



SPECIAL MEETING MINUTES

Date: 6/21/2017

Time: 6:30 p.m.

Senior Center

110 Terminal Ave., Menlo Park, CA 94025

A. Call To Order

Chair Tate called the meeting to order at 6:35 p.m.

B. Roll Call

Present: Michele Tate (Chair), Meg McGraw-Scherer (Vice Chair), Sally Cadigan, Julianna Dodick and Nevada Merriman

Absent: None

Staff: Jim Cogan, Housing and Economic Development Manager

C. Public Comment

- Pam Jones, from Menlo Park, voiced her concerns about Mid-Pen: only providing rental units (rather than homeownership units), only building in the Belle Haven neighborhood, making sure the buildings they build have the necessary facilities for the people they are housing, working with the City on transportation issues, giving full transparency on property they are purchasing and actively perusing the concept of trading properties.
- LJ Anderson, from Menlo Park voiced her concerns about Mid-Pen's proposed project being four-stories high and having a library. She is also concerned with the amount of housing being built in the City of Menlo Park.

D. Consent Calendar

D1. Approve minutes for the Housing Commission meeting of May 10, 2017

ACTION: Motion by Cadigan and second by McGraw-Scherer to approve the May 10, 2017 Housing Commission meeting minutes. Motion passes; 5-0.

E. Regular Business

E1. Review Draft Revised BMR Nexus Study (Staff Report #17-014-HC) ([Presentation](#))

- Cogan gave a PowerPoint presentation about the Nexus Study
- Evelyn Stivers, Executive Director of the Housing Leadership Council of San Mateo, spoke in favor of the Housing Commission looking at the Nexus Study. Specifically she noted to the Commission: 1. Don't overlook fees from single family homes (especially larger homes), 2. Strategic Economics numbers, in the Nexus Study, are very conservative so you can trust them, and 3. Encourage stand

alone affordable housing, because for-profit developers don't have the same business models as non-profit developers.

- Commission asked to have Strategic Economics and 21 Elements come to a future Housing Commission Meeting to further discuss the Nexus Study and fee schedules

E2. Discussion of 2016-2018 work plan and commissioner assignments (Staff Report #17-015-HC)

- A subcommittee, consisting of Meg McGraw-Scherer and Julianna Dodick, was created to meet with Stanford to discuss the Nexus Study.
- A subcommittee, consisting of Meg McGraw-Scherer and Sally Cadigan, was created to work on the 2017 NOFA.
- Since two new commissioners are expected soon, the Committee decide to wait on creating more subcommittees. Identified priorities are NOFA, Nexus Study and BMR Guidelines.

ACTION: Motion by Tate and second by Cadigan to create the Stanford and NOFA subcommittee. Motion Passes; 5-0.

F. Informational Items

F1. Hello Housing Quarterly Update (Staff Report #17-013-HC)

- Sarah Shimmin, Senior Program Manager with Hello Housing, gave an oral report on the June 7, 2017 report (Attachment A in Staff Report #17-013)

F2. Oral report on open commission positions - Cogan

- The deadline for the Housing Commission applications is July 10, 2017. The Commissioners will most likely be appointed at the August Council Meeting.

F3. Oral report on MidPen's 6/5/17 Community Meeting in Belle Haven - Cogan

- Jim Cogan gave a short oral update on MidPen's 6/5/17 Community Meeting. 92 residents attended and listened to the communities input on the proposed project. MidPen plans to come back to the City Council on July 18, 2017 to discuss the 1300 block project.

F3. Oral report on 6/20/17 City Council study session on MidPen's project - Cogan

G. Commissioner Reports

G1. MidPen 1317-1385 Project Subcommittee Oral Report

H. Adjournment

Chair Tate adjourned the meeting at 8:53 p.m.

Affordable Housing Programs in Menlo Park

ON SITE UNITS

EXISTING BMR Program
10-15% Affordable

Density Bonus/
Developer
Negotiations for
Specific Projects

HOUSING FUNDS

EXISTING
BMR In Lieu Fees

UPDATED
Commercial
Linkage Fees

PROPOSED
Housing Impact
Fees

Use of Affordable Housing Impact Fees and Linkage Fees

- Can be an important local funding source for affordable workforce housing
- Must be used for worker households (senior housing, homeless shelter, etc. may not qualify)
- Can only be applied to development types that have nexus studies
- Other funding sources will still be needed to meet affordable housing demand in Menlo Park

Purpose of the Nexus Studies

- Calculate new fees that mitigate the **impact of new development** on **demand for affordable housing** in Menlo Park



Commercial Linkage Fee



Housing Impact Fee

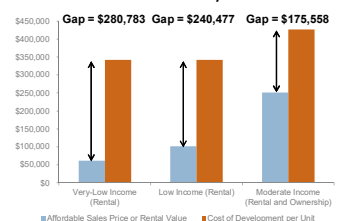


Menlo Park's Affordability Gap

The **affordability gap**

is the difference between what households can **afford to buy or rent**, and the **cost of building a new housing unit**

