



Community Development Department

CY-2014
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April 1, 2015

Housing Policy Department
Received on:

APR - 2 2015

Department of Housing and Community Development
Division of Housing and Policy Development
P.O. Box 952053
Sacramento, CA 94252-2053

Governor's Office of Planning and Research
P.O. Box 3044
Sacramento, CA 95812-3044

On March 25, 2015, the City Council of the City of Menlo Park accepted the Annual Housing Element Report for the calendar year 2014 and the Housing Successor Report for the fiscal year 2013-2014 per SB 341, and directed staff to submit the reports to the State Department of Housing and Community Development and Governor's Office of Planning and Research. As part of this year's review process for the Housing Element Annual Report, both the Housing Commission and Planning Commission reviewed the reports, noting the valuable work that has been already completed and the continued support needed to implement additional Housing Element programs.

Please find enclosed the City of Menlo Park's 2014 Annual Housing Element Report and the 2013-2014 Housing Successor Report, and accept them for filing. Should you have questions, please do not hesitate to contact me at (650) 330-6725 or jicmurphy@menlopark.org.

Sincerely,

Justin Murphy
Assistant Community Development Director

Enclosures

- 2014 Housing Element Annual Report*
- 2013-2014 Housing Successor Report*

Housing Finance Department
Received on:
APR - 2 2 2015

ANNUAL ELEMENT PROGRESS REPORT Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction: City of Menlo Park
Reporting Period: 1/1/2014 - 1/1/2015

Table A

Annual Building Activity Report Summary - New Construction Very Low-, Low-, and Mixed-Income Multifamily Projects

1		Housing Development Information				5	5a	Housing with Financial Assistance and/or Deed Restrictions		8
		2	3	4				6	7	
Project Identifier (may be APN No., project name or address)	Unit Category	Tenure R=Renter O=Owner	Affordability by Household Incomes			Total Units per Project	Est. # Infill Units*	Assistance Programs for Each Development	Deed Restricted Units	Housing without Financial Assistance or Deed Restrictions
			Very Low-Income	Moderate-Income	Above Moderate-Income			See Instructions	See Instructions	Note below the number of units determined to be affordable without financial or deed restrictions and attach an explanation how the jurisdiction determined the units were affordable. Refer to instructions.
605 Willow Rd.	5+	R	59	0	0	1	60	TCAC, HOME, BMR	Regulatory	0
192 E. Creek Dr.	SU	R								
856 College Ave.	SU	R								
2344 Branner Dr.	SU	R								
SU Subtotal	SU	R	1	2	0	0	3	NA	NA	3
(9) Total of Moderate and Above Moderate from Table A3			▶	▶	▶	0	0			
(10) Total by income Table A/A3			▶	▶	▶	1	63			
(11) Total Extremely Low-Income Units*						7				

* Note: These fields are voluntary

Second Unit (SU) affordability is consistent with the Housing Element assumptions and based on a survey of San Mateo County jurisdictions.

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Table B

Regional Housing Needs Allocation Progress

Permitted Units Issued by Affordability

Income Level	RHNA Allocation by Income Level	2014	2015	2016	2017	2019	2019	2019	2020	2021	Total Units to Date (all years)	Total Remaining RHNA by Income Level
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9		
Very Low	Deed	59									59	173
	Restricted Non-deed restricted	1									1	
Low	Deed	0									0	127
	Non-deed restricted	2									2	
Moderate	Deed	0									0	143
	Non-deed restricted	0									0	
Above Moderate		9									9	141
Total RHNA by COG. Enter allocation number:		71									71	584
Total Units		▲	▲	▲	▲	▲	▲	▲	▲	▲		
Remaining Need for RHNA Period		▲	▲	▲	▲	▲	▲	▲	▲	▲		

Note: units serving extremely low-income households are included in the very low-income permitted units totals.

