



REGULAR MEETING AGENDA

Date: 2/2/2022
Time: 6:30 p.m.
Location: [Zoom.us/join](https://zoom.us/join) – ID # 825 4657 7292

NOVEL CORONAVIRUS, COVID-19, EMERGENCY ADVISORY NOTICE

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

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

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

A. Call To Order

B. Roll Call

C. Public Comment

Under "Public Comment," the public may address the Commission on any subject not listed on the agenda. Each speaker may address the Commission once under Public Comment for a limit of three minutes. The Commission cannot act on items not listed on the agenda and, therefore, the Commission cannot respond to non-agenda issues brought up under Public Comment other than to provide general information.

D. Regular Business

- D1. Approve minutes for the Housing Commission regular meeting on November 3, 2021 and Housing Commission special meeting on November 17, 2021 ([Attachment](#))
- D2. Recommendation of a Below Market Rate Housing Agreement Term Sheet with Greystar for the Menlo Flats Project (165 Jefferson Drive) ([Staff Report #22-001-HC](#))
- D3. Recommend the City Council consider changes to the interest list eligibility requirements and general program description edits of the Below Market Rate Housing Program Guidelines ([Staff Report #22-002-HC](#))

D4. Discussion of 2021 Housing Commission achievements

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: 01/27/2022)



REGULAR MEETING MINUTES – DRAFT

Date: 11/3/2021
Time: 6:30 p.m.
Location: Zoom

A. Call To Order

Chair Grove called the meeting to order at 6:32 p.m.

B. Roll Call

Present: Bigelow, Grove, Leitch, Merriman (exited at 6:35 p.m. and rejoined at 6:42 p.m.),
Nguyen (arrived at 7:02 p.m.), Pimentel
Absent: None
Staff: Acting Housing Manager Mike Noce, Acting Principal Planner Corinna Sandmeier

C. Public Comment

None.

D. Regular Business

- D1. Approve minutes for the Housing and Planning Commissions special joint meeting on October 4, 2021 and Housing Commission regular meeting on October 6, 2021 (Attachment)

ACTION: Motion and second (Bigelow/ Leitch), to approve the Housing and Planning Commissions special joint meeting on October 4, 2021 and Housing Commission regular meeting on October 6, 2021, passed 4-0 (Merriman and Nguyen absent).

- D2. Recommendation on a below market rate housing compliance proposal by Cyrus Sanandaji, Presidio Bay Ventures, for the Springline project (1300 El Camino Real) (Staff Report #21-010-HC)

Acting Principal Planner Corinna Sandmeier introduced the item followed by a presentation by Steve Atkinson (Attachment).

- D3. Presentation by the City's below market rate housing program administrator HouseKeys

Julius Nyanda from HouseKeys provided a presentation (Attachment).

- D4. Selection of the Vice Chair

ACTION: Motion and second (Pimentel/ Nguyen), to select Commissioner Nguyen as the Vice Chair, failed 2-3 (Bigelow, Leitch and Grove dissented and Merriman abstained).

ACTION: Motion and second (Grove/ Leitch), to select Commissioner Bigelow as the Vice Chair, passed 4-1 (Nguyen dissented and Merriman abstained).

E. Reports and Announcements

E1. Ad hoc subcommittee reports (10 minutes):

Commission Nguyen was added to the below market rate (BMR) guidelines ad hoc subcommittee by acclimation.

E2. Commissioner updates

Chair Grove provided a recap of the Housing Leadership Day event.

E3. Recommended future agenda items.

None.

E4. Staff updates and announcements

Acting Housing Manager Mike Noce provided updates on:

- Staff will send out an agenda and staff report for the November 17, 2021 special meeting regarding policies for production of affordable housing.

F. Adjournment

Chair Grove adjourned the meeting at 8:42 p.m.

Mike Noce, Acting Housing Manager, Community Development

NOVEL CORONAVIRUS, COVID-19, EMERGENCY ADVISORY NOTICE

On March 19, 2020, the Governor ordered a statewide stay-at-home order calling on all individuals living in the State of California to stay at home or at their place of residence to slow the spread of the COVID-19 virus. Additionally, the Governor has temporarily suspended certain requirements of the Brown Act. For the duration of the shelter in place order, the following public meeting protocols will apply.

Teleconference meeting: All members of the Housing Commission, city staff, applicants, and members of the public will be participating by teleconference. To promote social distancing while allowing essential governmental functions to continue, the Governor has temporarily waived portions of the open meetings act and rules pertaining to teleconference meetings. This meeting is conducted in compliance with the Governor's Executive Order N-25-20 issued March 12, 2020, and supplemental Executive Order N-29-20 issued March 17, 2020.

- How to participate in the meeting
 - Access the meeting real-time online at:
[Zoom.us/join](https://zoom.us/join) – Regular Meeting ID #997-7506-7654
 - Access the regular meeting real-time via telephone (listen only mode)
at: (669) 900-6833 Regular Meeting ID 997-7506-7654

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SPRINGLINE HISTORY

- ENTITLEMENTS**
Project approved early 2017 including approximately 220,000 SF of office and CSU (retail) and 183 units
- INCLUSIONARY HOUSING**
Project as approved includes 20 BMR of various types
- PUBLIC BENEFIT**
Part of this agreed BMR, beyond applicable requirements, was to serve as public benefit for “bonus” FAR allowed under Specific Plan
- PROJECT SPONSOR**
In mid 2020, Presidio Bay Ventures was brought in as new Development Manager, and identified some deficiencies to be remedied to make Springline successful



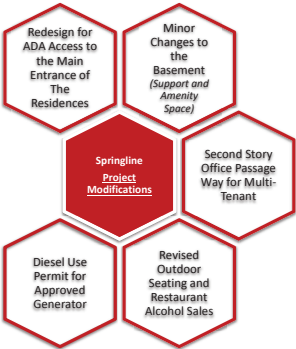
THE RESIDENCES



THE OFFICES & SHOPS

SPRINGLINE PROJECT MODIFICATIONS

- REDESIGN FOR ADA ACCESS TO THE MAIN ENTRANCE OF THE RESIDENCES**
Modification of the primary residential entry at the intersection of Oak Grove and Garwood to improve aesthetics, functionality and accessibility.
- MINOR CHANGES TO THE BASEMENT (SUPPORT SPACE)**
Minor changes to the basement levels for operational needs, such as secured lobbies to access the buildings from each level of the basement, mail rooms (required by USPS to be in basement), trash rooms, and storage to support Community Service Uses. Additionally, TDM focused amenities such as bike parking and locker rooms have been expanded to encourage greater bicycle ridership and minimize vehicular traffic. No new usable office or retail space added. No modifications to massing. Would result in a technical increase in Floor Area, while not impacting the massing or usable commercial space.
- SECOND STORY OFFICE PASSAGE WAY FOR MULTI-TENANT**
Minor changes to the second levels of each office building in order to create a passageway at the second level of the double-height entry lobbies.
- REVISED OUTDOOR SEATING AND RESTAURANT ALCOHOL SALES**
Use Permit amendment to allow a minor expansion of the allowed outdoor seating area for food and beverage. Use Permit for restaurants selling alcoholic beverages. Use Permit for a taproom that will sell craft beer, wine and spirits (confined to the outdoor seating area), along with snacks. Use Permit for liquor sales for a specialty market that will also sell alcoholic beverages for on and offsite consumption.
- DIESEL USE PERMIT FOR APPROVED GENERATOR**
Use Permit for hazardous materials with respect to a diesel fuel storage tank for the emergency generator as required by the City.



SPRINGLINE

- PROJECT MODIFICATIONS**
- Proposed additions would result in total of about 224,000 sf of office and CSU space (4,000 sf more than 2017 approval)
 - Almost all of the increased office and CSU areas are in the basement level, and would not add employees or generate housing demand
- PROPOSED IN-LIEU LINKAGE FEE**
- Because the original approvals allowed “ranges” of office and CSU area, it is difficult to calculate exactly how much each has increased compared to the original approvals
 - We therefore proposed that the BMR requirement be satisfied by payment of in-lieu fees with a 50/50 split, resulting in a payment of approximately \$63,120

Table 1			
	Square Feet	Component Fee	Total
Group A	2,000	\$20.46	\$40,920
Group B	2,000	\$11.10	\$22,200
BMR In-Lieu Fee			\$63,120



THANK YOU!



City of Menlo Park Application Process

NOVEMBER 3, 2021

1

Springline			
Unit Type	Number of BMRs	Number of Market	Total
Studio	-	-	-
1 Bedroom	17	81	98
2 Bedroom	3	74	77
3 Bedroom	0	8	8

Unit Type	Low Income Units	Moderate Income Units
Small One-Bedroom Units	8 Units # 219,223,231,262,319,323,331,362	6 Units # 209, 225, 260, 309, 325, 360
Large One-Bedroom Units	3 Units # 226, 248, 348	
Two-Bedroom Units	3 Units # 200, 224, 300	
TOTAL	14	6

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Background

1. Determine Household Size
 2. Determine Household Income
 3. Application ID (Program Connection) & Drawing Entry (Suitability)
 4. Selection Process Dates (Entry, Results Published, File Submission)
 5. Review Supporting Documentation
 6. Determine Program Eligibility (HHLD Size, Income Limits, etc.)
 7. Determine Program Qualification (Down Payment, Foreclosure risk, etc.)
 8. Prepare for Compliance and Future Service Tickets (Refinance, Resale, etc.)
- 3

HouseKeys Websites

Description	Website
HouseKeys Software Application Site 1. Register your Household 2. Obtain an Application I.D. 3. Enter an Opportunity Drawing 4. Opt-out from an Opportunity Drawing	https://www.myhousekeys.com/
City of Menlo Park (City Specific Resource Website) 1. Application Forms, Exhibits, Checklists 2. Orientation Prerecorded video, Power Point Presentation 3. Short Videos (Rental/Ownership), Quiz 4. City Guidelines	www.housekeys10.com

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Homebuyer Application Steps

Part 1

HouseKeys

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Step 1

Opportunity Advertisement

HouseKeys releases an Advertisement for a New Housing Opportunity. This notice will include:

- Bedroom Count
- Income Level
- Property Type
- Deadlines

The notifications go out to Application ID holders and email subscribers.



HouseKeys

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Step 2

Package Your File

A Application Packet www.housekeys10.com/homebuyer/info-page-or-rental-info.aspx

The Program Package includes:

- Initial Action Items
- Info on Members, Income Sources and Debts
- Intent to Follow (Abide by) the Rules

C Document Checklist

Contains a list of supporting documents to verify your household size, income, and other information that you have stated on your application and in the screening questions. It is important to be honest, truthful, and start on this Document Checklist right away. We recommend that you give yourself at least 21 days to collect everything on the list. If you find that a deadline does not give you enough time, do not be discouraged. HouseKeys is constantly adding new programs and opportunities to the Marketplace and Program Center.

B List of Loan Officers

It is very important to connect with a Loan Officer as soon as possible. The ones on our list have gone through training and verified that their legal departments have reviewed the program documentation. We understand that it may sometimes be difficult to get ahold of a loan officer on our list in time to meet the posted deadlines. If you choose to go with your own lender, make sure to verify that they have done the same. If you do not verify, you run the risk of not being able to close on your purchase transaction even if you are chosen during the Lottery Ranking process.



Step 3

Attend an Orientation

1. Orientation Webinar
2. Pre-Recorded Videos
3. Take Homebuyer Quiz
4. FAQ Sessions on Fridays and Saturdays, and these are posted on our Event Calendar.



Step 4

Setup your MyHouseKeys Account

Set up an account at MyHouseKeys.com and complete the Household Profile with:



Your MyHouseKeys Account allows you to apply for any Program that HouseKeys manages.



Create an account at MyHouseKeys.com



One Account per Household
To Create a New Account:
Username = Email Address
Password = 8 characters and 1 symbol
First Name
Last Name
Click on Create Account

Create a new account

Username * (Email)

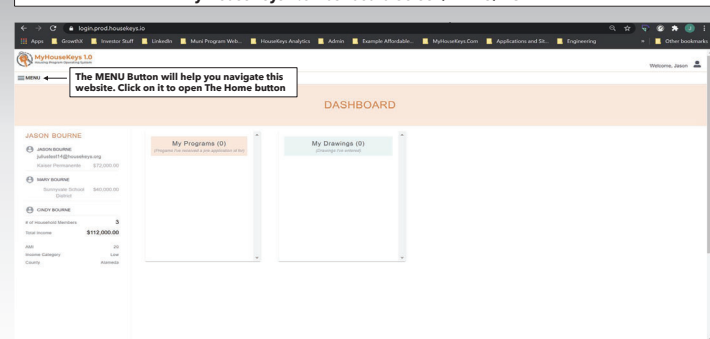
 Password *

 First Name *

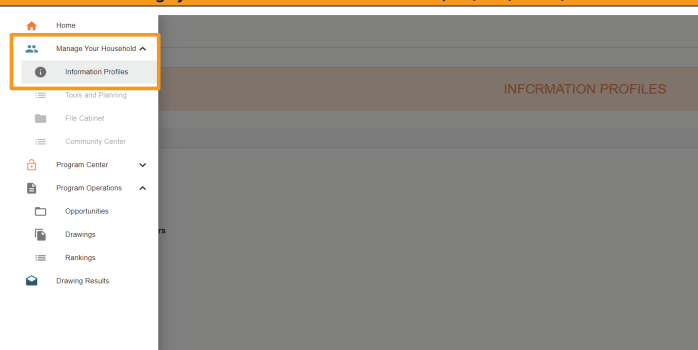
 Last Name *

[Have an account? Sign In](#) [CREATE ACCOUNT](#)

My HouseKeys 1.0 Dashboard Screen/MENU/HOME



MENU>Home>Manage your Household>Information Profiles (add, edit, delete, member info or income)



Information Profiles

MyHouseKeys 1.0
Housing Opportunity System

INFORMATION PROFILES

PROFILE

Name: John Baker
Email: john@abc.com

Role: Member

Total Household Members: 1
Total Income: \$0.00
AIB %: 0
Income Category: Other

MEMBERS (1)

NAME	RELATION TO PRIMARY	EMAIL	ADDRESS	AGE	DATE OF BIRTH	ADD MEMBER
John Baker		john@abc.com				

INCOME (\$0.00)

NAME	EMPLOYER	INCOME	ADD INCOME

Member Profile
Income Profile

To Edit member info please use the pencils
To delete member info or income please use the trash can

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Step 5

Get an Application ID

Go to the "Program Center" to find the list of Programs. You will see a "Request Application ID" button that leads to a set of pre-application screening questions that will issue an Application ID if you pass the screening.

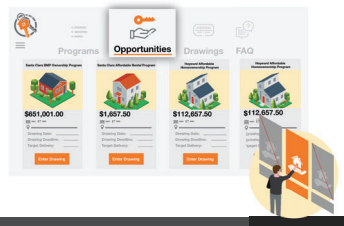


Step 6

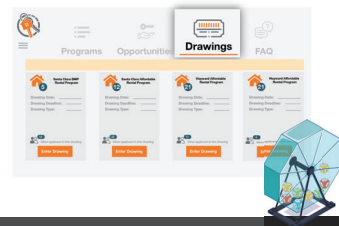
Enter an Opportunity Drawing

Go to the "Program Center" and look at the Opportunities List or the Opportunity Drawing List. Available Homes in the Inventory that we present are called "Opportunities" and each Opportunity is placed into an Opportunity Drawing. An Opportunity Drawing is how HouseKeys connects applicants to available homes. You "Enter" a Drawing by pressing the entry button and answering an additional set of screening questions and you will be assigned an entry number if you pass the additional screening.

Go through the Opportunity List



Or you can enter from the Opportunity Drawing List



MENU>Home>Drawings>Opt Out

MyHouseKeys 1.0
Housing Opportunity System

DRAWINGS (6)

NAME	AGE	TYPE
Menlo Park Senior Market Rental Program (180)	City of Menlo Park	Other
Menlo Park Senior Market Rental Program (180)	City of Menlo Park	Other
Menlo Park Senior Market Rental Program (180)	City of Menlo Park	Other
Menlo Park Senior Market Rental Program (180)	City of Menlo Park	Other
Menlo Park Senior Market Rental Program (180)	City of Menlo Park	Other
Menlo Park Senior Market Rental Program (180)	City of Menlo Park	Other

Drawing Date: April 12, 2021 12:00 PM
Drawing Deadline: April 12, 2021 12:00 PM
Drawing Type: Lottery Selection

Other applicants in this drawing (180)

Other applicants in this drawing (180)

Other applicants in this drawing (180)

Other applicants in this drawing (180)

Other applicants in this drawing (180)

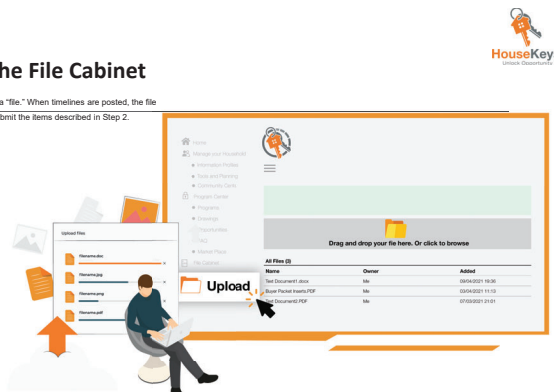
Other applicants in this drawing (180)

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Step 7

Upload File to the File Cabinet

All the items in Step 2 are what make up a "file." When timelines are posted, the file submission deadline is the deadline to submit the items described in Step 2.



MENU>Home>Manage your Household>Information Profiles (add, edit, delete, member info or income)

MyHouseKeys 1.0
Housing Opportunity System

FILE CABINET

DRAG AND DROP YOUR FILE HERE, OR CLICK TO BROWSE

Upload All

All Files (2)

Name	Owner	Added
Test Documentation 1.docx	Me	06/16/2021 8:35:15 PM
Test Documentation 1.pdf	Me	06/16/2021 8:35:07 PM

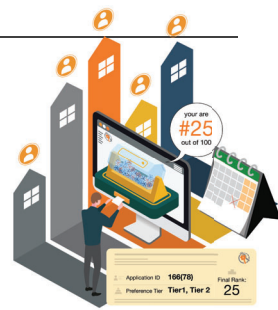
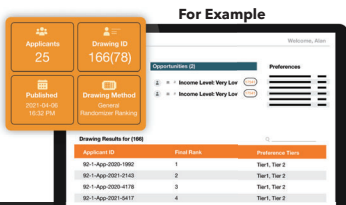
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Step 8

Get Your Ranking

Each Opportunity Drawing that you entered in Step 6 has a timeline that includes:

- 1) Entry Deadline
- 2) Ranking Results
- 3) File Submission Deadline



Homeownership Program

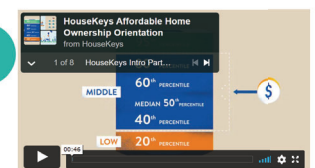
CITY OF MENLO PARK

HouseKeys10.com/Getting Started/home-buyer-info-page

Intro
Videos &
Quiz

These 8 short videos will help you understand how affordable housing works, key terminology, and the affordable home buying process. We encourage you to "Take the Quiz" to confirm that you understand the concepts and the process. In addition to the videos please review the Orientation Initial Action Items Orientation Handout by clicking [HERE](#). Please check the "Events" tab above to find the registration link for the next mandatory Ownership **Orientation Webinar**.

