



## HOUSING COMMISSION MINUTES

Regular Meeting

February 2, 2005

5:30 pm

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

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### CALL TO ORDER

Chairperson Carol Louchheim called the meeting to order at 5:30 p.m. in the Administrative Building City Council Conference Room.

### ROLL CALL

#### Housing Commission Members Present:

Patricia Boyle, John Donald, Elza Keet, Chair; Carol Louchheim, Vice-Chair;

Anne Moser (ar. 5:32 PM), Jack O'Malley, Clarice O'Neal

#### Housing Commission Member Absent: None

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

#### A. PUBLIC COMMENT - None.

#### B. REPORTS AND ANNOUNCEMENTS – None

#### C. BUSINESS ITEMS

1. Welcome new member, Jack O'Malley The Commissioners introduced themselves and welcomed Jack O'Malley to the Housing Commission.
2. Approval of January 5, 2005 Minutes Carol Louchheim proposed that Item C.2., paragraph 2, fifth sentence be changed to read, "Elza Keet stated that she would urge the Council to insist on an equal number of affordable units to be assisted by any other use than the PAL Program." (M/S Keet/Boyle 5-0-1, O'Malley abstained).
3. San Antonio study session and recommendation to City Council of BMR Agreement John Hansen and Niles Tanakatsubo introduced themselves as representatives for the proposed project at 1421 and 1423 San Antonio Street. John Hansen stated that the Planning Commission held two study sessions to consider proposals for other uses over a year ago. The Planning Commission gave high priority to housing at the site. Six units is the maximum allowed by zoning. They are saving a large oak tree. The housing proposal is to construct six detached two story townhouses with three bedrooms and two car garages, and about 1600 to 1700 square feet of floor area. Elza Keet stated that there were only two units next to the carwash because of the noise. Niles Tanakatsubo stated there would be an eight foot wall with a trellis on top to attenuate the noise. Carol Louchheim stated that the Housing Commission needed to consider whether they could provide a BMR unit. John Hansen said that the zoning didn't allow an additional unit, and that to provide one of the six units as a BMR unit was not financially feasible. Patricia Boyle made the motion to approve the proposal as presented, that

is, that the developer pay inlieu fees out of escrow for each unit as follows: one percent of the sales price for units 2, 4 and 5 and two percent of the sales price for units 1, 3 and 6. (M/S Boyle/O'Malley & Keet, 7-0)

4. Recommendation to City Council of Beltramo's (1460 El Camino Real) BMR Agreement John Beltramo and Jeff Trant introduced themselves. Carol Louchheim opened the discussion by addressing the number of BMR units that are proposed.

John Donald stated that there are only three 2 bedroom units, and that it is good that two bedroom units are proposed as BMR units because there are so few smaller BMR units that smaller households are eligible for. Other Commissioners stated that teachers tend to have smaller households, and so would be eligible for the smaller units. The discussion turned to the fact that the Beltramos had withdrawn their request for preference for teachers at schools within a half-mile radius. John Beltramo verified that the preference request had been withdrawn. John Donald stated that the proposal meets the requirements. He said that he reads the guidelines to state that the required unit contribution is rounded up for both commercial and residential developments; however he's OK with the proposal.

Patricia Boyle cited from the Minutes Kirsten Keith's suggestion that the Beltramos sell another BMR unit to the City. John Beltramo and Jeff Trant stated they did not want to do that. Carol Louchheim pointed out that that would put the City in the rental business. Anne Moser asked if the developer can establish a preference. Staff explained that only the City Council could establish a preference. Jack O'Malley stated that he was in favor of the proposal. Patricia Boyle said that she likes the mixed use aspect of the development. Elza Keet stated she did too. Patricia Boyle made the motion to recommend approval the BMR Agreement with the Beltramo's Development Company as proposed. (M/S Boyle/O'Neal 7-0).

5. Consideration of a recommendation to add a BMR Rental Program to the Below Market Rate Housing Program Guidelines Gretchen Hillard briefly summarized the current need for the BMR rental program Guidelines to structure a program, now that the first BMR rental units are proposed. The Carol Louchheim suggested that the Commission review and vote on the guidelines section by section.

The Commissioners approved Section 3.1.1 (M/S Keet/Boyle 7-0)

After discussion the Commissioners approved Section 3.2.2 with the following change: Insert after the first sentence in the new paragraph, "in effect at the time of conversion." and Change "at the time" to "When" at the beginning of the second sentence in the new paragraph. Also in the last sentence in the new paragraph, change "one (1) year" to "two (2) years", and add at the end of that last sentence in the new paragraph, "regardless of the place of residence of the displaced BMR tenant."

