

Menlo Park General Plan & M-2 Area Zoning Update



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Symposium 1: Growth Management & Economic Development

September 23, 2014





Project Objectives

Slide 2

- Establish and achieve the community's vision
- Institute equitable, efficient land use processes
- Realize economic and revenue potential
- Reduce emissions and adapt sustainably
- Improve mobility for all travel modes
- Preserve neighborhood character



Project Components

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- ▣ **Guiding Principles (Visioning)** – carry through entire project
- ▣ **General Plan Update (Land Use & Circulation Elements)** – blueprint for the future
- ▣ **M-2 Zoning Update** – implement the General Plan
- ▣ **Environmental Impact Report (EIR)** – identify and address potential impacts

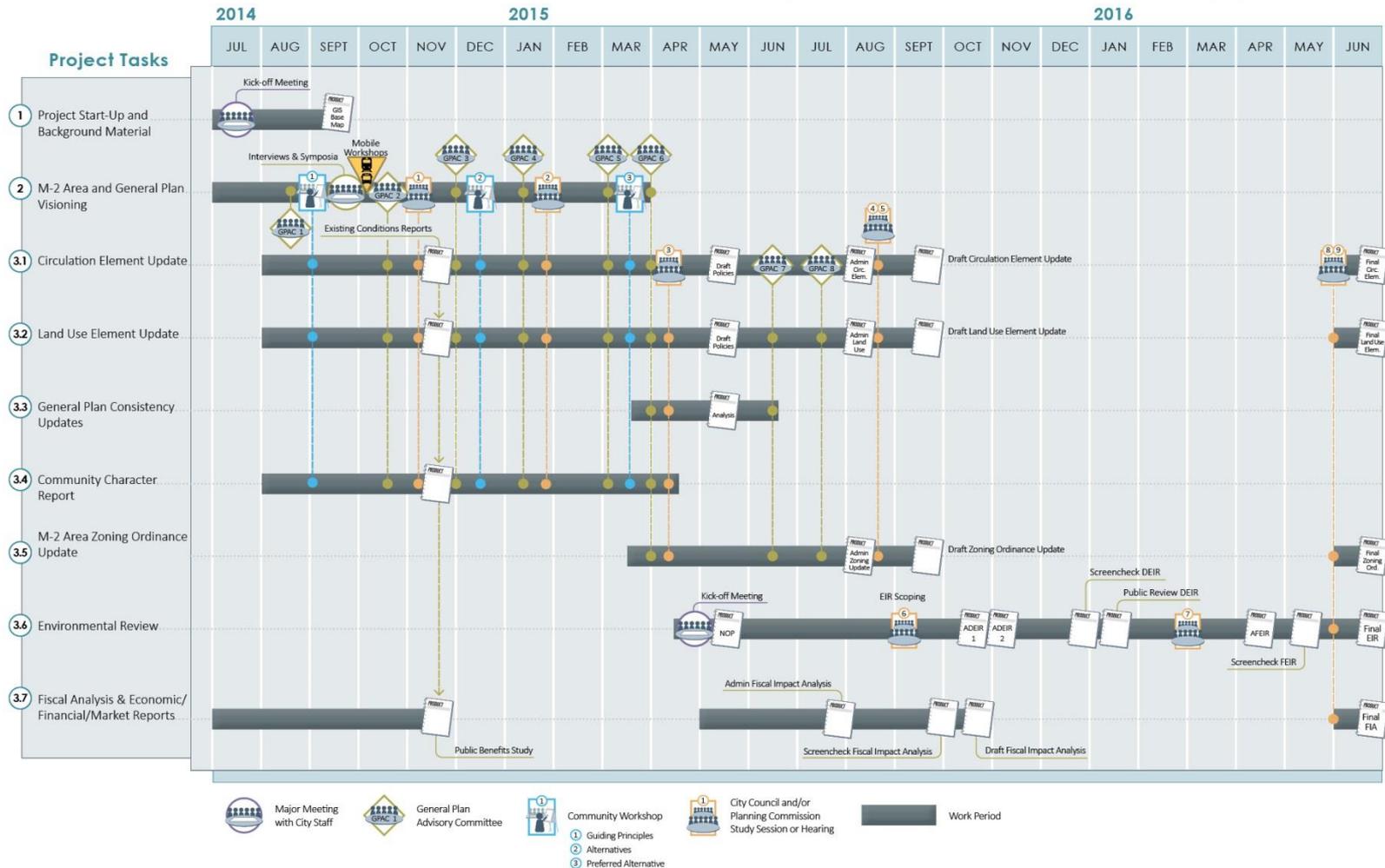
Project Schedule



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City of Menlo Park General Plan and M-2 Area Zoning Update Schedule