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H1.H Utilize the City's Below Market Rate (BMR) Housing Fund	Accumulate and distribute funds for housing affordable to extremely low, very low, low and moderate income households	Ongoing	When the Redevelopment Agency and redevelopment funding for housing programs was eliminated by the State of California in 2012, the City continued to fund some programs through its General Fund. In July 2013, the City issued a Notice of Funding Availability (NOFA) for availability for approximately \$3.2 million in Below Market Rate housing funds to support the acquisition, rehabilitation or new construction of housing that will provide long-term affordability. The funding is intended to fill the financing gap between the projected total development costs and other available funding sources. In September 2014, the City Council authorized a loan to MidPen Housing for up to \$3.2 million for affordable senior housing at 1221-1275 Willow Road. The 90-unit development would replace the existing 48 dwelling units for a net increase of 42 affordable units. In addition, in January 2014 the City Council authorized a loan increase from the City's BMR funds to CORE Housing for up to \$2.86 million for affordable housing at 605 Willow Road (Veterans Affairs Campus). The development includes 60 dwelling units and would provide permanent housing to veterans. Staff anticipates issuing a second NOFA in the summer of 2015, making available approximately \$4.8 million designated for this purpose. The requirements are also expected to be revised in an effort to make a larger population eligible for funding.
H1.I Work with Non-Profits on Housing	Maintain a working relationship with non-profit housing sponsors	Ongoing	The City has been assisting MidPen Housing with its submittal to redevelop its property on the 1200 block of Willow Road from 48 dwelling units to 80 dwelling units, and with MidPen's application to abandon a portion of the public right-of-way for the proposed project. The City has continued to undertake outreach to non-profits throughout the 2015-2023 Housing Element update. Annual funding provided to HIP, CID and HEART.
H1.J Update the Housing Element	Maintain consistency with Housing Element law	2014	Completed. The City Council adopted the 2015-2023 Housing Element on April 1, 2014, and was certified by HCD on April 16, 2014.
H1.K Address Rent Conflicts	Resolve rent conflicts as they arise	Ongoing	No activity to date.
H1.L Update Priority Procedures for Providing Water Service to Affordable Housing Developments	Comply with Government Code Section 65589.7	2015 and 2020 (as part of Urban Water Management)	Program completed in February 2014. No additional work on this program is needed at this time.
H1.M Lobby for Changes to State Housing Element Requirements	Work with other San Mateo County jurisdictions and lobby for changes to State Housing Element law (coordinate with Program H1.B)	Ongoing	Met with State Representative and other jurisdictions and provided input on proposed legislation. AB 1600, which allows housing in mixed use development to be counted as very low- and low-income housing if the zoning for the subject site allows 100 percent residential and requires that at least 50 percent to be used for housing, was adopted on September 30, 2014.
H2.A Adopt Ordinance for "At Risk" Units	Protect existing subsidized rental housing (coordinate with Program H1.G)	2018	There are no "at risk" affordable units in Menlo Park at the current time. No activity to date.

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H2.B Promote Energy Efficient/Renewable Programs	50 or more homes and businesses participating in this program	Establish policy and programs by 2017; Participation rate by 2022	81 households participated in a City-promoted PG&E program, which offers washing machine replacement rebates as an incentive to conserve energy and water. On April 29, 2014 the City Council adopted a resolution authorizing the City to participate in the California HERO program, which is a Property Assessed Clean Energy (PACE) financing program. PACE programs allow qualified property owners the ability to finance renewable energy, and water efficient retrofits (dual-pane windows, solar panel installation, insulation, etc.) through a voluntary special assessment or tax placed on their annual property tax bill. Benefits of implementing a PACE program include: an estimated 2% GHG reduction towards Menlo Park's community-wide GHG reduction goal of 27% (~100,000 tons) below 2005 levels by 2020, energy and water savings, increased revenues, and property values. In 2014, three Menlo Park properties applied and were approved for the program, but no projects have been completed yet.
H2.C Amend the Zoning Ordinance to Protect Existing Housing	Protect existing rental housing	Consider as part of the City's General Plan Update (2014-2017)	No activity to date.
H2.D Assist in Implementing Housing Rehabilitation Programs	Apply to the County for CDBG funds to provide loans to rehabilitate very low and low income housing (20 loans from 2015-2023)	2015-2023	The County has temporarily stopped administering the CDBG rehabilitation loan program, except in emergency situations
H3.A Zone for Emergency Shelter for the Homeless	Amend the Zoning Ordinance	2014	Completed. Ordinance adopted on April 29, 2014. Ordinance identifies the location of the overlay to allow an emergency shelter for the homeless for up to 16 beds as a use by right and includes standards consistent with State law as established in SB2.
H3.B Zone for Transitional and Supportive Housing	Amend the Zoning Ordinance	2014	Completed. Ordinance adopted on April 29, 2014 to update the definitions of transitional and supportive housing to be consistent with State law and adds transitional, supportive housing and small (6 or fewer) residential care facilities as part of the definition of a "dwelling" in the Zoning Ordinance so these uses are treated the same way as other residential uses as required by State law under SB2.
H3.C Adopt Procedures for Reasonable Accommodation	Amend the Zoning Ordinance and/or modify administrative procedures; create handout	2014	Completed. Ordinance adopted April 29, 2014 to establish procedures, criteria and findings for enabling individuals with disabilities to make improvements and overcome barriers to their housing.
H3.D Encourage Rental Housing Assistance Programs	Provide assistance at current Section 8 funding levels to assist 220 extremely low and very low-income households per year (assumes continued funding of program)	2015-2023	There are 215 households provided rental assistance in Menlo Park through Section 8 and other programs.

