



## ADMINISTRATIVE SERVICES DEPARTMENT

Council Meeting Date: May 13, 2014  
Staff Report #: 14-068

Agenda Item #: SS-1

**STUDY SESSION:** Review and Generally Affirm the Proposal from MidPen for a \$3.2 million loan from the Below Market Rate Fund for an Affordable Senior Housing Development at 1221-1275 Willow Road

### RECOMMENDATION

Staff recommends that the City Council generally affirm the proposal from MidPen for a loan of \$3.2 million from the Below Market Rate (BMR) Housing Fund to support an affordable senior housing development at 1221-1275 Willow Road.

### BACKGROUND

#### **Below Market Rate (BMR) Housing Program, Guidelines, and Fund**

The BMR Housing Fund is comprised primarily of commercial development in-lieu fees and has a balance of approximately \$11.8 million in total funds and \$5.5 million in uncommitted funds as of March 31, 2014. A summary of the fund balance as of March 30, 2014 is included as Attachment A.

The primary purpose of the BMR Housing Program is to increase the supply and assist in the development of housing that is affordable to very low-, low-, and moderate-income households. The BMR Housing Program is contained within the Zoning Ordinance. The BMR Housing Program Guidelines provide direction on the implementation of the program and use of the BMR Fund. The Guidelines list the following uses of the Fund:

- Provision of below market rate financing for homebuyers;
- Purchase of land or air rights for resale to developers at a reduced cost to facilitate housing development for very low-, low- or moderate-income households;
- Reduction of interest rates for construction loans or permanent financing, or assistance with other costs associated with development or purchase of very low-, low- or moderate-income housing;
- Rehabilitation of uninhabitable structures for very low-, low- or moderate-income housing;
- On-site and off-site improvement costs for production of affordable housing;

- Reduction of purchase price to provide units that are very low-, low- or moderate-cost; and
- Rent subsidies to reduce the cost of rent for households with limited incomes.

In addition to these approved uses listed in the Guidelines, City Council approved additional uses on April 26, 2005, subject to approval by the Council for specific proposals. They include:

- Funding for the purchase and rehabilitation of existing apartment buildings for low-income tenants;
- Funding for the purchase of existing housing units to resell as BMR units to moderate-income households;
- Funding the purchase of BMR units until the units can be sold; and
- Funding loans to BMR unit owners to cover costs arising from repairs in the common areas of condominium projects.

In the near future, staff will be bringing to Council additional BMR Guidelines changes. These changes will establish clear policy and criteria for the allocation of funds from the BMR fund prioritizing non-profit development of workforce rental housing affordable to low and very-low income households on sites the City has determined to be viable for Low Income Housing Tax Credits (LIHTC) funding. Per the Settlement Agreement and Housing Element, the City will accomplish this by setting aside a substantial portion of the uncommitted BMR fund balance and future BMR fees received by the City for such development.

Also per the Settlement Agreement, in July of 2013, the City of Menlo Park announced the availability of approximately \$3.2 million in BMR funds for new affordable rental housing projects in Menlo Park, as a final step in completing the requirements of the lawsuit brought against the City by area housing non-profits through a Notice of Funding Availability (NOFA). The purpose of the funds is to support the acquisition, rehabilitation or new construction of housing providing long term affordability. The funding is intended to fill the financing gap between the projected total development costs and other available funding sources.

One proposal meeting the NOFA qualifications and demonstrating their ability to design, build, and manage affordable housing was received by the November 1, 2013 deadline from MidPen Housing. The MidPen project proposed for Willow Road on the site of Mid Pen's existing development known as the Gateway Apartments has now been presented to the Belle Haven community in a series of meetings (see Attachment C for summary of outreach) and is ready to be considered for conditional commitment of this funding from the City.

## **ANALYSIS**

Since it was founded in 1970, MidPen has achieved recognition as a leading non-profit sponsor and developer of affordable housing. MidPen has constructed or rehabilitated

more than 7,400 residential units for low-income families, seniors, farm workers, and physically, mentally or developmentally disabled people throughout Northern California with developments in Alameda, Contra Costa, Monterey, Napa, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, and Yuba Counties. 1,500 of Mid Pen's apartment homes are located in San Mateo County. MidPen has a strong track record of leveraging local funds to raise additional funding, compete successfully for low income housing tax credits, and complete projects in a timely way.

MidPen's proposed project would develop Menlo Gateway Senior Housing, a 90-unit new construction, affordable senior housing development at the 1200 block of Willow Road in Menlo Park. The proposed development would include a net increase of 42 affordable units at this location. MidPen's proposal states that the project would be transformative to both current residents and the neighborhood due to its location along the prominent Willow Road corridor.