Upcoming Events



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- ❑ Focus Group 1 – 7-9p **Mon Sept 29** Juniper Room:
Growth Management & Economic Development
- ❑ Mobile Tour 1 – 12:30-3:30p **Wed Oct 1**: Menlo Park
- ❑ Stakeholder Interviews – 9:30a-4p **Thurs Oct 2** Elm Rm
- ❑ Symposium 2 – 7-9pm **Wed Oct 8** Council Chambers:
Transportation
- ❑ Mobile Tour 2 – 12:30-3:30p **Tues Oct 14**:
Other Communities
- ❑ Focus Group 2 – 7-9pm **Thurs Oct 16** Oak Room:
Transportation

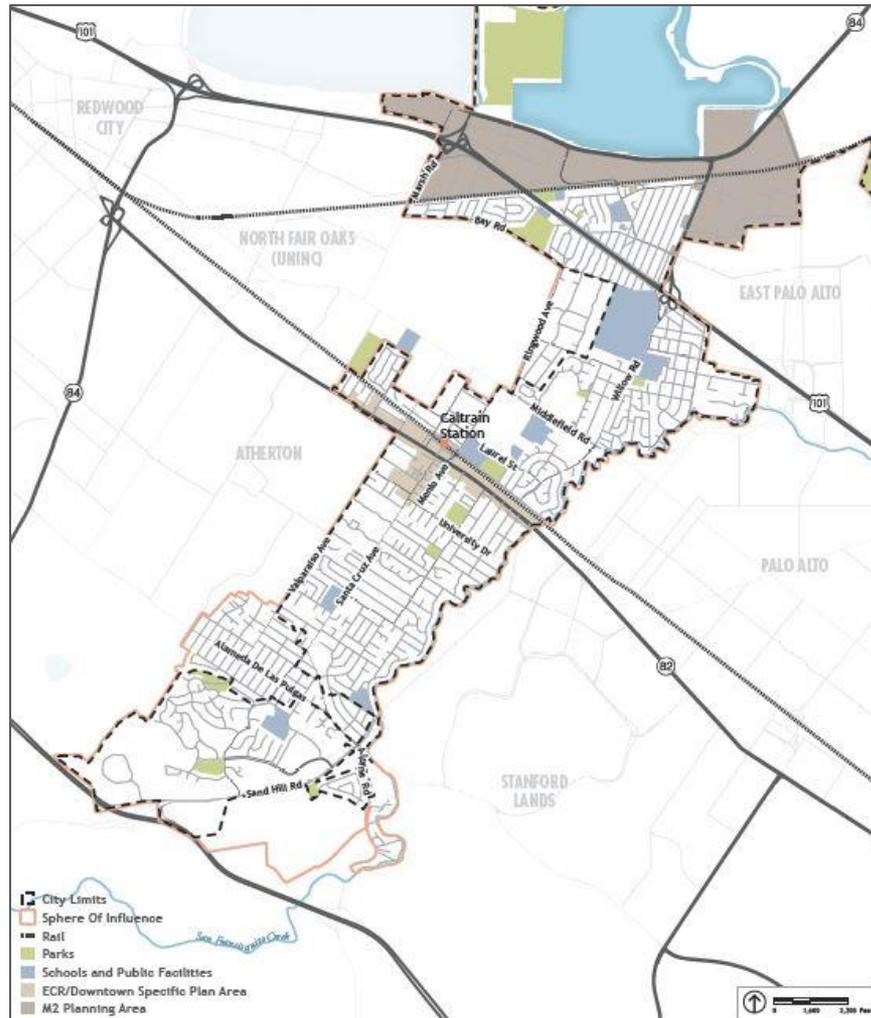
Citywide Context



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Focus on M-2 Area



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General Plan – Our “Constitution”

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- Community's 20-year vision for the future
- Comprehensive guide for decision-making
 - Leads to real physical change
- Vehicle for public engagement & education
 - Opportunity to include your priorities
- Required “Elements”
 - Land Use & Circulation included in this update
 - Conservation, Housing, Open Space, Noise & Safety updated in the past two years



M-2 Area Zoning Update

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- Zoning Ordinance contains land use standards
- Update for M-2 area needed to:
 - Create certainty in land use review
 - Reflect updated General Plan

Why is Economic Development Important?



