



REGULAR MEETING MINUTES

Date: 2/28/2022
Time: 7:00 p.m.
Location: Zoom

A. Call To Order

Chair Michael Doran called the meeting to order at 7:00 p.m.

At Chair Doran's request, Associate Planner Matt Pruter explained how applicants and the public would be able to participate in the virtual meeting.

B. Roll Call

Present: Andrew Barnes, Chris DeCardy (Vice Chair), Michael Doran (Chair), Camille Gonzalez Kennedy, Cynthia Harris, Henry Riggs, Michele Tate

Staff: Mike Noce, Acting Housing Manager; Ori Paz, Associate Planner; Matt Pruter, Associate Planner; Corinna Sandmeier, Acting Principal Planner; Chris Turner, Assistant Planner

C. Reports and Announcements

Acting Principal Planner Corinna Sandmeier said she did not have any updates to report.

D. Public Comment

Chair Doran opened Public Comment and closed it as there were no speakers.

E. Consent Calendar

E1. Approval of minutes from the January 10, 2022, Planning Commission meeting. (Attachment)

Commissioner Riggs had a question about the January 10 minutes. On Page 10 of the report, after a lengthy discussion there was a summary of the Motion, which hinged on landscaping. In the sixth paragraph it states that Commissioner Riggs would clarify that the landscape plan would be resubmitted to clarify the hedge was not based on trees. However, on Page 12, Item 4b, for project specific condition, the addition of one or two trees was listed, but the clarification of the hedge not being based on trees at 36 inches, is omitted. Commissioner Riggs admitted that after six weeks, he doesn't remember the exact conclusion of that very lengthy discussion, but it would appear that the clarification of the hedge was a consensus. Perhaps staff could clarify if 4b is meant to include that item. There was confusion over this point and Commissioner Riggs agreed to work with staff outside of this meeting to confirm that the hedge would not be based on trees at 36 inches. At this time, Chair Doran suggested a motion for approval of the January 10 minutes to be continued.

ACTION: M/S (Riggs/Harris) to continue the approval of the January 10, 2022 minutes; passed 7-0.

F. Public Hearing

F1. Use Permit/Joe Velasco/277 O'Connor Street:

Request for a use permit to demolish an existing one-story, single-family residence and detached garage, and construct a new two-story, single-family residence with an attached garage on a substandard lot with regard to minimum lot width in the R-1-U (Single Family Urban Residential) zoning district. The proposal includes an attached accessory dwelling unit (ADU), which is a permitted use. (Staff Report #22-011-PC).

Associate Planner Paz said that there was an item of correspondence that was forwarded to the Commission earlier today regarding this item, but other than that, staff have no updates, although the applicant is present at the meeting with a brief presentation.

Pearl Renaker is the project architect and wanted to provide a brief introduction to the project and some of the thinking behind her design choices. The owner of the property, Mr. Velasco, went door-to-door in his neighborhood to try to speak with his neighbors about his re-design plans. If they weren't home, he left a copy of the plans with an introductory letter, and asked for comments. There were no questions or comments until today, when the neighbor on his right responded.

The neighborhood is one that is in transition and has very mixed styles of older one-story homes and newer two-story homes, as well as mixed lot sizes. They tried to make design choices that would minimize impact to the neighborhood including a flat roof and neutral stucco and wood finishes.

There were no questions from the Commissioners on this plan and Chair Doran opened public comment. There were no comments so Chair Doran closed public comment. Chair Doran asked the Commission again if there were any comments or questions, and Vice Chair DeCardy said that he would like to recognize the long letter from the applicant and would like to ask the applicant how they considered two stories as it appears like the second story is looking down into a single-story home nearby.

The project architect answered that two-story homes are permitted in this neighborhood and all of the zoning, setbacks, daylight playing and all the distances from the property lines. There is about 14-feet separating the two homes. All of the windows are translucent privacy glass so there is no opportunity to look down into the neighbor's yard. While the neighbor is also concerned with the overall size of the home, the architect doesn't see how they can reach a reasonable compromise or accommodation here.

Chair Doran made a motion to approve the application, however Commissioner Riggs indicated he had a question. Chair Doran held the motion.

Commissioner Riggs had a question for staff about the obscured glass windows. Does this run with the use permit? Associate Planner Paz answered that yes, it does.

Chair Doran again made a motion to approve the application and asked for a second. Vice Chair DeCardy seconded the motion.

ACTION: M/S (Doran/DeCardy) to approve the item as presented in the staff report; passed 7-0.

