



STAFF REPORT

City Council

Meeting Date:

11/19/2024

Staff Report Number:

24-203-CC

Regular Business:

Consider and adopt a resolution declaring downtown Parking Plazas 1, 2, and 3 as exempt surplus land and provide feedback and authorize staff to release a request for qualifications (RFQ) for affordable housing on Parking Plazas 1, 2, and 3 to implement Housing Element program H4.G

Recommendation

Staff recommends that the City Council:

1. Adopt a resolution (Attachment A) declaring Parking Plazas 1, 2, and 3 as exempt surplus land pursuant to Government Code §54221(f)(1)(A);
2. Provide feedback on the draft request for qualification (RFQ) (Attachment B) for affordable housing development on the three parking plazas; and
3. Authorize staff to release the RFQ.

Policy Issues

The potential redevelopment of City-owned downtown parking lots with affordable housing involves several related policy considerations:

1. Housing production and affordability: The General Plan Housing Element commits to meeting the City's assigned Regional Housing Needs Allocation (RHNA), with an emphasis on creating units affordable to households at the moderate and lower income levels. The downtown parking lots were identified in Housing Element program H4.G – Prioritize Affordable Housing on City-Owned Parking Lots Downtown as a significant opportunity to make progress toward these goals.
2. Equitable community development: Introducing affordable housing into the downtown area aligns with Housing Element goals to create mixed-income neighborhoods and provide housing opportunities for moderate and lower-income households in walkable high-resource areas near public transit.
3. Downtown vitality and parking: The existing public parking lots play a role in supporting downtown businesses and visitors. Any redevelopment should balance affordable housing needs and the creation of a new downtown residential base while maintaining an adequate supply of public parking to enhance economic vitality.
4. Regulatory compliance: The disposition of City-owned land must follow state laws, including the Surplus Land Act (SLA), which govern the disposition of public properties and prioritize affordable housing development. The SLA defines "disposition" to include both sales of public land and long-term leases of more than 15 years. Certain SLA exemptions are available when the parameters of a particular affordable housing development align with state goals for increasing construction of affordable housing.

Background

The City's 2023-2031 Housing Element includes eight City-owned downtown parking lots as potential sites for affordable housing development. The lots are identified as sites #9/9a, #10, and #14 through #19 in the

Housing Element, and are projected to provide capacity for at least 345 very low-income housing units and play a crucial role in meeting the City's RHNA obligations. The City owns all of the land for six of the parking plazas (1, 2, 3, 5, 7 and 8), and owns a majority of the land for Parking Plazas 4 and 6, with portions of such parcels being held privately. The Housing Element includes program H4.G, which outlines a process and timeline for prioritizing affordable housing development on these downtown parking lots. Key milestones in program H4.G include:

- Conducting a feasibility study (2023);
- Issuing a request for proposals (RFP) or similar solicitation process (2024);
- Completing development entitlements (2025); and
- Seeking to complete development of 345 or more affordable housing units (2027).

The program emphasizes adherence to the SLA procedures and prioritizes proposals that address difficult-to-achieve housing priorities, such as extremely low-income units or housing for people with special needs.

At the Aug. 27 City Council meeting, staff presented a feasibility study that evaluated the physical attributes, easements, potential land use issues, and zoning considerations for each of the eight City-owned parking lots. The Aug. 27 City Council staff report and feasibility study are included as Attachment C. The primary goal of the study was to identify which lots are most suitable for affordable housing development and provide recommendations to inform the decision regarding the City's next steps in the process. The City Council concurred that Parking Plazas 1, 2 and 3 are most suitable for development, and directed staff to prepare a RFQ for the disposition of Parking Plazas 1, 2, and 3 and pursue an appropriate SLA exemption related to an affordable housing project. The exemption allows the City to develop affordable housing at the very low-income level, so long as the affordable housing project adheres to the parameters of the particular SLA exemption. The City Council selected the three parking plazas primarily based on (i) their large area or regular shape for ease of development, (ii) a smaller number of easement and title report issues, and (iii) potential consistency with changes envisioned in the El Camino Real/Downtown Specific Plan (Specific Plan).

Housing Commission input

On Nov. 6, the Housing Commission received an update on the implementation of Housing Element program H4.G to develop affordable housing on Parking Plazas 1, 2, and 3 and provided the following input on the preparation of the RFQ:

- One Commissioner noted that the three parking lots continue to be vital to the success of downtown businesses, and are regularly used by downtown patrons based on his observations;
- Commissioners noted that walking, cycling, and transit should also be considered with regard to future resident and business parking needs given the downtown location of the lots and proximity to the Caltrain station;
- Some Commissioners suggested the City should consider asking developers to limit the number of parking spaces per household for future residents;
- Commissioners discussed the potential for underground parking and requested that it be considered if financially feasible and if any potential environmental effects could be mitigated;
- Commissioners had mixed views of the provision of ancillary ground floor uses, such as retail and personal services, but generally agreed that they should be permitted but not required if they would reduce the potential number of affordable units that could be constructed or present a financial challenge in developing a project; and
- The Commissioners expressed hope that the development of downtown housing would create additional foot traffic downtown and help revitalize the area.

Downtown business community meeting

On Nov. 14, City staff held a public informational meeting for the downtown business community to discuss plans for downtown, with a focus on the potential development of affordable housing on Parking Plazas 1, 2 and 3. Approximately 40 individuals representing downtown business owners, property owners, and interested residents attended the meeting and provided the following feedback:

- Convenient and ample downtown public parking is essential for businesses that draw customers from across the city and a wider area, and interruptions or reductions in parking could result in economic hardships and harm the recovery of downtown;
- Parking structures provided on-site or on nearby sites may be considered inconvenient by business patrons compared to surface lots, which could result in the loss of downtown visitors;
- A downtown parking analysis should consider future business growth to pre-pandemic levels and include a buffer of additional spaces when evaluating the amount of replacement parking to include as part of any future development;
- Any replacement public parking created for businesses should be considered separately and in addition to the parking needs for residents of any new housing development;
- Concerns were expressed that the project outcomes have already been determined and the ability of the community to influence any future changes to the parking plazas cannot be prevented or reversed;
- Attendees felt that the process was moving quickly without enough time to complete adequate engagement and gain a better understanding of the parameters of any future development;
- Requests were made for more robust community engagement, especially in terms of expanding the noticing radius for the project to all city residents and providing ample time to plan for attendance at future project-related events;
- Attendees questioned whether the housing needs could be met by planning for housing development on other sites outside of downtown;
- Attendees questioned the City's ownership and use of the downtown parking lots and how the land was acquired;
- Some questioned the City's need for compliance with Housing Element requirements set by the state and if there were legal alternatives or other processes that could modify the project; and
- Business owners asked that an RFQ include consideration of 1) sufficient customer parking located nearby that is easily accessible; 2) service lanes behind buildings wide enough to manage traffic flow and deliveries from large trucks; 3) employee parking; and 4) areas to handle garbage and recycling.

Based on the questions and input received, staff will develop a list of Frequently Asked Questions (FAQ) and information to share with the community, on the project webpage at menlopark.gov/downtownhousing, and identify additional ways to engage with the community throughout this process.

Parking utilization study

In September 2024, the Metropolitan Transportation Commission (MTC) and its consultant, AECOM, conducted preliminary parking utilization counts of the downtown parking plazas to understand current parking demand patterns and inform future parking needs. The counts were performed at 8 a.m., 9:30 a.m., 11 a.m., 1 p.m., 3:15 p.m., and 4:45 p.m. on the same day. Highlights from the weekday counts of the parking plazas are shown in Table 1 below.

Table 1: Preliminary Parking Plaza weekday counts			
Metric	Parking Plaza 1 (249 spaces)	Parking Plaza 2 (95 spaces)	Parking Plaza 3 (212 spaces)
Peak occupancy	199 spaces (80%) at 11:30 a.m.	95 spaces (100%) at 1 p.m.	212 spaces (100%) at 11:30 a.m.
Lowest occupancy	74 spaces (30%) at 4:45 p.m.	33 spaces (35%) at 4:45 p.m.	102 spaces (48%) at 8 a.m.

For the total 556 spaces, these utilization patterns suggest a need to provide a minimum of 506 public parking spaces to serve existing peak demand across the three sites. The data is considered preliminary and may be refined as part of the downtown parking management study that will continue into 2025. The preliminary parking utilization information may help inform future developer proposals for new development with respect to replacement public parking needs and potential creative strategies for parking management. Additional data may also be used to evaluate pre-pandemic parking utilization rates in anticipation of future growth potential with increased downtown business occupancy rates. The City has not enforced parking time limits downtown post-pandemic, and will continue to evaluate how recent and future changes in parking management may affect replacement parking needs.

Analysis

Exempt surplus land declaration

Before disposition of the three parking plazas can proceed, the City Council must declare the properties as either surplus land or exempt surplus land at a regular public meeting. A declaration of surplus land requires the City to comply with the state’s disposition process by issuing a notice of availability and entering into good faith negotiations with any party that expresses interest. The City then typically selects the respondent that provides the greatest number of affordable units, provided that the City determines that the developer can execute on the project.

Alternatively, compliance with an SLA exemption permits the City to proceed with an RFQ to solicit submittals from developers, and as long as any project adheres to the exemption criteria, the City may select the developer with the qualifications and concepts that best suit its desired goals. The City Council directed staff to pursue the exemption available under Government Code §54221(f)(1)(A), which applies when:

- At least 80% of the land area will be developed for residential uses, and
- At least 40% of the residential units developed on the land will be for households whose income is 60% of area median income (AMI) or less, with at least one-half of those units (20%) restricted to households whose income is 50% of AMI or less, and
- The affordability restrictions must be included in a recorded agreement that will apply for the longest feasible time, but no less than 30 years.

The 2024 AMI for a household of four in San Mateo County is \$186,600. Table 2 provides the state income limits for a four-person household in San Mateo County at lower income affordability levels for reference.

Income category	Income Limit
30% AMI (extremely low)	\$58,750
50% AMI (very low)	\$97,900
80% AMI (low)	\$156,650

The proposed resolution applicable to the SLA exemption includes the specific exemption requirements. The California Department of Housing and Community Development (HCD) recommends that staff submit the draft resolution for review at least 30 days before disposition. Accordingly, in advance of the Nov. 19 City Council meeting, staff submitted the draft resolution to HCD for review. HCD staff provided minor comments, which have been incorporated in the draft resolution included in Attachment A.

Draft RFQ

The draft RFQ sets minimum requirements for project submittals, while encouraging developers to offer creative solutions to integrate affordable housing, replacement public parking and other complementary uses. The RFQ permits a developer to express interest in any or all three of the parking plazas, and includes the following minimum requirements:

- Creation of at least 345 units affordable to very low-income households (30% to 50% of AMI), in compliance with Housing Element program H4.G and meeting the SLA exemption requirements described above,
- Replacement of at least 506 of the total 556 public parking spaces lost to redevelopment of the three parking plazas, as described in the Parking Utilization Study section of this staff report (or replacement parking at the preliminary peak occupancy identified for each individual lot), or greater if feasible, for a 1:1 parking replacement, and
- Compliance with applicable development standards in the Specific Plan.

The draft RFQ also includes additional development objectives based on feedback from the City Council, including:

- Maximization of affordable units through available density bonus provisions, including the City’s affordable housing overlay (AHO) and state density bonus law,
- Demonstration of a proven record of community engagement in the development process, especially the local business community,
- Inclusion of additional extremely low-income units (15% to 30% of AMI),
- Diverse unit mix with emphasis on multi-bedroom units for families,
- Incorporation of sustainable design features, and
- Creation of public open spaces, where feasible.

The RFQ outlines selection criteria that emphasize the feasibility of a development concept, developer experience and capacity, financing strategy and capabilities, community engagement approach and property management experience.

Next steps

Pending City Council approval, staff anticipates releasing the RFQ in early December 2024. The RFQ format will allow the City to evaluate developer qualifications and experience, and the total number and quality of responses, before determining the next steps in the disposition process. Based on the RFQ

responses received, staff will return to City Council in winter 2025 with a summary of developer feedback and receive confirmation on the next steps in the disposition process.

Impact on City Resources

The implementation of this project will currently require staff time to prepare documents and manage the selection process, including the SLA exemption declaration and the RFQ; evaluate developer submissions; and conduct outreach and engagement. Subsequently, staff time will be required to negotiate documents with the selected developer. Additional consultant services may be needed for specialized aspects of the project, such as surveying work, parking analysis, project finance analysis and technical studies. More information on impacts to City resources will be provided as the process continues.

Environmental Review

The release of the RFQ and declaration of the property as exempt are not considered projects under the California Environmental Quality Act (CEQA). However, future development proposals that emerge from the disposition process may require environmental review. Future environmental review may be fully or partially covered by the Housing Element Update Subsequent Environmental Impact Report certified by the City Council Jan. 31, 2023 through Resolution No. 6808. The exact level of environmental review will be determined based on the specific nature and scope of proposed developments.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items listed herein, at least 72 hours prior to the meeting. Public notice was also provided through a mailed postcard sent to property owners and occupants of buildings in the downtown area (properties between Oak Grove Avenue and Menlo Avenue, and University Drive and El Camino Real) and through City social media.

Attachments

- A. Draft resolution declaring Parking Plazas 1, 2, and 3 exempt surplus lands and authorizing related actions
- B. Draft RFQ for affordable housing on Parking Plazas 1, 2 and 3
- C. Hyperlink – Aug. 27 Staff Report #24-151-CC: menlopark.gov/files/sharedassets/public/v/1/agendas-and-minutes/city-council/2024-meetings/agendas/20240827/e1-20240827-cc-downtown-parking-lot-review.pdf

Report prepared by:
Tom Smith, Principal Planner

Report reviewed by:
Lisa Maxwell, Assistant City Attorney
Deanna Chow, Community Development Director

RESOLUTION NO. XXXX**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK
DECLARING CITY-OWNED PARKING PLAZAS 1, 2, AND 3 LOCATED NORTH
OF SANTA CRUZ AVENUE IN THE DOWNTOWN AREA TO BE EXEMPT
SURPLUS LANDS PURSUANT TO GOVERNMENT CODE §54221(f)(1)(A) AND
AUTHORIZING THE CITY STAFF TO TAKE RELATED ACTIONS**

WHEREAS, the City of Menlo Park ("City") owns three Parking Plazas: Parking Plaza 1 (Lot between El Camino Real and Chestnut on west side of Santa Cruz), Parking Plaza 2 (Lot off Oak Grove), and Parking Plaza 3 (Lot between University and Crane on west side of Santa Cruz), as depicted on Exhibit A attached hereto; and

WHEREAS, the City's 2023-2031 Housing Element includes Parking Plazas 1, 2, and 3 as potential sites for affordable housing development to meet the City's Regional Housing Needs Allocation (RHNA) obligations, and includes program H4.G, which outlines a process and timeline for prioritizing affordable housing development on these downtown parking lots; and

WHEREAS, for purposes of Government Code §54221(f), Parking Plazas 1, 2, and 3 are not: (i) within a coastal zone; (ii) adjacent to a historical unit of the State Park Systems; (iii) listed on, or determined by the State Office of Historic Preservation to be eligible for, the National Register of Historic Places; or (iv) within the Lake Tahoe region as defined by Government Code §66905.5; and

WHEREAS, at the Aug. 27, 2024 City Council meeting (staff report attached hereto as Exhibit B), the City Council authorized staff, in consultation with the city manager and legal counsel, to (i) prepare a resolution declaring Parking Plazas 1, 2, and 3 as "Exempt Surplus Land" pursuant to Government Code §54221(f)(1)(A) for constructing 100% affordable housing with at least 345 units at the very low-income level and replacement public parking, and (ii) issue a request for qualifications (RFQ) seeking interest from the development community to gauge market support and generate creative concepts to provide 100% affordable housing on the selected parking lots; and

WHEREAS, pursuant Government Code §54221(b)(1) of the Surplus Land Act (Government Code §§54220-54234), the City Council must declare the property to be "surplus land" or "exempt surplus land" before the City Council takes action to dispose of the site; and

WHEREAS, Government Code §54221(f)(1)(A) defines "exempt surplus land" to include surplus land that is transferred pursuant to Government Code §37364; and

WHEREAS, Government Code §37364 authorizes a City to sell, lease, exchange, quitclaim, convey, or otherwise dispose of real property to provide housing affordable to persons and families of low or moderate income provided that the following conditions are met:

- (a) Not less than 80% of the area of the parcel will be used for the development of housing; and
- (b) Not less than 40% of the total number of those housing units developed on the parcel shall be affordable to households whose incomes are equal to, or less than, 75% of the maximum income of lower income households, and at least half of which shall be affordable to very low-income households; and
- (c) Dwelling units produced for persons and families of low or moderate income under Government Code §37364 shall be restricted by regulatory agreement to remain continually affordable to those persons and families for the longest feasible time, but not less than 30

years, with such regulatory agreement recorded in the Office of the County Recorder in which the housing development is located; and

WHEREAS, pursuant to the Surplus Land Act, the City Council must take formal action in a regular public meeting to declare that the site is exempt surplus land, as supported by written findings; and

WHEREAS, pursuant to the Surplus Land Act Guidelines issued by the California Department of Housing and Community Development ("HCD"), any determination by a local agency that its surplus lands are exempt from the Surplus Land Act must be provided to HCD for its review at least 30 days prior to disposition.

