



REGULAR MEETING MINUTES

Date: 3/4/2020
Time: 6:30 p.m.
Arrillaga Family Recreation Center
701 Laurel St., Menlo Park, CA 94025

A. Chair Merriman called the meeting to order at 6:31 p.m.

B. Roll Call

Present: Conroy, Grove, Horst, McPherson, Merriman, McGraw-Scherer
Absent: Bigelow
Staff: Deputy Community Development Director Rhonda Coffman,
Management Analyst II Mike Noce

C. Public Comment

None.

D. Regular Business

D1. Approve minutes for the Housing Commission meetings of January 8, 2020 and February 5, 2020

ACTION: Motion and second (McPherson/Horst) to approve the Housing Commission meeting minutes of January 8, 2020 and February 5, 2020, passed (6-0-1, Bigelow absent).

D2. Recommendation for City Council to accept the 2019 Housing Element Annual Progress Report (APR).

Management Analyst II Mike Noce introduced and made the presentation (Attachment)

The Housing Commission discussed multiple areas of the APR during their review. Those items included, but are not limited to the following:

- Emphasizing the need for housing production throughout the City for all income levels
- Availability of the City's notice of funding availability (NOFA) funds for housing production
- Supporting housing development for extremely-low income households and those on the verge of homelessness
- Preparing for potential housing uses at the US Geological Survey site on Middlefield Road
- Concern regarding the need to increase moderate income unit productions, which is the lowest performing category of unit production

ACTION: Motion and second (McGraw-Scherer/Conroy) to approve the recommendation that City Council accept the 2019 housing element annual progress report, passed (6-0-1, Bigelow absent).

D3. Review and consider a recommendation to the City Council on short-term rental regulation.

Deputy Community Development Director Rhonda Coffman introduced the item and made the presentation (Attachment).

ACTION: Motion and second (Grove/Horst) to approve the recommendation to City Council on short-term rental regulation including:

1. Authorize staff to select a short-term rental compliance service provider and enter into contract for services to initiate and implement compliance services
2. Recommend 100% of new transit occupancy tax (TOT) revenue collect by short-term rentals be allocated to affordable housing activities and programs
3. Allow expenses for compliance services and contractor fees to be rendered from a short-term rental TOT special fund, passed (6-0-1, Bigelow absent).

E. Reports and Announcements

E1. Subcommittee reports (10 minutes):

Below Market Rate (BMR) Housing Guidelines Subcommittee (Bigelow/Grove)

None.

Housing Policy Subcommittee (Conroy/Grove/Horst)

None.

Marketing Subcommittee (Bigelow/Horst/McGraw-Scherer)

None.

Notice of Funding Availability (NOFA) Subcommittee (Grove/McGraw-Scherer)

None.

Accessory Dwelling Unit Subcommittee (McPherson/Merriman)

McPherson shared that the subcommittee would like to request a joint meeting with the Planning Commission to discuss new accessory dwelling unit (ADU) laws.

E2. Commissioner reports

Merriman reported that May is Affordable Housing Month.

E3. Recommended future agenda items.

Commissioner suggested future agenda items:

- ADU construction utilizing micro-housing and prefab construction
- Home For All presentation on ADUs
- Corporate rentals

- TOPA (tenant opportunity to purchase) programs

E4. Staff updates and announcements

Deputy Community Development Director Rhonda Coffman provided updates on:

