



REGULAR MEETING AGENDA

Date: 8/3/2022
Time: 6:30 p.m.
Location: [Zoom.us/join](https://zoom.us/join) – ID # 825 4657 7292

NOVEL CORONAVIRUS, COVID-19, EMERGENCY ADVISORY NOTICE

Consistent with Government Code section 54953(e), and in light of the declared state of emergency, and maximize public safety while still maintaining transparency and public access, members of the public can listen to the meeting and participate using the following methods.

- How to participate in the meeting
 - Access the meeting real-time online at:
[Zoom.us/join](https://zoom.us/join) –Meeting ID# 825 4657 7292
 - Access the meeting real-time via telephone at:
(669) 900-6833
Meeting ID# 825 4657 7292
Press *9 to raise hand to speak

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Regular Meeting ([Zoom.us/join](https://zoom.us/join) – ID# 825 4657 7292)

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 regular meeting on June 1, 2022 ([Attachment](#))

D2. Recommendation of a draft Below Market Rate Housing Agreement and Below Market Rate Housing Agreement Term Sheet with Signature Development Group and Peninsula Innovation Partners for the Proposed Willow Village master plan project ([Staff Report #22-005-HC](#))

E. Reports and Announcements

- E1. Ad hoc subcommittee reports
- E2. Commissioner updates
- E3. Recommend future agenda items
- E4. Staff updates and announcements

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. For appeal hearings, appellant and applicant shall each have 10 minutes for presentations.

If you challenge any of the items listed on this agenda in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City of Menlo Park at, or prior to, the public hearing.

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REGULAR MEETING MINUTES – DRAFT

Date: 6/1/2022
Time: 7:15 p.m.
Location: Zoom

A. Call To Order

Vice Chair Bigelow called the meeting to order at 7:18 p.m.

B. Roll Call

Present: Bigelow, Campos, Leitch, Merriman, Pimentel, Nguyen, Walker
Absent: None
Staff: Acting Housing Manager Mike Noce, Acting Principal Planner Tom Smith

C. Public Comment

- Karen Grove spoke on the Housing Element, welcomed new commissioners, and spoke in support of affordable housing development sites that increase housing opportunities for the lowest income levels.

D. Regular Business

D1. Approve minutes for the Housing Commission regular meeting on May 4, 2022 (Attachment)

ACTION: Motion and second (Pimentel/ Merriman), to approve minutes for the Housing Commission regular meeting on May 4, 2022, passed 6-0 (Nguyen abstaining).

D2. Recommendation of a Below Market Rate Housing Agreement Term Sheet with Tarlton Properties for 1350 Adams Court (Staff Report #22-004-HC)

Acting Principal Planner Tom Smith made the presentation (Attachment).

- Karen grove spoke in support of prioritizing program H4.C in the Housing Element in order to address the jobs to housing imbalance in the Menlo Park community.

ACTION: Motion and second (Leitch/ Walker), to approve the recommendation of a below market rate housing agreement term sheet with Tarlton Properties for 1350 Adams Court, passed unanimously.

E. Reports and Announcements

E1. Ad hoc subcommittee reports (10 minutes)

None.

E2. Commissioner updates

- Commissioner Merriman thanked Mike Noce for his assistance to the Commission over the last four years.

E3. Recommended future agenda items

- Commissioner Pimentel recommended a study session on downtown parking lots.
- Commissioner Merriman recommended an affordable housing overlay as a potential info item or study session.

E4. Staff updates and announcements

- Mike Noce announced that Acting Planning Manager Kyle Perata will be the staff liaison for next meeting on July 13, 2022.

F. Adjournment

Chair Bigelow adjourned the meeting at 8:00 p.m.

Insert name and title of minutes' author (e.g., Judi A. Herren, City Clerk)



STAFF REPORT

Housing Commission

Meeting Date:

8/3/2022

Staff Report Number:

22-005-HC

Regular Business:

Review and recommendation of a below market rate housing agreement and housing agreement term sheet term sheet with Signature Development Group and Peninsula Innovation Partners for the proposed Willow Village master plan project

Recommendation

Staff recommends that the Housing Commission review and provide a recommendation on the form below market rate (BMR) housing agreement (which may later be revised in form but shall substantially conform to the form attached hereto) and proposed BMR term sheet (Term Sheet) to the Planning Commission and City Council for 312 on-site BMR rental units with mixed affordability as outlined in Table 2 and further described in the draft form BMR housing agreement (Attachment A) and BMR Term Sheet (Attachment B) for a 59-acre mixed-use masterplan located at the intersection of Willow Road and Hamilton Avenue (see location map in Attachment C for site location). The attached Term Sheet contains the applicant's proposal. Staff has included in the analysis of this report considerations for the Housing Commission and potential changes to the term sheet for the Commission to consider including into the draft Term Sheet.

Policy Issues

Each BMR housing agreement is considered individually on a project by project basis. The Housing Commission should consider whether the proposal would be in compliance with the BMR Housing Program (Menlo Park Municipal Code Chapter 16.96, referred to as the BMR Ordinance) and the BMR Housing Program Guidelines (BMR Guidelines) that implement the BMR Ordinance. The Housing Commission will also need to consider the applicant's requested modifications to the BMR Housing Guidelines through the conditional development permit (CDP) and BMR Agreement for the proposed project (e.g. size/distribution of the BMR units).

Background

Site location

The proposed project includes a main project site, the realignment of Hamilton Avenue at Willow Road and the associated parcels on the north and south sides of Hamilton Avenue, and the tunnel access on the Meta (formerly Facebook) West Campus adjacent to Building 20 along Willow Road. The location map in Attachment C includes the overall project site and addresses.

Project description

The applicant, Signature Development Group (SDG) on behalf of Peninsula Innovation Partners, Inc., is proposing to redevelop the project site through the master plan process, as provided for in the Zoning Ordinance, by utilizing a CDP and entering into a development agreement (DA), to secure vested rights, with the city. By proposing a master plan, the applicant may comprehensively redevelop multiple parcels under common ownership through a single project. Residential density, floor area ratio, and height may be calculated in aggregate across the project site. The summary below is intended to provide an overview of the proposed project for the Housing Commission.

Main project site

The approximately 59-acre main project site is located on Willow Road between Hamilton Avenue and Ivy Drive, previously referred to as the ProLogis Menlo Science and Technology Park. The main project site contains 20 existing buildings with approximately one million square feet of gross floor area. The property is generally bordered by the San Francisco Public Utilities Commission (SFPUC) Hetch Hetchy right-of-way and Mid-Peninsula High School to the south, the Dumbarton Corridor to the north, and properties within the Menlo Park Labs (formerly Menlo Business Park) to the east.

The proposed project would demolish the existing buildings and on-site improvements and construct new buildings within a town square district, a residential/shopping district, and a campus district. The campus district is intended to be occupied by Meta. The proposed site plan is included in Attachment D and a hyperlink to the master plan project plans is included in Attachment E. The proposed project would result in a net increase of approximately 800,000 square feet of nonresidential uses (office space and non-office commercial/retail,) for a total of approximately 1.8 million square feet of nonresidential uses at the main project site. In addition, the proposed project would include 1,730 multifamily housing units, a 193 room hotel, and publicly accessible open space (i.e. elevated linear park, town square, dog park, and 3.5 acre publicly accessible park).

The main project site is zoned O-B (Office, bonus) and R-MU-B (Residential mixed-use, bonus). The applicant is proposing to utilize the bonus level allowances for increases in density, floor area ratio, and height in exchange for providing community amenities. The Zoning Ordinance allows increases in development potential in exchange for community amenities equal to 50 percent of the fair market value of the increased development proposed through the bonus level development provisions. The applicant's community amenities proposal will be reviewed and considered by the City Council as part of its review of the CDP and DA. Table 1 summarizes the proposed development at the project site.

Table 1: Main project site project data		
	Proposed project (CDP standards)***	Zoning Ordinance bonus level standards (maximum)
Residential dwelling units	1,730 units**	1,730 units
Residential square footage	1,695,975 s.f.	1,695,975 s.f.
Residential floor area ratio	225%	225%
Commercial Retail (non-office) square footage	200,000 s.f.	396,578 s.f.
Commercial Retail (non-office) floor area ratio****	12.6%	25%
Office square footage	1,600,000 s.f.*	1,774,755 s.f.
Office floor area ratio*****	113%	125%

*Proposed office square footage includes 1.25M s.f. of office use and 350,000 s.f. of meeting and collaboration space use (if office is maximized) within the Campus District; the total s.f. includes the 25% non-residential FAR permitted in the R-MU portion of the project site.
 **The applicant’s BMR proposal includes 312 of the 1,730 units as BMR units, inclusive of the inclusionary and commercial linkage unit requirement.
 ***Refinements to the proposed CDP standards may occur as the entitlement review continues.
 ****The 25 percent commercial retail is composed of the 25 percent FAR allowed in the O zoned portion of the site for non-office uses
 *****The maximum office FAR includes the 25 percent commercial FAR from the R-MU zoned portion of the site, which can be used for office use.

Hamilton Avenue Parcels and Willow Road grade separated crossings

The proposed project includes the realignment of Hamilton Avenue west of Willow Road which requires modifications to the existing development on the parcels to the north and south of Hamilton Avenue at Willow Road. Although not part of the proposed Willow Village project, the environmental impact report (EIR) for the proposed project studies potential redevelopment of the Chevron gas station on the parcel to the south of Hamilton Avenue (referred to as Hamilton Avenue Parcel South) and the potential expansion of retail uses on the parcel north of Hamilton Avenue (referred to as Hamilton Avenue Parcel North).

Hamilton Avenue parcel north is bounded by Willow Road to the east, Hamilton Avenue to the south, and the Dumbarton Rail Corridor to the north. Multifamily dwelling units at the 777 Hamilton Avenue property are located to the west. Hamilton Avenue parcel south is bounded by Hamilton Avenue to the north, Willow Road to the east, and Carlton Avenue to the west. To the south of the site is a 140-unit affordable, multifamily residential project by MidPen Housing that is currently under construction.

The realignment of Hamilton Avenue and resulting demolition of the Chevron gas station are components of the proposed project. Table 2 below summarizes the potential development on the two Hamilton Avenue Parcels and the maximum permitted by the underlying zoning district (C-2-S district). The potential future projects on each parcel are listed below and studied for environmental clearance in the project EIR; however, subsequent permitting would be required for each parcel individually, including use permits and

architectural control permits. Any BMR housing obligations for future development on the Hamilton Avenue parcels would be applied through those future City actions. Specific designs for developments on each parcel have not been submitted at this time.

Table 2: Hamilton Avenue Parcels North and South project data		
Project site	Potential future projects	Zoning Ordinance maximums*
Hamilton Avenue Parcel North	22,400 s.f.	48,134 s.f./(FAR 0.5)
Hamilton Avenue Parcel South	5,700 s.f.	21,126 s.f./(FAR 0.5)

*Zoning Ordinance maximums represent maximum development potential after realignment of Hamilton Avenue, which includes re-subdividing the parcels to reduce the size of Hamilton Avenue Parcel South and increase the size of Hamilton Avenue Parcel North.

The main project site would be connected to the Meta West Campus by an undercrossing and to the Hamilton Avenue north parcels by an elevated parkway. Both the undercrossing and elevated parkway would include public access for bicyclists and pedestrians.

Analysis

BMR Housing Program & related requirements

BMR requirements

The applicant is required to comply with the BMR Ordinance and with the BMR Guidelines adopted by the City Council to implement the BMR Ordinance. Section 3.3 of the BMR Guidelines requires that mixed use developments comply with the requirements for commercial developments in the commercial portion of the development and must comply with the requirements for residential developments for the residential portion of the development.

Residential inclusionary housing requirement

For projects of 20 or more dwelling units, the City’s BMR Ordinance requires 15 percent of the total number of proposed units to be provided at below market rates to very-low, low-, and moderate-income households in compliance with the BMR Guidelines. The BMR Guidelines specify that all required BMR rental units be provided at the low income level, however, it allows developers to submit equivalent alternatives for consideration. The proposed project includes up to 1,730 dwelling units, which would require a minimum of 259.50 (rounded to 260) inclusionary BMR units at low income or equivalent to low income.

Commercial linkage requirement

Commercial buildings of ten thousand (10,000) square feet or more gross floor area are required to mitigate the demand for affordable housing created by the commercial development project(s). To do so, it is strongly preferred that commercial development projects provide BMR housing units on-site (if allowed by zoning), or off-site, if on-site units are infeasible. The proposed masterplan includes a maximum of 1.6 million square feet of offices and accessory uses, up to 200,000 square feet of retail (non-office commercial) uses, and a 193 room hotel (approximately 172,000 square feet). The commercial linkage

requirement applies to the project.

Section 3.1.1 of the BMR Guidelines states that although the provision of actual BMR units is strongly preferred, it is not always possible to provide BMR housing units. In such cases, the developer shall pay a commercial in-lieu fee rather than provide actual BMR housing units. Commercial in lieu fees must be paid prior to the issuance of a building permit.

Commercial in-lieu fees are charged at different rates to two groups based on the employee housing demand the uses produce. Group A uses are office and research and development ("R&D"). Group B uses are all other uses not in Group A. To determine the commercial linkage unit requirement, City staff calculates the existing Group A and B uses on a project site and the applicant receives credits for those existing uses. The unit and in lieu fee requirement is based on the net increase in Group A and Group B uses on the project site (including any conversion from lower intensity Group B to Group A uses).

After accounting for the credits for the existing Group A and Group B uses on the main project site, the proposed project's commercial linkage unit requirement is rounded to 52 units or the in-lieu would be approximately \$22 million.

The applicant's BMR proposal letter is included in Attachment F. The project BMR proposal may be subject to additional review and refinement prior to the Planning Commission review and City Council action on the overall project. The Housing Commission should note that the project proposal is still under compliance review by City staff, and aspects of the design are subject to change before final project actions.

Applicant's BMR proposal and staff evaluation Applicant BMR proposal overview

The applicant proposes to provide 312 total BMR housing units to comply with the City's BMR Ordinance and BMR Guidelines. The total number of BMR units includes the 260 inclusionary units and the 52 commercial linkage units. The applicant is proposing to allocate 119 BMR units to a standalone affordable residential building dedicated to seniors (either 55 or 62 and up depending on financing requirements). The applicant would partner with an affordable housing developer (anticipated to be with Mercy Housing) for the proposed building. The proposed age-restricted BMR units would be dedicated to extremely low and very low income seniors. The senior building would be mostly studios and one bedroom units, with one two-bedroom unit (a manager unit that would not be a BMR unit). The applicant's BMR proposal states that the standalone building, in partnership with Mercy Housing (or similar affordable housing developer), would allow the project to incorporate essential services such as a wellness model that would allow seniors to age in place, and would focus on four main programs. Attachment G includes the applicant's detailed explanation of the four programs that would be incorporated into the resident services program within the senior BMR building. Table 3 below identifies the proposed breakdown of senior and non-senior BMR units.

Table 3: Applicant BMR program breakdown at full buildout	
Type of unit	Number of units
Age-restricted (senior) BMR units	119
Non-age restricted units	193
Total units	312

The applicant has proposed a low income equivalency mix that includes extremely-low, very-low, low-, and moderate-income BMR units. The breakdown of the number of units by income level (age-restricted and non-age restricted) are in Table 4. The table shows that a large portion of extremely low and very low income units are located within the 100 percent affordable, age-restricted senior building while the BMR units in the non-age-restricted, mixed-income residential buildings target low- and moderate-income households.

Table 4: BMR income breakdown at full buildout		
Category	Area median income limit	Number of units
Extremely low (senior)	30%	82
Very low (senior)	50%	37
Low (non-age restricted)	80%	76
Moderate (non-age restricted)	120%	117
Total units		312

Table 5 summarizes the senior BMR unit sizes and income limits. The senior building is proposed to contain mostly studio units (107 of 119 units).

Table 5: Senior BMR unit size and income limits		
Unit size	Area median income limit	Number of units
Studio	Extremely low (30%)	74
One bedroom	Extremely low (30%)	8
Studio	Very low (50%)	33
One bedroom	Very low (50%)	4
Total units		119

The applicant proposes to finance the age-restricted standalone building through federal, state, and local funding sources; if a local (City) match is required for other local participation (e.g. County of San Mateo funds), the applicant proposes to provide the City the required match amount. This provision would be ensured through a development agreement between the Applicant and the City of Menlo Park as well as through the BMR Agreement. No City BMR funds would be used to finance the senior BMR building.

The proposed project includes 1,610 non-age restricted units. Within the non-age restricted units, the applicant proposes 193 BMR units or approximately 12% of the total units. The proposed number of BMR units by size and income limits are contained in Table 6 below. The non-age restricted buildings include a mix of unit sizes, ranging from studio to three bedroom units with a majority of the proposed BMR units being one bedroom units.

