



REGULAR MEETING AGENDA

Date: 11/4/2015

Time: 5:30 pm

City Hall/Administration Building

City Council Conference Room, 1st Floor

701 Laurel St., Menlo Park, CA 94025

Call To Order

Roll Call – Cadigan, Calder, Clarke (Chair), Dodick, Tate

A. 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. Please clearly state your name and address or political jurisdiction in which you live. 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.

B. Regular Business

- B1. Selection of Chair and Vice Chair
- B2. Approve the Below Market Rate In Lieu Fee Agreement Term Sheet with Pollock Realty Corporation for 1400 El Camino Real ([Staff Report 15-002-HC](#))
- B3. Approve the minutes of the January 28, 2015, Housing Commission Special Meeting ([Attachment](#))
- B4. Approve the minutes of the May 28, 2015, Housing Commission Special Meeting ([Attachment](#))
- B5. Approve the minutes of the August 5, 2015, Housing Commission Regular Meeting ([Attachment](#))

C. Reports and Announcements

- C1. Commissioner Updates
- C2. Staff Updates

D. Adjournment

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10/31/2015)

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

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

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

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.



COMMISSION REPORT

Housing Commission

Meeting Date:

11/4/2015

Staff Report Number:

15-002-HC

Public Hearing:

Below Market Rate In Lieu Fee Agreement Term Sheet/Pollock Realty Corporation/1400 El Camino Real

Recommendation

Staff recommends that the Housing Commission recommend that the Planning Commission approve the proposed draft Below Market Rate (BMR) In Lieu Fee Agreement Term Sheet (Attachment A).

Policy Issues

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

Background

Site Location

Using El Camino Real in a north to south orientation, the subject property is located on the northeast corner of El Camino Real and Glenwood Avenue. Adjacent properties to the north, east, and south are also in the SP-ECR/D zoning district, and are occupied by a mix of uses, including offices, residential, personal improvement services, and a gas station. Properties on the opposite side of El Camino Real consist of single-family residences that are not within city limits. The subject property is a corner lot with frontage on both El Camino Real and Glenwood Avenue. The site is currently comprised of two legal parcels that are currently vacant. The site was most recently occupied by a gas station.

Analysis

The applicant's BMR proposal letter and select project plans are included as Attachments B and C, respectively.

Project Description

The applicant is proposing to construct a new 63-room boutique hotel consisting of four stories and an underground parking level. The ground floor would feature the hotel lobby, a restaurant and bar, a special functions room, an outdoor plaza, and other amenity and back-of-house spaces. Guest rooms would be located on the three upper levels. The proposed site layout is designed with El Camino Real as the primary frontage, with driveways leading to the hotel's main entrance and to the underground parking garage. A service driveway would take access from Glenwood Avenue at the rear of the site. The two

separate parcels would be merged into one parcel as part of the proposed development. The proposal requires architectural control review by the Planning Commission, including consideration of a public benefit bonus for a higher Floor Area Ratio (FAR).

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 ("BMR Guidelines") as the project would exceed 10,000 square feet in gross floor area. The BMR Ordinance requires the applicant to submit a Below Market Rate Housing proposal for review by the Housing Commission. At this time, the Housing Commission should review the draft BMR In Lieu Fee Agreement Term Sheet and provide guidance to staff, the applicant, and the Planning Commission. The draft Term Sheet would be used to inform the BMR In Lieu Fee Agreement, which would subsequently be reviewed and acted on by the Planning Commission along with the main project actions. The Planning Commission is the acting body, unless the action is appealed to the City Council.

Residential use of the property is allowed by the applicable zoning regulations; however, residential use is not being pursued as part of the proposed project. According to the applicant, site constraints due to the requirement to provide a right turn pocket along Glenwood Avenue that would encroach into the site's frontage and the need to maximize allowable square footage for hotel uses for a financially viable hotel project on a relatively small infill site would limit the ability to develop residential units on site as part of the proposed project.

