk units will likely come from multiple sources. The following funding sources have been identified for use in purchasing at-risk units in Daly City. Because new funding sources may become available in the future, the list below should not be viewed as comprehensive.

1) State Programs

The State provides several financial resources for housing development activities, including the preservation or replacement of at-risk units, through its various agencies. Since many of the State housing programs have a competitive funding cycle, Daly City would, if the situation arose, identify the amount of funding needed to preserve or replace at-risk units and apply to the appropriate programs.

- a. State Housing and Community Development Funds: State HCD offers a variety of loans and grants for housing development. One current program is the Multifamily Housing Program, which awards deferred loans for acquisition, rehabilitation and new construction.
- b. CalHFA Funds: The California Housing Finance Agency (CalHFA) operates several programs targeting both multifamily and single family housing. CHFA's multifamily housing development programs offer a range of loans to assist in the acquisition and development of affordable rental units.
- c. Tax Credits: The California Tax Credit Allocation Committee, under the State Treasurer's Office, implements the federal and State low-income housing tax credit programs, which are available to eligible acquisition, rehabilitation and/or new construction projects annually through a competitive application cycle. State tax credits can only be received upon approval for federal tax credits. Because of the highly competitive nature of the funding process, projects awarded tax credits are targeted to very low-income renters. Public or private developers are eligible to apply.

2) CDBG Funds

Through the federal Community Development Block Grant (CDBG) program, the City provides grants and loans to a wide range of housing and neighborhood development activities. As an entitlement grantee, Daly City receives CDBG funds directly from HUD each year. The City has been averaging about \$1.6 million in annual CDBG funding from HUD over the last four years

which is allocated to five funding categories: general administration, housing, economic development, capital improvements and public services.

Over the last four fiscal years, an average of \$500,000 has been allocated annually towards housing activities. However, the City commits the majority of its annual CDBG funds for housing activities towards residential rehabilitation. Under the City's Residential Rehabilitation Program, grants and low interests loans are available to eligible single family and multifamily property owners.

4) HOME Funds

Daly City, in conjunction with several local jurisdictions in San Mateo County and the County itself, form a consortium to receive Home Investment Partnership Program (HOME) funds from HUD. Being a consortium enables the participating jurisdictions to take a regional approach to meeting housing needs, have consensus on prioritizing proposed projects and allocations, and pool funds and human resources. The County administers the HOME funds.

Jurisdictions in the consortium apply to the County each year for HOME dollars. Each jurisdiction within the consortium has an opportunity to review and comment on all proposed applications. Daly City has focused its HOME applications and received HOME funds in the last few years for proposed acquisition and rehabilitation of multifamily units and for homebuyer assistance to households with emergency needs. The City became HOME in FY 2003-04.

5) Other HUD Funds

Subject to annual Congressional appropriations, HUD will provide most – and in some cases all – of the financial incentives necessary for acquisition or maintenance of federally subsidized at-risk projects with existing owners or other public or private entities like non-profit organizations. Some HUD funding sources include the following:

- Restructured and/or renewed Section 8 contracts between existing owners and HUD to maintain or extend affordability of at-risk units. Villa Fontana Apartments chose this option by participating in HUD's Mark Up to Market Program and delaying any possibility of an opt out for five years.

- Section 8 Vouchers are available to tenants in at-risk multifamily units whose owners terminate their project-based Section 8 contracts to prevent any displacements. These owners can then voluntarily accept Section 8 tenant-based vouchers or else the tenants can seek out another rental unit since the vouchers are portable. If the tenants move, the vouchers will only pay up to the difference of the HUD rent standard and 30 percent of the tenant's monthly income.

Housing Goal, Policies, and Tasks

The information, analyses, recommendations and programs offered in this Housing Element are aimed at the accomplishment of a single housing goal, which was developed as part of the Envision Daly City process completed as part of the General Plan Update in 2009:

“Daly City will include well-designed housing choices for a variety of household incomes, life stages and its diverse population with a good balance between ownership and rental units. Mission Street and Geneva Avenue will be urban corridors with unique mixed-use developments and public improvement projects that add to vibrancy to these streets.”

This goal seeks to allow a wider range of choices for those who have few, if any choices. The housing goal promotes opportunities to choose a location where they want to live, select a dwelling that meets their needs, both physically and financially, and improve their living environment. An underlying theme in Daly City's General Plan, which is especially true in the Housing Element, is that as each individual is better off with more choices in any decision, so are we all.

The following section provides specific housing policies and the tasks necessary to implement the housing goal. Appendix A provides a summary of each of these policies and identifies the specific department charged with implementing each policy, the estimated completion date for each task, and the funding source that the City will use to implement each task. In many instances, task implementation will occur as part of the City's upcoming update of the Daly City Zoning which is expected to be complete by the end of 2015.

Housing Supply

Policy HE-1: Maintain and, where possible, create larger housing development sites throughout the City

Task HE-1.1: Increase the minimum property sizes in all commercial zones and R-3 Multiple-Family Residential zone and restrict the ability of existing sites within this zone to subdivide below the established minimum lot size. The minimum parcel shall be established at the time of the Zoning Ordinance update and shall be such that it promotes the construction of mixed-use and/or higher density multifamily development, as determined by the respective zone to which it applies. [note: this change would only be instituted if an amendment to the minimum number of units required for new condominium project is decreased].

