



## HOUSING COMMISSION MINUTES For the Meeting of April 3, 2002

### CALL TO ORDER

Wendy McPherson called the meeting to order at 5:30 p.m. in the Administrative Building Main Conference Room.

### ROLL CALL

Members Present: Steve Bliss; Wendy McPherson, Chairperson;  
Mickie Winkler, Vice-Chairperson;  
Mary Ellen Murphy; Clarice O'Neal

Members Absent: Jane West

Staff Present: Donald de la Pena, Director, Housing and Redevelopment  
Gretchen Hillard, Housing and Redevelopment Manager

**A. PUBLIC COMMENTS** Elsa Keet introduced herself as the person who had been appointed to the Housing Commission vacancy.

**B. REPORTS AND ANNOUNCEMENTS** None.

### C. BUSINESS ITEMS

1. Approval of March 6, 2002 Minutes The March 6, 2002 Minutes were approved as written. (M/S Winkler/O'Neal 5-0)
2. Draft Below Market Rate Housing Program Guidelines

The Commissioners reviewed the draft Below Market Rate Housing Program Guidelines, which need to be revised to reflect BMR Ordinance No. 905, which was adopted in May 2001. Gretchen Hillard reviewed the revisions and asked the Commissioners for comments. The Commissioners discussed how the BMR in lieu fee might apply to projects of 5 to 9 units. First they considered no change, which would result in an in lieu fee of 3% of the sale price of each housing unit. Staff suggested an alternative of 3% of each unit, starting with the fifth unit. The Commissioners considered another alternative of 1% for each unit under 5, then 3% for each unit, and worked through an example using units at \$800,000 each. They asked staff to bring examples of these alternatives in a summary sheet to the next meeting.

The Commissioners also decided that preference for public service workers and teachers was more appropriate on a project by project basis, rather than imposed through the BMR Guidelines. Staff raised the issue that is caused by the fact that the maximum eligible income is also the income that the house price is set for, resulting in very few households on the waiting list being able to qualify to purchase the BMR units. Possible approaches to a remedy discussed were setting the price for 100% median while the eligibility stays at 120% median, and aggressively using first-time homebuyer second mortgage loans to help households on the

waiting list qualify to purchase the units. Staff was also asked to bring example of how these would work to the next meeting.

3. Status Report on First-time Homebuyer Second Mortgage PAL Loan Program

Commissioners discussed the fact that no PAL loans had been made in several years and that over \$390,000 is available for PAL loans. They observed current high house prices in the City. Staff pointed out the difference between PAL loans and other cities' and the County's loan programs. The other programs have all successfully lent their funds, and most defer any payments or interest accrual for the first five years of the term, then amortize over thirty years, to allow homebuyers to qualify for a larger mortgage. Also none have a house price ceiling, because the borrower's income effectively sets the house price.

The Commissioners discussed aggressively marketing as a way to make more PAL loans. Marketing to employers, employees, and realtors, using citywide flyers, and ads in the Almanac. Wendy McPherson suggested that the City arrange a preapproval process with the County, to assist homebuyers to compete with investment buyers, who can offer a simpler purchase arrangement otherwise.

**D. WRITTEN COMMUNICATIONS/CORRESPONDENCE**

Staff distributed "Renters hold the cards, now", *The Almanac*, March 13, 2002, "'Predatory Lending' settlement could set off shock waves in U.S.", *Mercury News*, March 30, 2002, and City of Menlo Park Income Guidelines dated January 2002.

1. Monthly Report on Housing Rehabilitation Loan Program for February 2002

All funds in the program are committed. Several loans are planned to be funded with Redevelopment Housing funds, and one with County Rental Rehab funds.

**E. ADJOURNMENT** The meeting was adjourned at 7:15 p.m. by acclamation.

Respectfully submitted,

Gretchen Hillard  
Housing and Redevelopment Manager