The current Menlo Gateway Apartments is a 130 unit, 100% affordable, apartment complex on the 1200 and 1300 blocks of Willow Road in the Belle Haven neighborhood of Menlo Park. The proposed project would represent the first phase of a plan to revitalize the entire complex (originally built in the 1960's and "lightly rehabbed" in 1987) and would focus on the 1200 block only, with the potential of increasing the number of units from 48 to 90. This block is where many of the complex's senior residents currently live. The project will be composed of one and two bedroom units. Residential apartments will include a kitchen, dining/living area, bathroom, and bedroom(s). Kitchens, which are proposed to be I-shaped or Pullman style, will include a refrigerator, range, sink with garbage disposal and abundant cabinets. All units are proposed to be adaptable for walkers and wheel chairs. Laundry is provided communally. Social services are proposed to include a small gym or card room, as determined by a resident survey. The apartments would be available to seniors 62 years of age and older. Units would be targeted at 30% of Area Median Income (AMI), or those classified as Extremely Low Income, to 45% AMI, or those considered Low Income (see proposed unit matrix below). The way that current residents' rents are calculated would remain the same.

| <b>Unit Type</b> | <b>Quantity</b> | <b>AMI</b> | <b>Max income</b> | <b>Rent net of utilities (2014)</b> |
|------------------|-----------------|------------|-------------------|-------------------------------------|
| 1 br             | 8               | 30%        | \$26,580          | \$584                               |
| 1br              | 77              | 45%        | \$39,870          | \$896                               |
| 2br              | 1               | 30%        | \$29,910          | \$697                               |
| 2br              | 3               | 45%        | \$44,865          | \$1071                              |
| 2br Mgr unit     | 1               | na         | na                | na                                  |

Income restrictions and rental rate restrictions would apply to all units, consistent with applicable Tax Credit regulatory agreements. MidPen proposes that existing tenants will be relocated during construction at no cost to them. Leasing protocol for any resulting available units would be consistent with the City of Menlo Park's BMR Fund Guidelines, Sections 7 (BMR Waiting List for Rental and For-Purchase Units) and 11 (Requirements for BMR Rental Developments).

MidPen states that the design will embrace the R-4-S zoning district design standards and guidelines, ensuring that new building is of high-quality, enhances the neighborhood, and contributes to a healthy environment. Many of the R-4-S standards and guidelines correspond to MidPen's field tested Building Guidelines. New development on the site would follow the R-4-S compliance review process similar to the one St. Anton pursued on Haven Avenue in October 2013 and that Greenheart is pursuing on Hamilton Avenue in May 2014. See Attachment D for current and proposed site plans.

In addition to providing additional affordable housing, MidPen expects to address several existing challenges with the site's current design and physical condition, including the separation of the two housing blocks and problematic vehicular and pedestrian circulation patterns. Currently, the management office is on the 1300 block while the services space is on the 1200 block, with a considerable distance in between. Part of the revitalization will include creating dedicated space for on-site management and supportive services on both blocks. These community areas will be sufficiently sized and equipped to meet the needs of the residents and to facilitate MidPen's array of service programs. Redevelopment will allow one block to serve seniors and the other block to serve families; by having each block serve a specific population, MidPen will be able to provide more specialized service attention.

As a part of their proposal, MidPen is requesting the City abandon a portion of the frontage road controlled by the City on the 1200 block of the complex to modify access and circulation and to provide continuous sidewalk in the public right of way along Willow Road. This request is in response to concerns from MidPen regarding non-resident pedestrian and vehicular traffic traveling through the site. Although there are existing precedents of vacation and abandonment of the frontage Road along Willow Road, several policy issues impact this request, including whether a partial abandonment or a license agreement is more appropriate given utilities requirements, title concerns, and long-term future use of the right-of-way. The proposed design would also remove direct access from Newbridge to Ivy along the frontage road. The removal of this access would require further circulation analysis to determine if any unanticipated impacts are created. According to MidPen, the vacation and abandonment will allow for a public pedestrian route that is integrated with the rest of Willow Road, and a site layout reconfiguration that will greatly benefit residents, staff and the neighborhood, and create clearly delineated boundaries between public and private realms. City staff have not determined all of the specifics related to the vacation and abandonment request and whether any significant issues would be identified. If Council decides to proceed forward with the proposal, then further information would be researched and provided to Council for consideration of the request.

MidPen's intention on the 1200 block is to demolish the existing wall, and construct a public sidewalk approximately where the current wall is. Next to the new sidewalk would be a new property boundary – likely a decorative fence – that would maintain security for the site, as well as a landscape buffer. Approximately 775 feet of linear frontage would be affected. Staff has concerns that this may require a community engagement

process to determine the look of the decorative fence and its integration with any portion of the wall that might remain. Staff also has concerns about the overall cost of these infrastructure improvements and who would bear those costs.

The project's estimated cost is \$31 million, according to the NOFA submission. The current preliminary per unit costs are estimated at \$347,000/unit. These cost estimates are typical for developments of similar scale in the South and West Bay Region. The project is estimated to generate approximately \$17,000,000 in tax credits, depending on pricing and tax rates at time of sale. Thus far, MidPen has received a commitment of \$400,000 in San Mateo County Affordable Housing Funds (AHF) and will continue to seek County support as it becomes available. MidPen has also applied for \$2 million in HOME/CDBG from the County for the Gateway Senior project. County Staff has not recommended the project for funding in this round as they decided to prioritize projects that have city financing commitments and are ready to apply for tax credits in July, 2014. City funding is one of the most important criteria for County funding. MidPen expects the County to have another funding cycle this year and that, with a City financing commitment, Gateway will be well positioned for an additional County commitment. In addition to County funding, MidPen has also recently applied for \$890,000 in Federal Home Loan Bank Affordable Housing Program funds.

Forty two of the 90 units would count toward the City's Regional Housing Needs Assessment (RHNA) requirements and would represent 18% progress on the Very Low Income allotment of 233 units by 2022. Forty four of the new units would be reserved for current tenants. Based on the City's contribution to the project, a minimum of nine units would be dedicated to the Menlo Park live/work BMR requirement. The complete preliminary proposal from MidPen is included as Attachment B. The actual number of units subject to the Menlo Park live/work requirement will be determined as a part of negotiating the final loan commitment.