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H3.E Investigate Possible Multi-Jurisdictional Emergency Shelter	Construction of homeless facility (if feasible)	Longer term program as the opportunity arises	No activity to date
H3.F Assist in Providing Housing for Persons Living with Disabilities	Provide housing and services for disabled persons	Ongoing	Annual funding provided to CID and HIP
H3.G Develop Incentives for Special Needs Housing	Amend the Zoning Ordinance to provide opportunities for housing and adequate support services for seniors and people living with disabilities	Consider as part of the City's General Plan Update (2014-2017)	Issues and strategies to be considered as part of the General Plan Update (2014-2017)
H3.H Continue Support for Countywide Homeless Programs	Support housing and services for the homeless and at-risk persons and families	Ongoing	The City has continued to support HEART and has participated in countywide activities to address homeless needs.
H3.I Work with the Department of Veterans Affairs on Homeless Issues	Coordination in addressing the needs of the homeless	2014; ongoing thereafter	In January 2014 the City Council authorized a loan increase from the City's BMR funds to CORE Housing for up to \$2.88 million for affordable housing at 605 Willow Road (Veterans Affairs Campus). The development includes 60 dwelling units and would provide permanent housing to extremely low- and very low-income veterans.
H4.A Modify R-2 Zoning to Maximize Unit Potential	Amend the Zoning Ordinance to minimize underutilization of R-2 development potential	Consider as part of the City's General Plan Update (2014-2017)	Issues and strategies to be considered as part of the General Plan Update (2014-2017).
H4.B Implement Inclusionary Housing Regulations	Implement requirements to assist in providing housing affordable to extremely low, very low, low and moderate income households in Menlo Park	Ongoing	Ordinance regarding State Density Bonus Law adopted for consistency with State law in June 2013.
H4.C Modify BMR Guidelines	Amend the Zoning Ordinance to require affordable units in market rate developments	2015	Modification to the City's BMR Guidelines will be considered following completion of the Nexus Study later in 2015 (see Program H4.D)
H4.D Update the BMR Fee Nexus Study	Update to fees consistent with the nexus of potential impacts on affordable housing need	2015	The City is currently participating in a multi-jurisdictional nexus study that would provide a defensible analysis to maintain the legal justification for inclusionary zoning and affordable housing impact fees. The study is anticipated to be reviewed by the City Council in 2015.

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<p>H4.E Modify Second Dwelling Unit Development Standards and Permit Process</p>	<p>Amend the Zoning Ordinance to reduce the minimum lot size to create greater opportunities for new second units to be built. Achieve Housing Element target for new second units (40 new secondary dwelling units between 2015-2023, with 5 per year) — 18 very low, 18 low and 4 moderate income second units.</p>	<p>2014; ongoing thereafter</p>	<p>Concurrent with the adoption of the 2007-2014 Housing Element in May 2013, the City of Menlo Park reviewed a Zoning Ordinance amendment for modifications to the Secondary Dwelling Unit Ordinance in recognition that secondary dwelling units can be a valuable source of affordable units because they often house family members at low or no cost, and many are limited in size and therefore, have lower rents. Besides making the City's ordinance compliant with State law, the Zoning Ordinance amendment included a number of revisions to provide greater flexibility in the development regulations to encourage more development of secondary dwelling units. The modifications included the following: Reduction in the minimum lot size eligible for a second unit without a use permit; Standardization of the maximum unit size rather than it being dependent on a percentage of the lot size; Allowance for increased wall height if the property is located in the flood zone, without additional discretionary review of a variance; Allowance for decreased interior side and rear setbacks with neighbor approval; Allowance for secondary dwelling unit parking space to be located in tandem and in the front setback; and Ability to request a use permit for modifications to any of the standards.</p> <p>As part of the Housing Element for the 2015-2023 Housing Element, the City of Menlo Park continued this program to further explore opportunities for additional revisions to the Secondary Dwelling Unit Ordinance. In April 2014, the City Council adopted additional revisions to the secondary dwelling unit ordinance, including increasing the maximum unit size for units that comply with accessibility requirements, establishing a new daylight plane requirement in lieu of the wall height requirement, and providing flexibility in the tenancy requirement.</p>
<p>H4.F Establish a Process and Standards to Allow the Conversion of Accessory Buildings and Structures to a Secondary Dwelling Unit</p>	<p>Adopt procedures and requirements to allow conversion of accessory structures and buildings (15 new secondary dwelling units — 6 very low income, 6 low income and 3 moderate income units)</p>	<p>2014; review the effectiveness of the ordinance in 2015</p>	<p>In April 2014, the City adopted an ordinance, that would allow legally permitted accessory buildings that do not meet the setback requirements for a secondary dwelling unit to be converted to a secondary dwelling unit through an administrative permit process. This conversion process through the administrative permit process expires in June 2015, unless extended by the City Council. Staff is proposing to extend the program.</p>
<p>H4.G Implement First-Time Homebuyer Program</p>	<p>Provide referrals</p>	<p>2015-2023</p>	<p>BMR funds are no longer available for this program. As part of the 2015-2023 Housing Element program, the City is referring first time homebuyers to HEART and Union Bank for down payment assistance. Include as part of Programs H1.C and H1.D to obtain and distribute information.</p>
<p>H4.H Work with Non-Profits and Property Owners on Housing Opportunity Sites</p>	<p>Identify incentives and procedures to facilitate development of housing affordable to extremely low, very low, low and moderate income households on higher density housing sites</p>	<p>Ongoing</p>	<p>The City continues to work with Mid-Pen Housing to implement the City's Affordable Housing Overlay Zone, which provides incentives for the creation of affordable housing, as part of MidPen's Gateway Apartments project; coordinated with CORE Housing for a 60-unit low income development at the Veterans Affairs facility; and reviewed and implemented State Density Bonus law for the creation of 23 deed restricted affordable units in a new 394-unit rental development on Haven Avenue (St. Anton Partners).</p>

