



SPECIAL MEETING MINUTES

Date: 8/23/2017
Time: 6:30 p.m.
City Hall/Administration Building
701 Laurel St., Menlo Park, CA 94025

A. Call To Order

Chair Tate called the meeting to order at 6:34 p.m.

B. Roll Call

Present: Michele Tate (Chair), Meg McGraw-Scherer (Vice Chair), Sally Cadigan, Nevada Merriman, Karen Grove and Camille Kennedy
Absent: Julianna Dodick
Staff: Jim Cogan, Housing and Economic Development Manager
Meghan Revolinsky, Management Analyst II
Other: Councilmember Rich Cline

C. Public Comment

None

D. Consent Calendar

None

E. Regular Business

E1. Recommendation on a Below Market Rate In Lieu Fee Agreement Term Sheet/Vasile Oros/706-716 Santa Cruz Avenue (Staff Report #17-016-HC)

- Pam Jones, from Menlo Park, questioned if the city should change how it thinks about the project, there might be a way to make more BMR units work in projects.

ACTION: Motion by Cadigan and second by Grove to approve staff's recommendation the Below Market Rate In Lieu Fee Agreement for the Vasile Oros/706-716 Santa Cruz Avenue project. Motion passes; 6-0-1 (Dodick absent).

E2. Recommendation on a Below Market Rate Housing Proposal from Stanford University for the Middle Plaza at 500 El Camino Real Project (300-550 El Camino Real) (Staff Report #17-017-HC)

- Rachel Bickerstaff, from Menlo Park, spoke about the disparity of affordable housing in west Menlo Park compared to the rest of the City
- Cecilia Taylor, from Menlo Park, asked what the proposal mean when it said, the BMR units will be "indistinguishable from the exterior."

ACTION: Motion by Grove and second by Kennedy to approve staff's recommendation on the Below Market Rate Housing Proposal from Stanford University for the Middle Plaza at 500 El Camino Real Project (300-550 El Camino Real).

Motion passes; 3-2-2 (Tate and McGraw-Scherer dissents; Merriman abstain; Dodick absent)

E3. Review Draft Revised BMR Nexus Study (Staff Report #17-018-HC) ([Presentation](#))

- Sujata Srivastava from Strategic Economics and Joshua Abrams from 21 Elements presented an overview of the BMR Nexus Study to the Commission.
- The Commission briefly discussed the Nexus Study and decided at their next meeting they would create subcommittees. One of the subcommittees would focus on the Nexus Study where the subcommittee will work with staff to develop recommendations for the Housing Commission to consider and forward to the City Council regarding any revisions to the BMR Nexus

F. Informational Items

F1. Oral report regarding Anton Menlo's BMR lease-up - Revolinsky ([Handout](#))

- Cecilia Taylor, from Menlo Park, asked if the City could have a single waitlist for all BMR rentals within the city and if Hello Housing could process all BMR rental applications for all BMR units within the city.
- Pam Jones, from Menlo Park, spoke in favor of having a single waitlist for all BMR rentals within the City of Menlo Park.
- The commission expressed interest in best practices to coordinate information for the BMR rental/waitlist/lease-up process. This is something the BMR Guidelines Subcommittee can address.

F2. Oral report regarding City Council related to Enhanced Housing Program Policy Prioritization - Cogan

F3. Current Housing Commission Subcommittees (Staff Report #17-019-HC)

- The Commission reviewed the staff report and said they would choose subcommittees at the next Housing Commission meeting, when everyone is in attendance.

G. Commissioner Reports

- McGraw-Scherer said she would like to talk about the proposed library at a future Housing Commission Meeting

H. Adjournment

Chair Tate adjourned the meeting at 10:26 p.m.

21 Elements
Multi-City Nexus and
Feasibility Studies

Sujata Srivastava, Strategic Economics

Menlo Park Housing Commission

August 23, 2017

STRATEGICECONOMICS

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

- An important local funding source for affordable workforce housing that
- Allows developers to leverage federal/state subsidies
 - (\$1 of local can leverage \$3 to \$4 from other sources)
- Funds must be used for worker households (senior housing, homeless shelter, etc. may not qualify)
- Funds must be used to generate new affordable housing units

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 Fees

Housing Impact
Fees


Commercial Linkage Fee


New
Commercial
Space

New
Workers


Affordable
Workforce
Housing

Housing Impact Fee

New
Housing
Units

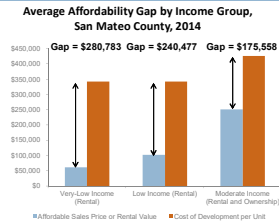
New
Household
Spending

New
Workers

Affordable
Workforce
Housing

Menlo Park's Affordability Gap

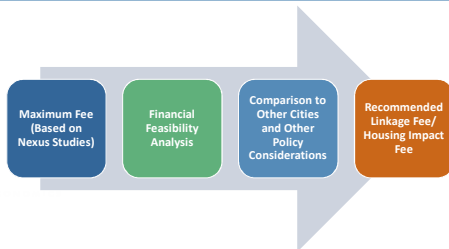
The **affordability gap** is the difference between what households can **afford to buy or rent**, and the **cost of building a new housing unit**