If Council is supportive of moving forward, the next step in the process will be a regular agenda item requesting that Council conditionally commit funding for the project. Along with anticipated funding commitments from the County, this will allow MidPen to compete for housing tax credits in March of 2015. Firm commitment of the funds would follow a similar course as that currently being followed for the CORE residential project at the VA Campus.

## **IMPACT ON CITY RESOURCES**

The City's BMR Fund has adequate uncommitted funds to cover the \$3.2 million allocated for this project through the NOFA. As a part of the proposal, MidPen has indicated that the project would be more competitive in the California Tax Credit Allocation process if the existing City loan (approximately \$4 million in Redevelopment funds) were to be "modified and extended" as a part of the funding package. Complicating this request is the dissolution of the RDA, although at this time staff believes that as the housing Successor Agency the City can make all decisions regarding the loan without the necessity for State Department of Finance or Oversight

Board approval. The final structure of the soft loan from the City would be determined once the City's conditions (if any) have been met and would return to Council for final approval.

## **POLICY ISSUES**

Below-market-rate units at the deepest affordability levels are the most challenging to finance, and the most critical among Bay Area housing needs and no new senior housing has been built in Menlo Park in many years. This project is well-positioned given MidPen's ownership of the site. To finance these units in any other location in Menlo Park would require a greater level of subsidy for land acquisition.

The proposal from MidPen is consistent with the City's BMR policy and guidelines. Per the anticipated Low Income Housing Tax Credit Regulatory Agreements, tenants will not be accepted unless their household income levels are below 45% AMI. A pro rata share of no less than nine units will be leased according to the City of Menlo Park's BMR Fund Guidelines, Sections 7 and 11.

Benefits of the project include new development of an older housing complex along an important community gateway; the project helps meet a pressing and long-term housing need; it utilizes an opportunity site included in the Housing Element; and the \$3.2 million commitment of BMR funds to leverage a 90-unit affordable rental project is quite reasonable based on cost per unit. Additionally, MidPen has a strong track record of development and operation of affordable rental housing.

An additional benefit of the project to the community is the progress it would represent toward meeting RHNA goals with all 90 units restricted to 30% and 45% AMI translating to 18% progress on the 233 Very Low Income units needed per the proposed Menlo Park RHNA for 2014-2022 for the 42 new units. Demonstrated progress on the City's RHNA allocation can position the City for a share of State funds for transportation improvements.

Several additional policy issues related to the proposed project remain to be resolved, including:

- MidPen's request for right of way abandonment and the impacts and implications of options under this request
- Potential circulation issues around the site given the current proposed conceptual configuration
- Infrastructure changes impacting the existing wall and sidewalk along Willow Road and the cost of the proposed changes.

Options, along with the pros and cons for these issues, will come to Council in the coming months as the details of the project are determined.

## **ENVIRONMENTAL REVIEW**

Study session items are not subject to the California Environmental Quality Act (CEQA). The appropriate CEQA determination will occur when the City Council acts on the funding commitment request at a future meeting.

## **PUBLIC NOTICE**

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

## **ATTACHMENTS**

- A. BMR Fund Status
- B. MidPen Proposal
- C. MidPen Senior Housing Outreach Summary
- D. Existing and Proposed Site Plans
- E. Location Map

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**BELOW MARKET RATE HOUSING RESERVE  
BALANCE SHEET  
6/30/13 AND 3/31/14**

|   | <b>6/30/2013</b>  | <b>3/31/2014</b>  |
|---|-------------------|-------------------|
| <b>ASSETS</b>   |                   |                   |
| BMR Housing Reserve Cash  | 5,949,007         | 8,001,193         |
| BMR Accounts Receivable   | 0                 | 0                 |
| BMR Interest Receivable   | 20,304            | 0                 |
| PAL Loans Receivable  | 2,092,562         | 2,018,627         |
| Other Loans Receivable  | 1,849,047         | 1,849,047         |
| Real Estate Held for Resale   | 733,597           | 0                 |
| <b>TOTAL ASSETS</b>   | <b>10,644,517</b> | <b>11,868,867</b> |
| <b>LIABILITIES</b>  |                   |                   |
| Accounts Payable  | 14,613            | 0                 |
| <b>TOTAL LIABILITIES</b>  | <b>14,613</b>     | <b>0</b>          |
| <b>FUND BALANCE</b>   |                   |                   |
| Designated for PAL Loans  | 2,389,438         | 2,463,373         |
| Designated for Neighborhood Stabilization Program                       | 0                 | -                 |
| Designated for Habitat for Humanity Neighborhood Revitalization Program | 650,000           | 650,000           |
| Designated for Foreclosure Prevention Program                           | 0                 | -                 |
| Designated for Housing Project  | 0                 | -                 |
| Designated for Notice of Funding Availability (NOFA)                    | 3,200,000         | 3,200,000         |
| Undesignated  | 4,390,466         | 5,555,494         |
| <b>TOTAL FUND BALANCE</b>   | <b>10,629,904</b> | <b>11,868,867</b> |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b>                               | <b>10,644,517</b> | <b>11,868,867</b> |

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## Gateway Senior Housing

### Project Description

#### I. MidPen Housing

##### Developer Experience

For more than forty years, MidPen Housing (“MidPen”) has been one of the largest, most trusted developers and owners of high-quality affordable rental housing in Northern California. We have played a leading role in the growth of the affordable housing industry in California, consistently setting new standards for best practices in development, property management, and resident services.