In the same motion the Commissioners approved amending the sentence in Section 6.3.1 to change "one year" to "two (2) years", and add at the end of that sentence, "regardless of the place of residence of the displaced BMR tenant." (M/S Moser/Keet, 7-0)

Elza Keet opened the discussion on Section 4.1.2 by asking about the rent rates in Table B. Carol Louchheim gave evidence that local apartment rents in several complexes are at the same level and lower than the Low Income rents in Table B. She asked Gretchen Hillard to describe the income guidelines, which are the basis for the rent rates. Gretchen Hillard described Table A, explaining that the discrepancy between "Low Income" and its traditional meaning of "80% of median" had diverged because of the high rents in San Mateo County, and the need for Section 8 rents to keep up with market rate rents. Patricia Boyle asked if there is any way to reduce the BMR rents, since they were close to market rate. John Beltramo said

that very few rental buildings had been built in a very long time in Menlo Park because it has not been economic. Reducing the rent would affect the feasibility of the project. Jeff Trant stated that the lender needs to be assured that rents won't go down. Jack O'Malley made the motion to approve Section 4.1.2 as proposed.

(M/S O'Malley/Boyle 6-0-1, Keet abstaining.)

Addressing Section 8.1.1 Income Limits upon Occupancy of BMR Rental Units, Elza Keet asked if there could be a percent of income increase allowed rather than an exact income ceiling. Otherwise, what incentives do the tenants have to earn more? Patricia Boyle addressed both 8.1.1 and 8.1.7 Annual Recertification of BMR Units, saying that there are others whose lot does not improve. She would like a longer time factor, like a year. John Donald posed, what if the tenant's income comes back down when they come back for the annual recertification? The Commissioners agreed that the tenant would be eligible to remain. The Commissioners agreed by consensus that the policy should be to give a grace year, that the tenant would have to fail recertification twice, and then would be given a 60 day notice.

Based on John Beltramo's suggestion, the Commissioners directed staff to rewrite Section 8.1.2 to be consistent with Section 4.1.2 and voted to approve the change. (M/S O'Malley/Boyle 7-0)

The Commissioners agreed to approve Sections 8.1.4, 8.1.5, 8.1.6, 8.1.7, and 8.1 as proposed. (M/S Keet/Boyle 7-0)

Clarice O'Neal made a motion to approve the BMR Guidelines changes as stated above. Anne Moser stated that she was uncomfortable with putting the developer in the position of leasing BMR units. She would prefer that the City have the relationship with the tenant. Patricia Boyle asked what recourse or appeal right the tenant would have if they disagreed with the City's determination about their eligibility. Arlinda Heineck replied that the City would have to look at the specifics of the situation. Jack O'Malley called for a vote. (M/S O'Malley/O'Neal, 7-0)

6. Discussion of approaches to address the fact the housing developers mostly develop three and four bedroom units, and as a result one and two person households on the BMR Waiting List must wait much longer for an opportunity to purchase a BMR unit Patricia Boyle stated that the Housing Leadership Council did not take a position on this. The HLC's focus is raising funds to support development. Mid-Peninsula Citizens for Fair Housing is the likely non-profit to take an interest. The item was placed on the March agenda.

#### **D. INFORMATION ITEMS**

1. California Housing Trust Summit - Gretchen Hillard reported that staff would attend this workshop on Housing Funds for managers of housing funds statewide in late February.
2. Survey of local school districts to determine if they have housing programs for their employees - Anne Moser reported that she had sent 33 letters. Staff was very helpful. She heard from Las Lomitas and Menlo Park City School districts, which have no programs. The California Foundation has housing in Menlo Park, East Palo Alto and Palo Alto, and two Brentwood teachers are using that housing. Menlo Park Presbyterian Church has two buildings with a total of nine units for its staff. Las Lomitas and Menlo Park School Districts have Education Foundations to raise funds for their districts. She proposed to talk to the chairs to suggest the use of funds for teacher housing. The Commissioners supported this idea.
3. Loan Review Committee - Commissioners volunteered for March through August.

**E. ADJOURNMENT** Carol Louchheim thanked the Commissioners for the hard work of the evening. The meeting was adjourned by consensus at 7:15 P.M.

Respectfully submitted,

Gretchen Hillard  
Housing and Redevelopment Manager

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