



## SPECIAL MEETING AGENDA

**Date:** 2/6/2019  
**Time:** 6:30 p.m.  
**Arrillaga Family Recreation Center – Cypress Room**  
**700 Alma St., Menlo Park, CA 94025**

### **A. Call to Order**

### **B. Roll Call**

### **C. Public Comment**

Under “Public Comment,” the public may address the Commission on any subject not listed on the agenda. Each speaker may address the Commission once under Public Comment for a limit of three minutes. The Commission cannot act on items not listed on the agenda and, therefore, the Commission cannot respond to non-agenda issues brought up under Public Comment other than to provide general information.

### **D. Regular Business**

- D1. Approve minutes for the Housing Commission meeting of December 12, 2018 ([Attachment](#))
- D2. Receive and file the updated and quarterly report from Hello Housing for 2018 fourth quarter ([Attachment](#))
- D3. Discuss and review potential changes to the Housing Commission work plan and priorities list
- D4. Discuss and recommend future agenda items

### **E. Reports and Announcements**

- E1. Subcommittee reports (10 minutes):
  - Anti-Displacement Subcommittee (Grove/Horst/Merriman)
  - Below Market Rate Housing Guidelines Subcommittee (Dodick/Grove)
  - Housing Policy Subcommittee (McPherson/Merriman/Tate)
  - Marketing Subcommittee (McGraw-Scherer/Horst)
  - Notice of Funding Availability Subcommittee (McGraw-Scherer)
- E2. Commissioner reports
  - Sacramento legislative update (Horst)
  - Individual commissioner reports
- E3. Staff updates and announcements
  - Interim Housing and Economic Development Manager’s Report

## **F. Adjournment**

At every Regular Meeting of the Commission, in addition to the Public Comment period where the public shall have the right to address the Commission on any matters of public interest not listed on the agenda, members of the public have the right to directly address the Commission on any item listed on the agenda at a time designated by the Chair, either before or during the Commission's consideration of the item.

At every Special Meeting of the Commission, members of the public have the right to directly address the Commission on any item listed on the agenda at a time designated by the Chair, either before or during consideration of the item.

Any writing that is distributed to a majority of the Commission by any person in connection with an agenda item is a public record (subject to any exemption under the Public Records Act) and is available for inspection at the City Clerk's Office, 701 Laurel St., Menlo Park, CA 94025 during regular business hours.

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## REGULAR MEETING MINUTES - DRAFT

**Date:** 12/12/2018  
**Time:** 6:30 p.m.  
**Arrillaga Family Recreation Center – Elm Room**  
**700 Alma St., Menlo Park, CA 94025**

**A.** Chair McGraw-Scherer called the meeting to order at 6:32 p.m.

### **B. Roll Call**

**Present:** Meg McGraw-Scherer, Karen Grove, Rachel Horst, Nevada Merriman  
Wendy McPherson, Julianna Dodick

**Absent:** Michele Tate

**Staff:** Management Analyst II Mike Noce, Management Analyst II John Passmann

### **C. Public Comment**

- Pamela Jones spoke about the Menlo Park Housing Element and a possible linkage between vacant units and housing shortage challenges.

### **D. Regular Business**

D1. Approve the minutes for the November 14, 2018, Housing Commission regular meeting.

**ACTION:** Motion and second (Grove/Horst) to approve the Housing Commission meeting minutes of November 14, 2018, as amended. The amendment replaced “that this was not a pressing issue for Menlo Park” with “not to pursue.” The motion passed (6-0-1; Tate absent).

D2. Discuss and review potential changes to the enhanced housing policies priority list.

Management Analyst II Mike Noce introduced the item.

The Housing Commission reviewed and discussed the 15-item priority list and requested additional changes. The requested changes will be included in the next Housing Commission update to the City Council in early 2019. Changes included:

1. Combining Item 2 and Item 3 to consolidate all changes affecting the BMR Guidelines, retaining BMR homeowner sublets and extending the eligibility for displaced tenants.
2. Reflect in the “Notes” column of Item 8 the Housing Commission’s request for a joint Planning Commission and Housing Commission meeting.
3. Retain Item 10 as a priority two and change Item 12 to a priority two.

- D3. Update on the three below market rate (BMR) ownership units at 133 Encinal Ave. (Marquis by Pulte project)

Management Analyst II Mike Noce provided the update.

The project includes one low-income BMR unit and two moderate-income BMR units. Staff is working closing with Hello Housing and the Pulte Group to hold a workshop on Wednesday, January 16, 2019, for pre-screened members of the City's Below Market Rate Purchase Waiting List. All three BMR units are expected to be completed and ready for owner move-in during the second quarter of 2019.