- 1. View 8 Short Videos (Rental)**
3. Individually Take the Quiz and Pass with a score of 10 or Better



**HouseKeys10.com/Getting Started/Homebuyer Program Info Page/
8 Short Videos/Quiz**

1. View 8 Short Videos (Rental)
2. Individually Take the Quiz and Pass with a score of 10 or Better
3. Check your Final Score before submitting. If it's not 10 or better, check your answers and re-take the quiz. If you have a score of 10 or better, you can Submit Form

HouseKeys Home Buyer Quiz

This quiz is to help assess how well you understand the home buyer program. The goal should be to get at least 12 out of 14 questions right. Each question is worth 3 points.

14. The lender's income calculation (typically 2 year average) is used to determine if the household exceeds the Program Income Limits (AIL).

☐ True
 ☐ False

Essay Question: Please let us know at least one thing that you've learned by taking this course

Applicant Name

Phone

Email

Please select the City/Cities you are interested in purchasing a BMR (below market rate) rental (expected) home.

- ☐ 10 - City of Minneapolis
- ☐ 10 - City of Cambridge
- ☐ 10 - City of Albany
- ☐ 10 - City of Oak Brook
- ☐ 10 - City of Naperville
- ☐ 10 - City of Naperville/Park
- ☐ 10 - City of Naperville/Forest
- ☐ 10 - City of Elmhurst
- ☐ 10 - City of Elmhurst/Elmhurst
- ☐ 10 - City of Elmhurst/Park
- ☐ 10 - City of Elmhurst/Elmhurst
- ☐ 10 - City of Elmhurst/Park
- ☐ 10 - City of Elmhurst/Elmhurst
- ☐ 10 - City of Elmhurst/Park
- ☐ 10 - City of Elmhurst/Elmhurst

Final Score

**Housekeys10.com/Getting Started/
Home Buyer Info Pages/Checklists/Application Forms**

Scroll Down to the Middle of the Page. Download, Print and Complete to the best of your ability:

- 1. Homebuyer Application Part 1**
- 2. Homebuyer Application Part 2**
- 3. Homebuyer Application Part 3**



Leverage the Standard Rental Program Document Checklist (guide you to build your FILE)

Note: If an item does not apply do not complete it.

HouseKeys10.com Program Guidelines

PROGRAM HÁΠΕΡΒΟΛΕΣ ΚΑΙ ΠΡΟΓΡΑΜΜΑ ΟΔΗΓΟΣ

Note: These are to be updated from time to time.

City of Seattle Public Housing Rental Program Guidelines 06/25/2018

Application Handbook (Coming soon)

As an applicant, you must complete the steps to create a household profile, attend an Opportunity ID, and enter Drawings for the housing opportunity you want. Each housing opportunity is given an Opportunity ID. If you are absent from the Drawing, then you will submit a bid to be processed and understood and the rules are outlined in the guide.

Participant Guide (Coming soon)

Once you are a tenant, you sign a Rent/Lease Agreement that details what you are allowed to do with the house. While the Rent/Lease Agreement on the site is the best version, there have been many different versions used in the past. The Participant Guide will bring some of the rules on refinancing, or selling the house, and transfer the substance. Please keep in mind that your signed Rent/Lease Agreement is the governing document that ultimately determines what you're allowed to do.

Scroll down to the bottom of the page and please Read the Program Guidelines before entering an Opportunity Drawing

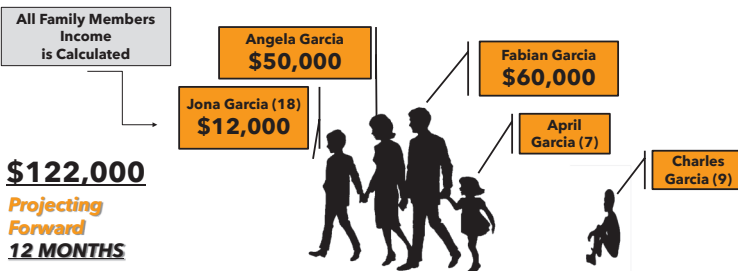
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What does Area Median Income (AMI) mean?

The Area Median Income or "AMI" is the midpoint of a county's income distribution. Half earn more than the MEDIAN and Half earn less than the MEDIAN

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Meet the Garcia's (Family of 5) How Does HouseKeys Calculate Your Income (to ensure that the Household is below the Maximum Income Limits) ?



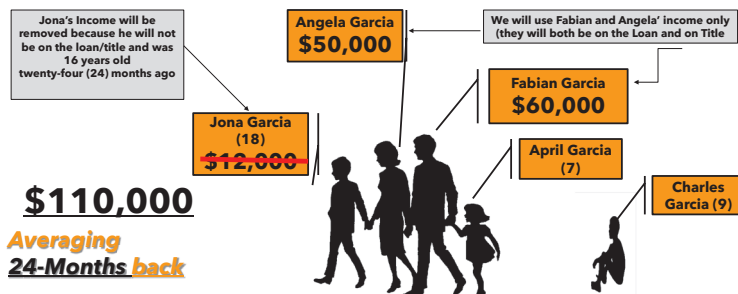
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San Mateo County (as of 4/26/21)

Percentage of the Median Income	Household Size	1	2	3	4	5	6
30% AMI	Extremely Low	\$38,400	\$43,850	\$49,350	\$54,800	\$59,200	\$63,600
50% AMI	Very Low	\$63,950	\$73,100	\$82,250	\$91,350	\$98,700	\$106,000
80% AMI	Low	\$102,450	\$117,100	\$131,750	\$146,350	\$158,100	\$169,800
100% AMI	Median	\$104,700	\$119,700	\$134,650	\$149,600	\$161,550	\$173,550
120% AMI	Moderate	\$125,650	\$143,600	\$161,550	\$179,500	\$193,850	\$208,200

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Meet the Garcia's (Family of 5) How Do Lenders Calculate your Income (to ensure the Borrower(s) can afford the Financing)?



Household Profile Overview Program Eligibility vs. Lender Qualification

ELIGIBILITY INCOME
\$122,000

All Family Members Income is Calculated

It is Used to make sure that the Household is below the Maximum Income Limits (per San Mateo County's Income Limits)

QUALIFYING INCOME
\$110,000

2-Year History Income
It is Used to make sure the Borrower(s) can afford the Financing

BMR Ownership Program Minimum Requirements

Please Reference your City Guidelines and Handbook for more details!

Credit Score: 620 Minimum Median Score (Experian, Equifax, Trans Union) lowest of the borrowers on record
All IRS liens or any past due money owed to the IRS will need to be paid off - including any other liens
Down Payment (3% Minimum Down Payment) from buyers own funds. Funds must be in your bank account for 3 months. UW will request 3 months bank statements (submit all copies front and back, ALL Pages)
All applicants and co-applicants must have a valid Social Security Card
HUD Approved First Time Home Buyer Education Class (ONLINE class)
Willingness to adhere to the 55-year Resale Restriction Agreement. Complete and Submit an Annual Certification (Resale Restriction Agreements are available to view on our City of Menlo Park website)

BMR Ownership Program Things to Consider

Long Term Affordability	Must be a 1st Time Home Buyer. No property ownership for 3 years
Ability to Save \$\$\$	Not an Investment Property, Buyer is unable to re sell the BMR unit at market rate
Possible Tax Benefits (discuss with your tax advisor)	55 Year Restriction Unit Must Always be Owner Occupied
	Patience and Organization takes time and there is lots of paperwork

Rental Program

CITY OF MENLO PARK

HouseKeys10.com/Getting Started/Rental Program Info Page

1. View 6 Short Videos (Rental)
3. Individually Take the Quiz and Pass with a score of 6 or Better



HouseKeys10.com/Getting Started/Rental Program Info Page/ 6 Short Videos/Quiz

1. View 6 Short Videos (Rental)

2. Individually Take the Quiz and Pass with a score of 6 or Better

3. Check your Final Score before submitting. If it's not 6 or better, check you answers and re-take the quiz. If you have a score of 6 or better, you can Submit Form

HouseKeys Affordable Renter Quiz

This quiz is to help determine how well you understand the affordable rental program. The goal should be to get at least 6 out of 8 questions right. Each question is worth 1 point.

Applicant Name:

Email:

Please select the City/Cities you are interested in renting a BMR (below market rate) rental unit:

☐ All of Menlo Park
☐ All of San Jose
☐ All of San Francisco
☐ All of San Diego
☐ All of Los Angeles
☐ All of New York City
☐ All of Washington DC

9. What is the first step in the application process?

☐ Submit an offer to the landlord
☐ Get an application form
☐ Interview with the landlord
☐ Complete application form

Essay Question: Please let us know at least one thing that you've learned by taking this course.

Final Score:

Submit Form

Housekeys10.com/Getting Started/ Rental Info Pages/Checklists/Application Forms

- Scroll Down to the Middle of the Page.**
Download, Print and Complete to the best of your ability:

1. Rental Application Part 1
2. Rental Application Part 2
3. Rental Application Part 3
4. Exhibits A-F

Note: If an item does not apply do not complete it.

PROGRAM APPLICATION & CHECKLIST

CLICK ON THE DOCUMENT TITLE LINKS BELOW

[Rental Application Part 1 - 6.26.2021](#)
[Rental Application Part 2 - 6.4.2020](#)
[Rental Application Part 3 - Disclaimers and Incentive to Abide - 6.4.20](#)
[Standard Rental Program Document Checklist - 11.26.2020](#)
[Addendum to the Rental Program Document Checklist - 2.8.2021](#)

Leverage the Standard Rental Program Document Checklist (guide you to build your FILE)

HouseKeys10.com Program Guidelines

Scroll down to the bottom of the page and please Read the Program Guidelines before entering an Opportunity Drawing

PROGRAM HÁBIBOYKÉ ÁNH ĐỒNGRÁM GIỚI THIỆU

Note: These rules are updated from time to time.

City of Menlo Park BMR Rental Program Guidelines 06/15/2018

Application Handbook (Coming soon)

As an applicant, you must complete the steps to create a household profile, obtain an Opportunity ID, and enter Drawings for the housing opportunity you want. Each housing opportunity is given an Opportunity ID. If you are absent in the Drawing, then you will submit a bid to be processed and understood and the rules are outlined in the guide.

Participation Guide (Coming soon)

Once you are a tenant, you sign a Rent/Lease Agreement that details what you are allowed to do with the home. While the Rent/Lease Agreement on this site is the best version, there have been many different versions used in the past. The Participation Guide will bring some of the rules on refinancing, or selling the home, and transfers the substance. Please keep in mind that your signed Rent/Lease Agreement is the governing document that ultimately determines what you're allowed to do.

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Keep this in mind about the BMR Rental Program

Rents are based on formulas derived from Housing Agreements, City Ordinances and San Mateo County's Maximum Income Limits

(Maximum Income Limits are provided Annually by the State of California to ALL 58 counties)

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BMR Rental Program Minimum Requirements

Please Reference your City Guidelines and Property Qualification Criteria for more details!

Rental Score Recommendation: Approved, Approved with Conditions OR Denied
Meet Property Management Company Qualification Criteria
Sufficient Funds for Deposit(s) and Background Check Fees When and If Applicable
All applicants and co-applicants must have a valid Photo Government issued I.D. or Social Security Card *Documentation Requirements may vary by Property
Must Make 2x the Rent (in most cases)
Willingness to adhere to Annual Recertifications and meet program requirements continuously

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Reference Materials

CITY OF MENLO PARK

City of Menlo Park BMR Program Priority Criteria

Preferences	Description
Live or Work in Menlo park	Currently Lives or works in Menlo Park and has lived or worked in Menlo park for at least one year at time of application
Lived in Menlo park in 2008 and Subsequently displaced due to economic hardship and has proof	A person residing in Menlo Park in 2008 who was subsequently displaced from such housing shall not be disqualified based on current lack of residency, provided they can show their displacement was due to economic conditions beyond their control (including but not limited to job loss, rent increase, eviction, foreclosure or other form of economic hardship resulting in loss of housing). Evidence of such economic displacement shall be in the form of direct evidence (i.e., job termination letter) or declarations submitted under penalty of perjury.
Unhoused persons with evidence that their last permanent residence was in Menlo Park	Unhoused persons may show local residency by providing evidence that their last permanent residence was in Menlo Park and/or documentation from a case manager or homeless services provider demonstrating current residency in Menlo Park, including places or structures other than a bona fide dwelling unit (i.e., vehicle or tent).
No Preference (May Still Apply)	May Still Enter

City of Menlo Park BMR Program Occupancy Standards

Room Size	Minimum	Maximum
Studio	1 Person	2 People
1 Bedroom	1 Person	3 People
2 Bedrooms	2 People	5 People
3 Bedrooms	3 People	7 People
4 Bedrooms	4 People	9 People
5 Bedrooms	5 People	11 People

List of HUD Approved Counseling Agencies in the Bay Area First Time Home Buyer Education Classes

Agency	Contact Information
Operation HOPE (East Bay)	Contact: Mel Rogers (510) 535-6700
A-1 Community Housing Services (East Bay)	Contact: Nancy Rivera to register and complete intake. nriviera@a1chs.org
EDEN Council for Hope and Opportunity ECHO (East Bay)	Main Number (510) 581-9380
NID Housing Counseling Agency (East Bay)	Contact: Olga Tovar (510) 268-9792
Project Sentinel (South Bay)	https://www.housing.org/first-time-homebuyer-education Online First Time Home Buyer Education Class Scroll Down to Online Home Buyer Education Class and Follow Steps 1-4

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Dates to Remember

FAQ Friday Broadcasts
Please register at www.housekeys10.com > Events Tab
(does not substitute the BMR Orientation)

Weekly FAQ Fridays (most Fridays)
12pm-1:15pm

Saturday FAQ (every other Saturday)
10am-11am

*Note: Short webinar intermissions will occur, please check webinar availability at our
www.housekeys10.com website > EVENTS Tab > Events Calendar

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SPECIAL MEETING MINUTES – DRAFT

Date: 11/17/2021

Time: 6:30 p.m.

Location: Zoom

A. Call To Order

Chair Grove called the meeting to order at 6:32 p.m.

B. Roll Call

Present: Bigelow, Grove, Leitch, Merriman

Absent: Nguyen, Pimentel

Staff: Assistant Community Development Director Deanna Chow, Acting Housing Manager Mike Noce, Acting Principal Planner Tom Smith, Senior Planner Calvin Chan

~~C. Public Comment~~

D. Regular Business

- D1. Review and discuss affordable housing strategy options for the Housing Element Update (Staff Report 21-011-HC)

Assistant Community Development Director Deanna Chow introduced the item.

M-Group representative, Brittany Bendix, provided the commission with a presentation (Attachment).

E. Adjournment

Chair Grove adjourned the meeting at 9:17 p.m.

Mike Noce, Acting Housing Manager, Community Development



OCTOBER 26 CITY COUNCIL MEETING

- **Presented 4 land use strategies to City Council:**
 - Option A – Moderate upzoning throughout the city
 - Option B – Mixed use development focused on Middlefield/Willow
 - Option C – Mixed use development focused in Downtown/El Camino Real
 - Option D – Mixed use development focused in Downtown/El Camino Real and Sharon Heights
- **Next Steps**
 - Council requested additional information and will discuss in December 2021
 - Housing Commission feedback on affordable housing strategies will be shared at the next Council meeting

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PRESENTATION OVERVIEW

- Policy Areas Identified through Outreach and Engagement
- State Laws
- Current City Affordable Housing Incentives
- Policy Direction
- Questions
- Next Steps

3

POLICY AREAS IDENTIFIED THROUGH OUTREACH AND ENGAGEMENT



4

COMMUNITY FEEDBACK THEMES

- **Housing Types**
 - Provide housing for all stages of life (e.g., students, singles, young families, seniors)
 - Support accessory dwelling units, duplexes, and triplexes
 - Support multi-family development between three and five stories

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COMMUNITY FEEDBACK THEMES

- **Housing Location**
 - Evenly distribute housing, including affordable and multi-family housing, throughout Menlo Park
 - Prioritize housing sites close to transit, businesses, and public services
 - Pursue Downtown as an ideal location for more housing
 - Increase density along El Camino Real in the Downtown area and enable mixed-use development at this location
- **Land Use Controls**
 - Enable non-residential to residential land use conversions that promote affordable housing and/or mixed-use development

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COMMUNITY FEEDBACK POLICY AREAS

- **Land Use and Development Controls.** Increase allowed housing densities and increase affordability.
- **Support for Current Residents.** Provide support to prevent displacement of existing residents through strategies such as rent support and housing renovation support.
- **Acknowledging Concerns about Anticipated Changes.** Address new development's impact on public services, such as schools and parks.
- **Financial Costs.** Address prohibitive financial costs of both owning and renting a house, including high land costs and the need for very low-income housing funding.
- **Transportation and Climate Effect.** Locate housing near transit and prioritizing walkability and bikeability.

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SAN MATEO COUNTY DEPARTMENT OF HOUSING

- **Suggested City Programs**
 - Programs to provide security deposit assistance, rental assistance, owner-occupied mortgage assistance, and other financial assistance to prevent eviction or displacement.
 - Apply for a Prohousing Designation from the State.
 - Waive impact fees (e.g., parks) for developers that provide deed-restricted affordable housing.

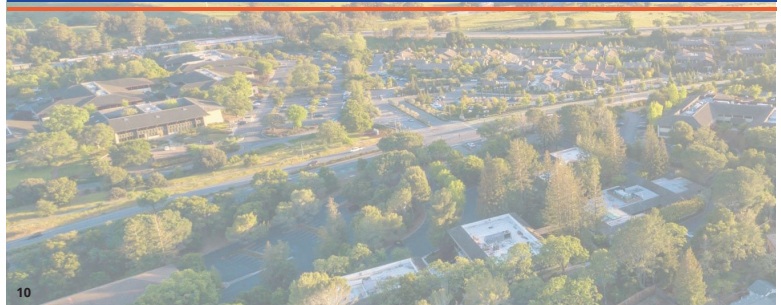
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SAN MATEO COUNTY DEPARTMENT OF HOUSING

- **Coordination with SMC**
 - Partner with SMC by providing funding support or land donations.
 - Collaborate with the County to identify overlaps between housing sites and transportation enhancements to facilitate affordable housing in transit-rich areas.
 - Maintain clear communication with the County to receive information on County funding opportunities.

