



## HOUSING COMMISSION MINUTES

### DRAFT

Regular Meeting

November 2, 2005

5:30 p.m.

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

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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:** Carol Louchheim (Chair), Anne Moser; Elza Keet; Jack O'Malley; Clarice O'Neal; Elizabeth Lasensky

**Housing Commission Member Absent:** Patricia Boyle

**Staff Present:** Arlinda Heineck, Community Development Director; Deanna Chow, Senior Planner; Megan Norwood, Management Analyst

**A. PUBLIC COMMENT** – None.

**B. REPORTS AND ANNOUNCEMENTS** – Chair Louchheim announced that the minutes of the October 5, 2005 meeting were not yet available due to staff shortages.

### C. BUSINESS ITEMS

1. Recommendation to City Council on BMR Agreement for 2122 Santa Cruz Avenue

The owner of 2122 Santa Cruz Avenue, Alex Beilin, and the developer, Tony Gschwend of Gschwend and Company presented the project. Mr. Gschwend said that the property was purchased in March 2005 and summarized the history of the site. He noted that the property is part of the adjacent Oak Hollow subdivision and that the proposal represents the completion of the subdivision in a manner consistent with the existing residences in Oak Hollow. He discussed emergency vehicle access, noting that he had worked with the Menlo Park Fire Protection District to provide adequate emergency access for the subdivision. He said that they held a public meeting on October 24, 2005 and will be going to the Environmental Quality Commission (EQC) regarding the removal of 18 of the 95 trees on the property. He said the homes will be approximately 5,000 square feet in size with 3,500 square feet above ground and 1,500 square foot basements. The residences are projected to sell for between \$2.9 and \$3.3 million dollars.

Mr. Gschwend continue to explain that the City's BMR ordinance requires the developer to provide one BMR unit or pay an in-lieu fee. He explained that they had explored the option of putting the required unit on-site, but that this option was not feasible given the small size of the project and desire of the adjacent neighbors for

the competition of the subdivision in a manner consistent with the existing homes. He further commented that he had explored an off-site unit, specifically at the 110 and 175 Linfield Drive projects, but that the BMR Guidelines require the unit to be occupied prior to or at the same time as the proposed development and the timing of other projects in the City made this option infeasible. He stated that they are proposing to pay an in-lieu fee of \$605,000, which is more than the required amount. Mr. Gschwend said that the review process for the development proposal will include review by the Planning Commission on November 14, 2005 and by City Council on December 13, 2005.

Commissioner Lasensky said that what the City needs is housing for seniors and that with this development the City is losing the convalescent home that currently sits on the site. Mr. Gschwend responded that the convalescent home went out of business before the current owner purchased the property for the proposed development. He said the property was sold because the convalescent home experienced less than 50 percent occupancy for the last few years and had been losing money.

Commissioner Keet asked if the City could get a BMR unit rather than the proposed in-lieu fee payment. Director Heineck responded that it is difficult to provide inclusionary units in smaller developments and that it is not uncommon for smaller projects to pay the fee in-lieu of actual units. She said that it would also be difficult for the developer to provide the BMR unit off-site because said unit is required to be occupied before the completion of the proposed development and this would present a timing problem. Commissioner Keet commented that it could be our requirement for the off-site units to be available before the completion of the development that makes it difficult to provide off-site units.

Commissioner Keet asked about the use of the in-lieu payment. Director Heineck responded that it would be deposited in the BMR Fund and that the City Council has authorized that it could be used for PAL loans as long as it doesn't exceed the "cap" allowed for that use. Chair Louchheim asked what would happen to the excess money that exceeds the PAL cap. Director Heineck said that several alternate uses were identified in the Council staff report. Commissioner Keet asked if we could amend the off-site BMR requirements to make it feasible for this development to pursue that option. Director Heineck replied that such a change would be a policy decision requiring further review by the Housing Commission and approval by the City Council. She commented that there wouldn't be time to make the change for this project since the project is scheduled to go before City Council in December, but that the Commission could consider such an amendment to the BMR requirements as one of its project priorities.

It was noted that the in-lieu fee of \$605,000 is greater than required. According to the BMR Ordinance, an in-lieu fee of \$366,000 is required. Commissioner O'Malley speculated that, given this, perhaps our ordinance should require larger in-lieu fees and that the current amount required is too low. Director Heineck recommended that the Housing Commission approve the proposed BMR Agreement that would allow the developer to pay the in-lieu fee. She commented that given the interest in a development that would be consistent with the Oak Hollow subdivision, the small

size of the project and general character of the project, it would be infeasible to provide inclusionary units for the proposed development.