Task HE-1.2: Incorporate a lot merger incentive allowance into the Zoning Ordinance whereby property owners electing to merge two or more adjacent lots for the purpose of development are provided specific incentives to do so. The incentive program shall establish incentives that are significant enough to promote voluntary lot mergers and shall be commensurate with the size of the parcels being merged and/or created (see also Land Use Element Task LU 1.2).

Policy HE-2: Support infill housing in existing neighborhoods by offering streamlined planning and environmental reviews

Task HE-2.1: Develop a Permit Streamlining Program that identifies specific ways to reduce the processing times of projects that increase the supply of housing. These

projects shall include minor subdivisions involving the creation of four or fewer parcels and the construction of duplexes in the R-1/A Single Family/Duplex Residential Zone. The Program shall identify criteria for inclusion in the Zoning Ordinance that establish which project characteristics will qualify a project for streamlining and what method of streamlining will be utilized.

Task HE-2.2: Continue to exempt infill housing development proposals (including minor subdivisions) from the requirements of the California Environmental Quality Act (CEQA) if the proposal meets all of the requirements of CEQA Guidelines Section 15332.

Task HE 2.3: Amend the automatic expiration for all discretionary land use approvals (including design review approval) from one year to two years, and amend the expiration provision to indicate that an applicant need only apply for a building permit within the specified two-year timeframe.

Policy HE-3: Provide regulatory incentives for developers to construct higher-density mixed-use development along Mission Street, Geneva Avenue, and any other locations within close proximity to public transit

Task HE-3.1: Within one year, of the Housing Element adoption, the City shall establish a Commercial Mixed-Use (C-MU) zone for areas targeted for mixed-use development, including, but not limited to the boundaries of the existing C-1 Light Commercial zone presently encompassing Mission Street and Geneva Avenue (approximately 65 acres), and establish development regulations in the Zoning Ordinance specifically for higher-density mixed-use development. The City shall, as a part of this task, explore increased building height within the C-MU zone, as determined sufficient to promote the construction of higher density mixed-use development within the zone.

Task HE-3.2: Review the existing design guidelines for mixed-use development to ensure the guidelines adequately address pertinent issues related to the construction of the mixed-use development both within existing neighborhoods and when higher-density development is proposed adjacent to lower-density neighborhoods. Amend these guidelines and augment with development regulations identified in Task HE 3.1 above to incorporate methods for repositioning mixed-use building mass away from lower-density neighborhoods.

Task HE-3.3: Amend the parking regulations to allow for a 30 percent parking reduction for all mixed-use development projects and clarify that the mixed-use parking reduction is allowed for buildings containing residential and retail components and parking available to both uses (same as Task CE-10.2).

Task HE-3.4: For larger projects (e.g., 50 units or more), allow further parking reductions for all development projects that provide permanently-funded HOA/POA amenities (e.g., van pools or car sharing programs) to building occupants, are within 0.25 miles of any public bus hub, or are within 0.5 mile distance of a BART station. For the purpose of this task, a bus hub shall be defined as a location where significant numbers of passengers are exchanged from one mechanized mode of transport to another (e.g., bus transfer points, bus "park-n-rides", etc.) (same as Task CE-10.3).

Task HE-3.5: Amend the parking regulations to remove differentiation between single-family, multiple-family, and condominium uses for the purpose of parking regulations, and establish such regulations based on total bedroom count. This requirement shall also apply to residential additions and the provision of additional bedrooms within any existing dwelling (same as Task CE-10.4).

Task HE-3.6: Clarify that no parking reduction incentive (other than incentives allowed for senior affordable units) shall result in less than one parking space per unit. Any housing development that is willing to deed-restrict at least 20 percent of units for extremely low-income households shall be however be exempt from the minimum parking requirement identified by this task and instead a be subject to providing at least 0.5 parking spaces per unit (same as Task CE-10.5).

Policy HE-4: Assure that standards for new housing construction comply with appropriate aircraft noise abatement requirements

Task HE-4.1: All new housing development within the 65dB CNEL aircraft contour, as shown on the most recent FAA accepted San Francisco International Airport Noise Exposure Map, shall be constructed to achieve an interior noise level of 45 dB CNEL or less based on aircraft noise events.

Task HE-4.2: For all development proposals with the 65dB CNEL noise contour, the City shall require a noise study that identifies the proposed project's compliance with requirement of Task 4.1 above. If the project qualifies for review under the California Environmental Quality Act (CEQA), the City shall incorporate the noise study and any mitigation measures into the CEQA document and shall adopt findings that the project, as conditioned, complies with the interior noise level requirement.

Task HE-4.3: The City shall incorporate compliance with this policy into adopted CEQA compliance guidelines. The guidelines shall identify detailed compliance requirements, such as the methods of acceptable noise mitigation (insulation, windows, etc.).

