APPENDIX C

HOUSING NEEDS ASSESSMENT

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KEYSER MARSTON ASSOCIATES

HOUSING NEEDS ASSESSMENT

MENLO FLATS PROJECT

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City of Menlo Park

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1.0 EXECUTIVE SUMMARY

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

The proposed Project is located on an approximately 1.38 acre site at 165 Jefferson Drive in Menlo Park. The proposed Project includes 158 new multifamily rental units and 15,000 square feet of non-residential space which includes 13,400 square feet of new office space and approximately 1,600 square feet of ground floor community amenity. The proposed Project replaces a single-story, approximately 24,311 square foot commercial office building. A summary of the proposed Project is provided in Table 1-1, below.

Table 1-1. Project Summary

	Residential Units	Building Area
Proposed		
Apartments	158 Units	154,729 SF
Community Amenity (Café)		1,600 SF
Office		13,400 SF
		169,729 SF
Existing Building [To Be Demolished]		
Commercial Building		24,311 SF
Net Change With Project	158 Units	145,418 SF

Note: building area excludes parking structure

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

1.1 Housing Availability

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

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

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

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

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

1.2 Net Impact on Housing Availability

The proposed Project is estimated to increase the number of available housing units by 106 units as shown in Table 1-2 and Chart 1. This estimate reflects the combined effect of:

1. The 158 new residential units added to the housing supply by the proposed Project.
2. A 5-unit increase in housing availability from removal of existing on-site jobs, which reduces worker housing demand. Removal of the existing buildings removes an estimated 9 on-site jobs. Removal of 9 jobs translates to a net reduction in employee[2] housing demand of 5 units based on 1.91 workers per housing unit[3]. See Section 4 for supporting analysis.
3. A 28-unit decrease in housing availability due to added housing demand from new on-site workers within the new office and ground floor community amenity / cafe space and on-site property management and maintenance for the residential units. A combined 53 jobs are estimated to be added on-site, which translates into an estimated employee housing demand of 28 units based on 1.91 workers per housing unit. See Section 4 for supporting analysis.

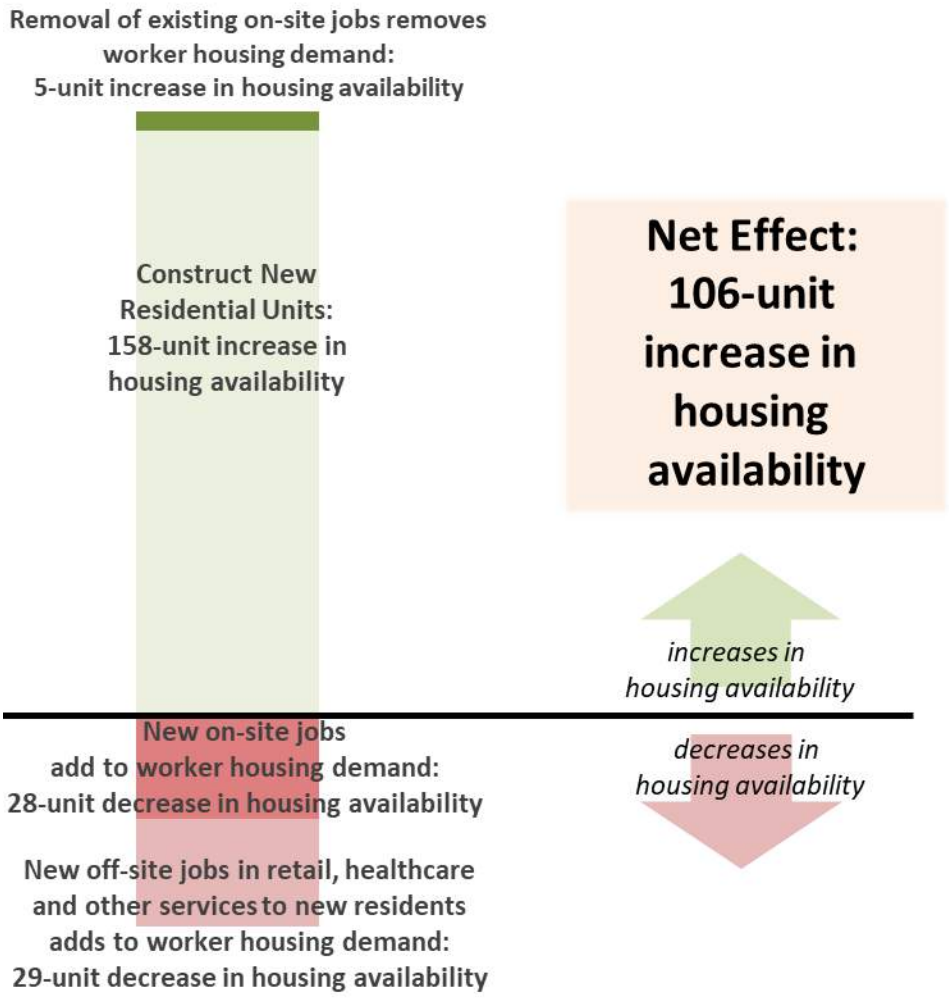
[2] The terms "worker" and "employee" are used interchangeably.

[3] This factor reflects the average number of workers per working household and is derived from U.S. Census data. See additional discussion under Step 2 on page 21.

