

**COUNTY OF SAN MATEO
PLANNING AND BUILDING DEPARTMENT**

DATE: May 27, 2026

TO: Planning Commission

FROM: Planning Staff

SUBJECT: Consideration of an amendment to Local Coastal Program Policy 1.23 d.(2), which allows for issuance of more than 40 annual residential building permits for affordable housing projects, if the growth rate average over a three-year period, including the year of building permit issuance and the following two years, does not exceed 40 units/year. The amendment would replace the three-year average period with the annual average number of permits issued from January 1, 2013, through and including the year of building permit issuance.

PROPOSAL

Consideration of an amendment to Local Coastal Program Policy 1.23 d.(2), which allows for issuance of more than 40 annual residential building permits for affordable housing projects, if the growth rate average over a three-year period, including the year of building permit issuance and the following two years, does not exceed 40 units/year. The amendment would replace the three-year average period with the annual average number of permits issued from January 1, 2013, through and including the year of building permit issuance.

RECOMMENDATION

That the Planning Commission recommend that the Board of Supervisors adopt a resolution directing staff to submit the Local Coastal Program amendment to the method of averaging the growth rate cap to allow for affordable housing development in the urban Midcoast for California Coastal Commission certification, by adopting the recommendations in this staff report.

BACKGROUND

The reduction of housing permit limits in the San Mateo County Midcoast was driven by infrastructure constraints and to protect coastal resources. Originally, the County's Local Coastal Program (LCP) limited residential growth to 125 units per year. In 2006, the County proposed reducing this limit to 75 units per year (approximately a 2% growth rate) to lessen the burden on public services while still allowing for gradual infill housing.

However, the California Coastal Commission (CCC) determined that a 75-unit per year growth rate was still too high and inconsistent with the Coastal Act because it would not slow growth enough to address infrastructure constraints. As a result, in 2009, the limit was ultimately **reduced to 40 new units per calendar year** (roughly a 1% growth rate, matching the adjacent City of Half Moon Bay).

Per the CCC 2009 Staff Report, inadequate public infrastructure resulted in adverse effects on the public health and safety and coastal access, necessitating limits to slow residential growth:

- **Severe Traffic Congestion:** Peak hour traffic on major access routes, specifically Highways 1 and 92, is constrained and sometimes operates at Level of Service (LOS) F, which indicates breakdown operations and significant delays. This congestion adversely impacts the public's ability to access the coast for recreation.
- **Wastewater and Sewer Failures:** The Intertie Pipeline System (IPS), which collects and delivers wastewater, suffers from inadequate transmission capacity and aged infrastructure. This has led to systemic untreated sewage overflows during wet weather, which pollute the environment and violate water quality standards.
- **Water Supply Constraints:** The region faces strained municipal water supplies, failing private wells, and heightened problems associated with the overdraft of groundwater basins.

Conditions and Exemptions

The 40-unit annual limit is intended to remain in place until the County can resolve these critical infrastructure issues. Per LCP Policy 1.23, the limit cannot be changed until:

1. a comprehensive transportation management plan is incorporated into the LCP;
2. facilities are constructed that can adequately contain stormwater and prevent IPS sewage overflows; and
3. the growth rate is changed through an LCP amendment.

To ensure that the cap does not completely halt the development of affordable housing, there is some flexibility for affordable housing projects and second dwelling units under LCP Policy 1.23 d wherein if the 40-unit cap has been reached in a given year, permits for affordable housing and second units that are subject to income and cost/rent restrictions for the life of the units may still be issued, provided that the average growth rate over a three-year period that includes the year of building permit issuance and following two years does not exceed 40 units per year.

With the issuance of building permits for the 71-unit Cypress Point Affordable Housing project in 2025, LCP Policy 1.23 limits the County to issuing building permits to just 18 new units during 2026 and 2027.