MidPen operates through three distinct non-profit companies that work closely together to manage corporate activities and partnerships, while furthering its mission to provide safe, affordable housing of high quality. MidPen has extensive experience in the development of affordable housing. Since it was founded in 1970, MidPen has achieved recognition as a leading non-profit sponsor and developer of affordable housing. MidPen has constructed or rehabilitated more than 7,400 residential units for low-income families, seniors, farm workers, and physically, mentally or developmentally disabled people throughout Northern California with developments in Alameda, Contra Costa, Monterey, Napa, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, and Yuba Counties. 1,500 of our apartment homes are located in San Mateo County. MidPen has a strong track record of leveraging local funds to raise additional funding sources, compete successfully for low income housing tax credits, and complete projects in a timely way.

##### Management Experience

MidPen Housing established an affiliated management company in 1981. Today, MidPen Property Management Corporation manages 6,397 units at over 90 properties, which are located from Fairfield to Monterey and house over 14,000 residents. MidPen Property Management both manages MidPen’s properties and offer fee-based management for other affordable housing communities. MidPen Management has a staff of approximately 200 employees. Our seasoned leadership team provides extensive experience in all aspects critical to exceptional property management including compliance, operations, training, facility maintenance and community relations.

##### Service Provider Experience

MidPen Resident Services Corporation provides and coordinates onsite support programs to help residents advance. Some of these programs include: computer and vocational training, tutoring and other afterschool programs, financial literacy classes, health and wellness programs and community referrals. With an annual investment of

\$5 million, an in-house staff of 65 and 300 service provider partners, MidPen Resident Services Corporation leads the affordable housing industry with its programs and services by helping over 7,000 MidPen residents each year.

## II. Project Overview

MidPen Housing is proposing to develop Gateway Senior Housing, a 90-unit new construction affordable senior housing development at 1221-1275 Willow Road in Menlo Park (between Newbridge Street and Ivy Drive). The project is located on a prominent corridor and would be transformative for current site residents as well as the neighborhood. Gateway Senior Housing has a critical role to play in preserving and expanding the supply of affordable housing.

The current Gateway Apartments is a 130-unit apartment complex on the 1200 and 1300 blocks of Willow Road in the Belle Haven neighborhood of Menlo Park. The property was originally built in the 1960s. MidPen Housing, a regional non-profit developer, has owned and managed the property since 1987. The property is 100% low-income housing, serving both senior and family populations with units ranging from studios to 3-bedrooms. MidPen intends to redevelop the property in light of its physical and functional needs. Gateway's redevelopment is a valuable opportunity to increase the supply of affordable housing in Menlo Park given the scarcity and high cost of available land.

The Gateway Senior Housing project would increase the total number of units on that block from 48 units to 90 units, one of which would be an on-site manager's unit. This block is where many of the current senior residents live. The apartments would be available to seniors 62 years of age and older. Units will be targeted at 30-45% of Area Median Income (please see proposed unit matrix below). The way that current residents' rents are calculated would remain the same.

| <b>Unit Type</b>  | <b>AMI %</b> | <b>Unit Quantity</b> | <b>Maximum Income (2014)</b> | <b>Rent Net of Utilities (2014)</b> |
|-------------------|--------------|----------------------|------------------------------|-------------------------------------|
| 1 br              | 30%          | 8                    | \$26,580                     | \$584                               |
| 1 br              | 45%          | 77                   | \$39,870                     | \$896                               |
| 2 br              | 30%          | 1                    | \$29,910                     | \$697                               |
| 2 br              | 45%          | 3                    | \$44,865                     | \$1,071                             |
| 2 br manager unit | n/a          | 1                    | n/a                          | n/a                                 |

## III. Need for Senior Housing

This project would serve the critical local and regional needs for affordable senior housing. MidPen develops senior housing with a strong services component in order to support residents as they age in place and help them to live independently as long and successfully as possible. The 2007-2014 Housing Element identified that though the City has long had the goal of expanding housing opportunities for the elderly (in the

1992 Housing Element, the last Housing Element prior to the current version), no new housing for seniors has been developed since 1992 (p.66). According to the Housing Element, 25% of senior households in Menlo Park were extremely low income, while 17% were very low income, and approximately 68% of senior renters are cost burdened (p.71, p.80), demonstrating the need for affordable senior housing so that Menlo Park seniors can age in place. Staff at the Senior Center indicated that housing is the primary concern voiced by seniors; they want to stay in the community and live independently as long as possible but have limited options available to do so.

#### IV. Gateway Senior Housing Goals

Goals of the project include:

- 1) Increase the supply of high-quality, permanently affordable senior housing in Menlo Park
- 2) Preserve and enhance existing resident community bonds
- 3) Create community gathering space that supports resident health and social activities
- 4) Design building(s) and landscaping to compliment the surrounding neighborhood
- 5) Improve security and access

#### V. Design and Amenities

The building type will be appropriate to and maximize use of the infill site. The height will be two and three stories. There will be a large common area and leasing office near the primary entry to create a welcoming presence for residents and guests. The building will be elevator served and the apartments will be accessible in order to promote independent living.

