



## **HOUSING COMMISSION MINUTES**

**Regular Meeting  
June 2, 2004  
5:30 pm**

**City Council 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 City Council Conference Room.

### **ROLL CALL**

#### **Housing Commission Members Present:**

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

**Housing Commission Member Absent:** - Wendy McPherson

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

**A. PUBLIC COMMENT:** None.

### **B. REPORTS AND ANNOUNCEMENTS**

#### **1. Report on the City of Menlo Park Mission Statement by John Donald**

John Donald reported that the Committee of Commissioners and the Mayor and Mayor Pro tem had developed a new draft Mission Statement. He distributed the previous Mission Statement and the draft, describing the changes that had been made. The Committee deleted phrases such as "have fun" and "working together to achieve a high quality of life" as too vague. They added such phrases as "respond to priorities of residents" and "desirable and vibrant community". The City Council tabled a discussion of the draft Mission Statement at the May 25, 2004 meeting. It will be reviewed again at a future meeting.

#### **2. Silicon Valley Manufacturing Group Housing Leadership Council report by Kirsten Keith**

Kirsten Keith reported on the Silicon Valley Manufacturing Group Housing Leadership Council breakfast that she attended. She described a talk given by the Mayor of Cupertino about how that city obtained land and financing for an affordable housing development. One feature of their successful approach was to take the neighbors on a tour of affordable housing, so that they could see what the finished housing would look like. She said that the SVMG Housing Leadership Council is working with the Sierra Club to attend public meetings to support proposals for affordable housing.

Kirsten Keith asked that the electronic version of the Affordable Housing Week activities be emailed or sent to the Commissioners. Carol Louchheim asked about interest in attending the Human Investment Project luncheon on Friday. Clarice O'Neal arrived at 5:45 PM.

**3. Loan Advisory Committee Commitments.** The Commissioners reviewed the monthly commitments. Carol Louchheim volunteered to cover June and July and described dates she would be away. Kirsten Keith volunteered to cover June 10 through 21. Clarice O'Neal volunteered to cover July 17 through 24.

## **C. BUSINESS ITEMS**

### **1. Criteria Evaluation and Option Selection Process for use with BMR Fund Program Recommendation**

Gretchen Hillard summarized the process for obtaining the final tallies in the Criteria Evaluation and Option Ranking Process and distributed copies of summary sheets. The results revealed greatest support for first-time homebuyer second mortgage loans. Two options tied for second priority, purchase of additional BMR units from existing housing stock and working with non-profit housing organizations to produce affordable housing.

### **2. Recommendation that BMR Fund provide additional funding for the First-time Homebuyer Loan Program and possible change to increase maximum loan amount**

Arlinda Heineck said that the City Council must understand the thought process the Housing Commission used and how they came to their recommendation for each of the options for use of the BMR fund. John Donald suggested that the results based on criteria weighting more truly represented the evaluation of the Commission because the Option ranking was really a subjective process. He supported recommending first-time homebuyer loans and purchase of additional BMR units from the existing housing stock for use of the BMR funds. Kirsten Keith supported this idea. Elza Keet stated that she felt that all the criteria should be weighted equally, and be treated uniformly, rather than weighted. Carol Louchheim made a formal motion to recommend that the BMR funds be used for first-time homebuyer loans and purchase of additional BMR units. The motion failed for lack of a second.

Elza Keet made a motion to recommend use of the BMR funds for the first-time homebuyer second mortgage loan program first, and second for purchase and rehabilitation of apartments for low-income tenants. Clarice O'Neal seconded, stating that this recommendation was supported by using the Average Rating without weighting criteria or adding the ranking of the options. She said that this would help those in greatest need, who now have no confidence that this program will help them.

John Donald said that purchase and rehabilitation of apartments for low-income tenants took last position when you looked at how the Commissioners ranked the options. When rankings are added to the options it comes out third. He supports recommending first-time homebuyer loans and purchase of additional BMR units from the existing housing stock for use of the BMR funds. Kirsten Keith suggested recommending first-time homebuyer loans, purchase and rehabilitation of apartments for low-income tenants and purchase of additional BMR units from the existing housing stock for use of the BMR funds.

