



HOUSING COMMISSION MINUTES

Regular Meeting
November 3, 2004
5:30 pm

City Council Conference Room, First Floor
701 Laurel Street, Menlo Park, CA 94025-3483

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:

John Donald, Elza Keet, Chair; Carol Louchheim, Vice-Chair; Anne Moser; Clarice O'Neal

Housing Commission Member Absent: - None

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

A. PUBLIC COMMENT: Stewart Clark introduced himself as a Menlo Park resident and a mechanical engineer who is interested in housing. Patty Boyle introduced herself as a Menlo Park resident, active in public affairs and said that she has applied for the Housing Commission.

B. REPORTS AND ANNOUNCEMENTS –Elza Keet distributed copies of a letter she received from Mayor Lee Duboc inviting Commissioners to a meeting on the City budget to be held on November 15.

C. BUSINESS ITEMS

1. San Mateo Community College District Teacher Housing Program discussion by Barbara Christensen, Director of Community/Government Relations

Barbara Christensen introduced herself and described the San Mateo County Community College District three main campuses and the Menlo Park campus. She said the teacher housing program resulted from a survey about housing need in 2001 when there was 11 percent turnover. Seven hundred of 1400 surveys were returned. Seventeen percent of the respondents said that they planned to leave in three years, and 60 percent of those said the reason was because they could not find a home that they could afford. Public schools and the County College District cannot pay enough for their employees to afford housing locally. The College District created a program for employees that offers second loans that are deferred for five years, and give the District an appreciation share. The College District also participates in the Countywide Homeownership Investment Partnership (CHIP) with other cities and the County. Several cities and the San Mateo Union High School District have ten year deferred loans, which allow the homebuyers to phase in payments on the deferred loans at five years and ten years after purchase. Elza Keet asked if the program was for teachers only or both staff and teachers. Barbara Christensen said it was for both.

Barbara Christensen said that the district had made 13 loans in the last two years. The homes purchased were in the \$425,000 to \$600,000 range. She said the housing cost problem is a long term problem that is only going to get worse. Over the past few years, houses have appreciated on average at 7.8 percent. Beginning faculty earn \$50,000, and have the opportunity to earn more by teaching extra classes and other work in their specialties. Their total income is up to \$90,000, which is still low for purchasing a home in San Mateo County.

To address the housing need for teachers in this income range, the District decided to develop rental housing. She distributed two information sheets, one with details about the College Vista Apartments, the other about the District "Rental/Homebuyer Programs for Faculty and Staff". The Santa Clara Unified School District had already built apartments on their District land, and the San Mateo District learned from their experience. The San Mateo district used tax exempt financing of \$8.7 million. The rents will cover the construction financing, operations and long term financing. The development was possible because the District used tennis courts it owned, valued at \$ 6 million, for the land. Rents are projected to be: one bedroom, \$800-900, two bedrooms \$1100 to \$1250, three bedroom \$1400-1450. She said that the rents are half of market for the upscale product, which is brand new apartment with washers and dryers, enclosed garage, and a balcony or a terrace. They will be an asset for the District, but they are not designed to be converted to condominiums. Construction started in October this year, and is planned to be completed in September 2005. In the two bedrooms, they expect two people with incomes. The first priority will be for faculty and staff with incomes under 120 percent of median. There are 101 on the waiting list, and there is a priority and selection system. Current homeowners are not allowed.

Tenants can stay up to five years. American Express is offering tenants free financial planning so they can learn to save, get good credit. First Home is counseling tenants to be first-time homebuyers. The five-year restriction allows more employees to benefit. Faculty and staff have six months to leave if they give the District notice that they are leaving their positions, longer if they are laid off.

Anne Moser asked if public transportation was available. Barbara Christensen answered, there is not really, but it is within walking distance of the college, and two shopping centers, Laurelwood and Crystal springs. Elza Keet asked how many people on the list made less than 120 percent of median. Barbara Christensen said that on the survey 78 percent did. She said they worked with neighbors by having the district Board meet with the San Mateo City Council first. Also the site has steep open space below, a church, multi-family housing of the same density and the college on the other sides, plus only three single family homes. Still the neighbors were worried about traffic and not wanting apartments. They kept holding community meetings and working through the issues. The Board passed a resolution that the housing would always be for faculty and staff, and the City required this as well. The site was not rezoned.

The District also has land at Canada in Redwood City with beautiful views and a potential site at Skyline, at a Middle School they purchased.

The District serves 40,000 students, 800 students have Menlo Park addresses.

The Commissioners thanked Barbara Christensen for her very informative presentation.

2. Consideration of recommendation for the use of the BMR Fund, including adding (1) preference for teachers for PAL loans made for the purchase of BMR units, (2) an increase in the amount of a PAL loan available to teachers and/or (3) making a

exception to the requirement that no administrative costs may be paid out of the BMR Fund for the City's annual contribution to HEART, San Mateo County Housing Endowment and Trust.

