



HOUSING COMMISSION MINUTES

Regular Meeting

March 4, 2009

5:30 p.m.

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

CALL TO ORDER

Chair Moser was unable to attend the meeting so Vice-Chair Boyle, as Acting Chair, called the meeting to order at 5:30 p.m. in the Administrative Building Conference Room.

ROLL CALL

Housing Commission Members Present: Patricia Boyle (Vice-Chair), Don Brawner, Elizabeth Lasensky, Carol Louchheim, Clarice O'Neal, Brian Steuer.

Housing Commission Members Absent: Anne Moser (Chair).

Staff Present: Douglas Frederick, Housing Manager; Megan Nee, Management Analyst.

A. PUBLIC COMMENT – None.

B. BUSINESS ITEMS

1. Status of Foreclosure Acquisition and Rehabilitation Proposal

Housing Manager Frederick provided an update on development of the proposed program. He said that he and the City's Housing Rehabilitation Specialist, George Starmer, toured two Belle Haven homes for sale with realtor Wendy McPherson. The homes are "short sales," he said. He said the home described in his staff report, for which Housing Rehabilitation Specialist Starmer has completed a cost estimate, is about 850 square feet and has two bedrooms and one bath. The seller's asking price is \$250,000 and would cost approximately \$86,000 to rehab. To include solar panels would add approximately \$30,000 to this estimate, he said. He concluded that, given these factors, the approximate BMR sales price for the home could be \$350,000. However, he noted this could be a little high.

Acting Chair Boyle inquired if there is any "wiggle room" in the current asking prices for the homes staff is considering. Housing Manager Frederick responded yes, he imagines there is. He noted that for the \$250,000 home, although it is still for sale, someone has already executed a purchase contract for it. Commissioner Lasensky commented that \$350,000 seems like a high price for a two-bedroom BMR home. She noted we have sold three-bedroom BMR homes for this price. Housing Manager Frederick responded that the monthly costs associated with the homes, which are factored into the sales prices, may have been different.

Commissioner Lasensky inquired if the City Council has to separately approve each home purchase under the proposed program. Housing Manager Frederick responded that Community Development Director Heineck has suggested we do that but he does not think it is necessary to take each individual purchase to Council. If the program itself is approved by Council it should be okay, he said.

Commissioner Steuer inquired if the City acts as a guarantor in case the buyer/owner defaults on his or her mortgage. Housing Manager Frederick responded yes, the City can catch them up or foreclose. He noted that to date, only two BMR owners out of 58 have defaulted on their mortgages. Of these two, he said, one was able to catch up and is now in good standing. The City is in the process of basically foreclosing on the other one, he said.

Commissioner Louchheim asked if the BMR Program's banks have changed their lending requirements as a result of the current mortgage crisis. Management Analyst Nee responded yes, lenders have adopted stricter standards making it more difficult for buyers to get approved for mortgages. She explained she has been talking to the program lenders, most of whom are now requiring larger down payments. She noted that the old days of 100% financing are gone and most lenders now require some sort of downpayment in addition to paying closing costs and in many cases, mortgage insurance. She said a new problem is that some lenders now do not recognize PAL as helping to meet down payment requirements, so buyers still have to come up with cash down payments in addition to PAL financing.

2. Habitat Acquisition and Rehabilitation Project

Habitat for Humanity Greater San Francisco staff members Andrew Slaton, Project Manager, Deven Richardson, Director of Real Estate Development, and Scott Woodman, Real Estate Development Manager, introduced themselves to the Commission.

Project Manager Andrew Slaton reported that Habitat has not yet acquired property for the new program but the Board of Directors has allocated \$500,000 over the next two years. Habitat is thinking about purchasing fifteen homes between Belle Haven and East Palo Alto, he said. Habitat is looking for additional funding from Menlo Park to use as leverage, he noted. He said the fund development team has already started putting events together and staff has looked at about 40 properties so far. They will probably put in offers in the next couple of weeks, he said. He noted that everything else about the Habitat model would remain the same. These properties would be treated like resale properties, he said. In addition, Mr. Slaton referenced a handout with details on the program's budget and said it has a line-item for "green" building.

Commissioner Lasensky asked how Habitat's resales work. Mr. Slaton responded the resale value is based on 3 percent of the Consumer Price Index and selling owners are reimbursed for significant improvements they've made to the homes. He noted that, just like with new Habitat homes, they utilize volunteer labor and "sweat equity". Buyers also receive zero percent mortgages directly from Habitat, he said. The target income group for buyers is 40-60 percent of Area Median Income (A.M.I.), he said, and there is a 45 year deed restriction on the homes.

