ENVIRONMENTAL IMPACT REPORT
TECHNICAL APPENDICES
FEBRUARY 2021

MENLO PORTAL PROJECT
MENLO PARK, CA

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APPENDIX D

HOUSING NEEDS ASSESSMENT

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KEYSER MARSTON ASSOCIATES

HOUSING NEEDS ASSESSMENT

MENLO PORTAL PROJECT

Prepared for:
City of Menlo Park

Prepared by:
Keyser Marston Associates, Inc.

October 2020

TABLE OF CONTENTS

List of Tables

1.0   EXECUTIVE SUMMARY

This Housing Needs Assessment (HNA) provides an analysis of housing supply and housing demand impacts of the proposed Menlo Portal Project (Project) in the City of Menlo Park (City) and evaluates the potential that the proposed Project could contribute to displacement of existing residents within the City of East Palo Alto and the Belle Haven neighborhood of Menlo Park, two proximate communities identified as having risk factors for displacement. The HNA is part of a range of analyses provided to assist in the decision-making and entitlement process for the proposed Project and accompanies the Environmental Impact Report (EIR). An HNA is, however, not a requirement of the California Environmental Quality Act (CEQA). Preparation of this HNA is required under the terms of a 2017 settlement agreement between the cities of Menlo Park and East Palo Alto[1].

The proposed Project is located on an approximately 3.2 acre site at 104 Constitution Drive, 110 Constitution Drive, and 115 Independence Drive in Menlo Park. The proposed Project includes 335 new multifamily rental units, 33,211 square feet of new office space and approximately 1,608 square feet of ground floor retail/commercial space. The proposed Project replaces three existing office and industrial buildings encompassing a combined 64,832 square feet of building area. A summary of the proposed Project is provided in Table 1-1, below.

Table 1-1. Project Summary		
	Residential Units	**Building Area**[1]
Proposed		
Apartments	335 Units	327,970 SF
Office		33,211 SF
Retail / Commercial		1,608 SF
		362,789 SF
Existing Office and Industrial Buildings		(64,832 SF)
[To Be Demolished]		
Net Change With Project	335 Units	297,957 SF

(1) Parking structure is not included in building area totals.

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[1] In 2016, the City updated its General Plan, specifically the land use and circulation elements, commonly referred to as ConnectMenlo. The City completed and certified a program level EIR for ConnectMenlo, which determined that there would be a less than significant impact on population and housing, except cumulative impacts projected to be reduced to less than significant following an update of ABAG regional forecasts. However, pursuant to the terms of the 2017 City of East Palo Alto v. City of Menlo Park Settlement Agreement, which settled the lawsuit regarding the ConnectMenlo EIR, preparation of this HNA is required.

1.1 Housing Availability

The term "housing availability" is used to refer to the combined net housing supply and housing demand impacts of the proposed Project taking into consideration:

a) Construction of new housing units, which adds to housing availability through additions to the housing supply;

b) Removal of existing jobs, which adds to housing availability by reducing demand for housing by employees; and

c) Addition of new jobs, which reduces housing availability by increasing demand for housing by employees.

Prior HNAs prepared for non-residential projects in Menlo Park have not used the term "housing availability" because these projects impact only the demand or need for housing. For purposes of a residential project, a new term is introduced to describe combined effects on supply and demand for housing.

1.2 Net Impact on Housing Availability

The proposed Project is estimated to increase the number of available housing units by 275 units as shown in Table 1-2 and Chart 1. This estimate reflects the combined effect of:

1. The 335 new residential units added to the housing supply by the proposed Project.

2. A 68-unit increase in housing availability from removal of existing on-site jobs, which reduces worker housing demand. Removal of the existing buildings removes an estimated 130 on-site jobs. Removal of 130 jobs translates to a net reduction in employee[2] housing demand of 68 units based on 1.90 workers per housing unit[3]. See Section 4 for supporting analysis.

3. A 65-unit decrease in housing availability due to added housing demand from new on-site workers within the new office and ground floor retail/commercial space and on-site property management and maintenance for the residential units. A combined 122 jobs are estimated to be added on-site, which translates into an estimated employee housing demand of 65 units based on 1.90 workers per housing unit. See Section 4 for supporting analysis.

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[2] The terms "worker" and "employee" are used interchangeably.

[3] This factor reflects the average number of workers per working household and is derived from U.S. Census data. See additional discussion under Step 2 on page 22.

4. A 63-unit decrease in housing availability due to added housing demand by workers in off-site services to new residents such as restaurants, retail, education, medical care and others. This estimate reflects consideration of "multiplier effects" of household spending by residents of the new units consistent with the 2017 settlement agreement. Analysis supporting this estimate is provided in Section 5.

Table 1-2. Estimated Net Impact of Project on Housing Availability	
New Residential Units	335 Units
Reduced Housing Demand from Removal of On-site Jobs	68 Units
Less: Added Housing Demand from New On-site Jobs	(65 Units)
Less: Added Housing Demand from Off-site Workers in Services to New Residents	(63 Units)
Net Increase in Available Housing	**275 Units**

Chart 1 - Net Impact on Housing Availability from Proposed Project

Removal of existing on-site jobs removes worker housing demand: 68-unit increase in housing availability

Construct New Residential Units: 335-unit increase in housing availability

Net Effect: 275-unit increase in housing availability

increases in housing availability

decreases in housing availability

New on-site jobs add to worker housing demand: 65-unit decrease in housing availability

New off-site jobs in retail, healthcare and other services to new residents adds to worker housing demand: 63-unit decrease in housing availability

1.3   Net Impact on Housing Availability by Income Category

The net impact on housing availability is estimated for each of the following six affordability categories, each expressed in relation to local Area Median Income (AMI):

- Extremely Low Income – households up to 30% of AMI;
- Very Low Income – households over 30% up to 50% of AMI;
- Low Income – households over 50% up to 80% of AMI;
- Moderate Income – households over 80% up to 120% of AMI;
- Above Moderate Income – households over 120% up to 150% of AMI; and
- Over 150% of AMI – households above 150% of AMI.

According to the California Department of Housing and Community Development (HCD), the AMI for a family of four in San Mateo County, is $143,100 as of 2020. Section 2 provides income limits applicable to each of the identified income categories. The affordability categories from 0% through 120% AMI reflect those addressed by statewide housing programs such as the Regional Housing Needs Allocation (RHNA) process. In addition, the Above Moderate Income tier is included in the analysis for consistency with HNAs prepared for prior projects in Menlo Park and to provide decision makers with information regarding a broad spectrum of housing affordability levels. Above Moderate Income households also face affordable housing challenges in Menlo Park as well as in the broader Bay Area. In fact, due to the high cost of housing, housing affordability challenges also extend to households earning over 150% of AMI[4], particularly in the for-sale housing market. The Over 150% of AMI category captures households with incomes that exceed 150% AMI and includes all households not included within one of the other income categories.

Net Impact on Housing Availability by Income Level

The estimated net impacts on housing availability by income category are presented in Table 1-3. Findings represent the net result of:

1) 335 new housing units added to the housing supply including 48 Below Market Rate (BMR) units affordable to Low Income, 274 market rate studio, one and two-bedroom units affordable to Above Moderate Income, and 13 market rate three-bedroom units affordable to the Over 150% AMI category;

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[4] An income of approximately 231% of AMI, is estimated to be needed to afford the median priced home in Menlo Park. The median priced home in Menlo Park is $2.2 million based on home sales from January 2019 through February 2020 from real estate data service provider CoreLogic. To afford a $2.2 million home, an income of 231% of AMI is estimated to be needed. Estimates assume a down payment of 26% based on the median down payment for home purchases with a mortgage in Menlo Park estimated from CoreLogic data, 35% of income spent on housing, and a mortgage interest rate of 3.7% based on the average 30-year fixed mortgage rate from April 2019 through April 2020 from Freddie Mac Primary Mortgage Market Survey.

2) 68 units of increased housing availability across a range of income levels from removal of existing on-site jobs and related worker housing demand;

3) A 65-unit decrease in housing availability across a range of income levels from addition of new on-site jobs and related worker housing demand; and

4) A 63-unit decrease in housing availability due to new housing demand by workers in services to new residents.

The analysis reflects the Project applicant's proposal for compliance with the City's BMR affordable housing requirement by providing Low Income on-site BMR units.

The net result is a 275-unit increase in available housing comprised of 33 Low and 268 Above Moderate units, partially offset by decreases in housing availability for Extremely Low, Very Low and Moderate Income households of six, 13 and seven units, respectively. The calculations are shown in Table 1-3.

Table 1-3. Net Impacts on Housing Availability by Income Category							
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
1. Increase in available housing from construction of new units	0	0	48	0	274	13	335
2. Increase in available housing from removal of existing on-site jobs, which reduces worker housing demand	2	13	23	13	10	7	68
3. Decrease in available housing from increase in housing demand by new on-site workers	0	(8)	(17)	(12)	(12)	(16)	(65)
4. Decrease in available housing from increase in housing demand by off-site workers in services to new residents	(8)	(18)	(21)	(8)	(4)	(4)	(63)
Net Increase in Housing Availability [1]	(6)	(13)	33	(7)	268	0	275

(1) Negative figures represent an increase in housing demand that is not offset by added housing supply.

Findings represent the total estimated housing availability impacts throughout the region and include impacts both within Menlo Park as well as in other jurisdictions where workers who hold on-site or off-site jobs live. See Section 1.4 for an estimate of impacts within Menlo Park.

Following is a brief description of the approach used for each component of the analysis.

(1) *Residential units* – the affordability level of new residential units reflects the Project applicant's proposal for compliance with the City's BMR Program guidelines. For the

market rate units, affordability level is based on estimated market rate rents and the household income necessary to afford these rents. See Section 3 for additional description.

(2) *Increase in available housing from removal of on-site jobs* – The decrease in worker housing demand starts with an estimate of the decrease in employment with removal of existing office and industrial space. Ratios derived from the U.S. Census are used to translate the decrease in employment to a decrease in worker housing demand. The decrease in worker housing demand by income category is identified by comparing estimated household incomes of workers to household income limits for the six affordability categories addressed in the analysis. Household income estimates use publicly available data on worker compensations and reflect the mix of design, publishing, and contractor tenants in the existing buildings. See Section 4 for additional description.

(3) *Decrease in available housing from addition of on-site jobs* – The increase in worker housing demand from addition of new on-site jobs starts with an estimate of the increase in employment in the new office and ground floor retail/commercial space and on-site property management of the residential units. Ratios derived from the U.S. Census are used to translate the number of jobs into total worker housing demand. Worker housing demand by income category is estimated using publicly available data on worker compensations and reflect an assumed tech-oriented tenant mix. See Section 4 for additional description.

(4) *Decrease in available housing due to added off-site jobs in services to new residents* – The analysis estimates the income of households renting the new residential units, their demand for goods and services such as groceries, restaurants, and healthcare, the off-site jobs created by the additional demand, and the housing needs by income level of workers who will hold these new jobs. See Section 5 for additional description.

1.4   Menlo Park Share of Net Impact on Housing Availability

This section provides an estimate of the share of the proposed Project's impacts on housing availability that occur in the City of Menlo Park. Findings of the prior section represent total estimated impacts regardless of the jurisdiction in which impacts occur. The portion of total housing availability impacts that occur in Menlo Park are estimated using the following approach:

(1) All 335 residential units added by the proposed Project are in the City of Menlo Park; therefore, all 335 units are identified as additional housing supply in Menlo Park.

(2) Seven of 68 total units of increased housing availability from removal of on-site jobs is estimated to be in Menlo Park based on the existing 10.9% share of workers who live in Menlo Park based on tenant-specific commute data provided by the applicant.

(3) Four of 65 units of added regional housing demand from new on-site jobs is estimated to be in Menlo Park based on the existing 6.3% share of Menlo Park workers who live in the City[5]. The City Council has expressed an interest in improving the jobs housing balance and obtaining data to inform the goal of increasing the number of workers who live and work in Menlo Park. Therefore, for informational purposes, the report provides an upper estimate of housing units in Menlo Park based on a 20% commute share, which was a goal identified in the City's 2000 Commercial Linkage Fee Nexus Study. Using this upper estimate, 13 of the 65-unit increase in housing availability from removal of new on-site jobs would be estimated to be within Menlo Park.

(4) Four of 63 total units of added regional housing demand from new off-site jobs is estimated to be within Menlo Park based on the existing 6.3% share of Menlo Park workers who live in the City. The upper estimate using a 20% commute share would be 13 units of regional housing demand within Menlo Park.

The above approach results in a net increase of 334 units of housing availability in Menlo Park, assuming the current commute share is maintained (334 units = 335 new units, plus seven units of added housing availability from removal of on-site jobs, minus four units of new on-site employee housing demand and four units of new off-site employee housing demand in Menlo park). The upper estimate provided for informational purposes with an increased commute share goal of 20% would result in a net increase in housing availability in Menlo Park of 316 units (316 units = 335 new units plus seven units of added housing availability from removal of on-site jobs minus 13 units of new on-site employee housing demand and 13 units of new off-site employee housing demand in Menlo park). The difference between the current commute share and the increased commute share is a total of 18 units.

Table 1-4 identifies the breakout of the net impact on housing availability in Menlo Park by income category for the two commute share alternatives.

Table 1-4. Estimated Menlo Park Share of Net Impacts on Housing Availability							
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
Current Commute Share (6.3%) [1]	(1)	(1)	49	(1)	275	13	334
Increased Commute Share (20%) [1]	(2)	(5)	44	(2)	271	10	316

[1] Except for existing on-site jobs for which the existing tenant-specific 10.9% commute share is applied under both alternatives.

[5] The 10.9% commute share for existing jobs is not applied to new jobs as it is specific to existing tenants and may not be representative for tenants in the new office space.

Assuming the current 6.3% commute share, the estimated 334-unit net increase in housing availability in Menlo Park consists of 49 Low, 275 Above Moderate, and 13 Over 150% AMI units, offset by a one unit net decrease in housing availability in each of the Extremely Low, Very Low and Moderate-Income categories.

With the upper estimate using a 20% commute share assumption, the estimated 316-unit net increase in housing availability in Menlo Park consists of 44 Low, 271 Above Moderate, and ten Over 150% AMI units, offset by a net decrease in housing availability in the Extremely Low, Very Low and Moderate Income categories of two, five, and two units, respectively. Differences from the current commute share scenario are driven by the greater share of new on- and off-site workers assumed to live in Menlo Park with a 20% commute share.

See Section 6.2 for the supporting analysis.

1.5   Displacement Analysis

Displacement occurs when housing or neighborhood conditions force existing residents to move or households feel like their move is involuntary. Displacement can be caused by a range of physical, economic and social factors including but not limited to foreclosure, condominium conversion, building deterioration or condemnation, increased taxes, natural disasters, eminent domain and increases in housing costs[6, 7, 8]. The HNA is focused on economic drivers of displacement, specifically the potential for the proposed Project to affect the local housing market and contribute to increasing housing costs.

While displacement is not an impact for the purposes of the California Environmental Quality Act (CEQA), displacement has become an increasing regional concern in the Bay Area. A map produced by the Urban Displacement Project, a research and action initiative of UC Berkeley that aims to understand and describe the nature of gentrification and displacement, identifies numerous communities as undergoing displacement or at risk of displacement that extend from San Francisco down the Peninsula to many neighborhoods in San Jose and the East Bay.

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[6] Zuk, M. et. al. 2017. Gentrification, Displacement, and the Role of Public Investment. Journal of Planning Literature. Journal of Planning Literature 1-14.

[7] Center for Community Innovation (2020). Investment and Disinvestment as Neighbors, A Study of Baseline Housing Conditions in the Bay Area Peninsula.

[8] Bradshaw, K. (2019). Uneven Ground: How unequal land use harms communities in southern San Mateo County. Palo Alto Online. https://paloaltoonline.atavist.com/uneven-ground.

The displacement analysis addresses the potential for the proposed Project to contribute to displacement of existing residents in two nearby communities, the City of East Palo Alto (East Palo Alto) and Menlo Park's Belle Haven neighborhood (Belle Haven). These communities have risk factors for displacement based on their relatively lower-income existing population that includes a high percentage of households who spend 35% or more of their income on housing. They are identified by the Urban Displacement Project[9] as experiencing on-going gentrification and/or displacement or being at risk of displacement. Another recent study of baseline housing conditions in the Belle Haven neighborhood, City of East Palo Alto, and North Fair Oaks neighborhood, prepared by the UC Berkeley Center for Community Innovation and its Y-PLAN initiative, identified similar conclusions[10].

Because the proposed Project adds to the supply of market rate and affordable housing and results in a net increase in available housing overall, the proposed Project is not anticipated to contribute to displacement in East Palo Alto or Belle Haven. Increasing the availability of market rate and affordable housing will tend to moderate or counteract displacement pressures to some degree by relieving market pressures on existing housing stock.

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[9]Zuk, M., & Chapple, K. (2019). Urban Displacement Project. http://www.urbandisplacement.org/

[10] Center for Community Innovation (2020). Investment and Disinvestment as Neighbors, A Study of Baseline Housing Conditions in the Bay Area Peninsula.

2.0   INTRODUCTION

This Housing Needs Assessment (HNA) provides an analysis of the proposed Project's impact on housing supply and housing demand and evaluates its potential to contribute to displacement of existing residents of the City of East Palo Alto (East Palo Alto) and the Belle Haven neighborhood of Menlo Park (Belle Haven), two proximate communities identified as having risk factors for displacement. The report has been prepared by Keyser Marston Associates (KMA) for the City of Menlo Park under a subcontract agreement with LSA Associates, prime consultant responsible for preparation of the Environmental Impact Report (EIR).

