

3.12 Population and Housing

This section provides background information on existing and projected population, employment, and housing conditions in the Menlo Park and estimates changes to the city's demographics that would result from the Facebook Campus Expansion Project (Project). The analysis is based on population, employment, and housing data published in *Projections 2013* by the Association of Bay Area Governments (ABAG)¹ and other demographic information from the Demographic Research Unit of the California Department of Finance (DOF) and the U.S. Census Bureau (U.S. Census). In addition, the Housing Element Update in the City of Menlo Park (City) General Plan is included in this analysis. The analysis also incorporates information from the Housing Needs Analysis (HNA) for the Project prepared by Keyser Marston Associates (Appendix 3.12).²

The purpose of this section is to characterize the potential for Project-induced population, housing, and employment changes to trigger physical environmental effects; these potential environmental impacts are examined in other sections of this Draft Environmental Impact Report (EIR) (for example, Sections 3.3, *Transportation and Traffic*; 3.4, *Air Quality*; 3.6, *Noise*; 3.13, *Public Services*; and 3.14, *Utilities and Service Systems*).

Issues identified in response to the Notice of Preparation (NOP) (Appendix 1) were considered in preparing this analysis. Applicable issues that were identified pertain to affordable housing, office space density and use, growth-inducing impacts, jobs/housing balance, displacement of residents, and a significant increase in the number of employees as a result of the Project. The jobs/housing balance is discussed in Section 3.1, *Land Use and Land Use Planning*.

Existing Conditions

Regulatory Setting

State

State Housing Element Law. The Regional Housing Needs Allocation (RHNA) is a process established under the State Housing Element law that requires cities in California to plan for the future development of new housing units to meet their share of their regional housing needs. Housing needs for each region in the state are determined by the State Department of Housing and Community Development (HCD) and submitted to Councils of Government for allocation to local jurisdictions. ABAG is ultimately responsible for determining the share of regional housing needs to be met by each city in the San Francisco Bay Area (Bay Area). State housing law has established three housing affordability categories. The categories are based on the region's median income, taking into account households ranging in size from one to six people. These three affordability categories are used by ABAG in allocating regional housing needs.

¹ ABAG data presented in *Projections 2013* are a function of the following four elements: (1) ABAG Executive Board policies, which are based on the Smart Growth Vision; (2) general plan policies for each particular jurisdiction; (3) economic trends; and (4) available land and prevailing land use pattern data, which are based on discussions between ABAG staff members and the planning staff in each particular jurisdiction.

² Keyser Marston Associates, Inc. 2016. *Housing Needs Analysis, Menlo Park Facebook Campus Project*. May.

- Very Low: 0 to 50 percent of the area’s median income
- Low: 50 to 80 percent of the area’s median income
- Moderate: 80 to 120 percent of the area’s median income

Currently, the existing RHNA identifies allocated housing units for the 2014 to 2022 period. As shown in Table 3.12-1, ABAG identified 655 units (defined by income category) as the city’s fair share of the regional housing need for the 2014 to 2022 period.³ The City updated its Housing Element in April 2014.

Table 3.12-1. ABAG Regional Housing Need Allocation for 2014–2022

Income Level	Menlo Park Need	San Mateo County Need	Regional Need
Very Low	233	4,595	46,680
Low	129	2,507	28,940
Moderate	143	2,830	33,420
<i>Subtotal of Affordable Units</i>	<i>505</i>	<i>9,932</i>	<i>109,040</i>
Above Moderate ^a	150	6,486	78,950
Total	655	16,418	187,990

Source: Association of Bay Area Governments (ABAG). 2013. *Regional Housing Need Plan for the San Francisco Bay Area: 2014–2022*. Adopted: July 18, 2013.

Notes:

- ^a Above Moderate: Households with incomes greater than 120 percent of county median family income. ABAG does not use the Above Moderate category. This category is included in the RHNA and in the analysis below to provide decision-makers with more information on the housing impacts for a broad spectrum of the new-worker households associated with the Project.

Sustainable Communities Strategy and Senate Bill (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. Plan Bay Area, the SCS for the region, was jointly approved in July 2013 by ABAG and the Metropolitan Transportation Commission (MTC). Plan Bay Area represents a transportation and land use/housing strategy for how the Bay Area will address its transportation mobility and accessibility needs, land development, and greenhouse gas emissions reduction requirements through 2040. SB 375 requires that the RHNA be consistent with the SCS and establishes an 8-year cycle for the RHNA. The 2014–2022 RHNA has been incorporated into Plan Bay Area.⁴

Local

Jobs Housing Connection Strategy Methodology for 2013–2040 Plan Bay Area. The Jobs Housing Connection Strategy was adopted by ABAG and MTC as part of Plan Bay Area in July 2013. The Jobs Housing Connection Strategy reflects the preferred land use pattern, which was selected from a series of land use alternatives and based on input from the public, cities and counties, and transportation

³ Association of Bay Area Governments. 2013. *Regional Housing Need Plan for the San Francisco Bay Area: 2014–2022*. Adopted July 18, 2013.

