



Fact Sheet

*Please Tell Me More . . . about
Housing Element Updates and . . .*



What is a housing element?

It is a housing plan, or technically a chapter of the city's general plan. It is an opportunity for Menlo Park residents to figure out how to address their housing needs today and in the future. The state of California requires all cities and counties to assess, every seven years, whether they are providing their fair share of housing units by developing what's known as a Housing Element. The Element must provide opportunities, through zoning or other means, to accommodate regional housing needs, including housing for moderate, low and very low income households. The plan must include local policies and parameters to rezone properties so that the necessary housing densities to meet our fair share can be achieved. The Housing Element encourages us to make sure Menlo Park's housing stock meets our local needs while still addressing our regional responsibilities.



Why does California law require housing elements?

Housing element law requires local governments to adequately plan to meet their existing and projected housing needs including their fair share of the regional housing need. Housing element law is the State's primary market-based strategy to increase housing supply, affordability and choice. The law recognizes that in order for the private sector to adequately address housing needs and demand, local governments must adopt land use plans and regulatory schemes that provide opportunities for, and do not unduly constrain, housing development. The objectives of the State housing element law are to:

- (1) Increase the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, resulting in each jurisdiction receiving an allocation of units for low and very low income households.
- (2) Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.
- (3) Promote an improved intra-regional relationship between jobs and housing.



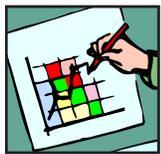
What happens if cities don't have a complying housing element?

There can be serious consequences to communities and their residents if the California Department of Housing and Community Development finds that a city or county has failed to comply with the State's Housing Element Law. Some of those repercussions can include:

- (1) Limited access to state funding for such community needs as economic development and transportation.

- (2) Lawsuits from developers and from housing advocates. In addition to Menlo Park, a number of Bay Area cities that have been successfully sued include Corte Madera, Pleasanton, Alameda, Benicia, Fremont, Berkeley, Napa County and Santa Rosa. Potential consequences of being sued include:
- a. Court orders to the community to bring the Housing Element into compliance within 120 days, which limits community input.
 - b. Suspension of local control on building, such as suspension of a community's authority to issue building permits or grant zoning changes.
 - c. Court approval of housing developments, which may include large projects that may or may not be wanted by the local community.
 - d. Payment of attorney fees that usually exceed \$100,000.

It's important to keep in mind that since the law took effect in 1969, many have tried, but no jurisdiction in California has successfully challenged the authority of the state to mandate compliance with Housing Element Law.



Who determines how many housing units are needed and how is the number calculated?

One acronym you might hear often in the upcoming community discussion of the Housing Element Update is RHNA. That stands for the Regional Housing Needs Allocation, but you can think of it as a city's fair share of housing. The state of California is broken up into regions and the RHNA is the process used to set targets for housing growth so that each region and city provides enough housing.

Another acronym you may hear is ABAG, which stands for the Association of Bay Area Governments. ABAG develops the RHNA for our region. The RHNA process does two important things: (1) it promotes the state's interest in encouraging open markets by giving the private sector opportunities to address California's housing demand; and (2) it leaves the ultimate decision about how and where to plan for growth at the regional and local levels. It recognizes that the availability of housing is a matter of statewide importance, and that land use planning is, and should be, a local issue. The RHNA process requires local governments and, in effect their residents, to be accountable for ensuring that projected housing needs can be accommodated.



What's Menlo Park's fair share?

The housing need for the Bay Area region for this planning period (2007-2014) has been determined by the State to be 214,500 housing units. ABAG has determined that Menlo Park's share of that need is 993 units (6.3% of San Mateo County's total). By comparison, Redwood City's share is around 1,800 units, Burlingame's is approximately 600, Daly City's fair share is about 1,200 and unincorporated San Mateo County's is just over 1,500.