DISCUSSION

A. KEY ISSUE

1. With the issuance of building permits for the 71-unit Cypress Point Affordable Housing project in 2025, the County issued a total of 102 building permits in 2025. As a result, the Department is limited to issuing building permits to just 18 new units over the next 2 years. This will lead to significant challenges, including:
 - a. A likely rush by applicants to submit permit applications on January 1, 2028.
 - b. A cascading overflow of permits to process in 2028 that may hit the cap for that year, and likely the next.
 - c. Pressure and potential imposition of penalties from other State agencies to allow for more units to be developed on the coast.
 - d. Restricting future affordable/workforce housing developments like Cypress Point potentially until 2030 to allow processing of a backlog of permit applications.
 - e. Potential increased public opposition to and litigation over future affordable/workforce housing developments in the urban Midcoast as public understanding of potential consequences for other development projects increases.
2. In 2026, two residential building permits have been issued, and there are currently pending building permit applications for the remaining 16 residential building permits. After these 16 permits have been issued, the Department will not be able to issue residential building permits until January 1, 2028.

B. ALTERNATIVES

1. Meeting LCP Policy 1.23 requirements to increase the building permit cap.

The County has diligently worked towards addressing the critical infrastructure issues identified in LCP Policy 1.23 with the development of the Connect-the-Coastside (CTC) plan, that addresses transportation-related challenges. Several projects outlined in the CTC plan have been

implemented, while planning for others is underway. The Half Moon Bay to El Granada East side bike trail has been completed. The County worked jointly with the City of Half Moon Bay to develop the Getting-there-Together Travel Demand Management (TDM) Plan, and planning for the safety improvements on SR-1 in Moss Beach is underway.

Since 2011, the Sewer Authority Mid-Coastside (SAM) has significantly improved the resilience of the Intertie Pipeline System (IPS) through a multi-phase reinforcement program designed to handle extreme weather and replace aging infrastructure. SAM has replaced or rehabilitated approximately 12,450 linear feet of pipeline with another 13,395 linear feet of pipeline to be replaced in 2027 with more resilient materials, removing holes and leaks in the IPS and preventing breaks. A new wet weather storage facility was installed in El Granada and upgraded in 2021 to hold 400,000 gallons of wastewater during storm events, allowing systemwide storage of a total of 834,000 gallons, substantially decreasing surge volumes and overflows. The SAM treatment plant was significantly expanded in 2000. As part of the 2023 SAM National Pollutant Discharge Elimination System (NPDES) permit renewal SAM demonstrated the ability of the plant to safely treat 3.71 million gallons per day (MGD) dry weather flows with the ability to handle 9.0 MGD and short-term bursts of up to 15 MGD of influent during major storm events. Winter effluent flows peaked at 2.486 MGD in February 2025, and the average dry weather flow was 1.1 MGD. The treatment facility has more than enough capacity to serve the Midcoast in the future.

SAM is also dedicated to improving the IPS further. Future improvements that are under evaluation include an Electrical Relocation Building to protect critical controls from flooding, working with member agencies to reduce Infiltration and Inflow (I&I) rainwater that leaks into the system, which is the primary driver of surge volumes during storms, and Increasing the capacity of the northernmost wet weather storage facility (Walker Tank).

Half Moon Bay, the largest member of SAM by volume treated, completed a 2025 Wastewater Collection System Master Plan Update. The plan shows the results of modeling to predict the sites of overflows during heavy rain events. Future improvements are under consideration to prevent backups in the local system by upsizing pipes in key areas identified in the capacity constraint models.

In addition, the County's newly adopted Stormwater Management Development Standards further reduce risks of stormwater runoff impacting water quality.

While all of these improvements allow the County to request an increase in the building permit cap to the Coastal Commission, staff anticipates that the Coastal Commission review and approval process will take substantially more time than a narrow amendment addressing the immediate challenges faced by the Department.