⁴ Association of Bay Area Governments and Metropolitan Transportation Commission. 2013. *Plan Bay Area: Strategy for a Sustainable Region*. Adopted July 18, 2013.

agencies. The preferred scenario aims to concentrate growth near transit-served employment centers in the inner Bay Area. For the SCS, the methodology used for assigning household growth to local jurisdictions incorporates multiple factors, including housing development capacity, base housing unit growth, vehicle miles traveled/transit service adjustment, and additional growth factors.

City of Menlo Park General Plan. All California cities and counties are required to include a Housing Element in their general plans that establishes housing objectives, policies, and programs in response to community housing conditions and needs. The City updated and adopted its Housing Element on April 1, 2014, which was prepared to respond to current and near-term future housing needs in Menlo Park. The Housing Element also provides a framework for the community's longer-term approach to addressing its housing needs. The Housing Element contains goals, updated information, and strategic directions (policies and implementing actions) that the City is committed to undertaking.⁵ There are no goals or policies in the City's General Plan or Housing Element that relate specifically to the Project.

State Housing Element Law requires the general plan of a city to have an updated Housing Element that provides for a specified number of housing units, based on an allocation of regional housing needs. The allocation process is now set to occur every 8 years, as discussed above. ABAG is responsible for the allocation in the Bay Area; however, San Mateo County (County) has taken advantage of the option to manage its own "sub-regional" allocation process.

The following policies within the Housing Element of the City's General Plan are relevant to the Project:

Policy H1.7: Local Funding for Affordable Housing. Seek ways to reduce housing costs for lower-income workers and people with special needs by developing ongoing local funding resources and continuing to utilize other local, state, and federal assistance to the fullest extent possible. The City will also maintain the Below Market Rate (BMR) housing program requirements for residential and nonresidential developments.

Policy H4.10: Inclusionary Housing Approach. Require residential developments involving five or more units to provide units or an in-lieu fee equivalent for very low-, low-, and moderate-income housing. The units provided through this policy are intended for permanent occupancy and must be deed restricted, including, but not limited to, single-family housing, multi-family housing, condominiums, townhouses, or land subdivisions. In addition, the City will require larger nonresidential developments, as job generators, to participate in addressing housing needs in the community through the City's commercial in-lieu fee requirements.

ConnectMenlo. The City General Plan (Land Use and Circulation Elements) and M-2 Area Zoning Update, also known as ConnectMenlo, is under way. Although not yet adopted, the following draft policies in ConnectMenlo pertain to the Project and are identified for informational purposes.

Policy LU-4.1: Priority Commercial Development. Encourage emerging technology and entrepreneurship, and prioritize commercial development that provides fiscal benefit to the city, local job opportunities, and/or goods or services needed by the community.

Policy LU-4.4: Community Amenities. Require mixed-use and nonresidential development of a certain minimum scale to support and contribute to programs that benefit the community and the city, including education, transit, transportation infrastructure, sustainability, neighborhood-serving amenities, child care, housing, job training, and meaningful employment for Menlo Park youth and adults.

⁵ City of Menlo Park. 2014. *Housing Element*. April 1, 2014.

Environmental Setting

Population

Menlo Park is located in the southern portion of the county and bound by the Bay to the north, East Palo Alto to the east, Palo Alto to the east and south, Woodside and Portola Valley to the southwest, and Redwood City to the west. The city encompasses approximately 19 square miles, including nearly 12 square miles of the San Francisco Bay and wetlands. The city's jurisdictional population was estimated to be 33,273 as of January 1, 2015. The California DOF estimates that the city currently averages approximately 2.61 persons per household (pph).⁶ Table 3.12-2 presents population estimates and projections for 2015 and 2020 for Menlo Park (sphere of influence),⁷ San Mateo County, and the Bay Area (Marin, Sonoma, Napa, Solano, Contra Costa, Alameda, Santa Clara, San Mateo, and San Francisco Counties).

Table 3.12-2. Population Trends in Menlo Park, San Mateo County, and the Bay Area, 2015–2020

	2015	2020	Growth (2015–2020)
Menlo Park	37,700	38,700	1,000 (2.7%)
San Mateo County	745,400	775,100	29,700 (4.0%)
Bay Area	7,461,400	7,786,800	325,400 (4.4%)

Source: Association of Bay Area Governments (ABAG). 2013. *Projections 2013*. December.

The data indicate that the population growth from 2015 to 2020 in Menlo Park (2.7 percent) would be less than the population growth of the county and the Bay Area as a whole (about 4.0 percent and 4.4 percent, respectively). These projections suggest, in part, that the residential areas of the city are more built out than other communities in the county and Bay Area.

