



REGULAR MEETING AGENDA

Date: 4/1/2026
Time: 6:30 p.m.
Location: [Zoom.us/join](https://zoom.us/join) – ID# 865 4847 4804 and
Arrillaga Recreation Center, Oak Room
700 Alma St., Menlo Park, CA 94025

Members of the public can listen to the meeting and participate using the following methods.

How to participate in the meeting

- Access the meeting, in-person, at the Arrillaga Recreation Center, Oak Room
- Access the meeting real-time online at:
[Zoom.us/join](https://zoom.us/join) – Meeting ID# 865 4847 4804
- Access the meeting real-time via telephone at:
(669) 900-6833
Meeting ID# 865 4847 4804
Press *9 to raise hand to speak

Subject to change: 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 website www.menlopark.gov. The instructions for logging on to the webinar and/or the access code is subject to change. If you have difficulty accessing the webinar, please check the latest online edition of the posted agenda for updated information (www.menlopark.gov/agendas).

Regular Session

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. You are not required to provide your name or City of residence, but it is helpful. 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 the Housing Commission meeting minutes for March 4, 2026 ([Attachment](#))
- D2. Consider and make a recommendation to the Planning Commission to approve a Below Market Rate Housing Agreement with 68 Willow Owners, LLC for a 50-unit housing development project at 68 Willow Rd. ([Staff Report #26-002-HC](#))

E. Reports and Announcements

- E1. Commissioner updates
- E2. Subcommittee community outreach and resource fair update
- E3. 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.gov. 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 Cal. Gov. Code §54954.2(a) or §54956. Members of the public can view electronic agendas and staff reports by accessing the city website at www.menlopark.gov/agendas and can receive notification of agenda postings by subscribing at www.menlopark.gov/subscribe. Agendas and staff reports may also be obtained by contacting the City Clerk at 650-330-6620. (Posted: 3/27/2026)

Housing Commission



REGULAR MEETING MINUTES – DRAFT

Date: 3/4/2026
Time: 6:30 p.m.
Location: Teleconference and
 Arrillaga Recreation Center, Cypress Room
 700 Alma St., Menlo Park, CA 94025

A. Call To Order

Chair Switzer called the meeting to order at 6:31 p.m.

B. Roll Call

Present: Chapa, Dumont, Kranen, Oursler, Switzer, Wong
Absent: Beeli
Staff: Housing Manager Tim Wong, Management Analyst Arianna Milton, Principal Planner Tom Smith

C. Public Comment

None.

D. Regular Business

D1. Approve the Housing Commission meeting minutes for January 7, 2026 (Attachment)

ACTION: Motion and second (Kranen/ Chapa), to approve the Housing Commission meeting minutes for January 7, 2026, passed 6-0-1 (Beeli absent).

D2. Review and recommend that the City Council accept the 2025 Housing Element Annual Progress Report (Attachment)

Principal Planner Tom Smith made the presentation (Attachment).

The Housing Commission discussed the interplay between city regulations and processes and the current market conditions that affect the production of low income housing units compared to moderate units.

The Housing Commission received clarification on the Annual Progress Report (APR) approval process, how the state reviews and provides feedback, and when newly constructed units officially are counted toward the Regional Housing Needs Allocation (RHNA).

ACTION: Motion and second (Switzer/Dumont), to recommend that the City Council accept the 2025 Housing Element Annual Progress Report with an amendment of the staff report's number of total new housing units from 176 to 102, passed 6-0-1 (Beeli absent).

E. Reports and Announcements

E1. Commissioner updates

None.

E2. Subcommittee community outreach and resource fair update

Staff reported out on resource fair planning progress including, save the dates for invited organizations and approved methods of outreach for the Commission.

F3. Future agenda items

Staff reported out on the anti-displacement agenda item and a below market rate (BMR) agreement for a future Housing Commission meeting.

Staff confirmed the anti-displacement agenda item will take place at a meeting at the Belle Haven Community Campus.

The Commission discussed waiting list preferences as a future agenda item.

F4. Staff updates and announcement

Staff reported out on the March 21 City Council priority setting meeting.

G. Adjournment

Chair Switzer adjourned the meeting at 7:20 p.m.

Management Analyst I Arianna Milton



2025 Housing Element Annual Progress Report

Tom Smith, Principal Planner

Background

- Annual Progress Report (APR)
 - Due April 1 every year
 - Tracks housing production and program implementation

Background

- 6th Cycle Housing Element (2023-2031)
 - Blueprint to meet housing needs over 8 years
 - Adopted Jan. 2023, amended Jan. 2024; certified March 2024
 - Regional Housing Needs Allocation (RHNA)

Regional Housing Needs Allocation

2023-2031 RHNA by income category

	Very Low	Low	Moderate	Above Moderate	Total
RHNA units	740	426	496	1,284	2,946

RHNA progress to date

6 th Cycle RHNA Progress					
	Very Low	Low	Moderate	Above Moderate	Total
6 th Cycle RHNA allocation	740	426	496	1,284	2,946
2025 new units	19	20	18	45	102
Total new units (June 2022-Dec. 2025)	137	119	134	763	1,153
Percent complete	18.5%	27.9%	27.0%	59.4%	39.1%
Remaining RHNA units	603	307	362	521	1,793

Potential future production

- Over 2,100 units approved in previous years
 - Willow Village (1,730 units)
 - 123 Independence Drive (432 units)
- Over 1,000 units approved in 2025
 - Parkline (800 units)
 - 3705 Haven Avenue (112 units)
 - 320 Sheridan Drive (88 units)
- Over 1,500 units currently under review
 - USGS redevelopment (670 units)
 - 80 Willow Road (665 units)
 - 155 Jefferson Drive (199 units)
 - 68 Willow Road (50 units)
- Will count towards future APRs as building permits are issued

Program implementation highlights

- Table D of APR (page D-2.16)
- \$3.6 million loan towards development of 8 affordable ownership units at 335 Pierce Rd. (Program H1.E)
- Anti-displacement plan development (Program H2.E)
- BMR Housing Program amendments (Program H4.A)



Program implementation highlights

- RFP for downtown parking lots (Program H4.G)
- USGS redevelopment; Oak Gardens project on VA campus; 320 Sheridan Drive approval (Program H4.U)



Next steps

- Continued implementation of Housing Element programs
 - ADU ordinance amendments (Programs H2.D, H3.I, and H4.F)
 - SB 9 ordinance amendments (Program H7.B)
 - Anti-displacement efforts (Program H2.E)
 - BMR Housing Program updates (Programs H4.A, H4.B, H4.C)

Recommendation

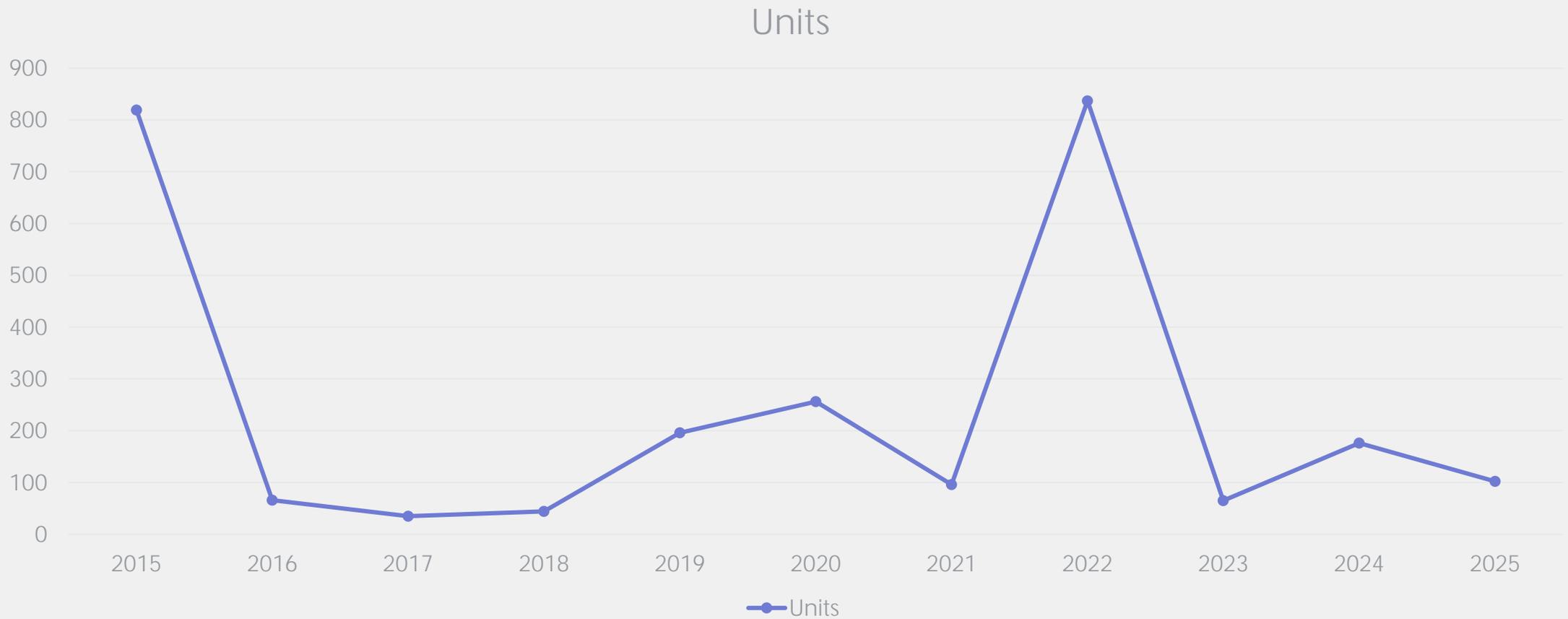
- Staff recommends the Housing Commission recommend that the City Council accept the APR
 - Planning Commission review scheduled March 23
 - City Council review scheduled March 24



2025 Housing Element Annual Progress Report

Tom Smith, Principal Planner

Housing Production Since 2015





STAFF REPORT

Housing Commission

Meeting Date:

4/1/2026

Staff Report Number:

26-002-HC

Regular Business:

Consider and make a recommendation to the Planning Commission to approve a Below Market Rate Housing Agreement with 68 Willow Owners, LLC for a 50-unit housing development project at 68 Willow Rd.