Following completion of a local housing inventory conducted over the coming weeks by the City of Menlo Park, our community's final required number of housing units for the 2007-2014 period will be determined. In addition to the 993 units required for the 2007-2014 planning period, the City must also plan for 982 units that were required for the 1999-2006 planning period. In total, it is estimated that Menlo Park's RHNA adjusted to include units built since 1999 (about 250 units),

potential housing units under existing zoning (about 140 units), units allowed under the recently adopted Downtown/ El Camino Real Specific Plan (680 units) will result in the City having to find additional locations for slightly more than 900 housing units, with over half of those housing units on sites at 30 or more units per acre (higher density housing).



Why does the law only require cities to zone for housing units, not build them?

Housing element law is the state's primary method for encouraging private builders to increase housing supply, affordability and choice. The law recognizes that in order for the private sector to adequately address housing needs and demand, local governments must adopt land use plans and regulations that provide opportunities for and minimize constraints on the development of housing units. Local governments do this primarily through their zoning ordinances.



How will having a housing element in Menlo Park impact local property values?

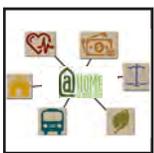
Another way to phrase this is how will not having a housing element affect property values. Because of lawsuits and the possibility of a judge taking control over approving developments, not having a housing element could be a problem.

On the other hand, while there is fear that the requirements of the housing element, particularly the need to rezone parcels at higher densities to meet the income distribution mandate of the RHNA allocation, will affect surrounding property values, there has been no quantifiable impact on property values from such efforts or from the actual development of affordable housing within a community. If anything, the availability of affordable housing in a community makes that community more desirable given the diversity of housing options available to both new residents and current residents hoping to strike out on their own (new graduates looking for their first home for example).



How will having a housing element in Menlo Park impact me / my property?

Most likely, it won't have any impact on any given resident of the city. Having a Housing Element will meet a legal requirement placed on the City by the State. Once properties have been rezoned to meet those requirements, there is no corresponding requirement in State law that those sites have to be developed. Most likely, many of those sites will be developed at some point in the future. Many of those developed sites will likely have been developed anyway at some point and through some other process. Each development must meet regulatory requirements of the City, including appropriate environmental review and potentially an EIR.



Why is it important for our community to have housing options?

Ideally, a community should have housing opportunities to provide for the full spectrum of income levels, from very low-income through the upper income levels. By having a diverse housing stock, employees should be able to find adequate housing within a short commute of their place of employment and new householders (recent college graduates in their first jobs) can find housing in the communities where they grew up. Without affordable housing, lower wage earners

and new householders must either double up in the existing housing stock, or experience longer commutes from those areas where affordable housing is more plentiful.

The purpose of the housing element law is to make sure that all cities provide their fair share of housing. Most cities in California prefer to build lots of retail and office buildings and not as much housing. This causes home prices to get very expensive and commutes to become very long.

Communities with housing affordability are stronger and more vibrant than those without. When affordable housing choices are lacking, people who provide services that sustain all communities – teachers, plumbers, electricians and others - are not able to live here. Their skills may be lost to the community. People in Menlo Park have recognized our community’s shortage of affordable housing. In a 2010 random sample survey of local residents, only 19 percent rated the availability of affordable housing as “excellent” or “good,” while 25 percent ranked it “fair,” and 37 percent assessed it as “poor.”



What is a “housing/jobs balance”?

A “housing/jobs balance” is where a community can essentially house the same number of workers employed in the community. In Menlo Park an imbalance exists because there are 41,320 employees in the city, but only 13,129 housing units.



What exactly is affordable/workforce housing and what can Menlo Park residents afford?

Workforce housing means homes that people who work in Menlo Park can afford.

The general guideline is that households should not pay more than 30 percent of their income for housing. Although this may be different than how you would ordinarily define it, for the Housing Element, when we talk about lower income households, we are talking about people who make approximately \$88,800 (for a family of four), which includes teachers, social workers, plumbers, etc. The tables and graphic below show income levels, salaries and ability to pay for housing.