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- Attraction, retention, and growth of new companies and jobs + the facilities they need
- Connection to improving quality of life for all
 - Generates fiscal benefits for City's General Fund
 - Increases job opportunities for local residents
 - Provides support for increased choices in housing, retail and services
 - Creates community benefits

Fiscal Trends



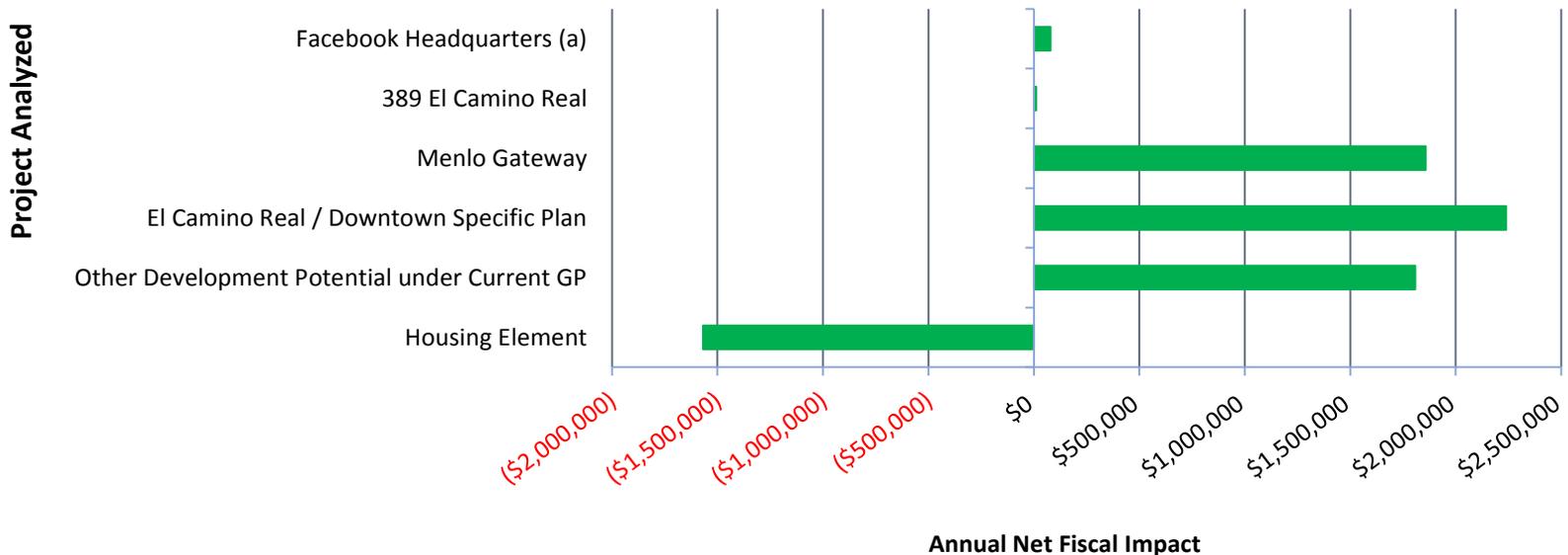
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- Mismatch between “baseline” City revenues, expenses
 - Average annual revenue growth 2%; expense growth 4%

Annual Net Fiscal Impact from Development Recently Analyzed by the City of Menlo Park



Notes:

Chart shows annual net fiscal impact to the City's General Fund based on recent fiscal analyses for development in Menlo Park. All figures are inflated to 2014 dollars.

(a) Does not include payments pursuant to City's Development Agreement with Facebook.