The applicant does not own any sites in the city that are available and feasible for construction of sufficient below market rate units to satisfy the requirements of the BMR Ordinance, which in this case is 0.84 unit. Staff and the applicant are not aware of any potential off-site locations for the provision of a BMR unit, and developers of other residential projects have not expressed an interest in providing an off-site BMR unit. Based on these facts, staff has found that development of such unit on-site or off-site in accordance with the requirements of the BMR Ordinance and Guidelines is not feasible at this time, although staff would encourage the applicant to continue to pursue opportunities for the development of an off-site BMR unit. The applicant proposes to pay the applicable in lieu fee as provided in the BMR Ordinance and Guidelines. The draft BMR Agreement Term Sheet, included as Attachment A. The in lieu fee would be calculated as set forth in the table below; however, the applicable fee for the project will be based upon the per square foot fee in effect at the time of payment. The draft BMR agreement may be modified prior to Planning Commission action to include updated building square footages as the applicant continues to refine the project.

	Use Group	Fee per Sq.Ft.	Square Feet	Component Fees
Existing Buildings – Non-Office Areas	B- Non-Office Commercial/ Industrial	\$8.45	1,932	(\$16,325.40)
Proposed Building – Non-Office Areas	B- Non-Office Commercial/ Industrial	\$8.45	33,732	\$285,035.40
Total Estimated In Lieu Fee	\$268,710.00			

Correspondence

The applicant indicated that they contacted some of the surrounding properties regarding the proposed development. Staff has not received any correspondence regarding the BMR proposal.

Conclusion

Staff believes that while the site allows for residential uses, site constraints due to construction of a right turn lane along Glenwood Avenue and need to devote all allowable square footage for hotel uses to ensure a financially viable project would limit opportunities to incorporate a residential component as part of the proposed project as it is currently designed. Staff recommends that the Housing Commission recommend to the Planning Commission approval of the payment of BMR in lieu fees under the terms stated in the draft BMR In Lieu Fee Agreement Term Sheet, and to encourage the applicant to continue to pursue opportunities for the development of an off-site BMR unit.

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. The proposed BMR in lieu fee payment would contribute approximately \$269,000 to the City's BMR fund.

Environmental Review

The proposed project will be evaluated with respect to compliance with the California Environmental Quality Act (CEQA) as part of the Planning Commission action. BMR direction is not an action under CEQA, so environmental review is not required by the Housing 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. Draft BMR In Lieu Fee Agreement Term Sheet
- B. 1400 El Camino Real BMR In Lieu Fee Proposal
- C. Excerpts of Project Plans

Report prepared by:
Jean Lin, Associate Planner

Report reviewed by:
Thomas Rogers, Interim Principal Planner

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1400 El Camino Real

Draft Below Market Housing (BMR) In Lieu Fee Agreement Term Sheet

1. Applicant owns property known as Assessor's Parcel Numbers: 061-422-190 and 061-422-330 ("Property"), more commonly known as 1400 El Camino Real, Menlo Park.
2. Applicant is requesting architectural control and lot merger approval to construct a 63-room hotel consisting of four stories and an underground parking level on an approximately half-acre site. The subject building is greater than 10,000 square feet in gross floor and 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;
3. Property is located within the El Camino Real/Downtown Specific Plan General Plan land use designation and the SP-ECR/D (El Camino Real/Downtown Specific Plan) zoning district in the City of Menlo Park;
 - a. Property's General Plan land use and zoning designations permits residential uses;
 - b. Applicant is not proposing to residential uses as part of the proposed project;
 - c. Site constraints due to the requirement to construct a right-turn pocket along the project's Glenwood Avenue frontage and developing a financially viable hotel project on a half-acre infill site limits opportunities to develop residential units as part of the proposed project as it is currently designed;
4. Applicant does not own any other sites within the City that are zoned for residential land uses;
5. Applicant has elected to satisfy the BMR requirement for the proposed project through payment of an in lieu fee;
 - a. The BMR in lieu fee is estimated at \$268,710.00;
 - b. The equivalent unit requirement is 0.84 unit, which would be rounded to one unit, however;
 - c. Therefore, the Applicant is proposing to pay the in lieu fee, which would be adjusted based on the existing and proposed square footages at the time of building permit issuance. The applicable fee per square foot is adjusted annually on July 1. The table in Item 6 below shows the proposed in lieu fee and its calculation.

