

August 12, 2019

Mayor Diane Papan  
and City Councilmembers  
City of San Mateo  
330 West 20th Avenue  
San Mateo, CA 94403

Re: Request for Focused General Plan Analysis of Hillsdale Shopping Center

Dear Mayor Papan and Councilmembers:

As expressed in our October 2018 letter to the General Plan Subcommittee, which is attached here again for reference, we are deeply committed to the City of San Mateo and to actively participating in the pending General Plan Update process. While this letter will not repeat the content of our prior letter, we wanted to provide you with some thoughts in advance of the upcoming City Council meeting on August 19<sup>th</sup> when you will consider the study area map as well as next steps in the process.

Since the 1950s, the Hillsdale Shopping Center has been a world-class destination and integral to the fabric of San Mateo. For multiple generations, my family has continually invested in the shopping center and the surrounding community to respond to changing preferences and maintain a relevant, vibrant destination that the entire region can be proud of. The wisdom gained through that experience is why we are carefully considering how best to respond to a new era in which retail is at risk, purchases are increasingly made online, the City is in dire need of new housing, and communities prefer multi-purpose destinations with entertainment and open space in addition to retail and restaurant options.

To put retail in perspective, over the last ten years, national department store sales have dropped from \$85 billion in sales in 2007 to just \$18 billion in sales in 2017. Our concern about the future of the shopping center and its relationship to the City should not therefore come as a surprise.

In order to develop a vision for Hillsdale that is sustainable, economically viable, and vibrant, we need the City's help. As the General Plan process moves forward, we would very much like to engage more directly with City staff to share information and have a dialogue about what the future of Hillsdale could entail. Having been through other General Plan processes in the recent past, we experienced a dynamic that involved much more direct engagement with the major land owners where change was expected to occur. In those experiences, there was recognition of the fact that we are all in this together – the public sector, private developers, and the community – and that a successful outcome requires collaboration and partnership.

We hope the City shares that sentiment, and is proactive about broadening and deepening its outreach efforts so that the process is as informed and inclusive as possible.

With respect to the study areas, Hillsdale and the opportunity sites across El Camino Real adjacent to the new Caltrain station are located in the proposed Study Area 3, which appears to include two transit stations and be based on the boundaries of the City's 2005 Rail Corridor Transit-Oriented Development Plan. It therefore includes not only the Hillsdale Shopping Center and adjacent opportunity sites, but also several other corridors and potential redevelopment areas, each of which presents very different constraints, challenges and opportunities.

Given its unique proximity to San Mateo's busiest Caltrain station and the characteristics that make Hillsdale distinct from essentially every other part of San Mateo, we previously requested that staff create a study area for the Hillsdale station area that would be bordered by 28<sup>th</sup> Avenue on the north, 36<sup>th</sup> Avenue on the south, the Hillsdale Caltrain Station on the east, and Edison Street on the West. We would like to reiterate that request to you directly before you consider the proposed study area map.

Hillsdale by itself is a 50-acre site with enormous potential to accommodate a significant mix of new housing, cultural and entertainment facilities, a hotel, creative work spaces, and amenities as part of a master planned development that probably could not be built anywhere else in San Mateo. Evaluating a Hillsdale-focused sub-area distinct from the other neighborhoods in Study Area 3, such as the Hayward Park Station area or the 25<sup>th</sup> Avenue commercial area, will allow the community, City staff, and Placeworks to consider the unique characteristics of the area, such as the Hillsdale Caltrain Station's status as a regional transit hub and the shopping center's relationship to El Camino Real. A focused analysis of the shopping center and property in its immediate vicinity will facilitate tailored recommendations that can be incorporated into the upcoming alternatives analysis. Our concern is that that these kinds of in-depth conversations that need to occur may get buried if the area in close proximity to the Hillsdale Station is analyzed along with the other very different neighborhoods currently included in Study Area 3.

