



# COMMUNITY SERVICES DEPARTMENT

Council Meeting Date: May 7, 2013  
Staff Report #: 13-081

Agenda Item #: F-2

**REGULAR BUSINESS:** Consider a Resolution Authorizing Preliminary Conditional Commitment of \$2.5 million from the Below Market Rate Fund for the CORE Affordable Housing Development at the Veteran's Administration Facility in Menlo Park

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## RECOMMENDATION

Staff recommends that the City Council commit to a preliminary, conditional allocation of \$2.5 million from the Below Market Rate (BMR) Housing Fund to support CORE Affordable Housing with the development of a 60-unit 100% affordable development located at the intersection of Willow Road and South Perimeter Road (700 block Willow Road) at the Veteran's Administration facility in Menlo Park.

## BACKGROUND

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

The BMR Housing Fund is comprised of commercial development in-lieu fees and has a balance of approximately \$6.3 million as of March 30, 2013. A summary of the fund balance as of March 30, 2013 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 Chapter 16.96 of the Zoning Ordinance. The BMR Housing Program Guidelines provide direction on the implementation of the program and use of the BMR Fund. Section 10.3 of the Guidelines lists 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 review by the Housing Commission and 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.

## **ANALYSIS**

The CORE project is envisioned as a 60-unit permanent multifamily housing development on a 2.011-acre site located near Willow Road and South Perimeter Road in Menlo Park (described as the 700 block of Willow Road). See location map, Attachment C. The site is one of the Housing Opportunity Sites identified in the Draft Housing Element. The proposed unit mix includes 54 studios and 6 one-bedroom units. The project would be 2 stories and a total of 40,000 square feet of gross floor area. The proposed project includes parking for 35 vehicles (see conceptual site plan, Attachment D). The proposed income mix is evenly distributed across unit types, and includes 7 units restricted to 30% Area Median Income (AMI) and 52 units restricted to 40% AMI. One unit is an “exempt” manager unit to be occupied by property staff.

Income restrictions and rental rate restrictions would apply to all 59 low-income units, consistent with applicable Tax Credit regulatory agreements. CORE proposes that tenant applications will be reviewed in order of ranking, based on the requirements of the contributing funding agencies to ensure compliance with the City’s BMR Guidelines. The proposal assumes approximately 11 Menlo Park Priority Units for which the BMR Fund Guidelines will supersede all other leasing preferences. Leasing protocol for these units is depicted in Attachment C, which is consistent with the City of Menlo Park’s BMR Fund Guidelines, Sections 7 and 11.

The project’s estimated cost is \$14,100,000 in hard and soft costs, excluding the value of the land contribution by the Department of Veterans Affairs which will be through a long-term ground lease. The current preliminary per unit costs are estimated at \$235,000/unit excluding land. These cost estimates are typical for developments of

similar scale in the South and West Bay Region. A recent survey of three similar developments in the South Bay and West Bay Region by CORE indicates that typical per-unit pro forma cost of \$210,000 and \$320,000, excluding land. CORE also states that according to a presentation by the California Tax Credit Allocation Committee (CTCAC) staff in 2011, tax credit developments in the South and West Bay Region are the most costly of all regions in the State, with a regional average cost of \$598,000 per unit for new construction in 2011, including land costs.

CORE also states that CTCAC continues to research and collect public comments to identify the contributing factors of higher regional costs for affordable housing. Some reasons cited in public hearings include: (a) prevailing wage requirements, (b) local plan check and impact fees, (c) higher standards and costs for design and materials in high-cost regions, (d) higher construction costs in infill locations, (e) lenders' underwriting requirements, (f) added cost of green building design, construction and certification, and (g) higher design costs associated with higher level of public scrutiny of low-income housing.

According to an appraisal obtained by the VA, the "highest-and-best-use" value of the VA land is \$13,200,000. The project is estimated to generate approximately \$11,000,000 in tax credits, depending on pricing and tax rates at time of sale. Given the estimated hard and soft project costs at \$14,100,000, this leaves a funding gap of \$3,100,000 necessary to make the project financially feasible. CORE is also seeking up to \$600,000 from San Mateo County leaving a \$2.5 million gap which staff is recommending the City of Menlo Park fill through the BMR program. The final structure of the soft loan from the City would be determined once the City's conditions (below) have been met and would return to Council for final approval.

This contribution translates into approximately 11 of the 59 low-income units. CORE has stated that these would be "Menlo Park Priority" units, for which the income-qualifying applicants who are Menlo Park residents/workers would get first-priority, ahead of any Veteran preference. All 59 BMR units would count toward the City's Regional Housing Needs Assessment (RHNA) requirements and would represent roughly 25% progress on the Very Low Income allotment of 233 units by 2022. The complete preliminary proposal from CORE is included as Attachment C.

## **IMPACT ON CITY RESOURCES**

Attachment A summarizes the current and anticipated future status of the BMR fund. The total balance includes \$2,202,969 available for Purchase Assistance (PAL) loans (however the program has been suspended due to elimination of Housing staff); \$996,000 remaining in the Neighborhood Stabilization Program (which staff also recommends eliminating based on lack of staff to administer the program and improving neighborhood conditions which eliminate the need for the program), and \$650,000 for Habitat for Humanity's Neighborhood Revitalization Program (NRP). A total of \$1,917,438 is not currently designated to a particular project or program bringing the total of currently available funds to \$6.96 million. Total liabilities include payments for

services to Palo Alto Housing Corporation (for administration of the BMR wait list and BMR sales) and Hello Housing (for management of the existing housing loan program) and the Habitat commitment previously approved by Council. This leaves a current approximate balance of available funds of \$6.3 million.

The anticipated BMR revenues from approved projects and future sale of BMR properties should yield an additional \$11.5 to \$16 million (depending upon whether Facebook builds units or pays fees) to meet the commitment previously made to prioritize the use of BMR funds for non-profit development of affordable workforce rental housing through the issuance of a Notice of Availability of Funds in the near future.

Although CORE's original request to the City was for \$3.1 million, that proposal did not include the \$600,000 anticipated from the San Mateo County HOME/CDBG fund. Staff recommends an initial commitment of \$2.5 million at this time which can be reconsidered following a final decision by the County on their total contribution, expected in June. Staff would return to Council with a final recommendation on the amount once conditions (below) are met.

## **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. This project is well-positioned given the exceptional public contribution of land valued at an estimated \$13,200,000. To finance these units in any other location in Menlo Park would require a similar level of subsidy for land acquisition. Comparable developments in other locations west of 101 where property values are higher would require a much greater subsidy.

The proposal from CORE is consistent with the City's BMR policy and guidelines as the current Development Plan includes income restrictions for 59 out of 60 units. Per the anticipated Low Income Housing Tax Credit Regulatory Agreements, tenants will not be accepted unless their household income levels are at or below 30% AMI for 7 of the units, and 40% AMI for the remaining 52 low-income units. CORE proposes designating 11 of the 59 low-income units as "Menlo Park Priority" Units. When available, these 11 units would be leased FIRST to income-qualifying applicants who live or work in Menlo Park. This pro rata share of units will be leased according to the City of Menlo Park's BMR Fund Guidelines, Sections 7 and 11, while maintaining compliance with all Fair Housing Law and Low Income Housing Tax Credit regulatory agreements.

Benefits of the project include the VA's willingness to make the site available for no cost; it provides permanent supportive housing to homeless and at-risk adults, particularly veterans, and helps meet a pressing and long-term need; it utilizes an opportunity site included in the draft Housing Element; and the \$2.5 million commitment of BMR funds to leverage a 60-unit affordable rental project is quite reasonable based on cost per unit. Additionally, CORE appears to have a suitable track record of development and operation of affordable rental housing and has identified a services

partner with a track record of providing supportive services to special needs households.

