



## HOUSING COMMISSION MINUTES

Regular Meeting

November 5, 2008

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 Lasensky called the meeting to order at 5:30 p.m. in the Administrative Building Conference Room.

### ROLL CALL

**Housing Commission Members Present:** Patricia Boyle, Don Brawner, Elizabeth Lasensky (Chair), Carol Louchheim, Anne Moser, Brian Steuer.

**Housing Commission Members Absent:** Clarice O'Neal (Vice-Chair).

**Staff Present:** Douglas Frederick, Housing Manager; Megan Fisher, Associate Planner; Megan Nee, Management Analyst.

**A. PUBLIC COMMENT** – None.

### B. BUSINESS ITEMS

#### 1. BMR Agreement for 2550 Sand Hill Road

Housing Manager Frederick introduced the item by summarizing the applicant's development proposal. As detailed in his staff report to the Commission, he described how the proposed development site is currently occupied by a 31,470 square-foot convalescent hospital at 1185 Monte Rosa Drive, as well as office buildings at 2500 Sand Hill Road. The hospital has been vacant since May 2006 and the office buildings are currently occupied. Housing Manager Frederick said the applicant is proposing to demolish the convalescent hospital and construct a new two-story, non-medical office building. He explained that the applicant changed the development's address from 1185 Monte Rosa Drive to 2550 Sand Hill Road, since the building to be constructed will face Sand Hill Road.

Housing Manager Frederick said the proposed new office building is subject to the City's BMR Ordinance. The site's existing and proposed zoning does not allow residential uses, he said. He explained that providing off-site BMR units is not an option for the applicant for two reasons. First, the applicant does not own other property in the city that is available and feasible for residential development. Second, the purchase/construction of additional BMR units within another project is made difficult by the number of required units and the requirement that the off-site units be available on or before the completion of the proposed project. Due to this, he concluded, the applicant is proposing to pay the fee in lieu of providing actual BMR units.

Housing Manager Frederick noted that some of the numbers related to the applicant's in-lieu fee, as identified in his staff report to the Commission, are incorrect. He explained that the actual fee owed by the applicant is just a few dollars less than the fee amount identified in the staff report. The reason for this, he said, is that the square footage of the proposed building has decreased slightly. He noted that when the staff report was written the square footage number for the proposed building was 23,190 (page 2 of staff report). As it turns out, he explained, the square footage will be 23,011. Since it is based on square footage the in-lieu fee will decrease somewhat, he said. He noted the actual total fee calculation comes out to an amount about fifty dollars less than the amount identified in the staff report.

Commissioner Boyle noted that on page three of the staff report the in-lieu fee is broken into two types of use, Group A and Group B. Housing Manager Frederick said yes, the proposed project is a Group A use and subject to the Group A fee. He added that the convalescent hospital it's replacing was a Group B use. To attain the current in-lieu fee amount, he said, you calculate the whole project at the Group A rate and then remove from that the credit for the existing building's Group B use calculation.

Housing Manager Frederick introduced the project applicant, Jeff Morris. Mr. Morris presented the Commission with a site plan of the proposed development and said they have had several meetings with neighbors of the project site, including Trinity Church and School. He said they have also had a study session with the City's Planning Commission. As a result of these meetings, he said, changes have been made to the original project proposal. He noted the proposed two-story office building will be "L" shaped with a lot of landscaping. In the original project plan presented to the City, he said, the building was more in the middle of the site and incorporated two existing curb-cuts on Monte Rosa Drive. The neighbors wanted the curb-cuts closed and the building moved closer to Sand Hill Road so it would be further away from their residences, he said. He said there will be bioswales and described additional landscaping as proposed at the neighborhood meetings. In addition, he added, the Planning Commission wanted them to make the building residential in character. In response they are proposing to use landscaping materials more residential in feel and to make the moldings on the windows wood. He also described how the original building design had larger windows and less detail and how the Planning Commission recommended shrinking the windows for a more residential feel. He noted that most of the building will be composed of pre-cast concrete but some corners will be limestone and the roof will be tile. Mr. Morris concluded that they are not going for any variances or added square footage and that the proposed project falls within current zoning.

