



## HOUSING COMMISSION MINUTES

Regular Meeting

July 11, 2007

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 Boyle 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 (Chair); Don Brawner; Elizabeth Lasensky (Vice Chair); Carol Louchheim; Anne Moser; Clarice O'Neal.

**Housing Commission Members Absent:** Elza Keet.

**Staff Present:** Arlinda Heineck, Acting Assistant City Manager; Douglas Frederick, Housing Manager; Megan Nee, Management Analyst.

**A. PUBLIC COMMENT** – None.

### B. BUSINESS ITEMS

1. Introduction of Doug Frederick, new Housing Manager.

The Commission welcomed Dr. Frederick.

2. Review of BMR Housing Fund.

The Commission thanked Acting Assistant City Manager Heineck for her thorough July 11, 2007 staff report reviewing the BMR Housing Fund, which was included in the Commission's agenda packets. Acting Assistant City Manager Heineck referred the Commission to the funding chart at the bottom of the first page of the report and said that of the \$11,145,417 estimated year end fund balance for 2007-2008, approximately two plus million dollars represents SummerHill Home's funding dedication to Peninsula Habitat for Humanity for their proposed project on Terminal Avenue. She said that this was not included in the staff report. In response to a request for clarification from the Commission, she explained that of the \$3,400,100 estimated revenue to the BMR Fund in 2007-2008, an estimated \$2.1 to \$2.3 million will be dedicated to the Habitat project.

Acting Assistant City Manager Heineck noted that part of the staff report has to do with the Commission's work on and City Council dedication of \$3.5 million of the BMR Fund to the PAL Program in 2005. The \$3.5 million supplemented an existing dedication of \$982,000 for a total dedication of almost \$4.5 million to the PAL Program. In recommending the dedication of \$3.5 million to the City Council, the

Housing Commission also recommended a set of alternative uses of the BMR Fund. Acting Assistant City Manager Heineck said that the Commission was able to recommend the dedication of the \$3.5 million following a process that involved a thorough examination of possible uses of the BMR Fund, including having speakers present to the Commission. Commissioner Lasensky asked if the Commission would undertake this process again in its upcoming examination of uses of the BMR Fund and Acting Assistant City Manager Heineck said yes. She added that the Commission has several projects on its plate this year that need to be prioritized. She added that, regarding the staff report and this agenda item, no action is required from the Commission this evening.

Commissioner Moser had several questions regarding the staff report and its attachments. Regarding approved eligible uses of the BMR Fund, she asked if the fund had ever been used to purchase air rights for resale to developers at a reduced cost to facilitate housing development for very low, low or moderate-income households. Acting Assistant City Manager Heineck said not that she knew of. Commissioner Moser inquired if other cities had done so and Acting Assistant City Manager Heineck responded that staff would have to research this to find out.

Commissioner Moser asked whether or not the commercial in-lieu fees collected from the Rosewood Hotel development will be subject to the State requirement regarding the use of development impact fees, which states that development impact fees must be committed to the use for which they were collected within five years of the time the fees were received by the City. Acting Assistant City Manager Heineck responded yes and clarified that the fees are required to be allocated, not spent, within five years of the time they were received. She said that, for instance, the \$3.5 million dedication to the PAL Program met this requirement.

Commissioner Moser also asked if the City had ever used the BMR Fund to purchase and rehabilitate existing apartment buildings for low-income tenants (page B-1 of the staff report). Acting Assistant City Manager Heineck responded that the BMR Fund had not been used for this purpose. She said that the Gateway Apartments in the Redevelopment Area were assisted by the Redevelopment Agency, not the City. In addition, this assistance was in the form of a loan from the City. Commissioner Moser also inquired about funding loans to BMR unit owners to cover costs arising from repairs in the common areas of condominium projects. Acting Assistant City Manager Heineck replied that this recommended use of the BMR Fund could for instance help owners of BMR condominium units to pay for special assessments.

Chair Boyle commented that in the Commission's previous assessment, funding non-profit affordable housing developers to produce affordable housing was not recommended as a use of the BMR Fund. She said that at the time the Commission said that it would like to revisit this possible use later on. Acting Assistant City Manager Heineck responded that this idea, as well as all the other ideas regarding possible uses of the BMR Fund and any new ones, can be on the table again for consideration.