NOW, THEREFORE, THE MENLO PARK CITY COUNCIL HEREBY RESOLVES AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The City Council hereby declares pursuant to Government Code §§54221(b) and 54221(f)(1)(A) that Parking Plazas 1, 2 and 3 are exempt surplus land because the City intends to dispose of each property pursuant to Government Code §37364 for the development of a 100% affordable housing project(s) on Parking Plazas 1, 2 and 3, which shall each comply with the requirements of Government Code §37364. This exemption declaration, as it applies to each parking plaza individually, is contingent upon the development of each of Parking Plazas 1, 2 and 3 in accordance with the requirements of Government Code §37364, provided that if all or any of the parking plazas are not developed in accordance with Government Code §37364, then any such parking plaza not so developed shall not be considered exempt surplus land pursuant to Government Code §54221(b) and 54221(f)(1)(A).

Section 3. Staff of the City are hereby authorized and directed to submit a copy of this Resolution to HCD in accordance with the Surplus Land Act Guidelines.

Section 4. The city manager is hereby authorized, jointly and severally, to take any other such actions as deemed necessary or proper to effectuate the purposes of this resolution, and all actions previously taken are hereby ratified.

Section 5. The City Council hereby finds that the actions are not subject to the California Environmental Quality Act ("CEQA") because they are activities that are excluded from the definition of a project by §21065 of the Public Resources Code and §15378(b) of the State CEQA Guidelines. Subject to the contingency described above, this action declares the property exempt surplus land and directs staff to effectuate the purpose of this Resolution. This is an administrative activity of government which will not result in direct or indirect physical changes to the environment. No commitment to any project is being made at this time. CEQA review requirements must be completed before any commitment to a project occurs and appropriate environmental review pursuant to CEQA will be completed at such time.

Section 6. Effective date. This resolution shall take effect immediately upon adoption.

Section 7. The City Clerk shall certify the adoption of this resolution.

I, Judi A. Herren, City Clerk of Menlo Park, do hereby certify that the above and foregoing City Council Resolution was duly and regularly passed and adopted at a meeting by said City Council on the nineteenth day of November, 2024, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

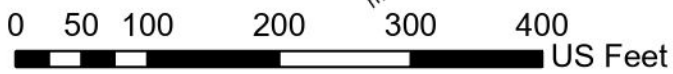
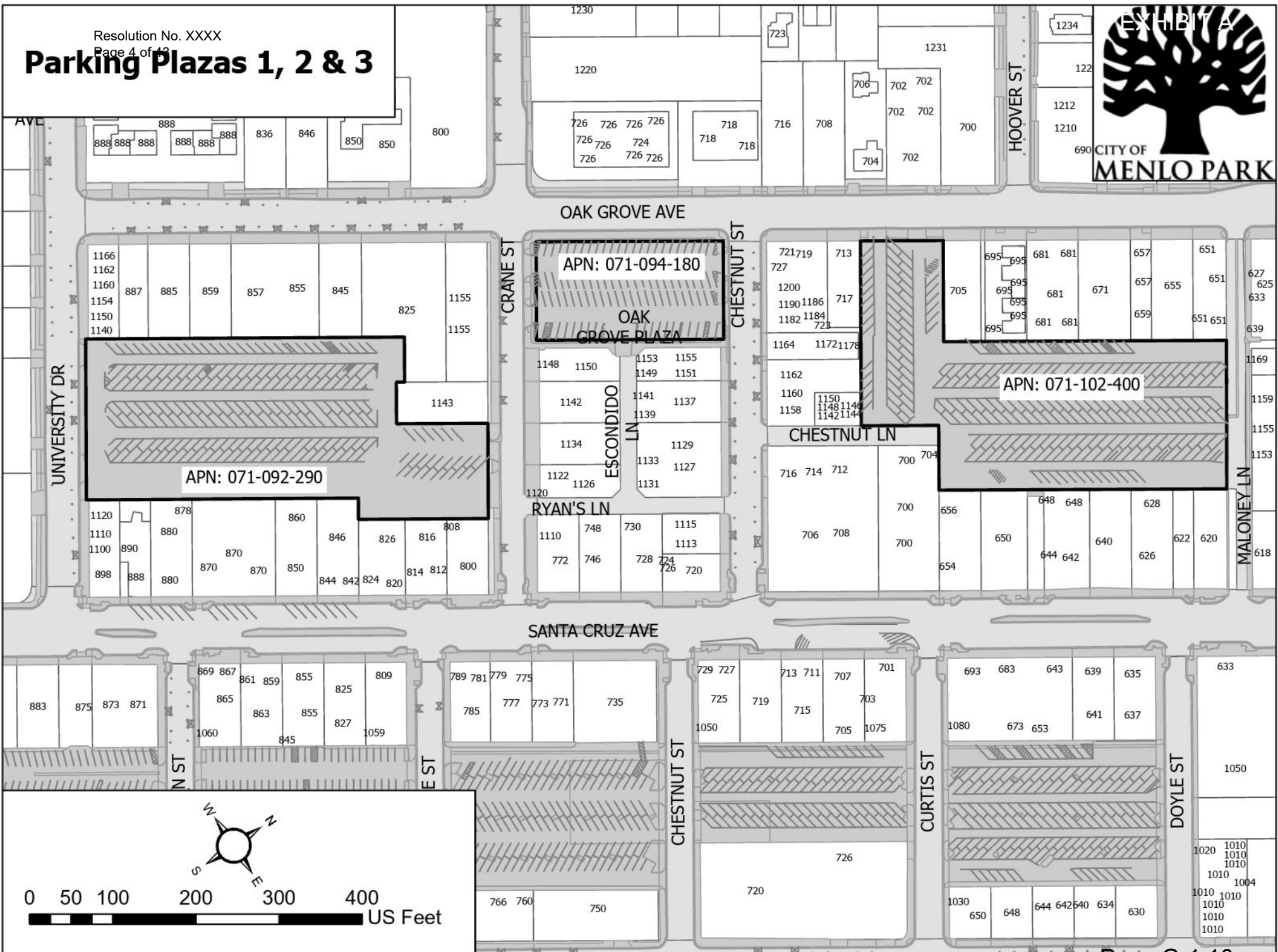
IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this ___ day of November 2024.

Judi A. Herren, City Clerk

Exhibits:

- A. Draft description of Parking Plazas 1, 2, and 3
- B. Aug. 27, 2024 Staff Report #24-151-CC

Resolution No. XXXX
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Parking Plazas 1, 2 & 3





STAFF REPORT

City Council

Meeting Date:

8/27/2024

Staff Report Number:

24-151-CC

Study Session:

Review and provide feedback on the affordable housing on City-Owned Downtown Parking Lots Feasibility Study and guidance on the next steps to implement Housing Element program H4.G

Recommendation

Staff recommends that the City Council review and discuss the affordable housing on City-Owned Downtown Parking Lots Feasibility Study (Attachment A); provide feedback on the staff recommendation to prioritize Parking Plazas 1, 2, and 3 for affordable housing redevelopment; and give direction regarding the staff recommendation to pursue a Surplus Land Act (SLA) exemption to streamline disposition process while maintaining City control over future development parameters, and solicit developer interest beginning with a request for information (RFI).

Policy Issues

The potential redevelopment of City-owned downtown parking lots with affordable housing involves several related policy considerations that the City Council should consider:

1. Housing production and affordability: The General Plan Housing Element commits to meeting the City's assigned Regional Housing Needs Allocation (RHNA), with an emphasis on creating units affordable to households at the moderate and lower income levels. The downtown parking lots were identified in Housing Element program H4.G – Prioritize Affordable Housing on City-Owned Parking Lots Downtown as a significant opportunity to make progress toward these goals.
2. Equitable community development: Introducing affordable housing into the downtown area aligns with Housing Element goals to create mixed-income neighborhoods and provide housing opportunities for moderate and lower-income households in walkable high-resource areas near public transit.
3. Downtown vitality and parking: The existing public parking lots play a role in supporting downtown businesses and visitors. Any redevelopment should balance affordable housing needs and the creation of a new downtown residential base while maintaining an adequate supply of public parking to enhance economic vitality.
4. Regulatory compliance: The City must follow state laws, including the SLA, which govern the disposition of public lands and prioritize affordable housing development.

Background

The City's 2023-2031 Housing Element includes eight City-owned downtown parking lots as potential sites for affordable housing development. The lots are identified as sites #9/9a, #10, and #14 through #19 in the Housing Element, and are projected to provide capacity for at least 345 very low-income housing units and play a crucial role in meeting the City's RHNA obligations. The City owns all of the land for six of the parking plazas (1, 2, 3, 5, 7 and 8), and owns a majority of the land for Parking Plazas 4 and 6, with portions under private ownership. The Housing Element includes program H4.G, which outlines a process and timeline for prioritizing affordable housing development on these downtown parking lots.

Key milestones in program H4.G include:

- Conducting a feasibility study (2023)
- Issuing a request for proposals (RFP) or similar solicitation process (2024)
- Completing development entitlements (2025)
- Seeking to complete development of 345 or more affordable housing units (2027)

The program emphasizes adherence to state SLA procedures and prioritizes proposals that address difficult-to-achieve housing priorities, such as extremely low-income units or housing for people with special needs.

Initial research for the feasibility study began in late 2022 with the evaluation of the history and ownership of the parking lots. During 2023, City staff primarily focused on coordination with the California Department of Housing and Community Development (HCD) to receive Housing Element certification, and completion of zoning changes required by the Housing Element before statutory deadlines. Staff also continued to research details regarding the easements and other information provided in the parking lots title reports. Staff has evaluated this information and prepared a feasibility study for review by the City Council to consider declaring certain parking lots as surplus land. Staff will continue to seek any future efficiencies that could maintain an aggressive schedule for the project, as outlined in the Housing Element.

To initiate implementation of program H4.G, staff developed a comprehensive feasibility study to evaluate the physical attributes, easements, potential land use issues, and zoning considerations for each of the eight City-owned parking lots. The primary goal of the study was to identify which lots are most suitable for affordable housing development and provide recommendations to inform the City's next steps in the process.

Analysis

Feasibility study recommendations

The Affordable Housing on City-Owned Downtown Parking Lots Feasibility Study, included as Attachment A, provides an evaluation of each parking lot, considering factors such as lot size, shape, access, existing constraints, and alignment with the El Camino Real/Downtown Specific Plan (Specific Plan) recommendations. The analysis also takes into account the potential loss of existing public parking on the surface lots and explores options for replacement parking as part of any redevelopment effort. A map of the parking plazas is shown on Page 3 of Attachment A, with Parking Plazas 1, 2, and 3 located north of Santa Cruz Avenue, and Parking Plazas 4 through 8 located south of Santa Cruz Avenue.

Key findings and recommendations from the feasibility study include:

- The parking lots with the highest redevelopment potential are Parking Plazas 1, 2 and 3. These three lots, all located north of Santa Cruz Avenue, offer the best combination of size, access and minimal constraints (such as easements, utilities and potential title complications) for affordable housing development.
- The three recommended lots could accommodate approximately 483 units at the Specific Plan bonus level of development, and potentially more under the City's Affordable Housing Overlay (AHO) or state density bonus law. This total would exceed the 345-unit goal in Housing Element program H4.G, providing flexibility in meeting or surpassing the City's affordable housing targets at varying income levels.
- The study recommends a phased approach to development, focusing primarily on Parking Plazas 1, 2 and 3. This strategy would permit time for businesses and visitors to adapt to new parking locations and

circulation patterns in the downtown area. It would also preserve options for future affordable housing development on the remaining lots south of Santa Cruz Avenue. For a future phase, Parking Plazas 8 and then 5 (in order of greatest opportunity) have the highest feasibility for affordable housing because they do not have mixed ownership issues, leases with other parties, and/or other complicating factors that are more characteristic of Parking Plazas 4, 6 and 7.

- To balance affordable housing goals with downtown parking needs, the study recommends incorporating public parking in parking structures as part of redevelopment projects or constructing stand-alone parking structures. The exact number of spaces to be maintained should be determined based on current utilization data and projected future needs, potentially informed by a parking management study that was recently initiated. The cost of a structured parking space is based on variables unique to an individual parking structure, but in the Bay Area estimates from 2012 to 2022 have ranged from \$30,000 to over \$50,000 per space, and may potentially be higher in current dollar values.
- The feasibility study draws insights from conceptual proposals created by UC Berkeley students as part of a 2023 design studio and outlines several common elements that could shape future housing or mixed-use development on the downtown parking lot sites:
 - Phased development over several years;
 - A focus on affordable housing with some consideration of market-rate housing units;
 - Diverse unit types to serve different household compositions;
 - Focus on specific populations, such as a large families, seniors and veterans;
 - Provision of ancillary non-residential uses, especially at the ground level facing a street;
 - Incorporation of resident and public amenities;
 - Creation of public open spaces and pedestrian-friendly connections;
 - Improvements to downtown bicycle facilities and bicycle parking for enhanced safety and convenience;
 - Use of structured parking to replace lost surface spaces;
 - Utilization of density bonuses and streamlined approval processes;
 - Leveraging of multiple funding sources to address development costs; and
 - Partnerships with experienced affordable housing developers and community service providers.