An additional benefit of the project to the community is the progress it would represent toward meeting RHNA goals with 59 units restricted to 30% and 40% AMI translating to more than 25% progress on the 233 Very Low Income units needed per the proposed Menlo Park RHNA for 2014-2022. Demonstrated progress on the City's RHNA allocation can position the City for a share of State funds for Congestion Management.

Staff recommends a preliminary, conditional approval of the funds based on this early stage of development and conditioned upon City review and approval of the following:

1. Completion of a satisfactory environmental review process;
2. A full financial pro forma that includes an estimate of sources and uses for each development phase – predevelopment, construction, and permanent financing;
3. A statement of operating income and expenses;
4. A long-term cash flow statement (at least 15 years, preferably 20-30 years);
5. A statement as to what supportive services will be provided and how they will be paid for;
6. An evaluation as to how the project, as proposed, will be competitive for low income housing tax credits.

Prior to full funding commitment, staff feels it is important for CORE to demonstrate that the proposed rents will be affordable to the target population. Besides requiring CORE secure the standard market study required for a future tax credit application, staff suggests the Council seek evidence that 30%-40% AMI rents are specifically affordable to their primary target population (i.e., veterans who are homeless or at risk of homelessness). In short, staff recommends preliminary, conditional commitment until CORE has completed environmental review and planning entitlements and more detailed financial plans supporting the financial feasibility of the project are submitted that demonstrate the amount of funding requested from the City is appropriate.

## **ENVIRONMENTAL REVIEW**

Since the City would be providing BMR funds to CORE, this project must comply with the requirements of the California Environmental Quality Act (CEQA). It is also subject to the National Environmental Protection Act (NEPA) because it is a project carried out, financed or approved in whole or in part by federal agencies.

In the event that a project requires both a CEQA EIR and a NEPA EIS, the lead agency shall, whenever possible, use the EIS as the EIR to avoid duplication. The CEQA Guidelines also provide for preparation of a joint EIR/EIS, which combines federal and state reports into a single document. Based on CEQA, a collaborative process where the federal, state and local approving agencies work together to create a document that satisfies both CEQA and NEPA (and uses the stricter requirement from either set of laws) is allowed.

The Department of Veterans Affairs has secured Dyson Environmental Management and Compliance (DEMC) consultants to manage the NEPA environmental assessment as well as the CEQA review. DEMC will use regulations and implementation procedures set forth by the Council and the VA in preparing the environmental review which will evaluate the potential environmental impacts of the project. Prior to a full funding commitment, the City Council would have to make required CEQA findings.

## **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. CORE Preliminary Proposal
- C. Resolution

Report prepared by:  
Starla Jerome-Robinson  
Assistant City Manager

**BELOW MARKET RATE HOUSING RESERVE  
FUND BALANCE and ANTICIPATED REVENUES  
as of 5/01/13**

**FUND BALANCE**

Designated for PAL Loans and available (not including loans receivable)	2,202,969
Designated for Neighborhood Stabilization Program Balance (recommend elimination)	996,000
Designated for Habitat for Humanity Neighborhood Revitalization (hold/not available)	650,000
Designated for Hamilton Housing Project (not needed -- sale in process)	57,815
Sale of 297 Terminal Ave	484,000
Sale of 1441 Almanor	295,000
Fees collected in FY 2012	365,274
Undesignated	1,917,438
 Current balance	 <b>6,968,496</b>
<b>less annual contracts with PAHC (\$35,250) and Hello Housing (\$12,000)</b>	<b>-47,250</b>
<b>less designation for Habitat for Humanity Neighborhood Revitalization</b>	<b>-650,000</b>
<b>Total currently available</b>	<b>6,271,246</b>

**ANTICIPATED BMR REVENUES FROM APPROVED and PENDING PROJECTS**

Sale of properties held (Hollyburne, Sage, Riordan) assume all BMR sales	893,201
Menlo Gateway	8,543,207
Laurel 6 Unit	180,000
Kelly Court	74,497
Facebook (option to provide 15 units)	4,507,291
Commonwealth	1,796,267
<b>TOTAL APPROVED PROJECT FUTURE REVENUES</b>	<b>\$15,994,472.00</b>

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# CORE affordable

April 29, 2013

Starla Jerome-Robinson  
Assistant City Manager  
701 Laurel Street, Menlo Park, CA 94025

Sent via email: [srobinson@menlopark.org](mailto:srobinson@menlopark.org)

RE: Updated Revised Proposal for Affordable Housing

Dear Ms. Jerome-Robinson,

Thank you again for your time and interest in evaluating the proposed 60-unit very low-income housing development on the VA Palo Alto Healthcare System's Menlo Park Division property.

As discussed in prior correspondence, we have requested a residual receipts loan from the City of Menlo Park's Below Market Rate Fund, in the amount of \$3,100,000. The purpose of this letter is to provide updated information since my last letter and proposal submitted to you on January 24, 2013. Additional information provided in this update includes:

- QUALIFICATIONS – Supplemental information regarding Core Affordable Housing's Qualifications
- BUDGET - Detailed Project Budget and updated Per Unit Calculations
- SITE DESIGN - Draft Conceptual Site Plan & Proposed Design Summary (including map and context, square footage, height, and parking)
- CEQA - Summary of the proposed CEQA-compliant environmental review
- TIMELINE – Proposed schedule of development

Core and its non-profit partner EHC LifeBuilders are extremely dedicated to bringing this project to fruition, and committed to ensuring it is a property that City's staff and residents are proud to have in their community for years to come. Ultimately, the units can be a testament to the City's commitment to promoting housing for the array of income levels in its community. All 59 low-income units could be counted as evidence of the City's progress in its Regional Housing Needs Allocation (RHNA) – roughly 25% progress on the Very Low Income allotment of 233 units by 2022.

This project presents an extremely unique and valuable opportunity for the City. As you are aware, below-market-rate units at the deepest affordability levels are the most challenging to finance, and also the most critical among Bay Area housing needs. This project, is

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uniquely well-positioned given the exceptional public donation of land that could otherwise fetch an estimated \$13,200,000. To finance these units in any other location in Menlo Park would require that a similar level of subsidy of land acquisition be made.

Thank you again for your time and consideration. We look forward to continuing discussions to help bring this project to fruition.

Yours truly,



Darci Palmer  
Assistant Project Manager  
Core Affordable Housing

408-292-7841 x42  
dpalmer@thecorecompanies.com

# CORE affordable

Update to Revised Proposal for Affordable Housing Development  
Location: 700 Block of Willow Road (corner of Willow Road and South Perimeter),  
Menlo Park

Submitted to City of Menlo Park  
Original Proposal: January 24, 2013

Update: April 29, 2013

Contact:  
Darci Palmer  
Core Affordable Housing  
408-292-7841 x42  
dpalmer@thecorecompanies.com  
**CORE AFFORDABLE HOUSING**

## Qualifications

The Core Companies ("Core") is a group of independent companies that includes an affordable housing development firm, a general contractor and a market-rate homes division. Core specializes in the development of medium and high-density infill projects. Core's reputation for reliability, accountability, integrity, and commitment to our residents and our funding partners is unsurpassed.

Core Affordable Housing, LLC, has developed 18 multifamily, affordable rental properties in the last 18 years, with 3 additional projects in the pipeline. Core remains intimately involved and committed to its properties throughout operations, acting as owner ensuring the properties' ongoing financial health, regulatory compliance, and physical maintenance. The company has extensive experience and expertise in the following areas:

- Land Assembly
- Selection of Consultants
- Site and Project Design
- Feasibility Analysis
- Process of Entitlements
- Construction Management
- Affordable Housing Finance
- Marketing and Lease Up

Though Core does have experience and expertise in asset management and property management, we do not manage our own rental communities "in house." We contract with reputable and qualified third party partners to manage our communities and provide services tailored to residents' needs. Examples of such third party property management and service providers include EAH Housing, Charities Housing, Related Companies, and EHC LifeBuilders.