The design will embrace the R-4-S design standards and guidelines. MidPen recognizes the intent of the standards and guidelines to ensure that new building is of high-quality, enhances the neighborhood, and contributes to a healthy environment. Many of the R-4-S standards and guidelines correspond to MidPen's field tested Building Guidelines.

In addition to providing additional affordable housing, MidPen expects to address several existing challenges with the site's current design and physical condition, including the separation of the two housing blocks and problematic vehicular and pedestrian circulation patterns. Currently, the management office is on the 1300 block while the services space is on the 1200 block, with a considerable distance in between. Part of the revitalization will include creating dedicated space for on-site management and supportive services on both blocks. These community areas will be sufficiently sized and equipped to meet the needs of the residents and to facilitate MidPen's array of service programs. Redevelopment will allow one block to serve seniors and the other block to serve families; by having each block serve a specific population, MidPen will be able to provide more specialized service attention.

One of the property's most significant challenges is with circulation, especially with non-resident vehicle and pedestrian traffic through the site. We are proposing reconfiguration of Frontage Road at the 1200 block to allow us to address circulation and access, and create distinct public and private circulation routes. There are existing precedents of vacation and abandonment of Frontage Road along Willow Road, to allow for a distinct public sidewalk, including the neighboring property 1283 Willow Road. Vacation and abandonment will allow for provision of a public pedestrian route that is integrated with the rest of Willow Road, and a site layout reconfiguration that will greatly benefit residents, staff and the neighborhood, and create clearly delineated boundaries between public and private realms. The intention on the 1200 block is to demolish the wall, and construct a public sidewalk approximately where the current wall is. Next to the new sidewalk would be a new property boundary – likely a decorative fence – that would maintain security for the site, as well as a landscape buffer.

Gateway Senior Housing will have dedicated spaces for on-site management and resident services, whose programs will be tailored specifically to our senior population. These community areas will be sufficiently sized and equipped to meet the needs of the residents and to facilitate MidPen's array of service programs. The design will incorporate programmed landscape areas (i.e. walking area, picnic/BBQ areas, tai chi, etc.) that we have found to be effective in encouraging our senior residents to spend time outside. Community spaces will include additional small flexible spaces that can be used for a wide array of activities and adapt as residents' needs evolve. These spaces can be used for activities that promote health and wellness for our residents, such as our balance therapy program. We have distributed a survey to residents to get their feedback on the type of open space and community space they would like to see in the new community. We have held resident meetings and meetings with interested community members to get input that will inform our design (see Community Outreach Summary).

## V. Financing Plan

The property currently has a mortgage held by California Housing Finance Agency (CalHFA) and a soft loan held by the City of Menlo Park. Other financing includes a Mod Rehab rental assistance contract covering all 130 units, administered by the Housing Authority. Key to revitalization is the conversion of the current Mod Rehab contract to a Project Based Section 8 contract. MidPen and the San Mateo County Housing Authority are in the process of evaluating how best to go about this conversion; the Housing Authority is a committed partner in this process. The current proforma assumes that the 1200 block would have 44 project based vouchers based on the existing senior population at the site.

The financing plan for the redevelopment assumes restructuring/refinancing the existing mortgage with CalHFA to remove it from the 1200 block site, so that the loan is secured only by the 1300 block site. This will enable to the 1200 block to secure 9% tax credits. MidPen will also be working with the City of Menlo Park on a modification of its

existing loan; it is assumed that the existing City funds would roll over as part of the financing for the redevelopment.

Thus far, MidPen has received a commitment of \$400,000 in San Mateo County Affordable Housing Funds (AHF). In addition, at the request of the Housing Community Development Committee (HCDC) members, any AHF funds returned to the County will be split between the Gateway Senior Housing project and the University Avenue Senior Housing project. This request was made by the committee to emphasize that these are very worthy projects meriting additional County support. MidPen has also applied for \$2 million in HOME/CDBG from the County for the Gateway Senior project. County Staff has not recommended the project for funding in this round as they decided to prioritize projects that have city financing commitments and are ready to apply for tax credits in Round 2 2014 (July). City funding is one of the most important criteria for County funding. We expect that the County will have another funding cycle this year and that, with a City financing commitment, Gateway will be well positioned for an additional County commitment. In addition to County funding, MidPen has also recently applied for \$890,000 in Federal Home Loan Bank Affordable Housing Program funds. The financing plan also assumes seller take back financing and a commitment of existing replacement and operating reserves. MidPen will continue to apply for County funding in future rounds and plans to apply for tax credits in 2015.

VI. City of Menlo Park Funding Request

MidPen requested the full amount available in the NOFA of \$3.2 million. This amount represents approximately 10% of the project’s anticipated cost. If we apply the 10% figure pro rata to the development’s 89 low-income units, it yields 9 units available for a Menlo Park live/work preference. All 42 additional affordable units will create benefit to the City with respect to its Housing Element.

Gateway Senior Housing’s first priority will be to house the senior households that currently reside at Gateway. These consist of approximately 44 households who are currently Menlo Park residents.

