

February 19, 2025

Ms. Fahteen N. Khan
Associate Planner
Planning Division, City Hall
1st Floor
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

RE: Below Market Rate Proposal for the 3705 Haven Project

Dear Fahteen:

3705 Haven LLC (“Applicant”) is pleased to provide this updated Below Market Rate (“BMR”) Proposal for the 3705 Haven Project (“Project”) located at 3705 Haven Avenue (“Property”) in the City of Menlo Park (“City”). The BMR Proposal has been prepared based on the City’s *Below Market Rate Housing Program* (Chapter 16.96 of the City’s Municipal Code [“MPMC”]), as well as the *Below Market Rate Housing Program Guidelines*. In addition, as discussed below, the Project would meet the bonus level development requirements applicable under the Property’s zoning restrictions, and the Project is entitled to a density bonus and various concessions and waivers of development standards pursuant to the State Density Bonus Law.

1. General Overview

The City’s BMR Housing Program (“BMR Program”) is codified in the MPMC at Chapter 16.96 and generally applies to residential development projects containing five or more units. The City’s certified Housing Element emphasizes the importance of the BMR Program towards helping “contribute[] to increased affordable housing opportunities in Menlo Park.”

By implementing inclusionary housing requirements, the BMR Program encourages the production of deed restricted housing at below market rates to very low-, low- and moderate-income households. To implement the BMR Program, the City has also adopted the BMR Housing Program Guidelines (“BMR Guidelines”). According to the City’s BMR Program, “[f]or residential developments of twenty (20) or more units, the developer shall provide not less than fifteen (15%) of the units at below market rates to very low-, low- and moderate-income households.” (MPMC, § 16.96.020.)

The Property is zoned R-MU-B (residential mixed-use bonus zoning district), which establishes a “bonus level development” that developers may achieve in exchange for the voluntary provision of community amenities. The bonus level of development that may be

achieved includes an increase in the permitted density per acre (up to a maximum 100 du/acre). (MPMC § 16.45.050.) The value of the community amenities to be provided must be equal to “fifty percent (50%) of the fair market value of the additional gross floor area of the bonus level development.” (MPMC, § 16.45.070(3).)

Under the State Density Bonus Law, housing development projects that include units for rent or sale for very low, low, or moderate-income households are eligible for density bonuses and other benefits including concessions or incentives, waivers of development standards, and reductions in the amount of required parking. The requested State Density Bonus Law benefits and the Project’s compliance with the State Density Bonus Law are discussed in greater detail in the State Density Bonus Law Letter provided separately.

The Project has a base density of 66 units and through State Density Bonus Law proposes to construct a total of 112 rental units, which would include ten units at levels affordable to very low-income households and four units affordable to moderate income households. As explained below, except as permitted through State Density Bonus Law incentives/concessions or waivers, the Project would comply with the City’s BMR Program, and it also would comply with the community amenities requirements for achieving the bonus level development.

2. Program Design

As proposed, the Project would include 112 for-rent apartments, inclusive of ten units affordable to very low-income households and four units affordable to moderate income households (collectively, the “BMR Rental Units”). The unit type, average size, and allocation of the Project’s units, including the BMR Rental Units, are set forth below in Table 1.

Table 1: Allocation and Average Size of Project Units

Unit Type	Avg. Size (all units) (sq. ft.)	Avg. Size (market) (sq. ft.)	Avg. Size (BMR) (sq. ft.)	Very Low	Moderate	Market	Total
Studio	586	594	534	3	2	31	36
1 Bedroom	802	809	755	5	1	43	49
2 Bedroom	999	1008	924	2	1	23	26
3 Bedroom	1,583	1,583	N/A	0	0	1	1
Total				10	4	98	112

The initial locations of the BMR Rental Units are set forth below in Table 2.

Table 2: Initial BMR Rental Unit Locations

Unit Type	BMR Category	Unit Number	Notes
1 Bedroom	VL	201	BMR Program Unit
Studio	VL	202	BMR Program Unit
2 Bedroom	VL	204	Amenity Unit
2 Bedroom	VL	312	Amenity Unit
1 Bedroom	VL	314	BMR Program Unit
Studio	VL	315	BMR Program Unit
2 Bedroom	Mod	416	BMR Program Unit
1 Bedroom	VL	417	BMR Program Unit
Studio	VL	418	BMR Program Unit
1 Bedroom	VL	513	Amenity Unit
1 Bedroom	VL	517	BMR Program Unit
Studio	Mod	518	BMR Program Unit
1 Bedroom	Mod	617	SDBL Unit
Studio	Mod	618	BMR Program Unit

3. BMR Proposal

The Property’s R-MU-B zone permits a maximum “bonus level” density of 100 dwelling units per acre. Based on the Property being a total of approximately 0.66 acres, the Property could be developed with a total of 66 units, exclusive of any additional units that would be allowed based on the State Density Bonus Law. Based on the total of 66 units permitted under the zoning, the Project would be required under the BMR Program to provide a minimum of 10 units (i.e., 15 percent) at below market rates to very low-, low- or moderate-income households. (MPMC, § 16.96.020.) The Project would comply with this requirement by providing seven units at below market rates for very low-income households and three units at below market rates for moderate income households (together, the “BMR Program Units”), as shown in Table 2.

