

# B.

## PLAN CONTEXT

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## B.1 OVERVIEW

Located on the Peninsula south of San Francisco, the plan area for the El Camino Real/Downtown Specific Plan is the historic center of Menlo Park. The plan area consists of an arterial corridor, a pedestrian-scale downtown and a transit center providing commuter rail service to San Francisco and San Jose.

This chapter summarizes the following aspects of the plan area:

- Site Context and Character;
- Opportunities and Constraints;
- Circulation Overview; and
- Market Overview.

## B.2 SITE CONTEXT AND CHARACTER

Figure B1 identifies major features of the area, including the El Camino Real corridor, Caltrain station area, downtown core, major roadways, the adjacent Civic Center and major parks, schools and landmarks in the area. Feature buildings, as shown, are those buildings that are highly visible and memorable, have historic or cultural value or contain uses that have large local and regional draws. Their inclusion in the figure helps orient the reader.

Figure B2 illustrates some of the defining characteristics of the El Camino Real corridor, station area and downtown. It focuses on the visual quality and definition of the area by the way buildings orient to the street, with varying building setbacks; the effect of underutilized lots on street character; the provision and location of public parking plazas; and the area's landscape character. It identifies familiar "landmark" buildings, which help orient visitors to the area, and places with a higher degree of activity, such as Draeger's Market and the public library.

In general, some of the most successful and memorable streets, in terms of character and activity, are ones where buildings address and frame the street with active ground floor uses and articulated façades; where pedestrians have a comfortable and welcoming place to walk; and where a consistent use of landscape treatment, through street trees, street lamps and other furnishings, create a welcome and unifying image.

## Building Character

Buildings on El Camino Real vary in size and style, from automobile showrooms (many empty) and car repair shops to larger commercial buildings, office buildings up to four stories tall and smaller scale commercial buildings closer to downtown. Most buildings are one and two stories tall, although others are taller.

El Camino Real, for the most part, lacks a clear definition of a built edge due to inconsistent building setbacks and numerous parking lots along the street. This detracts from the visual appeal of the corridor. In some cases, buildings with a strong built edge face away from the street and to rear parking lots, thereby detracting from street character. The stretch of El Camino Real between Valparaiso Avenue and Roble Street exhibits a better definition because most buildings have a consistent, minimum setback from the street, consistent with the historic center of Menlo Park, and because of the landscaped median.

Santa Cruz Avenue has a consistent building character between El Camino Real and University Drive, with all buildings aligned to the sidewalk/lot line and most buildings along Santa Cruz Avenue being one and two stories tall. This provides very clear street definition and strong visual quality to the street by providing clear distinction of the public and private realm with active edges of doors and windows opening onto the street. The street consists of small, distinct storefronts, creating a visual interest to passersby.

Secondary street frontage on Oak Grove and Menlo Avenues adjacent to Santa Cruz Avenue, and other smaller streets perpendicular to it, play an important role in providing uses and services that support the downtown. The Oak Grove and Menlo Avenue corridors have a range of existing building types, including some three-story structures.

Menlo Center and the Caltrain Station are notable buildings and function as local landmarks, with the Presbyterian Church, Draeger's Market, Trader Joe's, Safeway, Burgess Park and the public library serving as "activity nodes" or places attracting significant numbers of people and creating activity within the plan area.



*Parking lot interfacing with El Camino Real, creating an edge condition that lacks clear definition (Menlo Park, California)*



*Santa Cruz Avenue has a small-town character, with storefronts that face the street and a median planted with stately trees (Menlo Park, California)*



