



# City of Millbrae

621 Magnolia Avenue, Millbrae, CA 94030

ANN SCHNEIDER  
Mayor

MAURICE GOODMAN  
Vice Mayor

ANDERS FUNG  
Councilmember

ANGELINA CAHALAN  
Councilmember

GINA PAPAN  
Councilmember

September 6, 2023

San Mateo County Board of Supervisors  
c/o Dave Pine, President  
400 County Center  
Redwood City, CA 94063

## Re: County’s purchase of La Quinta Inn & Suites for HomeKey Project

Supervisor Pine and Members of the San Mateo County Board of Supervisors,

The City of Millbrae is disappointed in how San Mateo County has handled the proposed project to purchase and convert the La Quinta Inn & Suites into supportive housing. The City found out about the project at the same time as our residents first learned about it. We believe that a supportive housing project that serves the County’s stated purpose could be successful in the City of Millbrae without undermining the City’s vibrant and vital commercial and revenue-generating uses.

We understand the concerns of the County regarding the ongoing homelessness problem. The City of Millbrae has spent over \$500,000 to address homelessness issues within the City and continues to support affordable housing projects, such as The Rollins, a recently completed Millbrae housing project supported by \$2.88 million of City funds for 80 low-income housing units which are all now leased (40% to veterans). The City is committed to doing its fair share to address homelessness issues and expects the County and each city within the County to do the same. To achieve the goal of functional zero homelessness effectively, it is imperative that each City provide their fair share of supportive housing. Projects the County undertakes must be right sized to reflect each municipalities population rather than overburden one City over another and place the solution on only a few.

We urge the County to meet with our staff and the Council to further discuss ways that both parties can work together proactively. The City of Millbrae is one of the smallest in the County (both in terms of population and in terms of buildable land) and relies heavily on its commercial and transient occupancy tax (TOT) generating land uses. The County’s proposed project would reduce the City’s annual revenue by nearly \$600,000. Moreover, the County has not attempted to address

City Council/City Manager/City Clerk  
(650) 259-2334

Building Division/Permits  
(650) 259-2330

Community Development  
(650) 259-2341

Finance  
(650) 259-2350

Fire  
(650) 558-7600

Police  
(650) 259-2300

Public Works/Engineering  
(650) 259-2339

Recreation  
(650) 259-2360

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the City's concerns about increased annual expenditures related to City police, fire, and other services totaling approximately \$172,000 annually. Nor has the County quantified or addressed the existing jobs that will be eliminated by the proposal, or provided the City with assurances that the County will be able to maintain and repair the project. The City of Millbrae will have an annual deficit of \$772,000 if this project is implemented. The County has failed to address how it will assist the City in recouping the revenue necessary to provide its essential services. Projects pursued by the County must not result in or incentivize the closure of viable businesses and the loss of local jobs. We urge the Board of Supervisors to adopt and implement such a policy before pursuing the purchase of properties such as the La Quinta Inn & Suites here in the City of Millbrae. In short, none of the City's concerns have been addressed, nor has the County attempted to engage the City in meaningful discussion of these important issues.

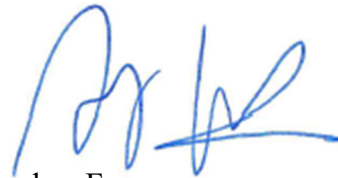
Finally, the County has failed to comply with the requirements of Government Code 65402, which requires the County to request a General Plan and Zoning conformity determination from the City upon describing the location, purpose, and extent of a proposed property acquisition.

The City Council and our community look forward to a response from the Board.

Sincerely,



Ann Schneider,  
Mayor



Anders Fung,  
Councilmember



Gina Papan,  
Councilmember

Attachment:

City of Millbrae Fact Sheet on the San Mateo County Purchase of the La Quinta Inn & Suites (1390 El Camino Real) for Transitional Supportive Housing

## City of Millbrae

### Fact Sheet on the San Mateo County Purchase of the La Quinta Inn & Suites (1390 El Camino Real) for Transitional Supportive Housing

**Fact – No prior notification or input from the City of Millbrae** – The Millbrae City Council, City Manager nor any City staff were notified by San Mateo County of their purchase of the La Quinta Inn & Suites until after the site was selected and the terms negotiated.

