

# CITY OF MENLO PARK



G R O U P

## HOUSING ELEMENT PREFERRED LAND USE STRATEGY AND HOUSING POLICIES

City Council

December 8, 2021

- **Background**
- **Outreach and Engagement Update**
- **Housing Opportunity Sites**
- **Proposed Land Use Strategies**
- **Potential Housing Policies**
- **Staff Recommendations**
- **Next Steps**

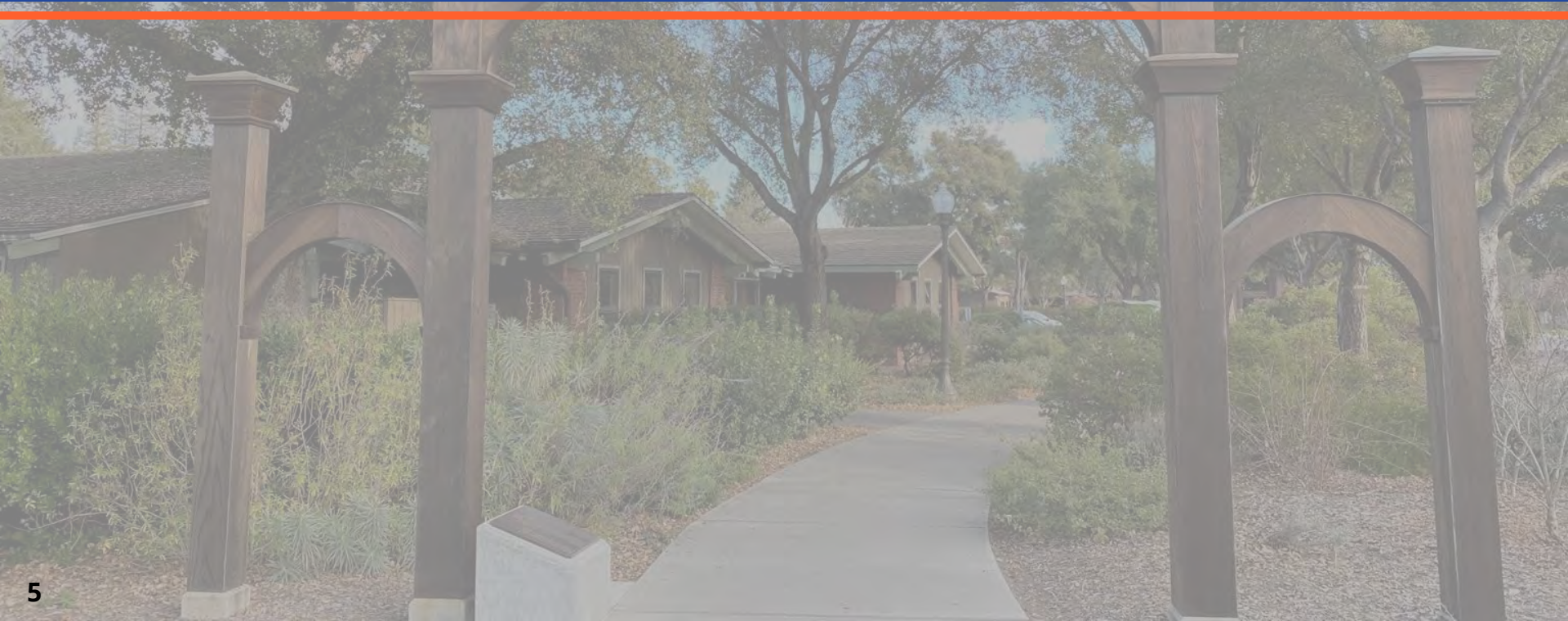
- **Review and recommend potential housing opportunity sites and land use strategies for initiating the environmental and fiscal reviews to meet the City's Regional Housing Needs Allocation (RHNA) as part of the Housing Element for the planning period 2023-2031.**

# STAFF RECOMMENDATIONS

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- **Rezone for approximately 3,700 units dispersed throughout City**
- **Upzone sites within the ECR/D Specific Plan area and remove residential cap of 680 units**
- **Modify AHO to allow for up to 100 du/ac for 100% affordable developments**
- **Remove 10,000-sf minimum lot size for R-3, to allow all R-3 sites up to 30 du/ac**

# BACKGROUND



# NEW HOUSING NEEDED

	Very Low	Low	Moderate	Above Moderate	Total Units
	(0 – 50%) AMI	(51 - 80%) AMI	(81 - 120%) AMI	(above 120%) AMI	
<b>6<sup>th</sup> Cycle RHNA</b>	<b>740</b>	<b>426</b>	<b>496</b>	<b>1,284</b>	<b>2,946</b>
<b>30% Buffer</b>	<b>222</b>	<b>128</b>	<b>149</b>	<b>385</b>	<b>884</b>
<b>6<sup>th</sup> Cycle RHNA with 30% Buffer</b>	<b>962</b>	<b>554</b>	<b>645</b>	<b>1,669</b>	<b>3,830</b>
<b>Pipeline Projects</b>	<b>134</b>	<b>230</b>	<b>230</b>	<b>3,053</b>	<b>3,647</b>
<b>ADUs</b>	<b>26</b>	<b>25</b>	<b>26</b>	<b>8</b>	<b>85</b>
<b>RHNA Credit</b>	<b>160</b>	<b>255</b>	<b>256</b>	<b>3,061</b>	<b>3,732</b>
<b>Total Net New Units Needed</b>	<b>802</b>	<b>299</b>	<b>389</b>	<b>0</b>	<b>1,490</b>

