



## HOUSING COMMISSION MINUTES

Regular Meeting

July 1, 2009

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

Chair Moser 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, Anne Moser (Chair), Brian Steuer.

**Housing Commission Members Absent:** Clarice O'Neal.

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

**A. PUBLIC COMMENT** – None.

### B. BUSINESS ITEMS

#### 1. 1300 El Camino Real BMR Agreement

Housing Manager Frederick introduced the item by explaining that this project was approved by the Housing Commission a year or so ago but is returning now because it has changed. Mr. Reed Moulds of Sand Hill Property Company presented the revised project proposal. He said it is a two-use project of which the primary proposal includes approximately 58,000 square feet of office and approximately 51,000 of retail. He described how the proposal also includes a residential alternative plan as requested by the City Council. The project is three stories including the basement and the primary proposal has 422 at-grade and below-grade parking spaces. The alternative proposal includes 36 residential units as well as non-medical office and retail/restaurant uses. He noted the retail use could be a single tenant or divided up into several different spaces. He described the kinds of uses the project could include (such as grocery store/major retail tenant or health and fitness club) and said these uses were studied in the Environmental Impact Report (EIR). He said the office space on the second floor will probably be a professional, class-A use such as legal.

Jeff Warmoth explained why the project had changed from the original proposal the Commission approved a year or so ago. As a result of the EIR alternative requested by the City Council, the alternative proposal replaces some of the office use/space with residential use/space. If selected, the mix no longer worked for the retail and office use/space, he said. The mix of uses for the residential alternative proposal had to be revised so it would be more likely to be built. Commissioner Lasensky asked

how likely it is that the approved project will contain a residential component. Mr. Warmoth responded that they are asking City Council to approve the all-commercial project (the primary proposal). He explained that as of today, lenders require all units in condominium developments to be pre-sold. Given this, he said, there is no financing available for a mix of residential condominiums and other uses in one project. He concluded that they plan to take just the one commercial proposal to City Council, which would include the payment of in-lieu fees rather than actual housing units.

Commissioner Brawner stated that retail is the only appropriate use for El Camino Real. He said he does not want office or residential there. Mr. Warmoth responded that retail tenants like office because it complements them and fits into the downtown visioning plan the City has been working on. He noted that office use also meets the current C4 zoning code for the property.

Vice-Chair Boyle inquired how the proposed project would relate to any other proposed uses near there, for instance the Derry project adjacent to this site, she said. Mr. Warmoth replied that the proposed project will serve a number of other adjacent sites and uses. He said Garwood will be a very welcoming street, which it presently is not. It will have a nice sidewalk and will have a lot of frontage so it will be populated by people in the project. He said the walkway proposed for the project will create connectivity to El Camino Real.

Vice-Chair Boyle also asked why they did not add an additional story to the proposed structure(s). Mr. Warmoth replied that the Derry settlement says you cannot go above 40 feet. The conforming zoning in this district is 30 feet, he said, but they are asking for 40 feet. He explained that a minimum of 40 feet is needed because ground floor retail requires 15 to 17 feet of inside clearance and by the time you add the inter-space area you are already up to 20 feet on which to add the second story office space. Vice-Chair Boyle asked about open space and fountains in the project and how accessible they would be. Mr. Warmoth responded that the open space (plaza) is accessible from the retail space. The design includes a gathering space, he said. He described how City staff had the idea of reconfiguring the parking lot to expand that area so that it will be a generous plaza.

Vice-Chair Boyle also stated that there is already new office space being built on El Camino Real, near to the Gaylord site. She said we have plenty of office space. Chair Moser replied that the office space to which she is referring is intended for small medical/dental use. Mr. Warmoth added that they will be small offices, while the proposed office space will be larger and suitable for a company's headquarters.

Chair Moser said she could not locate the proposed plans for the BMR units in her packet and wondered what they would look like. Housing Manager Frederick clarified that the plans are on page C12 of the packet/staff report. Mr. Warmoth said the proposed floor plan is based on what Avalon Residential uses for their floorplans. He said he has built this floorplan in many places and people love it. It fits a lot of household styles, he said. He added he remembers the Housing Commission did not care very much for the previous floor plan proposal.

Chair Moser also asked the project applicants if their company owns any other land in Menlo Park that the City could use for the in-lieu fee? Mr. Moulds responded no but they have tried. Commissioner Lasensky inquired if the project's parking could be utilized by patrons of the Park Theater if it ever reopens. Mr. Warmoth responded that it is hard to answer without knowing what the retail uses will be. He said it could be considered but he would not condition the project on it.

Commissioner Louchheim asked Mr. Warmoth if the project would be a much less financially attractive project if it included residential, assuming the financing he spoke of earlier was not a problem. Mr. Warmoth responded that the residential component makes it much more complicated because the development is all on one podium and residential tenants/homeowners versus business owners/tenants creates problems. He noted it might be somewhat easier to do with rental housing but in his experience this frequently causes problems whereby the residential owners/tenants complain about noise/disturbances associated with the adjacent retail or office uses. Chair Moser asked what the project applicants would do if the City Council insisted on incorporating residential in the project. Mr. Warmoth replied that they own the property so they would accommodate the City Council's request.

Commissioner Boyle commented that she attended the recent Grand Boulevard meeting and the big thinkers there said we have to see the bigger picture, which included housing and transit. She said she would like to go on record as saying she really wants the proposed project to include housing. Mr. Warmoth commented that he feels if the proposed all-commercial project is approved it will increase the potential for the Derry project to get financing because it will improve the area and make the Derry site more attractive to investors. The Commission and Mr. Warmoth also discussed the proposed project's landscaping, setbacks, and parking.