Economic Trends: Employment Composition

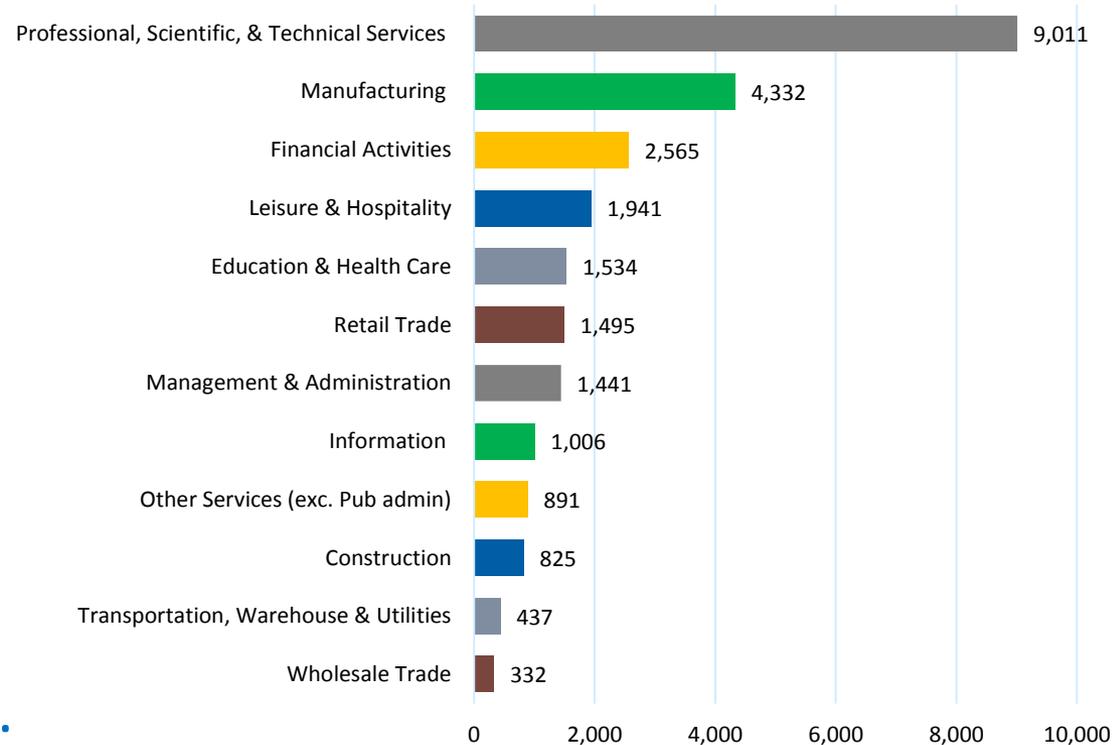


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- Large Employment Sectors include:
 - Professional/Technical
 - Manufacturing
 - Financial
 - Leisure & Hospitality
 - Ed & Health Care
 - Retail Trade
 - Management & Admin.

Composition of Menlo Park Private Sector Employment
3Q 2012



Sources: U.S. Department of Labor, Bureau of Labor Statistics QCEW Program; California Employment Development Department, 2014; BAE, 2014.

Economic Trends: Largest Employers



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	Name of Employer	Number of Employees
1	Facebook *	2,885
2	SRI International	1,421
3	Menlo Park VA Medical Center	837
4	TE Corporation *	747
5	SHR Hotel LLC	458
6	US Geological Survey	454
7	E * Trade Financial Corporation *	370
8	Evalve Inc. *	328
9	Pacific Biosciences of California *	300
10	Safeway Stores	264

Sources: City of Menlo Park; California Employment Development Department, 2014; BAE, 2014.

*** Located in M-2 Area**



Economic Trends: M-2 Area

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- The M-2 Area is key to the City's economy
 - 48% of City's jobs (2012)
- Key economic sectors with greatest growth, potential:
 - Information / Social Media: *Facebook*
 - Life Sciences: *Pacific Biosciences; CS Bio*
 - Medical Devices: *Evalve; Abbot Vascular*
- Other significant sectors
 - Manufacturing: *TE Connectivity*
 - Non high-tech: *Orrick, Herrington & Sutcliffe; E*TRADE Financial; Gachina Landscape Management; Cupertino Plumbing Supply*