AMI = Area Median Income



# FAIR HOUSING CONSIDERATIONS

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- Overcoming racial segregation
- Access to:
  - Food
  - Transit
  - Schools
  - Employment
  - Parks



# OCTOBER 26 CITY COUNCIL MEETING

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- **Presented 4 land use strategies to City Council:**
  - Option A – Moderate upzoning throughout the city
  - Option B – Mixed use development focused on Middlefield/Willow
  - Option C – Mixed use development focused in Downtown/El Camino Real
  - Option D – Mixed use development focused in Downtown/El Camino Real and Sharon Heights
- **Next Steps**
  - Council requested additional information and will discuss in December 2021
  - Housing Commission provided feedback on affordable housing strategies



# HOUSING COMMISSION FEEDBACK

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- **Focus on affordable housing strategies to promote affordable housing production in order to meet City's RHNA**
  - 1) Increase inclusionary requirements to 20% with refinements to target lower income levels**
  - 2) Expand the affordable housing overlay (AHO) and modify the AHO to make it competitive with the State's Density Bonus Program**
  - 3) Setting average maximum unit sizes is too complicated but smaller units should be encouraged**
  - 4) Establishing a sliding density scale of units is too complicated and may discourage development**

# HOUSING COMMISSION RECOMMENDATIONS

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- 5) Increase base density and height limits in the El Camino Real and Downtown Specific Plan area to ensure that the 15% BMR is feasible**
- 6) Reduce parking requirements for housing projects within a ½ of a major transit stop or within the El Camino Real and Downtown Specific Plan**
- 7) Increase the Commercial Linkage fee**
- 8) Include specialized policies/programs for people with disabilities, veterans, and seniors**

# ADDITIONAL HOUSING COMMISSION FEEDBACK

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- **Minimize displacement to address AFFH**
- **Tenant relocation assistance programs**
- **Rent caps and just cause evictions**
- **Fair Chance ordinance, which limits background checks**
- **Emergency rental assistance**
- **Red tag ordinance, which would provide multiple months of fair market rent to renters in the case of a natural disaster**
- **Rental registry to track rent costs**
- **Include policies provided by Housing Leadership Council of San Mateo County**
- **Safe parking areas for unhoused individuals living in RVs**

# OUTREACH AND ENGAGEMENT UPDATE



# AFFORDABLE HOUSING DEVELOPERS' INPUT

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- **Components of successful affordable housing projects:**
  - Land availability and price
  - High enough zoning densities
  - Funding
- **Key Insights**
  - 0.5-1 ac parcels are suitable for supportive housing
  - 1-5 ac parcels are ideal for 100% affordable housing
  - Ideal density: 50-100 units/ac; 4.0-5.0 FAR



# AFFORDABLE HOUSING DEVELOPERS' INPUT

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- **Suggested Policies:**
  - **Expand the Affordable Housing Overlay (AHO) District**
  - **Waive fees or other financial hurdles**
  - **Reduce parking standards for low-income projects**
  - **Remove discretionary review**
  - **Senior Housing often has lower parking requirements and more community support**
  - **Provide land grants, possibly through a housing trust program to help offset costs of land**
  - **Provide direct financial support through the City**



