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HOUSING NEEDS ASSESSMENT 1350 ADAMS COURT PROJECT

Prepared for:
City of Menlo Park

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July 2021

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1.0 EXECUTIVE SUMMARY

This Housing Needs Assessment (HNA) provides an analysis of the housing needs associated with the proposed 1350 Adams Court Project (Project) in the City of Menlo Park (City). The HNA provides an estimate of increased demand for housing from the proposed Project and evaluates the potential that the proposed Project could contribute to displacement of existing residents within 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 HNA is part of a range of analyses provided to decision makers and the community to inform and assist in the decision-making and entitlement process for the proposed Project. Preparation of this HNA is required under the terms of a 2017 Settlement Agreement between the cities of Menlo Park and East Palo Alto, but is not required by the California Environmental Quality Act (CEQA)¹.

The proposed Project would include a new 260,400 gross square foot (gsf) building for life science research and development (R&D) on the Project site adding an estimated 650 new jobs. No changes are proposed to the existing building also located on the Project site. A summary of the proposed Project is provided in Table 1-1, below.

Existing Building (1305 O'Brien Drive)	188,100	gsf
New Building (1350 Adams Court)	260,400	gsf
Total building area (existing + new)	448,500	gsf
Added Employment at 1350 Adams Court	650	employees

Source: 1350 Adams Court Project, Draft EIR Project Description

Note: building area excludes proposed parking structure

Jobs / Housing Analysis / Demand for Housing

New jobs associated with the proposed Project would result in new worker households who would need housing somewhere within commuting distance to Menlo Park. Using the average number of workers per worker household² in San Mateo County ("County"), which is 1.91, the

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. 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.

² Households that have at least one member of the workforce are considered worker households.

number of new worker households associated with the proposed Project is estimated at 341, which represents a need for 341 additional housing units.

Table 1-2. Increase in Employees and Households	
Increase in Employees	650
Increase in Employee Households (at 1.91 workers per household)	341

Keyser Marston Associates (KMA) estimated how many of the 341 additional housing units would be needed at each of six housing affordability or income levels, using a combination of data sources including U.S. Bureau of Labor Statistics occupation and wage data and U.S. Census data.

The following six affordability or income tiers are addressed, 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 \$149,600 as of 2021. Section 3 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 AMI³, 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.

³ An income of approximately 221% of AMI, is estimated to be needed to afford the median priced home in Menlo Park. The median priced home in Menlo Park is \$2.35 million based on home sales from December 2019 through December 2020 from real estate data service provider CoreLogic. Estimates assume a down payment of 30% based on the median down payment for home purchases with a mortgage in Menlo Park estimated from CoreLogic data during this period, 35% of income spent on housing, and a mortgage interest rate of 3.1% based on the average 30-year fixed mortgage rate from January through December 2020 from Freddie Mac Primary Mortgage Market Survey.

The analysis uses national data on worker occupations by industry paired with local compensation data applicable to San Mateo County. Worker occupations are specific to the industry codes for life sciences research and development⁴ as well as building services such as maintenance and janitorial. Census data is used extensively. Table 1-3 presents the results of the analysis of the number of employee households at each housing affordability level who would require housing within commuting distance of Menlo Park.

	Total	Percent
Extremely Low Income	8	2.3%
Very Low Income	24	7.0%
Low Income	68	19.9%
Moderate Income	61	17.9%
Subtotal: 0% to 120% AMI	161	47.2%
Above Moderate Income	69	20.2%
Subtotal: 0% to 150% AMI	230	67.4%
Over 150% AMI	111	32.6%
Total Employee Households	341	100.0%

Of the 341 total employee households, approximately 2.3% of households are estimated to fall into the Extremely Low Income tier (under 30% AMI), 7% into the Very Low Income tier (30% to 50% AMI), 19.9% into the Low Income tier (50% to 80% AMI) and 17.9% into the Moderate Income tier (80% to 120% AMI). Combined, 161 units of need are projected for Extremely Low, Very Low, Low and Moderate Income households. Because the AMI for a family of four is \$149,600, families of four earning 120% of AMI would earn \$179,500 per year. Therefore, four-person households earning \$179,500 per year or less will be included in one of the Extremely Low, Very Low, Low, or Moderate-Income categories based on the most recent income criteria available from the California Department of Housing and Community Development (HCD)⁵. Many of the workers within the research and development sector have compensation levels of \$179,500 per year or below based on compensation data for San Mateo County summarized in Appendix A Table 2. These include maintenance, security, janitorial, research technicians, administrative, engineering, life sciences and others with the exception of some management-level positions. Based on this compensation data it is estimated that approximately 47% of workers would fall into one of the income categories from 0% to 120% of AMI, primarily workers in households that do not have multiple earners, as is the case for approximately 43% of working households living in San Mateo County⁶. Of these one-worker households, approximately one third consist of single-person households and two thirds have other non-

⁴ North American Industrial Classification System (NAICS) industry codes used in the analysis are: NAICS code 541710: Research and Development in the Physical, Engineering, and Life Sciences; NAICS code 561700: Services to Buildings and Dwellings, and NAICS code 561600: Investigation and Security Services.

⁵ See Table 3-1 for more information about the income criteria used in the analysis.

⁶ KMA analysis of 2015 to 2019 U.S. Census American Community Survey data for San Mateo County.

working household members such as a partner and/or children⁷. See Table 3-5 for more information regarding the distribution of worker household sizes by number of workers in the household.

Approximately 53% of all employee households are estimated to exceed 120% of AMI, which reflects the generally higher compensation levels characteristic of employees working in research and development and the fact that over half are estimated to live in households with multiple earners. For employee households earning over 120% of median, an estimated 69 units of need are estimated in the Above Moderate Income category (120% to 150% AMI), representing approximately 20.2% of the total, and 111 units of need are estimated in the Over 150% AMI tier. The Over 150% AMI Income tier is estimated to be the largest income category representing approximately 33% of total housing need.

Menlo Park Share of Total Housing Need

According to the U.S. Census 2015-2019 American Community Survey (ACS), 5.9% of those who currently work in the City of Menlo Park also live in the City of Menlo Park. This has declined since the 2000 Census which showed that 7.2% of those who work in Menlo Park live in the City. This share is low compared to most other cities in the Bay Area,⁸ attributable to a range of factors such as affordability constraints that already limit workers' ability to find housing within the City and the large number of jobs in Menlo Park relative to the size of the housing stock. Another contributing factor is the location and boundary configuration of the City making many other jurisdictions within a short commute distance.

The Project site is located within the existing Menlo Park Labs campus that is occupied by other R&D tenants. The share of current Menlo Park Labs workers who live in Menlo Park is estimated at 3.8%⁹, significantly below the overall average of 5.9% of Menlo Park workers that both live and work in the City per the U.S. Census. This variance in commute patterns between Menlo Park Labs workers and other Menlo Park workers probably reflects its location accessible to the Dumbarton Bridge and U.S. Highway 101 with shuttle services to San Francisco, Caltrain and BART, which make it more accessible to the regional labor pool and more conducive to commuting. Further, many factors influence how people select where to live, including, but not limited to, weather, family, community and cultural factors, housing affordability, quality of schools, access to employment and unit type.

To estimate Menlo Park's share of the total housing need from the proposed Project, the analysis considers three scenarios, a lower estimate, a higher estimate, and a goal-based estimate of the percent of workers likely to seek and find housing within the City:

⁷ KMA analysis of 2015 to 2019 U.S. Census American Community Survey data for San Mateo County.

⁸ See Appendix A Table 5 for comparable information for other cities.

⁹ Estimated based on data provided by Project Sponsor for three existing tenants.

1. **Lower Estimate of Commute Share at 3.8%** (based on Project Sponsor data): The lower estimate reflects commute patterns for three existing tenants at the Menlo Park Labs campus. Using this approach, approximately 3.8% of workers at the proposed Project are estimated to reside within the City of Menlo Park.
2. **Higher Estimate of Commute Share at 5.9%** (based on City-wide average): The higher estimate is based on U.S. Census data, which indicates that the existing City-wide average share of Menlo Park's workforce that lives in the City is approximately 5.9%. The rationale for including the higher estimate is that the City-wide average may be more representative depending on the tenant that occupies the building. There may also be a potential for a higher share of Project workers to live locally given the planned development of additional housing options in the vicinity.
3. **Goal-Based Commute Share Estimate at 20%** (based on 2000 Nexus Study): 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 additional goal-based 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. The possibility that availability and affordability of housing have contributed to a downward trend in Menlo Park's commute share is a primary reason for including this additional goal-based commute share estimate.

The percent of workers residing locally with the lower, higher, and goal-based commute share estimates were applied to the total housing need to calculate the number of workers in the proposed Project that are estimated to seek and find housing in Menlo Park (e.g., 341 total demand X 3.8% = 13 units in Menlo Park). By this method, Menlo Park's share of the total housing need ranges from 13 units with the lower estimate, 20 units with the higher estimate and 68 units with the goal-based commute share estimate. Table 1-4, below, summarizes the estimated number of new workers in the proposed Project who would seek and find housing in Menlo Park by income tier.

Table 1-4. Estimated Menlo Park Share of Total Housing Needs*			
	Lower Estimate of Commute Share (3.8%)	Higher Estimate of Commute Share (5.9%)	Goal-Based Commute Share Estimate (20%)
Extremely Low Income	0	0	1
Very Low Income	1	1	5
Low Income	3	4	14
Moderate Income	2	4	12
Subtotal: 0% to 120% AMI	6	9	32
Above Moderate Income	3	4	14
Subtotal: 0% to 150% AMI	9	13	46
Over 150% AMI	4	7	22
Total Employee Households	13	20	68

* Assumes distribution by income consistent with total housing need per Table 1-3.

With the lower estimate, of the 13 units of need projected, 6 units are estimated to fall within the Very Low, Low and Moderate Income tiers and 3 units are projected for the Above Moderate tier. The remaining 4 units are projected within the Over 150% AMI tier. No units are estimated within the Extremely Low Income tier because application of the commute shares to the estimated regional housing demand within the Extremely Low tier results in a fraction of a unit which rounds down to zero.

With the higher estimate, of the 20 units of need projected, 9 units fall within the affordable income tiers through 120% of AMI and an additional 4 units are projected in the Above Moderate tier, through 150% of AMI. The remaining 7 units are projected within the Over 150% AMI tier.

With the goal-based commute share estimate, of the 68 units of need projected, 32 units fall within the affordable income tiers through 120% of AMI and an additional 14 units are projected in the Above Moderate tier, through 150% of AMI. The remaining 22 units are projected within the Over 150% AMI tier.

The percentage factors used to estimate the Menlo Park share of housing need are applied uniformly across each of the income tiers. The actual distribution by income tier in Menlo Park would likely vary from these estimates based on factors such as the existing housing stock, limited availability of affordable units, and the future production of market rate and affordable units in Menlo Park.

The projected Menlo Park share of the total housing need of between of 13 and 68 units is well within the 2,946 total units proposed to be assigned to Menlo Park under the Draft Regional

Housing Needs Allocation (RHNA) process for the upcoming 2023 to 2031 planning period¹⁰. The projected Menlo Park share is also well within the 655 total units assigned to Menlo Park for the current RHNA cycle covering the 2014 to 2023 planning period; the City had already issued permits for 1,416 units as of 2020, which is 761 units more than the RHNA target, and had met approximately 47% of production targets for Very Low, Low, and Moderate Income, with 239 units permitted of the 505-unit total RHNA allocation for these three income categories¹¹. In addition, several housing developments are currently going through the entitlement process or were recently approved in the vicinity of the proposed Project including the Menlo Uptown Project with 483 units, Menlo Portal Project with 335 units, 111 Independence Drive with 105 units, Menlo Flats with 158 units, 123 Independence with 383 units, and Willow Village with 1,729 units, for a combined total of over 3,000 new units in the vicinity. All the proposed new residential development projects include on-site Below Market Rate (BMR) units in compliance with the City's 15% BMR affordable housing requirement. Therefore, it is anticipated that the additional housing need of 13 to 68 units in Menlo Park would be absorbed through future housing construction in the City.

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^{12, 13, 14}. 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, although these economic drivers may also be associated with physical or social factors.

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

¹⁰ Draft Regional Housing Needs Allocation (RHNA) Plan: San Francisco Bay Area, 2023-2031, May 2021. Association of Bay Area Governments.

¹¹ Menlo Park 2020 Housing Element Annual Progress Report.

¹² Center for Community Innovation (2020). Investment and Disinvestment as Neighbors, A Study of Baseline Housing Conditions in the Bay Area Peninsula.

¹³ Zuk, M. et. al. 2017. Gentrification, Displacement, and the Role of Public Investment. Journal of Planning Literature. Journal of Planning Literature 1-14.

¹⁴ Bradshaw, K. (2019). Uneven Ground: How unequal land use harms communities in southern San Mateo County. Palo Alto Online. <https://palaltoonline.atavist.com/uneven-ground>.

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.

The displacement analysis addresses the potential for the proposed Project to contribute to displacement of existing residents in two nearby communities, East Palo Alto and 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 Project¹⁵ as experiencing on-going gentrification and/or displacement or being at risk of displacement. Another recent study of baseline housing conditions in Belle Haven, East Palo Alto, and North Fair Oaks neighborhood, prepared by the UC Berkeley Center for Community Innovation and its Y-PLAN initiative, identified similar conclusions¹⁶.

The cost of housing in East Palo Alto and Belle Haven has been increasing rapidly, consistent with trends for the County and the greater Bay Area, which contribute to displacement pressures. These increases in housing costs partly reflect recovery from a decrease in housing prices during the housing market downturn and foreclosure crises during roughly the 2007 to 2012 period. However, during the subsequent economic expansion, the housing market moved well past its prior peak in 2006, although rental housing market conditions have weakened somewhat over the past year due to the economic recession caused by the global pandemic. The displacement analysis component of the HNA evaluates the potential for the proposed Project to be a contributing factor to displacement pressures in East Palo Alto and Belle Haven by evaluating:

- 1) Housing demand in the two communities from Project workers; and
- 2) Potential indirect influence on housing prices and rents.

Potential displacement due to increases in housing costs is not required to be analyzed under the California Environmental Quality Act (CEQA) as displacement is a socio-economic consideration, not a physical change to the environment.

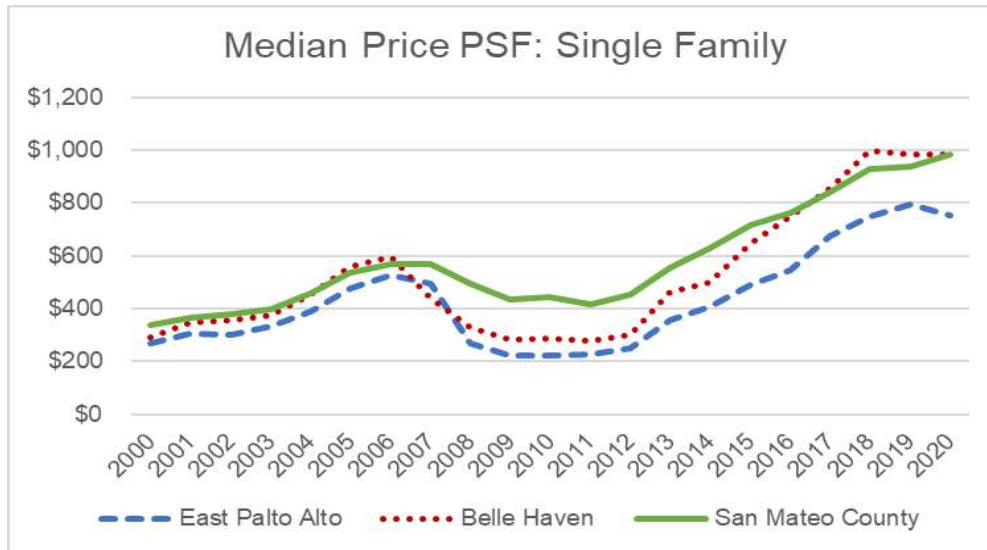
Home Price Trends

Home prices in East Palo Alto and Belle Haven have generally tracked broader trends in the County housing market, which has experienced significant escalation in prices. During the housing market downturn from 2007 to 2012, prices in the two communities fell further than the County overall, but have outpaced the County in the subsequent recovery. This pattern likely reflects the impacts of the foreclosure crises during the housing market downturn, which is

¹⁵Zuk, M., & Chapple, K. (2019). Urban Displacement Project. <http://www.urbandisplacement.org/>

¹⁶ Center for Community Innovation (2020). Investment and Disinvestment as Neighbors, A Study of Baseline Housing Conditions in the Bay Area Peninsula.

reported to have heavily impacted East Palo Alto¹⁷. Over the entire period from 2000 to 2020 shown in the chart below, escalation in housing prices in East Palo Alto matches that of the County while Belle Haven outpaced the County by an annualized rate of approximately 1% per year. Median home prices per square foot (PSF) in 2020 are now nearly 3 times what they were in 2000 in both East Palo Alto and the County overall and are more than 3 times the 2000 price level in Belle Haven.



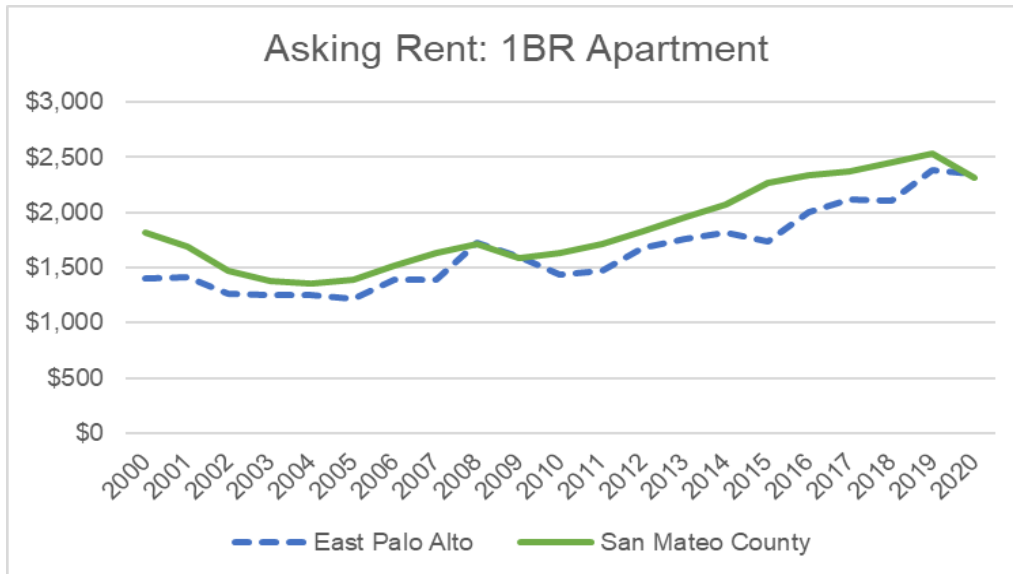
Source: CoreLogic

Rental Market Trends

Trends in asking rents for available apartments in East Palo Alto were compared to the San Mateo County average for the period from 2000 to 2020. Belle Haven is not presented in the chart due to limited rental market data¹⁸. Rents increased significantly over the time period consistent with regional trends. According to CoStar, a commercial provider of multifamily market data, asking rents in East Palo Alto have increased over the period by approximately 70% versus 30% for the County. As indicated in the chart below, rents in East Palo Alto are now similar to the County average.

¹⁷ Urban Displacement Project. 2015. East Palo Alto: An Island of Affordability in a Sea of Wealth.

¹⁸ Only approximately 160 (20%) of the 795-unit Belle Haven rental housing stock built before 2017 per the U.S. Census is covered by the historic CoStar data used in the trends analysis. Most rental housing has historically consisted of single-family or small multifamily structures with fewer than five units which is less likely to report rents regularly for purposes of the commercially available data source used in this analysis. Since 2017, two new apartment projects have added approximately 340 units to the rental housing stock, but rents of new apartments tend to command a premium relative to the existing supply and cannot be used for purposes of historic trends. Appendix C Table 13 provides the historic data that is available.



Source: CoStar.

Direct Housing Demand from Project

Direct influence on housing market conditions in East Palo Alto and Belle Haven from the proposed Project is anticipated to be negligible based on the minor share of overall housing demand that proposed Project employees are estimated to represent. Based on the lower and higher commute share scenarios described above, approximately 1% to 3% of Project workers are projected to live in East Palo Alto and approximately 0.5% to 0.7% are projected to live in Belle Haven. The third goal-based commute share scenario described above is not included for purposes of estimating direct housing demand in East Palo Alto and Belle Haven because it reflects a citywide goal for Menlo Park that is not specific to Belle Haven or East Palo Alto. The lower and higher commute share scenarios translate into a demand for four to 11 units in East Palo Alto and two units in Belle Haven. This level of demand represents 0.05% to 0.13% of the existing housing stock in East Palo Alto and 0.12% in Belle Haven and is equivalent to approximately 1% to 2% of the units estimated to come available through normal turnover each year. Since this represents a minor level of demand, it is anticipated to represent a negligible influence on the overall local housing market.

Indirect Housing Market Effects

Job growth, especially high-income job growth, exerts upward pressure on prices and rents throughout the region. Potential indirect housing market effects of the proposed Project are analyzed by using a simple linear regression analysis to identify how real estate conditions in San Mateo County and job growth have been correlated over the period from 2000 through

2019.¹⁹ The regression analysis findings are then applied to the proposed Project's 650 new jobs to estimate the potential range of effects on the local housing market. Key findings of this analysis are that:

- Rents are highly correlated with job growth; and
- Home prices do correlate with job growth, but the correlation is weaker than for rental housing. Other factors such as interest rates, credit availability, and other economic trends appear to have been more influential for home prices over the 2000 to 2019 period.

The potential influence of the proposed Project on housing costs for newly vacated units is estimated to range from a 0.04% increase at the lower end up to a 0.45% increase at the upper end. These findings reflect a range of approaches to the regression analysis designed to provide an estimate of the upper and lower bounds of potential market influence from the proposed Project within East Palo Alto and Belle Haven.

Table 1-5. Analysis of Indirect Housing Market Effects Potential Percentage Influence on Rents and Sales Prices		
	<u>Lower Estimate</u> (3-County Analysis)	<u>Upper Estimate</u> (Single County Analysis)
Correlation with All Job Growth		
Rents	0.04%	0.26%
Sales Prices	0.04%	0.23%
Correlation with High-Wage Job Growth <i>[to capture potential multiplier effect]</i>		
Rents	0.07%	0.45%
Sales Prices	<i>relationship not statistically significant</i>	0.38%

The upper estimate of potential influence on housing costs is based on a “single-county” regression analysis which attributes variation in local rents and home prices to job growth within San Mateo County. The reality is that the San Mateo County economy and housing market are heavily integrated with that of the larger Bay Area. Approximately 38% of workers who live in San Mateo County work in San Francisco or Santa Clara counties. Therefore, the upper estimate that attributes changes only to San Mateo County job growth likely overstates the impacts.

¹⁹ Selection of 2000 as the earliest date analyzed was based on availability of rental data from CoStar for 2000 onward. The analysis period ends in 2019 because the Quarterly Census of Employment and Wages has yet to publish employment data for the second half of 2020.

The lower estimate is based on a “three-county” analysis that includes San Francisco and Santa Clara counties. A combined 95% of all workers who live in San Mateo work in one of the three selected counties as shown in Table 5-4. Most San Mateo County workers either work within the County or commute to San Francisco or Santa Clara counties. Job growth in these three counties was anticipated to be most influential on local housing prices and rents. Alameda County was not included because just 3% of workers that live in San Mateo County commute east to jobs in Alameda County. Despite its proximity and accessibility, job growth occurring in Alameda County was assumed to be less influential on the housing market in San Mateo County because few San Mateo County residents commute to jobs located in Alameda County. The three-county analysis may understate the influence of local job growth and overstate the influence of job growth in other counties by treating jobs added anywhere within the three counties as having an equal influence on housing costs in San Mateo County. Since the majority of San Mateo County residents work within the County (57%), job growth within San Mateo County likely has somewhat more of an influence than job growth in Santa Clara County or San Francisco.

The analysis tests how housing costs are correlated with all categories of job growth as well as a separate test of the correlation with high-wage job growth. Technology, bio-tech, and other high-wage sectors help to drive growth in other sectors of the local economy such as retail, food, and transportation supported by spending by these businesses and their workforce. Employment and economic growth generated through subsequent business and employee spending is commonly referred to as the “multiplier effect”. The high-wage jobs analysis is an approach to capturing potential “multiplier effects.” To the extent multiplier effects associated with the high-wage jobs are an influence on local home prices and rents, the effects would be captured in the correlation between high-wage job growth and housing costs. Consistent with this, estimated market effects of the proposed Project are higher for the scenario specifically analyzing high-wage jobs. The high-wage analysis assumes, but does not prove, that high wage jobs are the primary influence on the housing market and that lower wage jobs either have less of an influence on the market or are an indirect result of the high-wage jobs by virtue of the associated multiplier effects.

The analysis of indirect housing market effects has the potential to overstate impacts by not distinguishing the effects of other important contributing factors that are correlated with job growth. Following are examples of factors that are correlated with job growth for which the effects may be ascribed to job growth, overstating the influence of job growth on the housing market:

- *Rising Incomes* – Rising incomes of existing Bay Area households, especially those of higher-income households, enable these households to compete for limited housing supply in the most desirable locations in the Bay Area, contributing to rising housing costs.

- *New Units Coming Online* – Some communities in San Mateo County, such as Redwood City, have seen construction of a significant number of new rental units that offer superior amenities and command premium rental rates. Inclusion of these new units could bring up averages even if rents for existing units are not increasing, or not increasing at the same pace. Therefore, one contributing factor to rising rents within the County overall may simply be the addition of newer units that can command higher rents.

For rental housing, the midpoint of the upper and lower percentage impact estimates presented in Table 1-5 are 0.15% based on all jobs and 0.26% based on high-wage jobs. With for-sale housing, the midpoints are 0.13% based on all jobs and 0.19% based on high-wage jobs²⁰. The percentage findings presented in Table 1-5 may be converted to a potential dollar influence on housing costs. Multiplying the percentages applicable to rental housing by the average effective East Palo Alto rent of \$2,791 per month (per CoStar for the year 2020), yields an estimated potential impact in the range of \$4 to \$7. For for-sale housing, a comparable analysis applying the percentages to current median home prices and mortgage rates translates to a potential monthly mortgage payment increase for potential purchasers of homes available for sale in East Palo Alto and Belle Haven of between \$4 and \$7 per month.

Menlo Park has already issued building permits for 1,416 housing units during the current RHNA planning cycle for 2015 to 2023 and East Palo Alto has issued building permits for 222 units for a combined 1,638 units²¹. Menlo Park has a proposed RHNA allocation for the 2023 to 2031 planning period of 2,946 units and East Palo Alto has a proposed allocation of 829 units for a combined 3,775 units. Menlo Park has over 3,000 additional housing units in the development pipeline in the vicinity of the proposed Project while East Palo Alto has a pipeline of nearly 1,000 new units,²² resulting in a combined total of approximately 4,000 pipeline units in Menlo Park and East Palo Alto, including approximately 900 below market rate (BMR) affordable units²³. Estimates of potential impact on rents and home prices are before considering any offsetting effects of new housing construction that is expected to absorb additional housing demand and moderate or offset the potential effects that are estimated.

²⁰ For purposes of calculating the mid-point in the high-wage scenario, the insignificant result with the Three-County analysis is treated as zero.

²¹ 2020 Housing Element Annual Progress Reports for Menlo Park and East Palo Alto.