Commissioner Boyle asked if the applicant has eliminated all entrances onto Monte Rosa Drive. She said there is a lot of traffic there in the mornings, in part from people taking their children to school. Mr. Morris responded yes, the entrances there have been eliminated.

Commissioner Louchheim said to Mr. Morris, you talked to the Trinity school, did you talk to the church community as well? Mr. Morris responded they talked to one woman there that he thought represented both the school and the church. Associate

Planner Fisher concurred that the woman the applicant talked to is an administrator with the church as well as the school. Commissioner Boyle asked Mr. Morris how many parking stalls there will be and Mr. Morris responded that if you look at both buildings (existing and proposed) it is four per thousand. However, he added, it is 3.3 per thousand of actual stalls and .7 per thousand is in landscape reserves. In this way, he said, there is extra landscaping and since we hope we won't need those extra stalls, it should be 3.3 per thousand. Associate Planner Fisher said it ends up being a total of 197 stalls for both with 42 spaces in landscape reserves.

Housing Commissioner Moser asked about an entrance from Sand Hill Road and Mr. Morris replied that there is a Sand Hill entrance now, as well as one from Saga Lane. Housing Commissioner Moser inquired if this means traffic coming off of Interstate 280 has to go past Monte Rosa and then make a u-turn to come back. Mr. Morris responded no, from Interstate 280 you would take a left at Saga Lane and go in the driveway.

Commissioner Boyle asked Mr. Morris how many employees he anticipates the proposed building will create and he replied that it is hard to say, probably between 60 and 75. He noted the office buildings on Sand Hill Road are not typically heavily populated by employees. Many of the firms are financial in nature, he said, and don't have high densities. Chair Lasensky asked Mr. Morris what green aspects will be incorporated in the building. She noted she does not see solar panels on the project plans. Mr. Morris responded that the building will be LEED certified but no there will not be solar panels. He added he does not know what level of LEED certification it will be. Associate Planner Fisher explained that the goal is for the building to be silver level LEED certified but we can't know exactly until it is built. She said usually you aim for something higher than you actually anticipate, realizing certain things may not work during construction. She added that the applicant has completed a checklist to show they think they can attain silver LEED status. She noted it is new that the City is getting buildings to be LEED certified so this could be one of the first ones she's seen.

Commissioner Boyle asked Mr. Morris if he had considered public transportation options for the employees that would occupy the building. She commented that traffic is bumper to bumper at 8:00 a.m. on Sand Hill Road. Mr. Morris acknowledged this to be true and said when construction on the hotel is done we'll see if that changes the traffic at all. He said he is hoping there will be less traffic then. Associate Planner Fisher noted there is a Margaurite shuttle stop for SLAC across the street and it is free. Mr. Morris noted there will be bike stalls near the building and an enclosed area for bicycles at the back of the building.

Commissioner Boyle asked Mr. Morris if he is thinking of using some surface besides asphalt for the parking area, something that is pervious so water can penetrate. He responded yes, this was added at the Planning Commission's suggestion. Commissioner Moser asked if the landscaping's plantings will be low water and Associate Planner Fisher replied that the landscaping will have to comply with the City's water efficient landscape ordinance. She said it will be a condition of approval. Commissioner Moser said the thing that jumps out at her is the parking area is a lot bigger than the building.

Chair Lasensky said that, even with paying the in-lieu fee, we still have the issue of where to house people like the new employees the project will generate. Mr. Morris responded that the fee should help with this but it's hard to tell what the impact on housing demand will be. He said many of the building's employees won't live in Menlo Park, they will come down from Interstate 280.