*Caltrain Station is a local landmark (Menlo Park, California)*

MENLO PARK EL CAMINO REAL AND DOWNTOWN SPECIFIC PLAN

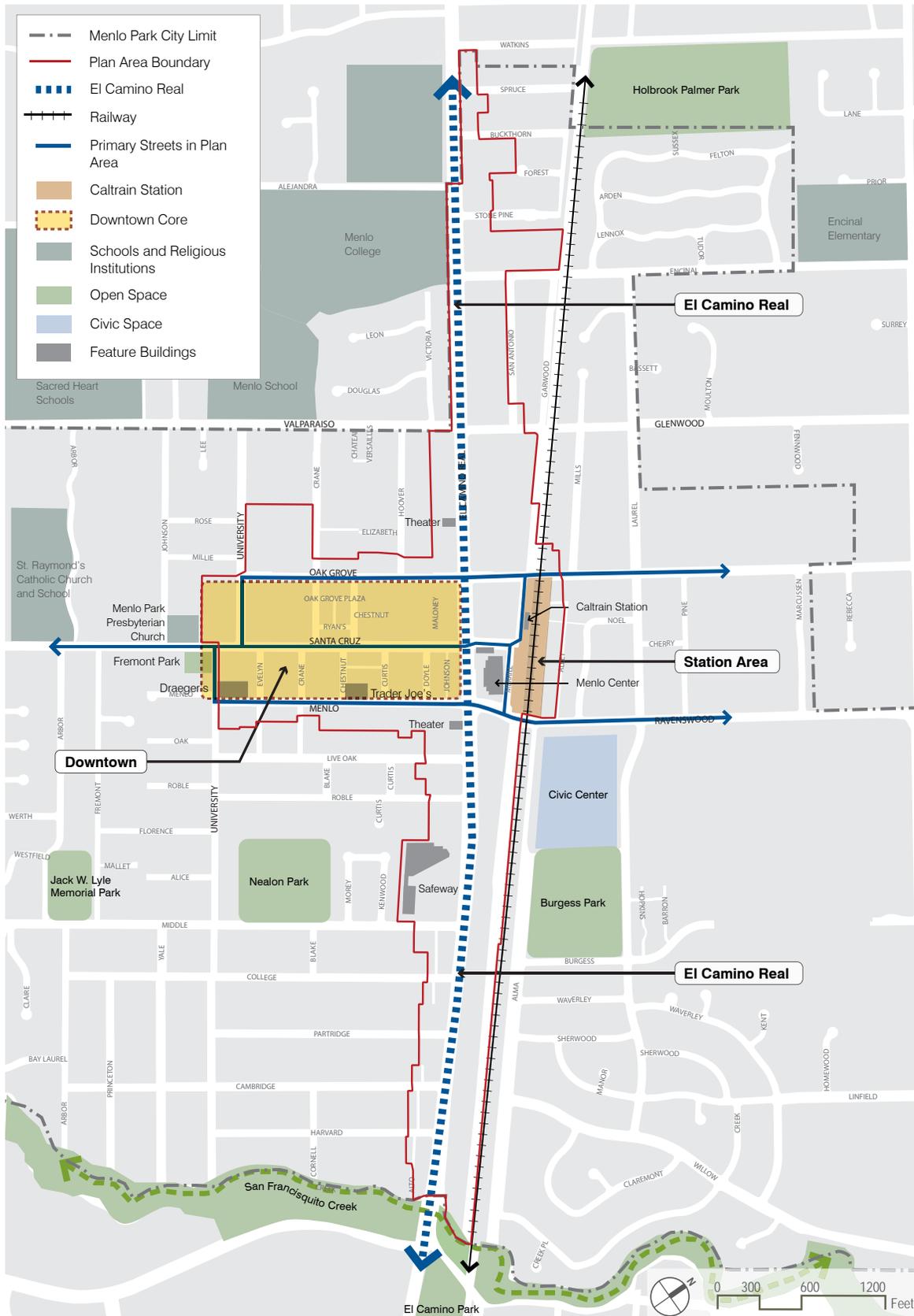


Figure B1. Site Context

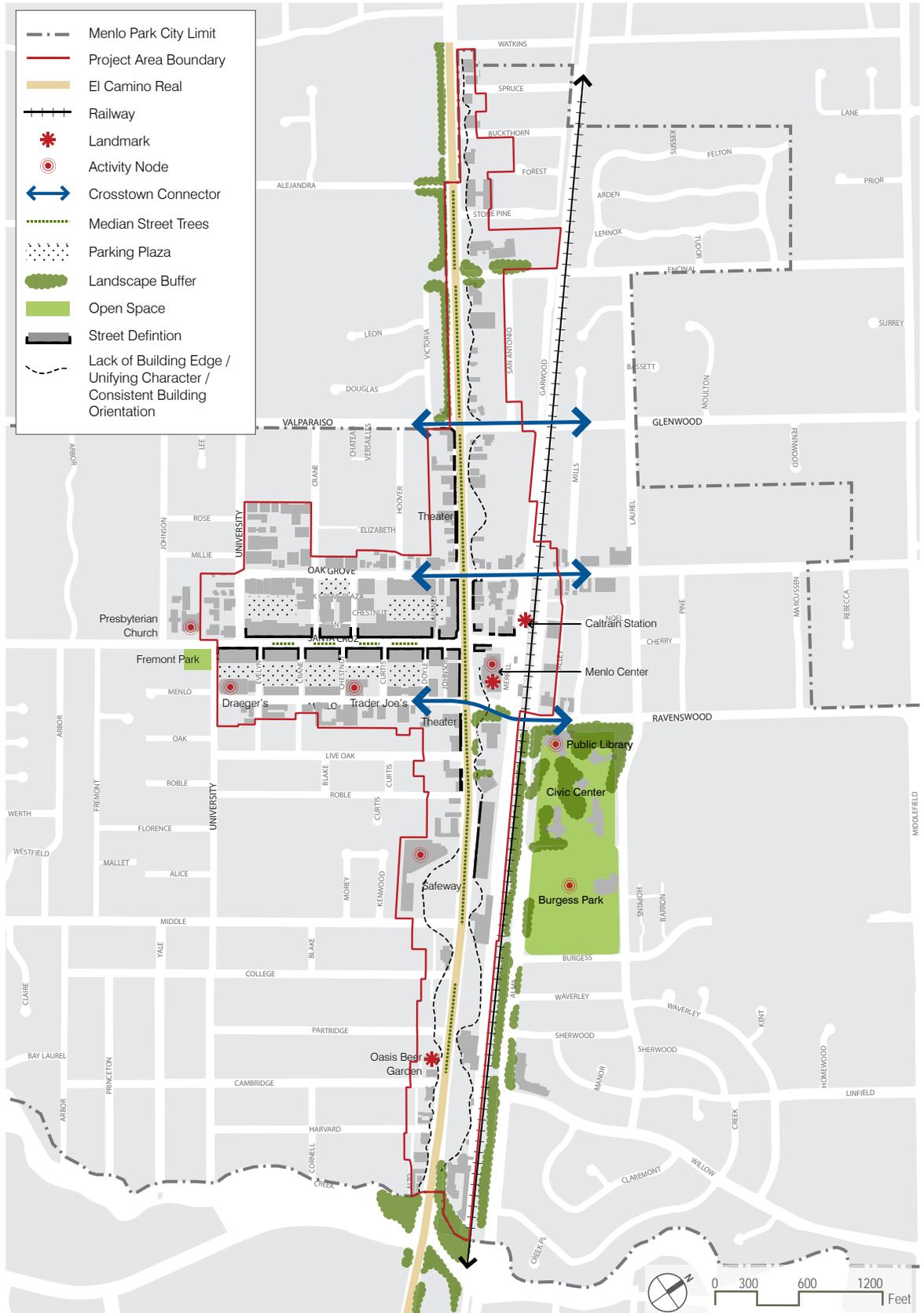


Figure B2. Site Character

The plan area also includes a number of gateways, an entrance “expression” that heralds the approach of new landscape and defines the arrival point as a destination. The minimum building setbacks and median trees, which start at Valparaiso Avenue, create a sense of entry or gateway to downtown heading south. Other gateways include El Camino Real at the Menlo Park/Palo Alto city limit, heading north, and Santa Cruz Avenue at El Camino Real and at University Drive heading into the center of downtown.



*Peet's Coffee at the corner of Santa Cruz Avenue and University Drive (Menlo Park, California)*



*Streetscape - Downtown (Menlo Park, California); Santa Cruz Avenue consists of small, distinct storefronts, in one- and two-story buildings, that line and define the street*

## Streetscape Character



*Back-to-back benches (Menlo Park, California)*

Streetscape character is created by features such as landscaping, sidewalk design and street furniture and amenities. Along El Camino Real, the landscaping varies in design, quality and maturity, resulting in a range of experiences for pedestrians. Some areas such as the section between Roble and Ravenswood Avenues include mature street trees, providing a high quality experience for pedestrians. Areas with less mature landscaping are not as comfortable. Overall, the series of street trees and median trees, especially ones that are more mature, help lessen the impact of traffic along El Camino Real and make it more comfortable for pedestrians.