# MARKET-RATE HOUSING DEVELOPERS' INPUT

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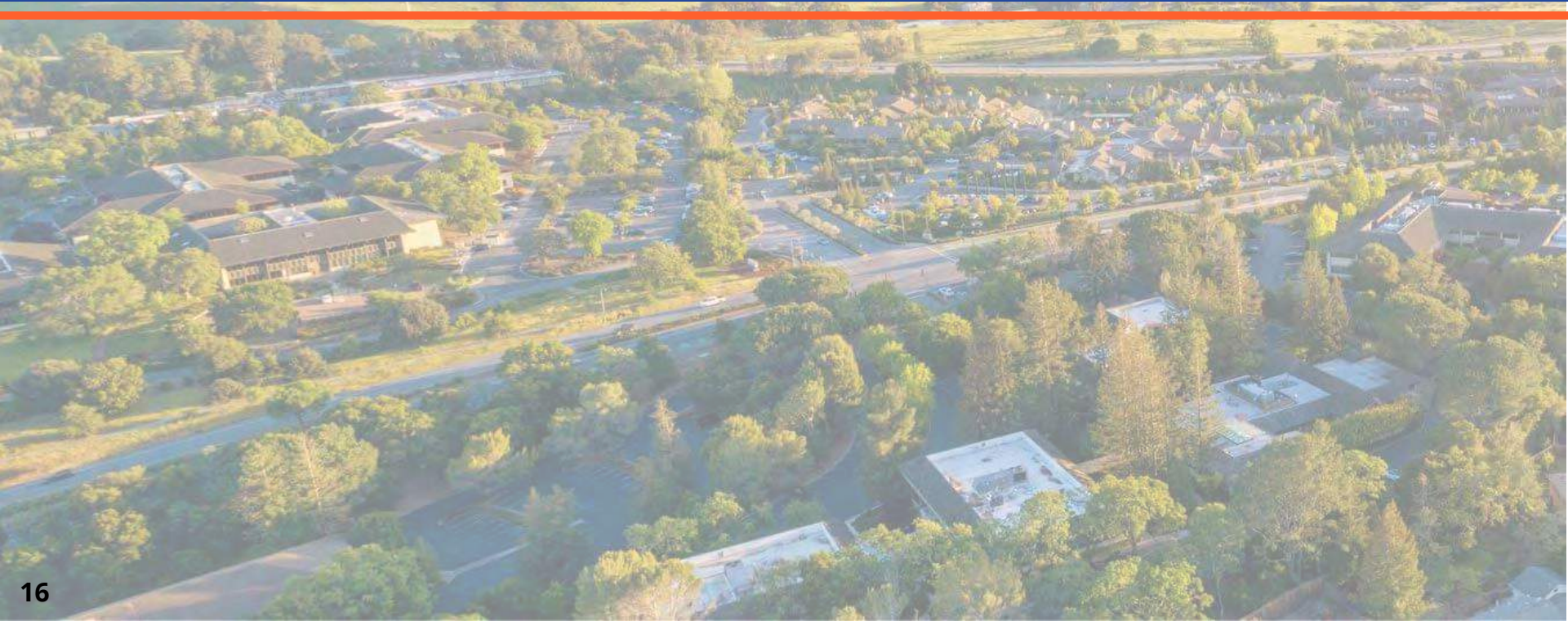
## ■ Feedback:

- Some concern over viability of projects if 20% inclusionary is required
- Parking sharing agreements may support lower parking requirements
- Ministerial review helps manage construction costs and reduces uncertainty.
- Support more objective project review guidelines





# OPPORTUNITY SITES



# HOUSING OPPORTUNITY SITES

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- **51 sites, including the following changes:**
  - **Site consolidation for adjacent parcels owned by the same property owner**
  - **Removed parcels that have critical neighborhood-serving grocery stores and sites with limited net new housing potential**
  - **Removed parcels with active project applications**
  - **Added sites in Sharon Heights at Sharon Green Apartments and Seven Oaks Apartments**
- **Site sheets are included in staff report (starting on pdf page 24)**

# HOUSING OPPORTUNITY SITES

- Potential Scenario: approximately 11 acres (20%) of affordable housing sites developed as 100% affordable housing at 100 du/ac**

Table 4: Example of RHNA need met through 11 acres of housing opportunity sites developed at 100 dwelling units per acre and remainder from 15% and 20% inclusionary BMR requirement

	15% Inclusionary BMR requirement			20% Inclusionary BMR requirement		
	100% Affordable development	Market-Rate development	Total new housing units	100% Affordable development	Market-Rate development	Total new housing units
Affordable units	1,100	390	<b>1,490</b>	1,100	390	<b>1,490</b>
Market-Rate units	0	2,210	<b>2,210</b>	0	1,560	<b>1,560</b>
Total units	1,100	2,600	<b>3,700</b>	1,100	1,950	<b>3,050</b>



# OPPORTUNITY SITES: DOWNTOWN AND MIDDLEFIELD



## Potential Housing Opportunity Sites

Downtown and Middlefield

Page 1 of 3

### Acres (# of Sites)

- < 0.5 (6)
- 0.5 - 0.9 (19)
- 1 - 5 (17)
- > 5 (7)

(R) = Reuse Site  
(C) = Religious Facility

### Portioned-Off (# of Sites)

- 1 ac. Development (3)
- 2 ac. Development (5)
- 1/2 Mile from Major Transit Stop
- City Boundary

"Portioned-Off" sites have 1 or 2-acre subsections to promote 100% affordable housing on sites that are otherwise too large for feasibility or already contain dense housing, but are suitable for additional 100% affordable housing development.

