3.9 POPULATION AND HOUSING

Introduction

This section provides background information on existing and projected population, employment, and housing conditions in the City of Menlo Park and estimates changes to the City's demographics that would result from the proposed project. The analysis is based on population, employment, and housing data published in *Projections 2007* by the Association of Bay Area Governments (ABAG), and other demographic information from the Demographic Research Unit of the California Department of Finance (DOF).[1] The analysis also incorporates information from the Housing Needs Analysis for the Menlo Gateway Project, prepared by Keyser Marston (June 2009).

The purpose of this section is to characterize the potential for project-induced population, housing, and employment changes that may trigger physical environmental effects, which are examined in other sections of this DEIR (see Sections 3.2, Air Quality; 3.8, Noise; 3.10, Public Services; 3.11, Transportation and Circulation; and 3.12, Utilities and Service Systems). As discussed in the Initial Study (see Appendix B), no impacts would result from the displacement of existing housing or people requiring the construction of replacement housing elsewhere. Therefore, this topic is not discussed in this section.

Comments received in response to the Notice of Preparation and/or public scoping meetings concern the project's impact on the City's current jobs/housing balance and potential increase in housing demand (see Appendix B). These issues are both addressed in this section. Two additional comments were received specifically regarding a desire to reach out to the Belle Haven neighborhood to identify future employment opportunities and the importance of Below Market Rate (BMR) housing fees. These comments did not raise any environmental issues and are therefore not addressed.

Setting

Population

San Mateo County is characterized by its large number of cities, most of which are medium to large in population. Menlo Park is located at the southernmost edge of the County and is bounded on the south by Palo Alto, Stanford University, and East Palo Alto; on the east by the San Francisco Bay; on the north by Atherton and Redwood City; and on the west by Ladera, Portola Valley, and Woodside.

The City of Menlo Park encompasses approximately 18 square miles, including nearly 12 square miles of the San Francisco Bay and wetlands. Menlo Park's population was estimated to be 31,865 as of

[1] ABAG data presented in *Projections 2007* is 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 and planning staff in each particular jurisdiction.

January 1, 2009 and has been growing at an annual rate of about 1.5 percent over the past decade.[2] Currently, the California DOF estimates that the City averages approximately 2.45 persons per household. Table 3.9-1 presents population estimates and projections for years 2000 through 2025 for Menlo Park, San Mateo County, and the San Francisco Bay Area (Marin, Sonoma, Napa, Solano, Contra Costa, Alameda, Santa Clara, San Mateo, and San Francisco counties). The data indicate that the population growth for this period in Menlo Park and San Mateo County (12.5 percent and 14.1 percent, respectively) would be less than the population growth of the San Francisco Bay Area as a whole (about 19.1 percent), suggesting, in part, that the residential areas of Menlo Park and the County are more built out than other communities in the Bay Area.

Table 3.9-1
Population Trends in the City of Menlo Park, San Mateo County and the San Francisco Bay Area, 2000-2025

	2000	2005	2010	2015	2020	2025	Growth 2005-2025
City of Menlo Park (sphere of influence)	35,254	35,200	36,200	37,700	38,800	39,600	4,346 (12.5%)
San Mateo County	707,163	721,900	741,000	772,300	800,700	823,400	116,237 (14.1%)
San Francisco Bay Area	6,783,762	7,096,100	7,412,500	7,412,500	8,069,700	8,389,600	1,605,838 (19.1%)

Source: ABAG, Projections 2007.

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. San Mateo County is a productive economic area led by technology-driven, bioscience, and service industries. According to the 2000 Census, San Mateo County averages approximately 1.72 employees per household, with approximately 69 percent of all employees having management, professional, or sales occupations.[3] The County was negatively affected by the economic downturn of the dot-com industry and again now by the housing mortgage/financial crises. In the period from 2000 to 2005, the San Francisco Bay Area, including San Mateo County and the City of Menlo Park, suffered a sharp decline in employment rates. Table 3.9-2 presents employment data for the City of Menlo Park, San Mateo County, and the San Francisco Bay Area. Employment projections for 2005 to 2025 are provided in five year increments.