The sidewalk dimension on El Camino Real varies in width and in a few locations narrows down to a size that makes it an uncomfortable pedestrian experience. In addition, several intersections along El Camino Real have been compromised by infrastructural elements (such as signage, light posts and utility boxes) or restrict pedestrian circulation in favor of vehicular circulation (especially in locations where there is a high frequency of vehicular turning). The existing intersections have been designed for vehicular speeds and do little to provide assistance for pedestrians.

Typically Santa Cruz Avenue is comprised of a traffic lane in each direction, parking on both sides (sometimes parallel, sometimes angled), 10-foot sidewalk and one- to two- story buildings that have no setback from the street. The street is identifiable by a median planting of London Plane trees that average 30 to 35 feet tall. Additionally, trees of varying types and sizes are planted irregularly in the sidewalk and planting areas.

Santa Cruz Avenue has been designed with a great deal of emphasis on the pedestrian. A strong effort has been made to separate pedestrian circulation from vehicular traffic as well as provide street furnishings and amenities. The existing streetscape design, built over the past few decades, is intended to serve pedestrians, yet also creates constraints by reducing the effective space for circulation and social interaction and, at times, being visually disruptive. In several locations, benches are fixed in location back-to-back, limiting informal use by larger groups. Much of the sidewalk space has been organized using low concrete walls and planting areas, which provide a perception of increased protection from vehicles, but limit the usable space of the sidewalk.

## B.3 OPPORTUNITIES AND CONSTRAINTS

The plan area offers ample opportunities and constraints for improvements, particularly as they relate to the community's desires for enhanced pedestrian amenities and public spaces, a revitalized El Camino Real, an active, vibrant downtown and improved pedestrian and bicycle connections. Illustrated in Figure B3, the following sections describe the area's opportunities and constraints.



*Draeger's is a local activity node (Menlo Park, California)*

“  
*Improving conditions for both  
(vehicles and pedestrians)  
should be the goal through  
wider sidewalks with green  
areas between traffic and  
sidewalks*

”  
*- Workshop #1 Participant*

“  
*Need for good streetscape  
and ground floor design –  
pedestrian friendly*

”  
*- Workshop #1 Participant*

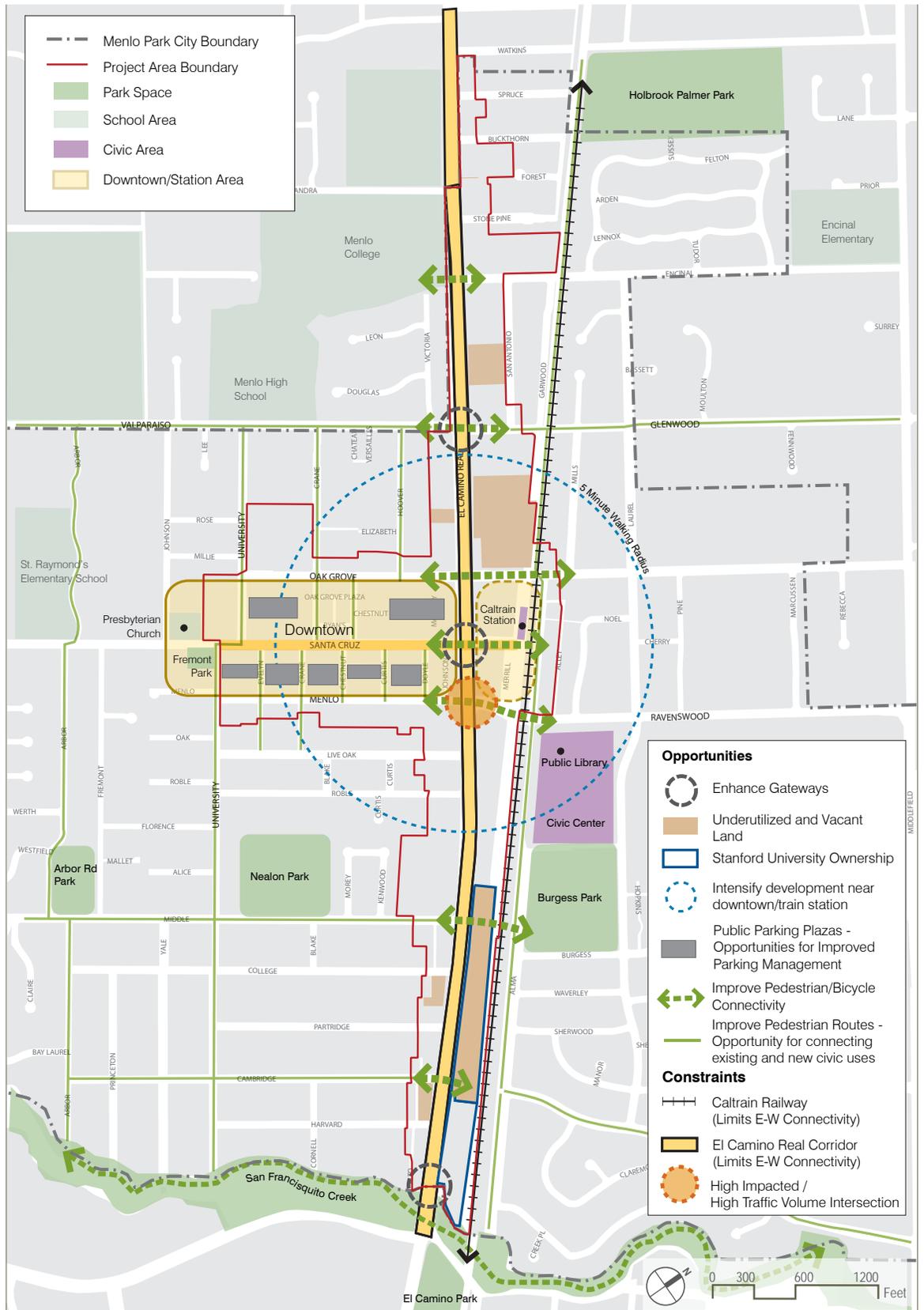


Figure B3. Opportunities and Constraints

## Opportunities

The Specific Plan recognizes opportunities for enhancements within the plan area. The following sections discuss these opportunities in more detail:

- Improve Underutilized and Vacant Lands.
- Improve Stanford University-Owned Property.
- Focus Higher Density Development in Proximity to the Train Station Area.
- Build on Downtown Character.
- Improve and “Leverage” Existing Public Parking Plazas.
- Improve Pedestrian Amenities and Overall Street Character.
- Improve East/West Pedestrian and Bicycle Connectively.
- Improve Linkages between Open Spaces and Civic Uses.