²² October 6, 2020 City of East Palo Alto Staff Report to the City Council RE: Follow-Up on Study Session Related to the Affordable Housing Component of the Euclid Improvements (Woodland Park) Project, Attachment 1. East Palo Alto Housing Breakdown, which indicates approved, planned, proposed or under construction housing units totaling 969 units, not including rebuilt units.

²³ Pipeline total of 900-unit BMR units summarized from prior HNA's prepared by KMA for projects in the Bayfront Area, applicant proposals for 123 Independence and Willow Village, the City of Menlo Park summary of pipeline projects in the Bayfront Area and the staff report referenced in the prior footnote with respect to East Palo Alto pipeline projects.

Potential for Project to Contribute to Displacement in East Palo Alto and Belle Haven

The proposed Project is not estimated to be a significant contributor to displacement in East Palo Alto or Belle Haven. Even if the potential impact on rents and home prices cited above were realized, it is not significant enough to materially influence residential location decisions. The proposed Project adds only nominally to housing demand in East Palo Alto and Belle Haven, estimated at four to 11 units in East Palo Alto and two units in Belle Haven. Since this represents a minor level of demand that could be absorbed through normal market turnover, it is anticipated to represent a nominal influence on the overall local housing market. Additionally, this new demand may be absorbed through recent and planned additions to housing supply in Menlo Park and East Palo Alto, which have a combined development pipeline of approximately 4,000 housing units. The proposed Project would also contribute to creation of additional Extremely Low, Very Low and Low Income housing units through payment of approximately \$5.1 million²⁴ in affordable housing impact fees. Therefore, the proposed Project would not be a significant contributor to pre-existing displacement pressures in East Palo Alto and Belle Haven.

²⁴ Estimate based on FY 20-21 fee level of \$19.61 per square foot applied to the net square footage added by the proposed Project.

2.0 INTRODUCTION

This Housing Needs Assessment (HNA) provides an analysis of the proposed Project's potential impact on the need for housing in the City of Menlo Park 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 ICF International, the 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. 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 major housing-related topics are addressed in this HNA:

- 1) Demand for housing within commuting distance of Menlo Park generated by on-site employment at the proposed Project;
- 2) Estimated geographic distribution of housing need by jurisdiction; 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, including, to the extent possible, as a result of indirect and induced employment or "multiplier effects."

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.

Project Description and Total Employment Increase

Tarlton Properties (Project Sponsor) is proposing to construct a new 260,400 gross square foot (sf) building for life science research and development at 1350 Adams Court in Menlo Park. The new building would be constructed adjacent to an existing 188,100 square foot building on the Project site. The new building is being designed to accommodate either a single tenant or multiple tenants. According to the Draft EIR for the proposed Project, upon completion and lease-up, approximately 650 employees are estimated to occupy the proposed new building.

Table 2-1. Project Summary

Existing Building (1305 O'Brien Drive)	188,100	gsf
New Building (1350 Adams Court)	260,400	gsf
Total building area (existing + new)	448,500	gsf
Added Employment at 1350 Adams Court	650	Employees

Source: 1350 Adams Court Project, Draft EIR Project Description

Note: Building area excludes parking garage

The Project site is an undeveloped 4.4-acre portion of an approximately 11.2-acre site located at 1350 Adams Court and 1305 O'Brien Drive. The Project site is planned and zoned for the uses proposed under the Project and is located within the existing Menlo Park Labs campus which includes 1.4 million gsf of space that houses a range of life sciences and biotechnology tenants.

Report Organization

This report is organized into five sections and three appendices:

- Section 1.0 provides an Executive Summary;
- Section 2.0 provides an Introduction;
- Section 3.0 presents the analysis of housing demand by affordability level, step by step including a documentation of sources;
- Section 4.0 presents information on total worker households and the share that currently lives in Menlo Park;
- Section 5.0 contains the analysis of the potential for the Project to contribute to displacement of existing residents in East Palo Alto and Belle Haven;
- Appendix A provides supporting tables on worker occupation and incomes;
- Appendix B includes a summary of U.S. Census data for East Palo Alto and Belle Haven; and
- Appendix C provides supporting technical tables for the displacement analysis.

Data Sources and Qualifications

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

3.0 THE JOBS HOUSING ANALYSIS

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

Methodology

To estimate the linkages between added employment, worker households, and housing needs by affordability levels, KMA employed the same methodology used for nexus studies in support of jobs housing linkage programs. The KMA jobs housing nexus methodology was developed for analyses supporting housing linkage programs, such as Menlo Park's. The methodology has also been refined and modified for use in quantifying the housing impacts of specific large projects. The analysis inputs are all local data, to the extent possible, and are fully documented.

The basic methodology is to establish the income or compensation of employees, distribute employees into households of various size and establish household income using ratios derived from U.S. Census data. Estimated household income is then compared to affordability levels established by the California Housing and Community Development Department (HCD) to determine the number of employee households by income category.

HCD 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 (HCD). Most housing programs and policies in California and its jurisdictions utilize these income definitions. The City of Menlo Park is located in San Mateo County and 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 AMI²⁵, especially

²⁵ An income of approximately 221% of AMI, is estimated to be needed to afford the median priced home in Menlo Park. The median priced home in Menlo Park is \$2.35 million based on home sales from December 2019 through December 2020 from real estate data service provider CoreLogic. Estimates assume a down payment of 30% based on the median down payment for home purchases with a mortgage in Menlo Park estimated from CoreLogic data during this period, 35% of income spent on housing, and a mortgage interest rate of 3.1% based on the average 30-year fixed mortgage rate from January through December 2020 from Freddie Mac Primary Mortgage Market Survey.

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 2021 income limits for San Mateo County by household size are presented below in Table 3-1.

Table 3-1. 2021 Household Income Limits							
Income Category	Percent of AMI	Income Limit by Household Size					
		1-person	2-person	3-person	4-person	5-person	6-person
Extremely Low	30% of AMI	\$38,400	\$43,850	\$49,350	\$54,800	\$59,200	\$63,600
Very Low Income	50% of AMI	\$63,950	\$73,100	\$82,250	\$91,350	\$98,700	\$106,000
Low Income	80% of AMI	\$102,450	\$117,100	\$131,750	\$146,350	\$158,100	\$169,800
Moderate Income	120% of AMI	\$125,650	\$143,600	\$161,550	\$179,500	\$193,850	\$208,200
Above Moderate	150% of AMI	\$157,050	\$179,550	\$202,000	\$224,400	\$242,350	\$260,350
Median Income	100% of AMI	\$104,700	\$119,700	\$134,650	\$149,600	\$161,550	\$173,550

AMI = Area Median Income

Source: California Department of Housing and Community Development

Analysis Step 1 – Estimate of Added Employment

An estimated 650 on-site employees would be added by the proposed Project according to the Draft EIR Project Description. The employment estimate reflects an employment density of approximately 1 employee for each 400 square feet of building area, which is representative for the proposed Project’s life science R&D use.

Table 3-2 provides a breakdown of the proposed Project’s 650 employees between the direct employees of the R&D tenant(s) and building services staff such as maintenance, janitorial, and security. The number of building services staff is estimated at 26 based on staffing ratios derived from International Facility Management Association (IFMA) data based on a national survey of facility management professionals²⁶. Building services workers are evaluated separately because these services are often provided by separate contractors and are therefore

²⁶ The proposed Project is located within the existing Menlo Park Labs life science campus, which could allow for staffing efficiencies for security, janitorial, and buildings and ground maintenance services compared to national IFMA data; however, staffing data specific to Menlo Park Labs has not been reviewed.

not fully reflected in the occupation profile for the Life Sciences R&D industry that is used in Step 3, below.

Table 3-2. Project Employment			
	<u>Net Added Building Area</u>	<u>SF Per Employee</u>	<u>Employees</u>
Life Sciences / R&D Tenant	260,400	417	624
Building Services ⁽¹⁾	260,400	10,000	26
Total Added Employment	260,400	400	650

Sources: 1350 Adams Court Project Draft EIR Project Description. International Facility Management Association (IFMA), Operations and Maintenance Benchmarks Research Report #33 for staffing ratio for building services.

⁽¹⁾ Includes facility staff such as maintenance, janitorial, grounds and security not directly employed by the tenant. Staffing ratio of 1 per 10,000 square feet estimated from IFMA data on number of facilities staff for buildings in the 250,000-500,000 and 500,000 to 1,000,000 square feet size categories.

Step 2 – Adjustment from Employees to Employee Households

Table 3-3 summarizes Step 2 to convert the number of employees to the number of employee households that will work at or in the building type being analyzed. This step recognizes that there is, on average, more than one worker per household, and thus the number of housing units in demand for new workers must be reduced. The workers per worker household ratio eliminates from the equation all non-working households, such as households comprised of retired persons or students.

KMA derived the worker per worker household figure from U.S Census American Community Survey (ACS) data. The ACS data provide estimates of the total number of workers living in San Mateo County (405,474), and the total number of households with at least one working household member (212,545). The ratio between these two figures for San Mateo County is 1.91 workers per worker household. The ratio for households that have at least one working member is used because the new workers added by the proposed Project will live in households of this type. The San Mateo County figure is used in the analysis because workers would be more similar to the County as a whole than the smaller City of Menlo Park profile.

Table 3-3. Estimated Number of Employee Households

	<u>Life Sciences / R&D</u>	<u>Building Services</u>	<u>Total Project</u>
Number of Employees	624	26	650
Ratio: Workers Per Worker Household ⁽¹⁾	1.91	1.91	1.91
Number of Households	327	14	341

(1) Derived from 2015-2019 U.S. Census American Community Survey data for San Mateo County

The adjustment from the number of employees to the number of households in Table 3-3 recognizes that if an added employee lives in a household with one or more other workers (i.e., a multiple-earner household), that added employee is not responsible for creating demand for an entire housing unit, only a portion of a unit. There is no implicit assumption that Project employees would live with one another. Multiple-earner households are a factor that must be recognized, irrespective of where the other working member(s) of the household is employed. Were the adjustment for multiple-earner households to be limited to the special case of Project employees living with one another in the same unit, housing needs of Project employees would be overstated by allotting an entire housing unit to one worker, even if that worker shares a housing unit with another worker who is employed elsewhere. The following two examples provide further illustrations as to why an adjustment to account for multiple-earner households is necessary regardless of where the other working member(s) of the household is employed:

- **Example #1** – Consider a worker added by the proposed Project who lives with a worker who has taken a job within a separate, newly developed, building. If it were assumed that each new worker (added by two separate developments) would require their own housing unit, the total housing demand would be overstated as a result of double counting the one unit that is shared by the two workers.
- **Example #2** – Consider two workers added by the proposed Project as well as two workers at long-established local employers. Say the two workers at long-established employers live with one another and the two workers at the proposed Project live with one another. There would be a need for two housing units in total. Now, instead say that each of the two workers in the proposed Project are in separate units, each with one of the workers at a long-established employer. There is still a need for two housing units in total. There is no difference in housing demand whether the two Project workers live with one another or live separately with a worker who holds a job elsewhere.

Step 3 – Occupational Distribution of Employees

Occupational distribution for employees added within the proposed Project 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.” The following industry categories were identified to be most representative for the proposed Project:

- NAICS code 541710, Research and Development in the Physical, Engineering, and Life Sciences, is used to represent R&D / Life-Sciences tenancies expected at the proposed Project.
- NAICS 561700, Services to Buildings and Dwellings, and NAICS 561600, Investigation and Security Services, were used to represent occupations associated with janitorial, maintenance, security and other building services.

Protective service and building and grounds cleaning and maintenance occupations were removed from the Research and Development occupation profile because these workers are separately accounted for.

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.

Table 3-4 provides a summary of worker occupations by major category. Appendix A, Tables 2 and 4 provide further breakdown of worker occupations by Standard Occupational Classification (SOC) System codes.

Table 3-4. Worker Occupations

Occupation Category	Life Sciences / R&D		Building Services		Combined Total	
	<i>percent</i>	<i>number</i>	<i>percent</i>	<i>number</i>	<i>percent</i>	<i>number</i>
Management Occupations	15.5%	50.6	2%	0.3	15%	50.9
Business and Financial Operations	10.2%	33.3	1%	0.1	10%	33.4
Computer and Mathematical	12.8%	41.9	0%	0.0	12%	41.9
Architecture and Engineering	16.1%	52.6	0%	0.0	15%	52.6
Life, Physical, and Social Science	26.1%	85.3	0%	0.0	25%	85.3
Community and Social Services	0.2%	0.7	0%	0.0	0%	0.7
Legal	0.6%	1.8	0%	0.0	1%	1.8
Education, Training, and Library	0.3%	1.0	0%	0.0	0%	1.0
Arts, Design, Entertainment, Sports	1.2%	3.8	0%	0.0	1%	3.8
Healthcare Practitioners and Technical	2.5%	8.2	0%	0.0	2%	8.2
Healthcare Support	0.9%	3.0	0%	0.0	1%	3.0
Protective Service	0.0%	0.0	39%	5.5	2%	5.5
Food Preparation and Serving Related	0.0%	0.2	0%	0.0	0%	0.2
Building and Grounds	0.0%	0.0	41%	5.8	2%	5.8
Personal Care and Service	0.2%	0.7	0%	0.0	0%	0.8
Sales and Related	1.5%	4.8	2%	0.3	1%	5.1
Office and Administrative Support	7.8%	25.5	6%	0.8	8%	26.3
Farming, Fishing, and Forestry	0.2%	0.6	0%	0.0	0%	0.6
Construction and Extraction	0.3%	1.1	1%	0.1	0%	1.2
Installation, Maintenance, and Repair	1.2%	4.0	5%	0.6	1%	4.6
Production	2.0%	6.4	0%	0.1	2%	6.5
Transportation and Material Moving	0.6%	1.8	1%	0.1	1%	2.0
Totals	100.0%	327	100%	14	100%	341

Source: Bureau of Labor Statistics Occupational Employment Survey, 2019.

See Appendix A Tables 1-4 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 recent San Mateo County wage and salary information for each occupation from the California Employment Development Department (EDD) for the first quarter of 2020. In addition to the average compensation levels, the analysis also utilizes EDD 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 Tables 2 and 4.

Step 5 – Household Size Distribution

In this step, the household size distribution of workers is estimated using U.S. Census 2015-2019 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 3-5 indicates the percentage distribution utilized in the analysis.

Table 3-5. 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	14.7%
2	1	13.1%
	2	17.4%
3	1	7.3%
	2	10.1%
	3+	3.9%
4	1	4.9%
	2	8.9%
	3+	6.4%
5	1	1.9%
	2	3.4%
	3+	2.5%
6	1	1.3%
	2	2.4%
	3+	1.7%
Total		100.0%

Source: 2015-2019 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 income distribution (Step 4), the worker household distribution (Step 5) and the 2021 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 3-6. 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 3-6. 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	1.31	2.86	3.50
\$50,000 to \$75,000	1.15	2.21	2.55
\$75,000 to \$100,000	1.09	1.97	2.12
\$100,000 to \$150,000	1.06	1.77	1.84
\$150,000 to \$200,000	1.04	1.60	1.63
\$200,000 to \$250,000	1.04	1.54	1.54
\$250,000 to \$300,000	1.02	1.47	1.47
\$300,000 to \$500,000	1.04	1.32	1.32
\$500,000 and above	1.02	1.25	1.25

Source: KMA analysis of 2015 to 2019 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 3-7 presents the estimated number of households in each income tier by worker occupation category. It represents the results 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 3.7
EMPLOYEE HOUSEHOLDS BY OCCUPATION AND INCOME (STEPS 4, 5, AND 6)
1350 ADAMS COURT PROJECT
HOUSING NEEDS ASSESSMENT
MENLO PARK, CA**

	Life Sciences / R&D							Building Services						
	Extr. Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total	Extr. Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
Step 4, 5, & 6 - Employee Households within Major Occupation Categories⁽¹⁾														
Management	0.0	0.5	3.0	4.5	8.0	34.5	51	0.0	0.0	0.0	0.0	0.0	0.0	0
Business and Financial Operations	0.2	3.1	7.8	7.8	8.5	5.8	33	0.0	0.0	0.0	0.0	0.0	0.0	0
Computer and Mathematical	0.0	0.8	5.9	5.7	10.0	19.4	42	0.0	0.0	0.0	0.0	0.0	0.0	0
Architecture and Engineering	0.1	2.4	9.1	9.4	13.4	18.2	53	0.0	0.0	0.0	0.0	0.0	0.0	0
Life, Physical and Social Science	2.2	7.8	18.6	18.4	18.3	20.0	85	0.0	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	0.0	0.0	0.0	0.0	0
Legal	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0
Education Training and Library	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0
Arts, Design, Entertainment, Sports, & Media	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0
Healthcare Practitioners and Technical	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0
Protective Service	0.0	0.0	0.0	0.0	0.0	0.0	0	1.2	0.9	2.5	0.8	0.1	0.0	6
Food Preparation and Serving Related	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0
Building Grounds and Maintenance	0.0	0.0	0.0	0.0	0.0	0.0	0	1.2	1.0	2.8	0.6	0.1	0.0	6
Personal Care and Service	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0
Sales and Related	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0
Office and Admin	2.2	4.8	9.1	6.2	2.9	0.3	25	0.1	0.2	0.3	0.2	0.1	0.0	1
Farm, Fishing, and Forestry	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0
Construction and Extraction	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0
Installation Maintenance and Repair	0.0	0.0	0.0	0.0	0.0	0.0	0	0.1	0.1	0.2	0.2	0.1	0.0	1
Production	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0
Transportation and Material Moving	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0
Households: Major Occupations	4.7	19.4	53.5	52.0	61.2	98.2	289	2.6	2.3	5.8	1.7	0.4	0.0	13
Households: all other occupations ⁽²⁾	0.6	2.5	7.0	6.8	8.0	12.9	38	0.2	0.2	0.5	0.2	0.0	0.0	1
Total Households	5.3	21.9	60.6	58.8	69.3	111.2	327.0	2.9	2.5	6.4	1.9	0.4	0.0	14.0
Rounded	5.0	22.0	61.0	59.0	69.0	111.0	327.0	3.0	2.0	7.0	2.0	0.0	0.0	14.0

Notes:

⁽¹⁾ See Appendix Tables 2 and 4 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 Tables 1 - 4 for information on major and detailed occupation categories identified for detailed compensation analysis.

Summary by Income Level

Table 3-8 presents the total projected housing demand within commuting distance of Menlo Park, or the number of housing units by affordability level where a member of the household works in the proposed Project.

Table 3-8. Estimated Number of Employee Households by Income				
	Life Sciences / R&D	Building Services	Total Project	Percent of Total
	<i>from Table 3-7</i>	<i>from Table 3-7</i>		
Extremely Low Income	5	3	8	2.3%
Very Low Income	22	2	24	7.0%
Low Income	61	7	68	19.9%
Moderate Income	59	2	61	17.9%
Subtotal: 0% to 120% AMI	147	14	161	47.2%
Above Moderate Income	69	0	69	20.2%
Subtotal: 0% to 150% AMI	216	14	230	67.4%
Over 150% AMI	111	0	111	32.6%
Total Employee Households	327	14	341	100%

The analysis finds that 341 new housing units somewhere in the region are required to meet the housing needs generated by the proposed Project. Of this new housing demand, 161 units are for households earning Extremely Low, Very Low, Low and Moderate incomes. Housing demand for building services employees is concentrated in the lower income tiers from 0% through 120% of AMI; however, these workers represent a relatively small share of the total estimated employment for the proposed Project. The Above Moderate income (120% to 150% of AMI) category represents a new housing demand of another 69 units.

The greatest single share of proposed Project employees (33%) is in the Over 150% AMI tier. This finding is consistent with the many well-compensated jobs found within the industry category applicable to life sciences research and development.

4.0 MENLO PARK SHARE AND COMMUTING

The conclusions regarding the housing needs associated with the proposed Project, as presented at the end of Section 3.0 are for total housing need, irrespective of location or geography, somewhere within commuting distance of the proposed Project. Section 4.0 presents information for understanding existing conditions with respect to where people who work in Menlo Park now live, where workers at existing tenants within the Menlo Park Labs campus live, and an approach to assessing the share of new workers estimated to live in Menlo Park.

Commute Relationships for the City of Menlo Park

According to the U.S. Census 2015-2019 American Community Survey (ACS), 5.9% of those who currently work in the City of Menlo Park also live in the City of Menlo Park. The remaining 94.1% of the workforce commutes in from outside of the City. The existing percentage of workers commuting in from other jurisdictions 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. Nevertheless, 5.9% does provide a benchmark for the propensity of Menlo Park workers to seek and find housing within the City.

The percentage of workers in Menlo Park who also live in the City has been generally decreasing over the decades with 10% of workers living in the City as of the 1990 Census, decreasing to 7.2% with the 2000 Census to 5.9% in the most recent ACS data. Workers most everywhere tend to commute more in recent years than in the past and, in addition, Menlo Park has become less affordable over time. Large employers that are newer to an area, or have a high turnover, typically have a smaller percent of workers living locally than employers who have been established locally for a long time. The relationship between job growth in Menlo Park relative to the amount and affordability level of housing that has been added over time is likely a significant factor in this trend. However, in any metropolitan region such as the Bay Area, there are numerous individual factors that influence how workers, in general, select their neighborhoods or communities to live in beyond basic housing supply, price/rent, and proximity to work considerations. Examples listed below are by no means exhaustive and no hierarchy is implied by the order:

- Type of unit; people tend to be looking for a specific kind of housing – an apartment, a condo, a detached home. These choices are tied to stage of life as well as affordability and other factors.
- Commute to work – a notable study found that people are willing to commute for a half hour to 45 minutes, but obviously this varies by metropolitan area and options. In many households, more than one household member works, so a residential location may be a compromise to make commuting in multiple directions acceptable.
- Proximity to social, ethnic and religious communities.

- Accessibility to recreational resources. This can be general like proximity to parks and playgrounds, or specific to certain recreational interests ranging from jogging trails, to golf, to just about any recreational pursuit.
- Quality of schools – either indicated by specific measures or purely perception. This is mainly a factor of concern for those with children or seeking housing with future children in mind.
- Accessibility to culture and entertainment.
- Public safety – like schools either based on hard data or simply perceptions and reputation which may not be supported by hard data.
- Air quality is a commonly cited factor in the Los Angeles basin, but far less so in the Bay Area.
- Weather and microclimates in the Bay Area dictate communities of choice for many. People tend to either hate the cool fog near the ocean or love it.

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 so high, it is possible that the 5.9% existing commute share does not reflect the proportion of workers who would live in Menlo Park if they could find housing and could afford it. The possibility that availability and affordability of housing have contributed to a downward trend in Menlo Park’s commute share is a primary reason for including a separate goal-based commute share scenario, as described below.

Commute Relationships for Existing Menlo Park Labs Campus

The applicant provided data on commute patterns for three unidentified tenants within the Menlo Park Labs campus representing a total of 629 employees who live in Northern California²⁷. The data indicates that approximately 3.8% of employees live in Menlo Park, significantly lower than the percentage for Menlo Park workers overall based on the ACS data. The location of the Campus provides access to the Dumbarton Bridge and US 101. The Campus also provides shuttles to the Union City BART station, San Francisco and the Palo Alto Caltrain station. These are factors that could potentially facilitate a greater level of commuting to other jurisdictions.

²⁷ In addition to these 629 employees, data was provided for employees that reside outside of Northern California deemed to be outside of regular commute range including 24 employees living in San Diego, Los Angeles, Ventura, Orange, San Bernardino, and San Luis Obispo counties and 146 employees living in other states. Employees living outside of commute range would be less applicable for purposes of estimating commute relationships because they may work primarily at other facilities, telecommute or be present on-site on an occasional basis; therefore, these workers would not be representative of employees who regularly work at the Project site.

Commute Scenarios for Subject Project

To estimate Menlo Park's share of the total housing need from the proposed Project, the analysis uses three commute scenarios, reflecting a lower estimate and higher estimate of the share of workers likely to seek and find housing within the City based on existing commute data plus a third goal-based scenario that assumes a larger share of the workforce is housed locally. The scenarios are intended to bracket the potential range of outcomes for the share of total housing need to be met within the City:

- 1. Lower Estimate of Menlo Park Share at 3.8% (Menlo Park Labs existing average):**
The lower estimate reflects commute patterns specific to the existing Menlo Park Labs campus. Using this approach, approximately 3.8% of workers at the proposed Project are estimated to reside within the City of Menlo Park.
- 2. Higher Estimate of Menlo Park Share at 5.9% (current City-wide average):** The higher estimate is based on the existing City-wide average share of Menlo Park's workforce that lives in the City of approximately 5.9%, based on the U.S. Census. The higher estimate is to represent a scenario in which the share of workers within the proposed Project who seek and find housing locally is more similar to existing City averages than the current Menlo Park Labs pattern.
- 3. Goal-Based Commute Share at 20% (goal from 2000 Nexus Study):** the goal-based commute share estimate assumes 20% of new workers are housed within the City consistent with an assumption used in the City's 2000 commercial linkage fee nexus study²⁸ (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 lower estimate reflects the commute pattern of the existing Menlo Park Labs campus. The following observations suggest that the lower estimate likely provides a good indicator of the share of workers who would live in Menlo Park:

1. The existing commute pattern for the Menlo Park Labs campus is probably a better indicator of the pattern for new R&D workers at the proposed Project site than City-wide averages that do not reflect the specific location of the Project site or the income / occupation profile of R&D workers.

²⁸ Commercial Linkage Fee Nexus Study prepared for the City of Menlo Park by Vernazza Wolfe Associates, Inc. dated September 2000.

2. Census data for Menlo Park since 1990 do not show a correlation between job growth and number of Menlo Park workers residing locally. The number of jobs in Menlo Park increased by 17,478 or 67% from the 1990 Census to the 2015 - 2019 ACS. During the same period, the number who both live and work in Menlo Park, excluding those who work out of their homes, decreased from 2,662 to 2,589 (a 3% decrease). An analysis of compensation levels for jobs added since 1990 was not prepared; however, anecdotally one can observe that the employment growth during this period probably included a number of highly compensated jobs. Despite the addition of over 17,000 jobs during this period, of which at least a portion were likely highly compensated, the number of workers who both live and work in Menlo Park declined.
3. Large employers that are new to an area, or employers that have a high employee turnover, typically have a smaller percent of workers living locally than employers who have been established locally for a long time. One explanation for this is that employees of long-established firms are more likely to have entered the housing market years ago when it was more affordable. Another factor may be the expanding size of the Bay Area's job and housing markets combined with an increase in multiple-earner households. This has created more options for where to live and work and more households who must take locations of multiple jobs into account in selecting a residential location.
4. The proposed Project is very accessible to freeways including US-101 and SR-84 / the Dumbarton Bridge. It is arguably one of the most conducive locations in Menlo Park for commuting from other jurisdictions. The shuttle services that are provided to San Francisco, Palo Alto Caltrain and Union City BART also help facilitate longer distance commuting.
5. Menlo Park is viewed as a highly desirable place to live. Workers in the proposed Project who wish to live in Menlo Park would be competing for a limited amount of available housing with many other households in the Peninsula / Silicon Valley housing market who may also be seeking to live in Menlo Park.

The higher estimate reflects the City-wide average commute share, which exceeds that of the existing Menlo Park Labs campus. The rationale for including the higher estimate is to provide a more conservative estimate of the number of housing units that may be needed to house new employees should the employee housing pattern differ from that of existing Menlo Park Labs tenants.