2. Changing how excess affordable housing units are averaged over subsequent years.

LCP Policy 1.23 d allows for issuing building permits above the 40-unit/year cap for affordable housing and second units that are subject to income and cost/rent restrictions for the life of the units, *provided that the average growth rate over a three-year period that includes the year of building permit issuance and following two years does not exceed 40 units per year.*

With the exception of 2025, the County has never reached the 40 units/year cap since the building permit cap went into effect. The table below shows the number of new residential unit permits issued since 2013.

Year	Total Units (Issued)	Cap balance	Affordable Units	ADUs	JADUs	Other (SFR, Apts, Etc.)
2026#	2	16	0	1	0	0
2025	102	(62)	71	18	1	12
2024	32	8	0	19	3	10
2023	29	11	0	18	3	8
2022	34	6	0	16	1	17
2021	24	16	0	13	0	11
2020	22	18	0	8	0	14
2019	30	10	0	14	0	16
2018	20	20	0	6	0	14
2017	13	27	0	1	0	12
2016	30	10	0	0	0	30
2015	23	17	0	2	0	21
2014	9	31	0	0	0	9
2013	2	38	0	0	0	2
Total	372	166	71	117	8	176
Average	28	12	5	8	1	13
#As of 05/08/2026.						
40-Unit Cap						
* Approved by BOS May 24, 2011 (Resolution No. 071395)						
* Certified by the CCC on August 8, 2012 (effective 30 days later)						

Since the County has over 180 unrealized building permits from the inception of the permit cap, the Department is recommending a change in LCP Policy 1.23 d. (2) to average the excess number of affordable units across the previous years beginning January 1st, 2013. This allows the Department to capture the unrealized development potential of past years without limiting future years development capacity.

The Department has shared this approach in verbal consultation with the Coastal Commission staff, and Coastal Commission staff anticipates that this amendment could be processed as a minor or “de minimus” amendment that is quickly processed, providing the most efficient option to alleviate the present challenge of halting the issuance of new residential building permits when the cap for 2026 is reached.

To that effect, the County is recommending the following existing LCP Policy 1.23 d. (*italics added for emphasis*):

“If the number of issued building permits for any given year has reached the 40-unit maximum, building permits for affordable housing, including second dwelling units, may still be issued under the following circumstances: (1) the units are “affordable” as defined by Section 6102.48.6 of the certified zoning regulations and subject to income and cost/rent restrictions for the life of the development; and (2) *the growth rate average over the three-year period, that includes the year of building permit issuance and the following two years, does not exceed 40 units/year.*”

To be replaced with the following provision (modified text shown in italics and underline):

“If the number of issued building permits for any given year has reached the 40-unit maximum, building permits for affordable housing, including second dwelling units, may still be issued under the following circumstances: (1) the units are “affordable” as defined by Section 6102.48.6 of the certified zoning regulations and subject to income and cost/rent restrictions for the life of the development; and (2) *the annual average number of permits issued from January 1, 2013 (the year after the adoption of the growth limit was certified by the Coastal Commission) through and including the year of building permit issuance, does not exceed 40 units/year.*”

This change will allow the Department to average out the excess 62 units from the Cypress Point 100% affordable housing project across the previous 12 years, bringing the average number of permits issued for new units in that 12-year period to 28.5 new units/year. This would allow the Department to continue issuing building permits for up to 40 new residences (including those already issued) in 2026 and beyond.

C. ENVIRONMENTAL REVIEW

Section 21080.9 of the California Public Resources Code (California Environmental Quality Act (CEQA)), exempts a local government from the requirements of CEQA in connection with its activities and approvals necessary for the preparation and adoption of a Local Coastal Program. Certification of an LCP by the Coastal Commission is subject to CEQA, and the Commission's LCP review and approval program has been found by the Resources Agency to be the functional equivalent of the environmental review required by CEQA, pursuant to CEQA Section 21080.5.

D. REVIEWING DEPARTMENTS

Planning & Building Department
County Attorney's Office

ATTACHMENTS

- A. Planning Commission Recommendation
- B. Resolution

County of San Mateo
Planning and Building Department

PLANNING COMMISSION RECOMMENDATION

Permit or Project File Number: N.A.

