



## HOUSING COMMISSION MINUTES

Regular Meeting  
April 14, 2004  
5:30 pm

Administrative Building Conference Room, First Floor  
701 Laurel Street, Menlo Park, CA 94025-3483

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### CALL TO ORDER

Elza Keet called the meeting to order at 5:30 p.m. in the Administrative Building Housing Conference Room.

### ROLL CALL

#### Housing Commission Members Present:

Elza Keet, Chair; Carol Louchheim, Vice-Chair; John Donald;  
Kirsten Keith; Wendy McPherson; Clarice O'Neal

**Housing Commission Member Absent:** - None

**Staff Present:** Gretchen Hillard, Housing and Redevelopment; Arlinda Heineck,  
Community Development Director

**A. PUBLIC COMMENT:** None.

### B. REPORTS AND ANNOUNCEMENTS

- 1. Vacancy due to Steven Bliss's resignation.** The Commissioners acknowledged receipt of notice of Steven Bliss's resignation. Chair Elza Keet reported that she had delivered a Kepler's gift certificate to Steve Bliss from the Commission.
- 2. Report on Mission Statement by Chair Elza Keet** Elza Keet reported that the discussion was extensive at the meeting she attended, but the meeting did not reach a conclusion, so Mayor Duboc will call another meeting.

### C. BUSINESS ITEMS

- 1. Third part of the study of possible uses for the BMR Fund: Discussion of the concept of purchase of BMR units in new developments where BMR units also are required through the BMR Housing Program for Residential Developments, with Tim Kelly, Developer of Menlo Square condominiums**

Gretchen Hillard introduced Tim Kelly, developer of Menlo Square and former Housing Commission chair. Tim distributed an outline of his talk. He started by addressing the cost of providing BMR units, stating that they cost more than any public improvement. Each BMR unit cost about \$200,000. If the City were to buy the units early there would be a slightly lower cost due to deducting brokerage fees (estimated 5%) and interest carry cost (estimated 5%). But the City would be taking on exposure to the risk that the developer wouldn't finish the job, which is an inappropriate risk for a city. He said that

preselling the BMR units, as was done at Menlo Square has value for the developer, if it is a workable arrangement for financing for the buyers. The BMR units could be hard to sell if their prices are too close to the market rate prices. This was a risk at the Hamilton Avenue site, but doesn't appear to be now.

With \$4 million, the City would be able to buy down 20 units to BMR prices, that is, 20 units at \$200,000 each. He mentioned as interesting the proposal at 996-1002 Willow Road where the developer is proposing two rental units at half the square footage of market rate ownership units. He also said that buying existing buildings, such as six-plexes, could be economical for the City to purchase and rehabilitate. Another idea would be for the City to set aside funds as a "developer's bank", offering an interest free loan in exchange of a BMR unit or two. Or the City could buy a unit here and a unit there, to keep a low profile and distribute the units. Converting industrial land to residential was also discussed.

The Commissioners asked clarifying questions, and then thanked Tim Kelly for his presentation.

## **2. Criteria Evaluation and Selection Process for use with BMR Fund Program Selection**

Gretchen Hillard opened the discussion by stating that a way that the Commissioners could begin to discuss their evaluation of the options for uses of the BMR Fund would be to develop a list of criteria for evaluating the options. The Commissioners listed ten criteria:

- Impact on City resources,
- Liability,
- How quickly can use the funds, or timeliness,
- How many people does it serve,
- Depth of affordability, that is how many very low and low income people does it serve, with preference for very low income people,
- Do the bedroom counts in the units serve the household sizes most in need?
- Effective use of money,
- Creation of homeownership,
- Flexibility of response to coming opportunities, and
- Minimizes neighborhood opposition.

Next the Commissioners looked at the list of three options for use of the BMR Fund. As a result of discussions at the previous three meetings, they added three more for a total of six:

- First-time homebuyer mortgages,
- Purchase/rehab apartments for moderate income households,
- Purchase/rehab apartments for low income households,
- Purchase additional BMR units from developers participating in the City's BMR program,
- Purchase additional BMR units from existing housing stock, and
- Work with non-profit affordable housing organizations to produce affordable housing

Because of the press of time, the Commissioners decided to take the lists home with them to evaluate and return to staff to determine the commission's overall priorities for the criteria, and preferences for the options.

### **3. Approval of March 3, 2004 Minutes**

Commissioners proposed that the words: "Housing Element" be changed to "ABAG Housing Needs number" in paragraph three on page three, and that "C.2." be deleted from the second sentence in Item 3. Approval of February 4, 2004 Minutes on page four. Elza Keet made the motion to approve the Minutes as amended.  
(M/S Keet/McPherson 6-0)

### **D. INFORMATION ITEMS**

1. **Memorandum on the BMR 2004 Plan by Chair Elza Keet.** There was no comment by Commissioners.
2. **Memorandum on housing surveys by Gretchen Hillard** There was no comment by Commissioners.
3. **Monthly Report on the Housing Rehabilitation Loan Program for March 2004**  
The Commissioners reviewed the monthly report.

**E. ADJOURNMENT** The meeting was adjourned at 7:05 p.m.

Respectfully submitted,

Gretchen Hillard  
Housing and Redevelopment Manager

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