The goal-based commute share estimate 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 prepared²⁹. 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 goal-based commute share estimate 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.

Estimate of Menlo Park's Share of New Housing Demand

Per the discussion above, three scenarios are provided based on 3.8%, 5.9% and 20% of workers at the proposed Project residing within the City of Menlo Park. The three factors are applied to the total housing need to estimate the number of new workers in the proposed Project who would seek and find housing in Menlo Park. In other words, between 3.8% and 20% of the housing needs concluded at the end of Section 3 is the estimated Menlo Park "share."

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

²⁹ 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 4-1. Estimated Menlo Park Share of Total Housing Needs			
	Lower Estimate Commute Share (3.8%)	Higher Estimate Commute Share (5.9%)	Goal-Based Commute Share Estimate (20%)
Extremely Low Income	0	0	1
Very Low Income	1	1	5
Low Income	3	4	14
Moderate Income	2	4	12
Subtotal: 0% to 120% AMI	6	9	32
Above Moderate Income	3	4	14
Subtotal: 0% to 150% AMI	9	13	46
Over 150% AMI	4	7	22
Total Employee Households	13	20	68

Estimated Commute Shed for Proposed Project

It is anticipated that workers at the proposed Project would commute to the Project site from throughout the region. Table 4-2 presents data on commuting by jurisdiction. Two different versions are provided, one based on commute patterns specific to the existing Menlo Park Labs campus and one based on averages derived from the U.S. Census. The estimates reflect the same data sources as used for the lower and higher Menlo Park share of housing needs described above. Based on the data in Table 4-2, it is anticipated that between 67% and 69% of workers would live in Santa Clara and San Mateo counties. Remaining workers are estimated to commute primarily from San Francisco and Alameda counties. Around 7% are estimated to commute from other counties.

The third goal-based commute share scenario is not presented in Table 4-2 because the 20% goal is focused on Menlo Park's commute share and does not identify targets for any other specific jurisdiction. Progress toward the 20% commute share goal would tend to reduce commuting from other jurisdictions relative to levels indicated in Table 4-2 by increasing the share of workers that live in Menlo Park.

**TABLE 4-2
ESTIMATED COMMUTE SHED SCENARIOS FOR PROJECT
1350 ADAMS COURT PROJECT
HOUSING NEEDS ASSESSMENT
MENLO PARK, CA**

Place of Residence:	Estimated Commute Shed for Project	
	Share Based on Project-specific data ⁽¹⁾	Share Based on 2012-2016 ACS ⁽³⁾
San Mateo County	27.6%	38.7%
Atherton	0.5%	0.9%
Belmont	1.9%	0.9%
Broadmoor	0.0%	0.1%
Burlingame	1.1%	0.7%
Colma	0.0%	0.0%
Daly City	1.1%	1.5%
East Palo Alto	1.1%	3.1%
El Granada	0.0%	0.3%
Emerald Lake Hills	0.0%	0.2%
Foster City	0.0%	1.2%
Half Moon Bay	0.5%	0.5%
Highlands-Baywood Park	0.0%	0.2%
Hillsborough	0.3%	0.5%
La Honda CDP, California	0.0%	0.1%
Ladera CDP, California	0.0%	0.1%
Menlo Park	3.8%	5.9%
Millbrae	0.6%	0.4%
North Fair Oaks	0.0%	1.3%
Pacifica	0.5%	0.6%
Portola Valley	0.5%	0.5%
Redwood City	5.1%	9.1%
San Bruno	0.6%	1.1%
San Carlos	1.0%	1.6%
San Mateo	5.7%	3.7%
South San Francisco	1.3%	1.0%
West Menlo Park	0.0%	0.5%
Woodside	0.0%	0.5%
Balance of County ⁽²⁾	2.1%	2.1%

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**TABLE 4-2
ESTIMATED COMMUTE SHED SCENARIOS FOR PROJECT
1350 ADAMS COURT PROJECT
HOUSING NEEDS ASSESSMENT
MENLO PARK, CA**

Place of Residence:	Estimated Commute Shed for Project	
	Share Based on Project-specific data ⁽¹⁾	Share Based on 2012-2016 ACS ⁽³⁾
Santa Clara County	39.1%	30.4%
Alum Rock	0.0%	0.0%
Cambrian Park	0.0%	0.0%
Campbell	0.6%	0.7%
Cupertino	1.4%	1.1%
Gilroy	0.0%	0.2%
Lexington Hills	0.0%	0.0%
Los Altos	2.1%	1.1%
Los Altos Hills	0.0%	0.4%
Los Gatos	1.1%	0.3%
Loyola	0.0%	0.1%
Milpitas	2.4%	0.4%
Monte Sereno	0.0%	0.0%
Morgan Hill	0.3%	0.1%
Mountain View	3.8%	4.9%
Palo Alto	2.7%	4.0%
San Jose	17.7%	8.8%
San Martin	0.2%	0.1%
Santa Clara	2.4%	1.7%
Saratoga	0.3%	0.5%
Stanford	0.2%	0.3%
Sunnyvale	4.0%	5.3%
Balance of County ⁽²⁾	0.0%	0.4%

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**TABLE 4-2
ESTIMATED COMMUTE SHED SCENARIOS FOR PROJECT
1350 ADAMS COURT PROJECT
HOUSING NEEDS ASSESSMENT
MENLO PARK, CA**

Place of Residence:	Estimated Commute Shed for Project	
	Share Based on Project-specific data ⁽¹⁾	Share Based on 2012-2016 ACS ⁽³⁾
Alameda County	17.0%	12.2%
Alameda	0.3%	0.2%
Albany	0.0%	0.1%
Ashland	0.0%	0.4%
Berkeley	1.0%	0.3%
Castro Valley	1.0%	0.5%
Cherryland	0.0%	0.1%
Dublin	0.5%	0.5%
Emeryville	0.5%	0.1%
Fairview	0.0%	0.1%
Fremont	5.2%	3.8%
Hayward	2.1%	1.6%
Livermore	0.5%	0.3%
Newark	1.9%	1.0%
Oakland	1.7%	1.3%
Pleasanton	0.8%	0.5%
San Leandro	0.3%	0.4%
San Lorenzo	0.2%	0.2%
Union City	1.1%	0.9%
Balance of County ⁽²⁾	0.0%	0.0%
San Francisco	11.6%	12.0%
Contra Costa County	2.1%	2.1%
Santa Cruz County	0.6%	0.5%
Marin, Napa, Sonoma	0.6%	0.7%
Other Counties⁽¹⁾	1.3%	3.5%
	100.0%	100.0%

Notes:

(1) Based on data provided by project Applicant for three existing tenants within the same business park as the Project. Commute distribution reflects employees living in Northern California, not including applicant-provided data on workers living in Southern California or in other states.

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

(3) Data is derived from the 2012-2016 American Community Survey, the most recent available complete commute distribution data at the jurisdiction level. The share of Menlo Park's worker-force living in Menlo Park is an exception for which more recent data is available from the 2015-2019 American Community Survey. A reconciliation adjustment to the Balance of San Mateo County was made to account for the 0.6% reduction in the Menlo Park Share since the prior data.

Sources: U.S. Census Bureau, American Community Survey 2012-2016 Five-year estimates. Special Tabulation: Census Transportation Planning; American Community Survey 2015-2019; Applicant.

5.0 DISPLACEMENT ANALYSIS

This section provides an evaluation 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). As noted above, displacement is not an environmental impact for purposes of CEQA, but this analysis is provided for informational purposes and consistent with the requirements of the 2017 Settlement Agreement.

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^{30, 31, 32}. 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.

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 Project site is located on Adams Court within the Menlo Park Labs campus. Belle Haven is a residential neighborhood located west 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 located east and south of the Project site, outlined in green on the aerial image below.

³⁰ Zuk, M. et. al. 2017. Gentrification, Displacement, and the Role of Public Investment. Journal of Planning Literature. Journal of Planning Literature 1-14.

³¹ Center for Community Innovation (2020). Investment and Disinvestment as Neighbors, A Study of Baseline Housing Conditions in the Bay Area Peninsula.

³² 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>

Proposed Project, Belle Haven and East Palo Alto Location



Source: Google Maps

Analysis Approach

Given the complex array of factors that influence housing markets and neighborhood change, precise estimates or projections of outcomes are not feasible; rather, the analysis provides information and context that will be useful in gauging the potential range of impacts. The following analyses were completed to provide this context:

1. *Comparative review of real estate trends* – Real estate market trends in East Palo Alto and Belle Haven since 2000 were analyzed in comparison to Countywide trends. The purpose is to help understand how localized trends relate to the broader County housing market.
2. *Review of employment trends* – Employment trends were reviewed for San Mateo County and adjacent counties. Employment data is delineated by compensation level so that growth in higher-income and lower-income jobs can be separately understood.
3. *Estimated direct housing demand in East Palo Alto and Belle Haven* – Commute shed data is used to estimate the number of new workers from the proposed Project likely to seek and find housing in East Palo Alto and Belle Haven. This is useful for understanding the likely magnitude of influence the proposed Project could have on the housing market.
4. *Historic Relationship Between Job Growth and Housing Costs* – The extent to which employment growth and housing costs have been correlated with one another was

analyzed using linear regression. Findings are used to identify the potential range of impacts on housing costs that could be experienced as a result of the proposed Project.

The above analyses all contribute to understanding the potential for the proposed Project to contribute to increases in home prices, rents and displacement pressures in East Palo Alto and Belle Haven.

Data Sources for Displacement Analysis

The displacement analysis was prepared using data from sources including the American Community Survey (ACS) of the U.S. Census, the Quarterly Census of Employment and Wages, commercial data providers CoStar, CoreLogic, ESRI Business Analyst, as well as the applicant for data on where employees of existing tenants in Menlo Park Labs live. Other sources are noted in the text and footnotes. While we believe all sources are sufficiently accurate for purposes of the analysis, we cannot guarantee their accuracy. KMA assumes no liability for information from these and other sources.

Risk of Displacement

East Palo Alto and Belle Haven both have 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. A review of demographics and displacement risk factors specific to the two communities is provided in Appendix B. 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,³³ 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 Project³⁴ 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. For additional background, see also the Urban Displacement Project report, "East Palo Alto: An Island of Affordability in a Sea of Wealth"³⁵.

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*

³³ Zuk, M., & Chapple, K. (2019). Urban Displacement Project. <http://www.urbandisplacement.org/>

³⁴ Crispell, M, Harris L.R., and Cespedes S. March 2016. San Mateo County's East Palo Alto. Urban Displacement Project.

³⁵ Zuk, M., & Chapple, K. (2015). East Palo Alto: An Island of Affordability in a Sea of Wealth. Urban Displacement Project.

the Bay Area Peninsula, provided an assessment of the baseline housing conditions in Belle Haven, 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 found more signs of disinvestment in East Palo Alto and more indications of real estate speculation in Belle Haven³⁶.

East Palo Alto has been described as an “island” of affordability within the higher-priced Silicon Valley / Peninsula housing market. Belle Haven is also historically affordable relative to other neighborhoods in Menlo Park as well as many high-priced communities in San Mateo County and Silicon Valley. However, over the past two decades, home prices in East Palo Alto have increased at the same rapid pace as the County median, while home prices in Belle Haven are now slightly greater than the County median on a per square foot basis. Market rents for available one-bedroom apartments in East Palo Alto average approximately \$2,355 per month which is approximately the same as the County average of around \$2,310. While many existing residents in East Palo Alto are shielded from escalating housing costs through rent control or having purchased homes when prices were lower, the comparatively high cost of entering East Palo Alto’s housing market relative to other more affordable locations in the Bay Area suggests that longer-term neighborhood change is likely.

The City of East Palo Alto has adopted policies focused on protecting affordability in the face of displacement pressures, including a rent control and just cause eviction policy described below.

East Palo Alto’s Rent Control Ordinance

The City of East Palo Alto regulates rent increases and eviction procedures through the Rent Stabilization and Just Cause for Eviction Ordinance (East Palo Alto Municipal Code Chapter 14.04). The ordinance limits annual rent increases to 80% of the increase in the Consumer Price Index over the prior year. Just cause provisions of the ordinance require landlords to present a valid reason for terminating a tenancy. Tenants are also protected from retaliation and harassment. Rent control applies to all rental units except: single family homes, units in owner-occupied properties of three units or less, new units built after 1988 (other than replacement units), and certain non-profit / group-quarters living arrangements. As required by state law, rents are free to reset to market rate upon turnover. The rent control ordinance shields existing renters from increases in market rents and economic displacement. Because rents reset to market upon vacancy, the ordinance does not preclude neighborhood change over the longer term.

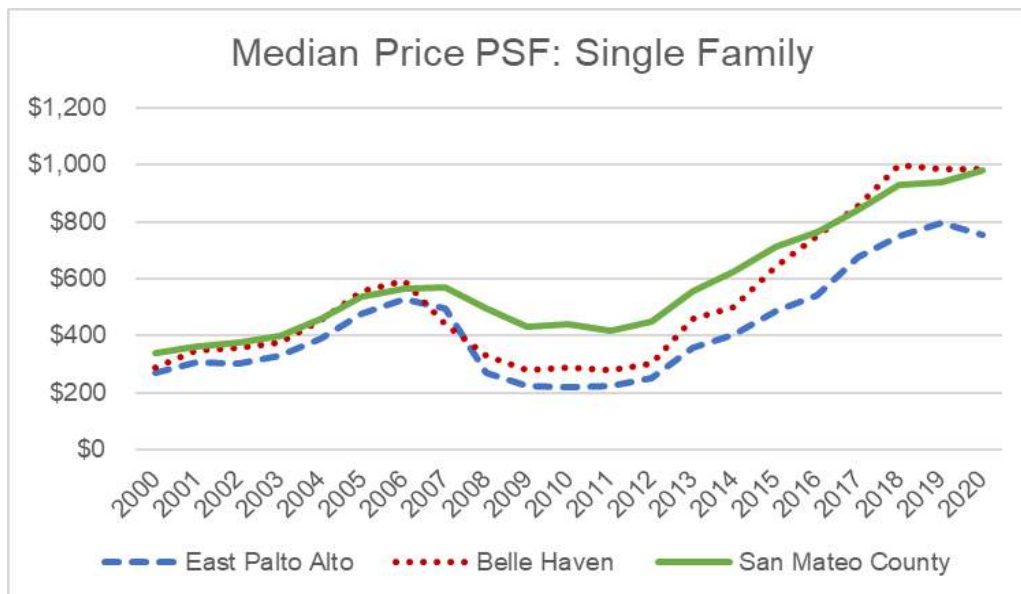
³⁶ Center for Community Innovation. (2020). Investment and Disinvestment as Neighbors, A Study of Baseline Housing Conditions in the Bay Area Peninsula.

Real Estate Trends

This section reviews data on real estate market trends for East Palo Alto, Belle Haven, and San Mateo County since 2000.

1. Home Prices

The chart below shows trends in median home price over the period from 2000 to 2020. In 2000, the median sales price per square foot in East Palo Alto of \$270/SF represented approximately 80% of the County median of \$338/SF, while the median price in Belle Haven of \$291 per square foot represented 86% of the County median. In both East Palo Alto and Belle Haven, home prices decreased significantly during the housing market downturn and foreclosure crisis, reaching a low of 50% and 65% of the County median, respectively, in 2010. However, prices in both communities have escalated more rapidly than the County median over the subsequent decade. As of 2020, the median sales price in East Palo Alto of \$754 per square foot is once again roughly 80% of the County median of \$983 per square foot, while the price per square foot in Belle Haven has matched or exceeded the County median for the past four years.



Source: CoreLogic

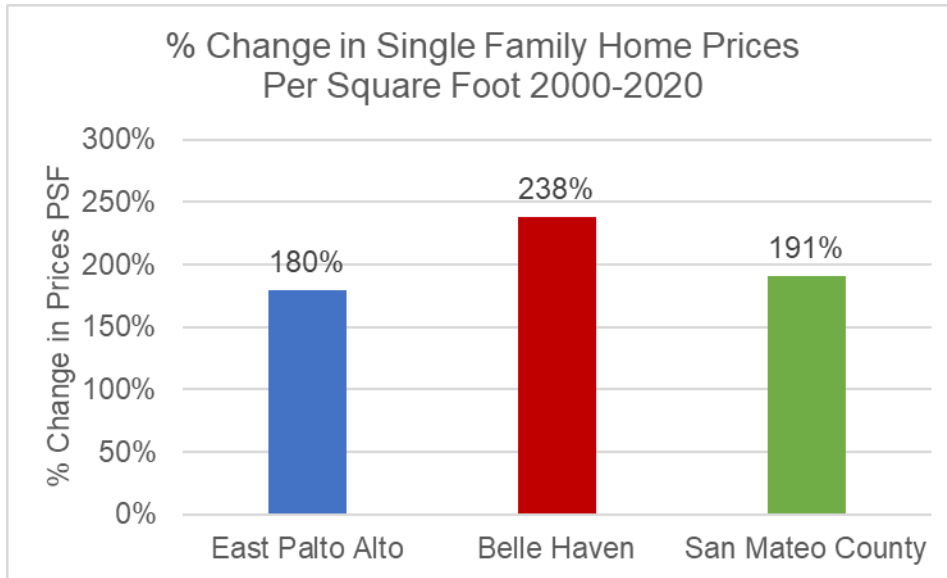
Table 5-1 shows how single family home prices per square foot in East Palo Alto and Belle Haven have changed over time relative to the County median.

Table 5-1. East Palo Alto and Belle Haven Median Price PSF as Percent of County

	East Palo Alto as % of County Median Price PSF*	Belle Haven as % of County Median Price PSF*
2000	80%	86%
2001	84%	96%
2002	80%	94%
2003	83%	94%
2004	85%	99%
2005	89%	104%
2006	93%	105%
2007	87%	77%
2008	54%	66%
2009	52%	65%
2010	50%	65%
2011	54%	67%
2012	55%	67%
2013	64%	83%
2014	65%	80%
2015	68%	90%
2016	71%	98%
2017	80%	102%
2018	81%	108%
2019	85%	105%
2020	77%	100%

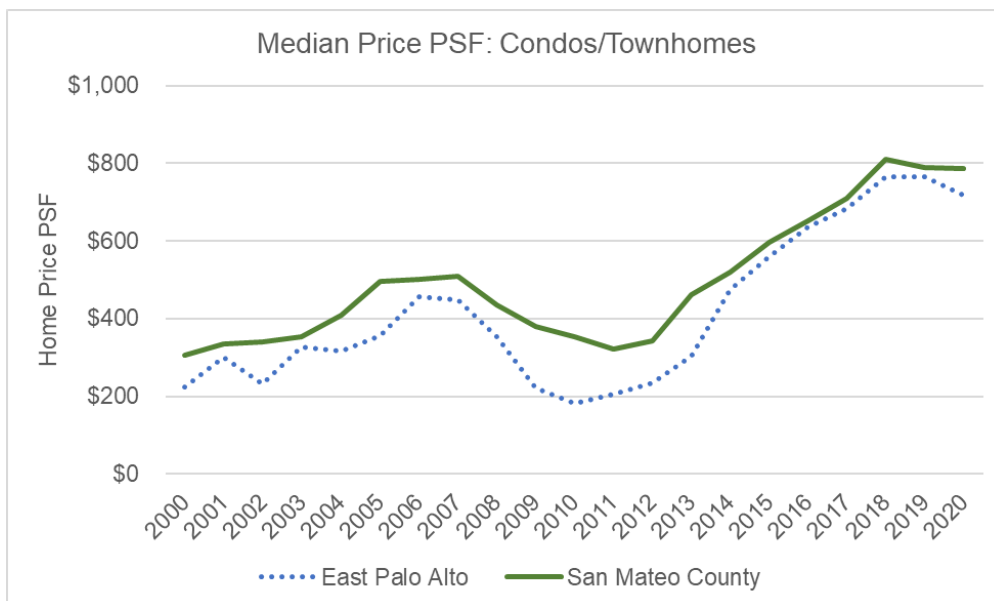
*for single family detached units

Overall, single family median home prices in East Palo Alto have increased by approximately 180% since 2000, approaching the cumulative percent increase in the County median home price of 190% over the same time period. Median single family home prices in Belle Haven increased 238%, outpacing the County. Some of the factors that likely contributed to rising home prices over the period include strong economic growth and housing demand, limited construction of new housing, favorable interest rates and credit terms, and confidence in the Bay Area economy and housing market.



Source: CoreLogic

For condos and townhomes, the median price per square foot in East Palo Alto grew from 74% of the County median in 2000 to nearly match the County median over the past seven years. Condos and townhomes represent a smaller share of the market in East Palo Alto than do single family units (20 condo/townhome sales per year on average as compared to an average of approximately 200 single family sales per year). No condo/townhome sales were recorded in Belle Haven.



Source: CoreLogic

Home prices in East Palo Alto and Belle Haven have experienced more rapid escalation in the period from 2010 to 2020, in part, due to a recovery from the housing / foreclosure crisis. Belle

Haven and East Palo Alto have both experienced a steep decline in the *number* of home sales from 2010. The number of sales in East Palo Alto fell from 260 units in 2010 to 160 units in 2019. In Belle Haven, the number of sales fell from 70 units in 2010 to 29 units in 2019. In contrast, the total number of home sales Countywide is roughly unchanged between 2010 and 2019.³⁷ This trend is consistent with a higher incidence of distressed sales activity in 2010 as reportedly occurred in East Palo Alto.³⁸ Distressed and foreclosure sales were prevalent nationally during this period and disproportionately impacted lower-income communities. Homeowners unable to sustain mortgage payments would fall into foreclosure, forcing a foreclosure sale, in some cases after an extended foreclosure process where the property was not being properly maintained. Distressed sales would drive home values in the area down and had the effect of inducing additional homeowners to go “underwater” (market value less than the mortgage debt) and let homes go to foreclosure, further exacerbating the condition, driving up the number of sales and driving down values. In some cases, homes were purchased out of foreclosure by investors who converted them to rental units. With recovery from the foreclosure crisis, the number of sales has now been reduced from the elevated levels that occurred during the foreclosure crises. Additional details on home price and sale trends are included in Appendix C Table 12.

While it could be interpreted that existing homeowners will benefit from home price increases, in communities such as East Palo Alto and Belle Haven where more than a third of single-family homes are renter-occupied, rapid growth in home prices may present a heightened risk of renter displacement to the extent it encourages the sale of single family rental properties to new owner-occupants.

2. *Apartment Rents*

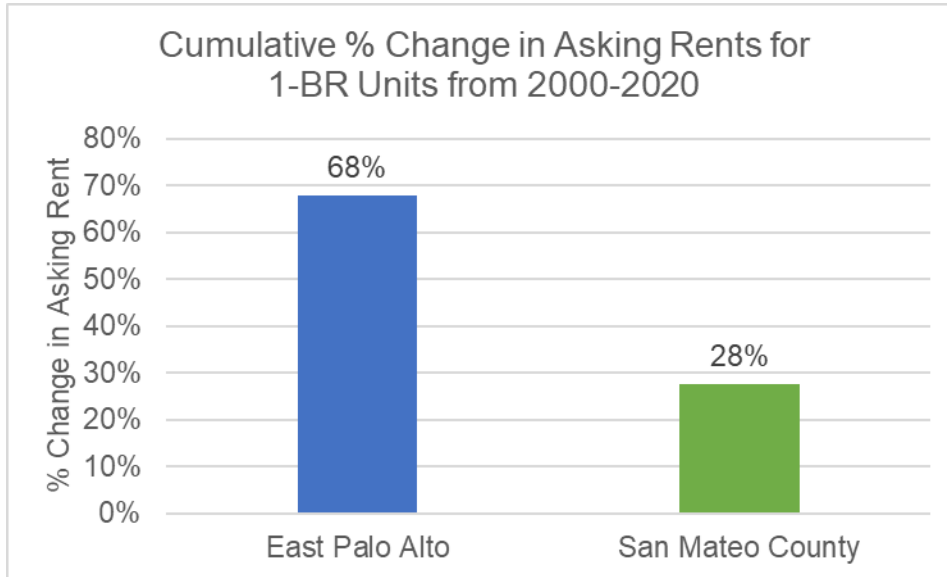
According to data from CoStar Group, which surveys multifamily buildings, apartment rents in San Mateo County increased by approximately 28% from 2000 to 2020. Rent growth in East Palo Alto outpaced the County with a 68% increase. These trends are presented in the charts below with additional details provided in Appendix Table 13. These rental rates reflect asking rents for one-bedroom units that have been vacated and are available for rent. For communities that have rent control, existing tenants in multifamily buildings are shielded from increases in market rents in excess of a predetermined rate (80% of CPI, in the case of East Palo Alto) as long as they remain in their current unit.

Rental market data for Belle Haven is not presented in the chart below as the data appears too limited to be reliable. CoStar data for Belle Haven is limited because three-quarters of rental units built before 2017 are for buildings with 10 or fewer units, less likely to be covered by

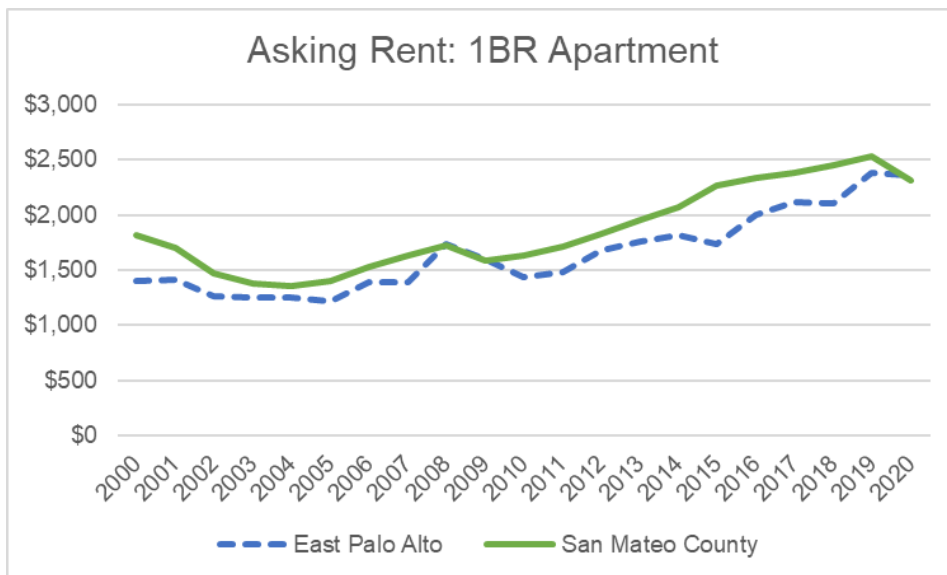
³⁷ All communities experienced a significant drop in sales volumes in 2020, likely a result of the coronavirus pandemic.

³⁸ KQED News. 2013. Can East Palo Alto Weather the Tech Boom and Increasing Gentrification? <http://ww2.kqed.org/news/2013/07/18/104008/>. The article indicates that from 2008 to 2013, 1,422 of approximately 4,000 single family homes in East Palo Alto had entered some stage of the foreclosure process.

published market surveys. Only approximately 160 (20%) of the 795-unit Belle Haven rental housing stock built before 2017 per the U.S. Census is covered by the historic CoStar data used in the trends analysis. While Costar data also covers two large apartment projects completed since 2017, rents at these projects reflect a premium for new construction which does not apply to the broader rental market in Belle Haven. Appendix C Table 13 provides the historical data that is available, excluding these recently built projects.



Source: CoStar.



Source: CoStar.