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STATE LAWS



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SB 9

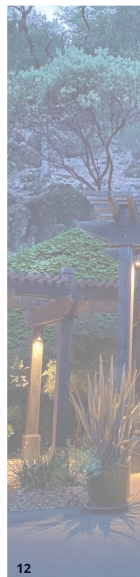
- Ministerial approval of 2 units on a single-family zoned lot
- Ministerial approval of a lot split into 2 parcels
 - Lot must be a minimum of 2,400-3,000 sf (depending on lot split arrangement)
- SB 9 projects are ministerially reviewed
- Effective January 1, 2022
- City plans to adopt objective design standards prior to the adoption of the 6th Cycle Housing Element



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SB 10

- Allows up to 10 units per parcel
- City must first create an SB 10 development framework (e.g. zoning overlay) to trigger SB 10 incentives
- SB 10 zoning ordinance changes planned for after the Housing Element Update
- Staff intends to include an implementation program as part of the Housing Element Update to pursue Zoning Ordinance changes pursuant to SB 10, unless directed otherwise by City Council



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STATE DENSITY BONUS/AB 1763



- **State Density Bonus Law**
 - Projects that include affordable housing are eligible for a density bonus up to 50%
- **AB 1763**
 - 100% affordable housing projects can receive up to 4 concessions (e.g. reduced setback, FAR)
 - 100% affordable housing projects can receive a density bonus up to 80% above the base allowable density
 - Additional height bonus of 33 feet or 3 stories allowed for 100% affordable housing within ½ mile of a major transit stop
 - Reduces local parking requirements

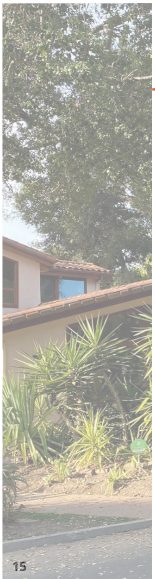
13

CURRENT CITY AFFORDABLE HOUSING INCENTIVES



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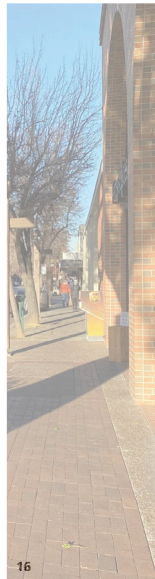
AFFORDABLE HOUSING OVERLAY



- Allows for density bonuses, development incentives, and fee waivers
- Max density bonus of 60%
- Currently only applies to the El Camino Real and Downtown Specific Plan area and R-4-S (AHO) – High Density Residential, Special District with Affordable Housing Overlay

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BELOW MARKET RATE (BMR) HOUSING PROGRAM



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- Creates rental and for purchase affordable units
- **BMR (inclusionary zoning) requirements:**
 - Projects with 5-19 units: 10% BMR
 - Projects with 20+ units: 15% BMR
- **Density bonus: One additional market rate unit allowed for each BMR unit provided**
- **In-lieu fees can be paid in place of providing BMR units, which are used to provide affordable housing**

AFFORDABLE HOUSING STRATEGIES



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STRATEGY OPTIONS

- 1) **Increase the citywide Below Market Rate Housing Program inclusionary requirements from 15 percent to 20 percent** for all new residential development that has 20 or more units.
- 2) **Expand the Affordable Housing Overlay or the City's local density bonus ordinance** to incentivize 100 percent affordable housing projects (i.e., 100 percent of units are affordable to low and very low income residents) and encourage additional BMR units in market-rate developments.
- 3) **Limit average maximum unit sizes to 1,250 square feet and/or create a sliding scale for FAR** to encourage smaller, more affordable homes and efficient use of space.
- 4) **Implement a sliding density scale of units** as follows to more accurately reflect the land use intensity of smaller residential homes:
 - Units up to 650 square feet count as 0.50 unit (studios and 1-bedrooms)
 - Units up to 938 square feet count as 0.75 unit (2-bedrooms)
 - Units up to 1,250 or more square feet count as 1.0 unit (3-bedrooms)

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STRATEGY OPTIONS

5) Increase certain El Camino Real and Downtown Specific Plan area base density and height limits.

Specific Plan Area	Dwelling Units Per Acre (du/ac)	Recommendation
El Camino Real North-West	25-40	No change
El Camino Real North-East – Low Density	20-30	No change
El Camino Real North-East	25-40	No change
El Camino Real North-East – Residential Emphasis	32-50	No change
El Camino Real South-West	25-40	No change
El Camino Real South-East	40-60	No change
Station Area West and Station Area East	50-60	No change
Downtown Adjacent	18.5-25	Increase maximum to 40 du/ac
Downtown Santa Cruz Avenue	25-40	Increase maximum to 50 du/ac

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STRATEGY OPTIONS

- 6) **Reduce parking requirements** for all housing projects within a half mile of major transit stops or within the El Camino Real and Downtown Specific Plan Area.
- 7) Include a policy and program to **increase the Commercial Linkage fee**.
- 8) Include **specialized policies and/or programs for specific groups** such as People with Disabilities (including developmental disabilities), Veterans, and Seniors.

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QUESTIONS



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QUESTIONS FOR DISCUSSION

Primary Questions

1. What policies should be pursued for the development of affordable housing? For example, recommendations 1-8 or any other policies?
2. What other housing policies should the project team explore for the Housing Element Update?

Other Questions

3. How prescriptive should affordable housing requirements be? For example, should we require a specific mix by income level for the BMR units?
4. Where should the AHO be applied?
5. What other housing policy areas should the project team explore for the Housing Element Update?

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NEXT STEPS



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2021 *Join us and give feedback!*

Upcoming Events

City Council Follow-Up
December 2021 | *Tentative*

Community Meeting on Housing Policies
TBD

Planning and Housing Commission Meeting(s)
TBD

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THANK YOU!



Questions



Comments

Thank you for your time and commitment to the City of Menlo Park!

menlopark.org/housingelement



STAFF REPORT

Housing Commission

Meeting Date:

2/2/2022

Staff Report Number:

22-001-HC

Regular Business:

Recommendation of a Below Market Rate Housing Agreement Term Sheet with Greystar for the Menlo Flats Project

Recommendation

Staff recommends that the Housing Commission recommend approval of the draft Below Market Rate (BMR) Housing Agreement Term Sheet (Term Sheet) to the City Council for 21 on-site BMR rental units with mixed affordability as outlined in Table 2 (15 percent or 21 of the 138 units - maximum base density in the R-MU zoning district before accounting for any density bonus from the BMR Ordinance), as further described in the draft Term Sheet (Attachment A) for construction of an eight story mixed use building with 158 rental apartment units, 13,400 square feet of commercial office space, and approximately 1,600 square feet of commercial space at 165 Jefferson Drive.

Policy Issues

Each BMR Housing Agreement is considered individually on a project by project basis. The Housing Commission should consider whether the proposal would be in compliance with the BMR Housing Program (Menlo Park Municipal Code Chapter 16.96, referred to as the BMR Ordinance) and the BMR Housing Program Guidelines (BMR Guidelines) that implement the BMR Ordinance.

Background

Site location

The project site consists of a R-MU-B (Residential Mixed Use-Bonus) zoned parcel with approximately 1.38 acres, which is currently developed with an approximately 24,300 square-foot, single-story office building. The existing building is proposed to be demolished as part of the redevelopment of the project site. For purposes of this staff report, Bayfront Expressway (California State Route 84) is considered to have an east-west orientation, and all compass directions referenced will use this orientation. The project site is located south of Bayfront Expressway, east of Marsh Road, and on the north side of Jefferson Drive. The parcels to the north and west of the site are also located in the R-MU-B zoning district and contain the approved Menlo Uptown project, which is now in the building permit review phase. The parcels to the south of the project site are zoned O-B and currently contain office and industrial buildings. Parcels to the south of the project site are zoned O-B and PF and contain a mix of office, light industrial, and R&D uses, as well as the Tide Academy high school. Facebook occupies some of the nearby office buildings. A location map is provided as Attachment B.

Housing Crisis Act of 2019 (SB 330) application

The proposed project is a housing development project pursuant to the Housing Accountability Act and Senate Bill (SB) 330, the Housing Crisis Act of 2019, which became effective January 1, 2020. SB 330 was designed to remove barriers to the development of housing development projects. Some key features of SB 330 include shortening the timeframe for housing development project review under the Permit Streamlining Act and limiting the number of public hearings on a housing development project to five or fewer hearings after the formal development application is complete. The project sponsor filed a preliminary application pursuant to the SB 330 procedures on January 28, 2020. The preliminary application has the effect of freezing development standards and fees in place at the time of submission of the preliminary application. The City may only apply new development standards in certain limited circumstances, including if the new standards are necessary to prevent specific, adverse public health and safety impacts (as defined in Gov. Code § 65589.5(j)(1)(A)) or to mitigate significant environmental effects to comply with CEQA. Following submittal of the preliminary application, the project's formal development application was submitted on July 24, 2020 and found complete on September 14, 2020. Bonus level projects of this nature would typically include the following public hearings to adhere to the five-meeting limit and any increase in the number of hearings would require a waiver by the applicant:

1. Planning Commission EIR scoping meeting and study session (which occurred on December 7, 2020)
2. Planning Commission draft EIR public hearing and study session (which occurred on November 15, 2021)
3. Housing Commission public meeting (BMR proposal) (this meeting)
4. Planning Commission public hearing for Final EIR certification and land use entitlements
5. City Council public hearing for final action on appeal (if any)

In addition to the above-mentioned requirements, cities are prohibited from adding new fees or raising existing fees beyond automatic annual escalation. Furthermore, cities are prevented from requiring housing development projects to comply with an ordinance, policy, or standard, including subjective or objective development standards, not in effect when a preliminary application was submitted. While the City can apply subjective standards to a proposed housing development project, SB 330 contains provisions that limit the ability of a city to condition a project in a manner that would reduce the density of the proposed project. Specifically, the City may only deny a housing development project or reduce its density if the project is inconsistent with objective standards; "objective" means "involving no personal or subjective judgment by a public official and being uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official.

Analysis

Project description

The applicant is proposing to demolish the existing buildings and site improvements across the entire project site and construct an eight-story mixed-use building with approximately 154,032 square feet of residential square footage with a maximum of 158 multifamily rental units and approximately 13,400 square feet of office and 1,600 square feet of commercial space, totaling approximately 168,893 square feet of building with associated open space, circulation, parking, and other infrastructure improvements.

The residential uses on the site are regulated by density (defined a dwelling unit per acre) and floor area ratio (FAR) limits, and the nonresidential uses are subject to a FAR limit. 30 du/acre is the maximum density permitted for base level development in the R-MU-B zoning district, which limit is increased to 100 du/ac for bonus level development, plus increase for additional market rate units approved in exchange for the provision of on-site BMR units. Accounting for the bonus development, the project's density would equal 100 du/ac (138 units), plus an additional 20 units in exchange for 21 on-site BMR units. The residential FAR limit equals 225 percent, plus additional FAR as needed to accommodate the additional market rate units approved in exchange for the provision of on-site BMR units. The project would have a residential FAR of approximately 256 percent, which equals 225 percent plus an additional 31 percent in exchange for 21 on-site BMR units. The nonresidential FAR limit is 25 percent, and the project proposes a nonresidential FAR equal to this limit.

The proposed eight-story mixed-use building would contain approximately 158 residential units located above three levels of above-grade structured parking, non-residential uses, lobbies, and ancillary spaces for tenants. To account for potential flooding and sea level rise (and comply with the City's Zoning Ordinance requirements), the main lobbies and resident ancillary spaces would be elevated approximately three feet above the existing grade of the street (and a minimum of 24 inches above the base flood elevation of the site). The proposed project would include an outdoor patio area along Jefferson Drive, which would be an extension of the public paseo into the building envelope.

A portion of the publicly accessible paseo, which is identified on the City's adopted Zoning Map, would run along the east property line. The project will construct half of the paseo and the remaining half would be developed by the adjoining property when it is redeveloped. The approximately 3,375 square feet, 10-foot wide public paseo would provide public access through the site and would link to future paseo extensions that would be required as the neighboring properties redevelop. At this time a portion of the paseo is located adjacent to the proposed ground floor commercial space and the remainder of the paseo is located adjacent to the garage façade and entrances to resident bicycle parking and stair access to the residential units.

The fourth floor of the proposed project partially steps back along Jefferson Drive and near the corner of Jefferson Drive and the paseo in order to create covered patios, terrace with pool, and other private and communal open spaces on top of the garage to service the future residents of the project.

The proposed project shares a portion of the northern property line with the approved Menlo Uptown project. An emergency vehicle access runs north to south along the western property line and east to west along the northern property line. The project proposes to allow pedestrians, bicyclists, emergency vehicles, and garbage service trucks to travel between the subject property and the Menlo Uptown property via the shared property line. No private vehicles would be permitted through the two sites.

The applicant's BMR proposal letter and select sheets from the project plans are included as Attachments C and D, respectively. The project BMR proposal is subject to additional review and refinement prior to a Planning Commission action on the overall project, including the BMR Housing Agreement. The Housing Commission should note that the project proposal is still under compliance review by City staff, and aspects of the design are subject to change before final project actions.

BMR Housing Program & related requirements

The applicant is required to comply with the BMR Ordinance and with the BMR Guidelines adopted by the City Council to implement the BMR Ordinance since the proposed project includes more than four residential units. Projects in the R-MU-B zoning district are required to design and construct inclusionary affordable housing on-site as part of the project. The City's BMR Ordinance requires 15 percent of the total number of proposed units to be provided at below market rates to very-low, low-, and moderate-income households in compliance with the BMR Guidelines. The BMR Guidelines specify that all required BMR rental units be provided at the low income level, however, it allows developers to submit equivalent alternatives for consideration. Neither the BMR Ordinance nor the BMR Guidelines specify what percentage of the BMR units must be provided at the various income categories for ownership housing projects. As shown in Attachment C, the applicant has proposed two scenarios for the Housing Commission's consideration: one that includes all units at the low income level and an equivalent alternative that serves a mix of income levels. These scenarios are discussed further below.

The proposed project reduces the commercial square footage on the site by approximately 24,300 square feet, and based on the existing use of the building as offices and warehouse and replacing it with approximately 13,400 square feet of office space and approximately 1,600 square feet of commercial retail space. However, based on the existing use of the buildings on the site as offices, the proposed commercial component of the project would not require the payment of a commercial in-lieu fee or the provision of additional BMR units as the credits of the existing office square footage would exceed the proposed office square footage.

The applicant proposes to provide 21 BMR housing units to comply with the City's BMR Ordinance. As previously mentioned, the proposed project is required to provide 15 percent of the total number of proposed units as BMR units, which for a project of 138 units (maximum density in the R-MU zoning district before accounting for any density bonus from the BMR Ordinance) equates to 21 units. The BMR Guidelines assess the project's BMR requirement on the entire project and not by housing product type (rental or for-sale), with the exception that the BMR units must be evenly distributed throughout the project and the unit sizes/bedroom counts must be based on similar percentages of the market rate unit sizes/bedroom counts within the proposed project.

The City's current Housing Element (2015-2023) identified the need for 655 units to be produced affordable to very low-, low-, moderate-, and above moderate-income households. The 655 units were comprised of 233 very low-, 129 low-, 143 moderate-, and 150 above moderate-income units. As of January 1, 2021 the City has produced 148 very-low, 80 low-, 11 moderate-, and 1,117 above moderate-income units. Generally, the City needs to increase production of very low-, low-, and moderate-income units, which are currently considered a high need in the community. The City has recently approved three projects in the Bayfront area in proximity to the proposed project site. Combined these approved projects are projected to provide 14 very-low, 46 low-, and 79 moderate-income units in the area. Additionally, large family units are also identified as a high need for the City.

Scenario 1- provides 21 units affordable to low income households. Table 1 below provides the breakdown of the BMR units.

Table 1: Inclusionary unit breakdown Scenario 1							
Unit Type	Average sq. ft.	Units allowed per Zoning*	Total Proposed Project	Moderate	Low	Very Low	Total
Studio	345	99	113	0	15	0	15
Four Bedroom	1,625	39	45	0	6	0	6
Avg./Total	710	138*	158	0	21	0	21

Scenario 2 – provides a mix of units affordable to very low, low, and moderate income households. Table 2 below outlines the total number, type, and average size of units provided at each income level:

Table 2: Inclusionary unit breakdown Scenario 2							
Unit Type	Average sq. ft.	Units allowed per Zoning*	Total Proposed Project	Moderate	Low	Very Low	Total
Studio	345	99	113	0	12	3	15
Four Bedroom	1,625	39	45	5	0	1	6
Avg./Total	710	138*	158	5	12	4	21

The project includes 39 four-bedroom units (45 four-bedroom units including the density bonus units) (refer to Table 1 and 2 above), of which six units are proposed to be affordable to low-income households in scenario 1 and five units are proposed to be affordable to moderate-income and one unit is proposed to be affordable to very-low income households in scenario 2. Both scenarios meet the requirements outlined in the City's Below Market Rate Housing program.

As previously mentioned, the City's preference is to encourage projects to provide units with a mix of affordability. Therefore, staff recommends that the Commission support scenario 2 as it provides affordable house at various income categories as well as at various sizes. Staff finds that providing inclusionary at a mixed income level would contribute towards meeting the housing needs as identified in the City's Housing Element 2015-2023) and meet the City's Regional Housing Needs Allocation (RHNA). Therefore, staff recommends that the Housing Commission support the applicant's proposal to provide BMR rental units affordable to mixed income households (scenario 2).

Select plan sheets that include a site plan with project data illustrating the sizes of the units, and floor plans and elevation drawings of the proposed project are provided in Attachment D. As part of the project compliance review, the applicant is preparing diagrams indicating that the proposed BMR units would be equivalent in size and location within the buildings with the typical market-rate units. At this time, staff believes that the proposed BMR unit amounts and affordability levels strictly meet the requirements of the BMR Guidelines.

Applicant outreach efforts

According to the applicant, In June 2020 flyers were sent offering one-on-one introductions/updates to over 6,000 addresses in neighboring Belle Haven/Menlo Park/East Palo Alto communities. The applicant also sent the flyer via email to anyone in the area that has shown interest in any of our projects. The applicant has presented Menlo Flats to the Menlo Park Chamber of Commerce twice with the most recent update in October 2021.

In November 2021, the applicant resent flyers to over 6,000 addresses in proximity to the site including all of Belle Haven and an email to 100+ interested parties. The applicant invited those interested to attend two virtual community meetings on November 6th and 10th and also offered one-on-one conversations. Three people attend the first meeting and one person attend the second meeting.

The vast majority of community interest has been in regard to BMRs. In response to these inquiries, the applicant shared the City's BMR rental and for-sale website and the anticipated timing of when the BMRs in our Menlo Park project's will be available. Other interest has been in the community amenity. The applicant also had ten one-on-one conversations with members who were interested in learning more about this specific project but couldn't attend our virtual community meetings.

Correspondence

At the time of the preparation of this staff report, staff has not received any correspondence regarding the draft BMR Housing Agreement Term Sheet. Any correspondence received prior to the Housing Commission meeting will be disclosed during the review of this proposed project at the meeting.

Term Sheet conclusion

The Housing Commission should review the draft Term Sheet and provide guidance to staff and the applicant and a recommendation to the Planning Commission. The draft Term Sheet would be used to inform the preparation of the draft BMR Housing Agreement, which would be reviewed and acted on by the Planning Commission along with other project actions.

Staff believes that the applicant's proposal of 21 on-site BMR rental units affordable to very-low, low-, and moderate-income households meets the minimum requirements of the BMR Ordinance and BMR Guidelines. The size and location of these BMR units supports the City's goal of providing additional housing and creating a live/work/play environment in the Bayfront Area of the city. Staff recommends that the Housing Commission recommend to the Planning Commission approval of the on-site BMR units under the terms stated in the draft BMR Agreement Term Sheet.