Disposition process

The next step to implement Housing Element program H4.G is to solicit interest from qualified developers for the selected downtown parking lots. Because the lots are City-owned land, they are subject to the SLA, a state law that governs the disposition of surplus public property with a focus on prioritizing affordable housing. The SLA defines “disposition” to include both sales of public land and long-term leases of more than 15 years. Before the sale or lease of any City-owned parking lots, the City Council must find that the parking lots are no longer necessary for the City’s use and declare the parking lots as “surplus land” or “exempt surplus land” at a public meeting. Depending on the City Council’s declaration, two disposition paths are possible as described below.

Declaration of surplus land

A declaration of surplus land would mean that the City confirms that selected parking lots are not necessary for the City’s use and wishes to proceed with the state’s defined path for disposition under the SLA. Surplus land disposition is subject to the following steps:

1. Declaration of surplus land: The City Council must declare the downtown parking lots as surplus land at a regular public meeting.
2. Notice of availability (NOA): Before any solicitation of developer interest, the City must send a written NOA to HCD, local public agencies in whose jurisdiction the surplus land is located, and housing

sponsors who have notified HCD of their interest in surplus land. The City must allow 60 days for responses to the NOA.

3. Good faith negotiations: If any entity expresses interest within the 60-day period, the City must engage in good faith negotiations for at least 90 days. The City may negotiate with multiple interested parties concurrently.
4. Prioritization: Priority must be given to entities that agree to use the site for affordable housing that provides the greatest number of affordable units, or in the case of a tie in the number of units, the lowest average affordability. At a minimum, an entity must propose at least 25% of the units affordable to lower income households.
5. Disposition: After completing the NOA process and good faith negotiations, the City can proceed to work with a developer to construct housing on a selected lot. However, if good faith negotiations do not result in the selection of an entity to construct housing on a City-owned lot, a broader solicitation process can occur. If the NOA process ends without an agreement, the City must still record an affordability covenant against the surplus land stating that if 10 or more residential units are developed on the property, 15% or more of the units must be rented or sold as affordable housing.

Declaration of exempt surplus land

The state provides exemptions to the SLA that allow jurisdictions with surplus land to use alternate disposition processes. A declaration of exempt surplus land by the City Council, with written findings of support, would mean the City intends to use the land for affordable housing according to the state's exemption criteria. The exemption and findings would need to be sent to HCD for approval. Two exemptions that may be applicable for affordable housing on the City-owned downtown parking lots are described as exemptions A and B below.

- A. The first exemption potentially relevant to the downtown parking lots applies if the following criteria are satisfied:
 - At least 80% of the land area will be developed for residential uses, and
 - At least 40% of the residential units developed on the land will be for households whose income is 60% of area median income (AMI) or less, with at least one-half of those units (20%) restricted to households whose income is 50% of AMI or less, and
 - The affordability restrictions must be included in a recorded agreement that will apply for the longest feasible time, but no less than 30 years.
- B. The second exemption potentially relevant to the downtown parking lots applies if the following criteria are satisfied:
 - The land is put out for open competitive bid with notice to all agencies on HCD's interest list, and either:
 - The land will be developed as housing, which could include ancillary commercial ground floor uses, where 100% of the units are affordable, with at least 75% of the units restricted to households whose income is 80% of AMI or less and the remainder restricted to households whose income is 120% of AMI or less, or
 - The land will be developed as a mixed-use development that is larger than 1 acre in size, will include at least 300 units, and will restrict at least 25% of the units for occupancy by households making 80% of AMI or less.

If the downtown parking lots are declared surplus land, or if they are declared exempt surplus land using exemption B above, the SLA provides a specific NOA or open competitive bid process that must be used. To provide more City control over the parameters of any future development on the parking lots, staff recommends pursuing exemption A, which would allow the City multiple options to solicit interest from developers, each with its own benefits and considerations. Table 1 highlights the potential advantages and

disadvantages of different methods, listed from least intensive to most intensive, with respect to exemption A.

Table 1: Developer solicitation methods comparison			
Method	Description	Advantages	Disadvantages
Request for Information (RFI)	Invites developers in the early stages of a project to express interest in a project/site and provide insight into the market.	<ul style="list-style-type: none"> • Can be a quick way to gauge market interest and capacity • Low barrier to entry for developers <ul style="list-style-type: none"> • Non-binding, low commitment level 	<ul style="list-style-type: none"> • Requires additional steps before having a ready-to-implement project <ul style="list-style-type: none"> • May result in limited information from developers without significant detail
Request for Qualifications (RFQ)	Asks developers to provide qualifications to construct a project based on preliminary specifications.	<ul style="list-style-type: none"> • Focuses on developer expertise and track record <ul style="list-style-type: none"> • Acts as a helpful screening tool to identify qualified and capable entities • Can be used to short-list candidates for a more streamlined RFP process 	<ul style="list-style-type: none"> • Requires additional steps before having a ready-to-implement project • May not result in information about specific project details or costs
Request for Proposals (RFP)	Solicits detailed proposals from developers, including project plans, timelines and costs.	<ul style="list-style-type: none"> • Provides detailed project information • Allows for comparison of specific proposals • Can result in a ready-to-implement plan 	<ul style="list-style-type: none"> • More time-consuming for City and developers to prepare and review • May limit creative projects and solutions if too prescriptive <ul style="list-style-type: none"> • Can be challenging for smaller developers to compete

It is not uncommon for projects to use a multi-step approach beginning with an RFI or RFQ. The outcomes of the RFI or RFQ process can then be used to tailor a specific RFP process that results in selection of a developer and project to be constructed. For the downtown parking lots, staff recommends beginning with an RFI to gauge market interest and capacity to provide affordable housing and some replacement parking as part of any development, along with other potential creative solutions for the City Council to consider.

Next steps

The Housing Element projects that the City-owned downtown parking lots could provide capacity for at least 345 very low-income housing units, which are important for meeting the City’s RHNA obligations through 2031. The feasibility study recommends that the City focus on constructing 100% affordable housing at the very low-income level with 345 or more units on Parking Plazas 1, 2 and 3. Moving forward with the intent to redevelop Parking Plazas 1, 2, and 3 would also allow the City to proceed with maintenance and resurfacing of Parking Plazas 7 (next to Trader Joe’s) and 8 (next to Walgreens), which are included in the City’s five-year capital improvement plan (CIP).

Considering the disposition options available for the City-owned parking lots, staff recommends that the City Council make a declaration of exempt surplus land using exemption A. This action would provide the most control over the type of development that could occur on the sites, and allow the City to seek development of units affordable at the very low-income level with replacement public parking. Other disposition options

have required selection processes that could result in the development of fewer affordable units and/or without replacement public parking. After making the declaration of exempt surplus land with findings, the City could initiate a multi-step process beginning with an RFI to gauge market interest and capacity at this early stage in the process. The results of the RFI could inform an RFQ and/or RFP, ultimately leading to the selection of a qualified developer to construct the affordable housing.

As previously stated, an alternative path of using a state-designated disposition process provides more certainty regarding the required steps, but also presents potential risks. For instance, under the NOA process, the City may be required to negotiate over proposals that provide as little as 25% affordable housing, thus providing less than the 345 affordable housing targeted in Housing Element program H4.G. Proposals through the NOA process could also lack desired components like replacement parking for existing spaces lost through redevelopment.

Unless feedback from the City Council indicates another approach would be desirable, staff proposes the following next steps:

- Return to the City Council with a focus on the disposition of Parking Plazas 1, 2 and 3, declaring that the land is exempt surplus land. The pertinent exemption criteria would be that at least 80% of the land area will be developed for residential uses, and at least 40% of the residential units developed on the land will be for households whose income is 60% of area median income (AMI) or less, with at least one-half of those units (20% of total units) restricted to households whose income is 50% of AMI or less. The exemption would be met based on the very low-income (30 to 50% of AMI) affordability target for the 345 or more units to be developed on the sites. A draft RFI would also be prepared and presented to City Council for guidance as part of this step.
- Issue an RFI seeking information from the development community to gauge market support and creative ideas to provide 100% affordable housing on the selected parking lots along with some amount of replacement public parking for downtown employees and visitors.
- Based on the RFI response, return to City Council with a summary of developer feedback and receive confirmation on the next steps in the disposition process.

Following the Aug. 27 study session, staff will consider all feedback received from the public and guidance received from City Council, and begin preparing the disposition resolution and associated documents for the selected City-owned parking lots, with the goal of returning to City Council in the fall for formal action.

Impact on City Resources

The feasibility study was completed using existing staff resources. As the project moves forward, staff resources would be needed to manage the developer solicitation process, including preparation and review of RFI/RFQ/RFP documents and coordination with community stakeholders. Additional consultant services may also be needed for specialized aspects of the project, such as financial analyses and technical studies. More information about financial impacts will be provided as the disposition process continues and specific development proposals are considered.

Environmental Review

The feasibility study and the recommended developer solicitation process are not considered projects under the California Environmental Quality Act (CEQA), and therefore do not require environmental review at this stage. However, any future development proposals that emerge from the process would be subject to appropriate environmental review as required by CEQA, and may also be wholly or partially covered by the Subsequent Environmental Impact Report (SEIR) prepared for the Housing Element Update project and

certified by the City Council Jan. 31, 2023 through Resolution No. 6808. The level of environmental review will be determined based on the specific nature and scope of any proposed developments.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting. Public notice was also provided through a mailed postcard sent to property owners and occupants of buildings in the downtown area (properties between Oak Grove Avenue and Menlo Avenue, and University Drive and El Camino Real) and through City social media.

Attachments

A. Affordable Housing on City-Owned Downtown Parking Lots Feasibility Study

Report prepared by:
Tom Smith, Principal Planner

Report reviewed by:
Mary Wagner, Assistant City Attorney
Deanna Chow, Community Development Director



AFFORDABLE HOUSING ON CITY-OWNED DOWNTOWN PARKING LOTS FEASIBILITY STUDY DRAFT

CITY OF MENLO PARK, CALIFORNIA

August 2024

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List of Abbreviations

AB	Assembly Bill
AHO	Affordable Housing Overlay
AHSC	Affordable Housing Sustainable Community
AMI	area median income
APN	assessor's parcel number
CC&Rs	covenants, conditions and restrictions
CIP	capital improvements plan
EV	electric vehicle
HCD	California Department of Housing and Community Development
HUD	U.S. Department of Housing and Urban Development
LIHTC	Low Income Housing Tax Credits
MHP	Multifamily Housing Program
MTC	Metropolitan Transportation Commission
RFP	request for proposals
RHNA	Regional Housing Needs Allocation
SB	Senate Bill
SLA	Surplus Land Act

Introduction and Scope of Study

The City of Menlo Park’s certified 2023-2031 Housing Element includes a site inventory and goals, policies, and programs to help the City meet its RHNA of 2,946 new dwelling units and affirmatively further fair housing throughout the city, especially in City Council Districts 2 through 5. Among the 69 opportunity sites included in the Housing Element are eight City-owned parking lots located in downtown Menlo Park. The downtown parking lots are projected to provide capacity for at least 345 units affordable to households at the very low-income¹ level. The Housing Element includes program H4.G (Prioritize Affordable Housing on City-Owned Parking Lots Downtown), which prioritizes the use of the City-owned parking lots for affordable housing development by 2027. Program H4.G also specifies that the City will adhere to procedures consistent with the SLA to provide affordable housing developers a first right of refusal (AB 1486).

Housing Element program H4.G includes a timeline for development of the City-owned parking lots. Program milestones are shown in Table 1.

Year	Action
2023	Solicit proposals and conduct a feasibility analysis to assess which parking lots are most suitable for residential development.
2024	Issue request for proposals (RFP) for affordable housing on some or all of the parking lot sites, including information on City land write-down incentives.
2025	Complete development entitlements.
2027	Seek to complete development of 345 or more affordable housing units on a combination of parking lot sites consistent with the Housing Element site inventory.

The Housing Element also specifies that the City will prioritize any development proposals on the downtown parking lots that address difficult-to-achieve housing priorities including:

- A greater number of extremely low-, very low-, low-, and moderate-income units, and/or
- A percentage of units preferential for people with special needs who will benefit from coordinated on-site services, such as services for people living with disabilities, including developmental disabilities.

The focus of this study is to evaluate the physical attributes, easements, potential land use issues, and consistency with the 2012 El Camino Real/Downtown Specific Plan (Specific Plan) for the eight downtown parking lots and identify those most suitable for affordable housing development. Conceptual architectural designs, building layouts, and economic analyses are not included in this study. These considerations may be addressed through the RFP process (or a similar information/acquisition process selected by the City Council) that allows industry professionals to determine feasibility of development on the selected parking lots.

City-owned parking lots overview

The eight downtown parking lots included in the Housing Element site inventory are listed in Table 2. Although each parking lot is assigned an estimated number of units in the site inventory

¹ In terms of a jurisdiction’s RHNA, the very low-income category represents households making zero to 50 percent of the area median income (AMI). The 2024 median income for San Mateo County, as determined by HUD, HCD, and the County of San Mateo, is \$186,600 based on a household of four.

to meet state housing element requirements, program H4.G would allow affordable housing development on any combination of the parking lots that could support 345 or more units and meet all zoning regulations and associated requirements.

Parking Plaza Number	Location Description/Site Inventory Number	RHNA Allocation (Very-Low Income Units)
Parking Plaza 1	Lot between El Camino Real and Chestnut on west side of Santa Cruz (Site #14)	86
Parking Plaza 2	Lot off Oak Grove (Site #19)	21
Parking Plaza 3	Lot between University and Crane on west side of Santa Cruz (Site #15)	75
Parking Plaza 4	Lot next to Draeger's (Site #18)	23
Parking Plaza 5	Lot between Evelyn and Crane (Site #16)	38
Parking Plaza 6	Lot next to Wells Fargo, between Crane and Chestnut (Site #10)	38
Parking Plaza 7	Lot next to Trader Joe's, between Chestnut and Curtis (Site #9/9a)	26
Parking Plaza 8	Lot between Curtis and Doyle (Site #17)	38

The parking lots are located throughout the downtown area, providing a variety of opportunities for distributed affordable housing development in a high resource area of the community. The Site Inventory and Analysis chapter of the Housing Element (Chapter 7) notes that a feasibility study may be necessary to consider parking easements owned by neighboring businesses, as well as potential utility easements. There are various development possibilities for the City-owned downtown parking lots, including:

- Reserving one or more lots for redevelopment with a parking structure, and using the remaining parking lots for development of affordable housing as part of a 100 percent residential or mixed use development;
- Providing affordable housing and structured public parking on the same lot for one or more of the largest parking plazas;
- Retaining some lots for surface parking and using others for affordable housing (potentially with complementary mixed uses); and/or
- Developing portions of City-owned lots with affordable housing (potentially mixed use) and leaving surface parking on the remainder of the lots.

Background

This report references directions using the same geographic conventions as the Specific Plan and considers Santa Cruz Avenue as having an east-west orientation. Figure 1 shows the locations of the downtown parking lots, with parking plazas north of Santa Cruz Avenue numbered 1 through 3 (north to south), and parking plazas south of Santa Cruz Avenue numbered 4 through 8 (south to north).

Figure 1. Downtown Parking Lots²



Financing and development of the downtown parking lots

Between 1945 and 1964, the City formed assessment districts and issued bonds to finance the acquisition of land and construction of the downtown parking lots. The assessment district bonds were fully paid off in the 1980s, the assesseses are no longer paying assessment installations, and the assessed properties have received the long-term benefit of the financed improvements.