Following a period of robust job growth and limited housing production, home prices and rents have been rising throughout the Bay Area. The historically affordable communities of East Palo Alto and Belle Haven have either kept pace with or exceeded the significant increases that have been occurring in the County as a whole.

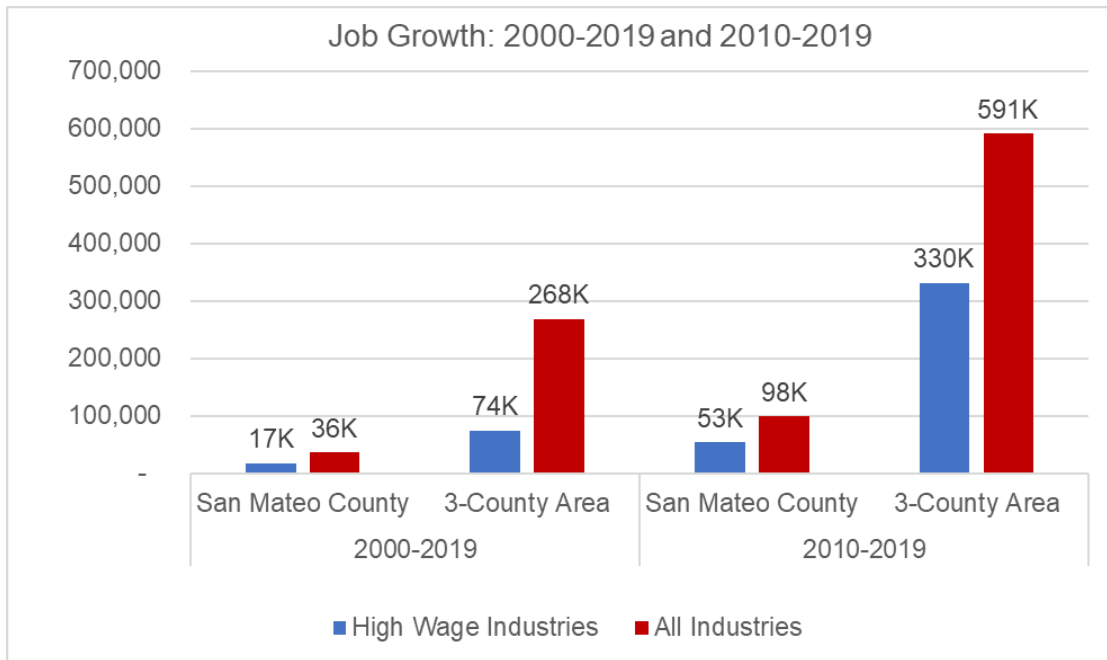
Employment Trends

Employment growth is an important driver of housing demand both at the local level and regionally. Employment growth over the past several years has likely contributed to significant upward pressure on the housing market as evidenced in the rent and price increases documented above. This section assembles data on historical employment trends since 2000 for San Mateo as well as Santa Clara and San Francisco counties. Approximately 95% of workers living in San Mateo County commute to jobs located in one of these three counties based on U.S. Census data.

According to the Quarterly Census of Employment and Wages, over the period from 2010 to 2019, a total of approximately 591,000 jobs were added in San Mateo, Santa Clara, and San Francisco counties (referred to in the chart below as the “three-county area”).³⁹ More than half of the total job growth occurred in high-wage sectors. For purposes of this analysis, high-wage industry sectors are defined as those with average annual employee compensation above \$100,000 as of 2016. Over the past decade, high-wage industries posted annual job growth of 4.6% versus 3.4% annual growth for all industries. Job growth for the longer period from the peak of a previous boom cycle in 2000 to 2019 is less due to significant job losses from 2000 to 2004, offsetting more recent job growth.

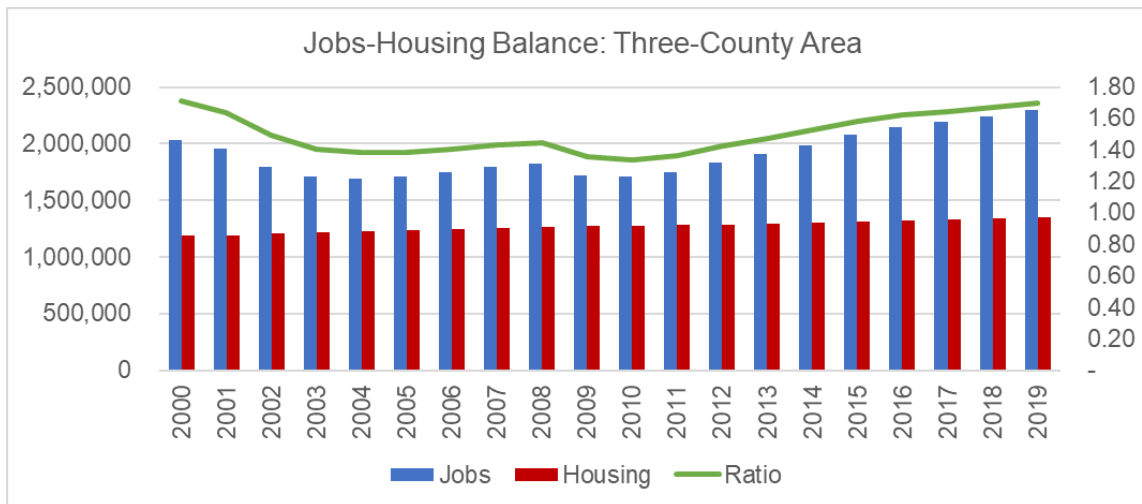
The 2020 economic recession caused by the coronavirus pandemic eliminated a portion of the jobs added over the past decade. While data for the full year of 2020 is not available from the Quarterly Census of Employment and Wages, data for the first half of 2020 shows a significant decline in total employment in the three-county area. In the second quarter of 2020, total employment in the three-county area declined by 12% in all sectors and by 3% in high-wage sectors compared to the prior quarter.

³⁹ Employment data for the second half of 2020 was not yet available from the Quarterly Census of Employment and Wages as of early 2021 when this analysis was prepared.



Source: Quarterly Census of Employment and Wages

Housing production has not kept pace with job growth in San Mateo County and adjacent counties. As illustrated in the chart below, the ratio of jobs to housing units has steadily increased in San Mateo, Santa Clara and San Francisco counties since 2010. The jobs-housing ratio in 2019 neared the peak of the previous boom cycle, an imbalance that has undoubtedly contributed to increasing prices and rents.



Sources: Quarterly Census of Employment and Wages and California Department of Finance

Estimated Direct Housing Demand in East Palo Alto and Belle Haven

This section describes the estimated share of new workers likely to seek and find housing in East Palo Alto and Belle Haven. The proposed Project's potential to directly impact housing conditions in East Palo Alto and Belle Haven or cause displacement of existing residents is driven by the extent to which workers at the proposed Project are likely to seek housing in either community. Direct displacement impacts will be minimal if a very limited number of workers seek housing in East Palo Alto or Belle Haven; conversely, if many proposed Project workers seek housing in East Palo Alto and Belle Haven, impacts would be greater unless new housing production keeps pace with the increased demand.

The following section summarizes data on the existing share of workers who live in East Palo Alto and Belle Haven. This data is then combined with the estimate of total housing demand from the Housing Needs Analysis (Section 3), to estimate the proposed Project's direct impact on housing demand in the two communities.

Commute Data

Similar to the analysis in Section 4, commute patterns are used to estimate the share of total regional housing demand within East Palo Alto and Belle Haven. Consistent with the Section 4 analysis, a lower estimate is provided based on data specific to the existing Menlo Park Labs campus and a higher estimate is provided based on average commute shares from the U.S. Census. The third goal-based commute share scenario addressed in Section 4 is not included for purposes of estimating direct housing demand in East Palo Alto and Belle Haven because it reflects a citywide goal for Menlo Park that is not specific to Belle Haven or East Palo Alto.

The lower estimate is based on applicant provided data on commute patterns for three tenants of existing buildings at the Menlo Park Labs campus representing a total of nearly 800 employees, of whom 629 reside in Northern California. Approximately 1.1% of Northern California employees are estimated to reside in East Palo Alto (seven workers), while another 0.5% (three workers) reside in Belle Haven. These figures reflect an allocation of the total number of workers commuting from the zip codes applicable to each community. East Palo Alto's zip code includes a portion of Palo Alto while Belle Haven is in the same zip code as the rest of Menlo Park. The share of workers within each community was estimated based on its housing stock as a share of the total for the applicable zip code. See Appendix C Table 16 for details.

The higher estimate is based on U.S. Census data on the overall share of those who work in Menlo Park that commute from East Palo Alto. For Belle Haven, the higher estimate reflects an allocation of the citywide commute share for Menlo Park from the U.S. Census in proportion to the number of occupied housing units, as data specific to Belle Haven is not available.

Table 5-2. Percent of Workers Residing in East Palo Alto and Belle Haven

	Lower Estimate based on Existing Menlo Park Lab Workers ¹	Higher Estimate based on Census Average ²
Live in East Palo Alto	1.1%	3.1%
Live in Belle Haven	0.5%	0.7%
Live Elsewhere	<u>98.4%</u>	<u>96.2%</u>
Total	100%	100%

¹ Zip code-level data allocated to geographies in proportion to share of existing housing stock. Excludes approximately 170 employees with addresses listed outside of Northern California. See Appendix C Table 16 for additional information.

² Data for East Palo Alto per U.S. Census Bureau, American Community Survey 2012-2016 Five-year estimates. Special Tabulation: Census Transportation Planning. Figure for Belle Haven based on American Community Survey 2015-2019 for City of Menlo Park allocated to Belle Haven in proportionate to the number of occupied housing units.

Since it is difficult to predict the extent to which commute shares may evolve over the long term, for purposes of the estimates below, existing shares are applied.

Estimated Direct Housing Demand in East Palo Alto and Belle Haven

The lower and higher commute shares described above are used to estimate the East Palo Alto and Belle Haven shares of total housing demand from the proposed Project.

The total housing demand within commuting distance to the proposed Project estimated in Section 3 is 341 units. Based on current commute shares, the portion of this aggregate housing demand in East Palo Alto is estimated to range from four units with the lower estimate to 11 units with the higher estimate. For Belle Haven, the estimated housing demand is two units under both the lower and higher estimates. This estimate of direct Project-related housing demand in East Palo Alto and Belle Haven is estimated to represent in the range of 0.05% to 0.13% of the existing housing stock in East Palo Alto and 0.12% in Belle Haven.

Table 5-3. East Palo Alto and Belle Haven Shares of Housing Demand from Project Estimated Based on Existing Commute Shares

	Total ⁽¹⁾	East Palo Alto Share of Housing Demand		Belle Haven Share of Housing Demand	
		<u>Lower Estimate</u>	<u>Higher Estimate</u>	<u>Lower Estimate</u>	<u>Higher Estimate</u>
Housing Demand from Project					
Total Direct Housing Demand ⁽¹⁾	341 Units				
Commuter Share (Table 5-2)		1.1%	3.1%	0.5%	0.7%
Estimated Direct Housing Demand		4 Units	11 Units	2 Units	2 Units
Total Existing Housing Stock ⁽²⁾		8,342 Units		1,670 Units	
Project Demand as % of Total Housing Stock		0.05%	0.13%	0.12%	0.12%

⁽¹⁾ See Section 3.

⁽²⁾ ACS 2015-2019

Turnover of Existing Units

1. *Turnover of existing housing units in East Palo Alto* – The East Palo Alto housing stock is comprised of approximately 7,724 occupied housing units. KMA estimates East Palo Alto experiences an average turnover rate of approximately 8% of the occupied housing stock each year, based on U.S. Census 2015-2019 ACS data regarding the length of occupancy for housing units. This 8% turnover rate equates to approximately 620 units each year available through regular turnover. With the lower estimate, the estimated four units of direct housing demand from the proposed Project in East Palo Alto would represent roughly 0.6% of the units coming available in one year through regular turnover. The higher estimate of 11 units is estimated represent 1.8% of the units coming available through regular turnover.
2. *Turnover of existing housing units in Belle Haven* – Belle Haven housing stock is comprised of approximately 1,450 occupied housing units. KMA estimates that Belle Haven experiences an average turnover rate of approximately 7% of the occupied housing stock per year based on Census data regarding the length of occupancy for housing units. This 7% turnover rate equates to approximately 100 units per year available through regular turnover. The estimated two units of direct housing demand from the proposed Project in Belle Haven with both the lower and higher estimates represents approximately 2% of the units estimated to come available through regular turnover in one year.

Overall, the proposed Project is estimated to represent less than 2% of the market for units that come available through regular turnover in East Palo Alto and Belle Haven each year. This would mean that, as rental units come available through regular turnover, or as homeowners make the decision to sell, at the point in time that the proposed Project is initially occupied, workers could be competing for up to about 2% of the units that are available, along with others seeking housing within the two communities. This suggests a minimal direct impact on local housing market conditions.

Analysis of Historic Relationship Between Housing Costs and Job Growth

The following section analyzes the extent to which employment growth and real estate trends have been correlated with one another to provide context for understanding the degree of indirect influence the proposed Project may have on local home prices and rents. Simple linear regression is used to quantify the potential change in rents or home prices associated with a given change in jobs based on annual data from 2000 to 2019. Simple linear regression shows whether two variables are correlated with one another but does not prove that there is a causal relationship.

Geographic Scale

The regression analyses are performed for two geographic scales with respect to job growth:

- a) San Mateo County (“single-county”); and
- b) San Mateo, Santa Clara, and San Francisco counties combined (“three-county”).

The single-county analysis likely provides an upper-end estimate of the indirect influence of employment growth on local real estate trends, since it attributes all variation in local rents and home prices to job growth within the County. In reality, job growth in other counties would also have an influence, along with separate factors that may be correlated with job growth such as growth in incomes. Therefore, the single-county analysis likely overstates the impacts.

The three-county analysis provides a lower estimate of the influence of employment growth on local real estate trends, at least for purposes of understanding the proposed Project’s influence, since the analysis assumes that job growth across the three counties has a uniform influence on rents and home prices within San Mateo County. For workers who live in San Mateo County, 95% work in San Francisco, San Mateo, or Santa Clara counties as shown in Table 5-4. Comparatively few workers who live in San Mateo County commute east into Alameda County (3%). Therefore, job growth within the three selected counties is anticipated to have the greatest influence on housing prices and rents within San Mateo County. The three-county analysis may understate the influence of local job growth by treating jobs added anywhere within the three counties as having an equal influence on rents in San Mateo County. Since the majority of San Mateo County residents work within the county (57%), as shown in Table 5-4, job growth within San Mateo County likely has somewhat more of an influence than job growth in Santa Clara County or San Francisco.

Table 5-4. County of Work, Workers Residing in San Mateo County		
Workplace	Number Workers	Percent
San Mateo County	222,355	57%
San Francisco	84,195	22%
Santa Clara County	<u>61,165</u>	<u>16%</u>
Subtotal	367,715	95%
Alameda County	12,940	3%
Other Counties	<u>6,936</u>	<u>2%</u>
Grand Total	387,591	100%

U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates, County-to-County Commuting Flows.

Approach to Capturing Multiplier Effects: High-Wage Jobs Analysis

The regression analysis evaluated the relationship of home prices and rents to both total job growth and high-wage job growth. High-wage job growth is defined for purposes of the analysis as employment within industries that have average pay above \$100,000 per year as of 2016.

The high-wage analysis is an approach to capturing the impact of “multiplier effects.” Technology, bio-tech, and other high-wage sectors help drive growth in other sectors of the local economy such as retail, food, and transportation through spending by these businesses and their workforce. Employment and economic growth stimulated through this spending is commonly referred to as the “multiplier effect”. Examining the relationship between housing costs and jobs in high-wage industries, specifically, enables the impact that potential multiplier effects have on housing costs to be captured. To the extent high-wage jobs are responsible for additional job creation through multiplier effects, potential impacts would be captured in the market data on home prices and rents and reflected as part of the correlative relationship identified by the analysis.

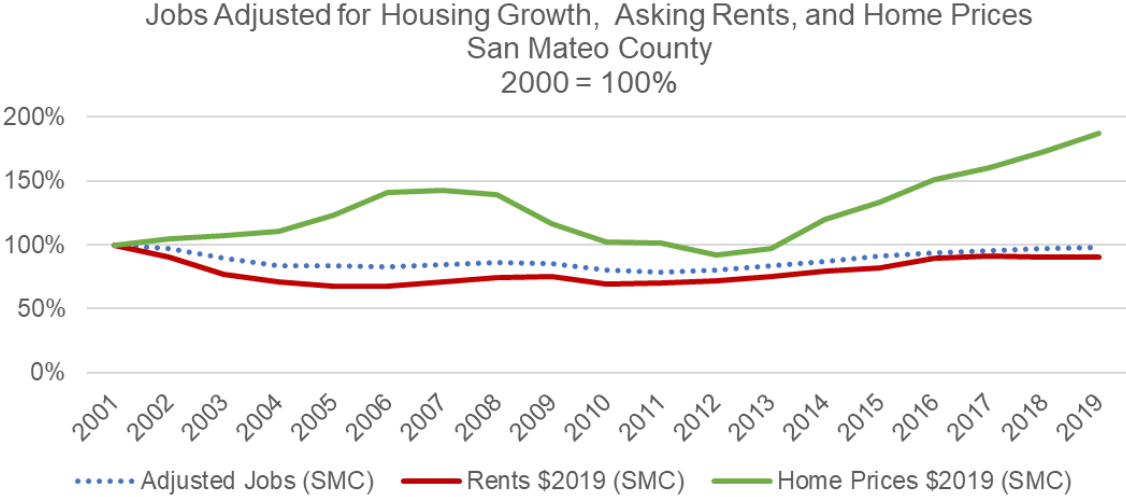
Adjustments for Inflation and Added Housing

Two adjustments were made to the real estate and employment data used in the regression analysis:

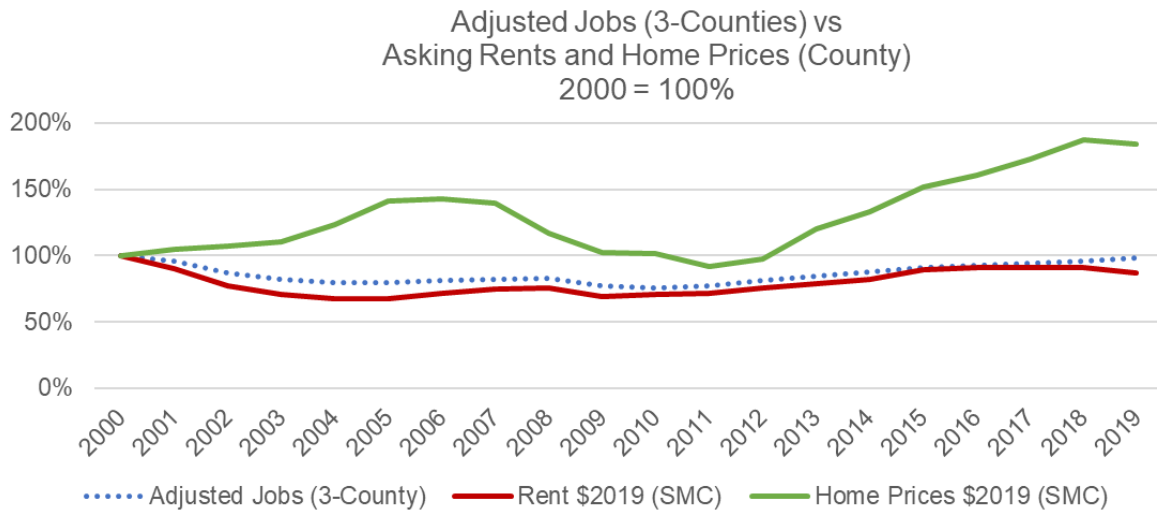
1. *Inflation adjustment* – Rent and sales price data for San Mateo County is expressed in constant 2019 dollars, adjusting for inflation based upon the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U).
2. *Adjusted Jobs (net of housing growth)* – Employment data was adjusted to reflect the portion of job growth since 2000 that can be accommodated by housing construction since that time, using the same 1.91 workers per household factor applied in Section 3 as detailed in Appendix C Tables 10 and 11. For example, as of 2010, there were approximately 317,600 jobs in San Mateo County and 271,000 housing units, of which 10,400 units were built since 2000. The number of jobs accommodated by housing units built from 2000 to 2010 (10,400 housing units x 1.91 workers per household = approximately 19,900) is subtracted from total 2010 employment (317,600 jobs) to arrive at the adjusted estimate of 297,700 jobs as of 2010. In the case of the three-county analysis, employment within the three-county area is similarly adjusted by housing growth within the three-county area. Thus, the linear regression analyses estimate the relationship between inflation-adjusted rents and home prices and employment growth, net of the offsetting influence of housing growth.

Summary of the Data

The following two charts compare historical inflation-adjusted rents and home prices with changes in employment for San Mateo County and the three-county area including San Francisco and Santa Clara counties, respectively. The charts present the trends as an index relative to 2000 levels. Rents have generally trended down when the number of jobs was decreasing and up when jobs were added, suggesting a relatively strong correlation between rents and jobs. Rents decreased further than the number of jobs, in percentage terms, following the “dot com crash” around 2000 and were still below 2000 levels in inflation-adjusted terms as of 2019. Real home prices, on the other hand, grew from 2000 to 2006 by over 40% even as employment fell by approximately 15%. Jobs and home prices have been positively correlated during the current economic cycle; however, it is likely that interest rates and mortgage credit availability are as important, if not more important, than employment growth in explaining historical variation in home prices.



Sources: Quarterly Census of Employment and Wages, California Department of Finance, CoStar, CoreLogic, Bureau of Labor Statistics Consumer Price Index.



Regression Analysis Findings

Table 5-5 presents the results of the regression analysis for the eight separate scenarios tested. Additional supporting information is included in Appendix C. The primary findings of the analysis are:

- Rents have a positive, statistically significant correlation with job growth in all scenarios.
- Job growth was found to have a weak positive correlation to home prices in three of four scenarios tested and did not have a statistically significant relationship to home prices in a fourth scenario.
- Each 10,000 total jobs added to the County (net of offsetting housing growth) is correlated with a 4.0% increase in rents and 3.5% increase in home prices and each 10,000 jobs within the three-county area is correlated with a 0.7% increase in rents and a 1.1% increase in home prices. As discussed below, the single-county and three-county findings are used to bracket an upper and lower estimate of the impacts.
- Each 10,000 high-wage jobs (net of offsetting housing growth) added to the County is correlated with a 7.0% increase in rents and 5.8% increase in home prices and each 10,000 high-wage jobs within the three-county area is correlated with a 1.1% increase in rents but did not have a statistically significant correlation with home prices.

Table 5-5. Summary of Regression Analysis Results				
Scenario		Percent increase per 10,000 adjusted jobs	P-Value (statistically significant values = <0.05)	Adjusted R-Squared (1= perfect correlation; 0= no correlation)
Single County Analysis [Upper Estimate]				
1	Correlation with All Job Growth			
R	Rents	4.0%	<.05	0.88
S	Sales Prices	3.5%	<.05	0.30
2	Correlation with High-Wage Job Growth [proxy for inclusion of multiplier-effect]			
R	Rents	7.0%	<.05	0.82
S	Sales Prices	5.8%	<.05	0.25
Three-County Analysis [Lower Estimate]				
3	Correlation with All Job Growth			
R	Rents	0.7%	<.05	0.89
S	Sales Prices	1.1%	<.05	0.23
4	Correlation with High-Wage Job Growth [proxy for inclusion of multiplier-effect]			
R	Rents	1.1%	<.05	0.83
S	Sales Prices	n/a -relationship not significant	0.08 (not significant)	0.12

Regression Analysis Metrics

The following provides additional information regarding the regression analysis metrics identified in Table 5-5:

Adjusted R-squared – The adjusted R-Squared is an indicator of the model’s ability to explain historical variation in the dependent variable (rents or home prices) in relation to employment. An adjusted R-squared of 1 indicates a perfect correlation. An adjusted R-squared of 0 indicates no correlation. As would be expected based on the trends described above, the regression model explains most of the variation in rents but less than one third of the variation in home prices.

P-Value – The p-value indicates the probability of no relationship between the independent and dependent variables. P-values of 0.05 and less indicate there is less than a 5% chance that the observed relationship can be explained by random chance and is a common threshold used to identify statistical significance. P-values for all of the rental scenarios and three of the for-sale scenarios are below the .05 threshold and are thus identified as significant. The p-value of the fourth for-sale scenario exceeds the .05 threshold and therefore does not meet the criteria for a statistically significant correlative relationship.

Single-County Versus Three-County Results

The single-county analysis provides a higher estimate of the response of local housing costs to a given change in employment compared to the three-county analysis. The estimated change in asking rents per 10,000 jobs is approximately six times larger and the estimated change in sale prices is three times larger under the single-county analysis versus the three-county analysis. The three-county analysis assumes jobs created anywhere in the three-county area have an equal influence on rents as jobs within San Mateo County. While regional employment dynamics are important, jobs added within San Mateo County probably have a more pronounced influence on local real estate conditions within the County. Thus, the change in rents and sales prices for a given change in jobs is likely to fall somewhere in between the value suggested by the single-county and three-county analysis.

The single-county regression model appears to explain most of the variation in local rents; however, it is important to recognize that job growth within San Mateo County is highly correlated with regional job growth. The single-county analysis will not distinguish the effects of County versus regional job growth and, as a result, will tend to overstate the relationship between job growth in the County and rents.

Analysis Limitations and Potential to Overstate Influence of Job Growth

The analysis relies on a very simple statistical technique to test for correlation but does not prove that the identified relationship between job growth and housing costs is causal. The approach likely overstates the importance of job growth by not distinguishing the effects of other important contributing factors that are correlated with job growth. For example, rising incomes, especially those of higher-income households, enable these households to compete for limited housing supply in the most desirable locations, contributing to rising housing costs. Some communities in San Mateo County, such as Redwood City, have seen construction of a significant number of new rental units that offer superior amenities and command a premium in the market. The inclusion of these newer units in the data set will tend to bring up averages due to higher rents being charged for the new units; however, this does not necessarily mean costs for existing units are increasing. The analysis technique will tend to attribute effects of other factors that are correlated with job growth to the job growth itself, which results in overstating the influence of job growth.

Application of Findings to Estimate Potential Project-Related Impacts

This section examines the potential for the proposed Project to contribute to displacement through an indirect influence on housing market conditions in East Palo Alto and Belle Haven. To the extent the proposed Project generates upward pressure on the housing market, effects are also likely to be experienced locally within the subject communities.

Findings from the regression analysis were applied to the 650 jobs that would be added by the proposed Project to estimate the potential range of impacts. Findings are summarized in Table

5-6. As shown, a wide range of potential influence is found, from 0.04% increase in rents and sales prices based on the finding of the three-county analysis, up to a 0.45% and 0.38% increase in rents and sales prices, respectively, based on the single-county results for high-wage jobs. As discussed earlier, the high-wage jobs analysis is an approach to capturing potential multiplier effects in the analysis.