## Project Summary

The project is envisioned as a 60-unit permanent multifamily housing development on a 2.011 acre site located near Willow Road and South Perimeter Road in Menlo Park. Unit mix includes 54 studios and 6 one-bedroom units. Income mix is evenly distributed across unit types, and includes 7 units restricted to 30% Area Median Income (AMI) and 52 units restricted to 40% AMI. One unit is an "exempt" manager unit to be occupied by property staff. Unit mix and affordability are summarized in **Table 1: Affordability / Unit Mix**.

Income restrictions and rental rate restrictions would apply to all 59 low-income units, consistent with applicable Tax Credit regulatory agreements. Tenant applications will be reviewed in order of ranking, based on the requirements of the contributing funding agencies. The primary mission of the project is to serve Veterans who are homeless or are at risk of homelessness. EHC LifeBuilders will provide in-house services to residents, tailored to individual needs, to promote health and self-sufficiency.

**Table 1: Affordability / Unit Mix**

UNIT TYPE	AMI DESIGNATION	UNIT QUANTITY	MAX INCOME	SQUARE FOOTAGE	MAX RENT Net of Utilities
Studio	30% ELI	6	\$ 22,170	500	\$527
1 Bedroom	30% ELI	1	\$ 25,320 (2ppl)	650	\$555
Studio	40% VLI	48	\$ 29,560	500	\$712
1 Bedroom	40% VLI	4	\$ 33,760 (2ppl)	650	\$753
1 Bedroom	Live-In Staff	1	\$ n/a	650	\$1,423
<b>Notes:</b>					
<ul style="list-style-type: none"> <li>• “AMI” stands for Area Median Income published annually by the California Department of Housing &amp; Community Development.</li> <li>• “ELI” stands for Extremely Low Income defined as below 30% Area Median Income;</li> <li>• “VLI” stands for Very Low Income defined as below 50% Area Median Income</li> </ul>					

### Development Budget

The project is estimated to cost approximately \$14,824,110 in hard and soft costs, excluding the value of the land contribution by the Department of Veterans Affairs. A complete project budget is provided in **Attachment A**. This increase in estimated project costs reflects additional costs assumed such as advanced green building, construction loan interest rates, and other financing costs. These costs translate to approximately \$247,000 per unit. Similar developments in the South Bay and West Bay Region have been estimated to cost between \$210,000 and \$320,000, excluding land, depending on design scrutiny, complexity of structural design, and amount of public review and impact fees.

According to a presentation by the California Tax Credit Allocation Committee (CTCAC) staff in 2011, tax credit developments in the South and West Bay Region are the most costly of all regions in the State, with a regional average cost of \$598,000 per unit for new construction in 2011, including land costs. CTCAC continues to research and collect public comments to identify the contributing factors of higher regional costs. Some reasons cited in public hearings include: (a) prevailing wage requirements, (b) local plan check and impact fees, (c) higher standards and costs for design and materials in high-cost regions, (d) higher construction costs in infill locations, (e) lenders’ underwriting requirements, (f) added cost of green building design, construction and certification, and (g) higher design costs associated with higher level of public scrutiny of low-income housing. This project is expected to include all of these factors.

Core’s internal process of development includes commitment to reducing costs while delivering the highest quality of affordable housing. If the City is interested in further explanation of anticipated project costs, we are available to address specific questions.

**Development Financing**

The land will be donated by the Department of Veteran's Affairs through a long-term ground lease. The "highest-and-best-use" value of the land is appraised at \$13,200,000 (See **Attachment B** for land appraisal summary). The project is estimated to generate approximately \$11,200,000 in tax credit equity, depending on pricing and tax rates at time of sale. Given the estimated hard and soft project costs estimated at \$14,824,110, and deferred developer fee of approximately \$324,110, this leaves a funding gap of \$3,300,000 necessary for financial feasibility. Typical sources for this type of gap include City and County lending programs.

Core has applied for a short-term predevelopment loan from HEART in the amount of \$700,000 and the Housing Trust of Silicon Valley for \$500,000. If secured, these funds would be used to develop building design, commission third party reports, pay financing and application fees, and secure a building permit. They would be repaid with permanent funding sources (i.e., tax credit equity or City loan), at start or completion of construction. Evidence of soft funding commitments from the City and the County would help significantly in closing these predevelopment loans.

In January 2013, Core was one of three applicants seeking the County of San Mateo for HOME/CDBG financing from the U.S. Department of Housing & Urban Development (HUD). Due to Federal sequestration, the County's anticipated funding availability for new construction such as this project is expected to be significantly less than previous years: possibly \$600,000 or less. Upcoming in June of 2013, the County's Housing & Community Development Committee (HCDC) is expected to determine which applicant will be awarded these funds. The most likely recipient is the applicant that can demonstrate evidence of local City funding commitment.

The County of San Mateo recently dedicated \$10,000 of "Boomerang Funds" to Housing. A Notice of Funding Availability and call for applications is expected in approximately June 2013. Core plans to apply for this funding if and when it becomes available and if there is still a financing gap for the project at that time.

**City of Menlo Park Funding Request & Consideration**

The developer is requesting a soft loan of \$3,100,000 from the City of Menlo Park. This amount represents approximately 22% of project's \$14,300,000 anticipated public funding sources. If we apply the 22% figure *pro rata* to the development's 59 low-income units, it yields 13 units available for "Menlo Park Priority," for which the BMR Fund Guideline's selection criteria would be in "first position," ahead of a preference for Veterans. The BMR Funds would not be allocated to the "other" units, per the City's guidance regarding use-restrictions on the City's funds. However, all 59 low-income units will create benefit to the City with respect to its Housing Element and RHNA "progress."

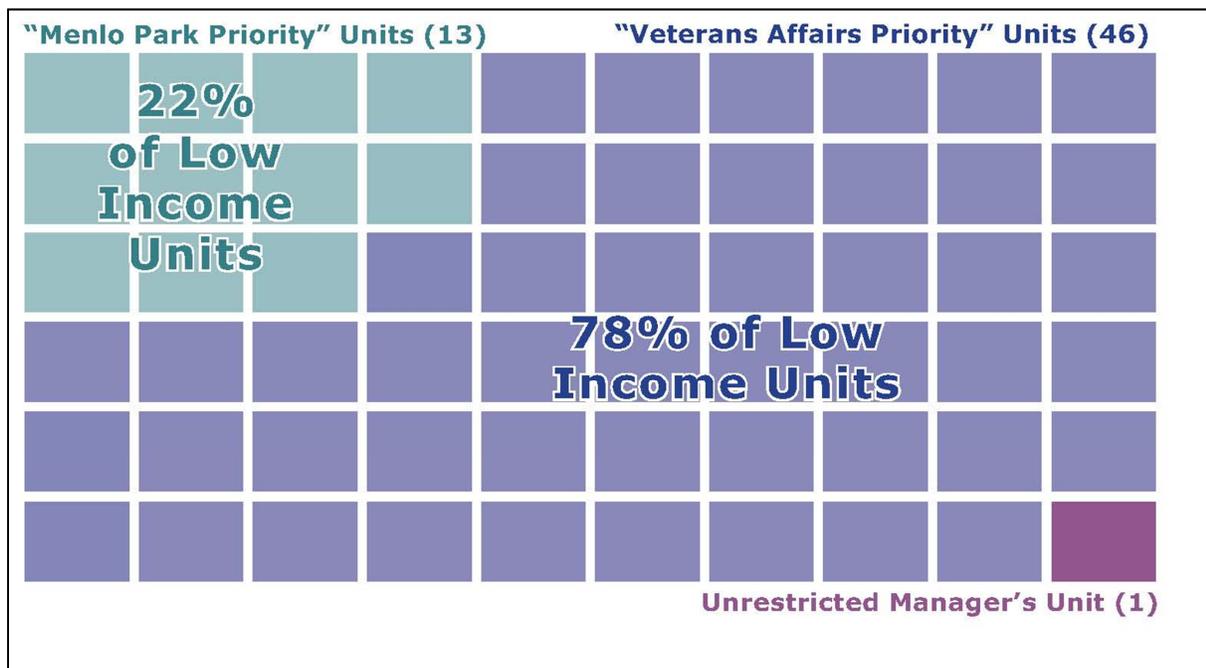
Refer to **Table 2: Proposed Project Funding & Segmentation of Units by Funding Source**, which provides the mathematical logic underlying the designation of Menlo Park Priority status to 13 of the low-income units. **Figure 1: Proportionality of Unit Type** depicts the two unit-type designations.