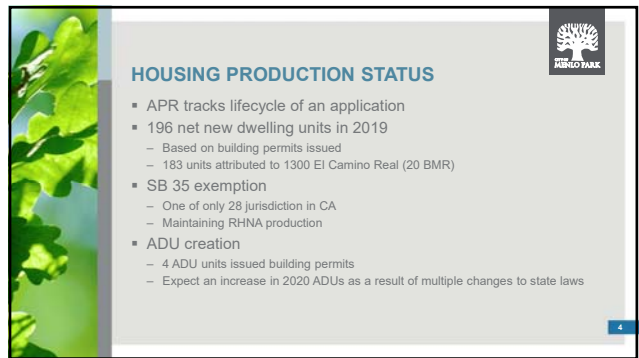
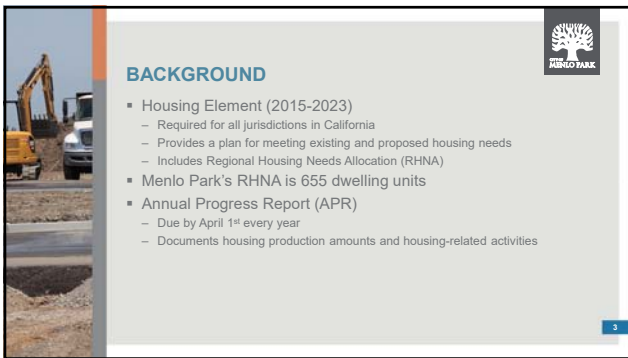
- The tenant relocation assistance program is scheduled to return to the City Council on March 10
- The LEAP grant program application are due on July 1
- The housing element annual progress report is schedule for Planning Commission review on March 9 and for City Council consideration on March 24.

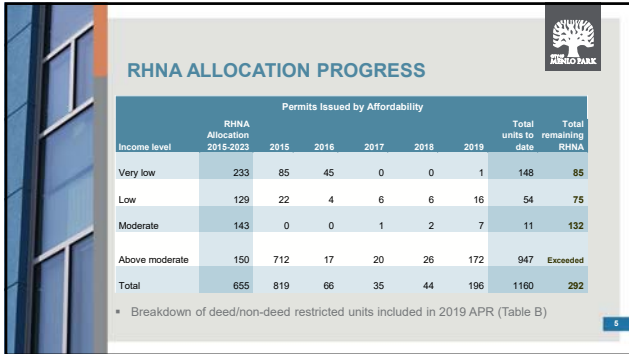
F. Adjournment

Chair Merriman adjourned the meeting at 8:33 p.m.

Mike Noce, Management Analyst II, Community Development

Approved by the Housing Commission on July 1, 2020



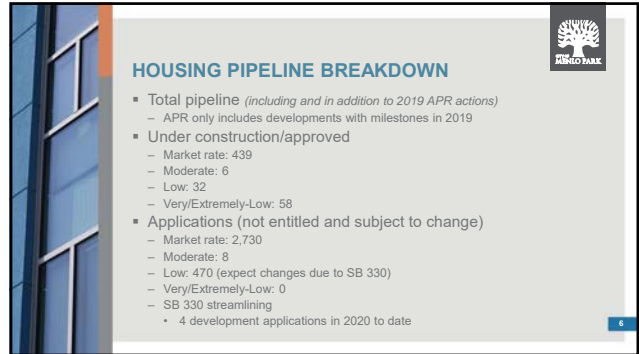


RHNA ALLOCATION PROGRESS

Permits Issued by Affordability

Income level	RHNA Allocation 2015-2023	2015	2016	2017	2018	2019	Total units to date	Total remaining RHNA
Very low	233	85	45	0	0	1	148	85
Low	129	22	4	6	6	16	54	75
Moderate	143	0	0	1	2	7	11	132
Above moderate	150	712	17	20	26	172	947	Exceeded
Total	655	819	66	35	44	196	1160	292

* Breakdown of deed/non-deed restricted units included in 2019 APR (Table B)



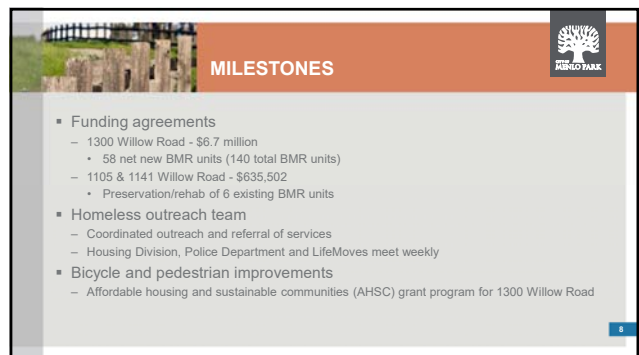
HOUSING PIPELINE BREAKDOWN

- Total pipeline (including and in addition to 2019 APR actions)
 - APR only includes developments with milestones in 2019
- Under construction/approved
 - Market rate: 439
 - Moderate: 6
 - Low: 32
 - Very/Extremely-Low: 58
- Applications (not entitled and subject to change)
 - Market rate: 2,730
 - Moderate: 8
 - Low: 470 (expect changes due to SB 330)
 - Very/Extremely-Low: 0
 - SB 330 streamlining
 - 4 development applications in 2020 to date



