

**Housing Needs Analysis
Menlo Park Facebook Campus Project**

**Prepared for:
*City of Menlo Park***

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EXECUTIVE SUMMARY

This report provides an analysis of the housing needs associated with the proposed Facebook Campus Project (“Project”) in the City of Menlo Park (City). Both increased demand for housing and potential increased housing unit allocations under the Regional Housing Needs Allocation (RHNA) process are addressed. The Housing Needs Analysis is part of a range of analyses to assist in the decision-making and entitlement process for the Project and accompanies the Environmental Impact Report (EIR).

The Project proposes to add approximately 5,800 net new jobs to its planned Menlo Park campus. Approximately half of the net new jobs will be added on the existing East Campus (3,000 net new jobs) and half will be located on a new West Campus (2,800 net new jobs). A total of 6,600 jobs are anticipated for the existing buildings on the East Campus; however, occupancy of up to 3,600 jobs is already permitted. The analysis evaluates impacts from the net increase of 3,000 jobs on the East Campus. The majority of the new jobs will be Facebook employees with the remaining jobs associated with on-site food services, amenities, and building services (security, maintenance and janitorial).

Jobs / Housing Analysis / Demand for Housing

Net new jobs associated with the Project will result in net new worker households who will need housing somewhere within commuting distance to Menlo Park. Using the average number of workers per worker household for San Mateo County at 1.78, the number of new worker households is 1,685 for the East Campus and 1,572 for the West Campus. The total number of new worker households associated with the Project is 3,257, which represents a need for 3,257 additional housing units.

Table 1 - Net Increase in Employees and Households

	East Campus	West Campus	Total
Net Increase in Employees	3,000	2,800	5,800
Net Increase in Households (at 1.78 workers per household)	1,685	1,572	3,257

Keyser Marston Associates' (KMA) jobs housing nexus model was applied to estimate how many of the 3,257 additional housing units will be needed at each of five housing affordability or income levels. The model was originally developed approximately 20 years ago by KMA to analyze the linkage between land use and housing needs by household affordability level. The model has been refined and updated over the years and in more recent years it has been modified to analyze specific projects such as the Menlo Park Facebook Campus Project.

The analysis addresses the following five affordability or income tiers each of which are expressed in relation to local Area Median Income (AMI)

- Very Low Income - households up to 50% of AMI
- Low Income – households from 50% to 80% of AMI
- Moderate Income – households from 80% through 120% of AMI
- Above Moderate Income – households from 120% to 150% of AMI; and
- Upper Income – households above 150% of AMI.

In San Mateo County, AMI for a family of four is \$101,600. See Section II for additional information about these income tiers.

The analysis uses national data on worker occupational distribution paired with local compensation data for San Mateo and Santa Clara Counties. The occupational distribution is specific to Facebook's industry code.¹ The model distributes workers into households ranging in size from one to six persons and takes into account multiple sources of income for the worker households. The output of the model shown in Table 2 below is the number of employee households at each housing affordability level who will require housing within commuting distance of Menlo Park.

Table 2 - Total Net New Households / Housing Need

Income Category	Income Definition	East Campus	West Campus	Total	% of Total
Very Low Income	0% - 50% AMI	182	177	359	11%
Low Income	50% - 80% AMI	287	271	558	17%
Moderate Income	80% - 120% AMI	305	284	589	18%
Above Moderate Income	120% - 150% AMI	216	199	415	13%
Upper Income	Over 150% AMI	695	641	1,336	41%
Total		1,685	1,572	3,257	100%

The highest concentration of new households is in the Upper Income tier, at 41% of the total. Approximately 11% of households fall into the Very Low Income tier (under 50% AMI). The remaining 48% of households are distributed among the Low Income, Moderate Income and Above Moderate Income tiers. The findings reflect the higher compensation levels characteristic of employees in Facebook's industry classification (Internet Publishing and Broadcasting). Employee households falling into the Very Low Income tier are concentrated in

¹ North American Industrial Classification System (NAICS) Code 516110 "Internet Publishing and Broadcasting."

Office and Administrative Support, Art and Design, Sales, Food Service, Building and Grounds, and Protective Service (security) occupations.

Menlo Park Share of Total Needs

According to the U. S. Census 2006-2008 American Community Survey (ACS)², 7.8% of those who currently work in the City of Menlo Park also live in the City of Menlo Park³. This share is low compared to most other cities in the Bay Area⁴, attributable to a range of factors such as affordability constraints that already limit workers ability to find housing within the City and the large number of jobs in Menlo Park relative to the size of the housing stock. Another contributing factor is the location and boundary configuration of the City making many other jurisdictions a short commute distance.

The existing share of workers residing locally at 7.8% was applied to estimate the number of workers in the Project that would seek and find housing in Menlo Park (3,257 total demand X 7.8% factor = 254 units in Menlo Park). As described in Section III, there are several reasons to expect the actual percentage will be lower than 7.8%; therefore, estimates based on the existing 7.8% share shown in Table 3 below should be viewed as an upper-end estimate.

Table 3 - Menlo Park “Share” at 7.8% of Total Housing Need

Income Category	Income Definition	East Campus	West Campus	Total	% of Total
Very Low Income	0% - 50% AMI	14	14	28	11%
Low Income	50% - 80% AMI	22	21	43	17%
Moderate Income	80% - 120% AMI	24	22	46	18%
Above Moderate Income	120% - 150% AMI	17	16	33	13%
Upper Income	Over 150% AMI	54	50	104	41%
		131	123	254	100%

Regional Housing Needs Allocation

State Housing Element Law requires the General Plan of the City of Menlo Park to have an updated Housing Element that provides for a specified number of housing units determined based on an allocation of regional housing needs. The allocation process is now set to occur every eight years. The Association of Bay Area Governments (ABAG) is responsible for the allocation in the Bay Area; however, San Mateo County has taken advantage of the option to manage its own “Sub-regional” allocation process.

² 2006-2008 ACS data is used rather than the recently released 2008-2010 ACS data because complete commute flow information is not yet available for the 2008-2010 ACS.

³ Versus 10% in the 2009 Menlo Gateway Housing Needs Analysis derived from Census 2000 data (most recent available at the time).

⁴ See Appendix Table 9 for comparable information for other cities.

The RHNA analysis addresses impacts under the regulatory framework of housing element law and is separate from the analysis of housing demand presented in this report. As a result, the RHNA analysis findings differ from the housing demand analysis findings.

KMA has estimated the potential impact to Menlo Park's RHNA allocation from the Project as follows:

- **Menlo Park 2014 to 2022 RHNA allocation – No Impact.** The process of determining the allocation to Menlo Park for the 2014 to 2022 allocation cycle is already underway. None of the demographic factors expected to be used to calculate Menlo Park's allocation are anticipated to be impacted by the Project.
- **Menlo Park 2023 to 2031 RHNA Allocation – Estimated impact of between zero and 225 units (See Table 4 below).** The findings are expressed as a broad range due to unknowns regarding future allocation methodology and the degree to which the 5,800 added jobs could influence ABAG growth models used to generate demographic inputs used in the allocations. See also Table 4 below.
- **Menlo Park RHNA Allocations beyond 2031 – Potential on-going impact.** Assuming the current law and allocation process remains in place, the impact of the Project on the City's RHNA would be an on-going impact repeated with each future RHNA cycle. This is because development of the Project is anticipated to impact the demographic inputs used in each future allocation.

The estimated impacts to Menlo Park's 2023 to 2031 RHNA allocation shown in Table 4 below are based on four scenarios as to potential allocation methodology, which produce an illustrative range. Four scenarios are used because the actual allocation methodology for 2023 to 2031 will not be known for several years. The four scenarios are based on methodologies for past cycles as well as the working draft methodology for the upcoming 2014 to 2022 cycle.

Each methodology reflects both a "base" and "upper end" estimate. The "base estimate" assumes the Project will be fully occupied by 2018, as currently anticipated, and the 5,800 jobs are reflected in ABAG employment estimates by the time of the 2023 to 2031 RHNA. The "upper end" estimate makes this same assumption but also assumes the 5,800 added jobs further influence ABAG's models to cause an increase in future growth projected for Menlo Park.

The incremental RHNA units to the City in the 2023 to 2031 allocation cycle attributable to the Project's 5,800 net new jobs is estimated as follows:

Table 4 – Estimated Impact to Menlo Park 2023 to 2031 RHNA Allocation Illustrative Range based on Four Scenarios as to Allocation Methodology

	Estimated Impact to Menlo Park 2023 to 2031 RHNA based on			
	Method A. Working Draft Method for 2014-2022	Method B. 2007-2014 Method	Method C. 1999-2006 Method	Method D. 50% Weight to Existing Jobs ⁶
Base Estimate	19 Units	66 Units	0 Units	146 Units
Upper End Estimate	74 Units	203 Units	225 Units	169 Units

The distribution of the units allocated to Menlo Park by income tier is projected to follow approximately the percentages shown in Table 5 assuming all jurisdictions in San Mateo County continue to receive the same percentage distribution by income tier as they did under the San Mateo County sub-regional process for 2007 to 2014. The percentages are preliminary figures from ABAG for the 2014 to 2022 period.

Table 5 – Allocation by Income Tier – 2014 to 2022 RHNA (preliminary)

	Percent of Units
Very Low	25.4%
Low	14.4%
Moderate	16.9%
Above Moderate	43.4%
Total	100.0%

The percentages shown in Table 5 are based on ABAG's proposed methodology for allocating units by income tier to the San Mateo County sub-region for 2014 to 2022 which differs from the prior cycle. See Appendix Table 12 for information on percentages for prior RHNA cycles.

Limitations of Publicly Available Data Sets

This Housing Demand analysis was performed using publicly available data sets on income and household characteristics. This is a standard approach for an analysis of this nature; however, it is acknowledged that Facebook and its employees might diverge from averages derived from Census information in some respects. Characteristics such as household size and number of workers per household are examples of where KMA would expect there could be some variance. Where publicly available data sets are not representative, some distortion of the results may occur. Based on the results of a sensitivity test, distortion caused by variance in household characteristics from County averages is probably minor. Distortion could also occur

⁶ Variant on 1999 to 2006 method

to the extent publicly available data on compensation of employees are not representative; however, the magnitude of potential distortion is difficult to evaluate. See Section IV for a more in-depth discussion.

While Facebook is expected to be the primary occupant of the Project for the foreseeable future, entitlements would be transferable to any other future occupants of the property. The transferability of the entitlements supports the selected approach of using County averages in many places rather than seeking to model the unique characteristics of Facebook and its workforce in all respects.

INTRODUCTION

The following report is an analysis of housing needs associated with the Project. The report has been prepared by KMA for the City, pursuant to the City's request and contractual agreement.

The Project consists of the East Campus, at 1601 Willow Road, and the West Campus, at 312 to 314 Constitution Drive. Facebook intends to repurpose 1,036,000 square feet of office and laboratory space on the East Campus, which is currently permitted to accommodate a maximum of 3,600 employees, into office space and amenities for approximately 6,600 employees (including employees associated with on-site food service, amenities, and building services). Facebook also intends to develop the West Campus as a second phase of the Project, to accommodate approximately 2,800 additional workers. Although Facebook does not plan to apply for entitlements for the West Campus at this time, this subsequent phase of development is evaluated as part of the Project in the Housing Needs Analysis.

The report includes separate analyses of housing need generated by the Project using two distinct concepts of "housing need":

- Demand for housing within commuting distance of Menlo Park generated by new employment at the Project; and
- Allocation of housing units to Menlo Park with the RHNA process established under State Housing Element law.

In order to understand the Project and its impact, the City is seeking a range of analyses to assist in the decision-making and entitlement process. This report provides an analysis of the anticipated employment to be added, the resulting housing demand by affordability level, and the potential increase in units allocated to Menlo Park under the RHNA process. This report accompanies the Environmental Impact Report (EIR) for the Project, along with other documents analyzing other aspects of the Project.

Methodology

Analysis of the demand for housing generated by the Project has been conducted using a jobs housing nexus model. The model was originally developed approximately 20 years ago by KMA to analyze the linkage between land use and housing needs by housing affordability level. The model has been refined and updated over the years and in more recent years it has been modified to analyze specific projects, including with the Menlo Gateway Project in Menlo Park. All data sources and inputs are noted and explained, as well as the model methodology and underlying assumptions.

Report Organization

This report is organized into five sections:

- Section I provides more information on the Project description and the projected net increase in employment.
- Section II presents the analysis of housing demand by affordability level, step by step including a documentation of sources.
- Section III presents information on total worker households and the share that currently lives in Menlo Park.
- Section IV provides an explanation of underlying concepts and assumptions in the conduct of a jobs housing analysis.
- Section V contains the analysis of the potential incremental increase in housing units allocated to Menlo Park under RHNA.

An Appendix section provides tables and other supporting information.

Data Sources and Qualifications

The analysis in this report has been prepared using the best and most recent data available. Local data were used wherever possible. Other sources, such as the U.S. Census Bureau, U.S. Bureau of Labor Statistics, and the California Employment Development Department were used extensively. While KMA believes all sources utilized are sufficiently accurate for the purposes of the analysis, KMA cannot guarantee their accuracy. Keyser Marston Associates, Inc. assumes no liability for information from these other sources.

SECTION I – PROJECT DESCRIPTION AND TOTAL EMPLOYMENT INCREASE

This section provides more information on the proposed development program and the projected net increase in employment.

Project Description

Facebook, Inc. is moving its operations into the former Oracle/Sun Microsystems campus at 1601 Willow Road (East Campus) near the intersection of Willow Road and Bayfront Expressway, in the northeastern section of the City of Menlo Park. Facebook intends to re-purpose 1,036,000 square feet of office and laboratory space on the East Campus for use as its headquarters. There is an existing cap on the number of employees permitted at the East Campus of 3,600 employees under the property's existing Conditional Development Permit (CDP). Facebook submitted a preliminary application to the City on February 8, 2011 to modify the current CDP to convert this employee density cap to a vehicular trip cap that will allow for an additional 3,000 employees on the East Campus, bringing the total to an estimated 6,600. This figure includes Facebook employees, as well as on-site food service, a fitness center, other amenities, and building services workers.

Facebook also intends to develop the adjacent, unoccupied property it owns at 312 to 314 Constitution Drive (West Campus) as a second phase of its Menlo Park Campus, to accommodate approximately 2,800 additional workers.

A summary of the proposed development program is provided in Table 6 below with additional detail on Tables 8 and 9 at the end of this section.

Table 6 - Proposed Project Building Area (Square Feet)

	East Campus	West Campus	Total
Facebook Offices*	919,000	400,000	1,319,000
Food Service and Amenities	<u>117,000</u>	<u>40,000</u>	<u>157,000</u>
Total	1,036,000	440,000	1,476,000

*Gross building area not designated for food service and amenities but inclusive of circulation areas.