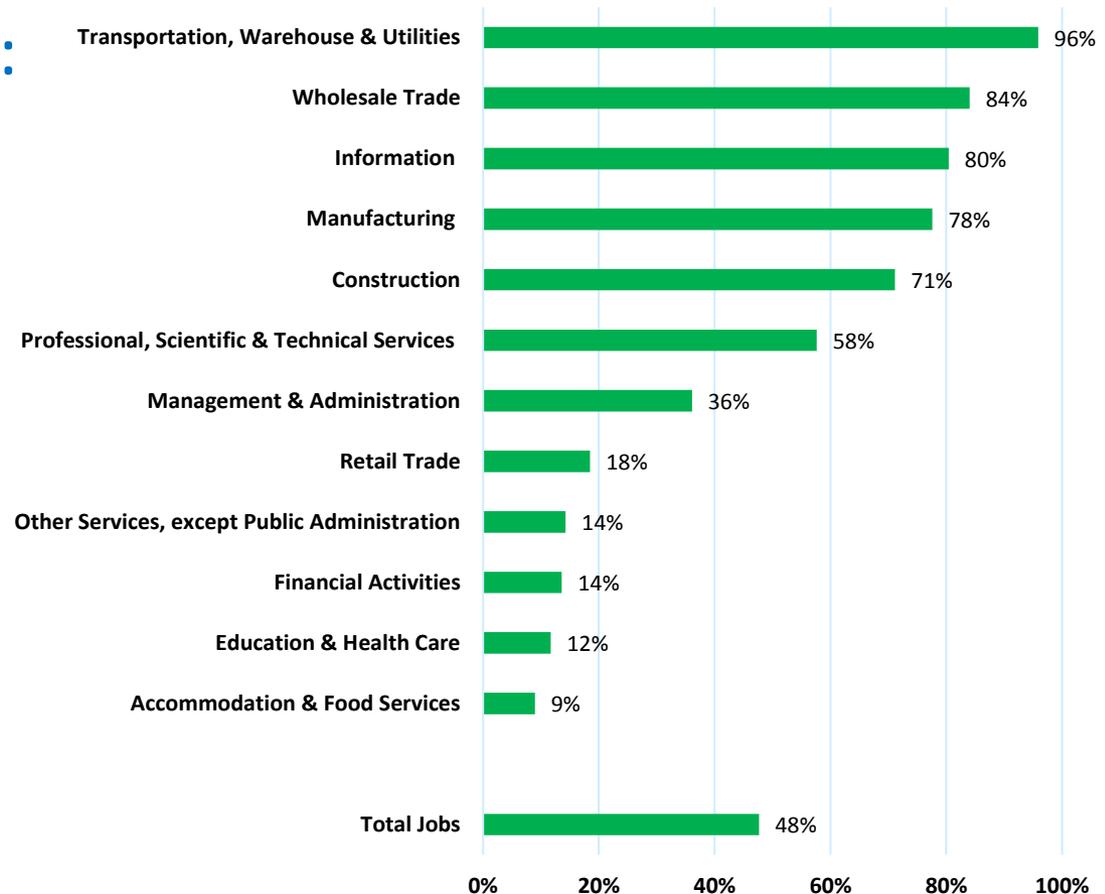


Economic Trends: M-2 Area

Majority of City's jobs:

- ▣ Transportation
- ▣ Wholesale
- ▣ Information
- ▣ Manufacturing
- ▣ Construction
- ▣ Professional/technical

M-2 Jobs as % of Total in Menlo Park by Sector, 2012



M2 Jobs as % Menlo Park Total Jobs in Sector

Sources: U.S. Department of Labor, Bureau of Labor Statistics QCEW Program; California Employment Development Department, 2014; BAE, 2014.