Table 5-6. Potential Percentage Influence on Rents and Sales Prices		
	<u>Lower Estimate</u> (3-County Analysis)	<u>Upper Estimate</u> (SM County Analysis)
Correlation with All Job Growth		
Rents	0.04%	0.26%
Sales Prices	0.04%	0.23%
Correlation with High-Wage Job Growth <i>[captures potential multiplier effect]</i>		
Rents	0.07%	0.45%
Sales Prices	<i>relationship not statistically significant</i>	0.38%

Since the upper and lower percentage impact estimates presented in Table 5-6 likely bracket the range, for purposes of the rental analysis, the midpoints of 0.15% based on all jobs and 0.26% based on high-wage jobs are used. For purposes of the for-sale analysis, the midpoints are 0.13% based on all jobs and 0.19% based on high-wage jobs⁴⁰. The percentage findings presented in Table 5-6 may be converted to a potential dollar influence on rents and home prices. Applying the percentages from the rental analysis to the \$2,791 average effective monthly rent in East Palo Alto as of 2020 per CoStar yields an estimated dollar impact of \$4 and \$7, respectively. Applying the percentages from the for-sale analysis to the 2020 median home prices in East Palo Alto of \$878,000⁴¹ yields a potential dollar influence on home prices of \$1,100 and \$1,700, which translates to a monthly mortgage payment difference of \$4 and \$5 per month⁴², respectively. For Belle Haven, based on the 2020 median home price of \$1,088,000⁴³ and applying the same percentage factors, the impact to home prices is estimated between \$1,400 and \$2,100, which translates into an estimated monthly mortgage payment difference of between \$5 and \$7 per month⁴⁴. These estimated dollar impacts on rents and sales prices are negligible in terms of their likely effect on residential location decisions and are likely overstated for the following reasons:

⁴⁰ For purposes of calculating the mid-point in the high-wage scenario, the insignificant result with the three-county analysis is treated as zero.

⁴¹ Price based on CoreLogic home sales data for January 2020 through October 2020.

⁴² This estimate is based on a mortgage interest rate of 2.65% as of January 2021 based on the average for 30-year mortgages per the Freddie Mac Primary Mortgage Market Survey and assumes a 20% down payment.

⁴³ Price based on CoreLogic home sales data for January 2020 through October 2020.

⁴⁴ This estimate is based on a mortgage interest rate of 2.65% as of January 2021 based on the average for 30-year mortgages per the Freddie Mac Primary Mortgage Market Survey and assumes a 20% down payment.

- **Analysis Approach Will Tend to Overstate Importance of Job Growth** – the analysis will tend to overstate the influence of job growth by omitting other important variables that also affect housing costs. Two such variables include rising household incomes, which can influence housing costs through increased price competition, and addition of new rental and for-sale housing with modern finishes and amenities and higher prices and rents, which can bring up averages but does not necessarily mean costs for existing units are increasing. Both factors are correlated with job growth. The analysis approach will tend to ascribe the impact of these factors to job growth alone, overstating the potential effects of the proposed Project.

- **Offsetting Effects of New Housing Not Reflected.** New housing construction can absorb new demand and moderate or offset the minor potential rent and home price effects estimated. The City has already issued building permits for 1,416 housing units during the current RHNA planning cycle and has over 3,000 additional housing units proposed in the vicinity of the proposed Project, within the Bayfront Area. East Palo Alto has issued building permits for 222 units during the current RHNA planning cycle⁴⁵ and has nearly 1,000 new housing units in the development pipeline⁴⁶. Combined, there are approximately 4,000 housing units currently in the development pipeline in Menlo Park and East Palo Alto, including approximately 900 below market rate (BMR) affordable units⁴⁷, which would be expected to absorb a share of the additional housing demand from the proposed Project. The proposed Project would also contribute to creation of additional Extremely Low, Very Low and Low Income housing units through payment of approximately \$5.1 million⁴⁸ in affordable housing impact fees. Absorption of new housing demand from the proposed Project by the over 4,000 new housing units currently in the development pipeline in East Palo Alto and Menlo Park, along with additional affordable units funded with affordable housing impact fees will tend to moderate or offset the potential rent and price effects described above. As these moderating effects are not taken into account in the analysis, estimates of potential rent and price effects are likely overstated.

⁴⁵ East Palo Alto 2020 Housing Element Annual Progress Report.

⁴⁶ October 6, 2020 City of East Palo Alto Staff Report to the City Council RE: Follow-Up on Study Session Related to the Affordable Housing Component of the Euclid Improvements (Woodland Park) Project, Attachment 1. East Palo Alto Housing Breakdown, which indicates approved, planned, proposed or under construction housing units totaling 969 units, not including 108 rebuilt units.

⁴⁷ Pipeline total of 900-unit BMR units summarized from prior HNA's prepared by KMA for projects in the Bayfront Area, applicant proposals for 123 Independence and Willow Village, the City of Menlo Park summary of pipeline projects in the Bayfront Area and the staff report referenced in the prior footnote with respect to East Palo Alto pipeline projects.

⁴⁸ Estimate based on FY 20-21 fee level of \$19.61 per square foot applied to the net square footage added by the Project.

Displacement Analysis Conclusion

Belle Haven and all areas of East Palo Alto are identified by the Urban Displacement Project as either at risk of or undergoing displacement. East Palo Alto's rent control ordinance shields existing renters in eligible units from rent increases; however, protections do not extend to the more than one third of single-family homes in East Palo Alto that are renter-occupied or to rentals in Belle Haven. Escalating rents and home prices have made these communities far less affordable than they once were. This makes longer term neighborhood change likely as units come available through rental unit turnover or sale of owner-occupied housing because newcomers will generally need to have higher incomes than existing residents to afford it.

The proposed Project is estimated to represent a negligible influence on displacement in East Palo Alto and Belle Haven which would not materially contribute to the substantial pre-existing displacement pressures. This conclusion is based on consideration of the following:

- The proposed Project would not alter land use in a fundamental way, rather it is an incremental expansion of an existing use. Therefore, it appears unlikely the proposed Project would generate an outsized or catalytic effect on the local housing market.
- The proposed Project adds nominally to housing demand estimated at four to 11 units in East Palo Alto and two units in Belle Haven. The estimated direct housing demand from proposed Project workers is estimated to represent up to approximately 0.13% of the existing housing stock and up to approximately 2% of the units estimated to come available through normal turnover in one year. Since this represents a minor level of demand, it is anticipated to represent a nominal influence on the overall local housing market. In addition, there are over 4,000 housing units proposed within Menlo Park and East Palo Alto, including approximately 900 BMR affordable units, that are likely to help absorb the new housing demand.
- The analysis indicates that the potential impact on monthly housing costs for newly vacated units could range from \$4 to \$7 depending on the analysis approach. Were an impact of this magnitude to occur, it would be unlikely to have a material effect on residents' decisions regarding where to live. Residents of rent control housing and existing homeowners would be protected from any increase. Further, even though a minor amount, the estimated impact is likely overstated because it is based on a methodology that does not isolate the effects of job growth from other contributing factors or account for the offsetting effects of the significant pipeline of new housing proposed for development in the vicinity of the proposed Project.

APPENDIX A – WORKER OCCUPATIONS AND COMPENSATION LEVELS

**APPENDIX A TABLE 1
 2019 NATIONAL R&D WORKER DISTRIBUTION BY OCCUPATION
 1350 ADAMS COURT PROJECT
 HOUSING NEEDS ASSESSMENT
 MENLO PARK, CA**

Major Occupations (2.5% or more)	2019 National R&D Occupation Distribution	
Management Occupations	99,030	15.5%
Business and Financial Operations Occupations	65,190	10.2%
Computer and Mathematical Occupations	81,980	12.8%
Architecture and Engineering Occupations	102,920	16.1%
Life, Physical, and Social Science Occupations	167,030	26.1%
Office and Administrative Support Occupations	49,850	7.8%
All Other R&D Related Occupations	<u>74,400</u>	<u>11.6%</u>
INDUSTRY TOTAL	640,400	100.0%

**APPENDIX A TABLE 2
AVERAGE ANNUAL COMPENSATION, 2020
R&D WORKER OCCUPATIONS
1350 ADAMS COURT PROJECT
HOUSING NEEDS ASSESSMENT
MENLO PARK, CA**

<u>Occupation</u> ¹	<u>2020 Avg. Compensation</u> ²	<u>% of Total Occupation Group</u> ³	<u>% of Total R&D Workers</u>
<i>Page 1 of 2</i>			
<i>Management Occupations</i>			
General and Operations Managers	\$170,200	16.1%	2.5%
Marketing Managers	\$187,500	4.5%	0.7%
Administrative Services and Facilities Managers	\$138,200	3.6%	0.6%
Computer and Information Systems Managers	\$209,500	8.4%	1.3%
Financial Managers	\$195,300	6.6%	1.0%
Industrial Production Managers	\$153,200	3.2%	0.5%
Architectural and Engineering Managers	\$192,100	11.3%	1.8%
Medical and Health Services Managers	\$159,500	4.4%	0.7%
Natural Sciences Managers	\$219,900	19.6%	3.0%
Personal Service and Entertainment and Recreation Managers	\$180,900	9.2%	1.4%
All Other Management Occupations (Avg. All Categories)	<u>\$172,000</u>	<u>13.0%</u>	<u>2.0%</u>
	Weighted Mean Annual Wage	100.0%	15.5%
<i>Business and Financial Operations Occupations</i>			
Buyers and Purchasing Agents	\$81,300	7.2%	0.7%
Compliance Officers	\$96,300	10.5%	1.1%
Human Resources Specialists	\$94,900	7.3%	0.7%
Logisticians	\$79,300	4.4%	0.4%
Management Analysts	\$118,500	9.1%	0.9%
Training and Development Specialists	\$87,000	3.7%	0.4%
Market Research Analysts and Marketing Specialists	\$99,900	8.3%	0.8%
Project Management and Business Operations Specialists	\$99,300	27.3%	2.8%
Accountants and Auditors	\$96,500	12.4%	1.3%
Financial, Investment, and Risk Specialists	\$128,200	4.3%	0.4%
All Other Business and Financial Operations Occupations (Avg. All Categories)	<u>\$103,100</u>	<u>5.6%</u>	<u>0.6%</u>
	Weighted Mean Annual Wage	100.0%	10.2%
<i>Computer and Mathematical Occupations</i>			
Computer Systems Analysts	\$124,400	12.1%	1.5%
Information Security Analysts	\$127,300	4.1%	0.5%
Computer and Information Research Scientists	\$139,200	6.2%	0.8%
Computer User Support Specialists	\$79,300	4.7%	0.6%
Computer Network Architects	\$137,700	3.8%	0.5%
Network and Computer Systems Administrators	\$104,000	6.0%	0.8%
Computer Programmers	\$117,100	5.2%	0.7%
Software Developers and Software Quality Assurance Analysts	\$153,800	35.3%	4.5%
Computer Occupations, All Other	\$126,800	6.5%	0.8%
Statisticians	\$132,900	7.1%	0.9%
All Other Computer and Mathematical Occupations (Avg. All Categories)	<u>\$132,500</u>	<u>9.0%</u>	<u>1.2%</u>
	Weighted Mean Annual Wage	100.0%	12.8%

<u>Occupation</u> ¹	<u>2020 Avg. Compensation</u> ²	<u>% of Total Occupation Group</u> ³	<u>% of Total R&D Workers</u>
Page 2 of 2			
<i>Architecture and Engineering Occupations</i>			
Aerospace Engineers	\$154,900	4.7%	0.8%
Chemical Engineers	\$105,500	3.0%	0.5%
Computer Hardware Engineers	\$137,700	7.5%	1.2%
Electrical Engineers	\$130,000	9.8%	1.6%
Electronics Engineers, Except Computer	\$119,500	8.4%	1.4%
Industrial Engineers	\$120,500	8.0%	1.3%
Mechanical Engineers	\$128,300	16.8%	2.7%
Engineers, All Other	\$120,600	10.2%	1.6%
Electrical and Electronic Engineering Technicians	\$69,600	4.4%	0.7%
Calibration and Engineering Technologists and Technicians	\$82,800	5.7%	0.9%
All Other Architecture and Engineering Occupations (Avg. All Categories)	<u>\$113,000</u>	<u>21.5%</u>	<u>3.4%</u>
Weighted Mean Annual Wage	\$119,100	100.0%	16.1%
<i>Life, Physical, and Social Science Occupations</i>			
Biological Scientists, All Other	\$115,400	5.9%	1.5%
Medical Scientists, Except Epidemiologists	\$124,500	27.8%	7.2%
Physicists	\$170,600	3.2%	0.8%
Chemists	\$93,500	7.1%	1.8%
Biological Technicians	\$59,000	16.2%	4.2%
Chemical Technicians	\$52,800	3.6%	0.9%
Social Science Research Assistants	\$58,200	3.5%	0.9%
Life, Physical, and Social Science Technicians, All Other	\$61,400	4.6%	1.2%
All Other Life, Physical, and Social Science Occupations (Avg. All Categories)	<u>\$107,900</u>	<u>28.1%</u>	<u>7.3%</u>
Weighted Mean Annual Wage	\$100,200	100.0%	26.1%
<i>Office and Administrative Support Occupations</i>			
First-Line Supervisors of Office and Admin. Support Workers	\$75,800	7.6%	0.6%
Bookkeeping, Accounting, and Auditing Clerks	\$59,100	6.5%	0.5%
Customer Service Representatives	\$53,000	6.0%	0.5%
Production, Planning, and Expediting Clerks	\$66,100	5.1%	0.4%
Shipping, Receiving, and Inventory Clerks	\$44,700	3.0%	0.2%
Executive Secretaries and Executive Admin. Assistants	\$88,300	16.1%	1.3%
Secretaries and Administrative Assistants	\$55,900	22.1%	1.7%
Office Clerks, General	\$49,700	17.9%	1.4%
All Other Office and Administrative Support Occupations (Avg. All Categories)	<u>\$57,200</u>	<u>15.7%</u>	<u>1.2%</u>
Weighted Mean Annual Wage	\$61,900	100.0%	7.8%
Weighted Average Annual Wage - All Occupations	\$120,000		88.4%

¹ Including occupations representing 3% or more of the major occupation group.

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

³ Occupation percentages are based on the 2019 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2019 Occupational Employment Survey data applicable to San Francisco and San Mateo Counties updated by the California Employment Development Department to 2020 wage levels.

**APPENDIX A TABLE 3
 2019 NATIONAL BUILDING SERVICES WORKER DISTRIBUTION BY OCCUPATION
 1350 ADAMS COURT PROJECT - HOUSING NEEDS ASSESSMENT
 MENLO PARK, CA**

Major Occupations (3% or more)	2019 National Building Services Occupation Distribution	
Protective Service Occupations	1,239,080	39.4%
Building and Grounds Cleaning and Maintenance Occupations	1,304,940	41.5%
Office and Administrative Support Occupations	191,009	6.1%
Installation, Maintenance, and Repair Occupations	144,592	4.6%
All Other Building Services Related Occupations	<u>266,467</u>	<u>8.5%</u>
INDUSTRY TOTAL	3,146,087	100.0%

Note: Reflects occupations applicable to NAICS 561600 and 561700. Services to Buildings and Dwellings and Investigation and Security Services

**APPENDIX A TABLE 4
AVERAGE ANNUAL COMPENSATION, 2020
BUILDING SERVICES WORKER OCCUPATIONS
1350 ADAMS COURT PROJECT - HOUSING NEEDS ASSESSMENT
MENLO PARK, CA**

Occupation ¹	2020 Avg. Compensation ²	% of Total Occupation Group ³	% of Total Building Services Workers
<i>Protective Service Occupations</i>			
Miscellaneous Supervisors, Protective Service Workers	\$60,700	4.9%	1.9%
Security Guards	\$40,400	91.7%	36.1%
All Other Protective Service Occupations (Avg. All Categories)	<u>\$68,900</u>	<u>3.3%</u>	<u>1.3%</u>
Weighted Mean Annual Wage	\$42,300	100.0%	39.4%
<i>Building and Grounds Cleaning and Maintenance Occupations</i>			
First-Line Supervisors of Housekeeping & Janitorial Workers	\$57,700	3.0%	1.3%
Supervisors of Landscaping, Lawn, & Groundskeeping Workers	\$71,700	3.8%	1.6%
Janitors and Cleaners	\$38,900	48.8%	20.2%
Maids and Housekeeping Cleaners	\$43,300	5.5%	2.3%
Pest Control Workers	\$49,900	4.2%	1.7%
Landscaping and Groundskeeping Workers	\$45,400	30.9%	12.8%
All Other Building and Grounds Cleaning and Maint. Occupations (Avg. All Categories)	<u>\$41,900</u>	<u>3.9%</u>	<u>1.6%</u>
Weighted Mean Annual Wage	\$43,500	100.0%	41.5%
<i>Office and Administrative Support Occupations</i>			
First-Line Supervisors of Office and Admin. Support Workers	\$75,800	6.2%	0.4%
Bookkeeping, Accounting, and Auditing Clerks	\$59,100	9.8%	0.6%
Customer Service Representatives	\$53,000	4.2%	0.3%
Dispatchers, Except Police, Fire, and Ambulance	\$50,400	6.5%	0.4%
Secretaries and Administrative Assistants	\$55,900	15.9%	1.0%
Office Clerks, General	\$49,700	26.9%	1.6%
All Other Office and Administrative Support Occupations (Avg. All Categories)	<u>\$57,200</u>	<u>30.4%</u>	<u>1.8%</u>
Weighted Mean Annual Wage	\$55,700	100.0%	6.1%
<i>Installation, Maintenance, and Repair Occupations</i>			
Supervisors of Mechanics, Installers, and Repairers	\$91,200	7.9%	0.4%
Security and Fire Alarm Systems Installers	\$50,500	49.8%	2.3%
Maintenance and Repair Workers, General	\$57,700	10.2%	0.5%
Locksmiths and Safe Repairers	\$63,300	13.9%	0.6%
Installation, Maintenance, and Repair Workers, All Other	\$61,000	8.9%	0.4%
All Other Installation, Maintenance, and Repair Occupations (Avg. All Categories)	<u>\$66,900</u>	<u>9.2%</u>	<u>0.4%</u>
Weighted Mean Annual Wage	\$58,700	100.0%	4.6%
Weighted Average Annual Wage - All Occupations	\$45,000		91.5%

¹ Including occupations representing 3% or more of the major occupation group.

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

³ Occupation percentages are based on the 2019 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2019 Occupational Employment Survey data applicable to San Mateo County updated by the California Employment Development Department to 2020 wage levels.

**APPENDIX A TABLE 5
 COMMUTE PATTERNS FOR OTHER SAN MATEO COUNTY JURISDICTIONS
 1350 ADAMS COURT PROJECT
 HOUSING NEEDS ASSESSMENT
 MENLO PARK, CA**

	Pct. of All Workers who Live & Work in City
	<u>ACS 2015-19</u>
<i>San Mateo County</i> ¹	
Burlingame	9.1%
Daly City	35.1%
Foster City	10.4%
Menlo Park	5.9%
Redwood City	17.7%
San Bruno	15.9%
San Carlos	12.7%
San Mateo	22.2%
South San Francisco	12.7%
 <i>Select Cities in Santa Clara County</i>	
Mountain View	13.4%
Palo Alto	7.4%

Notes:

1. Percentages computed excluding those workers who worked from home.

Sources:

US Census Bureau, ACS 2015-2019 5yr estimate.

APPENDIX B – CENSUS DATA FOR EAST PALO ALTO AND BELLE HAVEN

The following Appendix section summarizes U.S. Census data on housing conditions and demographics for East Palo Alto and Belle Haven. In addition, data for San Mateo County as a whole is provided as a point of comparison. East Palo Alto and Belle Haven differ in several respects from San Mateo County averages including: a higher share of renter households, a concentration of households overspending on housing, a higher percentage living in overcrowded conditions, larger household sizes, a younger population, lower incomes, and an above average percentage of households below the poverty level.

1. Number of Housing Units and Tenure

East Palo Alto has an estimated 8,342 housing units. Approximately 60% of occupied units are rental and 40% are owner-occupied. Approximately 1,800 units of the rental units in East Palo Alto (39%) are part of the multi-building Woodland Park Apartments property acquired by Sand Hill Property Company in 2016 and located along the boundary with the City of Palo Alto on the West side of U.S. 101.

Belle Haven has approximately 1,670 housing units. Approximately 55% of the occupied units are rental and 45% are owner-occupied.

Housing Units by Tenure

Housing Units by Tenure	East Palo Alto		Belle Haven ⁽¹⁾		San Mateo County	
	Number	% of Occupied Units	Number	% of Occupied Units	Number	% of Occupied Units
Renter Occupied	4,648	60%	795	55%	105,000	40%
Owner Occupied	<u>3,076</u>	<u>40%</u>	<u>656</u>	<u>45%</u>	<u>158,543</u>	<u>60%</u>
Total Occupied Housing Units	7,724	100%	1,451	100%	263,543	100%
Vacant	618		219		14,230	
Total Housing Units	<u>8,342</u>		<u>1,670</u>		<u>277,773</u>	
Percent of County-wide Housing Stock	3.0%		0.6%			

(1) Reflects data for Census Tract 6117 which includes the Belle Haven neighborhood.

Source: 2015-2019 American Community Survey estimates, Table DP04

East Palo Alto represents about 3% of the total housing stock in San Mateo County and less than 1% of the more than 950,000 housing units in San Mateo and Santa Clara counties combined. Belle Haven represents approximately 0.6% of the total housing stock in San Mateo County and a fraction of the combined housing stock in the two counties.

2. Housing Units by Type

Approximately 58% of units in East Palo Alto are single family compared to 68% in Belle Haven and 65% County-wide. The balance of units are in multi-family and other structures.

Housing Units by Type

	<u>East Palo Alto</u>		<u>Belle Haven⁽¹⁾</u>		<u>San Mateo</u>	
	Housing Units	% of Total	Housing Units	% of Total	Housing Units	% of Total
Single Family	4,848	58%	1,137	68%	179,731	65%
2- 4 unit buildings	250	3%	184	11%	19,743	7%
Five+ unit buildings	3,081	37%	331	20%	75,096	27%
Mobile Home, Boat, RV, etc.	163	2%	18	1%	3,203	1%
Total Housing Units	8,342	100%	1,670	100%	277,773	100%

(1) Reflects data for Census Tract 6117 corresponding to the Belle Haven neighborhood.

Source: 2015-2019 American Community Survey 5-Year Estimates.

3. Percent of Income Spent on Housing

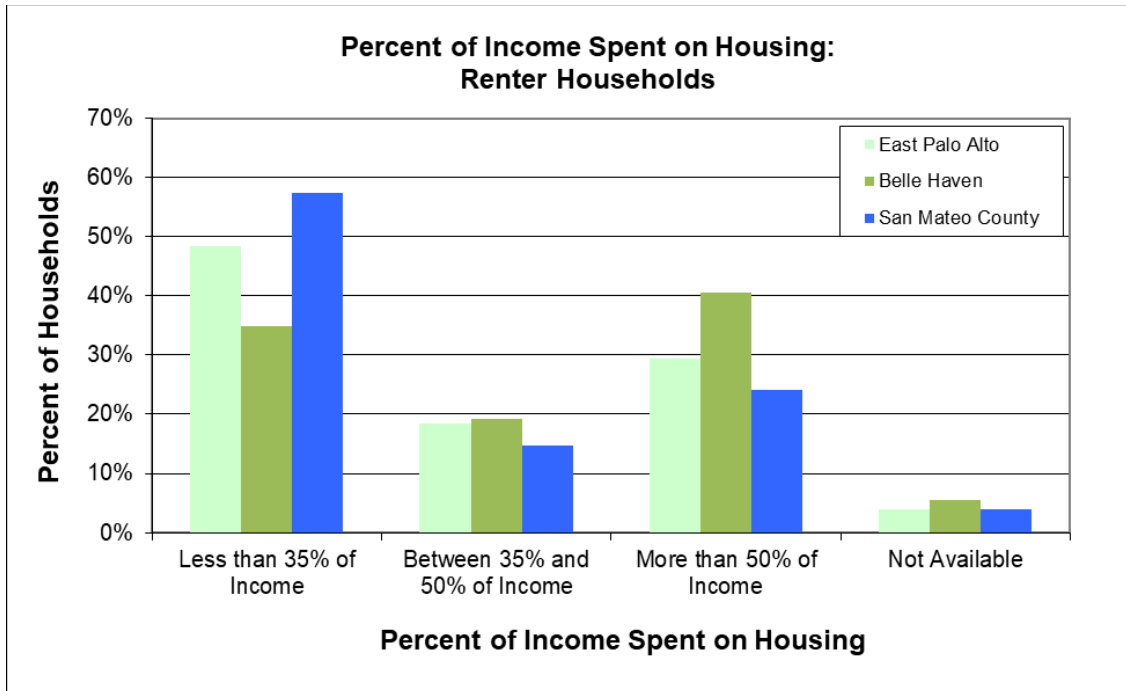
In East Palo Alto, approximately 48% of renter households and 35% of homeowner households spend more than 35% of their income on housing, a general criterion for overspending, particularly for renters. In Belle Haven, the share spending more than 35% of their income on housing is 60% for renter households and 27% for homeowners. The percent spending more than 35% of their income on housing exceeds County averages in both communities.

Percent of Income Spent on Housing

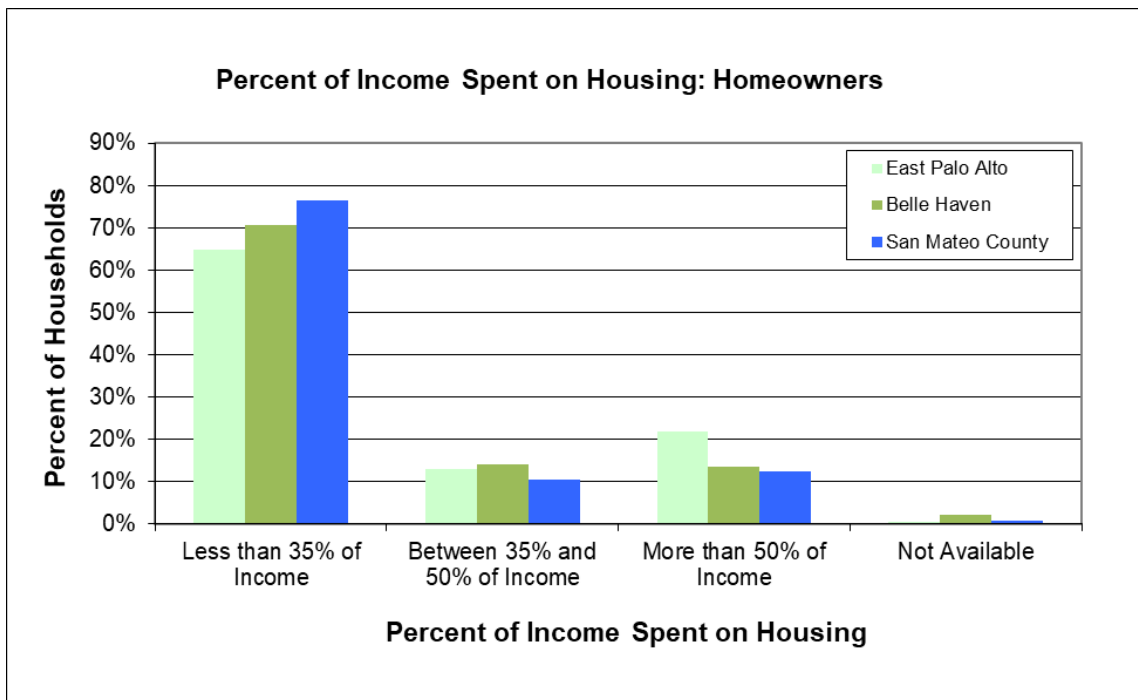
	<u>East Palo Alto</u>		<u>Belle Haven⁽¹⁾</u>		<u>San Mateo County</u>	
	Renter	Homeowner	Renter	Homeowner	Renter	Homeowner
Less than 35% of Income	48%	65%	35%	71%	57%	76%
Between 35% and 50% of Income	18%	13%	19%	14%	15%	10%
More than 50% of Income	<u>29%</u>	<u>22%</u>	<u>41%</u>	<u>13%</u>	<u>24%</u>	<u>12%</u>
Subtotal Over 35% of Income	48%	35%	60%	27%	39%	23%
Not Available	4%	0%	6%	2%	4%	1%

(1) Reflects data for Census Tract 6117 corresponding to the Belle Haven neighborhood.