VII. Timeline

The current timeline is summarized below.

| <b><u>Milestone</u></b>               | <b><u>Target Completion Date</u></b> |
|---------------------------------------|--------------------------------------|
| Start of Community Outreach Process   | 01/2014                              |
| County of San Mateo AHF Funding Award | 02/2014                              |
| Conceptual Design Finalized           | 04/2014                              |
| City of Menlo Park BMR Funds Award    | 05-06/2014                           |

|   |         |
|---|---------|
| Schematic Design                        | 09/2014 |
| R-4-S Compliance Review (Design Review) | 11/2014 |
| TCAC Application                        | 03/2015 |
| TCAC Award                              | 06/2015 |
| Building Permits                        | 12/2015 |
| Construction Financing Closing          | 12/2015 |
| Construction Start                      | 12/2015 |
| Construction Completion                 | 12/2016 |
| Initial Occupancy                       | 12/2016 |
| Conversion to Permanent Financing       | 05/2017 |

## Gateway Senior Housing

### Community Outreach Summary

#### Overview

MidPen has begun community outreach on the Gateway Senior Housing project, following up on initial outreach work done as part of the Housing Element update process in 2013. During Spring of 2013, we had several meetings, including a property tour of Gateway with community members. Starting in early 2014, we began meeting again with interested community members. We also held two resident meetings and a neighborhood meeting in March and April which are described in further detail below. MidPen has participated in the Belle Haven Vision and Action Plan meetings in 2013 and 2014. We intend to have further resident meetings and outreach to interested community members as our design progresses beyond conceptual design.

#### Meetings Held for Gateway Senior Housing

Individual and small group meetings (4/30/2013, 1/30/2014, 1/31/2014, 2/6/2014)

Tour of Gateway with neighbors and Council Member Keith on 5/15/2013

Resident Meeting on 3/18/2014

Resident Meeting on 3/24/2014

Community Meeting on 4/3/2014

#### What We Heard

##### *Housing Element Process:*

- Priority for senior housing given the real need (fixed incomes, overcrowding in multi-generational households)
- Importance of management and services
- Importance of security

We listened and focused on senior housing with a strong services component and a secure-access site.

##### *Targeted Outreach to Stakeholders:*

- Want to see a redeveloped property that is clean, attractive, with no loitering
- Want the redeveloped property to be a nice entrance to the community, both in terms of architecture and landscape
- Want to see examples of MidPen properties that are comparable to what is being proposed (we provided a list of examples and offered to arrange a tour)

- Heard from the Senior Center that housing is the major concern for seniors in the community; they want to live independently and they want to stay in the community and don't have many options

*Resident Meetings:*

We held two well-attended resident meetings, one on March 18<sup>th</sup> that had over 85 residents in attendance and one on March 24<sup>th</sup> that had over 40 in attendance. The first meeting provided an overview of the revitalization plans and the temporary relocation that will occur during construction. The second meeting was focused on getting input to incorporate into the design. At this meeting, we distributed a survey to residents to get their input on the types of community amenities and other features they would like to see in the redeveloped community. We had a discussion with residents about what they like about where they live and what they would improve. Some feedback from this conversation that we will incorporate into the design is below.

- Community: Preserve and enhance the strong sense of neighborliness currently enjoyed by residents. Many residents emphasized how they enjoy their neighbors.
- Outdoor Space: The openness of the current site helps support the social network. Through the resident survey, we will get a better sense of the kinds of open space that they would prefer. Some options include gardens, barbeque and picnic areas, and walking paths.
- Design for Aging in Place: They would like to see accessible homes and common areas for seniors to live independently as long as possible.
- Security: Consider a perimeter fence around the site
- Willow Road: Provide buffer from traffic and noise; but should be attractive

*Community Meeting:*

On April 3<sup>rd</sup>, we held a community meeting to discuss our Gateway Senior Housing plans at the Senior Center in Belle Haven. In terms of outreach for this meeting, in addition to reaching out to individuals, we mailed flyers to our neighboring properties within a 300' radius of the property, posted flyers at local businesses on Willow Road, made an announcement about the meeting at the Public Safety meeting on 3/26 and the meeting information went out in the blast that Patricia Maciel sent out on 3/28.

The purpose of this meeting was to solicit input from the community as we begin the design process. We plan to have additional community meetings to solicit further input as the design takes shape. Attendees included neighbors who abut the property, a number of Gateway residents and other community members. At the meeting, we gave an overview of the Gateway Senior Housing project and shared a preliminary conceptual site plan and sections. Representatives from MidPen's development, property management and resident services departments were there as well as our architect (Mithun). Below is a summary of the feedback we heard.

