



HOUSING COMMISSION MINUTES

Regular Meeting

August 5, 2009

5:30 p.m.

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

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, Anne Moser (Chair), Brian Steuer.

Housing Commission Members Absent: Clarice O'Neal.

Staff Present: Douglas Frederick, Housing Manager; Megan Nee, Management Analyst; Thomas Rogers, Associate Planner; Margaret Roberts, City Clerk.

A. PUBLIC COMMENT –

Chair Moser announced that Commissioner Louchheim's term had expired and she has officially resigned from the Housing Commission. She said Commissioner Brawner may arrive late to the meeting and she had not heard from Commissioner O'Neal. Vice Chair Boyle asked if there were enough commissioners present to constitute a quorum. City Clerk Roberts said yes, four commission members is a quorum.

Chair Moser announced that since City Clerk Roberts is present and not everyone for Agenda Item B1 (101-155 Constitution Drive and 100-190 Independence Drive) has arrived, she is moving Agenda Item B2 (Commission Appointments) to B1.

Commissioner Brawner arrived at the meeting.

B. BUSINESS ITEMS

1. Commission Appointments

Housing Manager Frederick introduced the item. He explained that the City Council heard an item last month on coordinating commission appointments so they would all be at the end of the year. However, the Council voted to continue the item and directed staff to present additional information at a later time, he said. He concluded that City Clerk Roberts is here and commissioners should feel free to ask questions. Commissioner Lasensky asked if commissioners would have to resign in order to leave at the dates by which their original appointments were set to expire. For instance, she said, Commissioner Louchheim's term expired and she no longer wished to remain on the Commission past this date so she resigned. City Clerk Roberts

responded that typically we would make the new appointments before Commissioners' terms ended so this would not be an issue; however, the City Council had requested that the Library Commission hold over until December and that is what started this process. Staff began discussing the idea of consolidating commission appointments by doing them all at one time in an effort to increase recruitment for the commissions, she said. She explained that currently staff has to conduct outreach and recruit for new commissioners several times a year because the commissions all have different dates for term expirations/new appointments. She said the City is hoping to get more people involved in the commissions and consolidating appointment dates would allow us to focus and amplify our outreach efforts.

Chair Moser asked who the Commission has now and how many vacancies it will have. City Clerk Roberts responded that the terms of three commissioners recently expired, including Commissioner Louchheim who subsequently resigned. In this instance, she explained, the two other commissioners would also have to submit letters of resignation if they don't want to stay on. However, she said, she knows the other two commissioners are willing to stay until the new appointments are made. She noted that Commissioner Brawner already re-applied and she received a second new application. We will have a total of three recruitments for the Housing Commission, she said. Chair Moser requested clarification on when the Commission might seat its new members. City Clerk Roberts responded that City Council has directed staff to bring recommendations for open commission seats to them in September. Chair Moser said it sounds like we would not have anyone coming to our meetings as a new commissioner until October. City Clerk Roberts replied yes, however Commissioners Brawner and O'Neal are able to stay on until the new appointments are made. We have to give the public enough time to apply, she concluded.

In response to a question from a member of the Transportation Commission who was present, City Clerk Roberts responded it is current policy that even if your appointment has expired you may continue to sit and vote on the Commission if you have not yet been replaced.

2. 101-155 Constitution Drive and 100-190 Independence Drive (Menlo Gateway)
Environmental Impact Report

Chair Moser introduced the item by commenting that the Commission received an immense amount of material on it.

Associate Planner Rogers introduced himself as the City's project planner for this item, known as Menlo Gateway or the Bohannon Hotel and Office project. He noted it is a private development project put forward by an individual land owner and developer, as opposed to a City-sponsored project such as the Downtown El Camino Real Visioning project. He explained the proposed project is located on two sites near the Marsh Road and Highway 101 interchange. On the Independence Drive site the applicant proposes a hotel and health club, one office building, and a shared parking garage, he said. And on the Constitution Drive site, he said, there would be two office buildings and two parking garages. The proposal includes amendments to the City's General Plan and Zoning Ordinance, as well as approvals of specific developments. The proposed project site is currently in the M2 zoning district and would require a change to the new M3 zoning district, he said. The new M3 zoning district would increase the

maximum height from 35 feet to 140 feet and the maximum Floor Area Ratio (FAR) from 55 percent of lot size to 137.5 percent of lot size. He added that hotels, which are not currently permitted, would be permitted.