**Fact – The La Quinta Inn & Suites is popular with travelers** - The La Quinta Inn & Suites receives favorable reviews: Google 4.2/5, Booking.com 8.2/10, Hotels.com & Expedia.com 8.6/10, TripAdvisor 4/5, and Yelp 3.5/5.

**Fact – The occupancy rate of La Quinta Inn & Suites is above 80%** - The rate is calculated based on the Transient Occupancy Tax (TOT) received and the average nightly room rate, which indicates a profitable hotel.

**Fact – The hotel market in Millbrae is strong and continues to gain strength** – Hotel room demand, occupancy levels, and nightly room rates continue to grow and outpace the market.

**Fact – The premise of the Homekey program is to fund the acquisition of closed or underperforming properties** – not to purchase well-performing hotels and restaurants such as the La Quinta Inn & Suites and Bashamichi Sushi, which will result in job loss of hospitality and service workers recovering from the pandemic.

**Fact – The County is Incentivizing the sale of the La Quinta Inn & Suites** – The \$33.0 million the County offered to purchase the hotel is higher than the appraised value of \$30 million. The County's purchase price incentivizes the hotel owner to sell as this is a \$3 million windfall for the seller. The hotel was not for sale prior to the County's offer.

**Fact – There are other less expensive options** – Local brokers provided alternative properties to the County showing the County could double the number of supportive housing units from 99 to 200 for the same or less purchase price they are paying for La Quinta Inn & Suites.

**Fact – The City of Millbrae is producing very low income and affordable housing** – The City of Millbrae provided \$2.88 million in funding to the CORE Company for the recently opened Rollins Apartments consisting of 80 very low-income units with veterans preference. In addition, the City has built or approved a total of 187 affordable housing units over the last two years.

**Fact – The City of Millbrae is a leader in providing for the unhoused** – The City of Millbrae resident unhoused population stands at 3 with a daily transient unhoused population of 20-30 due to BART as the end of the line station. Millbrae has invested over \$500,000 in retaining the services of LifeMoves to assist with services for the unhoused for years.

**Fact – The County of San Mateo does not pay property tax or hotel room taxes** – The purchase of the La Quinta Inn & Suites would result in an economic loss to the City annually of:

<b>(\$540,000)</b>	<b>Transient Occupancy Tax (TOT)/Hotel Room Tax</b>
<b>(\$12,000)</b>	<b>Property Tax</b>
<b>(\$172,173)</b>	<b><u>Additional cost to City to provide City services to the new residents.</u></b>
<b>(\$724,173)</b>	<b><u>Lost revenue/cost to the City of Millbrae annually</u></b>

**Fact – The County or State of California will not backfill loss of revenue to the City** – The County said they would give the City one year of hotel room tax revenue and pay for a clinician and deputy sheriff for 1.5 years. This is not sufficient for the City as the lost revenue is not sustainable without an extended backfill by the County or State.

**Fact – The County Chief Executive has said “people are one paycheck away from being homeless”** – The closure of the hotel would result in 32 people (20 from the hotel and 12 from the restaurant) losing their current jobs, and they could very well end up not only jobless but also homeless themselves.

**Fact – The County will not renew the lease of the existing restaurant at the La Quinta Inn & Suites** – This will result in the closure of a viable independently Asian owned restaurant, displacing the restaurant and loss of jobs for 12 restaurant workers.

**Fact – There is no guarantee by the County that the level of maintenance and upkeep will remain** – The County states they will maintain the property and address any issues down the road. There is no guarantee from the County. The City needs an agreement from the County before they acquire the hotel.

**Fact – The County lacks transparency** – The County has never made any written assurances as to who will be residing at this location, closely situated near 10 schools or children's centers.

**Fact – The City Council has no authority or vote on this issue** –The decision rests solely with the San Mateo County Board of Supervisors.