



Update to the Millbrae Community

San Mateo County Supervisors Proposed Purchase of the La Quinta Hotel for Homeless Housing

The County intends to purchase the La Quinta Hotel in Millbrae and turn the existing 100 hotel rooms into interim apartments for unhoused individuals.

The facts surrounding the County Board of Supervisors' proposal to purchase the La Quinta Hotel for interim housing for the homeless are being misrepresented by the project's proponents.

The City of Millbrae filed a lawsuit protecting the people's right to vote on this project. Article 34 of the State Constitution requires a vote of the citizenry for any development of low-income, affordable housing projects funded with State or local public financing or assistance. A two-thirds majority of the voters of the jurisdiction is required for approval.

The City's lawsuit simply asks the Court to rule on the validity (applicability) of compliance with the Article 34 requirement for a public vote to be held. The lawsuit is not an action to stop the proposed project but rather gives voice to residents.

The City of Millbrae supports affordable housing, people's right to vote, and fiscal protection against the County and the State of California, whose actions could harm the City financially.

This project has not been finalized and has not received the Homekey Funds that it would rely upon for the purchase after three State Homekey funding cycles. State funds remain in the program and have not been awarded, so the purchase of La Quinta Hotel is not finalized or guaranteed.

San Mateo County intends to use public funds from taxpayers to purchase La Quinta Hotel and is offering \$33 million to the La Quinta owners—a 10% increase over the appraised value, which is incentivizing the sale.

San Mateo County's proposal to convert the hotel into homeless housing will cost the City of Millbrae approximately \$1 million a year in revenue, which is generated from the nightly room tax (Transient Occupancy Tax or TOT), property tax, sales tax, and other fees. This is estimated to cost the City a total of almost \$30 million over the next 20 years. The one-time cost of litigation is minor in comparison to the million dollars of tax revenue at risk due to the County's proposal.

The La Quinta Hotel is a viable, functional hotel. Based on the annual amount of TOT collected, the hotel's occupancy rate averages between 80% and 83%, depending on the month and room rate. This hotel is highly operational, is utilized regularly by City visitors, and receives good to excellent ratings from online hotel websites.

The County will not pay the City of Millbrae for the lost revenue or the additional cost of services, as the proposed project will require more police, medical, and fire services. Additionally, this will result in a lessening or a dilution of current services to Millbrae residents.

Similar projects the County has supported and developed have experienced significant increases in crime and safety service calls. Sources from San Mateo County Fire Departments and other San Mateo County Police Agencies report calls for service have risen 400% to 1,200%, resulting in additional burdens to taxpayers.

If purchased and converted to affordable housing, the County of San Mateo (as a governmental agency) will not pay property tax, sales tax, transit occupancy tax, development fees, or any other fees or taxes for their share of the impact that their proposed project will cause to the City of Millbrae.

The City of Millbrae supports the production of housing for the unhoused and has invested millions in affordable housing. The County's plan will severely damage Millbrae's fiscal health and result in layoffs of local hotel and restaurant workers—in addition to the loss of City TOT revenues.

The City of Millbrae has met its State-mandated housing goals, which is reflected in the recent certification of our Housing Element from the California Department of Housing and Community Development (HCD).