Hearing Date: May 27, 2026

Prepared By: Bharat Singh

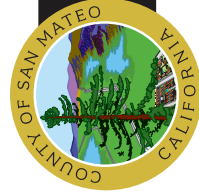
For Adoption By: Planning Commission

PLANNING COMMISSION RECOMMENDATION

Regarding the Local Coastal Program Text Amendment

The Planning Commission recommends that the Board of Supervisors:

Direct staff to amend the San Mateo County Local Coastal Plan Policy 1.23(d) to read: If the number of issued building permits for any given year has reached the 40-unit maximum, building permits for affordable housing, including second dwelling units, may still be issued under the following circumstances: (1) the units are “affordable” as defined by Section 6102.48.6 of the certified zoning regulations and subject to income and cost/rent restrictions for the life of the development; and (2) the annual average number of permits issued from January 1, 2013 (the year after the adoption of the growth limit was certified by the Coastal Commission) through and including the year of building permit issuance, does not exceed 40 units/year.



COUNTY OF SAN MATEO - PLANNING AND BUILDING DEPARTMENT

ATTACHMENT B

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

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**RESOLUTION DIRECTING STAFF TO SUBMIT THE PROPOSED AMENDMENT TO
THE SAN MATEO COUNTY LOCAL COASTAL PROGRAM POLICY 1.23 FOR
COASTAL COMMISSION REVIEW AND CERTIFICATION**

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, in 1980, the San Mateo County Board of Supervisors (Board of Supervisors) approved and the California Coastal Commission certified the San Mateo County Local Coastal Program (LCP), establishing policies, consistent with the California Coastal Act, to guide development within the County's Coastal Zone while protecting Coastal resources and providing coastal access for all; and

WHEREAS, since its certification, the LCP has been amended various times, to improve its conformity with the California Coastal Act or respond to local circumstances; and

WHEREAS, the LCP includes Policy 1.23, which limits the annual issuance of residential building permits in the Midcoast area, initially to a maximum of 125 units per year, later amended to 40 units per year, in order to manage the pace of residential development and delay reaching maximum infrastructure capacity; and

WHEREAS, LCP Policy 1.23 also specifies that if the number of issued building permits for any given year has reached the 40-unit maximum, building permits for affordable housing, including second dwelling units, may still be issued under the following circumstances: (1) the units are "affordable" as defined by Section 6102.48.6 of the certified zoning regulations and subject to income and cost/rent restrictions for the life of the development; and (2) the growth rate average over the successive three-year period, that includes the year of building permit issuance and the following two years, does not exceed 40 units/year; and

WHEREAS, since the establishment of the 40-unit cap, the County has made substantial progress in addressing critical infrastructure constraints identified in LCP Policy 1.23 through implementation of the Connect-the-Coastside plan and related transportation improvements, including completion of the Half Moon Bay to El Granada eastside bike trail, joint development of the Getting-there-Together Travel Demand Management Plan, and ongoing planning for State Route 1 safety improvements; and

WHEREAS, the Sewer Authority Mid-Coastside has significantly improved the resilience and capacity of the Intertie Pipeline System and treatment facilities through pipeline rehabilitation and replacement, expanded wet weather storage, and demonstrated treatment capacity sufficient to serve future Midcoast needs, with additional improvements under evaluation; and

WHEREAS, the County’s newly adopted Stormwater Management Development Standards further reduce risks of stormwater runoff impacting water quality, and

WHEREAS, in 1980, the Board of Supervisors recognized an existing and anticipated shortage of affordable housing for the Mid-Coast area and designated a parcel (APN 037-022-070) in the Moss Beach community as an “affordable housing” site; and

WHEREAS, the Mid-Peninsula Housing Corporation, on July 17, 2018, submitted an application to construct 71 units of 100% affordable housing (the “Cypress Point” project) on the designated site, and