Recommendation

Staff recommends that the Housing Commission recommend approval of the draft Below Market Rate (BMR) Housing Agreement (“Agreement”) to the Planning Commission for eight on-site, for-rent, low-income BMR units as part of a proposed 50-unit townhouse development at 68 Willow Rd., as described in the draft Agreement (Attachment A).

Policy Issues

The Housing Commission should consider whether the draft BMR Housing proposal is in compliance with the BMR Housing Program Guidelines (BMR Guidelines) and Chapter 16.96 (BMR Housing Program) the “BMR Housing Ordinance.”

Background

Site location

The project site consists of one parcel, approximately 2.5 acres in size, in the C-1 (Administrative and Professional, Restrictive) zoning district. The project site currently contains an existing office building of approximately 23,500 square feet of gross floor area (GFA) and associated site improvements. As an implementing action of the 2023-2031 Housing Element Update, the C-1 district was amended in 2023 to allow for residential developments of up to 30 dwelling units per acre where previously only commercial uses were allowed.

For the purposes of this staff report, Willow Road is considered to have an east-west orientation, and all compass directions referenced will use this orientation. The project site is located at the southeast corner of Willow Road and Willow Place. The parcels to the east, west, and south of the project site are also located in the C-1 district and are developed with existing office buildings. Properties across Willow Road are located in the R-3 (Apartment) and R-3-(X) (Apartment, Conditional Development Combining Designation) zoning districts and are developed with single-family and multifamily residential developments. The project site borders San Francisquito Creek and Palo Alto to the southeast. A location map is provided as Attachment B.

Previous Commission Review

On November 5, 2025, the Housing Commission reviewed and unanimously recommended approval of a proposed BMR ownership agreement for the project as the project was initially proposed as an ownership development. The recommended agreement included eight for-sale units to be provided to qualifying buyers who earn up to 120% area median income (moderate rate income). Hyperlinks to the staff report and meeting minutes are included as attachments C and D, respectively. After the Housing Commission recommendation, the applicant expressed a desire to return with an alternate BMR agreement, described in more detail below.

Analysis

Project description

The applicant is proposing to demolish the existing office building and construct eight new three-story townhouse budlings consisting of either six or seven residential units each, for a total of 50 new townhouse units. The units would be three- and four-bedroom units, each with either a one- or two-car garage on the first floor. The project site would be accessed from Willow Place and would not have direct access from Willow Road. There would be five different unit types of varying sizes and bedroom counts. A breakdown of the number and type of units that would be included in the project is included in Table 1. Because the applicant had proposed an ownership project, the applicant submitted a tentative subdivision map to subdivide the development into condominium units that would be sold separately. However, the applicant is now considering a rental project and if the applicant proceeds with a rental project, the final subdivision map would not be submitted and the project site would not be subdivided into condominium units.

Table 1: Project unit types			
Unit type	Bedroom count	Unit size (sf, excluding garage)	Number of units
Unit 1	3	1,569	5
Unit 2	3	1,736	5
Unit 3	3	1,918	13
Unit 4	4	1,996	11
Unit 5	4	2,225	16
Total			50

The proposal includes a request for a use permit for construction of a residential project, which is a conditional use in the C-1 district, architectural control for the design of the residential buildings, major subdivision, and a heritage tree removal permit to remove 23 on-site heritage trees. The applicant’s BMR proposal letter and select sheets from the project plans are included as Attachments E and F, respectively. The Planning Commission will take final action on all requested entitlements for the proposed project except for the major subdivision, where the City Council is the deciding body.

Alternate BMR agreement

After the November 5, 2025, Housing Commission meeting at which the Commission reviewed the BMR ownership agreement, the applicant indicated their desire to bring an alternate BMR agreement for a for-rent project to the Housing Commission. The applicant states in their BMR proposal (Attachment E) that the housing market has shifted since the initial submittal of the project, and in order to maintain flexibility in financing options, they would like to have two options for a BMR agreement recommended to the Planning Commission. The applicant states that having two approved BMR agreements, one for a for-sale project and one for a for-rent project, would ensure that the project is able to be financed and that the housing will be able to be built. The two BMR agreements would be brought to the Planning Commission concurrently and a condition of approval would be placed on the project that would require the applicant to decide whether the project will be for-sale or for-rent, and to record the corresponding agreement prior to issuance of building permits.

BMR Housing Program & related requirements

Since the project includes five or more residential units, the applicant is required to comply with Chapter 16.96 of City's Municipal Code ("BMR Ordinance"), and with the BMR Housing Program Guidelines adopted by the City Council ("BMR Guidelines") to implement the BMR Ordinance. In accordance with the City's BMR Guidelines, projects with 20 or more residential units are required to provide 15% of the units at below market rates. The BMR Ordinance requires the applicant to submit a BMR Housing proposal for review by the Housing Commission. The draft BMR agreement governs the operation of the units as BMR units and includes details including the term that the units need to remain affordable, the process by which an eligible tenant is selected and how the rental price is established. In addition, the Agreement has been revised with some additional requirements to provide further protections to maintain their affordability. At this time, the Housing Commission should review the applicant's proposal and the draft Agreement and provide guidance to staff, the applicant, and the Planning Commission. The draft Agreement would subsequently be reviewed and acted upon by the Planning Commission.

The applicant is proposing to satisfy the project's BMR obligation through providing eight of the 50 units as BMR units. The project is required to provide 7.5 units (15% of 50); however the applicant proposes to include an eighth on-site unit instead of paying the remaining .5 unit as an equivalent in-lieu fee. Based on previous comments by the Housing Commission, staff understands that the creation of new BMR on-site units (as opposed to payment of an in-lieu fee for a partial unit) is preferred, and that provision of such units, especially units capable of accommodating families, is also generally desired.

The BMR Guidelines state that rental BMR units can be affordable to an equivalent of low-income households (those making up to 80% of the area median income) to meet the City's BMR Ordinance requirements. In addition to the designated affordability level, the maximum rent price is set based on several factors, including an assumed household qualifying household size, and reasonable allowances for utilities. The total monthly housing costs shall not exceed 30% of the assumed household income. Further, the BMR Guidelines state that the BMR unit be equivalent and indistinguishable from the market-rate units. The proposed BMR units are the same as the previously-reviewed units, and would include a mix of the five unit types, and one BMR unit would be in each of the eight proposed buildings. Table 2 details the unit type and location of the proposed BMR units. Sheet A02.2 from the project plans identifies the proposed BMR units on the site plan and is included in Attachment D.

Unit type	Number of proposed BMR units	Location
Unit 1	1	Building 3
Unit 2	1	Building 7
Unit 3	2	Building 2, Building 4
Unit 4	2	Building 5, Building 6
Unit 5	2	Building 1, Building 8

There would be at least one of each unit type represented in the BMR unit mix with four BMR units being three-bedroom units and four being four-bedroom units. All units have attached garages that would function as two-car garages despite some being considered one-car garages for Planning purposes since they do not meet the minimum stall dimensions for a standard two-car garage. The Applicant has requested a State Density Bonus Law waiver to modify the required parking stall dimensions for a standard two-car garage (effectively reducing the on-site parking ratio) and for a concession to exceed the maximum parking ratio in the C-1 district. Staff is evaluating the applicability of the concession based on the waiver request. Each BMR unit will have an attached garage that is identical to the attached garage style of the market-rate units of the same unit type. Each of the eight proposed buildings would have one BMR unit which would be indistinguishable from the market-rate units within the buildings. Select plan sheets that include the location of each proposed BMR unit, floor plans, and elevation drawings of one of the building types are provided in Attachment D. Since the BMR units would be a mix of the unit types that are identical to the market-rate units, staff believes that the requirements for BMR unit characteristics, including the size, location, design, and materials as identified in the BMR Guidelines are met by the proposed project.

Correspondence

At the time of the preparation of this staff report, staff has not received any correspondence regarding the draft BMR Housing Agreement.

Conclusion

Staff believes that the applicant’s proposal of eight on-site BMR units meets the requirements of the BMR Ordinance and BMR Guidelines. Further, the size and location of the BMR units supports the City’s goal of producing family-oriented BMR units. Finally, providing flexibility in the type of project (for-sale or rental) would help ensure that the project can be financed and that the housing units are delivered to the community. Staff recommends that the Housing Commission recommend to the Planning Commission approval of the eight on-site rental BMR units under the terms stated in the draft BMR Agreement.

Impact on City Resources

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

Environmental Review

The proposed project is being evaluated with respect to compliance with the California Environmental Quality Act (CEQA) as part of the Planning Commission final action. BMR direction is not a project under CEQA, so environmental review is not required by the Housing Commission.

Public Notice

Public Notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Draft BMR Agreement
- B. Location Map
- C. November 5, 2025, Housing Commission staff report – hyperlink:
<https://www.menlopark.gov/files/sharedassets/public/v/1/agendas-and-minutes/housing-commission/2025-meetings/agendas/20251105-housing-commission-regular-meeting-agenda.pdf#page=28>
- D. November 5, 2025, Housing Commission meeting minutes – hyperlink:
<https://www.menlopark.gov/files/sharedassets/public/v/1/agendas-and-minutes/housing-commission/2025-meetings/minutes/20251105-housing-commission-regular-meeting-minutes.pdf>
- E. 68 Willow Rd. BMR Proposal
- F. Excerpts of Project Plans

Report prepared by:
Chris Turner, Senior Planner

Report reviewed by:
Tim Wong, Housing Manager

This document is recorded for the benefit of the City of Menlo Park and is entitled to be recorded free of charge in accordance with Sections 6103 and 27383 of the Government Code.

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

City of Menlo Park
Attn: City Clerk
701 Laurel Street
Menlo Park, CA 94025

**BELOW MARKET RATE HOUSING AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS**

(68 Willow Road, Menlo Park)

This **BELOW MARKET RATE HOUSING AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS** (“**Agreement**”) is entered into as of _____, 2026 (“**Effective Date**”), by and between the City of Menlo Park, a California municipal corporation (“**City**”), and 68 Willow Owner, LLC, a California limited liability company (“**Owner**”). City and Owner may be referred to individually as a “**Party**” or collectively as the “**Parties**.”