F2. Use Permit/Steve Borlik/1125 San Mateo Drive:

Request for a use permit to perform interior and exterior modifications to an existing nonconforming, two-story, single-family residence in the R-E (Residential Estate) zoning district. The value of the proposed work would exceed 50 percent of the replacement value of the existing nonconforming structure in a 12-month period and requires approval of a use permit by the Planning Commission. (Staff Report #22-012-PC)

As this residence is within 500 feet of Chair Doran's property, he recused himself from this item and asked Vice Chair DeCardy to chair this item. Vice Chair DeCardy read the request and then turned it over to Assistant Planner Turner. Mr. Turner indicated that the Planning Commission received one email today and it is attached to the agenda. Generally, the email expresses concern with the conversion of the ADU. Mr. Turner clarified that the conversion is not within the scope of the use permit and will be reviewed when the building permit has been submitted. Vice Chair DeCardy called for questions. Seeing none, he welcomed the applicant to give his presentation.

Steve Borlik of Young and Borlik Architects, he is the architect for Shirley and Mike Orsak at 1125 San Mateo Drive. This is a 20 to 25-year-old home, still within the useful life of the structure. Most of the project has revolved around refinishing, interior remodeling, changing functional and aesthetic items. Additionally, they've had some problems with interior acoustics and they are updating some of the ability to improve the livability of the rear of the house from a lifestyle perspective that allows them better access to their rear yard and take advantage of the exterior space.

Mr. Borlik brought to the attention of the Commission, the very narrow overage on the 50% cut off for a two-story, and they considered a smaller scale project which would have left a couple of the upstairs kids bedrooms untouched, but they recognize that now is the time to refinish and update the house. They found that the home is a little bit over daylight plane, and has a tiny setback nonconformity. They took advantage of an ADU conversion, which allows for 800sf of flooring to be exempt. In remodeling some of the attic spaces, they were able to get the floor area of this home under the FAL limits so that it does comply. They are reducing the overall height of the house by reconfiguring the entry way of the house. While in some ways it's the same exact house as when we started but they've actually made vast improvements in the house and it's nothing similar to what it was.

At this time Vice Chair DeCardy provided the Commissioners with the opportunity for clarifying questions for Mr. Borlik. Commissioner Riggs mentioned the non-conformity of the fireplace, asking Assistant Planner Turner if the fireplace is not exempt from the setback requirements or is that under some other condition. Mr. Turner responded that fireplaces are considered architectural features and are allowed to encroach into the side setback a bit. The required setback is 10-feet or greater, the fireplace should be allowed to encroach up to 3-feet into the side setbacks, so it's not actually a nonconformity.

Vice Chair DeCardy now opened the meeting up for public comment. As there was no public comment for this item, the Vice Chair closed public comment.

The Commissioners again had no further comments or questions for Mr. Borlik. Commissioner Riggs moved to approve the project. Commissioner Kennedy seconded the motion.

ACTION: M/S (Riggs, Kennedy) to approve the item as presented in the staff report; passed 6-0-0-1 with Chair Doran recused.

- F3. Conditional Development Permit Major Modification/Heather Skeehan (citizenM)/300 Constitution Drive:
Request for review and approval of major modifications to an approved Conditional Development Permit (CDP) for interior and exterior changes to the previously approved hotel building and changes to the landscaping and on-site circulation. No changes are proposed to the number of rooms (240 rooms), the number of onsite parking spaces (118 parking spaces) or the shared parking agreement between the hotel use and the other site occupant, Meta (formerly Facebook). The proposed modifications would continue to comply with the floor area ratio, building coverage, and maximum height limits of the previously approved CDP. In 2016 the City Council certified an Environmental Impact Report (EIR) as part of its approval of the Meta Campus Expansion Project, which included a potential 200-room hotel. Subsequent revisions to the Meta Campus were previously analyzed through the Facebook Campus Expansion Project First Addendum. In February 2020 the City Council approved revisions to increase the number of hotel rooms to 240 rooms and approved a shared parking agreement, which was analyzed in a Second Addendum to the certified EIR. The currently proposed revisions have been reviewed against the analysis in the certified EIR, and First and Second Addendums, and the proposed revisions would not result in new impacts or an increase in the severity of previously identified impacts. (Staff Report #22-013-PC). *Continued from the meeting of February 14, 2022*

Chair Doran asked Mr. Paz if he had any additions or corrections to the staff report. Mr. Paz had no additions or corrections at this time. While Planning staff are available to answer any questions, Mr. Ed Schaefer of the City Attorney's Office was also available to answer any questions the Commissioners may have had about this application.