**Table 2: Proposed Project Funding & Segmentation of Units by Funding Source**

USES	ESTIMATED VALUE / COSTS		
Land Donation	\$ 13,200,000		
Hard & Soft Costs Excluding Land	\$ 14,824,110		
<b>TOTAL VALUE</b>	<b>\$ 18,024,110</b>		
PUBLIC FINANCING SOURCES		PERCENT OF PUBLIC CASH SOURCES	UNIT PROPORTION of 59 BMR Units
City of Menlo Park Loan Request	\$ 3,100,000	22%	13 units
Tax Credit Equity	\$ 11,200,000	78%	46 units
County of San Mateo (Unknown)	TBD	TBD	TBD
<b>Total</b>	<b>\$ 14,300,000</b>	<b>100%</b>	<b>(low-income) 59</b>

	PER UNIT SUBSIDY	PERCENT OF UNIT COST
City of Menlo Park Loan Request	\$ 51,667	21%

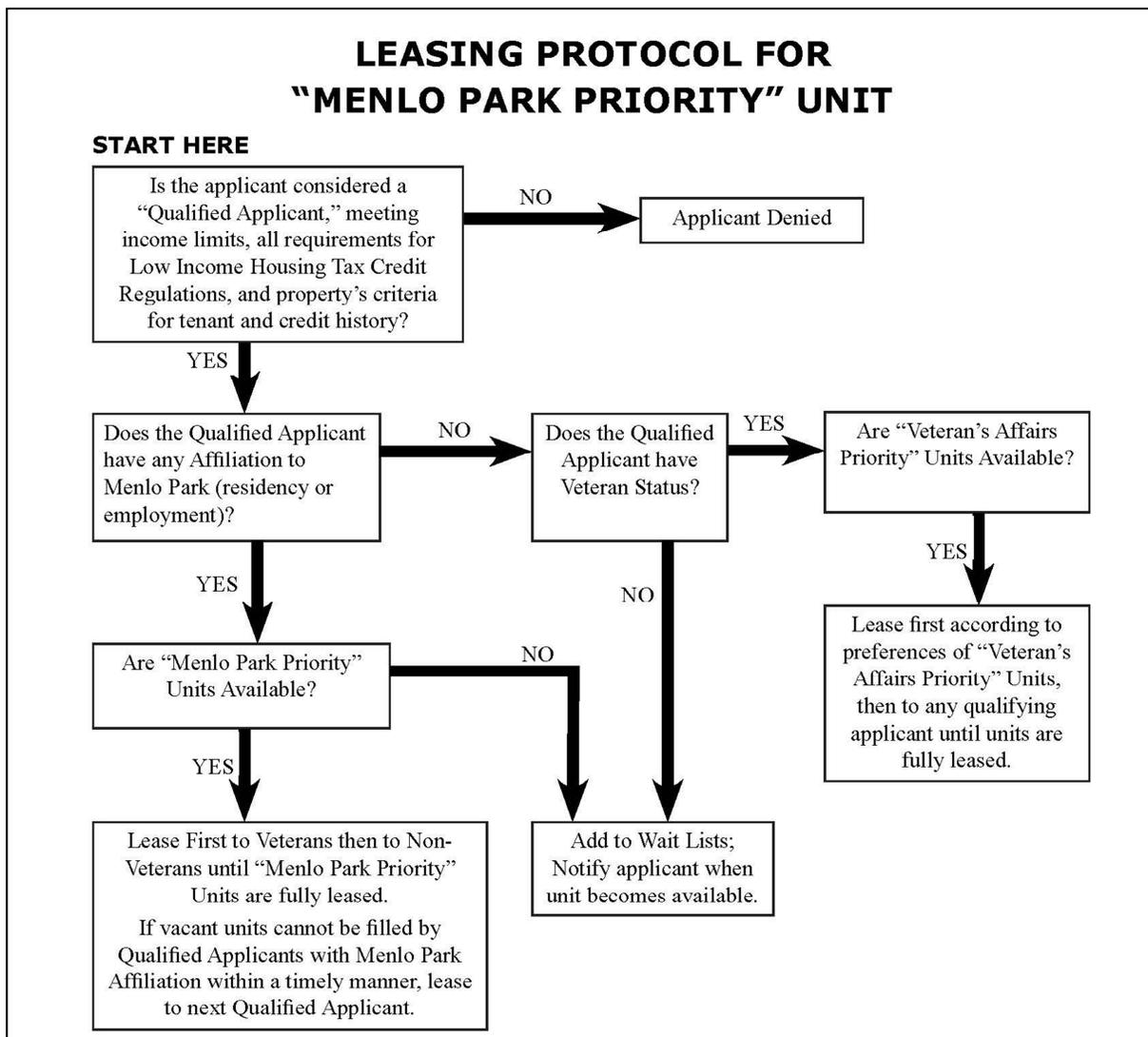
**Figure 1: Proportionality of Unit Type**



**Consistency with BMR Fund Guidelines**

This proposal assumes 13 Menlo Park Priority Units for which the BMR Fund Guidelines will supersede all other leasing preferences. Leasing protocol for these units is depicted in **Figure 2: Leasing Protocol**, as well as **Table 3: Tenant Selection Ranking for Menlo Park Priority Units**. The protocol described by **Figure 2** and **Table 3** are consistent with the City of Menlo Park’s BMR Fund Guidelines, Sections 7 and 11.

**Figure 2: Leasing Protocol**



**Table 3: Proposed Tenant Selection Ranking for Menlo Park Priority Units (13 of 59)**

Applicant Ranking	Came Via City of Menlo Park's Managed Waitlist	Income Qualifying for 40% AMI	Menlo Park Status	Veteran Status
First Priority	✓	✓	✓	✓
Second Priority	✓	✓	✓	✓
Third Priority	✓	✓	✓	
Fourth Priority		✓	✓	✓
Fifth Priority		✓	✓	✓
Sixth Priority		✓	✓	
Seventh Priority		✓		✓
Eighth Priority		✓		✓
Ninth Priority		✓		

**Municipal Benefits to City of Menlo Park:**

- **Regional Housing Needs Allocation**

59 units restricted to 30% and 40% AMI translates to more than 25% progress on the 233 Very Low Income units needed per the proposed Menlo Park Regional Housing Needs Allocation for 2014-2022. Demonstrated progress on the City's RHNA allocation can position the City for a share of State funds for Congestion Management.

- **Exceptional Land Subsidy by Federal Government**

The VA's contribution of land creates an extremely unique opportunity for provision of the highest-need and most challenging units. Comparable developments in the City of Menlo Park are estimated at Leverage BMR Fund against Federal land contribution for lower relative City subsidy.

- **Use of BMR Funds**

Pro rata share of low income units will be leased according to the City of Menlo Park's BMR Fund Guidelines, Sections 7 and 11, while maintaining compliance with all Fair Housing Law, Low Income Housing Tax Credit regulatory agreements, and the funding requirements of all other participants.