Percent of Families Paying More Than 50% of Income for Housing in Menlo Park (2000 Census Data updated to 2012 Income Levels)

Income Category ¹	Elderly ²		Small Families ³		Large Families ⁴	
	RENTERS	OWNERS	RENTERS	OWNERS	RENTERS	OWNERS
Extremely Low Income (up to \$33,300)	64%	49%	69%	69%	74%	100%
Very Low Income (\$33,300 - \$55,500)	49%	31%	55%	61%	21%	64%
Low Income (\$55,500 - \$88,800)	63%	10%	23%	25%	0%	20%

Source: Comprehensive Housing Affordability Strategy (CHAS)

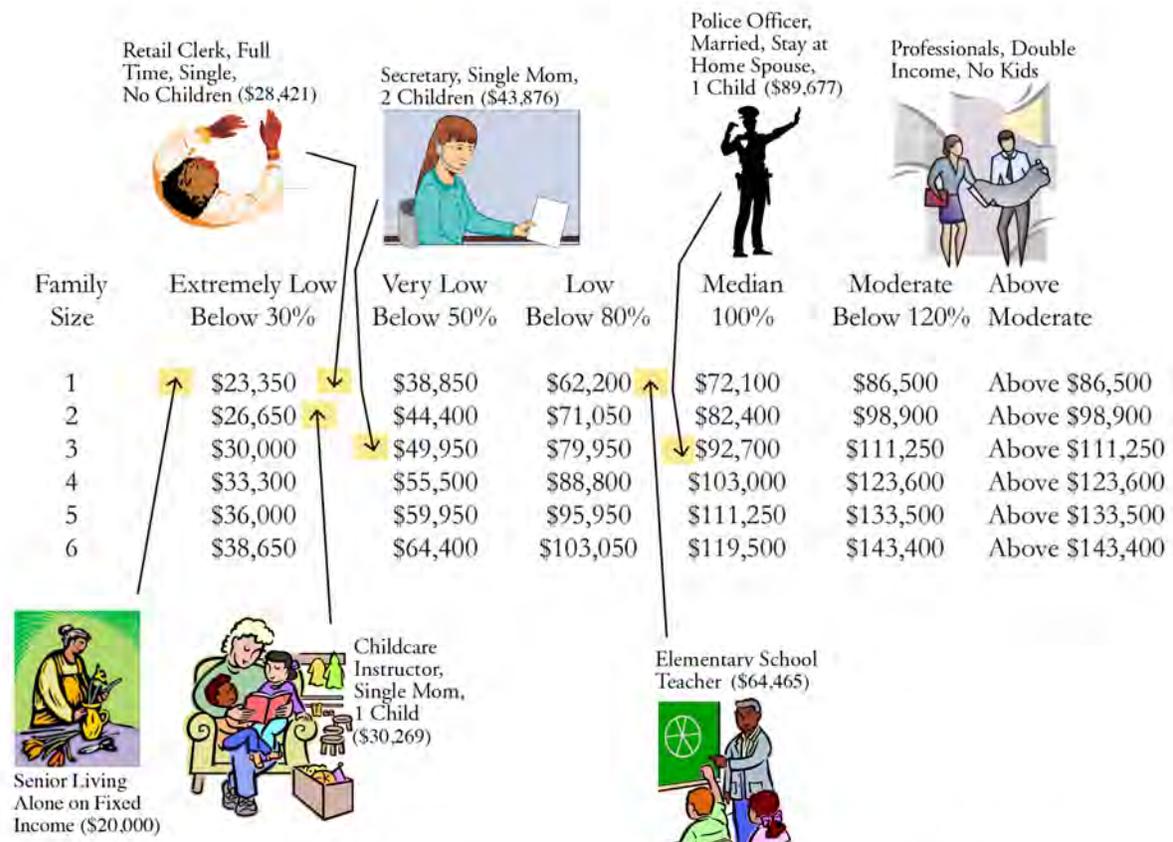
1. Income category based on County median income for a family of four (2012) - \$103,000
2. Elderly is defined as 62 years old and over and 1 or 2 person household
3. Small families is defined as 2-4 related individuals
4. Large families is defined as 5 or more related individuals

Representative Salaries and the Ability to Pay for Housing (2012)