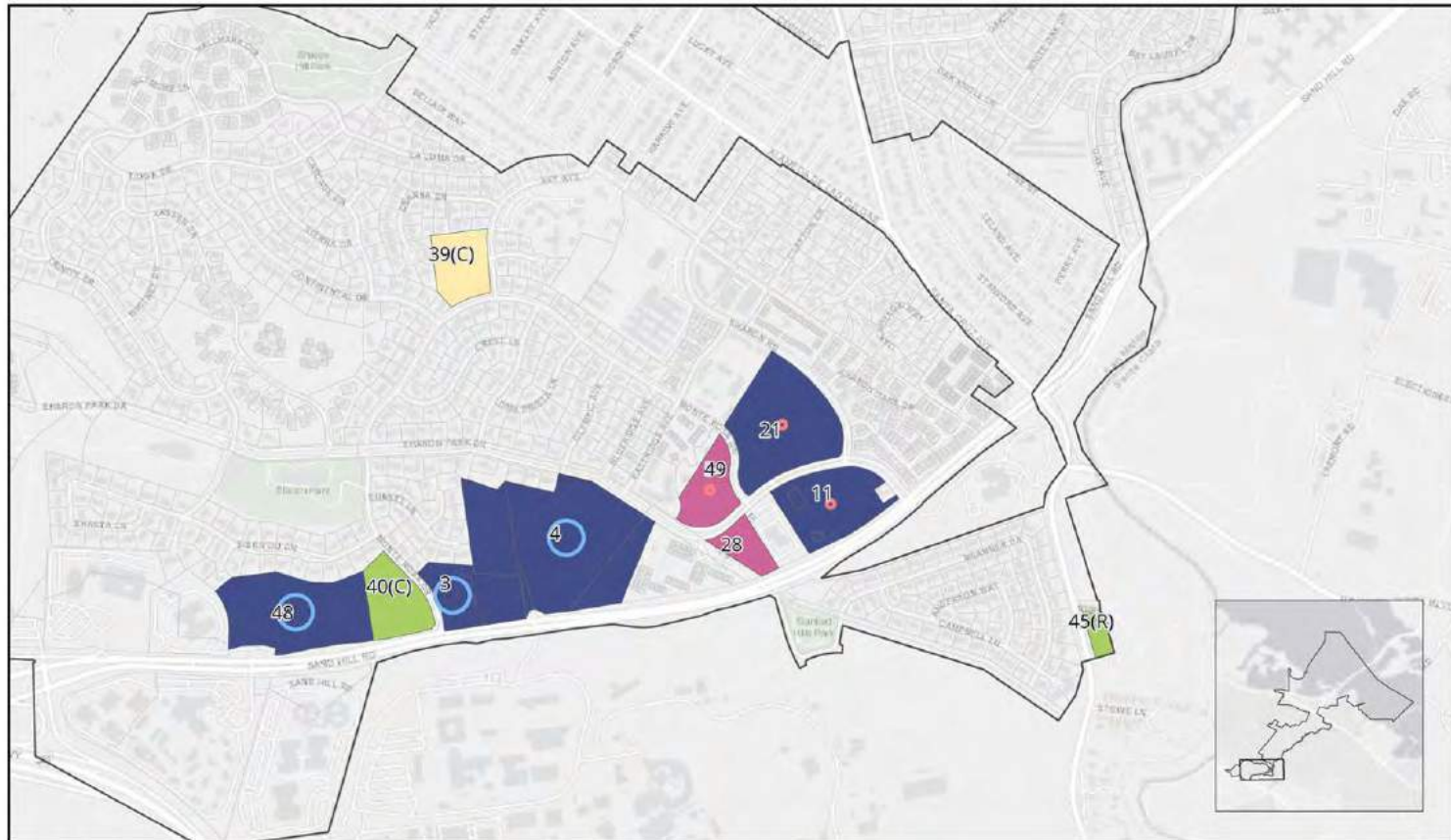


0 0.07 0.14 Mile

Projection: NAD83 StatePlane California III FIPS0403 (USFeet)



# OPPORTUNITY SITES: SHARON HEIGHTS



## Potential Housing Opportunity Sites

Sharon Heights

Page 2 of 3

### Acres (# of Sites)

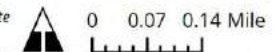
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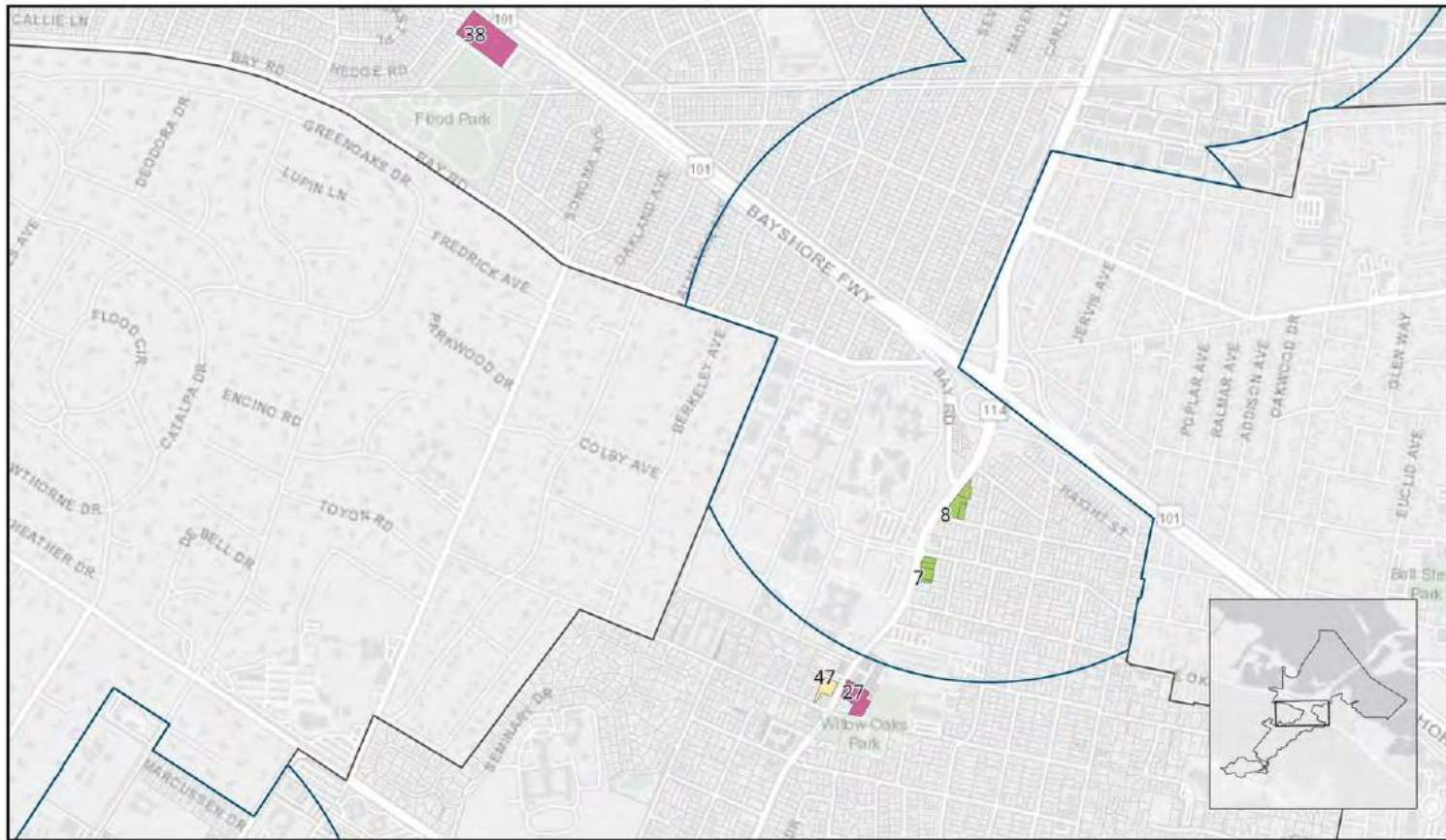