### Site Design

The site is located on South Perimeter Road, between Oak Avenue and Willow Road, on the Veterans Affairs campus located at 795 Willow Road in Menlo Park. **Figure 3: Site Context Maps** shows the proposed housing site location in the context of the Veterans Affairs campus and surrounding Menlo Park.

**Figure 3: Site Context Maps**



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Core is working with VTBS Architects and Underwood & Rosenblum Civil Engineers to develop a conceptual site plan that meets the needs of the Department of Veterans Affairs, the City of Menlo Park's R-4 and proposed R-4S design standards, and feedback from low-income Veterans of the population expected to lease. **Figure 4: Draft Conceptual Site Plan** is a preliminary design\* that is still undergoing review by multiple departments within Veterans Affairs.

Based on feedback from the staff of the Department of Veterans Affairs and the City of Menlo Park, priorities in site design include, in no particular order:

- Veterans Affairs Campus Requirements for Utility Access & Security
- City of Menlo Park Development Standards
- Tree Preservation
- Minimizing costs with respect to engineering and construction
- Pedestrian oriented design in relation to VA campus and Willow Road
- Resource efficiency and Green Building standards in design, construction, landscaping, and building operations
- Fire District access
- Architectural scale and style that is compatible with surrounding development
- Sufficient parking for residents and staff
- Avoid additional driveway cutout on Willow Road and mitigate potential circulation impacts on Willow Road

***\*It is important to be aware of the possible changes with respect to the Draft Conceptual Site Plan under consideration:***

- 1. The housing site's driveway access point may change to be located on South Perimeter Road instead of on Oak Avenue;**
- 2. The building footprint and parking lot may "swap" locations.**
- 3. Other changes based on future feedback from the VA, City of Menlo Park Public Works, Fire District, etc.**



## Building Design

The design is currently envisioned to be a 2-story Type V-A construction, wood frame building with 54 studio units at 500 sq. ft. and 6 one-bedroom units at 650 sq. ft., which will include a live-in staff manager's unit for a total of 60 units of apartments. Total building footprint is expected to be approximately 20,000 square feet on a 2.011 acre site. Total interior square footage is estimated at approximately 40,000, resulting in roughly 0.5 Floor Area Ratio.

Included in this rental community will be approximately 4,000 square feet of common area comprised of management and service offices, lobby and postal facilities, community and flexible-use space, a fitness studio, common laundry facilities, and all support facilities such as stairs, elevator, janitorial closets and utility rooms.

There will be 35 uncovered parking spaces provided on-grade with 60 secured bike parking stalls. Care will be taken in the design of the project to preserve the existing redwood and oak trees to the greatest extent feasible. Common outdoor space will be provided in a secured area with easy access from the building for residents to enjoy the outdoors in a private or group setting.

Preliminary discussions regarding architectural style of the project have suggested creating a Spanish style design or similar variation. Sample styles under consideration are shown in **Figure 5: Spanish Architectural Style Samples**.

**Figure 5: Spanish Architectural Style Samples**



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## Environmental Review

Before executing a long term ground lease with Core for the proposed housing development, the Department of Veterans Affairs (VA) is required to undergo an environmental review consistent with the National Environmental Policy Act (NEPA). The VA has secured Dyson Environmental Management and Compliance (DEMC) consultants to manage the NEPA Environmental Assessment as well as the California Environmental Quality Act (CEQA) review, in anticipation of City financing and CEQA requirements. DEMC's proposed scope of work and qualifications are provided as **Attachment C**.

DEMC will use the regulations and implementation procedures set forth by the Council on Environmental Quality and the VA, as well as the CEQA implementing procedures of the to develop an internal draft EA/Initial Study (EA/IS). The EA/IS will be written so that the general public can easily understand the potential environmental impacts. The proposed internal draft EA/IS will evaluate the environmental impacts (both positive and negative) of construction of housing VA-owned property with preference for Veterans. DEMC will prepare the draft Finding of No Significant Impact/Notice of Determination (NoD), upon receipt from direction from the VA/Menlo Park that no further investigation required.

DEMC will then provide a draft Notice of Availability (NoA)/Notice of Determination (NoD) to VA and the Menlo Park staff for review and comment. Upon approval from VA and Menlo Park, DEMC will ensure the publication of the NoA for the draft EA/IS and FONSI/Notice of Determination (NoD) in a daily local newspaper. A legal affidavit will be obtained from the newspaper providing proof of publication and availability. This will begin the 30-day public notice period.

DEMC will prepare written responses to any public comments received and forward to VA and Menlo Park staff for review and approval. Presuming these comments / responses are minor in nature, DEMC will incorporate comments from the public comment period into the Final EA/IS and FONSI/NoD. San Mateo County Clerk will be provided the Final EA/IS and FONSI/NoD.

## Timeline

The pace of development depends most significantly on preliminary commitment of local soft financing such as that by the City of Menlo Park and/or County of San Mateo, and the design review and approval process by various stakeholders. Once financing is secured, design review, approvals, third party reports (such as market study, environmental review, etc.) can be developed to prepare for a tax credit application. Construction is expected to start within 6 months of an award of tax credits.

The current timeline is summarized in **Table 4: Tentative Development Schedule**.

**Table 4:** *Development Schedule*

Milestone	Approximate Date	Completed
Site Control	12/26/2011	X
Apply for Financing	ongoing	ongoing
Zoning Agreement Between Lessee and Local Authorities	8/1/2012	X
Conceptual Plan Drafted	12/22/2012	X
All Soft Financing Commitments in Place	6/15/2013	
Environmental Reviews and NEPA FONSI (led by VA)	6/15/2013	
Site Design and Stakeholder Outreach/Planning Permit	7/15/2013	
Admit Non-Profit Managing General Partner & Select Property Management Agent	7/15/2013	
Financing Commitment Letters (LIHTC Equity Investor LOI and Soft Loan Commitments)	2/1/2014	
Finance Closing & Construction Start	12/1/2014	
Begin Lease-Up & Operations	5/1/2016	

**ATTACHMENTS****Attachment A** – Development Budget**Attachment B** – Veterans Affairs Land Appraisal Summary**Attachment C** – DEMC Environmental Consultant Scope and Qualifications

**Attachment A** – Development Budget

470 South Market Street / San Jose, CA 95113 / Tel: 408.292.7841 / Fax: 408.292.0339

**WILLOW HOUSING LP****2.011 Acres, 60 units, 100% Affordable****Located near intersection of Willow Road & South Perimeter Road in Menlo Park**