ATTACHMENT A

6. The table below provides the estimated in lieu fee:

	Use Group	Fee/SF	Square Feet	Component Fees
Existing Buildings – Non-Office Areas	B- Non-Office Commercial/ Industrial	\$8.45	1,932	(\$16,325.40)
Proposed Building – Non-Office Areas	B- Non-Office Commercial/ Industrial	\$8.45	33,732	\$285,035.40
Total Estimated In Lieu Fee				\$268,710.00



October 27, 2015

Jean Lin
City of Menlo Park, Associate Planner
701 Laurel Street
Menlo Park, CA 94025

RE: BMR Proposal for Development at 1400 El Camino Real, Menlo Park

Dear Jean,

This proposal sets forth Pollock Financial Group's Below Market Rate Housing Agreement (BMR Housing Agreement) to meet the requirements for our planned development at 1400 El Camino Real, Menlo Park. We understand the City's primary objective is to obtain BMR housing units, rather than acquiring "in-lieu" fees, but our planned project is for a Boutique Hotel, where actual BMR units are not an option for this project for many reasons.

In the Specific Plan, there are additional public Benefit Bonuses for certain types of projects. A boutique hotel with its 12% Transient Occupancy Tax to the City of Menlo Park, is one of the most desired projects.

In addition, the City is asking us to build a right hand turn lane, which uses up some of the valuable square footage. In order to build a viable hotel on this small ½ acres site, we need to "max out" what is available to us through the Specific Plan.

Specifically, this entails:

- ❖ Obtaining the approval for the 1.5 FAR Density Bonus.
- ❖ Receiving some relief on the 1.25 parking ratio.
- ❖ Working with the city and the FAR code definitions to achieve as much usable square footage on the ground floor for restaurant and bar and event space.
- ❖ There simply is no space for BMRs, and if the two uses would not work well together, therefore, we propose to pay the BMR fee in lieu of actual units in order to fulfill our Commercial Development Requirement. Our development falls under Group B, that states the fee is \$8.24 per square foot of gross floor area for uses that are all other commercial and industrial uses not in Group A.

Fee Calculation

Total Proposed Square Footage for development: 31,050 = 33,750 SF – 2,700 SF (restaurant space)


In-Lieu BMR fee: \$8.24/SF (rate during original planning phase)

Total BRM Fee: 31,050 SF x \$8.24 SF = **\$255,852**

Sincerely,


Jeff Pollock
VP, Pollock Realty Corp.

