

April 8, 2026

Ms. Deanna Chow
Community Development Director
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

RE: Below Market Rate Proposal for the 1300 Hoover Project

Dear Ms. Chow:

Hoover Capital Partners, LLC (“Owner”), is pleased to provide this Below Market Rate (“BMR”) Proposal for the 1300 Hoover Project (“Project”) located at 1300 & 1308 Hoover Street (“Property”) in the City of Menlo Park (“City”). The BMR Proposal has been prepared based on the City’s Below Market Rate Housing Program (Chapter 16.96 of the City’s Municipal Code [“MPMC”]) and the Below Market Rate Housing Program Guidelines (Resolution No. 7003, adopted October 21, 2025). The Project is designed to fully comply with the spirit of the BMR Program by delivering four on-site, deed-restricted, high-quality affordable homeownership opportunities that expand the supply of attainable housing for very low- and moderate-income households while creating an integrated, mixed-income community.

General Overview

The City’s BMR Housing Program is codified in the MPMC at Chapter 16.96 and applies to residential development projects containing five or more units. The City’s certified Housing Element highlights the Program’s role in increasing affordable housing opportunities. The Program requires developers to provide a meaningful share of units at below-market rates to very low-, low-, and moderate-income households, with a strong preference for on-site, deed-restricted units that are comparable in quality, design, and integration to market-rate homes.

The Property is zoned R-3. Under the State Density Bonus Law, the Project qualifies for a density bonus and related benefits by providing four on-site BMR units (three very low-income and one moderate-income). These benefits, along with the Project's full compliance with State Density Bonus Law, are detailed in the separate State Density Bonus Law Letter.

The Project proposes 34 for-sale condominium units on a site with a base density of 20 units. By delivering four BMR units—exceeding the 15% minimum required for the base density—the Project advances the core goals of the BMR Program through deeper affordability (3 very low-income units) and seamless integration into a high-quality development.

Program Design

The Project includes 34 for-sale condominium units, with three units affordable to very low-income households and one unit affordable to moderate-income households (collectively, the “BMR Units”). The unit mix and BMR allocation are shown in Table 1.

Table 1: Allocation and Average Size of Project Units

Unit Type	Avg. Size (BMR) (sq. ft.)	Very Low	Moderate	Market	Total
2 Bedroom / 2 Bath	1,220	3	1	8	12
2 Bedroom / 2.5 Bath	–	0	0	4	4
3 Bedroom / 2 Bath	–	0	0	8	8
3 Bedroom / 2.5 Bath	–	0	0	8	8
3 Bedroom / 3 Bath	–	0	0	2	2
Total	–	3	1	34	34

The initial locations of the BMR Units are shown in Table 2.

Table 2: Initial BMR Unit Locations

Unit Type	BMR Category	Unit Number	Notes
2 Bed/2 Bath	Very Low	207	BMR Program Unit
2 Bed/2 Bath	Very Low	208	BMR Program Unit
2 Bed/2 Bath	Very Low	307	BMR Program Unit
2 Bed/2 Bath	Moderate	308	BMR Program Unit

BMR Proposal – Compliance with the Spirit of the Program

The BMR Program requires 15% of base-density units (three units for the 20-unit base) to be provided at below-market rates. The Project exceeds this threshold by delivering four BMR Units (three very low-income and one moderate-income), all on-site and deed-restricted.

All BMR Units will be constructed with the same high-quality materials, finishes, and exterior design as the market-rate units, ensuring they are completely indistinguishable from the exterior and fully compliant with BMR Guidelines Section 5.2. The BMR Units will be dispersed throughout the building as shown in Table 2. Parking will be provided at the same ratio as the overall Project and included within the maximum affordable purchase price.

To best serve the spirit of the BMR Program—maximizing attainable homeownership for very low-income households while maintaining long-term affordability and project viability—the Project proposes to deliver all four BMR Units as efficient 2-bedroom units (1,220 sq. ft.) located toward the rear of the building in close proximity to on-site amenities and common open space. These units offer lower ongoing costs (HOA dues, maintenance, and utilities) than larger 3-bedroom units, making homeownership more accessible and sustainable for very low-income families. Recent Menlo Park projects have shown that well-designed, efficient BMR units in premium amenity locations are highly desirable and quickly absorbed by qualified buyers.

Moreover, Menlo Park currently lacks sufficient large inventory units to allow existing residents to make a desirable move-down purchase. By providing these efficient yet high-quality 2-bedroom BMR units, the Project also creates a compassionate move-down pathway for long-time local residents. This unlocks additional single-family home supply in highly walkable neighborhoods such as Allied Arts and nearby areas, further supporting the City's housing goals and walkability priorities while retaining cherished residents in the community.

Bonus Level Development

The Project does not rely on R-3 bonus-level community amenity provisions. All additional density is achieved through the State Density Bonus Law.

State Density Bonus Law Benefits

The three very low-income units qualify the Project for a 50% density bonus, and the additional moderate-income unit adds a 20% bonus, for a total 70% density bonus that enables the 34-unit program. The Project is entitled to three incentives/concessions and unlimited waivers.

Density Bonus

The Project requests the full 70% density bonus.

Density Bonus Law Incentives for Project

The Project requests three incentives/concessions, as detailed in the State Density Bonus Law Letter provided separately: waiver of formal LEED Silver certification (while meeting all underlying green building performance standards through Title 24 and other City requirements), relief from undergrounding existing overhead utility lines along the Hoover Street frontage, and not pre-plumbing for recycled water.

As a further incentive, the Owner requests that no additional parking requirements or extraneous construction/impact fees be imposed specifically for the BMR Units. This produces identifiable cost savings that directly support the delivery of the four on-site BMR Units.

Density Bonus Law Waivers for Project

The Project's requested waivers are discussed in greater detail in the State Density Bonus Law Letter provided separately.

Thank you for the opportunity to present this BMR Proposal. The Project is thoughtfully designed to fully meet the spirit and requirements of the City's BMR Program by providing high-quality, integrated, on-site affordable homes that expand opportunity for very low-income households in Menlo Park. We look forward to working with you and City staff to advance the 1300 Hoover Project.

Sincerely,



Timothy Proschold

CEO, Luxuriant Investments

Manager of Hoover Capital Partners, LLC

References

State Density Bonus Law Letter (provided separately)