

Balancing Transit Oriented Growth with Community Livability

*The case for renewing San Mateo's
height, density and affordable housing protections*



Prepared by San Mateans for Responsive Government
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San Mateo's Height, Density and Affordable Housing Protections

Balancing Transit Oriented Growth with Community Livability

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In the eight year period between 2010 and 2017, the Silicon Valley tech industry exploded, flooding San Mateo County with 80,000 new jobs¹. The torrent of job growth drove rents through the roof and home prices to astronomical levels. Left in its wake are displaced families, unrelenting traffic, and a housing affordability crisis of insurmountable magnitude.

The City of San Mateo's voter-adopted height, density, and affordable housing protections, known as Measure P, and codified in the general plan, did not create the housing affordability crisis, despite assertions to the contrary. Nor will the elimination of these protections solve it. The crisis is much larger than one community and rooted in the heart of an unregulated 'free market' system. Measure P is just one tool, used by one community, to help modulate and manage economic growth. For twenty-five years Measure P has helped San Mateo grow at a sustainable pace. Measure P has stood the test of time.

Created in 1991, Measure H was San Mateo's original voter adopted height, density and affordable housing initiative. It was crafted by local grassroots environmentalists, open space activists, affordable housing advocates, historic preservationists, sustainable growth enthusiasts and small business owners. It was designed as a responsible alternative to the threat of unrestrained development running roughshod over the community.

Measure H established land use guidelines that promoted intensification of development near transit, yet discouraged wholesale redevelopment of irreplaceable architectural and cultural resources. It mandated a minimum of 10% affordable below market rate (BMR) housing in every new development of more than 10 residential units, while giving the city council the flexibility to increase that percentage at any time. Beyond that, it allowed substantial office, commercial and residential development into the 21st century while maintaining the community character and quality of life that continues to draw people to this wonderful city. In 2004, as it was due to expire, Measure H was renewed by voters as Measure P. It has proven to be far sighted, environmentally responsible and beneficial for the City of San Mateo.

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¹ Industry Employment Data, Annual Averages for San Mateo County, Civilian Employment. 2010-2017. State of California Economic Development Department.

WHAT IT DOES

Measure P and its renewal do three things:

First, it addresses the critical importance of providing housing that is affordable to a diverse range of incomes. A bold and almost unprecedented move in 1991, Measure H established one of the few affordable inclusionary housing programs in the Bay Area. Since that time, it has resulted in more than half of the Below Market Rate housing produced in the city of San Mateo².

Second, Measure P includes height protections in the 2030 General Plan that enable significant increases in office and residential development, especially near transit, but still retain the walkable, pedestrian friendly scale of our community. Areas surrounding San Mateo's three train stations are designated "high density" in the current general plan to support transit-oriented development (TOD). These areas allow building heights up to 55' and densities of 68 units per acre (including the state density bonus). Millions of square feet of office space and thousands of housing units have been built within the smarter growth envelope of these measures.

Third, with the understanding that the historic center of downtown is a valuable community resource worth preserving for future generations, it ensures the protection of certain historic structures. Downtown height allowances also provide a disincentive to replacing our designated historic district with high-rise towers.

The Measure P renewal initiative is consistent with current state housing laws, including AB 1505, allowing off-site building, or other alternative means of providing affordable housing. In order to coincide with our current general plan's expiration date of 2030, a 10-year extension period was selected. Once a revised general plan is finalized, even if well before 2030, it can be presented to the voters for approval. Nothing is locked in that can't be changed by a vote of the people at any time.



**Richly patterned terra cotta facade,
art deco Merkel Building, 1931.**

² According to the city of San Mateo, between 1991 and 2017 there were 5,298 total housing units built in San Mateo or in the development pipeline. Of those, 864 units were affordable (below market rate), and more than half were the direct result of Measures H and P.

AFFORDABLE HOUSING

Renewing Measure P confirms the city's commitment to much needed affordable housing. In 1991, and again in 2004, voters found that Measure P “encouraged the production of San Mateo’s fair share of affordable housing,” and that “it was necessary to increase the City’s commitment to the production of affordable housing.” The renewal initiative complies with recently enacted state housing laws and gives the city council the flexibility to increase the inclusionary housing percentage at any time. The following are a few excerpts from the Measure P language in San Mateo’s 2030 General Plan that support affordable housing.

