

REGULAR MEETING AGENDA

 Date:
 9/7/2022

 Time:
 6:30 p.m.

 Location:
 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 –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

Subject to Change: Given the current public health emergency and the rapidly evolving federal, state, county and local orders, the format of this meeting may be altered or the meeting may be canceled. You may check on the status of the meeting by visiting the City's website www.menlopark.org. The instructions for logging on to the Zoom webinar and/or the access code is subject to change. If you have difficulty accessing the Zoom webinar, please check the latest online edition of the posted agenda for updated information (menlopark.org/agenda).

Regular Meeting (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 August 3, 2022 (Attachment)
- D2. Recommendation of approval to the Planning Commission for payment of the below market rate (BMR) in-lieu fee for the proposed change of land use from warehouse to research and development (R&D) of an existing building at 1190 O'Brien Drive (Staff Report #22-006-HC)

Housing Commission Regular Meeting Agenda September 7, 2022 Page 2 of 2

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.

Any writing that is distributed to a majority of the Commission by any person in connection with an agenda item is a public record (subject to any exemption under the Public Records Act) and is available by request by emailing the city clerk at jaherren@menlopark.org. Persons with disabilities, who require auxiliary aids or services in attending or participating in Commission meetings, may call the City Clerk's Office at 650-330-6620.

Agendas are posted in accordance with Government Code §54954.2(a) or §54956. Members of the public can view electronic agendas and staff reports by accessing the City website at menlopark.org/agenda and can receive email notification of agenda and staff report postings by subscribing to the "Notify Me" service at menlopark.org/notifyme. Agendas and staff reports may also be obtained by contacting City Clerk at 650-330-6620. (Posted: 9/01/2022)



REGULAR MEETING MINUTES – DRAFT

Date: 8/3/2022 Time: 6:30 p.m. Location: Zoom

A. Call To Order

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

B. Roll Call

Present: Bigelow, Leitch, Nguyen (joined meeting at 7:32 p.m.), Pimentel, Walker Absent: Campos, Merriman Staff: Interim Housing Manager Eren Romero, Management Analyst Adam Patterson, Acting Planning Manager Kyle Perata, Community Development Technician Vanh Malathong

C. Public Comment

• Jenny Michel spoke in support of involvement with single use vehicle parking needs and very lowmoderate income units.

D. Regular Business

D1. Approve minutes for the Housing Commission regular meeting on June 1, 2022 (Attachment)

ACTION: Motion and second (Leitch/ Pimentel), to approve minutes for the Housing Commission regular meeting on June 1, 2022, passed 4-0 (Campos, Merriman, and Nguyen absent).

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) Report

Acting Planning Manager Kyle Perata made a presentation (Attachment).

Paul Nieto of Signature Development Group and Peninsula Innovation Partners made a presentation (Attachment)

- Housing Action Coalition representative Corey Smith spoke in support of the project.
- YIMBY Action representative Rafa Sonnenfeld spoke in support of the project
- Eugenia Borgo spoke in support of the project.
- Housing Leadership Council representative Evelyn Stivers spoke in support of the project.
- Pam D. Jones spoke in support of the project.
- Bay Area Council representative Alex Torres spoke in support of the project.
- Fountain of Life Global Christian Ministry Pastor Teirrah McNair spoke in support of the project.
- Silicon Valley Leadership Group representative Marlee Smith of the spoke in support of the project.
- Jordan Grimes spoke in support of the project.

Housing Commission Regular Meeting Minutes – DRAFT August 3, 2022 Page 2 of 2

- Isabel Solis spoke in support of the project.
- Aline Jaminais-Grellier spoke in support of the project.
- Jenny Michel spoke in support of the project.
- SAMCEDA (San Mateo County Economic Development Association) representative Larisa Ocanada spoke in support of the project.

ACTION: Motion and second (Pimentel/Walker), to recommend the approval of Option 1, as presented in the staff report 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, passed 5-0 (Campos and Merriman absent).

E. Reports and Announcements

E1. Ad hoc subcommittee reports (10 minutes)

None.

E2. Commissioner updates

None.

E3. Recommended future agenda items

None.

- E4. Staff updates and announcements
 - Interim Housing Manager Romero announced that the Housing Commission work plan needs updating and recommended that the Subcommittee begin updating the work plan for the 2022-23 fiscal year.
 - Interim Housing Manager Romero announced that the draft Housing Element has been submitted to the state.