⁶ California Department of Finance. 2015. *E-5 City/County Population and Housing Estimates*. Table 2. Available: <<http://www.dof.ca.gov/research/demographic/reports/estimates/e-5/2011-20/view.php>>. Accessed: September 11, 2015.

⁷ Several additional unincorporated areas adjoining the city are recognized as being within the city's sphere of influence and, therefore, are included in the City's General Plan. In California, *sphere of influence* has a legal meaning as a plan for the probable physical boundaries and service area of a local agency. Spheres of influence at California local agencies are regulated by Local Agency Formation Commissions (LAFCOs) that recognize the unincorporated communities that would be best and most likely served by the city agencies. Hence, the spheres of influence represent areas with the greatest potential for annexation by a city. In most cases, ABAG provides more detailed demographic and employment projections for a city's sphere of influence than for small cities such as Menlo Park. Consequently, unless otherwise specifically noted, all city data represent the city sphere of influence because only limited demographic data are available for the city's incorporated area. The sphere of influence designation for the city includes unincorporated West Menlo Park, Stanford Weekend Acres, Menlo Oaks, as well as the Stanford Linear Accelerator Center (SLAC). With the exception of SLAC, these areas are zoned residential and are substantially developed. All ABAG projections in this section for the city include the sphere of influence.

Housing

According to the California DOF, the estimated number of housing units in the city (jurisdictional boundary) as of January 1, 2015, was 13,180, with an average household size of 2.61 pph and a vacancy rate of 5.6 percent.⁸ Table 3.12-3 presents ABAG projections for households in the Bay Area, the county, and the city (sphere of influence) for 2015 and 2020. According to ABAG, the number of households in the county is projected to grow from approximately 267,150 units in 2015 to 277,200 units in 2020, an increase of approximately 3.8 percent. The number of households in the city is projected to grow from approximately 14,490 units in 2015 to 14,870 units in 2020, an increase of approximately 2.6 percent. Overall, the household growth rate in the city (2.6 percent) is expected to be below the household growth rate for the county (3.8 percent) and the Bay Area (4.3 percent).

Table 3.12-3. Household Trends in Menlo Park, San Mateo County, and the Bay Area, 2015–2020

	2015	2020	Growth (2015–2020)
Menlo Park ^a	14,490	14,870	380 (2.6%)
San Mateo County	267,150	277,200	10,050 (3.8%)
Bay Area	2,720,410	2,837,680	117,270 (4.3%)

Source: Association of Bay Area Governments. 2013. *Projections 2013*. December.

Note:

^a. Household data are based on the city's sphere of influence, which also includes unincorporated areas of San Mateo County.

Housing prices in the Bay Area are among the highest in the country, and the county has several of the most expensive residential communities in the Bay Area. Menlo Park is one of the more desirable communities within the county, and as a result, home prices exceed the county levels. The median single-family home price in Menlo Park in 2012 was \$1.468 million. This represents a 10 percent increase from the previous year, when the median single-family home price in Menlo Park was \$1.339 million. The median price of a condominium was relatively more affordable, at \$903,950 in 2012, but that was a 24 percent increase from 2011 when the median price of a condominium was \$726,150. The median single-family home price in the county in 2012 was \$660,944, and for California as a whole, it was \$305,727.⁹

Employment

The employment profile for an area provides an indication of the composition of an area's economy and the present and future demand for employees. The county is a productive economic area, which is led by technology-driven, bioscience, and service industries. According to the HNA, the county averages approximately 1.80 employees per worker household.¹⁰ Approximately 68 percent of Menlo Park residents age 16 and older were in the work force in 2010, nearly identical to the county rate and a few

⁸ California Department of Finance. 2015. *E-5 City/County Population and Housing Estimates*. Table 2. Available: <<http://www.dof.ca.gov/research/demographic/reports/estimates/e-5/2011-20/view.php>>. Accessed: September 11, 2015.

⁹ City of Menlo Park. 2014. *Housing Element*. April 14.

¹⁰ Keyser Marston Associates, Inc. 2016. *Housing Needs Analysis, Menlo Park Facebook Campus Project*. May.

percentage points higher than the state rate. Most residents who are in the workforce (68 percent) are in management, business, science, or art-related occupations, which is significantly more than the rate in the county or the state. According to the U.S. Census Bureau's employment industry analysis, many Menlo Park residents (28 percent) work in education, health care, or social assistance. The next most common category, with 23 percent of residents, is professional, scientific, and management industries.¹¹

The county was negatively affected by the economic downturn of the dot-com industry and again more recently by the housing mortgage/financial crises. Nonetheless, steady employment growth is expected between 2015 and 2020. The following tables present ABAG's employment projections; these data are used in the analysis presented below. More recent existing employment data are available from the U.S. Census that indicate there are currently 30,566 jobs in the city.¹² However, because the U.S. Census does not provide projections, Table 3.12-4 presents only ABAG employment projections for the city, the county, and the Bay Area.