## **E. Reports and Announcements**

- E1. Subcommittee reports (10 minutes):

Anti-Displacement Subcommittee (Grove/Horst/Merriman) – Commissioner Grove reported an upcoming workshop scheduled for January 24, 2019, from 9–11:30 a.m. at the Federal Reserve Bank of San Francisco, located at 101 Market St., which will focus on displacement and regional partnerships.

Below Market Rate Housing Guidelines Subcommittee (Dodick/Grove) – No report

Housing Policy Subcommittee (McPherson/Merriman/Tate) – No report

Marketing Subcommittee (McGraw-Scherer/Horst) – Chair McGraw-Scherer plans to report back in January 2019 about a possible community outreach workshop. Commissioner Horst reported she will work with staff to update the City's housing webpages.

Notice of Funding Availability (NOFA) Subcommittee (McGraw-Scherer) – No report

- E2. Commissioner reports

Commissioner Grove informed the Housing Commission of her interest to pursue the removal of the registered voter requirement for all Menlo Park commissioners.

Commissioner Merriman shared information about the San Mateo County Annual Homeless Count. The event will be held January 31, 2019. Information is available on the County's website. The public is welcome to participate; however, attendance to a brief workshop is required in order join.

- E3. Staff updates and announcements

Management Analyst II Mike Noce provided the following updates:

- The Deputy Community Development Director recruitment is ongoing and has been narrowed down to four potential candidates. Staff expects a final decision in early January.
- The Notice of Funding Availability (NOFA) is currently open and has a deadline of January 31, 2019. No applications have been received to date; however, staff expects inquiries to increase in January.

- MidPen Housing will be holding a community meeting Monday, December 17, 2018, at 6:30 p.m. at the Menlo Park Senior Center about the Gateway Apartments Redevelopment project located in the 1300 block of Willow Road.
- City Council will hold a closed session meeting on December 18, 2018, to discuss the City Manager recruitment.
- The request to change the Housing Commission meetings to the first Wednesday of the month will be presented to City Council in January 2019 or at the earliest available City Council meeting. Any changes to the Housing Commission regular meetings will take effect after City Council approval.

#### **F. Adjournment**

Chair McGraw-Scherer adjourned the meeting at 7:50 p.m.

## MEMORANDUM

**Date:** January 3, 2019

**To:** Clay Curtin, Assistant to the City Manager, City of Menlo Park

**From:** Hello Housing, Administrator of Menlo Park's Below Market Rate (BMR) Housing Program

**Subject:** Quarterly BMR Housing Program Report – Q4 2018

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The City of Menlo Park is currently contracted with Hello Housing, a nonprofit housing organization, to administer its Below-Market Rate (BMR) Housing Program along with providing loan servicing of the City's below market rate loans, including Purchase Assistance Loans, CDBG Loans, Rehab Loans and Emergency Rehab Loans. This Quarterly Report contains an update on Hello Housing's activities during the fourth quarter of 2018 (Q4).

### **BMR Home Resale and Refinance Activity**

<i><b>BMR Home Re-sales</b></i>	<i><b>BMR Home Refinances or HELOCs</b></i>	<i><b>BMR Home Value Calculation Requests</b></i>	<i><b>Payoff Demand Requests</b></i>
<i><b>0</b></i>	<i><b>0</b></i>	<i><b>3</b></i>	<i><b>2</b></i>

During Q4, there were no re-sales or refinances that took place within the BMR portfolio. However, BMR home value calculations were completed for two BMR homeowners who inquired about taking out a Home Equity Line of Credit or cash-out refinance. Hello Housing is working with their lenders to collect the necessary documentation to determine whether they will qualify for the proposed financing under the BMR Program Guidelines. A BMR home value calculation was also provided to a BMR homeowner who was inquiring about the guidelines for leaving his home to his children. The BMR home value is used to determine the maximum liquid assets that inheriting parties would be allowed to have at the time of inheriting the home.

### **Below Market Rate Waiting List Management**

Hello Housing manages the City's Waiting List for the BMR Housing Program. This includes accepting and processing applications from interested households and doing an annual mailing

campaign to recertify current waiting list members. Households may apply to be on the waiting list to purchase a BMR unit or may apply to be on the interest list to rent a BMR unit, or both.

During Q4, Hello Housing processed 35 new BMR waiting list applications, 19 of which were eligible to be added to the list.