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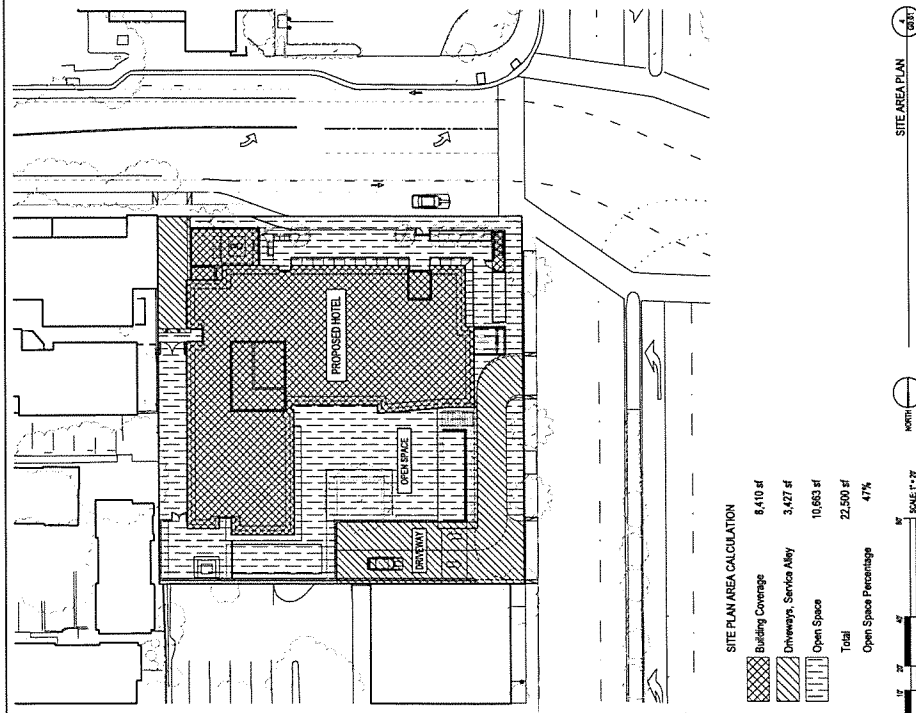
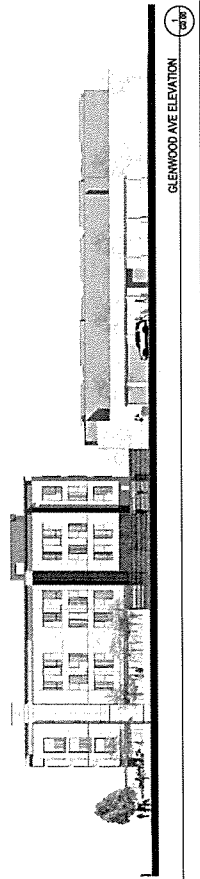
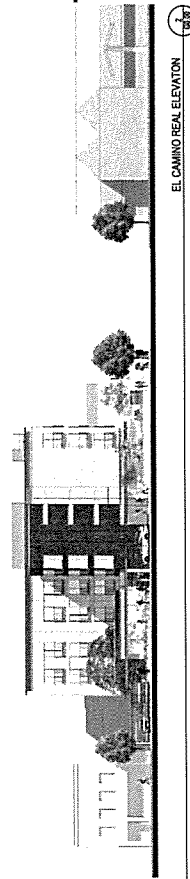
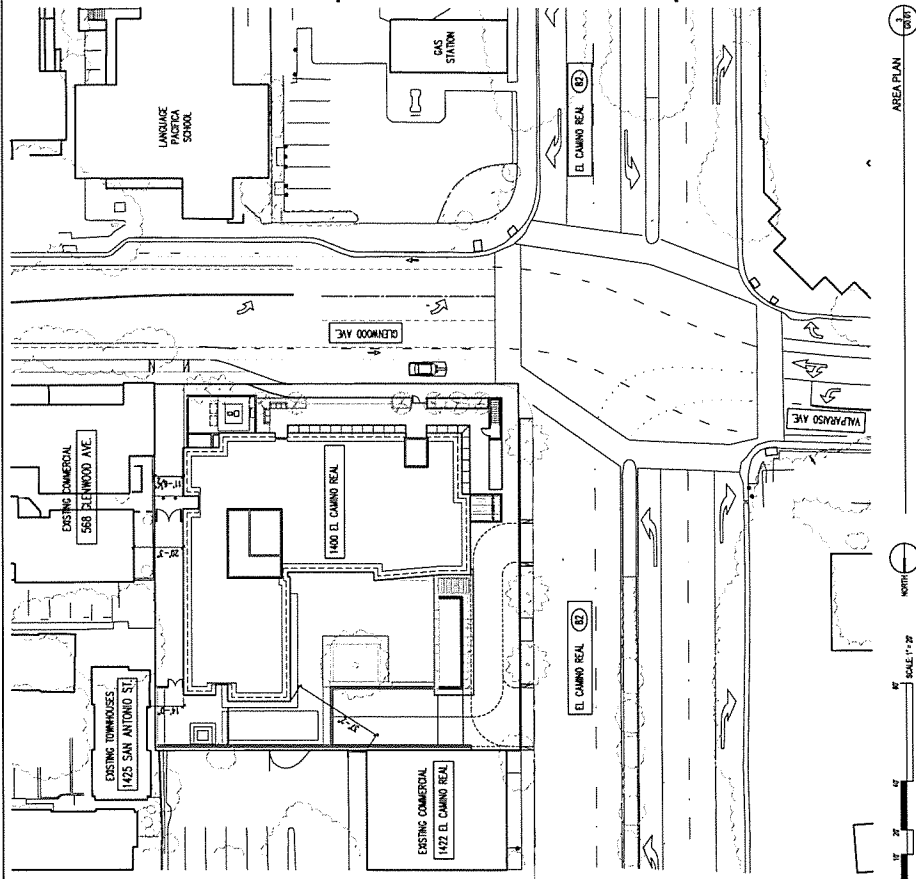