Table 3.12-4. Employment Trends in Menlo Park, San Mateo County, and the Bay Area, 2015–2020 (Total Number of Jobs)

	2015	2020	Growth (2015–2020)
Menlo Park ^a	31,920	34,130	2,210 (6.9%)
San Mateo County	374,940	407,550	32,610 (8.7%)
Bay Area	3,669,990	3,987,150	317,160 (8.6%)

Source: Association of Bay Area Governments. 2013. *Projections 2013*. December.

Note:

^a. The number of jobs is based on the city's sphere of influence, which also includes unincorporated areas of San Mateo County.

As indicated in Table 3.12-4, the ABAG projections from 2015 and 2020 show a steady increase in employment in the Bay Area (8.6 percent). The county shows a slightly higher employment growth than the rest of the Bay Area (8.7 percent), and the city shows a lower rate of employment growth (6.9 percent) than the Bay Area and county.

Table 3.12-5 compares the projected total number of jobs available in the city to the projected number of employed residents in the city. According to ABAG projections, the number of employed residents in the city is currently 56.7 percent of the available number of jobs in the city. In the next five years, the number of jobs to employed residents is expected to remain relatively constant, decreasing only slightly to 56.6 percent. ABAG projections predict gradual employment growth for both the city, as shown in Table 3.12-5, and the county.

¹¹ City of Menlo Park. 2014. *Housing Element*. April 14.

¹² U.S. Census Bureau, American Fact Finder, American Community Survey. 2011–2013. *Sex of Workers by Means of Transportation to Work for Workplace Geography* (2011–2013 ACS 3-year Estimates, ID B08406). Available: <<http://factfinder.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>>. Accessed: September 11, 2015.

Table 3.12-5. Comparison of Number of Jobs to Employed Residents in Menlo Park, 2015-2020

	2015	2020
Jobs ^a	31,920	34,130
Employed Residents ^a	18,090	19,310
Percent of Employed Residents to Total Number of Jobs	56.7	56.6

Source: Association of Bay Area Governments. 2013. *Projections 2013*. December.

Note:

a. The number of jobs and employed residents is based on the city's sphere of influence, which also includes unincorporated areas of San Mateo County.

Because the city's housing prices are high, many people who work in the city cannot afford to live in the city. Consequently, people who work in the community often must commute long distances. To afford the median priced home in the city, a family would need to make more than \$260,000 annually, and to afford a home that rents for \$3,000, a family would need to earn more than \$125,000 annually. The difference between what the workforce and the community can pay for housing based on household income and what the prices are for homes in the community is referred to as an *affordability gap*. The affordability gap in the city is significant.¹³ Approximately 7.6 percent of the people who currently work in the city also live in the city.¹⁴

Environmental Impacts

This section describes the impact analysis related to population and housing for the Project. It describes the methods used to determine the impacts of the Project and lists the thresholds used to measure whether an impact would be significant. Impacts are determined to be either no impact (NI), less than significant (LTS), less than significant with mitigation (LTS/M), or significant and unavoidable (SU). Measures to mitigate (i.e., avoid, minimize, rectify, reduce, eliminate, or compensate for) significant impacts accompany each impact discussion, as needed.

Thresholds of Significance

In accordance with Appendix G of the California Environmental Quality Act (CEQA) Guidelines, the Project would be considered to have a significant effect if it would result in any of the conditions listed below.

- Induce substantial population growth in an area, either directly (e.g., by proposing new homes or businesses) or indirectly (e.g., through the extension of roads or other infrastructure).
- Displace a substantial number of existing housing units, necessitating the construction of replacement housing elsewhere.
- Displace a substantial number of people, necessitating the construction of replacement housing elsewhere.

¹³ City of Menlo Park. 2014. *Housing Element*. April 1.

¹⁴ Keyser Marston Associates, Inc. 2016. *Housing Needs Analysis Menlo Park Facebook Campus Project*. May.

Methods for Analysis

This analysis considers whether population and household growth would occur with implementation of the Project and whether this growth is within the forecasts for the city and/or can be considered substantial with respect to remaining growth potential in the city. This section uses ABAG projections to analyze the Project's impacts.

An HNA prepared by Keyser Marston Associates (Appendix 3.12) has been applied for the analysis in the Draft EIR.¹⁵ U.S. Census, U.S. Bureau of Labor Statistics, and California Employment Development Department data were used in preparation of the HNA. The HNA presents the anticipated housing needs associated with the Project. Both increased demand for housing and potential increased housing unit allocations are addressed. The HNA is part of a range of analyses that will be used in the decision-making and entitlement process for the Project.

Indirect or secondary impacts are those that are caused by a project and are later in time or farther removed in distance, but are still reasonably foreseeable. Indirect or secondary effects may include growth-inducing effects and other effects related to induced changes in the pattern of land use, population density, or growth rate (CEQA Guidelines, Section 15358(a)(2)). Specifically, growth-inducing effects include ways in which a project could foster economic or population growth, or the construction of additional housing, either directly or indirectly. Projects that would remove obstacles to population growth (e.g., a major expansion of a wastewater treatment plant) might, for example, allow for development to occur in an area not previously considered feasible for development due to infrastructure limitations (CEQA Guidelines, Section 15126.2(d)). As such, indirect population growth is a secondary impact that is considered below.