The Project’s BMR Program Units would comply with the BMR Guidelines inclusive of the requested State Density Bonus Law benefits (referenced further below and discussed in greater detail in the State Density Bonus Law letter provided separately). The BMR Program Units would initially be distributed throughout the development as set forth in Table 2 above, though the location of the individual BMR Rental Units may float thereafter to account for availability requirements and as otherwise necessary for the professional maintenance and operation of the Project. Further, BMR Program Units would have proportionally the same number of bedrooms as the market rate units, be distributed throughout the development, and be indistinguishable from the exterior. The design and materials used in the construction of the BMR Program Units would be of a quality comparable to the other new residential rental units in

the Project but would not need to include any luxury accessories, consistent with the BMR Guidelines.

4. Bonus Level Development and Additional State Density Bonus Law Unit

To be eligible for the “bonus level” of development permitted in the Property’s R-MU-B zone, the Project would provide community amenities. The value of the provided community amenities must equal at least fifty percent of the fair market value of the additional gross floor area of the bonus development, and may include on-site amenities, an in-lieu payment, or other amenities pursuant to a development agreement. (MPMC, § 16.45.070(3).) Consistent with the relevant valuation reports that have been prepared, the Project proposes to meet its community amenity requirement through the provision of three units at below market rates for very low-income households (“Amenity Units”).

In addition to the Amenity Units and BMR Program Units, the Project would provide one additional unit at below market rates for a moderate income household (“SDBL Unit”), which would result in the Project providing a total of four units affordable to moderate income households and ten units affordable to very low-income households, as shown in Table 2.

5. State Density Bonus Law Benefits

The Project’s ten very low-income units make the Project eligible for the benefits of the State Density Bonus Law, including a 50 percent density bonus. (Gov. Code, § 65915, subs. (b)(1), (f)(2).) By providing the additional four moderate income units, the Project also is entitled to an additional 22.5 percent density bonus. (*Id.*, subd. (v)(2).) In total, the Project is entitled to a 72.5 percent density bonus, which would accommodate the Project’s proposed 112 units. The Project also is entitled to three incentives or concessions and an unlimited number of waivers of development standards, as well as State Density Bonus Law parking requirements. (*Id.*, subs. (d)(2)(C), (e), (p).)

a. Density Bonus

The Project requests a 69.7 percent density bonus.

b. Density Bonus Law Incentives for Project

The Project requests three incentives, as discussed in greater detail in the State Density Bonus Law Letter provided separately. To summarize, the requested incentives are: (1) exceeding the BMR Guidelines’ 75 percent rental cap for BMR Program Units; (2) not to pre-plumb for recycled water; and (3) to construct a new above-ground utility pole rather than undergrounding the existing pole.

c. Density Bonus Law Waivers for Project

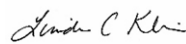
The Project's requested waivers are discussed in greater detail in the State Density Bonus Law Letter provided separately. To summarize, the Project is requesting the following nine waivers:

- Increase in residential floor area ratio ("FAR") from 225 percent to 409 percent;
- Increase in the maximum height permitted from 80 feet to approximately 86 feet measured from average natural grade to top of roof plywood, excluding rooftop mechanical equipment, stairs, and the elevator;
- Decrease the minimum height permitted on the ground floor from 10 feet to no lower than 8.5 feet;
- Provide fewer vehicle parking spots than required;
- Provide some compact vehicle parking spaces;
- Allow some BMR Program Units to be slightly smaller than the market-rate units;
- Decrease ground floor transparency to below 30 percent;
- Minor building modulations along south and east facades; and
- Total provision of private open space.

The Applicant may request different or additional waivers, if needed, for the Project.

Thank you for the opportunity to present this BMR Proposal. We look forward to continuing our work with you and other City staff to develop the 3705 Haven Project.

Sincerely,


Linda C. Klein

References

State Density Bonus Law Letter (provided separately)
Community Amenity Valuation Report (previously provided)

cc: Deanna Chow, Assistant Community Development Director
Eric Phillips, Assistant City Attorney
Ruby Huang, 3705 Haven LLC