Projection: NAD83 StatePlane California III FIPS0403 (USFeet)





# OPPORTUNITY SITES: WILLOW AND FLOOD PARK



## Potential Housing Opportunity Sites

## Willow and Flood Park

### Acres (# of Sites)

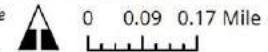
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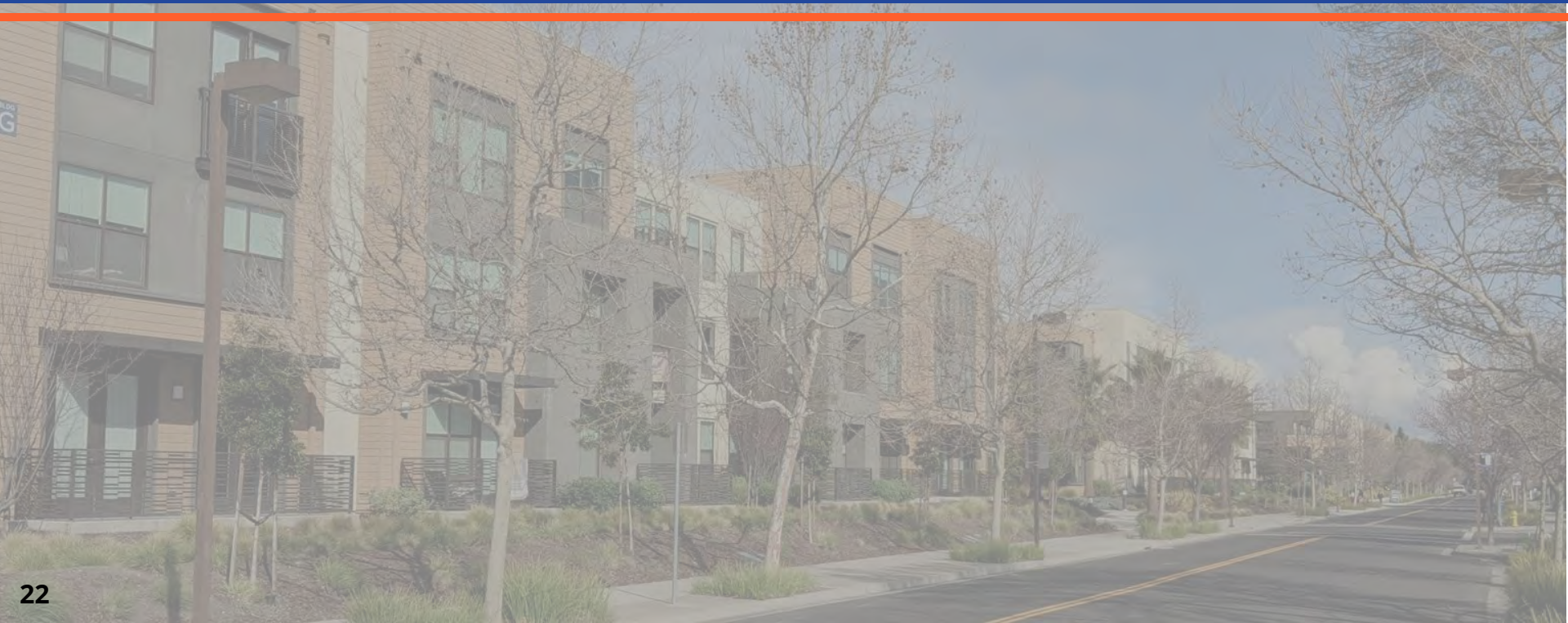