RECITALS

A. Owner is the owner of that certain real property situated at the approximate location commonly known as 68 Willow Road in the City of Menlo Park, California (“**Property**”), as more particularly described in **Exhibit A**, attached hereto and incorporated herein by this reference, which is the parcel subject to the terms of this Agreement. The Property is approximately _____ acres.

B. Developer intends to demolish an existing office building and construct a residential condominium project on the Property that will consist of fifty (50) rental units, together with parking and related improvements (collectively, “**Project**”).

C. Menlo Park Municipal Code Chapter 16.96, the Below Market Rate Housing Program (“**BMR Ordinance**”), and the Below Market Rate Housing Program Guidelines (“**Guidelines**”) require a developer to provide fifteen percent (15%) of the total number of units in a project as affordable to below market rate (“**BMR**”) households. To satisfy the requirements of the BMR Ordinance and Guidelines, Developer has proposed (“**BMR Proposal**”) to provide fifteen percent (15%) of the total units (i.e., eight units) as affordable units for the for purposes of complying with the City’s Below Market Rate Housing Program (“**BMR Rental Units**”), which shall be located as set forth in **Exhibit B**, attached hereto and incorporated herein by this reference. These eight BMR Rental Units shall be provided at a level affordable to low income households.

D. On _____, 2026, after a duly noticed public hearing, the Housing Commission recommended approval of the BMR Proposal, including eight (8) low-income rental units, the

BMR Rental Units, as shown in **Exhibit B**.

E. As required by this Agreement, Owner agrees to observe all of the terms and conditions set forth below for purposes of development and operation of the BMR Units. This Agreement will ensure the BMR Units' continuing affordability.

NOW, THEREFORE, the Parties hereto agree as follows. The above Recitals are specifically incorporated into this Agreement by this reference.

1. CONSTRUCTION OF THE PROJECT

1.1 Construction of the Project. Owner agrees to construct the Project in accordance with the Project Approvals, the Menlo Park Municipal Code, and all other applicable state and local building codes, development standards, ordinances, and zoning ordinances.

1.2 City and Other Governmental Permits. Before commencement of the Project, Owner shall secure or cause its contractor to secure any and all permits which may be required by the City or any other governmental agency affected by such construction, including without limitation building permits. Owner shall pay all necessary fees and timely submit to the City final drawings with final corrections to obtain such permits; City staff will, without incurring liability or expense therefore, process applications in the ordinary course of business for the issuance of building permits and certificates of occupancy for construction that meet the requirements of the Menlo Park Municipal Code and all other applicable laws and regulations.

1.3 Compliance with Laws. Owner shall carry out the design, construction, and operation of the Project in conformity with all applicable laws, including all applicable state labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the Menlo Park Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*

2. OPERATION OF THE BMR RENTAL UNITS

2.1 Affordability Period. The Property, provided that the Project remains on the Property, shall be subject to the requirements of this Agreement from the date that the City issues a last final certificate of occupancy for the Project until the 55th anniversary of such date. The duration of this requirement shall be referred to in this Agreement as the "**Affordability Period**."

2.2 Location of BMR Rental Units. The BMR Rental Units shall be located as set forth in **Exhibit B**. The BMR Unit shall be of a quality comparable to all of the other rental units in the Project. The City's Director of Community Development ("**Director**"), or the Director's designee, shall be notified in writing of any change or relocation of BMR Rental Units by the Owner.

2.3 BMR Program Requirements. The BMR Rental Units are subject to the requirements of the BMR Program and BMR Guidelines. To the extent this Agreement and the BMR Guidelines conflict, the specific requirements of this Agreement shall control. The BMR

Rental Units shall generally be of the same proportionate size (number of bedrooms) as the market rate units, though some variation in size is permitted consistent with the Project Approvals. The BMR Rental Units should be generally distributed throughout the development and should be indistinguishable from the exterior. BMR Rental Units shall contain standard appliances common to new units, but need not have luxury accessories, such as Jacuzzi tubs. The design and materials used in construction of the BMR Rental Units shall be of a quality comparable to the other new residential rental units in the Project but need not be of luxury quality.

2.4 Maintenance. Owner shall comply with every condition of the Project Approvals and shall, at all times, maintain the Project and the Property in good repair and working order, reasonable wear and tear excepted, and in a safe and sanitary condition, and from time to time shall make all necessary and proper repairs, renewals, and replacements to maintain the Project and the Property in a good, clean, safe, and sanitary condition.

2.5 Monitoring and Recordkeeping. Throughout the Affordability Period, Owner shall comply with all applicable recordkeeping and monitoring requirements set forth in the BMR Guidelines. City shall have the right to inspect the books and records of Owner and its rental agent or bookkeeper upon reasonable notice during normal business hours. Representatives of the City shall be entitled to enter the Property, upon at least 48-hour prior written notice, which can be provided via email, to monitor compliance with this Agreement, to inspect the records of the Project with respect to the BMR Rental Units, and to conduct, or cause to be conducted, an independent audit or inspection of such records. Owner agrees to cooperate with the City in making the Property available for such inspection or audit. Owner agrees to maintain records in a businesslike manner and to maintain such records for the duration of the Affordability Period.

2.6 Non-Discrimination Covenants. Owner covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, familial status, disability, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property be established or permitted. Owner shall include such provision in all deeds, leases, contracts, and other instruments executed by Owner with respect to the Property, and Owner shall enforce the same diligently and in good faith.

a. In deeds, the following language shall appear:

(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the property herein conveyed, nor shall the grantee or any person claiming under or

through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and/or 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

b. In leases, the following language shall appear:

(1) The lessee herein covenants by and for the lessee and lessee's heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry, or disability in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the property herein leased, nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the property herein leased.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and/or 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

c. In contracts pertaining to management of the Project, the following language, or substantially similar language prohibiting discrimination and segregation, shall appear:

(1) There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government

Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the property, nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to selection, location, number, use, or occupancy of tenants, lessee, subtenants, sublessees, or vendees of the land.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and/or 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

2.7 Subordination. Owner represents, warrants and covenants that, except for taxes and assessments and Permitted Encumbrances, absent the City's prior written consent this Agreement shall not be subordinated in priority to any lien, encumbrance or other interest affecting the Property or the Project. "Permitted Encumbrances" means easements, rights-of-way, covenants, conditions and restrictions, utility agreements, and other matters of record that do not materially interfere with development or operation of the Project and do not purport to extinguish or materially impair this Agreement. If at the time this Agreement is recorded any lien or encumbrance (other than Permitted Encumbrances) is recorded in priority senior to this Agreement, then upon the City's written request Owner shall promptly (i) obtain a subordination of such interest to this Agreement, or (ii) if subordination is not commercially available, obtain the City's written approval of an alternative arrangement that reasonably preserves the City's ability to enforce this Agreement, and ensures that the provisions of this agreement guaranteeing that the affordable units remain affordable for the life of this agreement will not be subordinated to such lien or encumbrance. The City may condition issuance of the first building permit for vertical construction on recordation of this Agreement and satisfaction of this paragraph. The City shall not unreasonably withhold, condition or delay consent to a subordination or other instrument (such as an estoppel agreement) requested by an institutional lender providing acquisition, construction or permanent financing for the Project, provided that such instrument includes mutually acceptable protections for the City and such lender, including without limitation (a) notice to lender of any Owner default and reasonable opportunity to cure, and (b) an acknowledgment that nothing in this Agreement restricts the lender's right to foreclose (or accept a deed in lieu) and transfer the Property, subject to (1) this Agreement continuing to run with the land and (2) all provisions of this Agreement guaranteeing that the affordable units remain affordable for the life of this agreement continue to be in effect and enforceable by the City.

3. AFFORDABILITY REQUIREMENTS

3.1 BMR Rental Units. Owner agrees to make available, restrict occupancy to, and lease not less than eight BMR Rental Units at levels affordable to low income households, to Qualifying Households, as hereinafter defined, at an affordable rent, pursuant to the terms below.

3.2 Qualifying Households. For purposes of this Agreement, “**Qualifying Households**” shall mean those households with incomes as follows:

- a. “**Low Income Unit**”: means units restricted to households with incomes of not more than eighty percent (80%) of AMI. “**AMI**” means the median income for San Mateo County, California, adjusted for Actual Household Size, as published from time to time by the State of California Department of Housing and Community Development in Section 6932 of Title 25 of the California Code of Regulations or successor provision. Qualifying Households shall continue to qualify unless at the time of recertification, the household’s income exceeds the Low Income Unit eligibility requirements, in which case the household shall no longer be qualified. Upon Owner’s determination that any such household is no longer qualified, the unit shall no longer be deemed a Low Income Unit, and the Owner shall notify the household that the household no longer is eligible for the Low Income Unit, and that the household’s rent will be increased to a market rate upon the later of sixty (60) days’ notice or the renewal of the household’s lease. The Owner shall either make the next available unit, which is comparable in terms of size, features, and number of bedrooms, a Low Income Unit, or take other actions as may be necessary to ensure that the total required number of Low Income Unit are rented to Qualifying Households, as defined herein. The Owner shall notify the City annually if Owner substitutes a different unit for one of the designated Low Income Unit pursuant to this paragraph.

3.3 Income Verification and Annual Report. On or before July 1 of each year, commencing with the calendar year that the first residential unit in the Project is rented to a tenant, and annually thereafter, Owner shall obtain from each household occupying a BMR Rental Units, and submit to the City, an income computation and certification form, completed by a tenant of such unit, which also shall certify that the income of each Qualifying Household is truthfully set forth in the form, in a form proposed by the Owner and approved by the Director or the Director’s designee (“**Annual Report**”). Owner shall make a good faith effort to verify that each household leasing a BMR Rental Units meets the income and eligibility restrictions for the BMR Rental Units by taking the following steps as a part of the verification process: (a) obtaining a minimum of the three (3) most current pay stubs for all adults age eighteen (18) or older; (b) obtaining an income tax return for the most recent tax year; (c) conducting a credit agency or similar search; (d) obtaining the three (3) most current savings and checking account bank statements; (e) obtaining an income verification form from the applicant’s current employer; (f) obtaining an income verification form from the Social Security Administration and/or the California Department of Social Services, if the applicant receives assistance from either of such agencies; or (g) if the applicant is unemployed and has no such tax return, obtaining another form of independent verification. Copies of tenant income certifications shall be made available to the City upon request. The Annual Report shall, at a minimum, include the following information for each BMR Rental Units: the unit number, number of bedrooms, current rent and other charges, number of people residing in the unit, total household Gross Income, and lease commencement and termination dates. The Annual Report also shall provide a statement of the Owner’s management policies, communications with the tenants, and maintenance of the BMR Rental Units, including

a statement of planned repairs to be made and the dates for the repairs. The Annual Report also shall include a list of any BMR Rental Units that were vacant at any point during the reporting period, including the date any such unit was vacated and the date each such unit, as applicable, was once again occupied by a new Qualifying Household, as defined herein.