Employment

The Project would result in a net increase of approximately 3,000 employees on the East Campus and an additional 2,800 employees on the West Campus, for a total net increase of approximately 5,800 employees in Menlo Park. The employment estimates used in the Housing Needs Analysis are summarized in Table 7 below with additional detail provided in Tables 8 and 9 at the end of this section.

Table 7 - Estimated Employment Levels and Net Increase Calculation

Estimated Employment	Total	Existing Employee Cap	Net Increase
East Campus (Existing Buildings)	6,600	3,600	3,000
West Campus (New Construction)	<u>2,800</u>	<u>n/a</u>	<u>2,800</u>
Total Proposed Project	9,400	3,600	5,800

Total employment figures were provided by Facebook, but a complete breakdown of employees by type was not provided. KMA estimated employment associated with the amenities and services, maintenance, janitorial, and grounds. Estimates are based on information regarding the square feet of building area for the designated uses and estimated employment densities derived from industry sources and KMA's experience with comparable uses. For security and food service employment, estimates were provided by Facebook because Facebook had analyzed staffing requirements for these services and also believed industry standard sources would not be representative. See Table 9 for additional information.

The estimated food service employment provided by Facebook at 150 employees on the East Campus equates to approximately 490 square feet per employee. The estimate represents a lower employment density than is typical for a restaurant / food service use. Given the size of the proposed cafeterias and relatively large number of employees, additional explanation and backup was requested from Facebook to support their estimates. Through this additional information, it was learned that Facebook's staffing needs are less than typical for food service because most meal service is accommodated within a single work shift, is not generally provided on weekends, employees bus their own tables, and the need for cashiers is eliminated since food service is provided free of charge.

**TABLE 8
SUMMARY OF PROJECT
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA**

	Building Area (Square Feet)	Employment		
		Total	Existing Employee Cap ⁽²⁾	Net Increase
East Campus (Existing Buildings)				
Facebook Offices	919,000 ⁽¹⁾	6,291	3,398	2,893
Food Service (Table 9)	98,000	150	82	68
Amenities and Services (Table 9)	19,000	26	14	12
Building Services (Table 9) ⁽³⁾	<u>N/A</u>	<u>133</u>	<u>106</u>	<u>27</u>
Total	1,036,000 ⁽¹⁾	6,600	3,600	3,000
West Campus (New Construction)				
Facebook Offices	400,000 ⁽¹⁾	2,666		2,666
Food Service (Table 9)	20,000	61		61
Amenities and Services (Table 9)	20,000	16		16
Building Services (Table 9) ⁽³⁾	<u>N/A</u>	<u>57</u>		<u>57</u>
Total	440,000 ⁽¹⁾	2,800	not applicable	2,800 ⁽⁴⁾
Total Proposed Project				
Facebook Offices	1,319,000 ⁽¹⁾	8,957	3,398	5,559
Food Service (Table 9)	118,000	211	82	129
Amenities and Services (Table 9)	39,000	42	14	28
Building Services (Table 9) ⁽³⁾	<u>N/A</u>	<u>190</u>	<u>106</u>	<u>84</u>
Total	1,476,000 ⁽¹⁾	9,400	3,600	5,800

Notes:

⁽¹⁾ Gross building area per Project Data Sheet provided by Project Sponsor July 14, 2011. Office building area includes conference rooms, circulation areas, and all other facilities not identified as part of food service or amenities and services.

⁽²⁾ There is an existing East Campus entitlement of 3,600 employees under the Conditional Development Permit (CDP). This employee cap is proposed to be converted to a vehicular trip cap. Some food service and amenities are assumed to be accommodated within the existing 3,600 employee cap proportionate to the estimated totals with the full proposed occupancy of the East Campus at 6,600 employees.

⁽³⁾ Building services staffing estimates are based on data from the International Facilities Management Association (IFMA) and incorporate a 20% upward adjustment above indicated averages to reflect the above average employment density. Estimated building services staffing associated with occupancy of the East Campus within the existing employee cap does not include the 20% upward adjustment.

⁽⁴⁾ Does not reflect a deduction for employment associated with existing West Campus buildings to be demolished which have been vacant for the past eight years.

Source: *Project Data Sheet and Project Description provided by Project Sponsor.*

**TABLE 9
FOOD SERVICE, ON-SITE AMENITIES / SERVICES, AND BUILDING SERVICES STAFFING ESTIMATE
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA**

	Gross Building Area ⁽¹⁾			Estimated Employment Density ⁽²⁾ <i>Sq.Ft./Employee</i>	Estimated Employment		
	East	West	Total		East	West	Total
	Campus	Campus			Campus	Campus	
	<i>Sq.Ft.</i>	<i>Sq.Ft.</i>	<i>Sq.Ft.</i>				
Food service							
Food Service / Cafeteria ⁽³⁾	73,953	20,000	93,953	493	150	61	211
Breakroom / micro-kitchens	<u>24,360</u>	<u>minor</u>	<u>24,360</u>	minimal staff, included in food service estimate			
	98,313	20,000	118,313		150	61	211
On-site Amenities and Services							
Fitness Center ⁽⁴⁾	11,799	6,200	17,999	1,000	12	6	18
Conference Center ⁽³⁾	0	10,000	10,000	included as part of W. Campus food service staff estimate			
Medical facility	1,500	1,500	3,000	300	5	5	10
Concierge services	200	200	400	100	2	2	4
Credit union branch, ATM	300	80	380	150	2	0	2
On-site barber/hair salon	200	200	400	2, 2 days / week	1	1	2
Laundry pickup / delivery	3,500	1,200	4,700	1,600	2	1	3
Massage Room	120	120	240	120	1	1	2
Convenience store	300	0	300	300	1	0	1
Miscellaneous ⁽⁵⁾	<u>700</u>	<u>500</u>	<u>1,200</u>	0	<u>0</u>	<u>0</u>	<u>0</u>
	18,619	20,000	38,619		26	16	42
Building Services							
Security	1,036,000	440,000	1,476,000	15,000	⁽⁶⁾ 70	30	100
Janitorial	1,036,000	440,000	1,476,000	25,000	⁽⁶⁾ 42	18	60
Maintenance	1,036,000	440,000	1,476,000	50,000	⁽⁶⁾ <u>21</u>	<u>9</u>	<u>30</u>
					133	57	190
Total Food Service, Amenities/Services, and Building Services					309	134	443

Notes:

- (1) Provided by Project Sponsor.
- (2) Employee estimates based on Project Sponsor staffing estimates for the cafeteria on the East Campus and security operations; KMA experience with comparable uses with respect to the health club and medical facilities; and allowances to represent the remaining, relatively minor, amenities and services components.
- (3) Food service staffing estimate for the West Campus includes an allowance for food service needs for the adjacent Conference Center to account for the potential for banquet style events or other events involving food service. The allowance is estimated by applying the food service employment density assumption to the building area of the conference center in addition to the cafeteria itself.
- (4) Including Fitness Center, Sport Courts, and Group Exercise Rooms (Yoga, Pilates, etc).
- (5) Miscellaneous amenities assumed to be un-staffed including self service on-site bike repair, volunteer booth, mothers rooms, meditation room.
- (6) Security staffing based on Project Sponsor estimate. Janitorial and Maintenance based upon International Facility Management Association (IFMA), Operations and Maintenance Benchmarks Research Report #32. Incorporates a modest 20% upward adjustment above indicated averages to reflect above average employment density in excess of the typical range for office. Published staffing ratios adjusted from net rentable to Gross SF based on an assumed 85% building efficiency.

SECTION II – THE JOBS HOUSING ANALYSIS

This section summarizes the analysis of housing needs associated with employment growth attributable to the Project. A brief overview of the methodology and structure of the analysis is provided, followed by a walk-through of the analysis steps to the output and conclusions.

Housing need for purposes of this section is defined as the incremental housing need generated by the Project. This analysis is separate and distinct from the estimates of the incremental allocation of units to Menlo Park under the RHNA process described in Section V.

Methodology

To estimate the linkages between added employment, worker households, and housing needs by affordability levels, KMA employed its proprietary jobs housing nexus model. The KMA nexus model was originally developed for analyses supporting housing linkage programs, which place affordable housing obligations on commercial development. Jobs housing linkage programs have been adopted in a number of jurisdictions throughout California supported by analyses using this model. The model has also been refined and modified for use in quantifying the housing impacts of specific large projects. The model inputs are all local data to the extent possible, and are fully documented.

The basic methodology is to establish the income or compensation of employees, put employees into households which have more than one income on average, establish household income and allocate to household size by means of U. S. Census data relationships. Income by household size can then be translated to relationship to median income and affordability level as established by the California Housing and Community Development Department (HCD).

HCD Income Definitions

The income levels or tiers used in the analysis are expressed in relation to local Area Median Income (AMI). For example, Very Low Income is defined as households earning up to 50% of median income. The AMI for each county or group of counties is issued annually by the U.S. Department of Housing and Urban Development (HUD), and released by HCD. Most housing programs and policies in California and its jurisdictions utilize these income definitions. The income levels utilized in the analysis are San Mateo County limits in effect in 2011.

Per HCD and statewide programs, the analysis includes households earning less than 120% AMI. In addition, a tier covering 120% to 150% AMI is presented in this analysis because this income tier faces affordable housing challenges in Menlo Park, as well. Based on discussions with staff, this income tier was included to provide decision makers more information on the housing impacts for a broad spectrum of the new worker households associated with the Project.

In summary, the income tiers used in the analysis are:

- Very Low Income (up to 50% AMI)
- Low Income (between 50% and 80% AMI)
- Moderate Income (between 80% and 120% AMI)
- Above Moderate Income (between 120% and 150% AMI); and
- Upper Income (above 150% AMI).

In San Mateo County, AMI for a family of four is \$101,600. See Appendix Table 1 for income limits for all income tiers and household sizes.

Analysis Step 1 – Estimate of Total New Employees

Estimates of employment growth were provided by Facebook and were allocated into employee type (office, food services, etc.) as described in Section I of this report. The employment inputs to the analysis are summarized on Table 8.

Step 2 – Adjustment from Employees to Employee Households

This step (Table 11) converts the number of employees to the number of employee households that will work at or in the building type being analyzed. This step recognizes that there is, on average, more than one worker per household, and thus the number of housing units in demand for new workers must be reduced. The workers per worker household ratio eliminates from the equation all non-working households, such as households comprised of retired persons, students, and those on public assistance.

KMA derived the worker per worker household figure based on figures from the American Community Survey (ACS), which is a survey conducted by the US Census Bureau. ACS data provide estimates of the total number of workers in San Mateo County, and the total number of households receiving wage or salary income. The ratio of the two figures for San Mateo County is 1.78 workers per worker household. The San Mateo County figure is used in the analysis because workers will be more similar to the County as a whole rather than the smaller City of Menlo Park profile. Santa Clara County, where over half of Facebook employees currently reside, is similar to San Mateo County at 1.73 workers per worker household on average.

Step 3 – Occupational Distribution of Employees

Occupational distribution for employees added within the Project is based on data from a national survey by the U.S. Department of Labor. Occupation refers to job description, such as management, sales clerk, cashier, etc. The survey provides the occupational distribution for various employment “industries.” KMA selects the industries that are most representative of the various components, (e.g, Facebook offices, food services, building services). Separate occupational distributions are used for food service employees, onsite amenity employees, and

buildings services employees. National statistics are used because local data are not generally available, and for many industries, national data are a good reflection of the occupational distribution that can be expected locally. For example, the distribution of workers by occupation in food service is probably not very different in the Bay Area from the distribution nationally. For Facebook employees, national data is likely to be representative given the specialized nature of the applicable industry category and the concentration of national employment within the Bay Area (approximately 23% of national employment for the industry category applicable to Facebook is located in the Bay Area based on data from the Bureau of Labor Statistics).

The industry category selected to represent the occupations of Facebook employees is North American Industrial Classification System (NAICS) 516110 "Internet Publishing and Broadcasting," which Facebook has indicated is the category most applicable to their business. The selected industry code is a "2002 NAICS" code subsequently discontinued and re-classified in "2007 NAICS" as NAICS 519130 "Internet Publishing and Broadcasting and Web Search". The new NAICS 519130 code is more aggregated than the prior 516110 in terms of the industries that are included. Rather than use the more aggregated data that might be less representative, KMA elected to use occupation data from 2007, which is the most recent year available that is still based on the 2002 NAICS classification.

Job descriptions follow the Standard Occupational Classification (SOC) System codes and are summarized in Appendix Tables 2 to 8. The distribution of employees by major occupation category is shown on Tables 11 and 12 at the end of this section.

Step 4 – Estimates of Employee Households Meeting the Lower Income Definitions

This step in the analysis calculates the number of employee households that fall into each income category for each size household. This calculation is based on employee wage and salary income distribution and the 2011 income limits for San Mateo County, as described above.

Employee income distribution is based on the occupational distribution from Step 3 in combination with recent wage and salary information for each occupation from the California Employment Development Department (EDD) for the first quarter of 2011 (see Appendix Tables 2 through 8). For Facebook office employees, the wages in Santa Clara County were used, because it is the current location of the Facebook headquarters and has a concentration of workers in the industry category applicable to Facebook.⁷ For the rest of the employment types (e.g., food service, building services), the wages in San Mateo County were used.

Employee income is adjusted to household income assuming that multiple earner households are, on average, formed of individuals with similar incomes. ACS data for San Mateo County on

⁷ An estimated 51% of the State's employment in the "Internet Publishing and Broadcasting and Web Search" industry is located in Santa Clara County based on data from EDD. In contrast, employment figures for San Mateo County in the applicable industry category are suppressed by EDD (to protect confidentiality) because there are too few firms in the category.

the number of workers in households of various sizes are used to make this adjustment. Demographic studies in recent years also confirm the high probability of people forming households with others of like compensation level, although there is obviously a significant percent of households that are an exception to this norm.

Wage and salary information is then compared to the HCD income definitions for San Mateo County to calculate the number of households that fall into each income category.

Step 5 – Estimate of Household Size Distribution

In this step, household size distribution is input into the model in order to estimate the income and household size combinations that meet the income definitions established by HCD, as used by the State and the City. The household size distribution utilized in the analysis is that of San Mateo County since the workers are more representative of the larger universe (the County) than the City of Menlo Park. (See Section IV for a discussion and sensitivity analysis of potential variance between averages used in the analysis and household characteristics of Facebook employees.)

Step 6 – Estimate of Households that meet HCD Size and Income Criteria

For this step, KMA built a matrix of household size and income to establish probability factors for the two criteria in combination. Probability factors were calculated for each of HCD's income and household size levels and multiplied by the number of households.