Table 6: Non-age restricted unit size and income limits			
Unit size	Low-income	Moderate-income	Total units
Studio	17	30	47
One bedroom	35	50	85
Two bedroom	23	32	54
Three bedroom	3	3	6
Total units	78	115	193

Location and size of units

Section 5.1 of the BMR Guidelines require BMR units to generally be the same proportionate size (number of bedrooms and square footage) and the BMR units should be distributed throughout the development. Section 5.1 also requires the BMR units to be indistinguishable from the market rate units from the exterior and the interior and the BMR units shall contain standard appliances common to new units. The applicant’s proposed unit mix includes a standalone BMR building. This building would include predominately studio and one-bedroom units (see Table 5).

The proposed senior housing BMR building promotes Housing Element Goal H3 (Specialized Housing Needs) and Goal H4 (New Housing). Further, the applicant states in their proposal that there is a demonstrated need for senior BMR units at lower income limits (including very-low and low). The standalone building would allow the applicant team to take advantage of federal, state, and local (non-City) financing and deliver a building with services targeted to low-income seniors. The use of a standalone, specialized building to meet a portion of the BMR housing obligation for the project would not necessarily comply with the distribution and location requirement of the BMR Guidelines.

The City evaluates the size (number of bedrooms and square footage) and location of the units across the entire project site, inclusive of the standalone BMR Housing building. The unit size and distribution of the applicant’s proposal are in Table 7 below. Staff has reviewed the applicant’s BMR proposal and determined that the current proposal is not consistent with the unit size and location requirements of Section 5.1 of the guidelines and would require approval of a modification to the BMR Guidelines.

Section 5.1 provides:

5.1 Size and Location of BMR Units. BMR housing units shall generally be of the same proportionate size (number of bedrooms and square footage) as the market-rate units. The BMR units should be distributed throughout the development, and should be indistinguishable from the exterior. BMR units shall contain standard appliances common to new units, but need not have luxury accessories, such as Jacuzzi tubs. The Planning Commission and/or City Council shall have the authority to waive these size, location and appearance requirements of BMR units in order to

carry out the purposes of the BMR Housing Program and the Housing Element.

The proposal is inconsistent with this provision because the applicant’s proposal includes a higher percentage of studio BMR housing units than the overall site mix and the use of a 00 percent affordable standalone building would not necessarily comply with the location/distribution requirement. The senior housing development itself may include more studio units than the percentage of studio units within the overall site but the remainder of the project site should include a mix of unit sizes to ensure the BMR units are generally equivalent to the proportionality of unit sizes throughout the proposed project (See Tables 7 and 8 below for more details on the unit sizes and percentages within the project and the BMR component).

Section 13 of the BMR Guidelines allow for the City to approve reasonably equivalent alternatives to the characteristics of the proposed BMR units and the affordability mix. Any modifications to these Guidelines shall be approved by the City Council and shall contain findings that the alternative is commensurate with the applicable requirement(s) in the BMR Guidelines and is consistent with the goals of the BMR Guidelines. The Housing Commission should consider whether the proposal to include a stand-alone building can make such findings for an alternate equivalent.

Table 7: Unit size and percentages of total project

Unit size	Number of units (total project)	Percent of total project*	Total BMR units	Percent of Total BMR units within project*
Studio	507	29%	155	50%
One-bedroom	713	41%	96	31%
Two-bedroom	459	27%	55	18%
Three-bedroom	51	3%	6	2%
Total	1,730		312	

*percentages may not add up to 100 due to rounding

Since the standalone BMR housing building is composed of 107 studios and 12 one-bedroom BMR units, the current proposal is heavily weighted toward studio units. For comparison, if the standalone BMR housing building is removed from the calculation the balance of the unit sizes are generally proportionate with the overall project.

Unit size	Number of units (non-age restricted)	Percent of non-age restricted units*	Non-age restricted BMR units	Percent of BMR units within non-age restricted component*
Studio	399	25%	47	24%
One-bedroom	702	44%	85	44%
Two-bedroom	916	28%	55	28%
Three-bedroom	153	3%	6	3%
Total	2,170		193	

*percentages may not add up to 100 due to rounding

In order to comply with Section 5.1 of the BMR Guidelines, the ratio of BMR studio, one bedroom, two bedroom, and three bedroom units should be proportionate to the unit mix of the overall project. The applicant’s BMR proposal includes a greater percentage of BMR studio units than the percentage of studio units in the total development. While Section 5.1 identifies that BMR units should be of same proportionate size as the market rate units throughout the development, Section 13 of the BMR Guidelines allows the approval of reasonably equivalent alternatives. The applicant is requesting a modification for the proportionality requirement and a modification to the location requirement to accommodate the 100 percent affordable BMR building.

As shown in Tables 7 and 8 above, the inclusion of the standalone BMR housing building results in the BMR proposal providing a disproportionately high number of BMR studio units as compared to the total number of studio units proposed as a part of the overall project. Staff has identified the following possible revisions that could bring the project into compliance with the BMR Guidelines:

- Convert some of the standalone BMR building studio units to one-bedroom units,
- Reduce the number of studio BMR units from the market rate buildings, and/or
- Increase the number of one-bedroom and two-bedroom BMR units within the market rate buildings (as part of a reduction in studio units within the market rate units)

The Housing Commission should consider whether the applicant’s proposed mix of unit sizes and distribution/location and the requested modification to deviate from the proportionality and location requirements in Section 5.1 of the Guidelines is supportable.

Low income equivalency calculation

The comparison of the proposed income limits to an all low income limit BMR proposal is included in Attachment H. The low income equivalency analysis is calculated across the entire project and includes

the standalone BMR housing building, which includes the deeper affordability levels. The City calculates the low income equivalency based on average subsidy per unit. The calculation utilizes estimated market rate rents (in this case from the published housing needs assessment) and then evaluates the subsidy per unit for low-income unit by unit size based on the City's rent limits (Attachment I contains the 2022-23 City BMR rent limits). Once the base subsidy is determined, the City calculates the subsidy for each unit proposed and various incomes and calculates average subsidy by unit. If the proposed income limits for all units (i.e. the number of extremely low, very low, low and moderate income units) equals or exceeds the average unit subsidy if 15% of all market rate units were restricted to *low income* units, then the proposed income units for all units would be considered equivalent.

As shown in Table 3, 82 of the senior BMR units would be affordable to extremely-low income households (30 percent of AMI or up to \$39,150 annual income). The applicant proposes to balance this subsidy by providing the majority of the BMR units within the market rate buildings affordable to moderate income households (120 percent AMI or \$139,450 annual income). Staff has determined that the applicant's proposal is consistent with the BMR Guidelines as the proposal is equivalent to an all low-income BMR proposal. The inclusion of the deeper affordability in a standalone building however, results in a disproportionate amount of low and moderate income BMR units within the market rate component of the proposed project. The Housing Commission should consider the applicant's low income equivalency proposal when reviewing the term sheet.

Commercial linkage unit requirement

The project is subject to the City's commercial linkage requirements. The applicant's obligation is estimated at 52 BMR units or an approximately \$22 million in lieu fee. The applicant proposes to provide the commercial linkage units on-site, which is consistent with Section 3.1.1 of the Guidelines which identifies that provision of the units on-site is strongly preferred. The draft BMR Term sheet incorporates these units and the Housing Commission should determine if including the units on-site is the preferred approach to compliance or if the applicant should consider paying the in-lieu fee. Without the commercial linkage units the project would include 260 BMR housing units instead of 312 BMR housing units.

Regional housing needs allocation (RHNA)

The City's current Housing Element (2015-2023) identified the need for 655 units to be produced affordable to very low-, low-, moderate-, and above moderate-income households. The 655 units were comprised of 233 very low-, 129 low-, 143 moderate-, and 150 above moderate-income units. As of January 1, 2022 the City has produced 217 very-low, 91 low-, 22 moderate-, and 1,182 above moderate-income units. Generally, the City needs to increase production of very low-, low-, and moderate-income units, which are currently considered a high need in the community. The City has recently approved four residential projects in the Bayfront area. Combined these approved projects are projected to provide 18 very-low, 58 low-, and 83 moderate-income units in the area. Given the timing for construction those units will be counted toward the 2023-2031 RHNA cycle.

If approved and constructed this project would count toward the City's 2023-2031 RHNA cycle. The draft 2023-2031 RHNA allocation for Menlo Park and a comparison to the proposed project's BMR allocation is provided in Table 9. The RHNA allocation does not include extremely low units; the table includes those units in the 120 very low income units for tracking purposes. However, the extremely low units may be able to be counted as low-income units and staff will continue to evaluate that possibility as the project

entitlements continue through the City’s review process.

Table 9: 2023-2031 RHNA for Menlo Park and comparison to proposed project				
Income levels	RHNA Menlo Park	Proposed project	Percent of RHNA	Remaining after project
Very low (<50%)	740	119	16%	620
Low (50%-80%)	426	76	18%	350
Moderate (80%-120%)	496	117	24%	380
Total units	1662	312	19%	1350

Alternate mixed-income proposals

The applicant also provided an alternate proposal that would continue to provide the extremely low- and very low income 119 senior units, but would modify the non-age restricted units to include very-low income units. Table 10 below outlines the alternate proposal for the non-age restricted units.

Table 10: Alternate scenario non-age restricted unit size and income limits				
Unit size	Very low-income	Low-income	Moderate-income	Total units
Studio	2	14	31	47
One bedroom	7	28	50	85
Two bedroom	3	9	43	55
Three bedroom	0	2	4	6
Total units	12	53	128	193

The alternate scenario would provide very low-income units within the market rate buildings in the project. As shown in Table 9, the City’s 2023-2031 RHNA contains approximately 45 percent very low income units. The alternate scenario would increase the number of moderate income BMR units (and decrease the number of low income BMR units) to accommodate the very low income units. The alternate scenario provides additional very-low income units but would reduce the number of low income units. The alternate scenario would also increase the number of moderate income units. The comparison of the alternate scenario to the 2023-2031 RHNA is in Table 11.

Table 11: 2023-2031 RHNA for Menlo Park and comparison to alternate scenario				
Income levels	RHNA Menlo Park	Alternate scenario	Percent of RHNA	Remaining after project
Very low (<50%)	740	131	18%	608
Low (50%-80%)	426	53	12%	373
Moderate (80%-120%)	496	128	26%	369
Total units	1662	312	19%	1350

Staff evaluated this scenario and determined it would be equivalent to an all low-income BMR proposal. Staff’s calculation is included in Attachment J.

The Housing Commission should consider if the increase in non-age restricted very-low income units with the associated reduction in low income units and increase in the number of moderate income BMR units is preferred.

The applicant provided a second alternative that would incorporate the following:

- there would be no senior housing,
- the residential BMR obligation would be satisfied with 100% inclusionary units at an 80% average affordability level, and
- the commercial linkage units would be satisfied by paying the in-lieu fee.

The scenario would result in 260 low-income inclusionary units distributed throughout the project site plus a commercial linkage in-lieu fee of approximately \$22 million. The Housing Commission may wish to consider if this secondary alternative should be pursued by the applicant.

Correspondence

At the time of the preparation of this staff report, staff has not received any correspondence regarding the draft BMR Housing Agreement Term Sheet.

Term Sheet conclusion

The Housing Commission should review the draft form BMR housing agreement (Attachment A) and draft Term Sheet (Attachment B) and provide guidance to staff and the applicant and a recommendation to the Planning Commission. The Planning Commission will provide its recommendation on the draft from BMR Agreement and draft BMR Term Sheet to the City Council as part of its review and recommendation on the comprehensive project entitlements and final EIR. The draft Term Sheet would be used to inform the preparation of the draft BMR housing agreement, which would be reviewed and acted on by the City Council along with other project actions.

The Housing Commission will need to determine if the applicant's requested modification to Section 5.1 of the BMR Guidelines related to the proportionality and location requirements for the BMR units is appropriate, and the inclusion of the on-site commercial linkage BMR units is appropriate or if the applicant should pay the in-lieu fee at the time of building permit issuance. If ultimately approved by the City Council the modification to Section 5.1 would be approved through the conditional development permit governing the project entitlements and memorialized in the BMR agreement between the applicant and the City. Staff recommends that the Housing Commission review and consider the applicant's proposal and the alternate scenarios and provide a recommendation to the Planning Commission.

Impact on City Resources

The project sponsor is required to pay Planning, Building, and Public Works permit fees, based on the City's Master Fee Schedule, to fully cover the cost of staff time spent on the review of the project.

Environmental Review

A project level Draft EIR was released April 8, 2022, beginning the 45-day public review and comment period (ended at 5 p.m. Monday, May 23, 2022.) The Planning Commission held a Draft EIR public hearing at its meeting April 25, 2022. The Project Site is within the General Plan and M-2 Area Zoning Update (ConnectMenlo) study area. ConnectMenlo, which updated the City's General Plan Land Use and Circulation Elements and rezoned land in the M-2 Area (now referred to as the Bayfront Area), was approved November 29, 2016. Because the City's General Plan is a long-range planning document, the ConnectMenlo Final EIR was prepared as a program EIR, pursuant to CEQA Guidelines Section 15168. Section 15168(d) of the CEQA Guidelines provides information for simplifying the preparation of subsequent environmental documents by incorporating by reference analyses and discussions. CEQA Guidelines Section 15162(d) states that where an EIR has been prepared and certified for a program or plan, the environmental review for a later activity consistent with the program or plan should be limited to effects that were not analyzed as significant in the prior EIR or susceptible to substantial reduction or avoidance. The Draft EIR was prepared under the terms of the settlement agreement between the cities of Menlo Park and East Palo Alto, which allows for simplification in accordance with CEQA Guidelines Section 15168 for all topic areas, except housing and transportation. The analysis provided in the Draft EIR tiers from the ConnectMenlo Final EIR, as appropriate. The Draft EIR finds that impacts related to air quality and noise would be significant and unavoidable. The proposed project would result in potentially significant impacts related to transportation, air quality, energy, greenhouse gas emissions, noise, cultural and tribal cultural resources, biological resources, geology and soils, hydrology and water quality, and hazards and hazardous materials, but these impacts would be reduced to a less-than-significant level with implementation of identified mitigation measures. Impacts related to land use, aesthetics, population and housing, public services and recreation, and utilities and service systems would be less than significant.

Public Notice

Public Notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Draft Form BMR Housing Agreement
- B. Draft BMR Agreement Term Sheet
- C. Location Map
- D. Masterplan site plan
- E. Hyperlink: Masterplan plan set: <https://beta.menlopark.org/files/sharedassets/public/community-development/documents/projects/under-review/willow-village/willow-village-masterplan-plan-set-may-2022.pdf>
- F. Willow Village BMR Proposal (with all attachments)
- G. Senior BMR building services
- H. Low income equivalency calculation
- I. 2022 City of Menlo Park BMR rents
- J. Low income equivalency calculation alternate proposal

Report prepared by:

Kyle Perata, Acting Planning Manager

Report reviewed by:

Eren Romero, Acting Housing Manager

Deanna Chow, Assistant Community Development Director

Nira Doherty, City Attorney

This document is recorded for the benefit of the City of Menlo Park and is entitled to be recorded free of charge in accordance with Sections 6103 and 27383 of the Government Code.

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

City of Menlo Park
Attn: City Clerk
701 Laurel Street
Menlo Park, CA 94025

**BELOW MARKET RATE HOUSING AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS**

(Willow Village Masterplan 1350 Willow Road)

THIS BELOW MARKET RATE HOUSING AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (“Agreement”) is entered into as of _____, 2021 (“**Effective Date**”), by and between the City of Menlo Park, a California municipal corporation (“**City**”), and Peninsula Innovation Partners, LLC, a Delaware limited liability company (“**Owner**”). City and Owner may be referred to individually as a “**Party**” or collectively as the “**Parties**” in this Agreement.

RECITALS

A. Owner is the owner of that certain real property located at 1350-1390 Willow Road, 925-1098 Hamilton Ave. and 1005-1275 Hamilton Court (Assessor's Parcel Numbers: 055-440-350, 055-440-210, 055-440-300, 055-440-130, 055-440-230, 055-440-110, 055-440-340, 055-440-330, 055-440-260, 055-440-320, 055-440-310, 055-440-040, 055-440-020, 055-440-010, 055-440-030, 055-440-050, 055-440-090, 055-440-190 ("Property"), more commonly known as Willow Village Master Plan Project), in the City of Menlo Park, California (“**Property**”), as more particularly described in Exhibit A attached hereto and incorporated herein by this reference.

B. Owner applied to demolish an existing office, research and development, and industrial site and to comprehensively redevelop the main project site with up to 1.6 million square feet of office (inclusive of meeting and collaboration space and accessory uses), up to 200,000 square feet of retail uses, a 193 room hotel (approximately 172,000 square feet in size), and up to 1,730 residential dwelling units, as well as publicly accessible open space and landscaping. (“**Project**”).