3.4 Affordable Rent. The maximum monthly rent, as defined below, chargeable for the BMR Rental Units to Qualifying Households and paid shall be as follows:

- a. **“Monthly Rent for a Low Income Household”:** shall be 1/12th of 30 percent of not to exceed 80 percent of the AMI for the assumed household size of the unit, less any applicable utility allowance for tenant-paid utilities. The Monthly Rent for a Low Income Unit rented to a Qualifying Household and paid by that household shall be based on an assumed occupancy of one (1) person per studio unit, two (2) persons for a one-bedroom unit, three (3) persons for a two-bedroom unit, and four (4) persons for a three-bedroom unit, unless otherwise approved by the Director or the Director’s designee for an unusually large unit with a maximum of two persons per bedroom, plus one.

For purposes of this Agreement, “**Monthly Rent**” means the total of monthly payments actually made by the household for (a) use and occupancy of each BMR Rental Units and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by Owner which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, and which are not paid directly by Owner, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone or internet service, which reasonable allowance for utilities is set forth in the County of San Mateo’s Utility Allowance Schedule for detached homes, apartments, condominiums, and duplexes, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Owner.

Pursuant to the Guidelines, in no case shall the Monthly Rent for a BMR Unit exceed seventy-five percent (75%) of comparable market rate rents in the Project.

3.5 Agreement to Limitation on Rents. Owner hereby agrees to limit the Monthly Rent charged to Qualifying Households as provided in this Agreement in consideration of Owner’s receipt of the Project Approvals and further agrees that any limitations on Monthly Rents imposed on the BMR Rental Units are in conformance with the Costa-Hawkins Act. Owner further warrants and covenants that the terms of this Agreement are fully enforceable.

3.6 Lease Requirements. No later than 180 days prior to the initial lease up of the BMR Rental Units, Owner shall submit a standard lease form to the City for approval by the Director or the Director’s designee. The City shall reasonably approve such lease form upon finding that such lease form is consistent with this Agreement and contains all of the provisions required pursuant to the BMR Guidelines. A failure by the City to respond to Owner’s request for approval of the standard lease form within thirty (30) business days of City’s receipt of such lease shall be deemed to constitute the City’s approval of such lease form. Owner shall enter into a

written lease, in the form approved by the City, with each new tenant of a BMR Rental Units prior to a tenant or tenant household's occupancy of a BMR Rental Units. Each lease shall be for an initial term of not less than one year, which may be renewed pursuant to applicable local and state laws, and shall not contain any provisions which are prohibited pursuant to the BMR Guidelines, local, state, and/or federal laws.

3.7 Selection of Tenants. Each BMR Rental Units shall be leased to tenant(s) selected by Owner who meet all of the requirements provided herein and, to the extent permitted by law, with priority given to eligible households who either live or work in the City of Menlo Park or who meet one of the other preferences identified in the most recently adopted BMR Guidelines. The City's BMR Administrator, on behalf of the City, will provide to Owner the names of persons who have expressed interest in renting BMR Rental Units for the purposes of adding such interested persons to Owner's waiting list, to be processed in accordance with Owner's customary policies. Owner shall not refuse to lease to a holder of a certificate or a rental voucher under the Section 8 program or other tenant-based assistance program who is otherwise qualified to be a tenant in accordance with the approved tenant selection criteria.

3.8 BMR Guidelines. The BMR Units shall be subject to the BMR Guidelines except as pre-empted or inconsistent with state or federal law.

4. DEFAULT AND REMEDIES

4.1 Events of Default. The following shall constitute an "Event of Default" by Owner under this Agreement: there shall be a material breach of any condition, covenant, warranty, promise or representation contained in this Agreement, and such breach shall continue for a period of thirty (30) days after written notice thereof to the Owner without the Owner curing such breach, or if such breach cannot reasonably be cured within such 30-day period, commencing the cure of such breach within such 30-day period and thereafter diligently proceeding to cure such breach; provided, however, that if a different period or notice requirement is specified for any particular breach under any other paragraph of this Section 4 of this Agreement, the specific provision shall control.

4.2 Remedies. The occurrence of any Event of Default under Section 4.1 shall give the City the right to proceed with an action in equity to require the Owner to specifically perform its obligations and covenants under this Agreement or to enjoin acts or things which may be unlawful or in violation of the provisions of this Agreement, and the right to terminate this Agreement.

4.3 Obligations Personal to Owner. The liability of Owner under this Agreement to any person or entity is limited to Owner's interest in the Project, and the City and any other such persons and entities shall look exclusively thereto for the satisfaction of obligations arising out of this Agreement or any other agreement securing the obligations of Owner under this Agreement. From and after the Effective Date, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Agreement, any agreement pertaining to the Project, or any other agreement securing Owner's obligations under this Agreement), shall be rendered against Owner, the assets of Owner (other than Owner's interest in the Project), its partners, members, successors, transferees or assigns and each of their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in

any action or proceeding arising out of this Agreement or any agreement securing the obligations of Owner under this Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding. No subsequent Owner of the Project shall be liable or obligated for the breach or default of any obligations of Owner under this Agreement on the part of any prior Owner. Such obligations are personal to the person who was the Owner at the time the default or breach was alleged to have occurred, and such person shall remain liable for any and all damages occasioned thereby even after such person ceases to be the Owner. Each Owner shall comply with and be fully liable for all obligations of the Owner hereunder during its period of ownership of the Project.

4.4 Force Majeure. Subject to the Party's compliance with the notice requirements as set forth below in this Section 4.4, performance by either Party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, as described immediately below, where delays or defaults are due to causes beyond the control and without the fault of the Party claiming an extension of time to perform, which may include, without limitation, the following: war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, assaults, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, materials or tools, acts or omissions of the other Party, or acts or failures to act of any public or governmental entity (except that the City's acts or failure to act shall not excuse performance of the City hereunder). An extension of the time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of the commencement of the cause of such extension.

4.5 Attorneys' Fees. In addition to any other remedies provided hereunder or available pursuant to law, if either Party brings an action or proceeding to enforce, protect, or establish any right or remedy hereunder, the prevailing Party shall be entitled to recover from the other Party its costs of suit and reasonable attorneys' fees. This Section 4.5 shall be interpreted in accordance with California Civil Code Section 1717 and judicial decisions interpreting that statute.

4.6 Remedies Cumulative. No right, power, or remedy given by the terms of this Agreement is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given by the terms of any such instrument, or by any statute or otherwise.

4.7 Waiver of Terms and Conditions. The City may, in its sole discretion, waive in writing any of the terms and conditions of this Agreement. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition, unless otherwise specified by the City in its sole discretion.

4.8 Non-Liability of City Officials and Employees. No member, official, employee, or agent of the City shall be personally liable to Owner or any occupant of any BMR Rental Units, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Owner or its successors, or on any obligations under the terms of this Agreement.

4.9 Cure Rights. Notwithstanding anything to the contrary contained herein, City hereby agrees that any cure of any default made or tendered by Owner's mortgage lender, shall be deemed to be a cure by Owner and shall be accepted or rejected on the same basis as if made or tendered by Owner.

5. GENERAL PROVISIONS

5.1 BMR Guidelines. This Agreement incorporates by reference the City's BMR Guidelines as of the date that the Owner submitted a complete Preliminary Application, as that process is described in Government Code Section 65941.1 and, at the election of the Owner, any later amended provisions of the BMR Guidelines, as those BMR Guidelines may be amended from time to time. In the event of any conflict or ambiguity between this Agreement, the requirements of state and/or federal fair housing laws, and/or the BMR Guidelines, the terms and conditions of this Agreement and the requirements of state and federal fair housing laws shall control.

5.2 Time. Time is of the essence in this Agreement.

5.3 Notices. Unless otherwise indicated in this Agreement, any notice requirement set forth herein shall be deemed to be satisfied three (3) days after mailing of the notice first class United States certified mail, postage prepaid, or by personal delivery, addressed to the appropriate party as follows:

Owner: 68 Willow Owner, LLC.
800 Oak Grove Ave, Suite 200
Menlo Park, CA 94025
Attention: Chase Rapp

With a copy to:

Coblentz Patch Duffy & Bass LLP
One Montgomery Street, Suite 3000
San Francisco, CA 94104
Attn: Frank Petrilli

City : City of Menlo Park
701 Laurel Street
Menlo Park, California 94025-3483
Attention: City Manager

Such addresses may be changed by notice to the other Party, given in the same manner as provided above.

5.4 Successors and Assigns. This Agreement constitutes a covenant and legal restriction on the Property and shall run with the land, provided the Project remains on the Property, and all of the terms, covenants, and conditions of this Agreement shall be binding upon Owner and the permitted successors and assigns of Owner.

5.5 Intended Beneficiaries. The City is the intended beneficiary of this Agreement and shall have the sole and exclusive power to enforce this Agreement. It is intended that the City may enforce this Agreement to satisfy its obligations to improve, increase, and preserve affordable housing within the City, as stated in the BMR Guidelines, and to provide that a certain percentage of new housing is made available at affordable housing cost to persons and families of very low, low, and moderate incomes, as required by the BMR Guidelines. No other person or persons, other than the City and Owner and their assigns and successors, shall have any right of action hereon.

5.6 Partial Invalidity. If any provision of this Agreement shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

5.7 Governing Law. This Agreement and other instruments given pursuant hereto shall be construed in accordance with and be governed by the laws of the State of California. Any references herein to particular statutes or regulations shall be deemed to refer to successor statutes or regulations, or amendments thereto. The venue for any action shall be the County of San Mateo.