Table 13 at the end of this section shows the estimated number of households in the Very Low Income tier. It is the output of the model, after completing Step #4 comparing incomes with the income tiers, Step #5 estimating the household size distribution of worker households, and Step #6 which uses this information to calculate the number of households that fall into each income category. Table 14 shows the results after repeating this methodology for each of the five income tiers.

Summary by Income Level

The results presented in Table 10 show total projected housing demand within commuting distance of Menlo Park, or the number of housing units by affordability level where a member of the household works in the Project. For a breakdown by employment type (Facebook offices, building services, food services, etc.), see Table 14 at the end of this section.

Table 10 - Number of New Households by Household Income Level

Income Level	East Campus	West Campus	Total Project
Very Low Income	182	177	359
Low Income	287	271	558
Moderate Income	305	284	589
Above Moderate Income	<u>216</u>	<u>199</u>	<u>415</u>
Subtotal	990	931	1,921
Upper Income	695	641	1,336
Total Employee Households	1,685	1,572	3,257

The analysis finds that 1,685 new housing units somewhere in the region are required to meet the housing needs generated by the additional capacity on the East Campus and 1,572 new housing units are required to meet the housing needs generated by the new West Campus Project. In total, the Project generated demand for 3,257 new housing units in the region. Of this new housing demand, 1,506 units (359 + 558 + 589) are for households earning Moderate Income or less, and 1,921 for all households up to Above Moderate Income.

The results for the Facebook offices, as might be expected, indicate the greatest share of employee households is in the highest income tier (Upper Income). In total, 41% of Facebook office employee households are in the Upper Income tier (see Table 14). For the food service, amenities and other services, and the building services employees, the housing demand is concentrated in the lower income tiers. For example, 64% of food service employee households are in the Very Low Income tier. The finding that many new service employee households are in the lower income tiers is consistent with the generally very low compensation levels of these service sector jobs.

**TABLE 11
EMPLOYMENT, HOUSEHOLDS, AND OCCUPATION DISTRIBUTION PERCENTAGES (STEPS 1 - 3)
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA**

	East Campus					West Campus				Total West Campus	Total
	Facebook Offices ⁽³⁾	Food Service	Services & Amenities	Building Services	Total East Campus	Facebook Offices ⁽³⁾	Food Service	Services & Amenities	Building Services		
Step 1 - Employees (Net Increase: Table 8) ⁽¹⁾	2,893	68	12	27	3,000	2,666	61	16	57	2,800	5,800
Step 2 - Adjustment for No. of Households (1.78)	1,625	38	7	15	1,685	1,497	34	9	32	1,572	3,257
Step 3 - Occupation Distribution Percentages ⁽²⁾											
Management Occupations	10.6%	3.4%	0.0%	1.9%		10.6%	3.4%	0.0%	1.9%		
Business and Financial Operations	7.4%	0.7%	0.0%	0.6%		7.4%	0.7%	0.0%	0.6%		
Computer and Mathematical	27.2%	0.0%	0.0%	0.2%		27.2%	0.0%	0.0%	0.2%		
Architecture and Engineering	0.2%	0.0%	0.0%	0.2%		0.2%	0.0%	0.0%	0.2%		
Life, Physical, and Social Science	6.1%	0.0%	0.0%	0.0%		6.1%	0.0%	0.0%	0.0%		
Community and Social Services	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		
Legal	0.4%	0.0%	0.0%	0.0%		0.4%	0.0%	0.0%	0.0%		
Education, Training, and Library	0.4%	0.0%	0.0%	0.0%		0.4%	0.0%	0.0%	0.0%		
Arts, Design, Entertainment, Sports, and Media	14.8%	0.0%	0.0%	0.0%		14.8%	0.0%	0.0%	0.0%		
Healthcare Practitioners and Technical	0.0%	0.4%	16.7%	0.0%		0.0%	0.4%	16.7%	0.0%		
Healthcare Support	0.0%	0.0%	11.1%	0.0%		0.0%	0.0%	11.1%	0.0%		
Protective Service	0.0%	0.2%	0.0%	42.5%		0.0%	0.2%	0.0%	42.5%		
Food Preparation and Serving Related	0.0%	78.2%	0.0%	0.0%		0.0%	78.2%	0.0%	0.0%		
Building and Grounds Cleaning and Maint.	0.0%	3.1%	2.8%	40.0%		0.0%	3.1%	2.8%	40.0%		
Personal Care and Service	0.0%	0.2%	50.0%	0.0%		0.0%	0.2%	50.0%	0.0%		
Sales and Related	12.3%	5.3%	2.8%	2.1%		12.3%	5.3%	2.8%	2.1%		
Office and Administrative Support	19.9%	3.7%	11.1%	6.1%		19.9%	3.7%	11.1%	6.1%		
Farming, Fishing, and Forestry	0.0%	0.0%	0.0%	0.1%		0.0%	0.0%	0.0%	0.1%		
Construction and Extraction	0.0%	0.0%	0.0%	0.6%		0.0%	0.0%	0.0%	0.6%		
Installation, Maintenance, and Repair	0.2%	0.6%	0.0%	4.6%		0.2%	0.6%	0.0%	4.6%		
Production	0.4%	1.0%	5.6%	0.3%		0.4%	1.0%	5.6%	0.3%		
Transportation and Material Moving	0.2%	3.1%	0.0%	0.8%		0.2%	3.1%	0.0%	0.8%		
Totals	100%	100%	100%	100%		100%	100%	100%	100%		

Notes:

⁽¹⁾ See Table 8.

⁽²⁾ See Appendix Tables 2 - 8 for additional information from which the percentage distributions were derived.

⁽³⁾ Occupational distribution based on NAICS Code 516110, the industry code applicable to Facebook. See report text for additional discussion.

**TABLE 12
OCCUPATION DISTRIBUTION OF EMPLOYEE HOUSEHOLDS (STEP 3 CONTINUED)
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA**

	East Campus					West Campus					Total
	Facebook Offices	Food Service	Services & Amenities	Building Services	Total East Campus	Facebook Offices	Food Service	Services & Amenities	Building Services	Total West Campus	
Step 3 - Employee Households by Occupation ⁽¹⁾											
Management Occupations	171.7	1.3	0.0	0.3	173.3	158.2	1.2	0.0	0.6	160.0	333.3
Business and Financial Operations	120.5	0.3	0.0	0.1	120.8	111.0	0.2	0.0	0.2	111.5	232.3
Computer and Mathematical	442.6	0.0	0.0	0.0	442.6	407.8	0.0	0.0	0.1	407.9	850.5
Architecture and Engineering	2.9	0.0	0.0	0.0	2.9	2.6	0.0	0.0	0.1	2.7	5.6
Life, Physical, and Social Science	99.6	0.0	0.0	0.0	99.6	91.8	0.0	0.0	0.0	91.8	191.3
Community and Social Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Legal	6.6	0.0	0.0	0.0	6.6	6.0	0.0	0.0	0.0	6.0	12.6
Education, Training, and Library	6.1	0.0	0.0	0.0	6.1	5.7	0.0	0.0	0.0	5.7	11.8
Arts, Design, Entertainment, Sports, Media	239.7	0.0	0.0	0.0	239.7	220.9	0.0	0.0	0.0	220.9	460.7
Healthcare Practitioners and Technical	0.0	0.2	1.1	0.0	1.3	0.0	0.1	1.5	0.0	1.6	2.9
Healthcare Support	0.0	0.0	0.7	0.0	0.7	0.0	0.0	1.0	0.0	1.0	1.7
Protective Service	0.0	0.1	0.0	6.4	6.5	0.0	0.1	0.0	13.7	13.7	20.2
Food Preparation and Serving Related	0.0	29.8	0.0	0.0	29.8	0.0	26.8	0.0	0.0	26.8	56.6
Building and Grounds Cleaning and Maint.	0.0	1.2	0.2	6.0	7.4	0.0	1.1	0.2	12.9	14.2	21.5
Personal Care and Service	0.0	0.1	3.4	0.0	3.4	0.0	0.1	4.5	0.0	4.6	8.0
Sales and Related	200.4	2.0	0.2	0.3	202.9	184.7	1.8	0.2	0.7	187.4	390.3
Office and Administrative Support	322.9	1.4	0.7	0.9	326.0	297.6	1.3	1.0	2.0	301.8	627.8
Farming, Fishing, and Forestry	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Construction and Extraction	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.2	0.2	0.3
Installation, Maintenance, and Repair	3.3	0.2	0.0	0.7	4.2	3.0	0.2	0.0	1.5	4.7	8.9
Production	5.7	0.4	0.4	0.0	6.5	5.3	0.3	0.5	0.1	6.2	12.8
Transportation and Material Moving	2.5	1.2	0.0	0.1	3.8	2.3	1.1	0.0	0.3	3.6	7.4
Total Employee Households	1,625	38	7	15	1,685	1,497	34	9	32	1,572	3,257

Notes:
⁽¹⁾ Based on number of employee households and application of percentages indicated in Table 11. See Appendix Tables 2 through 8 for additional information from which the distributions were derived.

TABLE 13
VERY LOW INCOME EMPLOYEE HOUSEHOLDS BY OCCUPATION (STEPS 4, 5, AND 6)
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA

	East Campus					West Campus					Total
	Facebook Offices	Food Service	Services & Amenities	Building Services	Total East Campus	Facebook Offices	Food Service	Services & Amenities	Building Services	Total West Campus	
Step 4, 5, & 6 - Very Low Income Employee Households⁽¹⁾ within Major Occupation Categories⁽²⁾											
Management	0.0	0.1	-	-	0.1	0.0	0.0	-	-	0.1	0
Business and Financial Operations	1.6	-	-	-	1.6	1.4	-	-	-	1.4	3
Computer and Mathematical	2.6	-	-	-	2.6	2.4	-	-	-	2.4	5
Architecture and Engineering	-	-	-	-	-	-	-	-	-	-	0
Life, Physical and Social Science	0.6	-	-	-	0.6	0.5	-	-	-	0.5	1
Community and Social Services	-	-	-	-	-	-	-	-	-	-	0
Legal	-	-	-	-	-	-	-	-	-	-	0
Education Training and Library	-	-	-	-	-	-	-	-	-	-	0
Arts, Design, Entertainment, Sports, & Media	34.1	-	-	-	34.1	31.4	-	-	-	31.4	66
Healthcare Practitioners and Technical	-	-	0.1	-	0.1	-	-	0.1	-	0.1	0
Healthcare Support	-	-	0.3	-	0.3	-	-	0.4	-	0.4	1
Protective Service	-	-	-	3.3	3.3	-	-	-	6.9	6.9	10
Food Preparation and Serving Related	-	20.6	-	-	20.6	-	18.4	-	-	18.4	39
Building Grounds and Maintenance	-	0.7	-	3.3	4.0	-	0.6	-	7.0	7.6	12
Personal Care and Service	-	-	1.2	-	1.2	-	-	1.6	-	1.6	3
Sales and Related	28.5	-	0.1	-	28.7	26.3	-	0.2	-	26.5	55
Office and Admin	78.0	0.5	0.4	0.3	79.2	71.9	0.5	0.5	0.6	73.4	153
Farm, Fishing, and Forestry	-	-	-	-	-	-	-	-	-	-	0
Construction and Extraction	-	-	-	-	-	-	-	-	-	-	0
Installation Maintenance and Repair	-	-	-	0.1	0.1	-	-	-	0.3	0.3	0
Production	-	-	0.3	-	0.3	-	-	0.4	-	0.4	1
Transportation and Material Moving	-	0.6	-	-	0.6	-	0.5	-	-	0.5	1
Very Low Income Households: Major Occupations	145.4	22.4	2.3	7.0	177.0	134.0	20.1	3.0	14.8	171.8	349
Very Low Income Households ⁽¹⁾ : all other occupations ⁽³⁾	2.5	2.1	-	0.5	5.1	2.3	1.9	-	1.1	5.2	10
Total Very Low Income Households⁽¹⁾	148	24	2	8	182	136	22	3	16	177	359

Notes:

⁽¹⁾ Includes households earning from zero through 50% of San Mateo County Area Median Income. Represents the subset of employee households from Table 12 that fall into the Very Low Income tier.

⁽²⁾ See Appendix Tables 2 - 8 for additional information on Major Occupation Categories.

⁽³⁾ Represents occupation categories which have a minor amount of employment and for which detailed compensation analysis was not completed. These worker households are assumed to have a similar income distribution to other employees in the same industry. See Appendix Tables 2 - 8 for information on major and detailed occupation categories identified for detailed compensation analysis.

TABLE 14
ESTIMATED NUMBER OF EMPLOYEE HOUSEHOLDS BY INCOME TIER
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA

	East Campus					West Campus					Total
	Facebook Offices	Food Service	Services & Amenities	Building Services	Total East Campus	Facebook Offices	Food Service	Services & Amenities	Building Services	Total West Campus	
Number of New Households											
Very Low Income	148	24	2	8	182	136	22	3	16	177	359
Low Income	270	10	2	5	287	249	9	2	11	271	558
Moderate Income	300	2	1	2	305	276	2	2	4	284	589
Above Moderate Income	214	1	1	0	216	197	0	1	1	199	415
Subtotal	932	37	6	15	990	858	33	8	32	931	1,921
Upper Income	693	1	1	0	695	639	1	1	0	641	1,336
Total Employee Households	1,625	38	7	15	1,685	1,497	34	9	32	1,572	3,257
Percent of New Households											
Very Low Income	9%	64%	35%	50%	11%	9%	64%	35%	50%	11%	11%
Low Income	17%	26%	28%	34%	17%	17%	26%	28%	34%	17%	17%
Moderate Income	18%	6%	17%	13%	18%	18%	6%	17%	13%	18%	18%
Above Moderate Income	13%	2%	7%	2%	13%	13%	2%	7%	2%	13%	13%
Subtotal	57%	98%	86%	99%	59%	57%	98%	86%	99%	59%	59%
Upper Income	43%	2%	14%	1%	41%	43%	2%	14%	1%	41%	41%
Total Employee Households	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

SECTION III – MENLO PARK SHARE

The conclusions regarding the housing needs associated with the Project, as presented at the end of Section II of this report, are for total housing impacts, irrespective of location or geography. The analysis thus far presents a summary of net new households somewhere within commuting distance of the Project that will be added to the economy, as a result of the Project. This section of the report presents information for understanding existing conditions with respect to where people who work in Menlo Park now live, where workers at Facebook's existing location in Palo Alto currently live, and an approach to assessing new workers in Menlo Park and what might be termed Menlo Park's share of the new worker households.