There were no clarifying questions from the Commissioners. Speaking on behalf of the applicant is Heather Skeehan with citizenM Hotels, the developer for the project, and Principal Architect Brad Richards from Baskerville. They have been working with this client for some time now.

Mr. Richards showed an aerial view of the hotel and renderings of the elevations, showing external changes. He pointed out that the outdoor public amenities remain the hub of the site, with a lively and engaging community space. The restaurant space remains intact and will be at the heart of the development. The main entrance stays as approved. The programming shifted to condense and consolidate beneath the footprint of the building. They shifted the public accessible meeting space to the Chilco corner to take advantage of the Chilco sidewalk improvements at the Chilco and Constitution intersection.

On another slide, Mr. Richards showed a nighttime view of the new building, and pointed out the bright lights of the campus which he feels reflect the energy of the campus, enhancing the area not just for the employees but the community at large. The view from Chilco, the signature red staircase would be preserved on the Chilco frontage as well as the artwork and the engagement process is still being worked out and would be reviewed with the Community Director separately. They simplified wayfinding to the entrances, there is now direct pedestrian and bicycle connection from the Chilco sidewalk improvements. Condensed loading docks. Enhanced restaurant entry to enhance and activate.

Chair Doran asked the Commissioners for any clarifying questions. Commissioner Riggs asked Associate Planner Paz about the penthouse screening that has been removed. In lieu of a penthouse, what materials will be used to screen the equipment? Rooftop equipment generally

exceeds one story in height, so the materials used to screen this rooftop are fairly important, given the view angles along the expressway.

Mr. Paz explained that the front of the building is still in the conceptual and design phase. They have, however, tried to condense the mechanical units into a spine along the top. They've pushed it back and kept it as linear as they could in the middle of the building, so the views from various sides of the perimeter are limited. The materials will be the same materials as the rest of the building.

Not seeing any other questions or comments from the Commissioners, Chair Doran opened Public Comment. Mr. Pruter indicated that there was one question from Julie Long. Ms. Long asked what types of mitigations have been considered to minimize sound emanating from the building, either from the mechanical systems or reflected sound. Public comment was closed at this point and Chair Doran indicated that he has some questions as well.

First off, on the facade side where the public open spaces are, the open spaces look less open now that there are some rough structures there. All the changes look very nice but could you please explain the motivation behind some of the changes to the elevation?

Heather Skeeahan answered that those are actually tent umbrellas out there which makes the area very flexible, and gives them the option to move the umbrellas out of the way on really nice days.

Chair Doran mentioned the Chilco side of the building and that he wasn't enamored with that side as much. The previous elevation showed a lot of glass on the lower floor and now you've got what looks like solid, flat, concrete block.

Mr. Richards responded that one reason is that they tried to condense the program underneath the bottom. There's also the way the stairs come down in terms of fire ratings and egress. Chair Doran clarified that he was referring to the long, low, concrete structure with windows on the lower right. Mr. Richards said that again, programs were shifted around to condense it a bit more on the back side of the hotel. We are actually seeing some of the fitness center, and a lot of it is the back of the house. There are trash cans, mechanical rooms, and electrical rooms in there.

Chair Doran noted he doesn't think it looks very attractive. Ms. Skeeahan commented that previously there had been a building with a pretty large, bulbous shape. The way buildings with extensive mechanical space develop, sometimes the proportions don't seem as nice as they can be during schematic design, and she wondered if there was an opportunity for them to extend the height of the windows in this building.

Chair Doran asked if any other Commissioners had any questions or comments. Commissioner Riggs thanked the Chair for raising some aesthetic issues. He thinks that given the location and size of this project that the finer points will matter. He thinks that the pedestrian scale seems to have lost its attractiveness in a couple of ways. He appreciates moving the storefront out ahead of the columns, it does take away shape, depth, and scale. And the ends of the double-jointed forms, the lower 16-feet or so have just become blank. It also calls attention to the new surface treatment behind the stair, where it had been a large-scale running bond, it's now a vertical stacked block which is not as friendly. Of course, the other end of the building losing its stair, loses all its drama.

Ms. Skeeahan expressed that this is a great opportunity for the architects to respond to the ideas of scale and texture, particularly on the back of house mass, perhaps if they go back to some of the early ideas they had. Their landscape architect had some great ideas for them several months ago.

They have a very transparent face to the hotel, but what's really cool is what happens inside the hotels. They are very active, they are filled with art, there's lots of texture and lots of color – there's a lot of different stuff inside. Ms. Skeeahan said that they are trying to emphasize visibility through that. She thinks the nighttime view of the hotel hints at that, they've got some cool light fixtures outside.