### Improve Underutilized and Vacant Parcels

Vacant and under-utilized parcels in the plan area provide opportunities for mixed use development. New development would also help transform the streetscape character along El Camino Real by encouraging street level activity and enhancing the pedestrian environment. Several of the parcels have approved or pending projects that will serve these purposes as well as provide the potential for revenue generation and increase housing opportunities. Additionally, hotel uses have the potential to generate needed tax revenue for the city.

### Improve Stanford University-Owned Property

Stanford University owns a large contiguous stretch of land of approximately 12.8 acres on the eastern side of El Camino Real just north of San Francisquito Creek. The land is suitable for multi-family residential, commercial and mixed use development. This single ownership allows for a comprehensive approach to redevelopment of this portion of El Camino Real, which is currently underutilized. It also provides an opportunity for an east-west pedestrian and bicycle linkage near Middle Avenue.

“  
*Let’s really plan for a 50-year  
 non-auto environment*  
 ”

- Workshop #3 Participant



*Vacant and under-utilized parcels along El Camino Real (Menlo Park, California)*



*Large, contiguous stretches of land along El Camino Real (Menlo Park, California)*

### Focus Higher Density Development in Proximity to the Train Station Area

Vibrancy is achieved by a rich mix of uses, including residential and public amenities, arranged in a compact manner, in close proximity to transit. This mixed-use pattern supports pedestrian circulation and transit use while reducing relative vehicular trips in comparison to standalone projects of the same size. Also, clustering development near transit can potentially help justify improvements to existing transit.

The intersection of Santa Cruz Avenue and El Camino Real is the “center” of Menlo Park’s commercial and historic core, the confluence of the city’s commercial corridor, downtown “Main Street” and transit station area. This central location is the logical place for increased intensity of mixed-use development. As shown in Figure B3, there is an opportunity to focus development within a five minute walking radius from this “center”.

### Build on Downtown Character

Downtown Menlo Park is a walkable district with small blocks with most of the retail uses concentrated along Santa Cruz Avenue. The buildings in downtown are one or two stories with relatively small floor area. Enhancing the walkability in downtown by improving pedestrian movement along Santa Cruz Avenue and along the side-streets perpendicular to Santa Cruz Avenue will reinforce the village character. Opportunities exist to create limited new social spaces in the public parking plazas and through widening of sidewalks, which will further enhance the downtown character. As discussed above, intensifying mixed use development around the intersection of Santa Cruz Avenue and El Camino Real will also contribute to a vibrant downtown by increasing foot traffic and by enhancing pedestrian orientation of downtown.



*Existing mixed use activity at Menlo Center (Menlo Park, California)*



*Existing downtown character consisting of small blocks, mostly retail uses and one to two story buildings with small floor areas (Menlo Park, California)*

## Improve and “Leverage” Existing Public Parking Plazas

The downtown parking plazas provide needed parking for downtown stores and services. However, their current configuration is inefficient, with narrow drive aisles and sub-standard spaces in some cases. The city-owned parking plazas provide opportunities for possible limited infill development including modest new retail/restaurant uses, public open space and structured parking, enhancing the vitality and vibrancy of downtown. Such changes can enhance downtown character without reducing the inventory of available parking spaces. The opportunities listed will enhance foot traffic through increased patronage and support of local retail businesses downtown, in turn leading to increased sales. The parking plazas also provide opportunities for improved parking management, such as by relocating longer-term parking to garages and improving short-term parking opportunities elsewhere.

## Improve Pedestrian Amenities and Overall Street Character

Opportunities exist to improve pedestrian amenities (street furniture, widened sidewalks), and overall street character, in downtown, particularly along Santa Cruz Avenue, the north-south streets, and on downtown parking plazas. In some places, on-street parking may be reconfigured and accommodated elsewhere to provide room for pedestrian improvements.

El Camino Real offers its own challenges, with the arterial right-of-way needing to accommodate vehicular movement, on-street parking in some places and pedestrian movement. Buildings along the corridor are often built up to the property lines and sidewalks tend to be narrow, placing the pedestrian near fast-moving traffic. Opportunities, albeit limited, exist to improve the pedestrian experience by narrowing traffic lanes while maintaining the same number of lanes and expanding the sidewalk and by introducing and expanding sidewalks and publicly-accessible open space on adjacent properties.

“  
*If there were less parking and more activity, I would walk to downtown*

”  
- Workshop #3 Participant

“  
*We could walk more if we had good parking structures off downtown*

”  
- Workshop #1 Participant



*Opportunity to widen sidewalks along Santa Cruz Avenue (Menlo Park, California)*



*Buildings along El Camino Real built up to the property lines with narrow sidewalk condition (Menlo Park, California)*

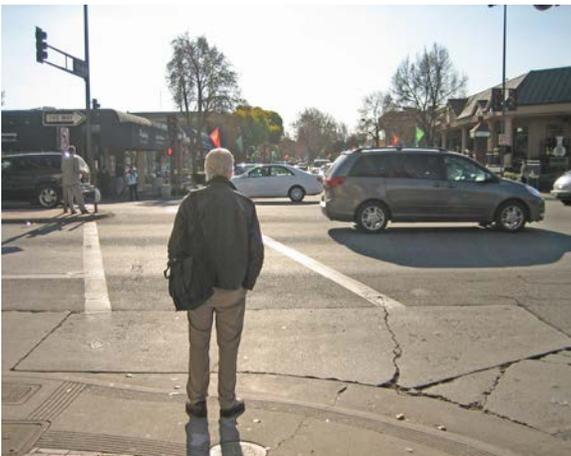
### Improve East/West Pedestrian and Bicycle Connectivity



*Parallel railroad tracks impede safe and accessible east/west connections (Menlo Park, California)*

The El Camino Real corridor and parallel railroad tracks impede safe and accessible east/west connections. There are opportunities to improve existing connections, particularly between downtown and the train station area, through enhanced pedestrian and bicycle amenities and managing traffic movements. Opportunities for new pedestrian and bicycle connections under or over the railroad tracks exist at the Caltrain station and at Middle Avenue, connecting through to Burgess Park. There is also an opportunity to improve existing pedestrian crossings at Oak Grove, Santa Cruz, and Menlo Avenues for enhanced east-west connectivity with high-visibility crosswalks with enhanced pavement, median islands/pedestrian refuges and other crossing improvements.