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

Getting to the Recommended Fees

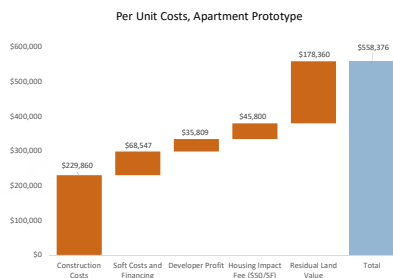


Financial Feasibility Model

How would proposed impact fees/linkage fees affect a project's bottom line?

- Residual Land Value: How much can a developer afford to pay for land after accounting for all other costs (construction, soft costs, profits)?
- Rate of Return: How much profit can a developer make after accounting for all other costs (construction, soft costs, land)?

Feasibility Analysis Apartment Example



Feasibility Results: Residential

	Single-Family Detached	Single-Family Attached (Townhouse)	For-Sale Condos	Rental Apartments
Scenario 1: Maximum Fee	\$66/SF Feasible	\$66/SF Feasible	\$45/SF Marginally Feasible	\$79/SF Marginally Feasible
Scenario 2	\$40/SF Feasible	\$40/SF Feasible	\$35/SF Feasible	\$50/SF Feasible
Scenario 3	\$40/SF Feasible	\$40/SF Feasible	\$25/SF Feasible	\$40/SF Feasible
Scenario 4	\$30/SF Feasible	\$30/SF Feasible	\$30/SF Feasible	\$30/SF Feasible

Linkage Fee: Foster City Feasibility Results

	Hotel	Retail/ Restaurants/ Services	Office/ R&D/ Medical Office
Scenario 1: Maximum Fee	\$151/SF Not Feasible	\$262/SF Not Feasible	\$227/SF Not Feasible
Scenario 2	\$75.50/SF Not Feasible	\$131/SF Not Feasible	\$113.50/SF Not Feasible
Scenario 3	\$15.10/SF Marginal	\$26.20/SF Not Feasible	\$22.70/SF Feasible
Scenario 4	\$7.55/SF Feasible	\$13.10/SF Marginal	\$11.35/SF Feasible

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Study 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

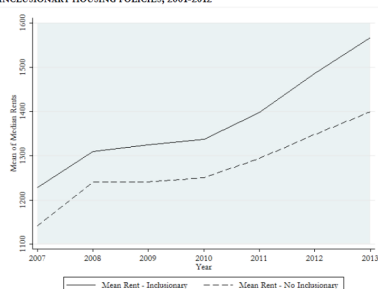
Study Recommendations: Housing Impact Fees/ SF

	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

Joshua Abrams

21 Elements

FIGURE 5. MEAN ANNUAL RENTAL HOUSING PRICES OF CITIES WITH AND WITHOUT
INCLUSIONARY HOUSING POLICIES, 2001-2012



Hollingshead, 2013

Source: Author's analysis with data from the U.S. Census

Choosing the Right Fee Level

Legal Maximum

- Feasibility
- Strength of Market/Reaction of Development Community
- Percent of Development Cost
- Need and Cost of Providing Affordable Housing
- Neighboring Fees

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

Percent of Development Costs

	Hotel	Retail/ Restaurants/ Services	Office/R&D/ Medical Office
Total Development Cost	\$407	\$573	\$473
Preliminary Recommendation per SF	\$10-\$15/SF	\$5-\$10/SF	\$25-\$50/SF

	Single-Family Detached	Single-Family Attached	Condos	Apartments
Total Development Cost	\$361 - \$2576	\$287 - \$372	\$535 - \$635	\$515 - \$615
Preliminary Recommendation per SF	\$25-\$50	\$25-\$50	\$25-\$35	\$25-\$50

ANTON MENLO



394 Total Units
37 BMR Units

	Very Low Income (50% Median Income)	Low Income (80% Median Income)
Studio	2	2
1 Bedroom	12	8
2 Bedroom	7	5
3 Bedroom	1	
Totals	22	15

367 BMR Applications
167 meet the live/work preference
67 are also on Hello Housing List

Building B is currently open
7 of the 14 BMR units are occupied and 4 more are ready to move in

Outreach:

- Email sent to developer interest list In process
- Mail flyers to all Belle Haven address
- Flyers were sent to: Oak Knoll, La Entrada, Hillview Middle and Garfield Elementary
- City of Menlo Park e-blast to housing interest list
- City of Menlo Park Council Digest article
- Hello Housing e-blast to Menlo Park interest list
- Hello Housing mailing of flyer to Menlo Park interest list
- Outreach and education to local community centers and senior centers
- Posting on all Menlo Park Nextdoor communities
- Posting on craigslist, 1 paid ad per day
- Ad in local newspaper