



Memo on Demand for Affordable Large Family Units

April 2025

Many large families in San Mateo County face housing challenges, including struggling to afford rent or living in overcrowded homes. Despite the need, affordable developers have difficulty renting some newly built “affordable” three- and four-bedroom apartments.

This memo explores this issue by comparing market rents to affordable rents and discussing insights from affordable housing developers and core service agencies across the county. Specifically, it:

- 1) Establishes the demand for larger affordable units
- 2) Examines why larger affordable units remain difficult to lease despite the need
- 3) Provides recommendations on how jurisdictions can better address the housing needs of large families

Key Findings

- Many large family households in San Mateo County are cost-burdened or live in overcrowded conditions.
- Families often “double” or “triple-up” (two to three households living together) in a smaller apartment to afford rent. Additionally, they often live in older apartments or less amenity-rich neighborhoods to save on rent.
- Although new three- and four-bedroom below-market-rate apartments are affordable compared to market-rate units on paper, they often rent for more than what lower-income households currently pay (see the point above).
- Marketing and outreach to large families is challenging. Families are busy, often not looking for apartments, and moving is difficult for families with children.

Recommendations

- Conduct and/or improve market studies
- Target lower AMIs in proposed construction
- Ensure language in deed restrictions requires developers to decrease rents if units are not filled quickly
- Work to reduce AMIs in existing construction
- Improve marketing of affordable units
- Amenity affordable housing to serve large family households in meaningful ways



A significant number of large family households in San Mateo County face housing challenges.

Lower-income, large families in San Mateo County face significant housing challenges. Approximately 56 percent of large family households (5+ persons per household) are lower-income¹. Additionally, many large family renter households are cost-burdened and experience overcrowding.

- **Nearly 70 percent of large family renter households are cost-burdened.**
- **31 percent of lower-income households are overcrowded.²**

New affordable, large apartments (priced at 80% of AMI) often rent for more than older market-rate apartments with the same number of bedrooms.

Below-market rents for three-bedroom units at 80% of AMI may be lower than the average rents of newer market-rate units, but they are often significantly higher than rents for older market-rate units. Rents at 50% of AMI are more competitive.

MEDIAN RENTS FOR THREE-BEDROOM APARTMENTS

Newly built	\$4,700
“Affordable” 80% AMI	\$4,000
Older (Built 1950-1974)	\$3,000-\$3,500
“Affordable” 50% AMI	\$2,500

Source: CoStar. Average Market Rents for Three-Bedroom Class B and C Properties by Year Built; Affordable Rents in San Mateo County - Maximum for Three-Bedroom LIHTC Projects

When comparing average market rents for three-bedroom units built before 1975 with maximum allowable rents for three-bedroom LIHTC projects in San Mateo County, 80% of AMI units are often priced above older, market-rate units.

¹ ABAG Housing Needs Data Workbook

² U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2017-2021 5-Year Average Data



Lower-income, large families squeeze into smaller, older apartments.

Lower-income, large families households often rent smaller, older market-rate units because they are more affordable than larger, below-market-rate units. Because of the significant cost difference, many large families choose to save money by living in smaller units or “double” or “triple-up” with other households in older, market-rate housing to save on rent. While this allows large families to spend more of their income on essentials such as food and other necessities, it results in families living in inadequate and overcrowded living conditions.

TYPICAL RENTS FOR TWO-BEDROOM APARTMENTS

“Affordable” 3 BR apartment (80% AMI)	\$4,000
Newer 2 BR apartment	\$3,300
Older 2 BR apartment	\$2,200-\$2,500

Source: CoStar. Average Market Rents for Two-Bedroom Class B and C Properties by Year Built; Affordable Rents in San Mateo County - Maximum for Three-Bedroom LIHTC Projects

When deciding whether to move, lower-income families typically compare the cost of new three-bedroom apartments to their current rent rather than other affordable three-bedroom options. Their current rent is often much lower – either because they share an older three-bedroom unit with another family or live in an overcrowded one- or two-bedroom apartment. Since moving to a new unit is significantly more expensive, many families choose or need to stay in their current housing to save money.

There is a marketing problem.

Marketing large family units is challenging for affordable developers, often requiring more robust and costly efforts beyond the capacity of their typical marketing teams. According to interviews with core service agencies, many lower-income, large-family households in the county are Hispanic/Latino or Pacific Islander. Hispanic/Latino households, in particular, are more likely to have large family sizes compared to other racial and ethnic groups in the United States³. In San Mateo County, 32 percent of Hispanic/Latino households are overcrowded⁴. With 36 percent of the county’s population born outside of the United States, and 45 percent speaking non-English language at home, effective outreach to large families also requires in-language and culturally accessible marketing materials⁵. Many large families do not know they are eligible to apply for affordable housing or have concerns about immigration status, which can discourage them from applying. These barriers are heightened in smaller coastal communities because families typically rely on informal networks, like friends and family, to find housing opportunities.