Impacts Not Evaluated in Detail

Direct Population Growth and Displacement of Housing. The Project includes the construction of two new office buildings (Buildings 21 and 22) and a hotel. A total of 6,550 employees would be generated by the Project. The Project site is currently zoned M-2 (General Industrial) and M-2(X) (General Industrial, Conditional Development), which does not permit housing units. Therefore, no existing housing is located on the Project site and the Project would not displace housing units. In addition, the Project would not include any housing. The Project would result in **no impact** resulting from direct population growth associated with onsite housing development and related to the displacement of housing. These impacts are not evaluated further.

Displacement of People. As discussed in Chapter 3, *Introduction to the Environmental Analysis*, this Draft EIR assumes that no employees currently work at the Project site. However, renovation and occupancy of Building 23 is expected to be completed in the summer of 2016. Employees at Building 23 would not be displaced by the Project, and no workers are located at the other portions of the Project site that would be affected by Project construction. Therefore, the Project would result in **no impact** related to the displacement of people and would not necessitate the construction of replacement housing elsewhere. This impact is not evaluated further.

¹⁵ Keyser Marston Associates, Inc. 2016. *Housing Needs Analysis Menlo Park Facebook Campus Project*. May.

Impacts and Mitigation Measures

Impact POP-1: Indirect Population Growth. The Project would not induce substantial population growth indirectly through job growth, nor would projected growth result in adverse direct impacts on the physical environment. (LTS)

The Project would generate employment opportunities, which could induce population growth in the area. The Project would include approximately 962,400 gross square feet (gsf) of office uses (Buildings 21 and 22) and a 200-room hotel with approximately 174,800 gsf. Building 21 would accommodate approximately 3,400 employees, and Building 22 would accommodate approximately 3,000 employees. In total, the proposed office buildings would accommodate approximately 6,400 workers. The hotel would employ approximately 150 workers. Therefore, a total of 6,550 employees would be generated by the Project.

Construction

Construction of the Project, including demolition, grading and utility work, and foundation, core and shell, and tenant improvements, would temporarily increase construction employment. Given the relatively common nature and scale of the construction associated with the Project, the demand for construction employment would most likely be met within the existing and future labor market in the city and the county. The number of construction workers per day would be between 75 and 250. Construction workers would most likely be obtained from Bay Area sources and would not be expected to relocate permanently. Therefore, impacts related to indirect population growth during Project construction would be *less than significant*.

Operation

Employment Growth. As shown in Table 3.12-4, above, ABAG estimates that the number of jobs in the city's sphere of influence will grow by approximately 2,210 between 2015 and 2020. Operation of the Project would generate up to 6,550 new jobs at full buildout. Therefore, the employees generated by the Project would equate to approximately 296 percent of the anticipated employment growth in the city's sphere of influence from 2015 to 2020, thus exceeding the city's anticipated employment growth.¹⁶ Although the number of employees generated by the Project would exceed ABAG projections, it would not result in an increase in city population or a demand for housing that would exceed ABAG projections, as explained in more detail below. Therefore, the exceedance of ABAG employment projections would not result in significant adverse environmental impacts, because the CEQA thresholds of significance with regard to population and housing are related to substantial increases in population and housing growth projections, not employment projections.

¹⁶ The 6,550 employees generated by the Project/2,210 new jobs in the city between 2015 and 2020 x 100 = 296 percent of anticipated employment growth in the city's sphere of influence.

Indirect Population Growth. Operation of the Project would generate up to 6,550 new jobs at full buildout and occupancy in 2018.¹⁷ Based on existing Facebook employment, it is anticipated that 4.8 percent of the employees generated by the Project would seek and find housing in the city.¹⁸ Thus, approximately 314 of the projected number of employees at the Project site would be expected to live in the city.¹⁹ Given an average of 1.8 workers per household, the Project would generate a housing demand of 175 units in the city.²⁰ Assuming that each household would have an average of 2.61 pph, the Project could increase the number of new residents in the city by approximately 457 residents.^{21,22} As shown in Table 3.12-2, approximately 37,700 residents lived within the city's sphere of influence in 2015. According to ABAG Projections, the population is projected to increase to approximately 38,700 by 2020. This represents an increase of approximately 1,000 residents over 5 years. The addition of 457 new residents in the city as a result of the Project would represent approximately 46 percent of the anticipated population growth within the city between 2015 and 2020.²³

To provide a conservative analysis, this subsection also describes the Project's indirect population growth, assuming that 7.6 percent of the Project's residents would also work in the city (not Facebook specific, as discussed above).²⁴ This analysis is for informational purposes only. Using 7.6 percent, approximately 498 of the projected number of employees at the Project site would be expected to live in the city.²⁵ Given an average of 1.8 workers per household, the Project would generate demand for 277 housing units in the city.²⁶ With an average of 2.61 pph, the Project could increase the number of new residents in the city by approximately 722.²⁷ As shown in Table 3.12-2, approximately 37,700 residents lived within the city's sphere of influence in 2015. According to ABAG projections, the population is

¹⁷ Phase 1 would be fully built out by early 2018, and Phase 2 would be built out by mid-2022. However, for purposes of this EIR, it is assumed the Project would be built out in 2018.