F. Adjournment

Chair Bigelow adjourned the meeting at 9:23 p.m.

Arianna Milton, Permit Technician



WILLOW VILLAGE MASTER PLAN PROJECT

1350- 1390 Willow Road, 925- 1098 Hamilton Avenue, 1005-1275 Hamilton Court Below Market Rate (BMR) Term Sheet and Draft Form BMR Agreement Staff Presentation to Housing Commission, August 3, 2022



RECOMMENDED MEETING FORMAT

- Meeting agenda
 - Staff overview and presentation
 - Applicant presentation
 - Public comment
 - Commissioner discussion and recommendation
- Recommendation:
 - Review and provide a recommendation on the draft form below market rate (BMR) housing agreement and BMR housing agreement term sheet
 - Draft form BMR housing agreement (Attachment A)
 - Draft BMR Term Sheet (Attachment B)





WILLOW VILLAGE PROJECT LOCATION





EXISTING SITE PLAN





BELOW MARKET RATE REQUIREMENTS



- Compliance with BMR Ordinance and BMR Guidelines
 - Mixed-use projects must comply with both residential and commercial requirements
- Residential requirement
 - 15 percent of the total units proposed
 - low-income households for rental units or equivalent alternative
 - 260 required inclusionary BMR units
- Commercial requirement
 - BMR linkage units or in lieu fee to mitigate demand for affordable housing from commercial development projects
 - On-site units preferred
 - 52 units required for project (or \$22 million in lieu fee)



PROJECT BMR PROPOSAL

- 312 total BMR units
 - 260 inclusionary units (15% of 1,730 total units)
 - 52 commercial linkage units
- 119 senior age-restricted BMR units
 - Standalone building with essential services
 - Extremely-low and very-low income seniors
 - Financed through federal, state, and local (non-City) funding sources and applicant contribution
- 193 non-age restricted BMR units
 - Predominately low-income and moderate-income households
- Proposal includes a low-income equivalency alternative
 - Calculation inclusive of age-restricted and non-age restricted components of BMR proposal



BMR INCOME BREAKDOWN

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	

BMR PROPOSAL AND REGIONAL HOUSING NEEDS ALLOCATION



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	
1	Moderate (80%-120%)	496	117	24%	380	
	Total units	1 <mark>6</mark> 62	3 <mark>12</mark>	19%	1350	



LOCATION AND SIZE OF BMR UNITS

- BMR proposal includes a standalone senior BMR building
 - Senior building predominately studios and one-bedroom units
- City evaluates proportionality across entire project site
 - Evaluated against Section 5.1 of BMR Guidelines
 - BMR units generally same proportionate size as the market rate units, distributed throughout the development, and be indistinguishable from the exterior
- Proposal inconsistent with location and size (proportionality)
 - Higher percentage of studio BMR units than overall site mix
 - 119 units in a standalone age-restricted building
 - 100 percent affordable building would not necessarily comply with location/distribution requirement
- BMR Guidelines Section 13 allows City to approve reasonably equivalent alternatives



LOCATION AND SIZE OF BMR UNITS

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	

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BMR PROPOSAL (CONTINUED)

- Low income equivalency
 - Proposal includes a mix of extremely-, very-, low-, and moderateincome limit BMR units
 - Senior standalone building contains deeper affordability
 - Non-age restricted units low-income and moderate-income limits
 - Average subsidy per unit equivalent to an all low-income limit BMR proposal
- Commercial linkage unit requirement
 - Applicant obligation is 52 BMR units or \$22 million in lieu fee
 - Provision of units is preferred per BMR Guidelines
- Alternate applicant proposals



HOUSING COMMISSION CONSIDERATIONS

- Location and size of units
 - Consider whether applicant's proposed modifications from the proportionality and location requirements are appropriate for the project
- Commercial linkage units
 - Consider if the commercial linkage units should be incorporated into the project or if the in lieu fee is preferred
- Alternate proposals
 - Should the applicant pursue that alternate proposals outlined in the staff report?
- Provide recommendation on the draft form BMR Agreement and Term Sheet