USES	CONSTRUCTION (including predev)	STABILIZATION/ CONSTRUCTION LOAN PAY-OFF	TOTAL PROJECT	ELIGIBLE BASIS ESTIMATES
<b>LAND</b>				
Ground Lease	75		75	-
Demolition	43,821		43,821	-
Relocation (Not Applicable)	-		-	-
Title & Recording	65,000		65,000	-
<b>NEW CONSTRUCTION</b>				
Sitework	849,315		849,315	849,315
Offsite Improvements	101,770		101,770	101,770
Structures	6,958,174		6,958,174	6,958,174
Contractor Overhead	158,740		158,740	158,740
General Requirements	449,263		449,263	449,263
Contractor Profit	485,744		485,744	485,744
Bond Premium (P&P)	64,644		64,644	64,644
GL Insurance (Owner & Builder & First Year Operations)	475,000		475,000	463,000
Construction Contingency	300,000		300,000	300,000
<b>ARCHITECTURE &amp; DESIGN</b>				
Architecture	215,253		215,253	215,253
Engineering & Other Design	579,500		579,500	579,500
Environmental Audit	5,500		5,500	5,500
Project Administration	40,000		40,000	40,000
<b>FINANCING COSTS</b>				
Origination & Other Loan Fees	218,984		218,984	50,000
Lender Inspection Fees	22,500		22,500	22,500
Predevelopment Interest	75,000		75,000	37,500
Construction Interest (4.2% rate for 14-month construction period Libor 0.2% + Spread 2.5% + Cushion 1.5% = 4.2% Rate)	235,053		235,053	235,053
<b>LEGAL &amp; ACCOUNTING</b>				
Borrower Legal	255,000		255,000	125,000
Investor Due Diligence	50,000		50,000	-
Accounting/Finance Consultant/Reimbursables	135,000		135,000	135,000
<b>OTHER PROJECT COSTS</b>				
Furnishings	150,000		150,000	150,000
Permit Processing Fees	284,203		284,203	284,203
Local Development Impact Fees	139,446		139,446	139,446
Market Study	8,000		8,000	-
Appraisal	8,000		8,000	8,000
Marketing	75,000		75,000	-
Soft Cost Contingency	144,939		144,939	144,939
TCAC Fees	94,360	24,190	118,550	-
Taxes During Construction	16,000		16,000	-
Operating Reserve	-	96,636	96,636	-
<b>DEVELOPER FEE</b>				
Developer Overhead/Profit	350,000	1,650,000	2,000,000	1,400,000
<b>TOTAL PROJECT COSTS</b>	<b>13,053,284</b>	<b>1,770,826</b>	<b>14,824,110</b>	<b>13,402,544</b>
<b>SOURCES</b>				
<b>TAX CREDIT EQUITY</b>	<b>2,373,284</b>	<b>8,826,716</b>	<b>11,200,000</b>	
Percent of Total Equity	21%	79%		
Construction Loan	7,380,000	(7,380,000)		
<b>PUBLIC SOURCES TBD</b>				
City of Menlo Park BMR Fund	TBD	0	TBD	
County of San Mateo HOME/CDBG	TBD	0	TBD	
Subtotal	3,300,000	0	3,300,000	
<b>DEFERRED DEVELOPER FEE</b>		<b>324,110</b>	<b>324,110</b>	
<b>TOTAL SOURCES</b>	<b>13,053,284</b>	<b>1,770,827</b>	<b>14,824,110</b>	

**Attachment B** – Veterans Affairs Land Appraisal Summary

470 South Market Street / San Jose, CA 95113 / Tel: 408.292.7841 / Fax: 408.292.0339



DEPARTMENT OF VETERANS AFFAIRS  
WASHINGTON DC 20420

**MAR 12 2013**

Darci Palmer  
CORE Affordable Housing  
470 S. Market Street  
San Jose, CA 95113

Re: Fair Market Value of Enhanced-Use Lease Parcel, Veterans Affairs Palo Alto Health Care System, Menlo Park Division

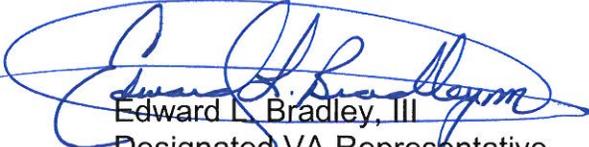
Dear Ms. Palmer,

The purpose of this letter is to provide supporting documentation for Willow Housing Limited Partnership's (Willow, L.P.'s) application for funding via the County of San Mateo Notice of Funding Availability for HOME/CDBG funding.

The Department of Veterans Affairs (VA) is in possession of a Real Estate Market Value Appraisal Report of the subject property – the same property in which Willow, L.P. has a leasehold interest, pursuant to an Enhanced-Use Lease agreement executed between Willow, L.P. and VA on December 27, 2011. The Appraisal Report was prepared for VA by Craig Owyang Real Estate, in conformity with the Uniform Appraisal Standards for Federal Land Acquisitions.

The aforementioned appraisal found that the land value of the subject property, as of February 22, 2012, is **\$13,200,000.00**.

Sincerely,

  
Edward L. Bradley, III  
Designated VA Representative

**Attachment C** – DEMC Environmental Consultant Scope and Qualifications

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## Scope of Work

### Preparation of the Draft EA and FONSI/Initial Study and Negative Declaration

DEMC will use the regulations and implementation procedures set forth by the Council on Environmental Quality and the Department of Veterans Affairs (VA), as well as the implementing procedures of the California Environmental Quality Act (CEQA) to develop an internal draft EA/Initial Study (EA/IS). The EA/IS will be written so that the general public can easily understand the potential environmental impacts.

The proposed internal draft EA/IS will evaluate the environmental impacts (both positive and negative) of construction of housing for veterans on VA-owned property. The aspects that will be evaluated include, but are not limited to:

- Purpose and Need of the proposed project
- Description of Alternatives
- Affected Environment
  - Aesthetics
  - Air Quality
  - Community Services
  - Cultural Resources
  - Economic Activity
  - Floodplains and Wetlands
  - Geology and Soils
  - Hydrology and Water Quality
  - Land Use
  - Noise
  - Potential for Generating Substantial Controversy
  - Real Property
  - Solid and Hazardous Waste
  - Transportation and Parking
  - Utilities
  - Vegetation and Wildlife
- Environmental Impacts of Construction and Operation
- Cumulative Impacts
- Regulatory Compliance
- Mitigation measures for any significant effects
- Consistency with existing local jurisdiction plans and policies, and
- Names of parties responsible for preparation

DEMC will prepare the draft Finding of No Significant Impact/Notice of Determination (NoD), upon receipt from direction from the VA/Menlo Park that no further investigation required.

The FONSI/NoD will include the following information:

- Name, locations, and brief description of the project.

- Date of approval.
- The VA's and Menlo Park Commissioners conclusion on whether project as approved will have significant effects on the environment.
- Findings regarding mitigation of significant environmental impacts, any statement of overriding considerations adopted, and any mitigation measures adopted upon which project approval is conditioned.
- Statement that the negative declaration was prepared and certified or adopted pursuant to NEPA and CEQA, and
- Location where the negative declaration and record of project approval are available for review.

### Notice of Availability

DEMC will provide a draft Notice of Availability (NoA)/Notice of Determination (NoD) to VA and the Menlo Park Commissioners for review and comment. Upon approval from VA and Menlo Park, DEMC will ensure the publication of the NoA for the draft EA/IS and FONSI/Notice of Determination (NoD) in a daily local newspaper. A legal affidavit will be obtained from the newspaper providing proof of publication and availability. This will begin the 30-day public notice period.

### Preparation of the Final EA/IS and FONSI/ND

DEMC will prepare written responses to any public comments received and forward to VA and Menlo Park Commissioners for review and approval. Presuming these comments / responses are minor in nature, DEMC will incorporate comments from the public comment period into the Final EA/IS and FONSI/NoD.

San Mateo County Clerk will be provided the Final EA/IS and FONSI/NoD.

### **Qualifications**

Emily Dyson, CEO of Dyson Environmental Management and Compliance (DEMC) has over 23 years of National Environmental Policy Act and California Environmental Quality Act experience. Ms. Dyson has been responsible for the development of NEPA documents for the Department of Veterans Affairs, the U.S. Marine Corp, the U.S. Postal Service, the U.S. Department of Energy, the U.S. Air Force, and the U.S. National Park Service. Ms. Dyson's CEQA experience was gained while developing combined NEPA/CEQA documentation for the Stanford Linear Accelerator project, the Loma Linda Medical Center, Berkeley National Laboratory and Lawrence Livermore National Laboratory with the Department of Energy.

Mr. Fred Carey, P.E., of Potomac Hudson Engineering (PHE) (DEMC Subcontractor for this project) has experience with combined NEPA/CEQA documentation as well. PHE will provide assistance in the areas of traffic, cultural resources and socio-economic impacts, as well as ensuring that all documentation has adequately addressed the CEQA requirements.

Their resumes are attached.