Existing Commute Relationships – Menlo Park

The U. S. Census released a special data tabulation based on the 2006-2008 ACS in January 2011 which provides information on place of work and place of residence and summary information on how the two relate. The data set includes information for jurisdictions and subareas within unincorporated portions of counties that have a population over 20,000. According to the 2006-2008 ACS, 7.8% of those who work in Menlo Park also live in Menlo Park.⁸

The existing percentage of workers commuting from other jurisdictions is attributable to a number of factors – the small supply of housing relative to the number of jobs and the high cost of housing in Menlo Park. One can safely say that the 7.8% does not reflect the proportion of workers who would live in Menlo Park if they could find housing and could afford it. Nevertheless, the 7.8% does provide a justifiable benchmark for a percentage of new housing units that could be viewed as Menlo Park's share.

The percentage of workers in Menlo Park who also live in the City has been generally decreasing over the decades. Workers most everywhere tend to commute more in recent years than in the past and, in addition, Menlo Park has become less affordable over time. Large employers that are newer to an area, or have a high turnover, typically have a smaller percent of workers living locally than employers who have been established locally for a long time. It remains to be seen to what extent higher transportation costs or new policies, such as SB 375 (which seeks to reduce greenhouse gas emissions in part through changes to land use and transportation), may alter these long term trends.

Appendix Table 9 provides comparable information for other jurisdictions in San Mateo County.

⁸The 2009 Housing Needs Analysis for the Menlo Gateway Project also described this commute relationship by relying on a 10% factor to represent the percentage of those who work in Menlo Park who also live in Menlo Park. The prior 10% factor was derived from the 2000 Census which was the most recent available at the time of the 2009 report. The relevant data is now provided through the American Community Survey rather than the Decennial Census which has differences in methodology. The 10% factor was based on all workers while the 7.8% factor referenced here is computed exclusive of home-based workers. A factor computed exclusive of those working out of their homes is a better representation of workers at the Project who, even if they work out of their home part of the time, would presumably report the Project as their workplace.

Commute Relationships for Facebook’s Existing Palo Alto Location

Facebook provided data on the commute patterns of its employees currently working at the Palo Alto Campus. Approximately 3.0% of the employees at the Palo Alto Campus live in Menlo Park. This is similar to the overall percentage of Palo Alto workers who live in Menlo Park at 3.5% based on data from the ACS. While Facebook workers mirror Palo Alto workers overall in their propensity to live in Menlo Park, there are some significant differences in commute patterns overall. For example, 26% of Facebook workers live in San Francisco compared to only 6% for Palo Alto workers overall, and 18.8% live in Palo Alto compared to 11% of Palo Alto workers overall. This variance from commute patterns of other Palo Alto workers probably reflects differences in lifestyle, personal preference, income, age, household characteristics, and average tenure / turnover of employees. The transportation demand management measures that have been implemented at Facebook may also have an influence.

Estimate of Menlo Park’s Share of New Housing Demand

The existing 7.8% share derived from the ACS has been applied to estimate the number of new workers in the Project who would seek and find housing in Menlo Park. In other words, 7.8% of the housing needs concluded at the end of Section II is the estimated Menlo Park “Share” of total housing needs, as summarized in Table 15 below and in Table 16 at the end of this section.

Table 15 - Menlo Park’s Share at 7.8% of Total Housing Needs

<i>Net Increase</i>	<i>Income Level</i>					
	Total	Very Low	Low	Moderate	Above Moderate	Upper
<i>East Campus</i>						
New Households	1,685	182	287	305	216	695
7.8% Menlo Park Share	131	14	22	24	17	54
<i>West Campus</i>						
New Households	1,572	177	271	284	199	641
7.8% Menlo Park Share	123	14	21	22	16	50
<i>Total</i>						
New Households	3,257	359	558	589	415	1,336
7.8% Menlo Park Share	254	28	43	46	33	104

The 7.8% factor, derived from the ACS data, has been applied in the analysis because it is the best information available; however, there are several reasons to expect the actual percentage of workers who would seek and find housing in Menlo Park will be less than 7.8%:

1. Census data for Menlo Park since 1980 do not show a correlation between job growth and number of Menlo Park workers residing locally. The number of jobs in Menlo Park increased by 5,400 or 21% from the 1980 Census to the 2006 - 2008 ACS. During the

same period, the number who both live and work in Menlo Park fell from 3,495 to 3,362 (a 4% decrease). An analysis of compensation levels for jobs added since 1980 was not prepared; however, anecdotally one can observe that the employment growth during this period probably included a number of highly compensated jobs. Despite the addition of 5,400 jobs during this period, of which at least a portion were probably highly compensated, no increase in the number of workers residing in Menlo Park occurred.

2. Total housing construction in Menlo Park (including all housing types, single family, condos, rental, etc.) has averaged under 34 units per year over the past ten years based on data from the Construction Industry Research Board (which are drawn from City building permit data). This period includes both boom and (recently) bust periods in housing construction, regionally. Undoubtedly, there are many households who view Menlo Park as a desirable place to live. However, the ability to accommodate a net increase in households in Menlo Park is constrained by the availability of new units.
3. Large employers that are new to an area, or employers that have a high employee turnover, typically have a smaller percent of workers living locally than employers who have been established locally for a long time. One explanation for this is that employees of long-established firms are more likely to have entered the housing market years ago when it was more affordable. Another factor may be the expanding size of the Bay Area's job and housing markets combined with an increase in multiple-earner households. This has created more options for where to live and work and more households who must take into account locations of multiple jobs in selecting a residential location.
4. The Project is very accessible to freeways including US-101 and SR-84 / the Dumbarton Bridge. It is arguably one of the most conducive locations in Menlo Park for commuting from other jurisdictions.
5. Menlo Park is widely viewed as a highly desirable place to live. Workers in the Project who wish to live in Menlo Park will be competing for a limited amount of available housing with many upper income households in the Peninsula / Silicon Valley housing market who seek to live in Menlo Park.

The 7.8% factor derived from the ACS provides a conservative (upper-end) estimate of the number of new households likely to reside in Menlo Park given all of the factors described above, which suggest that the actual percentage may be lower.

The 7.8% factor is applied uniformly across each of the household income tiers to arrive at Menlo Park's "share" for each income tier. The actual distribution by income tier in Menlo Park will likely vary from these estimates based on factors, such as the existing housing stock in Menlo Park, limited availability of affordable units, and the future production of market rate and affordable units in Menlo Park.

Menlo Park Commute Shed

Table 17 summarizes Menlo Park's existing commute shed, or places of residence for Menlo Park's workers, based on data from the 2006-2008 ACS. It is noted that the Green House Gas analysis in the EIR is based on an estimate of Vehicle Miles Traveled (VMT) derived from a somewhat different distribution from that presented in Table 17 because the VMT series only reflects number of vehicles and does not include workers who walk, ride transit, ride in vanpools, etc.

Other Menlo Park Impacts - Housing Market

Job growth is usually a contributing factor to increases in home values and rents particularly where growth in housing supply does not keep pace (all other things being equal). Since the Project proposes a substantial number of net new jobs, it could have a localized influence on home values and rents most noticeably in Menlo Park itself and other jurisdictions in which a large share of Facebook employees will seek to reside. While the Project could have such an influence, it will not be the only influence as many other factors and conditions in the Peninsula and Silicon Valley job market will impact home prices and rents in Menlo Park.

TABLE 16
ANALYSIS RESULTS AFTER COMMUTE ADJUSTMENT
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA

TOTAL NET NEW HOUSING NEED WITHIN COMMUTING DISTANCE (From Table 14)

	East Campus	West Campus	Total
Number of Households			
Very Low Income	182	177	359
Low Income	287	271	558
Moderate Income	305	284	589
Above Moderate Income	216	199	415
Subtotal	990	931	1,921
Upper Income	695	641	1,336
Total Employee Households	1,685	1,572	3,257

AFTER 7.8% COMMUTE ADJUSTMENT (1)

	East Campus	West Campus	Total
Number of Households			
Very Low Income	14	14	28
Low Income	22	21	43
Moderate Income	24	22	46
Above Moderate Income	17	16	33
Subtotal	77	73	150
Upper Income	54	50	104
Total Employee Households	131	123	254

Notes:

(1) Estimate of portion of households likely to seek housing in Menlo Park based on existing commute relationship derived from ACS data. See report text.

**TABLE 17
 EXISTING COMMUTE PATTERNS FOR MENLO PARK WORKERS
 FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
 MENLO PARK, CA**

Place of Residence: **Menlo Park Workers**
 2006-2008 ACS

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San Mateo County	42.5%
Atherton	S
Belmont	1.5%
Burlingame	1.0%
Daly City	0.8%
East Palo Alto	3.3%
Foster City	0.9%
Half Moon Bay	S
Hillsborough	S
Menlo Park	7.8%
Millbrae	0.3%
Pacifica	0.8%
Redwood City	9.7%
San Bruno	0.8%
San Carlos	1.8%
San Mateo	5.2%
South San Francisco	1.1%
Woodside	S
Balance of County (1)	7.5%
Santa Clara County	29.3%
Campbell	0.7%
Cupertino	0.7%
Los Altos	1.1%
Los Altos Hills	S
Los Gatos	S
Milpitas	0.7%
Monte Sereno	S
Morgan Hill	S
Mountain View	3.5%
Palo Alto	4.4%
San Jose	8.1%
Santa Clara	1.8%
Saratoga	0.4%
Stanford	S
Sunnyvale	5.7%
Balance of County (1)	2.2%

**TABLE 17
EXISTING COMMUTE PATTERNS FOR MENLO PARK WORKERS
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA**

Place of Residence:	Menlo Park Workers <hr/> 2006-2008 ACS
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Alameda County	12.2%
Alameda	0.2%
Berkeley	0.1%
Castro Valley	0.2%
Dublin	0.1%
Fremont	4.9%
Hayward	1.2%
Livermore	0.1%
Newark	1.3%
Oakland	0.6%
Pleasanton	S
San Leandro	0.3%
San Lorenzo	0.1%
Union City	1.5%
Balance of County (1)	1.5%
San Francisco	8.8%
Contra Costa County	1.9%
Santa Cruz County	0.9%
Marin, Napa, Sonoma Counties	0.6%
All Other Counties	3.8%
	<hr/> 100%

Notes:

⁽¹⁾ Includes workers residing in jurisdictions for which the relevant commute data has been suppressed by the U.S. Census.

S = Indicates Data either suppressed by U.S. Census or zero value.

Source: U.S. Census.

SECTION IV – UNDERLYING CONCEPTS AND ASSUMPTIONS

This section provides supporting material for the analysis in terms of clarifying some of the underlying concepts in the linking of new development projects, new jobs and housing needs. The following topics are drawn from jobs housing linkage reports and apply to the analysis of housing needs for the Project as well. This section also describes limitations of the publicly available data sets and analysis assumptions and reviews potential impacts on the results.

The Relationship between Job Growth and Population Growth

An underlying assumption here is that job growth is the major driver of population growth for regions and subregions within the United States.

New population growth in most U.S. regions occurs primarily as a result of job growth. Over the long term, the vast majority of growth in the State of California and its sub-regions is job driven. The arrival of new population creates "secondary" demand for jobs in retail outlets and services that follow. Growth in the greater Bay Area is predominantly job driven. Most people coming to the region would not come if they could not expect to find a job, notwithstanding short-term economic cycles. People born in the local area would not stay without jobs. In the short-term, economic cycles and other factors can result in population growth without jobs to support the growth. If an economic region in the U.S. does not maintain job growth, there is an out-migration to regions where job growth is occurring. Many cities in the Midwest during the 70's and 80's are examples.

The Relationship between Construction and Job Growth

If population growth, especially lower income population, is predominantly job driven in the greater Bay Area, the question arises as to the source or "cause" of employment growth itself. Simplistically, one can say that employment growth does not have "one cause." Many factors underlie the reasons for growth in employment in a given region; these factors are complex, interrelated, and often associated with forces at the national or even international level. One of the factors is the delivery of new workspace buildings. The argument does not make the case that the construction of new buildings is solely responsible for growth. However, especially in the Bay Area, new construction is uniquely important, first, as one of a number of parallel factors contributing to growth, and second, as a unique and essential condition precedent to growth.

Workplace buildings bear a special relationship to growth, different from other parallel causes, in that buildings are a *condition precedent* to growth. Job growth does not occur in modern service economies without buildings to house new workers. Unlike other factors that are responsible for growth, buildings play the additional unique role that growth cannot occur without them. That is to say the net new jobs associated with the Project will occur if and only if the Project is constructed. During a recession or subsequent economic recovery period, excess vacant space can permit job growth to occur primarily within existing buildings; however, such conditions are

temporary. Over the long term, new buildings add to the supply of employment space and accommodate job growth in the region.

While the buildings on the East Campus are existing as opposed to new construction, the Project intensifies employment levels beyond what is currently permitted by the City. Increasing the capacity for jobs in existing buildings accommodates job growth in much the same way as construction of new buildings. The Project is a condition precedent to the projected job growth and the associated demand for housing.

Substitution Factor

Any given new building (or increased occupancy capacity in an existing building as with the East Campus) may be occupied partly, or even perhaps totally, by employees relocating from elsewhere within the City or the Bay Area. Buildings are often leased entirely to firms relocating from other buildings in the same jurisdiction. However, when a firm relocates to a new building from elsewhere in the region, there is space in an existing building that is vacated and released to another firm. That building in turn may be filled by some combination of newcomers to the area and existing residents. Somewhere in the chain there are jobs new to the region. The net effect is that new buildings bring in new employees, although not necessarily inside of the new buildings themselves.

Other Employment and Multipliers

The housing needs analysis does not count all potential employment growth associated with the Project. For starters, employment associated with construction of tenant improvements on the East Campus and development of the West Campus is not included in this analysis.

The analysis contained herein does not include other types of employment and multipliers. For example, the cafeteria will make purchases from food wholesalers, the convenience store will purchase inventory, and the fitness center will periodically update equipment, all generating additional employment. Multipliers refer to the concept that the income generated by certain types of jobs recycles through the economy resulting in additional jobs. This study addresses only direct employment within the Project itself. Limiting the analysis to direct employment is a standard approach for an analysis of this nature. Direct jobs have the clearest connection to the development of the project because the location of the jobs is known and the types of jobs and pay levels can be readily estimated. Multiplier effects can be viewed as more speculative particularly with respect to the location of the jobs. Similar to the way in which the traffic analysis prepared for the EIR must identify intersections to analyze based on those most likely to be impacted, the Housing Needs Analysis must have a reasonable and defined scope of analysis. The scope for the Housing Needs Analysis was defined to address housing needs associated with net new direct jobs added by the Project.

Limitations of Publicly Available Data Sets

This analysis was performed using publicly available data sets on income and household characteristics. This is a standard approach for an analysis of this nature; however, it is acknowledged that Facebook and its employees may diverge from averages derived from the ACS in some respects. For example, anecdotal information from newspaper articles suggests Facebook has a relatively young workforce. A young workforce might also mean smaller household sizes and fewer children. The concentration of current Facebook workers living in San Francisco (26%), which has smaller average household sizes and fewer children per household than San Mateo County, appears consistent with this anecdotal information. Facebook has not provided any data regarding the age of its workers or their household characteristics.