THANK YOU





Willow Village

Housing Commission Presentation

AUGUST 3, 2022

D2-APPLICANT PRESENTATION

Page D-1.17

Willow Village Master Plan

- 1,730 homes, 312 BMR units (18% of total)
 - > 119 units of senior affordable housing
 - ➢ 193 units of inclusionary housing
- Community Amenities
 - ⋟ \$5M additional affordable housing contribution
 - > 22 units for teacher housing in Belle Haven
- Up to 200,000 sf of retail
- Approx. 8 acres of public space
- Town Square and public plazas
- Dedicated pedestrian paths and bike lanes
- 1.25M sf of office and 350,000 sf of accessory space
- Sustainable design and building materials

A Holistic Approach

✓ Allows City to help meet RNHA requirements

✓ 312 BMR units meet and exceed City's minimum AMI requirements of 80%

✓ Serves a diverse population

- Senior affordable building with robust services (delivers extremely low income units)
- Offers very low inclusionary units
- Provides missing middle housing (moderate income units)
- ✓ Unit mix maximizes amount of affordable units
- ✓ Commercial linkage units provided on site
- ✓\$5M additional affordable housing contribution



Menlo Park, CA







Peninsula Innovation Partners

Grocery Store Page Dt 1, 212





Main Street Mixed Use PagegDt 1, 22





Peninsula Innovation Partners



Parcel 6 (Park Street) Page Dast 32322





Peninsula Innovation Partners

Parcel 7 (Senior Affordable Housing) Page Dat 32422







Parcel 7 (Park Street) Page Dast 325





Peninsula Innovation Partners

Town Square Main & West Street Intersection Page gD+ 1,.262





Elevated Park Page Dt 1, 272





Main Street Page gDt 1,.282

BMR Proposal – Option 1

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

Income Breakdown		
	AMI	
Category	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 City of Menlo Park Required	78.3%	
Affordability	80.0%	
Senior Building Avg. Affordability	36.2%	
Inclusionary Avg. Affordability	104.2%	

195 units at LI and below

BMR Proposal – Option 2

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

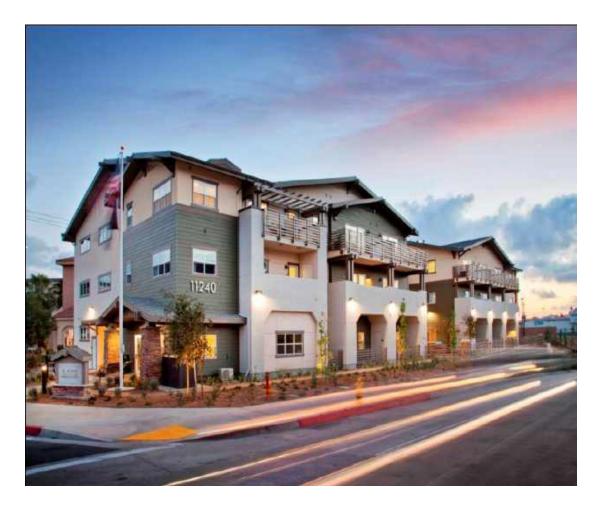
Income Breakdown		
Category	AMI	# Units
Extremely Low (Senior)	30%	82
Very Low (Senior)	50%	37
Very Low (Inclusionary)	50%	12
Low (Inclusionary)	80%	53
Moderate (Inclusionary)	120%	128
TOTAL BMR Units		312
TOTAL PROJECT UNITS	1730	
Affordable %	18.0%	
PROJECT WIDE Avg. Affordability City of Menlo Park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

184 units at Ll and below

Comparison of Options 1 and 2

Comparison of Scenarios				
	Op	Option 1		tion 2
	AMI		ΑΜΙ	
Category	Limit	# Units	Limit	# Units
Extremely Low (Senior)	30%	82	30%	82
Very Low (Senior)	50%	37	50%	37
Very Low (Inclusionary)	50%	0	50%	12
Low (Inclusionary)	80%	76	80%	53
Moderate (Inclusionary)	120%	117	120%	128
TOTAL BMR Units		312		312
TOTAL PROJECT UNITS	1730		1730	
Affordable %	18.0%		18.0%	
PROJECT WIDE Avg. Affordability	78.3%		78.6%	
City of Menlo Park Required Affordability	80.0%		80.0%	
Senior Building Avg. Affordability	36.2%		36.2%	
Inclusionary Avg. Affordability	104.2%		108.3%	

Mercy Housing



- Founded in 1981, Mercy Housing develops and owns and operates over 23,000 affordable homes for families, seniors and veterans and people exiting homelessness
- Mercy Housing has developed over 3,000 affordable senior apartments throughout California