We understand that the public has already expressed a desire for infill housing near the Hillsdale Station and for the shopping center to be evaluated as a development opportunity site. We also understand that Placeworks and your staff are amenable to property owner requests for study of their sites. Therefore, we respectfully request that: (1) Hillsdale Shopping Center be studied as a prime opportunity site; (2) that the area in close proximity to the Hillsdale Station be analyzed separately from the other neighborhoods currently included in Study Area 3 to facilitate a focused analysis of the shopping center and adjacent properties and tailored

alternatives, recommendations, and policies; and (3) that as the City moves forward with the development of alternatives for future evaluation, that you encourage City staff to engage more directly with property owners and developers as part of the process.

We are of course sensitive to the fact that that there are those in San Mateo who experience significant anxiety at the thought of change. But now, more than perhaps ever, there is a real need for trust, collaboration, and leadership as the City addresses its real needs and how to plan for a more sustainable and healthy future.

Moving forward to the alternatives process, it will be especially important to be bold and creative in evaluating what types of land uses – and yes, building densities and heights – will be necessary to deliver on the benefits that the community deserves. Not everyone will be happy, but at a minimum we need to have a robust conversation as a community about what the tradeoffs are, what is economically viable, and where we are headed as a community. Hard decisions will ultimately need to be made about what is in our collective interest, but for now I would encourage you to direct staff to put all options on the table so that the upcoming dialogues can be as informed and productive as possible.

Our final thought is that the process should not be rushed, and we agree with some of the sentiments expressed by the Planning Commission that it may make sense to give the study area process some breathing room. A more focused conversation that helps provide a connection between the vision for the General Plan, including specific criteria, targets, goals, and benchmarks, and the study areas identified in the Planning Commission staff report, would help promote a more informed and deliberative process. While the process should also be iterative and evolve over time, it is important to get things right at the outset and make sure that all of your and the Planning Commission's questions are thoroughly answered before moving to the next step.

Again, we appreciate your time and consideration, and look forward to the discussion on August 19<sup>th</sup>.

Sincerely,



David D. Bohannon





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October 10, 2018

Members of the General Plan Subcommittee  
c/o Julia Klein, Senior Planner, City of San Mateo

**Re:    Striving for a Livable and Sustainable San Mateo**

Dear Members of the General Plan Subcommittee:

On behalf of the Bohannon Development Company, I would like to thank all of you for your history of public service and, particularly, for your willingness to serve on this important Subcommittee. As briefly described below, my family has deep roots in San Mateo, and we have significant financial and emotional investments in the City's future, so the City holds a special place in our hearts. And as the City commences the process to update its General Plan amidst upheaval in the housing market, retail, and transportation sectors, our commitment to our community compels us to participate more than we have in the past.

As you know, the Bay Area is facing many socio-economic challenges as economic growth continues to far outpace the ability to build, improve, and redevelop the infrastructure to accommodate more people and redress decades of poor regional transportation planning. Unfortunately, this is nothing new for jurisdictions throughout California, which have historically struggled to keep up with population increases. Yet, despite the current housing affordability crisis and our crumbling infrastructure, we are optimistic about the future because of the growing consensus that the status quo is unacceptable. And, we're particularly excited about San Mateo's future as the General Plan Update process commences – which couldn't be more timely.

The purpose of this letter is to briefly introduce ourselves, explain our questions and concerns as the General Plan Update proceeds to the substantive portions of the process, and to outline our intentions as we engage with the community. We believe that we can be a valuable resource and provide an important perspective as the plan is formulated.

#### **I.        Why We're Here**

The Bohannon Development Company's interest in San Mateo's current and future well-being is multi-faceted. While we have developed property all over the Bay Area dating back to the 1930s, San Mateo is particularly important to us. My family built the Hillsdale community starting with a grocery store at the corner of Hillsdale Blvd. and El Camino Real in the 1940s, which we later expanded into a regional shopping center and adjacent residential neighborhood. We are proud that the shopping center continues to be a popular destination and significant financial contributor in and to the community. Still, the shopping center has been forced to evolve considerably over the last 60 years in response to cultural and economic trends.