WHEREAS on March 24, 2024, the Board of Supervisors approved the proposed 71-unit Cypress Point affordable housing project, and building permits for construction of the units were subsequently issued on December 11, 2025; and

WHEREAS, with issuance of the building permits for the 71 affordable units , in combination with 31 units already issued in 2025, the County issued 102 permits in 2025, exceeding the 40 units/year cap by 62 units, which, based on the building permit limit imposed by LCP Policy 1.23, now allows the Planning and Building Department to issue only 18 new residential building permits until January 1, 2028; and

WHEREAS, the State of California has declared a “housing crisis” and passed various laws encouraging and requiring local jurisdictions to facilitate and expedite housing production of all types in all areas; and

WHEREAS the County continues to face severe shortages of housing of all types and for all residents throughout the County, including in the County’s Coastal Zone, and

WHEREAS, the Cypress Point project, while crucial to addressing the County’s affordable housing needs, does not exhaust that need; and

WHEREAS, the 40-unit limit on annual building permit issuance now poses a significant constraint on housing development in the Coastal Zone in the short- and intermediate term, preventing families and developers from creating and occupying any types of new housing for at least the next several years, at a time when housing production is critical to addressing the County’s housing need; and

WHEREAS the purpose of LCP Policy 1.23 is to mitigate the total impact of new housing production in the Midcoast on available infrastructure; and

WHEREAS, in most years since adoption of LCP Policy 1.23, the number of building permits issued in the Midcoast has been substantially lower than the 40-unit limit, and total Midcoast residential buildout, even including the 71-unit Cypress Point

project, remains far from the maximums established in the LCP, and far from reaching the maximum supported by infrastructure; and

WHEREAS, the County, in consultation with the California Coastal Commission, has determined that the urgency of housing development necessitates an amendment to the Midcoast LCP's method of establishing residential growth limits, to account for the low number of building permits issued in prior years, thereby continuing to achieve the overall goal of regulating housing production to meet infrastructure constraints while still allowing reasonable amounts of new housing production; and

WHEREAS, the LCP amendment is consistent with the LCP and the County's General Plan, and is consistent with the California Coastal Act, and, pursuant to Public Resources Section 30510(a), will be carried out in a manner fully consistent with the Coastal Act; and

WHEREAS, Section 21080.9 of the California Public Resources Code (California Environmental Quality Act (CEQA)), exempts a local government from the requirements of CEQA in connection with its activities and approvals necessary for the preparation and adoption of a Local Coastal Program. Certification of an LCP by the Coastal Commission is subject to CEQA, and the Commission's LCP review and approval program has been found by the Resources Agency to be the functional equivalent of the environmental review required by CEQA, pursuant to CEQA Section 21080.5.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board of Supervisors of the County of San Mateo, State of California amends the San Mateo County Local Coastal Program, Locating and Planning New Development Component, Policy 1.23 (d) to read as follows:

“If the number of issued building permits for any given year has reached the 40-unit maximum, building permits for affordable housing, including second dwelling units, may still be issued under the following circumstances: (1) the units are “affordable” as defined by Section 6102.48.6 of the certified zoning regulations and subject to income and cost/rent restrictions for the life of the development; and (2) the annual average number of permits issued from January 1, 2013 (the year after the adoption of the growth limit was certified by the Coastal Commission) through and including the year of building permit issuance, does not exceed 40 units/year.”

AND, BE IT FURTHER RESOLVED, that the San Mateo County Board of Supervisors directs staff to transmit the proposed amendments to the Coastal Commission for certification of conformity with the California Coastal Act.

AND, BE IT FURTHER RESOLVED, that this Local Coastal Program amendment shall be effective immediately upon final certification by the California Coastal Commission.

AND, BE IT FURTHER RESOLVED, that it is the intent of San Mateo County to carry of the certified Local Coastal Program as amended in a manner that fully conforms to Coastal Act requirements.

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