In 2016, the City updated its General Plan, specifically the land use and circulation elements, and its Zoning Ordinance (commonly referred to as ConnectMenlo). The City completed and certified a program level EIR for ConnectMenlo, which determined that there would be a less than significant impact on population and housing, except cumulative impacts projected to be reduced to less than significant following an update of ABAG regional forecasts. However, pursuant to the terms of the 2017 City of East Palo Alto v. City of Menlo Park Settlement Agreement, which settled the lawsuit regarding the ConnectMenlo EIR, preparation of this HNA is required. This HNA has been prepared consistent with the terms of that settlement agreement.

The following housing-related topics are addressed in this HNA:

1) Net impact on housing availability from the proposed Project, by income level, based on the combined effects of:
   a. Added residential units;
   b. Reduced worker housing need with removal of existing office and industrial buildings;
   c. Added housing needs for workers in new office and ground floor retail/commercial space; and
   d. Added housing needs for workers in off-site retail and other services to residents of the new residential units.

2) Share of housing availability impacts estimated to occur within the City of Menlo Park; and

3) Potential for the proposed Project to contribute to rising housing costs and displacement of existing residents in East Palo Alto and Belle Haven.

These housing-related impacts are not required to be analyzed under the California Environmental Quality Act (CEQA) since economic or social changes are not considered significant effects on the environment. Nevertheless, this information is required by the settlement agreement and may be of interest to decision-makers and/or the public in evaluating the merits of the proposed Project.

2.1 Project Description

Menlo Park Portal Venture, LLC (Project Sponsor) is proposing construction of 335 new multifamily rental units, a 33,211 square foot office building with approximately 1,608 square feet of ground floor retail / commercial space. The proposed Project is located on an approximately 3.2 acre site at 104 Constitution Drive, 110 Constitution Drive, and 115 Independence Drive in Menlo Park. The proposed Project replaces three existing office and industrial buildings on the Project site encompassing a combined 64,832 square feet of building area. Table 2-1 provides a summary of the proposed Project.

Table 2-1. Project Summary	Residential Units	Building Area
Proposed		
Apartments	335 Units	327,970 SF
Office		33,211 SF
Retail / Commercial		1,608 SF
		362,789 SF
Existing Office and Industrial Buildings		
[To Be Demolished]		
104 Constitution		(23,212 SF)
110 Constitution		(25,091 SF)
115 Independence		(16,529 SF)
Total		(64,832 SF)
Net Change With Project	335 Units	297,957 SF

(1) Parking structure is not included in building area totals.

2.2 Income Definitions

The income levels or tiers used in the analysis are expressed in relation to local Area Median Income (AMI). For example, Extremely Low Income is defined as households earning up to 30% of AMI. 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 the California Department of Housing and Community Development. Most housing programs and policies in California and its jurisdictions utilize these income definitions. The City of Menlo Park is covered by and utilizes the AMI information provided for San Mateo County.

Per HCD and statewide programs, the analysis includes households earning less than 120% AMI. In addition, an Above Moderate Income tier covering 120% to 150% AMI is presented in this analysis because this income tier also faces affordable housing challenges in Menlo Park and the greater Bay Area. In fact, due to the high cost of housing in Menlo Park, housing

affordability challenges even extend to households earning more than 150% of AMI[11], especially in the for-sale housing market. As with HNAs prepared for prior projects in Menlo Park, the Above Moderate Income tier was included to provide decision makers more information on the housing needs of a broad spectrum of housing affordability levels.

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

- Extremely Low Income – households up to 30% of AMI;
- Very Low Income – households over 30% up to 50% of AMI;
- Low Income – households over 50% up to 80% of AMI;
- Moderate Income – households over 80% up to 120% of AMI;
- Above Moderate Income – households over 120% up to 150% of AMI; and
- Over 150% of AMI – households above 150% of AMI.

The 2020 income limits by household size are presented below in Table 2-2.

Table 2-2. 2020 Household Income Limits							
		Income Limit by Household Size					
Income Category	Percent of AMI	1-person	2-person	3-person	4-person	5-person	6-person
Extremely Low	30% of AMI	$36,550	$41,800	$47,000	$52,200	$56,400	$60,600
Very Low Income	50% of AMI	$60,900	$69,600	$78,300	$87,000	$94,000	$100,950
Low Income	80% of AMI	$97,600	$111,550	$125,500	$139,400	$150,600	$161,750
Moderate Income	120% of AMI	$120,200	$137,350	$154,550	$171,700	$185,450	$199,150
Above Moderate	150% of AMI	$150,250	$171,750	$193,200	$214,650	$231,850	$249,000
Median Income	100% of AMI	$100,150	$114,500	$128,800	$143,100	$154,550	$166,000

AMI = Area Median Income, San Mateo County 2020
Source: California Department of Housing and Community Development

2.3   Report Organization

This report is organized into seven sections and one appendix:

- Section 1.0 provides an Executive Summary;

- Section 2.0 provides an Introduction;

- Section 3.0 identifies the income categories applicable to the new residential units;

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[11] An income of approximately 231% of AMI, is estimated to be needed to afford the median priced home in Menlo Park. The median priced home in Menlo Park is $2.2 million based on home sales from January 2019 through February 2020 from real estate data service provider CoreLogic. To afford a $2.2 million home, an income of 231% of AMI is estimated to be needed. Estimates assume a down payment of 26% based on the median down payment for home purchases with a mortgage in Menlo Park estimated from CoreLogic data, 35% of income spent on housing, and a mortgage interest rate of 3.7% based on the average 30-year fixed mortgage rate from April 2019 through April 2020 from Freddie Mac Primary Mortgage Market Survey.

- Section 4.0 provides an analysis of worker housing needs from removal of existing on-site jobs and addition of new on-site jobs;

- Section 5.0 estimates housing demand by income for off-site workers in services to new residents such as restaurants, retail and health care;

- Section 6.0 combines the findings of Sections 3, 4 and 5 to estimate the net impact on housing availability and the share of net impacts occurring within the City of Menlo Park;

- Section 7.0 provides a discussion of the potential for the proposed Project to contribute to displacement of existing residents in East Palo Alto and Belle Haven; and

- Appendix A provides supporting tables on worker occupation and incomes.

2.4   Data Sources and Qualifications

The analysis in this report has been prepared using the best and most recent data available. Local data was used wherever possible. Other sources, such as the U.S. Census Bureau and U.S. Bureau of Labor Statistics 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 or other sources.

3.0 HOUSING UNITS ADDED BY THE PROJECT BY INCOME CATEGORY

This section estimates how the 335 new residential units added by the proposed Project will be distributed by income or affordability category.

3.1 Below Market Rate Housing Units Required

The proposed Project would include 48 Below Market Rate (BMR) affordable units. The City's Below Market Rate Housing Program codified in Chapter 16.96 of the City's Zoning Code requires residential development projects with twenty or more units to provide 15% BMR affordable units. The 48 required BMR units is determined based on applying the 15% requirement to the 320-unit "base project" before consideration of additional units permitted under density bonus provisions of the City's BMR Program (15% X 320 = 48 BMR units required). Therefore, within the 320-unit base project, there are 272 market rate units and 48 BMR units. The density bonus provisions of the BMR ordinance allow one additional market rate unit for each required BMR unit, resulting in up to 48 bonus market rate units allowed, of which the applicant has proposed 15 bonus market rate units. Therefore, in total, there are 287 market rate units (272 base project + 15 bonus market rate units) and 48 BMR units for a total of 335 units in the proposed Project. Table 3-1 provides a summary.

Table 3-1. Market Rate and BMR Units			
	Market Rate Units	BMR Units	Total Units
Zoning Ordinance	272	48 (15% of base project)	320
BMR Density Bonus	15 proposed (of 48 allowed - one for each BMR unit)	0	15
Total	287	48	335

BMR rental units are required by the City's BMR ordinance and guidelines to be affordable to Low Income households. Alternative affordability levels are permitted under the City's BMR guidelines if determined to be roughly equivalent to providing all BMR units at Low Income. The Project applicant is proposing to provide all BMR units at Low Income.

3.2 Affordability Level of Market Rate Units

The proposed Project will include 287 market rate rental units. Market rate rental units are estimated to be affordable to households in the Above Moderate Income category, except for market rate three-bedroom units, estimated to be affordable to Over 150% AMI. Estimated affordability levels are based on estimated market rate rents for the units. Market rate units will not be deed restricted; therefore, the affordability level could change over time as market conditions and the income criteria used to determine affordability level change.

Market rents were estimated by KMA based on three newer rental properties in Menlo Park located on the north side of U.S. 101, the Anton Menlo at 3639 Haven (built 2017), the Elan

Menlo at 3645 Haven (built 2017) and 777 Hamilton (built 2016). Data on rents for newer apartment properties in Menlo Park was supplemented with data for newly built apartments in Redwood City including the Encore at 849 Veterans Blvd (built 2019), Huxley at 1355 El Camino Real (built 2018), Indigo at 675 Bradford (built 2016) and Blu Harbor at 1 Blu Harbor Boulevard (built 2017).

Average rental rates for the comparison properties by bedroom size are shown in Table 3-2 and Charts 1 through 4. Each data point in Charts 1 through 4 represents the average effective market rate rent for units of a specific square footage size. Separate trend lines are fit to actual rents for the Menlo Park comparison properties (blue) and the Redwood City comparison properties (red). Estimated rents for the proposed Project are identified by purple circles. Based on the market data and the unit sizes for the proposed Project, studios are estimated to rent for approximately $2,950 per month, junior one-bedrooms for $3,250 per month, standard one bedrooms for $3,500 per month, two bedrooms for $4,300 per month and three bedrooms for $5,750 per month.

Chart 1 – Newer Studio Apartment Market Rate Rents and Estimated Rents for proposed Project
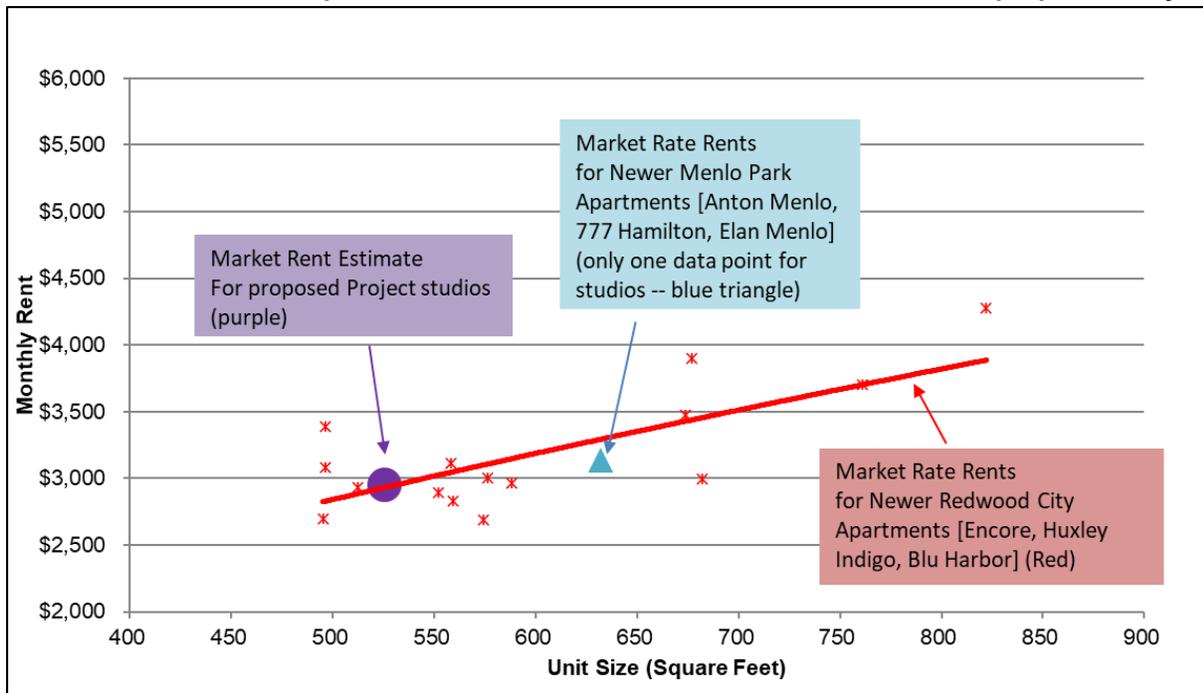
Source: CoStar and KMA

Chart 2 – Newer One-Bedroom Market Rate Rents and Estimated Rents for proposed Project

Market Rate Rents for Newer Menlo Park Apartments [Anton Menlo, 777 Hamilton, Elan Menlo] (Blue)

Market Rent Estimate For proposed Project 1 BRs and Jr 1BRs (purple)

Market Rate Rents for Newer Redwood City Apartments [Encore, Huxley Indigo, Blu Harbor] (Red)
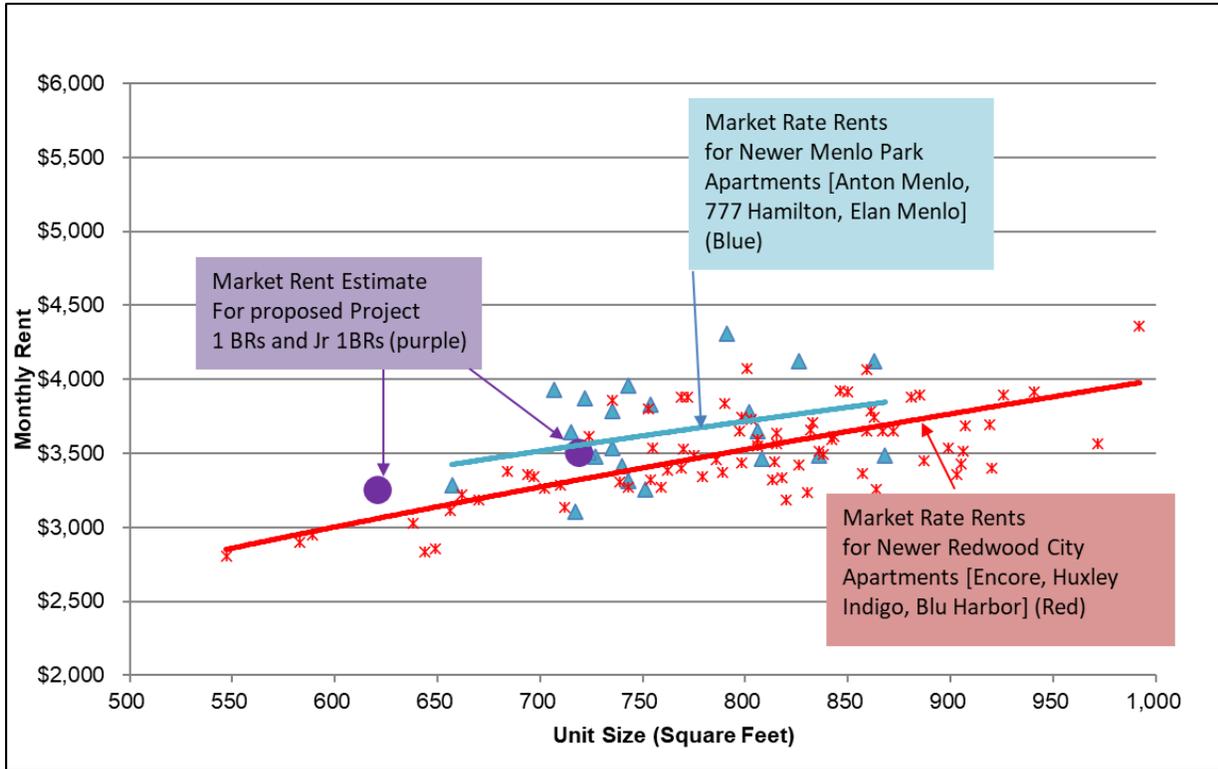
Source: CoStar and KMA

Chart 3 – Newer Two-Bedroom Market Rate Rents and Estimated Rents for proposed Project

Market Rent Estimate For proposed Project 2Brs (purple)

Market Rate Rents for Newer Menlo Park Apartments [Anton Menlo, 777 Hamilton, Elan Menlo] (Blue)

Market Rate Rents for Newer Redwood City Apartments [Encore, Huxley Indigo, Blu Harbor] (Red)
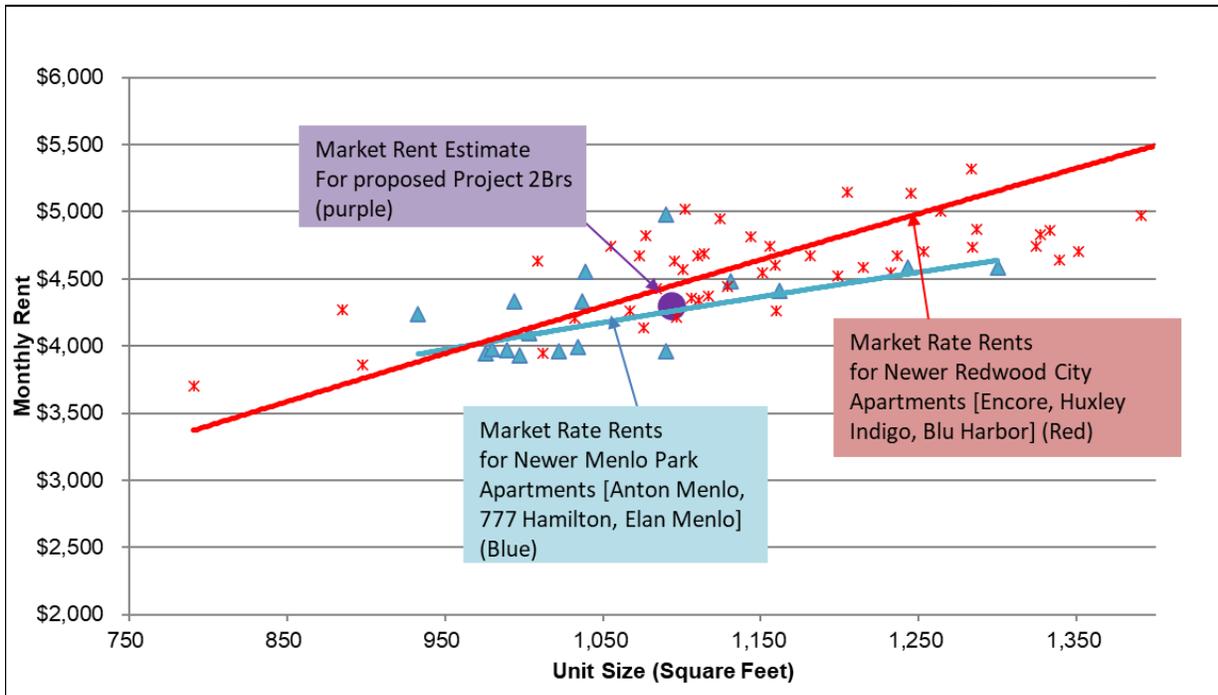
Source: CoStar and KMA