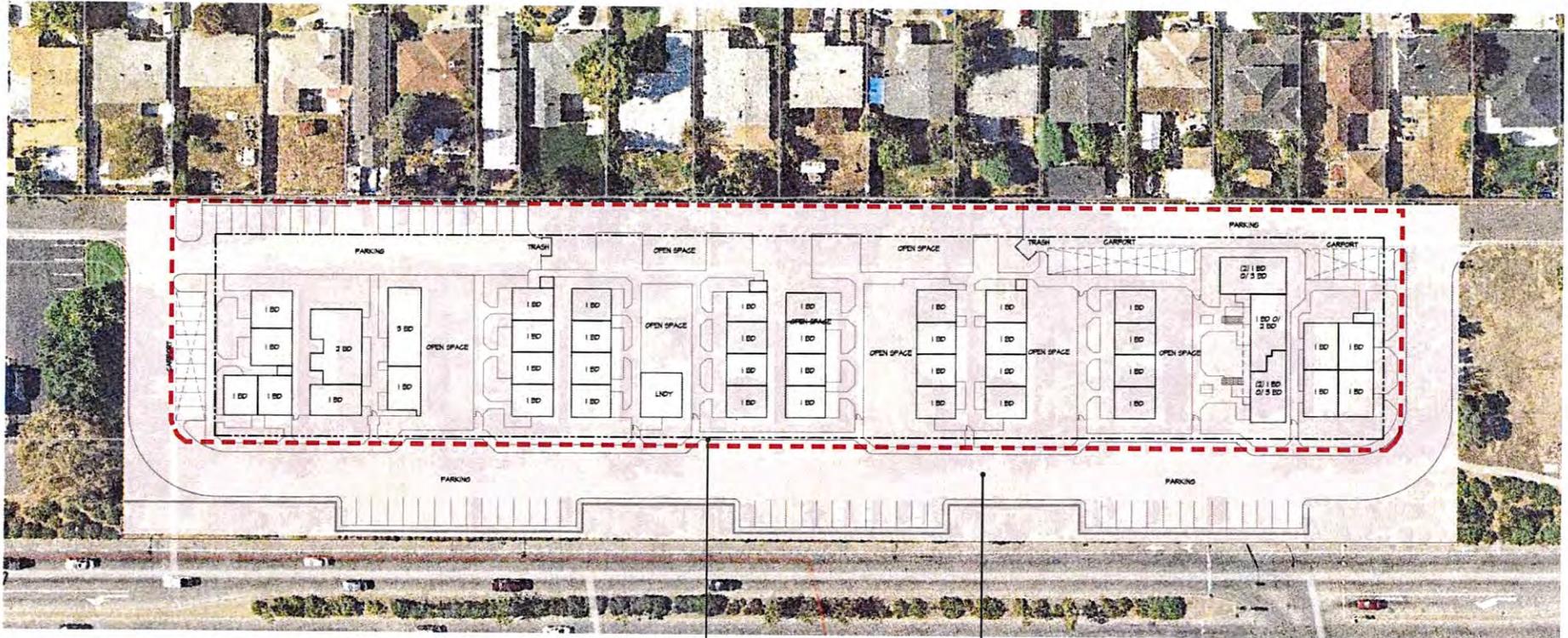
- This would be an improvement from the current condition
- Please take into consideration our privacy (our architect noted that the design is two and three stories and the three story portion of the building is sited as far from the single family homes as possible)
- Request for secured site
- Accessibility is important to seniors. They want to be able to request ground floor units or upper floors depending on their needs.

#### Future Outreach

As our plans progress, we will meet with our residents and check in with interested community members. We also plan to have a presentation to seniors at the Senior Center during lunch once we have incorporated feedback from our resident survey and have more material to get their input on.