The distribution of household sizes and number of workers per household derived from County-level ACS data are important to the analysis because they are used to translate number of jobs into number of households, account for multiple earner households, and in comparing household income against income limits which differ depending on household size.

To the extent the publicly available data sets are not representative, some distortion of the analysis results will occur. To illustrate how the results would vary using a different set of assumptions about household characteristics, KMA performed a sensitivity test using the household characteristics for San Francisco (where 26% of Facebook workers currently reside). As shown in Table 18 below, the total housing need would be about 2% less using San Francisco household characteristics. This is driven by the fact that there are more workers on average per working household in San Francisco (which is the basis for translating number of workers into number of households). The number of Very Low Income households using San Francisco household characteristics is 6% less, which is driven by fewer children on average and more multiple earner households in San Francisco.

Table 18 - Sensitivity Analysis: San Mateo County vs. San Francisco Demographics

Total Net New Households / Housing Need	Analysis Results With San Mateo Co. Demographics	Sensitivity Test: Results With San Francisco Demographics	Delta With San Francisco Demographics	
			households	percent
Very Low Income	359	338	(21)	-6%
Low Income	558	551	(7)	-1%
Moderate Income	589	581	(8)	-1%
Above Moderate Income	415	416	1	0%
Upper Income	1,336	1,302	(34)	-3%
Total	3,257	3,188	(69)	-2%

Limitations of Analysis Assumptions - Potential Over and Understating of Results

The following items are technical assumptions that are incorporated into the model operations. Certain assumptions will tend to overstate or understate the number of households at the lower end of the affordability spectrum, but on balance produce a reasonable estimate given the information available.

Factors that could result in an overstatement of the number of households at the lower-income end of the spectrum are as follows:

1. Data on the number of workers per household does not differentiate between households formed of low-income workers and high-income workers. In reality, lower-income workers may be more likely to live in multiple earner households. As a practical response to high housing costs, single low-income workers may be more likely to live with roommates. For lower-income couples, the propensity for both partners to work may be higher in response to the need to cover housing and other expenses.

Since the San Francisco Peninsula and Silicon Valley are such high cost areas for housing, the propensity for households to have multiple earners stretches farther up the income spectrum than in less costly areas. The 1.78 workers per worker household average for San Mateo County is higher than most counties and reflects the need for multiple incomes. The KMA jobs housing model does utilize ACS based differentiation of workers per worker household by household size but not by income level, and as a result some distortion may occur.

2. The analysis assumes dual income households are formed of workers that have similar income. In estimating household income, the income of a low-income worker is combined with the income of another low-income worker (and likewise, middle-income workers are combined and upper income workers are combined). For households formed from a combination of a low-income worker and a high-income worker, this assumption would underestimate total household income for the low-income worker and overestimate household income for the high-income worker.

The factors that will tend to result in an understatement of total and lower-end housing demand or an overstatement of the number of households at the higher-income end of the spectrum are as follows:

1. No ACS or other hard data were available enabling a differentiation between the household size composition of workers by occupation. Anecdotally one would expect that there are probably some significant differences in the sizes of households between the households of service workers and highly paid professionals.
2. Only direct employees within the Project are counted in the analysis.

3. While an effort was made to identify and include contract employees in the analysis (generally those employees on Table 9), there are likely some types of contract employees that have been omitted.

In summary, several assumptions will tend to overstate the number of households falling into the low-income categories while others either tend to understate total housing demand or overstate the number of households in the higher income categories. Despite these intricacies, KMA believes our assumptions yield a reasonable and best estimate of housing demand by income category given the limits of available data.

SECTION V – IMPACT ON MENLO PARK REGIONAL HOUSING NEEDS ALLOCATION

KMA has analyzed the potential impact of the Project on the allocation of housing units to the City of Menlo Park under the Regional Housing Needs Allocation (RHNA) process. This section analyzes potential impacts under the regulatory framework of the Regional Housing Needs Allocation Process and Housing Element Law, which differs from the analysis of “demand” covered in the prior sections. Background on the RHNA process and analysis of the potential impact of the Project are described below.

The RHNA analysis is intended to provide an illustrative range of potential impacts; however, it is acknowledged that there is a high level of uncertainty regarding the estimates because the methodology changes with each allocation cycle and the entire process is subject to possible future legislative changes.

Background

Housing Element Law

RHNA is a process established under State Housing Element Law whereby each city and county unincorporated area in California is assigned a housing production target. Housing needs for each region in the State are determined by HCD and submitted to Councils of Government for allocation to local jurisdictions. ABAG is the Council of Government for the Bay Area and is responsible for allocating a “fair share” of the regional housing need to each jurisdiction within the nine-county Bay Area. Housing Elements for each jurisdiction are required to provide for the jurisdiction’s “fair share” housing production target. The “fair share” production target must be planned for in order for HCD to certify a jurisdiction’s Housing Element.

The next RHNA and housing element cycle will be for 2014 to 2022. Development of a methodology for allocating housing needs for the 2014 to 2022 cycle is currently underway. Adoption of housing unit allocations by ABAG is expected in May 2013. The allocations will need to be incorporated into housing elements that will be due in 2014.

Sustainable Communities Strategy and SB 375

SB 375 adopted in 2008 requires preparation of a Sustainable Communities Strategy (SCS) as part of the Regional Transportation Plan (RTP) for the Bay Area. The SCS must represent an integrated land use and transportation plan and be designed to achieve a reduction in greenhouse gas emissions targeted at 15% per capita from cars and light trucks by 2035. The SCS must identify areas within the region sufficient to house all of the region’s population including all economic segments. Development of the SCS in the Bay Area is being led by a consortium of regional organizations comprised of ABAG, Metropolitan Transportation Commission (MTC), Bay Conservation Development Commission (BCDC), and Bay Area Air

Quality Management District (BAAQMD). The collaboration is known as the “One Bay Area” initiative.

SB 375 requires that the RHNA be consistent with the SCS and establishes an eight year cycle for RHNA for purposes of coordination with every other RTP update (which is on a four year update cycle).

Working Draft Allocation Methodology for 2014 to 2022 Cycle

Development of the allocation methodology for the 2014 to 2022 cycle is currently underway led by ABAG and a Housing Methodology Committee (HMC). The HMC is comprised of two staff persons and one elected official from each of the nine counties in the Bay Area, along with representatives from non-profits, the business community, and others.

As of this writing, the ABAG allocation methodology has not been finalized; however, a working draft methodology is available. The following is a description of the working draft methodology as of October 25, 2011.

The working draft methodology has the following elements:

1. Sustainability Component – Up to 70% of housing units would be allocated based on household growth anticipated in the forthcoming SCS “Preferred Scenario” within “Priority Development Areas” (PDAs). PDAs are defined as areas that can accommodate future housing growth near transit. The areas are designated by local jurisdictions and adopted by ABAG. Menlo Park has one PDA, the El Camino Corridor and Downtown.
2. Fair Share Component – The remaining 30%+ of regional housing needs are allocated on a “fair share” basis. As of this writing, the methodology for the fair share component remains subject to discussion and revision; however, the draft approach is:
 - a. Each jurisdiction receives a “fair share” allocation based on Household Growth outside of PDAs (based on the SCS Preferred scenario).
 - b. Three adjustment factors are then applied to the fair share component based on:
 - a) past RHNA performance, b) employment outside PDAs, and c) transit frequency and coverage. Combined, the three factors can adjust the “fair share” allocation of a jurisdiction up or down by as much 100%. Each factor is weighted equally. The employment factor is calculated based on a jurisdiction’s rank in the Bay Area in terms of total employment not in a PDA. The jurisdiction with the most non-PDA employment receives the maximum upward adjustment and the jurisdiction with the least non-PDA employment receives the maximum downward adjustment.

- c. Maximum Threshold - No additional units would be assigned under the “fair share” component if units allocated under the sustainability component exceed 110% of household formation growth⁹.
- d. Minimum Threshold – Every jurisdiction is proposed to be allocated at least 40% of its household formation growth.

The proposed maximum and minimum thresholds are not expected to be determining factors for Menlo Park’s allocation because preliminary estimates by ABAG indicate that the City’s allocation is likely to fall between the minimum and maximum thresholds.

ABAG prepared estimates of allocations to each jurisdiction in the region dated October 24th 2011 using the working draft methodology. Table 21 summarizes ABAG’s calculations of Menlo Park’s allocation under the draft methodology with additional backup detail provided on Table 22.

Please note that the allocation methodology remains under development and is subject to modification and refinement. The current schedule is for the “preliminary” draft methodology to be released by ABAG in March 2012.

San Mateo County Sub-Regional Allocation Process

For the upcoming 2014 to 2022 RHNA Cycle, San Mateo County and each of the cities in the County elected to take advantage of a provision in the law added in 2004, which provides the ability to do a separate “sub-regional” allocation in-lieu of participation in the process led by ABAG. San Mateo was the only County to form a sub-region with the last allocation cycle for 2007 to 2014. For the upcoming cycle, Napa and Solano Counties have also formed sub-regions. ABAG is responsible for identifying the total number of units at each income tier for each sub-region. Allocation of the assigned units among the jurisdictions will be the responsibility of the sub-regions. The process in San Mateo County is being facilitated by the San Mateo City / County Association of Governments (C/CAG) working in conjunction with the County and each of the cities in the County.

With the 2007 to 2014 cycle, the cities and County agreed on a formula for allocating units that was the same as that implemented by ABAG in the other eight Bay Area counties. However, rather than use the ABAG formula to determine the percentage of units at each income tier by

⁹ Household formation growth, as defined by ABAG for purposes of the working draft RHNA methodology, is an estimate of the future number of households without taking into account financial, zoning or land availability constraints. ABAG calculates household formation growth taking into account factors including natural population growth (births minus deaths), net migration to the region, and household formation rates. Estimates are prepared for the Bay Area and at the County level and then allocated to individual jurisdictions proportionate to existing population.

jurisdiction, the San Mateo County formula used the same percentage for all jurisdictions. After the number of units was determined per the formula, jurisdictions were free to negotiate trades.

KMA's assumption is that the San Mateo County sub-region will continue to use the ABAG allocation methodology as a starting place with exchanges of units between jurisdictions negotiated from there. The ABAG formula is the default outcome if the sub-region is unable to agree on an allocation and, therefore, becomes the logical starting place for the sub-regional allocation process.

Past Allocation Methodologies

There is a history of developing a new RHNA allocation methodology with each RHNA allocation cycle and there is no requirement that the same methodology be used from one allocation cycle to the next. The proposed allocation methodology for the upcoming 2014 to 2022 cycle is different from the methodology used for the 2007 to 2014 cycle, which was itself different from the preceding 1999 to 2006 cycle. See Appendix Tables 10 and 11 for an illustration of the specific allocation methodology used for the prior cycles and the resulting allocation to Menlo Park.

Source Data for Allocation Calculations

The SCS will provide the base sources of demographic inputs for purposes of RHNA allocations. Specifically, it is the Preferred Alternative of the SCS, now under development, that will be used. In August, One Bay Area issued a report entitled "Alternative Land Use Scenarios" ("Scenarios Report") which includes three alternative scenarios for the SCS:

- Core Concentration;
- Focused Growth;
- Outer Bay Area.

The scenarios reflect different land use alternatives for the next 30 years. The purpose is to facilitate input for development of the Preferred Alternative that will ultimately be the basis for the RHNA allocations. Each alternative has corresponding projections of employment and household growth. According to the Scenarios Report, input from local jurisdictions, analysis of land constraints, industrial cluster support, or public and private investments are not yet incorporated. More information about these scenarios can be found on the One Bay Area website.

The Scenarios Report generally describes the assumptions regarding allocation of projected regional employment growth down to the local jurisdiction level; however, it does not go into detail on specific methodology. The Scenarios Report describes existing employment as a starting point for future projections along with various other assumptions and policy options. The Scenarios Report indicates the presence of an explicit link between jobs and household growth in the model. Consistent with this link, KMA observed a high degree of correlation between

existing employment levels by jurisdiction and projected future employment and household growth in the Scenarios Report.

For Menlo Park, employment growth over the next 30 years assigned in the Scenarios Report is generally proportionate to Menlo Park's existing share of employment in the County. Household growth over the next 30 years assigned to Menlo Park in the Scenarios Report is less than a proportionate share based on either existing jobs or existing households. We assume this is the result of specific conditions in Menlo Park and assumptions inherent in the three scenarios.

ABAG has used the three alternative scenarios to provide a preliminary range of RHNA assignments based on the working draft RHNA methodology. The "high estimate" shown on Table 21 is based on the Core Concentration scenario and the "low estimate" is based on the Outer Bay Area scenario.

Consultations with Agencies Involved in Allocation Process

KMA contacted staff at ABAG and the San Mateo County Housing Department involved in the current RHNA process to gain insight into the process and the development of the methodology. The following are some of the observations that were offered:

1. The new requirement for consistency with the SCS is a key driver for the allocation methodology.
2. The San Mateo County sub-region is likely to use the allocation methodology developed for the region as a whole as the starting place for allocations at the sub-regional level. Use of the ABAG formula developed for the region as a whole as the starting place for the sub-regional allocation process is driven by the reality that it is the default outcome if the sub-regional process is not successful¹⁰.
3. In San Mateo County, it is expected that negotiated exchanges of RHNA assignments among jurisdictions might represent on the order of a 10% shift in the allocations among jurisdictions, similar to the 2007 to 2014 allocation cycle.
4. Specific projects are not explicitly taken into account in preparing RHNA assignments.

¹⁰ ABAG has taken the position that if any jurisdiction drops out of a sub-region, the sub-region would be effectively dissolved with no ability to re-constitute by remaining jurisdictions who may wish to participate. If this occurs, the formula applicable to the Bay Area as a whole becomes operative.

Menlo Park's RHNA Allocation – Evaluation of Impacts from the Project

A. Potential Impact: 2014 – 2022 Allocation Cycle

The Project will not impact Menlo Park's RHNA allocation for the upcoming 2014 to 2022 cycle based on the working draft methodology as of October 2011. While employment is a proposed consideration in the allocation formula (as one of three adjustment factors), existing employment levels are used not future employment growth. Since future employment growth is not proposed to be part of the allocation formula, the approximately 5,800 future net new jobs added by the Project would not impact the City's RHNA allocation for the 2014 to 2022 cycle.

B. Potential Impact: Future Allocation Cycles

Analysis of the potential increase in housing units allocated to the City of Menlo Park under the RHNA process attributable to the Project is presented in Tables 23 through 27. As described above, the Project is not expected to have any influence on the City's RHNA allocation until the next allocation cycle expected to apply to the period from 2023 to 2031.