5.8 Amendment. This Agreement may not be changed orally, but only by agreement in writing signed by Owner and the City.

5.9 Approvals. Where an approval or submission is required under this Agreement, such approval or submission shall be valid for purposes of this Agreement only if made in writing. Where this Agreement requires an approval or consent of the City, such approval shall not be unreasonably withheld and may be given on behalf of the City by the City Manager or his or her designee. The City Manager or his or her designee is hereby authorized to take such actions as may be necessary or appropriate to implement this Agreement, including without limitation the execution of such documents or agreements as may be contemplated by this Agreement, and amendments which do not substantially change the uses or restrictions hereunder, or substantially add to the costs of the City hereunder.

5.10 Indemnification. To the greatest extent permitted by law, Owner shall indemnify, defend (with counsel reasonably approved by City), and hold the City, its heirs, successors, and assigns (“**Indemnitees**”) harmless from and against any and all demands, losses, claims, costs, and expenses, and any other liability whatsoever, including without limitation reasonable accountants’ and attorneys’ fees, charges, and expenses (collectively, “**Claims**”) arising directly or indirectly, in whole or in part, as a result of or in connection with Owner’s construction, management, or operation of the Property and the Project or any failure to perform any obligation as and when required by this Agreement. Owner’s indemnification obligations under this Section shall not extend to Claims resulting from the gross negligence or willful misconduct of Indemnitees. The provisions of this Section shall survive the expiration or earlier termination of this Agreement, but only as to claims arising from events occurring during the Affordability Period.

5.11 Insurance Coverage. Throughout the Affordability Period, Owner shall comply with the insurance requirements set forth in Exhibit C, attached hereto and incorporated herein by this reference, and shall, at Owner’s expense, maintain in full force and effect insurance coverage as specified in Exhibit C.

5.12 Transfer and Encumbrance.

5.12.1 Restrictions on Transfer and Encumbrance. During the term of this Agreement, except as permitted pursuant to this Agreement, Owner shall not directly or indirectly, voluntarily, involuntarily, or by operation of law make or attempt any total or partial sale, transfer, conveyance, assignment, or lease (other than a lease of a BMR Rental Units on an approved form under Section 3.6 hereof to a qualified tenant, as described in Section 3.7 hereof) (collectively, “Transfer”) of the whole or any part of any BMR Rental Units, without the prior written consent of the City, which approval shall not be unreasonably withheld. In addition, prior to the expiration of the term of this Agreement, except as expressly permitted by this Agreement, Owner shall not undergo any significant change of ownership without the prior written approval of City, which shall not be unreasonably withheld. For purposes of this Agreement, a “significant change of ownership” shall mean a transfer of the beneficial interest of more than twenty-five percent (25%) in aggregate of the present ownership and/or control of Owner, taking all transfers into account on a cumulative basis; provided however, neither the admission of an investor limited partner, nor the transfer by the investor limited partner to subsequent limited partners, shall be restricted by this provision.

5.12.2 Permitted Transfers. The prohibitions on Transfer set forth in this Section 5.12 shall not be deemed to prevent: (i) the granting of easements or permits to facilitate development of the Property; (ii) assignments creating security interests for the purpose of financing the acquisition, construction, or permanent financing of the Project or Property, or Transfers directly resulting from the foreclosure of, or granting of a deed in lieu of foreclosure of, such a security interest; or (iii) transfers between entities owned or controlled by Owner.

5.12.3 Requirements for Proposed Transfers. The City may, in the exercise of its discretion, not to be unreasonably withheld, consent to a proposed Transfer of this Agreement and/or a BMR Rental Units if all of the following requirements are met (provided however, the requirements of this Section 5.12.3 shall not apply to Transfers described in clauses (i), (ii), or (iii) of Section 5.12.2.

(i) The proposed transferee demonstrates to the City’s satisfaction that it has the qualifications, experience, and financial resources necessary and adequate as may be reasonably determined by the City to competently complete and manage the Project and to otherwise fulfill the obligations undertaken by the Owner under this Agreement.

(ii) The Owner and the proposed transferee shall submit for City review and approval all instruments and other legal documents proposed to effect any Transfer of all or any part of or interest in a BMR Rental Units or this Agreement together with such documentation of the proposed transferee’s qualifications and development capacity as the City may reasonably request.

(iii) The proposed transferee shall expressly assume all of the rights and obligations of the Owner under this Agreement arising after the effective date of the Transfer and all obligations of Owner arising prior to the effective date of the Transfer (unless Owner expressly remains responsible for such obligations) and shall agree to be subject to and assume all of Owner’s obligations pursuant to conditions and restrictions set forth in this Agreement.

(iv) The Transfer shall be effectuated pursuant to a written instrument satisfactory to the City in a form recordable in the Official Records.

Consent to any proposed Transfer may be given by the Director or the Director's designee unless the Director, in their discretion, refers the matter of approval to the City Council. If the City has not rejected a proposed Transfer or requested additional information regarding a proposed Transfer in writing within forty-five (45) days following City's receipt of written request by Owner, the proposed Transfer shall be deemed approved by the City.

5.13 Effect of Transfer without City Consent. In the absence of specific written agreement by the City, unless such Transfer is otherwise "deemed approved" pursuant to Section 5.12.3, no Transfer of any BMR Rental Units shall be deemed to relieve the Owner or any other party from any obligation under this Agreement. This Section 5.12 shall not apply to Transfers described in clauses (i), (ii), or (iii) of Section 5.12.2.

5.14 Recovery of City Costs. Owner shall reimburse City for all reasonable City costs, including but not limited to reasonable attorneys' fees, incurred in reviewing instruments and other legal documents proposed to effect a Transfer under this Agreement, and in reviewing the qualifications and financial resources of a proposed successor, assignee, or transferee, within ten (10) days following City's delivery to Owner of an invoice detailing such costs.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year set forth above.

SIGNATURES ON FOLLOWING PAGE(S).

OWNER:

68 WILLOW LLC, a California limited liability company,

By: _____
Chase Rapp
Its: Partner

CITY:

CITY OF MENLO PARK, a California municipal corporation

By: _____
Justin I.C. Murphy, City Manager

ATTEST:

By: _____
City Clerk

List of Exhibits:

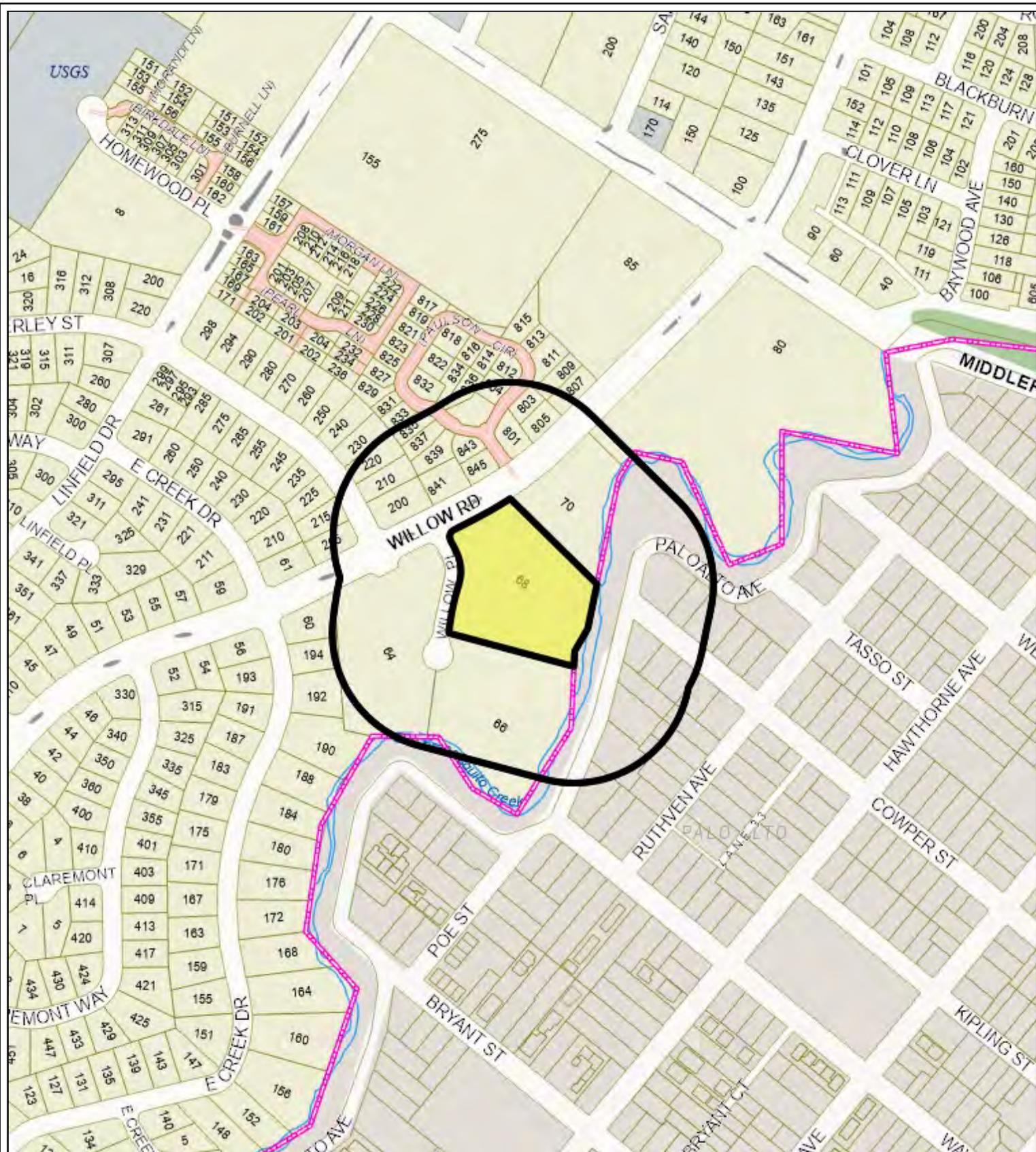
- Exhibit A: Property Description
- Exhibit B: Allocation of BMR Rental Units
- Exhibit C: Insurance Requirements

Exhibit A
Property Description

Exhibit B

Allocation of BMR Rental Units in the Project

Exhibit C
Insurance Requirements



City of Menlo Park
 Location Map
 68 WILLOW ROAD



Scale: 1:4,000

Drawn By: CRT

Checked By: TW

Date: 4/1/2026

Sheet: 1



February 4th, 2026

Tim Wong
Housing and Neighborhood Services Manager
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

Re: 68 Willow Rd. – Below Market Rate Housing Proposal [Updated February 3, 2026]

Dear Tim:

On behalf of 68 Willow Owner, LLC, I am pleased to provide this Below Market Rate Housing Proposal for the 68 Willow Rd. Project. With 50 rental townhomes designed in a modern farmhouse aesthetic replacing a modest commercial building, the project is intended to help satisfy the demand for new units and contribute towards the City's ability to comply with State housing laws.

