

July XX, 2019

State Capitol, Room _____
Sacramento, CA 95814-4900

The City of San Mateo acknowledges the housing crisis in California. In fact, as a City of approximately 105,000 in the Peninsula region of the Bay Area, with a thriving economy and significant job creation over the last several years, pressure on housing supply is greater than ever. With that said, the City of San Mateo has aggressively implemented real solutions (described below) to address this problem. As such, the City of San Mateo opposes AB 881, AB 68, AB 1279, AB 1487, and AB 1763, as well as any future legislation that adopts a one-size-fits all approach that disregards local conditions and usurps local land use decisions from our community.

Specifically, the City of San Mateo takes exception to these bills and any similar bills because:

1. **They are not data driven** – These bills are intended to address a statewide housing crisis as demonstrated by data that fails to account for the actual housing production in a particular community. For example, in the last five years, housing production, including units that have been built, are under construction, are entitled but not yet built, or are currently in the planning entitlement process, is projected to increase overall inventory in San Mateo by 11%, with more on the horizon. Further, in the last 30 years *all but one* multi-family housing development has been approved.
2. **San Mateo has been a leader in Transit-Oriented Development (TOD)** – The City of San Mateo was a leader in implementing a comprehensive Rail Corridor TOD. In 2005, it entitled the former racetrack (Bay Meadows) and today it is a world-class project that addresses many of the concerns about insufficient housing that the proposed bills are intended to address. The proposed bills contain provisions that are punitive and unreasonable, especially for a city like San Mateo that has been a leader in housing development.
3. **They disregard local land use constraints** - Land use has historically been locally controlled because of physical constraints. In San Mateo, land has varying physical and topographical constraints such as steep hillsides and the San Francisco Bay. In addition, the Peninsula, including San Mateo, has Open Space designations that constrain its ability to grow. We must maintain our ability to thoughtfully produce housing within the confines of our physical land constraints. The proposed bills would have the effect of increasing allowable densities irrespective of the physical characteristics of land.
4. **The bills could actually exacerbate the issue** - Land value in upzoned areas, especially single-family areas, will become more valuable because of its development potential for

multi-family housing. Often times, upzoning only increases speculation without increasing actual construction. Either way, it increases housing costs.

5. **The bills disregard the fiscal impact on cities** - San Mateo faces a number of significant financial issues, including an onerous and burdensome increase in pension costs and stagnant sales tax revenues, that put pressure on our ability to provide services. The proposed bills fail to account for how our City will be able to subsidize the additional infrastructure and services required by the additional housing it contemplates.

6. **San Mateo has prioritized affordable housing** – In addition to inclusionary housing requirements, San Mateo has dedicated three separate parcels that it owns to affordable housing. These developments have produced (or will produce) a total of 352 units along the transit corridor and increase affordable rental housing units in San Mateo by approximately 35%. Further, while AB 1487 would create a regional government agency to raise funds to support affordable housing, the City has already taken steps contemplated by the statute. The City has adopted and is collecting a commercial linkage fee, and the City has committed 20% of its former tax increment from its disbanded redevelopment agency to housing.

And finally, California has a legally-required process for a City to establish its common destiny, which is the City's General Plan. San Mateo is in the midst of a comprehensive update of its General Plan to set its vision for what it will be in 2040. To that end, we are having extensive community discussions about the future of the City, including identifying the location of underutilized zones for additional housing.

As demonstrated, the City of San Mateo has been part of the solution to the housing shortage in California and is committed to continuing to do its part to increase the supply of housing. It is imperative, however, that we are able to do that thoughtfully at the local level to ensure that it is done with the entire San Mateo community in mind. To that end, should the Assembly continue to move forward with housing-related bills that restrict local control and take a one-size-fits-all approach, we respectfully request that consideration be given to cities that are meeting housing goals and that a mechanism be developed to allow these cities to apply for an exemption from the provisions of the bill(s).

Respectfully,

Diane D. Papan, Mayor
City of San Mateo