[2] State of California, Department of Finance, *City/County Population and Housing Estimates,* January 1, 2009, www.dof.ca.gov/research/demographic/reports/estimates/e-1_2008-09/documents/E-1table.xls, accessed April 15, 2009.

[3] Keyser Marston Associates, Inc. *Housing Needs Analysis Bohannon Office/Hotel Mixed Use Project General Plan Amendment and Rezoning Project*, June 2009, p. 1.

Table 3.9-2
Employment Trends in the City of Menlo Park, San Mateo County, and the San Francisco Bay Area, 2000-2025 (Total Number of Jobs)

	2000	2005	2010	2015	2020	2025	Growth (2005-2025)
City of Menlo Park	39,860	28,820	30,490	33,380	36,510	39,430	10,360 (36.8%)
San Mateo County	386,590	337,350	363,060	391,910	423,100	454,170	116,820 (34.6%)
San Francisco Bay Area	3,753,460	3,449,640	3,693,920	3,979,200	4,280,700	4,595,170	1,145,230 (33.2%)

Source: ABAG, *Projections 2007*.

As indicated in Table 3.9-2, the projections from 2000 to 2025 show a steady increase in employment in the Bay Area from 2005 to 2025 (about 33 percent for the region). San Mateo County and the City of Menlo Park show higher rates of employment growth than the rest of the Bay Area: San Mateo County employment is projected to grow from approximately 337,350 jobs in 2005 to 454,170 jobs in 2025, an approximately 35 percent increase, and the City of Menlo Park employment is projected to grow from approximately 28,820 jobs in 2005 to 39,430 jobs in 2025, an approximately 37 percent increase. Despite the high employment growth, the number of jobs in the City of Menlo Park is projected to be 430 *less than* the estimated number of jobs in 2000 (projected number of jobs in 2025 is 39,430 jobs versus 39,860 jobs in 2000).

Table 3.9-3 presents a comparison of the projected total jobs available in the City of Menlo Park's sphere of influence to the projected number of employed residents within the City's sphere of influence. According to ABAG's projections, the number of employed residents in the City would be equal to approximately 50 percent of the available jobs in the City in 2025.

Table 3.9-3
Comparison of Number of Jobs to Employed Residents in the City of Menlo Park

	2000	2005	2010	2015	2020	2025
Jobs[1]	39,860	28,820	30,490	33,380	36,510	39,430
Employed Residents[1]	18,034	15,260	16,290	17,490	18,920	19,960
Percent of Employed Residents to Total Number of Jobs	45.24	52.95	53.4	52.4	51.77	50.6

Source: ABAG, Projections 2007.

Note:

1. Jobs and employed residents are based on the City of Menlo Park's sphere of influence, which includes unincorporated areas of San Mateo County.

Although the economic downturn that has affected the nation's and the world's economic growth has also affected the Bay Area, the long-term prospects for the Bay Area's economy are positive. The region already has an unusually high concentration of computer electronics, telecommunications, and computer software businesses, and is one of the leading regions for biomedical research and development. Other industries within the varied economy include finance, tourism, and government.

While the Bay Area remains one of the most costly places to live in the United States, it also retains the characteristics that cause many to choose to bear those costs. A wide variety of cultural institutions and the natural setting of the Bay Area attract a talented pool of people that in turn attract jobs. As a result, ABAG expects that there would be an increase of approximately 1,603,640 jobs within the Bay Area over the next 25 years. Currently, the existing buildings within the project area could house a maximum of 688 employees at full occupancy.[4] The proposed project would eliminate the existing buildings and construct new, more intense development, generating up to 2,566 new jobs, resulting in a net increase of 1,878 new jobs.