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H4.I Create Multi-Family and Residential Mixed Use Design Guidelines	Adopt design guidelines for multi-family and mixed use housing developments	Consider as part of the City's General Plan Update (2014-2017)	No activity to date. Program will be reviewed as part of the General Plan Update (2015-2017).
H4.J Consider Surplus City Land for Housing	Identify opportunities for housing as they arise	Consider as part of the City's General Plan Update (2014-2017)	No activity to date. Program will be reviewed as part of the General Plan Update (2015-2017).
H4.K Work with the Fire District	Undertake local amendments to the State Fire Code and approve City Council Resolution ratifying the Fire District's local amendments	2014	The City Council ratified local amendments to the State Fire Code on January 27, 2015
H4.L Coordinate with School Districts to Link Housing with School District Planning Activities	Coordinate and consider school districts long-range planning, resources and capacity in planning for housing	Ongoing and to be considered as part of the General Plan Update (2014-2017)	Continued coordination on new residential development (unit type, timing, etc.) and implications for enrollment growth and facility planning with various school districts. Program is included in the 2015-2023 Housing Element and will be considered during of the General Plan Update (2014-2017).
H4.M Review the Subdivision Ordinance	Modify the Subdivision Ordinance as needed	Consider as part of General Plan Update (2014-2017)	No activity to date. Program will be reviewed as part of the General Plan Update (2014-2017).
H4.N Create Opportunities for Mixed Use Development	Conduct study to determine appropriate locations for housing in commercial zones	Consider as part of General Plan Update (2014-2017)	No activity to date. Program will be reviewed as part of the General Plan Update (2014-2017).
H4.O Review Transportation Impact Analysis Guidelines	Modify Transportation Impact Analysis (TIA) guidelines	Consider as part of General Plan Update (2014-2017)	Program will be reviewed as part of the General Plan Update (2014-2017). The focus of the General Plan Update is the Land Use and Circulation Elements. The General Plan Update kicked off in August 2014 and thus far has included a series of education symposiums, mobile tours, and the creation of an Existing Conditions Report, which summarizes current circulation in the City.
H4.P Update Parking Stall and Driveway Design Guidelines	Modify Parking Stall and Driveway Design Guidelines	2014	No activity to date. Program will be reviewed as part of the General Plan Update (2014-2017).
H4.Q Achieve Long-Term Viability of Affordable Housing	Establish project management and other ongoing project coordination needs	As developments are proposed and ongoing thereafter	No activity to date.

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H4.R Modify Overnight Parking Requirements to include the R-4-S Zoning District	Modify Section 11.24.050 (Night Parking Prohibited) of the Municipal Code as needed	In progress; anticipated to be completed in early 2014	Work is in progress and is anticipated to be reviewed in Spring 2015.
H4.S Explore Creation of a Transportation Management Association	Explore creation of a Transportation Management Association	Consider as part of General Plan Update (2014-2017)	The General Plan Update is underway. The topic of TMAs has been mentioned, and will be further discussed as the process continues.
H4.T Explore Pedestrian and Bicycle Improvements	Coordinate with Redwood City and explore improvements over Highway 101 between Marsh Road and 5th Avenue.	Consider as part of General Plan Update (2014-2017)	The City was awarded a grant from the San Mateo County Transportation Authority (Measure A funds) to implement the Haven Avenue bicycle/pedestrian improvements. The improvements include new facilities to a key corridor that connects Menlo Park, San Mateo County and Redwood City. The project area includes Haven Avenue between Marsh Road and the Redwood City boundary, an area where several properties were recently rezoned to higher density housing. This Program will be reviewed as part of the General Plan Update (2014-2017).