Emily F. Dyson  
CEO/Senior Scientist

### *Profile*

Ms. Dyson has over 23 years of professional experience in environmental management with Federal, State and local governments, as well as with industrial clients. In addition, Ms. Dyson has performed in the “Doer/Seller” role for the past nine years. She has been and continues to be responsible for marketing and sales, as well as providing technical services to a variety of clients.

### *Education*

B.S., 1989, Environmental Sciences. State University of New York, College of Environmental Science and Forestry at Syracuse University.

### *Training and Certifications*

- ASTM Phase I – II Environmental Site Assessments for Commercial Real Estate
- Wetland Training Institute – Wetland Delineator Certificate, 2006
- SHA Yellow Card – Erosion and Sediment Control Certification / 10-321 (current)
- MDE Green Card – Erosion and Sediment Control Certification / 48345 (current)

### *Experience*

Dyson Environmental Management and Compliance, Mt. Airy, Maryland  
Chief Executive Officer and Senior Scientist. May 2012 – present

- Responsible for the Entsorga WV/Chemtex International Solid Refuse Fuel facility environmental permitting, project management and coordination.
- Responsible for the development of National Environmental Policy Act (and California Environmental Quality Act, as applicable) Environmental Assessments for the Department of Veteran’s Affairs under the Enhanced Use Lease program. Locations of the proposed actions are Nebraska, Illinois, Virginia, California and Washington.
- Responsible for development an audit program for evaluating Treatment, Storage and Disposal Facilities for the Maryland Department of Transportation Port Administration.

Spectrum Environmental Sciences, Inc., Frederick, Maryland  
Manager – General Environmental Programs. February, 2002 – May 2012

- Managed over 200 contracts and tasks ranging in cost between \$1,000 and \$500,000. All projects were managed to within budget and with high client satisfaction.

- Extensive experience with multimedia environmental auditing and facility compliance. Managed and conducted over 100 multimedia environmental audits in the last five years.
- Responsible for all marketing activities associated with State of Maryland contracts and industrial clients for issues concerning waste and water permitting, National Environmental Policy Act documentation development, and multimedia environmental compliance.
- Developed marketing strategies and implemented marketing plans to increase State of Maryland contracts. Increased number and value of State contracts for the company through networking and diligence in pursuing opportunities.
- Managed and was the lead developer for Spectrum Environmental Sciences, Inc. (as a subcontractor to Anchor QEA) for the Maryland Motor Vehicle Administration (MVA) Compliance Focused Environmental Management System. Worked closely with MVA employees and other contractors to conduct a Gap Analysis, develop Environmental Standard Operating Procedures, and develop an overall system that would meet the MVA's needs without being cumbersome.
- Lead auditor and technical expert for multimedia environmental audits for five Maryland Department of Transportation Administrations (MAA, MVA, MDOT Headquarters, MdTA, and MPA). To be the lead auditor, Ms. Dyson had to be approved by the US Environmental Protection Agency – Region 3, as these audits were conducted under a US EPA/MDOT Voluntary Disclosure Agreement.
- Extensive experience with industrial environmental management requirements, reporting, monitoring, and recordkeeping. Provided environmental management support to the explosives industry, cement industry, chemical manufacturing, waste management, and plastics manufacturing.
- Provided on-site environmental management for several clients. The clients requested Ms. Dyson's presence on-site when difficult environmental compliance issues were identified and cost-effective, common sense corrective actions were required. Ms. Dyson was able to develop alternative corrective actions that were cost effective and long-term viable solutions that would meet the regulatory requirements without adding undue costs and regulatory requirements.
- Responsible for obtaining approximately 20 National Pollutant Discharge Elimination System (NPDES) General Industrial Discharge Permits and NPDES Construction Storm Water Permits. This included the development of facility Storm Water Pollution Prevention Plans (SWPPP) and the associated required training. Many of the SWPPP included the development of Environmental Operating Procedures that were later incorporated into an Environmental Management System.

- Responsible for the development of EMSs for industrial and government entities. Many of the EMSs were developed to meet the needs of a client to implement Systems that remain a living system vs. a document that sits on a shelf. These systems were developed to be useful checklists and procedures and could be used daily onsite. Although many of these EMSs are not third party certified, they meet the requirements of an EMS and would meet and/or exceed the expectations of a regulatory agency review.

Roy F. Weston/Weston Solutions, Rockville, Maryland

Senior Environmental Scientist – February 1990 – February 2002

- Provided environmental policy and regulatory review for the US Department of Energy, Office of Science, as well as the Office of Environmental Restoration. These were both five year contracts. Support on these contracts included National Environmental Policy Act documentation, environmental restoration, program management for sites in Oak Ridge, Tennessee, Hanford, Washington, Berkeley National Laboratory, Lawrence Livermore National Laboratory and Stanford National Accelerator in California and Savannah River, Georgia. For projects located in California, Ms. Dyson was responsible for ensuring that all documentation met the requirements of the California Environmental Quality Act (CEQA) and that all proper coordination with local authorities were completed.
- Managed and developed National Environmental Policy Act Environmental Assessments and Environmental Impact Statements for the U.S. Department of Natural Resources National Park Service, U.S. Marine Corp, U.S. Postal Service and the U.S. Department of Energy. Recognized by the Department of Energy for NEPA Excellence in 2000 and 2001.
- Participated in the Weston Customer Service Managers training. This provided an opportunity to learn marketing techniques, project management skills, and corporate costing and accounting. Only six individuals per year were selected, company-wide, for participation in the program.



**Fred Carey, P.E.**  
*Principal*

**EDUCATION**

B.S., Civil Engineering, University of Maryland, 1992  
M.S., Environmental Engineering, The Johns Hopkins University, 1997

**PROFESSIONAL REGISTRATIONS**

Professional Engineer, Maryland (License No. 24860)

**PROFESSIONAL EXPERIENCE**

Mr. Carey is a principal of PHE, with 18 years of experience preparing and managing environmental studies and documents for a variety of projects and actions. He has served in management roles on four power plant specific projects including the FutureGen Environmental Impact Statement (EIS). Each of these projects included detailed analysis of potential impacts to the human and natural environment related to the siting and operation of a power plant. He has continually demonstrated his ability to ensure high-quality analysis while meeting schedule requirements. In his professional career, he has managed over 40 environmental analysis projects across the country.

**REPRESENTATIVE PROJECTS**

**Environmental Impact Statement (EIS) and Environmental Impact Report (EIR) for a Proposed 1.5 Million square-foot Juvenile Justice Campus, Fresno, CA.** This project was under an extremely tight schedule in order for Fresno County to maintain eligibility for a state/federal grant award. In addition, the project was subject to both NEPA and CEQA (California's NEPA Equivalent) and needed to satisfy the requirements of both laws. The project included the detailed evaluation of three privately owned alternative sites (approximately 200 acres each). Mr. Carey served key roles in interacting with regulatory agencies (e.g., Caltrans) and managing internal agency reviews including the CA Board of Corrections and U.S. Department of Justice. The project had several difficult technical aspects including the siting of water (up to 300,000 gpd withdrawal) and wastewater treatment systems, completion of detailed Traffic Impact Studies (TIS), severe non-attainment air quality concerns, and proposed controversial land uses. The TIS assessed the need for a new state highway interchange for the preferred site. Critical to this analysis was a comprehensive understanding of the phasing associated with the master plan build-out. Despite the aggressive time frame under which the EIS/EIR was completed, the USEPA commented that they *"found the Draft EIS to be of very high quality."* Mr. Carey was able to quickly mobilize the project team and complete the PDEIS/EIR within six months of award. As the PM, he also served as the principal speaker and moderator for the Public Scoping and Information meetings, and drafted public announcements. He was very successful in cost control, and no change orders or cost adjustments were required or issued on the project. In evidence of this fact, the client made the following statement in a thank you letter: *"Your ability to stay within budget confirms your commitment to provide high quality cost-effective environmental consulting services."*

**Environmental Assessment (EA) of the Next-Generation Currency, U.S. Department of the Treasury, Bureau of Engraving and Printing (BEP), Washington DC and Fort Worth, Texas.** Project Manager for a Programmatic EA for implementing the Next Generation of currency. The EA included the evaluation of the addition of offset printing processes to existing intaglio printing BEP



facilities in order to add color to U.S. Currency. In addition, the introduction of new security features, such as nylon threads to the currency paper were evaluated.