Economic Trends: Commute Flows

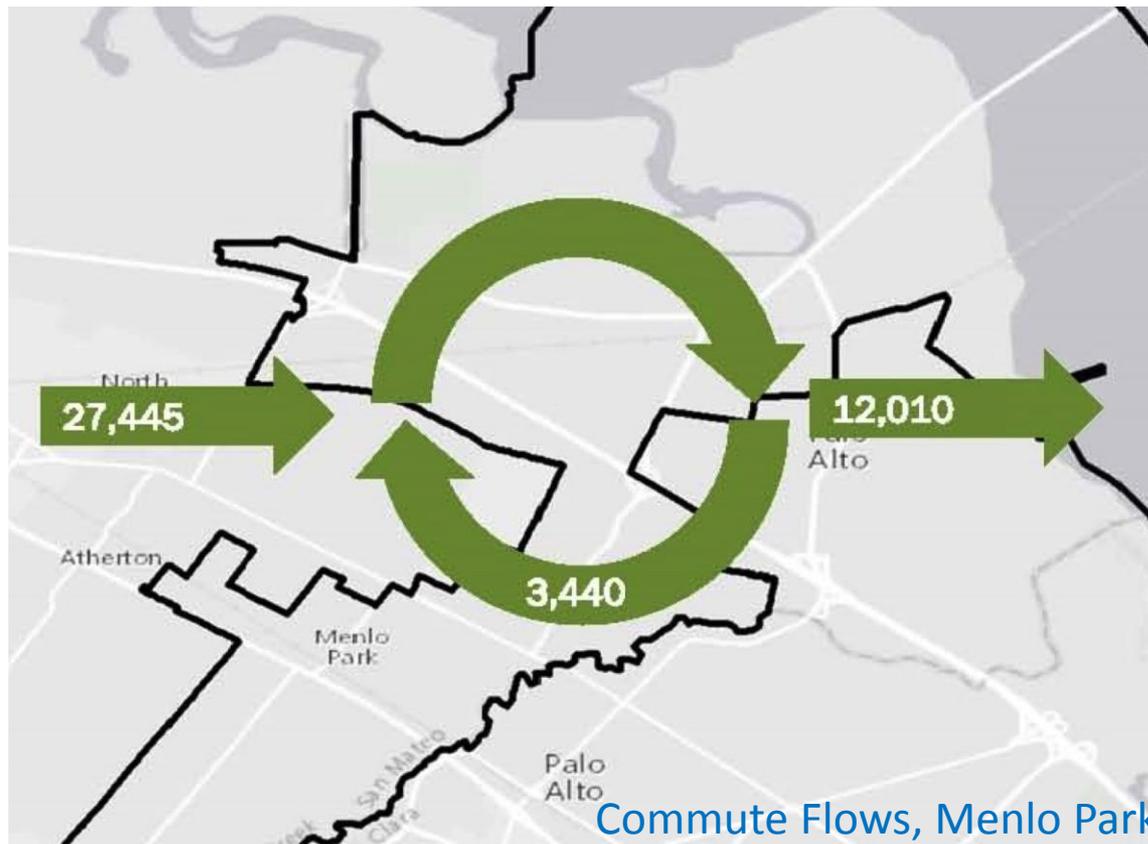


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- Most Menlo Park residents work elsewhere, and most Menlo Park workers live elsewhere





M-2 Area Opportunities

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- Property owners considering how to reposition properties
 - Commonwealth Corporate Center, Facebook West Campus underway
 - Menlo Gateway approved
 - Facebook acquisition of TE Connectivity site
- New development provides opportunities to retain growing companies, attract new ones



M-2 Area Opportunities

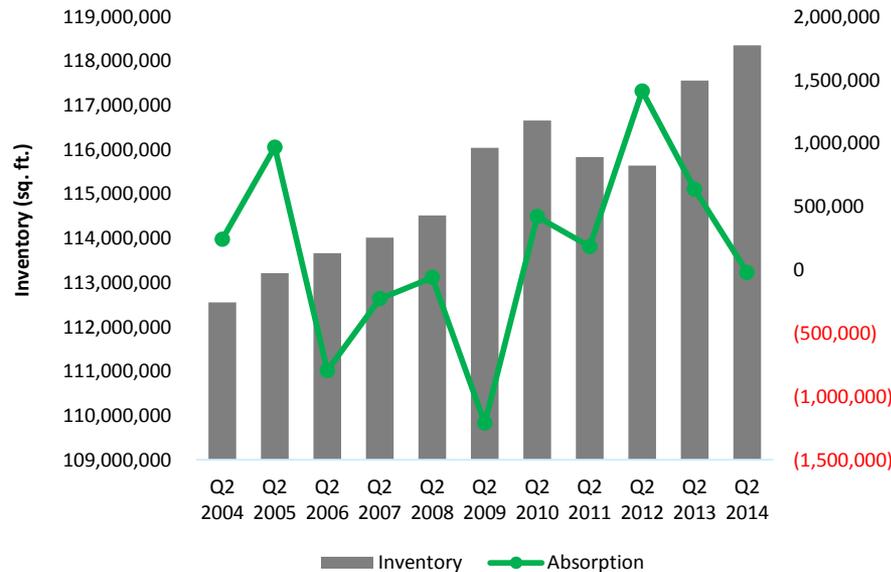
- Existing strengths of the M-2 Area
 - Economically obsolete buildings
 - Clusters in social media, life sciences – medical devices
 - Space for start-ups (Menlo Labs Incubator, older industrial/warehouse properties)
- More balanced “live-work-play” environment
- Balance between retaining current buildings vs. encouraging new development?