C. Menlo Park Municipal Code Chapter 16.96, the Below Market Rate Housing Program (“**BMR Ordinance**”), and the Below Market Rate Housing Program Guidelines (“**Guidelines**”) require the Owner to provide fifteen percent (15%) of the total number of units in the Project as affordable to below market rate (“**BMR**”) households. To satisfy the requirements of the BMR Ordinance and Guidelines, Owner has proposed (the “**BMR Proposal**”) to provide

BMR units as follows: 312 on-site BMR rental units to BMR households, inclusive of 119 age-restricted senior BMR units and 193 non-age restricted BMR units (“**BMR Rental Units**”)

D. On August 3, 2022, after a duly noticed public hearing, the Housing Commission recommended approval the BMR Proposal with the following units: eighty two (82) extremely-low-income age-restricted senior units, thirty seven (37) very-low-income age-restricted senior units, seventy six (76) low-income non-age restricted units, and one hundred and seventeen (117) moderate-income non-age restricted units.

E. On _____, 2021, after a duly noticed public hearing, and on the recommendation of the Housing Commission and the Planning Commission, the City Council certified the environmental impact report and granted Gneral Plan Circulation Element and Zoning Map amendments, rezoning, conditional development permit, development agreement, vesting tentative map, and below market rate (BMR) housing agreement for the Project (“**Project Approvals**”). The Project Approvals require the Owner to provide BMR Units in accordance the BMR Proposal. In accordance with the BMR Ordinance and Guidelines, Owner is required to execute and record an approved BMR Housing Agreement as a condition precedent to the issuance of a building permit for the Project. This Agreement is intended to satisfy that requirement.

NOW, THEREFORE, the Parties hereto agree as follows. The recitals are incorporated into this Agreement by this reference.

1. CONSTRUCTION OF THE IMPROVEMENTS.

1.1 Construction of the Project. Owner agrees to construct the Project in accordance with the Menlo Park Municipal Code and all other applicable state and local building codes, development standards, ordinances and zoning ordinances.

1.2 City and Other Governmental Permits. Before commencement of the Project, Owner shall secure or cause its contractor to secure any and all permits which may be required by the City or any other governmental agency affected by such construction, including without limitation building permits. Owner shall pay all necessary fees and timely submit to the City final drawings with final corrections to obtain such permits; City staff will, without incurring liability or expense therefore, process applications in the ordinary course of business for the issuance of building permits and certificates of occupancy for construction that meets the requirements of the Menlo Park Municipal Code, and all other applicable laws and regulations.

1.3 Compliance with Laws. Owner shall carry out the design, construction and operation of the Project in conformity with all applicable laws, including all applicable state labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the Menlo Park Municipal Code, and **all** applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*

2. OPERATION OF THE BMR UNITS

2.1 Affordability Period. The Property, provided that the Project remains on the Property, shall be subject to the requirements of this Agreement from the Effective Date until the 55th anniversary of such date. The duration of this requirement shall be known as the “**Affordability Period.**”

2.2 Maintenance. Owner shall comply with every condition of the Project Approvals and shall, at all times, maintain the Project and the Property in good repair and working order, reasonable wear and tear excepted, and in a safe and sanitary condition, and from time to time shall make all necessary and proper repairs, renewals, and replacements to keep the Project and the Property in a good, clean, safe, and sanitary condition.

2.3 Monitoring and Recordkeeping. Throughout the Affordability Period, Owner shall comply with all applicable recordkeeping and monitoring requirements set forth in the Guidelines. City shall have the right to inspect the books and records of Owner and its rental agent or bookkeeper upon reasonable notice during normal business hours. Representatives of the City shall be entitled to enter the Property, upon at least 48-hour prior written notice, which can be provided via email, to monitor compliance with this Agreement, to inspect the records of the Project with respect to the BMR Units, and to conduct, or cause to be conducted, an independent audit or inspection of such records. Owner agrees to cooperate with the City in making the Property available for such inspection or audit. Owner agrees to maintain records in businesslike manner, and to maintain such records for Affordability Period.

2.4 Non-Discrimination Covenants. Owner covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, familial status, disability, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall any occupant of any BMR Unit or any person claiming under or through such occupant, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. Owner shall include such provision in all deeds, leases, contracts and other instruments executed by Owner, and shall enforce the same diligently and in good faith.

a. In deeds, the following language shall appear:

(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location,

number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

b. In leases, the following language shall appear:

(1) The lessee herein covenants by and for the lessee and lessee's heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the property herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination of segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the property herein leased.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

c. In contracts pertaining to management of the Project, the following language, or substantially similar language prohibiting discrimination and segregation shall appear:

(1) There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or

enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to selection, location, number, use or occupancy of tenants, lessee, subtenants, sublessees or vendees of the land.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

2.5 Subordination. This Agreement shall be recorded in the Official Records of the County of San Mateo and shall run with the land. The City agrees that the City will not withhold consent to reasonable requests for subordination of this Agreement for the benefit of lenders providing financing for the Project, provided that the instruments effecting such subordination include reasonable protections to the City in the event of default, including without limitation, extended notice and cure rights.

3. OPERATION OF THE BMR RENTAL UNITS

3.1 BMR Rental Units. Owner agrees to make available, restrict occupancy to, and lease not less than sixty-seven (312) BMR Rental Units, inclusive of eighty two (82) extremely-low-income age-restricted senior units, thirty seven (37) very-low-income age-restricted senior units, seventy six (76) low-income non-age restricted units, and one hundred and seventeen (117) moderate-income non-age restricted units, to Qualifying Households, as hereinafter defined, at an affordable rent, pursuant to the terms set forth below. The BMR Rental Units shall be of a quality comparable to all of the other rental units in the Project. The BMR Rental Units shall be initially distributed as set forth in Exhibit C, attached hereto and incorporated herein by this reference. Thereafter, the location of the individual BMR Rental Units may float to account for the next available unit requirement set forth below and as otherwise necessary for the professional maintenance and operation of the Project provided that the distribution of BMR Rental Units are equitably disbursed throughout the Project and the City's Deputy Director of Community Development ("**Deputy Director**") shall be notified of any change or relocation of BMR Rental Units by Owner.

3.2 Qualifying Households. For purposes of this Agreement, "**Qualifying Households**" shall mean those households with incomes as follows:

- a. "**Extremely Low Income Unit**": means units restricted to households with incomes of not more than thirty percent (30%) of AMI. "AMI" means the median income for San Mateo County, California, adjusted for Actual Household Size, as published from time to time by the State of California

Department of Housing and Community Development in Section 6932 of Title 25 of the California Code of Regulations or successor provision. Qualifying Households shall continue to qualify unless at the time of recertification, the household's income exceeds the Extremely Low Income eligibility requirements, then the tenant shall no longer be qualified. Upon Owner's determination that any such household is no longer qualified, the unit shall no longer be deemed an Extremely Low Income Unit, and Owner shall either (1) make the next available unit, which is comparable in terms of size, features and number of bedrooms, an Extremely Low Income Unit, or take other actions as may be necessary to ensure that the total required number of Extremely Low Income Units are rented to Qualifying Households, or (2) if the tenant's income does not exceed fifty percent (50%) of the maximum income that would qualify the tenant as a Very Low Income Household, the tenant shall be allowed to remain in the unit at a Very Low Income rent. If the tenant originally qualified as an Extremely Low Income Household, then the tenant's rent will be increased to a Very Low Income rent upon the later of sixty (60) days' notice or the renewal of the tenant's lease, and the Owner shall rent the next available unit to an Extremely Low Income Household. Owner shall notify the City annually if Owner substitutes a different unit for one of the designated Extremely Low Income Units pursuant to this paragraph.

- b. **“Very Low Income Unit”**: means units restricted to households with incomes of not more than fifty percent (50%) of AMI. “AMI” means the median income for San Mateo County, California, adjusted for Actual Household Size, as published from time to time by the State of California Department of Housing and Community Development in Section 6932 of Title 25 of the California Code of Regulations or successor provision. Qualifying Households shall continue to qualify unless at the time of recertification, the household's income exceeds the Very Low Income eligibility requirements, then the tenant shall no longer be qualified. Upon Owner's determination that any such household is no longer qualified, the unit shall no longer be deemed a Very Low Income Unit, and Owner shall either (1) make the next available unit, which is comparable in terms of size, features and number of bedrooms, a Very Low Income Unit, or take other actions as may be necessary to ensure that the total required number of Very Low Income Units are rented to Qualifying Households, or (2) if the tenant's income does not exceed eighty percent (80%) of the maximum income that would qualify the tenant as a Low Income Household, the tenant shall be allowed to remain in the unit at a Low Income rent. If the tenant originally qualified as a Very Low Income Household, then the tenant's rent will be increased to a Low Income rent upon the later of sixty (60) days' notice or the renewal of the tenant's lease, and the Owner shall rent the next available unit to a Very Low Income Household. Owner shall notify the City annually if Owner substitutes a different unit for one of the designated Very Low Income Units pursuant to this paragraph.

- c. **“Low Income Unit”**: means units restricted to households with incomes of not more than eighty percent (80%) of AMI. “AMI” means the median income for San Mateo County, California, adjusted for Actual Household Size, as published from time to time by the State of California Department of Housing and Community Development in Section 6932 of Title 25 of the California Code of Regulations or successor provision. Qualifying Households shall continue to qualify unless at the time of recertification, the household’s income exceeds the Low Income eligibility requirements, then the tenant shall no longer be qualified. Upon Owner’s determination that any such household is no longer qualified, the unit shall no longer be deemed a Low Income Unit, and the Owner shall either (1) make the next available unit, which is comparable in terms of size, features and number of bedrooms, a Low Income Unit, or take other actions as may be necessary to ensure that the total required number of Low Income Units are rented to Qualifying Households, or (2) if the tenant’s income does not exceed one hundred twenty (120%) of the maximum income that would qualify the Tenant as a Moderate Income Household, the tenant shall be allowed to remain in the unit at a Moderate Income rent. If the tenant originally qualified as a Low Income Household, then the tenant’s rent will be increased to a Moderate Income rent upon the later of sixty (60) days’ notice or the renewal of the tenant’s lease, and the Owner shall rent the next available unit to a Low Income Household. Owner shall notify the City annually if Owner substitutes a different unit for one of the designated Low Income Units pursuant to this paragraph.
- d. **“Moderate Income Unit”**: means units restricted to households with incomes of not more than one hundred and twenty percent (120%) of AMI. “AMI” means the median income for San Mateo County, California, adjusted for Actual Household Size, as published from time to time by the State of California Department of Housing and Community Development in Section 6932 of Title 25 of the California Code of Regulations or successor provision. Qualifying Households shall continue to qualify unless at the time of recertification, the household’s income exceeds the Moderate Income eligibility requirements, then the tenant shall no longer be qualified. Upon Owner’s determination that any such household is no longer qualified, the unit shall no longer be deemed a Moderate Income Unit and the Owner shall either (1) make the next available Moderate Income Unit, which is comparable in terms of size, features and number of bedrooms, a Moderate Income Unit, or take other actions as may be necessary to ensure that the total required number of Moderate Income Units are rented to Qualifying Households, or (2) If the tenant’s income does not exceed one hundred twenty (120%) of the maximum income that would qualify the Tenant as a Moderate Income Household, the tenant shall be allowed to remain in the unit at a Moderate Income rent. If the tenant originally qualified as a Moderate Income Household, then the shall be notified they are no longer eligible for the BMR unit and tenant’s rent will be increased

to a market rate rent upon the later of sixty (60) days' notice or the renewal of the tenant's lease, and the Owner shall rent the next available unit to a Moderate Income Household. Owner shall notify the City annually if Owner substitutes a different unit for one of the designated Moderate Income Units pursuant to this paragraph.

3.3 Income Verification and Annual Report. On or before July 1 of each year, commencing with the calendar year that the first residential unit in the Project is rented to a tenant, and annually thereafter, Owner shall obtain from each household occupying a BMR Rental Unit and submit to the City an income computation and certification form, completed by a tenant of such unit, which shall certify that the income of each Qualifying Household is truthfully set forth in the income certification form, in the form proposed by the Owner and approved by the Deputy Director ("**Annual Report**"). Owner shall make a good faith effort to verify that each household leasing a BMR Rental Unit meets the income and eligibility restrictions for the BMR Rental Unit by taking the following steps as a part of the verification process: (a) obtain a minimum of the three (3) most current pay stubs for all adults age eighteen (18) or older; (b) obtain an income tax return for the most recent tax year; (c) conduct a credit agency or similar search; (d) obtain the three (3) most current savings and checking account bank statements; (e) obtain an income verification form from the applicant's current employer; (f) obtain an income verification form from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies; or (g) if the applicant is unemployed and has no such tax return, obtain another form of independent verification. Copies of tenant income certifications shall be available to the City upon request. The Annual Report shall, at a minimum, include the following information for each BMR Rental Unit: unit number, number of bedrooms, current rent and other charges, dates of any vacancies during the reporting period, number of people residing in the unit, total household Gross Income, and lease commencement and termination dates. The Report shall also provide a statement of the owner's management policies, communications with the tenants and maintenance of the BMR Rental Unit, including a statement of planned repairs to be made and the dates for the repairs.

3.4 Affordable Rent. The maximum Monthly Rent, defined below, chargeable for the BMR Rental Units and paid shall be as follows:

- a. "**Extremely Low Income Household**": shall be 1/12th of 30 percent of not to exceed 30 percent of the AMI. The Monthly Rent for an Extremely Low Income Unit rented to a Very Low Income Household and paid by the household shall be based on an assumed average occupancy per unit of one person per studio unit, 1.5 persons for a one- bedroom unit, 3 persons for a two-bedroom unit and 4.5 persons for a three- bedroom unit, unless otherwise approved by the Deputy Director for an unusually large unit with a maximum of two persons per bedroom, plus one.
- b. "**Very Low Income Household**": shall be 1/12th of 30 percent of not to exceed 50 percent of the AMI. The Monthly Rent for a Very Low Income Unit rented to a Very Low Income Household and paid by the household shall be based on an assumed average occupancy per unit of one person per

studio unit, 1.5 persons for a one- bedroom unit, 3 persons for a two- bedroom unit and 4.5 persons for a three- bedroom unit, unless otherwise approved by the Deputy Director for an unusually large unit with a maximum of two persons per bedroom, plus one.

- c. **“Low Income Household”**: shall be 1/12th of 30 percent of not to exceed 80 percent of the AMI. The Monthly Rent for a Low Income Unit rented to a Low Income Household and paid by the household shall be based on an assumed average occupancy per unit of one person per studio unit, 1.5 persons for a one-bedroom unit, 3 persons for a two-bedroom unit and 4.5 persons for a three-bedroom unit, unless otherwise approved by the Deputy Director for an unusually large unit with a maximum of two persons per bedroom, plus one.
- d. **“Moderate Income Household”**: shall be 1/12th of 30 percent of not to exceed 120 percent of the AMI. The Monthly Rent for a Moderate Income Unit rented to a Moderate Income Household and paid by the household shall be based on an assumed average occupancy per unit of one person per studio unit, 1.5 persons for a one- bedroom unit, 3 persons for a two- bedroom unit and 4.5 persons for a three- bedroom unit, unless otherwise approved by the Deputy Director for an unusually large unit with a maximum of two persons per bedroom, plus one.

For purposes of this Agreement, “**Monthly Rent**” means the total of monthly payments actually made by the household for (a) use and occupancy of each BMR Rental Unit and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by Owner which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, and which are not paid directly by Owner, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone or internet service, which reasonable allowance for utilities is set forth in the County of San Mateo’s Utility Allowance Schedule for detached homes, apartments, condominiums and duplexes, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Owner. Pursuant to the Guidelines, in no case shall the Monthly Rent for a BMR Rental Unit exceed 75 percent of comparable market rate rents.

3.5 Agreement to Limitation on Rents. As described in Recital C above, Owner is developing at the bonus level of development, which is a form of assistance authorized by Chapter 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code. Sections 1954.52(b) and 1954.53(a)(2) of the Costa-Hawkins Act provide that, where a developer has received such assistance, certain provisions of the Costa-Hawkins Act do not apply if a developer has so agreed by contract. Owner hereby agrees to limit Monthly Rent as provided in this Agreement in consideration of Owner’s receipt of the assistance and further agrees that any limitations on Monthly Rents imposed on the BMR Rental Units are in conformance with the Costa- Hawkins Act. Owner further warrants and covenants that the terms of this Agreement are fully enforceable.