Commissioner Moser asked if there has been any discussion of requiring developers of one to four housing units to pay in-lieu fees and Acting Assistant City Manager Heineck said that she doesn't think there has been. Commissioner Brawner asked what is in the agreement that requires the City to purchase BMR units if it can't find eligible and qualified buyers. Acting Assistant City Manager Heineck explained the resale process for BMR units and said that the City legally has ninety days to resell BMR units. She explained that sometimes it can be difficult to locate eligible, qualified buyers and close escrow on the units within the ninety day time limit. However it is usually only an issue, she said, in cases where the seller of the BMR unit refuses to agree to go beyond the ninety days. In most cases sellers are willing to work with the City and agree to extend the ninety day period. However in order to prevent units from being lost to the program the City can elect to purchase them until eligible, qualified BMR buyers are identified. Commissioner Brawner asked if such time limits for the sale of BMR units has ever been an issue for developers of new units. Acting Assistant City Manager Heineck said that there has only been one case, at the Merrill Street development. Usually the time limits for developers are long enough that it is not an issue, she said. Commissioner Brawner asked why we don't just extend the ninety day time limit for resales. Acting Assistant City Manager Heineck replied that staff has examined this in the past but did not recommend a change. She said that legal issues are involved and there is an obligation to the sellers to ensure that they know that the City will diligently and efficiently pursue locating qualified buyers. She said that the ninety day time limit could be examined again, however.

3. Status of BMR Waiting List Update (verbal report).

Management Analyst Nee provided a verbal report regarding the status of the BMR Waiting List update. She explained that update letters were mailed on June 6, 2007 and included update forms that recipients were asked to fill out and return to the City. The letters stated that recipients must return the update forms by June 22, 2007 in order for their names to remain on the Waiting List.

Management Analyst Nee said that prior to the update there were a total of 601 names on the BMR Waiting List. As a result of the update there are now currently 228 names on the list, she said. She said that, in addition to the update forms received that indicated an interest in remaining on the list, 114 letters/forms were returned by the post office, 236 persons did not respond, six indicated they were no longer interested, and seventeen had recently purchased or were in the process of purchasing BMR homes at Hamilton Park. Persons on the list whose letters were returned by the post office as undeliverable were removed from the list, as well as those who did not respond. She explained that a few people had submitted their update forms after the June 22 deadline for various reasons (such as having been on vacation or misplacing the form) and she had accepted them. She said that the forms had generated a renewed interest in the program and upcoming developments and that she had received many inquiries as a result.

Management Analyst Nee concluded her report by explaining that as a result of the update, staff had decided to temporarily hold the removed/deleted names in a separate part of the waiting list database, rather than deleting them permanently at

this time. Removed/deleted names will be held in this separate location for one year and then permanently deleted. She said staff had decided to do this because it makes it possible to add names back in later on if necessary (allowing persons to retain their original ranking), for instance if someone was on vacation for several months and was unable to respond to the update letter. The Commission expressed considerable concern about this idea of holding the deleted names for one year. Commissioner Moser said that she thought it may not be a good idea, even for people who had been on vacation. She said that, rather than leaving it open, such people should be permanently removed from the list and allowed to reapply.

Acting Assistant City Manager Heineck clarified that, even if deleted names are put "on hold" for one year, staff would still only be working with the updated, current list of 228 names. Persons whose names have been removed from the active list and placed on hold will not be given the opportunity to purchase/rent BMR units because they won't receive notices from staff regarding such opportunities.

In conclusion, Chair Boyle said that should the situation occur where persons whose names were removed from the list want to be added back to the list within one year of the update (therefore regaining their former rank on the list, rather than simply reapplying and being added to the bottom of the list), the issue should be brought back to the Commission for a final determination of the appropriate response.

Commissioner Lasensky requested that at the next meeting staff provide the Commission with a breakdown by categories (such as household size) of the updated, current list. Management Analyst Nee said that she will do so.

4. Approval of June 6, 2007 Minutes.

Commissioner Lasensky pointed out a typo on page two of the minutes, paragraph three, second sentence. As originally written the sentence includes a misspelling of the word "there." As written the word is spelled "theer." Staff amended the sentence so that "theer" was replaced with "there."

M/S Moser/O'Neal to approve the June 6, 2007 minutes as amended;  
6-0-0.