Real Estate Trends: Office/R&D

- Menlo Park has accounted for ~5% of Silicon Valley office space over past decade
- Convergence of office and R&D uses into Class A office space

Office Inventory and Absorption, Silicon Valley, Q2 2004-2014



Office Inventory and Absorption, Menlo Park, Q2 2004-2014





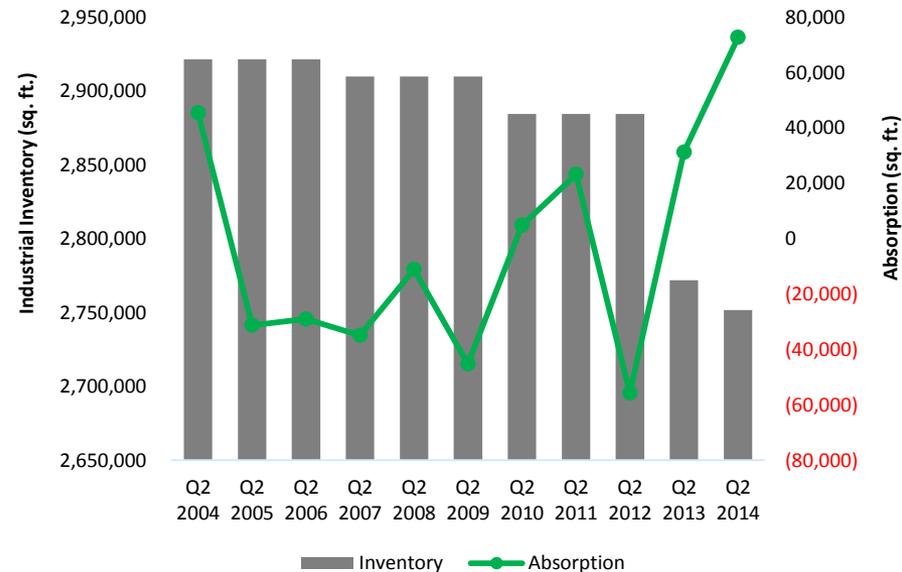
Real Estate Trends: Industrial

- Menlo Park has accounted for ~2% of Silicon Valley industrial space over past decade
 - Inventory has declined in recent years