Housing Affordability

Policy HE-5: Allow the construction of additional second units throughout the City

Task HE-5.1: Align the maximum neighborhood density applicable to second units to be consistent with the maximum neighborhood density allowed by the General Plan.

Task HE-5.2: Eliminate the required parking for small second units where the second unit is no larger than 400 square feet, the size of the home in which the unit is proposed is no greater than 1,600 square feet including the garage, and the existing home provides two legal, i.e., full-sized, parking spaces.

Task HE-5.3: Eliminate the requirement for owner-occupancy for second units where the applicant for a non-owner occupied second unit can demonstrate that the entire property is subject to professional property management by means of a written contract supplied to the City.

Task HE-5.4: Continue to offer same-day, express plan check permitting for all second units (see also Land Use Element Task LU-14.4).

Task HE-5.5: Monitor second unit construction and rental activity on an annual basis and report this information in the City's General Plan Annual Report.

Vacant and Underutilized Sites

Policy HE-6: Assure that adequate development sites exist on the Potential Housing Sites Inventory List to ensure compliance with the City's Regional Housing Need Allocation

Task HE-6.1: Amend the BART Station Area Specific Plan to redesignate the 8.7-acre Samtrans park-and-ride lot at 3501 Junipero Serra Boulevard (APNs 008-131-010 through 040 and 008-132-010 and 020) to the Specific Plan's High Density Residential designation. Simultaneously, amend the BART Station Area Specific Plan regulations to require at least 30 dwelling units per acre for new development and amend the development regulations provided within the Plan to comply with the balance of policies provided in this Housing Element.

Task HE-6.2: Amend the General Plan designation and Zoning Ordinance for the 1.15-acre property located on Brunswick Street across from Chelsea Court (APN 003-210-260) from Commercial Mixed-Use and C-2 Heavy Commercial, respectively, to Residential High Density and R-3 Multiple Family Residential District, respectively.

Task HE-6.3: Work with Caltrans to ensure that access from Hickey Boulevard is achievable so as to allow residential development of the 2.49-acre housing site located at 1050 St. Francis Boulevard. The maximum density at this site shall continue to reflect the permitted General Plan Medium Density designation currently attributable to the site, i.e., 35 dwelling units per acre.

Task HE-6.4: Amend the Zoning Ordinance to require that, if after adopting the General Plan Land Use Map and Zoning Map, the City redesignates and/or rezones any site(s) included on the Potential Housing Sites Inventory List to a non-residential use or a residential use of less intensity than has been identified on the Potential Housing Sites Inventory List, the City shall replace the redesignated/rezoned site(s) with another site(s). The new site(s) shall allow the same or greater development intensity as the rezoned site(s) and shall be physically capable to providing the development intensity of rezoned sites(s) in terms of environmental restraints, infrastructure capacity, and similar constraints. The Ordinance shall specify that this requirement shall apply only to sites that are necessary to satisfy the City's Regional Housing Need Allocation.

Policy HE-7: Allow development density on all residentially-zones properties consistent with the General Plan Land Use Map

Task HE-7.1: Review and amend the Zoning Ordinance, if necessary, to ensure that residential densities identified on the General Plan Land Use Map can be reasonably constructed given property size, accessibility, and topography. For the purpose of calculating densities, the Ordinance shall be amended to describe a method for calculating residential density that is site specific, meaning that the land area calculated as part of the density prescription shall include the site only and no portion of adjacent right-of-way or adjacent public or private property.

Policy HE-8: Avoid rezoning properties that are presently designated or zoned for residential uses for non-residential uses

Task HE-8.1: Amend the Zoning Ordinance to identify specific findings for adoption by the Planning Commission and City Council when approving any rezoning or redesignation involving a residentially-zoned or residentially-designated property to any zone or designation other than residential. For the purpose of this policy, the C-MU (Commercial Mixed-use) zone shall be considered a residential zone. The findings

identified by the Zoning Ordinance shall relate to finding that the rezoning or redesignation is necessary to ensure that the City will not be economically impaired, that the City has, since the Housing Element adoption, met its housing construction target, and that the rezoning or redesignation does not involve a property identified by the Potential Housing Sites Inventory List for which a replacement site has not been identified (see Policy HE-6.6 above).

Housing Types and Tenures

Policy HE-9: Expand homeownership opportunities by facilitating condominium construction, while protecting renters from condominium conversions

Task HE-9.1: Amend the condominium regulations to reduce the number of units necessary for a new condominium building and increase the minimum number of units necessary to qualify an apartment building for condominium conversion.

Task HE-9.2: Amend the condominium regulations to include specific standards for a relocation program necessitated by condominium conversion that include requirements for the following: 1) an on-site relocation assistance office, 2) the return of all deposits and fees, 3) benefits for voluntary relocation after conversion approval, 4) benefits for forced relocation, 5) first right of refusal for tenants wishing to purchase and 6) rent stabilization during the entire conversion process.

Policy HE-10: Use the financial and other resources available to the City to reduce the cost and increase the amount of affordable housing

Task HE-10.1: Use and leverage Federal, State and local funds, tax credits, tax-exempt bonds, and private sources such as foundations to encourage the production of affordable housing.