Commissioner Brawner asked Mr. Morris, is the proposed building a "spec" (speculation) building or do you have tenants already? Mr. Morris replied it is a "spec" building but we are in discussions with potential tenants who would be very high quality. Commissioner Brawner asked if the proposed office will be medical in nature or connected to the medical center and Associate Planner Fisher responded no, medical use is not the plan and not in the use-permit. In order for it to house medical uses at any time in the future, she noted, the applicant would have to request a new use-permit and go before the Planning Commission. Mr. Morris added that the potential tenants they are talking to are financial firms. Commissioner Brawner also asked about the project's timeline. Mr. Morris responded that he just got the schedule today and, assuming all goes well on November 17<sup>th</sup>, they will start work next spring and hopefully the building will be complete by August 1, 2010.

Commissioner Boyle asked how the City may benefit, income-wise, from this kind of development. Associate Planner Fisher said the City will receive property tax and could further benefit if the site becomes the tenant company's corporate headquarters. Commissioner Brawner commented that the property taxes the City would get from such a development are not significant. Commissioner Louchheim said she is frustrated because it seems that with commercial developments we always just get the in-lieu fee when what we need is housing. She said the City will have more money than housing once the hotel is finished. She also expressed concern over the addition of more offices and more traffic. Mr. Morris said this could be the last office like this on Sand Hill Road for some time, as he does not know of any other parcels there that are available for development. Commissioner Louchheim also said she wonders if our BMR requirement regarding production of off-site units is such that it makes it difficult, if not impossible, for developers to create off-site units. She noted that sometimes it seems the way our guidelines are written regarding this has caught us a few times in the last few years. Commissioner Boyle said if we had a General Plan and could pre-zone something that would help. She said that once we have a Housing Element in place we can pre-zone but we cannot do it now. Commissioner Moser noted the services provided by the now vacant convalescent hospital are being provided by the Hyatt. She said the Hyatt has allotted spaces for this purpose. Commissioner Brawner inquired on the project approvals process and what will happen if the Housing Commission recommends approval of the project tonight. Housing Manager Frederick explained that following recommendation by the Housing Commission, the project must return to the Planning Commission and following that, the City Council.

M/S to recommend the proposed Below Market Rate (BMR) Agreement for the office project located at 2550 Sand Hill Road; 5-1-0.

## 2. Housing Element Background Section

Housing Manager Frederick introduced his draft Housing Element Background Section, which provides a demographic profile of Menlo Park and establishes a baseline from which future portions of the report will be drawn. He noted most of the data in the report comes from the 1990 and 2000 U.S. Census, with projections provided by ABAG and the State.

Housing Manager Frederick said he has a couple of things to add to the draft report since it was completed. These things are as follows:

- (a). Housing conditions in the Menlo Park redevelopment area are being assessed and, assuming the rest of the city is in good shape, will be used as a proxy for the whole city. These housing conditions will be reflected on a map that will be included in the report. Staff is waiting on the software to create the map.
- (b). Menlo Park sales data from the Silicon Valley Association of Realtors. This information was received about one month after the draft report was finished.

Regarding the report, Commissioner Louchheim asked Housing Manager Frederick how he knew the age of the housing stock in the city. Housing Manager Frederick replied this information comes from census data. He noted, however, that such information is self-reported in that residents provide the information on the Census survey forms they fill out. Commissioner Moser inquired if the report is similar to what other cities do and did Housing Manager Frederick have to start from scratch when putting together the report. Housing Manager Frederick responded he used the template that was produced during the last planning period, adding to it and then re-writing. The template was put together by a consulting firm, he explained, and normally the City would hire a consultant to write this report but since he was a consultant in the past, the City asked him to do it.

Commissioner Boyle commented she was surprised by the number of non-family households (42.52%) in Menlo Park. She said this amount seems high and she always thought Menlo Park was a community of families. Housing Manager Frederick responded that non-family households includes single people, students, and the elderly so it may not actually be that surprising. He noted, however, that compared to San Mateo County as a whole (32%), it does seem a little high. Commissioner Louchheim said it must be frustrating to do all this work and the data is already ten years old. Housing Manager Frederick concurred but added staff was able to utilize some ABAG projections. He commented that ultimately, we are lucky to have any data at all and the fact that the data is old is always an issue for this kind of thing. He added that the most recent national data was produced as part of the American Community Survey but Menlo Park was not included, probably because it is too small. For Menlo Park, he said, we have to rely on the Census and ABAG projections.