3.6 Lease Requirements. No later than 180 days prior to the initial lease up of the BMR Rental Units, Owner shall submit a standard lease form to the City for approval by the Deputy Director or his/her designee. The City shall reasonably approve such lease form upon finding that such lease form is consistent with this Agreement and contains all of the provisions required pursuant to the Guidelines. The City's failure to respond to Owner's request for approval of the standard lease form within thirty (30) business days of City's receipt of such lease, shall be deemed City's approval of such lease form. Owner shall enter into a written lease, in the form approved by the City, with each new tenant of a BMR Rental Unit prior to a tenant or tenant household's occupancy of a BMR Rental Unit. Each lease shall be for an initial term of not less than one year which may be renewed pursuant to applicable local and State laws, and shall not contain any of the provisions which are prohibited pursuant to the Guidelines, local, state and Federal laws.

3.7 Selection of Tenants. Each BMR Rental Unit shall be leased to tenant(s) selected by Owner who meet all of the requirements provided herein, and, to the extent permitted by law, with priority given to those eligible households who either live or work in the City of Menlo Park, or meet at least one of the other preferences identified in the Guidelines. The City's BMR Administrator, on behalf of the City will provide to Owner the names of persons who have expressed interest in renting BMR Rental Units for the purposes of adding such interested persons to Owner's waiting list, to be processed in accordance with Owner's customary policies. Owner shall not refuse to lease to a holder of a certificate or a rental voucher under the Section 8 program or other tenant-based assistance program, who is otherwise qualified to be a tenant in accordance with the approved tenant selection criteria.

4. DEFAULT AND REMEDIES

4.1 Events of Default. The following shall constitute an "Event of Default" by Owner under this Agreement: there shall be a material breach of any condition, covenant, warranty, promise or representation contained in this Agreement and such breach shall continue for a period of thirty (30) days after written notice thereof to the defaulting party without the defaulting party curing such breach, or if such breach cannot reasonably be cured within such 30 day period, commencing the cure of such breach within such 30 day period and thereafter diligently proceeding to cure such breach; provided, however, that if a different period or notice requirement is specified for any particular breach under any other paragraph of Section 5 of this Agreement, the specific provision shall control.

4.2 Remedies. The occurrence of any Event of Default under Section 5.1 shall give the non-defaulting party the right to proceed with an action in equity to require the defaulting party to specifically perform its obligations and covenants under this Agreement or to enjoin acts or things which may be unlawful or in violation of the provisions of this Agreement, and the right to terminate this Agreement.

4.3 Obligations Personal to Owner. The liability of Owner under this Agreement to any person or entity is limited to Owner's interest in the Project, and the City and any other such persons and entities shall look exclusively thereto for the satisfaction of obligations arising out of this Agreement or any other agreement securing the obligations of Owner under this Agreement.

From and after the date of this Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Agreement, any agreement pertaining to any Project or any other agreement securing Owner's obligations under this Agreement), shall be rendered against Owner, the assets of Owner (other than Owner's interest in the Project), its partners, members, successors, transferees or assigns and each of their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Agreement or any agreement securing the obligations of Owner under this Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding. No subsequent Owner of the Project shall be liable or obligated for the breach or default of any obligations of Owner under this Agreement on the part of any prior Owner. Such obligations are personal to the person who was the Owner at the time the default or breach was alleged to have occurred and such person shall remain liable for any and all damages occasioned thereby even after such person ceases to be the Owner. Each Owner shall comply with and be fully liable for all obligations the Owner hereunder during its period of ownership of the Project.

4.4 Force Majeure. Subject to the party's compliance with the notice requirements as set forth below, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to causes beyond the control and without the fault of the party claiming an extension of time to perform, which may include, without limitation, the following: war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, assaults, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, materials or tools, acts or omissions of the other party, or acts or failures to act of any public or governmental entity (except that the City's acts or failure to act shall not excuse performance of the City hereunder). An extension of the time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within 30 days of the commencement of the cause.

4.5 Attorneys' Fees. In addition to any other remedies provided hereunder or available pursuant to law, if either party brings an action or proceeding to enforce, protect or establish any right or remedy hereunder, the prevailing party shall be entitled to recover from the other party its costs of suit and reasonable attorneys' fees. This Section shall be interpreted in accordance with California Civil Code Section 1717 and judicial decisions interpreting that statute.

4.6 Remedies Cumulative. No right, power, or remedy given by the terms of this Agreement is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given by the terms of any such instrument, or by any statute or otherwise.

4.7 Waiver of Terms and Conditions. The City may, in its sole discretion, waive in writing any of the terms and conditions of this Agreement. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition.

4.8 Non-Liability of City Officials and Employees. No member, official, employee or agent of the City shall be personally liable to Owner or any occupant of any BMR Unit, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Owner or its successors, or on any obligations under the terms of this Agreement.

5. GENERAL PROVISIONS

5.1 Below Market Rate Guidelines (“Guidelines”). This Agreement incorporates by reference the Guidelines as of the date of this Agreement and any successor sections as the Guidelines may be amended from time to time. In the event of any conflict or ambiguity between this Agreement, the requirements of state and federal fair housing laws and the Guidelines, the terms and conditions of this Agreement and the requirements of state and federal fair housing laws shall control.

5.2 Time. Time is of the essence in this Agreement.

5.3 Notices. Unless otherwise indicated in this Agreement, any notice requirement set forth herein shall be deemed to be satisfied three days after mailing of the notice first-class United States certified mail, postage prepaid, or by personal delivery, addressed to the appropriate party as follows:

Owner: Peninsula Innovation Partners, LLC
1 Hacker Way
Menlo Park, CA 94025
Attention: Brian Zubradt
Email: zubradt@fb.com

City : City of Menlo Park
701 Laurel Street
Menlo Park, California 94025-3483
Attention: City Manager

Such addresses may be changed by notice to the other party given in the same manner as provided above.

5.4 Successors and Assigns. This Agreement constitutes a covenant and legal restriction on the Property and shall run with the land, provided the Project remains on the Property, and all of the terms, covenants and conditions of this Agreement shall be binding upon Owner and the permitted successors and assigns of Owner.

5.5 Intended Beneficiaries. The City is the intended beneficiary of this Agreement and shall have the sole and exclusive power to enforce this Agreement. It is intended that the City may enforce this Agreement in order to, satisfy its obligations to improve, increase and preserve affordable housing within the City, as required by the Guidelines, and to provide that a certain percentage of new housing is made available at affordable housing cost to persons and families of very low, low and moderate incomes as required by the Guidelines. No other person or persons,

other than the City and Owner and their assigns and successors, shall have any right of action hereon.

5.6 Partial Invalidity. If any provision of this Agreement shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

5.7 Governing Law. This Agreement and other instruments given pursuant hereto shall be construed in accordance with and be governed by the laws of the State of California. Any references herein to particular statutes or regulations shall be deemed to refer to successor statutes or regulations, or amendments thereto. The venue for any action shall be the County of San Mateo.

5.8 Amendment. This Agreement may not be changed orally, but only by agreement in writing signed by Owner and the City.

5.9 Approvals. Where an approval or submission is required under this Agreement, such approval or submission shall be valid for purposes of this Agreement only if made in writing. Where this Agreement requires an approval or consent of the City, such approval shall not be unreasonably withheld may be given on behalf of the City by the City Manager or his or her designee. The City Manager or his or her designee is hereby authorized to take such actions as may be necessary or appropriate to implement this Agreement, including without limitation the execution of such documents or agreements as may be contemplated by this Agreement, and amendments which do not substantially change the uses or restrictions hereunder, or substantially add to the costs of the City hereunder.

5.10 Indemnification. To the greatest extent permitted by law, Owner shall indemnify, defend (with counsel reasonably approved by City) and hold the City, its heirs, successors and assigns (the “**Indemnitees**”) harmless from and against any and all demands, losses, claims, costs and expenses, and any other liability whatsoever, including without limitation, reasonable accountants’ and attorneys’ fees, charges and expense (collectively, “**Claims**”) arising directly or indirectly, in whole or in part, as a result of or in connection with Owner’s construction, management, or operation of the Property and the Project or any failure to perform any obligation as and when required by this Agreement. Owner’s indemnification obligations under this Section 6.10 shall not extend to Claims to the extent resulting from the gross negligence or willful misconduct of Indemnitees. The provisions of this Section 6.10 shall survive the expiration or earlier termination of this Agreement, but only as to claims arising from events occurring during the Affordability Period.

5.11 Insurance Coverage. Throughout the Affordability Period, Owner shall comply with the insurance requirements set forth in Exhibit D, attached hereto and incorporated herein by this reference, and shall, at Owner’s expense, maintain in full force and effect insurance coverage as specified in Exhibit D.

5.12 Transfer and Encumbrance.

6.12.1 Restrictions on Transfer and Encumbrance. During the term of this Agreement, except as permitted pursuant to this Agreement, Owner shall not directly or

indirectly, voluntarily, involuntarily or by operation of law make or attempt any total or partial sale, transfer, conveyance, assignment or lease (collectively, “**Transfer**”) of the whole or any part of any BMR Rental Unit, without the prior written consent of the City, which approval shall not be unreasonably withheld. In addition, prior to the expiration of the term of this Agreement, except as expressly permitted by this Agreement, Owner shall not undergo any significant change of ownership without the prior written approval of City. For purposes of this Agreement, a “significant change of ownership” shall mean a transfer of the beneficial interest of more than twenty-five percent (25%) in aggregate of the present ownership and /or control of Owner, taking all transfers into account on a cumulative basis; provided however, neither the admission of an investor limited partner, nor the transfer by the investor limited partner to subsequent limited partners shall be restricted by this provision.

6.12.2 Permitted Transfers. The prohibitions on Transfer set forth herein shall not be deemed to prevent: (i) the granting of easements or permits to facilitate development of the Property; or (ii) assignments creating security interests for the purpose of financing the acquisition, construction, or permanent financing of the Project or the Property, or Transfers directly resulting from the foreclosure of, or granting of a deed in lieu of foreclosure of, such a security interest.

6.12.3 Requirements for Proposed Transfers. The City may, in the exercise of its sole discretion, consent to a proposed Transfer of this Agreement and/or a BMR Rental Unit if all of the following requirements are met (provided however, the requirements of this Section 6.12.3 shall not apply to Transfers described in clauses (i) or (ii) of Section 6.12.2.

(i) The proposed transferee demonstrates to the City’s satisfaction that it has the qualifications, experience and financial resources necessary and adequate as may be reasonably determined by the City to competently complete and manage the Project and to otherwise fulfill the obligations undertaken by the Owner under this Agreement.

(ii) The Owner and the proposed transferee shall submit for City review and approval all instruments and other legal documents proposed to effect any Transfer of all or any part of or interest in the BMR Rental Unit or this Agreement together with such documentation of the proposed transferee’s qualifications and development capacity as the City may reasonably request.

(iii) The proposed transferee shall expressly assume all of the rights and obligations of the Owner under this Agreement arising after the effective date of the Transfer and all obligations of Owner arising prior to the effective date of the Transfer (unless Owner expressly remains responsible for such obligations) and shall agree to be subject to and assume all of Owner’s obligations pursuant to conditions, and restrictions set forth in this Agreement.

(iv) The Transfer shall be effectuated pursuant to a written instrument satisfactory to the City in form recordable in the Official Records.

Consent to any proposed Transfer may be given by the City’s Authorized Representative unless the City’s Authorized Representative, in his or her discretion, refers the matter of approval to the City Council. If the City has not rejected a proposed Transfer or requested additional

information regarding a proposed Transfer in writing within forty-five (45) days following City's receipt of written request by Owner, the proposed Transfer shall be deemed approved.

6.13 Effect of Transfer without City Consent. In the absence of specific written agreement by the City, no Transfer of any BMR Rental Unit shall be deemed to relieve the Owner or any other party from any obligation under this Agreement. This Section 6.12 shall not apply to Transfers described in clauses (i) and (ii) of Section 6.12.2.

6.14 Recovery of City Costs. Owner shall reimburse City for all reasonable City costs, including but not limited to reasonable attorneys' fees, incurred in reviewing instruments and other legal documents proposed to effect a Transfer under this Agreement and in reviewing the qualifications and financial resources of a proposed successor, assignee, or transferee within ten (10) days following City's delivery to Owner of an invoice detailing such costs.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year set forth above.

SIGNATURES ON FOLLOWING PAGE(S).

OWNER:

Peninsula Innovation Partners, LLC, a Delaware limited liability company

By: _____

Its:

CITY:

CITY OF MENLO PARK, a California municipal corporation

By: _____

City Manager

ATTEST:

By: _____

City Clerk

List of Exhibits:

- Exhibit A: Property Description
- Exhibit B: Allocation of the BMR Units
- Exhibit C: BMR Unit Locations
- Exhibit D: Insurance Requirements

Exhibit A
Property Description

Exhibit B
Allocation of BMR Units in the Project

Category	Area median income limit	Number of units
Extremely low (senior)	30%	82
Very low (senior)	50%	37
Low (non-age restricted)	80%	76
Moderate (non-age restricted)	120%	117
Total units		312

Exhibit C
BMR Unit Locations

Exhibit D Insurance Requirements

Prior to initiating work on the Project and continuing throughout the Affordability Period, Owner shall obtain and maintain the following policies of insurance and shall comply with all provisions set forth in this Exhibit.

1. General Requirements. Owner shall procure and maintain the following insurance providing coverage against claims for injuries to persons or damages to property that may arise from or in connection with the Project, construction, management, or operation of the Property by the Owner or the Owner's agents, representatives, employees and contractors, or subcontractors, including the following:

(a) Commercial General Liability: The Owner and all contractors working on behalf of Owner on the Property shall maintain a commercial general liability policy in an occurrence policy for protection against all claims arising from injury to person or persons not in the employ of the Owner and against all claims resulting from damage to any property due to any act or omission of the Owner, its agents, or employees in the conduct or operation of the work or the execution of this Agreement. Such insurance shall include products and completed operations liability, blanket contractual liability, personal injury liability, and broad form property damage coverage. Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage.

(b) Commercial Automobile Liability: The Owner and all contractors working on behalf of Owner on the Property shall maintain insurance for protection against all claims arising from the use of vehicles, owned, hired, non-owned, or any other vehicle in connection with the Project, construction, operation or management of the Property. Such insurance shall cover the use of automobiles and trucks on and off the site of the Property. Coverage shall be at least as broad as Insurance Services Office covering Commercial Automobile Liability, any auto, owned, non-owned and hired auto.

(c) Workers' Compensation Insurance: The Owner (and the general partners thereof) shall furnish or cause to be furnished to City evidence satisfactory to City that Owner (and the general partners thereof), and any contractor with whom Owner has contracted for the performance of work on the Property or otherwise pursuant to this Agreement, shall maintain Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance.

(d) Builder's Risk: Upon commencement of any construction work on the Property, Owner and all contractors working on behalf of Owner shall maintain a policy of builder's all-risk insurance in an amount not less than the full insurable cost of the Project on a replacement cost basis naming City as loss payee as its interests may appear.

(e) Professional Liability/Errors and Omissions: Owner shall require any architects, engineers, and general contractors working on the Property to maintain Professional Liability/Errors and Omissions insurance with limits not less than Two Million Dollars (\$2,000,000) each claim. Certificates evidencing this coverage must reference both the Owner and the Indemnitees. If the professional liability/errors and omissions insurance is written on a

claims made form: (i) the retroactive date must be shown and must be before the Effective Date, (ii) insurance must be maintained and evidence of insurance must be provided for at least three (3) years after completion of Project construction, and (iii) if coverage is cancelled or non-renewed and not replaced with another claims made policy form with a retroactive date prior to the Effective Date, Owner must purchase, or require the provision of, extended period coverage for a minimum of three (3) years after completion of construction.

(f) Property: Owner shall maintain property insurance covering all risks of loss, including earthquake and flood (if required) for 100% of the replacement value of the Project with deductible, if any, in an amount acceptable to City, naming City as loss payee as its interests may appear.

2. Minimum Limits; Adjustments. Insurance shall be maintained with limits no less than the following:

(a) Commercial General Liability and Property Damage: \$2,000,000 per occurrence and \$5,000,000 annual aggregate for bodily injury, personal injury and property damage; provided however, with City's advance written approval, subcontractors may maintain liability coverage with limits not less than \$1,000,000 per occurrence, \$2,000,000 annual aggregate.

(b) Products and Completed Operations: \$3,000,000 per occurrence/aggregate.

(c) Commercial Automobile Liability: \$2,000,000 combined single limit.

(d) Employer's Liability:

Bodily Injury by Accident - \$1,000,000 each accident.

Bodily Injury by Disease - \$1,000,000 policy limit.

Bodily Injury by Disease - \$1,000,000 each employee.

(e) Professional Liability/Errors and Omissions: \$2,000,000 per occurrence or claim. If the policy provides coverage on a claims-made basis, the retroactive date must be shown and must be before the date of the Agreement or the beginning of the contract work.