Source: 2015-2019 American Community Survey 5-Year Estimates.



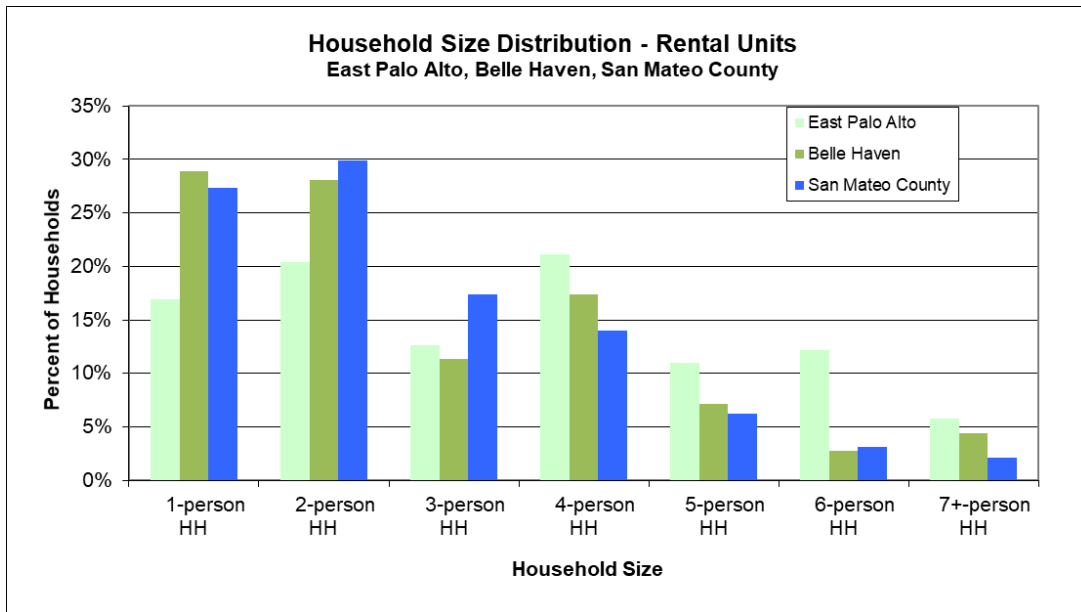
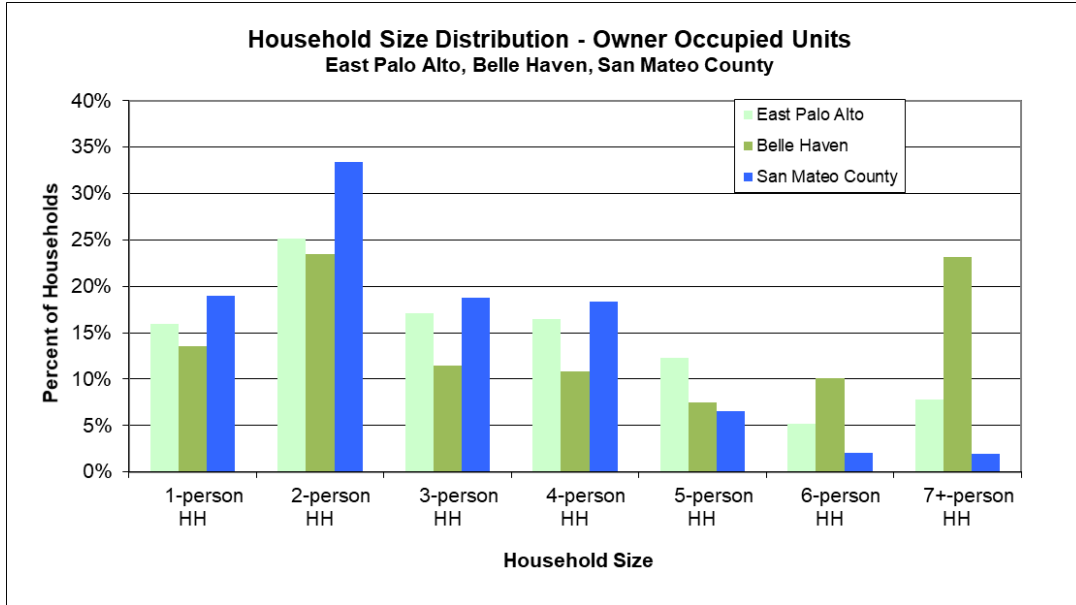
Source: 2015-2019 American Community Survey 5-Year Estimates.



Source: 2015-2019 American Community Survey 5-Year Estimates.

4. Household Size

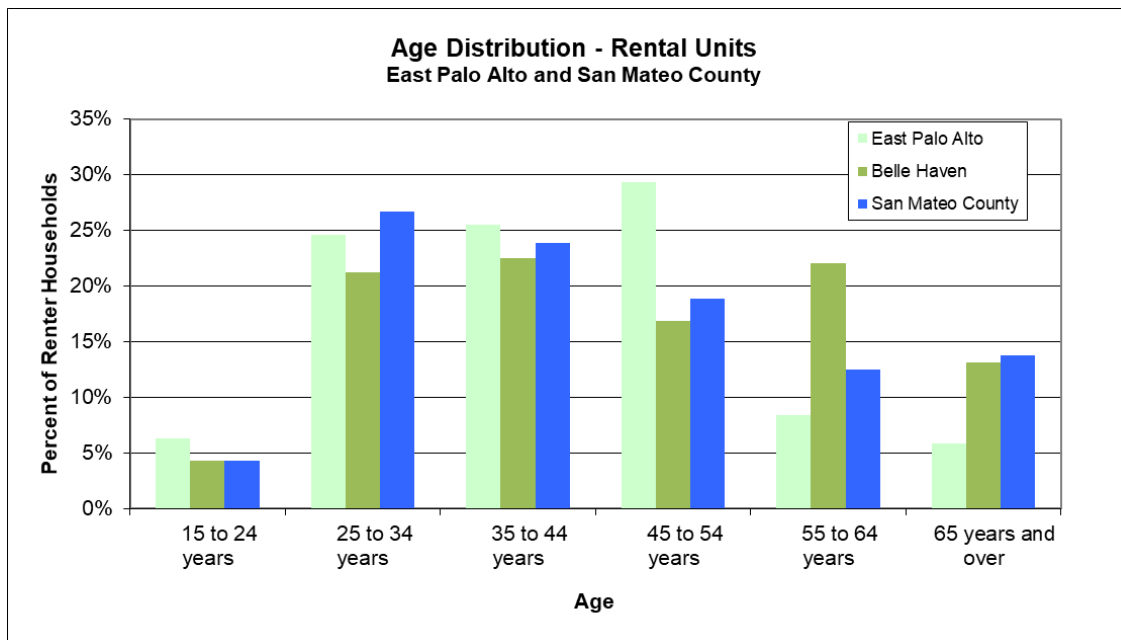
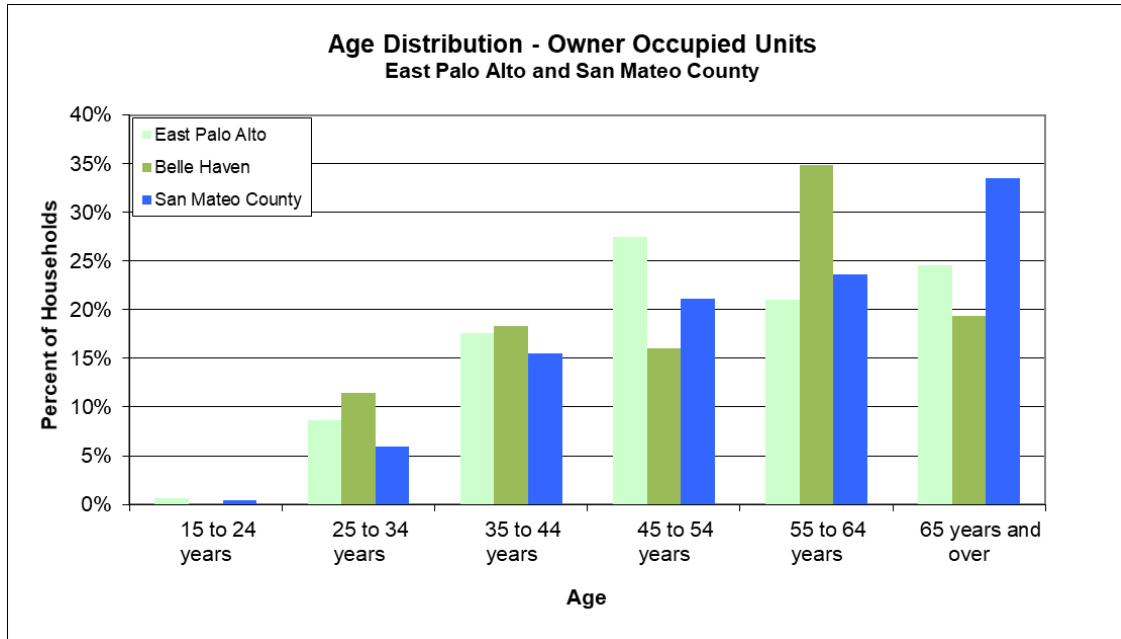
Household sizes in East Palo Alto and Belle Haven are larger than County averages as shown in the charts below:



Source: American Community Survey, 2015-2019, Table B25009

5. Age

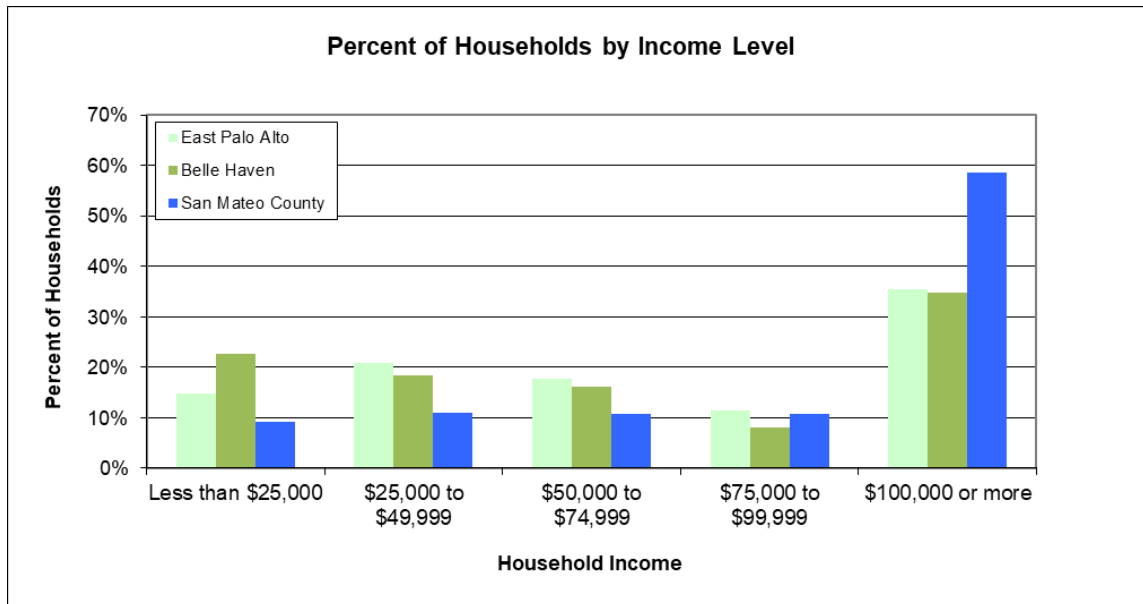
The population of East Palo Alto and Belle Haven is younger than for the County as a whole:



Source: American Community Survey, 2015-2019, Table B25007

6. Income and Employment status

East Palo Alto and Belle Haven households have lower incomes than County averages and a higher percentage of families below the poverty line. Unemployment levels in East Palo Alto and Belle Haven are similar to the County average.



Source: 2015-2019 American Community Survey 5-Year Estimates

Employment Status, Median Income, Poverty

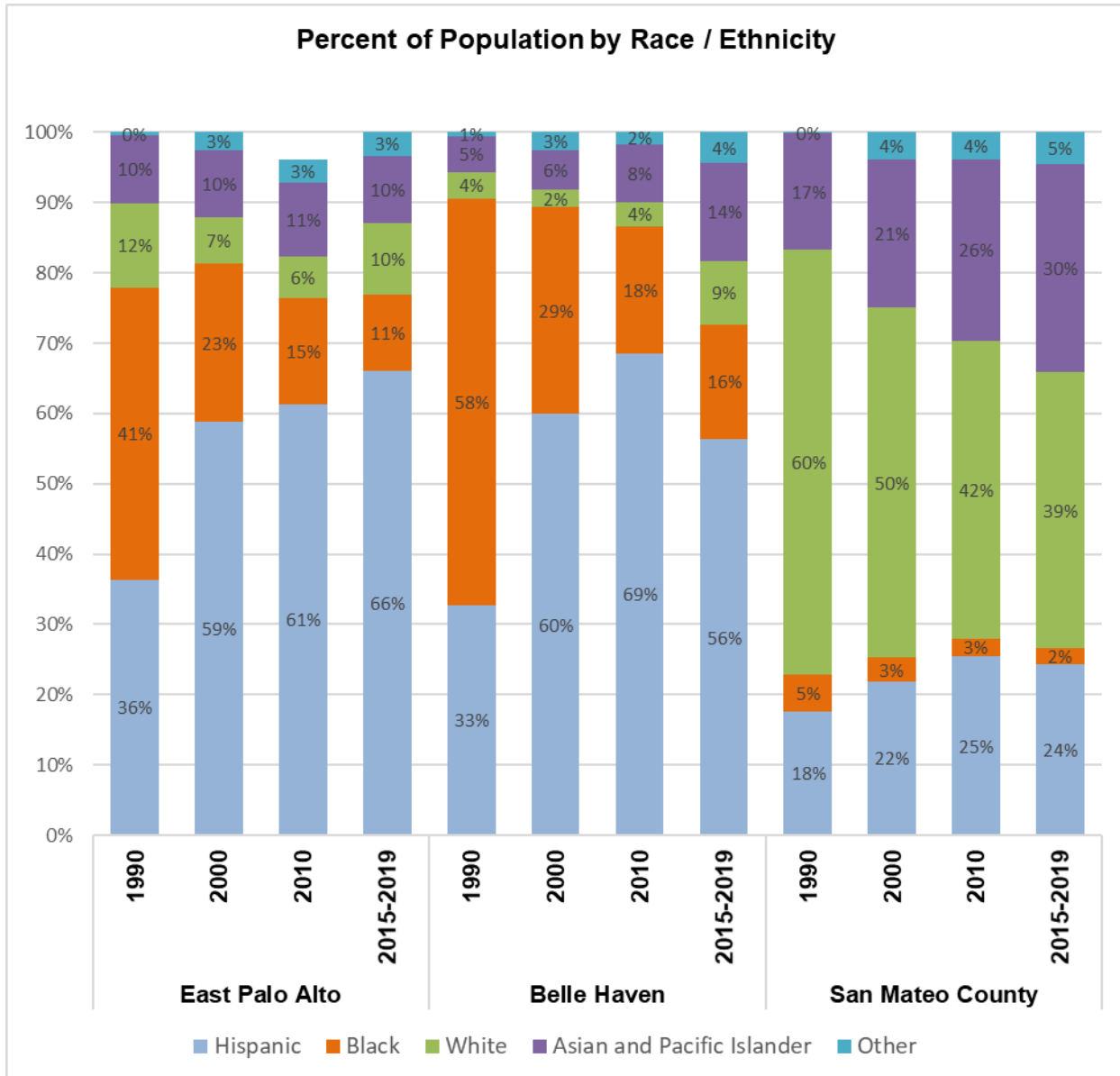
	East Palo Alto		Belle Haven		San Mateo County	
	Number	Percent	Number	Percent	Number	Percent
Employment Status						
Employed	15,507	69%	3,139	69%	414,747	66%
Unemployed	712	3%	145	3%	16,104	3%
Not in Labor Force	6,170	28%	1,252	28%	194,832	31%
Total Population Over 16 Years	22,413	100%	4,536	100%	625,917	100%
Median Household Income (2019 dollars)		\$67,087		\$65,613		\$122,641
Percent of Families Below Poverty Level		10.60%		12.10%		4.00%

Source: 2015-2019 American Community Survey 5-Year Estimates

7. Race and Ethnicity

Approximately two-thirds of East Palo Alto and 56% of Belle Haven residents are Hispanic, compared to the County average of 24%. African American residents represent 11% and 16%

of the population in East Palo Alto and Belle Haven, respectively. The Hispanic population of both communities has increased since 1990 while the African American population has declined, as shown in the chart below. The most recent ACS data suggests a shift in longer-term trends within Belle Haven including a reversal of the trend toward increasing Hispanic population and an increase in the white and Asian populations.

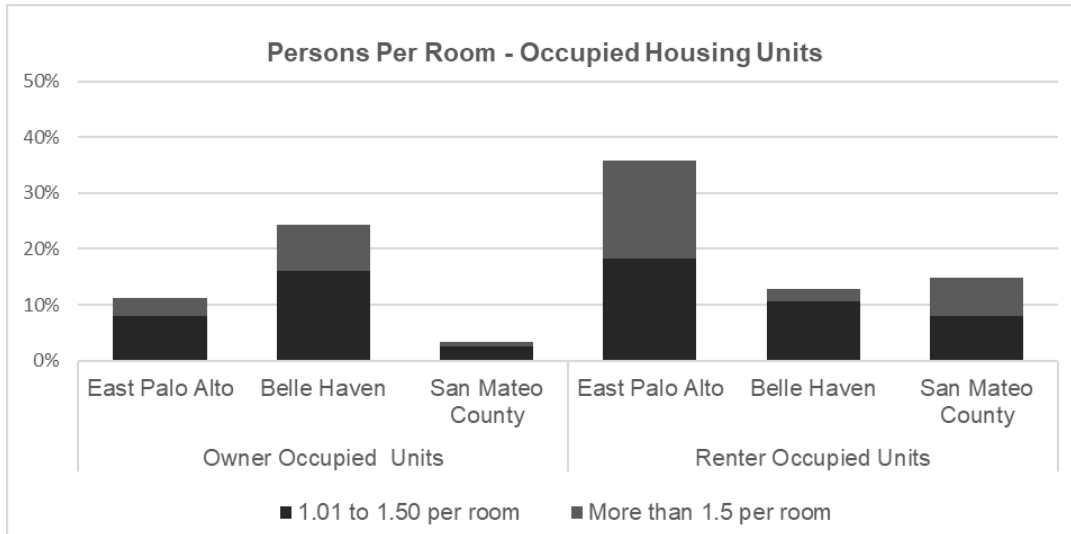


Sources: 1990, 2000, 2010 Census; 2015-2019 American Community Survey

8. Overcrowding

Overcrowding is generally defined as an occupancy level above one person per room. In East Palo Alto, about 11% of owner-occupied units and 36% of renter-occupied units have more than one person per room. The incidence of over-crowding in East Palo Alto is significantly greater

than San Mateo County as a whole, especially in the rental stock. In Belle Haven, overcrowding in owner occupied housing is also above the County average while crowding in the rental housing stock is similar to the County average.



Source: 2015-2019 American Community Survey 5-Year Estimates.

Occupants Per Room

Occupants Per Room	Owner Occupied			Renter Occupied		
	East Palo Alto	Belle Haven	San Mateo County	East Palo Alto	Belle Haven	San Mateo County
1 Person or fewer per room	89%	76%	97%	64%	87%	85%
1.01 to 1.50 per room	8%	16%	3%	18%	11%	8%
1.51 to 2.00 per room	2%	5%	1%	11%	2%	5%
2.01 or more per room	<u>1%</u>	<u>3%</u>	<u>0%</u>	<u>6%</u>	<u>0%</u>	<u>2%</u>
1.01 Per Room or more ⁽¹⁾	11%	24%	3%	36%	13%	15%
Total	100%	100%	100%	100%	100%	100%

(1) The Census has no official definition of over-crowding but it is sometimes defined as more than one person per room.

Source: 2015-2019 American Community Survey 5-Year Estimates.

Both conditions of overspending and overcrowding are directly linked to the high cost of housing relative to residents' incomes. Households are forced to spend a high percentage of their income on housing if lower cost housing is not available. Overcrowding is a direct response to high housing costs, as households make do with smaller units or double up with other family members, roommates, etc.

APPENDIX C – DISPLACEMENT ANALYSIS SUPPORTING TABLES

**APPENDIX C TABLE 1
REGRESSION ANALYSIS (SINGLE-COUNTY)
ESTIMATED PROJECT IMPACT ON LOCAL RENTS/ HOME PRICES
BASED ON RELATIONSHIP BETWEEN LOCAL JOBS AND LOCAL HOUSING MARKET
1350 ADAMS COURT PROJECT
MENLO PARK CA**

<i>San Mateo County Analysis</i>	Total Jobs Analysis		High-Wage Jobs Analysis	
	Impact on Rents	Impact on Home Prices	Impact on Rents	Impact on Home Prices
<u>Linear Regression</u>				
X (Independent) Variable	Total Adjusted Jobs (1)		Adjusted High-Wage Jobs (1)	
Y (Dependent) Variable ²	Asking Rent/ SF (One-Bedroom)	Home Price/SF	Asking Rent/ SF (One-Bedroom)	Home Price/SF
Correlation (Adjusted R-Square) (0 = no correlation, 1 = perfect correlation)	0.88 (strong)	0.30 (weak)	0.82 (strong)	0.25 (weak)
P-Value (<.05 = significant)	<.05 significant	<.05 significant	<.05 significant	<.05 significant
Estimated % Increase per 10,000 adjusted jobs¹	4.0%	3.5%	7.0%	5.8%
<u>Estimated Project Impact</u>				
Additional Jobs	650	650	650	650
(less) Employees Housed	0	0	0	0
Adjusted Jobs ¹	650	650	650	650
Upper Estimate of Potential % Increase in County Rents / Sales Prices Due to Project	0.26%	0.23%	0.45%	0.38%

¹ Jobs figures reflect an adjustment for the number of jobs that can be accommodated by housing growth since 2000. See Appendix C Table 10 for calculation.

² Asking rents and home prices are adjusted for inflation in linear regression analysis. See Appendix C Table 9.

**APPENDIX C TABLE 2
REGRESSION ANALYSIS (SINGLE-COUNTY)
REGRESSION ANALYSIS INPUTS
1350 ADAMS COURT PROJECT
MENLO PARK CA**

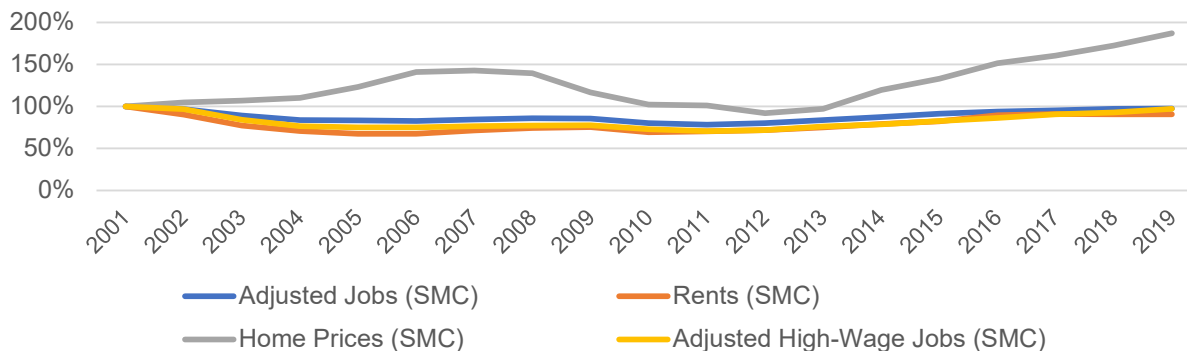
	x-variables		y-variables (dependent)	
	Adjusted ¹	Adjusted ^{1, 2}	Asking Rent/SF ³	Home Price/SF ³
	Total Jobs San Mateo Cty.	High-Wage Jobs San Mateo Cty.	San Mateo Cty.	San Mateo Cty.
2000	380,137	146,968	\$4.05	\$492
2001	367,626	142,197	\$3.67	\$516
2002	339,584	123,802	\$3.13	\$527
2003	318,566	112,328	\$2.86	\$543
2004	316,782	110,240	\$2.73	\$606
2005	314,000	110,632	\$2.74	\$694
2006	321,539	112,251	\$2.89	\$702
2007	326,479	113,526	\$3.02	\$686
2008	325,625	114,122	\$3.06	\$574
2009	304,788	107,415	\$2.81	\$503
2010	297,701	103,778	\$2.85	\$497
2011	305,337	105,362	\$2.91	\$453
2012	317,984	111,964	\$3.05	\$479
2013	332,191	115,938	\$3.20	\$589
2014	347,480	121,514	\$3.34	\$654
2015	356,895	126,783	\$3.62	\$744
2016	362,151	133,391	\$3.70	\$789
2017	368,822	136,599	\$3.67	\$849
2018	370,922	142,679	\$3.68	\$920
2019	380,382	149,793	\$3.52	\$907

¹ Adjusted jobs defined as total employment less the number of jobs that can be accommodated by housing growth since 2000, based on a factor of 1.91 workers per household. Housing growth adjustment for high-wage jobs reflects a lesser adjustment based on high-wage job share of overall jobs. See Appendix C Table 10 and 11 for calculations.

² High wage jobs defined as industries with \$100k or more average annual wages in 2016.

³ Asking rents and home prices are adjusted for inflation in linear regression analysis. See Appendix C Table 9.