Housing

According to the California DOF, the number of housing units in the City of Menlo Park as of January 1, 2009 was 12,860, with an average household size of 2.45 persons, and a vacancy rate of 1.96 percent.[5] Table 3.9-4 presents the ABAG projections for households for the Bay Area, San Mateo County, and the City of Menlo Park for years 2000 through 2025 as well as the percentage increase in households for that time period. According to ABAG (see Table 3.9-4), the number of occupied units in San Mateo County is projected to grow from approximately 254,104 units in 2000 to 296,870 in 2025, an increase of approximately 17 percent. The number of occupied units in Menlo Park is projected to grow from approximately 14,136 units in 2000 to 15,940 in 2025, an increase of approximately 11 percent. Overall, the household growth rate for Menlo Park is expected to be below the overall household growth rate for San Mateo County and the San Francisco Bay Area.

Table 3.9-4
Housing Trends in City of Menlo Park, San Mateo County, and the San Francisco Bay Area, 2000-2025 (Households)

	2000	2005	2010	2015	2020	2025	Growth (2000-2025)
Menlo Park	14,136	14,180	14,610	15,090	15,540	15,940	1,804 (11%)
San Mateo County	254,104	260,070	267,230	277,090	287,470	296,870	36,800 (17.4%)
San Francisco Bay Area	2,466,020	2,583,080	2,696,580	2,819,030	2,941,760	3,059,130	476,050 (19.3%)

Source: ABAG, Projections 2007.
Note: The 2009 ABAG Projections will be available in late June 2009.

Regulatory Setting

City of Menlo Park. The City's General Plan, which provides a blueprint for future development in the City, identifies the location and intensity for future land uses in the City. The General Plan also

[4] Keyser Marston Associates, Inc. *Housing Needs Analysis Bohannon Office/Hotel Mixed Use Project General Plan Amendment and Rezoning Project*, June 2009, p. 6.

[5] State of California, Department of Finance, *E-5 City/County Population and Housing Estimates, 1/1/2009,* http://www.dof.ca.gov/research/demographic/reports/estimates/e-5_2001-09/documents/E-5_2009%20Internet%20Version.xls, accessed April 15, 2009.

identifies the type and intensity of development that would be considered appropriate for the land use designations defined by the Plan. However, the General Plan does not include policies or projections about rate of growth. Thus, the growth projections used in this DEIR are those produced by ABAG and presented earlier in Tables 3.9-1, 3.9-2, 3.9-3, and 3.9-4.

The City's current Housing Element was adopted in 1992. The City began the process of updating the Housing Element in 2001, and is presently engaged in the development of the 2007-2014 Housing Element to incorporate the latest allocation from ABAG's regional housing need determination.

A key component of a housing element for any jurisdiction in the Bay Area is to respond to a regional housing allocation assigned by ABAG, which is intended to ensure that local jurisdictions provide for their fair share of regional housing needs. ABAG has five established housing affordability categories that are based on the area's median income level, take into account households ranging from one to six people, and incorporate data from multiple income sources. The five household affordability categories are:

- Very Low 0 to 50 percent of the area median income
- Low 50 to 80 percent of the area median income
- Moderate 80 to 120 percent of the area median income
- Above Moderate 120 to 150 percent of the area median income
- Upper Over 150 percent of the area median income

ABAG recently adopted the final allocation for the period from 2007 to 2014 on May 15, 2008, which incorporates the results of the sub-regional allocation that was developed for San Mateo County. Menlo Park was allocated 993 units, of which 22.8 percent are intended for the "Very Low" income tier, 16.4 percent for "Low," 19.3 percent for "Moderate," and 41.5 percent for "Above Moderate" income tiers. For the current planning period from 2007 to 2014, development sites for 993 housing units must be identified to conform to state law. The City's revised Housing Element is due to be submitted to the State Department of Housing and Community Development (HCD) by June 30, 2009.[6] The submission has been delayed, however, due to the extensive planning effort for the El Camino Real and downtown areas. The City expects to submit the Housing Element to HCD by the end of 2010.