Coverage limits, and if necessary, the terms and conditions of insurance, shall be reasonably adjusted from time to time (not less than every five (5) years after the Effective Date nor more than once in every three (3) year period) to address changes in circumstance, including, but not limited to, changes in inflation and the litigation climate in California. City shall give written notice to Owner of any such adjustments, and Owner shall provide City with amended or new insurance certificates or endorsements evidencing compliance with such adjustments within thirty (30) days following receipt of such notice.

3. Deductibles and Self-Insured Retention. Any deductibles or self-insured retention must be declared to, and approved by, the City. Payment of all deductibles and self-insured retentions will be the responsibility of Owner. If the City determines that such deductibles or retentions are

unreasonably high, either the insurer shall reduce or eliminate such deductibles or self-insurance retentions as respects the Indemnitees or Owner shall procure a bond guaranteeing payment of losses and related investigations, claims administration and defense.

4. Additional Requirements. The required general liability and automobile policies shall contain, or be endorsed to contain, the following provisions:

(a) The Indemnitees are to be covered as Additional Insureds as respects: liability arising out of activities performed by or on behalf of the Owner; products and completed operations of the Owner; premises owned, occupied or used by the Owner; or automobiles owned, leased, hired or borrowed by the Owner. The coverage shall contain no special limitations on the scope of protection afforded to the Indemnitees. Additional insured endorsements for the general liability coverage shall use Insurance Services Office (ISO) Form No. CG 20 09 11 85 or CG 20 10 11 85, or equivalent, including (if used together) CG 2010 10 01 and CG 2037 10 01; but shall not use the following forms: CG 20 10 10 93 or 03 94.

(b) All insurance shall be primary insurance as respects the Indemnitees. Any insurance or self-insurance maintained by the Indemnitees shall be excess of the Owner's/contractor's insurance and shall not contribute with it.

(c) Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the Indemnitees.

(d) The Owner's insurance shall apply separately to each insured against whom claim is made or suit is brought except, with respect to the limits of the insurer's liability.

(e) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.

(f) If any insurance policy or coverage required hereunder is canceled or reduced, Owner shall, within five (5) days after receipt of notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with City a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, City may, without further notice and at its option, procure such insurance coverage at Owner's expense, and Owner shall promptly reimburse City for such expense upon receipt of billing from City.

(g) Owner agrees to waive subrogation rights for commercial general liability, automobile liability and worker's compensation against Indemnitees regardless of the applicability of any insurance proceeds, and to require all contractors, subcontractors or others involved in any way with any construction on the Property to do likewise. Each insurance policy shall contain a waiver of subrogation for the benefit of City. If any required insurance is provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs are included in such annual aggregate limit, such annual aggregate limit shall be three times the applicable occurrence limits specified above.

(h) It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirement and/or limits shall be available to the additional insured. Furthermore, the requirement for coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured; whichever is greater. For all liability insurance required by this Agreement, Owner (and Owner's contractors, as applicable) shall obtain endorsements that name the Indemnitees as additional insured in the full amount of all applicable policies, notwithstanding any lesser minimum limits specified in this Agreement. This Agreement requires Owner (and Owner's contractors, as applicable) to obtain and provide for the benefit of the Indemnitees, additional insured coverage in the same amount of insurance carried by Owner (or Owner's contractors, as applicable), but in no event less than the minimum amounts specified in this Agreement. In the event that Owner (or Owner's contractors as applicable) obtains insurance policies that provide liability coverage in excess of the amounts specified in this Agreement, the actual limits provided by such policies shall be deemed to be the amounts required under this Agreement. Without limiting the foregoing, the limits of liability coverage specified in this Agreement are not intended, nor shall they operate, to limit City's ability to recover amounts in excess of the minimum amounts specified in this Agreement.

(i) The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the City before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

5. Acceptability of Insurers. Companies writing the insurance required hereunder shall be licensed to do business in the State of California. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII.

6. Verification of Coverage. Prior to the Effective Date of this Agreement, Owner shall furnish City with certificates of insurance in form acceptable to City evidencing the insurance coverage required under paragraphs (a), (b), (c), and (e) of Section 1 above, duly executed endorsements evidencing the Indemnitees' status as additional insured, and all other endorsements and coverage required hereunder pertaining to such coverage. Prior to commencement of any construction work on the Property, Owner shall furnish City with certificates of insurance in form acceptable to City evidencing the insurance coverage required under paragraphs (d) and (g) of Section 1 above. Prior to City's issuance of a final certificate of occupancy or equivalent for the Project, Owner shall furnish City with certificates of insurance in form acceptable to City evidencing the insurance coverage required under paragraph (f) of Section 1 above. Owner shall furnish the City with original endorsements effecting coverage required by this clause. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf.

7. Insurance Certificates and Endorsements. Owner shall submit to the City all of the necessary insurance documents, including the applicable amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause) and a copy of the Declarations and Endorsement Page of required Owner policies listing all required policy

endorsements to the City. Insurance Certificates and Endorsements are to be received and approved by the City within the time periods specified in Section 6 above. Should Owner cease to have insurance as required at any time, all work by Owner pursuant to this Agreement shall cease until insurance acceptable to the City is provided. Upon City's request, Owner shall, within thirty (30) days of the request, provide or arrange for the insurer to provide to City, complete certified copies of all insurance policies required under this Agreement. City's failure to make such request shall not constitute a waiver of the right to require delivery of the policies in the future.

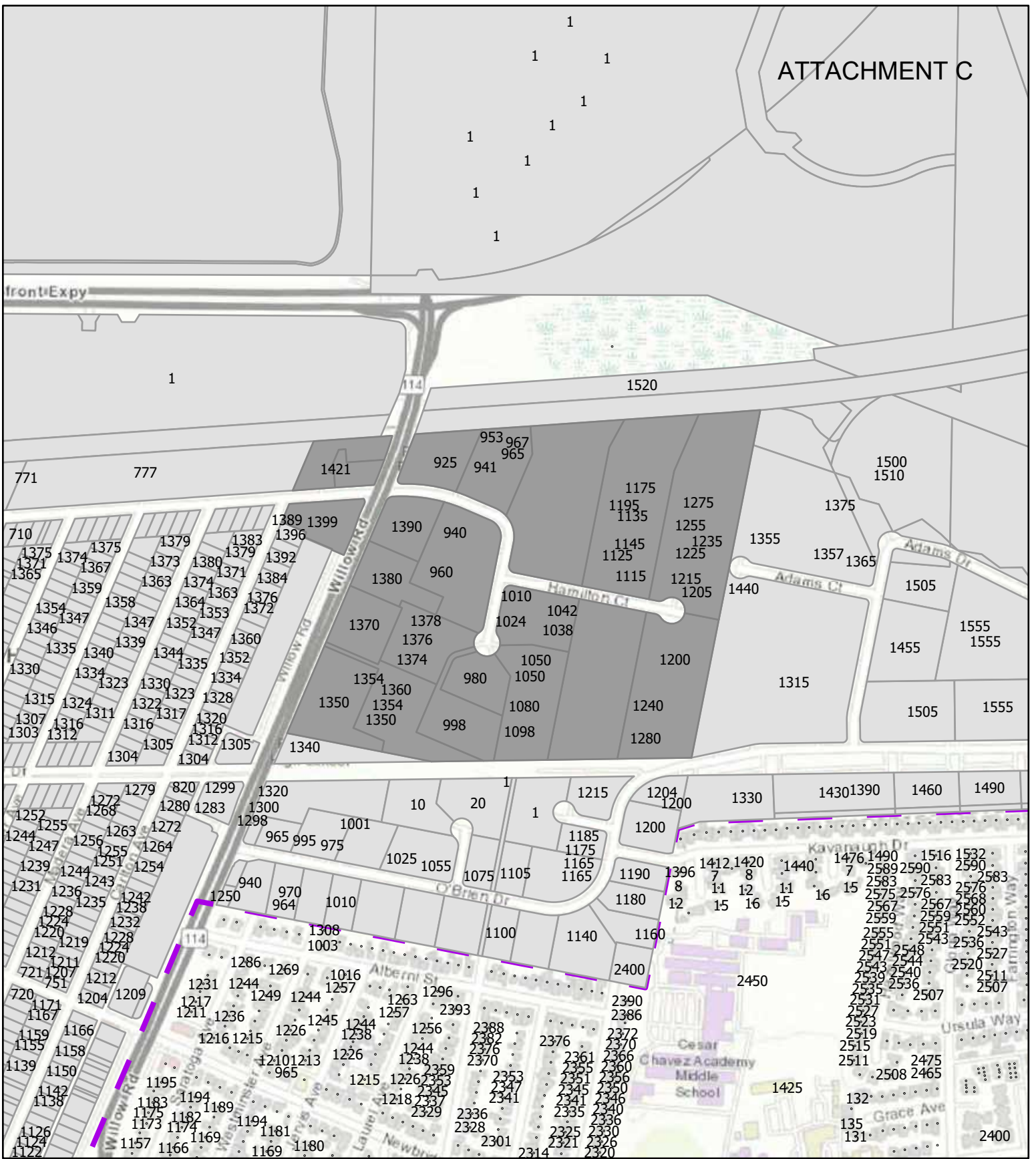
**Willow Village Master Plan Project
Draft Below Market Rate Housing (BMR) Agreement Term Sheet**

1. Applicant owns property known as Assessor's Parcel Numbers: 055-440-350, 055-440-210, 055-440-300, 055-440-130, 055-440-230, 055-440-110, 055-440-340, 055-440-330, 055-440-260, 055-440-320, 055-440-310, 055-440-040, 055-440-020, 055-440-010, 055-440-030, 055-440-050, 055-440-090, 055-440-190 ("Property"), more commonly known as Willow Village Master Plan Project;
2. Applicant is proposing to demolish an existing approximately 1 million square feet of industrial, office, and research and development buildings and comprehensively redevelop the main project site with up to 1.6 million square feet of office (inclusive of meeting and collaboration space and accessory uses), up to 200,000 square feet of retail uses, a 193 room hotel (approximately 172,000 square feet in size), and up to 1,730 residential dwelling units. The Applicant is requesting environmental review, General Plan Circulation Element and Zoning Map amendments, conditional development permit, development agreement, vesting tentative map, and below market rate (BMR) housing agreement approval for this project;
3. The applicant is also requesting heritage tree removal permits and future architectural control reviews for each individual building that would be enabled through the conditional development permit;
4. The proposed project consists of more than twenty (20) residential units; therefore, Applicant is required to comply with Chapter 16.96 of City's Municipal Code ("BMR Ordinance") and with the Below Market Rate Housing Program Guidelines ("Guidelines") adopted by the City Council to implement the BMR Ordinance.
5. The proposed project would result in an increase in approximately 972,000 square feet of office, accessory/support uses (including meeting and collaboration space), non-office commercial retail/restaurant, and hotel uses;
6. The applicant is required to pay a commercial linkage fee or provide commercial linkage units. Staff's preliminary calculation of the existing and proposed commercial square footage in both Group A (office and R&D) and Group B (non-office commercial) would require 52 commercial linkage units (or an approximately \$21.76 million in lieu fee);
7. The maximum density under the R-MU zoning district would yield 1,735 dwelling units and the applicant proposes 1,730 dwelling units. To comply with the BMR Ordinance inclusionary unit requirement the applicant is required to provide minimum fifteen (15) percent or $0.15 \times 1730 = 259.5$ inclusionary units (rounded to 260 units). Pursuant to the City's Below Market Rate Housing Program, the project could include up to 260 additional market rate units, provided the maximum density of the Zoning Ordinance would be first achieved. The project does not include any additional market rate units through the City's density bonus;

8. A project variant that could increase the number of dwelling units by up to 200 units (for a total of 1,930) was studied in the project level environmental impact report (EIR) for decision makers to consider as part of the project entitlements. If incorporated into the project, the 200 additional units would be market rate units enabled through the City or State density bonus allowances. Modifications to the proposed project to include 5 additional units up to 1,735 first would be required to apply the City's density bonus provisions. The total number of units that could be developed would be limited to 1,930 dwelling units.
9. Applicant has proposed to satisfy the inclusionary and commercial linkage BMR requirements for the proposed project by constructing 312 on-site BMR units.
10. Applicant proposes to provide 193 inclusionary units affordable to low, and moderate-income households as outlined in Table 1.
11. Applicant proposes a standalone senior (age-restricted) BMR building. The proposal identifies that 119 of the 312 required BMR units would be age-restricted for extremely low and very low income seniors as outlined in Table 1.
12. Applicant proposes to finance the age-restricted standalone building through federal, state, and local funding sources; if a local (City) match is required for other local participation (e.g. County of San Mateo), the Applicant proposes to provide the City the required match amount. This provision would be ensured through a development agreement between the Applicant and the City of Menlo Park.
13. Applicant proposes a low income equivalency mix that would include the extremely- and very-low income households in the age-restricted senior building. Inclusion of these age-restricted smaller units allows the inclusionary units to include a greater number of low income and moderate income limit units. The proposal includes a modification from Section 5.1 of the City's BMR Guidelines to modify the proportionality requirement for unit sizes and location requirement for units within the project.
14. Table 1 (attached) provides the applicant's breakdown of income categories for both age restricted and non-age restricted units. The mixed-income proposal would be equivalent to an all low-income BMR housing proposal per Attachment H of the staff report.
15. The non-senior inclusionary BMR units will be of the same proportionate size (number of bedrooms and square footage) and location as the market-rate units in each of the buildings. These units will be distributed throughout the residential buildings and will be indistinguishable from the market rate units from the exterior view (floor plan layouts will follow at a later date). Design and materials to be used in construction of the BMR units in each building will be of comparable quality to the other new units constructed in each of the respective buildings within the overall development. Inclusionary Units will be proportionately distributed evenly across all frontages and floors, and have proportionately similar amenities (e.g. balconies, outdoor patios, number of bathrooms), as the market-rate units respectively. The BMR units will float within each building, per section 11.1.7 of the BMR Guidelines.

16. Concurrent with the submittal of architectural control permit applications for each of the residential and mixed-use buildings, the Applicant shall submit a diagram identifying the conceptual locations of all BMR units within the building.
17. In lieu of providing the commercial linkage units within the project site, Applicant may pay the commercial linkage in-lieu fee at the time of building permit issuance. This would result in a reduction in on-site BMR units. A minimum of 260 inclusionary BMR units would be required to meet the obligation of the rental BMR component of the project. The applicant has indicated a desire to provide the 52 commercial linkage units within the project.
18. The size and location, design and materials, timing of establishing rental price, determination of the rental price, and legal characteristics such as first right of refusal and deed restrictions shall be consistent with requirements outlined in Section 5 of the BMR Guidelines;
19. Per Section 5.3.1 of the City's BMR Guidelines, the last BMR unit must receive its final inspection before the last market rate unit.
20. The income and rent standards, determination of the BMR unit rent, tenant selection and certification procedures, BMR rental interest list, rental term, selection of tenants, maintenance obligations, monitoring and recordkeeping, vacation and re-renting of the BMR unit, annual recertification, annual reporting, and remedies for violation shall be set forth in the BMR Agreement referenced herein and shall be consistent with the BMR Guidelines and as more fully set forth in the BMR Agreement referenced herein;
21. Applicant shall enter into a BMR Agreement memorializing these terms in a form acceptable to the City Attorney, pursuant to the BMR Ordinance and BMR Guidelines.

Table 1: BMR income breakdown at full buildout		
Category	Area median income limit	Number of units
Extremely low (senior)	30%	82
Very low (senior)	50%	37
Low (non-age restricted)	80%	76
Moderate (non-age restricted)	120%	117
Total units		312



CITY OF MENLO PARK

LOCATION MAP

WILLOW VILLAGE



CITY OF
MENLO PARK
C1

Scale: 1:7,000

Drawn By: KTP

Checked By: KTP

Date: 1/10/2022





LEGEND	
1	Town Square
2	Grocery Store on Ground Level
3	Publicly Accessible Park
4	Publicly Accessible Dog Park
5	Elevated Park Access (Elevator and Stairs)
6	Elevated Park
7	Hotel
8	Mixed-Use Block
9	Residential Block
10a	Office Campus
10b	Meeting & Collaboration Space
11	Parking Garage with Transit Hub on Ground Level
12	Proposed Multi-use Pathway
13	Willow Road Tunnel
14	Realigned Hamilton Avenue
15	Hamilton Avenue Parcel North
16	Hamilton Avenue Parcel South

Below Market Rate Housing Proposal – Willow Village Master Plan Project**1350 Willow Road****July 20, 2022**

Peninsula Innovation Partners, LLC (“Peninsula”) is pleased to provide this Below Market Rate (“BMR”) Proposal for the Willow Village Master Plan Project, located at 1350 Willow Road. We believe the Willow Village BMR proposal will play a role in addressing the ongoing housing crisis by reaching deeper affordability levels than what is required, while also providing all the units on-site. Peninsula intends to provide on-site BMR units as outlined below.