Previous studies and plans

A design charrette was conducted in 2005 to envision desired urban design concepts for downtown Menlo Park and the area of El Camino Real adjacent to downtown. Suggested elements deemed important for the downtown included:

² The City's 2023 "Streetaries" outdoor dining program and associated bicycle and pedestrian improvements modified the availability of on-street parking along portions of Santa Cruz Avenue, which may not be accurately reflected in this map.

- Developing community gathering spaces and enhancing pedestrian movements;
- Pursuing mixed-use development with more residential opportunities;
- Incorporating art/sculpture/water features; and
- Enhancing the effectiveness of public parking, while improving lighting and visibility to provide a safe and inviting environment.

Many of these elements were also discussed in the 2012 Specific Plan³ and later studies, as described in the topic areas below.

Parking

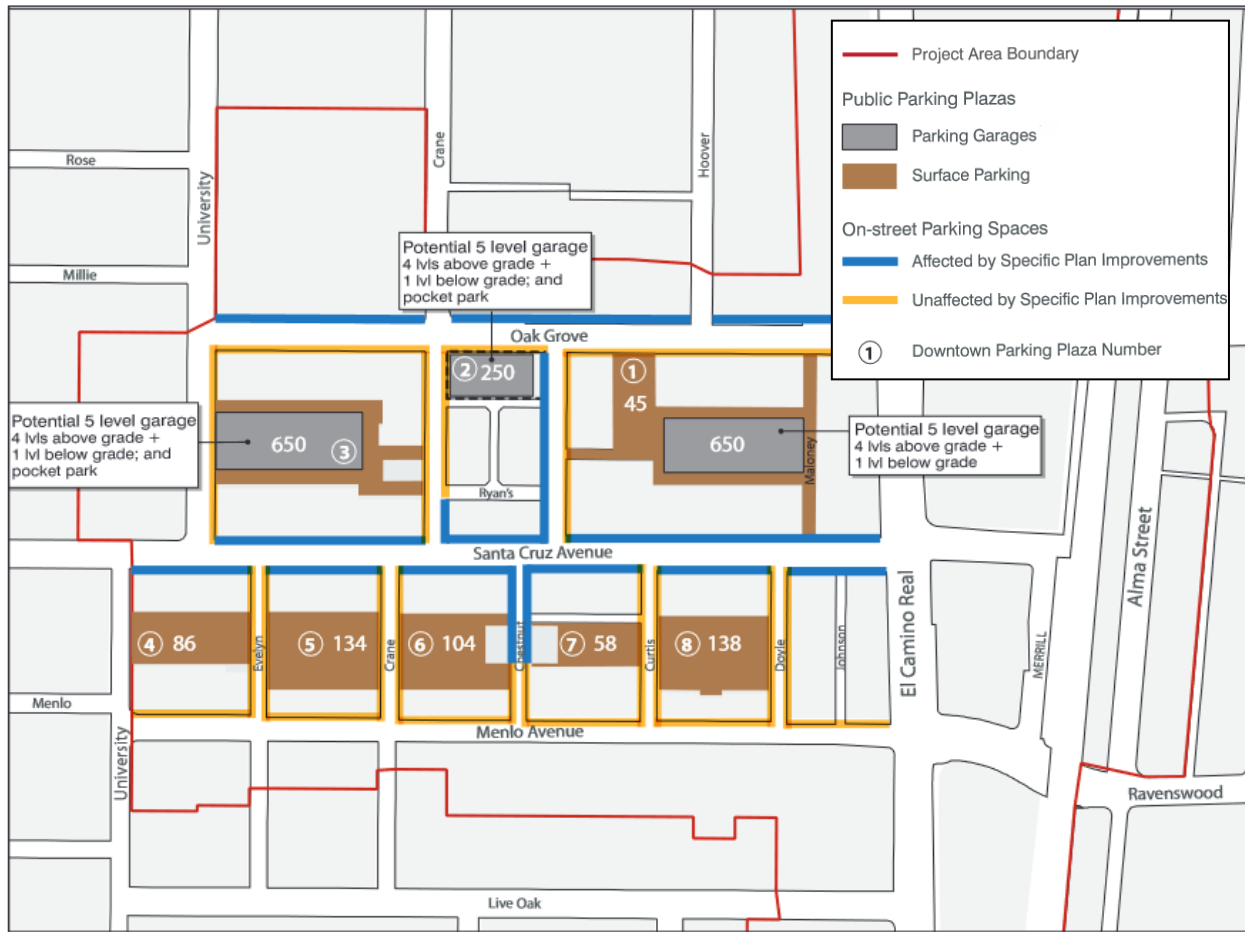
The Specific Plan advised the construction of up to two new parking structures on a combination of Parking Plazas 1, 2, and 3, and the relocation of parking spaces for public space improvements. For Parking Plaza 1, the Specific Plan proposed a five-level garage (one level below-grade and four above) with 650 publicly accessible spaces. For Parking Plaza 2, the Specific Plan allowed for a five-level garage (one level below-grade and four above) with 250 publicly accessible spaces. For Parking Plaza 3, the Specific Plan proposed a five-level garage (one level below-grade and four above) with 650 publicly accessible spaces. The Specific Plan provided flexibility on which two of the three potential garages to build in the future. Figure 2 depicts the future parking supply in downtown Menlo Park, as proposed in the Specific Plan.

The cost of a structured parking space is based on variables unique to an individual parking structure, but in the Bay Area estimates from 2012 to 2022 have ranged from \$30,000 to over \$50,000 per space, and may potentially be higher in current dollar values.⁴

³ The [Specific Plan](#), including amendments since its 2012 adoption, is available on the City's website.

⁴ Estimated cost range is based on a 2012 [Parking Structure Technical Report: Challenges, Opportunities, and Best Practices](#) report prepared for the Metropolitan Transportation Commission, and a 2023 [Comprehensive Parking Supply, Cost and Pricing Analysis](#) document by the Victoria Transport Policy Institute.

Figure 2. Specific Plan Proposed Downtown Parking Supply

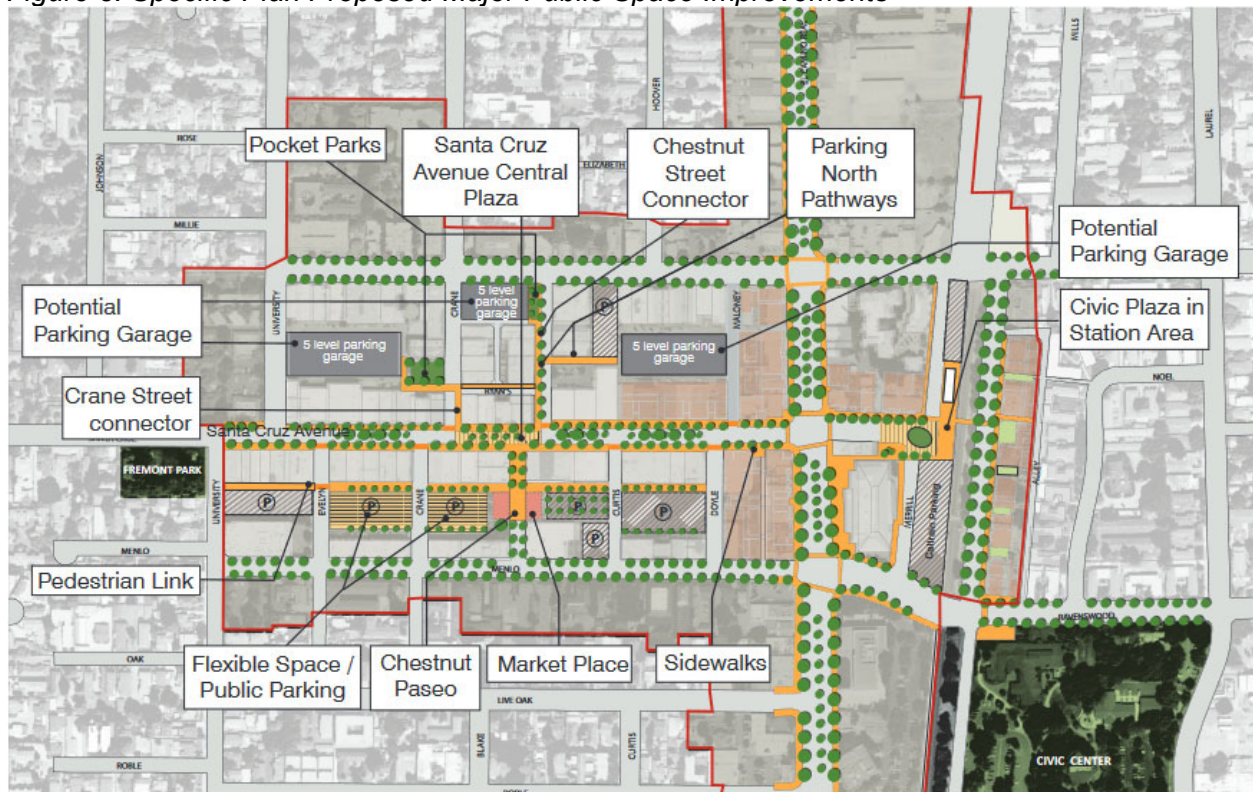


Public space improvements

The Specific Plan also included recommendations for major public space improvements, many in relation to the City-owned parking plazas, as shown in Figure 3. The recommended improvements included:

- A pocket park in a small area of Parking Plaza 2 adjacent to Chestnut Street, east of the potential parking structure;
- A pocket parking on a section of Parking Plaza 3 adjacent to Crane Street, east of the potential parking structure;
- A pedestrian link along the northern edge of Parking Plazas 4 through 8, connecting the rear of Santa Cruz Avenue businesses adjacent to the parking lots;
- Flexible space/public parking on Parking Plazas 5 and 6, serving as space for periodic events, festivals, and large public gatherings but otherwise available as public parking; and
- A market place on the edges of Parking Plazas 6 and 7 adjacent to Chestnut Street, to complement surrounding shops and provide permanent or temporary structures/stalls/tents for vendors and merchants.

Figure 3. Specific Plan Proposed Major Public Space Improvements



Mixed use development, affordable housing, and downtown vitality

Certain aspects of the Specific Plan were echoed in a 2022 Menlo Park Downtown Market Study⁵ developed by HdL ECONSolutions, which recommended considering the development of parking structures on City-owned/operated parking plazas in combination with mixed-use projects of affordable housing and retail at the street level.

During preparation of the Housing Element Update in 2023, the University of California Berkeley approached the City about studying potential affordable housing developments on the City-owned parking plazas as part of a multidisciplinary graduate level studio. In May 2023, three teams of students presented development scenarios⁶ for the downtown parking lots with varying densities, architectural designs, funding sources, timelines, and a mix of affordable and market-rate housing units. While this effort was independent from the City's Housing Element Update, the students' findings and reports provided examples of potential development patterns, constraints, and opportunities that may exist in the implementation of Housing Element program H4.G.

⁵ The 2022 [Menlo Park Downtown Market Study](#) is available on the City's website.

⁶ The three student-created development scenarios are [The Menlo Collaborative](#), [Menlo Crossing](#), and [The New Medium at Menlo](#).

Physical Attributes, Easements, and Potential Land Use Issues for Parking Lots

This section provides a detailed analysis of each of the eight City-owned downtown parking lots under consideration for affordable housing development. For each parking plaza, the analysis examines its physical characteristics, location, and relationship to surrounding properties. The section also reviews any easements, title issues, or potential land use constraints known at this time that could affect future development.⁷ The information presented is based on site visits; review of maps, property records, and title reports; and analysis of existing plans and studies.

⁷ Information regarding the locations of California Water Service water lines and underground Pacific Gas and Electric lines is not currently available and is not shown on maps in this study. However, City staff will continue coordination with outside agencies and/or consultants to determine exact locations of infrastructure and map them for future phases of the project.

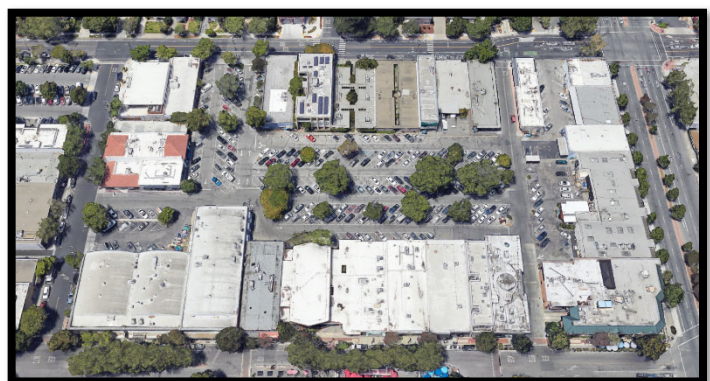
Parking Plaza 1

Map



General description

Parking Plaza 1 is in the northeastern quadrant of downtown Menlo Park, near the intersection of Oak Grove Avenue and El Camino Real. It is generally surrounded by buildings that front onto the adjacent streets and maintain back-of-house functions (garbage, utilities, private parking and circulation, etc.) next to the parking lot. The parking plaza is an irregularly shaped lot with driveways off Oak Grove Avenue to the north, Maloney Lane (which connects Oak Grove Avenue and Santa Cruz Avenue) to the east, and Chestnut Lane (which intersects with Chestnut Street) to the west. The lot includes City-owned pedestrian access paths from the parking plaza to Oak Grove Avenue between the buildings at 695 and 705 Oak Grove Avenue, and to Santa Cruz Avenue between the buildings at 642 and 650 Santa Cruz Avenue. Privately-owned pedestrian access paths between Oak Grove Avenue and the parking plaza are located



on the 671 Oak Grove Avenue and 681 Oak Grove Avenue parcels. A privately-owned pedestrian access path is also provided between Chestnut Street and the parking plaza on the 1164 Chestnut Street property. The lot features a small spur to the east that connects private parking lots behind the buildings at 1161, 1179, and 1189 El Camino Real to Maloney Lane. There are separate vehicular entrance and exit driveways off Maloney Lane that connect to a private parking lot for the businesses from 1137 to 1159 El Camino Real. Additionally, the post office at 655 Oak Grove Avenue includes an area of private parking and a loading zone for trucks at the rear, directly adjacent to the parking plaza. Parking Plaza 1 is the largest of the parking plazas with a total area of 2.28 acres, although the area is inclusive of Maloney Lane and the public pedestrian connections.

Site details

Table 3: Parking Plaza 1 Site Characteristics	
Characteristic type	Detail
Parcel size	2.28 acres (includes Maloney Lane ⁸ and 2 pedestrian passages)
Existing parking spaces	249
Zoning district	SP-ECR/D, Downtown
Housing Element projected units	86 very low-income units
Land ownership	City-owned
Number of parcels	1
Specific Plan recommendation(s)	Potential parking structure (650 spaces)
Utilities	Overhead lines along interior of lot (eastern side); underground utilities unknown at this time
Resurfacing/maintenance	Resurfaced 10+ years ago (exact date unavailable)
Trees	19 heritage; 25 total
Public business entrances on plaza	3 primary; 11 secondary (side/rear) entrances
Pedestrian connections	5 pedestrian passageways to surrounding streets

Easements and potential land use issues

Title report research on Parking Plaza 1 (Assessor’s parcel number (APN): 071-102-400) identified the following key findings in relation to potential legal constraints, easements, and other encumbrances that could affect future development on the parking lot:

- Two utility easements, originating at Santa Cruz Avenue and running north along Maloney Lane approximately two-thirds of the way to Oak Grove Avenue
- CC&Rs requiring 16 parking spaces on the adjacent property at 610 Santa Cruz Avenue for the benefit of the City parking plaza
- Several waivers of claims for damages related to highway construction, dated 1939 (potentially removable from title)

⁸ Maloney Lane has an area of approximately .22 acres. Rights-of-way are typically deducted from total lot area to calculate the maximum density, gross floor area, and other development regulations for a site.