Associate Planner Rogers explained that the proposed project has been under review for quite some time and noted it will also be discussed at the Transportation Commission meeting later tonight. Currently, he said, the draft Environmental Impact Report (EIR) and draft Fiscal Impact Analysis (FIA) have just been released for public review and discussion. He said the focus of the meeting tonight is to review the housing related topics of the draft EIR. He explained that the Commissioner's comments will be summarized in the standard minutes format and approved by the Commission at its September meeting. These minutes will be included in the project's final EIR, he said. He added if Commissioners have more detailed comments they can submit them directly to him or at the Planning Commission meeting on September 14th. In addition, he said, a general commission meeting will be held on August 19th in order to leverage the expertise of the City's commissions.

Associate Planner Rogers invited the project applicants to introduce themselves. Mr. David Bohannon, the project's developer, introduced himself and noted he does not have a formal presentation but invites questions. He introduced Ms. Jennifer Renk, an attorney with Luce Forward.

Associate Planner Rogers provided an overview of housing related topics in the EIR. He explained the EIR is a requirement under the California Environmental Quality Act, or C.E.Q.A. EIR's are informational documents that disclose impacts to the public and decision makers, he said. The impacts analyzed need to be direct physical impacts, he said. They are not social or economic impacts. Associate Planner Rogers explained that with regard to population and housing specifically there are three potential impacts criteria, as follows:

- 1) Would the project induce substantial population growth in the area, either directly (for example by proposing new homes or businesses) or indirectly (for example by extending new roads or infrastructure)?
- 2) Would the project displace a substantial number of existing housing, necessitating the construction of replacement housing elsewhere?
- 3) Would the project displace a substantial number of people, necessitating the construction of replacement housing elsewhere?

Associate Planner Rogers said that impacts criteria numbers two and three are fully excluded from this initial study because the proposed project does not replace or provide housing. He said number one is informed by a Housing Needs Analysis, which is part of the submittal we gave the Commission and included as an appendix to the EIR. The Housing Needs Analysis reports that the proposed project is estimated to employ 2,566 new employees and displace 688 if the existing buildings were fully occupied, he said. The number of net new employees considered for the proposed project is 1,878, he said. Because households have multiple workers, he explained, we need to look at the typical number of workers per household for Menlo Park and San Mateo County. Analyzing the census data then gets us to an approximation of

housing units, he said. Then we need to ask: what would be the number of these housing units that could be potentially correlated with Menlo Park? Based on historical trends in the census in which ten percent of Menlo Park employees live in the city, we would estimate that 109 of the total households could wish to live in Menlo Park, he said.

Separately, Associate Planner Rogers continued, the City Council requested the Housing Needs Analysis consider any potential changes to Menlo Park's Regional Housing Needs Allocation, or RHNA. This is what feeds into the Housing Element as far as Menlo Park's requirement for new units to be built over a specified planning period, which is usually about seven years, he said.

Associate Planner Rogers noted that the Housing Needs Analysis is an interesting but speculative analysis. Keep in mind, he said, some things could be implemented, maybe or maybe not. He said the consultants considered the proposed project's impact to Menlo Park's RHNA and the result is a range, from zero units up to 76 units for the seven-year planning period. In conclusion of his presentation, Associate Planner Rogers said the Housing Needs Analysis can be considered by the commissions and the City Council to help in their decisions, but as far as the draft EIR looks at potential indirect housing demand it is not technically an impact under CEQA because the project does not include housing units or the creation of new infrastructure.

Chair Moser clarified that no action is needed from the Commission tonight but its comments will become part of the EIR.