### Improve Linkages between Open Spaces and Civic Uses



*Poor accessibility and linkages between key spaces (Menlo Park, California)*

Some notable civic uses and parks in the vicinity of downtown include the Civic Center and Public Library, Caltrain Station, Menlo Park Presbyterian Church, Fremont Park, Nealon Park and Burgess Park. Improving pedestrian and bicycle routes between these civic uses provides an opportunity to create safe linkages and improve accessibility.

## Constraints

The following sections discuss these constraints in the project area in more detail:

- Railroad Line Limits East/West Connectivity Opportunities.
- Arterial Function and Caltrans Jurisdiction of El Camino Real Limits Improvement Opportunities.
- Ravenswood/Menlo/El Camino Real Intersection Congestion.
- Funding for Public Improvements.
- Financing Given the Current Market Situation.

### Railroad Line Limits East/West Connectivity Opportunities

The railroad tracks are a barrier that limits east-west connectivity, although they also buffer taller buildings on El Camino Real from adjacent neighborhoods. Implementing attractive and safe connections across the tracks remains a real challenge in the project area. Future high speed rail is also planned for the Peninsula, and it requires track grade-separation. With high speed rail and its grade separations, east-west transportation connections can be enhanced. However, it will act as a visual barrier if the tracks are above grade.



*Railroad line limiting east/west connectivity opportunities (Menlo Park, California)*

### Arterial Function and Caltrans Jurisdiction of El Camino Real Limits Improvement Opportunities

Under the California Department of Transportation (Caltrans) jurisdiction, El Camino Real is a major arterial roadway that must accommodate regional through traffic. While there is potential to improve the pedestrian environment, and street character, along the El Camino Real right of way, Caltrans has final authority and decision making power in this regard. Deviations from Caltrans policy or standards to meet community requests may require approval of an exception to a policy or nonstandard feature.



*Arterial function of El Camino Real limiting improvement opportunities (Menlo Park, California)*

## **Ravenswood/Menlo/EI Camino Real Intersection Congestion**

This intersection is the only one in the project area that currently operates at an unacceptable level of service for vehicular traffic under existing conditions (discussed in Section F.2 “Vehicular Circulation”). Accordingly, increased development and improving pedestrian and bike crossings, while accommodating traffic flows, remains a challenge in the area.

## **Funding for Public Improvements**

Due to fiscal constraints being experienced by all levels of government, including the City of Menlo Park, the funding available for public improvements is limited. It is unlikely that the General Fund will be a significant source of funding for public improvement projects. Therefore, the City will need to identify other revenue sources to pay for proposed improvements. A wide variety of other funding sources and financing mechanisms, including Benefit Assessment Districts, Grants, and Development Impact Fees, are available for public improvements, but their applicability to Menlo Park varies substantially because of statutory constraints and political challenges, including the need for voter approval in some cases. Development Impact Fees and other contributions from developers will be limited by the amount of new development allowed in the specific plan area and, at least in the short-term, by the current real estate market conditions. The ultimate mix of funding sources and financing mechanisms for the proposed improvements will be subject to the larger priorities of the City. Please see Chapter G “Implementation” for more information on specific funding sources.

## **Financing Given the Current Market Situation**

The current market situation is characterized by constrained credit markets and a broader economic downturn that has impacted the potential for real estate development. While current market conditions, wherein home prices and the volume of sales have both declined, are not conducive to real estate development at this time, the market for real estate tends to be cyclical in nature. It is difficult to predict when the market will improve; however it is unlikely that new projects in the plan area will be constructed and occupied until 2012–2013, at the earliest.

## B.4 CIRCULATION OVERVIEW

The circulation system in the Specific Plan project area accommodates, to varying degrees, vehicular movement, pedestrian movement, bicycle circulation and transit use. This section summarizes the following aspects of the existing circulation system:

- Policy Context.
- Transportation Conditions.
- Opportunities.

More detailed discussion of the circulation system is contained in Chapter F “Circulation”.

### Policy Context

There are a number of agencies whose policies apply to the Specific Plan area, including the City of Menlo Park, the San Mateo City/County Association of Governments (C/CAG), the Metropolitan Transportation Commission (MTC), the California Department of Transportation (Caltrans), San Mateo County Transit District (SamTrans) and the Town of Atherton. Moreover, the City of Menlo Park’s General Plan provides a blueprint for growth within the City, and sets the goals, policies, and programs that apply to the Specific Plan area.

The General Plan specifies that the minimum acceptable level of service<sup>1</sup> (LOS) for roadways is LOS D, and includes policies supporting the development of an equitable transportation network supporting transit, bicycles, and pedestrians. Caltrans controls El Camino Real, where it strives for operations at LOS C or better, but Caltrans documents note that there is flexibility in the application of its standards to accommodate community goals.

<sup>1</sup> Level of Service (LOS) is a quantitative description of roadway operations from the perspective of a vehicle driver. The LOS of a roadway facility can range from LOS A, with free-flow operations and little or no delay, to LOS F where traffic volumes exceed roadway capacity resulting in stop-and-go operations and excessive delays. LOS E represents at-capacity conditions, LOS D represents below-capacity conditions where delays are tolerable for most drivers

## Transportation Conditions

### Roadway System

The roadway system in Menlo Park is comprised of relatively short and discontinuous north-south and east-west roadways. This layout limits the amount of regional traffic on the roadways but creates circuitous traffic routings for people who live, work, and visit Menlo Park. Traffic congestion in the project area occurs primarily along El Camino Real, which carries regional traffic, and its intersections. The highest levels of congestion occur during the morning and evening peak commute hours, causing extensive queuing. About half of the traffic on El Camino Real in the downtown area is regional in nature, with an origin and destination outside of the project area.