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# Current Site Plan

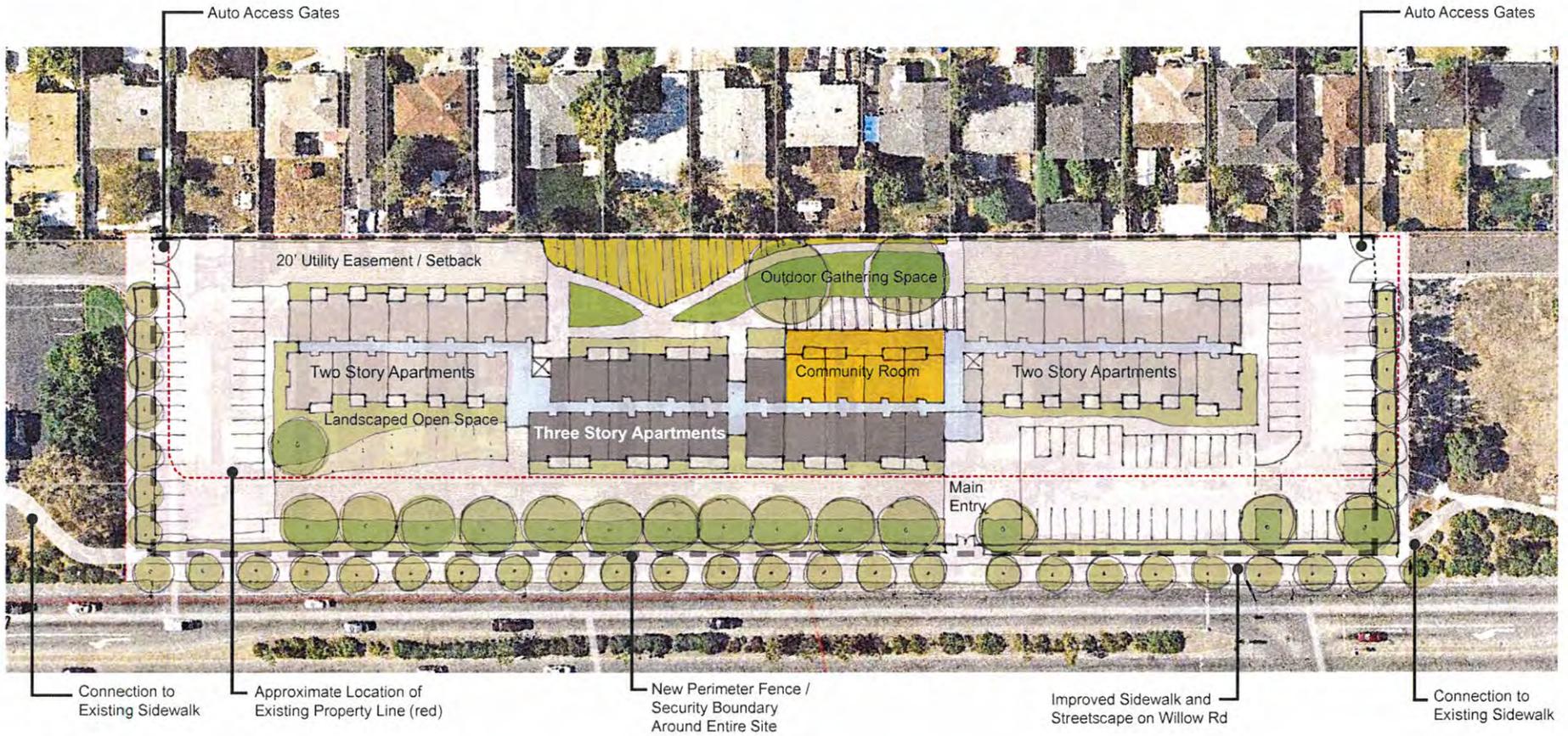


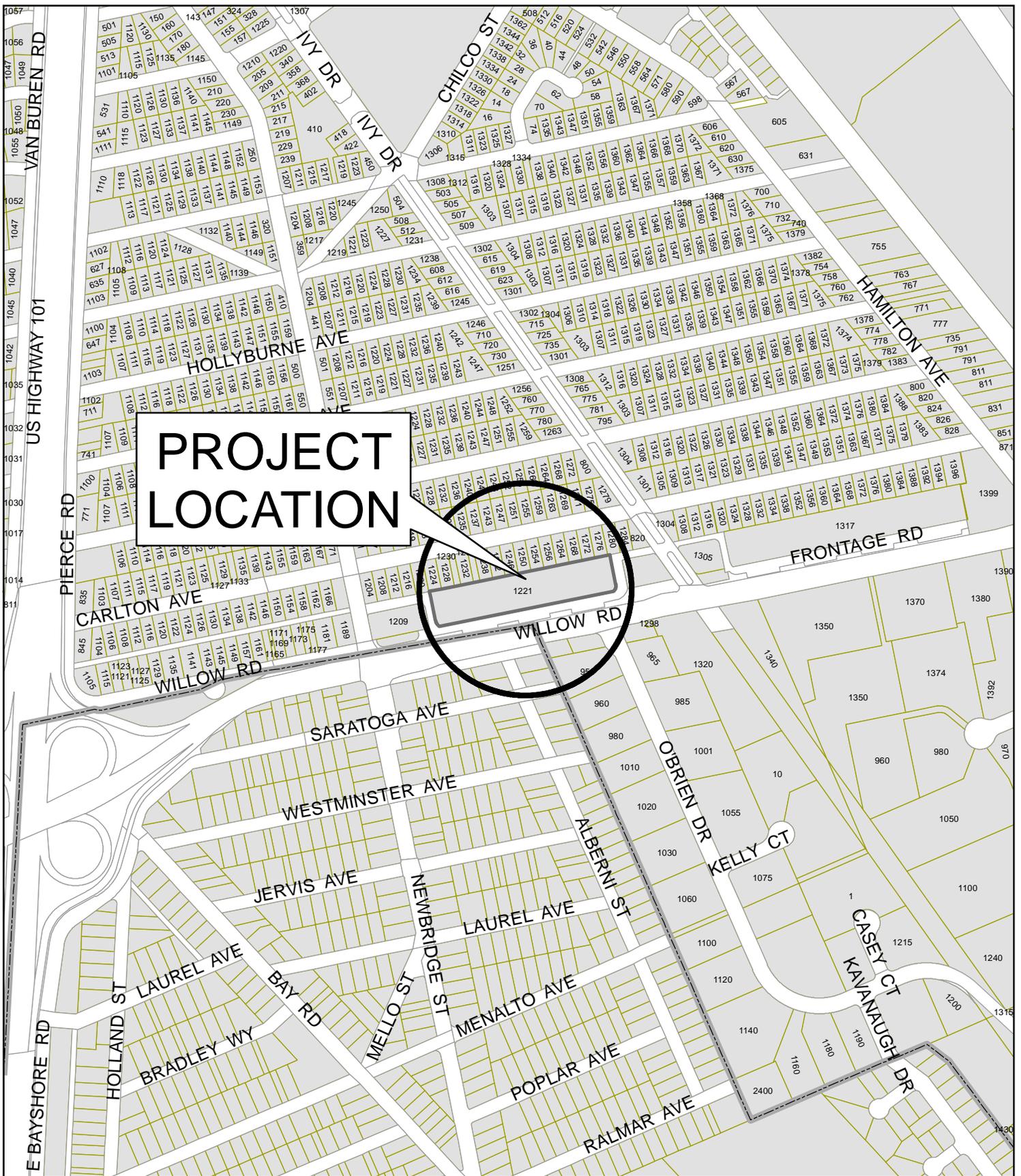
Note: Conceptual Illustration Only.

Existing Property Line

Existing Frontage Road

# Proposed Conceptual Site Plan





**PROJECT  
LOCATION**



# CITY OF MENLO PARK

## LOCATION MAP

1221, 1227, 1229, 1233, 1235, 1239, 1243,  
1247, 1253, 1255, 1263, 1271, 1275 WILLOW ROAD

DRAWN: EAS CHECKED: EAS DATE: 06/13/14 SCALE: 1" = 500' SHEET: 1



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