Allocation Methodology – Number of Units

Estimates of the incremental impact to the City of Menlo Park 2023 to 2031 RHNA were prepared using four scenarios as to methodology. The purpose of including these different scenarios is to address uncertainty about future RHNA methodology, by establishing a potential range. The uncertainty as to methodology arises from the fact that the allocation methodology is modified with each RHNA cycle; therefore, the formula to be used for 2023 to 2031 is unknown. The four scenarios are based on the working draft methodology for the current cycle and the methodologies for the past two cycles. The four scenarios are:

- A. Working draft methodology for 2014 to 2022 allocation cycle (see description above).
- B. Method used for 2007 to 2014 cycle with an allocation weighting of 22.5% to job growth, 22.5% to existing jobs, 45% to household growth, and 5% each to job and household growth near transit.
- C. Method used for 1999 to 2006 cycle with 50% weight to job growth and 50% to household growth; and
- D. Variant on 1999 to 2006 method substituting 50% weight to existing jobs in place of the 50% weighting to job growth. This variant is designed to recognize the possibility of a formula weighted more heavily to existing jobs since the estimates are sensitive to this.

A County-wide allocation of approximately 20,000 units is assumed for purposes of the estimates, which represents the San Mateo County sub-region's approximate share of total Regional Housing Need for the 2014 to 2022 period, as estimated by ABAG.

Job Growth from Project and Relationship to Sustainable Communities Strategy

The 2023 to 2031 RHNA allocation is expected to use demographic information that would accompany a future update of the SCS. KMA has made the following assumptions about how the Project would be reflected in that future update of the SCS:

1. Employment added by the Project will be reflected as “existing” employment in the future update of the SCS to be used in the next RHNA allocation applicable to the 2023 to 2031 period. This assumption is based on the expectation that full occupancy of both East and West campuses will be reached by 2018.
2. Increased employment in Menlo Park may interact within the ABAG models used to generate demographic information for the SCS. It is possible that Menlo Park could be allocated an increased share of regional job growth and household growth in ABAG's models. As described below, KMA has prepared a set of “upper end” estimates designed to address this possibility.

To address uncertainty as to how the Project would be reflected in ABAG's projections and potentially interact within the ABAG model, KMA prepared both a “base” and “upper end” estimate as described below:

1. The “base estimate” assumes the Project is built out by 2023 and reflected as existing employment in the future update of the SCS used in the next RHNA cycle (2023 to 2031). Further interaction within ABAG modeling system used to derive growth projections for the SCS is assumed to be minimal.
2. The “upper end” estimate assumes the Project is incorporated as “existing employment” in a future update of the SCS, in the same way as above, but with the additional step of including an upper end estimate of how an increase in “existing employment” (as of 2023) might play through ABAG's modeling system. The “upper end” estimate assumes the location of existing employment is the primary determinant for the allocation of future employment growth by jurisdiction. It also assumes up to one third of future household growth is allocated on the basis of employment. This assumption is designed to bracket the high end of potential influence the Project could have on relevant variables generated by ABAG's models. A high end estimate is used absent the ability to perform a sensitivity test on existing ABAG models or predict how ABAG's models might evolve in the future.

Summary of Findings

The incremental allocation of units to the City in the 2023 to 2031 RHNA cycle, attributable to the Project's approximately 5,800 net new jobs, is estimated as follows:

Table 19 – Estimated Impact to Menlo Park 2023 to 2031 RHNA Allocation Illustrative Range based on Four Scenarios as to Allocation Methodology

	Estimated Impact to Menlo Park 2023 to 2031 RHNA based on			
	Method A. Working Draft Method for 2014-2022	Method B. 2007-2014 Method	Method C. 1999-2006 Method	Method D. 50% Weight to Existing Jobs ¹¹
Base Estimate	19 Units	66 Units	0 Units	146 Units
Upper End Estimate	74 Units	203 Units	225 Units	169 Units

The estimated range of impact on the Menlo Park RHNA is from zero impact to 225 units. With the Base Estimate, the incremental allocation to Menlo Park is zero for Method C because the methodology does not incorporate an allocation based on existing jobs. With the Upper End estimate, the Project is assumed to increase future job and household growth allocated to Menlo Park in ABAG's models; this growth factors into the formulas for Method C and yields a positive allocation of units.

Allocation by Income Tier

Estimates of the distribution of units to Menlo Park by income tier assume that the sub-regional process in effect for the current cycle will be implemented in the next cycle. Table 20 below shows the preliminary ABAG estimate of the distribution by income tier for the San Mateo County sub-region for 2014-2022 (see Appendix Table 12 for more information).

Table 20 – Preliminary Allocation by Income Tier San Mateo Co. sub-region 2014 to 2022 RHNA (preliminary)

	Percent of Units
Very Low	25.4%
Low	14.4%
Moderate	16.9%
Above Moderate	<u>43.4%</u>
Total	100.0%

If the approach for the 2007 to 2014 cycle holds, Menlo Park will receive the same distribution by income level as the San Mateo County sub-region as a whole. If the sub-regional process were not instituted in subsequent cycles or if the practice of allocating units using the same distribution by income tier County-wide were not continued, the allocation to Menlo Park would

¹¹ Variant on 1999 to 2006 method

be affected. If the working draft methodology for 2014 to 2022 for jurisdictions not within a sub-region were applied, Menlo Park's allocation would shift toward the lower income tiers, as compared to the County average.

Allocation Cycles Beyond 2023 to 2031

While this analysis focuses on how the Project would impact the allocation of units to Menlo Park in the allocation cycle that would occur after completion and full occupancy, subsequent allocation cycles would also be impacted. The completion of the Project would continue to be reflected in the employment figures for future RHNA allocation calculations and would, therefore, continue to influence future allocation cycles to the extent the process resembles the current one. For projection purposes, we would anticipate a similar impact with subsequent cycles, as has been estimated for the upcoming 2023 to 2031 cycle.

Supporting Tables

Additional information and analysis is provided in Tables 21 through 27 at the end of this section:

- Table 21 summarizes Menlo Park's RHNA allocation for 2014-2022 as estimated by ABAG based on the draft methodology as of October 24, 2011 with additional supporting information provided in Table 22.
- Table 23 provides the distribution by income tier for each of the four methodology scenarios.
- Table 24 shows the derivation of estimated incremental impacts to Menlo Park's RHNA using the 2014 to 2022 working draft methodology
- Tables 25 and 26 show the derivation of estimated incremental impacts to Menlo Park's RHNA using methodologies for past cycles. Table 27 summarizes demographic inputs used for the estimates.

**TABLE 21
ILLUSTRATION OF ESTIMATED RHNA ALLOCATION TO MENLO PARK FOR 2014-2022
ABAG ESTIMATES USING WORKING DRAFT METHODOLOGY AS OF 10-24-2011
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA**

2014 To 2022 Cycle

<i>Estimated Menlo Park RHNA Allocation</i>	ABAG High Estimate⁽¹⁾ <i>Units</i>	ABAG Low Estimate⁽¹⁾ <i>Units</i>	<u>Note</u>
I. Sustainability Component of Allocation	367	260	See Detail Table 22.
II. Fair Share Component of Allocation			
"Fair Share" based on Non-PDA Growth	618	458	See Detail Table 22.
Application of Factor Adjustments			
RHNA Performance	33%	33%	Range from -33% to + 33%
Employment Outside PDAs	25%	25%	Range from -33% to + 33%
Transit frequency and coverage	<u>6%</u>	<u>6%</u>	Range from -33% to + 33%
	64%	64%	Range from -100% to + 100%
Adjustment from Application of Factors	397	295	
Rebalancing Adjustment	(70)	(34)	To reconcile back to regional need at 200,000 after apply factors & minimums
Fair Share Component of Allocation	<u>945</u>	<u>719</u>	
III. Total Menlo Park Allocation	<u>1,312</u>	<u>979</u>	ABAG Illustrative estimate

Source: ABAG technical documentation as of 10-24-2011.

Notes

⁽¹⁾ High and low estimates use different SCS alternative land use scenarios. Ultimately a "preferred" scenario will be developed which will become the basis for the RHNA calculations.

TABLE 22
RHNA ALLOCATION TO MENLO PARK - DETAIL ON SUSTAINABILITY AND FAIR SHARE COMPONENTS
ABAG ESTIMATES USING WORKING DRAFT METHODOLOGY AS OF 10-24-2011
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA

2014 To 2022 Cycle

	High Estimate ⁽¹⁾ <i>Units</i>	Low Estimate ⁽¹⁾ <i>Units</i>	<u>Note</u>
I. Total Regional Housing Need (preliminary)	200,000	200,000	from HCD
II. "Sustainability Component" of Allocation Formula			
a) Percent allocated under sustainability formula	70%	67%	
Units allocated under sustainability formula	140,000	134,000	Bay Area Total
b) Projected Household Growth in PDAs			
Menlo Park (El Camino Real / Downtown PDA)	1,569	999	
Bay Area Total for PDAs	598,481	515,487	
Menlo Park PDAs as Percent of Bay Area	0.262%	0.194%	
c) Sustainability Component RHNA allocation	367	260	= a. X b. ABAG Illustrative estimate
III. "Fair Share Component" of Allocation Formula Prior to Application of Factors			
a) Percent allocated under fair share formula	30%	33%	
Units allocated under fair share formula	60,000	66,000	Bay Area Total
b) Projected Household Growth not in PDAs			
Menlo Park outside PDAs	1,768	1,754	
Bay Area Total outside PDAs	172,336	255,330	
Menlo Park as Percent of Bay Area	1.026%	0.687%	
c) Sustainability Component RHNA allocation	616	453	= a. X b.
Reallocation after apply 110% Cap	2	5	see text for description
Adjusted fair share component RHNA allocation	618	458	ABAG Illustrative estimate

Source: ABAG technical documentation as of 10-24-2011.

Notes:

⁽¹⁾ High and low estimates use different SCS alternative land use scenarios. Ultimately a "preferred" scenario will be developed which will become the basis for the RHNA calculations.

TABLE 23
SUMMARY OF PROJECTED INCREMENTAL INCREASE IN REGIONAL HOUSING NEEDS ALLOCATION
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA

Housing Units Allocated
2023 - 2031 RHNA CYCLE

	Estimated Distribution by Household Income Level ⁽¹⁾	Estimated Impact to Menlo Park RHNA Allocation for 2023-2031			
		Method A.	Method B.	Method C.	Method D.
		Working Draft Method for 2014-2022 <i>Table 24</i>	Method Used for 2007-2014 <i>Tables 25 and 26</i>	Method Used for 1999-2006 <i>Tables 25 and 26</i>	50% Weight for Existing Jobs <i>Tables 25 and 26</i>
BASE ESTIMATE ⁽²⁾					
Very Low	25.4%	5	17	0	37
Low	14.4%	3	9	0	21
Moderate	16.9%	3	11	0	25
Above Moderate	43.4%	8	29	0	63
Total		19	66	0	146
UPPER END ESTIMATE ⁽³⁾					
Very Low	25.4%	19	52	57	43
Low	14.4%	11	29	32	24
Moderate	16.9%	12	34	38	29
Above Moderate	43.4%	32	88	98	73
Total		74	203	225	169

Notes:

- ⁽¹⁾ Based on draft ABAG distribution for San Mateo Subregion as of October 2011. Assumes Menlo Park receives the same distribution by income tier as the subregion as a whole as it did as part of the sub-regional process for the 2007 - 2014 allocation cycle.
- ⁽²⁾ Base Estimate assumes the Project is fully occupied by the time of the next RHNA allocation occurs for the period from 2023 to 2031 and, by that time, the 5,800 net new jobs are reflected in ABAG estimates as existing employment. Further influence on ABAG projections of future employment and household growth is not assumed.
- ⁽³⁾ Upper End estimate assumes a) the Project is fully occupied by the time of the next RHNA allocation process for 2023-2031 and the 5,800 net new jobs are reflected in ABAG estimates as existing employment (same assumption as Base Estimate); and, b) an upper end estimate of how the 5,800 added jobs from the Project could influence the outcome of ABAG's models and increase future employment and housing growth projected for Menlo Park.

TABLE 24
ESTIMATED INCREMENTAL INCREASE IN REGIONAL HOUSING NEEDS ALLOCATION
WORKING DRAFT METHOD FOR 2014-2022 APPLIED TO 2023-2031 CYCLE
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA

If Apply Working Draft RHNA Method for 2014-2022 To Future 2023 - 2031 RHNA CYCLE

Incremental RHNA Allocation to Menlo Park From Project	Without Project ⁽¹⁾	With 5,800 Jobs from Project		Notes
	<i>Units</i>	<u>Base Est.</u> ⁽²⁾	<u>Upper End Est.</u> ⁽²⁾	
		<i>Units</i>	<i>Units</i>	
I. Menlo Park "Sustainability Component" of RHNA	367	367	382	Upper end estimate assumes 5,800 jobs added by Project interact within ABAG model and increase future employment and household growth assigned to Menlo Park (see text for additional information).
II. Menlo Park "Fair Share Component" of RHNA				
Menlo Park "Fair Share" Non-PDA Growth Allocation	618	618	644	See above note regarding assumptions for upper end estimate.
Adjustment based on "fair share factors"				
RHNA Performance	33%	33%	33%	
Employment Outside PDAs	25%	28%	28%	Modified factor with 5,800 jobs estimated by KMA.
Transit frequency and coverage	<u>6%</u>	<u>6%</u>	<u>6%</u>	
Percentage	64%	67%	67%	
Total	397	416	434	
Less Rebalancing Adjustment	(70)	(70)	(74)	
Total Fair Share Component of RHNA	945	964	1,004	
III. Total Menlo Park RHNA Allocation	1,312	1,331	1,386	
IV. Incremental Menlo Park RHNA from Project (units)	N/A	19	74	<i>To Future RHNA Cycle (2023 - 2031)</i>

Notes:

⁽¹⁾ Using ABAG estimate as of 10-24-2011 (high estimate).

⁽²⁾ Base estimate is before recognition of the potential for employment growth from the Project to further interact within ABAG's models. The "Upper End Estimate" is after including an adjustment to recognize the potential that projected future employment and household growth assigned to Menlo Park in ABAG's models could increase as a result of additional employment added by the Project.

