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November 7, 2024

MTC Programming and Allocations Committee
Bay Area Metro Center
375 Beale Street
San Francisco, CA 94105

RE: OBAG/HIP Housing Element Compliance

To: MTC Programming and Allocations Committee:

The City/County Association of Governments of San Mateo County (C/CAG) recognizes MTC's efforts and support for delivering OBAG and HIP investments that assist our jurisdictions in implementing the goals of the Plan Bay Area.

There are 2 projects in San Mateo County that have not yet received their certified Housing Element (or required rezoning) and therefore not yet in compliance with OBAG eligibility requirements:

1. County of San Mateo - \$3.8M OBAG 3 Bay Road Complete Street Rehabilitation Project.
2. City of Daly City - \$1.3M Housing Incentive Pool (HIP) Program.

C/CAG would appreciate your consideration of two requests related to these projects/programs.

First, the transfer of project sponsorship for the Bay Road Complete Street Rehabilitation Project from the County to Redwood City (which has a certified Housing Element) because 50% of the project is in Redwood City.

Second, a grace period of three months for housing leaders like Daly City that have been working in good faith to secure a certified Housing Element and associated rezonings.

Additional details are provided in the background section below.

Background

In September 2022, the C/CAG Board of Directors ranked the County of San Mateo's Bay Road Complete Street Rehabilitation Project (Bay Road project) the #1 priority in its prioritized list of project recommendations. The project was awarded \$3.8 million dollars in OBAG 3 funds by MTC in January 2023.

The Bay Road project is 50% in Redwood City and 50% in unincorporated San Mateo County, with the jurisdictional boundary following the roadway's centerline. Although the County was the official applicant, the OBAG 3 grant application was jointly developed by County and Redwood City staff, and



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each jurisdiction is providing 50% of the required match. Improvements on Bay Road have been identified as a priority through extensive community planning processes. The project proposes to increase safety for all road users who use or cross Bay Road between 5th Avenue and 15th Avenue/Spring Street. The project is in North Fair Oaks, which is an MTC Equity Priority Community, a C/CAG Equity Focus Area, and a Priority Development Area. North Fair Oaks residents are more likely to be low-income, minority, and in poorer health than the surrounding area averages.

Currently, the County of San Mateo has not received its certified Housing Element. The completion of the County's Housing Element has been delayed by the required rezoning across multiple unincorporated areas, in particular areas under the jurisdiction of the Coastal Commission, which requires substantially more time than areas within the County's control. It is notable that none of the rezonings for RHNA compliance are required for North Fair Oaks, the location of the Bay Road project, because the County has already completed significant high-density multifamily residential rezoning in North Fair Oaks.

This project and the grant application was developed and submitted by the County and Redwood City as full partners, sharing full responsibility for the work funded by the grant. Both jurisdictions have a significant, demonstrable track record as pro-housing jurisdictions, having consistently addressed barriers to housing production, rezoned significant areas of their jurisdiction to allow and require high-density housing, and consistently funded affordable housing. However, while the County continues to work diligently and urgently to update its Housing Element to achieve certification, Redwood City's Housing Element is in full compliance. The jurisdictions share goals regarding both the approach to and outcomes of this project, and its importance in meeting their shared housing needs and goals.

Daly City is among the top 15 jurisdictions in the region that issued certificates of occupancy for the greatest number of eligible housing units from 2018 through 2022 as part of the Housing Incentive Pool (HIP) program and has been awarded \$1.3M in HIP funding for its effort. The city has continued its leadership in affordable housing production and preservation through its securing of construction funding for the 555-unit Midway Village affordable housing project, which is the largest affordable housing project in the County. Daly City's Housing Element and first reading of the associated rezoning are scheduled to go to the city council in November 2024. After local adoption, HCD has up to 60 days to review and approve Daly City's Housing Element, and this period would go past the December 31st deadline.

Summary

C/CAG has two requests related to these critical projects and programs.

First, the transfer of project sponsorship for the Bay Road Complete Street Rehabilitation Project from the County to Redwood City (which has a certified Housing Element). As noted, this project is a 50%/50% partnership between these jurisdictions. The hard-working residents of North Fair Oaks



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should not experience disinvestment because of the challenges of rezoning properties on the far side of the County within the Coastal Commission authority.

Second, a grace period of three months for housing leaders like Daly City that have been working in good faith to secure a certified Housing Element and associated rezonings.

Thank you for your careful consideration of our requests. C/CAG appreciates MTC's efforts to deliver these critical OBAG and HIP projects and programs. Please contact me at scharpentier@smcgov.org if you have any questions or would like additional information.

Best Regards,

A handwritten signature in black ink that reads "Sean Charpentier". The signature is written in a cursive, flowing style.

Sean Charpentier
Executive Director