¹⁸ As discussed above, approximately 7.6 percent of all the city's residents also work in the city. However, according to information provided by Facebook and the HNA, a 4.8 percent share of the total housing need from the Project would be met in the city based on a weighted average, combining the 4.6 percent share of existing Facebook workers who live in the city and the 7.6 percent share of the city's overall workforce that lives in the city, based on U.S. Census data. The 4.8 percent factor assumes current Facebook workers' commute patterns are representative of the new Project employees and that existing commute patterns for the city's workers overall are representative for workers in the proposed hotel, building services, food service, and other campus amenities.

¹⁹ The 6,550 Project employees x 4.8 percent of Project employees who would live in the city = 314 Project employees who would live in the city.

²⁰ 314 Project employees in the city's sphere of influence / 1.8 workers per worker household = 175 units in the city's sphere of influence.

²¹ The California DOF estimates that the city currently averages approximately 2.61 pph.

²² (314 new employees in the city's sphere of influence / 1.8 workers per household) x 2.61 pph = ~457 new residents in the city's sphere of influence.

²³ (457 new residents in the city's sphere of influence / 1,000 new residents in the city's sphere of influence between 2015 and 2020) x 100 = 46 percent of anticipated population growth in the city's sphere of influence

²⁴ Approximately 7.6 percent of Menlo Park residents also work in the city. This is the city average. However, approximately 4.8 percent of current Facebook employees also live in Menlo Park. Because the Project would be an extension of the existing Facebook Campus, 4.8 percent is used for the analysis because it would be more representative of proposed conditions. The city average of 7.6 percent is provided for informational purposes.

²⁵ 6,550 Project employees x 7.6 percent of Project employees who would live in the city = ~498 Project employees who would live in the city.

²⁶ 498 Project employees in the city's sphere of influence / 1.8 workers per worker household = ~277 units in the city's sphere of influence.

²⁷ (498 new employees in the city's sphere of influence / 1.8 workers per household) x 2.61 pph = ~722 new residents in the city's sphere of influence.

projected to increase to approximately 38,700 by 2020. This represents an increase of approximately 1,000 residents over 5 years. The addition of 722 new residents in the city as a result of the Project would represent approximately 72 percent of the anticipated population growth within the city between 2015 and 2020.²⁸

Housing Growth. As shown in Table 3.12-3, ABAG estimates that the number of households in the city's sphere of influence will grow by approximately 380 households between 2015 and 2020. As stated above, the Project could generate demand for 175 housing units in the city, assuming that 4.8 percent of employees would live in the city. Therefore, the Project-induced housing demand would equate to approximately 46 percent of the anticipated housing growth in the city's sphere of influence from 2015 to 2020.²⁹ Because the Project's housing demand is not anticipated in the city plans or accounted for in regional planning efforts, the likely result of the induced housing demand resulting from Project-generated jobs is pressure for additional housing units to be built in the city, the region, and possibly even outside the region. As discussed in Section 3.1, *Land Use and Planning*, the city's jobs/housing ratio is projected to worsen over the next 5 years. The Project's development of office and hotel uses, rather than housing, in the context of the city's already-high jobs/housing ratio, does not further the balanced growth objectives of Plan Bay Area, the Sustainable Communities Strategy for the region. A discussion that considers, very broadly, the types of impacts that could occur with infill/redevelopment, suburban development, and rural-residential development is included in Chapter 4, *Other CEQA Considerations*.

The current vacancy rate in the city, according to the DOF, is 5.6 percent, as noted above. This represents approximately 738 vacant units in the city.³⁰ The 175 housing units (or the 277 units at the upper limit) that would be needed to accommodate the estimated new households generated by the Project could be accommodated by the vacant units. Therefore, it is possible that no additional new housing would be required. If no vacant units were to become occupied by employees of the Project, which is unlikely, the 175 required units would represent 46 percent of the anticipated housing growth in the city between 2015 and 2020, as noted above. However, the city's Housing Element estimates that approximately 1,318 housing units will be constructed by 2035.³¹ As such, the Project's demand for housing could be accommodated within the city's anticipated housing construction. Therefore, the demand for housing as a result of the Project would be *less than significant*.