Task HE-10.2: Offer technical assistance to landowners and prospective developers regarding, for instance, regulatory guidelines, development potential, design solutions, and marketing data.

Task HE-10.3: Continue to routinely monitor, investigate and utilize available new funding sources.

Policy HE-11: Continue to require affordable units in all new housing development and in new condominium conversions

Task HE-11.1: Enforce the requirements of the Inclusionary Zoning Ordinance to the extent that Task HE-11.2 below is addressed.

Task HE-11.2: Provide as part of the General Plan Annual Report an analysis of the effectiveness of the Inclusionary Zoning Ordinance in creating long-term affordable renter- and owner-occupied housing units. The analysis shall identify housing developments subject to the Ordinance for which construction has been completed in the previous year, and shall qualitatively and quantitatively describe the extent to which the ordinance impacted the construction cost of market-rate units within these developments.

Task HE-11.3: Through staff training, ensure effective dissemination about the Inclusionary Zoning Ordinance to prospective property purchasers and developers, and prepare paper and electronic brochures to assist these individuals to better understand and determine their obligation under the ordinance.

Task HE-11.4: Adopt disclosure requirement about the existence of an inclusionary zoning ordinance in Daly City and that directs property purchasers to the City for additional details. This disclosure would be required for transaction of properties over a certain size and valuation that could be subject to the City's inclusionary zoning ordinance.

Task HE 11.5: Continue to offer developers alternative compliance measures to the Inclusionary Housing Ordinance and work with developers to identify any other potential alternatives that address mutual needs of the City and developer with respect to including deed restricted units in residential development.

Policy HE-12: Provide regulatory incentives and streamline the permit process for development projects that contain deed-restricted affordable units

Task HE-12.1: Reduce delays in project approval and issuance of building permits by developing a plan check prioritization system that reduces the time required to complete the plan check review process for affordable housing projects, especially those projects which exceed the City's inclusionary zoning ordinance requirements.

Task HE-12.2: Continue to offer parking reductions offered in the current Zoning Ordinance that serve as an incentive to developers of low-income elderly housing provided a minimum age for residency of such units is established by the Ordinance (e.g., 62 years of age).

Task HE-12.3: Establish regulations that allow parking reductions for all multiple-family housing developments containing low-income units, commensurate to the proportion of the project devoted to such units (currently a project must be 100 percent affordable to qualify for a parking reduction).

Task HE-12.4: Continue to offer streamlined environmental review for affordable housing development where authorized by the California Environmental Quality Act (Public Resources Code Sections 21159.20 through 21159.27 – Special Review of Housing Projects).

Policy HE-13: Consider financial incentives to increase the supply of rental housing for all household income groups including extremely low-income households

Task HE-13.1: Give priority expenditure of City housing funds to projects that will provide deed restricted affordable rental housing.

Task HE-13.2: Apply for and/or co-sponsor funding opportunities for the construction of rental housing.

Task HE-13.3: Give priority expenditure of City housing funds to projects that will occupy sites that have been previously developed.

Policy HE-14: Assure access to services in Daly City for homeless individuals and families, and address the special needs and circumstances of these individuals

Policy HE-15: Require adaptability and accessibility of residential units for disabled occupants, and ensure that the Zoning Ordinance provides regulations that are sensitive to the needs of disabled occupants.

Task HE-15.1: Maintain an active role in expanding accessibility and require all State and local accessibility codes to be met.

Task HE-15.2: Regularly monitor the implementation of the jurisdiction's ordinances, codes, policies, and procedures to ensure they comply with the "reasonable accommodation" for disabled provisions and all fair housing laws.

Task HE-15.3: Continue to fund (as funding permits) and support home repair programs that assist residents in paying for various handicapped modifications in and around their homes.

Policy HE-16: Prevent housing discrimination based on age, race, religion, sex, ethnic background, or familial status.

Task HE-16.1: The City shall assist in the implementation and enforcement of State and federal fair housing and civil rights laws, and shall make use of opportunities in its interaction with real estate offices, businesses, and other groups or agencies to eliminate housing discrimination. Where discrimination is suspected, the City shall work with the appropriate public interest agencies to vigorously pursue the matter and where discrimination is found, the City shall assist the relevant entity in prosecuting the matter.

Task HE-16.2: The City will continue to contract to provide fair housing services to its residents and property owners. Services will include:

1. Distributing educational materials to property owners, apartment managers, and tenants every two years;
2. Making public service announcements (PSAs) via different media (e.g., newspaper ads and public service announcements at local radio and television channels) at least two times a year;
3. Conducting public presentations with different community groups;
4. Responding to complaints of discrimination (i.e., in-taking, investigation of complaints, and resolution); and
5. Referring services to appropriate agencies.

Policy HE-17: Provide financial assistance to lower income households in emergency situations

Task HE-17.1: Continue to operate and support (as funding permits) the Housing Assistance Program that grants eligible lower income families, seniors and persons with disabilities money to cover housing related emergencies (e.g., security deposits, temporary difficulty meeting rent payments).