Chart 4 – Newer Three-Bedroom Market Rate Rents and Estimated Rents for proposed Project
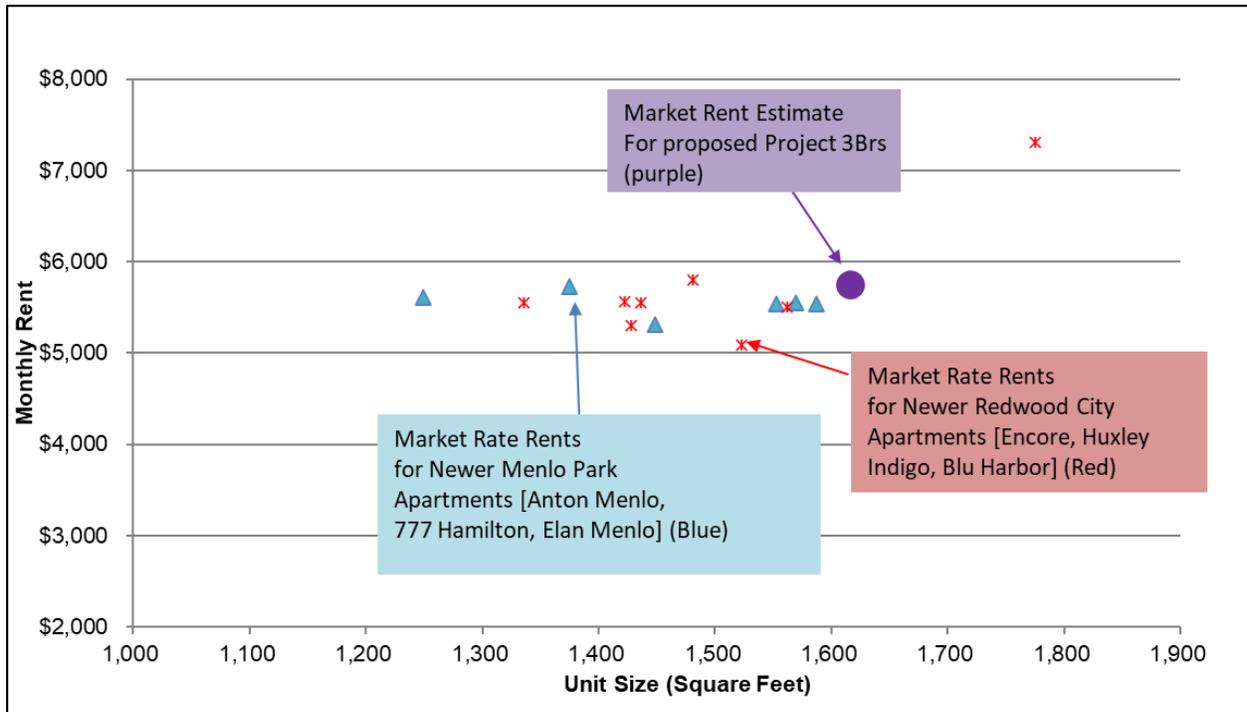
Source: CoStar and KMA. Note: trendlines not shown due to limited data for three-bedrooms.

Table 3-2. Rents for Comparable Apartments and Estimate for Proposed Project														
	Studios				**1-Bedroom**			**2-Bedrooms**			**3-Bedrooms**		
	Avg Size	Avg Rent	Avg Rent PSF		Avg Size	Avg Rent	Avg Rent PSF	Avg Size	Avg Rent	Avg Rent PSF	Avg Size	Avg Rent	Avg Rent PSF
Estimate for Project	526	$2,950	$5.61	1-br	719	$3,500	$4.87	1,094	$4,300	$3.93	1,616	$5,750	$3.56
				jr1-br	621	$3,250	$5.23						
Comparable Apartments													
Menlo Park North of US101													
Anton Menlo	632	$3,139	$4.97		757	$3,546	$4.69	1,096	$4,413	$4.03	1,554	$5,536	$3.56
777 Hamilton					741	$3,834	$5.17	1,051	$4,590	$4.37	1,391	$5,672	$4.08
Elan Menlo Park					763	$3,550	$4.65	1,017	$3,966	$3.90	1,249	$5,606	$4.49
Redwood City													
Encore	674	$3,478	$5.16		823	$3,769	$4.58	1,128	$4,747	$4.21	1,399	$5,561	$3.97
Huxley	646	$3,561	$5.51		782	$3,436	$4.39	1,159	$4,735	$4.09			
Indigo	547	$2,912	$5.32		759	$3,428	$4.52	1,174	$4,923	$4.19	1,481	$5,799	$3.92
Blu Harbor	588	$2,968	$5.05		836	$3,367	$4.03	1,265	$4,629	$3.66	1,547	$5,653	$3.65

Source: Effective rents per CoStar, Estimate for proposed Project per KMA.

Market rate rents were then used to estimate the affordability level of the units. As shown in Table 3-3, the market rate units are estimated to be affordable to Above Moderate Income households, except three-bedroom units, estimated to be affordable to Over 150% AMI households.

Table 3-3. Estimated Affordability Level Applicable to Market Rate Units					
	Studio	**Junior 1-BR**	**1-BR**	**2-BR**	**3-BR**
Estimated Market Rate Monthly Rent [1]	$2,950	$3,250	$3,500	$4,300	$5,750
Utilities [2]	$108	$119	$119	$156	$199
Total Monthly Housing Cost (Rent + Utilities)	$3,058	$3,369	$3,619	$4,456	$5,949
Annual Housing Cost	$36,696	$40,428	$43,428	$53,472	$71,388
Percent of Income for Housing [3]	30%	30%	30%	30%	30%
Annual Household Income Required	$122,320	$134,760	$144,760	$178,240	$237,960
2020 Median Income [4]	$100,150	$100,150	$114,500	$128,800	$143,100
Household Income Required as % of AMI	122%	135%	126%	138%	166%
Affordability Level of Market Units	Above Moderate	Above Moderate	Above Moderate	Above Moderate	Over 150% AMI

(1) KMA estimate based on market rents for newer apartment properties in Menlo Park and Redwood City.

(2) Tenant paid utilities estimated based on 2019 County Housing Authority utility allowance schedule.

(3) Per California Health and Safety Code Section 50053.

(4) HCD Income Limits for applicable household size for 2020. The City has determined that the junior one-bedroom will technically be considered studios as they likely cannot have traditional enclosed bedrooms.

3.3   New Residential Units by Income Level

Table 3-4 provides a summary of the income level applicable to the new residential units, combining the findings of Section 3.1 and 3.2. As shown, the proposed Project includes 48 Low Income BMR units, 274 market rate units affordable to Above Moderate Income, and 13 market rate three-bedroom units in the Over 150% AMI category.

Table 3-4. Estimated Affordability Level of New Residential Units			
	Low	**Above Moderate**	**Over 150% AMI**	**Total New Residential Units**
	BMR units	*Market Rate*	*Market Rate*	
Studio	7	56	0	63
Junior 1-Bedroom	11	45	0	56
1-Bedroom	21	130	0	151
2-Bedroom	8	43	0	51
3-Bedroom	1	0	13	14
Total	48	274	13	335

4.0   CHANGE IN WORKER HOUSING NEEDS FROM REMOVAL OF EXISTING ON-SITE JOBS AND REPLACEMENT WITH NEW ON-SITE JOBS

This section provides an analysis of the change in worker housing need by income level from:

- Removal of existing on-site jobs in the existing office and industrial space; and

- Addition of new on-site jobs within the new office, ground floor retail/commercial, and on-site property management and maintenance for the new apartments.

The analysis begins by quantifying the number of on-site jobs removed and added by the proposed Project. Then, the analysis proceeds through a series of steps to estimate how the changes in on-site jobs translate into a change worker housing need by income level.

4.1   Methodology

The analysis estimates the changes in on-site employment from removal of the existing office and industrial buildings and construction of the new office, retail/commercial space and residential units. The estimated changes in employment are then translated into an estimated impact on worker housing demand based on relationships between jobs and housing demand derived from the U.S. Census. Finally, the income level associated with the housing demand is estimated using a combination of data sources including the U.S. Bureau of Labor Statistics occupation and wage data and U.S. Census data on households.

Following is a description of each step in the analysis.

Analysis Step 1 –On-Site Employment

The proposed Project results in removal of an estimated 130 existing jobs and an addition of an estimated 122 new jobs, for a net reduction of 8 jobs as summarized in Table 4-1.

Existing Employment to be Removed

Demolition of the existing office and industrial space removes an estimated 130 on-site jobs including an estimated 126 jobs with tenants and an estimated four jobs in building services like janitorial and maintenance. The number of on-site jobs is estimated based on an average employment density factor of 500 square feet per employee, which is reflective of the mix of existing uses and is consistent with the existing parking ratio for the site of approximately two spaces per 1,000 square feet of building area[12]. The number of building services staff included

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[12] Data on the number of existing employees was requested from the applicant; however, the applicant indicated that this information is not available.

within this total is estimated using staffing ratios derived from data reported by the International Facility Management Association (IFMA). Building services workers are evaluated separately because these services are typically provided by separate contract service providers.

New Employment Added by Proposed Project

The proposed Project is estimated to add 122 new on-site jobs. This includes an estimated 108 jobs with tenant(s) in the new office space, three jobs in building services such as janitorial and maintenance for the office space, four jobs in the ground floor retail / commercial space, and seven jobs in on-site property management and maintenance for the new residential units. The number of office jobs is estimated based on a representative office employment density factor of 300 square feet per employee. This office employment density factor generally aligns with the proposed number of parking spaces. Based on the 93 parking spaces proposed for the office space and the estimated 108 employees, at least 14% of employees would need to walk, bike, or use transit. This is similar to the overall average of 18% for Menlo Park's workplace population that uses one of these three transportation modes to get to work per the 2014-2018 ACS, not including those who worked out of their homes. The number of building services staff is estimated using staffing ratios derived from data reported by the International Facility Management Association (IFMA). The number of residential property management and maintenance staff are estimated based on a ratio of 45 apartment units per employee derived from the National Apartment Association 2018 Survey of Operating Income and Expenses. The ground floor retail/commercial space is estimated to include four additional workers for a total of 122 new on-site workers.

Table 4-1. Estimated Net Reduction in On-Site Employment				
	Development	**Basis for On-Site Employment Estimate**	**Estimated Net Change in On-Site Employment** [1]	
Existing				
Existing Office / Industrial	64,832 SF		(126)	Employees
Building Services		1 per 16,670 SF[1]	(4)	Employees
Subtotal Existing		1 per 500 SF [3]	(130)	Employees
Proposed				
Office	33,211 SF	1 per 300 SF [4]	108	Employees
Building Services		1 per 10,000 SF[1]	3	Employees
Rental Units	335 Units	1 per 45 units[2]	7	Employees
Retail / Commercial	1,608 SF	1 per 400 SF [4]	4	Employees
Subtotal Proposed			122	Employees
Net Change in On-Site Employment			**(8)**	**Employees**

[1] Building services staff, which includes maintenance, janitorial, and security not expected to be directly employed by the tenant, was estimated by KMA based on a ratio of 1 employee per 16,670 square feet for the existing buildings and 1 per 10,000 square feet for new buildings. Estimate was derived from International Facility Management Association (IFMA), Operations and Maintenance Benchmarks Research Report #33 and adjusted by KMA as a reflection of employment density.

[2] Based on National Apartment Association 2018 Survey of Operating Income and Expenses in Rental Apartment Communities, average number of units per employee for projects that are 300 to 399 units in size.

[3] Reflects representative employment density for office / R&D / industrial use and is consistent with the existing parking available for the site of approximately two spaces per 1,000 square feet. Applicant indicated that employment data for existing tenants is not available.

[4] KMA estimate. Will vary depending on tenant and retail / commercial use type. Office employment density generally consist with proposed 93 parking spaces and would require at a minimum of 14% of estimated employees to arrive by alternatives to single occupancy vehicle. Building services employment, accounted for separately, is subtracted from office total.

Step 2 – Adjustment from Employees to Employee Households

Step 2 converts the number of employees to the number of employee households. This step recognizes that there is, on average, more than one worker per household, and thus the number of housing units in demand must be reduced. The workers per worker household ratio eliminates from the equation all non-working households, such as households comprised of retired persons or students. The calculation is shown in Table 4-2.

KMA derived the worker per worker household figure from ACS data for 2014 to 2018. The ACS data provide estimates of the total number of workers in San Mateo County, and the total number of households with at least one working household member. The ratio of the two figures for San Mateo County is 1.90 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 than the smaller City of Menlo Park profile, which has an average of 1.71 workers per worker household. The workers per worker household ratio is used to translate the existing and new on-site employment to a change in employee households as shown in Table 4-2. The 130 existing jobs is divided by the 1.90 workers per worker household ratio to estimate the decrease of 68

existing employee households. Using the same approach, the 122 new jobs translates into an estimated 65 employee households.

Table 4-2. Estimated Change in On-Site Employee Households								
	Existing (to be removed)			New				
	Existing Office / Industrial	Building Services	Total Existing	Office	Building Services	Residential Property Management	Retail / Commercial	Total New
Employment	(126)	(4)	(130)	108	3	7	4	122
Employee Households (at 1.90 workers per household) [1]	(66)	(2)	(68)	57	2	4	2	65

(1) Derived from 2014-2018 U.S. Census American Community Survey data for San Mateo County

Step 3 – Occupational Distribution

Occupational distribution for employees is based on data from a national survey by the Bureau of Labor Statistics (BLS). Occupation refers to job description, such as management, sales clerk, cashier, etc. The survey provides the occupational distribution for various employment "industries." 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.

KMA selected industry categories that reflect current and recent occupants of the existing office and industrial space as summarized in Table 4-3. Industry categories were weighted based upon the percentage of leasable area. Building and grounds cleaning and maintenance occupations were removed from the occupation profile of the tenants because these workers are separately accounted for.

Table 4-3. Summary of Tenants in Existing Office and Industrial Space and Applicable Industry Category

Tenant	Business type	Leasable Area SF	%	Applicable Industry Category and NAICS Code [2]	
Alternative Heating and Cooling Solutions	HVAC, Mechanical	4,400	8%	238220	Plumbing, Heating, and Air-Conditioning Contractors
Woodside Bakery	Food/beverage service	4,320	7%	311800	Bakeries and Tortilla Manufacturing
Rosendin Electric	Electrical contractor	4,250	7%	238210	Electrical and Other Wiring Installation Contractors
Del Rio Stone	Building materials	4,000	7%	238140	Masonry Contractors
Communication Arts	Publishing, Design, Illustration, Photography	25,091	43%	511100	Newspaper, Periodical, Book Publishers
Studio Red	Industrial design	16,529	28%	541400	Specialized Design Services
Subtotal		**58,590**	100%		
Not included for purposes of employee industry mix [1]		6,242			
Total		**64,832**			

(1) Two tenant spaces with unknown business type are not reflected for purposes of estimating the industry mix applicable to existing on-site employees.
(2) NAICS stands for North American Industrial Classification System.

For the new office space, KMA selected industry categories reflective of tech-oriented office tenants including software publishers (NAICS 511200), computer systems design and related services (NAICS 541500), data processing, hosting and related services (NAICS 518200), and other information services (NAICS 519100).

For building services workers, residential on-site property management and maintenance, and ground floor retail/commercial workers, KMA selected representative occupations from the BLS data as shown in Appendix A Tables 7, 8 and 9. While the specific tenant for the ground floor retail / commercial space is not known at this time, a small counter-service food establishment is assumed for purposes of estimating employee occupations.

Table 4-4 provides a summary of worker occupations by major category. Appendix A, Tables 4 to 9 provide a further breakdown of worker occupations by Standard Occupational Classification (SOC) System categories.