Parking Plaza 2

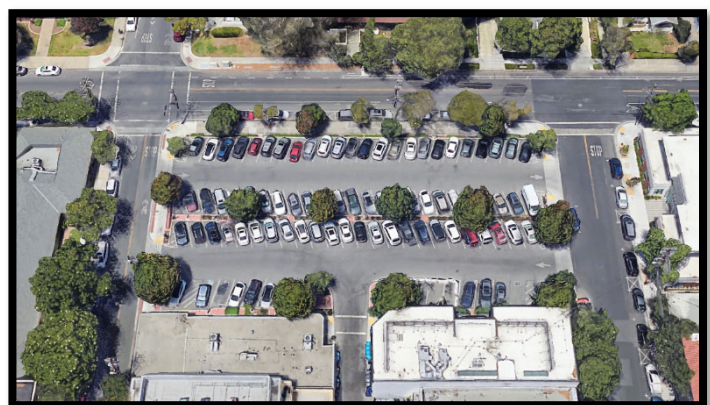
Map



Note: The blue dashed line indicates the approximate location of a 1968 plan line for the widening of Crane Street.

General description

Parking Plaza 2 is located at the northern edge of downtown and bounded by Oak Grove Avenue to the north, Chestnut Street to the east, buildings and an intersection with Escondido Lane to the south, and Crane Street to the west. It is a rectangular lot with driveways off Chestnut Street, Escondido Lane, and Crane Street. Although it is the smallest of the eight parking plazas with a total area of 0.56 acres, it has a regular shape and features strong accessibility with frontages on three streets and sidewalks on all four sides. The lot also includes four parking spaces with public EV chargers. One adjacent building has an entrance facing the lot, but none of the adjacent buildings back up to the parking lot or maintain back-of-house functions facing



the lot. As a result, there would likely be fewer conflicts between existing buildings and potential development on this site.

Site details

Table 4: Parking Plaza 2 Site Characteristics	
Characteristic type	Detail
Parcel size	0.56 acres
Existing parking spaces	95
Zoning district	SP-ECR/D, Downtown
Housing Element projected units	21 very low-income units
Land ownership	City-owned
Number of parcels	1
Specific Plan recommendation(s)	Potential parking structure (250 spaces) and pocket park
Utilities	No overhead lines crossing lot; underground utilities unknown at this time
Resurfacing/maintenance	Resurfaced 10+ years ago (2012)
Trees	0 heritage; 8 total
Public business entrances on plaza	0 primary; 1 secondary (side/rear) entrances
Pedestrian connections	Sidewalks bordering site

Easements and potential land use issues

Title report research on Parking Plaza 2 (APN: 071-094-180) identified the following key findings in relation to potential legal constraints, easements, and other encumbrances that could affect future development on the parking lot:

- City Council resolution from 1968 establishing plan lines for the widening of Crane Street by five feet on each side (must be followed or abandoned)

Parking Plaza 3

Map



General description

Parking Plaza 3 is in the northwestern quadrant of downtown, near the intersection of Oak Grove Avenue and University Drive. It is an irregularly shaped lot bounded by the rear of buildings that generally front onto Oak Grove Avenue to the north, Crane Street to the east, the rear of buildings that typically front onto Santa Cruz Avenue to the south, and University Drive to the west. Although the buildings that enclose the lot to the north and south typically feature businesses with primary entrances off Santa Cruz and Oak Grove Avenues, a few businesses have primary entrances facing the parking plaza, and a number of businesses have secondary entrances onto the parking plaza. Certain buildings also have private parking spaces at the rear directly off the parking plaza, including properties at 842, 860, 880, and 888 Santa Cruz Avenue. Most



businesses also have typical back-of-house functions located adjacent to the parking plaza. Vehicular access is provided by driveways off Crane Street and University Drive. The parking plaza is served by three privately-owned pedestrian connections from the parking plaza to Oak Grove Avenue through the properties at 825, 859, and 885 Oak Grove Avenue. Parking Plaza 3 is the second largest City-owned parking lot with 1.99 acres.

Site details

Table 5: Parking Plaza 3 Site Characteristics	
Characteristic type	Detail
Parcel size	1.99 acres
Existing parking spaces	212
Zoning district	SP-ECR/D, Downtown
Housing Element projected units	75 very low-income units
Land ownership	City-owned
Number of parcels	1
Specific Plan recommendation(s)	Potential parking structure (650 spaces) and pocket park
Utilities	Overhead lines along interior of lot (eastern side); underground utilities unknown at this time
Resurfacing/maintenance	Resurfaced 10+ years ago (exact date unavailable)
Trees	8 heritage; 23 total
Public business entrances on plaza	5 primary; 12 secondary (side/rear) entrances
Pedestrian connections	3 pedestrian passageways to surrounding streets

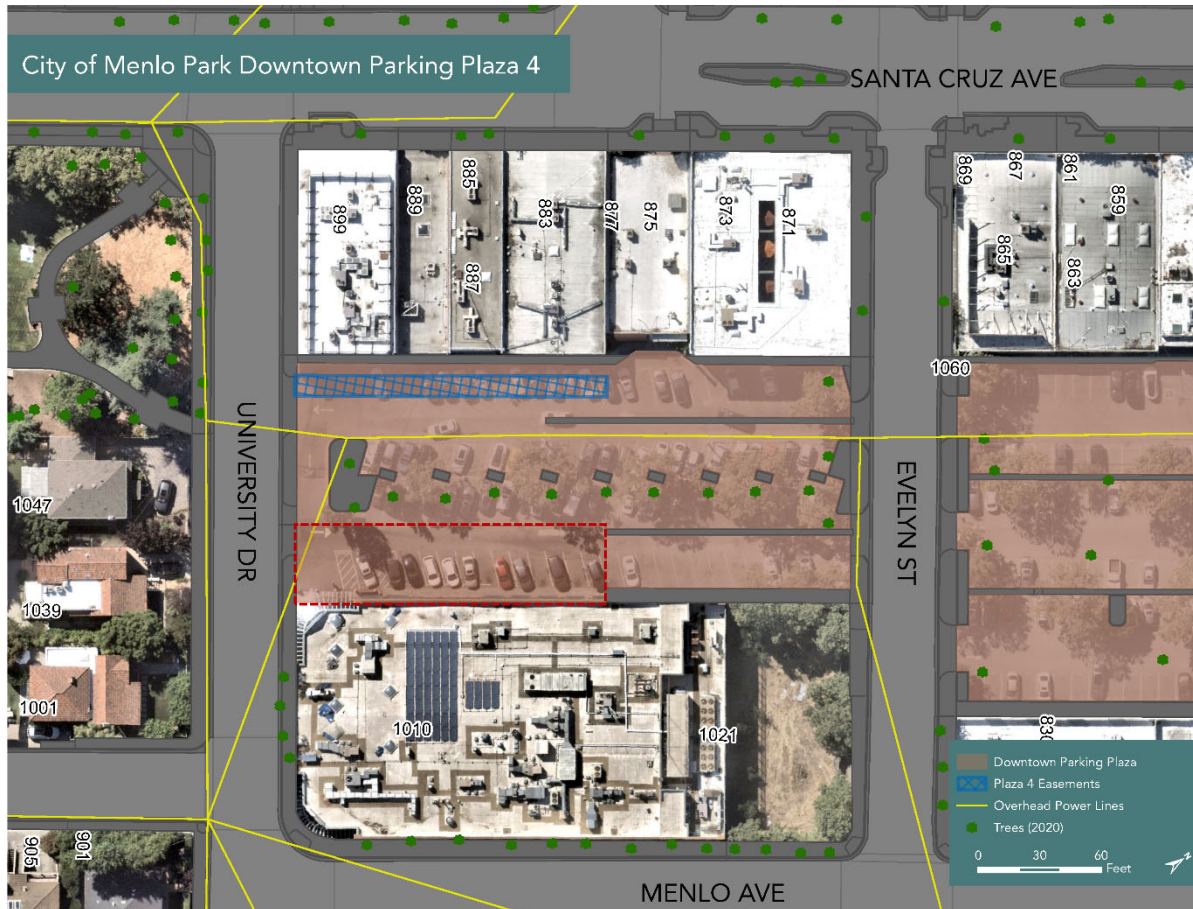
Easements and potential land use issues

Title report research on Parking Plaza 3 (APN: 071-092-290) identified the following key findings in relation to potential legal constraints, easements, and other encumbrances that could affect future development on the parking lot:

- No significant exceptions or constraints noted.

Parking Plaza 4

Map



Note: Area(s) bounded by a dashed red line indicate portions of the parking plaza under private ownership.

General description

Parking Plaza 4 is in the southwestern quadrant of downtown, bounded by the rear of buildings fronting onto Santa Cruz Avenue to the north, Evelyn Street to the east, Draeger's Market and a vacant lot to the south, and University Drive to the west. The buildings that surround the lot to the north and south have a mix of primary business entrances and substantial side/rear entrances facing the parking plaza. As with many of the parking plazas, adjacent businesses typically have back-of-house functions, such as garbage collection (typically in smaller Recology bins), directly next to the parking plaza. Vehicular access is provided from driveways off Evelyn Street and University Drive; however the one-way entrance drive off University Drive and approximately half an aisle of parking spaces directly adjacent to Draeger's Market are on the privately-owned



Draeger’s parcel. The City has also allowed Draeger’s to use portions of the City-owned parcel for loading activities associated with business operations, as needed. As a result, although the parking plaza appears and functions as a rectangular parking lot, it has mixed ownership and the City-owned portion of the lot is an irregular shape. Parking Plaza 4 is the second-smallest City-owned parking lot downtown with an area of 0.62 acres.

Site details

Table 6: Parking Plaza 4 Site Characteristics	
Characteristic type	Detail
Parcel size	0.62 acres
Existing parking spaces	105
Zoning district	SP-ECR/D, Downtown
Housing Element projected units	23 very low-income units
Land ownership	Portions owned by City and Draeger’s Markets
Number of parcels	2 (1 City-owned parcel, portion of Draeger’s parcel)
Specific Plan recommendation(s)	Pedestrian link from plazas 4 through 8
Utilities	Overhead lines along interior of lot (central)
Resurfacing/maintenance	Resurfaced 20+ years ago
Trees	6 heritage; 14 total
Public business entrances on plaza	2 primary; 8 secondary (side/rear) entrances
Pedestrian connections	Sidewalks bordering plaza entrances

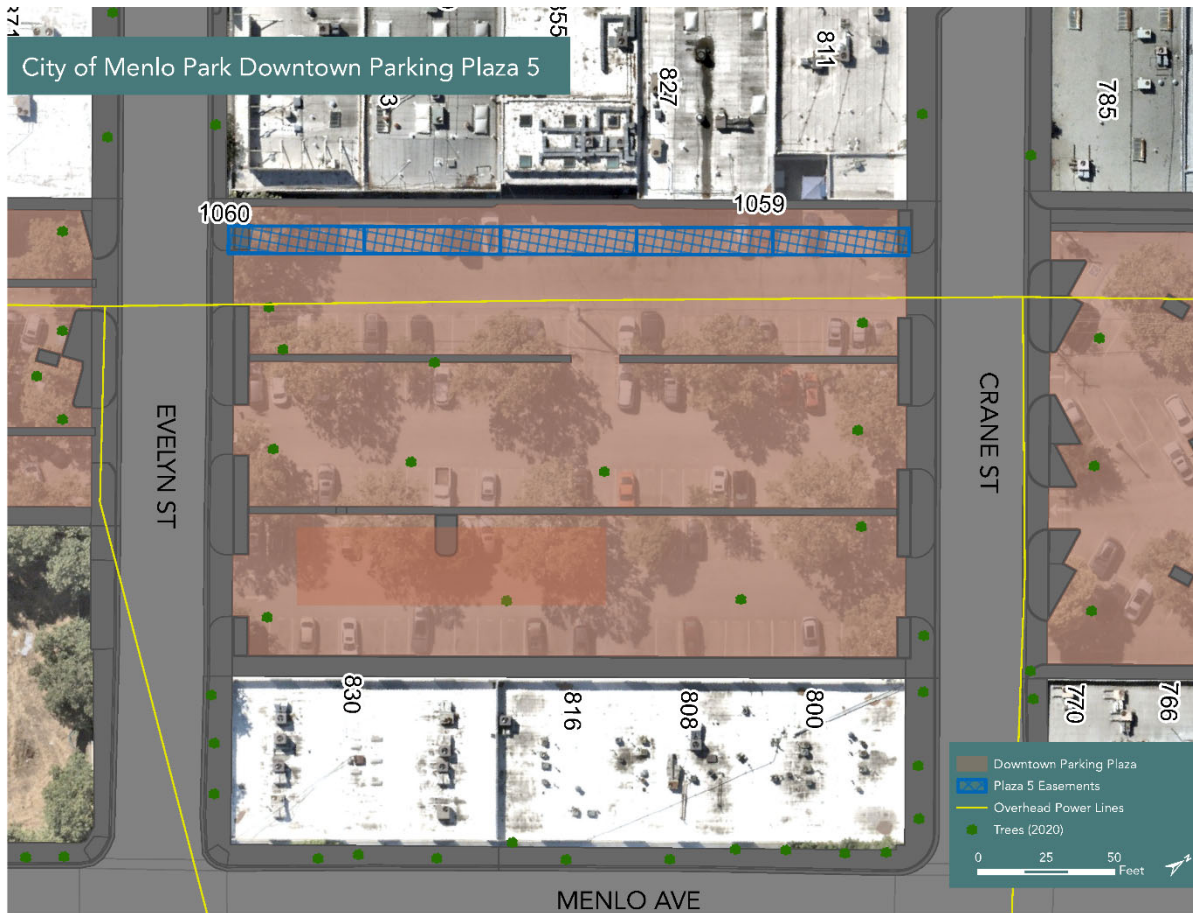
Easements and potential land use issues

Title report research on the City-owned parcel of Parking Plaza 4 (APN: 071-273-160) identified the following key findings in relation to potential legal constraints, easements, and other encumbrances that could affect future development on the parking lot:

- Public utility easement (10 feet wide) near the northern edge of site, running east to west approximately halfway across the lot

Parking Plaza 5

Map



General description



Parking Plaza 5 is in the southeastern quadrant of downtown, bounded by the rear of buildings fronting onto Santa Cruz Avenue to the north, Crane Street to the east, buildings fronting onto Menlo Avenue to the south, and Evelyn Street to the west. The majority of buildings that surround the lot to the north have limited or no public entrances off the parking plaza and include a number of restaurants that face Santa Cruz Avenue. As a result, back-of-house functions along the northern side of the parking plaza are

more intense, with dumpsters, storage areas, and utilities directly next to the parking plaza. Vehicular access is provided from driveways off Evelyn Street and Crane Street. Parking Plaza 5 has an area of one acre.