### Pedestrian and Bicycle Facilities

Pedestrian and bicycle facilities support attractive modes of travel in Menlo Park as nearly six percent<sup>2</sup> of work trips are made by bicycle or on foot, well above both state and national averages. Pedestrian and bicycle accommodations are provided throughout much of the City. However, there are many gaps and deficiencies. While sidewalks are provided along most roadways in the plan area, El Camino Real and the Caltrain tracks serve as a barrier to east-west travel, and there are discontinuities in the sidewalk system leading into the downtown area. El Camino Real and the Caltrain tracks serve as a barrier to east-west bicycle travel as well and there are discontinuities in the bicycle network especially for north-south travel.

<sup>2</sup> 2000 Census journey to work data



*Discontinuities in bicycle network for north-south travel (Menlo Park, California)*



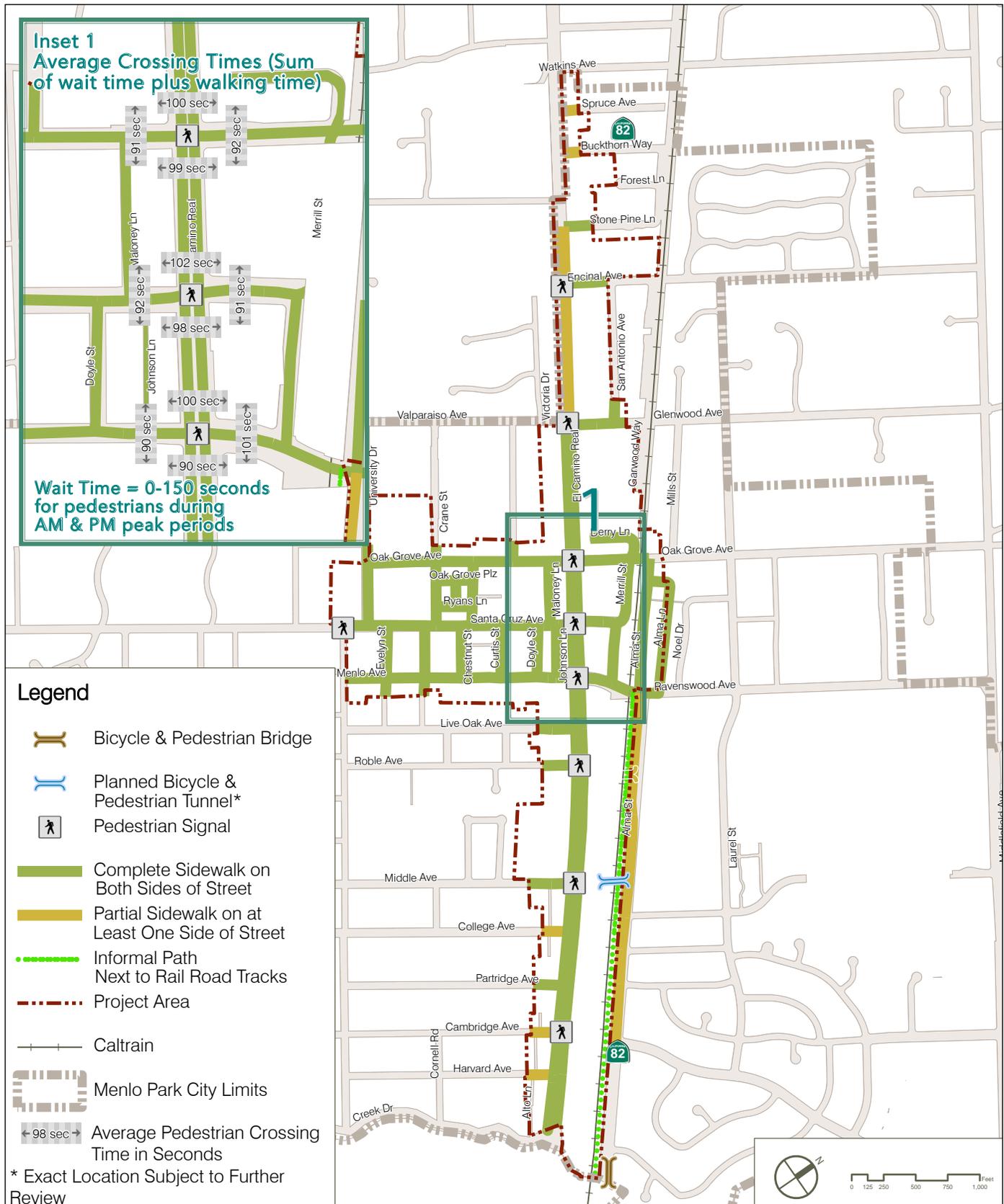


Figure B5. Pedestrian Facilities in Plan Area, from Field Observations and the “Menlo Park Comprehensive Bicycle Development Plan, 2005”



## Transit

Transit service is provided by San Mateo County Transit District (SamTrans), Caltrain, and shuttles operated by the City of Menlo Park. Caltrain daily boardings at the Menlo Park station have increased steadily from under 900 in 1992 to over 1,400 in 2009<sup>3</sup>. Planning is currently underway for a High Speed Rail (HSR) corridor connecting Los Angeles with San Francisco, which is discussed in more detail in Section D.3 “Station Area”. As planned, the HSR would pass through Menlo Park along the Caltrain right-of-way. All HSR crossings with roadways would be grade separated. Figure B7 illustrates transit service in the plan area.

## Parking

Parking is provided in a mixture of on-street spaces and both public and private lots. Over 1,500 public parking spaces are provided downtown. Short-term parking is free, but most of the public spaces have time restrictions of one or two hours, with some 15-minute zones on Santa Cruz Avenue. Parking Plazas 1 and 5 allow for longer-term paid parking, with on-site meter payment. The peak parking demand occurs mid-day on weekdays, when about 80% of the available on- and off-street spaces are occupied, according to the Downtown Menlo Park Parking Study (May 2010). The City’s Municipal Code specifies minimum parking requirements, which are higher than average for commercial uses when compared to neighboring jurisdictions.