Vice Chair Boyle asked if SB 375 will change the EIR process and could it have any bearing on this project. Associate Planner Rogers responded that SB 375 does not have a direct bearing on the project/EIR process now because its implementation has not been worked out. However, he added, anything could change and he cannot say how the future RHNA process will be affected.

Vice Chair Boyle asked if the next Housing Element round will be impacted by these new jobs. Associate Planner Rogers said yes, it could be. Vice Chair Boyle said that from the reading it seems our share of the total RHNA sub region will increase because of the increase in jobs. Associate Planner Rogers responded that this was the theory behind requesting the analysis. Housing Manager Frederick said he thinks we're confusing how the formula goes together. He said he thinks the formula says "what is the job growth going to be for this coming period and how many housing units do we need to apply to cover this job growth?" Associate Planner Rogers commented that this is where the range comes in, so a potential increase of zero means it is simply absorbed. Vice Chair Boyle replied that the way she read it, these new jobs would be factored into the next Housing Element round, not this one. Housing Manager Frederick said right but I really think what you see is job growth for the coming period, not this one. Vice Chair Boyle said okay, we have the same understanding then.

Vice Chair Boyle noted that a net of 1,090 new housing units would be required according to the analysis. In reference to the sub region, she asked, are we looking at opportunities to do something with another city? Housing Manager Frederick responded that this opportunity for the current planning period has passed, however

we could have traded housing units. Vice Chair Boyle commented that the proposed project is very close to Redwood City. Housing Manager Frederick replied that Redwood City was one of the only pair of cities that swapped numbers so it sounds like they would be open to it. Vice Chair Boyle commented that she wants to state for the record that Menlo Park provides less (affordable) housing than other jurisdictions and only ten percent of Menlo Park employees can afford to live here.

Commissioner Lasensky said, considering that the analysis says only ten percent of Menlo Park workers live in the city and the project's Belle Haven location, do we have any way of estimating how many residents would actually be employed in this complex? Associate Planner Rogers responded that we do not have any way of knowing with certainty but the applicant has suggested a local hiring initiative through JobTrain (formerly O.I.C.W.). The local hiring initiative is more about opportunity than certainty, he said, but it has been announced publicly.

Housing Manager Frederick asked Associate Planner Rogers if we have figures regarding the number of Menlo Park residents hired by the new Rosewood Hotel. Associate Planner Rogers said that from his understanding the applicant's proposal would be a more targeted initiative, not just giving residents early interview hours. Ms. Renk from Luce Forward stated that at the moment they have a letter of intent with JobTrain to work closely with them so employees would be trained for the jobs they'd provide on-site. She said they want to work together to maximize opportunities. Chair Moser asked how this would work. Ms. Renk responded that the JobTrain relationship would extend to the hotel, Marriott, and the office component as well. She said it would be "first source," giving the clients of JobTrain the first crack.

Vice Chair Boyle said that looking at the salary spread for the proposed jobs, we have some above-moderate levels and lots of low-income but not much in the middle. She noted that those at the top of this range could possibly buy in Menlo Park. So, she said, we may see some people who could live here but it is not likely for those low-income employees. Commissioner Lasensky asked what sort of transportation would be provided for people in Belle Haven or employees in general? Mr. David Bohannon said that as part of the Transportation Demand Management (T.D.M.) program they are going to engage in several programs such as funding shuttles and purchase of transit passes, however he is not sure whether these would actually apply to residents of Belle Haven. He noted the way shuttles tend to work, if there is ridership demand in Belle Haven it would probably not be terribly difficult to add a pick-up there. He said at the moment there is no plan to develop pedestrian/bike plans. Commissioner Lasensky commented that the buses now stop at 10:00 at night and if you have hotel workers they will work all shifts. Mr. Bohannon responded that as part of the T.D.M. program there is something called Guaranteed Ride Home. He said he is not sure how it works but it has significant financing. Chair Moser said she heard the Belle Haven and East Palo Alto bus system may be reduced from current levels. Mr. Bohannon said you would think walking and biking from Belle Haven would be great and it would, but for those who choose to use their cars it would have a very small impact.