**TABLE 25
ESTIMATED INCREMENTAL INCREASE IN REGIONAL HOUSING NEEDS ALLOCATION - "BASE ESTIMATE"
BASED ON ALLOCATION METHODOLOGIES FOR PAST ALLOCATION CYCLES
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA**

2023 - 2031 RHNA CYCLE

Assume Sub-regional Allocation Process for San Mateo County

San Mateo County-Wide Housing Need to Allocate ⁽¹⁾ 20,000

Incremental RHNA Allocation to Menlo Park From Project	Incremental Increase Within Menlo Park As a Result of Project See Table 27	Method Used for 2007-2014		Method Used for 1999-2006		50% Weight for Existing Jobs	
		Weighting	Units	Weighting	Units	Weighting	Units
Employment	1.536% of County Total	22.5%	66	N/A	0	50%	146
Future Employment Growth	0.000% of County Total	22.5%	0	50%	0	N/A	0
Future Household Growth	0.000% of County Total	45.0%	0	50%	0	N/A	0
Other Factors ⁽²⁾	0.000% of County Total	10%	0	N/A	0	50%	0
Total Number of Units		100%	66	100%	0	100%	146

RHNA = Regional Housing Needs Allocation

Notes:

⁽¹⁾ Based on highest estimate by ABAG for 2014-2022. The total allocation for the region will be determined by the State Department of Housing and Community Development with the San Mateo County portion determined by ABAG (assuming San Mateo County again forms a sub-region).

⁽²⁾ Which are not relevant for purposes of these estimates.

TABLE 26
ESTIMATED INCREMENTAL INCREASE IN REGIONAL HOUSING NEEDS ALLOCATION - "UPPER END ESTIMATE"
BASED ON ALLOCATION METHODOLOGIES FOR PAST ALLOCATION CYCLES
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA

2023 - 2031 RHNA CYCLE

Assume Sub-regional Allocation Process for San Mateo County

San Mateo County-Wide Housing Need to Allocate ⁽¹⁾	20,000
----------------------------------------------------------------------	---------------

Incremental RHNA Allocation to Menlo Park From Project	Incremental Increase Within Menlo Park As a Result of Project	Method Used for 2007-2014		Method Used for 1999-2006		50% Weight for Existing Jobs	
		<u>Weighting</u>	<u>Units</u>	<u>Weighting</u>	<u>Units</u>	<u>Weighting</u>	<u>Units</u>
	See Table 27						
Employment	1.536% of County Total	22.5%	76	N/A	0	50%	169
Future Employment Growth	1.536% of County Total	22.5%	76	50%	169	N/A	0
Future Household Growth	0.511% of County Total	45.0%	51	50%	56	N/A	0
Other Factors ⁽²⁾	0.000% of County Total	10%	0	N/A	0	50%	0
Total Number of Units		100%	203	100%	225	100%	169

RHNA = Regional Housing Needs Allocation

Notes:

⁽¹⁾ Based on highest estimate by ABAG for 2014-2022. The total allocation for the region will be determined by the State Department of Housing and Community Development with the San Mateo County portion determined by ABAG (assuming San Mateo County again forms a sub-region).

⁽²⁾ Which are not relevant for purposes of these estimates.

TABLE 27
DEMOGRAPHIC INPUTS: FUTURE RHNA ALLOCATION
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA

	San Mateo County-Wide Estimate ⁽¹⁾	Estimated Incremental Increase Within Menlo Park As Result of Project		Incremental Increase Within Menlo Park As Percent of County As Result of Project	
		Base Estimate ⁽²⁾	Upper End	Base Estimate ⁽²⁾	Upper End
			Estimate ⁽³⁾		Estimate ⁽³⁾
I. Employment in San Mateo County as of 2023 ⁽¹⁾	377,640	5,800	5,800	1.536%	1.536%
II. Projection of Future Employment Growth Over 30 Years	105,400	no impact	1,619 ⁽⁴⁾ if 5,800 jobs influence ABAG model and affect growth projection result	0.000%	1.536%
III. Projection of Future Household Growth Over 30 Years	57,500	no impact	294 ⁽⁴⁾ if 5,800 jobs influence ABAG model and affect growth projection result	0.000%	0.511%

Notes

- ⁽¹⁾ Based on SCS Alternative Land Use Scenarios Report Dated August 30, 2011. 2023 estimate based on ABAG 2010 estimate plus interpolation of 30 year growth projection (average growth for the three alternatives).
- ⁽²⁾ Base Estimate assumes employment added with the Project will get reflected in future ABAG estimates but will not have additional influence on ABAG growth projection results.
- ⁽³⁾ Upper end estimate assumes the 5,800 added jobs from the Project will influence the outcome of ABAG's models and increase the employment and housing growth assigned to Menlo Park.
- ⁽⁴⁾ Scenario to bracket the upper end assumes job growth allocated to Menlo Park in ABAG's models is proportionate to existing employment and assumes one third of household growth assigned to Menlo Park is allocated proportionate to existing employment. Assumptions are based on comparing the growth allocation to Menlo Park in the Scenarios Report to an allocation proportionate to existing employment.

APPENDIX TABLES

**APPENDIX TABLE 1
 SAN MATEO COUNTY 2011 INCOME LIMITS
 FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
 MENLO PARK, CA**

		Household Size					
		1-person	2-person	3-person	4-person	5-person	6 + person
Household Income Limit							
Very Low Income	50% of AMI	\$37,400	\$42,750	\$48,100	\$53,400	\$57,700	\$61,950
Low Income	80% of AMI	\$59,850	\$68,400	\$76,950	\$85,450	\$92,300	\$99,150
Moderate Income	120% of AMI	\$85,350	\$97,500	\$109,700	\$121,900	\$131,650	\$141,400
Above Moderate	150% of AMI	\$106,650	\$121,950	\$137,200	\$152,400	\$164,650	\$176,800

AMI = Area Median Income, San Mateo County 2011

Source: California Department of Housing and Community Development FY 2011 Income Limits for San Mateo County.

**APPENDIX TABLE 2
 2007 NATIONAL INTERNET PUBLISHING & BROADCASTING WORKER DISTRIBUTION BY OCCUPATION
 FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
 MENLO PARK, CA**

Major Occupations (4% or more)	2007* National Internet Publishing & Broadcasting Occupation Distribution	
Management occupations	4,190	10.6%
Business and financial operations occupations	2,940	7.4%
Computer and mathematical occupations	10,800	27.2%
Life, physical, and social science occupations	2,430	6.1%
Arts, design, entertainment, sports, and media occupations	5,850	14.8%
Sales and related occupations	4,890	12.3%
Office and administrative support occupations	7,880	19.9%
All Other Internet Publishing & Broadcasting Related Occupations	<u>660</u>	<u>1.7%</u>
INDUSTRY TOTAL	39,640	100.0%

Notes

* Most recent year data is available for NAICS 516110 which is a "NAICS 2002" code. This industry was subsequently re-categorized as NAICS 519130 in "NAICS 2007". More recent BLS data for 519130 is only available aggregated with other less relevant industry categories; therefore, the 2007 data is used.

**APPENDIX TABLE 3
AVERAGE ANNUAL COMPENSATION, 2011
INTERNET PUBLISHING & BROADCASTING WORKER OCCUPATIONS
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA**

Occupation ¹	2011 Avg. Compensation ²	% of Total Occupation Group ³	% of Total Internet Workers
<i>(Page 1 of 2)</i>			
<i>Management occupations</i>			
Chief executives	\$222,600	5.3%	0.6%
General and operations managers	\$154,600	24.3%	2.6%
Marketing managers	\$154,300	7.9%	0.8%
Sales managers	\$146,000	11.9%	1.3%
Computer and information systems managers	\$172,600	23.2%	2.4%
Financial managers	\$150,000	7.2%	0.8%
Managers, all other	\$143,300	10.3%	1.1%
All Other Management occupations (Avg. All Categories)	<u>\$147,500</u>	<u>10.0%</u>	<u>1.1%</u>
	Weighted Mean Annual Wage	100.0%	10.6%
<i>Business and financial operations occupations</i>			
Training and development specialists	\$87,200	5.8%	0.4%
Management analysts	\$107,000	10.5%	0.8%
Business operations specialists, all other	\$88,000	39.1%	2.9%
Accountants and auditors	\$89,800	22.8%	1.7%
Financial analysts	\$100,700	8.2%	0.6%
All Other Business and financial operations occupations (Avg. All Categories)	<u>\$89,200</u>	<u>13.6%</u>	<u>1.0%</u>
	Weighted Mean Annual Wage	100.0%	7.4%
<i>Computer and mathematical occupations</i>			
Computer programmers	\$108,000	17.3%	4.7%
Computer software engineers, applications	\$118,000	21.6%	5.9%
Computer software engineers, systems software	\$125,000	10.0%	2.7%
Computer support specialists	\$72,000	13.0%	3.5%
Computer systems analysts	\$100,400	5.3%	1.4%
Database administrators	\$94,800	5.2%	1.4%
Network and computer systems administrators	\$99,600	7.7%	2.1%
Network systems and data communications analysts	\$112,600	14.2%	3.9%
Computer specialists, all other	\$100,400	4.7%	1.3%
All Other Computer and mathematical occupations (Avg. All Categories)	<u>\$110,800</u>	<u>1.1%</u>	<u>0.3%</u>
	Weighted Mean Annual Wage	100.0%	27.2%
<i>Life, physical, and social science occupations</i>			
Market research analysts	\$105,600	87.2%	5.3%
All Other Life, physical, and social science occupations (Avg. All Categories)	<u>\$87,600</u>	<u>12.8%</u>	<u>0.8%</u>
	Weighted Mean Annual Wage	100.0%	6.1%

Occupation ¹	2011 Avg. Compensation ²	% of Total Occupation Group ³	% of Total Internet Workers
(Page 2 of 2)			
<i>Arts, design, entertainment, sports, and media occupations</i>			
Art directors	\$113,500	5.5%	0.8%
Multi-media artists and animators	\$82,500	7.5%	1.1%
Graphic designers	\$74,600	15.0%	2.2%
Reporters and correspondents	\$35,200	6.3%	0.9%
Public relations specialists	\$86,000	5.5%	0.8%
Editors	\$57,600	37.6%	5.5%
Technical writers	\$98,300	4.6%	0.7%
Writers and authors	\$65,700	7.0%	1.0%
All Other Arts, Design, Entertainment, Sports, and Media (Avg. All Categories)	<u>\$66,800</u>	<u>10.9%</u>	<u>1.6%</u>
	Weighted Mean Annual Wage	100.0%	14.8%
<i>Sales and related occupations</i>			
First-line supervisors/managers of non-retail sales workers	\$97,100	7.2%	0.9%
Advertising sales agents	\$62,900	23.7%	2.9%
Sales representatives, services, all other	\$77,500	26.6%	3.3%
Sales representatives, wholesale and manufacturing, technical and scientific product	\$100,400	12.1%	1.5%
Sales representatives, wholesale and manufacturing, except technical and scientific	\$81,000	12.1%	1.5%
All Other Sales and related occupations (Avg. Above Categories)	<u>\$78,900</u>	<u>18.4%</u>	<u>2.3%</u>
	Weighted Mean Annual Wage	100.0%	12.3%
<i>Office and administrative support occupations</i>			
First-line supervisors/managers of office and administrative support workers	\$63,000	6.7%	1.3%
Bookkeeping, accounting, and auditing clerks	\$45,900	8.1%	1.6%
Customer service representatives	\$48,500	27.9%	5.5%
Production, planning, and expediting clerks	\$60,800	5.6%	1.1%
Executive secretaries and administrative assistants	\$58,700	7.6%	1.5%
Secretaries, except legal, medical, and executive	\$40,800	8.2%	1.6%
Office clerks, general	\$36,000	10.7%	2.1%
All Other Office and administrative support occupations (Avg. All Categories)	<u>\$44,300</u>	<u>25.1%</u>	<u>5.0%</u>
	Weighted Mean Annual Wage	100.0%	19.9%
	Weighted Average Annual Wage - All Occupations	\$90,000	98.3%

¹ Including occupations representing 4% or more of the major occupation group.

² The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

³ Occupation percentages are based on the 2007 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2010 Occupational Employment Survey data for Santa Clara County updated by the California Employment Development Department to 2011 wage levels.

**APPENDIX TABLE 4
 2010 NATIONAL FOOD SERVICE WORKER DISTRIBUTION BY OCCUPATION
 FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
 MENLO PARK, CA**

Major Occupations (2% or more)	2010 National Food Service Occupation Distribution	
Management Occupations	18,500	3.4%
Food Preparation and Serving Related Occupations	429,560	78.2%
Building and Grounds Cleaning and Maintenance Occupations	16,870	3.1%
Sales and Related Occupations	29,270	5.3%
	<i>Excluded from analysis (Facebook provides food service at no charge)</i>	
Office and Administrative Support Occupations	20,490	3.7%
Transportation and Material Moving Occupations	17,300	3.1%
All Other Food Service Related Occupations	<u>17,660</u>	<u>3.2%</u>
INDUSTRY TOTAL	549,650	100.0%

APPENDIX TABLE 5
 AVERAGE ANNUAL COMPENSATION, 2011
 FOOD SERVICE WORKER OCCUPATIONS
 FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
 MENLO PARK, CA

Occupation ¹	2011 Avg. Compensation ²	% of Total Occupation Group ³	% of Total Food Service Workers
<i>Page 1 of 2</i>			
<i>Management Occupations</i>			
General and Operations Managers	\$144,000	26.8%	0.9%
Administrative Services Managers	\$97,000	3.1%	0.1%
Food Service Managers	\$59,900	62.1%	2.1%
All Other Management Occupations (Avg. All Categories)	<u>\$134,900</u>	<u>8.0%</u>	<u>0.3%</u>
	Weighted Mean Annual Wage	100.0%	3.4%
<i>Food Preparation and Serving Related Occupations</i>			
Chefs and Head Cooks	\$56,800	2.1%	1.7%
First-Line Supervisors of Food Preparation and Serving Workers	\$35,200	7.0%	5.5%
Cooks, Institution and Cafeteria	\$35,000	9.5%	7.4%
Cooks, Restaurant	\$28,700	2.8%	2.2%
Food Preparation Workers	\$23,900	9.8%	7.7%
Combined Food Preparation and Serving Workers, Including Fast Food	\$23,300	22.2%	17.3%
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	\$22,000	9.3%	7.3%
Food Servers, Nonrestaurant	\$26,000	5.3%	4.2%
Dining Room and Cafeteria Attendants and Bartender Helpers	\$23,300	5.2%	4.1%
Dishwashers	\$21,800	6.3%	4.9%
All Other Food Preparation and Serving Related Occupations (Avg. All Categories)	<u>\$25,300</u>	<u>20.3%</u>	<u>15.9%</u>
	Weighted Mean Annual Wage	100.0%	78.2%
<i>Building and Grounds Cleaning and Maintenance Occupations</i>			
First-Line Supervisors of Housekeeping and Janitorial Workers	\$45,900	7.6%	0.2%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$28,400	51.2%	1.6%
Maids and Housekeeping Cleaners	\$28,800	38.2%	1.2%
Landscaping and Groundskeeping Workers	\$33,600	2.7%	0.1%
All Other Building & Grounds Cleaning and Maint. (Avg. All Categories)	<u>\$30,500</u>	<u>0.3%</u>	<u>0.0%</u>
	Weighted Mean Annual Wage	100.0%	3.1%

Sales and Related Occupations ⁽⁴⁾

Assumes food service continues to be provided free of charge. Therefore, no sales staff.