PFG
Hornberger
Worstell

Menlo Park Hotel
Menlo Park, California

Project Number: 15-001
Scale: 1" = 20'
Date: 01/15/2015
Author: [Redacted]
Checked By: [Redacted]
Title: AREA PLAN / STREETScape / SITE AREA PLAN

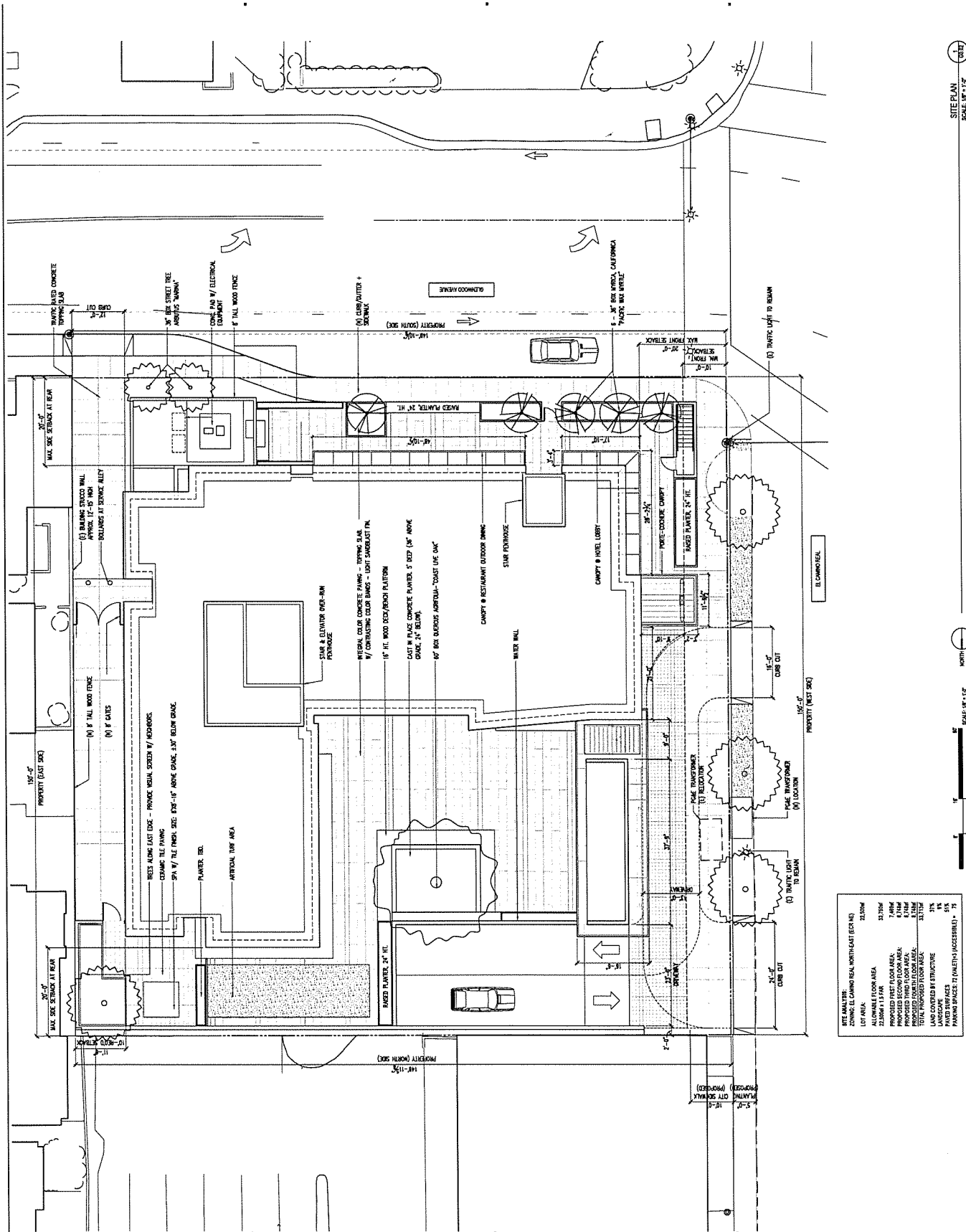
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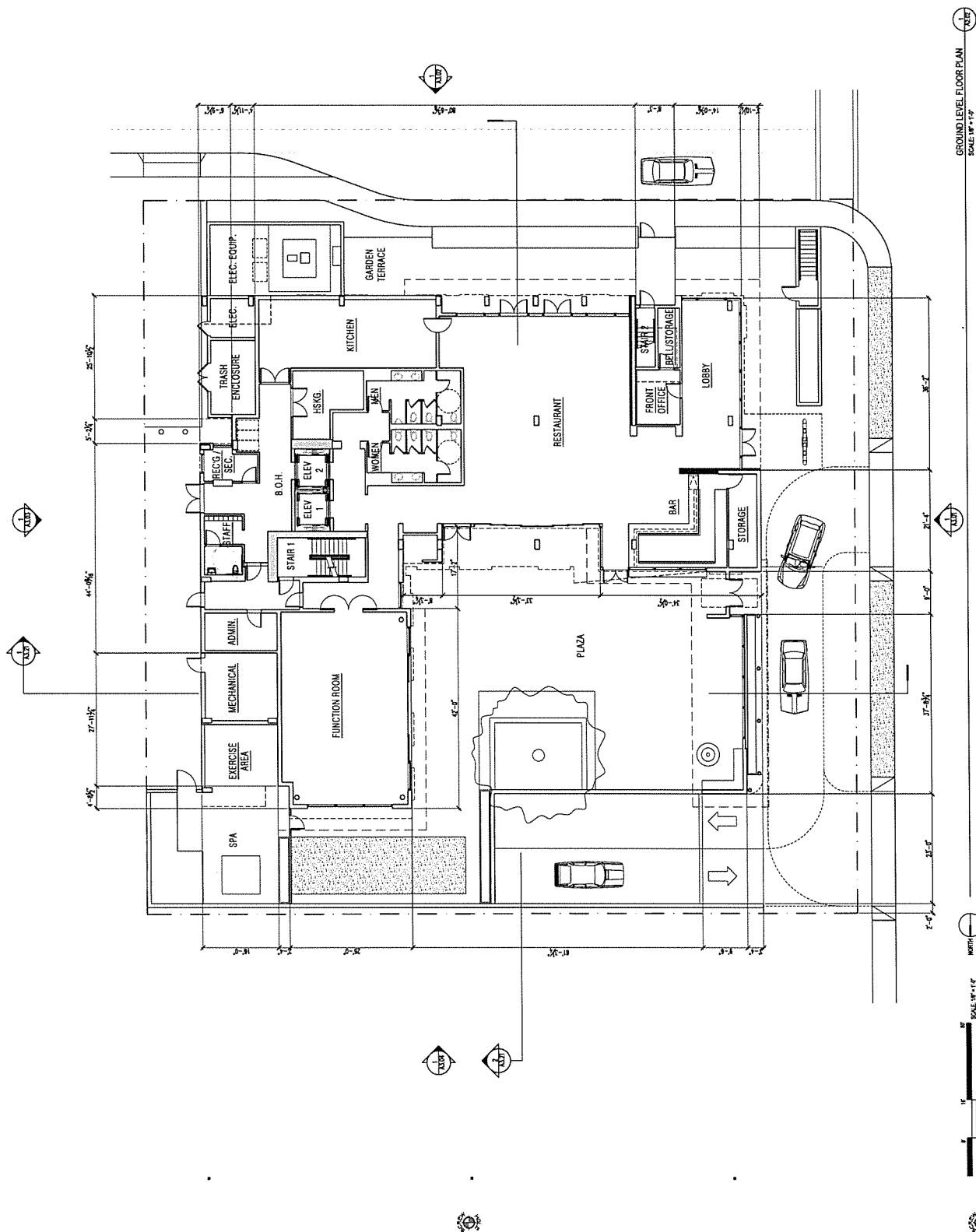