Projection: NAD83 StatePlane California III FIPS0403 (USFeet)



GROUP

# PROPOSED LAND USE STRATEGIES





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- **Modify El Camino Real/Downtown SP**
  - Remove residential development cap
  - Increase base level density to at least 30 du/ac across all subareas
  - Establish minimum density of 20 du/ac across all subareas
  - Review development standards (e.g. height and parking ratios)
  - Allow residential development on identified City-owned parking plazas

# PROPOSED LAND USE STRATEGIES

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- **Rezone Commercial-Only Sites**
  - Allow residential uses with a maximum base density of at least 30 du/ac
  - Maintain some level of neighborhood-serving commercial uses
  - Seeking feedback on whether housing should replace non-residential use, or mix of uses should be provided (and at what levels)

# PROPOSED LAND USE STRATEGIES

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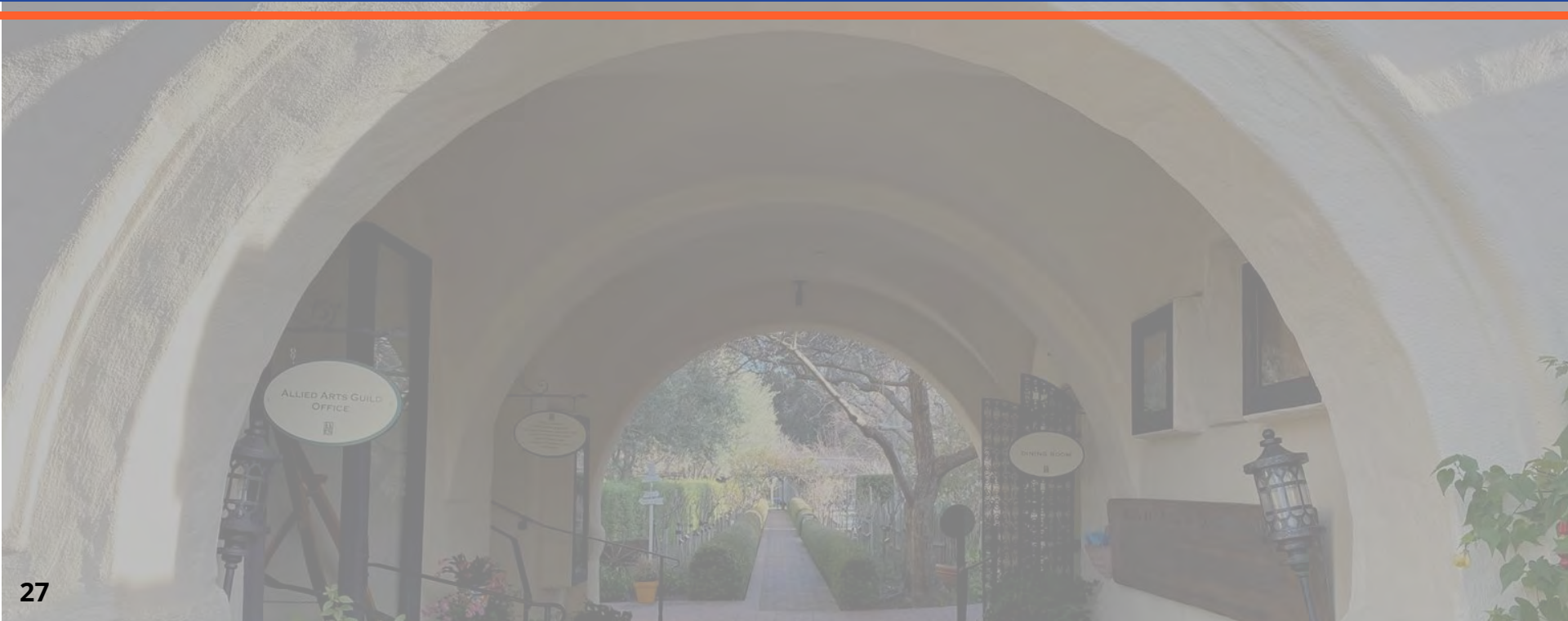
- **Modify Affordable Housing Overlay**
  - Increase maximum density bonus to 100 du/ac
  - Extend AHO to sites beyond Specific Plan area and R-4-S(AHO)
  - Potential modifications to fee waivers and development standards
- **R-3 Zoning around Downtown**
  - Remove minimum lot size to attain 30 du/ac on R-3 zoning district (currently 10,000 sf)

# PROPOSED LAND USE STRATEGIES

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- **Other Potential Strategies**
  - **Create opportunities for mixed-use development**
    - Potentially in C-4, C-2, and C-2-A districts
  - **Increase to Below Market Rate Inclusionary Zoning Requirement**
    - Currently, housing developments of 20 or more units have 15% inclusionary requirement (15% of units must be set aside for low-income housing)
    - Potential move to 20% inclusionary from 15%
    - Applicable only for projects of 20 or more units