M/S Keet/Moser to recommend the BMR Agreement for 2122 Santa Cruz Avenue to City Council, 6-0.

## 2. Habitat for Humanity Presentation

June LaBarre from Peninsula Habitat for Humanity made a presentation on the organization and its work. Commissioner Keet asked why the Terminal Avenue project in Menlo Park is not moving forward and Ms. LaBarre replied that soil contamination was found on the site and that the clean-up will take time and be costly. She said that other things affecting the development include the need for an Environmental Impact Report due to traffic impacts and the need for a sound wall and other expensive construction as a result of the proposed Dumbarton Rail project.

Ms. LaBarre explained that Habitat for Humanity is both a developer and builder and that most of their homes sell for between \$200,000 and \$300,000. She also said that their target group is families. Usually cities donate the land for their developments. Habitat holds the mortgages for the homes and no interest is charged. All of their homes are deed restricted to ensure long-term affordability. Mortgage payments go into the fund for Habitat to help build more homes. Commissioner Keet asked if they have a waiting list and Ms. LaBarre responded that cities usually require them to sell to persons who either live or work in that city but they do maintain a waiting list. She said that typically they have about 200 families that apply for the homes and that, of those, about 60 qualify. The buyers are selected by lottery from the pool of qualified applicants. She said that they serve families that earn 30-50 percent of median income.

Ms. LaBarre provided a handout and showed slides of recent projects and general information on the organization. She said that Habitat has been in existence for 16 years and that they are the only non-profit to build affordable ownership housing in San Mateo County. She noted that Habitat will build their one hundredth home in 2006 and that the organization has served 89 families and have 23,000 volunteers. Homes are built in about nine months to one year, with 500 hours of sweat equity provided by the families.

Commissioner Keet asked what the Housing Commission can do to help the Terminal Avenue project. Ms. La Barre replied that it can continue to work with the City. Director Heineck said that the Dumbarton Rail project is currently undergoing environmental review and it may be that a sound wall will be required for the project, however we don't know at this point. She said that the Dumbarton Rail line is proposed to be operational in 2010 and that State law requires developers to mitigate noise that would impact the residents of said developments. She also said that it could cost up to \$1 million to clean-up the environmental contamination on the site.

3. Approval of 2006 Commission Calendar

The Commission reviewed the 2006 Commission calendar.

M/S O'Malley/Moser to approve the 2006 Commission calendar, 6-0.

4. Monthly Report on the Housing Rehabilitation Loan Program for September 2005

The Commissioners accepted the report.

**D. INFORMATION ITEMS**

1. Commissioner Louchheim raised the subject of members of the public addressing the Commission and whether or not there should be time limits. Director Heineck said that the Commission can establish guidelines regarding speakers. She gave the example of the Planning Commission, which she said implements time limits on a per item basis, based on the number of speakers. She said that the Planning Commission usually sets a time limit of three to five minutes in these cases.

There was Commission consensus to place the item on the December 2005 Housing Commission meeting, unless the agenda for such meeting is extremely full, then it will be placed on the agenda for the January 2006 meeting.

2. Commissioner Moser commented that the Commission should have an overall emphasis on creating affordable housing, rather than taking projects/responding to projects as they are presented to the Commission. She said that we are in particular not meeting the needs of small households and seniors. She commented on the possibility of placing more housing along El Camino Real, above commercial uses. She asked if we could encourage a dialogue between the Housing Commission and the City Council in order to develop an overall blueprint for affordable housing.

Commissioner Lasensky commented that most persons on the BMR Waiting List want small homes but we are unable to provide them due to "spot planning" and a lack of comprehensive planning for affordable housing.

Commissioner Keet, referencing her email on the Housing Element dated October 30, 2005, said that to create good housing policy we must have statistical information on which to base such policy.

Director Heineck commented that the Housing Element serves as the primary housing policy document and that it would be appropriate for the Commission to continue discussion of the subject at its December 2005 meeting when it also discusses project priorities. She further noted that work on the Housing Element has been ongoing, but has taken substantial time and effort due to Council direction to prepare an Environmental Impact Report for the Element. In setting the project priorities for fiscal year 2005-06, the Council established other work as

a higher priority, indicating that further work on the Element should be timed with the release of new housing needs numbers.

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

Respectfully submitted,

Megan Norwood  
Management Analyst

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