SITE PLAN AREA CALCULATION

Building Coverage	8,410 sf
Driveways, Service Alley	3,427 sf
Open Space	10,663 sf
Total	22,500 sf
Open Space Percentage	47%









Valparaiso Ave. Looking East | Possible Rendering View 1



Perspective at El Camino Real Looking South| Possible Rendering View 2



El Camino Real Elevation



Glenwood Elevation



SPECIAL MEETING MINUTES - DRAFT

Date: 1/28/2015
Time: 6:00 p.m.
Administration Building
701 Laurel St., Menlo Park, CA 94025

Vice Chair Dodick called the meeting to order at 6:10 p.m.

Roll Call

Present: Dodick (Vice Chair), Cadigan, Calder, Tate

Absent: Clarke

Staff: Curtin, Chow

A. Public Comment

Jim Lewis spoke regarding a recent article about a proposal for workforce housing in Belmont, California.

B. Regular Business

B1. 2014 Annual Report on the Status and Progress in Implementing the City's Housing Element of the General Plan

Senior Planner Deanna Chow provided the staff presentation. The Commission discussed and commented on the 2014 draft Annual Report. The Commission also expressed appreciation for the variety of programs that the City has implemented. Commissioner Tate stated that the City should take a stronger stance on requiring the development of affordable housing units instead of accepting payment of the Below Market Rate in-lieu fees. Commissioner Cadigan also suggested highlighting examples such as Facebook's funding of affordable housing units in other offsite developments.

ACTION: None.

B2. Review and Discussion of the Draft Five-Year CIP for 2015-2020

Assistant to the City Manager Clay Curtin introduced the item. The Commission discussed and commented on the draft Capital Improvement Plan. Commissioner Tate suggested the City consider adding a project to review and consider modifications to the secondary dwelling policy in consideration of an aging population, shifting demographics and transportation needs.

ACTION: The Commission recommended adding a project for a comprehensive review and study of the City's Housing policy, including in-lieu fee levels and best practices to encourage inclusion and construction of more affordable units rather than payment of in-lieu fees.

- B3. Approve the minutes of the November 5, 2014, Housing Commission Regular Meeting.

ACTION: Motion by Cadigan, Second by Calder to approve the minutes without changes. Motion passes 4-0 (Clarke absent).

Commissioner Calder left the meeting at 6:45 p.m.

C. Reports and Announcements

- C1. Commissioner Reports.