- “Maintain an inclusionary housing ordinance.”
- “At a minimum, all projects which include more than 10 residential units, including mixed-use projects, shall be required to include 10% of the residential units for exclusive use as affordable housing units.”
- “Develop...a commercial/housing linkage program.”
- "San Mateo’s multi-family zoning districts allow relatively high densities in an effort to encourage the production of housing.”
- “Encourage the construction of affordable housing in the redevelopment of commercial areas.”

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The state density bonus, designed as an incentive to increase affordable housing production, ironically has the opposite effect in San Mateo and other cities with inclusionary housing mandates like Measure P. Under the state density bonus law, as long as development projects meet the minimum 10% BMR threshold set by Measure P, they can build up to 35% more market rate or luxury units without having to provide any additional affordable units. The result is a reduction in the percentage of affordable units from 10% to 7.5% of the total. The unintended consequence is a widening of the affordability gap.



HIGH DENSITY TOD PROJECTS

The following examples of high density TOD projects illustrate that Measure P is compatible with smart growth and TOD planning principles. Both phases of Bay Meadows, the largest and perhaps most notable higher density, transit oriented mixed-use development in San Mateo County, were built within the parameters of Measure P. Others, such as those listed below, are just a few recent examples of higher density, transit oriented infill development projects.

All are within the envelope of Measure P and all concentrate new homes, jobs, and services near transit. These projects are walkable, bike-able, and transit-accessible, reducing greenhouse gas emissions and providing a variety of housing types, sizes, and affordability. Renewal of Measure P enables and encourages the kind of development that is both good for the community and good for the environment.

UNDER CONSTRUCTION

Station Park Green



Adjacent to the Hayward Park Caltrain station, this project contains 599 housing units (60 BMR), 11,000 square feet office space, and 26,000 square feet retail, services and a 1.1 acre park.

In a letter to the City of San Mateo on 2/6/15, Gita Dev, architect and co-chair of the Sustainable Land Use committee of the Sierra Club Loma Prieta chapter said, “We particularly applaud the city because this transit-oriented housing

development addresses the Peninsula’s existing jobs-housing imbalance. Station Park Green can help provide the density at Hayward Park station required for transportation improvements.”

APPROVED APPLICATION

2775 S. Delaware Street (BRIDGE Housing)



Less than a half mile from the Hillsdale Caltrain station, this project at Bay Meadows includes 68 units of below market rate rental housing with a mix of studios, 1, 2 and 3BR units. Bay Meadows Phase II was required by Measure P to provide a minimum of 10 percent BMR units within the project site (approx. 108 total units), and these additional 68 units will increase

the overall number of BMR units at the Bay Meadows Phase II to 176 units, or 15.3% of the total units.

UNDER REVIEW

The Essex at Central Park



Within a half mile of Caltrain in downtown San Mateo and adjacent to Central Park, this five story rental development proposes 80 new one to three bedroom units over 7,000 sf of retail. Six are BMR for very-low income households.

303 Baldwin



Across the street from the San Mateo Caltrain station and adjacent to the downtown National Register Eligible Historic District, this 131,636 square-foot four and five story mixed-use building proposes office, ground floor retail and 64 residential units. Parking is provided underground.

PRE-APPLICATION

Concar Passage



A proposed mixed-used project of 935 residential units (72 BMR), 35,000 square feet of retail, and 191,850 square feet of common open space within a half mile of a Caltrain station. A mobility hub in the center of the development is intended to facilitate non-auto dependent living for residents and surrounding neighborhoods.

It should be noted that Concar Passage is drawing community attention because it is the last and largest of three major projects concentrated at the same intersection. This project along with Station Park Green and the Hines office development, both nearing completion, will have significant cumulative traffic impacts.

DISPELLING THE MYTHS

MYTH 1 – NOT HIGH ENOUGH



Some say the only way to meet our housing needs is to go up - way up. The implication being that enough housing can't be built unless height limits are abolished. Actually, the five aforementioned projects with 1,746 housing units clearly demonstrate high density TOD development can produce a substantial amount of housing in a five story world.

One of the distinguishing design characteristics of a built-environment is the heights of buildings. The existing height allowance of 55' was chosen to enable substantial growth while being compatible with the majority of the one-two story buildings throughout the community. It also favors less costly, wood-frame construction instead of the more costly, steel-frame construction needed for tall buildings.