Longtime San Mateans are probably more familiar with the Bohannon name. For newer residents, we are more likely to be associated with the Hillsdale Shopping Center, which is undergoing another substantial improvement (renovation of the north block) to attract new tenants in response to changing lifestyles, shopping habits, and tastes. Although we try to maintain a low profile, we believe you'll find that residents of all ages appreciate our commitment to be thoughtful stewards of our properties, as well as our genuine concern for the City's well-being evidenced through our support of local schools and charities.

We see that San Mateo is at a crossroads. The lack of affordable housing and efficient transportation options in the region are well-documented. Less documented, but of equal concern, should be changes to the retail environment, which chip away at the viability of brick and mortar establishments. What is less well understood is how these issues are related.

From our perspective, there is no question that the Hillsdale Shopping Center will need to continue to evolve, as will the environment in which we operate. This is especially true given changes in the way we live and work, the influence of the internet and online shopping, and changing demographics and economic conditions. How we shop, where we choose to live and work, and how we move around are all in dynamic transformation, as the region continues to grow and add jobs. Thus, in order to remain economically viable and vibrant destinations, retail environments, including Hillsdale, will need to incorporate housing, entertainment options, and office space so that people can live, work, and play in the same area.

## **II. Initial Questions for Consideration**

The Subcommittee has an incredible opportunity to address the City's housing and transportation challenges, and to serve as a leading example of how cities can achieve a more sustainable, livable future. I hope we can all agree how important this process is. Maintaining the status quo is not a viable or sustainable response to the problems facing our community. If we do nothing while other cities invest and accommodate growth, we will continue to deal with higher housing costs and increased congestion, while reaping none of the benefits afforded to those other cities. Our local businesses will continue to struggle, leading to the slow erosion of San Mateo's character, and the undermining of the City's fiscal platform. These risks are real, and they are imminent. But we are optimistic that the Subcommittee will be successful in addressing them in a meaningful way.

This process won't be easy. One city cannot solve all of the region's problems. But we know there are local solutions that can work – if there's the will to see that those solutions are adopted. Among the solutions that we will advocate for are additional height and density along El Camino Real in proximity to the train stations as well as in the downtown area, at levels that will support retail and serve the needs of those who are struggling to find affordable places to live, while fully preserving our residential neighborhoods.

We understand just how difficult the Subcommittee's job is and how your leadership will dictate whether the process produces the outcome the City needs and expects. This means that for the process to be productive, all of us will need to keep an open mind and not lose sight of the big

picture, and the committee will need to incorporate stakeholder and expert input, ask difficult questions, and think outside of the box. Accordingly, some of the key questions we believe that you should consider as part of this process are:

- How do we plan for a sustainable future with a larger population that will continue to experience changes due to technological innovations?
- How can San Mateo promote equitable, affordable housing that is inclusive and diverse, so that current residents and their children, as well as local workers at all income levels, and future residents have housing options that meet the changing tastes of younger generations?
- How can we create a vibrant, healthy, livable, pedestrian-friendly downtown, as well as vibrant, livable areas adjacent to transit that will help support and sustain our retail environment?
- How can we promote growth while keeping new traffic impacts to a minimum?
- How can we ensure that the ultimate plan is economically feasible so that it can be realized?

These questions are not exhaustive and are merely meant to help aid your thoughts as you prepare the plan's vision. Your thoughtful consideration of these questions, however, will likely affect the direction of that vision and, ultimately, whether this process is successful.

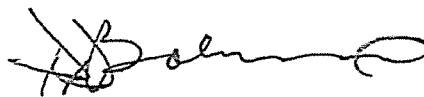
### III. Team Introduction

To help supplement the City's efforts, we have hired a planning expert, Matt Taecker, who has substantial expertise in transit-oriented development throughout the Bay Area. We intend to combine Matt's knowledge with our own expertise in development to provide meaningful input throughout the process, and we encourage you to be open-minded about our ideas as you tackle the difficult issues and questions outlined above. Matt will touch on some of our initial thoughts in his separate comment letter.

Please know that we are here to help facilitate the process, including the necessary conversations to ensure the process is productive. So please do not hesitate to reach out to any of us if you have any questions or could use another perspective.

Thank you for your time. We look forward to engaging with you throughout this collaborative process.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Bohannon", with a stylized flourish at the end.

David D. Bohannon