



HOUSING COMMISSION MINUTES

Regular Meeting

August 31, 2005

5:30 p.m.

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

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, Elizabeth Lasensky; Carol Louchheim, Chair; Anne Moser; Jack O'Malley; Clarice O'Neal

Housing Commission Member Absent: Elza Keet

Staff Present: Arlinda Heineck, Community Development Director, Megan Norwood, Management Analyst; Gretchen Hillard, Housing and Redevelopment Manager

A. PUBLIC COMMENT – None.

B. REPORTS AND ANNOUNCEMENTS – Carol Louchheim proposed that the order of the agenda be rearranged to consider Item 3. before Item 2.

C. BUSINESS ITEMS

1. Welcome new member – Elizabeth Lasensky. The members and staff introduced themselves and welcomed Elizabeth Lasensky to the Housing Commission.
2. Report on informational meetings with teachers and Belle Haven residents concerning BMR units at Hamilton Park.

Megan Norwood described the marketing process that Housing staff is engaged in. Housing staff has made presentations to the preference groups about the availability of BMR units, starting with teachers. They've heard that most teachers have households too small, less than three people, or incomes too low to qualify to purchase the BMR homes. Belle Haven residents have expressed the most interest. She distributed a table with information about the meetings, a flyer about the development, and the Spring 2005 issue of the Belle Haven Newsletter with an article about the development.

3. Recommendation to City Council concerning BMR Agreement for Hamilton Avenue Park Housing Development, including consideration of preferences for purchase of the BMR units.

Gretchen Hillard summarized the changes in the BMR proposal for the Hamilton Avenue development: one BMR house was redesignated from the rear to the front of the property, and the distribution was changed to include more three bedroom homes and fewer four bedroom homes, while maintaining the total at 20. She distributed a table quantifying the changes. The Housing Commissioners reviewed their Memorandum to the City Council dated August 24, 2004, noting that their recommendation is different from the Agency

Board's preferences. The Memorandum states, "Each preference would be first applied to households on the BMR waiting list and then to new BMR unit applicants." And "The Commission is specifically recommending that first preference be given to households that have been on the BMR Waiting List for more than five years."

Anne Moser pointed out that there are households in the preference groups already on the Waiting List. Many on the Waiting list reside in Belle Haven. Elizabeth Lasensky noted that the largest group being Belle Haven residents gets the development support.

Arlinda Heineck responded to a question about the green built idea homes. She said there are two houses that will be Sunset Idea homes. Sunset will charge a fee for tours. Later the houses will be model homes from the project. Jon Bassman summarized the changes to the development and the public process. He said that the funds Sunset collects would be donated to meet a City need. Jack O'Malley asked about whether the Council has decided to have 20 BMR units out of the 47 homes to be built. Arlinda Heineck explained that the City Council had already made that decision. Carol Louchheim said that the Housing Commission has always wanted smaller units. The BMR houses are distributed throughout and have the same floor plan. The exteriors are identical. Jack O'Malley made the motion to approve the BMR Agreement as proposed. Patricia Boyle seconded. Anne Moser and Clarice O'Neal asked clarifying questions. Arlinda Heineck responded that the motion covered the requirements for the number of units, the mix, the location and the square footage. (M/S O'Malley/Boyle, 6-0)

In response to a call for a motion on the preferences, Anne Moser proposed that the Commission reiterate the July 2004 Memorandum. Clarice O'Neal stated that the teachers' households are too small for the Hamilton Avenue BMR houses. Carol Louchheim said that the Housing Commission continues to believe that the most equitable approach is to give households on the Waiting List highest priority. Patricia Boyle asked why configure who is more worthy or needy. Keep simple straightforward criteria. The ranking seems arbitrary. Elizabeth Lasensky asked why should what you do for a living be considered less worthy than what your neighbor does? Carol Louchheim said that the City Council is looking out for what is best for the City's safety and community services. Patricia Boyle said that the Housing Commission has stated its position. The Waiting List is most equitable. Jack O'Malley made the motion to support the August 24, 2005 Memorandum to the City Council, and that the Housing Commission maintains that position. (M/S O'Malley/Moser, 6-0)

4. Should the PAL loan interest change to 3% if a loan is paid off before five years?

Gretchen Hillard introduced the item by explaining that the Finance Department had noticed that two Pal loans had paid off in the first two years out of the 11 PAL loans originated since the loan terms changed to include the five year period of deferred payments at zero percent. Finance staff suggested that the PAL loan terms change to include a requirement that 3% interest be paid if the loan is paid off before five years, to cover the extra administrative costs of originating the loan. The Commissioners discussed the possible disincentive that could result from 3% interest for early payoffs. Jack O'Malley stated that a borrower would pay 3% a year for a payoff for up to five years, but at five years and one day, the 3% would not apply. Other Commissioners expressed the thought that it was reasonable to cover the administrative costs in this circumstance. (M/S O'Neal/Boyle 5-1, O'Malley opposed)

5. Should there be a ceiling on the dollar amount of upgrade a BMR purchaser can buy if they take a \$75,000 PAL loan?

Gretchen Hillard summarized, saying that BMR buyers of new homes must put up cash for a down payment and for upgrades at the time of purchase. City of Menlo Park PAL loans are offered to assist with a downpayment as well as to reduce the monthly payment the first five years. Should there be a ceiling amount that a homebuyer can spend on upgrades if they take the maximum PAL loan available to them. She distributed cost sheets for upgrades at Shorebreeze, Clarum's development in East Palo Alto, which was sold a couple of years previously. The Commissioners discussed the difficulty of determining how much would be a reasonable expenditure for upgrades, what the standard finishes and upgrades are, and how you could tell the BMR units if they were the only ones without upgrades, because the market rate buyers could finance upgrades with their mortgages. Clarice O'Neal made the motion not to make the proposed change to the PAL program. (M/S O'Neal/Moser, 5-0-1, Boyle abstained.)

6. Approval of June 1, 2005 and August 15, 2005 Minutes Anne Moser made the motion to approve the Minutes of the July 1 and August 15, 2005 meetings. (M/S Moser/O'Malley, 5-0-1, Lasensky abstained.)
7. Housing Loan Committee Minutes of June 6, 2005 and June 13, 2005. The Commissioners accepted the Minutes.
8. Monthly Reports on the Housing Rehabilitation Loan Program for May, June and July 2005 The Commissioners accepted the reports.

B. INFORMATION ITEMS

1. Housing Element Patricia Boyle reported that the Governor had cut the funding for updating the Housing Needs Determination. from the State Budget. ABAG has proposed that the current Needs Determination numbers be considered in effect for two additional years. The City Council said they'd wait until the next round, but they've already waited a very long time, since 1992. The traffic study will be completed by December. We need to have a strategic plan. There is a need to update the sites identified as potential housing sites, because some have been developed and others appear to be coming available. The Housing Commission could give the city Council a nudge to move expeditiously on the Housing element. The City is not eligible for Housing Trust Fund and other funding because of this. It's been a year since the Housing Commission spoke to the City Council on this.
2. Housing Loan Advisory Committee The following Commissioners volunteered to serve on the Loan Advisory Committee: September plus the first week in October; Anne Moser; October, Elizabeth Lasensky; November, Clarice O'Neal; December, Patricia Boyle; January, Carol Louchheim.

E. ADJOURNMENT The meeting was adjourned at 7:20 p.m. by consensus.

Respectfully submitted,

Gretchen Hillard
Housing and Redevelopment Manager

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