Commissioner Tate reported that the General Plan Advisory Committee had finished meeting just before this meeting. They reviewed the latest ConnectMenlo survey results which seemed to indicate a desire for more mixed-use development, hotels and businesses in the M-2 area. Also discussed was the need for a clear public benefits policy to help address infrastructure concerns.

- C2. Reports from Staff - None.

D. Informational Items – None.

E. Adjournment

Vice Chair Dodick adjourned the meeting at 7:02 p.m.



SPECIAL MEETING MINUTES - DRAFT

Date: 5/28/2015

Time: 7:00 p.m.

Senior Center

110 Terminal Ave., Menlo Park, CA 94025

Chair Clarke called the meeting to order at 7:16 p.m.

Roll Call

Present: Clarke (Chair), Cadigan, Dodick, Tate

Absent: Calder

Staff: Curtin, Chow, Murphy

A. Public Comment - None

B. Regular Business

- B1. ConnectMenlo Speaker Panel on housing issues related to the General Plan Update, including housing economics, affordable housing policies and strategies, anti-displacement policies and local housing implementation within a regional setting.

Charlie Knox of PlaceWorks, Inc. introduced Assistant Community Development Director Justin Murphy and Senior Planner Deanna Chow. Murphy provided a brief overview of the ConnectMenlo Project. Knox then introduced the following speakers who provided individual presentations.

- Libby Siefel, Principal, Seifel Consulting Inc.
- Pilar Lorenzana-Campo, Deputy Policy Director, Nonprofit Housing Association of Northern California
- Wayne Chen, Housing Division Manager, City for San Jose
- Daniel Saver, Community Legal Services

ACTION: None.

C. Reports and Announcements - None

D. Informational Items – None

E. Adjournment

Motion by Cadigan, Second by Tate to adjourn the meeting. Motion passes 4-0 (Calder absent).
Chair Clarke adjourned the meeting at 9:02 p.m.



REGULAR MEETING MINUTES - DRAFT

Date: 8/5/2015
Time: 5:30 p.m.
Administration Building
701 Laurel St., Menlo Park, CA 94025

Chair Clarke called the meeting to order at 5:35 p.m.

Roll Call

Present: Clarke (Chair), Cadigan, Calder

Absent: Dodick, Tate

Staff: Mariano, Lin

A. Public Comment - None

B. Regular Business

- B1. Approve the Below Market Rate In Lieu Fee Agreement Term Sheet with Lane Partners for 1010-1026 Alma St. (Staff Report 15-001-HC).

Associate Planner Jean Lin provided the staff presentation.

ACTION: Motion by Cadigan, Second by Clarke to approve the Below Market Rate Housing In-Lieu Term Sheet with Lane Partners for 1010-1026 Alma St. Motion passes 3-0 (Dodick and Tate absent).

- B2. Approve the minutes of the January 28, 2015, Housing Commission Special Meeting.

Staff member Nicole Mariano stated that this item would be tabled until the next meeting as Chair Clarke was absent on January 28, 2015, and unable to vote on this item.

ACTION: None.

- B3. Approve the minutes of the May 6, 2015, Housing Commission Regular Meeting.

ACTION: Motion by Cadigan, Second by Calder, to approve the minutes of the May 6, 2015, Housing Commission Regular Meeting. Motion passes 3-0 (Dodick and Tate absent).

- B4. Approve the minutes of the May 28, 2015, Housing Commission Special Meeting.

Staff member Nicole Mariano stated that this item would be tabled until the next meeting as Commissioner Calder was absent on May 28, 2015, and unable to vote on this item.

ACTION: None.

C. Reports and Announcements

C1. Commissioner Reports.

Commissioner Clarke stated she was happy to see that the City had recently released this year's Notice of Funding Availability (NOFA).

D. Informational Items – None

E. Adjournment

Chair Clarke adjourned the meeting at 5:46 p.m.