<sup>3</sup> Caltrain ridership data posted on their website



*Transit service provided by SamTrans, Caltrain and City of Menlo Park shuttles at the Menlo Park station (Menlo Park, California)*

“  
*Parking structures off of Santa Cruz to remove cars from walking areas makes downtown more attractive.*  
 ”

*- Workshop #1 Participant*



## Opportunities

A number of potential opportunities are apparent based on this review of existing conditions. The plan area is well served by transit, is pedestrian and bike friendly in many places and enjoys a mix of uses in the downtown. The proximity of the downtown to the Caltrain station and the existing intensities in the plan area could allow for increased intensity and infill development with less new traffic compared to similar amounts of development in other locations or areas not served by transit.

The City-owned parking plazas currently provide free short-term parking for visitors and employees, along with some options for longer-term paid parking. These plazas constitute the largest City-owned parcels in the project area, and could be converted to limited infill development, pocket parks and/or parking garages. Parking garages would consolidate parking to more central locations, reducing the amount of “cruising” as people search for a parking space and creating more orderly traffic patterns. If spread over two plazas, the garages would also disperse garage traffic over several locations versus one location. Parking garages can also provide a concentrated location for all-day employee parking for downtown businesses, helping free up spaces in surface lots for retail customers. (See Chapter F, Section F.9 “Downtown Parking” for more details).

There is also an opportunity to reduce the minimum parking requirements for some types of development to account for the accessibility of the downtown to non-automobile users and the potential for shared parking. Different uses have different parking demand characteristics, with some uses (like offices) peaking during the day on weekdays and other uses (like housing) peaking in the evenings and on weekends. Providing parking spaces that can be shared between these uses is a more efficient usage of the limited amount of available parking.

The plans for High Speed Rail (HSR) could also present transportation opportunities for the plan area, particularly by improving east-west connectivity. The grade separation required for the HSR project would eliminate the at-grade crossings that currently exist at four locations within the project area. The removal of the railroad crossing at Ravenswood Avenue near Alma Street would likely benefit traffic operations at El Camino Real as well as the pedestrian crossing at Alma Street. The reconstruction of the railroad right-of-way could also provide an opportunity for a bicycle/pedestrian path improving north-south connectivity in the project area without forcing riders onto El Camino Real. These potential benefits should be viewed in concert with potential negative attributes of HSR, such as creating a visual barrier through communities along the Peninsula, construction impacts, noise and vibration, tree removals, and property takings.

“  
*Allow super-high density near  
 train station*

”  
 - Workshop #1 Participant

“  
*Need more housing on El  
 Camino Real. People bring  
 vibrancy.*

”  
 - Workshop #1 Participant

## **B.5 MARKET OVERVIEW**

Based on an examination of major demographic, economic and market conditions, the market overview addresses the mid- to long-term potential for residential, retail, office, and hotel and conference space uses in the plan area. The overview encompasses key findings by Strategic Economics, which analyzed the economic and market context for this Specific Plan study in May 2009.

This section briefly describes the major market findings for residential, retail, office and hotel land uses.

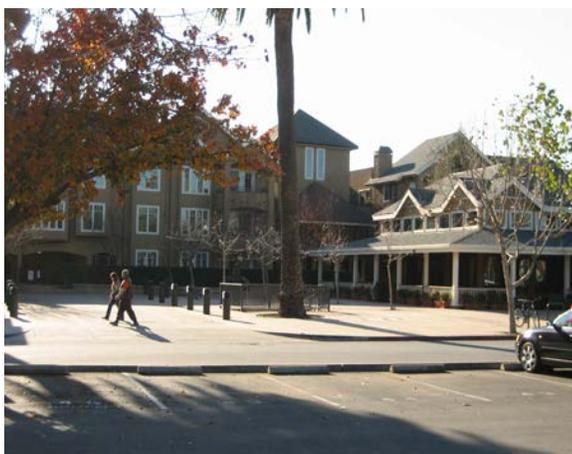
## Residential Market

The plan area is well positioned within the region to capture housing demand from a variety of groups.

The plan area is located near employment centers, regional transportation options, educational institutions, and downtown's walkable retail core. The availability of nearby services and amenities are likely to attract a wide range of households including single professionals, students, small families, and seniors. These household types demand a wide range of housing types, including small-lot single family homes, townhouses, condominiums, and rental apartments. Attached multi-family housing is likely to attract seniors "downsizing" from larger single-family homes in the Peninsula, single professionals, and families with no children. Allowing for a variety of housing types will also help to accommodate households at a range of income levels.

While demand is strong for a variety of housing types, what is marketable in any given location will depend on site-specific characteristics. Within the project area, there are different physical contexts that will determine the housing types likely to be built. Properties fronting on El Camino Real are better suited to higher-density housing, while properties facing the residential streets parallel to El Camino Real are better suited to townhouses and small-lot single-family homes. Properties near the Caltrain station are ideal locations for higher-density transit-oriented development, and properties within downtown may be suitable for medium-density apartments, condominiums, and townhouses, at a scale that is sensitive to the downtown village character.

## Key Residential Market Findings



*Existing multi-family housing and retail mixed-use development near the Menlo Park station (Menlo Park, California)*

- The plan area has a major opportunity to tap into San Mateo County's strong pent-up demand for housing.
- The large number of jobs accessible at other transit stations on the corridor enhances the desirability of downtown Menlo Park as a place to live. New housing in the station area will offer residents the opportunity for a car-free commute to downtown San Jose, San Francisco, Palo Alto, San Mateo, or other major employment destinations within the regional transit system.
- Demand for Menlo Park housing is primarily driven by the highly regarded schools, robust public amenities, sense of community, and proximity to employment centers.
- The Menlo Park housing market experiences strong demand for all types of residential units.
- Families drive the majority of housing demand with secondary demand from empty-nesters.

## Retail Market

The plan area is comprised of two distinct retail districts: El Camino Real and downtown Menlo Park. El Camino Real retail is geared toward more destination oriented retailers that benefit from convenient auto access, such as those at the Safeway shopping center and Staples and Big 5 Sporting Goods at Menlo Station. El Camino Real is also the location of one larger hotel and several smaller hotels/motels that contribute to City revenue in the form of transient occupancy taxes. El Camino Real's advantages for retailers are strong linkages to other communities on the Peninsula, strong demographics, good visibility, and high traffic counts, which are desirable to many national and regional retailers. El Camino Real also contains a number of key redevelopment opportunities on vacant and underutilized sites. Nevertheless, many of the lot dimensions on El Camino Real are challenging for standard retail configuration and parking ratios.