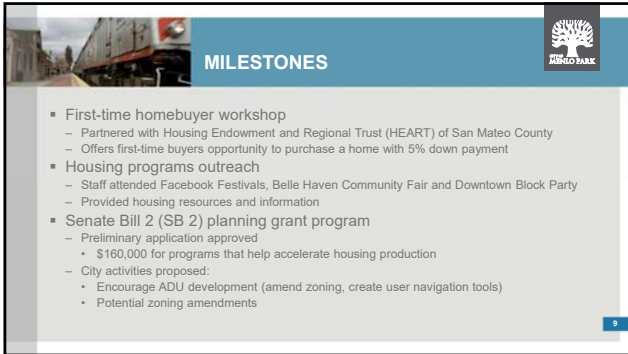
MILESTONES

- Based on Housing Element APR program areas (Table D)
- Tenant relocation assistance ordinance
 - Minimize disruption to tenants facing relocation
 - Households at or below 80% AMI on parcels with 5 or more units
 - 3-4 months rent reimbursement for qualifying households
- Rent limits and just cause urgency ordinance
 - Passed November 12, 2019 in advance of AB 1482 taking effect on January 1, 2020
 - Maximum of 9% rent increase per year (5%+CPI)
 - No-fault eviction require one month of rent reimbursement



MILESTONES

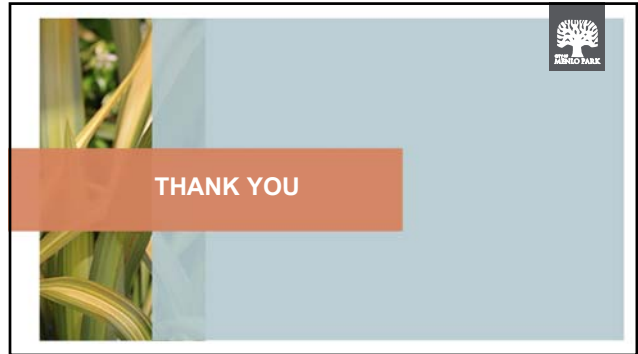
- Funding agreements
 - 1300 Willow Road - \$6.7 million
 - 58 net new BMR units (140 total BMR units)
 - 1105 & 1141 Willow Road - \$635,502
 - Preservation/rehab of 6 existing BMR units
- Homeless outreach team
 - Coordinated outreach and referral of services
 - Housing Division, Police Department and LifeMoves meet weekly
- Bicycle and pedestrian improvements
 - Affordable housing and sustainable communities (AHSC) grant program for 1300 Willow Road



MILESTONES


- **First-time homebuyer workshop**
 - Partnered with Housing Endowment and Regional Trust (HEART) of San Mateo County
 - Offers first-time buyers opportunity to purchase a home with 5% down payment
- **Housing programs outreach**
 - Staff attended Facebook Festivals, Belle Haven Community Fair and Downtown Block Party
 - Provided housing resources and information
- **Senate Bill 2 (SB 2) planning grant program**
 - Preliminary application approved
 - \$160,000 for programs that help accelerate housing production
 - City activities proposed:
 - Encourage ADU development (amend zoning, create user navigation tools)
 - Potential zoning amendments

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
THANK YOU






REGULATORY OPTIONS


- Prohibition
- Applicability (e.g. single family residence, ADU's)
- Quantitative restrictions
- Geographic restrictions
- Concentration
- Operational requirements
- Rental period
- Owner occupancy requirements
- Permitting
- Enforcement


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SHORT TERM RENTAL MARKET



- Industry Market Context
 - 800% growth since 2011 (approx. 8MM)
 - Airbnb 4.5MM, HomeAway 1.5MM, Booking.com 1.2MM, TripAdvisor 0.8MM
 - Over 200 web platforms
- Approximately 396-524 short term rental listings in Menlo Park as of February 2019 (*based available data*)
 - Approx. 3-4% of total housing stock (*actual is likely much lower*)
- Transit occupancy tax – revenue that could potentially be used to support other city services or affordable housing programs