Five-story building heights emulate the livable, pedestrian scale of many of the most loved and visited American and European cities. These heights promote human-scaled urban design based on the principles of how cities and towns have been built for the last several centuries. These principles are increasingly in favor today under the headings of Smart Growth and the New Urbanism.

Bay Area residents who prefer to live in high-rise buildings can live in one of the region's three major urban centers - San Francisco, Oakland, or San Jose.

What then, is an appropriate height for a small city like San Mateo? For many residents, the answer is unequivocal: 'high density, five story growth is high enough.' Height limit opponents don't seem to know what height is right, only that whatever height is allowed is not high enough. And for those who know there's money to be made and profit to be had if height limits are abolished, the answer just might be 'the sky's the limit.'

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MYTH 2 – BUILD TALL AND PRICES WILL FALL



One reason we have a housing affordability crisis is that housing prices are set at what the market will bear, not what people can afford. The “market” does not produce affordable housing on its own. Building housing that is affordable for families earning less than \$120,000 per year is complicated and costly. Increasing the supply of market rate/luxury housing in the hope that affordability will somehow “trickle down” to those of modest means has been proven a mistaken notion and false promise.

Between 2010 and 2015, within San Mateo County there were 19 new jobs added for every one housing unit³, tilting the jobs/housing ratio way out of balance. Yes, we need more housing. However, doubling, tripling, or even building 10 times more housing units over the same period still would not be enough to keep pace with such runaway job growth.

Put simply, without managing job demand along with housing supply, there is no realistic way for housing to catch up or prices to come down, no matter how high we build. Hong Kong and New York City construct skyscraper after skyscraper yet have some of the most expensive housing costs in the world.

As long as we allow unsustainable job growth, the upward pressure of “what the market will bear” will continue to push prices higher, and housing affordability will continue to worsen. And as prices rise, increasing building heights without corresponding increases in affordability requirements serves only to widen the affordability gap.

There is scant chance that housing prices will come down to an affordable level, or housing supply catch up to the demand, unless we begin to manage job growth and office construction. Only then will we have a chance to return to a reasonable jobs/housing balance, and perhaps even stabilize housing prices.

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³California Economic Development Department (EDD). U.S. Census, American Community Survey 2010-2015. 72,800 new jobs, 3,844 new homes built, a 19:1 ratio.

MYTH 3 - MORE BUILDING = LESS TRAFFIC

Time spent in weekday traffic has skyrocketed by 80% between 2010 and 2016 according to the Metropolitan Traffic Commission⁴. Dramatic increases in traffic, it turns out, parallel steep rises in job growth. Caltrain, the transit option that is supposed to take cars off the road, is routinely 139% of capacity during weekday commutes⁵. The long-awaited electrification will apparently add only one extra train during each peak hour. A drop in the proverbial bucket.



Perhaps more than any other single issue, traffic has infuriated just about everyone. Traffic gridlock has become unbearable.

Commute times have lengthened dramatically and tempers are growing short. Despite the rhetoric that assures us that TOD will induce people to forsake their cars and turn instead to trains and bicycles, traffic congestion continues to worsen.

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The fact is - and everyone knows this - the more we build, the worse traffic gets. The MTC's John Goodwin, as told to ABC 7 news, said that the traffic "is absolutely directly related to the economy and to the jobs/housing imbalance."⁶

The *only* solution put forth, however, is to increase housing supply. The reality is that the demand side of the equation got us into this untenable situation and it is the demand side that must be part of any reasonable solution.

We can't possibly become the sustainable communities we desire to be if we simultaneously promote unsustainable growth. Excessive growth, like any over indulgence, has left us with a painful hangover: housing prices we can no longer afford, traffic we can no longer bear, families uprooted from their homes, and widening economic inequality. The cure for our excess, we're repeatedly told, is just add more: more jobs, more housing, more height. Like a drunk on a bender, we can't seem to stop. At some point, infinite growth stops working on a finite planet with limited resources. Does more equal less? It's a question worth considering.

⁴ NBC Bay Area News, September 19, 2017.

⁵ Caltrain 2017 Annual Passenger Count Key Findings.

⁶ ABC 7 News, September 19, 2017.

MYTH 4 – INTERFERES WITH THE GENERAL PLAN UPDATE

If residents believe that Measure P will expire before the end of the general plan revision, they know there is little hope of a fair and equitable process. Property owners, real estate interests, building trade unions, and the tech industry, all of which have a disproportionate share of money, power and influence, will do whatever they can to tilt the playing field in their favor. If this happens, San Mateo just might end up with the best general plan ‘money can buy.’