	Annual Salary	Affordable Monthly Housing Cost
SINGLE WAGE EARNER		
Senior on Social Security	\$15,000	\$375
Minimum Wage Earner	\$16,640	\$416
Social Worker	\$53,600	\$1,340
Plumber	\$65,200	\$1,630
Paralegal	\$71,300	\$1,783
Microbiologist	\$97,200	\$2,430
Software Engineer	\$110,000	\$2,750
Dentist	\$161,100	\$4,028
TWO WAGE EARNER HOUSEHOLDS		
Minimum Wage Earner and Software Engineer	\$106,640	\$2,666
Biochemist and Elementary School Teacher	\$156,000	\$3,900

Source: Employment Development Department Data for San Mateo County, Mean Annual Wage, First Quarter 2012

City of Menlo Park and San Mateo County Household Income Categories (2012 Income)



Source: Official State Income Limits for 2012 (San Mateo County) as determined by the U.S. Department of Housing and Urban Development (HUD), adjusted for family size; the 2012 Area Median Income is \$100,228. Examples for the 2012 salaries are from California Employment Development Department for the counties of Marin, San Francisco and San Mateo (first quarter of 2012). Salary for a police officer is from the City of Menlo Park Memorandum of Understanding with the Menlo Park Police Officers' Association.

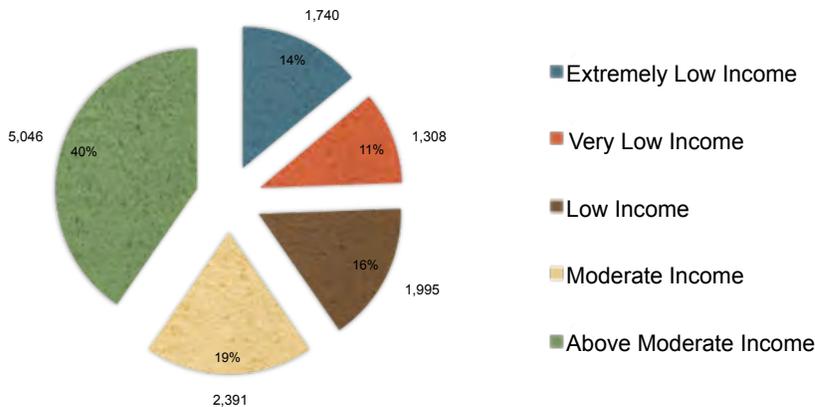


What's the housing picture in Menlo Park like now?

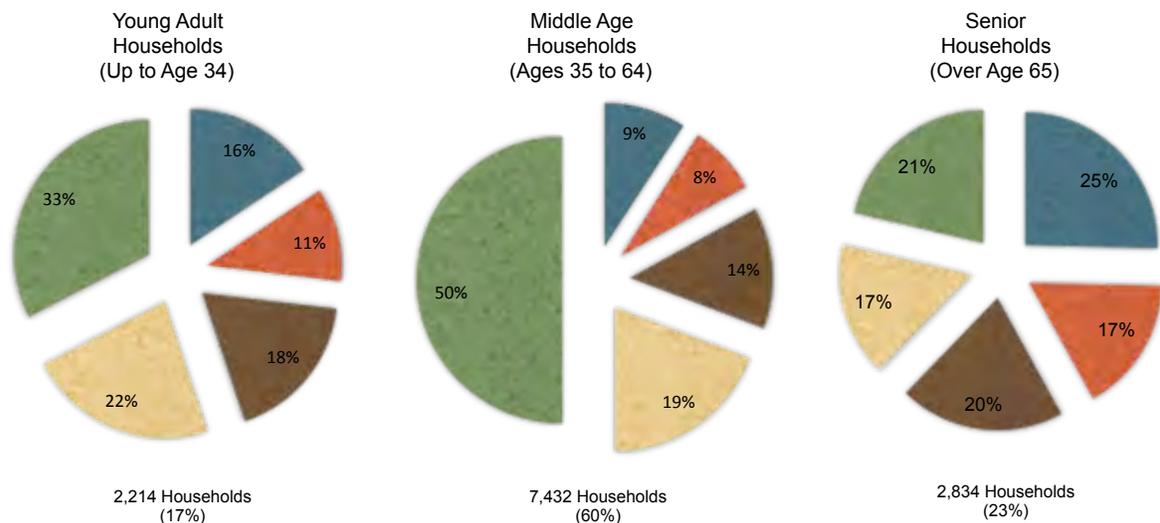
According to the California Department of Finance (DOF), between January 2000 and January 2012 the population of Menlo Park grew by 1,728 people to a current population of 32,513. Information from the San Mateo County Association of Realtors lists the median sales price during the first quarter of 2012 for a condominium in Menlo Park as \$897,500, and the median sales price for a single family home as \$1,003,000.