When ownership originally submitted this project for entitlement, the anticipated timeline for approvals and groundbreaking was significantly shorter than it is today. Over this extended period, the macroeconomic environment and capital markets—particularly for for-sale housing—have shifted materially and continue to evolve.

At the same time, for-rent housing projects have begun to re-emerge as potentially financeable alternatives. Ownership remains committed to delivering much-needed housing and, in light of current market conditions, ownership is now requesting a housing recommendation that accommodates both for-sale and for-rent scenarios. This flexibility will materially improve the likelihood of successfully financing the project and ultimately delivering 50 new homes.

We are therefore requesting that the City move forward with project approvals that include conditions which allow for ownership to determine, based on available financing and other considerations, whether to proceed with a for-sale or for-rent project, which such election would be made either prior to submitting for a building permit (in the case of a for-rent scenario) or prior to submitting a map for recordation.

Consistent with the City's BMR Housing Regulations and Guidelines, if we determine to proceed with a for-rent scenario, we would commit to setting aside 15% of the total units as income-restricted affordable housing to low-income households. As shown on Sheet A02.2 of the plans and outlined below, each of the eight buildings will have one BMR unit:

- Building 1 – One Unit Type 5
- Building 2 – One Unit Type 3
- Building 3 – One Unit Type 1

- Building 4 – One Unit Type 3
- Building 5 – One Unit Type 4
- Building 6 – One Unit Type 4
- Building 7 – One Unit Type 2
- Building 8 – One Unit Type 5

Our proposal will result in one of each Unit Types 1 and 2, and two of each Unit Types 3, 4, and 5. The mix and distribution comply with Section 5.1 of the BMR Guidelines because they will (1) generally have the same proportions as the market-rate units, (2) be distributed throughout the project, and (3) be indistinguishable from the exterior, as the design and materials will be comparable to the market-rate units. The unit mix and configuration is the same as for our for-sale scenario, with the only difference being tenure type and level of affordability.

Further details about the project are outlined in our project description / density bonus letter and accompanying SB 330 application materials. The density bonus is intended to provide relief from certain development standards due to site constraints that would otherwise preclude us from pursuing a feasible project and providing these affordable units; additional density is not being requested.

Please let us know of any questions or comments.

Sincerely,

Chase Rapp

A handwritten signature in black ink, appearing to be 'Chase Rapp', with a stylized, cursive script.



APPLICANT
 68 WILLOW OWNER, LLC
 205 LYTTON AVE, SUITE 303
 PALO ALTO, CA 94301
 ATTN: CHASE RAPP
 PH: (660) 815-6060

ARCHITECT
 SDG ARCHITECTS, INC.
 3301 WALNUT BLVD., SUITE 120
 BRENTWOOD, CA 94513
 ATTN: JEFF POTTS
 PH: (925) 834-7000

CIVIL ENGINEER
 CARLSON BARBEE & GIBSON
 2633 CAMINO RAMON, SUITE 350
 SAN RAMON, CA 94583
 ATTN: RYAN HANSEN
 PH: (925) 322-7084

LANDSCAPE ARCHITECT
 ENVIRONMENTAL FORESIGHT, INC.
 2065 N. BROADWAY, SUITE 203
 WALNUT CREEK, CA 94596
 ATTN: KEVIN PROCTOR
 PH: (510) 283-8552

399.264
 68 Willow
 Menlo Park, CA
 August 28, 2025

68 Willow Owner, LLC

COVER SHEET
 A00

SDG Architects, Inc.
 3301 Walnut Blvd., Suite 120
 Brentwood, CA 94513
 925.834.7000 | sdgarchitects.com





399.264 68 Willow
Menlo Park, CA
August 28, 2025

68 Willow Owner, LLC

EXISTING SITE & SURROUNDING CONTEXT
A01.1

SDG Architects, Inc.
3361 Walnut Blvd, Suite 100
Berkeley, CA 94513
925.634.7000 | sdgarchitects.com





SITE KEY:

BMR	- BELOW-MARKET RATE UNIT
Yellow	- UNIT 1
Orange	- UNIT 2
Light Blue	- UNIT 3
Medium Blue	- UNIT 4
Green	- UNIT 5

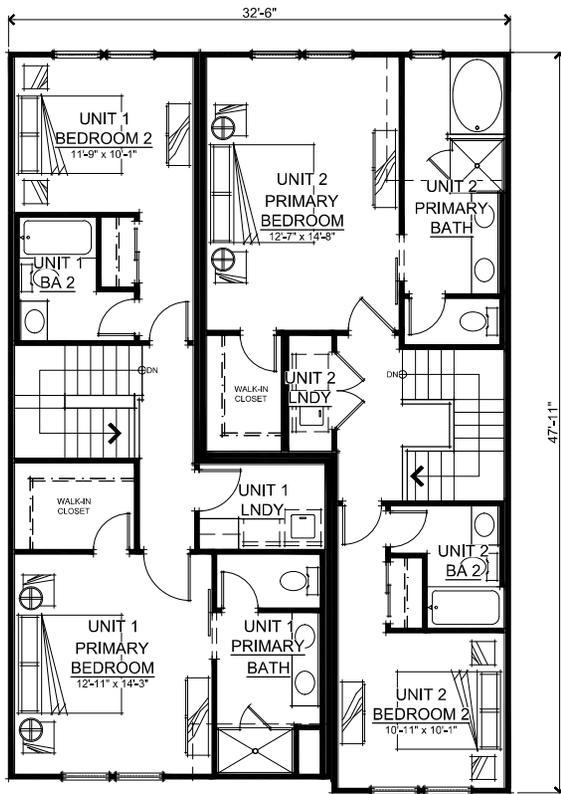


- NOTE:**
1. Refer to Civil sheets for all property lines, easements, site dimensions, accessible unit locations, etc.
 2. Refer to project data sheet A00.2 for all site summary info
 3. Refer to Landscape sheets for landscape design, dimensions and detailed information

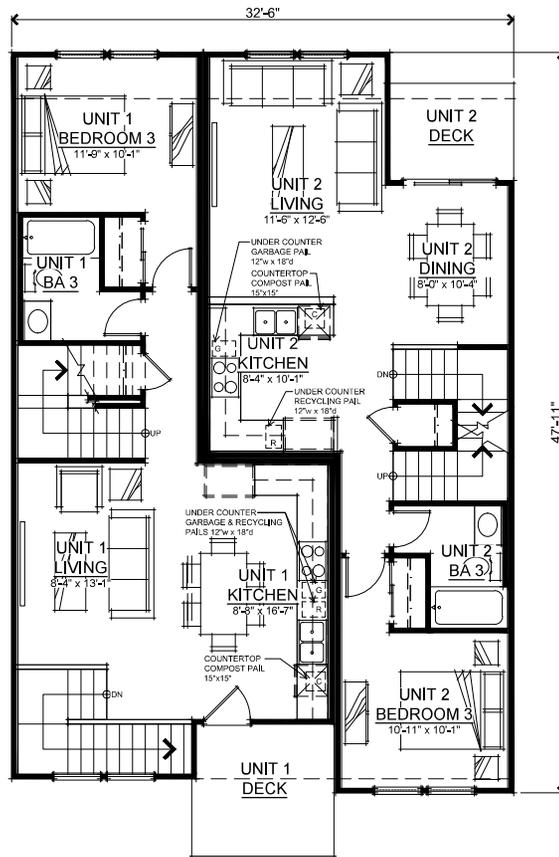
BMR UNIT LOCATIONS
A02.2

399.264 68 Willow
Menlo Park, CA
August 28, 2025
68 Willow Owner, LLC

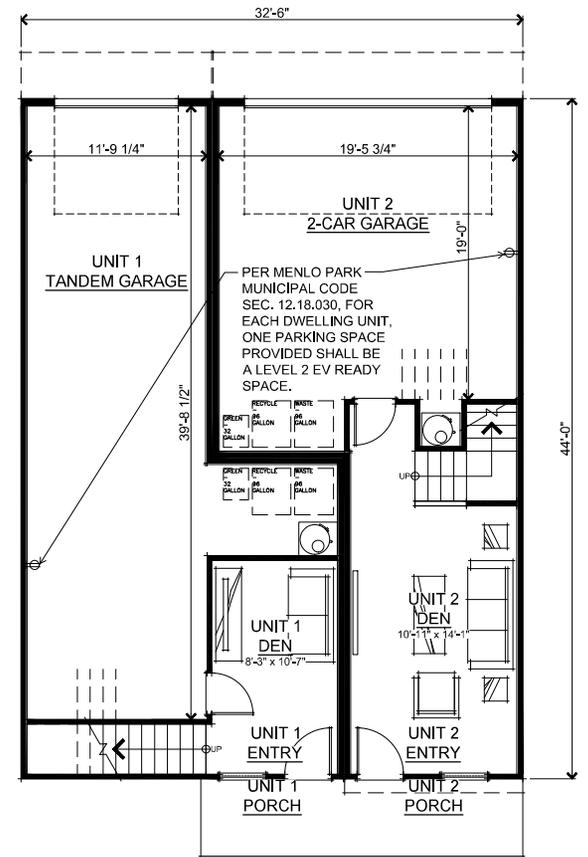
SDG Architects, Inc.
3341 Walnut Blvd, Suite 100
Berkeley, CA 94513
925.634.7000 | sdgarchitects.com



THIRD FLOOR PLAN



SECOND FLOOR PLAN



FIRST FLOOR PLAN

UNIT 2 SQUARE FOOTAGES	
FIRST FLOOR	277 SQ. FT.
SECOND FLOOR	714 SQ. FT.
THIRD FLOOR	745 SQ. FT.
TOTAL LIVING	1736 SQ. FT.
2-CAR GARAGE	433 SQ. FT.
PORCH	58 SQ. FT.
DECK	67 SQ. FT.