Mr. Richards agreed that towards where the fitness center is, they could do something with the texture and scale and make it more pedestrian in scale and friendly there.

Commissioner Barnes remembered back to when the design came to the commission, some of the excitement for the design was that it was very much a mid-century type feel. He thinks that some of that has been lost along the way in some of these changes. It then became something between mid-century and the Jetsons type construction which has its own unique appeal. But they start to gravitate toward a Crowne Plaza at the airport look, and away from mid-century, it doesn't feel as innovative and its uniqueness has gone away.

Ms. Skeeahan thanked Commissioner Barnes for his comments and loved the comparison between mid-century modern and the Jetsons. She would love to borrow that for the art brief for the building! When we think about the inside, there's a lot of innovativeness and texture, again, a lot that goes on inside and we picture our hotels that way. She thinks there are some great opportunities to emphasize some of the things he mentioned and are responding to.

Commissioner Tate spoke up to agree with the three commissioners that spoke before her. They did spend a lot of time discussing the art and the wall, and she thinks everyone liked the previous design better. This is in her neighborhood and she will be moving around in that area. She liked the openness and the glass from before versus the rendering now and she hopes there's some way they can get some of that back.

Vice Chair DeCardy thanked Mr. Richards for the update. Mr. Richards mentioned they would be seeking public input on the art. What are those steps and who will you be talking to?

Ms. Skeeahan answered that they just started getting to the art brief, the first step obviously has been to make sure they have a building to put it on. Their art curator will be working with the Community Director and aligning with the preferred method of outreach there. They want to make it work for the community. They often put large pieces of public art up and it can become quite a public process in terms of reaching out to local artists, which they do primarily through Instagram. Depending upon the timeline for the building approval, that will drive the process for public input on the art.

Commissioner DeCardy thanked Ms. Skeeahan and concurred with the other four commissioners who spoke before him. He encouraged Ms. Skeeahan not to prejudice or warp that input. If you use Instagram you will hear from certain people. If you say this is mid-century meets the Jetsons, you will prejudice what you get out of this community. This is part of our community long before Meta came and this needs to serve everybody, the Meta employees, the people who are going to the hotel and it needs to serve the community. If there is a bias, it should be extensive outreach to the community. This will be highly visible. It's what you'll be able to see when you come in. If it does please some of that constituency and not all of it that will be a big miss.

Commissioner Kennedy thanked them for the presentation and she thought it was very interesting. She stated though that the iconography that is placed on any part of the building needs to reflect the community that it's in. Commissioner Kennedy's office is in this neighborhood and she passes by

this location every day. If they just put one big block against another big block and some red stairs on one side, that's great, but this community has been there a lot longer than Meta or anything else that will be there. Bring in some of the connection to what will be the rebuilt Onetta Harris Community Center. You could draw that in pretty simply with *something*. This is a real opportunity to create a palimpsest that means something to the people in the future and something that really respects the history of that neighborhood. When this goes up, this is the last corner, everything else is gone, so she would ask for that.

At this time, Chair Doran summarized that there seems to be a consensus among the Commission that there's not a lot of enthusiasm for the architectural changes presented today. The Commission has several findings they are being asked to make and some relate to the Environmental Impact Report (EIR). They are also asked to make findings about the architectural changes which he is less enthused about and he's considering asking the commission to split the approvals and ask the applicant to work on the architecture a little more before we approve any architectural changes.

Menno Hilbert of citizenM said it's clear that they don't have the votes for tonight and he was wondering if it makes sense to ask for a continuance to work with staff on incorporating what we heard from tonight and come back to you? Chair Doran agreed and thought this would be the best approach.

Commissioner Barnes added that if they do go to a continuance, what he would like to hear on the next go-around, is articulation of some of the trade-offs which are motivating some of the changes. If citizenM could please educate the commission on the 'why' with what they come back with, it will help with the decision making.

Chair Doran called for a motion to continue.

Before the vote, Commissioner DeCardy asked to clarify what functionally are they expecting to change by continuing, are they expecting something to change in Attachment A, or is this not essentially related to Attachment A?

Mr. Paz responded that the plan set that's referenced in Attachment A is what they have seen renderings that were excerpts from the plan. If there were considerations that the planning commission wished the applicant would implement in their design, he thinks it would be helpful to provide some general things they would like to see so those can be incorporated into a revised plan set. The majority of the comments have been focused on the north elevations, the view from Bayfront Expressway. If there were other elements of the design that the commission wished to see differently it would be helpful for staff and the applicant team to hear those enumerated.