Table 4-4. On-Site Employee Households - Occupation Categories										
	Existing Office/Industrial to be Demolished				New Office and Residential					
Occupation Category	Tenants	Building Services	Total Existing	% of Total	Office	Building Services	Resid. Prop Mgmt	Retail / Coml	Total New	% of Total
Management Occupations	(4.8)	0.0	(4.8)	7%	7.3	0.0	0.7	0.0	8.0	12%
Business and Financial	(4.0)	0.0	(4.0)	6%	7.0	0.0	0.0	0.0	7.0	11%
Computer and Mathematical	(2.2)	0.0	(2.2)	3%	21.6	0.0	0.0	0.0	21.6	33%
Architecture and Engineering	(1.0)	0.0	(1.0)	1%	0.5	0.0	0.0	0.0	0.5	1%
Life, Physical, and Social Science	(0.1)	0.0	(0.1)	0%	0.0	0.0	0.0	0.0	0.0	0%
Community and Social Services	0.0	0.0	0.0	0%	0.0	0.0	0.0	0.0	0.0	0%
Legal	(0.1)	0.0	(0.1)	0%	0.3	0.0	0.0	0.0	0.3	1%
Education, Training, and Library	(0.1)	0.0	(0.1)	0%	2.0	0.0	0.0	0.0	2.0	3%
Arts, Design, Entertainment,	(16.8)	0.0	(16.8)	25%	3.5	0.0	0.0	0.0	3.5	5%
Healthcare Practitioners	0.0	0.0	0.0	0%	0.0	0.0	0.0	0.0	0.0	0%
Healthcare Support	0.0	0.0	0.0	0%	0.0	0.0	0.0	0.0	0.0	0%
Protective Service	0.0	0.0	0.0	0%	0.0	0.0	0.0	0.0	0.0	0%
Food Preparation and Serving	(0.4)	0.0	(0.4)	1%	0.0	0.0	0.0	2.1	2.1	3%
Building and Grounds	0.0	(1.6)	(1.6)	2%	0.0	1.2	1.5	0.0	2.7	4%
Personal Care and Service	0.0	0.0	0.0	0%	0.0	0.0	0.0	0.0	0.0	0%
Sales and Related	(6.2)	0.0	(6.2)	9%	6.5	0.0	0.0	0.0	6.5	10%
Office and Administrative Support	(10.0)	0.0	(10.0)	15%	7.4	0.0	0.0	0.0	7.4	11%
Farming, Fishing, and Forestry	(0.0)	0.0	(0.0)	0%	0.0	0.0	0.0	0.0	0.0	0%
Construction and Extraction	(9.5)	0.0	(9.5)	14%	0.0	0.0	0.0	0.0	0.0	0%
Installation, Maint., and Repair	(2.5)	(0.5)	(3.0)	4%	0.3	0.4	1.5	0.0	2.2	3%
Production	(5.7)	0.0	(5.7)	8%	0.1	0.0	0.0	0.0	0.1	0%
Transportation & Material Moving	(3.1)	0.0	(3.1)	4%	0.1	0.0	0.0	0.0	0.1	0%
Totals	(66)	(2)	(68)	100%	57	2	4	2	65	100%

Notes: See Appendix A Tables 4, 6, 7, 8 and 9 for more detailed breakdown of occupation categories.

Step 4 – Estimate of Employee Wage and Salary Distribution

The employee wage and salary distribution is based on the occupational distribution from Step 3 in combination with 2019 wage and salary information for each occupation for the San Francisco-Oakland-Hayward metropolitan statistical area, which includes San Mateo County from the BLS Occupational Employment Survey (OES). In addition to the average compensation levels, the analysis also utilizes BLS data regarding the percentile distribution of wages within individual occupation categories in estimating the distribution of worker compensation levels. The data on employee wages and salaries utilized in the analysis is presented in Appendix A Tables 4, 6, 7, 8, and 9.

Step 5 – Household Size Distribution

In this step, the household size distribution of workers is estimated using U.S. Census 2014-2018 ACS data for San Mateo County. Data for the County is used since workers are more representative of the larger area in which workers live (the County) than the City of Menlo Park. In addition to the distribution in household sizes, the data also accounts for a range in the

number of workers in households of various sizes. Table 4-5 indicates the percentage distribution utilized in the analysis.

Table 4-5. Percent of Households by Size and No. of Workers		
No. of Persons in Household	No. of Workers in Household	Percent of Total Households
1	1	15.1%
2	1	13.5%
	2	16.8%
3	1	7.2%
	2	9.9%
	3+	3.8%
4	1	4.7%
	2	7.9%
	3+	5.7%
5	1	2.1%
	2	3.5%
	3+	2.5%
6	1	1.9%
	2	3.2%
	3+	2.3%
Total		100%

Source: 2014-2018 American Community Survey data for San Mateo County.

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

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 the employee wage and salary distribution (Step 4), the worker household distribution (Step 5) and the 2020 HCD income limits for San Mateo County, as described above.

Household incomes are estimated based upon ratios between individual employee income and household income derived from U.S. Census data shown in Table 4-6. The ratios adjust employee incomes upward even for households with only one worker in consideration of non-wage/salary income sources such as child support, disability, social security, investment income and others.

Table 4-6. Ratio of Household Income to Individual Worker Income

Individual Worker Income	One Worker Households	Two Worker Households	Three or More Workers
$25,000 to $50,000	1.30	2.74	3.32
$50,000 to $75,000	1.14	2.16	2.42
$75,000 to $100,000	1.08	1.89	2.04
$100,000 to $150,000	1.05	1.71	1.78
$150,000 to $200,000	1.04	1.56	1.57
$200,000 to $250,000	1.04	1.49	1.49
$250,000 to $300,000	1.02	1.44	1.44
$300,000 to $500,000	1.04	1.28	1.28
$500,000 and above	1.02	1.23	1.23

Source: KMA analysis of 2014 to 2018 American Community Survey PUMS data for San Francisco Bay Area.

Estimated household incomes are compared to HCD income criteria to determine the percentage that qualify within each income category. The comparison is made for each potential household size/number of workers combination. The result is multiplied by the percentage distribution of household sizes and number of workers per household from Step 5 to calculate the distribution of worker households by income.

Table 4-7 presents the estimated number of households in each income tier by worker occupation category. It represents the output of the analysis, after completing Step 4 (employee compensation levels), Step 5 (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 4-7
EMPLOYEE HOUSEHOLDS BY OCCUPATION
AND INCOME (STEPS 4, 5, AND 6)
MENLO PORTAL PROJECT
HOUSING NEEDS ASSESSMENT
MENLO PARK, CA

	Existing Office / Industrial Space							Building Services / Existing						
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
Step 4, 5, & 6 - Employee Households within Major Occupation Categories[1]														
Management	-	(0.07)	(0.54)	(0.56)	(0.86)	(2.80)	(4.83)	-	-	-	-	-	-	-
Business and Financial Operations	(0.00)	(0.35)	(1.18)	(1.02)	(0.94)	(0.51)	(4.00)	-	-	-	-	-	-	-
Computer and Mathematical	(0.00)	(0.08)	(0.43)	(0.42)	(0.55)	(0.74)	(2.22)	-	-	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Training and Library	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arts, Design, Entertainment, Sports, & Media	(0.12)	(2.46)	(5.99)	(4.00)	(3.05)	(1.17)	(16.78)	-	-	-	-	-	-	-
Healthcare Practitioners and Technical	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Healthcare Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Protective Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food Preparation and Serving Related	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Grounds and Maintenance	-	-	-	-	-	-	-	(0.27)	(0.53)	(0.57)	(0.18)	(0.04)	-	(1.58)
Personal Care and Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales and Related	(0.28)	(1.19)	(2.03)	(1.36)	(1.06)	(0.26)	(6.19)	-	-	-	-	-	-	-
Office and Admin	(0.52)	(2.99)	(4.02)	(2.09)	(0.37)	(0.03)	(10.02)	-	-	-	-	-	-	-
Farm, Fishing, and Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction and Extraction	(0.12)	(1.36)	(3.01)	(2.09)	(1.87)	(1.06)	(9.51)	-	-	-	-	-	-	-
Installation Maintenance and Repair	(0.05)	(0.46)	(0.96)	(0.48)	(0.37)	(0.14)	(2.46)	(0.02)	(0.14)	(0.24)	(0.07)	(0.05)	-	(0.53)
Production	(0.62)	(1.97)	(2.27)	(0.66)	(0.11)	(0.03)	(5.67)	-	-	-	-	-	-	-
Transportation and Material Moving	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Households: Major Occupations	(1.71)	(10.93)	(20.44)	(12.68)	(9.17)	(6.73)	(61.68)	(0.29)	(0.67)	(0.81)	(0.25)	(0.09)	-	(2.11)
Households: all other occupations[2]	(0.13)	(0.84)	(1.56)	(0.97)	(0.70)	(0.51)	(4.72)	-	-	-	-	-	-	-
Total Households	**(1.85)**	**(11.76)**	**(22.01)**	**(13.65)**	**(9.88)**	**(7.25)**	**(66.39)**	**(0.29)**	**(0.67)**	**(0.81)**	**(0.25)**	**(0.09)**	**-**	**(2.11)**
Total Households - Rounded	(2)	(12)	(22)	(13)	(10)	(7)	(66)	-	(1)	(1)	-	-	-	(2)

Notes:

[1] See Appendix A Tables 3 and 5 for additional information on Major Occupation Categories.

[2] 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 A Tables 3 to 9 for information on major and detailed occupation categories identified for detailed compensation analysis.

TABLE 4-7
EMPLOYEE HOUSEHOLDS BY OCCUPATION
AND INCOME (STEPS 4, 5, AND 6)
MENLO PORTAL PROJECT
HOUSING NEEDS ASSESSMENT
MENLO PARK, CA

	New Office Space							Building Services / New Office						
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
Step 4, 5, & 6 - Employee Households within Major Occupation Categories[1]														
Management	-	0.05	0.50	0.66	1.24	4.84	7.29	-	-	-	-	-	-	-
Business and Financial Operations	0.00	0.58	2.01	1.77	1.64	0.99	6.99	-	-	-	-	-	-	-
Computer and Mathematical	0.00	0.51	3.48	3.73	5.45	8.46	21.64	-	-	-	-	-	-	-
Architecture and Engineering	0.00	0.02	0.12	0.10	0.14	0.16	0.55	-	-	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Training and Library	-	0.27	0.68	0.45	0.54	0.05	2.00	-	-	-	-	-	-	-
Arts, Design, Entertainment, Sports, & Media	0.02	0.40	1.16	0.88	0.74	0.33	3.54	-	-	-	-	-	-	-
Healthcare Practitioners and Technical	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Healthcare Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Protective Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food Preparation and Serving Related	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Grounds and Maintenance	-	-	-	-	-	-	-	0.20	0.40	0.42	0.14	0.03	-	1.19
Personal Care and Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales and Related	0.10	0.99	1.88	1.64	1.37	0.50	6.49	-	-	-	-	-	-	-
Office and Admin	0.37	2.18	3.08	1.41	0.30	0.03	7.37	-	-	-	-	-	-	-
Farm, Fishing, and Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction and Extraction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Installation Maintenance and Repair	-	-	-	-	-	-	-	0.02	0.10	0.18	0.06	0.04	-	0.40
Production	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and Material Moving	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Households: Major Occupations	0.50	5.01	12.92	10.65	11.43	15.36	55.87	0.22	0.50	0.61	0.19	0.07	-	1.58
Households: all other occupations[2]	0.01	0.09	0.24	0.20	0.21	0.29	0.75	-	-	-	-	(0.00)	-	(0.00)
Total Households	**0.51**	**5.10**	**13.16**	**10.85**	**11.65**	**15.64**	**56.91**	**0.22**	**0.50**	**0.61**	**0.19**	**0.07**	**-**	**1.58**
Total Households - Rounded	-	5	13	11	12	16	57	-	1	1	-	-	-	2

Notes:
(1) See Appendix A Tables 3 and 5 for additional information on Major Occupation Categories.
(2) 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 A Tables 3 to 9 for information on major and detailed occupation categories identified for detailed compensation analysis.

TABLE 4-7
EMPLOYEE HOUSEHOLDS BY OCCUPATION
AND INCOME (STEPS 4, 5, AND 6)
MENLO PORTAL PROJECT
HOUSING NEEDS ASSESSMENT
MENLO PARK, CA

	Residential Property Management							Ground Floor Retail / Commercial						
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
Step 4, 5, & 6 - Employee Households within														
Major Occupation Categories[1]														
Management	0.00	0.11	0.24	0.17	0.13	0.09	0.74	-	-	-	-	-	-	-
Business and Financial Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer and Mathematical	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Training and Library	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arts, Design, Entertainment, Sports, & Media	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Healthcare Practitioners and Technical	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Healthcare Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Protective Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food Preparation and Serving Related	-	-	-	-	-	-	-	0.46	0.73	0.81	0.11	0.00	-	2.11
Building Grounds and Maintenance	0.05	0.39	0.65	0.27	0.12	-	1.48	-	-	-	-	-	-	-
Personal Care and Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales and Related	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office and Admin	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farm, Fishing, and Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction and Extraction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Installation Maintenance and Repair	0.06	0.39	0.68	0.21	0.14	-	1.48	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and Material Moving	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Households: Major Occupations	0.11	0.89	1.56	0.65	0.39	0.09	3.69	0.46	0.73	0.81	0.11	0.00	-	2.11
Households: all other occupations[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Households	**0.11**	**0.89**	**1.56**	**0.65**	**0.39**	**0.09**	**3.69**	**0.46**	**0.73**	**0.81**	**0.11**	**0.00**	**-**	**2.11**
Total Households - Rounded	-	1	2	1	-	-	4	-	1	1	-	-	-	2

Notes:

(1) See Appendix A Tables 3 and 5 for additional information on Major Occupation Categories.

(2) 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 A Tables 3 to 9 for information on major and detailed occupation categories identified for detailed compensation analysis.

4.2 Summary by Income Level

Table 4-8 presents a summary of the changes in on-site worker housing demand within commuting distance of Menlo Park by affordability level as a result of removal of existing on-site jobs and addition of new on-site jobs.

Table 4-8. Estimated Changes in On-Site Employee Households by Income							
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
Remove Existing Office/Industrial							
Tenants	(2)	(12)	(22)	(13)	(10)	(7)	(66)
Building Services	0	(1)	(1)	0	0	0	(2)
Total Existing	**(2)**	**(13)**	**(23)**	**(13)**	**(10)**	**(7)**	**(68)**
New Office and Residential							
Office	0	5	13	11	12	16	57
Building Services	0	1	1	0	0	0	2
Residential Property Mgmt	0	1	2	1	0	0	4
Retail / Commercial	0	1	1	0	0	0	2
Total New	**0**	**8**	**17**	**12**	**12**	**16**	**65**

The removal of existing on-site employment is estimated to result in a reduction in housing demand for 68 housing units. This 68-unit reduction in housing demand consists of an estimated 2 Extremely Low, 13 Very Low Income, 23 Low Income, 13 Moderate Income, 10 Above Moderate Income and 7 Over 150% AMI units.

The addition of new on-site employment in the proposed Project is estimated to result in a demand for 65 housing units consisting of an estimated 8 Very Low Income, 17 Low Income, 12 Moderate Income, 12 Above Moderate Income and 16 Over 150% AMI units.

5.0   HOUSING DEMAND OF OFF-SITE WORKERS IN SERVICES TO NEW RESIDENTS

The following section provides an analysis of the linkages between development of the new residential units on the Project site, jobs generated in off-site services such as retail and restaurants, and the housing needs of the workers who hold these off-site jobs. Off-site jobs addressed in this section are incorporated into the analysis consistent with the terms of the 2017 settlement agreement which requires, to the extent possible, consideration of multiplier effects.

The analysis of housing demands for off-site workers starts with the estimated rental rate for the new units and moves through a series of linkages from the estimated income of the household that rents the unit, the portion of income available for expenditures on goods and services, jobs associated with the purchase and delivery of those services, the income of the workers doing those jobs and, ultimately, the affordability level of the housing needed by the workers.

The number of jobs by industry that are generated from the household spending of residents living in the proposed Project is estimated using the IMPLAN (IMpact Analysis for PLANning) model, a model widely used for the past 35 years to quantify the impacts of changes in a local economy. The number of jobs by industry is then used to estimate worker housing need by income level using the same approach as in Section 4.

5.1   Estimated Household Incomes of New Residents

The estimated household incomes of residents in the new market rate residential units are drawn from the analysis provided in Section 3.2. For BMR units, household income is estimated based on the mid-point of the income range that would qualify for a BMR unit. Household income figures are then multiplied by the number of units to estimate the aggregate household income for all residents of the proposed Project as shown in Table 5-1. Aggregate household income is used to estimate household spending, the input to the IMPLAN model that is used to quantify the number of off-site jobs associated with household spending of new residents.

Table 5-1. Aggregate Household Income of New Residents					
	Estimated Household Income [1]		Number of Units		Aggregate Income
	BMR	Market Rate	BMR	Market Rate	
Studios	$79,250	$122,320	7	56	$7,404,670
Jr 1-Bedrooms	$79,250	$134,760	11	45	$6,935,950
1-Bedrooms	$90,575	$144,760	21	130	$20,720,875
2-Bedrooms	$101,900	$178,240	8	43	$8,479,520
3-Bedrooms	$113,200	$237,960	1	13	$3,206,680
Total			48	287	$46,747,695
Average Per Household					$139,545

(1) For market rate units, see Table 3-3. For BMR units, estimates are based on the mid-point of the qualifying income range. The City has determined that the junior one-bedroom will technically be considered studios as they likely cannot have traditional enclosed bedrooms.

Income Available for Expenditures

The input into the IMPLAN model used in this analysis is the net income available for expenditures. To arrive at income available for expenditures, gross income must be adjusted for Federal and State income taxes, contributions to Social Security and Medicare, savings, and payments on household debt. Per KMA correspondence with the producers of the IMPLAN model (IMPLAN Group LLC), other taxes including sales tax and property tax are handled internally within the model as part of the analysis of expenditures. Payroll deduction for medical benefits and pre-tax medical expenditures are also handled internally within the model. Table 5-2 shows the calculation of the percentage of household income available for expenditures.

Table 5-2. Percent of Income Available for Expenditures [1]	
Gross Income	100%
Less:	
Federal Income Taxes [2]	13.3%
State Income Taxes [3]	4.0%
FICA Tax Rate [4]	7.65%
Savings & other deductions [5]	8%
Subtotal deductions	33%
***Percent of Income Available for Expenditures*[6]**	***67%***

(1) Calculated as gross income after deduction of taxes and savings. Income available for expenditures is the input to the IMPLAN model which is used to estimate the resulting employment impacts. Housing costs are not deducted as part of this adjustment step because they are addressed separately as expenditures within the IMPLAN model.

(2) Reflects average tax rates (as opposed to marginal) based on U.S. Internal Revenue Services, Tax Statistics, Tables 1.2 and 2.1 for 2017.Tax rates reflect averages for applicable income range. Assumes the standard deduction.