Impact on City Resources

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

Environmental Review

A draft EIR was prepared for the proposed project and released on October 25, 2021 with a public review period ending December 9, 2021. Prior to the draft EIR, an Initial Study (IS) was released on November 16, 2020, beginning a 30-day review and comment period ending on December 21, 2020, to evaluate the potential environmental impacts of the proposed project and determine what level of additional environmental review would be appropriate. In accordance with Section 15168 of the CEQA Guidelines, the project-level Initial Study was prepared to disclose the relevant impacts and mitigation measures addressed in the certified program-level ConnectMenlo EIR and discuss whether the proposed project is within the parameters of the ConnectMenlo EIR or if additional analysis would be necessary. Based on the findings of the IS and consistent with the settlement agreement between the City of Menlo Park and the City of East Palo Alto (Settlement Agreement), the draft EIR addresses potential physical environmental effects of the proposed project in the following areas: population and housing, transportation, air quality, greenhouse gas emissions, and noise (operation period traffic and stationary noise).

The draft EIR describes the existing conditions (including regulatory and environmental settings), and analyzes the potential environmental impacts (noting the thresholds of significance and applicable methods of analysis). Impacts are considered both for the project individually, as well as cumulatively for the proposed project in combination with other projects and cumulative growth. The draft EIR prepared for the proposed project identifies less than significant effects and effects that can be mitigated to a less-than-significant level in all five studied topic areas:

- Population and Housing
- Transportation
- Air Quality
- GHGs
- Noise (Operation Traffic and Stationary Noise)

The draft EIR does not identify any potentially significant environmental effects that are significant and unavoidable in any topic area. The draft EIR found that the proposed project is within the number of residential units and population contemplated in the certified ConnectMenlo EIR. Furthermore, the proposed project would not induce substantial unplanned population growth, directly or indirectly. Additionally, because the proposed project population growth was already anticipated in the ConnectMenlo EIR and the project contributes towards the City's current 2014-2022 RHNA for BMR units, the draft EIR found that the project is not anticipated to result in new cumulative impacts, making its cumulative impact less than significant. The Population and Housing chapter of the draft EIR provides further analysis to support these conclusions. The draft EIR is available on the City's development projects environmental documents website (<https://www.menlopark.org/DocumentCenter/View/29940/Menlo-Flats-Draft-Environmental-Impact-Report>). A hyperlink is also included in Attachment E.

Public Notice

Public Notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting. Public notification also consisted of courtesy notification by mail of owners and occupants within a 300-foot radius of the subject property.

Attachments

- A. Draft BMR Agreement Term Sheet
- B. Location Map
- C. Menlo Flats BMR Proposal
- D. Excerpts of Project Plans
- E. Hyperlink: Menlo Flats Project Draft EIR -
<https://www.menlopark.org/DocumentCenter/View/29940/Menlo-Flats-Draft-Environmental-Impact-Report>
- F. Hyperlink: Housing Needs Assessment (HNA) -
<https://www.menlopark.org/DocumentCenter/View/29944/Appendix-C---HNA>
- G. BMR Equivalent Calculator

Report prepared by:

Payal Bhagat, Contract Principal Planner

Report reviewed by:

Mike Noce, Acting Housing Manager

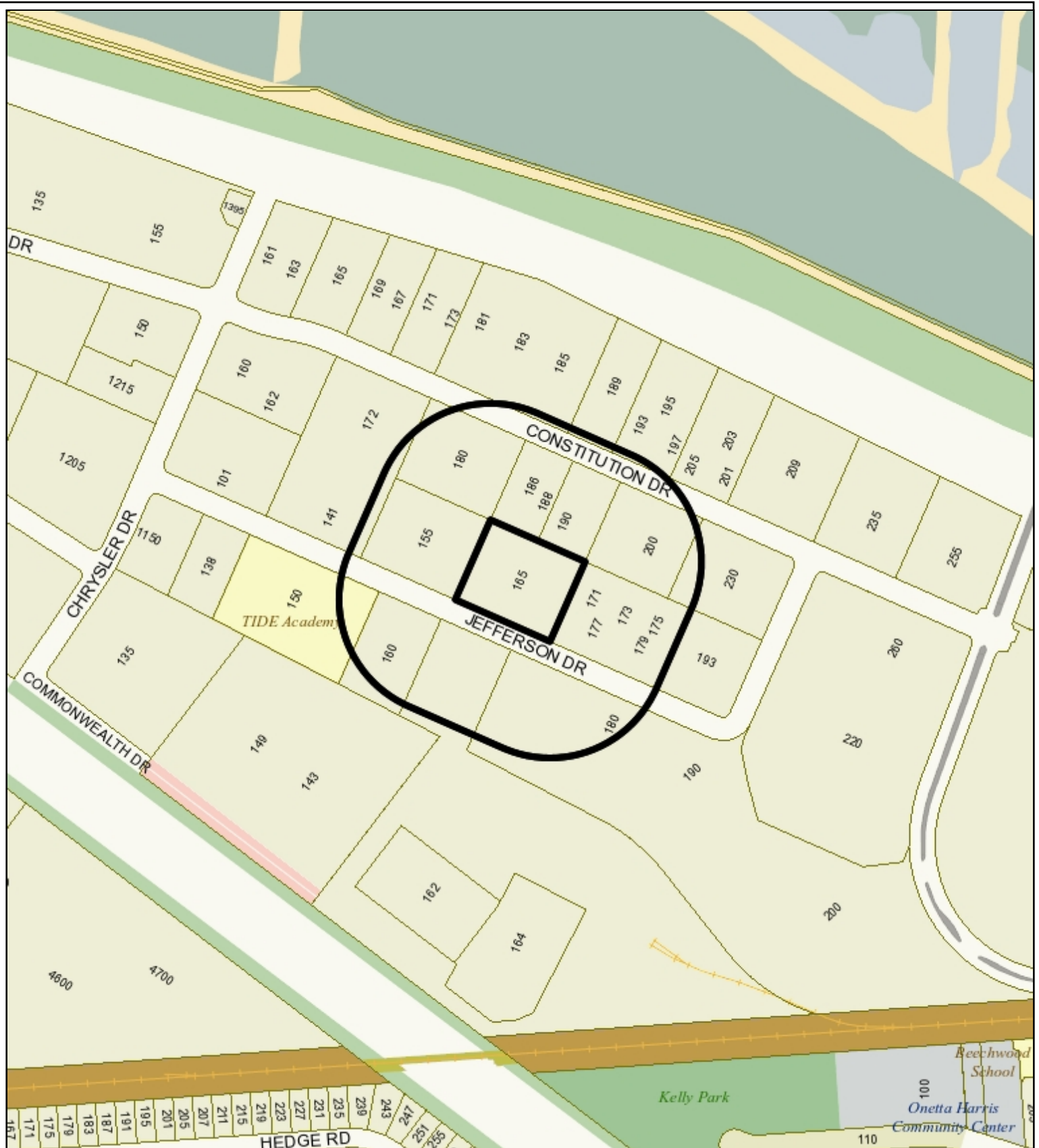
Eric Phillips, Special Counsel

**Menlo Flats Project
Draft Below Market Rate Housing (BMR) Agreement Term Sheet**

1. Applicant owns property known as Assessor's Parcel Number: 055-242-090 ("Property"), more commonly known as Menlo Flats Project (165 Jefferson Drive), Menlo Park;
2. Applicant is proposing to demolish an existing approximately 24,311 square feet commercial building and construct one hundred and fifty-eight (158) multifamily apartment units, approximately 13,400 square feet of commercial office space and approximately 1,600 square feet of commercial space at 165 Jefferson Drive. The Applicant is requesting Environmental Review, Use Permit, Architectural Control, Public Benefit Bonus, Heritage Tree Removal, and Below Market Rate (BMR) Housing Agreement approval for this project;
3. The proposed project consists of more than twenty (20) residential units; therefore, Applicant is required to comply with Chapter 16.96 of City's Municipal Code ("BMR Ordinance") and with the Below Market Rate Housing Program Guidelines ("Guidelines") adopted by the City Council to implement the BMR Ordinance. The amount of commercial space in this project (approximately 15,000 sf) does not trigger any additional BMR requirement;
4. The maximum base density under the R-MU zoning district would yield one hundred and thirty-eight (138) dwelling units. To comply with the BMR Ordinance the applicant is required to provide minimum fifteen (15) percent or $0.15 \times 138 =$ twenty-one (21) inclusionary units. Pursuant to the City's Below Market Rate Housing Program, the project can include up to twenty-one (21) additional market rate units. The project is proposing to include additional twenty (20) market rate units (one fewer than the maximum allowed) resulting in a proposed development of one hundred and fifty-eight (158) new residential units;
5. Applicant has proposed to satisfy the inclusionary BMR requirement for the proposed project by constructing twenty-one (21) on-site BMR units. The project proposes to provide inclusionary units affordable to very low, low, and moderate-income households. The project proposes to provide three (3) studio units and one (1) four-bedroom unit affordable to very low-income households, twelve (12) studio units affordable to low-income households, and five (5) four-bedroom units affordable to moderate income households;
6. The size and location, design and materials, timing of establishing rental price, determination of the rental price, and legal characteristics such as first right of refusal and deed restrictions shall be consistent with requirements outlined in Section 5 of the BMR Guidelines;
7. The income and rent standards, determination of the BMR unit rent, tenant selection and certification procedures, BMR rental interest list, rental term, selection of tenants, maintenance obligations, monitoring and recordkeeping, vacation and re-

renting of the BMR unit, annual recertification, annual reporting, and remedies for violation shall be set forth in the BMR Agreement referenced herein and shall be consistent with the BMR Guidelines and as more fully set forth in the BMR Agreement referenced herein;

8. Applicant shall enter into a BMR Agreement memorializing these terms in a form acceptable to the City Attorney, pursuant to the BMR Ordinance and BMR Guidelines.



City of Menlo Park

Location Map

Menlo Flats



Scale: 1:4,000

Drawn By: KTP

Checked By: KTP

Date: 12/7/2020

Sheet: 1

June 8, 2021

Planning Division
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

Menlo Flats Below Market Rate Proposal (Updated)

Dear Menlo Park Planning Division:

We are pleased to share the following description of the Below Market Rate Proposal for Greystar's proposed Menlo Flats project located at 165 Jefferson Drive in Menlo Park. In developing this proposal, we have referenced the "Below Market Rate Housing Program Summary of Residential Development Requirements" available on the City website. Menlo Flats intends to provide on-site BMR units as outlined below.

General Description

According to the City guidelines, residential development projects which include twenty or more units and intend to provide on-site BMR units are required to provide not less than fifteen (15) percent of these units at below market rates to very low, low and moderate-income households. In this document, Greystar outlines two alternative proposals to satisfy this requirement.

Additionally, in order to comply with Section 16.96 of the Menlo Park City Code and the City's requirements as it relates to Menlo Flats, Greystar:

- Will prepare and submit a BMR Housing Agreement which further details plans for participation in the City's BMR Housing Program
- Confirms the following architectural attributes of the BMR units:
 - BMR units will be of the same proportionate size as the market-rate units, distributed throughout the development and will be indistinguishable from the exterior (floor plan layouts will follow)
 - Design and materials to be used in construction of the BMR units will be of comparable quality to the other new units constructed in the development
- Intends to work with the City to set BMR rental prices before final building inspection and observe the City's guidelines concerning final inspection of market and BMR units
- Will cooperate with the City on an ongoing basis in its administration of the on-site BMR units
- Proposes establishing an inclusive BMR program which offers BMR housing units to all eligible residents, including those who are part of special needs populations (e.g. elderly/senior, veterans, etc.)

Finally, Greystar proposes that BMR units within Menlo Flats be offered on a pre-assigned basis (vs. floating).

Program Description

As currently designed, Menlo Flats consists of 158 multifamily rental units. The maximum allowable density per Zoning Ordinance for this 1.38 acre site is 138 units. The project proposes a minimum of 15 percent, or 21 units, of the 138 units

to meet the residential BMR inclusionary requirement. The BMR Ordinance allows for one additional market rate unit and equivalent FAR for each BMR unit proposed on the site, and so this project proposes to add 20 market rate units to bring the total project to 158 total units.

In the following section, please find a detailed description of two proposed scenarios that are intended to satisfy the City's BMR requirements and respond to discussions with members of the local community.

Scenario 1

In this scenario, Greystar proposes to meet the City's minimum BMR requirement by offering 21 rental BMR units at low income level as shown here:

MENLO FLATS BMR UNIT BREAKDOWN - SCENARIO 1								
Type	Avg. SF	<u>Zoning</u> ¹	<u>Proposed Project</u> ²	<u>BMR Units at Income Levels</u> ³				
		Total	Total	%	Very Low	Low	Moderate	Total
Studio	345	99	113	72%	0	15	0	15
4BR	1,625	39	45	28%	0	6	0	6
Tot/Avg.	710	138	158	100%	0	21	0	21
Total BMR %								15.2%

¹ The maximum density per Zoning Ordinance for this 1.38 acre site is 138 units.

² The project total includes 20 bonus units per the City's BMR Ordinance allowance of one additional market rate unit for each BMR unit proposed onsite.

³ Project proposes 21 BMR units onsite, or 15.2% of 138 units at Low Income Level per 2020 City of Menlo Park Income and Rent Schedule.

Scenario 2

In this scenario, Greystar proposes to meet the City's minimum BMR requirement by offering 21 rental BMR units at a mixture of income levels as shown here. This is presented as an Equivalent Alternative as permitted by code:

MENLO FLATS BMR UNIT BREAKDOWN - SCENARIO 2								
Type	Avg. SF	<u>Zoning</u> ¹	<u>Proposed Project</u> ²	<u>BMR Units at Income Levels</u> ³				
		Total	Total	%	Very Low	Low	Moderate	Total
Studio	345	99	113	72%	3	12	0	15
4BR	1,625	39	45	28%	1	0	5	6
Tot/Avg.	710	138	158	100%	4	12	5	21
Total BMR %								15.2%

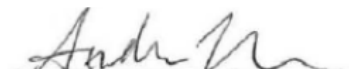
¹ The maximum density per Zoning Ordinance for this 1.38 acre site is 138 units.

² The project total includes 20 bonus units per the City's BMR Ordinance allowance of one additional market rate unit for each BMR unit proposed onsite.

³ Project proposes 21 BMR units onsite, or 15.2% of 138 units at a mix of income levels per 2020 City of Menlo Park Income and Rent Schedule.

Thank you for the opportunity to present this preliminary BMR proposal and we look forward to continuing to work with you and City staff members to develop the BMR program for Menlo Flats.

Kind regards,

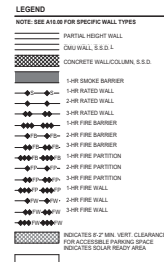
A handwritten signature in dark ink, appearing to read "Andrew Morcos", written over a thin horizontal line.

Andrew Morcos
Senior Development Director, Greystar









BMR ALTERNATIVE PROPOSALS FOR MIX OF INCOME AND UNIT SIZES (ALT.TO ALL LOW INCOME)**Project:** Greystar - Menlo Flats - 165 Jefferson**Date:** January 11, 2022**All Low Income BMR Units**

Unit size (e.g 1 bedroom)	AMI	Market Rents	Maximum affordable rents	Number proposed units	Subsidy per unit	Total subsidy
Studio	LI	2200	1650	16	550	8800
4 BDRM	LI	6400	4245	5	2155	10775
						0
						0
Total				21		19575

932.14 (AVG/UNIT)

Affordable rent for LOW studio unit was adjusted from the 2021 AMI rent limit of \$2,561 to \$1,650 when the 75% rent cap applied.

Alternative Proposal Scenario #1

Unit size (e.g 1 bedroom)	AMI	Market Rents	Affordable rents	Number proposed units	Subsidy per unit	Total subsidy
Studio	VLI	2200	1598	3	602	1806
Studio	LI	2200	1650	12	550	6600
4 BDRM	VLI	6400	2650	1	3750	3750
4 BDRM	MOD	6400	4800	5	1600	8000
Total				21		20156

959.81 (AVG/UNIT)

Affordable rent for LOW studio unit was adjusted from the 2021 AMI rent limit of \$2,561 to \$1,650 when the 75% rent cap applied.

Affordable rent for MODERATE 4 BDRM unit was adjusted from the 2021 AMI rent limit of \$5,205 to \$4,800 when the 75% rent cap applied.



STAFF REPORT

Housing Commission

Meeting Date:

2/2/2022

Staff Report Number:

22-002-HC

Regular Business:

Recommend the City Council consider changes to the interest list eligibility requirements and general program description edits of the Below Market Rate Housing Program Guidelines

Recommendation

Staff recommends that the Housing Commission recommend the City Council update the interest list eligibility requirements, often referred to as program preferences, and general program description edits of the Below Market Rate Housing Program Guidelines (BMR guidelines).

Policy Issues

The City of Menlo Park's 2015 - 2023 Housing Element program H4.C calls for the City to modify the BMR guidelines. The City Council may approve changes to the BMR guidelines by way of resolution.

Background

On April 1, 2014, the City Council adopted the 2015-2023 City of Menlo Park Housing Element. The Housing Element included in the General Plan establishes housing objectives, policies and programs in response to community housing conditions and needs. The Housing Element Program H4.C calls for the City to modify the BMR Guidelines.

The most recent updates to the BMR guidelines were approved by City Council resolution in 2018. A BMR ad hoc subcommittee comprised of Housing Commissioners met with staff and community groups starting in 2017 to identify potential changes before a review by the Planning Commission and Housing Commission was accomplished in 2018. Resolution No. 6432 was approved by the City Council on April 17, 2018 to better align the BMR guidelines with State law, and Resolution No. 6446 was approved on June 19, 2018 to capture recommendations from staff and the Planning and Housing commissions. At that time, staff identified the expectation to return to the City Council with additional modifications to the BMR guidelines.

In early 2021, the Housing Commission reinstated a BMR guidelines ad hoc subcommittee to assist with identifying additional updates. On October 6, 2021, the subcommittee provided a presentation (Attachment A) to the Housing Commission, which highlighted potential modifications to the BMR guidelines. The presentation included potential amendments to the interest list preference criteria and inclusionary requirements for BMR ownership and rental units.

Analysis

Staff has evaluated the suggested modifications proposed by the BMR guidelines ad hoc subcommittee and divided the suggested edits into two stages. The first stage captures changes to the BMR preference criteria

and general program description edits. Stage one edits to the BMR guidelines are included in Attachment B. Following the Housing Commission recommendations, staff anticipates the stage one revisions to reach the City Council for consideration in early March 2022. The majority of stage one edits are included in sections 6, 7 and 8 of the proposed BMR guidelines. The second stage will require additional staff analysis and a contracted study to assess changes to the fees and standards identified below. Stage two is estimated to return to the Housing Commission for review in six to eight months.

Stage one:

- Updates to the BMR applicant preference criteria
- General program description edits to better align with operations of the BMR program

Stage two:

- Commercial linkage fees
- Inclusionary ownership and rental unit standards
- Potential in-lieu fees for inclusionary residential requirements

Updates to preference criteria

The BMR guideline preference criteria, listed in section 8.1, allows all interested persons and households who income qualify to apply for BMR units in Menlo Park. Staff believes it is important to highlight that a person or household who does not meet any of the provisions of the preference criteria, also referred to as zero or no preference, is welcome to apply for available BMR units. Persons or households that meet one or multiple preferences will receive a final lottery ranking higher than persons or households with no preference.