### **Below Market Rate Waiting List Management – Displaced Households**

Hello Housing has maintained records of households who have reported having been displaced in order to follow up for supporting documentation to determine if they meet the updated eligibility criteria that allows for certain displaced households and/or unhoused persons to qualify for the waiting list, as published in Section 7.1 of the BMR Housing Program Guidelines amended on June 19, 2018, as follows:

*A person residing in Menlo Park in 2008 who was subsequently displaced from such housing shall not be disqualified based on current lack of residency, provided they can show their displacement was due to economic conditions beyond their control (including but not limited to job loss, rent increase, eviction, foreclosure or other form of economic hardship resulting in loss of housing). Evidence of such economic displacement shall be in the form of direct evidence (i.e. job termination letter) or declarations submitted under penalty of perjury.*

*For purposes of these Guidelines, unhoused persons may show local residency by providing evidence that their last permanent residence was located in Menlo Park and/or documentation from a case manager or homeless services provider demonstrating current residency in Menlo Park, including places or structures other than a bona fide dwelling unit (i.e. vehicle or tent).*

The BMR Purchase Waiting List and Rental Interest List Application has been updated to reflect these changes. An Affidavit of Displacement is also now available and is required to be submitted along with the Application for households applying under the Displaced Household provision. Information about the new criteria and links to these new documents have been posted to Hello Housing's website and the City of Menlo Park's website.

During Q4, Hello Housing contacted the households referenced in Attachment A on page 7, to inform them about the new eligibility criteria and the opportunity to submit a new Application and Affidavit of Displacement along with supporting documentation to verify that they resided in Menlo Park in 2008. A copy of the new Application, the Affidavit of Displacement, and a stamped return envelope were provided along with a cover letter inviting them to re-apply. The following communications were provided to the households listed in Attachment A:

- Households who were already on the waiting list prior to their displacement were informed that they would be able to remain on the list (with their current waiting list position if they are on the purchase waiting list) if they submitted the required documentation showing that they meet the new provisions by November 16, 2018.

- Households who were not previously added to the waiting list, due not living or working in Menlo Park at the time of applying, were informed that they would be added in the same fashion as other new eligible applicants, if eligible under the new Program Guidelines. For example, if they apply for the purchase waiting list, their position will be ranked after the last household who applied before them.

Hello Housing sent this information to a total of 29 households via mail and email (emails were sent only to those who had provided an email address in their most recent application). Phone calls were also made to the households who had a deadline of November 16<sup>th</sup>, to remind them about the deadline. Responses were received from five households and one of these households qualified under the new Program Guidelines. More details are provided in Attachment A on page 7.

### **Below Market Rate Preservation Projects**

Hello Housing continues to monitor BMR homeowners who took out non-program compliant home loans or who have other property liens that may put their homes at risk. Below is a summary of each homeowner's current status:

- 3 homeowners are over-encumbered due to having Home Equity Lines of Credit, unapproved first mortgage financing, and/or other debt against their property such as tax liens which in total exceed their maximum BMR home value. They have each signed Affidavits agreeing not to draw any additional funds from their HELOCs and will be providing updated loan statements to Hello Housing each year along with their owner occupancy monitoring.
- 2 homeowners are not over-encumbered but have an open HELOC that was not approved by the City. They have each signed Affidavits agreeing not to draw any additional funds from their HELOC and will be providing updated loan statements to Hello Housing each year along with their owner occupancy monitoring.
- 3 homeowners obtained refinances without City approval but are not over-encumbered and do not have any subordinate financing. They have agreed to engage with Hello Housing for any potential future financing transactions and Hello Housing will monitor their properties each year.
- 1 homeowner was identified who had a delinquent property tax payment from 2012-2013 that resulted in a property tax lien of nearly \$17,000. The homeowner is currently in a payment plan with the County and as of November, she still owes \$4,000. She plans to repay the remaining amount within the next two years.

Hello Housing also monitors Notices of Default that are recorded on BMR properties with the goal of preventing the BMR home from being lost from the affordable housing portfolio through foreclosure.



A Notice of Default was received during Q4 for a BMR homeowner who has a Purchase Assistance Loan. Hello Housing contacted the homeowner to request an authorization letter permitting Hello Housing to communicate directly with the lender to ensure that the lender was aware of the City's ability to cure the default prior to the foreclosure action proceeding. Additionally, Hello Housing connected the homeowner with a local housing counseling agency that offers foreclosure prevention counseling. The homeowner has since cured the default and Hello Housing obtained confirmation from the trustee that is handling the default on behalf of the lender that the account had been reinstated. Hello Housing and City staff are awaiting the recordation of a Notice of Rescission that will verify in public records that the homeowner is no longer in default.

### Loan Servicing

In addition to administering the City's BMR Housing Program, Hello Housing provides loan servicing of the City's Purchase Assistance Loans, CDBG Loans, Rehab Loans and Emergency Rehab Loans. Below is a general summary of loans serviced under Hello Housing's contract.