UNIT 1 SQUARE FOOTAGES	
FIRST FLOOR	174 SQ. FT.
SECOND FLOOR	686 SQ. FT.
THIRD FLOOR	709 SQ. FT.
TOTAL LIVING	1569 SQ. FT.
TANDEM GARAGE	550 SQ. FT.
PORCH	46 SQ. FT.
DECK	78 SQ. FT.



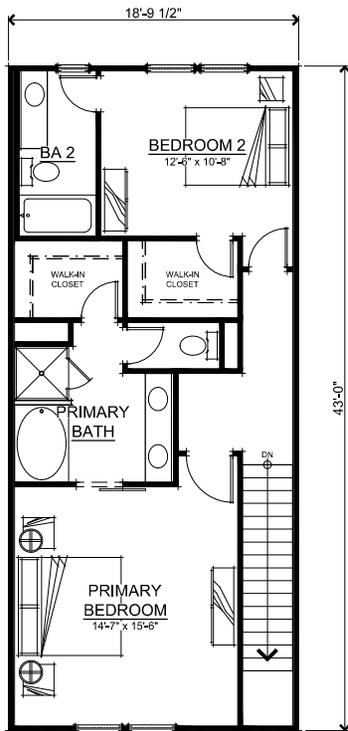
UNIT 1 & 2 FLOOR PLANS
A05

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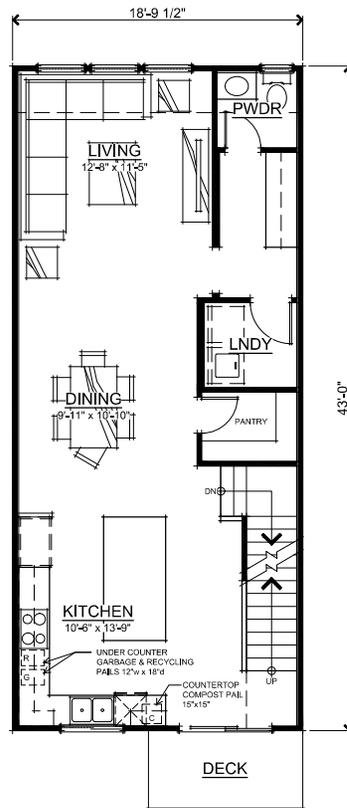
68 Willow Owner, LLC

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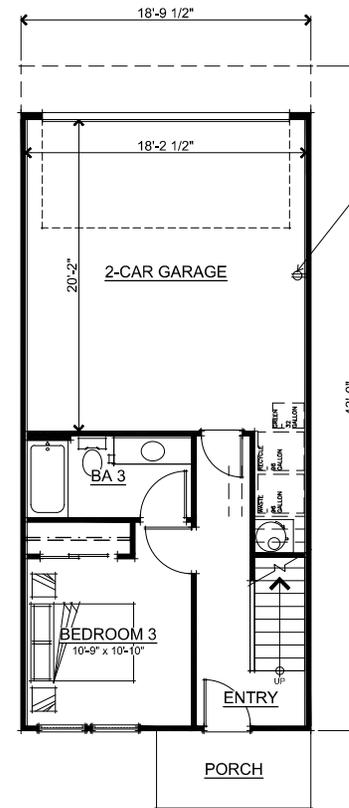




THIRD FLOOR PLAN



SECOND FLOOR PLAN



FIRST FLOOR PLAN

PER MENLO PARK MUNICIPAL CODE SEC. 12.18.030, FOR EACH DWELLING UNIT, ONE PARKING SPACE PROVIDED SHALL BE A LEVEL 2 EV READY SPACE.

SQUARE FOOTAGES	
FIRST FLOOR	337 SQ. FT.
SECOND FLOOR	812 SQ. FT.
THIRD FLOOR	769 SQ. FT.
TOTAL LIVING	1918 SQ. FT.
2-CAR GARAGE	418 SQ. FT.

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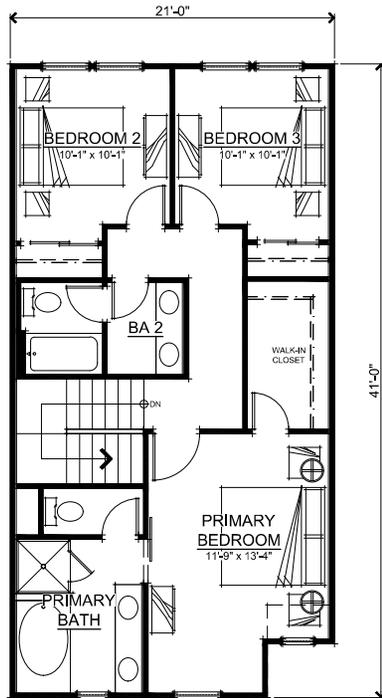
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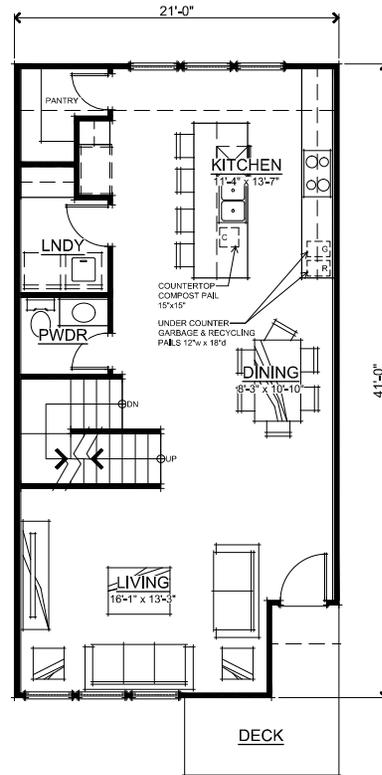
UNIT 3 FLOOR PLANS
A06

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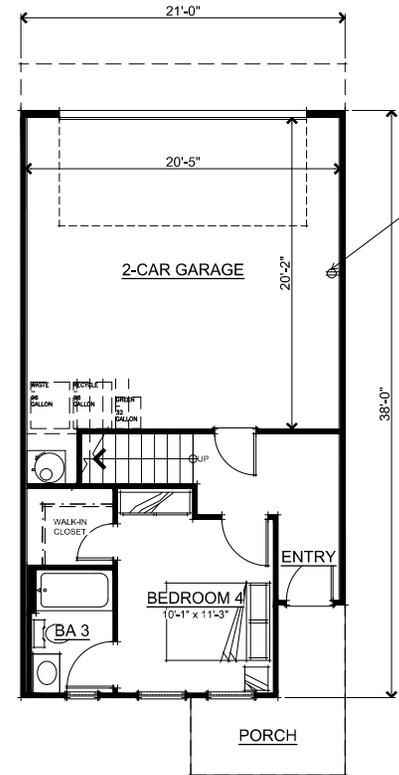




THIRD FLOOR PLAN



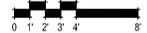
SECOND FLOOR PLAN



FIRST FLOOR PLAN

PER MENLO PARK MUNICIPAL CODE SEC. 12.18.030, FOR EACH DWELLING UNIT, ONE PARKING SPACE PROVIDED SHALL BE A LEVEL 2 EV READY SPACE.

SQUARE FOOTAGES	
FIRST FLOOR	327 SQ. FT.
SECOND FLOOR	838 SQ. FT.
THIRD FLOOR	831 SQ. FT.
TOTAL LIVING	1996 SQ. FT.
2-CAR GARAGE	448 SQ. FT.

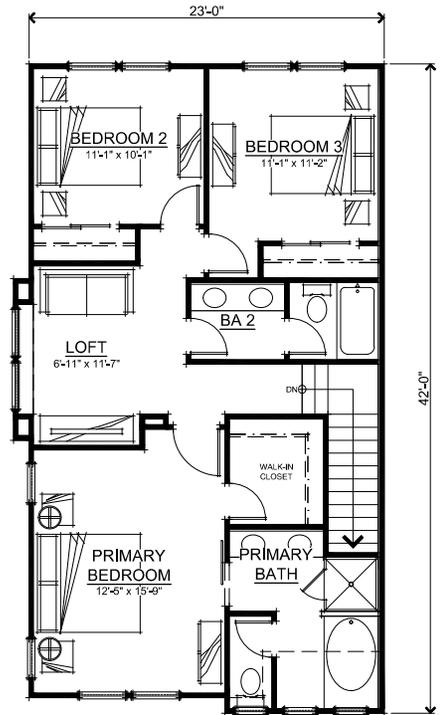


UNIT 4 FLOOR PLANS
A07

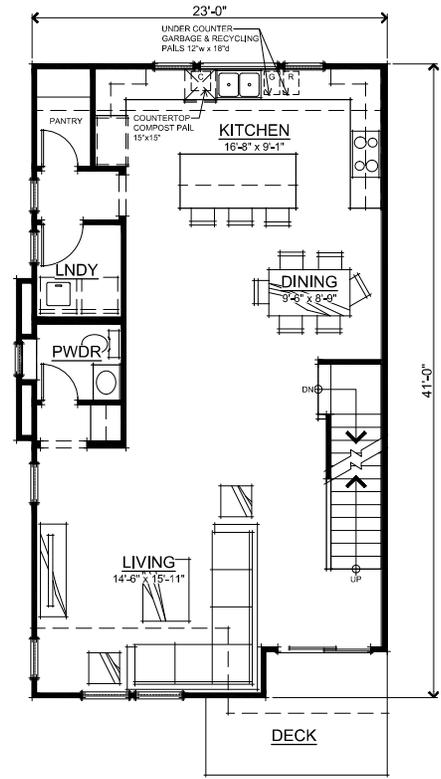
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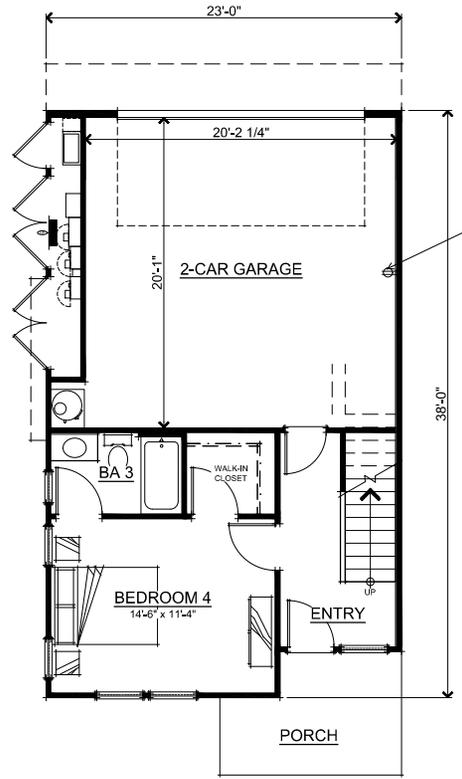




THIRD FLOOR PLAN



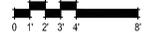
SECOND FLOOR PLAN



FIRST FLOOR PLAN

PER MENLO PARK MUNICIPAL CODE SEC. 12.18.030, FOR EACH DWELLING UNIT, ONE PARKING SPACE PROVIDED SHALL BE A LEVEL 2 EV READY SPACE.