Accessible unit preference

One of the recommended additions to the preference criteria from the BMR guidelines ad hoc subcommittee was the inclusion of a preference for bona fide wheelchair users. Staff has found through empirical data that accessible BMR units are sometimes filled by households without the need for an accessible unit. Staff agrees with the subcommittee that persons with accessibility challenges should have similar preference due to the lower percentage of accessible units that are produced. By majority, the Housing Commission is welcome to recommend this provision be stated at a higher preference level than all other preferences, as originally presented by the ad hoc subcommittee in their October 6, 2021 presentation. To expand beyond wheelchair users and minimize unintentional discrimination to persons with other types of mobility challenges, staff is recommending this preference include bona fide persons with accessibility needs.

Displacement preference

In the existing version of the BMR guidelines, a person or household residing within incorporated Menlo Park and then subsequently displaced from their housing, for reason including job loss, rent increases, etc., are provided a preference, only if they resided in the City in the year 2008. The intent of this provision was to allow income qualified households displaced during the 2008 economic crisis to return to Menlo Park with a preference for BMR units. During the last BMR guideline edits made in 2018, the Housing Commission recommended potential changes to this provision; however, this specific preference criteria remained as is during City Council's approved edits by resolution.

Due to the extended recession caused by the 2008 economic crisis as well as the changing economic conditions caused by the COVID-19 pandemic, which began in early-2020, the recommendation to expand the displacement preference is being proposed. The proposed change would allow a person or household residing within incorporated Menlo Park any time since January 1, 2008 for three or more years and subsequently displaced to similarly be eligible for this preference. The contrast being the change from in 2008 to anytime since 2008.

Live and/or work preference

Due to the high cost burdens associated with finding housing not only in Menlo Park but in the entire region, very low, low, and moderate income households that are established as part of the Menlo Park community face housing insecurity that could displace them from the region. To promote stable communities and prevent harm to the public welfare that could occur if households were dislocated from Menlo Park, the BMR Guidelines include a preference for local residents to access BMR housing. The BMR Guidelines also extend this preference to those who work in Menlo Park, which can help integrate workers into the community and will reduce the high vehicle miles traveled (and associated greenhouse gas emissions) that result when workers are forced to commute great distances from their homes to their jobs. This preference also allows critical service providers who may not earn enough to afford market rate housing to have housing opportunities in the City.

When implementing the live/work preference to accomplish the goals outlined above, it is important to design the preference to avoid unintentionally excluding protected classifications of people or infringing upon Constitutionally-protected fundamental rights. In particular, the right to travel is a fundamental right, and courts have held that durational residency requirements for admission to housing affect this fundamental right. To avoid this issue, staff is recommending that the City eliminate the durational requirement that an individual have lived or worked in the City for a defined period of time prior to being eligible for the live/work preference.

Likewise, to broaden the pool of potential applicants who will qualify and help mitigate the likelihood that the preference would result in unintentional discrimination, staff is recommending that employment be expanded to include both paid work and unpaid work. The City's basis for offering a preference to those who work in the City does not depend on whether those workers are paid or unpaid, so the preference should apply to any eligible household that is working in the City, regardless of whether that work is paid or not. This provision will expand support for paid and unpaid workers providing services to the Menlo Park community.

Unhoused persons preference

With the proposed expansion of the preference criteria for persons and households residing in Menlo Park, staff recommends the BMR guidelines include similar preference requirements for unhoused residents. This alters the requirement for an unhoused person or household to prove their last permanent residence was in Menlo Park to providing evidence their current residence is in Menlo Park. Documentation from a case manager or homeless services provider will remain as a requirement to demonstrate current residency.

Summary

The BMR guidelines contain a wide range of procedures related to program operations, including rules for development and affordable housing production. At this time, the majority of the proposed edits pertain to preference criteria and general program revisions. These proposed changes are expected to provide clarity and expand eligibility of the preference criteria in a manner that aligns with State and/or Federal fair housing laws. Staff intends to return to the Housing Commission with additional recommendations and edits to the BMR guidelines with a focus on development procedures and fees at a future date.

Impact on City Resources

There are no impacts to City resources besides the preparation of the report.

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment

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. BMR ad hoc subcommittee October 6, 2021 presentation
- B. Copy of Below Market Rate Program Guidelines edits

Report prepared by:

Mike Noce, Acting Housing Manager

Reviewed by:

Nira Doherty, City Attorney

Eric Philips, Special Counsel

BMR Ad-Hoc Subcommittee

Menlo Park Housing Commission
October 6, 2021

Agenda

Update
Presentation of Highest Priority Proposals
 BMR Preferences
 BMR Ownership Inclusionary Requirements
 BMR Rental Inclusionary Requirements
Public Comment
Discussion

Update - What we've done

Generated a list of proposed clean-up and policy updates

Prioritized highest priority items and evaluated resources required for each

Narrowed focus to three high priority items to accomplish in 2021

One month delay due to staffing changes but still on track for 2021

Focus - Three High Priority Items

BMR preferences

Inclusionary requirements for ownership units

Inclusionary requirements for rental units

BMR Preferences

BMR Preferences - Proposed Changes

STATUS QUO	PROPOSED
1. Live or Work in, or Displaced from, Menlo Park <ul style="list-style-type: none"> Live includes unhoused Work at least 20 hours Displaced in 2008 (but not since) 	1. Bonafide wheelchair user 2. Live or Work in, or Displaced from, Menlo Park <ul style="list-style-type: none"> Live includes unhoused Work at least 20 hours Displaced since January 1, 2008 and previously lived in Menlo Park at least 3 years

BMR Preferences - Public Input

TIERS PROCESS

- 5 long-time Belle Haven residents
 - 3 Black (important because of foreclosure crisis impact)
 - 2 Latinx (important because of foreclosure crisis impact)
- Samaritan House, CLSEPA, Legal Aid, Nuestra Casa

INPUT

- Bonafide wheelchair user - strong support
- Displaced - strong support - do outreach to reach people - know people who still work in the area (but not MP) and want to return
- One suggested to put Work last (thinking is that segment of workforce are same people who caused displacement)
- Ensure that people who rent rooms without a contract and work informal jobs in Menlo Park can qualify

Inclusionary Guidelines - Ownership

Inclusionary Guidelines - Problem Statement OWNERSHIP

- No affordability-level requirement specified
 - 68 BMR ownership units
 - 67 Moderate Income affordable
 - 1 Low Income affordable
 - Legacy Wait list includes households with Low/Very Low/ELI incomes
- Tiered % requirement could incentivize fewer, larger units

Inclusionary Guidelines - Proposal OWNERSHIP

STATUS QUO

Affordability level not specified + tiered % requirement

Units	% required	Affordability Level
1-4 Units	None	n/a
5-9 Units	1 Unit	VLI, LI or MOD
10-19 Units	10%	VLI, LI, and MOD
20 or more	15%	VLI, LI, and MOD

Fractional units paid into BMR Fund or rounded up to nearest unit

PROPOSAL

½ Low Income, ½ Moderate Income + No minimum + all 15%

Units	% required	Affordability Level
1-6 Units	15%	In-lieu fee
7-12 Units	15%	1 LI + fractional unit fee
13-19 Units	15%	1 LI + 1 MOD + fractional unit fee
20 or more	15%	½ LI, ½ MOD + fractional unit fee

First actual unit must be Low Income affordable.

Fractional units paid into BMR Fund or rounded up to nearest unit

Inclusionary Guidelines - Proposal OWNERSHIP

STATUS QUO

- Affordability level not specified
- Tiered % requirement
- Fractional units paid to BMR Fund or rounded up to nearest unit

Units	% required	Affordability Level
1-4 Units	None	n/a
5-9 Units	1 Unit	VLI, LI or MOD
10-19 Units	10%	VLI, LI, and MOD
20 or more	15%	VLI, LI, and MOD

PROPOSAL

- ½ Low Income; ½ Moderate Income
- No tiers - 15 % required, even for single residence
- Fractional units paid to BMR Fund or rounded up to nearest unit
- First actual unit must be Low Income

Units	% required	Affordability Level
1-6 Units	15%	In-lieu fee
7-12 Units	15%	1 LI + fractional unit fee
13-19 Units	15%	1 LI + 1 MOD + fractional unit fee
20 or more	15%	½ LI, ½ MOD + fractional unit fee

Inclusionary Guidelines - Rental

Inclusionary Guidelines - Problem Statement RENTAL

- The leading cause of homelessness is a lack of affordable housing
- People who are homeless are disproportionately Black (30%) and disabled (26%)
- In Menlo Park, in 2019:
 - White full-time workers earned a median of \$152,546
 - Black full-time workers earned a median of \$41,333,
 - Latinx full-time workers earned a median of \$43,255
- **Extremely Low and Very Low Income affordability is what is needed by >50% of our Black and Latinx residents.**

Sources:

- <https://calmatters.org/explainers/californias-homelessness-crisis-explained/>
- <https://bayareaequitvallas.org/indicators/median-earnings/#/?geo=070000000000646870>

Inclusionary Guidelines - Problem statement RENTAL

- Currently, for 20 or more units, we require 15% of units to be affordable at "low income" affordability or "an equivalent mix".
- **"Equivalent mix" lacks clarity** - and can result in too few VL income units
- More projects in the pipeline, and SB330 limits the ability to review alternatives.
- **11 BMR units needed for every one that exists - greatest need at deepest affordability**
- 1300 and 500 ECR missed opportunities - permitted before inclusionary ordinance allowed for rentals

Inclusionary RENTAL - Proposal

STATUS QUO

- Tiered % requirement
- Fractional units paid into BMR Fund or rounded up to nearest unit
- Affordability level "all low income or equivalent mix"

Units	% required	Affordability Level
1-4 Units	None	n/a
5-9 Units	1 Unit	VLI, LI or MOD
10-19 Units	10%	VLI, LI, and MOD
20 or more	15%	VLI, LI, and MOD

PROPOSAL

- Fixed % requirement - no tiers
- Fractional units paid into BMR Fund or rounded up to nearest unit
- Three options:
 - 15% Inclusionary Requirement with ½ Very Low Income, ¼ Low Income, ¼ Moderate Income unit mix
 - 10% Inclusionary Requirement with ½ Extremely Low Income, ½ Very Low Income, ¼ Low Income unit mix
 - 25% Inclusionary Requirement with (Financially Comparable) Land Donation

Inclusionary Guidelines - Proposal Option a) 15% at VLI/LI/MI

Units	% Required	Affordability Level
1-6 units	15%	In-lieu fee
7-12 units	15%	1 LI + fractional unit fee
13-19 units	15%	1 VLI + 1 LI + fractional unit fee
20-26 or more units	15%	1 VLI + 1 LI + 1 MI + fractional unit fee
27-33 units	15%	1 VLI + 2 LI + 1 MI + fractional unit fee

Inclusionary Guidelines - Proposal Option b) 10% at ELI/VLI/LI

Units	% Required	Affordability Level
1-9 units	10%	In-lieu fee
10-19 units	10%	1 VLI + fractional unit fee
20-29 units	10%	1 ELI + 1 VLI + fractional unit fee
30-39 or more units	10%	1 ELI + 1 VLI + 1 LI + fractional unit fee
40-49 units	10%	1 ELI + 2 VLI + 1 LI + fractional unit fee

Inclusionary Guidelines - Proposal Option c) 100% affordable land donation

Land donation 25% Inclusionary Requirement

- Must be on-site or at higher opportunity alternative location
- Developer must partner with nonprofit housing developer
- Unit mix of ELI/VL/L/other special needs, such that project qualifies for County, State, Federal funding
- At least **x%** (determine what is fair, feasible and attractive, to encourage for-profit developers to partner with affordable housing providers to build 100% affordable housing and to achieve more deeply affordable units)

Discussion
prompts

DISCUSSION
Inclusionary Guidelines - RENTAL SUMMARY

15% at Very Low/Low/Moderate Income Affordable: <ul style="list-style-type: none">• 1/3 affordable to VLI• 1/3 affordable to LI• 1/3 affordable to MI• First non-fractional unit is LI affordable; Second is VLI• Fractional units paid into BMR Fund or rounded up to nearest unit	10% at Extremely Low/Very Low Income/Low Income Affordable: <ul style="list-style-type: none">• 1/3 affordable to ELI• 1/3 affordable to VLI• 1/3 affordable to LI• First non-fractional unit is VLI affordable; Second is ELI• Fractional units paid into BMR Fund or rounded up to nearest unit	25% deeply affordable and special needs via Land Donation and partnership: <ul style="list-style-type: none">• Land donation - on site (or at a higher opportunity alternate site)• Partner with nonprofit housing developer• Mix of ELI/VLI/L/other special needs - such that project qualifies for County, State, Federal funding• At least x% (determine what is fair, feasible and attractive, to encourage for-profit developers to partner with affordable housing providers to build 100% affordable housing and to achieve more deeply affordable units)
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Thanks!

BELOW MARKET RATE HOUSING PROGRAM GUIDELINES

| **Income Limits/Section 1544, Tables A and B Updated for 2017-182021-22**

Originally Adopted by City Council on January 12, 1988

Revised by City Council on the following dates:

- December 17, 2002 (No Resolution)
- March 25, 2003 (Resolution No. 5433)
- January 13, 2004 (No Resolution)
- March 22, 2005 (Resolution No. 5586)
- March 2, 2010 (Resolution No. 5915)
- May 10, 2011 (No Resolution)
- May 6, 2014 (Resolution No. 6196)
- April 17, 2018 (Resolution No. 6432)
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BELOW MARKET RATE HOUSING PROGRAM GUIDELINES

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1. OVERVIEW

The high cost and scarcity of housing in Menlo Park have been caused in large part because the number of jobs in Menlo Park has grown, but the supply of housing has not increased significantly. A majority of new employees earn low- and moderate-incomes and are most severely impacted by the lack of affordable housing in Menlo Park. Because of the high cost of housing, families who seek to live in Menlo Park cannot afford to purchase homes here and are forced to rent. Many renters pay a disproportionately high amount of their incomes in rent.

1.1 Purpose. The City of Menlo Park's Below Market Rate ("BMR") Housing Program is intended to increase the housing supply for households that have very low, low- and moderate-incomes compared to the median income for San Mateo County. The primary objective is to obtain actual housing units, either "rental" or "for sale," rather than equivalent cash.

1.2 Enabling Legislation. The BMR Housing Program is governed by Chapter 16.96 of the Municipal Code. The BMR Housing Program is administered under these BMR Housing Program Guidelines ("Guidelines").

2. BMR HOUSING AGREEMENT AND REVIEW PROCESS

2.1 BMR Housing Agreement. Before acceptance of plans for review by the City of Menlo Park staff, a developer should provide a proposal for meeting the requirements of the BMR Housing Program. The proposal should include one or a combination of the following alternatives: a) Provision of BMR units on site; and/or b) Provision of BMR units off-site; and/or c) Payment of an in-lieu fee. These alternatives are listed in order of preference.

2.2 Review Steps. The following review steps apply to most development projects:

- City staff will review a BMR For-Sale Agreement or an Affordability Housing Agreement (either, a "BMR Housing Agreement"), that has been prepared by the developer's attorney on a form substantially similar to that provided by the City and shall make a recommendation with respect to it to the Housing Commission, and, if applicable, to the Planning Commission and/or the City Council. The City Attorney must approve as to form the BMR Housing Agreement prior to its review by the Planning Commission.
- The City Council grants approval of the BMR Housing Agreement for projects which it reviews. For all other projects, the BMR Housing Agreement shall be approved by the entity having final approval authority over the project.

3. REQUIREMENTS FOR DEVELOPMENTS BY TYPE

3.1 Commercial Developments. The BMR Housing Program requires commercial developments which bring employees to Menlo Park to provide BMR units or to contribute to the BMR Housing Fund that is set up to increase the stock of housing for very low, low and moderate income households, with preference for workers whose employment is located in the City of Menlo Park, and for City residents.

3.1.1 Commercial Development Requirements. Commercial buildings of 10,000 square feet or more gross floor area are required to mitigate the demand for affordable housing created by the commercial development project. In order to do so, it is preferred that a commercial development project provide BMR housing on-site (if allowed by zoning) or off-site (if on-site BMR units are infeasible). A density bonus of up to 15% above the density otherwise allowed by zoning may be permitted when BMR housing is provided on-site. The BMR Housing Agreement will detail the BMR Housing Program participation of a particular development.

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

Commercial in-lieu fees are charged at different rates to two groups based on the employee housing demand the uses produce. Group A uses are office and research and development ("R&D"). Group B uses are all other uses not in Group A.

Commercial in-lieu fee rates are adjusted annually on July 1st. The amount of the adjustment is based on a five-year moving average of the percentage increase in the Consumer Price Index (Shelter Only) for All Urban Consumers in the San Francisco-Oakland-San Jose area. Refer to Section 14, Table D, for the Commercial In-lieu Fee Rates, which may be updated by City staff from time to time.

3.1.2 Applicability. The BMR Housing Program applies to conditional use permits, conditional development permits, planned development permits, subdivision approvals, architectural control approvals, variance approvals and building permits for any commercial development. The BMR Housing Program also applies to the construction of any new square footage or any square footage that is converted from an exempt use to a non-exempt use. Finally, the BMR Housing Program applies to the conversion of floor area from a less intensive use (Commercial/Industrial uses) to a more intensive use (Office/R&D).

3.1.3 Exemptions. The following are exempted from the BMR Housing Program:

- (a) Private schools and churches;

- (b) Public facilities;
- (c) Commercial development projects of less than 10,000 square feet; and
- (d) Projects that generate few or no employees.

3.2 Residential Developments. The BMR Housing Program requires residential developments which use scarce residentially zoned land in Menlo Park to provide BMR units or to contribute to the BMR Housing Fund. The BMR Housing Fund is set up to increase the stock of housing for very low-, low- and moderate-income families, with preference for workers whose employment is located in the City of Menlo Park, and for City residents.

3.2.1 Residential Development Requirements. Residential developments of five or more units are subject to the requirements of the BMR Housing Program. These requirements also apply to condominium conversions of five units or more. As part of the application for a residential development of five or more units, the developer must submit a BMR Housing Agreement, in a form substantially similar to that provided by the City, which details the developer's plan for participation in the BMR Housing Program. No building permit or other land use authorization may be issued or approved by the City unless the requirements of the BMR Program have been satisfied.

3.2.2 Condominium Conversions. If an apartment complex already participating in the BMR Housing Program elects to convert the complex to condominiums, then the existing BMR rental apartments shall be converted to BMR condominium units under the BMR Housing Program.

When market rate rental units are removed from the rental housing stock for conversion to condominiums, and they are not already participating in the BMR Housing Program, then the project shall meet the same requirements as new developments to provide BMR units in effect at the time of conversion. When the property owner notifies the City of the intent to sell, the property owner shall notify any BMR tenants of such units of the pending sale and non-renewal of lease. Such tenant(s) shall be given the right of first refusal to purchase the unit. If the tenant seeks to purchase the unit, at the close of escrow the unit shall exist as a for-sale BMR unit. If the tenant does not seek to purchase, the tenant shall vacate the unit at the expiration of the current lease term and the unit will be sold to an eligible third party according to the BMR Guidelines and held as a for-sale BMR unit. The tenant who vacates will have priority to move to other vacant BMR rental units in the City for two years from the date the lease expired, regardless of the place of residence of the displaced BMR tenant.