Mercy Housing



 Service-enriched approach to senior housing

 On-site resident service coordinators work individually with each senior
 Services focus on health and wellness, housing stability, and social connection
 Regular assessments help seniors age in place with assistance in securing inhome support services as needed

• Within Mercy's senior portfolio, most are single occupants

Affordable Senior Housing Need

- The Willow Village Plan supports these Housing Element Goals:
 Goal H3 SPECIALIZED HOUSING NEEDS: supports senior housing
 Goal H4 NEW HOUSING: housing a variety of income levels
- Demonstrated need for affordable senior housing
 - Seniors are the fastest growing age group in the region
 - For every available Mercy senior unit, there are over 50 persons that apply
 - Sequoia Belle Haven received over 1,470 applications for 53 senior units, with 1,700 persons on the waitlist

A Holistic Approach

✓ Allows City to help meet RNHA requirements

✓ 312 BMR units meet and exceed City's minimum AMI requirements of 80%

✓ Serves a diverse population

- Senior affordable building with robust services (delivers extremely low income units)
- Offers very low inclusionary units
- Provides missing middle housing (moderate income units)
- ✓ Unit mix maximizes amount of affordable units
- ✓ Commercial linkage units provided on site
- ✓\$5M additional affordable housing contribution





Peninsula Innovation Partners

Parcel 7 (Senior Affordable Housing) Page I 3622

AGENDA ITEM D-2 Community Development



STAFF REPORT

Housing Commission Meeting Date: Staff Report Number:

9/7/2022 22-006-HC

Regular Business:

Recommendation of approval to the Planning Commission for payment of the below market rate (BMR) in-lieu fee for the proposed change of land use from warehouse to research and development (R&D) of an existing building at 1190 O'Brien Drive

Recommendation

Staff recommends that the Housing Commission recommend approval to the Planning Commission for payment of the Below Market Rate (BMR) in-lieu fee for the proposed change of land use from warehouse to research and development (R&D) of an existing building at 1190 O'Brien Drive.

Policy Issues

Each BMR Housing Agreement is considered individually. The Housing Commission should consider whether the proposal would be in compliance with the BMR Housing Program Guidelines requirements and the BMR Housing Ordinance.

Background

Site location

The approximately 27,800-square-foot subject site is located at 1190 O'Brien Drive. The site is located in the LS (Life Sciences) zoning district. The parcel is located on the corner of O'Brien Drive and Kavanaugh Drive. The properties to the north across Kavanaugh Drive and directly to the south are located in the LS district. The properties across O'Brien Drive to the west are in the LS-B (Life Science, Bonus) district. The property borders residential properties in East Palo Alto to the east. A location map is included as Attachment A.

Analysis

Project description

The existing building is approximately 15,180 square feet, including a 3,168-square-foot mezzanine level. The building has been used as machine shop since 1983 and included associated administrative office space. The applicant is requesting a building permit for interior modifications to the building to facilitate a change of use to an R&D use, along associated site improvements for flood fortification. Select sheets from the project plans are included for reference as Attachment B. The Housing Commission should note that the proposal is still under staff review, and aspects of the design are subject to change before final project actions. As long as the project scope regarding the conversion of the use remains consistent, the

Housing Commission's recommendation would remain applicable to the project.

BMR housing program requirement

The applicant is required to comply with Chapter 16.96 of City's Municipal Code, ("BMR Ordinance"), and with the BMR Housing Program Guidelines adopted by the City Council to implement the BMR Ordinance ("Guidelines"). At this time, the Housing Commission should review the Commercial in-lieu fee requirement and provide a recommendation to the Planning Commission. The Commercial in-lieu fee requirement would subsequently be reviewed by the Planning Commission.

Commercial development projects 10,000 square feet, and greater, in size are subject to the City's BMR Ordinance. The BMR Guidelines provide various alternatives to meet the intent of the BMR program. A commercial development may be required to provide BMR housing on site (if allowed by the zoning district) or off-site. If it is not feasible to provide below market rate housing units, the applicant shall pay an in-lieu fee. In this specific project, the residential unit equivalent is 0.34 units. However, residential use of the property is not allowed in the LS zoning district. Further, the applicant does not own any sites zoned for residential uses within the City. Based on the site's zoning designation, proposed land use, and the small residential unit equivalent, staff believes that payment of the in-lieu fee would be the appropriate method for meeting the City's BMR requirement.