Industrial Inventory and Absorption, Silicon Valley, Q2 2004-2014



Industrial Inventory and Absorption, Menlo Park, Q2 2004-2014



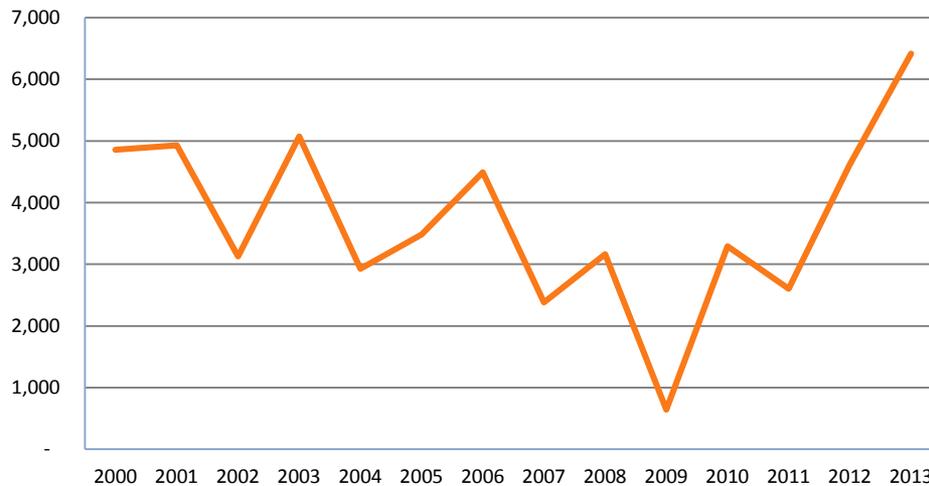


Real Estate Trends: Residential

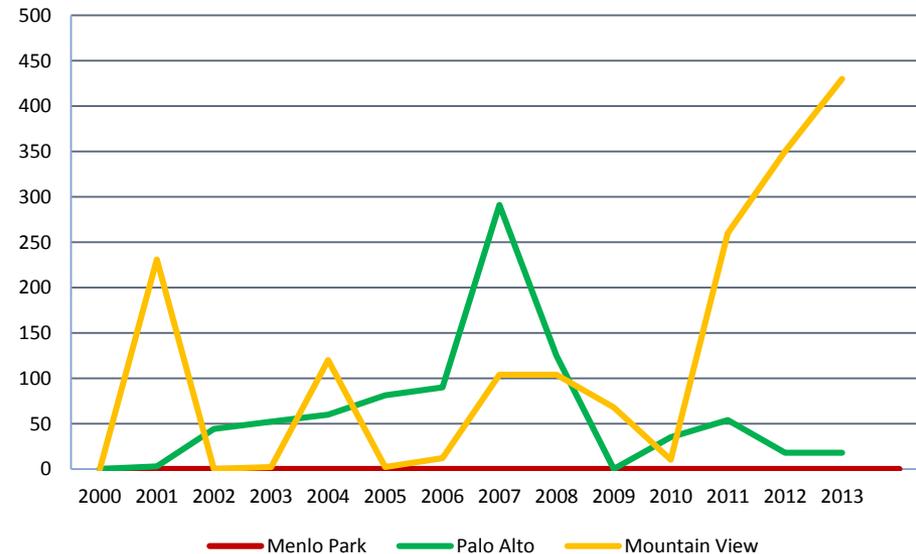
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- No Menlo Park multifamily residential development in recent years
- Preparing to issue permits for 735 new multifamily units

Multi-Family Units Permitted
2000-2014, Silicon Valley



Multi-Family Units Permitted,
Menlo Park, Palo Alto, and Mountain View, 2000-2013



M-2 Area Development Feasibility



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- The constraint in Menlo Park-Palo Alto-Mountain View is available sites, not market conditions
 - Even with booms & busts, sustained long-term demand
- Current focus for office developers is 4-story to 8-story Class A office buildings
 - Biggest factors in determining the height of what is built: land value, development controls

M-2 Area Development Feasibility



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- No developer interest in building new industrial buildings
 - Even with high rents, doesn't justify development cost
- Current focus for multifamily residential is 5-story to 6-story “podium” or “wrap” buildings
- Potential opportunities for local-serving retail + lodging

M-2 Area Development Feasibility



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- Decision on how much existing industrial to preserve vs. allow redevelopment
- Raises potential fairness issue for properties not allowed to redevelop
- A Transferable Development Rights (TDR) program could spread benefits among owners
 - Gives owners who don't redevelop the ability to sell rights to those owners who wish to redevelop



M-2 Area Retail & Services

- Local residents and workers drive demand for new retail and services
 - Neighborhood retail amenities
 - Dining options
 - Entertainment and other services
- Interest from Belle Haven residents in more local grocery choices
 - Potential for specialty grocery store

Community Benefits from New Development



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- Development incentives can be structured to create benefits for the community
- GPU process will include identification of desired community benefits
 - Retail amenities
 - Parks, plazas, or open space
 - Housing
 - Other needs?

For More Information



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- Visit: www.menlopark.org/connectmenlo
- Contact: Deanna Chow
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City of Menlo Park
Tel: (650) 330- 6733
Email: connectmenlo@menlopark.org
- **Focus Group 1 – 7-9p Mon Sept 29** Juniper Room:
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