Chair Moser commented that the tables on pages 12 and 30 say so many new housing units are needed but if we anticipate people being hired from within Menlo Park then we don't need those units. Associate Planner Rogers responded that some

people already living in Menlo Park will leave their jobs (for the new ones created) so it is an exchange and the demand is still there. Chair Moser inquired if Mr. Bohannon knows of available land to be used for new housing in Menlo Park. She said she heard the Post Office might move. Mr. Bohannon responded that the Post Office owns the land and is looking at facilities but that site does not look like a housing site to him. He said it may be possible for housing to be developed in Bohannon Park but it would take some serious study to see if it would be a good idea. He said his understanding is that there are several small sites the City has identified as potential housing infill sites, largely in response to the RHNA. He said his own personal observation is that there is not a lot of political will to develop housing in Menlo Park. He said he does not know at what point the State will step in and make it painful for municipalities that are not building housing. There are parts of Belle Haven that look like good potential housing sites, he said, but there are Belle Haven residents who aren't excited about that and the lack of services like grocery stores, which really contributes to their feelings of disenfranchisement. He concluded the Hiller Helicopter site looks good for housing and mixed-use commercial/office. You could do a neighborhood center there and incentivize the developer to put needed services there in return for office and housing, he said.

Chair Moser asked if there has been any thought of a plan for a convenience store or food besides the hotel. Ms. Renk explained that the new zoning would allow for convenience retail and the market will determine if it happens. Commissioner Brawner asked what the current income is from the M2 zoning area. Associate Planner Rogers responded that he does not have a total but the fiscal analysis has figures from existing parcels. Commissioner Brawner said it is not a good idea to sacrifice that sort of property for office buildings that produce little or nothing. He also asked what formula the Association of Bay Area Governments (ABAG) uses (to determine the RHNA) because he has been trying to get it for ten years. Associate Planner Rogers said ultimately we will not get the formula but the Housing Needs Analysis gives us a good idea. Mr. Bohannon said he has worked directly with a former director of ABAG and could bring him here to make a presentation. Chair Moser said that could be of interest to the Commission sometime in the future.

Commissioner Brawner asked about roads and traffic impacts. Associate Planner Rogers said no new freeway interchange would be needed but yes there would be traffic impacts. He said some of these impacts could be mitigated through improvements and some are in the jurisdiction of Caltrans so we are approaching them. Commissioner Brawner asked if Associate Planner Rogers is aware that the intersection at Ravenswood and Willow is bad now so this additional big office complex would add to that. Associate Planner Rogers said there is no doubt about that. Commissioner Brawner asked if he anticipates the Dumbarton rail will be a part of this. Associate Planner Rogers said it is not part of the current analysis.

Public Comment:

Menlo Park resident Mr. Elias Blawie addressed the Commission regarding the proposed project. During his address one additional member of the public donated his comment time to him. Mr. Blawie said that in addition to being a Menlo Park resident he has also worked in Menlo Park. He asked: do we know who the most likely tenant for this space will be? He said he questions the employee count for the office part of

the project based on his direct personal experience. He advised that the Commission look at actual projects such as University Circle, which he said is the best proxy of what this project would be like. Look at the full build-out and full employment, he said. If you look at law firms and University Circle, he said, the lawyer-to-staff ratio is one to two. Many hundreds of professionals are prime candidates for housing in Menlo Park, he explained. There will be more employees and they will be high-end employees who will also drive a lot across Menlo Park. The development will be growth-inducing, he said. He advised the Commission to think about it in plain English: how will the total project impact regional needs and housing needs? He said to also consider the underlying process, which he said is not a project but an "option to build" project with a 20-year horizon that ties our hands for several years.

Commissioner Brawner commented that the public should have at least five minutes to comment, especially at a casual meeting like this. Chair Moser invited Commissioner Brawner to talk to her if he would like to revise the Commission's current policy.