(3) Average tax rate estimated by KMA based on marginal rates per the California Franchise Tax Board and ratios of taxable income to gross income estimated based on U.S. Internal Revenue Service data.

(4) For Social Security and Medicare.

(5) Household savings including retirement accounts like 401k / IRA and other deductions such as interest costs on credit cards, auto loans, etc, necessary to determine the amount of income available for expenditures. The 8% rate used in the analysis is based on a 20 year average computed from U.S. Bureau of Economic Analysis data, specifically the National Income and Product Accounts, Table 2.1 "Personal Income and Its Disposition."

(6) Deductions from gross income to arrive at the income available for expenditures are consistent with the way the IMPLAN model and National Income and Product Accounts (NIPA) defines income available for personal consumption expenditures. Income taxes, contributions to Social Security and Medicare, and savings are deducted; however, property taxes and sales taxes are not. Housing costs are not deducted as part of the adjustment because they are addressed separately as expenditures within the IMPLAN model.

Income available for expenditures is estimated at approximately 67% of gross income. Federal tax rates are estimated at 13.3% of gross income based upon Internal Revenue Service data. State taxes are estimated to average 4% of gross income based on tax rates per the California Franchise Tax Board. The employee share of FICA payroll taxes for Social Security and Medicare is 7.65% of gross income. A ceiling of $137,700 per employee applies to the 6.3% Social Security portion of this tax rate.

Savings and repayment of household debt represent another necessary adjustment to gross income. Savings includes various IRA and 401 K type programs as well as non-retirement

household savings and investments. Debt repayment includes auto loans, credit cards, and all other non-mortgage debt. Savings and repayment of debt are estimated to represent a combined 8% of gross income based on the 20-year average derived from United States Bureau of Economic Analysis data.

The percentage of income available for expenditure for input into the IMPLAN model is prior to deducting housing costs. The reason is for consistency with the IMPLAN model which defines housing costs as expenditures. The IMPLAN model addresses the fact that expenditures on housing do not generate employment to the degree other expenditures such as retail or restaurants do, but there is some maintenance and property management employment generated.

After deducting income taxes, Social Security, Medicare, savings, and repayment of debt, the estimated income available for expenditures is 67% of gross household.

Another adjustment made to spending is to account for standard operational vacancy in rental units of 5%, a level of vacancy considered average for rental units in a healthy market.

Table 5-3 presents the estimate of household income available for expenditures in the local economy after adjustments to income available for expenditures and vacancy:

Table 5-3. Income Available for Expenditures	
Aggregate Annual Household Income, New Residents (Table 5-1)	$46,747,695
Percent Available for Expenditure (Table 5-2)	67%
Adjustment for 5% rental vacancy	95%
Aggregate Household Income Available	$29,755,000

The estimated household income available for expenditure associated with the 335 new residential units is the input into the IMPLAN model.

5.2   The IMPLAN Model

Consumer spending by residents of new housing units will create jobs, particularly in sectors such as restaurants, health care, and retail, which are closely connected to the expenditures of residents. The widely used economic analysis tool, IMPLAN, was used to quantify these new jobs by industry sector.

5.2.1 IMPLAN Model Description

The IMPLAN model is an economic analysis software package now commercially available through the IMPLAN Group, LLC. IMPLAN was originally developed by the U.S. Forest Service, the Federal Emergency Management Agency, and the U.S. Department of the Interior Bureau of Land Management and has been in use since 1979 and refined over time. It has become a widely used tool for analyzing economic impacts for a broad range of applications from major construction projects to natural resource programs.

IMPLAN is based on an input-output accounting of commodity flows within an economy from producers to intermediate and final consumers. The model establishes a matrix of supply chain relationships between industries and also between households and the producers of household goods and services. Assumptions about the portion of inputs or supplies for a given industry likely to be met by local suppliers, and the portion supplied from outside the region or study area are derived internally within the model using data on the industrial structure of the region.

The output or result of the model is generated by tracking changes in purchases for final use (final demand) as they filter through the supply chain. Industries that produce goods and services for final demand or consumption must purchase inputs from other producers, which in turn, purchase goods and services. The model tracks these relationships through the economy to the point where leakages from the region stop the cycle. This allows the user to identify how a change in demand for one industry will affect a list of over 500 other industry sectors. The projected response of an economy to a change in final demand can be viewed in terms of economic output, employment, or income.

Data sets are available for each county and state, so the model can be tailored to the specific economic conditions of the region being analyzed. This analysis utilizes the data set for San Mateo County. As will be discussed, much of the employment impact is in local-serving sectors, such as retail, eating and drinking establishments, and medical services. It is likely that many off-site employment impacts will occur in Menlo Park and other nearby jurisdictions; however, employment impacts will also extend throughout the county and beyond based on where residents of the proposed Project will shop, dine, seek medical care and other services. Consistent with the approach taken in most residential affordable housing nexus analyses, the analysis includes job impacts throughout the county.

The Covid-19 pandemic has modified consumer spending patterns due to shelter-in-place orders, business closures, and altered consumer preferences and shopping patterns in response to the virus. It is assumed that the pandemic is a temporary condition which is not representative of future conditions when the proposed Project would be completed and occupied. Spending may mostly revert to pre-pandemic patterns once the virus is contained. However, it is possible that some changes in response to the virus, such as an accelerated shift toward online retail, could endure to some degree post-pandemic. Since there is no data on

post-pandemic spending patterns, the analysis uses the most recent IMPLAN data set available, which is representative of the pre-pandemic pattern.

5.2.2 Application of the IMPLAN Model to Estimate Job Growth

The IMPLAN model was applied to link income to household expenditures to job growth. The estimated annual household spending of the residents of the 335 new housing units is the input to the IMPLAN model. The IMPLAN model then distributes spending among various types of goods and services (industry sectors) based on data from the Consumer Expenditure Survey and the Bureau of Economic Analysis Benchmark input-output study, to estimate the number of off-site jobs.

Job creation, driven by increased demand for products and services, was projected for each of the industries that will serve the new households. A total of 120 off-site jobs are estimated to be generated by spending of the residents as summarized in Table 5-4. Estimates in Table 5-4 exclude on-site jobs in the ground floor commercial space and in property management and maintenance of the residential units which are already considered as part of the Section 4 analysis.

Table 5-4. Jobs Generated from Household Spending of 335 Residential Units	
Annual Household Expenditures	$29,755,000
Estimated Number of Off-site Jobs	120.0

As households added to the City by the proposed Project are new and these new households result in net new demand for products and services, the jobs associated with delivery of these products and services are also estimated to be net new jobs. While there may be an ability for existing retail, health care facilities, restaurants, schools and other services to absorb a share of new demand to some extent, existing establishments will still require additional employees in many cases. For example, individual health care providers are only able to see so many patients in a day. Waiters and cooks in restaurants can only serve so many customers. Grocery stores may need to add staff at check-out lanes in response to added demand, and so on. Employment in sectors that serve residents tends to expand with population. As indicated in Section 5.2.3, the ratio between employment in resident-serving sectors of the economy and the number of housing units is relatively consistent at the city and county geographic scales, indicating resident-serving jobs tend to be proportionate to the number of housing units and population.

Table 5-5 provides a detailed breakdown of the employment by industry sorted by projected employment. The Consumer Expenditure Survey published by the Bureau of Labor Statistics tracks expenditure patterns by income level. IMPLAN utilizes this data to reflect the pattern by income bracket. Estimated employment is shown for each IMPLAN industry sector representing 1% or more of total employment. The jobs that are generated are heavily retail jobs, jobs in restaurants and other eating establishments, and in services that are provided locally such as health care.

Table 5-5. Jobs Generated by Industry from Housing Spending [IMPLAN Output]		
Industry Category	**Number of Jobs**	**Percent**
Full-service restaurants	8.2	7%
Limited-service restaurants	6.8	6%
All other food and drinking places	0.3	0%
Subtotal Restaurant	15.3	13%
Retail - Building material and garden equipment stores	0.9	1%
Retail - Clothing and clothing accessories stores	2.5	2%
Retail - Electronics and appliance stores	1.1	1%
Retail - Food and beverage stores	4.5	4%
Retail - Furniture and home furnishings stores	1.1	1%
Retail - Gasoline stores	0.6	1%
Retail - General merchandise stores	3.2	3%
Retail - Health and personal care stores	2.1	2%
Retail - Miscellaneous store retailers	2.2	2%
Retail - Clothing and accessories	1.3	1%
Retail - Nonstore retailers	1.6	1%
Retail - Sporting goods, hobby, musical and book stores	1.1	1%
Personal care services	3.7	3%
Subtotal Retail and Service	26.0	22%
Offices of dentists	2.7	2%
Offices of other health practitioners	3.7	3%
Outpatient care centers	1.7	1%
Offices of physicians	3.1	3%
Other ambulatory health care services	0.5	0%
Home health care services	3.1	3%
Hospitals	3.6	3%
Subtotal Healthcare	18.4	15%
Elementary and secondary schools	1.4	1%
Junior colleges, colleges, universities	0.8	1%
Other educational services	1.2	1%
Subtotal Education	3.4	3%
Individual and family services	5.6	5%
Other personal services	3.8	3%
Automotive repair and maintenance	2.7	2%
Child day care services	2.6	2%
Other financial investment activities	2.6	2%
Automotive repair and maintenance	1.7	1%
Religious organizations	1.5	1%
Fitness and recreational sports centers	1.2	1%
Transit and ground passenger transportation	1.2	1%
All Other	34.0	28%
Total Number of Jobs Generated	**120**	**100%**

(1) Estimated employment generated by household expenditures of Project residents for Industries representing more than 1% of total employment. Employment estimates are based on the IMPLAN Group's economic model, IMPLAN, for San Mateo County (uses 2018 IMPLAN data set, the most recent available as of April 2020). Includes both full- and part-time jobs.

5.2.3 Cross-Check Based on Existing Number of Resident-Serving Jobs

As context for the estimated number of off-site jobs and a secondary cross-check for reasonableness, Table 5-6 provides comparisons to the existing ratio of resident-serving jobs in sectors such as health care, retail, food service and education and the number of residential units within Menlo Park and San Mateo County. In Menlo Park, there are 7,944 existing jobs in resident-serving sectors based on data from the U.S. Census and 14,082 residential units based on data from the California Department of Finance. These figures translate to a ratio of approximately 189 resident-serving jobs for every 335 residential units[13]. The ratio for San Mateo County is similar at 187 resident-serving jobs for every 335 residential units. Based on existing relationships between resident-serving jobs and residential units for both the City and the County, estimates for the proposed Project appear reasonable.

Estimates for the proposed Project reflect a lower ratio of resident serving jobs to housing units than overall averages based on the characteristics of the proposed Project which consists of 81% studio and one-bedroom units. Households occupying the proposed Project will be smaller[14] than the average household size for the City of 2.64 persons per household and 2.88 persons per household for the County per the California Department of Finance. Smaller household sizes will correspond to lower demand for services compared to overall averages, particularly for services like health care and education that are driven by population. In addition, the proposed Project includes BMR units. Residents of BMR units will have lower household incomes and will drive a lower level of demand for services, particularly in sectors like restaurants that are driven more by discretionary spending. Finally, the City and County averages include employment within the identified sectors associated with serving the business and visitor population as well as residents, resulting in higher ratios than would be the case for jobs associated with residents alone. Therefore, the ratio between the estimated number of resident-serving jobs and the number of residential units for the proposed Project is appropriately less than citywide or countywide averages.

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[13] Calculated as 7,944 jobs divided by 14,082 residential units and multiplied by 335 units. This 335-unit figure is selected for ready comparison to the proposed Project.

[14] Based on the unit mix of the proposed Project of 19% studios, 17% junior one bedrooms, 45% one-bedrooms, 15% two-bedrooms, 4% three-bedrooms and the HCD standard for relating number of bedrooms to household size of one plus the number of bedrooms, the proposed Project is estimated to correspond to an average household size of approximately 1.88 persons.

Table 5-6. Comparison to Existing City and County Relationships Between Number of Residential Units and Number of Jobs in Key Resident Serving Sectors.					
	Existing Jobs [1]		Jobs Per 335 Residential Units		
	City of Menlo Park	San Mateo County	Actual: City of Menlo Park [4]	Actual: San Mateo County [4]	Estimate for Proposed Project
Key Resident-Serving Sectors					
Health Care	2,153	39,857	51.2	47.5	31.9
Retail Trade	1,602	34,260	38.1	40.9	22.3
Food Service	1,780	38,271	42.3	45.6	15.2
Education	1,160	22,149	27.6	26.4	3.4
Other Services[2]	993	15,587	23.6	18.6	17.4
Arts, Entertainment, and Recreation	256	6,534	6.1	7.8	3.2
Subtotal Resident-Serving	7,944	156,658	**189**	**187**	**93**
Other Sectors	33,943	242,366	807	289	27
Total All Sectors	41,887	399,024	996	476	120
Number of Residential Units[3]	14,082	280,879			

(1) U.S. Census Longitudinal Employer-Household Dynamics, 2017 data for workplace geography.

(2) Includes a broad range of services from auto repair, to dry cleaning, to religious organizations.

(3) Number of housing units as of January 1, 2020 per California Department of Finance Table E-5, Population and Housing Estimates for Cities, Counties, and the State, 2011-2020 with 2010 Census Benchmark.

(4) Calculated by dividing the total number of jobs by the number of residential units and multiplying by 335 units.

Note: The number of jobs by industry from the HNA have been aggregated by major industry category to allow ready comparison to actual existing jobs in the City of Menlo Park and in San Mateo County.

5.3   Analysis of Housing Need by Income

This section presents a summary of the analysis linking the number of off-site jobs associated with the new residential units to the estimated number of housing units required in each of six income categories. The analysis is based on the same methodology as Section 4 and consists of the following analysis steps.

Step 1 – Adjustment from Employees to Employee Households

This step (Table 5-7) converts the number of employees identified in Table 5-5 to the number of employee households, recognizing that there is, on average, more than one worker per household, and thus the number of housing units in demand for new workers is reduced. The workers-per-worker-household ratio eliminates from the equation all non-working households, such as retired persons and students. The San Mateo County average of 1.90 workers per worker household derived from the U. S. Census Bureau 2014-2018 American Community Survey is used for this step in the analysis, consistent with Section 4. The estimated 120 off-site jobs is divided by 1.90 to estimate the number of worker households of 63.

Table 5-7. Estimated Net Change in On-Site Employee Households	
Off-Site Jobs in Services to New Residents	120.0
Number Employee Households - Off-site workers (at 1.90 workers per household) [1]	63.2

(1) Derived from 2014-2018 U.S. Census American Community Survey data for San Mateo County

Step 2 – Occupational Distribution of Employees

The occupational breakdown of employees is the first step to arrive at income level. The output from the IMPLAN model provides the number of employees by industry sector, shown in Table 5-5. The IMPLAN output is then paired with data from the Department of Labor, Bureau of Labor Statistics May 2018 Occupational Employment Survey (OES) to estimate the occupational composition of employees for each industry sector. As shown in Table 5-8, new jobs will be distributed across a variety of occupational categories. The three largest occupational categories are sales and related (13.8%), office and administrative support (12.6%), and food preparation and serving (13.4%). Table 5-8 indicates the percentage and number of employee households by occupation for off-site workers.

Table 5-8. Worker Households by Occupation – Jobs in Off-Site Services to New Residential Units		
Occupation Category	**Number of Worker Households**	**% of Jobs**
Management Occupations	2.6	4.1%
Business and Financial	2.7	4.3%
Computer and Mathematical	0.9	1.3%
Architecture and Engineering	0.1	0.2%
Sciences	0.2	0.4%
Community & Social Services	1.4	2.1%
Legal	0.5	0.7%
Education, and Library	2.0	3.2%
Arts, Design, Entertainment	0.9	1.4%
Healthcare Practitioners	5.3	8.3%
Healthcare Support	6.2	9.7%
Protective Service	0.4	0.6%
Food Prep and Serving	8.5	13.4%
Building and Grounds.	1.4	2.3%
Personal Care and Service	4.0	6.4%
Sales and Related	8.7	13.8%
Office and Admin Support	8.0	12.6%
Farming, Fishing, Forestry	0.0	0.1%
Construction and Extraction	0.5	0.8%
Installation, Maint. and Repair	2.2	3.5%
Production	1.0	1.6%
Transportation	5.9	9.3%
Totals	**63.2**	**100.0%**

See Appendix Tables 1 and 2 for additional detail.

Step 3 – Estimates of Employee Households by Income

In this step, occupations are translated to employee incomes based on recent wage and salary information for workers in San Mateo County from the BLS Occupational Employment Survey. The wage and salary information summarized in Appendix A Table 2 provided the income inputs to the analysis.

For each occupational category shown in Table 5-8, the OES data provides a distribution of specific occupations within the category. For example, within the Food Preparation and Serving Category, there are Supervisors, Cooks, Bartenders, Waiters and Waitresses, Dishwashers, etc. In total, there are approximately 100 detailed occupation categories included in the analysis, as shown in the Appendix A Table 2. Each of these occupation categories has a different distribution of wages, which was obtained from BLS and is specific to workers in the County as of 2019.

Household incomes are estimated from employee incomes using ratios between individual employee income and household income derived from 2014-2018 ACS data for the San Francisco Bay Area. Ratios used in this section are the same as those used in Section 4 and presented in Table 4-6.

Estimated household incomes are compared to the income criteria shown in Table 2-2 to determine the percentage that qualify within each income category for each potential household size/number of workers combination.

Step 4 – Distribution of Household Size and Number of Workers

In this step, we account for the distribution in household sizes and number of workers using local data obtained from the U.S. Census. 2014-2018 ACS data is used to develop a set of percentage factors representing the distribution of household sizes and number of workers within working households. The percentage factors are the same as used in Section 4 and presented in Table 4-5. Application of these percentage factors accounts for the following:

- Households have a range in size and a range in the number of workers.