Policy HE-18: Support a balanced distribution of quality residential care facilities

Task HE-18.1: Develop location regulations for larger residential care facilities that are not exempt from local zoning restrictions to provide objective standards to persons

desiring to establish such facilities, while at the same time dispersing such facilities throughout the City.

Policy HE-19: Address the range of needs and encourage the production of additional housing opportunities for extremely low-income (ELI) households.

Task HE-19.1: Provide an exception to the proposed zoning regulation identified in Task HE 3.6, whereby any housing development that is willing to deed-restrict at least 20 percent of units for extremely low-income households would be exempt from the minimum one parking space per unit rule identified by this task (applies to projects qualifying for transit-proximate parking reductions) and instead be subject to providing at least 0.5 parking spaces per unit.

Task HE-19.2: Revise the Zoning Ordinance to waive the parking requirements altogether for ELI deed-restricted second units that are transit proximate, as described in Task HE 3.4.

Task HE-19.3: For any new housing development utilizing public funding or publicly-owned land, the City and project developer shall explore the inclusion of units specifically targeted to and restricted for ELI households.

Housing Maintenance

Policy HE-20: Encourage voluntary housing rehabilitation and reconstruction

Task HE-20.1: Amend the Zoning Ordinance non-conforming building regulations to allow the voluntary reconstruction, restoration, or rebuilding of any multifamily residential building with three or more units. Examples of non-conformity may include unit count, parking provision, and building setback and height. Such reconstruction, restoration, or rebuilding shall be limited for both single-family and multiple-family buildings in the ways described by California Government Code Section 65852.25.

Policy HE-21: Encourage housing reconstruction after fire or other natural disaster

Task HE-21.1: Amend the Zoning Ordinance non-conforming building regulations to allow reconstruction of non-conforming buildings affected by fire or natural disaster subject to the land use regulations in place at the time of the original building construction, if the present development regulations are determined by the Director of Economic and Community Development to allow fewer total units than were originally permitted. This amendment shall allow such reconstruction provided the total unit count does not increase and the size of each replacement unit is substantially similar to the size of the original unit being replaced. The amendment shall not apply where the General Plan Land Use Map requires a higher minimum density than was provided in the building prior to the fire or natural disaster.

Policy HE-22: Preserve existing low-income housing units that are at risk of being converted to market-rate housing

Task HE-22.1: Monitor existing at-risk low-income housing units to determine if the owners plan to file a notice of interest to prepay the mortgage obligation. The prepayment would terminate the requirement that the units be rented to low-income individuals. The City should maintain an up-to-date list of public and private non-profit housing entities who can and will be able to purchase the at risk units should the necessity arise. The City

should also maintain a current list of available financial resources to fund the potential purchase of these units.

Energy Efficiency

Policy HE-23: Gradually increase energy and water efficiency standards for all new and existing housing while minimizing the costs of such standards.

Task HE-23.1: Develop enhanced residential energy efficiency standards (Title 24, California Administrative Code) in all new residential construction which exceeds State-mandated requirements by five percent in 2015, ten percent in 2020, and twenty percent in 2030.

Task HE-23.2: Establish energy and water efficiency upgrade programs that promote energy and water efficiency upgrades in all existing residential buildings. Energy efficiency upgrades promoted as part of this program could include upgrades such as attic insulation, programmable thermostats, heating duct insulation, and water heater insulation. Water efficiency upgrades could include the installation of low-flow shower heads, where feasible, and retrofit of existing toilets to meet low-flush requirements as established by the City. Examples of programs developed as a part of this task could provide financial incentives (e.g., rebates, appliance buy-back, and similar programs) aimed at providing strong incentives to residential building owners to use the programs.

Policy HE-24: Mandate the inclusion of green building techniques into most new construction.

Task HE-24.1: Amend the building code to require all City-funded affordable housing projects reach a Home Energy Rating System (HERS) score above 86 (the minimum Energy Star rating), or equivalent.

Policy HE-25: Provide a greater number of street trees throughout Daly City's neighborhoods.

Task HE-25.1: Amend the Zoning Ordinance to require street tree planting as part of the construction of any new home and any remodel to any residential structure exceeding 50 percent valuation of the structure being remodeled. The Ordinance shall require uniform street tree spacing within new neighborhoods of one tree per each 25 linear feet of curb, to the maximum extent practical. All new street trees shall receive irrigation.

Task HE-25.2: Amend the plan check process to ensure compliance with amended Zoning Ordinance provisions related to street tree planting. At a minimum, applicants and developers shall identify street tree placement on all utility plans submitted for City of public utility review and approval.

Policy HE-26: Through the development of a Stormwater Management Program, ensure that all new development complies with applicable municipal stormwater National Pollutant Discharge Elimination System (NPDES) permits by incorporating controls that reduce water quality impacts over the life of the project.

Task HE-26.1: In locations where high density residential development is prevalent (e.g., east of Interstate 280), consider the use of the public right of way as an appropriate location for privately maintained stormwater treatment mechanisms.

Policy HE-27: Revise land use policies to meet or exceed the greenhouse gas reduction goals established in Assembly Bill 32 (reducing California’s greenhouse gas emissions to 1990 levels by 2020).