Downtown Menlo Park is a pedestrian-oriented "Main Street" shopping district that has evolved over time to include a range of independent retailers, including grocery stores, home furnishings stores, women's apparel, specialty retail stores and dining establishments. Downtown Menlo Park has not traditionally attracted a great number of national and regional retailers, in part because these types of retailers are already located in Stanford Shopping Center and University Avenue in Palo Alto, and franchise agreements would typically not allow for another store within such close proximity. Furthermore, downtown Menlo Park is tucked away from major freeways, and does not offer the type of direct regional automotive access found in other Peninsula communities along the US-101 Highway.

If additional housing is developed in the project area, downtown Menlo Park has the opportunity to attract stores and restaurants targeting young people and families with children, as well as senior households. Streetscape and pedestrian improvements and additional downtown housing or office uses would also enhance the success of project area retail and draw shoppers and diners.



*Flegel's Home Furnishings, a major independent retailer located downtown at the corner of Santa Cruz Avenue and Evelyn Street (Menlo Park, California)*

“  
*Like to see more street fair-type vendors on weekends*  
 ”

*- Workshop #3 Participant*

“  
*Stores open in the evening to  
 invite post-dining patrons to  
 stay in the village*  
 ”

- Workshop #3 Participant

“  
*Entertainment and more  
 specialty retail would get me  
 downtown*  
 ”

- Workshop #3 Participant

Based on comments from the three community workshops, community preferences for types of retail uses include independent, small retailers and those that invite more activity in the evening hours, including restaurants and cafes, particularly downtown. Community preferences also include a concentration of stores, restaurants and cafes along Santa Cruz Avenue, rather than financial and other services, that are apt to be closed at night.

### Key Retail Market Findings

- Retail sales in the project area remained relatively steady from 2003 to 2007; however sales have declined during the current economic downturn. Neighborhood-serving retail generates the most sales of all categories for both El Camino Real and downtown. Neighborhood-serving retail includes food and beverage stores, such as grocery stores, hardware stores, and health and personal care stores, such as pharmacies. These types of stores are oriented toward nearby residents' daily and weekly needs.
- Although both areas have a high share of neighborhood-serving retail sales, downtown Menlo Park has a higher share of sales in specialty retail and home furnishings, whereas El Camino Real has a higher share of sales in restaurants and dining. Specialty retail draws patrons from a wider trade area and may include comparison shopping for larger items like electronics. Other specialty stores include book and music stores, sporting goods, apparel stores, and gift stores.
- Even though most of the sales in the El Camino Real corridor and in downtown are from neighborhood-serving retail, specialty retail makes up a larger share of total stores.

## Office Market

Menlo Park is a desirable location for office uses due to its central location on the Peninsula and good access to major highways and bridges. Stanford University, the venture capital industry, and the local residential population base are the primary sources of demand for office space, attracting small and mid-size companies in real estate, venture capital, attorneys, and medical/dental, as well as high-tech and internet companies.

In the short-term, there is demand for additional medical office space in the project area. Brokers report that they are seeing a high level of demand for medical space in the project area because of plans to demolish some medical buildings as part of the new Stanford Medical Center. Demand for medical office space is slightly higher in the downtown than on El Camino Real due to the high quality pedestrian environment and retail amenities. However, there is some community concern with medical office uses in the project area since they tend to generate trips but not revenue.

In the mid- to long-term there will likely be demand for additional office space in the project area. Because of the economic downturn, most office users are currently not looking to relocate or expand. But as the economy recovers, demand for office space in the project area will likely be high, especially in downtown. Proximity to Caltrain and the walkability and amenities of downtown are significant draws for office tenants.

Construction of new office space in the project area is constrained by difficulties in providing parking on typically-small parcel sizes. Revision of the parking requirement, particularly for non-medical office uses, may facilitate office building development in the project area.



*Existing 4-story office space along El Camino Real (Menlo Park, California)*



*Existing office space at 1600 El Camino Real (Menlo Park, California)*

## Key Office Market Findings



*Existing 3-story retail / office space along El Camino Real  
(Menlo Park, California)*

- In both the plan area and the City of Menlo Park the majority of office employment is in the professional, scientific, and technical services industries.
- The plan area attracts mostly small and mid-size companies in real estate, venture capital, attorneys, and medical/dental. Downtown also attracts a small number of high-tech and internet companies.
- The Menlo Park office market is stronger than the Peninsula office market as a whole, achieving higher rents and lower vacancy rates.

## Hotel Market

Menlo Park and the greater market area have seen a steady increase in occupancy and room rates over the past several years, driven by a combination of both business and leisure travelers. The subarea is particularly well positioned to attract hotel development because of its proximity and access to Stanford University, Sand Hill Road businesses, and the Silicon Valley region. The market analysis projected demand for both a conference hotel primarily targeting business travelers and groups, as well as demand for a smaller, limited-service boutique hotel targeting tourists and other leisure visitors. The El Camino Real corridor is more suited for a conference hotel, while the downtown is more appropriate for a boutique hotel given its pedestrian-friendly environment, amenities and services. However, given trends in occupancy rates, room rates, and overnight visits in the market area, there is demand for only one conference hotel by 2015, and a smaller boutique hotel in the mid- to long-term, from 20 to 30 years. The ability of the project area to capture these hotel rooms will largely depend on the availability of parcels of the right size and dimension, the amount and scale of hotel development in neighboring communities, as well as the capacity of the market and economy to support hotel development.

## Key Hotel Market Findings

- In the market area, approximately 60 percent of hotel occupancy comes from leisure travelers and 40 percent comes from business travelers.
- Ten hotels in the market area, or 21 percent of all hotels, have meeting or conference space.
- Compared to the hotel market overall, interviews with hotel managers suggest that hotels with a significant amount of conference and meeting space derive a higher share of their occupancy from business travel, likely 60 to 70 percent.
- Hotels are a desirable use for the City from a fiscal and economic development perspective. Hotels generate transient occupancy taxes, an important source of local revenue that is independent of the state budget crisis. Hotel guests also generate spending at nearby businesses such as restaurants and retail stores. A conference hotel can also provide an important amenity to some of the City's larger businesses.