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REGULATION & ENFORCEMENT

- Generally less than 10% of STR hosts voluntarily get a permit and pay all of their hotel taxes
 - Menlo Park has some STR owners that voluntarily remit taxes
- Manual compliance and monitoring is ineffective and prohibitively expensive
 - Listings on 100's of websites
 - Monitoring listings nearly impossible as listings are changed, added or removed
 - Address data hidden making it difficult to identify owners
 - Difficult to collect taxes as there is no way to verify how often properties are rented and for how much




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CONCLUSIONS

- Current high priority short term rental related issues identified
 - Need accurate data to monitor housing availability concerns
 - Collection of tax – enforcement
 - Corporate leases (*to be addressed separately*)
- City municipal code, Chapter 3.16, transit occupancy tax
 - Currently no mechanism or staff resources to monitor compliance




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OPTIONS

- Don't conduct proactive compliance enforcement of existing TOT ordinance at this time
- **Enforce existing TOT ordinance**
 - Use of contracted compliance service
- Regulate lightly (minimum restrictions)
- Regulate heavily
- Ban


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MUNICIPAL CODE CHAPTER 3.16, TRANSIT OCCUPANCY TAX

- Definitions (3.16.020)
 - (1) Hotel. "Hotel" means any structure, or any portion of any structure, which is occupied or intended or designed for occupancy by transients for **dwelling**, lodging or sleeping purposes, and includes any hotel, inn, tourist home or **house**, motel, **studio**, bachelor hotel, lodging house, roominghouse, **apartment** house, dormitory, public or private club, mobilehome or house trailer at a fixed location, or other similar structure or portion thereof;
 - (3) Operator. "Operator" means the person who is proprietor of the hotel, whether in the capacity of owner, lessee, sublessee, mortgagee in possession, licensee, or any other capacity.
 - (7) Transient. "Transient" means any person who exercises occupancy or is entitled to occupancy by reason of concession, permit, right of access, license or other agreement for a **period of thirty consecutive calendar days or less**, counting portions of calendar days as full days.

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MUNICIPAL CODE CHAPTER 3.16, TRANSIT OCCUPANCY TAX

- Registration (3.16.060)
 - ...each operator of any hotel renting occupancy to transients shall register such hotel with the tax administrator and obtain from him a "**transient occupancy registration certificate**" to be at all times posted in a conspicuous place on the premises.
- Reporting and remitting (3.16.070)
 - Each operator shall, on or before the last day of the month following the close of **each calendar quarter**, or at the close of any shorter period of reporting which may be established by the tax administrator, make a return to the tax administrator, on forms provided by him, of the **total rents charged and received** and the amount of tax collected for transient occupancies. At the time the return is filed, the full amount of the **tax collected shall be remitted to the tax administrator**.

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COMPLIANCE SERVICES

- Service Options
 - Address identification
 - Outreach
 - Registration
 - Rental activity monitoring
 - Auditing
 - Report generation
- Cost / Revenue / Performance
 - \$20k-25k/year
 - Potential revenue: To be determined, estimated \$1MM/year
 - 90% compliance in first year, sustained in following years

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USE OF NEW REVENUE

- Housing Commission discussed recommending new tax revenue be allocated for affordable housing activities and programs
- Options might include:
 - Recommend all short term rental revenue be allocated
 - Recommend a percentage be allocated
 - No recommendation

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RECOMMENDATIONS

Staff recommends the Housing Commission make a recommendation to the City Council on short-term rental regulation including:

1. Authorize staff to select a short-term rental compliance service provider and enter into contract for services to initiate and implement compliance services
2. Recommend new transit occupancy tax revenue be allocated to affordable housing activities and programs

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NEXT STEPS

- Recommendations to City Council
- Contract w/compliance services
- Consider voluntary compliance agreements
- Review zoning code definitions and amend as necessary
- Review "actual" data and consider future amendments as necessary
- Analysis of corporate lease regulation

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QUESTIONS

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