Menlo Park currently has many different neighborhoods and housing types. From historic 1920s era single family bungalows to post World War II developments, there are many options. Based on DOF estimates as of January 2012, the majority of homes in Menlo Park are single family *detached* dwellings (7,261 units), which will remain the case in the future. Single family *attached* housing accounts for 1,051 units, two-four unit buildings account for 1,723 units, mobilehomes 28 units, and 3,066 units are in structures of five or more units. About 11 percent of the homes are in larger apartment buildings with 20 or more units. The information below shows the 2012 estimated city-wide distribution of households by income and age (based on Nielson Claritas data for 2012).

Estimated Distribution of Menlo Park's Estimated 12,480 Households by Income Category (2012)



Estimated Distribution of Menlo Park's Estimated 12,480 Households by Age and Income (2012)





Does higher density housing mean affordable housing?

Sometimes higher density housing means luxury condominiums and sometimes it means homes that more moderate income families can buy. Even if it does not end up getting developed as affordable housing, the State allows any land zoned at 30 units per acre or more to be counted towards the affordable housing requirements. Even if it is listed in the housing element as potentially affordable (i.e. zoned at 30 + units per acre), it could just as well be developed as market rate housing.



How is affordable housing provided to people?

There are a number of Federal, State and local programs that assist people in finding housing that is affordable to their income. The Housing Authority of San Mateo County provides rental housing assistance to very low-income households through the Federal Section 8 rental assistance program. Section 8 pays the difference between what a very low income household can afford for rent and the approved rent for an adequate housing unit. The Housing Authority issues Housing Choice Vouchers to eligible Section 8 households who are then free to locate suitable rental units that meet their needs. There are currently approximately 235 family, senior and disabled households provided Section 8 rental assistance in Menlo Park. The current average wait list time for a Section 8 voucher is roughly 3 years.

Other local programs include housing rehabilitation loan programs and the Purchase Assistance Loan program for first-time homebuyers. The City's Below Market Rate (BMR) Housing Program is intended to increase the supply of affordable housing specifically in Menlo Park. As part of the program, residential and commercial/industrial developers who build in the City of Menlo Park are required to contribute BMR housing units and/or BMR housing in-lieu fees for affordable housing.

Affordable housing is also provided and managed by non-profit housing organizations. There are currently five such rental complexes in Menlo Park. The financing of these types of affordable complexes is extremely challenging. Various forms of subsidy are needed to acquire land, construct units and properly manage the complex. One available program is the Low Income Housing Tax Credit Program (LIHTC). LIHTC funding accounts for the majority — approximately 90 percent — of all affordable rental housing targeted to low income households created in the United States today. Over 30,000 rental properties containing in excess of 2.2 million tax credit units have been developed since the program's inception in 1986. LIHTC-assisted rentals serve households with incomes from 30% to about 60% of the area median income, with the corresponding rents affordable to these households.



What are the conditions imposed by the Settlement Agreement that are above what is required by state law?