# POTENTIAL HOUSING POLICIES



# POTENTIAL HOUSING POLICIES

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- **Affordable Housing Strategies**
  - **Increase Commercial Linkage Fee**
- **Cost Reduction Strategies**
  - **Ministerial Review Processing**
  - **Fee Waivers/Reductions**
  - **Reducing Parking Requirements**

# AFFORDABLE HOUSING STRATEGIES

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- **Increase Commercial Linkage Fee**
  - Fee charged on non-residential development to support new affordable housing projects
  - Grand Nexus Study (2017) recommended increasing the commercial linkage fee to \$25-50 per square foot



# COMMERCIAL LINKAGE FEE COMPARISONS

	Menlo Park	Santa Clara County <sup>1</sup>	Palo Alto	Mountain View	Foster City
Commercial / Office Linkage Fee	\$20.46/ sf	\$68.50 <sup>2</sup> /sf	\$68.50 /sf	\$29.72 /sf for office greater than 10,000 sf	\$27.50 /sf
Other Commercial and Industrial Linkage Fee	\$11.10/ sf	--	\$35 /sf	--	--

<sup>1</sup> Fees were adopted for the Stanford Community Plan Area

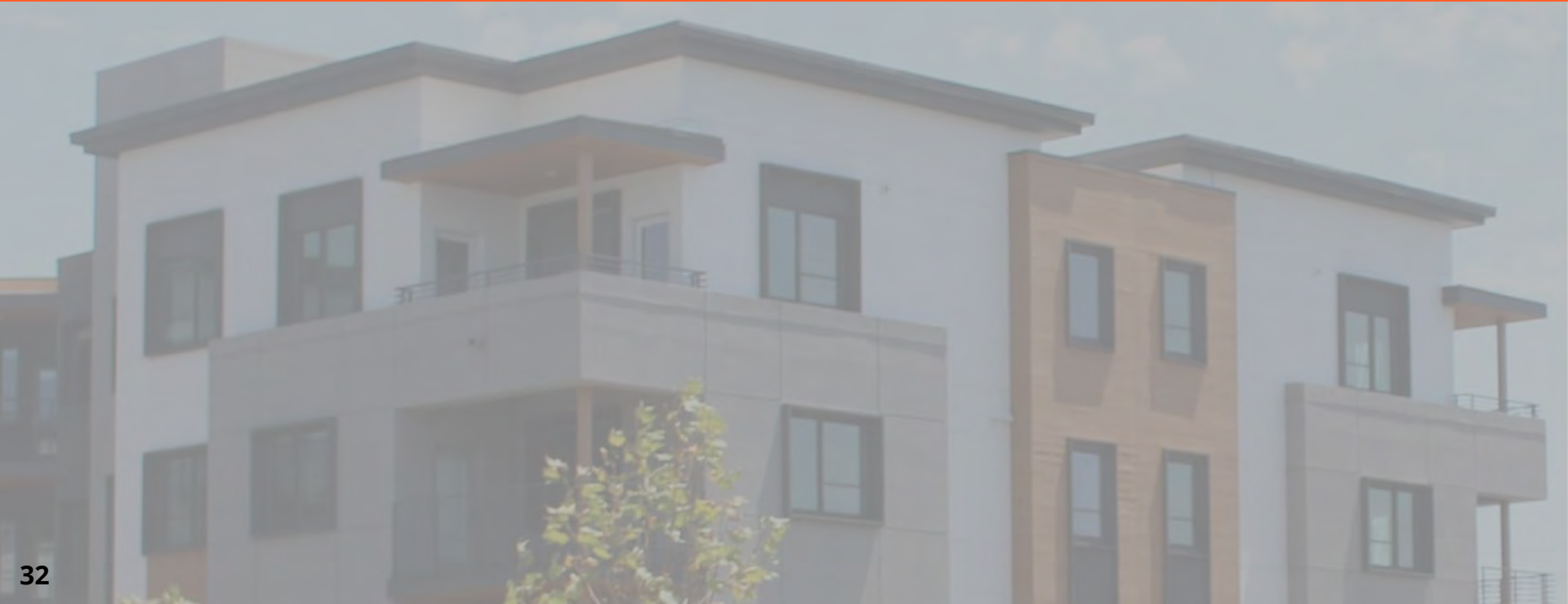
<sup>2</sup> Applies to all new academic development

# **COST REDUCTION STRATEGIES**

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- **Ministerial Review Processing**
  - Ministerial review can provide cost and time savings to developers
- **Fee Waivers/Reductions**
  - Waivers/Reductions for fees on affordable projects aid affordable housing competitiveness for sites
- **Reducing Parking Requirements**
  - Parking is extremely costly, ranging from \$50,000 - \$150,000 per stall (depending on at-grade or structured)

# STAFF RECOMMENDATIONS



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- **Study up to 4,000 units and initiate the NOP**
- **Rezone for approximately 3,700 units dispersed throughout City**
- **Upzone sites within the ECR/D Specific Plan area to at least 30 du/ac at base level and minimum density of 20 du/ac, and remove residential cap of 680 units**
- **Modify AHO to allow for up to 100 du/ac for 100% affordable developments**
- **Remove 10,000-sf minimum lot size for R-3, to allow all R-3 sites up to 30 du/ac**