This is not speculation; indeed, it is already happening. At the June 18th San Mateo City Council meeting - after midnight and with most of the public gone home - three city council members made a blatant attempt to “carve out” exemptions to the height limits for influential special interests to build high rise buildings on their own properties. These carve-outs would be added to a competing ballot measure the city council was considering in an effort to confuse voters.

Just a few days later, a deceptive and biased internet survey was circulated with the intent to sway, not gauge, public opinion. Filled with misleading questions, misinformation and outright lies, the survey was little more than a thinly veiled attempt to undermine both the renewal of Measure P and the legitimacy of the general plan update itself. Sadly, these questionable political maneuvers are available to those with money and used to skew the political process to their own benefit.

On the other hand, continuing San Mateo’s height, density & affordable housing protections will provide stability, predictability and reliability for the general public and development community while land use changes are debated. Past experience tells us this will take years. Moreover, it will maintain existing baseline development standards with which new ideas and proposals can be compared. And it will put working families and concerned residents on a more equal footing with high paid development representatives.

The general plan update is an important opportunity for the entire community to fully and openly discuss the inter-related issues of housing, heights, transit and infrastructure that impact all of us. And that will happen with more cooperation and less divisiveness if citizen-voted safeguards are in place.

Letting Measure P expire in the midst of the general plan revision changes the rules of the game. Like moving the goal posts, changing the rules can unfairly change the outcome. Backing this extension keeps current rules in place as a safety net for the general public. It is a way to level the playing field while the entire community considers what it wants to be.



TEN GOOD REASONS TO RENEW MEASURE P

San Mateo has grown substantially under the protections of Measure P and captured much new development fueled by the tech boom, including new office and residential neighborhoods at Bay Meadows and Station Park Green. But even this growth strained the community's ability to absorb it incrementally and without destroying why people live here in the first place. Unlike the move fast and break things model prevalent in the tech industry, successful cities have a long-term perspective that maintains their community's values. Renewal of Measure P:

1. Advances sound land-use planning policies and principles
2. Embraces sustainable smart growth development principles
3. Concentrates higher heights and densities near transit centers
4. Helps preserve open space and reduce sprawl
5. Ensures mandate for a *minimum* 10% inclusionary affordable housing
6. Complies with current state housing laws, including AB 1505
7. Enables significant increases in market rate housing
8. Allows for continued office, commercial and economic growth
9. Reduces threats to irreplaceable architectural and cultural resources
10. Supports the General Plan, Downtown Specific Plan, Sustainable Streets Plan, Rail Corridor TOD Plan, Bicycle Master Plan



Hines office complex (left) and Station Park Green (right) at Concar and Delaware, San Mateo.

CONCLUSION

There are many reasons for the Bay Area's sky high housing costs, but Measure P is not one of them. Abolishing building height and affordable housing protections that have served San Mateo well for more than a quarter of a century will do nothing to stem the tide of rising rents, displaced residents or excessively long commutes. Rather, the effort to eliminate these protections is divisive and destructive.

Lately, there has been a growing recognition that residents who live here should have a say in their future, not just real estate interests and global tech corporations. When external forces cause a city's growth to become so out of balance that the community can no longer absorb it, and representative democracy fails its citizens, California voters are lucky to have an initiative process to give power back to the people.

San Mateans understand their true power lies in the vote. Only through the ballot can we counter the vast sums of money that distort our government at every level. Local volunteers recently collected over 7,000 signatures to place the renewal of Measure P on the November 2018 ballot so residents directly affected by these land use decisions could express their point of view. Yet, from the very beginning, private interests have made a concerted effort to suppress that right and prevent the issue from ever reaching the voting public. Residents and voters are increasingly standing up and fighting back against those who view our community as nothing more than an economic opportunity - a resource to be exploited.

For generations, San Mateo has grown responsibly and changed with the times. It is a desirable small city with a diversity of residents and a wide range of housing choices. San Mateans have invested in building a better tomorrow by protecting the best of yesterday and integrating it with what works for the community today. It is what old timers and new faces alike find attractive about San Mateo. Renewal of Measure P continues this tradition.

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Rose Garden, Central Park, San Mateo.