State law provides a fairly short timeline for coming into compliance and adopting an updated Housing Element. Through the settlement, the City was able to negotiate more time, above what is allowed by State law. This provides the City the opportunity to have greater community participation in the update process. The settlement also allowed the City to avoid having a court suspend the City's building and planning permitting authority during the Housing Element update process. A few items included in the Settlement Agreement that are not required by State law, but may aid the City in achieving its affordable housing goals, are the following: (1) an Affordable

Housing Overlay zone or other zoning mechanism that provides incentives for developing affordable housing; (2) locating 35% of the acreage to be rezoned for affordable housing within the priority development area or within one half mile of the priority development area; (3) reviewing the City's BMR Program; and (4) prioritizing a portion of the City's BMR funds for affordable housing projects that qualify for tax credit financing.



Is it accurate that if the City does not live up to the terms set forth in the Settlement Agreement Agreement, the Settlement Agreement, as a stipulated judgment, confers upon the Court the power to enforce the agreement and suspend the City's permitting process until the agreement is enforced?

Yes, but for more details please see the answer below.



Is there any way the City can escape the Agreement and comply only with the minimum requirements of state law?

The City entered into a binding Settlement Agreement that has become incorporated into a Court judgment that cannot be unilaterally modified or ignored by the City. The court retains continuing jurisdiction to enforce the terms of the Settlement Agreement. If the City were to stop moving forward with the current process to update the Housing Element in accordance with the terms of the Settlement Agreement, the City would be in breach of the settlement agreement and in violation of the judgment. As a result, PIA, YUCA and Urban Habitat could file a motion with the court to enforce the judgment. Such an action would likely result in the City being required to comply with the Settlement Agreement (much of which simply requires compliance with State law), would likely result in payment of additional attorneys fees (potentially a substantial amount), and would likely result in the Court imposing additional restrictions on the City, such as a prohibition on the issuance of building or planning permits until compliance is achieved. As a reminder, the minimum requirements of State law applied to the City prior to the filing of the lawsuit. The lawsuit was brought to force the City to comply.



Is it true that a minimum of 35% of the area rezoned for affordable housing has to be within one half mile of the Downtown/El Camino Corridor?

Yes, 35% of the acreage to be rezoned has to be within the priority development area which includes the downtown/El Camino corridor or within one half mile of the downtown/El Camino Real corridor. Note that all or a portion of this 35% requirement may potentially be met through application of an affordable housing overlay zoning ordinance to the Specific Plan area (which will not result in any greater number of housing units in the Specific Plan area since the maximum number is capped at 680 units).

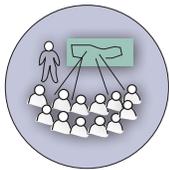


Why didn't the City update its Housing Element by the 2001 deadline for the 1999-2006 planning cycle and by the 2009 deadline for the 2007-2014 planning period?

The City did make several efforts to update its Housing Element for each of the last two cycles. The attached table summarizes the chronology of key events.