Site details

Table 7: Parking Plaza 5 Site Characteristics	
Characteristic type	Detail
Parcel size	1 acre
Existing parking spaces	150
Zoning district	SP-ECR/D, Downtown
Housing Element projected units	38 very low-income units
Land ownership	City-owned
Number of parcels	1
Specific Plan recommendation(s)	Pedestrian link; flex space/public parking
Utilities	Overhead lines along interior of lot (central)
Resurfacing/maintenance	Resurfaced 15+ years ago
Trees	8 heritage; 16 total
Public business entrances on plaza	1 primary; 6 secondary (side/rear) entrances
Pedestrian connections	Sidewalks bordering plaza entrances

Easements and potential land use issues

Title report research on Parking Plaza 5 (APN: 071-281-160) identified the following key findings in relation to potential legal constraints, easements, and other encumbrances that could affect future development on the parking lot:

- Public utility easements (10 feet wide) spanning northern edge of site, allowing removal of foliage/trees and right of ingress
- Old agreements of sale between previous owners from 1935 to 1943 (likely satisfied and removable)

Parking Plaza 6

Map



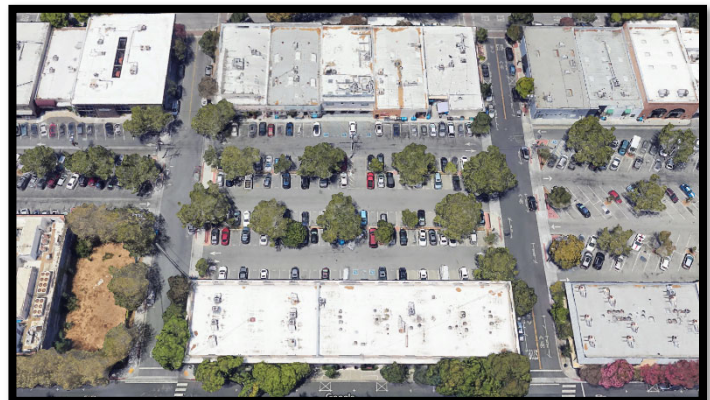
Note: Area(s) bounded by a dashed red line indicate portions of the parking plaza under private ownership.

General description

Parking Plaza 6 is in a central location on the southern side of downtown, bounded by the rear of buildings fronting onto Santa Cruz Avenue to the north, Chestnut Street to the east, buildings fronting onto Menlo Avenue to the south, and Crane Street to the west.

The lot is the location of a weekly farmers market held on Sunday mornings. Some buildings that surround the lot to the north and south have side/rear entrances facing the parking plaza. Adjacent businesses typically have back-of-house functions, such as garbage collection (typically in smaller Recology bins), directly next to the parking plaza.

The commercial building that borders the parking plaza to the south at 750 Menlo Avenue has a partially below-grade parking level that exits onto the parking plaza. Vehicular access to public parking in the plaza is provided from multiple driveways off



Chestnut Street and Crane Street; however two one-way entrance and exit driveways off Chestnut Street and a portion of parking spaces in the plaza are privately-owned. Although the parking plaza appears and functions as a single, rectangular parking lot, it has mixed ownership. The City-owned portion of the lot is an irregular shape. Parking Plaza 6 has an area of 0.76 acres.

Site details

Table 8: Parking Plaza 6 Site Characteristics	
Characteristic type	Detail
Parcel size	0.76 acres
Existing parking spaces	136
Zoning district	SP-ECR/D, Downtown
Housing Element projected units	38 very low-income units
Land ownership	Portion owned by City and Wells Fargo
Number of parcels	2
Specific Plan recommendation(s)	Pedestrian link; flex space/public parking; market place
Utilities	Overhead lines along interior of lot (central)
Resurfacing/maintenance	Resurfaced 25+ years ago
Trees	10 heritage; 21 total
Public business entrances on plaza	0 primary; 7 secondary (side/rear) entrances
Pedestrian connections	Sidewalks bordering plaza entrances

Easements and potential land use issues

Title report research on the City-owned parcel of Parking Plaza 6 (APN: 071-283-140) identified the following key findings in relation to potential legal constraints, easements, and other encumbrances that could affect future development on the parking lot:

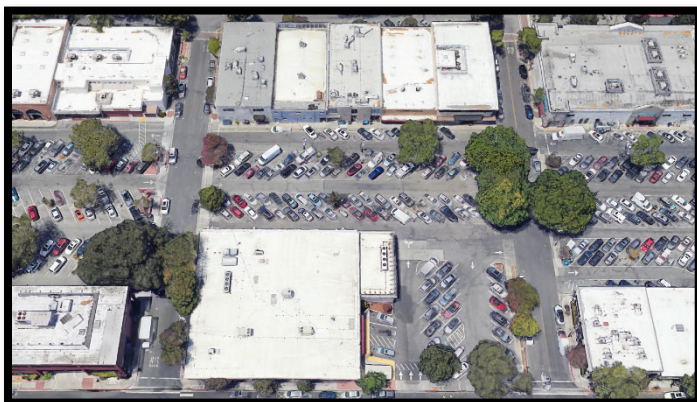
- Public utility easements (10 feet wide) spanning northern portion of site, allowing removal of foliage/trees and right of ingress

Parking Plaza 7

Map



General description



Parking Plaza 7 is in a central location on the southern side of downtown, bounded by the rear of buildings fronting onto Santa Cruz Avenue to the north, Curtis Street to the east, Trader Joe's grocery store and an associated private parking lot to the south, and Chestnut Street to the west. Some buildings that surround the lot to the north have side/rear entrances facing the parking plaza. Adjacent businesses to the north and south have some back-of-house functions, such as garbage collection (Recology bins and

dumpsters) and storage areas, directly next to the parking plaza. Vehicles can access the parking lot by driveways off Curtis Street and Chestnut Street, although the private parking lot associated with Trader Joe's is connected to the parking plaza and allows free circulation

between the City-owned and privately-owned parking lots. The City owns all of Parking Plaza 7 and it functions as one parking lot, but it is split between two parcels, with the driveway off Chestnut Street nearest to Trader Joe’s and approximately one-sixth of the total parking spaces on the lot located in a separate parcel from the remainder of the parking plaza. Parking Plaza 7 has a total area of 0.69 acres (including both City-owned parcels). The resurfacing of this parking lot is also a funded CIP project.

Table 9: Parking Plaza 7 Site Characteristics	
Characteristic type	Detail
Parcel size	0.69 acres
Existing parking spaces	94
Zoning district	SP-ECR/D, Downtown
Housing Element projected units	26 very low-income units
Land ownership	City-owned
Number of parcels	2
Specific Plan recommendation(s)	Pedestrian link; market place
Utilities	Overhead lines along interior of lot (central); part of underground utility district and eligible for Rule 20 funds to underground lines
Resurfacing/maintenance	Resurfaced 30+ years ago; in current CIP
Trees	6 heritage; 11 total
Public business entrances on plaza	0 primary; 6 secondary (side/rear) entrances
Pedestrian connections	Sidewalks bordering plaza entrances

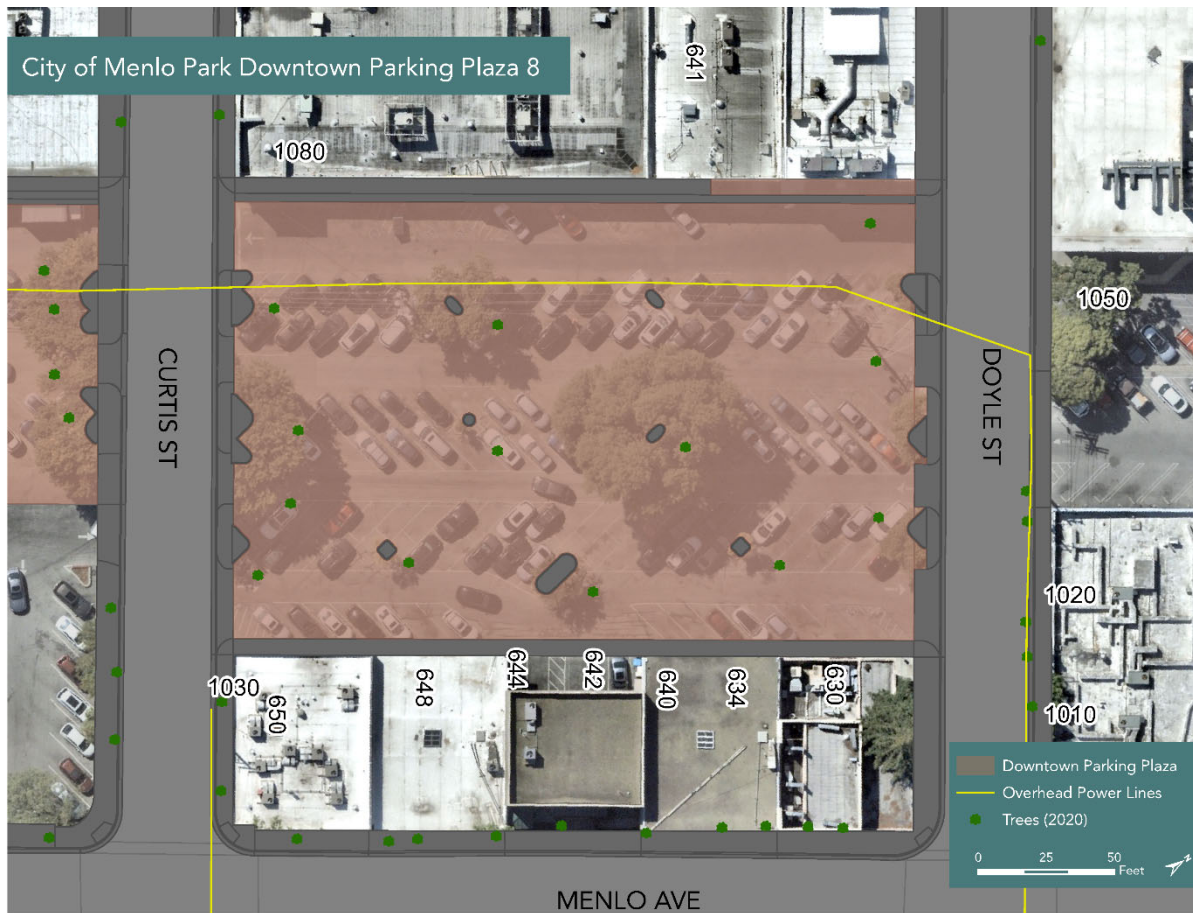
Easements and potential land use issues

Title report research on the largest parcel of Parking Plaza 7 (APN: 071-284-100) identified the following key findings in relation to potential legal constraints, easements, and other encumbrances that could affect future development on the parking lot:

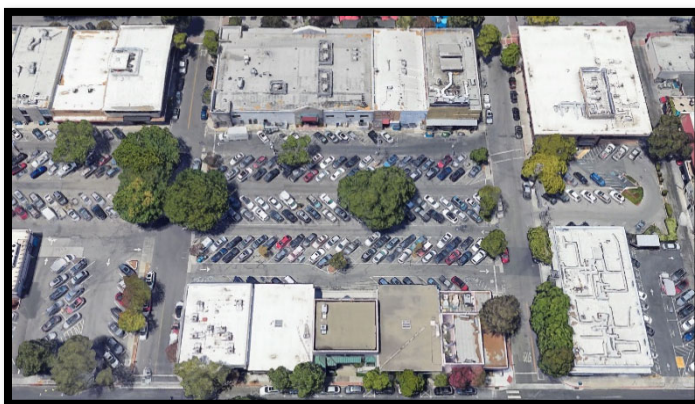
- CC&Rs providing 13 leased parking spots to adjacent market (may require termination or relocation if lot is to be used for housing development)
- Two deed covenants prohibiting sale of alcohol (likely not impactful for housing)

Parking Plaza 8

Map



General description



Parking Plaza 8 is in the southeastern quadrant of downtown, bounded by the rear of buildings fronting onto Santa Cruz Avenue to the north, Doyle Street to the east, buildings fronting onto Menlo Avenue to the south, and Curtis Street to the west. The buildings that surround the lot to the north and south have predominantly side/rear business entrances facing the parking plaza, with very few businesses having a primary or sole entrance off the parking plaza. A few of these buildings include

restaurants that face Santa Cruz Avenue and Doyle Street. Back-of-house functions adjacent to restaurants along the parking plaza are more intense, with dumpsters, storage areas, and utilities directly next to the parking plaza. Vehicular access is provided from driveways off Doyle Street and Curtis Street. The parcel at 644 Menlo Avenue also includes private surface parking

adjacent to the parking plaza that is accessible only via the parking plaza. Parking Plaza 8 has an area of one acre.

Site details

Table 10: Parking Plaza 8 Site Characteristics	
Characteristic type	Detail
Parcel size	1 acre
Existing parking spaces	145
Zoning district	SP-ECR/D, Downtown
Housing Element projected units	38 very low-income units
Land ownership	City-owned
Number of parcels	1
Specific Plan recommendation(s)	Pedestrian link
Utilities	Overhead lines along interior of lot (central); part of underground utility district and eligible for Rule 20 funds to underground lines
Resurfacing/maintenance	Resurfaced 30+ years ago; in current CIP
Trees	6 heritage; 13 total
Public business entrances on plaza	0 primary; 8 secondary (side/rear) entrances
Pedestrian connections	Sidewalks bordering plaza entrances

Easements and potential land use issues

Title report research on Parking Plaza 8 (APN: 071-285-160) identified the following key findings in relation to potential legal constraints, easements, and other encumbrances that could affect future development on the parking lot:

- Agreement from 1924 with building value and alcohol use restrictions (likely not impactful for housing development)
- Former parcel sale agreement, dated 1927 (likely satisfied and removable)

Zoning

All of the City-owned downtown parking lots are located in the Downtown (D) district of the Specific Plan area. In January 2024, as part of implementation of the 2023-2031 Housing Element, the City increased allowable densities and other development standards for all Specific Plan districts. Based on the updated development standards, residential development on the downtown parking lots could generally have the maximum attributes shown in Table 11.

Standard	Base Level Development Maximum	Bonus Level Development Maximum
Density	60 dwelling units per acre	100 dwelling units per acre
Maximum height	60-64 feet (likely 4-5 stories)	81-85 feet (likely 6-7 stories)
Facade height	40 feet (facing right of way/public open space)	40 feet (facing right of way/public open space)
Floor area ratio	2.75	3.75

The bonus level of development, achievable with the provision of a public benefit, allows for significantly taller buildings with higher density. The Specific Plan generally envisions mixed-use developments with ground floor retail/commercial uses and residential units on upper floors, but 100 percent residential development is also allowed in the applicable zoning district. Table 12 shows the approximate maximum number of units that could be constructed on each parking plaza at the base and bonus levels of affordability (without use of the AHO or any state bonuses).

Parking Plaza Number	Location Description/Site Inventory Number	Maximum Base Density Units	Maximum Bonus Density Units
Parking Plaza 1 ⁹	Lot between El Camino Real and Chestnut on west side of Santa Cruz (Site #14)	136	228
Parking Plaza 2	Lot off Oak Grove (Site #19)	33	56
Parking Plaza 3	Lot between University and Crane on west side of Santa Cruz (Site #15)	119	199
Parking Plaza 4	Lot behind Draeger's (Site #18)	37	62
Parking Plaza 5	Lot between Evelyn and Crane (Site #16)	60	100
Parking Plaza 6	Behind Wells Fargo, between Crane and Chestnut (Site #10)	45	76
Parking Plaza 7	Near Trader Joe's, between Chestnut and Curtis (Site #9/9a)	41	69
Parking Plaza 8	Lot between Curtis and Doyle (Site #17)	60	100

⁹ Parking Plaza 1 includes Maloney Lane, with an area of approximately 0.22 acres. Rights-of-way are typically deducted from total lot area to calculate the maximum density, gross floor area, and other development regulations for a site. The maximum units shown for Parking Plaza 1 may be reduced based on confirmation of the exact area through a survey and/or other documentation prepared during the disposition/development process.