Chair Doran agreed and gave a brief summary of the concerns the Commission had:

- * The Chilco façade and the back of the house operations look particularly unattractive. As far as he's concerned there really is no back of the house here, every side is the front of the hotel due to high visibility.

- * Losing the look of the building on the columns and having a straight curtain wall at the base, it loses some interest.

Commissioner Harris added that if the applicant could please provide a little more grounding and overall thinking about the art, she thinks that would be really helpful. Commissioner Tate echoed

this, adding that the last time they spoke about the art, it was quite an extensive conversation, so they would like to hear a little more explanation about the choices.

Mr. Richards had one or two questions but first said that he thinks the comments about the aesthetics, scale, and pedestrian aspects are all understandable. Is it fair to say that programmatically we are just working on the aesthetics at this point? He just wants to make sure they are dealing with this correctly.

Chair Doran answered yes, he believes they are just speaking of the architecture and the aesthetics. Commissioner Barnes said that if they need to move the gym back to the second floor in order to achieve the better aesthetics, then they might have to look at other options as well.

Commissioner Barnes said that he does not think massing is something he is concerned with. There has certainly been enough discussion around that. This is a well-designed project and we are just looking at changes on the ends here. The homework is for the applicant to figure out how to move things around. This is really an allocation of space and an aesthetic issue.

Mr. Hilbert mentioned that the art is something that came up twice that they would like to hear more detail on. He would like to know if that is process or the artwork itself? They are months away from selecting the artwork and they've already spent a lot of time with the city to figure out the best process for selecting great artwork.

Mr. Paz addressed the timing around the artwork, the CDP did outline a timeline for the community outreach process. An outreach plan would be verified by the Community Development Director and the artwork will be finalized prior to occupancy of the hotel. This would take place after this modification. The lighting and some of the elements of the art installation would be seen by the Planning Commission but unless deemed necessary by the Community Development Director, the Commission will not have final approval on the artwork itself.

Vice Chair DeCardy said that he thinks citizenM could still share a little bit about the art brief and what it looks like. He thinks they could also share a little about how they would do the community engagement, they would note the name of the Onetta Harris Community Center, and these would give Vice Chair DeCardy more confidence about these things.

Commissioner Tate echoed what Commissioner DeCardy said. They are very concerned about the community outreach. She understands that there is someone at the city that will be guiding this process, but given the lengthy conversations they've had about this – not knowing the name of the community center that's down the street and the means for reaching out to the community – she doesn't feel that Instagram is the way to reach the artists in this community.

ACTION: M/S (Doran/Tate) motion to continue, date to be determined, passed 7-0.

This closes the public hearing portion of tonight's meeting. The next item on the agenda is under regular business.

G. Regular Business

- G1. Housing Element Annual Report/City of Menlo Park:
Opportunity to consider and provide comments and/or a recommendation to the City Council on the 2021 annual report on the status and implementation of the City's current 5th Cycle General Plan

Housing Element (2015-2023). (Staff Report #22-014-PC)

Presentation by Acting Principal Planner Tom Smith. Housing Element Annual Progress Report 2021. Mr. Smith and Mr. Tom Dolce will give the presentation of this report.

Since 1969, California has required all local governments to adequately plan to meet the housing needs of everyone in the Community. Each year they are required to produce an annual progress report (APR). This documents the housing production amounts and housing related activities that the city undertook in the previous year. They are currently in the fifth cycle of the housing element and that runs from 2015-2023. The housing element provides a blueprint for how the city is going to meet its housing needs. While the city does not need to produce the housing itself, they need to show that they've adequately zoned for the housing in the community. For the fifth cycle the allocation, the housing number assigned was 655 dwelling units. The APR that they submit to the state every year tracks the life cycle of housing applications that have come in. This includes entitlements, building permits, and final occupancy. For 2021, there were 96 new dwelling units produced. This is based on building permits for the calendar year.

Menlo Park had 13 Accessory Dwelling Units (ADU's) produced in 2020. This increased to 36 ADU's in 2021, an increase of 177%.

With regards to the overall development progress from 2015-2023, they are coming close to meeting their Regional Needs Housing Allocation (RHNA) totals for the 5th cycle. The total remaining RHNA units in the very low-income category is 16, in the low-income category it is 38 units, and in the moderate-income category, there are 121 units remaining. They exceeded their number in the above moderate-income category a few years back. They are well over the required amount there.

Acting Principal Planner Tom Smith went on to explain another chart in the report packet regarding potential future housing production. Those statistics can be found in the chart attached to the report.