- Large households generally have more workers than smaller households.

The result of this step is a distribution of working households by number of workers and household size.

Step 5 – Estimate of Number of Households that Meet Size and Income Criteria

Step 5 is the final step to calculate the number of worker households meeting the size and income criteria for the five affordability tiers. The calculation combines the results from Step 3 on percentage of worker households that would meet the income criteria at each potential household size / number of workers combination, with Step 4, the percentage of worker

household having a given household size / number of workers combination. The result is the percent of households that fall into each affordability tier. The percentages are then multiplied by the number of households from Step 1 to arrive at number of households in each affordability tier.

Tables 5-9 presents the resulting estimates of the number of households within each income category by worker occupation category.

Table 5-9. Employee Households by Occupation and Income (Steps 3, 4, and 5) for Workers in Off-Site Services To New Residents							
Major Occupation Category [1]	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
Management	0.0	0.1	0.4	0.4	0.5	1.3	2.6
Business and Financial Operations	0.0	0.2	0.7	0.6	0.6	0.5	2.7
Computer and Mathematical	-	-	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-
Education Training and Library	0.1	0.7	0.7	0.4	0.1	0.0	2.0
Arts, Design, Entertainment, Sports, & Media	-	-	-	-	-	-	-
Healthcare Practitioners and Technical	0.0	0.2	1.0	1.0	1.3	1.8	5.3
Healthcare Support	1.3	2.2	2.2	0.4	0.0	-	6.2
Protective Service	-	-	-	-	-	-	-
Food Preparation and Serving Related	2.0	3.0	3.1	0.3	0.0	-	8.5
Building Grounds and Maintenance	0.2	0.5	0.6	0.2	0.0	-	1.4
Personal Care and Service	0.8	1.4	1.4	0.3	0.1	0.0	4.0
Sales and Related	1.7	2.9	3.2	0.6	0.3	0.1	8.7
Office and Admin	0.4	2.5	3.2	1.7	0.2	-	8.0
Farm, Fishing, and Forestry	-	-	-	-	-	-	-
Construction and Extraction	-	-	-	-	-	-	-
Installation Maintenance and Repair	0.0	0.5	0.8	0.5	0.3	0.0	2.2
Production	-	-	-	-	-	-	-
Transportation and Material Moving	0.9	1.9	2.2	0.7	0.1	-	5.9
Households: Major Occupations	7.4	16.1	19.5	7.1	3.6	3.7	57.4
Households: all other occupations [2]	0.7	1.6	2.0	0.7	0.4	0.4	5.8
Total Households	8.2	17.7	21.5	7.9	4.0	4.0	63.2
Rounded	8.0	18.0	21.0	8.0	4.0	4.0	63.0

[1] See Appendix A Table 1 - 2 for additional information on Major Occupation Categories.

[2] 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. See Appendix A Tables 1 - 2 for information on major and detailed occupation categories identified for detailed compensation analysis.

5.4   Summary of Housing Need by Income, Off-site Workers

Table 5-10 summarizes the demand for housing by workers in off-site services to the 335 new residential units by income category.

Table 5-10. Estimated Off-Site Employee Households by Income							
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
Worker Households by Income	8	18	21	8	4	4	63

As shown in Table 5-10, the 335 residential units are estimated to create a demand for an additional 63 housing units for off-site workers in services such as retail, restaurants and education. Housing demand for new off-site workers is distributed across the income tiers with the greatest number of households in the Very Low and Low Income categories. The finding that the jobs associated with consumer spending tend to be low-paying jobs where the workers will require housing affordable at the lower income levels is not surprising. As noted above, consumer spending results in employment that is concentrated in lower paid occupations including food preparation, administrative, and retail sales.

6.0 NET IMPACT ON HOUSING AVAILABILITY

This section combines the findings of the prior three sections to estimate the net impact on housing availability from the proposed Project by income. Net impacts on housing availability represent the combined housing supply and demand effects of the proposed Project including from:

- Added housing supply (Section 3);
- Reduced housing demand from removal of existing on-site jobs (Section 4);
- Added housing demand from new on-site jobs (Section 4); and
- Added housing demand from jobs in off-site services to new residential units (Section 5).

Additions to housing supply are considered increases in housing availability. Reductions in housing demand are also considered to *increase* housing availability because this makes existing units available; conversely, increases in housing demand are considered as reducing housing availability.

Section 6.1 addresses total housing availability impacts regardless of location. Section 6.2 provides an estimate specific to impacts occurring within Menlo Park.

6.1 Net Impact on Housing Availability Regionally

The proposed Project is estimated to increase the number of available housing units by 275 units as shown in Table 6-1. This estimate reflects the combined effect of:

- Adding 335 new residential units to the housing supply.

- A 68-unit increase in housing availability from removal of existing on-site jobs, which removes existing worker housing demand.

- A 65-unit decrease in housing availability due to added housing demand from new on-site workers.

- A 63-unit decrease in housing availability due to added housing demand by off-site workers who provide services to residents of the proposed Project.

Table 6-1. Estimated Net Impact of Project on Housing Availability	
1. Increase in available housing from construction of new units (Section 3)	335 Units
2. Increase in available housing from removal of existing on-site jobs, which reduces worker housing demand (Section 4)	68 Units
3. Decrease in available housing from increase in housing demand by new on-site workers (Section 4)	(65 Units)
4. Decrease in available housing from increase in housing demand by off-site workers in services to new residents (Section 5)	(63 Units)
Net Increase in Available Housing	275 Units

Table 6-2 provides a breakout of the housing availability findings by income category. As shown, the 275-unit net increase in housing availability consists of 33 Low and 268 Above Moderate Income units. Increased housing availability in the Low and Above Moderate categories is offset by decreases within the Extremely Low, Very Low and Moderate categories of six, 13, and seven units, respectively, as a result of added housing demand from on- and off-site workers that exceeds added housing availability from construction of new units and removal of on-site jobs within these income categories.

Table 6-2. Net Impacts on Housing Availability by Income Category	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
1. Increase in available housing from construction of new units	0	0	48	0	274	13	335
2. Increase in available housing from removal of existing on-site jobs, which reduces worker housing demand	2	13	23	13	10	7	68
3. Decrease in available housing from increase in housing demand from new on-site workers	0	(8)	(17)	(12)	(12)	(16)	(65)
4. Decrease in available housing from increase in housing demand by off-site workers in services to new residents	(8)	(18)	(21)	(8)	(4)	(4)	(63)
Net Increase in Housing Availability [1]	**(6)**	**(13)**	**33**	**(7)**	**268**	**0**	**275**

(1) Negative figures represent a net increase in housing demand that is not offset by added housing supply.

6.2   Menlo Park Share of Impact on Housing Supply and Housing Demand

KMA estimated the share of impacts on housing supply and housing demand that would occur within the City of Menlo Park. Estimates represent an allocation of the total housing availability impacts presented in Table 6-2 based on where housing units included in the proposed Project

will be constructed (in Menlo Park) and where workers will live (a share in Menlo Park and a share outside of Menlo Park). Two scenarios are presented regarding the share of workers who will seek and find housing within the City of Menlo Park:

A. **Current Commute Share (6.3%)** – the "Current Commute Share" scenario is based on the existing 6.3% share of Menlo Park workers who live in the City. Section 6.3 provides additional discussion of the existing commute share.

B. **Increased Commute Share (20%)** – the "Increased Commute Share" scenario assumes 20% of new workers are housed within the City consistent with an assumption used in the City's 2000 commercial linkage fee nexus study[15] (2000 Nexus Study). The 20% commute share assumption from the 2000 Nexus Study reflects a goal of housing a larger share of the City's workforce. This scenario is included for informational purposes in response to interest expressed by the City Council in improving the jobs housing balance and obtaining data to inform the goal of increasing the number of workers who live and work in Menlo Park.

The applicant provided data indicating approximately 10.9% of existing on-site workers live in Menlo Park. The analysis applies this 10.9% commute share to existing on-site workers in both commute scenarios. The commute data for existing tenants was not applied to new employees because the new office space is likely to be occupied by different tenants. The 6.3% and 20% commute shares described above are applied to new on- and off-site employees.

The analysis under the two commute scenarios is described below.

A. Current Commute Share Scenario

The analysis of housing availability impacts within Menlo Park under the Current Commute Share scenario reflects the following allocation of total regional impacts identified in Section 6.1:

(1) All residential units added by the proposed Project are in the City of Menlo Park; therefore, all 335 units are identified as additional housing supply in Menlo Park.

(2) Seven of 68 total units of added housing availability from removal of on-site jobs is estimated to be within Menlo Park based on the 10.9% share of existing on-site workers who live in Menlo Park. Applying the 10.9% factor to the findings by income level from Table 6-2 yields added housing availability in Menlo Park of three Low Income units and one unit in each of the Very Low, Moderate, Above Moderate and Over 150% AMI income categories.

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[15] Commercial Linkage Fee Nexus Study prepared for the City of Menlo Park by Vernazza Wolfe Associates, Inc. dated September 2000.

(3) Four of the 65 total units of additional housing need for new on-site workers is estimated to be within Menlo Park based on the existing 6.3% share of Menlo Park workers who live in the City. Applying the 6.3% factor to the findings by income level from Table 6-2 yields one unit of additional housing need in each of the Very Low, Low, Moderate and Over 150% AMI income categories.

(4) Four of the 63 total units of additional housing need for off-site workers is estimated to be within Menlo Park based on the existing 6.3% share of Menlo Park workers who live in the City. One unit of additional housing need is estimated within each income category from Extremely Low through Moderate Income.

In summary, with the Current Commute Share scenario, the estimated net increase in housing availability in Menlo Park is 334 units based on the 335 new housing units constructed in Menlo Park, plus seven units of added housing availability from removal of on-site jobs, minus four units of new housing demand from new on-site workers and four units of new housing demand from new off-site workers.

Table 6-3 presents the findings by income level. As shown, the estimated 334-unit net increase in housing availability in Menlo Park consists of 49 Low, 275 Above Moderate and 13 Over 150% AMI units, offset by a one-unit net decrease in housing availability within each of the Extremely Low, Very Low and Moderate Income categories.

Table 6-3. Estimated Menlo Park Share of Net Housing Availability Impacts with Current Commute Share								
	Basis for Allocation to Menlo Park	Extr. Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
1. Increase in available housing from construction of new units	*all units are in Menlo Park*	-	-	48	-	274	13	335
2. Increase in available housing from removal of existing on-site jobs, which reduces worker housing demand	*Based on current 10.9% commute share for existing workers*	-	1	3	1	1	1	7
3. Decrease in available housing from increase in housing demand from new on-site workers	*Based on current 6.3% Menlo Park commute share*	-	(1)	(1)	(1)	-	(1)	(4)
4. Decrease in available housing from increase in housing demand by off-site workers in services to new residents	*Based on current 6.3% Menlo Park commute share*	(1)	(1)	(1)	(1)	-	-	(4)
Menlo Park Share of Net Increase in Housing Availability		(1)	(1)	49	(1)	275	13	334

B. Increased Commute Share Scenario

The Increased Commute Share scenario is based on the City's 2000 Nexus Study which incorporated a commute share assumption of 20%. This 20% commute share assumption reflects a goal to house a larger share of the City's workforce locally that was approximately double the 10% commute share for Menlo Park as of the time the Nexus Study was prepared[16]. As stated in the 2000 Nexus Study:

Using a relatively higher number provides a goal for the City to achieve. Although inflated housing prices in the 1990's have resulted in a decrease in the percentage of Menlo Park workers who can afford to live in Menlo Park, the City's goal is to encourage local workers to live in Menlo Park in order to achieve a better jobs/housing balance.

This Increased Commute Share scenario provides additional information regarding how analysis findings would vary were the City to seek to house 20% of the added workforce locally consistent with the goal identified in the 2000 Nexus Study.

With the Increased Commute Share scenario, application of the 20% goal-based commute share results in allocation of 13 of the 65 units of added housing demand from new on-site jobs and 13 of the 63 units of additional housing need for off-site workers to Menlo Park, rather than four units each with the Current Commute Share scenario. In total, with the Increased Commute Share scenario, the estimated net increase in housing availability in Menlo Park is 316 units, consisting of 335 new housing units constructed in Menlo Park plus seven units of added housing availability from removal of on-site jobs minus 26 units of new housing demand in Menlo Park from on- and off-site workers.

Table 6-4 presents the findings by income level with the Increased Commute Share. As shown, the estimated 316-unit net increase in housing availability in Menlo Park with the Increased Commute Share consists of 44 Low, 271 Above Moderate and ten Over 150% AMI units, offset by a net decrease in housing availability within the Extremely Low, Very Low and Moderate Income categories of two, five and two units, respectively.

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[16] Per the 1990 Census, Menlo Park's commute share was 10% based on a total number working in Menlo Park of 26,048 of which 2,662 lived in Menlo Park. Figures do not include those who work out of their homes rather than commute to a separate workplace. The 1990 Census was the most recent data available at the time the 2000 Nexus Study was prepared as the 2000 Census data was not yet released. The 2000 Nexus Study references a separate factor of 23%, also as of 1990, which is not comparable to the 10% commute share in 1990. This 23% factor represents the share of Menlo Park *employed residents* (residents who are employed) who work in Menlo Park versus commute out of Menlo Park to a job located in another city.

Table 6-4. Estimated Menlo Park Share of Net Housing Availability Impacts with Increased Commute Share							
	Basis for Allocation to Menlo Park	**Extr. Low**	**Very Low**	**Low**	**Moderate**	**Above Moderate**	**Over 150% AMI**	**Total**
1. Increase in available housing from construction of new units	*all units are in Menlo Park*	-	-	48	-	274	13	335
2. Increase in available housing from removal of existing on-site jobs, which reduces worker housing demand	*Based on current 10.9% commute share for existing workers*	-	1	3	1	1	1	7
3. Decrease in available housing from increase in housing demand from new on-site workers	*2000 Nexus Goal-Based Menlo Park commute share of 20%*	-	(2)	(3)	(2)	(3)	(3)	(13)
4. Decrease in available housing from increase in housing demand by off-site workers in services to new residents	*2000 Nexus Goal-Based Menlo Park commute share of 20%*	(2)	(4)	(4)	(1)	(1)	(1)	(13)
Menlo Park Share of Net Increase in Housing Availability		(2)	(5)	44	(2)	271	10	316

6.3 Additional Discussion of Commute Share

The share of new on- and off-site workers who will live in Menlo Park is estimated based on a commute share of 6.3% in the Current Commute Share scenario. This percentage is derived from the U.S. Census 2014-2018 American Community Survey and reflects the existing share of those working in Menlo Park who also live in Menlo Park, excluding those who work at home. The remaining 93.7% of the workforce commutes in from outside of the City.

Use of the existing commute share specific to the City of Menlo Park may overstate the share of off-site workers likely to live in Menlo Park as some jobs in off-site services to new residents such as retail, medical care, and restaurants may be in nearby cities rather than in Menlo Park. For those who work in nearby cities, the propensity to live in Menlo Park is expected to be less than the 6.3% commute share for Menlo Park workers[17].

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[17] For example, around 3.9% of those who work in Palo Alto live in Menlo Park based on data from the American Community Survey, lower than the 6.3% share for Menlo Park workers.

The existing percentage of workers commuting from other jurisdictions to Menlo Park is attributable to a number of factors including the supply of housing relative to the number of jobs and the high cost of housing in Menlo Park. Although many factors influence housing decisions, because the number of workers that both live and work in Menlo Park is so low and the cost of housing is high, it is possible that the 6.3% does not reflect the proportion of workers who would live in Menlo Park if they could find housing and could afford it. The share of the workforce that lives in Menlo Park has also been declining over time from 10% in 1990 to 7% as of the 2000 Census to 6.3% per the 2014-2018 ACS. 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. The possibility that availability and affordability of housing have contributed to a downward trend in Menlo Park's commute share is the primary reason for including the separate goal-based Increased Commute Share scenario.

Construction of new housing can be expected to contribute toward increasing the number of workers that live locally by providing additional housing opportunities in Menlo Park. The 335-unit size of the proposed Project represents an approximately 2.4% increase in the size of the City's existing housing stock of 14,082 units[18]. While the number of units added is small relative to the larger workforce of more than 40,000, the proposed Project can be expected to contribute incrementally to housing a greater number of workers locally.

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[18] Number of housing units as of January 1, 2020 per California Department of Finance Table E-5, Population and Housing Estimates for Cities, Counties, and the State, 2011-2020 with 2010 Census Benchmark.

7.0   DISPLACEMENT ANALYSIS

This section provides a discussion of the potential for the proposed Project to contribute to displacement of existing residents and neighborhood change in two proximate communities known to be vulnerable to displacement, the City of East Palo Alto (East Palo Alto) and the Belle Haven neighborhood of Menlo Park (Belle Haven). Given the complex array of factors that influence housing markets and neighborhood change, precise estimates or projections of outcomes are not feasible; instead, a qualitative discussion of the potential for the proposed Project to impact displacement is provided.

Location of Proposed Project Relative to Belle Haven and East Palo Alto

The aerial image below shows the location of the proposed Project relative to Belle Haven and East Palo Alto. The proposed Project is located near the Marsh Road and U.S. 101 interchange. Belle Haven is a residential neighborhood located to the east of the Project site generally bounded by U.S. 101, Willow Road and a railroad right-of-way, outlined in red on the aerial image below. East Palo Alto is just to the east of Belle Haven across Willow Road.

Proposed Project, Belle Haven and East Palo Alto Location

Source: Google Maps

7.1   Displacement and Risk of Displacement in East Palo Alto and Belle Haven

Displacement occurs when housing or neighborhood conditions force existing residents to move or households feel like their move is involuntary. Displacement can be caused by a range of physical, economic and social factors including but not limited to foreclosure, condominium

conversion, building deterioration or condemnation, increased taxes, natural disasters, eminent domain, and increases in housing costs[19, 20, 21]. The HNA is focused on economic drivers of displacement, specifically the potential for the proposed Project to affect the local housing market and housing costs.