Date	Meeting/Activity	Purpose
	2001 Council Priority Setting	Housing Element Update was recognized as a State-mandated project to be completed by December, 2001 for the 1999-2006 planning period.
April 3, 2001	Council Meeting	Authorized contract for consulting services for preparation of Housing Element update by Vernazza Wolfe Associates.
May 1, 2001	Council Meeting	Presentation of an education session on Menlo Park's Housing Element Update.
May 3, 2001	Community Meeting	Community meeting for input on housing issues.
May 14, 2001	Joint Planning and Housing Commission Meeting	Consideration of policy issues related to the Housing Element Update.
May 22, 2001	Council Meeting	Consideration of policy issues related to the Housing Element Update; Council directed preparation of an EIR.
June 25, 2001	Planning Commission Meeting	Consideration of potential housing sites.
July 10, 2001	Council Meeting	Authorize the City Manager/Agency Executive Director to amend the contracts with Vernazza Wolfe to include the preparation of the EIR; resulted in additional costs and an extended timeline; work on EIR and Housing Element continue through the summer and fall months.
July 30, 2001	Joint Planning and Housing Commission Meeting	Review of working draft of Housing Element Update Background Report and 1992 Housing Element Goals and Policies.
October 29, 2001	Meeting of Menlo Park staff and State Department of Housing and Community Development (HCD)	Menlo Park and HCD staff and the consultants tour city and review key policy issues and timeline.
December 11, 2001	Council Information Item	Staff presented an update to the City Council on status of project.
January 15, 2002	NOP Release	Notice of Preparation of a Draft EIR for Housing Element update is released for 30-day comment period from 1/16/02 to 2/14/02.
	2002 Council Priority Setting	Recognized as a continuing project with a targeted completion date of July 2002 (timeline extended due to inclusion of EIR).
May 14, 2002	Council Meeting	Review of the administrative draft Traffic Impact Analysis and direction to create a Council Subcommittee to review potential housing sites; action to review housing sites extended the timeline.
September 10, 2002	Council Meeting	Review of the list of potential housing sites compiled by the Council Subcommittee for analysis in the Housing Element EIR.
November 19, 2002	Council Meeting	Approval of contract amendments with Vernazza Wolfe for revised traffic analysis based on changes in housing sites.
	2003 Council Goal/Priority Setting	Focus was on balancing the budget with no explicit direction on the ongoing Housing Element work.
December 9, 2003	Council Meeting	<p>Authorize the City Manager/Agency Executive Director to enter into new contracts with Dowling Associates for completion of the Traffic Analysis and Lamphier Gregory for completion of the EIR (previously sub-consultants to Vernazza Wolfe) and to review the list of potential housing sites.</p> <p>Report noted that work completed in 2003 included revisions to the Background Report and Traffic Impact Analysis, but that project complexity as well as staff resources redirected to other priority projects including Zoning Ordinance amendments for single-family residential development and secondary dwelling units, the Allied Arts Guild project, the M-2 Study, Business Development Roundtables and work on the General Plan had delayed progress.</p>
	2004 Council Priority Setting	Housing Element Update was listed as a continuing priority with an expected completion date of September, 2004; throughout 2004 staff resources continued to be directed to other priority projects.

Date	Meeting/Activity	Purpose
	2005 Council Priority Setting	Work on the Housing Element was postponed pending the release of new RHNA numbers for the 2007-2014 planning period (expected to be released by ABAG in 2005); the work plan was to be revised and work reactivated according to Council direction once the new numbers were released; work to date included preparation of a background report, consideration of housing sites, development and review of draft goals and policies, preparation of a draft traffic analysis and work on an EIR.
	2006 Council Priority Setting	Work remained postponed with delay in the release of the RHNA numbers; targeted release date by ABAG was revised to 2008.
July 18, 2006	Council Meeting	Adopted resolution to join San Mateo County RHNA Sub-Region.
	2007 Council Priority Setting	Work remained postponed until RHNA numbers determined through the San Mateo County Sub-Regional process, tentatively scheduled for June, 2007; deadline for Housing Element updates for the 2007-2014 planning period is June 30, 2009.
	2008 Council Priority Setting	Schedule prepared for completion of the Housing Element Update by December 2009; other identified priorities included El Camino Real/Downtown Specific Plan, implementation plan for the Senior Housing Needs Study, modifying the single-family residential zoning standards and review process, and development of a phased sustainable building program.
September, 2008	Council Meeting	Schedule extended to June 2010 based on review of current Housing Element laws, inclusion of a community engagement plan, and EIR (original schedule had assumed a Negative Declaration).
February, 2009	Council Meeting	As part of the mid-year budget review and based on a need to reduce city expenses, consultant work on the Housing Element was deferred and the funds withdrawn from the project budget; staff work continued as time allowed given other priority projects; Housing Element Update remained deferred and unfunded until May, 2012.



Don't we, as Menlo Park residents, have any say in the matter?

Absolutely. The City of Menlo Park needs your help in deciding how and where our community can plan for additional higher density housing while at the same time making sure we maintain and improve the high quality of life we enjoy. To get you and your neighbors involved, the City will be conducting online surveys and is inviting everyone in the community to attend public workshops in August and other meetings later this year and early in 2013. You can also keep informed about the Housing Element Update by signing up for email notifications from the City. To sign up, please follow the link below.



<http://www.menlopark.org/athome>