In response to a question from Commissioner Lasensky, Housing Manager Frederick clarified that the \$500,000 that Habitat is requesting from the City of Menlo Park would have to be spent in Menlo Park. Mr. Woodman noted that if Habitat has to spend more to keep the homes within their affordability guidelines, they will do that.

Commissioner Steuer asked for details on how Habitat is able to finance its new and resale homes, and for clarification on the financing its buyers receive. There was a detailed discussion in which Mr. Woodman and Mr. Richardson described the acquisition and funding process, and explained that Habitat is both the developer and the buyers' lender.

M/S O'Neal/Lasensky to allocate \$500,000 from the City of Menlo Park's Below Market Rate Fund to Habitat for Humanity Greater San Francisco's Neighborhood Revitalization Program, to be used only to acquire and rehabilitate vacant bank-owned homes in Menlo Park's Belle Haven neighborhood, which homes will be resold at affordable prices to qualified Menlo Park families with low-to-very low incomes; 5-0-1 with Commissioner Brawner abstaining.

3. City Clerk's Survey

Housing Manager Frederick said that all of the surveys had now been turned in.

4. Redevelopment Implementation Plan Update

Housing Manager Frederick reported that staff issued a Request for Proposals (RFP) to write the Redevelopment Implementation Plan Update. Three proposals were received and staff selected Connelly Consulting Group, who has worked with the Redevelopment Agency/City in the past. Housing Manager Frederick described what the Redevelopment Implementation Plan and update entail and said the Agency will hold community engagement meetings. He noted the Redevelopment Implementation Plan must be updated every five years.

Acting Chair Boyle said in the past there was the Las Pulgas Committee and asked if there will be an attempt to revive it. Housing Manager Frederick responded no, it has served its purpose and will be dissolved. Under redevelopment law, he said, the committee has to do certain things and those things have been completed.

5. Approval of February 4, 2009 Minutes

M/S Lasensky/O'Neal to approve the February 4, 2009 minutes as ammended; 6-0-0.

C. REPORTS AND ANNOUNCEMENTS

1. Update on Housing Activity (Report from Staff)

Housing Manager Frederick provided the Commission with a brief update on the status of the BMR Program. He said staff has begun the process to find a buyer for the BMR unit, a two-bedroom condominium, on Pine Street. He also noted that the City

Attorney's Office is taking steps for the City to acquire the BMR unit currently in foreclosure.

Commissioner Louchheim said she was sorry to hear that staff will no longer be working on the Housing Element, due to the City's budget problems. Housing Manager Frederick responded that he will still be working on it and the part that was cut was funding to hire a consultant to conduct the Environmental Impact Report (EIR). The EIR will not be funded, he said, but the rest of it will likely be pursued.

2. Report from the Chair

Acting Chair Boyle reported that a new survey, created by the U.C. Berkeley School of Social Welfare, will be distributed in March of this year. The survey will address local government and creating aging-friendly communities. It will be available on-line, she said.

Acting Chair Boyle also announced that the City of Burlingame has placed a report on the Housing Element Update on its website. The address to access the report is: www.burlingame.org/index.aspx.

3. Commission Member Reports

Commissioner Louchheim inquired about Mayor Robinson's proposal at last month's meeting to have the commissions form subcommittees. She said she wonders if this is relevant to the Housing Commission. Housing Manager Frederick responded yes, Mayor Robinson was in his office the other day and suggested the commission consider forming a housing rehab subcommittee.

Commissioners Lasensky and Boyle reported they attended a special HEART (Housing Endowment and Regional Trust) reception/meeting this month. They noted the many heart-warming testimonials given by affordable housing recipients at the meeting.

It was noted that the next scheduled Housing Commission meeting is April 8th and that Commissioners Lasensky and Louchheim cannot attend. It was suggested that the meeting be moved to Wednesday, April 1st. Housing Manager Frederick said he has a meeting with the Belle Haven Homeowners' Association on April 1st and would not be able to attend. Then it was noted that Commissioner Steuer would be unable to attend the April 8th meeting as well. Housing Manager Frederick said he could ask Community Development Director Heineck to attend a commission meeting on April 1st, in his absence.

M/S Steuer/Lasensky to move the April 2009 Housing Commission meeting from Wednesday, April 8th to Wednesday, April 1st; 6-0-0.

D. INFORMATION ITEMS

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

The Commissioners accepted the report.

E. ADJOURNMENT: The meeting was adjourned at 6:30 PM.

Respectfully submitted,

Megan Nee
Management Analyst

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