**U.S. DOJ, Nation-wide NEPA Support.** Mr. Carey prepared EAs and EISs in support of planning for maximum security prisons being constructed across the U.S., including sites in AL, CA, KS, GA, NM, PR, RI, and WV. For the facility in California, a combined NEPA/CEQA document was prepared to address the regulations and requirements of both agencies. Key issues on these actions included lighting, noise, traffic, cultural resources, biological resources, utilities, and public objections. Under this contract he consistently met project deadlines and budgets. A thank you letter from one of the clients for this contract stated, “...we perceived the NEPA process as another daunting step. However, your exceptional skill and professionalism streamlined the process to such a degree as to effectively remove the responsibility from our hands...”

**FutureGen Project Environmental Impact Statement (EIS).** Principal-in-Charge for the FutureGen Project EIS; a \$1 billion, 10-year demonstration project for the world’s first coal-based, near-zero-emissions electricity and hydrogen power plant. The EIS presented the analysis and evaluation of the potential environmental impacts resulting from constructing and operating the power plant to achieve near-zero-emissions by sequestering CO<sub>2</sub> underground in deep geological reservoirs. Two sites in Illinois and two sites in Texas were evaluated in the EIS. This very aggressive one-year EIS is in response to the FutureGen Initiative announced by President Bush in February 2003.

**Yucca Mountain Rail Line Environmental Impact Statement (EIS).** Mr. Carey provided principal oversight for the Department of Energy’s (DOE’s) Office of Civilian Radioactive Waste Management (OCRWM) on the preparation of an EIS and supporting studies for a high-profile and controversial Federal waste transportation proposal. DOE’s proposed action included the construction and operation of a railroad in the State of Nevada, used to transport high level radioactive waste and spent nuclear fuel (from generator sites nationwide) between existing rail connection points and a proposed geologic repository at Yucca Mountain, Nevada. The EIS is also intended to provide the Bureau of Land Management with a basis to determine whether to transfer jurisdiction and use of the lands to DOE for purposes of constructing and operating the railroad, and to provide the Surface Transportation Board with a basis to determine whether to grant common-carrier status to the railroad. Key issues included public health and safety, nuclear waste management, rail transportation, grazing and public land access, cultural resources, Native American consultation, and water resources.

**U.S. Department of Energy (DOE) Electric Drive Vehicle Battery and Component Manufacturing Initiative Project, EAs, Nationwide, 2009 – Present.** Mr. Carey served as the lead for conducting site visits and evaluating industrial processes for four EAs related to advanced battery manufacturing projects. PHE is preparing eight EAs for DOE to assess the potential for environmental impacts resulting from DOE’s participation in a cooperative agreement with proponents to manufacture batteries for use in electric drive vehicles (EDVs). DOE intends to accelerate the development and production of various EDV systems by increasing domestic manufacturing capacity for advanced automotive batteries, their components, recycling facilities, and EDV components that will enable market introduction of various electric vehicle technologies by lowering the cost of battery packs, batteries, and electric propulsion systems for EDVs through high-volume manufacturing. DOE would provide approximately 50 to 75 percent of the funding for approved projects to construct, renovate, or upgrade operations to support the production of batteries for use in EDVs. The projects would meet the objectives of the American Recovery and Reinvestment Act of 2009, by creating and preserving jobs. PHE evaluated documents provided by each site proponent, reviewed existing environmental permits, conducted site visits to



ascertain existing conditions, conducted online database reviews, and evaluated potential impacts on the natural, physical, cultural, and human environment. PHE prepared an EA for each project and coordinated the publication of each EA in local newspapers for public comment. PHE also distributed the EAs to interested parties, including the EPA, USFWS, SHPO, state agencies, and state and local representatives.

**Site-Wide EIS for the Nevada Test Site and Offsite Locations, Nevada.** Mr. Carey provided principal oversight for the preparation of a new Site-Wide Environmental Impact Statement (SWEIS) addressing the Nevada Test Site (NTS) and other National Nuclear Security Administration (NNSA) facilities and operations in Nevada. The NTS SWEIS will support NNSA decisions regarding the continued operation of NTS and associated offsite Nevada activities for the next 10 years.

**Algenol Biofuels Inc. Proposed Integrated Biorefinery for Producing Ethanol from Hybrid Algae, Freeport, Texas EA (2010-present).** Principal-in-Charge of an EA for a pilot-scale integrated biorefinery that would produce ethanol directly from carbon dioxide and seawater using hybrid algae. DOE is proposing to provide federal funding under the *American Recovery and Reinvestment Act of 2009* to Algenol Biofuels Inc. to support the construction and operation of the biorefinery, which would be located on Dow Chemical Company property in Freeport, Texas. The proposed project site would comprise approximately 17 acres of undeveloped land. A proposed location in Fort Myers, Florida is also being considered and is analyzed in the EA as a back-up site option. The purpose of the project is to refine systems, equipment, and processes to maximize ethanol production with minimal costs to ensure the economic and technical viability of commercialization.

**Environmental Impact Statement (EIS) for a 150-MW, Next-Generation CFB Unit, Colorado Springs, Colorado.** Project Manager for EIS for the construction and operation of a 150-MW, circulating fluidized bed (CFB), coal-fired power plant in Fountain, Colorado. Key areas of evaluation for this EIS include air quality impacts, as well as secondary impacts related to the storage of CFB fuels, which include forest biomass, tire-derived fuels, and municipal wastewater sludge. Has worked closely with the Colorado Spring Utilities and the NETL NEPA Compliance Officer to ensure that this project is completed on schedule.

**RESOLUTION NO.**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK AUTHORIZING A PRELIMINARY CONDITIONAL COMMITMENT OF \$2.5 MILLION FROM THE BELOW MARKET RATE FUND FOR THE CORE AFFORDABLE HOUSING DEVELOPMENT AT THE VETERAN'S ADMINISTRATION FACILITY IN MENLO PARK**

WHEREAS, the Below Market Rate (BMR) Housing Fund is comprised of commercial development in-lieu fees and has a balance of approximately \$6.3 Million as of March 30, 2013; and

WHEREAS, 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; and

WHEREAS, in addition to the approved uses listed in the Guidelines, City Council approved additional uses on April 26, 2005; and

WHEREAS, the CORE project is envisioned as a 60-unit permanent multifamily housing development on a 2.011 acre site located near Willow Road and South Perimeter Road in Menlo Park (described as the 700 block of Willow Road); and

WHEREAS, the proposal from CORE is consistent with the City's BMR policy and guidelines as the current Development Plan includes income restrictions for 59 out of 60 units; and

WHEREAS, all 59 BMR units would count towards the Regional Housing Needs Assessment (RHNA) and would represent roughly 25% progress of the Very Low Income allotment.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Menlo Park that the City Council does hereby authorize the preliminary, conditional allocation of \$2.5 million from the Below Market Rate Housing Fund to support CORE Affordable Housing with the development of a 60-unit 100% affordable development located at the intersection of Willow Road and South Perimeter Road (700 block Willow Road) at the Veteran's Administration facility in Menlo Park.

I, Margaret S. Roberts, City Clerk of Menlo Park, do hereby certify that the above and foregoing Council Resolution was duly and regularly passed and adopted at a meeting by said Council on the seventh day of May, 2013, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this seventh day of May, 2013.

Margaret S. Roberts, MMC  
City Clerk