Impacts and Mitigation Measures

Standards of Significance

The proposed project would result in a significant impact if it would:

- **Impact Criterion #1**: Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses), or indirectly (for example, through the extension of roads or other infrastructure).

[6] City of Menlo Park, www.menlopark.org/projects/comdev_heu.htm, accessed October 20, 2008.

- **Impact Criterion #2**. Displace a substantial number of existing housing, necessitating the construction of replacement housing elsewhere.
- **Impact Criterion #3**. Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere.

As noted above, the Initial Study determined that no impacts would result from the displacement of existing housing or people requiring the construction of replacement housing elsewhere (Criteria #2 and #3). Therefore, these criteria are discussed below.

Project Evaluation

The following analysis discusses the potential impacts of the proposed project that would be allowed under the GPA/ZOA and the proposed Menlo Gateway project.[7]

Impact PH-1: *Implementation of the proposed project would result in increased employment in the project area, but the projected growth would not result in adverse direct impacts to the physical environment. Therefore, this impact would be less than significant. (LTS)*

As shown in Table 3.9-5, the proposed project would generate a total of approximately 2,566 new employees. However, the existing development in the project area, which employs approximately 688 workers, would be demolished resulting in an estimated 1,878 net new employees.

Table 3.9-5 presents the office/R&D, restaurant, health club, and hotel uses proposed for the project area and calculates the number of employees that those uses would generate under a maximum allowable development scenario. The Menlo Gateway project is proposing construction of approximately 695,000 s.f. of office space, 10,000 s.f. of retail/community facilities,[8] 7,000 s.f. of restaurant space, 69,000 s.f. of heath club facility space, and a hotel comprising 174,000 s.f. and 230 rooms. The building area assumptions are based on the maximum floor area ratio (FAR) under the proposed M-3 zoning regulations. Given the employee generation factors shown in Table 3.9-5, the proposed project could generate 2,566 new jobs. However, all of the existing 218,000 s.f. of office and R&D space would be demolished to accommodate the proposed project. Based on the existing occupancy limits shown in Table 3.9-5, the proposed project would result in a reduction of approximately 688 existing jobs. Therefore, the proposed project would generate a net increase of approximately 1,878 new jobs within the City. The net increase in employment at the site would account for approximately 31 percent of the City's employment growth between 2010 and 2020, as projected by ABAG.

[7] Note: Since the maximum allowable square footage under the GPA/ZOA is only slightly higher than the Menlo Gateway project for all practical purposes the number of new employees generated would be virtually the same.

[8] Note: Retail/community facilities would only be allowed providing there was a corresponding decrease in the amount of office area.

Table 3.9-5
Projected Employment Increase for the Proposed Project

Land Use	Existing Occupied Development (square feet)	Proposed Development (square feet)[1]	Employment Assumptions (square feet per Employee)	Existing Employees to be Displaced	Projected Employees	Net New Employees After Project
Office/Tech	218,000	695,000	300	688[2]	2,317	1,629
Restaurant	--	7,000	90	--	78	78
Retail/Community Facilities	--	10,000	400		25	25
Health Club	--	69,000	1,062	--	65	65
Hotel	--	174,000	2,148	--	81	81
Total				**688**	**2,566**	**1,878**

Sources: Keyser Marston Associates, *Housing Needs Analysis, Bohannon Office/Hotel Mixed Use Project, General Plan Amendment and Rezoning Project,* June 2009; *Input-Output Model and Economic Multipliers for the San Francisco Bay Region,* March 1995, Table 4, Square Feet Requirement Per Employee by Floor Area and Industry, p. 19.

Notes:

1. The estimated square footage per land use represents the maximum allowable development in the project area under M-3 zoning. The maximum allowable development under the proposed M-3 zoning district will in some cases be greater than the proposed project's anticipated maximum development.
2. The 688 existing employees assumes maximum occupancy of the existing office configuration. The square foot per employee assumptions do not apply to the existing facility.