Jobs Adjusted for Housing Growth, Asking Rents, and Home Prices
San Mateo County
2000 = 100%



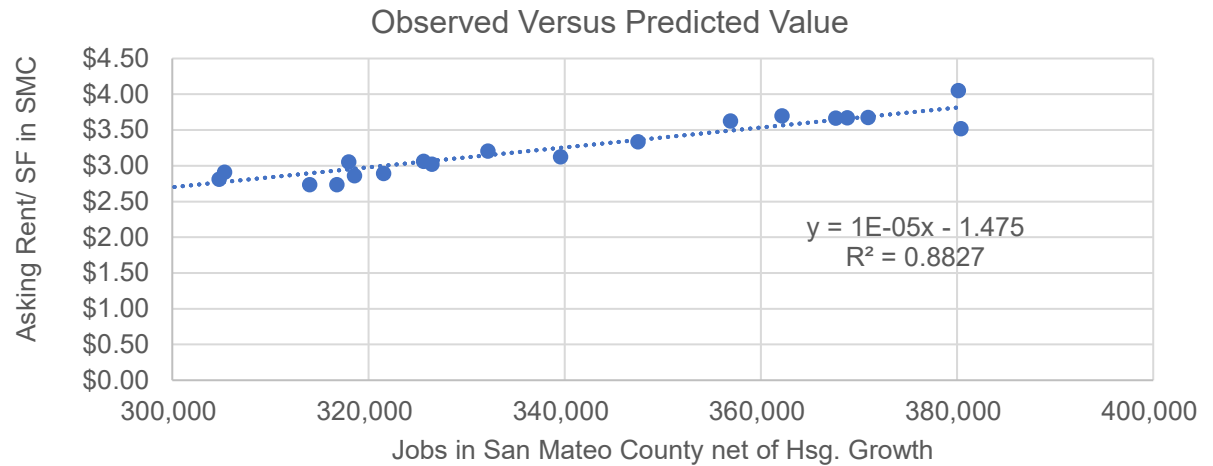
**APPENDIX C TABLE 3A
REGRESSION ANALYSIS (SINGLE-COUNTY)
RELATIONSHIP OF MULTIFAMILY ASKING RENTS AND JOBS IN SAN MATEO COUNTY
1350 ADAMS COURT PROJECT
MENLO PARK CA**

Variables	
Y Variable:	Asking Rents/SF (San Mateo County)
X Variable	Adjusted Jobs (San Mateo County)

Implied Impact	
2019 Rent/SF (One Bedroom)	\$3.52
% Increase/ 10,000 Unhoused Jobs	4.0%

Regression Statistics

Multiple R	0.93954
R Square	0.88274
Adjusted R Square	0.87623
Standard Error	0.13995
Observations	20



ANOVA

	df	SS	MS	F	Significance F
Regression	1	2.653984	2.65398	135.50772	8.21856E-10
Residual	18	0.352539	0.01959		
Total	19	3.006522			

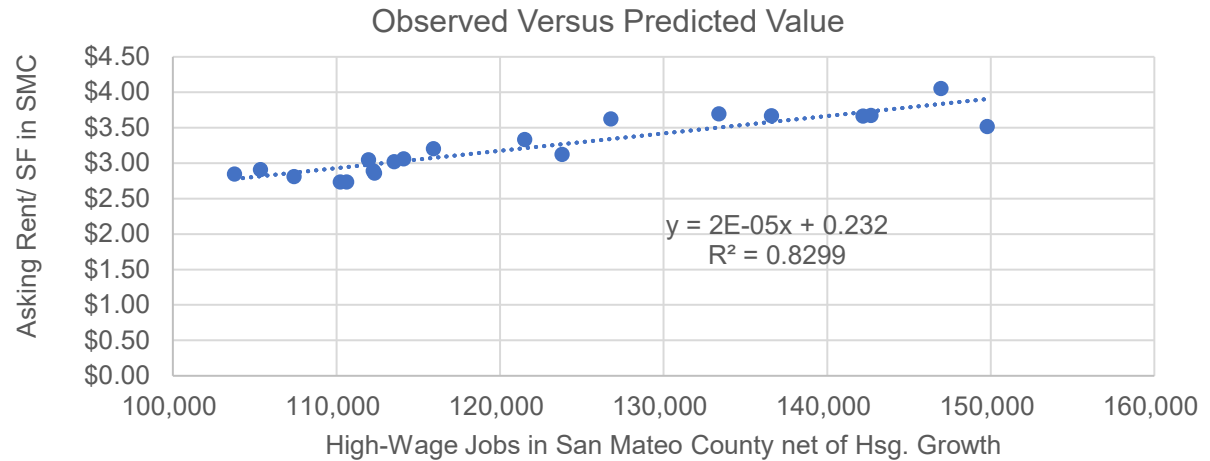
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-1.47504	0.40499	-3.64217	0.00186	-2.32589	-0.62419
X Variable 1	1.39165E-05	1.19549E-06	11.64077825	8.21856E-10	1.14048E-05	1.64281E-05

**APPENDIX C TABLE 3B
REGRESSION ANALYSIS (SINGLE-COUNTY)
RELATIONSHIP OF MULTIFAMILY ASKING RENTS AND HIGH-WAGE JOBS IN SAN MATEO COUNTY
1350 ADAMS COURT PROJECT
MENLO PARK CA**

Variables		Implied Impact	
Y Variable:	Asking Rents/SF (San Mateo County)	2019 Rent/SF (One Bedroom)	\$3.52
X Variable	Adjusted High-Wage Jobs (San Mateo County)	% Increase/ 10,000 Adj High-Wage Jobs	7.0%

Regression Statistics

Multiple R	0.91102
R Square	0.82995
Adjusted R Square	0.82050
Standard Error	0.16853
Observations	20



ANOVA

	df	SS	MS	F	Significance F
Regression	1	2.49526	2.49526	87.85071	2.39666E-08
Residual	18	0.51126	0.02840		
Total	19	3.00652			

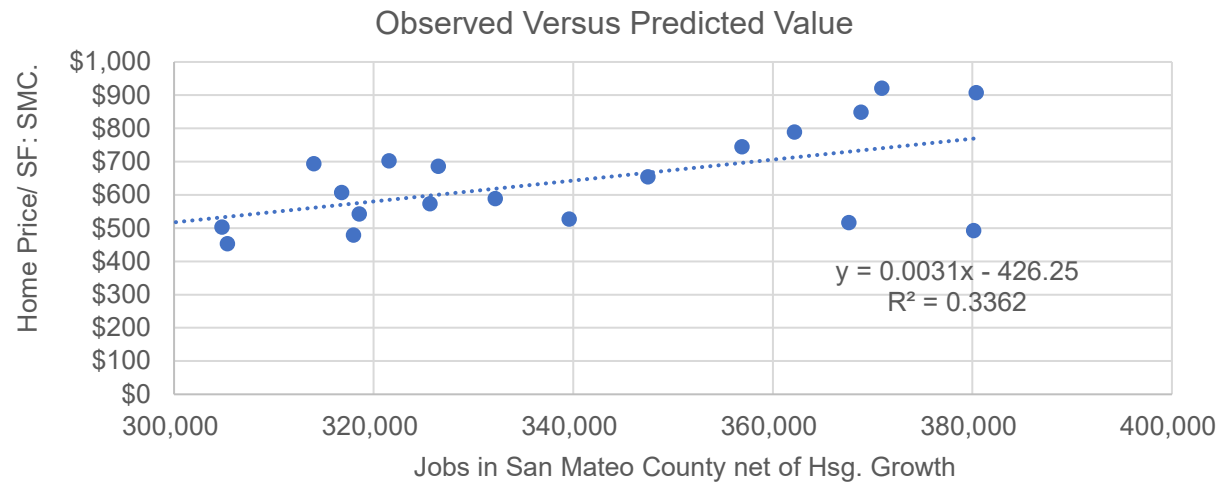
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	0.23201	0.32157	0.72149	0.47988	-0.44358	0.90759
X Variable 1	2.452E-05	2.616E-06	9.373E+00	2.397E-08	1.903E-05	3.002E-05

**APPENDIX C TABLE 4A
REGRESSION ANALYSIS (SINGLE-COUNTY)
RELATIONSHIP OF HOME PRICES AND JOBS IN SAN MATEO COUNTY
1350 ADAMS COURT PROJECT
MENLO PARK CA**

Variables		Implied Impact	
Y Variable:	Sale Price/SF (San Mateo County)	2019 Price/SF	\$907
X Variable	Adjusted Jobs (San Mateo County)	% Increase/ 10,000 Adjusted Jobs	3.5%

Regression Statistics

Multiple R	0.57983
R Square	0.33620
Adj R Square	0.29932
Standard Error	121.94693
Observations	20



ANOVA

	df	SS	MS	F	Significance F
Regression	1	135,575	135,575	9.1167	0.0074
Residual	18	267,679	14,871		
Total	19	403,254			

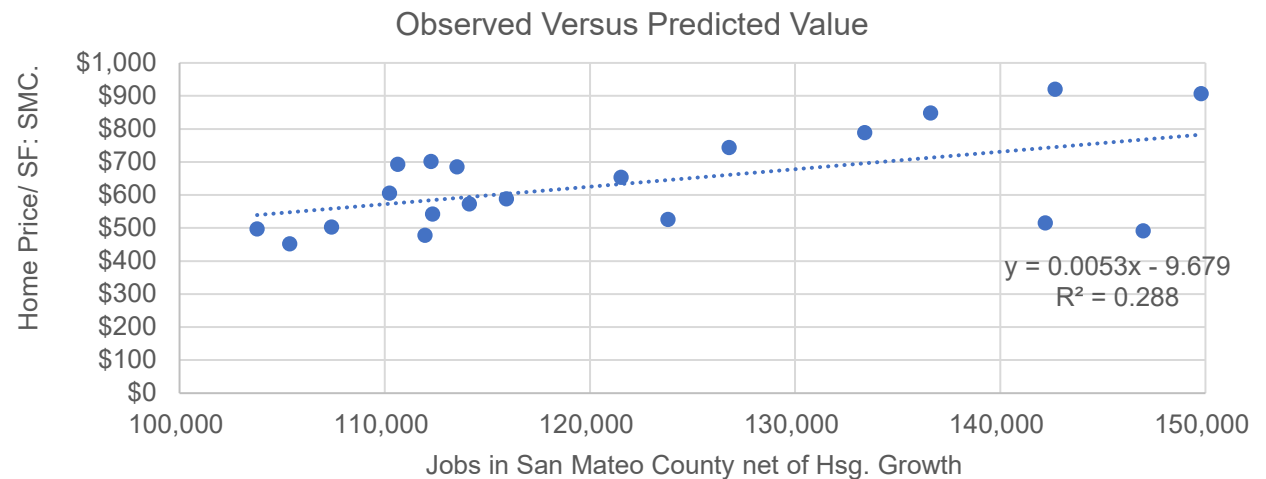
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-426.24729	352.89554	-1.20786	0.24273	-1167.65	315.16
X Variable 1	0.00315	0.00104	3.01938	0.00737	0.00096	0.00533

**APPENDIX C TABLE 4B
REGRESSION ANALYSIS (SINGLE-COUNTY)
RELATIONSHIP OF HOME PRICES AND JOBS IN SAN MATEO COUNTY
1350 ADAMS COURT PROJECT
MENLO PARK CA**

Variables		Implied Impact	
Y Variable:	Sale Price/SF (San Mateo County)	2019 Price/SF	\$907
X Variable	Adjusted High Wage Jobs (San Mateo County)	% Increase/ 10,000 Adjusted HW Jobs	5.8%

Regression Statistics

Multiple R	0.53667
R Square	0.28801
Adj R Square	0.24846
Standard Error	126.29565
Observations	20



ANOVA

	df	SS	MS	F	Significance F
Regression	1	116,143	116,143	7.281419	0.01470
Residual	18	287,111	15,951		
Total	19	403,254			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-9.6790	240.9766	-0.0402	0.9684	-515.9519	496.5940
X Variable 1	0.005290	0.001961	2.698410	0.01470	0.001171	0.009409

**APPENDIX C TABLE 5
REGRESSION ANALYSIS (THREE-COUNTY)
ESTIMATED PROJECT IMPACT ON LOCAL RENTS / HOME PRICES
BASED ON RELATIONSHIP BETWEEN REGIONAL JOBS & LOCAL HOUSING MARKET
1350 ADAMS COURT PROJECT
MENLO PARK CA**

<i>Three-County Analysis</i> ³	Total Jobs Analysis		High-Wage Jobs Analysis	
	Impact on Rents	Impact on Home Prices	Impact on Rents	Impact on Home Prices
<u>Linear Regression</u>	Total Adjusted Jobs(1)		Adjusted High-Wage Jobs (1)	
X (Independent) Variable				
Y (Dependent) Variable ²	Asking Rent/ SF (One-Bedroom)	Home Price/SF	Asking Rent/ SF (One-Bedroom)	Home Price/SF
Correlation (Adjusted R-Square) (0 = no correlation, 1 = perfect correlation)	0.89 (strong)	0.23 (weak)	0.83 (strong)	0.12 (very weak)
P-Value	<.05 significant	<.05 significant	<.05 significant	0.08 not significant
Estimated % Increase per 10,000 adjusted jobs¹	0.7%	0.5%	1.1%	N/A
<u>Estimated Project Impact</u>				
Additional Jobs	650	650	650	650
(less) Employees Housed	0	0	0	0
Adjusted Jobs ¹	650	650	650	650
Lower Estimate of Potential % Increase in County Rents / Sales Prices Due to Project	0.04%	0.04%	0.07%	N/A

¹ Adjusted jobs defined as total employment less the number of jobs that can be accommodated by housing growth since 2000, based on a factor of 1.91 workers per household. Housing growth adjustment for high-wage jobs reflects a lesser adjustment based on high-wage job share of overall jobs. See Appendix C Table 10 and 11 for calculations.

² Asking rents and home prices are for San Mateo County and are adjusted for inflation in linear regression analysis. See Appendix C Table 9.

³ San Mateo, Santa Clara, and San Francisco counties.

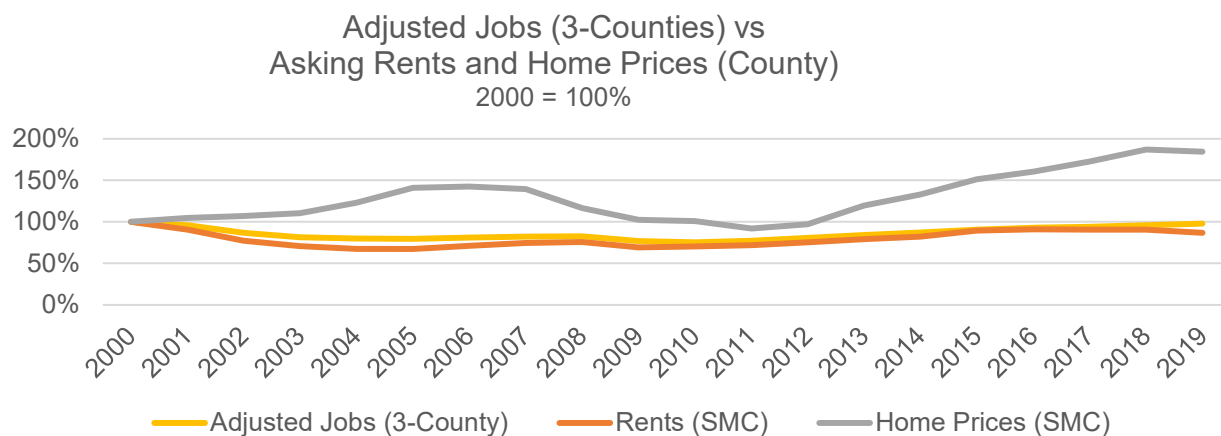
**APPENDIX C TABLE 6
REGRESSION ANALYSIS (THREE-COUNTY)
REGRESSION ANALYSIS INPUTS
1350 ADAMS COURT PROJECT
MENLO PARK CA**

	<u>x-variable</u>		<u>y-variables (dependent)</u>	
	Adjusted ¹	Adjusted ¹	Asking Rent/SF ²	Home Price/SF ²
	Total Jobs	High-Wage Jobs	San Mateo Cty.	San Mateo Cty.
	3-County Area ³			
2000	2,028,395	915,210	\$4.05	\$492
2001	1,943,792	871,789	\$3.67	\$516
2002	1,762,584	739,323	\$3.13	\$527
2003	1,655,461	666,344	\$2.86	\$543
2004	1,620,207	639,007	\$2.73	\$606
2005	1,615,110	637,263	\$2.74	\$694
2006	1,641,486	648,744	\$2.89	\$702
2007	1,669,794	657,641	\$3.02	\$686
2008	1,677,613	659,165	\$3.06	\$574
2009	1,560,325	606,861	\$2.81	\$503
2010	1,529,354	590,842	\$2.85	\$497
2011	1,569,715	616,987	\$2.91	\$453
2012	1,638,973	644,341	\$3.05	\$479
2013	1,706,534	673,336	\$3.20	\$589
2014	1,770,797	706,888	\$3.34	\$654
2015	1,837,223	741,905	\$3.62	\$744
2016	1,884,353	771,508	\$3.70	\$789
2017	1,911,783	790,030	\$3.67	\$849
2018	1,944,343	823,623	\$3.68	\$920
2019	1,984,264	854,658	\$3.52	\$907

¹ Adjusted jobs defined as total employment less the number of jobs that can be accommodated by housing growth since 2000, based on a factor of 1.91 workers per household. See Appendix 2 for calculation.

² Asking rents and home prices are adjusted for inflation in linear regression analysis. See Appendix 1.

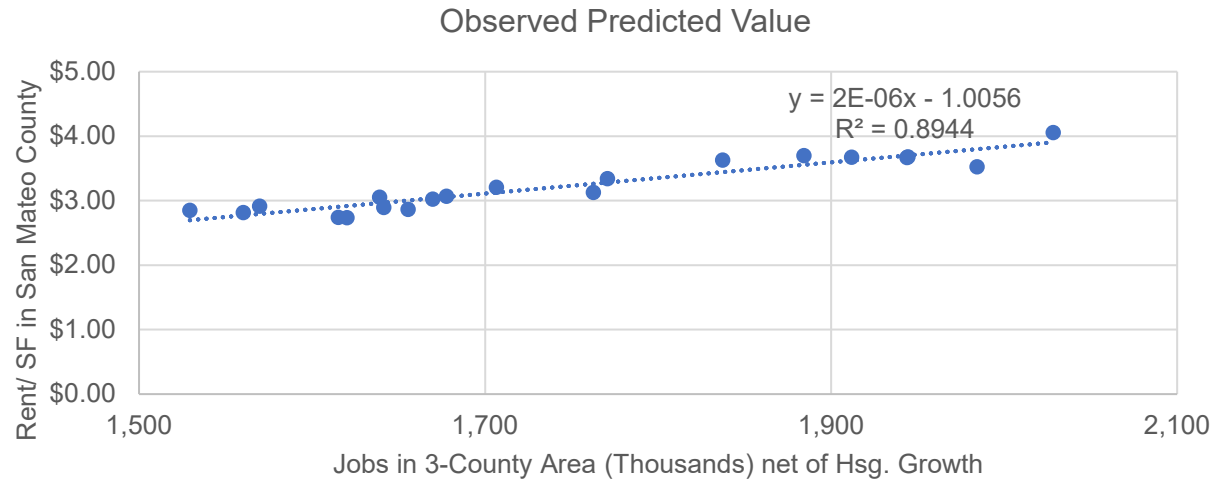
³ San Mateo, Santa Clara, and San Francisco counties.



**APPENDIX C TABLE 7A
REGRESSION ANALYSIS (THREE-COUNTY)
RELATIONSHIP OF MULTIFAMILY ASKING RENTS IN SAN MATEO COUNTY AND JOBS IN THREE-COUNTY AREA
1350 ADAMS COURT PROJECT
MENLO PARK CA**

Variables		Implied Impact	
Y Variable:	Asking Rent/SF (San Mateo County)	2019 Rent/SF (One Bedroom)	\$3.52
X Variable:	Adjusted Jobs (Three-County Area)	% Increase/ 10,000 Adjusted Jobs	0.7%

Regression Statistics	
Multiple R	0.945751
R Square	0.894445
Adjusted R Square	0.888581
Standard Error	0
Observations	20



ANOVA

	df	SS	MS	F	Significance F
Regression	1	2.689169	2.689169	152.5270	3.17163E-10
Residual	18	0.317354	0.017631		
Total	19	3.006522			

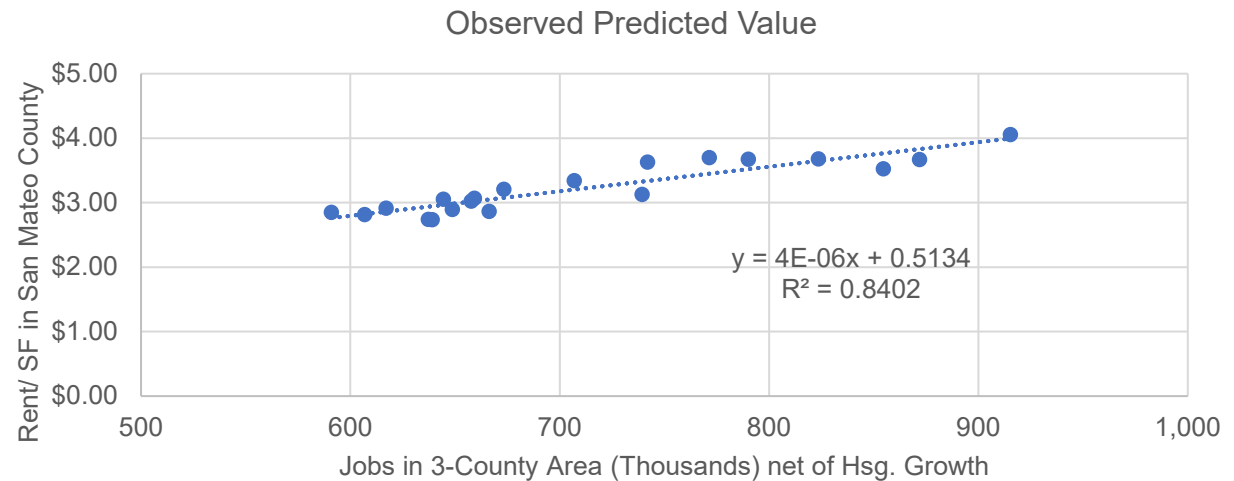
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-1.00562	0.34386	-2.92451	0.00905	-1.72804	-0.28320
X Variable 1	2.421E-06	1.960E-07	1.235E+01	3.172E-10	2.009E-06	2.833E-06

**APPENDIX C TABLE 7B
REGRESSION ANALYSIS (THREE-COUNTY)
RELATIONSHIP OF MULTIFAMILY ASKING RENTS IN SAN MATEO COUNTY AND HIGH-WAGE JOBS IN THREE-COUNTY AREA
1350 ADAMS COURT PROJECT
MENLO PARK CA**

Variables		Implied Impact	
Y Variable:	Asking Rent/SF (San Mateo County)	2019 Rent/SF (One Bedroom)	\$3.52
X Variable:	Adjusted High-Wage Jobs (Three-County Area)	% Increase/ 10,000 Adjusted HW Jobs	1.1%

Regression Statistics

Multiple R	0.91660
R Square	0.84016
Adjusted R Square	0.83128
Standard Error	0.16340
Observations	20



ANOVA

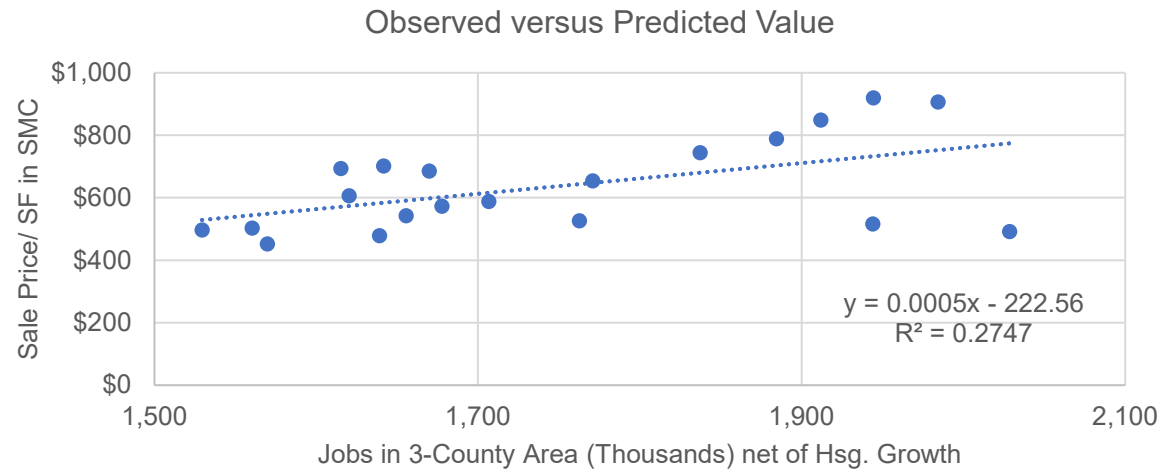
	df	SS	MS	F	Significance F
Regression	1	2.52595	2.52595	94.61028	1.366E-08
Residual	18	0.48057	0.02670		
Total	19	3.00652			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	0.51341	0.28118	1.82588	0.08450	-0.07734	1.10416
X Variable 1	3.8046E-06	3.9115E-07	9.7268E+00	1.3655E-08	2.9829E-06	4.6264E-06

**APPENDIX C TABLE 8A
REGRESSION ANALYSIS (THREE-COUNTY)
RELATIONSHIP OF HOME PRICES IN SAN MATEO COUNTY AND JOBS IN THREE-COUNTY AREA
1350 ADAMS COURT PROJECT
MENLO PARK CA**

Variables		Implied Impact	
Y Variable:	Sale Price/SF (San Mateo County)	2019 Price/SF	\$907
X Variable:	Adjusted Jobs (Three-County Area)	% Increase/ 10,000 Adjusted Jobs	0.5%

Regression Statistics	
Multiple R	0.524092
R Square	0.274672
Adjusted R Square	0.234376
Standard Error	127.473539
Observations	20



ANOVA

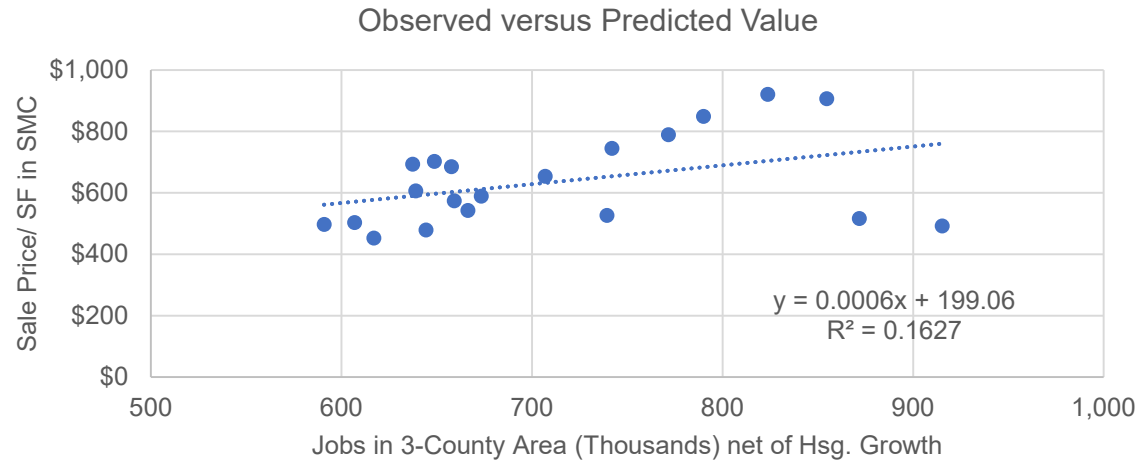
	df	SS	MS	F	Significance F
Regression	1	110,762.52	110,762.52	6.8163633	0.0176922
Residual	18	292,491.05	16,249.50		
Total	19	403,253.57			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-222.55688	330.11498	-0.67418	0.50876	-916.10273	470.98896
X Variable 1	0.000491	0.000188	2.61082	0.01769	0.00010	0.00089

**APPENDIX C TABLE 8B
REGRESSION ANALYSIS (THREE-COUNTY)
RELATIONSHIP OF HOME PRICES IN SAN MATEO COUNTY AND HIGH-WAGE JOBS IN THREE-COUNTY AREA
1350 ADAMS COURT PROJECT
MENLO PARK CA**

Variables		Implied Impact	
Y Variable:	Sale Price/SF (San Mateo County)	2019 Price/SF	\$907
X Variable:	Adjusted High-Wage Jobs (Three-County Area)	% Increase/ 10,000 Adjusted HW Jobs	not significant

Regression Statistics	
Multiple R	0.4033
R Square	0.1627
Adjusted R Square	0.1162
Standard Error	136.9613
Observations	20