Geographic Distribution of Housing Demand. The Project would generate a total housing demand of 3,638 units in the region.³² As stated above, it is anticipated that 4.8 percent of the employees generated by the Project would live in Menlo Park. The remaining employees would very likely find housing throughout the region, with the majority living in San Mateo, Santa Clara, and San Francisco Counties. ABAG projections are considered the benchmark for foreseeable housing growth (built housing) in each area. As shown in Table 3.12-3, ABAG projects that the number of households would grow by 4.3 percent in the Bay Area region, 3.8 percent in San Mateo County, and 2.6 percent in the city from 2015 to 2020. Between 2015 and 2020, the indirect housing demand generated by the Project would be 3.1 percent of the projected household growth in the Bay Area, 8.3 percent of household growth in San

²⁸ $(722 \text{ new residents in the city's sphere of influence} / 1,000 \text{ new residents in the city's sphere of influence between 2015 and 2020}) \times 100 = 72 \text{ percent of anticipated population growth in the city's sphere of influence.}$

²⁹ $(175 \text{ units demanded by the Project} / 380 \text{ new units in the city's sphere of influence between 2015 and 2020}) \times 100 = 46 \text{ percent of anticipated housing growth in the city's sphere of influence.}$

³⁰ The 5.6% vacancy rate x 13,180 existing total housing units in the city as of January 1, 2015 = 738 vacant units in the city.

³¹ City of Menlo Park. 2014. *Housing Element*. April 1.

³² The 6,550 Project employees / 1.8 pph = 3,638 total units.

Mateo County, and 46 percent of housing growth in the city. Overall, on a regional basis, the Project's demand for housing would not be a significant share of the total housing growth projected by ABAG. Therefore, impacts would be *less than significant*.

Income Distribution of Housing Demand. Housing affordability is an important consideration for the city's planning purposes, but it is considered to be a socioeconomic issue that need not be evaluated under CEQA. A shortfall in affordable units within the city is not considered a physical environmental impact. However, for informational purposes only, this subsection provides the distribution of the indirect housing demand according to affordability levels. This discussion is based on information from the HNA and RHNA.

Housing affordability is determined relative to the Area Median Income (AMI) for a locality, which is defined by the U.S. Department of Housing and Urban Development.³³ Very low-income housing is affordable for households with incomes under 50 percent of the AMI, low-income housing is affordable for households with incomes between 51 and 80 percent of the AMI, moderate-income housing is affordable for households with incomes between 81 and 120 percent of the AMI, above moderate-income housing is affordable for households with incomes between 121 and 150 percent of the AMI, and upper-income housing is affordable for households with incomes over 151 percent of the AMI.

Employment growth generated by the Project would contribute to the housing demand at various income levels. Table 3.12-6 shows a breakdown of the Project's indirect housing demand according to projected household incomes. As shown, the Project would indirectly result in demand for 328 housing units for households with very low incomes, 542 units for households with low incomes, 430 units for households with moderate incomes, 451 units for households with above-moderate incomes, and 1,887 units for households with upper incomes. Table 3.12-6 also includes a breakdown of the estimated share of Menlo Park's total housing needs by income, using the assumption that 4.8 percent of Project employees would live in the city. As shown, approximately 62 units would be needed for households with very low to moderate incomes, 22 units for households with above-moderate incomes, and 91 units for households with upper incomes.

³³ According to the California Department of Housing and Community Development (FY 2015), the Area Median Income in San Mateo County is \$82,100 for a one-person household, \$93,800 for two people, \$105,500 for a three people, \$117,200 for four people, \$126,600 for five people, and \$136,000 for six people.

Table 3.12-6. Number of New Households by Household Income Level in the Region^a and City^b

Income Category	Income Definition	Number of Households (Region)	Number of Households (City)	% of Total
Very Low Income	0%–50% AMI	328	16	9.0%
Low Income	50%–80% AMI	542	26	14.9%
Moderate Income	80%–120% AMI	430	20	11.8%
Above Moderate Income	120%–150% AMI	451	22	12.4%
<i>Subtotal to 150% AMI</i>		<i>1,751</i>	<i>84</i>	<i>48.1%</i>
Upper Income	Over 150% AMI	1,887	91	51.9%
Total		3,638	175	100%

Note:

- ^a. The region includes San Mateo County, Santa Clara County, Alameda County, San Francisco County, Contra Costa County, Santa Cruz County, Marin County, Napa County, and Sonoma County and the city of San Francisco. A small portion of the households generated by the Project would also be located outside of the region.
- ^b. Includes the assumption that 4.8 percent of Project employees would also be Menlo Park residents. Using the assumption that 7.6 percent of the proposed workforce would also live in Menlo Park, approximately 99 units would be needed for households with very low to moderate incomes, 34 units for households with above-moderate incomes, and 143 units for households with upper incomes.

Cumulative Impacts

The city represents the geographic context for cumulative analysis of the Project. This cumulative analysis examines the effects of the proposed development in the Project area in combination with other current projects, probable future projects, and projected future growth within the applicable geographic context. The buildout horizon considered in the cumulative analysis is 2040 to account for ConnectMenlo. The identified cumulative development projects would result in 6,084 dwelling units, 4,831,626 gsf of office/retail/commercial/mixed uses, and approximately 16,911 new jobs.