Other key zoning factors applicable to development on the downtown parking lots include:

- 25-foot setbacks on all sides directly abutting private property (to provide services and fire ladder truck access), otherwise zero-foot setbacks;
- 45-degree building profile stepping the façade back above the maximum façade height; and
- Minimum 100 square feet of common open space or 80 square feet of private open space per unit.

Chapter E of the Specific Plan provides details about other development and design standards applicable to housing on the City-owned parking lots.

State legislation also allows greater flexibility for development within one-half of a mile of a major transit stop (in this case, the Menlo Park Caltrain station) including all eight City-owned parking lots. AB 1763 enhances the state’s density bonus law to encourage development of 100-percent affordable housing. For 100-percent affordable housing within one-half mile of a major transit stop, there is no density limit and height can be increased by an additional three stories or 33 feet above what the local zoning would allow. Qualifying projects are also entitled to four incentives or regulatory concessions, which can include deviations from standard zoning requirements such as setbacks. In addition, eligible projects would not have any minimum parking requirements. Projects could also use any provisions of the City’s AHO in combination with the flexibility afforded by state legislation to maximize development on the site. A summary of how AB 1763 could increase the maximum development potential on a downtown site is shown in Table 13 below.

Standard	Base Level Development Maximum	Bonus Level Development Maximum
Density	Unlimited	Unlimited
Maximum height	93-97 feet (likely 7-8 stories)	114-118 feet (likely 9-10 stories)

Surplus Land Act Considerations

The Surplus Land Act (SLA) is a state law that governs the disposition of surplus public land, including land such as the City-owned downtown parking lots. The SLA requires local agencies to prioritize affordable housing development when disposing of surplus land. Before any disposition can occur, the City Council must find that the property is no longer necessary for the City's use and declare the parking lots as "surplus land" or "exempt surplus land" at a regular public meeting.

For non-exempt surplus land, the City must issue a Notice of Availability to housing sponsors and other specific entities, allowing them 60 days to express interest in the property. If interest is received, the City must engage in good faith negotiations for at least 90 days to determine mutually satisfactory sales terms. Under the NOA process, the City may be required to negotiate over proposals that provide as little as 25 percent affordable housing, achieving less than the 345 units affordable to very low-income households targeted in Housing Element program H4.G. Proposals through the NOA process could also lack specific desired components and/or amenities like any replacement parking for existing spaces lost to redevelopment.

Two potential exemptions may apply to the downtown parking lots. The first exemption is for land to be used for affordable housing where at least 80 percent is for residential use and at least 40 percent of units are affordable to lower income households. The second exemption is for land put out for competitive bid for 100 percent affordable housing or mixed-use developments with specific affordability requirements. The City could potentially use these exemptions to streamline the process for affordable housing development on the parking lots.

If an exemption is pursued, the City Council's declaration of exempt surplus land must be supported by written findings and sent to HCD at least 30 days before disposition of the land. The SLA process must be followed before the City can issue any RFP or enter into exclusive negotiations with a developer for the parking lots. The framework of the SLA will play a significant role in shaping any redevelopment efforts and should be considered alongside the physical attributes and zoning considerations of each parking lot.

Recommendations

Based on an analysis of each site's physical attributes, easements, potential land use issues, and zoning considerations, parking plazas with the highest potential for affordable housing redevelopment have been identified. Key factors include lot size, shape, accessibility, existing constraints, and alignment with the Specific Plan recommendations. Considerations for the loss of existing public parking and the potential replacement of parking spaces as part of the redevelopment were also considered. Finally, some potential redevelopment outcomes are explored, with an emphasis on common elements of the three UC Berkeley development plans prepared by student teams in 2023.

Parking plazas with highest redevelopment potential

Based on each site's unique physical attributes, easements, potential land use issues, and zoning considerations, Parking Plazas 1, 2, and 3 emerge as having the highest potential for affordable housing redevelopment. The three lots could be developed with at least 345 units affordable to households at the very low-income level and could meet or exceed the City's Housing Element goals for the downtown parking lots.

Parking Plaza 1 is the largest of all eight City-owned parking lots (2.28 acres) and offers significant development potential:

- Its substantial size allows for efficient building design and site planning, with up to 228 housing units at the bonus level of development, and potentially more utilizing state density bonus law, the AHO, and/or other development flexibility afforded by recent legislation;
- The site has strong access to the surrounding blocks, with multiple access points from Oak Grove Avenue, Maloney Lane, and Chestnut Lane, as well as five pedestrian connections to adjacent streets;
- Proximity to the Caltrain station would offer convenient access to transit and may reduce the need for residential parking as part of a development on the site; and
- No major title issues were identified, with two utility easements along Maloney Lane being unlikely to conflict with development. Existing utilities such as overhead lines and underground gas and water lines could be extended or moved as necessary to accommodate new development.

While there are some existing business entrances and back-of-house functions adjacent to the parking plaza, the size of the parking lot may allow for creative design and ample setbacks to manage compatibility between existing and new developments, with less overall disruption to the existing urban fabric.

Parking Plaza 2 has several characteristics that make it favorable for redevelopment:

- It has a regular rectangular shape with strong accessibility from three street frontages (Oak Grove Avenue, Chestnut Street, and Crane Street);
- There are no heritage trees or significant known utility conflicts;
- There are no major easements or title issues identified;
- Back-of-house functions adjacent to the lot are minimal; and
- The Specific Plan already envisioned the site for a potential parking structure and pocket park.

Although Parking Plaza 2 is the smallest of the parking plazas, it could provide up to 56 units at the bonus level of development, or potentially more utilizing state density bonus law. Its regular

shape and minimal constraints make it ideal for a compact, efficient affordable housing development.

Parking Plaza 3 is the second-largest City-owned parking lot with 1.99 acres, and has its own advantages:

- It has a large, contiguous area for efficient building design and site planning, which could allow up to 199 units at the bonus level of development, or potentially more under state density bonus law and/or the AHO;
- The site has good access to the surrounding blocks, with proximity to Oak Grove Avenue and University Drive and three pedestrian connections to surrounding streets;
- There were no significant easements or title issues identified; and
- The Specific Plan recommendation for a parking structure and pocket park could be integrated with affordable housing.

While there are some existing business entrances and back-of-house functions adjacent to Parking Plaza 3, the size of the lot may allow flexibility in design and the ability to create adequate setbacks to ensure compatibility between existing and new developments.

Together, the three parking plazas, all located north of Santa Cruz Avenue, offer the best combination of size, access, and minimal constraints for potential affordable housing development. Their redevelopment could also provide some alignment with Specific Plan recommendations for parking structures and public space improvements on the sites. Notably, focusing on redevelopment of the three parking plazas could accommodate up to approximately 483 units at the bonus level of development (or more using state density bonus law and/or the AHO), which would exceed the 345-unit goal included in Housing Element program H4.G.

Development on parking plazas south of Santa Cruz Avenue could remain an option for a future stage of affordable housing development. Parking Plazas 8 and 5 would have the highest redevelopment feasibility because of their one-acre size, rectangular shapes, and more limited land use constraints (such as ownership/title issues and easements). Parking Plaza 8 is also more conveniently located near the Caltrain station, which could reduce the need for resident parking associated with affordable housing development on the site.

Using a phased approach would provide the City with a supply of additional locations for future affordable housing and provide ample time for the construction of housing on Parking Plazas 1 through 3. A phased approach would also allow members of the public and businesses to adapt to new parking locations and circulation patterns in the downtown following redevelopment of Parking Plazas 1 through 3.

Replacement of existing surface parking

To balance the needs of existing downtown businesses with the desire to provide affordable housing opportunities on City-owned land, the City should consider maintaining a significant portion of existing public parking. This could be accomplished by requiring lost surface parking spaces to be incorporated as structured parking in any redevelopment project, or through stand-alone parking structures that would be funded through an assessment district, collection of parking fees, and/or other potential sources.

The exact number of spaces to maintain should be determined based on current utilization data and projected future needs. The City, in coordination with the Metropolitan Transportation Commission (MTC), is initiating a parking management study that will be completed over the

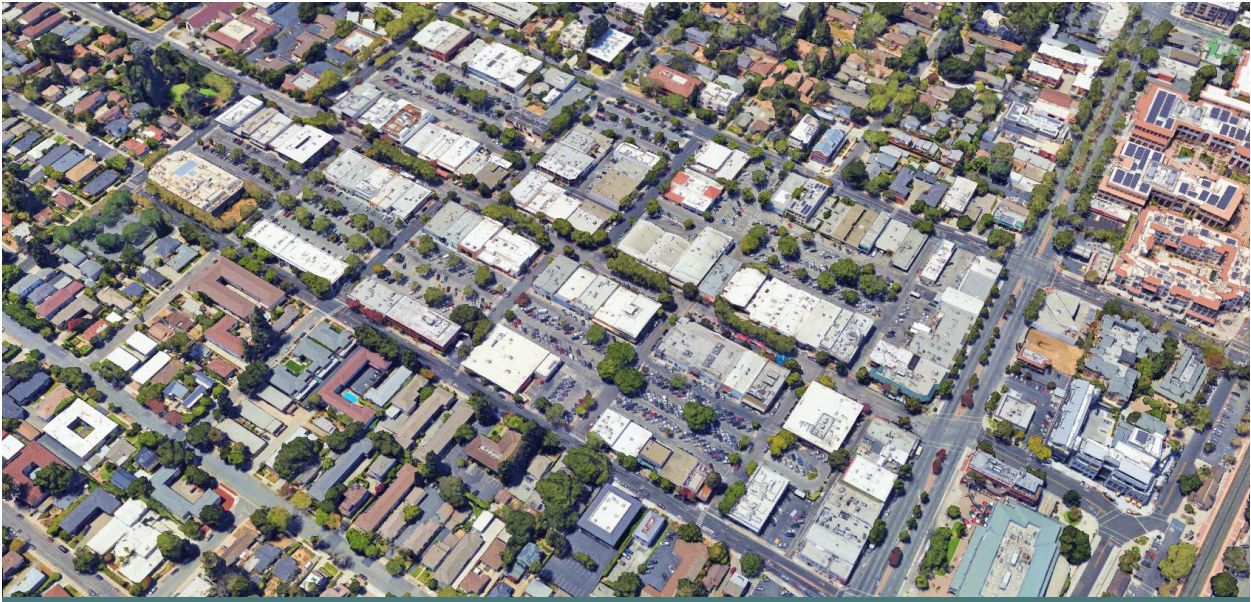
next 18 months. Data and early recommendations gathered during the early part of the study, tentatively planned for fall 2024, may provide a better understanding of downtown parking needs that could be factored into a final development plan. In addition, there may be opportunities to explore shared parking arrangements, where open spaces within new residential developments could be available for public parking during daytime business hours when residents may be more likely to be away from home, and vice versa. The City could explore robust transportation and/or parking management programs, continue to enhance bicycle and pedestrian facilities, and consider phasing development to minimize disruption to downtown businesses and visitors who rely on the existing parking supply.

Potential redevelopment outcomes

While the City has not yet identified developers or selected proposals for the redevelopment of the downtown parking lots, the proposals created by the UC Berkeley studio provide insight into potential development approaches. These proposals, while not formal or binding, offer creative solutions that address many of the challenges and opportunities present in the downtown area. The three proposals prepared by UC Berkeley teams share several common recommendations and solutions that may give a glimpse at how the sites could be redeveloped:

1. Phased development over several years. This would allow for a more gradual transition and could help mitigate impacts on public parking and area businesses.
2. Mix of affordable and market-rate housing. While focusing primarily on affordable housing, all proposals include some market-rate units to help cross-subsidize affordable units and create mixed-income communities.
3. Range of unit types and sizes. The proposals consistently recommend a mix of studio, 1-bedroom, 2-bedroom, and 3-bedroom units to serve diverse household sizes and types.
4. Focus on the needs of various populations. Common populations considered in the proposals include large families, seniors, veterans, and workforce housing.
5. Resident and/or community amenities. All proposals incorporate community spaces, childcare facilities, senior centers, and/or other similar services.
6. Public open space/greenways within and between development sites. A consistent theme of the proposals is to create pedestrian-friendly public spaces and greenways connecting the developments.
7. Structured parking. All proposals include at least one multi-level parking structure to help replace lost surface parking.
8. Density bonuses and streamlined approvals. The proposals consistently rely on density bonuses such as state density bonus law and/or the City's AHO to achieve higher densities, and streamlined approval processes like those offered through SB 330.
9. Multiple funding sources to address development costs. Common funding sources suggested include Low Income Housing Tax Credits (LIHTC), Multifamily Housing Program (MHP) loans and Affordable Housing Sustainable Community (AHSC) Program funds through HCD, county funds, and local sources.
10. Partnerships. All proposals mention partnering with experienced affordable housing developers, service providers, and in some cases market-rate developers.

Ultimately, actual redevelopment of the selected parking plazas will depend on proposals prepared by housing developers and selected by the City Council.



City of Menlo Park
DRAFT Request for Qualifications

**Affordable Housing on
Downtown Parking Plazas 1, 2, and 3**

Issued: [Redacted]

Submittal Deadline: [60 Days after Issuance]

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1. Overview of Request for Qualifications

The City of Menlo Park (“City”) is seeking qualified and experienced developers to develop one or more City-owned parking plazas in downtown Menlo Park with affordable multi-family housing. The properties are located north of Santa Cruz Avenue and within walking and/or cycling distance of the Menlo Park Caltrain station. The City seeks developers who are experienced, financially adept, and capable of developing and managing quality affordable housing, while maintaining adequate public parking to serve downtown businesses and visitors.

This Request for Qualifications (“RFQ”) contains the City’s objectives for the properties, development requirements, instructions governing submittals, eligibility requirements, general evaluation criteria, and other requirements that must be met for each submittal. This RFQ is a solicitation of competitive submittals that best serve the public good.

2. Community Context and Background

2.1 About Menlo Park

Menlo Park is a city of beautiful, tree-lined neighborhoods and active commercial districts. Located conveniently between the major metropolitan areas of San Francisco and San Jose, Menlo Park is home to approximately 32,000 residents in its 19 square miles. The stunning natural surroundings of the City afford views of the San Francisco Bay to the east and the Pacific Coastal Range to the west. Menlo Park’s climate is moderate to warm, with an average of 265 sunny days a year.

Menlo Park’s residents reflect a range of backgrounds and interests who tend to be well educated and actively engaged in community life. Excellent public and private schools serve its many young families, while residents of all ages enjoy the City’s numerous parks and recreational facilities. The City’s close proximity to Stanford University and Menlo College provide a multitude of academic, cultural and athletic event opportunities. The arts and leisure activities of the major urban areas of San Francisco and San Jose are close by. These and many other amenities contribute to Menlo Park’s outstanding quality of life.