Commissioner Steuer asked for clarification on MFI and Table 12 (entitled "Household by Type, Income, & Housing Problem") of the draft report. Housing Manager Frederick said MFI stands for Median Family Income and the data source for Table 12, the 2000 CHAS Data Book, is something the federal Housing and Urban Development (HUD)

Department puts out. This information, he explained, supports HUD's concept of "cost burden." According to HUD, he said, if you are spending more than 30% of your income on housing you are considered to have a cost burden. If you are spending more than 50% of your income on housing you are considered to have an extreme cost burden. Both scenarios are also considered "housing problems," he said. Housing Manager Frederick said other examples of housing problems would include no plumbing or kitchen facilities. He also said that CHAS, above, stands for Comprehensive Housing Affordability Strategy, which used to be a HUD requirement for entitlement jurisdictions participating in the federal Community Development Block Grant (CDBG) Program. He noted that CHAS is an old concept but its name is still applied to data generated more recently, such as 2000 data. Commissioner Moser inquired how relevant information collected in 2000 will be in 2010 and Housing Manager Frederick said he thinks the information/data will be somewhat similar.

Housing Commissioner Boyle asked if the City's Housing Rehabilitation Program has adequate funding. Housing Manager Frederick responded that the program does have some problems. For instance, he said, the cost of rehabilitating these old homes often exceeds the program's loan limits. Since the program is now run by the County of San Mateo, he said, staff has had to request some exemptions from their loan limits. He noted the program is primarily funded by Community Development Block Grant (CDBG) funds provided by the County, supplemented by \$200,000 in local Redevelopment Agency funds. Housing Commissioner Boyle commented that we need to start looking at purchasing existing units and rehabilitating them to make them available to low-income households. This might help and encourage people to stay in their homes, she said. It is certainly cheaper to keep seniors in their homes than to move them, she said.

Commissioner Moser asked if foreclosures are driving down the sales prices of apartment buildings in Menlo Park. Housing Manager Frederick responded yes, the prices have come down. He said using funds in the BMR Reserve to purchase residential property for rehabilitation is an approved use of BMR funds. Such use of funds could be part of the project priorities and the BMR Guidelines update, he said. He added, however, that staff does not yet have authority to actually purchase anything but is considering the option.

In conclusion, the Commission commended Housing Manager Frederick for his work on the draft Housing Element Background Section.

### 3. Senior Housing Needs Assessment Report

Housing Manager Frederick introduced his draft report. He said Community Development Director Heineck had originally wanted to present the report in January, which is why the Commission hasn't seen the report in some time. He said she had changed her mind and decided to move forward with the report now. Staff would like to begin implementing the report's recommendations this January, he said.

Commissioner Boyle commented that staff should have done better outreach in order to solicit input from Menlo Park seniors for the report. She said her conclusion is that there is nothing to be done. Housing Manager Frederick responded that staff did a lot

of outreach and his conclusion is that seniors want to age in place. He noted there are already many housing units (476) dedicated to seniors in Menlo Park but it's not enough. There are things we can do to help this like purchasing apartments for rehabilitation, he said.

Housing Commissioner Moser said she would like to add a recommendation number seven to the report's list of recommendations (page 16). This recommendation would have to do with seniors' expressed desire for increased/better access to transportation, she said. She said this seemed to be a primary concern for the seniors who went to the community meetings she attended. Access to transportation would be particularly important for seniors who want to age in place, she said. Housing Manager Frederick responded that, as a housing report, it probably would not be appropriate to include a transportation recommendation. He added that it could, however, be included as part of another recommendation.