As noted above, changes in population or employment are not, in and of themselves, direct physical environmental effects. To the extent that the increase in employment could result in secondary physical impacts related to air quality, noise, traffic generation, and an increase in demand on public services and utilities, those impacts are discussed in Sections 3.2, Air Quality; 3.8, Noise; 3.10, Public Services; 3.11, Transportation and Circulation; and 3.12, Utilities and Service Systems. While the proposed project would generate approximately 18 percent of the projected new jobs in the City of Menlo Park, there is no direct correlation between the increase in employment opportunities and projected population growth. Therefore, increase in employment generated by the proposed project would not directly result in any additional adverse physical environmental effects associated with population growth and would thus have a less than significant impact.

Impact PH-2. *The increase in on-site employment due to the proposed project could have secondary growth effects that could increase employment, population, and housing demand. However, these secondary growth effects would be less than significant. (LTS)*

As previously mentioned, the proposed project would result in a net increase of 1,878 new jobs, which could result in indirect, or secondary, population and housing impacts. Indirect or secondary impacts are those which 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). Specifically, growth-inducing effects include ways in which a proposed 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).

Removal of Barriers to Growth. The proposed project would not involve construction of new or extended roads or other infrastructure, such as an expanded sewer system, to serve currently underserved areas. As stated in Sections 3.11, Transportation and Circulation and 3.12, Utilities and Services, the proposed project would be developed in an existing urbanized area that is currently served by existing roads and utility systems, including energy, water, and wastewater collection. The increase in employment generated by the proposed project would not require the construction of new roads or other infrastructure, such as an expanded sewer system, that would increase infrastructure capacity and induce additional growth. The existing utility infrastructure is able to accommodate the project and would only require connections to the main lines. Therefore, the project would not result in increases to the infrastructure capacity beyond what it needs. As a result, the proposed project is not expected to indirectly induce substantial new growth into the City by removing infrastructure barriers or by providing new infrastructure, nor would it create new transportation access to a previously inaccessible area. Consequently, the proposed project would have a less-than-significant impact related to the removal of barriers to growth beyond those identified in the technical sections of this EIR.

Indirect Employment Growth. Construction of the proposed project would directly, but temporarily, increase construction employment; the preceding phases of site remediation and building demolition would further increase construction employment related to the proposed project. Given the relatively limited and standard nature of construction anticipated for the project, the demand for construction employment would likely be met within the existing and future labor market in the City of Menlo Park and in San Mateo County. Neither a substantial quantity of specialized labor nor construction workers from outside the City or County would be expected to be required to relocate temporarily or to commute long distances to work on the project.

The 1,878 net, new long-term employees generated by the proposed project, through spending, would increase demand for housing and various goods and services, which in turn would stimulate further secondary growth within the entire region. Thus, the direct employment increase would in turn increase indirect employment, household, and population figures. To estimate this potential "multiplier effect" associated with project-related jobs, ABAG has developed regional economic multipliers for the San Francisco Bay Region based on an input-output model.[9] The economic multipliers measure the direct, indirect, and induced employment caused by a project. The jobs that would be generated by the proposed project would be composed of a mix of industries from ABAG's list of industries for which multipliers are available. For purposes of indirect and induced employment estimates, a weighted average Type II multiplier of 0.65 was applied. This means that for every job created, there would be 0.65 indirect and induced jobs created regionally. Applying the regional economic multiplier to the 1,878 net new jobs directly resulting from the proposed project would result in about 1,221 indirect

[9] ABAG, *2001 Input-Output Model, Economic Multipliers for the San Francisco Bay Region*, Table 5, Employment Multipliers, p. 20, March 2004.

and induced jobs in the San Francisco Bay Region. This increase represents 0.03 percent of the 4,595,170 total jobs projected for the San Francisco Bay Region by 2025.[10] Because the employment growth would be spread throughout the Bay Area, its effects would be diffuse and not concentrated in any one geographic area, such as Menlo Park. Consequently, the amount of the indirect employment growth and the related physical environmental effects are expected to be less than significant.