³ U.S. Census Bureau. “America’s Families and Living Arrangements: 2022.” *U.S. Census Bureau*, <https://www.census.gov/data/tables/2022/demo/families/cps-2022.html>.

⁴ ABAG Housing Needs Data Workbook

⁵ San Mateo County. “San Mateo County Demographics.” County of San Mateo, <https://www.smcgov.org/ceo/san-mateo-county-demographics-0>.



Recommendations

1) Conduct and/or improve market studies

Jurisdictions should ensure that developers produce high-quality market studies to help determine appropriate rent levels for large family units. This is an essential tool to ensure that the units will be rented and meet the needs of larger families. When reviewing market studies, it is important not to strictly compare three-bedroom affordable units to three-bedroom market-rate units. Many lower-income, large families live in two-bedroom apartments or share a unit with another family to save on rent, often paying less than the typical cost of a three-bedroom apartment. They are also more likely to live in older, lower-quality housing to save on rent. Therefore, a more appropriate comparison might be older (Class B or C) two-bedroom apartments rather than newer three-bedroom units.

Jurisdictions should carefully review market studies to ensure that large family units have been adequately studied. Since the demand is primarily for one- and two-bedroom apartments, the section on large units may get lost. Given that this has been a source of problems, it is important for jurisdictions to pay careful attention to how large family units are addressed. It is also safer to assume that there is not a significant demand for three-bedroom units at 80% AMI, and jurisdictions should not fund or encourage these units without evidence to the contrary. Demand remains strong for large units at lower AMIs.

2) Target lower AMIs in proposed construction

Jurisdictions should target rents for new three-bedroom or larger units at the 50-60% AMI level. Short evidence to the contrary, it is better to assume there is limited demand for 80% AMI units, and this should be removed as an option to focus on lower AMIs. Units targeting 80% AMI often fall too close to or above market rents, making them unaffordable to large families. By focusing on the 50-60% AMI range, jurisdictions can ensure larger units are accessible to the households they are intended to serve. Jurisdictions may also consider using alternative rent definitions, such as Health & Safety code rent definitions, to address this issue.

3) Ensure language in deed restrictions requires developers to decrease rents if units are not filled quickly

Jurisdictions should ensure that deed restrictions include language requiring developers to lease up units as quickly as possible. If a unit remains vacant for an extended period, developers should be required to lower the rent to prevent units from remaining vacant. By incorporating this language in deed restrictions, jurisdictions can help ensure larger units are leased faster and are affordable to large families.

4) Work to reduce the AMI in existing construction

Jurisdictions should focus on reducing rents for existing three-bedroom affordable units priced at 80% AMI. One potential strategy is to offer financial incentives – such as one-time payments or subsidies – to allow property owners to provide deeper affordability for existing 80% AMI units. This is especially relevant if a developer is seeking funding for a rehabilitation project. However,



jurisdictions should consider that developers may push back on lowering rents, particularly when factoring in health and safety code requirements for rehabilitation projects.

5) Improve marketing and outreach efforts

Robust marketing and outreach efforts are essential to connecting large families with affordable housing. Many large families have limited time to search or apply for housing, face language, and cultural barriers, and experience greater challenges managing the high costs and stress of moving. Targeted outreach to specific language groups within the County is critical to making housing opportunities accessible to more families. Improving marketing materials and using high-quality photos and video tours can also broaden reach. To ease the financial and logistical burden of moving, more creative approaches and move-in incentives can be particularly impactful, such as offering gift cards to cover moving expenses or discounts on the first few months of rent. However, some caution is needed to ensure families can continue to pay full rent once the discount expires. Finally, strengthening partnerships with service providers that work directly with families is crucial to ensure outreach efforts are effective and families get the support they need. The County can play an important role in conducting outreach, both in helping conduct and helping shape fair housing outreach plans that developers are required to produce.

6) Amenitize affordable housing to serve large family households in meaningful ways

Affordable housing should be designed to meet the unique needs of large-family households in meaningful ways. Jurisdictions should work with nonprofit developers during the planning process to support this as affordable project designs are proposed. While unit size is important, large families often value additional factors. Amenities like multiple bathrooms, full kitchens, and ample storage can offer greater benefits to families with children and multi-generational households in particular. Beyond unit size and features of the apartment, apartment complex-wide or community amenities should also support the needs of larger families, such as safe outdoor and recreational spaces and childcare facilities. Additionally, it is important to consider how access to school districts and better educational opportunities can be a major factor in families' housing choices. Recognizing, addressing, and marketing around these factors can make affordable housing more appealing and better aligned with the needs of large families.



