



CITY OF MENLO PARK

BELOW MARKET RATE (BMR) HOUSING PROGRAM

SUMMARY OF RESIDENTIAL DEVELOPMENT REQUIREMENTS

The purpose of the City of Menlo Park Below Market Rate (BMR) Housing Program is to increase the housing supply for households living or working in Menlo Park that have very-low, low, and moderate incomes. The program requires qualifying commercial and residential developments to provide BMR housing units and/or contribute to the BMR Housing Fund. The BMR Housing Fund is a separate City fund set aside for the specific purpose of assisting the development of affordable housing units and programs for very-low, low, and moderate income households. The fund is primarily generated by developer payments made in lieu of providing actual BMR units. **It should be noted that the City's primary objective is to obtain actual BMR housing units, either for rent or for sale, rather than equivalent cash from "in-lieu" fees.**

The City of Menlo Park BMR Housing Program is governed by Chapters 15.36, 16.04, and 16.96 of the City's Municipal Code (<http://www.codepublishing.com/CA/menlopark/>). The program is administered under the ***Below Market Rate Housing Program Guidelines***. To fully understand the program, developers should read the BMR Guidelines and meet with City staff. City staff can provide copies of the guidelines. They are also available on the City's website at <http://www.menlopark.org>. A summary of the requirements for commercial developments is provided below.

Residential Developer Requirements

Residential developments of five or more units are subject to the requirements of the BMR Housing Program. These requirements also apply to condominium conversions of five units or more. As part of the application for a residential development of five or more units, the developer must submit a **Below Market Rate Housing Agreement**, which details the developer's plan for participation in the BMR Program. No building permit or other land use authorization may be issued or approved by the City unless the requirements of the BMR Program have been met. The preferred BMR Program contribution for all residential developments is on-site BMR units. Program requirements increase by development size as shown below.

5 to 9 Units:

It is preferred that the developer provide a BMR unit. If that is not feasible, the developer is required to pay an in-lieu fee. See *"In-Lieu Fees"*, below.

10 to 19 Units:

For developments of 10 to 19 units, the developer shall provide not less than 10 percent of the units at below market rates to very-low, low, and moderate income households.

20 or more Units:

For development projects of 20 or more units, the developer shall provide not less than 15 percent of the units at below market rates to very-low, low, and moderate income households.

BMR Development Regulations

Under the BMR Guidelines, BMR home sale prices and rental rates are calculated based on what qualifying households can afford. To comply with the BMR Program, developers should agree to one or a combination of the following three alternatives, which are listed below in the order of priority set by the program:

(1) **Provide On-Site BMR Units:**

BMR units must be distributed throughout the development. For each BMR unit provided, the developer may be permitted to build one additional market rate unit (or in the case of a subdivision, to create an additional lot or condominium unit), up to 15% above the density allowed by zoning.

(2) **Provide Off-Site BMR Units:**

New or existing off-site BMR units must meet building code and pest control requirements and must be provided on or before completion of the proposed development. Developers must provide the same number of BMR units off-site as is required for on-site developments. Other requirements are the same as for on-site BMR units.

(3) **In-Lieu Fees:**

Developments of 5-9 units have a special, graduated formula for calculating in-lieu fees based on the sales price of each unit sold (for details, please contact City staff or see the Program Guidelines). In developments of 10 or more for-sale units, upon the close of escrow on the sale of each unit in the development for which a BMR unit has not been provided, the developer shall pay to the City an in-lieu payment calculated at 3% of the actual sales price of each unit sold.

(4) **Steps for Compliance**

Before acceptance of plans for review by City of Menlo Park staff, the developer should provide a written proposal for meeting the requirements of the Below Market Rate Housing Program. This proposal is called the **BMR Housing Agreement** and sets forth the developer's plan to meet the requirements for a particular project.

The following review steps apply to most development projects:

- (1) The first step for the developer is to meet with City of Menlo Park Planning Division staff. **To make an appointment to meet with a member of the Planning staff please call 650-330-6702.** Planning staff will discuss the overall project with the developer and will assist in identifying options for meeting the BMR Housing Program requirements. Planning staff will work with the developer throughout the project's application, review and approvals process.
- (2) Following discussions with City staff, the developer will prepare the BMR Housing Agreement. The City of Menlo Park Housing Commission will review the agreement and make a recommendation with respect to it to the City of Menlo Park Planning Commission and, if applicable, the City Council.
- (3) The Planning Commission will review the BMR Housing Agreement with the developer's application for development. The City Attorney must approve of the agreement prior to its review by the Planning Commission. If the City Council has final approval authority for the project, the Planning Commission will recommend the agreement for City Council approval. Otherwise the Planning Commission will approve the agreement.
- (4) For projects that it reviews, the City Council will grant approval of the BMR Housing Agreement. Following approval, the agreement must be immediately signed and recorded.

More Information

For a detailed written description of the program please consult the ***Below Market Rate Housing Program Guidelines***, available on the City of Menlo Park website at <http://menlopark.org> or at the City of Menlo Park Administration Building located at 701 Laurel Street in Menlo Park, California. **For questions and/or information about the Below Market Rate Program, please contact Hello Housing at (415) 863-3036.**