Task HE-27.1: Create and adopt a Climate Action Strategy Plan that establishes a greenhouse gas reduction goal, based on the baseline established in the respective Plan.

Task HE-27.2: Adopt progressive energy efficiency strategies similar to those adopted by the California Public Utilities Commission:

1. All new residential construction in California will be zero net energy by 2020;
2. All new commercial construction in California will be zero net energy by 2030;
3. Heating, Ventilation and Air Conditioning (HVAC) will be transformed to ensure that its energy performance is optimal for California’s climate; and
4. All eligible low-income customers will be given the opportunity to participate in the low-income energy efficiency program by 2020

Policy HE-28: Promote alternative sources of energy in all homes.

Task HE-28.1: Encourage, incentivize, or require all new major construction projects to pre-plumb for solar hot water and pre-wire for solar electric systems.

Task HE-28.2: Develop a funding source to offer loans to residents and developers that invest in solar electric, solar hot water, wind, and/or other clean energy systems.

Task HE-28.3: Amend the Zoning Ordinance to include development standards for the installation of alternative energy generating systems on residential properties.

Neighborhood Preservation and Character

Policy HE-29: Ensure that additions of habitable space within existing dwellings are completed safely and in a manner consistent with the City’s building and zoning regulations

Policy HE-30: Require property owners to provide relocation assistance to renters displaced where rental units in which they live were constructed or are maintained in violation of the Daly City Municipal Code.

Task HE-30.1: The City requires that property owners who place renters in units that violate the Municipal Code provide relocation assistance when the tenant must vacate the premises due to code enforcement activity. This policy will serve to protect particularly residents living in substandard illegal secondary units.

Policy HE-31: Ensure that, in instances where higher density mixed-use development is permitted adjacent to existing neighborhoods, the impacts of building height are decreased to the maximum extent feasible without reducing permitted General Plan density

Task HE-31.1: Review the Mixed-Use Design Guidelines and Zoning Ordinance to ensure that the guidelines address impacts created by larger mixed-use buildings proposed adjacent to smaller buildings and amend the Guidelines and Ordinance as needed.

Housing Programs

Several of the policies and tasks identified in the previous section require the continued implementation of existing housing programs by the City of Daly City. Although the City funds and administers many of the housing programs below, funding deficiencies for municipal housing and community development programs require creative combinations among and between the public and private sectors (e.g., cities working with other cities or other levels of government, cities uniting with the private sector, or cities sponsoring nonprofits) to help cities meet their housing needs. Some of the programs described below are administered by other agencies and are made possible by support from the City.

Residential Rehabilitation Program

The City administers a residential rehabilitation program that offers a variety of grants and loans. Grants are available to replace existing security bars on bedroom windows and exit doors. Seniors are eligible for grants of up to \$1,000 for minor home repairs. The program offers low interest rate loans to low-income homeowners for roof replacement, window installation, or exterior painting. There is also the complete rehab loan of up to \$75,000 for homeowners. This loan includes a complete home inspection, termite report, cost estimate, work write-up, assistance with contractor selection, and a final inspection. Loans are also available to rehabilitate rental units.

This program is primarily funded with Community Development Block Grant (CDBG) funds, and as a result, is targeted to low-income households. The City is an entitlement jurisdiction and receives CDBG funds directly from the Department of Housing and Urban Development.

Community Development Block Grant Program (CDBG)

In addition to funding the City's Residential Rehabilitation Program, CDBG funds are used to support and fund several housing and housing-related programs carried out by various nonprofit agencies. More detailed descriptions of the programs administered by the nonprofit agencies can be found in the City's annual HUD Consolidated Plans. CDBG-supported programs serve low to moderate income persons.

Minor Home Repair

The City provides funding for minor home repair and installation of ramps, smoke detectors and/or grab bars. Minor home repair includes repair of windows, doors and plumbing fixtures. The City provides funding to three nonprofit agencies that assist Daly City residents with minor home repairs.

Homelessness Assistance

The City provides funding to four agencies that operate homeless shelters in the County. Shelter Network operates Family Crossroads, a transitional shelter for families located in Daly City; and Maple Street, an emergency and transitional shelter for individuals that is located in Redwood City. Samaritan House operates Safe Harbor, an emergency shelter located in South San Francisco and serves individuals. The Mental Health Association of San Mateo County operates Spring Street, a shelter located in Redwood City and serves homeless individuals with mental health issues. Community Overcoming Relationship Abuse (CORA) operates a shelter for women with abusive partners. All these shelters also provide supportive services to help connect their clients to other services that they may need.

Shared Housing

Shared housing is an alternative affordable rental housing option for low-income renters in small households. These renters are matched with homeowners seeking boarders. Often times, the homeowners are low-income themselves and can use the additional income provided by the rental payments. The City provides funding to help match renters with homeowners in Daly City.