Methods

This memo analyzes multiple data sources and interviews with key affordable housing developers and core service agencies in the County. The 21 Elements team reviewed data from HUD’s Comprehensive Housing Affordability Strategy (CHAS) and Housing Elements to understand the housing needs of large family households. CoStar data was used to compare market rents with affordable rents in San Mateo County.

To gain further insights into the current challenges in meeting the needs of larger families, interviews were conducted with affordable housing developers and property managers including BRIDGE, MidPen, and Mercy Housing, and staff of core service agencies in the County, including Coastside Hope and Samaritan House.

The team also reviewed data from the Doorway Affordable Housing portal on rents, vacancies, and the demographics of applicants for large family units. However, this data was not fine-tuned enough to draw any conclusions for this study.

Appendix

Figure 1. Number of Cost-Burdened Large Family Renters in San Mateo County by AMI

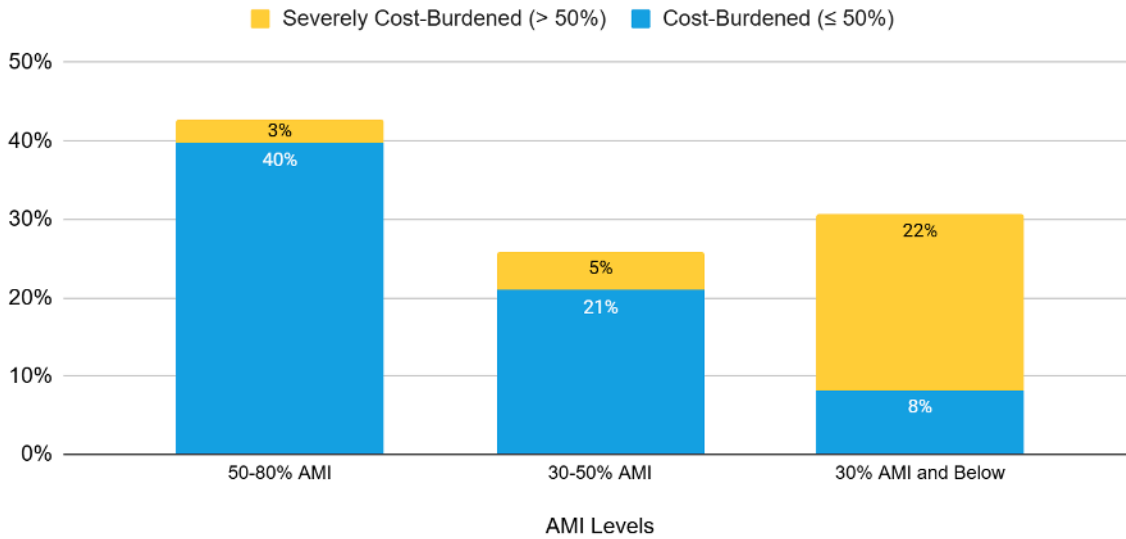
Large Family (5 + Persons) Renter Households By AMI	Cost Burden	Count
All 50-80% AMI	less than or equal to 30%	1550
All 50-80% AMI	greater than 30% but less than or equal to 50%	850
All 50-80% AMI	greater than 50%	180
All 30-50% AMI	less than or equal to 30%	455
All 30-50% AMI	greater than 30% but less than or equal to 50%	810
All 30-50% AMI	greater than 50%	300
All 30% and Below	less than or equal to 30%	110
All 30% and Below	greater than 30% but less than or equal to 50%	385
All 30% and Below	greater than 50%	1355

Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2017-2021 5-Year Average Data



Figure 2. Cost-Burdened Large Family Renters in San Mateo County

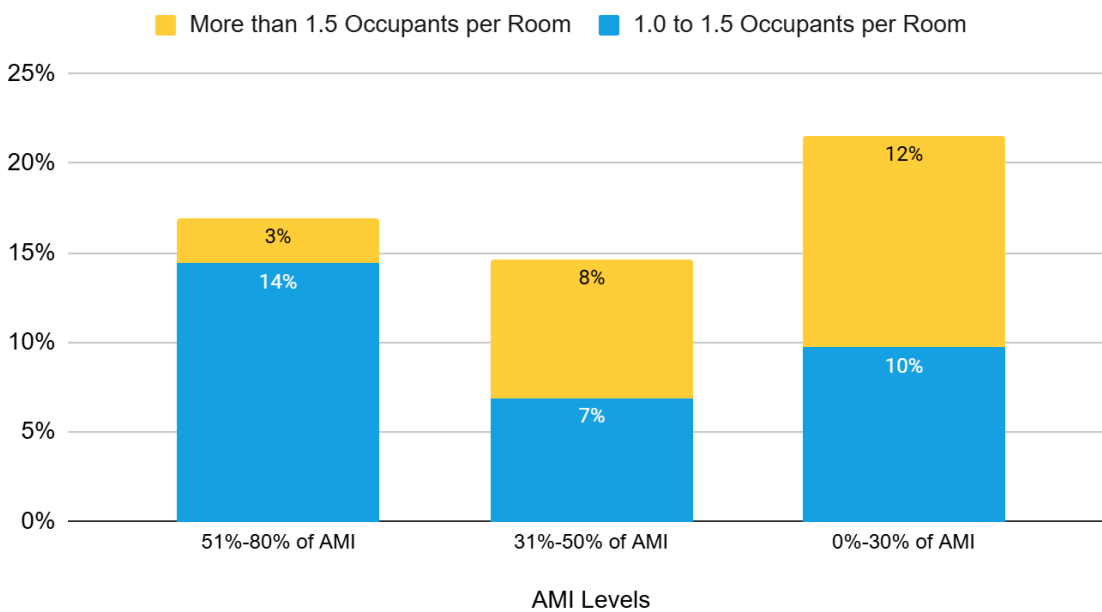
Cost-Burdened Large Family Renters in San Mateo County



Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2017-2021 5-Year Average Data

Figure 3. Overcrowding in San Mateo County by Income Level and Severity

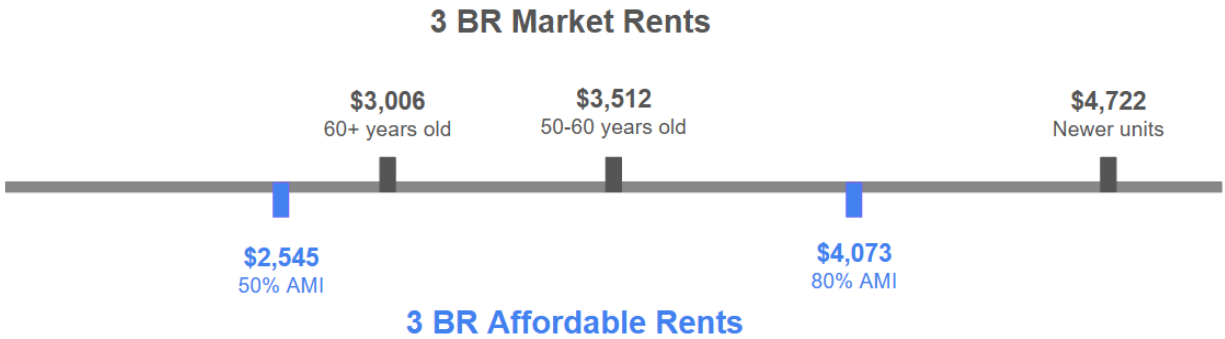
Overcrowding by Income Level and Severity



Source: ABAG Housing Needs Data Workbook

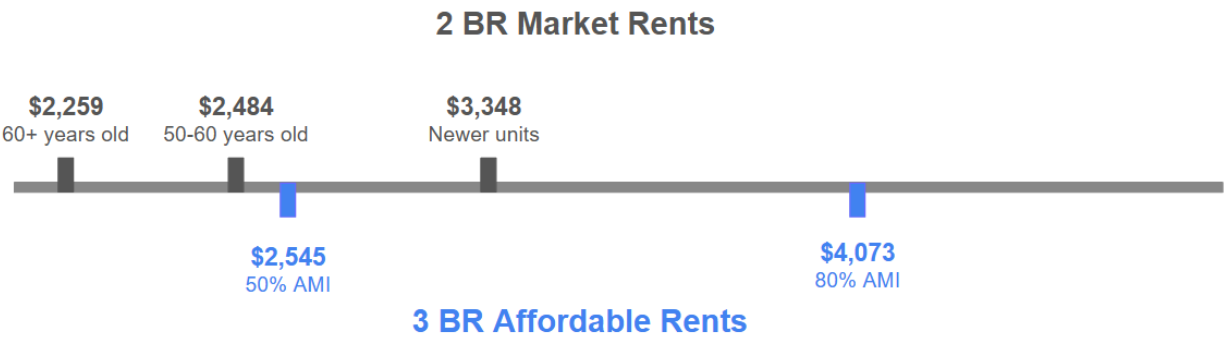


Figure 4. Average Market Rents for 3 Bedroom Units by Year Built vs. Maximum Rents for 3 Bedroom LIHTC Units



Source: CoStar. Average Market Rents for Three-Bedroom Class B and C Properties by Year Built; Affordable Rents in San Mateo County - Maximum for Three-Bedroom LIHTC Projects

Figure 5. Average Market Rents for 2 Bedroom Units by Year Built vs. Maximum Rents for 3 Bedroom LIHTC Units



Source: CoStar. Average Market Rents for Two-Bedroom Class B and C Properties by Year Built; Affordable Rents in San Mateo County - Maximum for Three-Bedroom LIHTC Projects