Lower income communities in the Bay Area have become increasingly vulnerable to displacement of existing residents. Employment growth, constrained housing production, and rising income inequality are among the factors that have contributed to increased displacement pressures, especially within lower income communities in locations accessible to employment centers where many households are housing-cost burdened.

East Palo Alto and Belle Haven both have existing risk factors for displacement. Both have a relatively lower-income existing population that includes a high percentage of households who spend 35% or more of their income on housing. East Palo Alto's rent control and just cause eviction ordinance provides significant protection to existing renters within multi-family buildings built prior to 1988 but does not preclude the potential for longer-term neighborhood change. The Urban Displacement Project,[22] an initiative of UC Berkeley "aimed at understanding the nature of gentrification and displacement in the Bay Area" has identified the Belle Haven census tract and census tracts within East Palo Alto as areas experiencing "ongoing gentrification and/or displacement" or "at risk of displacement." A separate analysis by the Urban Displacement Project[23] indicates that, despite risk factors for displacement, East Palo Alto had not experienced significant gentrification during the 2000 to 2013 period, potentially due to policies aimed at preventing displacement including rent control and just cause eviction protections.

A recent study by UC Berkeley's Center for Community Innovation and its Y-PLAN initiative, titled *Investment and Disinvestment as Neighbors: A Study of Baseline Housing Conditions in the Bay Area Peninsula*, provided an assessment of the baseline housing conditions in the Belle Haven neighborhood, City of East Palo Alto, and North Fair Oaks neighborhood (unincorporated San Mateo County). The study found indications of recent changes including increased population turnover, declining school age population, and an increase in homelessness. The study also identified a high incidence of rent burdened households and disproportionate pressure on the local housing market compared to the rest of San Mateo County. The study

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[19] Zuk, M. et. al. 2017. Gentrification, Displacement, and the Role of Public Investment. Journal of Planning Literature. Journal of Planning Literature 1-14.

[20] Center for Community Innovation (2020). Investment and Disinvestment as Neighbors, A Study of Baseline Housing Conditions in the Bay Area Peninsula.

[21] Bradshaw, K. (2019). Uneven Ground: How unequal land use harms communities in southern San Mateo County. Palo Alto Online. https://paloaltoonline.atavist.com/uneven-ground.

[22] Zuk, M., & Chapple, K. (2019). Urban Displacement Project. http://www.urbandisplacement.org/

[23] Crispell, M, Harris L.R., and Cespedes S. March 2016. San Mateo County's East Palo Alto. Urban Displacement Project.

found more signs of disinvestment in East Palo Alto and more indications of real estate speculation in Belle Haven[24].

7.2   Potential for Proposed Project to Contribute to Displacement

The following outlines factors considered in the evaluation of whether the proposed Project could have an influence on displacement in East Palo Alto and Belle Haven:

(1) The proposed Project adds 335 new units to the housing supply, including 48 below market rate units, which will make additional housing opportunities available in a very competitive housing market.

(2) The proposed Project results in an estimated net increase in housing availability of 275 units. The basis for this figure is described in Section 6.1 and considers the 335 new units constructed as well as changes in worker housing demand.

(3) The proposed Project is located in an area geographically separate from both Belle Haven and East Palo Alto and will not physically alter either community.

(4) The 335 new units in the proposed Project equate to an approximately 2.4% increase in the existing 14,082-unit Menlo Park housing stock[25] and a 0.1% increase in the 280,879-unit housing stock of San Mateo County.

(5) Two recent studies have found moderating effects of new rental housing on rents and displacement pressures at the local level. New residential developments were found to decrease rents in the area surrounding the new housing relative to market trend.[26]

In consideration of the above factors, the proposed Project is not anticipated to contribute to displacement in East Palo Alto or Belle Haven. The proposed Project increases availability of market rate and affordable housing, which will tend to moderate or counteract displacement pressures by relieving, to some extent, market pressures on the existing local housing stock.

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[24] Center for Community Innovation. (2020). Investment and Disinvestment as Neighbors, A Study of Baseline Housing Conditions in the Bay Area Peninsula.

[25] Number of housing units as of January 1, 2020 per California Department of Finance Table E-5, Population and Housing Estimates for Cities, Counties, and the State, 2011-2020 with 2010 Census Benchmark.

[26] Asquith, Brian J., Evan Mast, and Davin Reed. 2019. "Supply Shock Versus Demand Shock: The Local Effects of New Housing in Low-Income Areas." Upjohn Institute Working Paper 19-316. Kalamazoo, MI: W. E. Upjohn Institute for Employment Research. https://doi.org/10.17848/wp19-316

Li, Xiaodi (2019). Do New Housing Units in Your Backyard Raise Your Rents? NYU Wagner and NYU Furman Center. https://72187189-93c1-48bc-b596-fc36f4606599.filesusr.com/ugd/7fc2bf_2fc84967cfb945a69a4df7baf8a4c387.pdf

APPENDIX A – WORKER OCCUPATIONS AND COMPENSATION LEVELS

APPENDIX A TABLE 1
WORKER OCCUPATION DISTRIBUTION, 2019
SERVICES TO HOUSEHOLDS EARNING $100 - $150K
HOUSING NEEDS ASSESSMENT - MENLO PORTAL PROJECT
MENLO PARK, CA

Major Occupations (2% or more)	Worker Occupation Distribution[1] Services to Households Earning $100,000 to $150,000
Management Occupations	4.0%
Business and Financial Operations Occupations	4.2%
Educational Instruction and Library Occupations	3.1%
Healthcare Practitioners and Technical Occupations	8.1%
Healthcare Support Occupations	9.5%
Food Preparation and Serving Related Occupations	13.0%
Building and Grounds Cleaning and Maintenance Occupations	2.2%
Personal Care and Service Occupations	6.2%
Sales and Related Occupations	13.4%
Office and Administrative Support Occupations	12.3%
Installation, Maintenance, and Repair Occupations	3.4%
Transportation and Material Moving Occupations	9.0%
All Other Worker Occupations - Services to Households Earning $100,000 to $150,000	_11.6%_
INDUSTRY TOTAL	100.0%

[1] Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

Source: Bureau of Labor Statistics, IMPLAN
Keyser Marston Associates, Inc.
\\SF-FS2\wp\15\15885\005\HNA - Menlo Portal 10-17-2020.xlsm; 10/19/2020; dd

Page 54

APPENDIX A TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2019
SERVICES TO HOUSEHOLDS EARNING $100,000 TO $150,000
HOUSING NEEDS ASSESSMENT - MENLO PORTAL PROJECT
MENLO PARK, CA

Occupation [3]	2019 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total No. of Service Workers
Page 1 of 4			
Management Occupations			
General and Operations Managers	$155,900	38.7%	1.5%
Sales Managers	$159,700	4.9%	0.2%
Administrative Services and Facilities Managers	$132,000	3.2%	0.1%
Computer and Information Systems Managers	$202,000	3.2%	0.1%
Financial Managers	$182,200	9.2%	0.4%
Food Service Managers	$63,500	5.4%	0.2%
Medical and Health Services Managers	$142,800	8.3%	0.3%
Social and Community Service Managers	$73,200	3.9%	0.2%
Personal Service Managers, All Other; Entertainment and Recreation Mar	$168,900	3.9%	0.2%
All other Management Occupations (Avg. All Categories)	<u>$149,200</u>	<u>19.3%</u>	<u>0.8%</u>
Weighted Mean Annual Wage	*$149,200*	100.0%	4.0%
Business and Financial Operations Occupations			
Human Resources Specialists	$89,800	5.8%	0.2%
Management Analysts	$113,800	5.3%	0.2%
Training and Development Specialists	$83,600	3.7%	0.2%
Market Research Analysts and Marketing Specialists	$91,400	8.0%	0.3%
Project Management Specialists and Business Operations Specialists, All	$93,000	10.3%	0.4%
Accountants and Auditors	$93,600	16.7%	0.7%
Personal Financial Advisors	$157,700	11.0%	0.5%
Loan Officers	$84,900	5.6%	0.2%
Financial and Investment Analysts, Financial Risk Specialists, and Financi	$119,100	10.6%	0.4%
All Other Business and Financial Operations Occupations (Avg. All Catego	<u>$105,900</u>	<u>23.0%</u>	<u>1.0%</u>
Weighted Mean Annual Wage	*$105,900*	100.0%	4.2%
Educational Instruction and Library Occupations			
Preschool Teachers, Except Special Education	$45,100	26.7%	0.8%
Elementary School Teachers, Except Special Education	$84,000	7.1%	0.2%
Secondary School Teachers, Except Special and Career/Technical Educa	$84,000	4.9%	0.2%
Self-Enrichment Teachers	$53,700	9.3%	0.3%
Substitute Teachers, Short-Term	$42,900	3.7%	0.1%
Tutors and Teachers and Instructors, All Other	$50,800	5.8%	0.2%
Teaching Assistants, Except Postsecondary	$39,700	18.7%	0.6%
All Other Educational Instruction and Library Occupations (Avg. All Catego	<u>$51,300</u>	<u>23.7%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	*$51,300*	100.0%	3.1%

Sources: Bureau of Labor Statistics, IMPLAN
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Page 55

APPENDIX A TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2019
SERVICES TO HOUSEHOLDS EARNING $100,000 TO $150,000
HOUSING NEEDS ASSESSMENT - MENLO PORTAL PROJECT
MENLO PARK, CA

Occupation [3]	2019 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total No. of Service Workers

Page 2 of 4

Healthcare Practitioners and Technical Occupations			
Pharmacists	$148,400	4.8%	0.4%
Physical Therapists	$102,500	4.9%	0.4%
Registered Nurses	$138,000	24.8%	2.0%
Physicians, All Other; and Ophthalmologists, Except Pediatric	$174,000	3.5%	0.3%
Dental Hygienists	$113,900	6.0%	0.5%
Pharmacy Technicians	$51,100	6.9%	0.6%
Licensed Practical and Licensed Vocational Nurses	$69,500	8.9%	0.7%
All Other Healthcare Practitioners and Technical Occupations (Avg. All Ca	$115,400	40.1%	3.2%
Weighted Mean Annual Wage	***$115,400***	**100.0%**	**8.1%**

Healthcare Support Occupations			
Home Health and Personal Care Aides	$30,300	56.1%	5.3%
Nursing Assistants	$45,100	14.8%	1.4%
Massage Therapists	$50,600	3.7%	0.4%
Dental Assistants	$51,500	7.9%	0.7%
Medical Assistants	$48,900	8.2%	0.8%
All Other Healthcare Support Occupations (Avg. All Categories)	$37,100	9.3%	0.9%
Weighted Mean Annual Wage	***$37,100***	**100.0%**	**9.5%**

Food Preparation and Serving Related Occupations			
First-Line Supervisors of Food Preparation and Serving Workers	$44,600	7.6%	1.0%
Cooks, Fast Food	$27,100	4.6%	0.6%
Cooks, Restaurant	$38,400	11.0%	1.4%
Food Preparation Workers	$31,800	6.5%	0.8%
Bartenders	$37,300	3.5%	0.4%
Fast Food and Counter Workers	$31,600	31.0%	4.0%
Waiters and Waitresses	$37,800	19.6%	2.6%
Dishwashers	$31,700	3.8%	0.5%
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	$34,500	3.4%	0.4%
All Other Food Preparation and Serving Related Occupations (Avg. All Ca	$35,000	9.1%	1.2%
Weighted Mean Annual Wage	***$35,000***	**100.0%**	**13.0%**

Sources: Bureau of Labor Statistics, IMPLAN
Keyser Marston Associates, Inc.
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Page 56

APPENDIX A TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2019
SERVICES TO HOUSEHOLDS EARNING $100,000 TO $150,000
HOUSING NEEDS ASSESSMENT - MENLO PORTAL PROJECT
MENLO PARK, CA

Occupation [3]	2019 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total No. of Service Workers
Page 3 of 4			
Building and Grounds Cleaning and Maintenance Occupations			
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	$38,900	51.1%	1.1%
Maids and Housekeeping Cleaners	$41,400	15.4%	0.3%
Pest Control Workers	$47,100	4.1%	0.1%
Landscaping and Groundskeeping Workers	$43,900	20.7%	0.5%
All Other Building and Grounds Cleaning and Maintenance Occupations (/	$40,800	8.7%	0.2%
Weighted Mean Annual Wage	*$40,800*	100.0%	2.2%
Personal Care and Service Occupations			
First-Line Supervisors of Personal Service and Entertainment and Recrea	$54,200	5.9%	0.4%
Animal Caretakers	$34,100	16.4%	1.0%
Amusement and Recreation Attendants	$29,700	3.0%	0.2%
Hairdressers, Hairstylists, and Cosmetologists	$35,400	23.0%	1.4%
Manicurists and Pedicurists	$29,500	7.5%	0.5%
Childcare Workers	$35,600	14.7%	0.9%
Exercise Trainers and Group Fitness Instructors	$59,300	9.1%	0.6%
Recreation Workers	$36,500	4.6%	0.3%
All Other Personal Care and Service Occupations (Avg. All Categories)	$38,400	15.8%	1.0%
Weighted Mean Annual Wage	*$38,400*	100.0%	6.2%
Sales and Related Occupations			
First-Line Supervisors of Retail Sales Workers	$47,000	9.8%	1.3%
Cashiers	$32,200	28.7%	3.9%
Retail Salespersons	$34,800	38.9%	5.2%
Securities, Commodities, and Financial Services Sales Agents	$101,800	4.4%	0.6%
Sales Representatives of Services, Except Advertising, Insurance, Financ	$81,300	5.0%	0.7%
Sales Representatives, Wholesale and Manufacturing, Except Technical a	$81,800	3.4%	0.5%
All Other Sales and Related Occupations (Avg. All Categories)	$42,900	9.9%	1.3%
Weighted Mean Annual Wage	*$42,900*	100.0%	13.4%
Office and Administrative Support Occupations			
First-Line Supervisors of Office and Administrative Support Workers	$71,200	7.5%	0.9%
Billing and Posting Clerks	$50,100	3.1%	0.4%
Bookkeeping, Accounting, and Auditing Clerks	$55,000	7.4%	0.9%
Customer Service Representatives	$49,200	14.6%	1.8%
Receptionists and Information Clerks	$40,000	12.0%	1.5%
Medical Secretaries and Administrative Assistants	$49,100	5.9%	0.7%
Secretaries and Administrative Assistants, Except Legal, Medical, and Exe	$51,200	9.6%	1.2%
Office Clerks, General	$46,900	15.5%	1.7%
All Other Office and Administrative Support Occupations (Avg. All Categor	$50,300	24.5%	3.0%
Weighted Mean Annual Wage	*$50,300*	100.0%	12.1%

Occupation [3]	2019 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total No. of Service Workers

Page 4 of 4

Installation, Maintenance, and Repair Occupations

First-Line Supervisors of Mechanics, Installers, and Repairers	$89,700	7.8%	0.3%
Automotive Body and Related Repairers	$57,600	11.1%	0.4%
Automotive Service Technicians and Mechanics	$58,600	30.2%	1.0%
Bus and Truck Mechanics and Diesel Engine Specialists	$68,800	6.0%	0.2%
Maintenance and Repair Workers, General	$56,200	14.5%	0.5%
All Other Installation, Maintenance, and Repair Occupations (Avg. All Cate	$62,300	30.4%	1.0%
Weighted Mean Annual Wage	*$62,300*	100.0%	3.4%

Transportation and Material Moving Occupations

First-Line Supervisors of Transportation and Material Moving Workers, Ex	$66,700	4.2%	0.4%
Driver/Sales Workers	$34,900	4.7%	0.4%
Heavy and Tractor-Trailer Truck Drivers	$51,400	9.7%	0.9%
Light Truck Drivers	$48,800	6.6%	0.6%
Passenger Vehicle Drivers, Except Bus Drivers, Transit and Intercity	$40,600	9.3%	0.8%
Parking Attendants	$34,300	8.7%	0.8%
Cleaners of Vehicles and Equipment	$33,500	7.3%	0.7%
Laborers and Freight, Stock, and Material Movers, Hand	$39,900	12.4%	1.1%
Packers and Packagers, Hand	$33,000	3.1%	0.3%
Stockers and Order Fillers	$36,200	19.6%	1.8%
All Other Transportation and Material Moving Occupations (Avg. All Categ	$40,800	14.2%	1.3%
Weighted Mean Annual Wage	*$40,800*	100.0%	9.0%

88.4%

[1] The methodology utilized by the Bureau of Labor Statistics (BLS) assumes hourly paid employees are employed full-time. Annual compensation is calculated by multiplying hourly wages by 40 hours per work week by 52 weeks.

[2] Occupation percentages are based on the 2019 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on Occupational Employment Survey data applicable to San Mateo County as of 2019.