Commissioner Louchheim inquired when the project will be going to the Planning Commission. Associate Planner Fisher said it is scheduled to go to the Planning Commission on July 13 to review the parking study and fiscal analysis, then hopefully there will be a recommendation by the end of August. If everything goes according to plan, she said, it could go to the City Council by early October.

Mr. Moulds also spoke to the Commission and said the company has no bias and would love to have housing in the proposed project but there is no market for it today or in the next three to four years. Mr. Warmoth concurred and said that given the current state of the market, the goal in the EIR is to have both project proposals (primary and alternative) approved. This way, if the market changes by the time of approval then they can potentially move forward with the alternative proposal that includes a residential component. This way we don't have to just sit and wait, he said, but can begin to move forward with a plan that can be built.

M/S Lasensky/Louchheim to accept the three BMR Agreements as written; 6-0-0.

## 2. Update on Foreclosure Programs

Housing Manager Frederick provided the Housing Commission with an update on the three foreclosure programs. He said all three programs are on the City Council's

agenda for the August 25<sup>th</sup> meeting. At that time, the Foreclosure Prevention Program will be presented for adoption; the Council will be updated on the Habitat program and briefed on Habitat's guidelines and selection criteria for buyers, and hopefully Council will approve payment for the first unit they've already purchased; and specific guidelines for the Neighborhood Stabilization Program (NSP) will be presented. Housing Manager Frederick noted that regarding the NSP, he met with realtors last Thursday and they were supportive. He said perhaps staff will have identified a home to purchase for the program by the August 25<sup>th</sup> meeting.

Commissioner Louchheim asked why the realtors would be enthusiastic about the NSP. Housing Manager Frederick responded that the realtor association was not in favor of the BMR Program generally, but these realtors may see the program as an opportunity to gain new BMR units for the City's program and were supportive of that.

### 3. Update on Housing Element

Housing Manager Frederick reported that work on the Housing Element has been delayed pending completion of the Downtown/El Camino Real study, in part since this area is where a majority of new housing would go. He said he anticipates the Housing Element will be completed by the end of 2010. He noted both State Housing and Community Development (HCD) and the County of San Mateo are aware of this plan and understand we have reasons to delay completion of the Housing Element.

Vice-Chair Boyle expressed concern over this. She said the City cannot pre-zone because by the time we get to it the properties will already be spoken for. It feels like a set-up, she said. By the time we get our oar in the water, she said, there will be no more water. You are looking at what is currently available out there, Housing Manager Frederick responded. The downtown visioning process is looking at the long-term plan, he said. It will give us an idea of what we can do within this long-term plan and then the City can re-zone for future development, he explained. Based on the long-term plan, he said, we can re-zone properties that are currently occupied and then future developers can utilize this zoning when they (re)develop the properties.

Commissioner Lasensky asked what is happening with the Madison property, which is the now-vacant truck dealership on El Camino Real across from the yogurt shop. She said she had heard a proposal for the site is moving forward. Housing Manager Frederick replied he has not heard anything about it.

### 4. Approval of June 3, 2009 Minutes

M/S Boyle/Lasensky to approve the June 3, 2009 minutes as amended; 5-0-1.

## C. REPORTS AND ANNOUNCEMENTS

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

Housing Manager Frederick reported that financing for the buyer of the Pine Street BMR unit is still a problem due to the Fannie Mae's 71% pre-sale requirement for condominium developments. However, he said, there may be a solution. He also

reported that he had recently inspected and approved a newly-completed BMR unit in the Morgan Lane development. Management Analyst Nee reported that five of the eight BMR units at Morgan Lane are now occupied. She said the Housing Loan Committee just recently approved funding for a PAL loan to help a buyer purchase the sixth BMR unit in the development.

## 2. Report from the Chair

Chair Moser reported that she had attended the recent Bohannon project meeting. She said she also went to the Sustainable Menlo Park meeting. Stanford was also there, she said, and was asked about its properties on El Camino Real. The Stanford representative responded that their current leases do not expire until 2012 and 2013 so we will not see change there for a while, she said. She also expressed concern about the weeds growing on these vacant properties and wondered who is responsible for cleaning them up. She said a City Council member told her the City is responsible for cleaning them up. Commissioner Brawner said that does not sound right. He said it should be the property owner's responsibility.

Chair Moser also reported that the terms of Commissioners Louchheim, O'Neal, and Brawner will expire soon. She noted only Commissioner Brawner is eligible to reapply to serve on the Commission. Commissioners Louchheim and O'Neal have served the maximum term limit of eight years, she said. She reported that Commissioner Brawner has reapplied to the Commission. She noted she is also in conversation with a woman named Carolyn Clarke who is considering applying to the Commission and who attended a portion of the present meeting.

Chair Moser reported she has spoken to City Councilmember Richard Cline about so-called "granny units" to help meet requirements of the Housing Element. She said she would like staff to find out how many known units the City has. Housing Manager Frederick responded he does not think the known units would meet the Regional Housing Numbers Allocation (RHNA) numbers/requirements. Chair Moser said she had assumed they would be "grand-fathered in." Vice-Chair Boyle said Woodside did this and as long as the secondary units were brought up to standards they were included. Chair Moser requested putting this on next month's meeting agenda. Housing Manager Frederick expressed concern that staff would have time to devote to this effort. Chair Moser concluded that she and Housing Manager Frederick will discuss an appropriate time to address this matter and bring it before the Commission.

## 3. Commission Member Reports

Vice-Chair Boyle reported on the Grand Boulevard meeting she attended.

## **D. INFORMATION ITEMS**

### 1. Monthly Report on the Housing Rehabilitation Loan Program for May 2009

The Commissioners accepted the report.

## **E. ADJOURNMENT:** The meeting was adjourned at 7:00 PM.

Respectfully submitted,

Megan Nee  
Management Analyst

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