General Description

The *ConnectMenlo* General Plan requires developers to participate in the City’s BMR Program. The latest City of Menlo Park Housing Element (2015-2023) encourages applicants to build affordable housing for groups with special needs, including seniors, with an emphasis on facilitating development of housing for seniors with very low, low, and moderate incomes. Further, the Housing Element identifies the benefits of market rate developers partnering with affordable housing developers to provide BMR units, noting that units developed in this manner are more likely to serve lower income households. The Housing Element also emphasizes the need for units at a range of affordability levels, highlighting that an estimated 50 percent of the City’s very low-income housing need for the 2015-2023 planning period was for extremely low-income households. Additionally, the Housing Element promotes the development of a balanced mix of housing types and densities for all economic segments throughout the community.

The purpose of the City’s BMR Program is to increase the housing supply for households that have very low, low, and moderate incomes, with a primary objective of creating actual housing units rather than collecting fees. According to the City’s BMR Program, residential development projects that include 20 or more units must provide not less than 15 percent of these units at below market rates to very low, low, and moderate-income households. In addition, the BMR Program requires commercial developers to mitigate the demand for affordable housing created by their projects by providing BMR housing on or off-site, or if that is not feasible, paying a fee. Mixed use projects must comply with the commercial and residential requirements as applicable to each portion of the development. The BMR Program permits BMR units to be provided across the full range of affordability levels, provided that the provision of units at extremely low, very low, low and/or moderate income is “roughly equivalent” to the provision of all of the units at the low-income level.

For both residential and commercial projects, the applicant must enter into a BMR agreement with the City. The City’s BMR Guidelines require the applicant to submit a proposal for meeting the requirements of the BMR Program.

Willow Village proposes 1,730 residential rental units, necessitating 260 BMR units at full buildout. Additionally, a BMR unit equivalency for the commercial component of Willow Village would apply, calculated at 52 units (staff calculation is attached as **Attachment A**). The total BMR units proposed at Willow Village at maximum buildout is 312 rental units (260 units + 52 units). Notably, the 52 units reflect an application of the commercial linkage calculation to the full 1.6M SF maximum of office and accessory space. This approach results in a higher affordable unit calculation than traditionally required, because it calculates a linkage requirement on the uniquely proposed accessory space. This space is not anticipated to generate any employment or housing demand in excess of the maximum 1.25M SF of office space. If the entire amount of accessory space were excluded, the commercial linkage calculation would result in a requirement for a maximum of 281 units; if only the unusable covered garden space were excluded, the commercial linkage calculation would result in a requirement for a maximum of 291 units. In addition, the 52 units reflects application of the commercial linkage fee to the full 200K SF of retail and the hotel at 172K SF, whereas the currently proposed architectural control packages contemplate less retail and hotel square footage.

Willow Village is not seeking a State Density Bonus or a City density affordable housing bonus in conjunction with this proposal.

Program Breakdown

The proposed Willow Village BMR Program is comprised of a senior affordable building in partnership with a non-profit housing developer, and the remaining inclusionary units will be placed throughout the market-rate buildings. The non-senior inclusionary units will be floating through the market-rate buildings and the senior affordable units will be provided in a dedicated building. A diagram identifying the number of BMR units by building will be forthcoming.

Program Breakdown at Full Buildout	
Senior Affordable Building	119
Inclusionary Units	193
Total Units	312

Senior Affordable Housing

As noted above, the General Plan supports provision of affordable senior housing, including maximizing the use of available funding mechanisms, partnering with non-profits, and allowing smaller unit sizes and common dining areas. The Housing Element includes two specific goals that acknowledge the need for affordable senior housing:

- Goal H3 — SPECIALIZED HOUSING NEEDS: Provide Housing for Special Needs Populations that is Coordinated with Support Services. Goal H3 is intended to proactively address the special housing needs of the community, including seniors, disabled individuals and the homeless.
- Goal H4 — NEW HOUSING: Use Land Efficiently to Meet Community Housing Needs at a Variety of Income Levels, Implement Sustainable Development Practices and Blend Well-Designed New Housing into the Community. Goal H4 is intended to: (1) promote the development of a balanced mix of housing types and densities for all economic segments throughout the community, (2) remove governmental and non-governmental constraints on the production, rehabilitation and/or cost of housing where appropriate, and (3) to encourage energy efficiency in both new and existing housing.

According to the Housing Element, the City has a higher percentage of seniors than the county or the state and seniors' income tends to decline as they age, and thus, creating affordable housing options for seniors is a goal for the City. Of the 1,740 extremely low income households living in the City in 2012, the majority were seniors. The local need for affordable senior housing is evidenced by long waitlists at three affordable senior projects in Menlo Park, Sequoia Belle Haven, Crane Place, and Partridge Kennedy. Additionally, Sequoia Belle Haven received 1,474 applications of 53 senior units, with 1,700 persons added to the interest list. Jordan Court, another affordable senior project in Berkeley that opened in May of 2022 (income levels of 20%-60% AMI), received 1,000 applications for 34 units.

The need for affordable senior housing is further documented in the following additional sources:

- According to the Menlo Park Senior Housing Needs Assessment, City of Menlo Park, 2009, there are only 297 senior income restricted rental units in Menlo Park, while the future demand for senior housing in Menlo Park and San Mateo County continues to grow.
- A 2009 report by the *Livable Communities for Successful Aging* states that the population over 65 is projected to increase 73% between 2005 and 2030, from about 91,000 to more than 157,000. The problem of housing affordability for San Mateo County seniors is two-fold. Some seniors are living on such modest incomes that they require subsidized affordable housing. Others own their homes but may find it too demanding and costly to maintain a single-family home later in life. These seniors might relocate if they could find suitable alternative housing in their communities that they consider affordable.
- According to a 2017 Study done by *Get Healthy San Mateo County*, while 47% of San Mateo County residents overall pay more than 30% of their income to rent, 64% of the population 65 years and over-pays this percentage. Of those who are receiving retirement income (49%), their mean income is \$30,833, and of the 87% receiving Social Security income, their mean income is \$20,847. With median monthly rent for those aged 65 and over in San Mateo County around \$1,434, housing affordability for this group will continue to be an issue, especially as this population group increases and more people are seeking out affordable housing options.

In response to these identified needs and strong community input, Peninsula intends to partner with Mercy Housing to deliver 119 units of affordable senior housing in a dedicated senior living building. This model is successfully seen throughout the Bay Area.

The BMR Program generally requires that units be distributed throughout the development, but explicitly authorizes the City to waive this requirement to carry out the purposes of the BMR Housing Program and the Housing Element. As noted above, the Housing Element policies support the provision of affordable, senior housing, which can be accomplished only in a standalone project to comply with fair housing laws. Providing senior units together in a dedicated building allows the provision of much needed services in a much more efficient manner than possible with dispersed inclusionary units, allowing residents to age in place. Services may include programs such as health education and risk reduction, on-site planned physical activities such as yoga and tai-chi, and financial literacy education (a more detailed explanation of the some of the services that could be provided is included as **Attachment B.**) These services are not typical of market rate buildings and provide a higher quality of life for the seniors, helping them live independently and averting/delaying relocation to more institutional care environments. There is great need for deeply affordable senior housing in the Bay Area, which our proposal will help fill. Mercy intends to market the senior units in accordance with the BMR Guidelines regarding City of Menlo Park worker and resident preference, subject to compliance with fair housing laws. Depending on the different state and federal financing programs available to build affordable senior housing, the age restriction is 55 and over or 62 and over. Currently, Peninsula and Mercy Housing are exploring a variety of federal and state funding programs including the Federal Tax Credit Program, State Multifamily Housing Program, State Infill and Infrastructure Grant, Affordable Housing Program (through the Federal Home Loan Bank), Project Based Section 8, and other local subsidies. Peninsula also intends to contribute the land for the senior building, which is appraised at \$11,400,000.

The major source of affordable housing financing is the Federal Tax Credit Program, which is a competitive allocation. This funding source is the final to be secured to complete the financing and proceed into construction. The senior project would likely apply for tax credit financing once it can satisfy all the readiness criteria, typically in March or July of a given year (standard funding rounds) and would expect to receive an award three months thereafter. The readiness criteria include obtaining all other gap sources of funding, which are typically secured in the following order: (1) Local funds (County, City, private sector grants, land contribution, and direct Peninsula investment) and (2) State funding. County and State funding rounds are only held once a year; the current schedule based on a mid-2022 potential project approval for both master plan and architectural control permits contemplates applying for County funding in July of 2023 and State Funding in March of 2024 (based historical funding cycles). County and State funding cannot be sought without project entitlements (a readiness point category), and State Funding cannot be applied for without first securing County and other local funding (similar readiness point category). The earliest the applicant could apply for tax credit financing is July 2024 and then would expect to receive an award in October 2024. If the project receives a tax credit allocation in October of 2024, construction would likely commence around Q4 2024, no later than 180 days after the tax credit allocation, and take about 20-24 months to complete. It should be noted that the timing of

funding rounds is subject to change. The senior housing project will be delivered close to when grocery and other neighborhood serving retail are established, as having such amenities already in place in the community for seniors is important.

Local Match Proposal

One of the sources contemplated for the senior housing is the County of San Mateo Department of Housing Affordable Housing Fund. Currently, the project contemplates the County source to be about 11% of the total development cost. The County's Affordable Housing Fund was created in 2013 with funds derived from a one-time distribution of Housing Trust Funds held by former redevelopment agencies in San Mateo County. Since that time, the AHF has been annually funded by the County's Board of Supervisors using a variety of sources including, but not limited to, County Measure K, Housing Authority Moving to Work Reserves, and former redevelopment agency funds reallocated to the County.

Projects are required to meet minimum qualifications and then awarded points if they meet certain scoring criteria. One of the point categories is a local match category, where the local City has demonstrated a commitment to providing City funds to the project. In this case, Peninsula Innovation Partners proposes contributing money to the City, and the City would then donate money to the senior affordable housing development without using any of its existing financial resources to fund the project. This commitment could be evidenced in the form of a letter to the County, promising to commit funding. A separate point category is that either City-owned or privately-owned land be donated to the project, which will be satisfied with the applicant's land donation to the affordable housing development. Because funding is extremely competitive, it is important for the project to score as many points as possible.

Inclusionary (Non-Senior) Housing

The non-senior inclusionary BMR units will be of the same proportionate size (number of bedrooms and square footage) and location as the market-rate units in each of the buildings. They will be distributed throughout the residential buildings and will be indistinguishable from the market rate units from the exterior view (floor plan layouts will follow at a later date). Design and materials to be used in construction of the BMR units in each building will be of comparable quality to the other new units constructed in each of the respective buildings within the overall development. Inclusionary Units will be proportionately distributed evenly across all frontages and floors, and have proportionately similar amenities as the market-rate units respectively. The BMR units will float within each building, per section 11.1.7 of the BMR Guidelines.

Based on the current Willow Village phasing plan, Willow Village would deliver 216 BMR units at full buildout of Phase 1, representing over 20 percent of all units in Phase 1, and 96 BMR units at full buildout of Phase 2, which together with the Phase 1 BMR units, represents 15 percent of the Project units. This proposal front loads the affordable units to be brought on early in the project. An illustrative program breakdown, BMR income breakdown, and proposed unit mix and phasing plan are included as **Attachment C.1**.

Phasing of BMR units	Phase 1 BMR Units	Phase 1 BMR %	Phase 2 BMR Units	Phase 2 BMR %	TOTAL %
City BMR Ordinance Units ¹	164	15.7%	96	14.0%	15.0%
Commercial Linkage Fee Units ²	52	5.0%	0	0.0%	3.0%
TOTAL	216	20.7%	96	14.0%	18.0%

The applicant proposes that all 216 BMR units in Phase 1 will pull building permits prior to certificate of occupancy for Office Buildings 2, 3, and 4. Office Buildings 1, 5, 6, and MCS should be exempt from any mixed-use timing connection due to the fact that the current number of seated employees on the site today (3,500) is roughly equivalent to the number of proposed new office employees in those buildings.

Proposed Income Levels (Baseline Scenario)

The BMR ordinance requires the provision of BMR units for very-low, low, and moderate-income households, the BMR Guidelines allow the City to approve variations in the affordability mix to assist in meeting RHNA requirements, subject to a finding that the mix is “roughly equivalent to the provision of all of the affordable units at the low-income level.” The following table demonstrates how the BMR units proposed at Willow Village addresses the City of Menlo Park’s obligations under the most current RHNA:

Income Levels	RNHA Menlo Park	Willow Village Proposal	Remaining
Acutely Low	N/A	0	0
Extremely Low	N/A	82	-82
Very Low	740	37	703
Low	426	76	350
Moderate	496	117	379
TOTAL	1,662	312	1,350

Source: ABAG Draft RHNA 2023-2031 for Menlo Park

Peninsula proposes a BMR program with a mix of income levels to help meet RHNA requirements, at an average affordability of 78.6 percent of Area Media Income (AMI), which is below the City’s required low-income level of 80 percent of AMI. The senior units would consist of a mix of extremely-low and very-low income units, while the inclusionary units would be available to households earning up to 80% AMI (low income) and 120% AMI (moderate income).

¹ Delivered via permit issuance

² Delivered via permit issuance and 100% of commercial linkage fee units in Phase 1

Illustrative BMR Income Breakdown at Full Buildout - BASE SCENARIO		
Category	AMI Limit	# Units
Extremely Low (Senior)	30%	82
Very Low (Senior)	50%	37
Low (Inclusionary)	80%	76
Moderate (Inclusionary)	120%	117
TOTAL BMR Units		312
TOTAL PROJECT UNITS	1730	
Affordable %	18.0%	
PROJECT WIDE Avg. Affordability	78.3%	
City of Menlo Park Required Affordability	80.0%	
Senior Building Avg. Affordability	36.2%	
Inclusionary Avg. Affordability	104.2%	

A low-income equivalency calculation, as requested by staff, is provided in **Attachment D.1**. This calculation is modeled after the closest comparable projects low-income equivalency analysis included in Greystar Menlo Portal BMR Proposal, attached for reference as **Attachment E**. The projected market rate rent in this analysis is equivalent to the proposed market rent for the Greystar Menlo Portal project for modelling purposes. The final unit/BMR mix will be determined along with the conditional development permit approvals.

Alternate Scenario

The applicant is proposing an alternative scenario with inclusionary units available to households earning up to 50% AMI, 80% AMI, and 120% AMI (**Attachment C.2**). The corresponding equivalency memo is included as **Attachment D.2**. This scenario has a slightly lower affordability, at 78.6%, but does include some very low-income inclusionary units.

Illustrative BMR Income Breakdown at Full Buildout - ALT SCENARIO		
Category	AMI	# Units
Extremely Low (Senior)	30%	82
Very Low (Senior)	50%	37
Very Low (Inclusionary)	50%	12
Low (Inclusionary)	80%	53
Moderate (Inclusionary)	120%	128
TOTAL BMR Units		312

TOTAL PROJECT UNITS	1730
Affordable %	18.0%
PROJECT WIDE Avg. Affordability	78.6%
City of Menlo Park Required Affordability	80.0%
Senior Building Avg. Affordability	36.2%
Inclusionary Avg. Affordability	108.2%

In both the baseline and alternate scenarios, the applicant has revised the unit mix to match the income limits per the City and HCD. We have reflected maximum rents for each income category in the low-income equivalency calculation.

Secondary Alternative

Last, the applicant could consider a secondary alternative with the following elements (**Attachment C.3**):

- i) there would be no senior housing,
- ii) the residential BMRs obligation would be satisfied with 100% inclusionary units at an 80% average affordability level, and
- iii) the commercial linkage units would be satisfied by paying the in-lieu fee.

This will result in 260 BMR inclusionary units (15% of 1,730, instead of currently 18%) plus the fee of approximately \$22 million (**per Attachment A**).

Please note that the applicant prefers a project that includes the mix of the senior residents coupled with the inclusionary to meet the objectives of the City BMR program, along with providing the commercial linkage units on-site instead of paying the in-lieu fee if granted the necessary amount of time to construct them in relation to other buildings.

Conclusion

In summary, this Willow Village BMR proposal achieves deep affordability at extremely low income levels, provides critical housing opportunities for seniors, provides all of the units on-site versus paying an in-lieu fee, targets the “missing-middle” with housing opportunities that are desperately needed and rarely provided, front-loads affordable units to Phase 1, and surpasses the requirements of Menlo Park when it comes to average affordability of the BMR units across the project site.