SQUARE FOOTAGES	
FIRST FLOOR	379 SQ. FT.
SECOND FLOOR	921 SQ. FT.
THIRD FLOOR	925 SQ. FT.
TOTAL LIVING	2225 SQ. FT.
2-CAR GARAGE	435 SQ. FT.



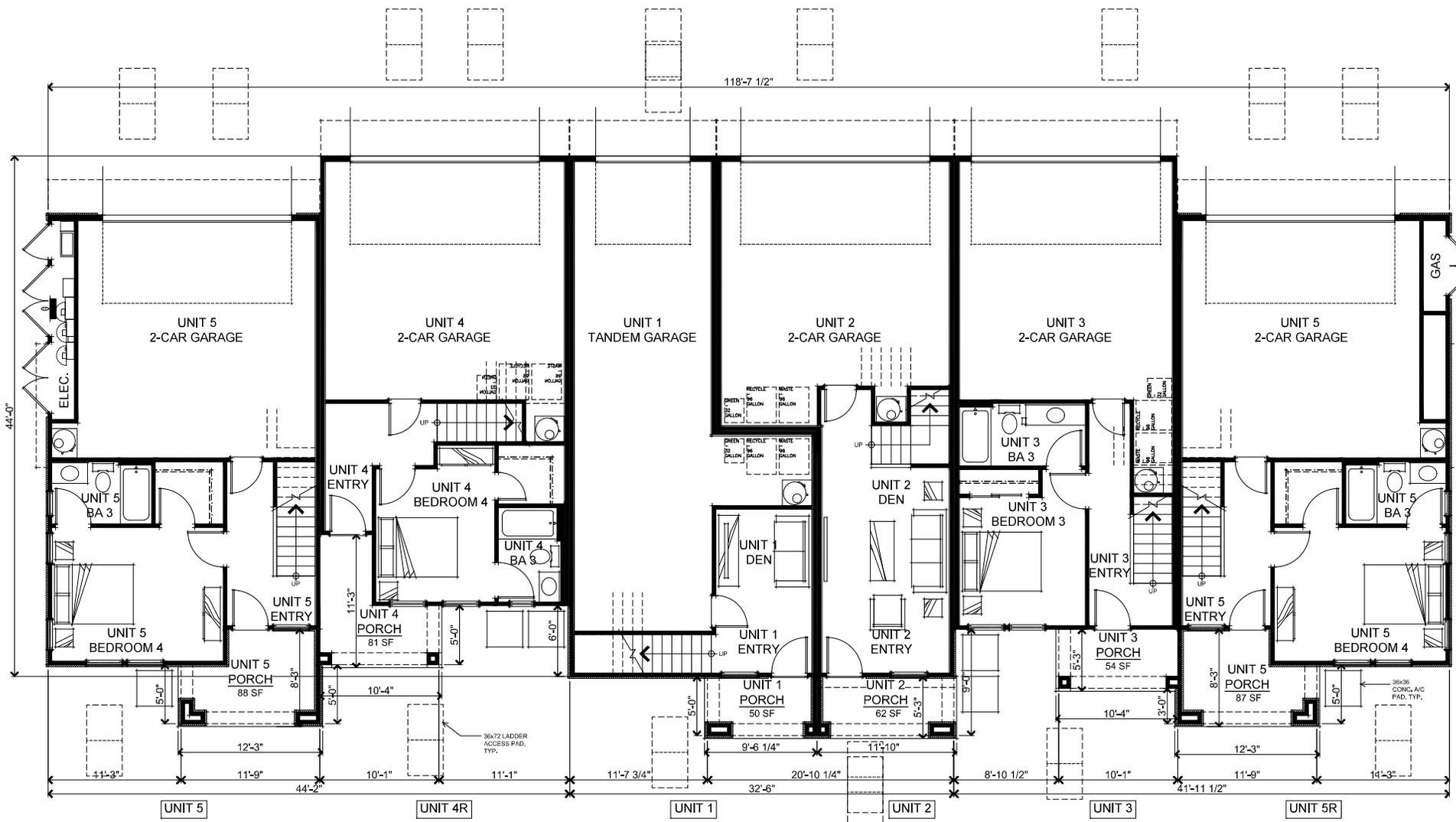
UNIT 5 FLOOR PLANS
A08

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BUILDING FACADE MODULATION COMPLY WITH
16.30.040.2.A AND 16.30.040.2.B

FIRST FLOOR PLAN



BLDG TYPE 6A FIRST FLOOR PLAN
A09

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SECOND FLOOR PLAN

BUILDING FACADE MODULATION COMPLY WITH
16.30.040.2.A AND 16.30.040.2.B

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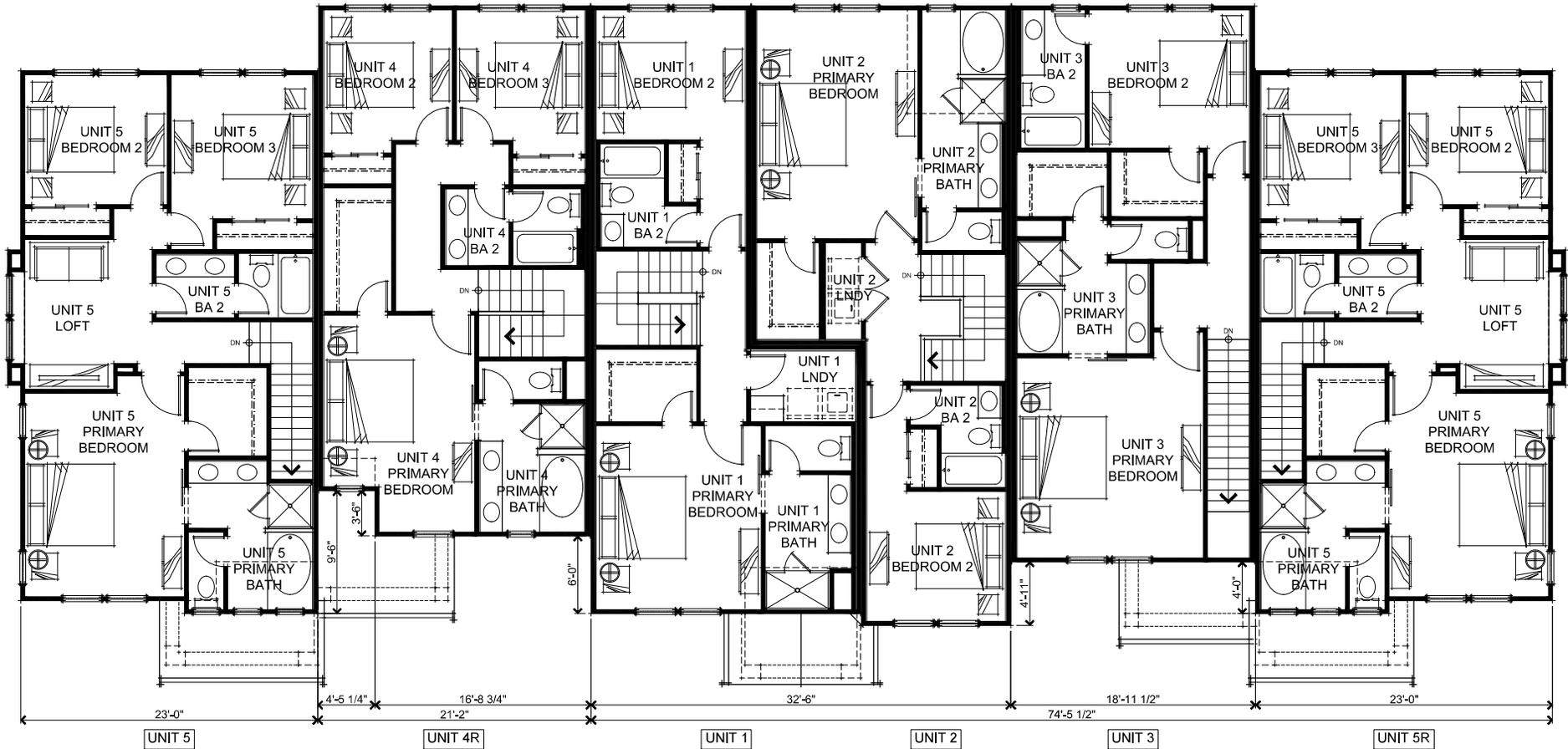
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BLDG TYPE 6A SECOND FLOOR PLAN
A09.1

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BUILDING FACADE MODULATION COMPLY WITH
16.30.040.2.A AND 16.30.040.2.B

THIRD FLOOR PLAN

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BLDG TYPE 6A THIRD FLOOR PLAN
A09.2



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 BLDG TYPE 6A FRONT ELEVATION
 A09.4

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