Impact C-POP-1: Cumulative Increase in Population. Proposed development in the city would increase the resident population but would not exceed growth projections. (LTS)

The Project, in combination with other projected growth in the city (Table 3.0-3), would increase population, employment, and housing demand. The other development projects within the city include commercial, industrial, office, mixed-use, hotel, educational, residential, and flood protection facilities. If other development projects were to induce substantial population growth in the city and exceed ABAG projections, then the cumulative impact would be significant.

Residential Growth

The cumulative projects would develop 6,084 dwelling units, which could increase the resident population by 15,879 (based on the current city pph ratio of 2.61) by 2040, when it is assumed that all cumulative development would be fully constructed and occupied. ABAG projects that the city's population in 2040 will be approximately 43,200. The Project would not develop any dwelling units and, thus, would not contribute to cumulative residential growth. Added to the city's current population of 33,273, the 15,879 residents generated by the cumulative projects would result in a total city population of approximately 49,152 persons in 2040, which is above ABAG projections. It should be noted that changes in population are not, in and of themselves, direct physical environmental effects. The increase

in employment could result in secondary physical impacts related to air quality, noise, traffic generation, and an increase in demand for public services. Those impacts are discussed in the respective sections of this document.

Residential Growth from Employment

As stated above, there are currently 30,566 jobs in the city. ABAG estimates that employment in the city will grow by 13.3 percent between 2015 and 2040. The cumulative projects would develop approximately 4,831,626 gsf of office/retail/commercial/mixed uses, which would generate approximately 16,911 jobs (based on a standard average of 3.5 employees per 1,000 gsf).³⁴ Using assumptions appropriate for projects within the city,³⁵ this would result in 1,863 persons added to the population.³⁶ When considered with the Project's 457 new residents in the city, this cumulative growth would result in 2,320 residents by 2040 when it is assumed all cumulative development would be fully constructed and occupied.

Adding this non-residential growth to the 16,336 residents from cumulative residential development, the city population in 2040 would be expected to total approximately 51,929. This would be above ABAG's projections of 43,200 by 2040, resulting in a potentially significant cumulative impact. However, the 457 new residents resulting from the Project would represent 2.4 percent of the total population growth projected for the city between 2015 and 2040. This percentage is not considered to be a cumulatively considerable contribution to this impact. Impacts are *less than significant*.

Impact C-POP-2: Cumulative Increase in Housing Demand. Proposed development in the city would increase the demand for housing but would not exceed growth projections. (LTS)

As stated above, the other development projects would result in 4,831,626 gsf of office/retail/commercial/mixed uses, which would result in approximately 16,911 new jobs. Conservatively assuming that 7.6 percent of employees live within the city and assuming that each new employee who lives in the city forms a household (a conservative scenario), the other projects would generate a housing demand of approximately 714 units within the city.³⁷ The city's existing housing supply consists of 13,180 housing units, with a vacancy rate of 5.6 percent. With this vacancy rate, approximately 738 dwelling units are available to house additional residents. As discussed above under Impact POP-1, 175 housing units would be needed to accommodate the estimated number of new households generated by the Project. Cumulatively, the demand for 889 additional dwelling units (175 from the Project and 714 from cumulative projects) could not be accommodated by the existing vacant housing in the city. The Project accounts for 20 percent of the overall cumulative housing demand. However, the additional residential development anticipated by ConnectMenlo, which is anticipated to be approved on a timeframe similar to that of the Project, could accommodate the demand for housing units from the cumulative employment-generating projects. Overall, cumulative development would not result in an increase in housing demand beyond current development projections. This cumulative impact is *less than significant*.

³⁴ The 16,911 new jobs = (4,831,626 gsf/1,000 gsf) x 3.5 employees.

³⁵ Assumes approximately 7.6 percent of Menlo Park employees would live in the city, all new employees would form a household, and a pph ratio of 2.61.

³⁶ The 1,863 new residents = (16,910 new jobs/1.80 workers per household) x 7.6 percent city share x 2.61 pph.

³⁷ 16,911 new jobs in the city/1.8 workers per worker household x 7.6 percent city share = 714 units in the city's sphere of influence.

The Project and cumulative housing demand is within the RHNA allocation. As shown in Table 3.12-1, ABAG identified 655 units as the city's fair share of the regional housing need for the 2014 to 2022 period. The Project and the other development projects together represent approximately 2.5 times the number of housing units identified in the RHNA. Depending on the allocation of units among the other projects, this demand could significantly affect the availability of affordable housing. Housing affordability is an important consideration for the City's planning purposes, but it is considered to be a socioeconomic issue that need not be evaluated under CEQA. A shortfall in the number of affordable units within the city is not considered a physical environmental impact.