# SEEKING COUNCIL FEEDBACK

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- **Modify retail/commercial zoning to allow for residential, as well as other potential development standards to encourage mixed-use development**
  - Evaluate C-2, C-2-A, C-2-B, C-2-S, C-4, and P districts
- **Amend City's BMR ordinance to increase required inclusionary zoning for projects with 20 or more units from 15% to 20%**



# NEXT STEPS



# 2021

*Join us and give  
feedback!*

## Upcoming Events

**Public Release of Notice of Preparation (NOP)**

December 20, 2021 (Tentative)

**Planning Commission Scoping Session**

Late January, 2022

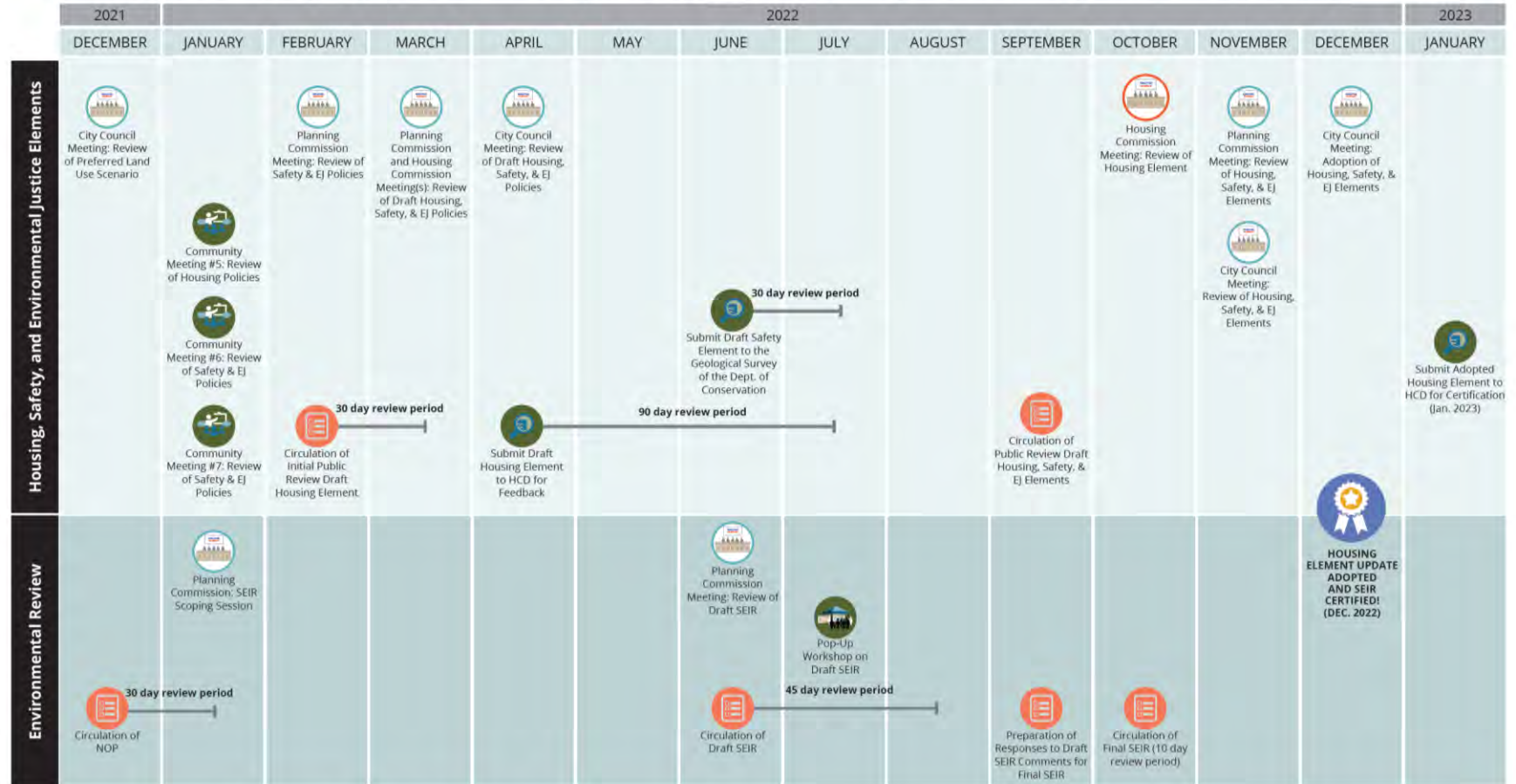
# NEXT STEPS



## CITY OF MENLO PARK HOUSING ELEMENT UPDATE PROJECT SCHEDULE



The City of Menlo Park is updating its required Housing Element and Safety Element, and preparing a new Environmental Justice Element. Collectively, these are referred to as the "Housing Element Update."



NOP - Notice of Preparation    SEIR - Subsequent Environmental Impact Report  
 EJ - Environmental Justice    HCD - California Department of Housing and Community Development

UPDATED DECEMBER 2021



# THANK YOU!



**Questions**



**Comments**

***Thank you for your time and commitment to the City of Menlo Park!***

**[menlopark.org/housingelement](https://menlopark.org/housingelement)**