Occupation ¹	2011 Avg. Compensation ²	% of Total Occupation Group ³	% of Total Food Service Workers
Page 2 of 2			
<i>Office and Administrative Support Occupations</i>			
First-Line Supervisors of Office and Administrative Support Workers	\$61,000	4.4%	0.2%
Bookkeeping, Accounting, and Auditing Clerks	\$46,400	11.9%	0.4%
Customer Service Representatives	\$42,700	8.2%	0.3%
Receptionists and Information Clerks	\$35,000	7.0%	0.3%
Shipping, Receiving, and Traffic Clerks	\$34,000	4.4%	0.2%
Stock Clerks and Order Fillers	\$28,300	12.5%	0.5%
Executive Secretaries and Executive Administrative Assistants	\$56,400	4.2%	0.2%
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	\$40,400	8.4%	0.3%
Office Clerks, General	\$34,600	30.5%	1.1%
All Other Office and Administrative Support Occupations (Avg. All Categories)	<u>\$43,300</u>	<u>8.4%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$39,200	100.0%	3.7%
<i>Transportation and Material Moving Occupations</i>			
Driver/Sales Workers	\$30,800	23.3%	0.7%
Light Truck or Delivery Services Drivers	\$41,900	36.5%	1.1%
Laborers and Freight, Stock, and Material Movers, Hand	\$29,800	25.6%	0.8%
Packers and Packagers, Hand	\$22,600	3.4%	0.1%
All Other Transportation and Material Moving Occupations (Avg. All Categories)	<u>\$41,000</u>	<u>11.3%</u>	<u>0.4%</u>
Weighted Mean Annual Wage	\$35,500	100.0%	3.1%
Weighted Average Annual Wage - All Occupations	\$30,000		91.5%

¹ Including occupations representing 2% or more of the major occupation group

² The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

³ Occupation percentages are based on the 2010 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2010 Occupational Employment Survey data applicable to San Mateo County updated by the California Employment Development Department to 2011 wage levels.

⁴ Facebook's website indicates food service is provided free of charge. Therefore, sales staff that would typically be associated with operation of a cafeteria or café has been excluded.

**APPENDIX TABLE 6
 2010 NATIONAL BUILDING SERVICES WORKER DISTRIBUTION BY OCCUPATION
 FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
 MENLO PARK, CA**

Major Occupations (4% or more)	2010 National Building Services Occupation Distribution¹	
Protective Service Occupations	617,110	42.5%
Building and Grounds Cleaning and Maintenance Occupations	581,426	40.0%
Office and Administrative Support Occupations	88,508	6.1%
Installation, Maintenance, and Repair Occupations	66,191	4.6%
All Other Building Services Related Occupations	<u>100,474</u>	<u>6.9%</u>
INDUSTRY TOTAL	1,453,709	100.0%

¹ Reflects blended average of Services to Buildings and Dwellings (NAICS 561600) and Investigation and Security Services (NAICS 561700). Figures reflect application of weighting factor to adjust to expected percentage of maintenance and janitorial versus security staff in the Project.

**APPENDIX TABLE 7
AVERAGE ANNUAL COMPENSATION, 2011
BUILDING SERVICES WORKER OCCUPATIONS
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA**

Occupation ¹	2011 Avg. Compensation ²	% of Total Occupation Group ³	% of Total Building Services Workers
<i>Protective Service Occupations</i>			
First-Line Supervisors of Protective Service Workers, All Other	\$55,300	3.2%	1.4%
Private Detectives and Investigators	\$73,000	2.1%	0.9%
Security Guards	\$31,200	93.7%	39.8%
All Other Protective Service Occupations (Avg. All Categories)	<u>\$51,200</u>	<u>1.0%</u>	<u>0.4%</u>
Weighted Mean Annual Wage	\$33,000	100.0%	42.5%
<i>Building and Grounds Cleaning and Maintenance Occupations</i>			
First-Line Supervisors of Housekeeping and Janitorial Workers	\$45,900	3.6%	1.4%
First-Line Supervisors of Landscaping, Lawn Service, and Groundskeeping Workers	\$54,100	3.6%	1.4%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$28,400	49.7%	19.9%
Maids and Housekeeping Cleaners	\$28,800	6.0%	2.4%
Pest Control Workers	\$34,900	4.0%	1.6%
Landscaping and Groundskeeping Workers	\$33,600	29.4%	11.8%
Tree Trimmers and Pruners	\$39,800	2.1%	0.8%
All Other Building and Grounds Cleaning and Maintenance Occupations (Avg. All Categories)	<u>\$30,500</u>	<u>1.6%</u>	<u>0.6%</u>
Weighted Mean Annual Wage	\$32,000	100.0%	40.0%
<i>Office and Administrative Support Occupations</i>			
First-Line Supervisors of Office and Administrative Support Workers	\$61,000	5.9%	0.4%
Bookkeeping, Accounting, and Auditing Clerks	\$46,400	10.7%	0.7%
Customer Service Representatives	\$42,700	2.7%	0.2%
Receptionists and Information Clerks	\$35,000	2.9%	0.2%
Executive Secretaries and Executive Administrative Assistants	\$56,400	4.3%	0.3%
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	\$40,400	16.5%	1.0%
Office Clerks, General	\$34,600	20.7%	1.3%
All Other Office and Administrative Support Occupations (Avg. All Categories)	<u>\$43,300</u>	<u>36.3%</u>	<u>2.2%</u>
Weighted Mean Annual Wage	\$42,700	100.0%	6.1%
<i>Installation, Maintenance, and Repair Occupations</i>			
First-Line Supervisors of Mechanics, Installers, and Repairers	\$75,300	8.2%	0.4%
Security and Fire Alarm Systems Installers	\$50,300	50.2%	2.3%
Maintenance and Repair Workers, General	\$47,600	11.3%	0.5%
Locksmiths and Safe Repairers	\$44,000	17.0%	0.8%
Installation, Maintenance, and Repair Workers, All Other*	\$47,000	6.7%	0.3%
All Other Installation, Maintenance, and Repair Occupations (Avg. All Categories)	<u>\$53,600</u>	<u>6.5%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$51,000	100.0%	4.6%
Weighted Average Annual Wage - All Occupations	\$34,000		93.1%

¹ Including occupations representing 2% or more of the major occupation group.

² The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

³ Occupation percentages are based on the 2010 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2010 Occupational Employment Survey data applicable to San Mateo County updated by the California Employment Development Department to 2011 wage levels.

**APPENDIX TABLE 8
 AVERAGE ANNUAL COMPENSATION, 2011
 SERVICES AND AMENITIES WORKER OCCUPATIONS
 FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
 MENLO PARK, CA**

Representative Occupations ¹	Estimated Number ¹	2011 Avg. Compensation ²	% of Category ³	% of Total Workers
<i>Fitness Center, Sport Courts, Group Exercise Rooms</i>				
General and Operations Managers	1	\$144,000	5.6%	2.4%
Coaches and Scouts	1	\$54,000	5.6%	2.4%
Lifeguards, Ski Patrol, and Other Recreational Protective Service Workers	1	\$31,100	5.6%	2.4%
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	1	\$22,000	5.6%	2.4%
Personal Care and Service Occupations	1	\$33,800	5.6%	2.4%
First-Line Supervisors of Personal Service Workers	1	\$49,500	5.6%	2.4%
Amusement and Recreation Attendants	2	\$23,200	11.1%	4.8%
Fitness Trainers and Aerobics Instructors	7	\$50,100	38.9%	16.7%
Counter and Rental Clerks	1	\$29,000	5.6%	2.4%
Receptionists and Information Clerks	1	\$35,000	5.6%	2.4%
Office Clerks, General	<u>1</u>	<u>\$34,600</u>	<u>5.6%</u>	<u>2.4%</u>
Weighted Mean Annual Wage	18	\$46,100	100.0%	42.9%
<i>Medical Facility</i>				
Family and General Practitioners	2	\$159,800	20.0%	4.8%
Registered Nurses	2	\$99,800	20.0%	4.8%
Medical Assistants	2	\$39,100	20.0%	4.8%
Pharmacists	1	\$119,700	10.0%	2.4%
Pharmacy Technicians	1	\$43,900	10.0%	2.4%
Receptionists and Information Clerks	<u>2</u>	<u>\$35,000</u>	<u>20.0%</u>	<u>4.8%</u>
Weighted Mean Annual Wage	10	\$83,100	100.0%	23.8%
<i>Miscellaneous Services and Amenities</i>				
First-Line Supervisors of Personal Service Workers	1	\$49,500	7.1%	2.4%
Concierges	4	\$36,200	28.6%	9.5%
Bank Tellers	2	\$29,500	14.3%	4.8%
Laundry and Dry-Cleaning Workers	2	\$24,200	14.3%	4.8%
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	1	\$22,000	5.6%	2.4%
Massage Therapists	2	\$38,800	14.3%	4.8%
Hairdressers, Hairstylists, and Cosmetologists	<u>2</u>	<u>\$38,000</u>	<u>14.3%</u>	<u>4.8%</u>
Weighted Mean Annual Wage	14	\$33,700	98.4%	33.3%
Weighted Average Annual Wage - All Occupations	42	\$59,000		100.0%

¹ Representative employee occupations selected by KMA based upon national averages and keeping in mind the limited scope of the proposed facilities.

² The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

³ Occupation percentages are based on the 2010 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2010 Occupational Employment Survey data applicable to San Mateo County updated by the California Employment Development Department to 2011 wage levels.

**APPENDIX TABLE 9
 COMMUTE PATTERNS FOR OTHER SAN MATEO COUNTY JURISDICTIONS
 FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
 MENLO PARK, CA**

	Percent of Workers who Live & Work in City
<i>San Mateo County Jurisdictions</i> ¹	
Belmont	17.4%
Burlingame	9.9%
Daly City	24.0%
Foster City	12.8%
Menlo Park	7.8%
Millbrae	14.9%
Redwood City	16.3%
San Bruno	14.7%
San Carlos	11.6%
San Mateo	27.7%
South San Francisco	13.2%
Palo Alto (in Santa Clara County)	11.1%

Notes:

1. Information from ACS not available for San Mateo County cities not shown above. Percentages computed excluding those workers who worked from home.

Sources:

US Census Bureau, ACS 2006-2008 3yr est., Special Tabs for CTPP
 Total Workers from ACS 2006-2008 Table B08406

**APPENDIX TABLE 10
SUMMARY OF 2007-2014 REGIONAL HOUSING NEED ALLOCATION - UNITS
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA**

2007 TO 2014 CYCLE

Menlo Park Part of Sub-Regional Allocation for San Mateo County

	ABAG Projections 2007¹			RHNA Weight²	Sub-Regional Housing Needs Allocation of Units
	San Mateo County-Wide	City of Menlo Park	City as % of County		
	County-Wide Total				15,738
Menlo Park Allocation Based On:					
Growth in Households 2007-2014	12,184	604	4.96%	45.0%	351
Existing Employment 2007	347,634	26,504	7.62%	22.5%	270
Growth in Employment 2007-2014	38,506	3,144	8.16%	22.5%	289
Growth in Households Near Transit ³ 2007-2014	4,437	293	6.60%	5.0%	52
Growth in Employment Near Transit ³ 2007-2014	10,029	390	3.89%	5.0%	31
	Menlo Park Total				993

Notes:

¹ ABAG Projections 2007 was used for the 2007 - 2014 RHNA. Figures were provided by the San Mateo County Housing Department and are based on linear interpolation of figures for 2005, 2010, and 2015 provided in ABAG's Projections 2007.

² San Mateo County opted out of the ABAG Regional Housing Needs Allocation process and initiated its own Sub-Regional Housing Needs Allocation process. The adopted allocation formula is the same formula as was adopted by ABAG except that negotiated transfers of units among jurisdictions was permitted and the allocation of units by income level is the same in all jurisdictions.

³ Defined as within 1/2 mile of fixed alignment public transit station (Caltrain is the only transit service which meets this criteria within Menlo Park).

**APPENDIX TABLE 11
SUMMARY OF 1999-2006 REGIONAL HOUSING NEED ALLOCATION - UNITS
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA**

1999 TO 2006 CYCLE

Menlo Park Part of Regional Allocation by ABAG

	<u>Nine-County Region¹</u>	<u>City of Menlo Park¹</u>	<u>City as % of Region</u>	<u>Weight</u>	<u>Housing Unit Allocation</u>
Menlo Park Allocation Based On:				Regional Total	230,743 Units
Growth in Households 1999 - 2006	177,318	331	0.19%	50.0%	215 Units
Growth in Employment 1999 - 2006	422,754	2,808	0.66%	50.0%	767 Units
				Menlo Park Total	<u>982</u> Units

Notes:

¹ As reported by ABAG based on *Projections 2000*.

**APPENDIX TABLE 12
SUMMARY OF REGIONAL HOUSING NEEDS ALLOCATION BY INCOME LEVEL
FACEBOOK CAMPUS PROJECT - HOUSING NEEDS ANALYSIS
MENLO PARK, CA**

	<u>Nine-County Total Determined by State</u>	<u>San Mateo County-Wide Allocation</u>	<u>City of Menlo Park Allocation</u>
1999 TO 2006 CYCLE			
Very Low	47,258 20.5%	3,214 19.7%	184 18.7%
Low	25,090 10.9%	1,567 9.6%	90 9.2%
Moderate	60,816 26.4%	4,305 26.4%	245 24.9%
Above Moderate	97,579 42.3%	7,219 44.3%	463 47.1%
	<u>230,743 100.0%</u>	<u>16,305 100.0%</u>	<u>982 100.0%</u>
2007 TO 2014 CYCLE			
Very Low	48,840 22.8%	3,588 22.8%	226 22.8%
Low	35,102 16.4%	2,581 16.4%	163 16.4%
Moderate	41,316 19.3%	3,038 19.3%	192 19.3%
Above Moderate	89,242 41.5%	6,531 41.5%	412 41.5%
	<u>214,500 100.0%</u>	<u>15,738 100.0%</u>	<u>993 100.0%</u>
2014 to 2022 CYCLE (Preliminary Estimate)			
		<u>estimate</u>	<u>estimate (same as subregion)</u>
Very Low	49,600 24.8%	No. of units 25.4%	No. of units 25.4%
Low	30,800 15.4%	TBD 14.4%	TBD 14.4%
Moderate	35,600 17.8%	16.9%	16.9%
Above Moderate	84,000 42.0%	43.4%	43.4%
	<u>200,000 100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: Association of Bay Area Government