3.3 Mixed Use Developments. Mixed use developments must comply with the requirements for commercial developments in the commercial portion of the development and must comply with the requirements for residential developments for the residential portion of the development.

3.4 Required Contribution for Residential Development Projects. All residential developments of five units or more are required to participate in the BMR Housing Program. The preferred BMR Housing Program contribution for all residential developments is on-site BMR units. For rental residential development projects, the applicant may comply with the City's BMR requirements by providing in-lieu fees, land dedication, off-site construction, or acquisition and rehabilitation of existing units. Any alternative means of compliance shall be approved by the City Council upon findings that the alternative is commensurate with the applicable on-site requirement and complies with applicable BMR Guidelines.

For ownership residential development projects, if providing on-site BMR units is not feasible as confirmed by the City, developers are required to pay an in-lieu fee as described in Section 4.3. The requirements for participation increase by development size as shown below:

One (1) to Four (4) Units. Developers are exempt from the requirements of the BMR Housing Program.

Five (5) to Nine (9) Units. It is preferred that the developer provide one unit at below market rate to a very low, low, or moderate income household.

Ten (10) to Nineteen (19) Units. The developer shall provide not less than 10% of the units at below market rates to very low-, low- and moderate-income households.

Twenty (20) or More Units. The developer shall provide not less than 15% of the units at below market rates to very low-, low- and moderate-income households. On a case-by-case basis, the City will consider creative proposals for providing lower cost units available to lower income households such as smaller unit size, duet-style, and/or attached units that are visually and architecturally consistent with the market-rate units on the exterior, and that meet the City's requirements for design, materials, and interior features of BMR units.

3.4.1 Fraction of a BMR Housing Unit. If the number of BMR units required for a residential development project includes a fraction of a unit, the developer shall provide either a whole unit, the preferred form of participation, or make a pro rata residential in lieu payment on account of such fraction per Section 4.3 or 4.4, as applicable.

Example: A residential project is developed with 25 condominium units. The BMR requirement of 15% equates to 3.75 units. The preferred BMR Housing Program participation is four BMR units. If four BMR units are provided, the developer would pay no in-lieu fee. Alternatively, if three BMR units are provided, the developer would have to pay an in-lieu fee for the remaining fractional BMR unit.

4. BMR PROGRAM REQUIREMENTS FOR ON-SITE BMR UNITS, OFF-SITE BMR UNITS AND IN-LIEU FEES

4.1 On-Site BMR Units.

4.1.1 Initial Price for For-Sale Unit. The initial selling price of BMR for-sale units for extremely low (30% AMI), very low (50% AMI), subsidized low (60% AMI), low (80% AMI) or moderate (120% AMI) income households is based on what is affordable to households with incomes at the identified percentage of area median income ("AMI") related to household size, as established from time to time by the State of California Housing and Community Development Department ("HCD") for San Mateo County. See Section 14, Table A, which may be updated by City staff from time to time.

4.1.2 Initial Price for Rental Unit. The initial monthly rental amounts for BMR rental units will be equal to or less than thirty percent (30%) of the applicable income limits for extremely low, very low, subsidized low, low and moderate income households adjusted for occupancy, as established from time to time by the HCD for San Mateo County. In no case shall the monthly rental amounts for BMR units exceed seventy-five percent (75%) of comparable market rate rents. The maximum rent for specific BMR units will be based on Section 14, Table B of the BMR Guidelines, which may be updated by City staff from time to time. See also Sections 11.1.1 and 11.1.2.

The purchase or rental price for BMR units shall be established and agreed upon in writing in the BMR Housing Agreement per Section 2.2, prior to final building inspection for such BMR units. The provision of affordable units at extremely low, very low, low and/or moderate income levels shall be roughly equivalent to the provision of all of the affordable units at the low income level.

4.1.3 Bonus Unit. For each BMR unit provided, a developer shall be permitted to build one additional market rate (bonus) unit. However, in no event shall the total number of units in a development be more than fifteen percent (15%) over the number otherwise allowed by zoning.

4.2 Off-Site BMR Units. If authorized by the City as described in Section 2.2, developers may propose to provide BMR units at a site other than the proposed development. These off-site BMR units must be provided on or before completion of the proposed development and must provide the same number of units at below market rates to very low, low and moderate income households as required for on-site developments. Such units may be new or existing. Provision by the developer and acceptance by the City of off-site units shall be described in the BMR Housing Agreement. Size, location, amenities and condition of the BMR units shall be among the factors considered by the City in evaluating the acceptability of the off-site BMR units. For existing units, the developer shall be responsible for correcting, at developer's expense, all deficiencies revealed by detailed inspection of the premises by qualified inspectors, including a certified pest inspector.

The initial price or rent for the BMR units shall be established as stated in Sections 4.1.1 and 4.1.2 and in accordance with the BMR Income Guidelines in Section 14 in effect at the time the BMR unit is ready for sale or rent. Fractions of required BMR units shall be handled by provision of an in-lieu fee for the market rate units for which no BMR unit is provided.

4.3 Ownership Residential In Lieu Payments Based on Sales Price.

4.3.1 Developments of Ten (10) or More Units. In developments of 10 or more units, the City will consider an in-lieu payment alternative to required BMR units only if the developer substantiates to the City's satisfaction that the BMR units cannot be provided on or off-site. In developments of 10 or more units which provide BMR units, upon the close of escrow on the sale of each unit in the subdivision for which a BMR unit has not been provided, the developer shall pay to the City an in-lieu payment calculated at three percent (3%) of the actual sales price of each unit sold. In lieu payments for fractions of BMR units shall be determined by disregarding any bonus units and as three percent (3%) of selling price of each market rate unit sold if the developer substantiates to the City's satisfaction that the BMR units cannot be provided on or off-site.

If a portion of a BMR requirement is met by a provision of BMR units, and the developer substantiates to the City's satisfaction that a sufficient number of BMR units cannot be provided on or off-site, then BMR in-lieu payments will be required from the sales of the number of market rate units (excluding bonus units) that is in proportion to the BMR requirement that is not met.

4.3.2 Developments of Five (5) to Nine (9) Units.

Residential In-Lieu Payments Based on Sales Price. In developments of five to nine units, the City will consider an in-lieu payment alternative to required BMR units only if the developer cannot provide an additional BMR unit. If providing an additional BMR unit is not feasible, developers are required to pay a residential in lieu fee as described below.

<u>Unit No.</u>	<u>In lieu fee for each unit</u>
1, 2 and 3	1% of the sales price
4, 5 and 6	2% of the sales price
7, 8 and 9	3% of the sales price

Example: In a development of seven units, the BMR contribution would be, in order of preference: a) One BMR unit out of the seven units, with the possibility of a density bonus of one unit, or, if that is not feasible, b) Three units designated to pay an in-lieu fee of one percent (1%) of the sales price, three units to pay in-lieu fees of two percent (2%) of their sales prices and one unit to pay three percent (3%) of its sales price.

Units paying in-lieu fees are designated so that they are distributed by unit size and location throughout the project.

In developments of 10 or more units which provide BMR units, upon the close of escrow on the sale of each unit in the subdivision for which a BMR unit has not been provided, the developer shall pay to the City an in-lieu payment calculated at three percent (3%) of the actual sales price of each unit sold.

Example: Two possible plans to meet the BMR requirement for a project of 15 housing units are, in order of preference: a) Two BMR units are provided, and no in-lieu fees are paid, or b) One BMR unit is provided out of the first 10 units, one bonus unit is granted for the provision of the BMR unit, and four units pay in-lieu fees.

Units held as rental, in-lieu fee. If the developer retains any completed unit as a rental, either for its own account or through subsidiary or affiliated organizations, the BMR contribution including BMR housing unit or in-lieu payment for such unit shall be negotiated between the developer and the City. If an in-lieu fee is paid, the market value shall be based on an appropriate appraisal by an appraiser agreed upon by the City and the developer and paid for by the developer. The basis for such appraisal shall be as a condominium rather than as a rental.

4.4 Rental Residential In Lieu Payments Based on Cost. The City Council shall establish a rental residential in-lieu fee by resolution, which fee may be updated from time to time. The fee shall be based on the cost to develop, design, construct, and maintain a standard one-bedroom unit in Menlo Park. The fee shall also include the proportionate costs of associated common area as well as land acquisition costs. The fee shall be adjusted on a project-by-project basis depending on size, location and other factors relevant to cost. The fee can be adjusted by a pre-set formula or by a consultant selected by the City and funded by the applicant.

5. CHARACTERISTICS OF BMR UNITS

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

5.2 Design and Materials in BMR Units. The design and materials used in construction of BMR units shall be of a quality comparable to other new units constructed in the development but need not be of luxury quality.

5.3 The BMR Price Must Be Set Before Final Building Inspection. There shall be no final inspection of BMR housing units until their purchase or rental prices

have been agreed upon in writing by the developer and the City Manager, or his or her designee. Also, the sale or rental process will not begin until the sales price is set.

5.3.1 Final Inspection Schedule for Smaller and Larger Developments.

Less Than Ten (10) Units. In developments of less than 10 units with one or more BMR units, all BMR units must pass final inspection before the last market rate unit passes final inspection.

Ten (10) to Nineteen (19) Units. In developments of 10 or more units, including developments that are constructed in phases, for the first 10 housing units, a BMR unit must pass final inspection before nine market rate units may pass final inspection. For each additional group of 10 housing units, one additional BMR unit must pass final inspection before nine additional market rate units may pass final inspection.

Twenty (20) or More Units. In developments of 20 or more units, including developments that are constructed in phases, for the first 10 housing units, a BMR unit must pass final inspection before nine market rate units may pass final inspection. In addition, two additional BMR units must pass final inspection before eight additional market rate units may pass final inspection. For each additional group of 20 housing units, three additional BMR units must pass final inspection before 17 additional market rate units may pass final inspection. No project or phase may pass final inspection unless all the BMR units, which equal 15% or more of the housing units in that phase or project, have passed final inspection for that phase or project.

Last Unit. In no case may the last market rate unit pass final inspection before the last BMR unit has passed final inspection.

5.4 Sales Price Determination for BMR For-Sale Units. The maximum sales price for BMR units shall be calculated as affordable to BMR households ~~on the BMR Purchase Waiting List~~, which are eligible by income at the time that the maximum prices are set and which are of the smallest size eligible for the BMR units (excluding two-bedroom units, which shall be based on incomes for two person households even when units are made available to one person households). See Section 14, Table A, for income eligibility limits, and Table C, for occupancy standards, which tables may be updated by City staff from time to time. The affordability of maximum prices will take into consideration mortgage interest rates, minimum down payments, mortgage debt-to-income ratios and other qualifying criteria used by lenders at the time the sales prices are set, as well as cost of insurance, taxes, homeowners' dues and any other necessary costs of homeownership.

5.4.1 Price Determination for Projects with Condominium Maps That Will Rent for an Indefinite Period of Time. Projects with condominium subdivision maps that will rent BMR units for an indefinite period shall have basic sales prices established at the outset for such BMR units in accordance with the Guidelines. Such initial sales prices shall be adjusted for the period between the month of

completion of the BMR units and the month of notification of intent to sell the units, with further adjustments for improvements and deterioration per the Guidelines. The adjustments shall be based on one-third of the increase in the Consumer Price Index ("CPI"), All Urban Consumers, San Francisco-Oakland-San Jose, published by the U.S. Department of Labor, Bureau of Labor Statistics, plus certain other equitable adjustments.

5.5 Legal Characteristics of BMR Units: Right of First Refusal and Deed Restrictions. All BMR units shall be subject to deed restrictions and conditions which include a right of first refusal in favor of the City for a period of 55 years under which the City or its designee will be entitled to purchase the property at the lower of (1) market value, or (2) the purchase price paid by seller, plus one-third of the increase (during the period of seller's ownership) in the CPI, All Urban Consumers, San Francisco-Oakland-San Jose, published by the U.S. Department of Labor, Bureau of Labor Statistics, plus certain other equitable adjustments. The deed restrictions will also prohibit sales or transfers of the property except with the written consent of the City and at a price computed as above. Exceptions from all prohibitions against sale or transfer will include:

- (1) Demonstrated unlikelihood of obtaining a qualified buyer within a reasonable period;
- (2) Transfer by termination of joint tenancy or by gift or inheritance to parents, spouse, children, grandchildren or their issue.

The prohibition against sales or transfers will not terminate at the end of 55 years in the event of an exempt transfer by termination of joint tenancy or by gift or inheritance to family members. The prohibition against sales or transfers will terminate in the event of an exempt sale or transfer when there is a demonstrated unlikelihood of obtaining a qualified buyer within a reasonable period of time.

In the event of an exempt sale when there is a demonstrated unlikelihood of obtaining a qualified buyer within a reasonable period of time, the seller will be entitled to receive the lesser of (A) market value or (B) the purchase price paid by the seller plus one-third of the increase (during the seller's ownership) in the CPI, plus certain other equitable adjustments, as specified in the deed restrictions. The balance of the proceeds shall be paid to the City of Menlo Park to be deposited in the BMR Housing Fund. Any transferee pursuant to an exempt transfer by termination of joint tenancy or by gift or inheritance to family members must reside in the BMR unit and must qualify under the income criteria of the BMR Program at the time of the transfer of the BMR unit.

6. HOUSEHOLD DEFINITION AND CRITERIA

For purposes of sections 7 and 8 of these Guidelines, the following definition of household and provisions establishing household composition shall apply.

6.1 Definition of Household. For the purposes of this program, household is defined as all persons who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. To be considered a household, all applicants/household members must live together in a home that is their primary residence. To be considered part of the household and included in household size, children under the age of 18 (including foster children) must reside in the home at least part-time or parents must have at least partial (50%) custody of the child/children.

6.2 Household Requirement. To constitute a household, all members of the applicant household must currently live together (in a location that is their primary residence) at the time of application. Also, at the time of application and regardless of where they currently live, all members who make up the applicant household must have continuously lived together for a minimum of one year prior to the date of application.

6.2.1 Exceptions. Exceptions to this minimum one year joint-residency requirement include:

- Children under the age of 18 who have recently joined the household in conjunction with marriage, separation, or divorce, or similar family re-organization, and for whom there is evidence of a custody agreement or arrangement. This also applies to foster children.
- Children born or adopted into a household.
- Households newly formed as a result of marriage or domestic partnership.
- Other circumstances regarding the addition of a family member over the age of 18 may be reviewed by the City or its designee.

7. ELIGIBILITY REQUIREMENTS FOR HOUSEHOLDS APPLYING TO PURCHASE BMR UNITS

Note: ~~Eligibility requirements~~ Preference criteria for households entering a BMR unit lottery drawing that wish to be placed on the BMR Purchase Waiting List are identified in Section 7. ~~The City no longer maintains a ranked purchase waitlist. Previously ranked households have been transferred to a legacy purchase list, as more fully set forth in—see Section 78.2. The requirements provisions identified below apply at the actual time of submission of an application to purchase a BMR unit. In order for a household to be eligible at the time of submission of application to purchase, ALL, all of the following requirements provisions shall apply and/or bemust be met:~~

~~**6.1 — BMR Purchase Waiting List.** Applicants are eligible to have their names placed on the BMR Purchase Waiting List if they meet the following three requirements at the time they submit an application for the BMR Purchase Waiting List: (1) currently live or work within incorporated Menlo Park; (2) meet the current income limit requirements (per household size) for purchase of a BMR unit; and (3) all applicants currently live together as a household.~~

~~**6.1.1 Definition of Household.** For the purposes of this program, household is defined as all persons who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. To be considered a household, all applicants/household members must live together in a home that is their primary residence. To be considered part of the household and included in household size, children under the age of 18 (including foster children) must reside in the home at least part-time or parents must have at least partial (50%) custody of the child/children.~~

~~**6.2 — Live and/or Work Eligibility.** Households that live and/or work within incorporated Menlo Park shall be eligible for the Below Market Rate Housing Program in accordance with the following provisions:~~

~~**6.2.1 Eligibility by Living in Menlo Park.** To qualify as living in Menlo Park, the applicant household must meet the following two requirements at the time of application: (1) currently live in Menlo Park as the household's primary residence and (2) must have continuously lived in Menlo Park for a minimum of one (1) year prior to the date of actual application to purchase.~~

~~**6.2.2 Eligibility by Working in Menlo Park.** To qualify as a household that works in Menlo Park, a member of the applicant's household must meet the following two requirements at the time of application: (1) currently work in Menlo Park at least 20 hours per week, or (if currently less than 20 hours per week) hours worked over the course of the one year prior to application averages a minimum of 20 hours per week and (2) must have continuously worked in Menlo Park for a minimum of one year prior to the date of actual application to purchase.~~

~~**6.2.2.1 Types of Work.** Work is defined as (1) owning and operating a business at a Menlo Park location; (2) employment for wages or salary by an employer located at a Menlo Park location; (3) contract employment where the actual work is conducted at a Menlo Park location for one year; or (4) commission work, up to and including a 100% commission arrangement, conducted in Menlo Park.~~

~~**6.2.2.2 Employer-Based Work.** If employed for wages or salary by an employer, working in Menlo Park is defined as the employer is located in Menlo Park AND the employment/actual work is performed within incorporated Menlo Park.~~

~~6.2.2.3 Owning and Operating a Business at a Menlo Park Location.~~ This does NOT include owning (either wholly or in part) a residential or commercial property for investment purposes only.

~~6.2.2.4 Work does NOT include volunteer or unpaid work.~~

~~6.23 Household Requirement.~~ To constitute a household, all members of the applicant household must currently live together (in a location that is their primary residence) at the time of application. Also, at the time of application and regardless of where they currently live, all members who make up the applicant household must have continuously lived together for a minimum of one year prior to the date of application.

~~6.23.1 Exceptions.~~ Exceptions to this minimum one year joint residency requirement include:

- ~~• Children under the age of 18 who have recently joined the household in conjunction with marriage, separation, or divorce, or similar family re-organization, and for whom there is evidence of a custody agreement or arrangement. This also applies to foster children.~~
- ~~• Children born or adopted into a household.~~
- ~~• Households newly formed as a result of marriage or domestic partnership.~~
- ~~• Other circumstances approved by the City to account for a recently added household member (such as an aging parent).~~

7.16.4 First Time Homebuyer. All members of the applicant household must be first time homebuyers, defined as not having owned a home as your a primary residence within the last three years prior to the date of application. A primary residence is a property occupied by the applicant household for the majority of a calendar year. A household may have only one primary residence. First time homebuyers ~~DO~~ include owners of mobile homes, as well as applicants whose names are on title for properties they have not lived in as their primary residences for the last three years (for instance rental properties, which must be considered as part of the applicant's eligibility per assets).

~~7.1.16.4.1.~~ **Exceptions.** Exceptions to this requirement are:

- Applicants who are current BMR homeowners and are otherwise eligible for the BMR Housing Program, are eligible to apply for BMR ownership opportunities ~~place their names on the BMR Purchase Waiting List~~ and to purchase a smaller or larger home needed due to changes in household size or family needs, such as for handicap_accessibility needs (per Section 7.2.6, below).