Located in the heart of Menlo Park is a downtown featuring unique and upscale shops and restaurants. Set in a pleasant, pedestrian-oriented atmosphere, Menlo Park’s downtown area attracts locals and visitors alike. Known worldwide as the “Capital of Venture Capital,” Menlo Park is well situated to benefit from and help shape new technologies and markets originating from the Silicon Valley. The City hosts such major employers as SRI International, Meta (formerly Facebook), Pacific Biosciences and CSBio Co.

2.2 Housing Element and Project Background

The City’s certified 2023-2031 Housing Element (Attachment A) identifies a Regional Housing Needs Allocation (“RHNA”) of 2,946 new dwelling units. The Housing Element includes program H4.G, which prioritizes the development of affordable housing on City-owned downtown parking lots, with a goal of creating at least 345 units affordable to very low-income households (30 to

50 percent of area median income (“AMI”)) by 2027. The program establishes the following milestones:

- Conduct feasibility study (2023);
- Issue request for proposals for affordable housing development (2024);
- Complete development entitlements (2025); and
- Seek to complete development of 345 or more affordable housing units (2027).

In 2024, the City completed an Affordable Housing on City-Owned Downtown Parking Lots Feasibility Study (“feasibility study”) evaluating all eight downtown parking plazas. Through analysis of physical attributes, easements, potential land use issues, and zoning considerations, Parking Plazas 1, 2, and 3 were identified as having the highest potential for redevelopment. The complete feasibility study is available as Attachment B of this RFQ, and on the City’s project webpage at <https://menlopark.gov/downtownhousing>.

3. Property Information

3.1 Location and Context

The three parking plazas identified for potential development are all located north of Santa Cruz Avenue in downtown Menlo Park. The sites benefit from proximity to downtown amenities, the Caltrain station, and El Camino Real corridor. Each plaza currently serves as public parking for downtown businesses and visitors. Below is a brief description of each of the three parking plazas. Maps, aerial photographs, and additional analyses are provided in the feasibility study (Attachment B).

3.2 Site Characteristics

Parking Plaza 1 is the largest of the available sites at 2.28 acres, located in the northeastern quadrant of downtown near Oak Grove Avenue and El Camino Real. The site currently provides 249 public parking spaces and includes Maloney Lane, which provides circulation between Oak Grove Avenue and Santa Cruz Avenue. The plaza features multiple access points and pedestrian connections to surrounding streets. No major title issues or known easements would limit development, but there may be unmapped utilities that would need to be addressed in site planning.

- Location: Northeastern quadrant of downtown, near Oak Grove Avenue and El Camino Real
- Size: 2.28 acres (including Maloney Lane)
- Current use: 249 public parking spaces and Maloney Lane
- Key features: Largest of the parking plazas; multiple access points; proximity to Caltrain station

Parking Plaza 2, though the smallest of the lots at 0.56 acres, offers an efficient rectangular configuration bounded by Oak Grove Avenue, Chestnut Street, and Crane Street. The site currently provides 95 parking spaces, including four electric vehicle charging stations. The parking plaza has strong accessibility with frontages on three streets and sidewalks on all sides.

The site features minimal constraints and no heritage trees, making it particularly suitable for development. A 1968 plan line for the widening of Crane Street must be considered in site planning.

- Location: Northern edge of downtown, bounded by Chestnut Street, Oak Grove Avenue, and Crane Street
- Size: 0.56 acres
- Current use: 95 public parking spaces
- Key features: Regular rectangular shape; strong accessibility from three streets; minimal constraints

Parking Plaza 3 encompasses 1.99 acres in the northwestern quadrant of downtown, near Oak Grove Avenue and University Drive. The site currently provides 212 public parking spaces and has good access to surrounding blocks through multiple vehicular and pedestrian entry points. Three privately-owned pedestrian connections link the parking plaza to Oak Grove Avenue. The plaza has no significant title issues or known easements that would impede development, but there may be unmapped utilities that would need to be addressed in site planning.

- Location: Northwestern quadrant of downtown, near Oak Grove Avenue and University Drive
- Size: 1.99 acres
- Current use: 212 public parking spaces
- Key features: Second-largest of the eight parking plazas; good access to surrounding blocks

3.3 Zoning and Development Standards

All three sites are located within the Downtown (D) district of the El Camino Real/Downtown Specific Plan, which allows multi-family residential and mixed-use development. Development standards vary between the base level of development and the public benefit bonus level of development. At the base level, residential density of 60 dwelling units per acre is permitted with a maximum floor area ratio ("FAR") of 2.75. Building heights may reach 60 to 64 feet (typically 4 to 5 stories) with a maximum façade height of 40 feet facing public rights-of-way or public open spaces.

Through the provision of public benefits, developments may achieve bonus level standards including increased density up to 100 dwelling units per acre and a maximum FAR of 3.75. Maximum heights at the bonus level are 81 to 85 feet (typically 6 to 7 stories), though façade heights remain at 40 feet facing public spaces.

Additional development standards include:

- 25-foot setbacks where a property directly abuts private property (to provide services and emergency access);
- Zero-foot setbacks permitted along public rights-of-way;
- 45-degree building profile required above the maximum façade height for facades fronting public rights-of-way or public open spaces; and

- Minimum of 100 square feet of common open space per unit or 80 square feet of private open space per unit.

A summary table of zoning regulations and development standards from the Specific Plan (including the Downtown (D) district in which Parking Plazas 1, 2, and 3 are located) is provided as Attachment C, and a complete description of all development regulations and standards is described in detail in the Specific Plan (Attachment D).

For 100 percent affordable housing projects within one-half mile of the Caltrain station (which includes all three parking plazas), additional flexibility is available through the provisions of AB 1763. This state law removes density limits and allows height increases of up to three stories or 33 feet above the Specific Plan zoning. Projects may also receive up to four concessions or incentives from the City's development standards. Under another state law, AB 2097, qualifying projects have no minimum parking requirements.

The City's Affordable Housing Overlay ("AHO"), described in Chapter 16.98 of the City's Municipal Code (Attachment E), may provide additional development flexibility. Projects may utilize any combination of a site's base zoning, public benefit bonus provisions, AHO, and state density bonus law to maximize multi-family residential development potential.

Ground floor retail uses are not required but may be incorporated where appropriate. Any ground floor commercial space should be designed to enhance the pedestrian environment and contribute to downtown vitality.

3.4 Current Parking Utilization

The Metropolitan Transportation Commission ("MTC") and its consultant, AECOM, conducted a preliminary parking utilization analysis of the downtown parking plazas in September 2024 to understand current parking demand patterns and inform decisions related to future replacement parking needs. Key initial findings include:

- Parking Plaza 1 experiences peak occupancy of 80 percent during weekday midday hours, with approximately 199 spaces utilized. Outside of the peak time, morning and midday periods showed approximately 60 to 80 percent utilization. In the late afternoon, parking utilization decreased to approximately 37 percent.
- Parking Plaza 2 experiences peak occupancy of 100 percent during weekday midday hours, with approximately 95 spaces utilized. The parking plaza had consistently high utilization (93 to 100 percent) from morning through early afternoon. In the late afternoon, parking utilization decreased to approximately 39 percent.
- Parking Plaza 3 experiences peak occupancy of 100 percent during weekday midday hours, with approximately 212 spaces utilized. The parking plaza had consistently high utilization (96 to 100 percent) from mid-morning through early afternoon. In the late afternoon, parking utilization decreased to approximately 50 percent.

These utilization patterns suggest a need to maintain a minimum of approximately 506 of the 556 existing public parking spaces to serve existing demand at the peak hour across the three

sites. At this time, the data prepared by MTC and AECOM is considered preliminary and may be refined as part of an upcoming downtown parking management study. The City will provide updates to proposers and/or selected developers as available throughout the process.

4. Development Requirements and Objectives

4.1 Minimum Project Requirements

The selected development must deliver a project that:

- A. Creates a minimum of 345 housing units affordable to households at the very low-income level;
- B. Provides replacement public parking spaces for those lost due to redevelopment, integrated within the development or as standalone structure(s); and
- C. Complies with all applicable development standards and requirements.

4.2 Development Objectives

Beyond the minimum requirements, the City encourages proposals that incorporate the following elements:

- A. **Maximum Number of Affordable Units:** Developers are encouraged to maximize the number of affordable units through utilization of the site's zoning, the AHO, state density bonus law, and other applicable state legislation (e.g. AB 1763, AB 2097).
- B. **Deep Affordability:** Projects should consider including units affordable to extremely low-income households (15 percent to 30 percent of AMI).
- C. **Unit Mix:** A diverse mix of unit types is desired, with emphasis on multi-bedroom units suitable for families. Projects should provide a range of unit sizes to serve different household compositions.
- D. **Special Needs Housing Priority:** Priority will be given to proposals that address difficult-to-achieve housing priorities, including units for people with special needs or disabilities.
- E. **Innovative Parking Management Strategies:** A minimum of 506 replacement public parking spaces should be incorporated into a development plan that uses all three lots. If a developer proposes to develop an individual lot or subset of the three lots, an amount of replacement public parking consistent with the preliminary peak hour total for the lot(s) described in Section 3.4 should be provided. Parking management strategies, such as real-time parking availability systems and/or shared parking between residents and public users may be considered. Creative parking management solutions should be described, including how shared parking arrangements would be handled and enforced.
- F. **Open Space:** Projects should incorporate publicly accessible open spaces where feasible, particularly the pocket parks envisioned in the Specific Plan for Parking Plazas 2 and 3.
- G. **Sustainable Building Design:** Buildings should be 100 percent electric-powered and incorporate other sustainability features such as solar panels, green building practices, and energy-efficient systems.

- H. Ground Floor Uses: While not required, proposals may consider incorporating ancillary ground floor commercial uses where appropriate, provided they do not detract from the primary affordable housing objectives.

5. Financial Terms and Assumptions

5.1 Land Disposition

The City will transfer the site(s) to the selected developer through a long-term ground lease with anticipated terms of 30 to 99 years for base rent of \$1.00 per year, plus additional rent arising from insurance and operational costs.

5.2 City Subsidy

The City considers the land a contribution to the development of affordable housing on the site(s). Additional City subsidies should not be presumed when developing a preliminary financing strategy for a project. Any additional opportunities for City funding would be at the City Council's discretion and based on available funding sources, demonstrated need for such financial subsidy, and/or consideration of the needs of any competing uses for funding resources at the time of a request.

6. Submittal Instructions, Requirements, and Due Date

6.1 Instructions

Submittals must be organized in the same order as the submission requirements described below in Section 6.2, and documents within a submittal should clearly identify which submission component they are intended to address. Submittals must include:

- A. One unbounded original paper copy (without any binding, holes, or staples),
- B. Three paper copies (bounded or unbounded), and
- C. One electronic copy in PDF format.

6.2 Required Submittal Contents

Submissions must include the following components:

A. Statement of Interest

Include a cover letter expressing interest in the site(s), highlighting qualifications, demonstrating understanding of project objectives, and identifying the development team primary contact person. The letter must be signed by the Executive Director, Development Director, or equivalent position for the proposing firm.

B. Developer Team Experience

Describe the developer's overall experience with similar projects and provide a description of the three most relevant completed projects, including:

1. Location, size, and dates of commencement and completion of construction,
2. Construction costs and financing sources,

3. Development team roles,
4. Local government reference and contact information for each project, and
5. Project photographs.

C. Project Concept

Describe the developer's concept of a development for the site(s), including:

1. Narrative description of development approach,
2. Preliminary considerations on site selection,
3. Population(s) served and affordability levels,
4. Conceptual approach to integrating housing and public parking, and
5. Sustainable design features.

No detailed site plans or architectural drawings are requested at this time.

D. Financial Capacity and Approach

Describe how the developer proposes to finance the project, including:

1. Description of anticipated funding sources and financing strategy,
2. Demonstration of ability to fund predevelopment costs,
3. Experience securing similar project financing, and
4. Financial references.

Within seven days of selection, a successful proposer may be required to submit the last three years of year-end audited financial statements. Financial statements should include income statements, balance sheets, and cash-flow statements, along with any accompanying notes. The information will be held in confidence (to the extent legally feasible), and only used to evaluate the financial stability of the proposer.

E. Community Engagement

Indicate how the developer intends to engage the community in project development, including:

1. Examples of community outreach experience with past projects,
2. Description of approach to working with local businesses and residents, and
3. Experience managing outreach for developments in downtowns/business districts.

F. Property Management Experience

Indicate the developer's experience in managing high-quality affordable housing properties and meeting resident needs, including:

1. Approach to property management and maintenance,
2. Experience providing resident services, and
3. Demonstrated history of long-term project upkeep and sustainability.

6.3 Due Date

All submittals will be accepted at the Community Development front counter on the first floor of City Hall:

Attn: Tom Smith
City of Menlo Park
Planning Division
701 Laurel St.
Menlo Park, CA 94025

All submittals must be received by _____. Submittals received after the due date and time will not be accepted.

7. Selection Process and Evaluation

7.1 Selection Criteria

Submittals will be reviewed and evaluated by qualified personnel selected by the City, who will recommend the submittal that most closely meets the requirements of the RFQ and satisfies the City's needs and project objectives. Finalists may be invited for interviews.

The following areas of consideration will be used to make the selection:

- **Development Concept:** The City will consider the nature of the proposed development, including a demonstrated understanding of the project objectives, creative approaches to meeting housing and public parking needs, feasibility of the proposed concept, and integration with the existing downtown Menlo Park context.
- **Developer Experience and Capacity:** The City will consider the developer's track record of managing high-quality design and executing affordable housing development projects of a similar scope and complexity. The City will also consider the developer's experience in partnering with local jurisdictions.
- **Financial Strategy:** The City will consider the proposer's financial capability, the feasibility of the funding approach for an affordable housing project, experience in utilizing proposed funding sources in other developments, and strength of financial references.
- **Community Engagement and Management:** The City will consider the quality of the proposer's community engagement approach, experience in working with area stakeholders (especially local businesses), property management capabilities, and resident service provision approaches.

7.2 Disclaimer

This RFQ does not constitute an offer to enter into an agreement with any party. The City may, at its discretion, request that a developer modify or supplement its submittal with more information. The City reserves the right to reject any or all submissions, to cancel this

solicitation, to re-advertise for submittals, and/or to waive any informalities or irregularities in the RFQ process. Once a developer is selected, the City will, in its sole judgment, negotiate, in its sole discretion, a satisfactory agreement that will best serve the public interest and the City's affordable housing goals.

8. Contact Information and Resources

Prospective proposers should use the contact information below for questions regarding the RFQ. Email is preferred, but phone calls will be accepted:

Tom Smith, Principal Planner
tasmith@menlopark.gov
(650) 330-6730

Download other reference materials and stay informed of project progress on the project webpage at <https://menlopark.gov/downtownhousing>.

9. Attachments

- A. Hyperlink Menlo Park 2023-2031 Housing Element:
https://menlopark.gov/files/sharedassets/public/v/2/community-development/documents/projects/housing-element-update/2023-2031-city-of-menlo-park-housing-element-clean_010324.pdf
- B. Affordable Housing on City-Owned Downtown Parking Lots Feasibility Study
- C. Table E-2 of the Specific Plan
- D. Hyperlink El Camino Real/Downtown Specific Plan:
<https://menlopark.gov/files/sharedassets/public/v/1/community-development/documents/general-plan/20240701-specific-plan-update.pdf>
- E. Hyperlink Chapter 16.98 of the Municipal Code, Affordable Housing Overlay:
<https://www.codepublishing.com/CA/MenloPark/#!/MenloPark16/MenloPark1698.html#16.98>