Acting Housing Manager Mike Noce joined the presentation to discuss milestones in 2021 (Table D of the APR).

Notice of Funding Availability (NOFA) released for 2021, for \$10 million

Three proposals received, all from non-profit organizations:

- \$5.5 million, HIP Housing, for property at 68 Coleman Place
- \$1.2 million, Homeownership Program, Habitat for Humanity Greater S.F.
- Pending \$3.6 million, 335 Pierce Road, 12 low-income housing construction units, from Mid-Pen Housing

Here are the milestones for the Housing Assistance Program (formerly Rental Assistance Program):

- Expanded to include mortgage assistance
- Assists qualified households related to COVID or other emergency circumstances (administered by Samaritan House in San Mateo)
- Council approved \$250,000 American Rescue Plan funds. Funding has assisted 32 households (86 persons).

Acting Principal Planner Tom Smith then gave a quick summary of the next housing cycle. The 6th Cycle Housing Element Update will cover the period 2023-2031. The RHNA including buffer is 3,830 dwelling units. Preparation for the 6th cycle is underway. The EIR is studying up to 4,000 units. For additional information please see Table attached to the Staff Report.

Commissioner Tate had some clarifying questions. Do you have a breakdown of the districts that the applications for ADU's went to? Regarding the mortgage assistance program, how was word circulated in the community that this program was available? Was this door-to-door or was there mailings? Commissioner Tate noted that she never received a mailing notifying her of this program.

Acting Principal Planner Smith said that they do not have a breakdown of what districts the ADU's were for. He will gather this information for the Commission.

Acting Housing Manager Noce answered that Samaritan House took the lead on distributing information regarding the mortgage assistance program. He believes more can be done and when some staffing issues at the City are resolved, he will be working with Samaritan House to have a more robust outreach. They are really just getting started with this program and there is plenty of funding still available.

At this time, Chair Doran opened the meeting for public comments.

Associate Planner Matt Pruter indicated there was one public comment.

Annie Hengehold from District 2, had a question about SB-35, Streamline Exemption. Menlo Park is one of the only cities that has an exemption. Her understanding is that if these projects get streamlined, the CEQA review, community input is much, much less if even involved at all, and a lot of these developers can go straight through with their projects. Ms. Hengehold wants to clarify if this is the case. Because Menlo Park is a city that is exempt, does that mean that they can say yes to a project but no to the streamline exemption so that some of those other things get triggered like the CEQA review or community input?

There is another public comment. Ms. Rini Sen Gupta from District 2. She understood from somewhere in this presentation that one of your roles is to change the zoning and what is the timeline to go through that and what should be aware of when we are hearing of zoning changes in our neighborhood?

There is another public comment. Steve Wong from District 2 had a follow up question to the first question. He would like to make sure, is the streamlining about design comments or safety comments or both?

Chair Doran asked Acting Principal Planner Smith to answer the public questions.

Mr. Smith explained that SB-35 is a state law that if a city is not meeting its prorated share of the Regional Housing Needs Allocation (RHNA), for any given year, then that city is subject to streamlining. What that means is if you have a multi-family development and you're offering a certain percentage of low-income units as part of that development; and a few other things like you can't be on an ecologically sensitive site, there are certain stipulations around it. But if you meet those requirements, then essentially you don't need to go through a design review type process, and if you meet objective standards such as the allowed density, allowed height, anything that's very black and white in the code. If you meet those requirements then the project is essentially approved. Menlo

Park is not subject to that because we are meeting our prorated RHNA share and we have been throughout this entire housing cycle. So streamlining is not in effect in Menlo Park and projects do go through reviews, CEQA's or if it needs a Planning Commission review or a City Council hearing. All projects that require those are subject to them in Menlo Park.

Mr. Smith then addressed the question about the zoning timeline. He thinks that question is getting to the 6th Cycle Housing Element and he wants to be clear that what they are discussing this evening is the 5th Cycle that they are currently in. The city is contemplating zoning changes as part of the upcoming 6th Cycle Housing Element update. They are continuing to do public outreach, public meetings, and engaging with stakeholders. That process will continue through the end of this year. The city website menlopark.org/housingelement will be hosting all of our upcoming events and there's a lot of resources out there about work that they've done so far and he would continue to look there if you're interested in upcoming community meetings and events, to be kept up to date about those, and any changes that would happen as part of the sixth cycle.

Commissioner Barnes had some clarifying questions. The first question has to do with production up to now. How many of these projects have been 100% affordable and what are the barriers would you say exist in Menlo Park for getting 100% affordable projects, and by that, projects which would see tax credit financing and have some of the deeper affordability levels. Did we see any, and if not, why?