- Applicants whose names were placed on the BMR Purchase Waiting List prior to March 2, 2010.
- Applicant households that currently and/or within the last three years prior to the date of application own homes as their primary residences more than 50 miles outside Menlo Park city limits, that are otherwise eligible for the BMR Housing Program.

7.26.5 Complete One-Time Pre-Purchase Homebuyer Education. ~~After an applicant's name is placed on the BMR Purchase Waiting List and before receiving an offer to purchase a BMR property, a~~All adult applicants/household members must complete a one-time homebuyer education workshop, class, or counseling session. ~~When applicants' names are placed on the BMR Purchase Waiting List, P~~rogram staff provides ~~them~~ households with a list of approved local organizations that provide pre-purchase homebuyer education. Applicants choose an education provider or program from the approved list and may choose to attend in either a group or individualized setting. It is the applicants' responsibility to provide the City or the City's BMR Housing Program provider with evidence that a pre-purchase homebuyer education workshop or session was completed. In most cases, the education providers will provide applicants with certificates of completion, which applicants can submit to the City's BMR Housing Program provider as proof that the pre-purchase education requirement was completed. ~~Households on the BMR Purchase Waiting List that have not completed the homebuyer education requirement will retain their rank on the list but will NOT be invited to apply to purchase BMR units. Only households on the BMR Purchase Waiting List~~ that have completed the education requirement will be invited to apply when units become available. Elderly parents of applicants living in the household need not complete the education requirement.

7.2.16.5.1 Prior Completion of Pre-Purchase Homebuyer Education. ~~At the time of application to the BMR Purchase Waiting List, a~~Applicants who provide written evidence of having completed an approved homebuyer education workshop, class, or counseling session within the previous twelve months prior to the date of submission of the BMR unit purchase application ~~to the BMR Purchase Waiting List~~ are not required to complete an additional workshop, class, or counseling session.

7.2.26.5.2 Homebuyer Education Provider. At the City's discretion, the City may elect to work exclusively with one or more homebuyer education providers/organizations. The City may also choose to contract with a particular person or organization to provide this educational component.

7.2.36.5.3 Long-Term Education or Counseling Required for Certain Applicants. Applicants who are invited to apply to purchase BMR units and are twice denied (on separate occasions) due to long-term or significant credit problems, will be required to meet individually with a credit counseling professional ~~in order to remain on the BMR Purchase Waiting List.~~ The applicant must provide evidence of completion of credit counseling ~~within six months to the City's BMR provider or the applicant will be removed from the BMR Purchase Waiting List.~~ This credit counseling requirement does not exclude the applicant from applying to

~~future the BMR purchase opportunities. Purchase Waiting List again, to be placed at the bottom of the list.~~

7.36-6 Ownership Interest. A minimum of 50% of the ownership interest in the property must be vested in the qualifying applicant(s), regardless of income.

7.46-7 Income and Asset Limits for Purchasers of BMR Units. Income eligibility limits are established by HCD for San Mateo County. Income limits are updated on an annual basis. BMR units shall only be sold to very low, low, and moderate income households. Only households having gross incomes at or below 120% of the AMI for San Mateo County, adjusted for household size, are eligible to purchase and occupy BMR for-sale units, either upon initial sale or upon any subsequent resale, as specified in the deed restrictions. Refer to Section 14, Table A, for the income eligibility limits, which may be updated by City staff from time to time.

An asset is a cash or non-cash item that can be converted into cash. Only households having non-retirement assets that do not exceed the purchase price of the BMR units are considered eligible.

- Assets Include: cash held in checking accounts, savings accounts, and safe deposit boxes; equity in real property; cash value of stocks (including options), bonds, Treasury bills, certificates of deposit, money market accounts, and revocable trusts; personal property held as an investment such as gems, jewelry, coin and art collections, antiques, and vintage and/or luxury cars; lump sum or one-time receipts such as inheritances, capital gains, lottery winnings, victim's restitution, and insurance settlements; payment of funds from mortgages or deeds of trust held by the applicant(s); boats and planes; and motor homes intended for primary residential use.
- Assets DO NOT Include: cars and furniture (except cars and furniture held as investments such as vintage and/or luxury cars, and antiques); company pension and retirement plans; Keogh accounts; dedicated education funds/savings accounts; and funds dedicated to federally recognized retirement programs such as 401K's and IRA's.

Note that equity in real property or capital investments is defined as follows: the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g. broker/realtor fees) that would be incurred in selling the asset.

7.4.1 6.7.1 Senior or Disabled Households That Use Assets for Living Expenses. An exception to the income and asset limit requirement is a household whose head is over 62 years of age, or permanently disabled and unable to work, with assets valued up to two times the price of the BMR unit. The applicant must be able to demonstrate that the sole use of his/her assets has been for household

support for at least the three previous years, and that the total annual household income meets the BMR Guidelines.

87. BMR PURCHASE ~~WAITING LIST~~ AND ~~BMR~~ RENTAL INTEREST LIST PREFERENCE CRITERIA

8.17.1 BMR Purchase ~~Waiting List~~ and ~~BMR~~ Rental Interest List Preference Criteria ~~Eligibility Requirements~~. A BMR purchase and rental interest list, (here-in referred to as the "interest list"), is maintained by the City or the City's designee.

An applicant must meet the current income eligibility limit requirements (per household size) for rent and/or purchase of a BMR unit. See Section 15, Table A, for income eligibility limits, which may be updated by City staff from time to time.

Income qualified households shall apply for available BMR units via lottery drawing held by the City or the City's designee. The lottery drawing will rank applicants at random followed by a final ranking to account for households meeting the City's preference criteria. All income eligible persons and households that do not qualify under one of the preferences will receive a final lottery rank lower than persons or households meeting preference criteria.

Preference criteria will be utilized at the time of a BMR unit drawing submission and verified during the application process. If an applicant does not meet a preference or lacks evidence that they meet a preference, that applicant will lose their preference ranking. In addition, the City maintains an unranked BMR Rental interest list. Households are eligible to be placed on the BMR Purchase Waiting List or BMR Rental Interest List if they meet the following requirements at the time they submit applications for the either list: In no circumstances shall the preference criteria and/or eligibility requirements of these Guidelines be applied in a manner that is contrary to State and/or Federal fair housing laws.

In addition to the below criteria, a tenant of a Menlo Park BMR rental unit who is required to vacate the BMR rental unit due to its conversion to a BMR for sale unit, shall have first priority for vacant BMR rental units for which the tenant is eligible and qualifies for two years from the expiration of the lease, regardless of the place of residence of the displaced tenant.

Preference criteria are set forth below. As stated, all preferences carry the same weight and/or ranking significance.

Live and/or Work Preference: The household currently resides within incorporated Menlo Park as its primary residence OR a member of the household currently works or volunteers at least 20 hours per week within incorporated Menlo Park. Applicants must have lived AND/OR worked in Menlo Park for a minimum of one (1) year prior to the date of application. See Section 7.2 for live and work eligibility criteria.

- Criteria for ~~Living in~~Residing Within Incorporated Menlo Park. To qualify as living in Menlo Park, the applicant household must ~~meet the following two requirements at the time of application:~~ (1) ~~currently live in Menlo Park as the household's primary residence.~~ and (2) ~~must have continuously lived in Menlo Park for a minimum of one (1) year prior to the date of actual application to purchase.~~
- Criteria for Working within incorporated Menlo Park. To qualify as a household that works ~~or volunteers in~~ Menlo Park, a member of the applicant's household must ~~meet the following two requirements at the time of application:~~ (1) ~~currently work in Menlo Park at least 20 hours per week, or (if currently less than 20 hours per week) hours worked over the course of the one year prior to application averages a minimum of 20 hours per week.~~ and (2) ~~must have continuously worked in Menlo Park for a minimum of one year prior to the date of actual application to purchase.~~
 - Types of Work. Work is defined as (1) owning and operating a business at a Menlo Park location; (2) employment for wages or salary by an employer located at a Menlo Park location; (3) contract employment where the actual work is conducted at a Menlo Park location for one year; (4) commission work, up to and including a 100% commission arrangement, conducted in Menlo Park, or (5) volunteering for a community or civic serving entity located within Menlo Park, without receipt of compensation, wages or salary in exchange for such time and work.
 - Employer-Based Work. If employed for wages or salary by an employer, working in Menlo Park is defined as the employer is located in Menlo Park AND the employment/actual work is performed within incorporated Menlo Park.
 - Owning (either wholly or in part) a residential or commercial property for investment purposes only shall not qualify as working within incorporated Menlo Park.

Unhoused Preference: For purposes of these Guidelines, unhoused persons may show local residency by providing evidence that ~~their last permanent~~their current residence is ~~residence was~~ located in Menlo Park and/or documentation from a case manager or homeless services provider demonstrating current residency in Menlo Park, including places or structures other than a bona fide dwelling unit (i.e. vehicle or tent).

- ~~The household meets the current income limit requirements (per household size) for rent and/or purchase of a BMR unit. See Section 14, Table A, for income eligibility limits, which may be updated by City staff from time to time.~~

- ~~Except as specified in Section 6.3.1 of these Guidelines, all persons included as members of the household currently live together in a residence that is their primary home.~~

Accessible Unit Preference: ~~If the BMR unit is an accessible unit, then bona fide persons with accessibility needs who are otherwise eligible for the BMR unit, including by household size and income, will receive this preference. The BMR unit will be offered to bona fide persons with accessibility needs in the order that their applications were received.~~

Displacement Preference: ~~A person or household residing within incorporated Menlo Park in 2008 any time since January 1, 2008 for three or more years who was subsequently displaced from such housing and does not reside in Menlo Park at the date of submission of application, shall not be disqualified based on current lack of residency, provided they can show their displacement was due to economic conditions beyond their control (including but not limited to job loss, rent increase, eviction, foreclosure or other form of economic hardship resulting in loss of housing). Evidence of such economic displacement shall be in the form of direct evidence (i.e. job termination letter) or declarations submitted under penalty of perjury.~~

- ~~Applicant households may submit applications and, if eligible, will be placed on the numbered BMR Purchase Waiting List in the order in which their applications were received and/or the BMR Rental Interest List, which is neither numbered nor ordered.~~

~~In accordance with Section 6.4, all members of the household must be first time homebuyers for inclusion on the BMR Purchase Waiting List.~~

~~**7.2 BMR Purchase Waiting List Management.** BMR units available for purchase are offered to households on the BMR Purchase Waiting List in the order in which the BMR Purchase Waiting List applications were received.~~

~~**7.2.1 Annual affirmation of continued interest in remaining on the BMR Purchase Waiting List.** On an annual basis, all households on the BMR Purchase Waiting List will be required to confirm their continued interest in remaining on the list. At or around the same time each year, the City's BMR Housing Program provider will mail and/or email annual update forms/applications to all current households on the BMR Purchase Waiting List. Households on the BMR Purchase Waiting List that wish to remain on the list are asked to complete the form and return it to the City's BMR Housing Program provider within a specified period of time (usually about one month) with a \$10 annual fee for processing. Households who do not respond by completing and returning the forms and the fee by the specified deadline, or whose mail is returned undeliverable to the City's BMR Housing Program provider or who otherwise cannot be reached, shall be removed from the BMR Purchase Waiting List. This does not exclude households removed from the BMR Purchase Waiting List from re-applying to the list, to be added to the bottom of the list in accordance with normal procedures.~~

~~7.2.2 Complete One-Time Pre-Purchase Homebuyer Education for Households That Would Like to Purchase a BMR Unit.~~ For households that indicate they would like to purchase BMR units, after households are placed on the BMR Purchase Waiting List and before receiving offers to purchase BMR properties, all adult applicants/household members must complete a one-time homebuyer education workshop, class, or counseling session, per Section 6.5.

~~7.2.3~~ When a BMR unit is offered for purchase, applicants must enter into a purchase agreement within a defined, reasonable period of time. If an applicant fails to do so, the BMR unit will be offered to the next eligible applicant on the BMR Purchase Waiting List. The City of Menlo Park reserves the right to establish other criteria to give preference to certain categories of eligible participants on the BMR Purchase Waiting List.

~~7.2.4~~ A tenant of a BMR rental unit who is required to vacate the BMR rental unit due to its conversion to a BMR for sale unit, shall have first priority for vacant BMR rental units for which the tenant is eligible and qualifies for two years from the expiration of the lease, regardless of the place of residence of the displaced tenant.

~~7.2.5 Preference for Handicap Accessible Units for Bona Fide Wheelchair Users.~~ If the BMR unit is wheelchair accessible, then bona fide wheelchair users on the BMR Purchase Waiting List who are otherwise eligible for the BMR unit, including by household size and income, will receive preference over other applicants, and the BMR unit will be offered to the bona fide wheelchair users in the order that their applications were received.

~~7.2.6~~ Households who are current BMR homeowners are eligible to place their name on the BMR Purchase Waiting List and to purchase a smaller or larger home needed due to changes in their household size or family needs, such as for a handicapped accessible unit.

8.2 BMR Purchase Legacy List. The City no longer maintains a ranked BMR purchase waitlist. To honor households that maintained their ranking and were subsequently required to annual recertification the City and the City's designee created a BMR Purchase Legacy List. Households on the previous ranked BMR purchase list as of January 1, 2021 were effectively notified and transferred to the BMR Purchase Legacy List, which allows these identified households to have priority over all other purchase applicants. Additional households may not be added to the legacy list. Once there are no longer any households remaining on the BMR Purchase Legacy List, the list will be considered terminated.

98. THE BMR UNIT PURCHASE PROCESS: BUYER SELECTION AND SALE PROCEDURES

9.18.1 New Units and Condominium Conversions.

89.1.1 The participating developer informs the City or its designee in writing that the BMR unit has received its final building inspection and that the BMR unit is ready for sale and occupancy. "The City" shall mean the City Manager, or his or her designee.

89.1.2 City of Menlo Park staff or the City's BMR Housing Program provider inspects the BMR unit. After approval of the unit, the City or the City's BMR Housing Program provider writes a certifying letter that states the BMR unit meets the BMR Housing Program's requirements and satisfies the BMR Agreement's provisions. The certifying letter will also state the price for the BMR unit. The price for the BMR unit will be determined based on the information described in the next three sections.

89.1.3 The City or its designee obtains necessary information for determining the price of the BMR unit. These include, but may not be limited to, the estimated tax figures from the developer and the County Assessor, as well as Homeowner's Association dues, Covenants, Conditions and Restrictions, and insurance figures from the developer. Also included will be all associated Homeowner Association documentation.

89.1.4 Household size and income qualifications are established. In households in which an adult holds 50% or more custody of a minor child or children through a legally binding joint custody settlement, each such child shall count as a person in determining the household size.

89.1.5 The City or its designee determines the maximum price of the BMR unit based on an income up to 120% of AMI ("AMI") related to household size, as established from time to time by HCD for San Mateo County, monthly housing costs including current mortgage rates, insurance costs, homeowners' dues, taxes, closing costs and any other consideration of costs of qualifying for a first mortgage and purchase of the BMR unit. See Section 14, Table A, for income eligibility limits, which may be updated by City staff from time to time. When these documents and the information described in this and preceding sections have been received, the City will provide the developer with a certifying letter in which the City states the price for the BMR unit, accepts the BMR unit as available for purchase and the purchase period will commence.

89.1.6 If there is a standard pre-sale requirement by the BMR applicant's lender for a certain percentage of units in the project to be sold before the BMR applicant's lender will close, then the time for the City's purchase or the buyer's purchase will be extended until that requisite number of units has closed.

89.1.7 The City may retain a realtor to facilitate the sale of the property.

89.1.8 Contact is established between the City or its designee and the developer's representative to work out a schedule and convenient strategy for advertisements, if needed, when the units will be open for viewing, and for when the interested applicants may obtain detailed information about the units.

89.1.9 All marketing and sales procedures for BMR units must be approved by the City and will be subject to review on a periodic basis for compliance.

89.1.10 An information packet and application forms are designed and duplicated by the City or its designee. The developer provides information about the unit, including a floor plan of the unit and of the building showing the location of the unit, dimensions, appliances, amenities, and finishes.

89.1.11 The City or the City's BMR Housing Program provider holds an application orientation meeting(s). ~~All person and Hhouseholds on the BMR Purchase Waiting List with the lowest numbers are contacted and are~~ invited to attend the orientation meeting(s). Only households that are eligible by household size and have completed the one-time pre-purchase education requirement are contacted and invited to attend the orientation. Applications to purchase BMR units can only be obtained by attending an application orientation meeting. At the meeting, potential applicants are provided with the following information:

- A detailed description of the BMR Housing Program, including the rights, restrictions, and responsibilities of owning a BMR unit.
- A complete description of the property or properties being offered for sale including buyer eligibility requirements, the purchase price, home owner association costs (if any), estimated property taxes, and home features.
- An overview of the home loan application process and description of necessary costs including down payment (if required), closing costs, real estate taxes, and mortgage insurance.
- A description of the BMR and home loan approval process. Potential applicants are informed they must work with one of the program's approved mortgage providers. Per the City's discretion the potential applicants are also informed of the kinds of acceptable mortgage financing, and also of mortgage financing not allowed at that time (for instance negative amortizing loans).
- Based on the purchase price, estimates are provided on the minimum annual income required to purchase, as well as possible monthly housing costs including principal and interest, property taxes, and insurance payments.
- A step-by-step explanation of the BMR purchase application. If there are several sizes of units for which applicants may be eligible, applicants are instructed where to indicate their unit size preferences.

Potential applicants are invited to ask questions. Meeting attendees are invited to sign up to tour the property or properties for sale. Attendees are given applications and a reasonable deadline to submit their completed applications.

89.1.12 Completed applications are submitted to the City or its designee along with income and asset verifications.

89.1.13 When the application period closes, the City or its designee reviews the completed applications. The complete, eligible, qualifying applications are ranked according to legacy list order and/or lottery ranking. ~~in order by BMR Purchase Waiting List numbers and/or other criteria established by the City. The complete applications with the lowest numbers, and meeting other qualifying criteria for each unit, if any, are selected, and the households that submitted them are notified of the opportunity to purchase the BMR unit, in the order of their numbers on the BMR Purchase Waiting List. They are invited to an orientation meeting.~~

89.1.14 If the leading applicant for a unit fails to contact the developer, provide a deposit, or obtain appropriate financing within the period of time specified in the notification letter, the City or its designee will contact the next household on the list.

89.1.15 The City of Menlo Park or its designee submits to the title insurance company the Grant Deed, BMR Agreement and Deed Restrictions, and Request for Notice to be recorded with the deed to the property.

89.1.16 The developer shall be free to sell a BMR unit without restriction as to price or qualification of buyer if all of the following criteria are met, unless the BMR applicant's lender has a loan condition that a specific number of units in the development must be sold before the loan can be approved: (1) the City and the developer are unable to obtain a qualified buyer within six months after the City has provided written notice both certifying that the unit is available for purchase and setting the price for the BMR unit, (2) the City or its designee does not offer to purchase the BMR unit within said six months period, and complete said purchase within not more than 60 days following the end of the six month period, (3) the developer has exercised reasonable good faith efforts to obtain a qualified buyer. A qualified buyer is a buyer who meets the eligibility requirements of the BMR Housing Program and who demonstrates the ability to complete the purchase of the BMR unit. Written notice of availability shall be delivered to the City Manager, City of Menlo Park, 701 Laurel Street, Menlo Park, CA 94025. Separate written notice of availability shall also be delivered to the City Manager, City of Menlo Park, 701 Laurel Street, Menlo Park, CA 94025.