5. Consideration of cancellation of August meeting.

Acting Assistant City Manager Heineck said that she can't foresee anything that the Housing Commission would be required to address in August.

M/S Lasensky/Moser to cancel the August 2007 Housing Commission meeting;  
6-0-0.

## C. REPORTS AND ANNOUNCEMENTS

### 1. Update on Housing Activity (report from staff).

Management Analyst Nee provided a brief update on the sale of BMR units at the Hamilton Park development. She said that Phase I sales are complete and that the Loan Committee had recently approved two PAL loans for purchase of two Phase II BMR homes. She said that staff will probably need to hold another Loan Committee in July for PAL loans for the remaining Phase II BMR homes. Housing Manager Frederick reported that he had just toured a BMR home at the development and was very impressed, especially by its green building/energy saving features. He reported that four of the market rate units have not been sold.

### 2. Report from the Chair.

Chair Boyle reported that she had attended Focus on Bay Area Housing on June 28<sup>th</sup> in Berkeley. She shared some of the useful things that she learned there, including that for infill development it is best to work on the pre-zoning first so that you don't have this "grinding to a halt" effect that is so common. She asked if the City of Menlo Park has done anything like this. Acting Assistant City Manager Heineck responded that part of what has been done with the Housing Element process is the identification of potential development sites and, in addition, more legislation is coming that would require cities to do some pre-zoning. Chair Boyle said that another interesting thing that was said was that it is best to work with the neighborhood where a potential development is located in order to create a collective design or vision for the development project. This creates neighborhood "buy in" and increases neighborhood residents' willingness to compromise.

Chair Boyle announced that ABAG's new housing production target numbers are expected to be released on July 19<sup>th</sup>. Acting Assistant City Manager Heineck said that 973 total housing units is the draft number for Menlo Park. She said that following presentation of the draft numbers there is a sixty day review period. She explained that the draft number for Menlo Park is based on ABAG's new allocation for the County that the subregion has to work with. She added that starting in early 2008 the City will target work on the Housing Element. Acting Assistant City Manager Heineck also explained the factors that go into creating the ABAG target numbers. She said that one factor has to do with the employment numbers in jurisdictions, which is why cities like Woodside and Portola Valley receive lower target numbers. She added that these factors change with each seven year Housing Element planning period.

Commissioner Moser inquired about second units and Acting Assistant City Manager Heineck said that a couple of years ago the City updated its second unit ordinance to make them easier to build. She said that as a result, however, the City has not seen an increase in second units being built. Related to the discussion on housing production, Chair Boyle asked how much of the BMR Fund is for rental and how much for homeownership. Acting Assistant City Manager Heineck responded that such a distinction does not currently exist in the fund, except for the allocation of almost \$4.5 million to the PAL Program (for first-time homebuyers).

### 3. Commission Member Reports.

Commissioner Moser said that the June 6, 2007 minutes referred to the "Focus" initiative and asked if the City had applied. Acting Assistant City Manager Heineck replied that yes, staff had applied as an expression of initial interest. She said that the next step is for the City Council to pass a resolution, which is scheduled for the August 7, 2007 Council meeting. She said that she will send the Commission a reminder email regarding the meeting on August 7<sup>th</sup>.

Commissioner Louchheim asked if the Commission can schedule a time to tour a BMR unit at the Hamilton Park development. Acting Assistant City Manager Heineck replied that she would suggest that Commissioners tour the unit(s) in groups of two or three because if four or more Commissioners go together then it is considered a quorum and would have to be noticed as a public meeting. Housing Manager Frederick said that there is a construction trailer on site at the development and Commissioners are welcome to visit at any time. He added that the person that gave him the tour of the unit was the project manager Mr. Sean Misskelley, whom he said was just great. He gave the Commission Mr. Misskelley's phone number and said that he would also call him first to let him know that the Commissioners may be requesting tours of the unit(s). He said that he would call Mr. Misskelley tomorrow and send the Commissioners a follow-up email.

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

#### 1. Monthly Report on the Housing Rehabilitation Loan Program for May 2007.

The Commissioners accepted the report.

### **E. ADJOURNMENT:** The meeting was adjourned by consensus at 6:45 pm.

Respectfully submitted,

Megan Nee  
Management Analyst