Total funds remitted back to the City through loan servicing in the third quarter\* of 2018:

**\$27,035** \*complete data is not yet available for Q4.

<b>BMR Loan</b>	<b>Total Loan's Serviced</b>	<b>Current Active</b>	<b>Current Deferred</b>
<b>Purchase Assistance Loans</b>	<b>23</b>	<b>22</b>	<b>1</b>
<b>CDBG Loans</b>	<b>8</b>	<b>6</b>	<b>2</b>
<b>REHAB Loans</b>	<b>4</b>	<b>4</b>	<b>0</b>
<b>ERL Loans</b>	<b>6</b>	<b>6</b>	<b>0</b>
<b>Total</b>	<b>41</b>	<b>38</b>	<b>3</b>

Since taking on the loan servicing contract in 2013, Hello Housing has developed a process of engaging with delinquent borrowers in order to assist them to begin making payments on their City loans. As of this report, only one borrower is currently under review due to delinquency and they are engaged with the City to discuss options to resolve their delinquency.

## **BMR Homeownership Opportunities**

### **133 Encinal Avenue, Menlo Park – Marquis Development**

An exciting BMR homeownership opportunity is on the horizon - three new BMR homes are currently being built by Pulte Homes at 133 Encinal Avenue, Menlo Park. The homes will be part of the Marquis development, located near downtown Menlo Park and the Caltrain Station. All three homes will be 4-bedroom units with 3.5+ bedrooms and 2-car garages, with market prices of nearly \$2 million each. The income limits and approximate below-market rate prices are as follows:

- 2 homes will be available to households earning below 120% of Area Median Income at a price of ~\$464,395.
- 1 home will be available to households earning below 80% of Area Median Income at a price of ~\$299,600.

Hello Housing met with City staff and representatives from Pulte's sales team in October to discuss the initial purchase price setting, marketing materials and timing of outreach to the waiting list. Based on Pulte's development schedule, the homes are anticipated to be sold to qualifying members of the BMR Purchase Waiting List in Spring 2019.

Outreach to the waiting list began in late November, when Hello Housing sent a preliminary notification to purchase waiting list members with a qualifying household size of at least four people. This notification included information about the development, tentative timing of the application process, and contact information for the preferred lenders so that interested households could start checking on their mortgage-readiness. On December 21, 2018, Hello Housing sent an invitation to the purchase waiting list members, with details about an application workshop that will take place on January 16, 2019. The workshop is mandatory for interested households, and will cover how to submit a complete and eligible BMR application for the Marquis homes. An application deadline will be established and applications received by the deadline will be reviewed in waiting list order to identify eligible purchasers for all three homes.

The developer's website with more information about the homes can be found at:

<https://www.pulte.com/homes/california/northern-california/menlo-park/marquis-209985>.

## **Below Market Rental Recertifications and Compliance**

Hello Housing conducts annual income recertification of the households living in the four BMR rental units located 1175 and 1177 Willow Road, which are owned and managed by the City of Menlo Park. The 2019 annual income certification report will be provided to City staff in June. In addition, Hello Housing is working with City staff to craft an approach to ensure that other BMR rental units within the City, such as those at Anton Menlo, maintain ongoing compliance with the BMR Program Guidelines.

## **Other BMR Program Activities**

Hello Housing continues to serve as a resource to all current BMR homeowners and borrowers to field questions that may come up around compliance with program requirements. The BMR Deed Restrictions and Program Guidelines contain policies on several aspects of owning a BMR home that each homeowner agreed to follow. Hello Housing works with homeowners on an ongoing basis to provide clarity on these policies when questions come up. Topics may include transfers of title, inheritance of BMR homes, refinancing requirements, the resale process, City policy on owner occupancy, preferred lender referrals for refinancing, and other questions.

# Attachment A: Summary of Outreach regarding updated BMR Housing Program Guidelines

Household Category	Total Households	List Type(s)	Total Applications Re-Submitted	Re-Submitted: Eligible Under New Guidelines	Re-Submitted: Ineligible (Did Not Live in Menlo Park in 2008)	Did Not Re-Submit Application
<b><i>Waiting list members who self-identified as displaced and were on the list prior to displacement</i></b>	8	Purchase Only: 2	3	1	2	5
		Purchase & Rental: 4				
		Rental Only: 2				
<b><i>Households who did not live or work in Menlo Park at the time of applying for the waiting list, and self-identified as displaced</i></b>	7	Purchase Only: 0	2	0	2	5
		Purchase & Rental: 1				
		Rental Only: 6				
<b><i>Households who applied after the BMR Guidelines were amended and did not live or work in Menlo Park at the time</i></b>	14	Purchase Only: 1	0	0	0	14
		Purchase & Rental: 7				
		Rental Only: 6				