Below Market Rate Commercial Linkage Fee/Unit Calculations

Existing Credits (Existing Gross Floor Area and Land Uses)				
	Current Rate	Existing gross floor area	dollar amount (credits)	BMR units (unit/sf calculation)
Group A	\$ 20.46	423,030	\$ 8,655,193.80	20.54
Group B	\$ 11.10	580,880	\$ 6,447,768.00	15.37
Total		1,003,910	\$ 15,102,961.80	35.90
Proposed Project Commercial Components				
	Current Rate	Proposed gross floor area	dollar amount	BMR units (unit/sf calculation)
Group A	\$ 20.46	1,600,000.00	\$ 32,736,000.00	77.67
Group B	\$ 11.10	372,000.00	\$ 4,129,200.00	9.84
Total		1,972,000.00	\$ 36,865,200.00	87.51

Proposed Commercial Linkage Fee		
	payment	units
Commercial Linkage Fee (Proposed project net credits)	\$ 21,762,238.20	
BMR Unit Equivalency Calculation		52

Factors for unit conversion

- Group A 20,600 sf per unit
- Group B 37,800 sf per unit

Mercy Housing Resident Services ATTACHMENT B

Mercy Housing California (MHC) is a leader in an integrated, mission-based approach that couples the delivery of customized resident and community service enrichments with quality development, management, and maintenance to create healthy communities. MHC has a robust Resident Services Program that serves over 4,715 seniors and is implemented at 49 senior properties throughout California. Resident Services Coordinators (RSCs) are onsite and oversee the delivery of quality programming and services to a culturally diverse group of seniors and individuals with disabilities.

The essential services include a wellness model that has been selected to be responsive to the needs of older adults wishing to "age in place". Service-enriched housing further addresses the critical factors associated with averting and delaying institutionalization such as continuously monitoring cognitive, functional, and other risk factors; providing wellness services; teaching chronic disease management strategies; and actively coordinating transitions to and from the hospital. The Resident Services Program is designed to include four priority program models: 1) Health and Wellness 2) Economic Development/Housing Stability 3) Education 4) Community Participation.

Health & Wellness

MHC delivers health services coordination to all its residents, offering the following services: basic health & needs assessments, ADL support & screening, health benefit acquisition, health education & risk reduction, physical activities, access to food, wellbeing checks, transition planning, and linkages to preventative and behavioral health care. Service enriched housing requires strong partnerships with health care providers.

Recognizing that there may be a lack of resources available to residents in the 40-50% AMI category, MHC will continue to create partnerships that leverage both private and public health agencies to ensure service delivery is enhanced. Current creative partnerships have included working with California State University to implement a Preventative Health Screenings Program on site at all MHC's senior properties in San Francisco. MHC has also partnered with the Institute on Aging to provide a wellness nurse at three of our senior properties in San Francisco. The wellness nurse provides the following onsite services: comprehensive psychosocial and health assessments and monitoring, blood pressure screening, glucose monitoring, hospital transition planning, and home visits.

All RSCs are trained to be workshop facilitators in Stanford's Chronic Disease Self-Management (CDSMP) Class and Matter of Balance. The CDSMP workshop focuses on a self-management approach in dealing with chronic conditions such as heart disease, arthritis, diabetes, depression, asthma, and other physical and mental health conditions. Residents who have participated in the program have reported improvements in their condition and general well-being and continue engage in physical activity and exercises. Also, 80% of residents that have participated in fall prevention workshop report viewing falls and fear of falling as controllable.

Economic Development/Housing Stability

MHC's long-term impact is to create households that have safe and stable housing, and where renters are in good standing. In order to achieve housing stability, MHC's services staff work closely with residents, and provide the following services: eviction prevention coaching, lease education, housing options, housing inspection, linkages with financial resources, and referrals. Housing stability activities are provided proactively before any risk of instability of housing occurs or following an incident that increases the resident's risk of eviction. MHC understands the complex needs of our residents, and therefore we position our residents with the best of resources, so that they can maintain their housing stability.

Education

MHC believes that education plays an important part in empowering residents with the knowledge to make good decisions. The focus of MHC's education programming is focused around creating Financial Stability. In addition to referrals, Resident Services Coordinators provide the following services: financial stability seminars, financial benefit acquisition, employment and job readiness support, and technology literacy. MHC requires that all properties implement at least one education seminar every month.

Community

Community participation is a vehicle for preventing isolation, reducing conflict, enhancing safety, promoting property and neighborhood pride, and building leadership skills in individual residents. MHC supports strong resident participation and feedback in all areas of programming and services. In order to achieve this, MHC encourages residents to participate in community events, and join tenant councils and volunteer groups. Resident Services encourages community participation in order to enhance social connections and build community among residents and between and property and the surrounding community.

**WILLOW VILLAGE SUMMARY BMR PROGRAM
Attachment C.1 - BASELINE SCENARIO**

Program Breakdown	
Senior Affordable Building	119
Inclusionary Units	193
Total Units	312

Illustrative BMR Income Breakdown at Full Buildout - BASE SCENARIO		
Category	AMI Limit	# Units
Extremely Low (Senior)	30%	82
Very Low (Senior)	50%	37
Low (Inclusionary)	80%	76
Moderate (Inclusionary)	120%	117
TOTAL BMR Units		312
TOTAL PROJECT UNITS	1730	
Affordable %	18.0%	
PROJECT WIDE Avg. Affordability	78.3%	
City of Menlo Park Required Affordability	80.0%	
Senior Building Avg. Affordability	36.2%	
Inclusionary Avg. Affordability	104.2%	

Illustrative Phase 1 at Full Buildout							
Phase 1 % Affordable Units		20.7%					
Parcel 7 (Senior Building)	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix%	Avg. BMR Unit Size	Avg. Total Unit Size	
studio	108	108	91%	91%	466	466	
one-bedroom	11	11	9%	9%	633	633	
two-bedroom	0	1	0%	0%	929	929	
three-bedroom							
TOTAL BMR Units	119	120	100%	100%	481	485	
PARCEL TOTAL UNITS	120						
% BMR	99%						
Parcel 2	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix%	Avg. BMR Unit Size	Avg. Total Unit Size	
studio	10	100	29%	31%	489	489	
one-bedroom	12	113	35%	35%	650	650	
two-bedroom	11	105	32%	32%	999	999	
three-bedroom	1	9	3%	3%	1252	1252	
TOTAL BMR Units	34	327	100%	100%	733	729	
PARCEL TOTAL UNITS	327						
% BMR	10%						
Parcel 3	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix%	Avg. BMR Unit Size	Avg. Total Unit Size	
studio	12	118	28%	28%	503	503	
one-bedroom	18	170	42%	41%	723	723	
two-bedroom	13	131	30%	31%	1078	1078	
three-bedroom							
TOTAL BMR Units	43	419	100%	100%	769	772	
PARCEL TOTAL UNITS	419						
% BMR	10%						
Parcel 6	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix%	Avg. BMR Unit Size	Avg. Total Unit Size	
studio	3	25	15%	14%	500	500	
one-bedroom	7	61	35%	34%	691	691	
two-bedroom	9	77	45%	43%	867	867	
three-bedroom	1	15	5%	8%	1281	1281	
TOTAL BMR Units	20	178	100%	100%	771	790	
PARCEL TOTAL UNITS	178						
% BMR	11%						
TOTAL UNITS PHASE 1	1044						
TOTAL BMR UNITS PHASE 1	216						

Illustrative Phase 2 at Full Buildout							
Phase 2 % Affordable Units		14.0%					
Parcel 4	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix%	Avg. BMR Unit Size	Avg. Total Unit Size	
studio	15	106	24%	24%	450	450	
one-bedroom	32	231	52%	53%	703	703	
two-bedroom	13	88	21%	20%	1149	1149	
three-bedroom	2	15	3%	3%	1199	1199	
TOTAL BMR Units	62	440	100%	100%	751	748	
PARCEL TOTAL UNITS	440						
% BMR	14%						
Parcel 5	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix%	Avg. BMR Unit Size	Avg. Total Unit Size	
studio	7	50	21%	20%	450	450	
one-bedroom	16	127	47%	52%	764	764	
two-bedroom	9	57	26%	23%	1030	1030	
three-bedroom	2	12	6%	5%	1260	1260	
TOTAL BMR Units	34	246	100%	100%	799	786	
PARCEL TOTAL UNITS	246						
% BMR	14%						

TOTAL UNITS PHASE 2 686
TOTAL BMR UNITS PHASE 2 96

Phasing of BMR units	Phase 1 BMR Units	Phase 1 BMR %	Phase 2 BMR Units	Phase 2 BMR %	TOTAL
City BMR Ordinance Units*	164	15.7%	96	14.0%	15.0%
Commercial Linkage Fee Units* **	52	5.0%	0	0.0%	3.0%
TOTAL	216	20.7%	96	14.0%	18.0%

**Comparison of low income inclusionary requirement to alternate mix proposed
(for illustrative purposes)
ATTACHMENT D.1 - BASELINE SCENARIO**

Original (Per BMR ordinance requirement of 15% low income)

Unit Type	AMI (<80%)		Comparable Market Rents*	Affordable Rents**	Number Proposed units	Subsidy per unit	Total Subsidy
studio	LI		2,968	2,226	154	742	114,268
one-bedroom	LI		3,628	2,721	97	907	87,979
two-bedroom	LI		4,370	3,278	55	1,093	60,088
three-bedroom	LI		5,518	3,877	6	1,641	9,847
TOTAL					312		272,182
						avg/unit	872

Alternative Proposed

Unit Type	AMI Limit	AMI Category	Senior/Inclusionary	Comparable Market Rents*	Affordable Rents**	Number Proposed units	Subsidy per unit	Total Subsidy
studio	30% ELI		Senior	2,968	979	74	1,989	147,216
studio	50% VLI		Senior	2,968	1,631	33	1,337	44,121
studio	80% LI		Inclusionary	2,968	2,226	17	742	12,614
studio	120% MI		Inclusionary	2,968	2,226	30	742	22,260
one-bedroom	30% ELI		Senior	3,628	1,049	8	2,579	20,634
one-bedroom	50% VLI		Senior	3,628	1,748	4	1,880	7,520
one-bedroom	80% LI		Inclusionary	3,628	2,721	35	907	31,745
one-bedroom	120% MI		Inclusionary	3,628	2,721	50	907	45,350
two-bedroom	80% LI		Inclusionary	4,370	3,278	21	1,093	22,943
two-bedroom	120% MI		Inclusionary	4,370	3,278	34	1,093	37,145
three-bedroom	80% LI		Inclusionary	5,518	3,877	3	1,641	4,924
three-bedroom	120% MI		Inclusionary	5,518	4,139	3	1,380	4,139
TOTAL						312		400,609
						avg/unit	1,284	

ELI	82
VLI	37
LI	76
MI	117
TOTAL	312

* Estimated market rents inc. utilities from KMA Housing Needs Assessment Dated April 2022, page 33

**San Mateo Rent Limits (HCD Published Limits 2022); inclusive of utilities

AMI level	studio	one	two	three
25%	816	874	1049	1212
30%	979	1049	1258	1454
50%	1631	1748	2097	2423
60%	1794	1923	2307	2665
80%	2610	2797	3355	3877
90%	2936	3146	3775	4361
100%	3262	3496	4194	4846
110%	3588	3846	4613	5331
120%	3914	4195	5033	5815

**WILLOW VILLAGE SUMMARY BMR PROGRAM
Attachment C.2 - ALTERNATIVE SCENARIO**

Program Breakdown	
Senior Affordable Building	119
Inclusionary Units	193
Total Units	312

Illustrative BMR Income Breakdown at Full Buildout -ALT SCENARIO		
Category	AMI	# Units
Extremely Low (Senior)	30%	82
Very Low (Senior)	50%	37
Very Low (Inclusionary)	50%	12
Low (Inclusionary)	80%	53
Moderate (Inclusionary)	120%	128
TOTAL BMR Units		312
TOTAL PROJECT UNITS	1730	
Affordable %	18.0%	
PROJECT WIDE Avg. Affordability	78.6%	
City of Menlo Park Required Affordability	80.0%	
Senior Building Avg. Affordability	36.2%	
Inclusionary Avg. Affordability	108.3%	

Illustrative Phase 1 at Full Buildout						
Phase 1 % Affordable Units		20.7%				
Parcel 7 (Senior Building)	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix %	Avg. BMR Unit Size	Avg. Total Unit Size
studio	108	108	91%	91%	466	466
one-bedroom	11	11	9%	9%	633	633
two-bedroom	0	1	0%	0%	929	929
three-bedroom						
TOTAL BMR Units	119	120	100%	100%	481	485
PARCEL TOTAL UNITS	120					
% BMR	99%					
Parcel 2	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix %	Avg. BMR Unit Size	Avg. Total Unit Size
studio	10	100	29%	31%	489	489
one-bedroom	12	113	35%	35%	650	650
two-bedroom	11	105	32%	32%	999	999
three-bedroom	1	9	3%	3%	1252	1252
TOTAL BMR Units	34	327	100%	100%	733	729
PARCEL TOTAL UNITS	327					
% BMR	10%					
Parcel 3	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix %	Avg. BMR Unit Size	Avg. Total Unit Size
studio	12	118	28%	28%	503	503
one-bedroom	18	170	42%	41%	723	723
two-bedroom	13	131	30%	31%	1078	1078
three-bedroom						
TOTAL BMR Units	43	419	100%	100%	769	772
PARCEL TOTAL UNITS	419					
% BMR	10%					
Parcel 6	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix %	Avg. BMR Unit Size	Avg. Total Unit Size
studio	3	25	15%	14%	500	500
one-bedroom	7	61	35%	34%	691	691
two-bedroom	9	77	45%	43%	867	867
three-bedroom	1	15	5%	8%	1281	1281
TOTAL BMR Units	20	178	100%	100%	771	790
PARCEL TOTAL UNITS	178					
% BMR	11%					
TOTAL UNITS PHASE 1	1044					
TOTAL BMR UNITS PHASE 1	216					

Illustrative Phase 2 at Full Buildout						
Phase 2 % Affordable Units		14.0%				
Parcel 4	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix %	Avg. BMR Unit Size	Avg. Total Unit Size
studio	15	106	24%	24%	450	450
one-bedroom	32	231	52%	53%	703	703
two-bedroom	13	88	21%	20%	1149	1149
three-bedroom	2	15	3%	3%	1199	1199
TOTAL BMR Units	62	440	100%	100%	751	748
PARCEL TOTAL UNITS	440					
% BMR	14%					
Parcel 5	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix %	Avg. BMR Unit Size	Avg. Total Unit Size
studio	7	50	21%	20%	450	450
one-bedroom	16	127	47%	52%	764	764
two-bedroom	9	57	26%	23%	1030	1030
three-bedroom	2	12	6%	5%	1260	1260
TOTAL BMR Units	34	246	100%	100%	799	786
PARCEL TOTAL UNITS	246					
% BMR	14%					

TOTAL UNITS PHASE 2	686
TOTAL BMR UNITS PHASE 2	96

Phasing of BMR units	Phase 1 BMR Units	Phase 1 BMR %	Phase 2 BMR Units	Phase 2 BMR %	TOTAL
City BMR Ordinance Units*	168	16.1%	96	14.0%	15.3%
Commercial Linkage Fee Units* **	48	4.6%	0	0.0%	2.8%
TOTAL	216	20.7%	96	14.0%	18.0%

**Comparison of low income inclusionary requirement to alternate mix proposed
(for illustrative purposes)
ATTACHMENT D.2 - ALTERNATIVE SCENARIO**

Original (Per BMR ordinance requirement of 15% low income)

Unit Type	AMI (<80%)			Comparable Market Rents*	Affordable Rents**	Number Proposed units	Subsidy per unit	Total Subsidy
studio	LI			2,968	2,226	154	742	114,268
one-bedroom	LI			3,628	2,721	97	907	87,979
two-bedroom	LI			4,370	3,278	55	1,093	60,088
three-bedroom	LI			5,518	3,877	6	1,641	9,847
TOTAL						312		272,182
							avg/unit	872