Associate Planner Rogers concluded the discussion by inviting Commissioners to submit more comments directly to him or at the Planning Commission meeting on September 14.

3. County Application to the NSP2 Grant Program

Housing Manager Frederick reported that on July 14th we took a resolution approving our participation in the County-coordinated NSP2 program. He said it is a competitive grant application and only certain zip codes in the County were eligible. The City pledged the \$1.5 million from its program and Habitat's program. If accepted by HUD we'll get another \$1 million or so to add to our program, he said. This money would be ours to control and we would not have to change our program, he said. Housing Manager Frederick added he thinks approval of the funding is a long shot, however. He also reported the State is taking \$2.5 million this year from the Menlo Park Community Development Agency as part of its recently approved legislation to take money from the state's redevelopment agencies. However, he said, the California Redevelopment Association (CRA) is suing the State as they did last year (and won).

Vice Chair Boyle asked Housing Manager Frederick to explain inter-jurisdictional cooperation. Housing Manager Frederick said this is when entities like the County and cities work together. We did this with the RHNA process, he said.

4. Secondary Dwelling Units

Chair Moser said Housing Manager Frederick got the Commission the current zoning code and she has been wondering if secondary dwelling units could help meet some of Menlo Park's housing needs. They have helped meet the need for affordable housing in Los Altos Hills, Portolla Valley, and Atherton, she said. Commissioner Brawner said this is laughable because those units are for their maids and nannies. Commissioner Lasensky said that is okay, those people still need housing. Vice Chair Boyle commented there are a number of redeveloped areas along Santa Cruz where one lot has four houses on it and every time someone wants to do that they go before the Planning Commission and get a variance. Why can't someone do this for secondary units, she asked. Housing Manager Frederick said it would depend on lot size but he

does not see where even a variance is required. Chair Moser asked if anyone would like to pursue this or has suggestions. Commissioner Lasensky said she thinks we should but is not sure because there are already things written on the subject. Vice Chair Boyle said it seems this is going on in Palo Alto with its student population. Chair Moser said she would like to know how we can make this more user friendly. She said she would like Menlo Park to be secondary dwelling unit-friendly. Vice Chair Boyle said it would help Menlo Park to meet its RHNA numbers.

5. Approval of July 1, 2009 Minutes

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

C. REPORTS AND ANNOUNCEMENTS

1. Update on Housing Activity (Report from Staff)

Housing Manager Frederick reported that one new PAL loan was made this month and one Housing Rehab loan. He noted the Housing Rehab loan is for Mr. David Hill, the City employee whose house burned down. We've been working with him for over a year to get his house rebuilt and it is finally ready to go out to bid, he said. There are a couple of other minor repair loans out there, he added.

Vice Chair Boyle asked if our borrowers are experiencing problems with mortgage financing right now. Housing Manager Frederick said yes, the first buyer for the BMR unit at Pine Court was denied financing because not enough units in the development had sold. Commissioner Lasensky said something like this happened at Menlo Square and the City decided to rent it for a time instead. Housing Manager Frederick replied that unit is now in foreclosure and the City Council does not want to do that again. Commissioner Lasensky asked if there is an update on the foreclosure at Menlo Square and Housing Manager Frederick responded no.

2. Report from the Chair

None.

3. Commission Member Reports

Vice Chair Boyle reported she attended the Local Government Commission meeting. The City of Hayward talked about its transit oriented development (TOD), which she said sounds interesting and plans to tour. She noted a lot of the focus was on climate change. She asked the Commission if it is familiar with the Ahwahnee principles of design. She said she will send Housing Manager Frederick a hand-out to distribute to Commission members.

Chair Boyle also asked how much money the City received from ABAG as an incentive for its priority development area. She said she wonders what the City is going to do with it. Housing Manager Frederick said he will ask Community Development Director Heineck.

D. INFORMATION ITEMS

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

The Commissioners accepted the report.

E. ADJOURNMENT: The meeting was adjourned at 7:15 PM.

Respectfully submitted,

Megan Nee
Management Analyst