Mr. Smith answered that one of the largest projects that was on this year's list for 2021 was the 1345 Willow Road project, and those were 100% affordable, and that's 58 net new, for a total of 140. In previous years, he believes that quite a few of the projects were a mix of income levels.

Acting Housing Manager Noce said here that he believes during the 2015-2016 cycle, that 85 units that were part of the Sequoia-Belle Haven development at 1221 Willow Road were 100% affordable, as was the veteran site at 605 Willow.

Mr. Smith then explained that they have had discussions with affordable housing developers and stakeholders, and the high cost of land in this area makes it very difficult. Also, they've heard that the more density they can offer – the more units that can be provided on a site, the more economical it is and makes for 100% affordable developments. This would equate to up to 200 units on a site. Reductions of parking contribute and any other financial incentives that the city can provide to help make those projects whole.

Vice Chair DeCardy had a couple of questions. It was really encouraging to get the update on the \$10 million from the BMR housing fund and those three projects. How long was the money in the BMR fund from when it came in to when it got utilized on these projects?

Mr. Noce answered that this is a state law and the statute for this says that the city must use the funds within five years. This is something that the city tracks internally to make sure they are not in violation of those terms. The money is typically released on a 2-year cycle.

Commissioner DeCardy thanked Mr. Noce and asked how much is in the BMR housing fund right now? Mr. Noce answered that a little over \$2 million is non-earmarked at the moment. Mr. Noce explained the difference between earmarked and non-earmarked funds. Even when a project is not yet approved by the City Council, Planning would reserve the funds, for example, \$3.6 million for Mid-Pen 12 ownership units on Pierce Road, as ear-marked funds, so we know if that project does get approved, how much money is left available in the fund for other projects.

Vice Chair DeCardy asked if there was anything to preclude the City Council from determining that they could use in-lieu funds for community amenities to feed into the BMR housing fund if they wanted to? Mr. Noce wasn't sure of the answer to this but will follow up and get back to the Commission on that.

Vice Chair DeCardy appreciated the chart in Attachment A. In A-10 there's an item, H-2C, which looks into an ordinance to protect existing housing. This item looked like it wasn't being pursued at all, could Mr. Noce please comment on that?

Mr. Noce answered that typically what they've seen in the past is if there's an appetite from Council, or if a Commission is seeking staff to look into a certain tenant protection, then that is something we would follow up on.

Vice Chair DeCardy asked about item H-4b of Attachment A, the process for changes in the BMR guidelines. How are changes in the BMR guidelines related to the housing element, if at all, and what are the next steps in the sequence of that?

Mr. Noce answered that staff have been working with a BMR ad hoc subcommittee for the guidelines which is made up of members of the Housing Commission. That has gone through most of the 2021 year, and might be reflected in that Table D. They do have an item which is for Stage 1 of some changes to the BMR guidelines, and those will incorporate the preferences and general programming updates that are taking place within the guidelines. As far as staff looking at some of the commercial in-lieu fees or residential inclusionary standards, that is being defined as Stage 2. This is something they are working with their team and M-Group regarding how that process parallels with the housing element update.

Commissioner Barnes asked what happens if Menlo Park doesn't meet its RHNA numbers, and what are the implications for meeting or not meeting them?

Mr. Smith replied that the main implication if they do not meet their above moderate-income production and their low and very low-income production, then they are subject to the SB-35 streamlining that was discussed earlier. As long as they have a housing element that is in compliance that is zoned appropriately for the number of housing units they need. It's really up to the private market development community to produce those units. Aside from the SB-35 streamlining, there's not per se, a penalty or any sort of legal issue that the City gets itself into as long as it has a housing element that's in compliance and zone for enough units to be constructed – theoretically. Mr. Smith confirmed there is no financial penalty to not meeting their RHNA numbers.

Commissioner Barnes asked about the housing that's coming online, is there any coordination between this and the school district, and the burden of the school district as it relates to the burdens associated with increasing student count?

Mr. Smith replied that for the larger projects that he talked about, ones with over 100 dwelling units, those go through an EIR process and they also do a fiscal analysis. CEQA is looking at physical impact and impacts on the physical environment. Planning does reach out to the school district and have dialogue with them. They do fiscal impact analysis as required under CEQA.

Commissioner Barnes asked about financing and getting housing built. Did you notice if the County of San Mateo was playing an important role in gap financing and has it been important in the work that has gone on in the last couple of years?