Carol Louchheim stated that one thing the Commission wants to do overwhelmingly is to use all or part of the funds for the first-time homebuyer loan program. John Donald stated that it is his opinion that it is easier to buy existing housing stock than to negotiate with developers to purchase housing to be built. Carol Louchheim asked if making that choice meant that the Commission is limiting itself. John Donald replied in the affirmative, and said that the result would go farther faster that way. Kirsten Keith consented that it was an appropriate limitation. The vote was called. (M/S Keet/O'Neal. Motion failed to carry 2/3, with Keet and O'Neal in favor, Donald, Keith and Louchheim opposed)

John Donald made the motion to recommend first-time homebuyer loans as first priority, with second priority to purchase and rehabilitation of apartments for low-income tenants and purchase of additional BMR units from the existing housing stock for use of the BMR funds. Kirsten Keith seconded. (M/S Donald/Keith. Motion carried 5-0)

Gretchen Hillard stated that the BMR Fund had \$3.6 million plus \$982,000 dedicated to the PAL loan fund, as of the end of April 2003. A large portion of the funds came from the Sun Microsystems development. Arlinda Heineck stated that it was unlikely that the Fund would receive that level of revenue in the near future.

Carol Louchheim suggested increasing the amount of the first-time homebuyer loans. She wanted to discuss how much of the \$3.6 million should go into these loans. She asked what would be the impact if the loans were increased to \$150,000 maximum each.

Gretchen Hillard pointed out that the Agency Board recommended 20 BMR at the Hamilton Avenue Park and Housing site. She also distributed the list of preferences for BMR purchasers for the site that the Agency Board established at their May 25 meeting. The BMR Agreement, with the preferences, will be brought to the Housing Commission. Planning Commission and then to the City Council with the Application for Development.

Many of the BMR buyers would need City first-time homebuyer loans to make the BMR homes affordable. This is because the house price for BMR units is set using an income at the top of the eligibility range. Most households on the list have incomes lower than the highest eligible income and need the additional help to purchase the BMR units. She also said that it would be useful to have recent house sales to see what the lowest house prices in western Menlo Park are, to see what level of loan support would be needed to bring those houses within the reach of households at or below 120 percent of the area median income.

She also said that the Derry developers were interested in selling some of their housing units to the City for BMR rental apartments. Kirsten Keith asked what the cost would be to the City. There was no response to this question. Gretchen Hillard also described a proposal for affordable senior housing that is being developed by Eden Housing with the City of Palo Alto, which might propose that the City of Menlo Park purchase some units that would go to Menlo Park residents. The next step would be for the City of Palo Alto to officially make a proposal to the City of Menlo Park. Elza Keet said that she gives priority to families over seniors. In general the Commissioners expressed an interest in more information.

Arlinda Heineck pointed out that other BMR units are in the proposal stage, besides at Hamilton Avenue, such as those on Linfield Drive. Carol Louchheim stated that she supported the use of BMR funds for first-time homebuyer loans because it keeps the money in play. And this is especially important because the BMR fund is not likely to

grow large again any time soon. Gretchen Hillard offered to bring a list of future BMR units and scenarios for PAL loans of different size to the next meeting, and to ask Wendy to bring a report of current sales prices in Menlo Park.

Arlinda Heineck and Gretchen Hillard also pointed out that it will be important for the Commissioners to spend some time elaborating on their recommendations for the other options, purchase and rehabilitation of apartments for low income tenants and purchase of additional BMR units from the existing housing stock for use of the BMR funds. The City Council will want to know what the thoughts were behind the recommendations.

### **3. Approval of May 5, 2004 Minutes**

Elza Keet made the motion to approve the Minutes, Kirsten Keith and Carol Louchheim seconded. (M/S Keet/ Keith and Louchheim, Motion carried 5-0.)

## **D. INFORMATION ITEMS**

### **1. Monthly Report on the Housing Rehabilitation Loan Program for April 2004.**

Noted and filed. .

2. **Review of Loan Advisory Committee Minutes for May 20, 2004.** Gretchen Hillard pointed out that during the discussion of the first-time homebuyer loan, one member objected that the homebuyers had \$50,000 in savings, but had not been required to make a down payment. He felt that they should have used the savings to put up some equity. This would make more funds available for the first-time homebuyer loans. Clarice O'Neil said that she supported that position. They both supported the loan as proposed when they understood that there were additional funds to lend

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

Respectfully submitted,

Gretchen Hillard  
Housing and Redevelopment Manager