Commissioner Louchheim commented that in relation to senior housing it seems like "if you build it they will come." Commissioner Boyle said seniors disinterest in affordable senior housing may be a matter of pride. Chair Lasensky noted that people often aren't being realistic and don't always see that their situations may be different down the road. She also said that, based on the survey results, it seems that seniors would leave Menlo Park due to high housing costs.

The Commission discussed the possibility of the City partnering with non-profit affordable housing developers, as well as furthering opportunities for housing rehabilitation. Commissioner Louchheim commented that, as a long-term Menlo Park resident, she was not aware of many of the senior housing providers in Menlo Park (Table 4 of the report). As an example of partnering with an affordable housing developer, Housing Manager Frederick brought up some Agency-owned property on Hamilton Avenue. He said the Agency/City was recently told it needs to develop the site within three years. We could theoretically put something there by partnering with an affordable housing provider, he said. Chair Lasensky mentioned the Dumbarton Rail study/project in that area and asked if housing would be needed there. Housing Manager Frederick replied, not necessarily. Commissioner Moser requested that the Dumbarton Rail project be added to the Commission's next agenda.

#### 4. Approval of September 3, 2008 Minutes

Commissioner Boyle proposed a correction to the draft minutes. She said that on page 5, item 3 (Commission Member Reports), first paragraph, the sentence reading: "She (Commissioner Boyle) also noted she has been appointed to ABAG's Regional Housing Committee," should be changed. She said it should be corrected to read: "She also noted she has been appointed to ABAG's Regional Planning Committee."

M/S Moser/Louchheim to approve the September 3, 2008 minutes as ammended; 6-0-0.

### **C. REPORTS AND ANNOUNCEMENTS**

#### 1. Update on Housing Activity (Report from Staff)

Housing Manager Frederick noted that Habitat for Humanity will hold a community meeting for its proposed Terminal Avenue project on November 13<sup>th</sup> at 7:00 p.m. Commissioner Moser said a map showing the location of all BMR units in the city would probably be very helpful at the meeting. Housing Manager Frederick noted that 20 out of the City's 53 BMR units are located in Belle Haven. In addition, Housing Manager Frederick provided a brief update on the projects currently underway as part of the Housing Rehabilitation Loan Program.

## 2. Report from the Chair

Chair Lasensky reported that the Housing Commissioners were invited to the upcoming Habitat community meeting. Housing Manager Frederick said all commissioners are welcome to attend but to be cognizant of the Brown Act. He noted that as long as the commissioners do not discuss the project amongst themselves at the meeting it will be okay.

Chair Lasensky also brought up the City Council's project priority meeting. She said there is a new procedure for setting project priorities. The City Council will establish goals first and then give the Commissions a chance to respond by establishing priorities that fit those goals. Commissioner Moser clarified that if a Commission has an innovative goal and it does not fit the Council's goals, then nothing can be done? Housing Manager Frederick responded this is generally correct, though he has suggested the idea could be put forward for future consideration. Chair Lasensky said that at the next meeting the Commission should discuss what it wants to do next year. She noted usually the Commission discusses the next year's project priorities at its December meeting.

Commissioner Louchheim left the meeting at 7:00 p.m.

## 3. Commission Member Reports

Commissioner Brawner said the Commission needs to examine energy and water consumption/demand in Menlo Park when considering ABAG's housing allocation number and more housing units in the city. Chair Lasensky and Commissioner Boyle agreed these matters are not the Housing Commission's charge. Commissioner Moser agreed they are not the Commission's charge per se but said we cannot avoid considering such matters. She noted an adequate water supply is very important and said the Commission shouldn't be making recommendations from a narrow standpoint but taking a comprehensive view. Commissioner Boyle agreed but said we also have to assume the Public Works Department is considering these things.

## **D. INFORMATION ITEMS**

### 1. Monthly Report on the Housing Rehabilitation Loan Program for September 2008

The Commissioners accepted the report.

**E. ADJOURNMENT:** The meeting was adjourned at 7:30 PM.



Respectfully submitted,

Megan Nee  
Management Analyst

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