Fair Housing

In recognition that housing discrimination is a wide-ranging problem, Daly City provides funding to a fair housing agency that responds to and investigates housing discrimination complaints. The agency has staff experience and expertise in dealing with housing discrimination complaints and is an invaluable asset towards the City's efforts to affirmatively further fair housing. The City has partnered with other jurisdictions and the fair housing agency in producing brochures to better educate and inform the public about fair housing issues and resources.

Housing Legal Assistance

The City contracts with a legal service provider to provide free housing legal assistance to low-income residents. The program primarily assists residents with tenant/landlord conflict and habitability issues. The program helps prevent homelessness by invalidating illegal evictions, negotiating more time for tenants to find and move into a new apartment, or having landlords make contractually required habitability improvements. Office hours are offered once a week at the Daly City Community Service Center.

Housing Assistance for Residents with Special Needs

Many of the programs mentioned above also serve residents with special needs, particularly seniors and the disabled. The minor home repair program, for example, provides assistance to help residents with mobility limitations stay in their homes by installing ramps and/or grab bars.

Daly City Community Service Center

Established in 1974, the Daly City Community Service Center serves as one of the core, or primary entry, social service agencies in the County. The Center's mission is to promote and improve the quality of life for the residents of Daly City, Colma and Broadmoor through the provision of quality crisis intervention services, either directly or by referral to the appropriate provider. A vital housing-related service through the Center is the distribution of motel vouchers to families and individuals who need temporary emergency shelter. Also, the Center offers a comprehensive needs assessment and is able to provide housing-related information and referrals. The Center is funded by the City's General Fund and grants.

Home and Low-Income Housing Fund Program

The City, as a Participating Jurisdiction, receives a direct HOME allocation from HUD to support affordable housing projects and programs. The City also has two redevelopment project areas that provide a source of funds to be used for affordable housing. Both HOME and the Low-income Housing Fund enable the City to subsidize affordable housing projects that would otherwise not go forward without the subsidies. In the past, the City has worked with nonprofit developers such as Mercy Housing, Habitat for Humanity and American Baptist Homes of the West to develop housing affordable for low-income Daly City residents. The City will continue to work with developers, evaluate development proposals for affordable housing, and fund those projects that most effectively and efficiently meet the affordable housing needs of Daly City. Housing development includes new construction as well as acquisition/rehab projects.

The City, in order to leverage the funds it has available for affordable housing development, will seek out other sources of funding. In the past, the City has applied and received funds from the State directly and collaborated with developers in applying for funds.

Inclusionary Housing Programs

In October 2007, the City passed an inclusionary housing ordinance that requires all projects consisting of five or more units, to provide that at least ten percent of the units be affordable to lower income households. The ordinance provides for flexibility, requiring ten to 20 percent affordable units depending on the tenure and income levels targeted.

The City will be working with a BMR Administrator to help administer the program. The ordinance can be found at http://www.dalycity.org/city_services/depts/e cd/inclusionary/index.htm.

Homebuyer Assistance and Education Program

As a complement to its Below Market Rate/Inclusionary Housing Program, the City will require homebuyer education for all its BMR participants in ownership projects. The homebuyer education workshops will also be made available to the general public. The City will work with its BMR Administrator to offer relevant and important information to first-time homebuyers. In some cases the City may provide financial assistance to homebuyers, as necessary, to make the units affordable.

In the current economic climate, Daly City has not been immune to the foreclosure crisis. In fact, the City has the most number of foreclosures in San Mateo County. Working in collaboration with agencies such as Project Sentinel and EPACANDO, Daly City has offered foreclosure prevention and information workshops. Most recently, the workshop in November 2008 had 58 households in attendance. The City plans to continue working with community agencies to help educate households facing foreclosure.

HUD Section 8 Housing Assistance Program

The San Mateo County Housing Authority administers the Public Housing Program throughout San Mateo County. There is one public housing complex in Daly City, Midway Village. Midway Village is located in the Bayshore neighborhood and has 150 rental units, all of which are restricted for low and very low-income households.

The Housing Authority administers the HUD Section 8 Housing Choice Voucher Program which provides eligible very low-income renters with rental assistance subsidies. Tenant-based Section 8 housing vouchers are portable, which means tenants can continue using them when they move, while project-based Section 8 stays with the multifamily building as a development or operating cost subsidy. The City strongly supports the Section 8 Program's efforts to preserve affordable rental units in the County and will continue to maintain a cooperative working relationship with the County Housing Authority to preserve the program. In July 2007, the City worked with the County to advertise the opening of the Section 8 waitlist. Information on the vouchers used in Daly City is always included in the City's Annual HUD Consolidated Action Plan.

Second Dwelling Unit Program

In May 1983, Daly City established one of the first ordinances in California to allow second dwelling units ("second units") within existing single-family residential dwellings. The Ordinance allows attached second units subject to size, neighborhood density, parking, and owner-occupancy regulations. The Ordinance has resulted in the construction of over 1,400 second units over the past 25 years, although the pace of second units has decreased dramatically in recent years.

To address this decrease, tasks have been included in this Housing Element to continue the expansion of the second unit program by removing barriers to second unit construction. Examples of these policies include reducing the parking requirement for very small units as well as removing the requirement for owner-occupancy of second units. The Element also proposes aligning the maximum neighborhood density applicable to second units to be consistent with the maximum neighborhood density allowed by the General Plan.