Alternative Proposed

Unit Type	AMI Limit	AMI Category	Senior/Inclusionary	Comparable Market Rents*	Affordable Rents**	Number Proposed units	Subsidy per unit	Total Subsidy
studio	30% ELI		Senior	2,968	979	74	1,989	147,216
studio	50% VLI		Senior	2,968	1,631	33	1,337	44,121
studio	50% VLI		Inclusionary	2,968	1,631	2	1,337	2,674
studio	80% LI		Inclusionary	2,968	2,226	14	742	10,388
studio	120% MI		Inclusionary	2,968	2,226	31	742	23,002
one-bedroom	30% ELI		Senior	3,628	1,049	8	2,579	20,634
one-bedroom	50% VLI		Senior	3,628	1,748	4	1,880	7,520
one-bedroom	50% VLI		Inclusionary	3,628	1,748	7	1,880	13,160
one-bedroom	80% LI		Inclusionary	3,628	2,721	28	907	25,396
one-bedroom	120% MI		Inclusionary	3,628	2,721	50	907	45,350
two-bedroom	50% LI		Inclusionary	4,370	2,097	3	2,273	6,819
two-bedroom	80% LI		Inclusionary	4,370	3,278	9	1,093	9,833
two-bedroom	120% MI		Inclusionary	4,370	3,278	43	1,093	46,978
three-bedroom	50% LI		Inclusionary	5,518	2,423	0	3,095	-
three-bedroom	80% LI		Inclusionary	5,518	3,877	2	1,641	3,282
three-bedroom	120% MI		Inclusionary	5,518	4,139	4	1,380	5,518
TOTAL						312		411,890
							avg/unit	1,320

ELI	82
VLI	49
LI	53
MI	128
TOTAL	312

* Estimated market rents inc. utilities from KMA Housing Needs Assessment Dated April 2022, page 33

**San Mateo Rent Limits (HCD Published Limits 2022); inclusive of utilities

AMI level		studio	one	two	three
25%		816	874	1049	1212
30%		979	1049	1258	1454
50%		1631	1748	2097	2423
60%		1794	1923	2307	2665
80%		2610	2797	3355	3877
90%		2936	3146	3775	4361
100%		3262	3496	4194	4846
110%		3588	3846	4613	5331
120%		3914	4195	5033	5815

**WILLOW VILLAGE SUMMARY BMR PROGRAM
Attachment C.3 - SECONDARY ALTERNATE SCENARIO**

Program Breakdown	
Inclusionary Units	260
Total Units	260

Illustrative BMR Income Breakdown at Full Buildout - SECONDARY ALT		
Category	AMI	# Units
Low (Inclusionary)	80%	260
TOTAL BMR Units		260
TOTAL PROJECT UNITS	1730	
Affordable %	15.0%	
PROJECT WIDE Avg. Affordability	80.0%	
City of Menlo Park Required Affordability	80.0%	

Illustrative Phase 1 at Full Buildout							
Phase 1 % Affordable Units							
15.1%							
Parcel 7 (Market Rate)	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix %	Avg. BMR Unit Size	Avg. Total Unit Size	
studio	15	108	71%	71%	466	466	
one-bedroom	6	11	29%	29%	633	633	
two-bedroom	0	1	0%	0%	929	929	
three-bedroom							
TOTAL BMR Units	21	120	100%	100%	514	485	
PARCEL TOTAL UNITS	120						
% BMR	18%						
Parcel 2	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix %	Avg. BMR Unit Size	Avg. Total Unit Size	
studio	15	100	31%	31%	489	489	
one-bedroom	16	113	33%	35%	650	650	
two-bedroom	15	105	31%	32%	999	999	
three-bedroom	2	9	4%	3%	1252	1252	
TOTAL BMR Units	48	327	100%	100%	734	729	
PARCEL TOTAL UNITS	327						
% BMR	15%						
Parcel 3	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix %	Avg. BMR Unit Size	Avg. Total Unit Size	
studio	17	118	27%	28%	503	503	
one-bedroom	25	170	40%	41%	723	723	
two-bedroom	21	131	33%	31%	1078	1078	
three-bedroom							
TOTAL BMR Units	63	419	100%	100%	782	772	
PARCEL TOTAL UNITS	419						
% BMR	15%						
Parcel 6	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix %	Avg. BMR Unit Size	Avg. Total Unit Size	
studio	4	25	15%	14%	500	500	
one-bedroom	9	61	35%	34%	691	691	
two-bedroom	11	77	42%	43%	867	867	
three-bedroom	2	15	8%	8%	1281	1281	
TOTAL BMR Units	26	178	100%	100%	782	790	
PARCEL TOTAL UNITS	178						
% BMR	15%						
TOTAL UNITS PHASE 1	1044						
TOTAL BMR UNITS PHASE 1	158						

Illustrative Phase 2 at Full Buildout							
Phase 2 % Affordable Units							
14.9%							
Parcel 4	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix %	Avg. BMR Unit Size	Avg. Total Unit Size	
studio	16	106	24%	24%	450	450	
one-bedroom	35	231	53%	53%	703	703	
two-bedroom	13	88	20%	20%	1149	1149	
three-bedroom	2	15	3%	3%	1199	1199	
TOTAL BMR Units	66	440	100%	100%	745	748	
PARCEL TOTAL UNITS	440						
% BMR	15%						
Parcel 5	BMR Units	Total Units	BMR Unit Mix%	Parcel Total Unit Mix %	Avg. BMR Unit Size	Avg. Total Unit Size	
studio	7	50	19%	20%	450	450	
one-bedroom	19	127	53%	52%	764	764	
two-bedroom	8	57	22%	23%	1030	1030	
three-bedroom	2	12	6%	5%	1260	1260	
TOTAL BMR Units	36	246	100%	100%	790	786	
PARCEL TOTAL UNITS	246						
% BMR	15%						

TOTAL UNITS PHASE 2 686
TOTAL BMR UNITS PHASE 2 102

ATTACHMENT E - GREYSTAR MENLO PORTAL LOW INCOME EQUIVALENCY CALCULATION

Comparison of low income inclusionary requirement to alternative mix proposed by developer Project: Menlo Portal - Scenario 1 and Alternative

Original (Per BMR ordinance requirement of 15% Low Income)

Unit size (e.g 1 bedroom)	AMI	Market Rents	Affordable rents	Number proposed units	Subsidy per unit	Total subsidy
Studio	LI	2975	2231	18	744	13392
1 BDRM	LI	3475	2606	21	869	18249
2 BDRM	LI	4250	3137	8	1113	8904
3 BDRM	LI	5000	3625	1	1375	1375
Total				48		41920

873.33 (AVG/UNIT)

NOTES:

Affordable rents based on 2020 San Mateo County Area Median Income

Affordable rent calculation assumes family size for each unit: Studio: 1 person; one-bedroom: 1.5 persons; two-bedroom: 3 persons; three-bedroom: 4.5 persons

Junior one bedrooms are included in the studio unit count

Maximum affordable rents were adjusted not to exceed 75% of market rent for unit size

Alternative Proposed

Unit size (e.g 1 bedroom)	AMI	Market Rents	Affordable rents	Number proposed units	Subsidy per unit	Total subsidy
Studio	VLI	2975	1522	3	1453	4359
Studio	LI	2975	2231	10	744	7440
Studio	MI	2975	2231	5	744	3720
1 BDRM	VLI	3475	1631	0	1844	0
1 BDRM	LI	3475	2606	4	869	3476
1 BDRM	MI	3475	2606	17	869	14773
2 BDRM	VLI	4250	1957	0	2293	0
2 BDRM	LI	4250	3137	0	1113	0
2 BDRM	MI	4250	3187	8	1063	8504
3 BDRM	MI	5000	3750	1	1250	1250
Total				48		43522

906.71 (AVG/UNIT)

Mercy Housing Resident Services ATTACHMENT B

Mercy Housing California (MHC) is a leader in an integrated, mission-based approach that couples the delivery of customized resident and community service enrichments with quality development, management, and maintenance to create healthy communities. MHC has a robust Resident Services Program that serves over 4,715 seniors and is implemented at 49 senior properties throughout California. Resident Services Coordinators (RSCs) are onsite and oversee the delivery of quality programming and services to a culturally diverse group of seniors and individuals with disabilities.

The essential services include a wellness model that has been selected to be responsive to the needs of older adults wishing to "age in place". Service-enriched housing further addresses the critical factors associated with averting and delaying institutionalization such as continuously monitoring cognitive, functional, and other risk factors; providing wellness services; teaching chronic disease management strategies; and actively coordinating transitions to and from the hospital. The Resident Services Program is designed to include four priority program models: 1) Health and Wellness 2) Economic Development/Housing Stability 3) Education 4) Community Participation.

Health & Wellness

MHC delivers health services coordination to all its residents, offering the following services: basic health & needs assessments, ADL support & screening, health benefit acquisition, health education & risk reduction, physical activities, access to food, wellbeing checks, transition planning, and linkages to preventative and behavioral health care. Service enriched housing requires strong partnerships with health care providers.

Recognizing that there may be a lack of resources available to residents in the 40-50% AMI category, MHC will continue to create partnerships that leverage both private and public health agencies to ensure service delivery is enhanced. Current creative partnerships have included working with California State University to implement a Preventative Health Screenings Program on site at all MHC's senior properties in San Francisco. MHC has also partnered with the Institute on Aging to provide a wellness nurse at three of our senior properties in San Francisco. The wellness nurse provides the following onsite services: comprehensive psychosocial and health assessments and monitoring, blood pressure screening, glucose monitoring, hospital transition planning, and home visits.

All RSCs are trained to be workshop facilitators in Stanford's Chronic Disease Self-Management (CDSMP) Class and Matter of Balance. The CDSMP workshop focuses on a self-management approach in dealing with chronic conditions such as heart disease, arthritis, diabetes, depression, asthma, and other physical and mental health conditions. Residents who have participated in the program have reported improvements in their condition and general well-being and continue engage in physical activity and exercises. Also, 80% of residents that have participated in fall prevention workshop report viewing falls and fear of falling as controllable.

Economic Development/Housing Stability

MHC's long-term impact is to create households that have safe and stable housing, and where renters are in good standing. In order to achieve housing stability, MHC's services staff work closely with residents, and provide the following services: eviction prevention coaching, lease education, housing options, housing inspection, linkages with financial resources, and referrals. Housing stability activities are provided proactively before any risk of instability of housing occurs or following an incident that increases the resident's risk of eviction. MHC understands the complex needs of our residents, and therefore we position our residents with the best of resources, so that they can maintain their housing stability.

Education

MHC believes that education plays an important part in empowering residents with the knowledge to make good decisions. The focus of MHC's education programming is focused around creating Financial Stability. In addition to referrals, Resident Services Coordinators provide the following services: financial stability seminars, financial benefit acquisition, employment and job readiness support, and technology literacy. MHC requires that all properties implement at least one education seminar every month.

Community

Community participation is a vehicle for preventing isolation, reducing conflict, enhancing safety, promoting property and neighborhood pride, and building leadership skills in individual residents. MHC supports strong resident participation and feedback in all areas of programming and services. In order to achieve this, MHC encourages residents to participate in community events, and join tenant councils and volunteer groups. Resident Services encourages community participation in order to enhance social connections and build community among residents and between and property and the surrounding community.

Comparison of low income inclusionary requirement to alternative mix proposed by developer
 Project: Willow Village
 Date: 7/26/22

Original (Per BMR ordinance requirement of 15% Low Income)

Unit size (e.g 1 bedroom)	AMI	Market Rents	Affordable rents	Number proposed units	Subsidy per unit	Total subsidy
Studio	LI	2968	2226	154	742	114268
1 BDRM	LI	3628	2721	97	907	87979
2 BDRM	LI	4370	3277.5	55	1092.5	60087.5
3 BDRM	LI	5518	3876	6	1642	9852
Total				312		272186.5

75% rent cap
 2226
 2721
 3277.5
 4138.5

872.39 (AVG/UNIT)

NOTES:

Affordable rents based on 2022 San Mateo County Area Median Income released annually by the California Department of Housing and Urban Development (HCD)
 Affordable rent calculation assumes family size for each unit: Studio: 1 person; one-bedroom: 1.5 persons; two-bedroom: 3 persons; three-bedroom: 4.5 persons
 Junior one bedrooms are included in the studio unit count
 Market rate rents are from the housing needs assessment prepared for the proposed project
 Maximum affordable rents were adjusted not to exceed 75% of market rent for unit size

Mixed-Income Equivalency Calculation (Applicant's Proposal)

Unit size (e.g 1 bedroom)	AMI	Market Rents	Affordable rents	Number proposed units	Subsidy per unit	Total subsidy
Studio	ELI	2968	979	74	1989	147186
Studio	VLI	2968	1631	33	1337	44121
Studio	LI	2968	2226	17	742	12614
Studio	MI	2968	2226	30	742	22260
1 BDRM	ELI	3628	1049	8	2579	20632
1 BDRM	VLI	3628	1748	4	1880	7520
1 BDRM	LI	3628	2721	35	907	31745
1 BDRM	MI	3628	2721	50	907	45350
2 BDRM	VLI	4370	2097	0	2273	0
2 BDRM	LI	4370	3277.5	21	1092.5	22942.5
2 BDRM	MI	4370	3277.5	34	1092.5	37145
3 BDRM	LI	5518	3876	3	1642	4926
3 BDRM	MI	5518	4138.5	3	1379.5	4138.5
Total				312		400580

75% rent cap
 2226
 2226
 2226
 2226
 2721
 2721
 2721
 2721
 3277.5
 3277.5
 3277.5
 4138.5
 4138.5

1,283.91 (AVG/UNIT)

ELI	82
VLI	37
LI	76
MI	117
Total	312

2022 Income and Rent Limits Schedule - City of Menlo Park

Area Median Income: \$166,000 (for a household of 4 persons) effective May 13, 2022

Income Category	Household Size						
	1	2	3	4	5	6	7
Extremely Low Income (30% AMI)	39150	44750	50350	55900	60400	64850	69350
Very Low Income (50% AMI)	65250	74600	83900	93200	100700	108150	115600
Low Income (80% AMI)	104400	119300	134200	149100	161050	173000	184900
Median Income	116200	132800	149400	166000	179300	192550	205850
Moderate Income (120% AMI)	139450	159350	179300	199200	215150	231050	247000

<https://www.hcd.ca.gov/docs/grants-and-funding/inc2k22.pdf>

Maximum Rents	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Extremely Low Income	979	1049	1259	1454	1621
Very Low Income	1631	1748	2097	2423	2703
Low Income	2610	2796	3355	3876	4325
Moderate Income	3486	3735	4482	5179	5776

NOTE 1: The maximum rent is based on the following household size for each unit: Studio: 1 person; 1-bedroom: 1.5 persons; 2-bedroom: 3 persons; 3-bedroom: 4.5 persons; 4-bedroom: 6 persons.

NOTE 2: Per the City of Menlo Park BMR Guidelines (Section 4.1.2), the monthly rental amounts for BMR unit shall not exceed seventy-five percent (75%) of comparable market rate rents. Additional calculations may be necessary for each project to ensure BMR rents comply with this requirement.

Comparison of low income inclusionary requirement to alternative mix proposed by developer - Second Alternate Mix

Project: Willow Village

Date: 7/26/22

Original (Per BMR ordinance requirement of 15% Low Income)

Unit size (e.g 1 bedroom)	AMI	Market Rents	Affordable rents	Number proposed units	Subsidy per unit	Total subsidy
Studio	LI	2968	2226	154	742	114268
1 BDRM	LI	3628	2721	97	907	87979
2 BDRM	LI	4370	3277.5	55	1092.5	60087.5
3 BDRM	LI	5518	3876	6	1642	9852
Total				312		272186.5

75% rent cap
2226
2721
3277.5
4138.5

872.39 (AVG/UNIT)

NOTES:

Affordable rents based on 2022 San Mateo County Area Median Income released annually by the California Department of Housing and Urban Development (HCD)

Affordable rent calculation assumes family size for each unit: Studio: 1 person; one-bedroom: 1.5 persons; two-bedroom: 3 persons; three-bedroom: 4.5 persons

Junior one bedrooms are included in the studio unit count

Market rate rents are from the housing needs assessment prepared for the proposed project

Maximum affordable rents were adjusted not to exceed 75% of market rent for unit size

Mixed-Income Equivalency Calculation (Applicant's Proposal)

Unit size (e.g 1 bedroom)	AMI	Market Rents	Affordable rents	Number proposed units	Subsidy per unit	Total subsidy
Studio	ELI	2968	979	74	1989	147186
Studio	VLI	2968	1631	35	1337	46795
Studio	LI	2968	2226	14	742	10388
Studio	MI	2968	2226	31	742	23002
1 BDRM	ELI	3628	1049	8	2579	20632
1 BDRM	VLI	3628	1748	11	1880	20680
1 BDRM	LI	3628	2721	28	907	25396
1 BDRM	MI	3628	2721	50	907	45350
2 BDRM	VLI	4370	2097	3	2273	6819
2 BDRM	LI	4370	3277.5	9	1092.5	9832.5
2 BDRM	MI	4370	3277.5	43	1092.5	46977.5
3 BDRM	LI	5518	3876	2	1642	3284
3 BDRM	MI	5518	4138.5	4	1379.5	5518
Total				312		411860

75% rent cap

2226
2226
2226
2721
2721
2721
2721
2721
3277.5
3277.5
3277.5
4138.5
4138.5

154

1,320.06 (AVG/UNIT)

ELI	82
VLI	49
LI	53
MI	128
Total	312