Induced Housing Demand. The projected increase in employment as a result of the proposed project would create a housing demand. The housing demand due to new employment was evaluated in the Housing Needs Analysis prepared by Keyser Marston Associates for the proposed project (see Appendix F).[11] According to the Housing Needs Analysis, the approximate 1,878 net new jobs would result in a demand for approximately 1,090 new housing units on a regional basis of which 17 percent (184 units) would be intended for the "Very Low" income tier, 20 percent (219 units) for the "Low" income tier, 13 percent (137 units) for "Moderate" income tier, 13 percent (142 units) for the "Above Moderate" income tier, and 37 percent (408 units) for the "Upper" income tier. The choice of where one lives depends on many factors (quality of schools, style of housing, types of amenities, location of work of other wage earners in a household, local services, etc.), as well as the commute distance to where one works. To estimate how many of the approximately 1,090 new housing units might be generated in Menlo Park, it was assumed that the proposed project would be similar to other employers in the City in that the same percentage of its workers would also live in the City. Using Census data from 2000, an average of 10 percent of the employees in Menlo Park live in Menlo Park. Application of this factor to the new housing demand created by the proposed project yields an estimated demand for 109 housing units to accommodate those who would work in the project area and wish to live in Menlo Park. This housing demand represents 11 percent of the City's 993 housing unit allocation identified by ABAG for the 2007 to 2014 period.[12] Consequently, the impacts from indirect housing demand would be less than significant, since the housing demand associated with this growth is well within the housing allocation for the City.

Impact PH-3. *The proposed project would have no direct effects on population in Menlo Park, because it does not involve residential development. (NI)*

The proposed project would not directly result in additional residents in Menlo Park because it does not include the construction of new housing units. As a result, the proposed project would have no impact on population growth in the City. The Housing Needs Analysis (see Appendix F) prepared for the project addresses the need for housing associated with the project as well as increased housing unit allocations under the Regional Housing Needs Allocation (RHNA). The report determined that in the next RHNA cycle after 2014 the project could result in the need for between 0 to 76 units, depending upon what method is used by RHNA to calculate the housing demand. This information is speculative at this time, but provides additional information and background on the future housing needs potentially triggered by the project.

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[10] ABAG, *Projections 2007,* December 2006.

[11] Keyser Marston Associates, Inc., *Regional Housing Needs Analysis, Bohannon Office/Hotel Mixed Use Project, Menlo Park*, June 2009.

[12] City of Menlo Park, www.menlopark.org/projects/comdev_heu.htm, accessed October 20, 2008.

Cumulative Impacts

The geographic context for the cumulative population and housing analysis of the proposed project is the City of Menlo Park. 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 City in the next 20 years.

Impact PH-1CM: *Cumulative development in the City of Menlo Park would increase employment in the City, but the projected growth from the proposed project and surrounding projects would not result in adverse impacts to the physical environment. Therefore, this cumulative impact would be less than significant. (LTS)*

The proposed project, in combination with other projected growth in the City, would increase population, employment, and housing in the City. The cumulative development projects within the City would include commercial, industrial, office, mixed-use, hotel, and residential developments. As shown in Tables 3.9-2 and 3.9-4, the forecasted growth would result in a 36 percent increase in employment opportunities and an 11 percent increase in households within the City by 2025. The proposed project would represent approximately 18.1 percent of the anticipated increase in employment. As shown in Table 3.9-3, the ratio of jobs to employed residents would remain relatively stable, at approximately 2 jobs per employed resident. As noted above, population or employment growth would not be considered a physical impact to the environment for purposes of CEQA. The extent to which the cumulative increase in employment growth generated by the proposed project could contribute to physical environmental effects is addressed in Sections 3.2, Air Quality; 3.8, Noise; 3.10, Public Services; 3.11, Transportation and Circulation; and 3.12, Utilities and Service Systems. The proposed project's contribution to any cumulative increase in employment would not result in direct adverse physical impacts beyond those identified in the technical sections of this EIR. Therefore, this cumulative increase in employment would be less than significant.