[3] Including occupations representing 3% or more of the major occupation group

Sources: Bureau of Labor Statistics, IMPLAN
Keyser Marston Associates, Inc.
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Page 58

APPENDIX A TABLE 3
WORKER OCCUPATION DISTRIBUTION, 2019
EXISTING OFFICE / INDUSTRIAL SPACE
HOUSING NEEDS ASSESSMENT - MENLO PORTAL PROJECT
MENLO PARK, CA

	Worker Occupation Distribution[1] Existing Office / Industrial Space
Management Occupations	7.3%
Business and Financial Operations Occupations	6.0%
Computer and Mathematical Occupations	3.3%
Arts, Design, Entertainment, Sports, and Media Occupations	25.3%
Sales and Related Occupations	9.3%
Office and Administrative Support Occupations	15.1%
Construction and Extraction Occupations	14.3%
Installation, Maintenance, and Repair Occupations	3.7%
Production Occupations	8.5%
All Other Worker Occupations - Existing Office / Industrial Space	_7.1%_
INDUSTRY TOTAL	100.0%

[1] Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

Source: Bureau of Labor Statistics
Keyser Marston Associates, Inc.
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Page 59

Occupation [3]	2019 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Office / Indust Workers
Page 1 of 2			
Management Occupations			
Chief Executives	$236,100	3.1%	0.2%
General and Operations Managers	$155,900	43.5%	3.2%
Marketing Managers	$181,700	8.2%	0.6%
Sales Managers	$159,700	7.4%	0.5%
Computer and Information Systems Managers	$202,000	5.7%	0.4%
Financial Managers	$182,200	5.8%	0.4%
Construction Managers	$134,900	5.1%	0.4%
Personal Service Managers, All Other; Entertainment and Recreation Mar	$168,900	7.1%	0.5%
All other Management Occupations (Avg. All Categories)	$166,300	14.1%	1.0%
Weighted Mean Annual Wage	***$166,300***	**100.0%**	**7.3%**
Business and Financial Operations Occupations			
Buyers and Purchasing Agents	$79,000	4.7%	0.3%
Cost Estimators	$99,000	5.9%	0.4%
Human Resources Specialists	$89,800	5.3%	0.3%
Management Analysts	$113,800	4.9%	0.3%
Meeting, Convention, and Event Planners	$67,500	3.1%	0.2%
Market Research Analysts and Marketing Specialists	$91,400	30.3%	1.8%
Project Management Specialists and Business Operations Specialists, All	$93,000	20.2%	1.2%
Accountants and Auditors	$93,600	15.1%	0.9%
Financial and Investment Analysts, Financial Risk Specialists, and Financ	$119,100	3.3%	0.2%
All Other Business and Financial Operations Occupations (Avg. All Categ	$93,300	7.3%	0.4%
Weighted Mean Annual Wage	***$93,300***	**100.0%**	**6.0%**
Computer and Mathematical Occupations			
Computer Systems Analysts	$121,300	7.9%	0.3%
Computer User Support Specialists	$75,600	9.5%	0.3%
Network and Computer Systems Administrators	$104,400	7.8%	0.3%
Database Administrators and Architects	$107,900	4.0%	0.1%
Computer Programmers	$116,400	4.4%	0.1%
Software Developers and Software Quality Assurance Analysts and Teste	$145,300	24.9%	0.8%
Web Developers and Digital Interface Designers	$110,800	26.0%	0.9%
Computer Occupations, All Other	$120,400	7.7%	0.3%
All Other Computer and Mathematical Occupations (Avg. All Categories)	$117,800	8.0%	0.3%
Weighted Mean Annual Wage	***$117,800***	**100.0%**	**3.3%**
Arts, Design, Entertainment, Sports, and Media Occupations			
Art Directors	$136,000	4.2%	1.1%
Graphic Designers	$77,100	29.2%	7.4%
Interior Designers	$72,200	16.5%	4.2%
News Analysts, Reporters, and Journalists	$81,100	10.6%	2.7%
Editors	$86,500	23.8%	6.0%
All Other Arts, Design, Entertainment, Sports, and Media Occupations (A	$82,200	15.8%	4.0%
Weighted Mean Annual Wage	***$82,200***	**100.0%**	**25.3%**
Sales and Related Occupations			
First-Line Supervisors of Non-Retail Sales Workers	$77,600	4.3%	0.4%
Cashiers	$32,200	4.7%	0.4%
Retail Salespersons	$34,800	11.1%	1.0%
Advertising Sales Agents	$92,700	43.6%	4.1%
Sales Representatives of Services, Except Advertising, Insurance, Financ	$81,300	17.4%	1.6%
Sales Representatives, Wholesale and Manufacturing, Except Technical a	$81,800	12.6%	1.2%
All Other Sales and Related Occupations (Avg. All Categories)	$78,500	6.3%	0.6%
Weighted Mean Annual Wage	***$78,500***	**100.0%**	**9.3%**

AVERAGE ANNUAL WORKER COMPENSATION, 2019
EXISTING OFFICE / INDUSTRIAL SPACE WORKERS
HOUSING NEEDS ASSESSMENT - MENLO PORTAL PROJECT
MENLO PARK, CA

Page 2 of 2

Occupation [3]	2019 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Office / Indust Workers
Office and Administrative Support Occupations			
First-Line Supervisors of Office and Administrative Support Workers	$71,200	6.4%	1.0%
Bookkeeping, Accounting, and Auditing Clerks	$55,000	10.8%	1.6%
Customer Service Representatives	$49,200	12.1%	1.8%
Production, Planning, and Expediting Clerks	$63,200	4.0%	0.6%
Shipping, Receiving, and Inventory Clerks	$42,900	3.6%	0.5%
Executive Secretaries and Executive Administrative Assistants	$82,500	3.0%	0.5%
Secretaries and Administrative Assistants, Except Legal, Medical, and Ex	$51,200	11.3%	1.7%
Mail Clerks and Mail Machine Operators, Except Postal Service	$39,000	6.0%	0.9%
Office Clerks, General	$46,900	26.4%	4.0%
All Other Office and Administrative Support Occupations (Avg. All Catego	$52,000	16.3%	2.5%
Weighted Mean Annual Wage	***$43,600***	**100.0%**	**15.1%**
Construction and Extraction Occupations			
First-Line Supervisors of Construction Trades and Extraction Workers	$99,600	6.8%	1.0%
Cement Masons and Concrete Finishers	$65,400	3.4%	0.5%
Construction Laborers	$56,000	10.0%	1.4%
Electricians	$100,400	27.1%	3.9%
Plumbers, Pipefitters, and Steamfitters	$87,200	14.9%	2.1%
Helpers--Brickmasons, Blockmasons, Stonemasons, and Tile and Marble	$41,800	4.6%	0.7%
Helpers--Electricians	$42,100	3.7%	0.5%
All Other Construction and Extraction Occupations (Avg. All Categories)	$82,700	29.5%	4.2%
Weighted Mean Annual Wage	***$43,600***	**100.0%**	**14.3%**
Installation, Maintenance, and Repair Occupations			
First-Line Supervisors of Mechanics, Installers, and Repairers	$89,700	7.6%	0.3%
Telecommunications Equipment Installers and Repairers, Except Line Ins	$69,100	5.6%	0.2%
Security and Fire Alarm Systems Installers	$50,400	3.9%	0.1%
Heating, Air Conditioning, and Refrigeration Mechanics and Installers	$76,500	45.2%	1.7%
Industrial Machinery Mechanics	$78,000	4.3%	0.2%
Telecommunications Line Installers and Repairers	$64,400	3.7%	0.1%
Maintenance and Repair Workers, General	$56,200	9.3%	0.3%
Helpers--Installation, Maintenance, and Repair Workers	$37,700	4.4%	0.2%
Installation, Maintenance, and Repair Workers, All Other	$55,200	5.5%	0.2%
All Other Installation, Maintenance, and Repair Occupations (Avg. All Cat	$70,300	10.5%	0.4%
Weighted Mean Annual Wage	***$43,600***	**100.0%**	**3.7%**
Production Occupations			
First-Line Supervisors of Production and Operating Workers	$76,700	8.0%	0.7%
Bakers	$37,000	16.2%	1.4%
Food Batchmakers	$35,300	7.9%	0.7%
Prepress Technicians and Workers	$53,100	6.8%	0.6%
Printing Press Operators	$43,700	20.2%	1.7%
Print Binding and Finishing Workers	$39,100	3.2%	0.3%
Sewing Machine Operators	$32,900	3.1%	0.3%
Packaging and Filling Machine Operators and Tenders	$34,700	7.1%	0.6%
Helpers--Production Workers	$34,400	5.1%	0.4%
All Other Production Occupations (Avg. All Categories)	$43,600	22.4%	1.9%
Weighted Mean Annual Wage	***$43,600***	**100.0%**	**8.5%**
			92.9%

[1] The methodology utilized by the Bureau of Labor Statistics (BLS) assumes hourly paid employees are employed full-time. Annual compensation is calculated by multiplying hourly wages by 40 hours per work week by 52 weeks.

[2] Occupation percentages are based on the 2019 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on Occupational Employment Survey data applicable to San Mateo County as of 2019.

[3] Including occupations representing 3% or more of the major occupation group

Source: U.S. Bureau of Labor Statistics
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APPENDIX A TABLE 5
WORKER OCCUPATION DISTRIBUTION, 2019
NEW OFFICE SPACE
HOUSING NEEDS ASSESSMENT - MENLO PORTAL PROJECT
MENLO PARK, CA

	Worker Occupation Distribution[1] New Office Space
Management Occupations	*12.8%*
Business and Financial Operations Occupations	*12.3%*
Computer and Mathematical Occupations	*38.0%*
Architecture and Engineering Occupations	*1.0%*
Educational Instruction and Library Occupations	*3.5%*
Arts, Design, Entertainment, Sports, and Media Occupations	*6.2%*
Sales and Related Occupations	*11.4%*
Office and Administrative Support Occupations	*13.0%*
All Other Worker Occupations - New Office Space	*1.8%*
INDUSTRY TOTAL	100.0%

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[1] Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

Source: Bureau of Labor Statistics
Keyser Marston Associates, Inc.
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Page 62

Occupation [3]	2019 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Office Workers
Page 1 of 2			
Management Occupations			
General and Operations Managers	$155,900	21.6%	2.8%
Marketing Managers	$181,700	11.7%	1.5%
Sales Managers	$159,700	11.5%	1.5%
Computer and Information Systems Managers	$202,000	27.8%	3.6%
Financial Managers	$182,200	6.4%	0.8%
Architectural and Engineering Managers	$186,500	1.1%	0.1%
Natural Sciences Managers	$208,900	0.0%	0.0%
Personal Service Managers, All Other; Entertainment and Recreation Mar	$168,900	7.2%	0.9%
All other Management Occupations (Avg. All Categories)	$178,000	12.7%	1.6%
Weighted Mean Annual Wage	***$178,000***	**100.0%**	**12.8%**
Business and Financial Operations Occupations			
Buyers and Purchasing Agents	$79,000	2.3%	0.3%
Compliance Officers	$93,000	1.3%	0.2%
Human Resources Specialists	$89,800	9.0%	1.1%
Management Analysts	$113,800	10.9%	1.3%
Training and Development Specialists	$83,600	5.7%	0.7%
Market Research Analysts and Marketing Specialists	$91,400	29.9%	3.7%
Project Management Specialists and Business Operations Specialists, All	$93,000	18.0%	2.2%
Accountants and Auditors	$93,600	11.2%	1.4%
Financial and Investment Analysts, Financial Risk Specialists, and Financ	$119,100	5.5%	0.7%
All Other Business and Financial Operations Occupations (Avg. All Categ	$95,300	6.3%	0.8%
Weighted Mean Annual Wage	***$95,300***	**100.0%**	**12.3%**
Computer and Mathematical Occupations			
Computer Systems Analysts	$121,300	9.3%	3.5%
Computer User Support Specialists	$75,600	11.4%	4.3%
Network and Computer Systems Administrators	$104,400	4.3%	1.6%
Computer Programmers	$116,400	4.6%	1.7%
Software Developers and Software Quality Assurance Analysts and Teste	$145,300	46.9%	17.8%
Web Developers and Digital Interface Designers	$110,800	6.3%	2.4%
Computer Occupations, All Other	$120,400	6.5%	2.5%
All Other Computer and Mathematical Occupations (Avg. All Categories)	$126,200	10.8%	4.1%
Weighted Mean Annual Wage	***$126,200***	**100.0%**	**38.0%**
Architecture and Engineering Occupations			
Aerospace Engineers	$135,200	1.1%	0.0%
Computer Hardware Engineers	$134,000	33.8%	0.3%
Electrical Engineers	$121,000	9.2%	0.1%
Electronics Engineers, Except Computer	$112,800	8.2%	0.1%
Industrial Engineers	$113,900	12.3%	0.1%
Mechanical Engineers	$123,300	4.0%	0.0%
Engineers, All Other	$113,100	9.3%	0.1%
Electrical and Electronic Engineering Technologists and Technicians	$67,200	8.0%	0.1%
Calibration Technologists and Technicians and Engineering Technologists	$75,100	2.5%	0.0%
All Other Architecture and Engineering Occupations (Avg. All Categories)	$117,500	11.7%	0.1%
Weighted Mean Annual Wage	***$117,500***	**100.0%**	**1.0%**

Occupation [3]	2019 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Office Workers
Page 2 of 2			
Educational Instruction and Library Occupations			
Archivists	$81,700	4.2%	0.1%
Librarians and Media Collections Specialists	$89,400	43.0%	1.5%
Library Technicians	$59,000	40.0%	1.4%
All Other Educational Instruction and Library Occupations (Avg. All Categ	$75,100	12.8%	0.5%
Weighted Mean Annual Wage	*$53,300*	100.0%	3.5%
Arts, Design, Entertainment, Sports, and Media Occupations			
Special Effects Artists and Animators	$97,600	6.7%	0.4%
Graphic Designers	$77,100	9.3%	0.6%
Producers and Directors	$104,500	9.6%	0.6%
News Analysts, Reporters, and Journalists	$81,100	13.3%	0.8%
Public Relations Specialists	$84,500	8.3%	0.5%
Editors	$86,500	26.6%	1.7%
Technical Writers	$102,500	4.8%	0.3%
Writers and Authors	$93,100	7.3%	0.5%
All Other Arts, Design, Entertainment, Sports, and Media Occupations (A\	$88,800	14.0%	0.9%
Weighted Mean Annual Wage	*$53,300*	100.0%	6.2%
Sales and Related Occupations			
First-Line Supervisors of Non-Retail Sales Workers	$77,600	4.3%	0.5%
Advertising Sales Agents	$92,700	17.3%	2.0%
Sales Representatives of Services, Except Advertising, Insurance, Finano	$81,300	50.7%	5.8%
Sales Representatives, Wholesale and Manufacturing, Technical and Scio	$104,700	10.6%	1.2%
Sales Representatives, Wholesale and Manufacturing, Except Technical a	$81,800	6.0%	0.7%
Sales Engineers	$125,700	2.9%	0.3%
Telemarketers	$33,400	4.2%	0.5%
All Other Sales and Related Occupations (Avg. All Categories)	$85,000	4.2%	0.5%
Weighted Mean Annual Wage	*$53,300*	100.0%	11.4%
Office and Administrative Support Occupations			
First-Line Supervisors of Office and Administrative Support Workers	$71,200	8.5%	1.1%
Bookkeeping, Accounting, and Auditing Clerks	$55,000	6.0%	0.8%
Customer Service Representatives	$49,200	35.3%	4.6%
Library Assistants, Clerical	$43,600	9.5%	1.2%
Executive Secretaries and Executive Administrative Assistants	$82,500	5.4%	0.7%
Secretaries and Administrative Assistants, Except Legal, Medical, and Ex	$51,200	6.2%	0.8%
Office Clerks, General	$46,900	11.5%	1.5%
All Other Office and Administrative Support Occupations (Avg. All Catego	$53,300	17.5%	2.3%
Weighted Mean Annual Wage	*$53,300*	100.0%	13.0%
			98.2%

[1] The methodology utilized by the Bureau of Labor Statistics (BLS) assumes hourly paid employees are employed full-time. Annual compensation is calculated by multiplying hourly wages by 40 hours per work week by 52 weeks.

[2] Occupation percentages are based on the 2019 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on Occupational Employment Survey data applicable to San Mateo County as of 2019.

[3] Including occupations representing 3% or more of the major occupation group

APPENDIX A TABLE 7
AVERAGE ANNUAL WORKER COMPENSATION, 2019
BUILDING SERVICES
HOUSING NEEDS ASSESSMENT - MENLO PORTAL PROJECT
MENLO PARK, CA

Occupation [3]	2019 Avg. Compensation [1]	% of Total Building Services Workers
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	$38,900	75.0%
Maintenance and Repair Workers, General	$56,200	25.0%
		100.0%

[1] The methodology utilized by the Bureau of Labor Statistics (BLS) assumes hourly paid employees are employed full-time. Annual compensation is calculated by multiplying hourly wages by 40 hours per work week by 52 weeks.

APPENDIX A TABLE 8
AVERAGE ANNUAL WORKER COMPENSATION, 2019
APARTMENT PROPERTY MANAGEMENT
HOUSING NEEDS ASSESSMENT - MENLO PORTAL PROJECT
MENLO PARK, CA

Occupation [3]	2019 Avg. Compensation [1]	% of Total Apartment Property Management Workers
Property, Real Estate, and Community Association Managers	$92,900	20.0%
Maintenance and Repair Workers, General	$56,200	40.0%
Grounds Maintenance Workers, All Other	$54,100	40.0%
		100.0%

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[1] The methodology utilized by the Bureau of Labor Statistics (BLS) assumes hourly paid employees are employed full-time. Annual compensation is calculated by multiplying hourly wages by 40 hours per work week by 52 weeks.

APPENDIX A TABLE 9
AVERAGE ANNUAL WORKER COMPENSATION, 2019
RETAIL / COMMERCIAL
HOUSING NEEDS ASSESSMENT - MENLO PORTAL PROJECT
MENLO PARK, CA

Occupation [3]	2019 Avg. Compensation [1]	% of Total Retail / Commercial Workers
First-Line Supervisors of Food Preparation and Serving Worke	$44,600	25.0%
Food Preparation Workers	$31,800	50.0%
Food Servers, Nonrestaurant	$35,200	25.0%
		100.0%

[1] The methodology utilized by the Bureau of Labor Statistics (BLS) assumes hourly paid employees are employed full-time. Annual compensation is calculated by multiplying hourly wages by 40 hours per work week by 52 weeks.

Source: Bureau of Labor Statistics
Keyser Marston Associates, Inc.
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