Mr. Noce answered that typically on most of the Mid-Pen projects we do see the gap funding from the County being included. They are privy to that because the city is typically subordinate to most of those funding agreements that come through other sources, whether it be the state or county.

Commissioner Barnes asked a question about ADUs. In his anecdotal experience, he knows of no one that is building an ADU and renting it. It gets used as a home office. Is there any information that shows how these ADUs are used once they are built?

Mr. Smith said that they do not have tracking for that at the city. The city uses the Association of Bay Area Governments (ABAG). Their housing group has a technical assistance team that has performed surveys and looked at different information that's been collected on production in the area, and Mr. Smith thinks there are studies outside of UC Berkeley. They are finding that the ADUs may not be being used to rent them out but maybe to have a family member live with you for free. There are certainly cases where the ADUs are being rented out but then there are those that are not.

Commissioner Barnes asked about the Coleman acquisition, what was the price per unit on that? Mr. Noce did not have the exact price but believed it was somewhere around \$7 million. It was 14 units, so that would be roughly \$500,000 per unit.

Commissioner Harris asked if Planning does a retrospective on the sites that were listed in RHNA 5 or in previous RHNAs, that showed which types of land or properties resulted in development of homes versus where they were not successful? Can we look back and see what types of sites were successful and which weren't? Does that drive what types of sites are on the next RHNA list?

Mr. Smith said he didn't believe that he has any data like that. However, they are planning for the 6th Cycle and that is one of the considerations that's looked at in planning ahead.

As there were no further questions, Chair Doran said that he is hoping that there will be a resolution on the report to give to the City Council.

Commissioner Barnes made a motion that the City Council accept the Progress Report, as represented in Attachment A.

Commissioner Riggs seconds the motion. He would like to note, however, he thinks we should be building more ownership housing, not apartments.

Commissioner Tate would like to quickly add that she thinks the report is great but that going forward she thinks it would be helpful to report on the districts of the ADUs to the City Council, because she thinks they would find that information helpful as well.

Chair Doran asked if Commissioner Barnes would care to amend his motion to include this action by staff?

Commissioner Barnes made a motion that the City Council accept the Progress Report, as represented in Attachment A, and add a report on the districts of the ADUs.

ACTION: M/S (Barnes/Riggs) recommend that the City Council accept the Progress Report, as represented in Attachment A, and add a report on the districts of the ADUs, passed 7-0.

H. Informational Items

H1. Future Planning Commission Meeting Schedule

- Regular Meeting: March 14, 2022
- Regular Meeting: March 28, 2022

Commissioner DeCardy had a question for Acting Principal Planner Sandmeier. He wanted to follow up on a request he made at the last meeting. He would like to step back and look at all the connectivity between all of the projects that were at the intersection of Willow and O'Brien Street; life sciences, Facebook Village, etc. Is there any update on this?

Ms. Sandmeier explained that she has spoken to management about it. They would definitely like to do a study session or an informational item, but she's not sure when it would go to the Commission. It is something they are looking at.

Commissioner Riggs mentioned that he also, a few sessions back, had asked for some feedback from planners, if there were other ordinances that frequently required being bumped to a use permit. The Commission was hoping that staff could give them an idea of what items could be proposed for a relatively simple update of the zoning code.

Ms. Sandmeier clarified that this initially came up for permits for fences over seven feet. She thought they could do an informational item, but updating the zoning ordinance is a much larger project, and is something that would have to be initiated by the City Council.

Commissioner Riggs indicated it did not need to be an update to the zoning ordinance, but perhaps just a short informational meeting between the planners and a representative from the Commission to talk about what items come up. It may be just fences or it may be a few others also. He thought maybe this could be a part of a simple and brief zoning ordinance update that could be added to an agenda with a recommendation.

Ms. Sandmeier responded that with respect to discussions she's had with Planning Management, such an update becomes more involved and it's something that needs to be directed by the City Council generally, given the staff time that is involved.

Commissioner Harris had a quick comment. She went to the open house and then the opening of the Guild Theater and she wanted to thank her fellow Planning Commissioners who have been here before she was, as well as the staff. She's sure there was a lot of work. It was an exciting opening and it's really going to benefit Menlo Park. The opening night was a wonderfully diverse, happy, joyous audience. She wanted to make a quick note of that and thank everyone.

I. Adjournment

Chair Doran adjourned the meeting at 9:33 p.m.

Staff Liaison: Corinna Sandmeier, Acting Principal Planner

Recording Secretary: Lori Mrizek

Approved by the Planning Commission on April 25, 2022