910. OCCUPANCY REQUIREMENTS FOR OWNER-OCCUPIED BMR UNITS

910.1 Primary Residence. The owners listed on title to the BMR property must occupy it as their primary residence and remain in residence for the duration of the Deed Restrictions (55 years). Occupancy is defined as a minimum stay of 10 months in every 12 month period. BMR owners may not terminate occupancy of the BMR property and allow the property to be occupied by a relative, friend, or tenant. Failure of the purchaser to maintain a homeowner's property tax exemption shall be construed as evidence that the BMR property is not the primary place of residence of the purchaser. As necessary, the City may request that BMR owners provide evidence that their units are currently occupied by them as their primary residences. Examples

of such evidence may include current copies of any of the following: homeowner's insurance, car/vehicle registration, and utility bills.

910.2 Refinancing and BMR Valuations. BMR owners may refinance the debt on their property at any time following purchase, however, they must contact the City's designated BMR Housing Program provider first, prior to a refinance or equity line. The City's BMR Housing Program provider will provide the owner with clear instructions to ensure program compliance. At that time and at any other time the owner requests it, the BMR Housing Program provider will provide the owner and/or the lender with the current BMR value of the home, in accordance with the formula specified in the Deed Restrictions. Only the City's BMR Housing Program provider can determine the appraised value of a BMR unit and it is the owner's responsibility to inform their lender that the property is a BMR unit. BMR owners are not allowed to take out loans against their property that exceed the BMR value of the home. There is a fee for refinancing a BMR unit that is set by the City's BMR Housing Program provider.

910.3 Transfers of Title. Prior to adding an additional person to title or transferring title to the BMR unit, BMR owners must contact the City for clear instructions to ensure program compliance.

The following transfers of title are exempt from the City's right of first refusal and do NOT re-start the 55 year deed restriction clock:

- Transfer by devise or inheritance to the owner's spouse.
- Transfer of title by an owner's death to a surviving joint tenant, tenant in common, or a surviving spouse of community property (that is, another owner already on title).
- Transfer of title to a spouse as part of divorce or dissolution proceedings.
- Transfer of title or an interest in the property to the spouse in conjunction with marriage.

Transfers by devise or inheritance (such as to a child or other family member), are permitted under certain terms and conditions identified in the Deed Restrictions. These kinds of transfers must first be reviewed and approved by the City or the BMR Housing Program provider. If the person inheriting the property meets the following terms and conditions, then that person may take title, assume full ownership, and reside in the BMR unit. This would then restart the 55 year deed restriction clock. If the person inheriting the property does NOT meet the following terms and conditions they may still inherit the property but are not allowed to live there. In such case, the inheriting party must sell the property and shall be entitled to receive any proceeds from the sale after payment of sales expenses and all liens against the property. The property would then be sold by the City through the BMR Housing Program to an eligible, qualified household, ~~on the BMR Purchase Waiting List.~~

For transfers of title by devise or inheritance, the inheriting party ("Transferee") must meet the following terms and conditions in order to live in the BMR unit:

- Transferee shall occupy, establish and maintain the property as the Transferee's primary residence.
- The Transferee must meet all current eligibility requirements for the BMR Housing Program, as identified at the time of transfer in the BMR Guidelines.
- The Transferee must sign a new BMR Agreement and Deed Restrictions for the property. This restarts the 55 year clock.

4011. PROCESS FOR RESALE OF BMR UNITS

4011.1 The seller notifies the City by certified mail that he/she wishes to sell the unit. The City notifies its designee, if applicable. The unit must be provided in good repair and salable condition, or the cost of rehabilitating the unit will be reimbursed to the City out of the proceeds of the sale. The definition of "salable condition" for any given unit shall be provided on a case-by-case basis following the City's inspection of the unit, and shall be at the discretion of the City Manager or his/her designee. "Salable condition" shall refer to the general appearance, condition, and functionality of all: flooring; painted surfaces; plumbing, heating, and electrical systems; fixtures; appliances; doors; windows; walkways; patios; roofing; grading; and landscaping. In addition for each unit, the City reserves the right to withhold the cost of having it professionally cleaned from the seller's proceeds. Once cleaning is complete, the seller will be refunded any difference between the amount withheld and the actual cost to clean the unit.

4011.2 When the seller notifies the City or the City's BMR Housing Program provider, and it has been determined that the unit is in good repair and salable condition, and the City has set the price for the BMR unit, then the City or the City's BMR Housing Program provider will state in writing that the 180 day period for completing the sale of the BMR unit shall commence. The price will be set using information in Sections 10.3 through 10.6 below.

4011.3 The City or its designee obtains an appraisal made to ascertain the market value of the unit, giving consideration to substantial improvements made by the seller, if needed.

4011.4 The City or its designee obtains figures for homeowners' dues, insurance, and taxes from the seller.

4011.5 The City or its designee checks major lending institutions active in this market to ascertain current mortgage information (prevailing interest rates, length of loans available, points, and minimum down payments). Monthly housing costs are estimated.

4011.6 The City or its designee establishes a sales price, based on the original selling price of the unit, depreciated value of substantial improvements made by the seller, and 1/3 of the increase in the cost of living index for the Bay Area. The selling price is established for the unit at the appraised market value or the computed price whichever is the lower.

4011.7 The City retains a realtor to facilitate the sale of the property.

4011.8 Agreement is reached between seller and the City or its designee for a schedule of open houses for the unit, at the seller's convenience.

4011.9 The procedure continues the same as in Sections 8.1.7 – 8.1.16 above, with the seller substituted for the developer.

4011.10 The City or its designee submits to the title insurance company the Grant Deed, BMR Agreement and Deed Restrictions, and Request for Notice and the seller's release from the previous Deed Restrictions, to be recorded with the new deed to the property.

4412. REQUIREMENTS FOR BMR RENTAL DEVELOPMENTS

4412.1 Income and Rent Standards.

4412.1.1 Income Limits upon Occupancy of BMR Rental Units. Unless otherwise approved by the Planning Commission or City Council in the BMR Housing Agreement for the proposed project, only households having gross incomes at or below Low Income for San Mateo County, adjusted for household size, are eligible to occupy BMR rental units, either when initially rented or upon filling any subsequent vacancy. See Section 14, Table A (Below Market Rate Household Income Limits), which may be updated by City staff from time to time. Any variation in the affordability mix to assist the City in meeting its Regional Housing Needs Assessment (including very low, low or moderate income households) shall require a finding by the approving body that the mix is roughly equivalent to the provision of all of the affordable units at the low income level.

4412.1.2 BMR Rent. BMR units may be rented for monthly amounts not exceeding thirty percent (30%) of the income limit for extremely low, very low, subsidized low, low or moderate income households adjusted for occupancy, as established from time to time by the HCD for San Mateo County. In no case shall the monthly rental amounts for BMR units exceed 75% of comparable market rate rents. The maximum rental amounts are listed in Section 14, Table B, (Maximum Monthly Housing Cost Limits for BMR Rental Units), which may be updated by City staff from time to time. BMR rents may be adjusted from time to time to reflect any changes to the then current Income limits.

4412.1.3 Tenant Selection and Certification Procedures. Priority for occupancy of all BMR rental units shall be given to those eligible households who

either live or work in the City of Menlo Park as defined in Sections 6.2 and 7.1 of these Guidelines. If no qualified household living or working in Menlo Park is available to occupy the vacated unit as aforesaid, the owner shall be free to rent the BMR unit to any other eligible BMR tenant.

4412.1.4 BMR ~~Rental~~ Interest List. The qualifications of BMR rental tenants as described in Section 7.1, above, will be independently verified by the owner. The City of Menlo Park or the City's designee shall maintain a BMR ~~Rental~~ Interest List and shall make it available to any owner/developer upon request.

4412.1.5 One-Year Lease Offer. Each BMR tenant shall be offered the opportunity to enter into a lease, which has a minimum term of one year. Such offer must be made in writing. If the tenant rejects the offer, such rejection must also be in writing. A lease may be renewed upon the mutual agreement of both parties.

4412.1.6 Vacation of Units and Re-Renting. When a BMR tenant vacates, the owner must provide notice to the City, and re-rent the unit to a qualified BMR tenant in accordance with these BMR Guidelines and the BMR Housing Agreement for the unit.

4412.1.7 Annual Recertification of BMR Units. The City of Menlo Park or the City's BMR Housing Program provider will recertify annually, by procedures to be established in the BMR Housing Agreement, the provision of BMR rental units as agreed at the time of application for the permit. A qualified BMR tenant shall continue to qualify unless at the time of recertification, for two consecutive years, the household's income exceeds the eligibility requirements, then the tenant shall no longer be qualified. Upon the owner's determination that any such household is no longer qualified, the unit shall no longer be deemed a BMR Unit, and the owner shall make the next available unit, which is comparable in terms of size, features and number of bedrooms, a BMR (the "Next Available Unit Requirement"), or take other actions as may be necessary to ensure that the total required number of units are rented to qualifying BMR households. The owner shall notify the City annually if it substitutes a different unit for one of the designated BMR Units pursuant to this paragraph.

4412.1.8 Annual Report. On an annual basis on or before July 1 of each year, the developer or subsequent owner shall submit a report (the "Annual Report") to the City which contains, with respect to each BMR unit, the name of the eligible tenant, the rental rate and the income and household size of the occupants. The Annual Report shall be based on information supplied by the tenant or occupant of each BMR unit in a certified statement executed yearly by the tenant on a form provided or previously approved by the City or designee. Execution and delivery thereof by the tenant may be required by the terms of the lease as a condition to continued occupancy at the BMR rate. In order to verify the information provided, City shall have the right to inspect the books and records of developer and its rental agent or bookkeeper upon reasonable notice during normal business hours. The Annual Report shall also provide a statement of the owner's management policies,

communications with the tenants and maintenance of the BMR unit, including a statement of planned repairs to be made and the dates for the repairs.

1213. EQUIVALENT ALTERNATIVES

Nothing set forth herein shall preclude the City from approving reasonably equivalent alternatives to these BMR Guidelines, including, but not limited to, in lieu fees, land dedication, off-site construction or acquisition and rehabilitation of units. Additionally, the City reserves the right to approve reasonably equivalent alternatives to the characteristics of the proposed BMR units and the affordability mix. Any modifications to these Guidelines shall be approved by the City Council and shall contain findings that the alternative is commensurate with the applicable requirement(s) in the BMR Guidelines and is consistent with the goals of the BMR Guidelines.

1314. BELOW MARKET RATE HOUSING FUND AND SEVERABILITY CLAUSE

1314.1 Purpose. The City of Menlo Park Below Market Rate Housing Fund ("BMR Housing Fund") is a separate City fund set aside for the specific purpose of assisting the development of housing that is affordable to very low, low and moderate income households. The BMR Housing Fund is generated by such income as in-lieu fees. All monies contributed to the BMR Housing Fund, as well as repayments and interest earnings accrued, shall be used solely for this purpose, subject to provisions set forth below.

1314.2 Eligible Uses. The BMR Housing Fund will be used to reduce the cost of housing to levels that are affordable to very low, low and moderate income households, as defined in the Housing Element of the City's General Plan. A preference will be given to assisting development of housing for households with minor children; however, this preference does not preclude the use of funds for other types of housing affordable to households with very low, low and moderate incomes.

1314.3 Eligible Uses in Support of Very Low, Low and Moderate Income Housing Development. The BMR Housing Fund may be used for, but is not limited, to the following:

- Provision of below market rate financing for homebuyers.
- Purchase of land or air rights for resale to developers at a reduced cost to facilitate housing development for very low, low or moderate income households.
- Reduction of interest rates for construction loans or permanent financing, or assistance with other costs associated with development or purchase of very low, low or moderate income housing.

- Rehabilitation of uninhabitable structures for very low, low or moderate income housing.
- On-site and off-site improvement costs for production of affordable housing.
- Reduction of purchase price to provide units that are very low, low or moderate cost.
- Rent subsidies to reduce the cost of rent for households with limited incomes.
- Emergency repair and/or renovation loan program for BMR owners of older units.
- Loan program to assist BMR condominium owners who have no other way to pay for major special assessments.
- City staff time and administrative costs associated with implementation of the BMR Housing Program.

1314.4 Procedures. Requests for use of BMR Housing Fund money shall be submitted to staff for review and recommendation to the City Council. A request for funding shall provide the following minimum information:

- A description of the proposal to be funded and the organizations involved in the project. Public benefit and relevant Housing Element policies and programs should be identified.
- Amount of funding requested.
- Identification of the number of very low, low and moderate income households to be assisted and the specific income range of those assisted.
- Reasons why special funding is appropriate.
- Identification of loan rate, financial status of applicants, and source of repayment funds or other terms.
- Identification of leverage achieved through City funding.

1314.5 Annual Report. At the close of each fiscal year, City staff shall report on activity during the previous year (deposits and disbursements) and available funds. The City's auditor shall periodically examine this report and all other BMR Housing Fund financial records, and shall report the results of this examination. In addition, City staff shall report annually on activities assisted by monies from the BMR

Housing Fund. The report will review how the program is serving its designated purpose. It will include a discussion of the timely use of funds for actions taken to provide BMR housing units, a review of management activities, and staff recommendations for policy changes to improve the program's performance. In addition, it will provide, for each activity, information corresponding to that required of funding requests listed above in Section 13.4.

1314.6 Severability Clause. If any one or more of the provisions contained in the BMR Guidelines shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, then such provisions shall be deemed severable from the remaining provisions contained in the BMR Guidelines, and the BMR Guidelines shall be construed as if such invalid, illegal or unenforceable provision(s) had never been contained herein.

1314.7 Administrative Updates. Future updates to tables in Section 14 may be made annually without City Council approval when data becomes available from the appropriate state and federal agencies.

1415. TABLES

Table A

Below Market Rate Household Income Limits

<i>Household Size</i>	<i>Extremely Low (30% AMI)</i>	<i>Very Low (50% AMI)</i>	<i>City Subsidized Low (60% AMI)</i>	<i>Low (80% AMI)</i>	<i>Area Median Income (100% AMI)</i>	<i>Moderate (120% AMI)</i>
1	27,650	46,100	55,320	73,750	80,700	96,850
2	31,600	52,650	63,180	84,300	92,250	110,700
3	35,550	59,250	71,100	94,850	103,750	124,500
4	39,500	65,800	78,960	105,350	115,300	138,350
5	42,700	71,100	85,320	113,800	124,500	149,400
6	45,850	76,350	91,620	122,250	133,750	160,500
7	49,000	81,600	97,920	130,650	142,950	171,550
8	52,150	86,900	104,280	139,100	152,200	182,600

Source: Based on median income for a household of four persons as reported in the Income Guidelines for San Mateo County published by the Department of Housing and Community Development Division of Housing Policy Development for 2017.

<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits/docs/inc2k17.pdf>

2021 Income Limits

Area Median Income: \$149,600 (for a household of 4 persons) effective April 26, 2021

	Household Size						
Income Category	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>
<u>Extremely Low Income</u>	<u>38400</u>	<u>43850</u>	<u>49350</u>	<u>54800</u>	<u>59200</u>	<u>63600</u>	<u>68000</u>
<u>Very Low Income</u>	<u>63950</u>	<u>73100</u>	<u>82250</u>	<u>91350</u>	<u>98700</u>	<u>106000</u>	<u>113300</u>
<u>Low Income</u>	<u>102450</u>	<u>117100</u>	<u>131750</u>	<u>146350</u>	<u>158100</u>	<u>169800</u>	<u>181500</u>
<u>Median Income</u>	<u>104700</u>	<u>119700</u>	<u>134650</u>	<u>149600</u>	<u>161500</u>	<u>173550</u>	<u>185550</u>
<u>Moderate Income</u>	<u>125650</u>	<u>143600</u>	<u>161550</u>	<u>179500</u>	<u>193850</u>	<u>208200</u>	<u>222600</u>

<https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits/docs/income-limits-2021.pdf>

Table B

Maximum Affordable Rent Payment*

<i>Unit Size</i>	<i>Extremely Low (30% AMI)</i>	<i>Very Low (50% AMI)</i>	<i>City Subsidized Low (60% AMI)</i>	<i>Low (80% AMI)***</i>	<i>Area Median Income (100% AMI)</i>	<i>Moderate Income (120% AMI)***</i>
Studio**	691	1,152	1,479	1,844	2,304	2,421
1	740	1,234	1,586	1,976	2,468	2,594
2	888	1,481	1,904	2,371	2,962	3,113
3	1,026	1,711	2,192	2,739	3,422	3,597
4	1,145	1,908	2,425	3,056	3,816	4,013

Source:

<https://housing.smcgov.org/sites/housing.smcgov.org/files/2017%20Income%20and%20Rent%2006%2019%2017.pdf>

*Maximum affordable rent based on 30% of monthly income and all utilities paid by landlord unless further adjusted by HUD. Utility allowances for tenant paid utilities may be established by Housing Authority of County of San Mateo Section 8 Program.

**The following is the assumed family size for each unit: Studio: 1 person; one bedroom: 1.5 persons; two bedroom: 3 persons; three bedroom: 4.5 persons; four bedroom: 6 persons.

***In 2017, HCD for San Mateo County did not provide a maximum rent for low or moderate income households. The maximum rent in the table is 30% of annual income divided by 12 months, rounded to the nearest whole number. With respect to a one-bedroom unit with 1.5 persons occupying, the income limit is determined by adding the income for a one person household plus the income for a two person household and dividing by two. With respect to a three-bedroom unit with 4.5 persons occupying, the income limit is determined by adding the income for a four person household plus the income for a five person household and dividing by two.

2021 Rent Limits Schedule

Area Median Income: \$149,600 (for a household of 4 persons) effective April 26, 2021

<https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits/docs/income-limits-2021.pdf>

Maximum Rents	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
<u>Very Low Income</u>	<u>1598</u>	<u>1713</u>	<u>2056</u>	<u>2375</u>	<u>2650</u>
<u>Low Income</u>	<u>2561</u>	<u>2738</u>	<u>3293</u>	<u>3805</u>	<u>4245</u>
<u>Moderate Income</u>	<u>3141</u>	<u>3365</u>	<u>4038</u>	<u>4666</u>	<u>5205</u>

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

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

Table C

Occupancy Standards

Occupancy of BMR units shall be limited to the following:

Unit <u>July Size</u>	Number of Persons	
	<u>Minimum</u>	<u>Maximum</u>
Studio	1	2
1	1	4
2	2	5
3	3	7
4	4	9

Note: The City Manager or his/her designee has the discretion to vary the persons per unit for unusually large units, not to exceed one person per bedroom, plus one.

Table D

Commercial In-Lieu Fees for July 1, 2021 – June 30, 2022~~2017-18~~

Group A uses are Research & Development and Office.

Fee: \$~~16.90~~20.46 per square foot of gross floor area.

Group B uses are all other Commercial Uses not in Group A.

Fee: \$~~9.47~~11.10 per square foot of gross floor area.

Commercial In-Lieu Fees are adjusted annually on July 1.