Elza Keet suggested that each Commissioner make all their comments and ask all their questions at one time. She said that she supported preferences for teachers who teach in Menlo Park but not for San Mateo County Community College district teachers who teach outside Menlo Park. She supports larger PAL loans for teachers because teachers' salaries are so much lower than others. There was a discussion about the eligibility for teachers in school outside Menlo Park that serve a majority of Menlo Park residents. Staff was asked to determine what percentage of students at Menlo Park City School District schools located outside Menlo Park are served.

Carol Louchheim addressed the preferences recommended by the Agency Board for the BMR houses at the Hamilton Park development. She stated her concern about giving any preferences that haven't been given already. She supports giving first choice to people already on the list.

Elza Keet stated that the 2001 Affordable Housing Action Plan gave priority for BMR housing to Menlo Park Teachers, firefighters and public service employees. There was a discussion about whether that priority was just for Oak Grove Plaza. Elza Keet said that she observed that most of the BMR units that have been produced are three bedroom units. The BMR Program guidelines restrict three bedroom units to one and two person households. She suggested that the City work with developers to build on the three bedroom footprint, but combine two bedrooms in to one to make a two bedroom unit that more people on the Waiting List who have been waiting longer would be eligible for, and would sell for the two bedroom price.

John Donald asked some questions about how the mechanics of the Canada loans work with PAL loans, and how their teacher preferences work. Clarice O'Neal said that she is against a preference for just teachers. The Police Department needs housing too. Elsa Keet said that teachers make much less so their need is greater. Clarice O'Neal said that if the other employees are passed over they would feel that they have not been treated with respect. John Donald asked how long the Housing Endowment and Regional Trust (HEART) has been in existence. Gretchen Hillard distributed an information sheet on HEART entitled, "HEART of San Mateo County Fact Sheet", and read from it that HEART had been in existence for one year. John Donald stated that he was leaning against options 1 and 2. Carol Louchheim said that by increasing the PAL loans the City would be able to make fewer loans, and there would be fewer loans available. She asked how much would the loans have to be to really help teachers. Making loans as high as \$150,000 or \$175,000 would be unfair to others.

Anne Moser said that emotionally she would like to give preference to teachers, and that she was a former teacher herself. On the other hand she is uncomfortable giving a preference even though the teachers' incomes may be lower. If she were on the Waiting List, she would feel it would be unfair. It is not a good thing to do to a community. She is uncomfortable because the Council created its own list and superimposed it on the community. She does not see the Housing Commission adding another layer. On loans, if the amount is increased, then the number that can be made is decreased. She would rather give several small loans than one big one. Let it be extra help and encourage the homebuyers to look elsewhere for other loans Anne Moser said that on a long-range view, the only way the housing problem would be tackled is regionally. Each jurisdiction can do its own little bit, but regionally approaching it is more effective. Long range planning for the transportation corridor is

the way. She dislikes taking funds that could go to families for loans, but there is a need to support a long-range plan, which is what HEART is designed to do.

Elza Keet said that in the 2001 Affordable Housing Action Plan preferences were stated by the City Council, and then again recently. Establishing preferences is not new. She supports preferences for teachers because it is essential. She said that there also should be more units with a smaller number of bedrooms so more teachers would be eligible. If the Commission does not support a preference for teachers, then she recommends a preference for all people with lower incomes. It is the nature of the programs to single out one group. The program already discriminates by singling out one income group and by designating household sizes. Another idea expressed was to apportion the funds by income groups, so that there would be equity citywide by income group. Elza Keet also pointed out that the rents at the San Mateo County Community College District apartments are the same as at Derry Lane, and that is not very affordable.

Clarice O'Neal said that all city employees would be acceptable, but if you put teachers ahead, then there will be resentment. Carol Louchheim said that the City decided to join HEAT (now HEART) and had not yet planned how to fund the dues. Nicholas Jellins said that there would be a way. John Donald made the motion to make the recommendations for the BMR Fund as stated in the staff report, with the addition of option 3, which is to amend the BMR Guidelines to make the City's HEART dues an approved use for BMR Fund money. (M/S Donald/Louchheim 4-1, Keet opposed)

3. Identification of possible additional meeting date in November or early December.

The Commissioners identified Monday, November 22, as their next meeting dates. They requested that the Housing Commission role and the recommendation to the City Council for priorities for next year's budget be on that agenda, and that Developer proposals for BMR contributions be on the December 1 agenda.

D. INFORMATION ITEM

1. How could housing subsidies for teachers be increased?

ADJOURNMENT The meeting was adjourned at 7:45 p.m.

Respectfully submitted,

Gretchen Hillard
Housing and Redevelopment Manager