Although not rent restricted, secondary units have proven to be more affordable than other rental units on the market. The City regularly conducts a survey of rental postings on www.craigslist.com to ascertain how the secondary units compare to other multifamily rental units. The surveys support the claim that secondary units are affordable to low-income households.

Also falling under this program is an ordinance requiring property owners who have placed renters in units that violate City municipal code (e.g., building and safety) to provide relocation assistance to tenants who must vacate the premises due to code enforcement activity. This program provides some protection to tenants and discourages property owners from renting out units that are unsafe and unhealthy.

At-Risk Housing Preservation Program

The City will monitor the status of the affordable housing stock that is at risk for conversion to market rate or substantially higher rents. The 2004 Housing Element cited the goal of preserving the affordability of Franciscan Mobile Home Park. The City was successful in doing this by working with LINC, a nonprofit housing developer, and helping to facilitate the transfer of the park to nonprofit ownership.

Villa Fontana Apartments is a 120-unit apartment complex in Daly City that was originally financed with a HUD Section 236 mortgage. In the interest of preserving affordability, City staff contacts the Villa Fontana property owners at least once a year to discuss any changes in property ownership. In addition, the City is in ongoing discussions with local non-profit housing developers regarding the possibility of a Villa Fontana acquisition. At present, the owners of Villa Fontana do not intend to sell the property or to prepay the Section 236 mortgage.

The San Mateo County Housing Authority and HUD have purview over Villa Fontana. However, the City will continue maintaining regular contact with the both of them in order to keep apprised of Villa Fontana's status and coordinate efforts to maintain the affordability of these units. If the opportunity arises for Villa Fontana to be transferred to non-profit ownership, the City may evaluate the benefits of providing local jurisdiction funds or tax-exempt financing to facilitate the transfer.

Funding for Housing

There are a variety of public and private financial resources available for financing housing activities in Daly City. Potential sources of subsidy financing include federal HOME Investment Partnerships Program and Community Development Block Grant (CDBG) funds, tax credits, and private sources such as foundations.

Generally, the housing developer takes the primary role for securing financing for affordable housing development. Daly City, though, directly controls three key sources of subsidy financing. These are federal HOME and CDBG funds and. Each of these is discussed in the sections below.

HOME Funds

Daly City has been a participating jurisdiction in the Federal HOME program since 2003. In the last five years, it has received an average of \$328,234 in annual HOME funds. The HOME funds are to be used for the purpose of expanding and improving the supply of affordable housing in Daly City. The proposed use of HOME funds is described in the City's HUD Consolidated Plan. An annual allocation is insufficient to fund an affordable housing project of a significant size so the City accumulates funds over several years in order to make a substantial contribution to a project. Most recently, the City provided \$1.2 million to Habitat for Humanity Greater San Francisco to build 7555 Mission, a 36-unit condominium project affordable to lower income households in Daly City.

CDBG Funds

In the last five years, Daly City has received an average of about \$1.1 million annually through the Community Development Block Grant Program. The primary objective of the CDBG Program is the provision of decent housing, a suitable living environment and economic opportunity. The CDBG Program has been a critical component of several City projects including housing rehabilitation, economic development, ADA accessibility projects, street beautification and a wide variety of public services. In the last Five-Year HUD Consolidated Plan period, the City provided \$835,420 for housing rehabilitation. CDBG funds cannot be used for housing construction, but it can be used for development costs such as site acquisition and preparation, demolition and infrastructure improvements related to housing development. About \$13,000 in CDBG funds was used for site preparation costs related to the 7555 Mission project.

Affordable Housing Trust Fund

When the City adopted its Inclusionary Housing Ordinance in 2007, it established an Affordable Housing Trust Fund to which in-lieu payments would be deposited. The Affordable Housing Trust Fund would be used to increase and improve the supply of affordable housing. The Inclusionary Housing Ordinance was repealed and replaced by the Affordable Housing Ordinance in 2014, and now affordable housing impact fees will be deposited into the Affordable Housing Trust Fund. To date, there have been no deposits to the Affordable Housing Trust Fund because of the economic downturn that coincided with its establishment in 2007. With the recent economic recovery, however, proposals for residential developments have been submitted and the City can anticipate deposits to the Affordable Housing Trust Fund.

Consistency With Other General Plan Elements

The Housing Element is consistent with all other elements of the Daly City General Plan which are being updated simultaneously with the Housing Element. The General Plan Land Use Element implements specific policies of the Housing Element such as encouraging mixed use development and parcel assembly, and also includes the following overall policy:

Policy LU-25: Facilitate housing production by carrying out the goals and policies in the Housing Element.

The Circulation Element includes an analysis of future traffic and the identification of improvements necessary to implement the volume of traffic associated with the eventual development of planned housing sites. These traffic projections are based in part on anticipated residential development projects identified in Table HE-56.

To further ensure that the Housing Element remains internally consistent, the City will perform an internal consistency review as a part of the Annual General Plan Implementation Report required under Government Code Section 65400.