The in-lieu fee would be calculated as set forth in the table below. The applicable fee for the project would be based upon the per square foot fee in effect at the time of payment and the proposed square footages within Group A and Group B at the time of payment. Areas for office and research and development (R&D) uses are considered Group A. Group B areas represent uses that are all other commercial and industrial uses not in Group A. The rates are adjusted annually at the beginning of each fiscal year. The applicant would be required to pay the applicable in-lieu fee prior to building permit issuance.

Table 1: BMR Requirements and Applicant Proposal			
	Fee per square foot	Square feet	Component fees
Existing Building – Storage Warehouse (Group B)	\$11.46	15,180	(\$173,962.80)
Proposed Building – R&D (Group A)	\$21.12	15,180	\$320,601.60
BMR In-Lieu Fee Option			\$146,638.80

Correspondence

Staff has not received any correspondence regarding the draft BMR in-lieu fee payment. Any comments that are received prior to the Housing Commission meeting will be shared with the Commission.

Conclusion

Given that the residential unit equivalent for the project is 0.34 units and residential use of LS-zoned properties is not permitted under current zoning regulations, staff recommends that the Housing Commission recommend approval of payment of the applicable in-lieu fees prior to building permit issuance for the project. The Planning Commission is expected to take action on the in-lieu fee at a future

meeting.

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

The proposed project is being evaluated with respect to compliance with the California Environmental Quality Act (CEQA) as part of the Planning Commission action. A recommendation on the BMR in-lieu fee payment is not an action under CEQA, so environmental review is not required by the Housing Commission. It is anticipated that there will be a finding of exemption when the item goes before the Planning Commission.

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

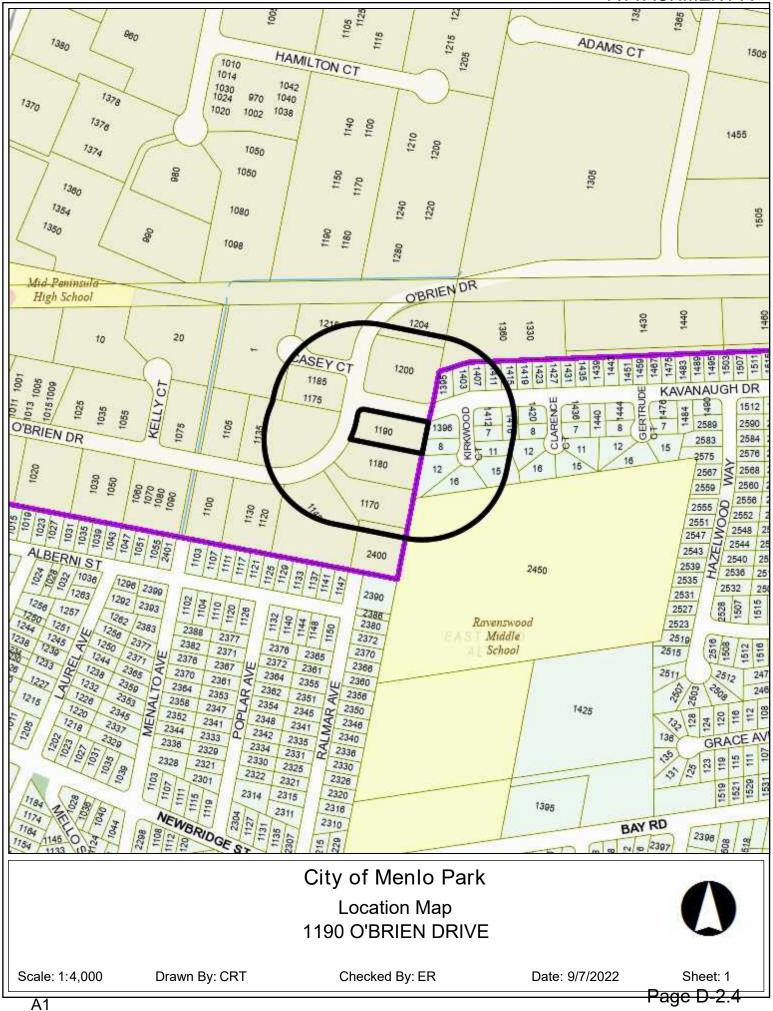
A. Location Map

B. Project Plans (Select Sheets)

Report prepared by: Chris Turner, Associate Planner

Report reviewed by: Eren Romero, Interim Housing Manager

ATTACHMENT A



ATTACHMENT B