ANOVA

	df	SS	MS	F	Significance F
Regression	1	65,602.65	65,602.65	3.49724	0.077825
Residual	18	337,650.92	18,758.38		
Total	19	403,253.57			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	199.063403	235.692829	0.844588	0.40943	-296.108856	694.235661
X Variable 1	0.0006131	0.0003279	1.8700921	0.07782	-0.0000757	0.0013020

**APPENDIX C TABLE 9
 BASELINE DATA
 INFLATION-ADJUSTED RENTAL AND SALES PRICING
 1350 ADAMS COURT PROJECT
 MENLO PARK CA**

Source: CoreLogic, Costar, Bureau of Labor Statistics

page 1 of 2

A. Inflation-Adjusted Sales Price Per Square Foot - San Mateo County 1BR

	Attached 21% Appendix 3	Detached 79% Appendix 3	Weighted Average	Inflation Adjust.* BLS-CPI	Inflation Adjusted \$
2000	\$305	\$338	\$331	1.48	\$492
2001	\$335	\$363	\$357	1.44	\$516
2002	\$342	\$378	\$371	1.42	\$527
2003	\$355	\$400	\$391	1.39	\$543
2004	\$408	\$458	\$448	1.35	\$606
2005	\$497	\$538	\$530	1.31	\$694
2006	\$502	\$567	\$554	1.27	\$702
2007	\$508	\$568	\$556	1.23	\$686
2008	\$435	\$496	\$483	1.19	\$574
2009	\$381	\$433	\$422	1.19	\$503
2010	\$354	\$442	\$424	1.17	\$497
2011	\$321	\$418	\$398	1.14	\$453
2012	\$344	\$452	\$430	1.11	\$479
2013	\$463	\$556	\$536	1.10	\$589
2014	\$520	\$628	\$606	1.08	\$654
2015	\$597	\$714	\$690	1.08	\$744
2016	\$652	\$764	\$741	1.07	\$789
2017	\$711	\$841	\$814	1.04	\$849
2018	\$809	\$929	\$904	1.02	\$920
2019	\$789	\$938	\$907	1.00	\$907

**APPENDIX C TABLE 9
 BASELINE DATA
 INFLATION-ADJUSTED RENTAL AND SALES PRICING
 1350 ADAMS COURT PROJECT
 MENLO PARK CA**

Source: CoreLogic, Costar, Bureau of Labor Statistics

page 2 of 2

B. Inflation-Adjusted Asking Rent Per Square Foot - San Mateo County 1BR

	Nominal Rent Appendix 3	CPI Factor BLS-CPI	Adjusted \$
2000	\$2.73	1.48	\$4.05
2001	\$2.54	1.44	\$3.67
2002	\$2.20	1.42	\$3.13
2003	\$2.06	1.39	\$2.86
2004	\$2.02	1.35	\$2.73
2005	\$2.09	1.31	\$2.74
2006	\$2.28	1.27	\$2.89
2007	\$2.45	1.23	\$3.02
2008	\$2.58	1.19	\$3.06
2009	\$2.36	1.19	\$2.81
2010	\$2.43	1.17	\$2.85
2011	\$2.56	1.14	\$2.91
2012	\$2.74	1.11	\$3.05
2013	\$2.92	1.10	\$3.20
2014	\$3.09	1.08	\$3.34
2015	\$3.36	1.08	\$3.62
2016	\$3.47	1.07	\$3.70
2017	\$3.52	1.04	\$3.67
2018	\$3.61	1.02	\$3.68
2019	\$3.52	1.00	\$3.52

**APPENDIX C TABLE 10
 BASELINE DATA
 JOBS ADJUSTED FOR HOUSNG GROWTH - ALL JOBS
 1350 ADAMS COURT PROJECT
 MENLO PARK CA**

Source: Quarterly Census of Employment and Wages & California Department of Finance

page 1 of 2

A. San Mateo County

	Total Jobs Appendix 5	Housing Units Appendix 6	Hsg Growth Since 2000	Jobs Adjusted for Housing Growth 1.91 jobs/unit
2000	380,137	260,578	0	380,137
2001	369,868	261,753	1,175	367,626
2002	345,137	263,489	2,911	339,584
2003	327,080	265,041	4,463	318,566
2004	327,152	266,014	5,436	316,782
2005	326,536	267,149	6,571	314,000
2006	334,910	267,587	7,009	321,539
2007	340,640	268,001	7,423	326,479
2008	342,361	269,351	8,773	325,625
2009	323,195	270,227	9,649	304,788
2010	317,576	270,996	10,418	297,701
2011	326,055	271,438	10,860	305,337
2012	340,075	272,158	11,580	317,984
2013	354,891	272,477	11,899	332,191
2014	372,192	273,532	12,954	347,480
2015	383,668	274,612	14,034	356,895
2016	391,640	276,036	15,458	362,151
2017	400,511	277,189	16,611	368,822
2018	404,242	278,044	17,466	370,922
2019	415,999	279,248	18,670	380,382

**APPENDIX C TABLE 10
 BASELINE DATA
 JOBS ADJUSTED FOR HOUSNG GROWTH - ALL JOBS
 1350 ADAMS COURT PROJECT
 MENLO PARK CA**

Source: Quarterly Census of Employment and Wages & California Department of Finance

B. San Mateo, Santa Clara, and San Francisco counties

	Total Jobs	Housing Units	Hsg Growth Since 2000	Jobs Adjusted for Housing Growth
	Appendix 5	Appendix 6		1.91 jobs/unit
2000	2,028,395	1,186,434	0	2,028,395
2001	1,958,590	1,194,191	7,757	1,943,792
2002	1,797,930	1,204,962	18,528	1,762,584
2003	1,712,501	1,216,334	29,900	1,655,461
2004	1,692,626	1,224,395	37,961	1,620,207
2005	1,706,403	1,234,289	47,855	1,615,110
2006	1,748,924	1,242,752	56,318	1,641,486
2007	1,793,726	1,251,398	64,964	1,669,794
2008	1,821,874	1,262,054	75,620	1,677,613
2009	1,721,849	1,271,103	84,669	1,560,325
2010	1,705,878	1,278,966	92,532	1,529,354
2011	1,751,586	1,281,769	95,335	1,569,715
2012	1,829,666	1,286,393	99,959	1,638,973
2013	1,905,422	1,290,689	104,255	1,706,534
2014	1,986,238	1,299,366	112,932	1,770,797
2015	2,075,385	1,311,276	124,842	1,837,223
2016	2,140,877	1,320,901	134,467	1,884,353
2017	2,188,876	1,331,683	145,249	1,911,783
2018	2,243,210	1,343,097	156,663	1,944,343
2019	2,296,413	1,350,059	163,625	1,984,264

APPENDIX C TABLE 11
BASELINE DATA
JOBS ADJUSTED FOR HOUSING GROWTH - HIGH WAGE JOBS
1350 ADAMS COURT PROJECT
MENLO PARK CA

Source: Quarterly Census of Employment and Wages & California Department of Finance

page 1 of 2

A. San Mateo County

	Total Jobs High-Wage App C Tbl 14	Housing Units App C Tbl 15	Hsg Growth Since 2000	Ratio: High Wage Jobs to Total Jobs	Jobs Adjusted for Housing Growth 1.91 jobs/unit X HW/total job ratio
2000	146,968	260,578	0	0.387	146,968
2001	143,064	261,753	1,175	0.387	142,197
2002	125,827	263,489	2,911	0.365	123,802
2003	115,330	265,041	4,463	0.353	112,328
2004	113,849	266,014	5,436	0.348	110,240
2005	115,049	267,149	6,571	0.352	110,632
2006	116,919	267,587	7,009	0.349	112,251
2007	118,450	268,001	7,423	0.348	113,526
2008	119,988	269,351	8,773	0.350	114,122
2009	113,902	270,227	9,649	0.352	107,415
2010	110,706	270,996	10,418	0.349	103,778
2011	112,511	271,438	10,860	0.345	105,362
2012	119,743	272,158	11,580	0.352	111,964
2013	123,860	272,477	11,899	0.349	115,938
2014	130,156	273,532	12,954	0.350	121,514
2015	136,294	274,612	14,034	0.355	126,783
2016	144,253	276,036	15,458	0.368	133,391
2017	148,336	277,189	16,611	0.370	136,599
2018	155,496	278,044	17,466	0.385	142,679
2019	163,819	279,248	18,670	0.394	149,793

APPENDIX C TABLE 11
BASELINE DATA
JOBS ADJUSTED FOR HOUSING GROWTH - HIGH WAGE JOBS
1350 ADAMS COURT PROJECT
MENLO PARK CA

Source: Quarterly Census of Employment and Wages & California Department of Finance

B. San Mateo, Santa Clara, and San Francisco counties

	Total Jobs	Housing Units	Hsg Growth Since 2000	Ratio: High Wage Jobs to Total Jobs	Jobs Adjusted for Housing Growth
	App C Tbl 14	App C Tbl 15			1.91 jobs/unit X HW/total job ratio
2000	915,210	1,186,434	0	0.451	915,210
2001	878,426	1,194,191	7,757	0.448	871,789
2002	754,149	1,204,962	18,528	0.419	739,323
2003	689,304	1,216,334	29,900	0.403	666,344
2004	667,569	1,224,395	37,961	0.394	639,007
2005	673,284	1,234,289	47,855	0.395	637,263
2006	691,205	1,242,752	56,318	0.395	648,744
2007	706,451	1,251,398	64,964	0.394	657,641
2008	715,848	1,262,054	75,620	0.393	659,165
2009	669,683	1,271,103	84,669	0.389	606,861
2010	659,039	1,278,966	92,532	0.386	590,842
2011	688,473	1,281,769	95,335	0.393	616,987
2012	719,309	1,286,393	99,959	0.393	644,341
2013	751,810	1,290,689	104,255	0.395	673,336
2014	792,890	1,299,366	112,932	0.399	706,888
2015	838,079	1,311,276	124,842	0.404	741,905
2016	876,536	1,320,901	134,467	0.409	771,508
2017	904,536	1,331,683	145,249	0.413	790,030
2018	950,223	1,343,097	156,663	0.424	823,623
2019	989,106	1,350,059	163,625	0.431	854,658

**APPENDIX C TABLE 12
 BASELINE DATA
 HOME SALES TRENDS IN SELECTED SUBMARKETS
 1350 ADAMS COURT PROJECT
 MENLO PARK CA**

Source: CoreLogic

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A. Home Sales

Attached

	<u>East Palo Alto</u>	<u>Belle Haven</u>	<u>San Mateo Cnty</u>	
2000	11		2,263	<i>No attached sales reported in Belle Haven</i>
2001	5		1,719	
2002	8		2,292	
2003	23		2,363	
2004	35		2,790	
2005	22		2,293	
2006	83		2,023	
2007	64		1,681	
2008	40		1,206	
2009	14		1,362	
2010	12		1,242	
2011	18		1,335	
2012	25		1,495	
2013	20		1,655	
2014	34		1,581	
2015	33		1,520	
2016	22		1,433	
2017	16		1,456	
2018	19		1,243	
2019	18		1,268	
YTD2020	19		929	

Detached

	<u>East Palo Alto</u>	<u>Belle Haven</u>	<u>San Mateo Cnty</u>
2000	343	47	8,894
2001	295	69	7,042
2002	271	44	8,787
2003	324	84	9,490
2004	395	67	9,750
2005	384	77	8,601
2006	306	66	7,120
2007	166	95	5,801
2008	231	39	5,059
2009	276	60	5,265
2010	248	71	5,442
2011	263	63	5,669
2012	221	52	6,484
2013	140	44	6,264
2014	170	51	5,905
2015	169	39	5,565
2016	207	47	5,371
2017	175	41	5,446
2018	161	42	5,108
2019	142	29	4,795
YTD2020	78	14	3,962

**APPENDIX C TABLE 12
 BASELINE DATA
 HOME SALES TRENDS IN SELECTED SUBMARKETS
 1350 ADAMS COURT PROJECT
 MENLO PARK CA**

Source: CoreLogic

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B. Median Price PSF

Attached

	<u>East Palo Alto</u>	<u>Belle Haven</u>	<u>San Mateo Cnty</u>	
2000	\$225		\$305	<i>No attached sales reported in Belle Haven</i>
2001	\$302		\$335	
2002	\$233		\$342	
2003	\$327		\$355	
2004	\$317		\$408	
2005	\$357		\$497	
2006	\$456		\$502	
2007	\$449		\$508	
2008	\$353		\$435	
2009	\$221		\$381	
2010	\$183		\$354	
2011	\$205		\$321	
2012	\$235		\$344	
2013	\$304		\$463	
2014	\$474		\$520	
2015	\$560		\$597	
2016	\$636		\$652	
2017	\$683		\$711	
2018	\$765		\$809	
2019	\$766		\$789	
2020	\$718		\$785	
CAGR 00-19	6.7%		5.1%	
CAGR 00-20	6.0%		4.8%	

**APPENDIX C TABLE 12
 BASELINE DATA
 HOME SALES TRENDS IN SELECTED SUBMARKETS
 1350 ADAMS COURT PROJECT
 MENLO PARK CA**

Source: CoreLogic

page 3 of 3

B. Median Price PSF (continued)

Detached

	<u>East Palo Alto</u>	<u>Belle Haven</u>	<u>San Mateo Cnty</u>
2000	\$270	\$291	\$338
2001	\$306	\$347	\$363
2002	\$302	\$357	\$378
2003	\$332	\$376	\$400
2004	\$391	\$453	\$458
2005	\$477	\$557	\$538
2006	\$529	\$595	\$567
2007	\$495	\$439	\$568
2008	\$268	\$329	\$496
2009	\$224	\$281	\$433
2010	\$221	\$288	\$442
2011	\$225	\$279	\$418
2012	\$250	\$302	\$452
2013	\$356	\$460	\$556
2014	\$406	\$500	\$628
2015	\$488	\$645	\$714
2016	\$545	\$750	\$764
2017	\$675	\$856	\$841
2018	\$750	\$1,000	\$929
2019	\$794	\$984	\$938
2020	\$754	\$985	\$983
CAGR 00-19	5.9%	7.0%	5.5%
CAGR 00-20	5.3%	6.3%	5.5%

**APPENDIX C TABLE 13
 BASELINE DATA
 MULTIFAMILY RENTAL TRENDS IN SELECTED SUBMARKETS
 1350 ADAMS COURT PROJECT
 MENLO PARK CA**

Source: Costar for market rate multifamily properties

Page 1 of 2

A. Average Asking Rent (1BR)

	<u>East Palo Alto</u>	<u>Belle Haven*</u>	<u>San Mateo Cnty</u>
2000	\$1,402	\$1,033	\$1,815
2001	\$1,415	\$1,044	\$1,695
2002	\$1,265	\$928	\$1,471
2003	\$1,254	\$849	\$1,379
2004	\$1,249	\$839	\$1,352
2005	\$1,217	\$862	\$1,396
2006	\$1,389	\$947	\$1,524
2007	\$1,393	\$1,009	\$1,636
2008	\$1,731	\$1,037	\$1,719
2009	\$1,602	\$991	\$1,583
2010	\$1,439	\$1,002	\$1,632
2011	\$1,477	\$1,005	\$1,713
2012	\$1,675	\$1,027	\$1,830
2013	\$1,759	\$1,074	\$1,957
2014	\$1,820	\$1,088	\$2,074
2015	\$1,741	\$1,131	\$2,265
2016	\$2,002	\$1,157	\$2,337
2017	\$2,120	\$1,177	\$2,376
2018	\$2,104	\$1,191	\$2,454
2019	\$2,383	\$1,234	\$2,536
2020	\$2,355	\$1,239	\$2,316
CAGR 00-19	2.8%	0.9%	1.8%
CAGR 00-20	2.7%	0.9%	1.7%

* Excluding additions to the inventory since 2016 which command higher rents vs. existing product.

B. Occupancy

Year	<u>East Palo Alto</u>	<u>Belle Haven</u>	<u>San Mateo Cnty</u>
2000	99.1%	94.3%	97.4%
2001	97.6%	92.3%	95.7%
2002	91.9%	90.6%	94.5%
2003	91.5%	89.9%	94.0%
2004	95.0%	91.2%	94.1%
2005	98.8%	93.0%	96.0%
2006	97.7%	93.1%	96.3%
2007	95.9%	92.4%	96.2%
2008	95.7%	91.9%	95.8%
2009	93.4%	90.6%	94.8%
2010	84.7%	88.2%	94.4%
2011	96.0%	91.2%	95.5%

APPENDIX C TABLE 13
BASELINE DATA
MULTIFAMILY RENTAL TRENDS IN SELECTED SUBMARKETS
1350 ADAMS COURT PROJECT
MENLO PARK CA

Source: Costar for market rate multifamily properties

Page 2 of 2

Occupancy Continued

Year	<u>East Palo Alto</u>	<u>Belle Haven</u>	<u>San Mateo Cnty</u>
2012	95.1%	91.3%	95.1%
2013	94.3%	91.4%	95.2%
2014	96.3%	92.0%	95.7%
2015	97.6%	92.0%	95.4%
2016	95.5%	91.1%	94.4%
2017	93.9%	90.0%	94.9%
2018	92.7%	90.3%	95.3%
2019	93.2%	90.2%	94.4%
2020	89.5%	84.4%	90.8%

C. Inventory

Year	<u>East Palo Alto</u>	<u>Belle Haven</u>	<u>San Mateo Cnty</u>
2000	2,369	160	53,803
2001	2,369	160	53,803
2002	2,369	160	53,833
2003	2,322	160	54,379
2004	2,322	160	54,390
2005	2,322	160	54,395
2006	2,322	160	54,397
2007	2,322	160	54,447
2008	2,322	160	54,468
2009	2,322	160	54,468
2010	2,310	160	54,669
2011	2,310	160	54,521
2012	2,310	160	54,521
2013	2,310	160	54,481
2014	2,310	160	54,968
2015	2,310	160	55,373
2016	2,310	355	56,199
2017	2,310	501	56,712
2018	2,310	501	57,257
2019	2,310	501	57,622
2020	2,310	501	57,806

**APPENDIX C TABLE 14
 BASELINE DATA
 JOBS AND EARNINGS IN SAN MATEO COUNTY AND ADJACENT COUNTIES
 1350 ADAMS COURT PROJECT
 MENLO PARK CA**

Source: Quarterly Census of Employment and Wages

1/2	Jobs in High-Wage ⁽¹⁾ Industries				Jobs in All Industries			
	San Mateo	Santa Clara	San Francisco	Total	San Mateo	Santa Clara	San Francisco	Total
2000	146,968	506,070	262,172	915,210	380,137	1,036,582	611,676	2,028,395
2001	143,064	490,253	245,109	878,426	369,868	1,002,637	586,085	1,958,590
2002	125,827	415,977	212,345	754,149	345,137	905,489	547,304	1,797,930
2003	115,330	375,626	198,348	689,304	327,080	852,513	532,908	1,712,501
2004	113,849	366,703	187,017	667,569	327,152	845,040	520,434	1,692,626
2005	115,049	369,430	188,805	673,284	326,536	854,927	524,940	1,706,403
2006	116,919	379,296	194,990	691,205	334,910	877,710	536,304	1,748,924
2007	118,450	385,785	202,216	706,451	340,640	896,685	556,401	1,793,726
2008	119,988	390,464	205,396	715,848	342,361	906,502	573,011	1,821,874
2009	113,902	364,423	191,358	669,683	323,195	848,938	549,716	1,721,849
2010	110,706	361,704	186,629	659,039	317,576	842,581	545,721	1,705,878
2011	112,511	378,714	197,248	688,473	326,055	866,541	558,990	1,751,586
2012	119,743	387,238	212,328	719,309	340,075	903,053	586,538	1,829,666
2013	123,860	403,468	224,482	751,810	354,891	937,924	612,607	1,905,422
2014	130,156	421,188	241,546	792,890	372,192	973,668	640,378	1,986,238
2015	136,294	441,959	259,826	838,079	383,668	1,017,071	674,646	2,075,385
2016	144,253	450,064	282,219	876,536	391,640	1,046,049	703,188	2,140,877
2017	148,336	463,456	292,744	904,536	400,511	1,071,448	716,917	2,188,876
2018	155,496	484,241	310,486	950,223	404,242	1,098,089	740,879	2,243,210
2019	163,819	498,284	327,003	989,106	415,999	1,119,639	760,775	2,296,413
2020P	165,287	496,983	322,728	984,997	391,830	1,063,847	709,770	2,165,447
CAGR								
00-19	0.6%	-0.1%	1.2%	0.4%	0.5%	0.4%	1.2%	0.7%
10-19	4.5%	3.6%	6.4%	4.6%	3.0%	3.2%	3.8%	3.4%

⁽¹⁾ Defined as industries with an average wage above \$100K as of 2016. Industries included varies by county.

⁽²⁾ Average for 2 quarters of 2020.

**APPENDIX C TABLE 14
 BASELINE DATA
 JOBS AND EARNINGS IN SAN MATEO COUNTY AND ADJACENT COUNTIES
 1350 ADAMS COURT PROJECT
 MENLO PARK CA**

Source: Quarterly Census of Employment and Wages

2/2	Earnings in High-Wage ⁽¹⁾ Industries				Earnings in All Industries			
	San Mateo	Santa Clara	San Francisco	Total	San Mateo	Santa Clara	San Francisco	Total
2000	\$16,727M	\$59,775M	\$21,988M	\$98,490M	\$25,501M	\$79,147M	\$35,308M	\$139,956M
2001	\$13,916M	\$46,416M	\$22,045M	\$82,377M	\$23,038M	\$66,104M	\$35,791M	\$124,934M
2002	\$10,795M	\$38,046M	\$18,364M	\$67,205M	\$19,759M	\$57,096M	\$32,023M	\$108,878M
2003	\$10,936M	\$37,222M	\$17,331M	\$65,490M	\$19,499M	\$56,088M	\$31,354M	\$106,941M
2004	\$11,538M	\$39,829M	\$18,065M	\$69,431M	\$20,438M	\$59,435M	\$32,459M	\$112,332M
2005	\$12,740M	\$41,768M	\$19,914M	\$74,422M	\$21,739M	\$62,147M	\$34,956M	\$118,842M
2006	\$12,995M	\$45,960M	\$21,840M	\$80,795M	\$22,773M	\$67,912M	\$37,932M	\$128,617M
2007	\$14,340M	\$50,094M	\$24,328M	\$88,762M	\$24,628M	\$74,336M	\$41,800M	\$140,764M
2008	\$14,193M	\$48,170M	\$24,569M	\$86,931M	\$24,686M	\$73,247M	\$43,270M	\$141,203M
2009	\$14,906M	\$44,222M	\$22,267M	\$81,395M	\$24,725M	\$68,192M	\$40,459M	\$133,375M
2010	\$13,567M	\$50,764M	\$23,039M	\$87,370M	\$23,581M	\$75,328M	\$41,672M	\$140,581M
2011	\$14,277M	\$56,684M	\$25,667M	\$96,628M	\$24,861M	\$82,170M	\$45,096M	\$152,128M
2012	\$23,930M	\$59,222M	\$28,459M	\$111,611M	\$35,110M	\$86,622M	\$48,948M	\$170,681M
2013	\$24,804M	\$64,107M	\$30,854M	\$119,765M	\$36,595M	\$92,442M	\$52,521M	\$181,559M
2014	\$24,934M	\$72,206M	\$36,206M	\$133,346M	\$37,770M	\$102,607M	\$58,836M	\$199,213M
2015	\$25,567M	\$82,072M	\$40,762M	\$148,401M	\$39,432M	\$115,325M	\$65,486M	\$220,243M
2016	\$27,611M	\$88,157M	\$45,649M	\$161,417M	\$42,089M	\$123,484M	\$71,483M	\$237,057M
2017	\$31,031M	\$97,854M	\$51,007M	\$179,893M	\$46,547M	\$135,760M	\$78,217M	\$260,524M
2018	\$35,664M	\$108,909M	\$58,784M	\$203,357M	\$51,100M	\$147,873M	\$87,751M	\$286,725M
2019	\$37,499M	\$114,071M	\$67,537M	\$219,107M	\$54,003M	\$154,816M	\$98,760M	\$307,578M
2020P	\$42,746M	\$124,862M	\$69,721M	\$237,329M	\$58,373M	\$164,091M	\$100,103M	\$322,566M
CAGR								
00-19	4.3%	3.5%	6.1%	4.3%	4.0%	3.6%	5.6%	4.2%
10-19	12.0%	10.0%	12.4%	11.1%	10.1%	8.8%	9.8%	9.3%

⁽¹⁾ Defined as industries with an average wage above \$100K as of 2016. Industries included varies by county.

⁽²⁾ Assumes wages in second half of 2020 equal first half, which is unlikely due to the economic disruption caused by the coronavirus pandemic.

**APPENDIX C TABLE 15
 BASELINE DATA
 HOUSING GROWTH BY COUNTY
 1350 ADAMS COURT PROJECT
 MENLO PARK CA**

Source: California Department of Finance, E-5 and E-8 Housing Estimates

Year	San Mateo	San Francisco	Santa Clara	Total
2000	260,578	346,527	579,329	1,186,434
2001	261,753	348,119	584,319	1,194,191
2002	263,489	350,971	590,502	1,204,962
2003	265,041	354,811	596,482	1,216,334
2004	266,014	356,866	601,515	1,224,395
2005	267,149	359,090	608,050	1,234,289
2006	267,587	361,813	613,352	1,242,752
2007	268,001	364,789	618,608	1,251,398
2008	269,351	368,285	624,418	1,262,054
2009	270,227	372,397	628,479	1,271,103
2010 ⁽¹⁾	270,996	376,243	631,728	1,278,966
2011	271,438	377,188	633,143	1,281,769
2012	272,158	377,487	636,748	1,286,393
2013	272,477	378,766	639,446	1,290,689
2014	273,532	381,143	644,691	1,299,366
2015	274,612	384,657	652,007	1,311,276
2016	276,036	387,505	657,360	1,320,901
2017	277,189	392,619	661,875	1,331,683
2018	278,044	397,083	667,970	1,343,097
2019	279,248	399,372	671,439	1,350,059
2020	280,879	404,164	674,558	1,359,601
Total New Units				
2000-2019	18,670	52,845	92,110	163,625
2000-2020	20,301	57,637	95,229	173,167

⁽¹⁾ Average of 2000 and 2010 series estimates.

**APPENDIX C TABLE 16
 BASELINE DATA
 COMMUTE PATTERNS OF CURRENT MENLO PARK LABS EMPLOYEES
 1350 ADAMS COURT PROJECT
 MENLO PARK CA**

Source: Commute data provided by applicant

Menlo Park Labs Employees by County of Residence

County	Number	% of Total
Santa Clara	240	38%
San Mateo	167	27%
Alameda	107	17%
San Francisco	73	12%
Contra Costa	13	2%
Napa	2	0%
Solano	2	0%
Sonoma	2	0%
Marin	1	0%
Subtotal, Bay Area	607	97%
Elsewhere in Northern California	43	7%
Total ¹	629	100%

Employees Living in East Palo Alto and Belle Haven²

	Number	% of Total
East Palo Alto	7	1.11%
Belle Haven	3	0.48%
Elsewhere in Northern California	619	98.41%
Total Northern California¹	629	100.00%

¹ Excludes approximately 170 employees with addresses in Southern California or outside of California.

² Zip-code level data, apportioned to each area based on the area's share of housing units within the zip code, as reported by the U.S. Census Bureau and ESRI Business Analyst:

	Zip Code	Zip Code Total	Area Share
East Palo Alto	94025	13	53%
Belle Haven	94303	24	11%