Average Affordability Gap by Income Group, San Mateo County



Housing Impact Fee: Maximum Fee per Unit

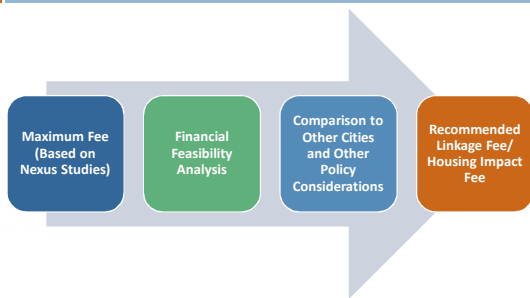
	Single Family Detached	Single Family Attached	Condominium	Apartments
Fee per Unit	\$197,963	\$112,387	\$81,203	\$72,766
Average Unit Size (SF)	3,000	1,700	1,800	916
Fee per SF	\$66	\$66	\$45	\$79

Fee Calculations are Conservative

Conservative Inputs → Lower Fees

- Only considers worker households
- Impacts limited to San Mateo County
- Affordability gap is measured conservatively
- Job estimates are conservative (lower density)
- Housing prices and rents are not top of market
- Financial feasibility incorporated into recommended fee
- Recommended fees are lower than maximum nexus fees**

Getting to the Recommended Fees



Financial Feasibility Model

- How would proposed linkage fees affect a developer's bottom line?
- Pro forma model tested financial feasibility of maximum and lower fee scenarios
- Incorporates key assumptions regarding building types (FARs), parking ratios, development costs, sales values/rental revenues

Development Prototypes

	Hotel	Retail	Office/R&D
FAR	1.1	0.5	2.0
Parking Ratio	1.2 spaces/ room	4 spaces/ 1,000 SF	3 spaces/ 1,000 SF
Parking Type	Podium and Surface	Podium and Surface	Podium and Surface

	Single Family Detached	Single Family Attached (Townhouse)	Condominiums	Apartments
FAR	0.5	0.6	1.7	1.4
Density (du/a)	6	13	35	43
Parking Type	Attached garage	Tuck-under Garage	Underground	Podium
Unit Size	3,000 SF	1,700 SF	1,800 SF	916 SF

Linkage Fee: Comparison with Nearby Cities

City	Hotel	Retail/ Restaurants/ Services	Office/R&D/ Medical Office
Cupertino	\$10	\$10	\$20
Mountain View	\$2.50	\$2.50	\$25
Oakland	N/A	N/A	\$5.44
Redwood City	\$5	\$5	\$20
San Francisco	\$18	\$22	\$16-\$24
Sunnyvale	\$7.50	\$7.50	\$15
Palo Alto	\$20	\$20	\$20

Housing Impact Fee: Comparison with Bay Area Cities

City	Single Family Detached	Single Family Attached	Condominiums	Apartments
Berkeley	N/A	N/A	N/A	\$38/SF
Cupertino	\$15/SF	\$16.50/SF	\$20/SF	\$25/SF
Daly City	\$14/SF	\$18/SF	\$22/SF	\$25/SF
East Palo Alto	\$22/SF	\$22/SF	\$22-\$44/SF	\$22/SF
Emeryville	N/A	N/A	N/A	\$33/SF
Mountain View	N/A	N/A	N/A	\$17/SF
Redwood City	\$25/SF	\$25/SF	\$20/SF	\$20/SF
San Carlos	\$23.54-\$43.54/SF	\$20.59-\$42.20/SF	\$20.59-\$42.20/SF	\$23.54-\$43.54/SF
San Jose	N/A	N/A	N/A	\$17/SF

Preliminary Recommendations: Linkage Fees per SF

Prototype	Hotel	Retail/ Restaurants/ Services	Office/R&D/ Medical Office
Maximum Nexus Fees	\$154/SF	\$265/SF	\$255/SF
Existing Linkage Fees	\$8.45/SF	\$8.45/SF	\$15.57/SF
Preliminary Recommendations	\$10-\$15/SF	\$5-\$10/SF	\$25-\$50/SF

Preliminary Recommendations: Housing Impact Fees/ SF

	Single-Family Detached	Single-Family Attached	Condominiums	Apartments
Maximum Nexus Fee per SF	\$66	\$66	\$45	\$79
Preliminary Recommendation per SF	\$25-\$50	\$25-\$50	\$25-\$35	\$25-\$50

Policy Options: Commercial Linkage Fees

- Maintain existing linkage fee levels
- Update linkage fee levels in accordance with nexus study findings
 - Office/R&D feasibility analysis shows potential for higher linkage fees
- Waive/decrease fees if developers provide affordable units on-site or off-site

Policy Options: Housing Impact Fees

- Implement new fee on rental housing, which does not currently have inclusionary requirement
- Implement new fees on ownership housing instead of inclusionary requirement; revenues can be used towards financing new affordable units
- Maintain existing BMR inclusionary requirement for ownership housing

Options Requiring Further Analysis:

- Increase BMR inclusionary requirement for ownership housing
- Blend inclusionary requirement or housing impact fees with density bonus for community benefits