4. A 29-unit decrease in housing availability due to added housing demand by workers in off-site services to new residents such as restaurants, retail, education, medical care and others. This estimate reflects consideration of "multiplier effects" of household spending by residents of the new units consistent with the 2017 settlement agreement. Analysis supporting this estimate is provided in Section 5.

Table 1-2. Estimated Net Impact of Project on Housing Availability	
New Residential Units	158 Units
Reduced Housing Demand from removal of on-site jobs	5 Units
Less: Added Housing Demand from new on-site jobs	(28 Units)
Less: Added Housing Demand off-site workers in services to new residents	(29 Units)
Net Increase in Available Housing	**106 Units**

Chart 1 - Net Impact on Housing Availability from Proposed Project



1.3 Net Impact on Housing Availability by Income Category

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

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

According to the California Department of Housing and Community Development (HCD), the AMI for a family of four in San Mateo County, is $149,600 as of 2021. Section 2 provides income limits applicable to each of the identified income categories. The affordability categories from 0% through 120% AMI reflect those addressed by statewide housing programs such as the Regional Housing Needs Allocation (RHNA) process. In addition, the Above Moderate Income tier is included in the analysis for consistency with HNAs prepared for prior projects in Menlo Park and to provide decision makers with information regarding a broad spectrum of housing affordability levels. Above Moderate Income households also face affordable housing challenges in Menlo Park as well as in the broader Bay Area. In fact, due to the high cost of housing, housing affordability challenges also extend to households earning over 150% of AMI[4], particularly in the for-sale housing market. The Over 150% of AMI category captures households with incomes that exceed 150% AMI and includes all households not included within one of the other income categories.

Scenarios Addressed

The analysis of housing availability impacts addresses two scenarios proposed by the Project applicant for compliance with the City's Below Market Rate (BMR) affordable housing requirement:

- **Scenario 1** – BMR units are provided at a level affordable to Low Income households.

- **Scenario 2** – BMR units are distributed between the Very Low, Low and Moderate Income categories. Scenario 2 utilizes a provision of the City's BMR housing program

[4] 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.

guidelines that allows flexibility in the affordability mix of BMR units, provided the mix is roughly equivalent to providing all BMR units at Low Income.

Net Impact on Housing Availability by Income Level

The estimated net impacts on housing availability by income category are presented in Tables 1-3 and 1-4, for Scenario 1 and 2, respectively.

In Scenario 1, with Low Income BMR units, findings represent the net result of:

1) 158 new housing units added to the housing supply including 21 Below Market Rate (BMR) units affordable to Low Income, 98 market rate studio units estimated to be affordable to Moderate Income, and 39 market rate four-bedroom units affordable to the Over 150% AMI category;

2) 5 units of increased housing availability across a range of income levels from removal of existing on-site jobs and related worker housing demand;

3) A 28-unit decrease in housing availability across a range of income levels from addition of new on-site jobs and related worker housing demand; and

4) A 29-unit decrease in housing availability due to new housing demand by workers in services to new residents.

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

The net result is a 106-unit increase in available housing across various income categories, comprised of five Low, 90 Moderate and 30 Over 150% AMI units, which gross increase is partially offset by decreases in housing availability for Extremely Low, Very Low and Above Moderate Income households of seven, six and six units, respectively. The calculations are shown in Table 1-3.

Low Income units to be constructed as part of the proposed Project would be deed-restricted Low Income BMR units. The units estimated to be affordable to Moderate Income in Scenario 1 consist of market rate studio units and would **not** be deed-restricted BMR units. Market rate rents for the studio units are estimated to fall within a range that is affordable to Moderate Income households based on the small size of the units. However, as market rate units, the units would not be restricted for occupancy by Moderate Income households and could be occupied by households that have incomes that exceed income criteria for Moderate Income. Market rents are also free to adjust in response to rental market conditions and therefore affordability of the market rate units may adjust as well.

Table 1-3. Net Impacts on Housing Availability by Income Category, Scenario 1 – Low Income BMR Units							
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
1. Increase in available housing from construction of new units	0	0	21	98	0	39	158
2. Increase in available housing from removal of existing on-site jobs, which reduces worker housing demand	0	1	3	1	0	0	5
3. Decrease in available housing from increase in housing demand by new on-site workers	(2)	(2)	(8)	(5)	(4)	(7)	(28)
4. Decrease in available housing from increase in housing demand by off-site workers in services to new residents	(5)	(5)	(11)	(4)	(2)	(2)	(29)
Net Increase in Housing Availability (1)	**(7)**	**(6)**	**5**	**90**	**(6)**	**30**	**106**

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

In Scenario 2, with Very Low, Low and Moderate Income BMR units, the 106-unit net increase in available housing is comprised of three 95 Moderate and 30 Over 150% AMI units, partially offset by decreases in housing availability for Extremely Low, Very Low, Low and Above Moderate Income of seven, two, four and six units, respectively. Calculations for Scenario 2 are shown in Table 1-4 and are the same as Scenario 1 except that the BMR units are a mix of Very Low, Low, and Moderate Income. Moderate Income units to be constructed as part of the proposed Project in Scenario 2 consist of five four-bedroom BMR units deed restricted for occupancy by Moderate Income households and 98 market rate studio units that are estimated to be affordable to Moderate Income but that would **not** be deed-restricted BMR units and could be occupied by households with incomes exceeding the Moderate Income level.

Table 1-4. Net Impacts on Housing Availability by Income Category, Scenario 2 – Very Low, Low and Moderate Income BMR Units							
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
1. Increase in available housing from construction of new units	0	4	12	103	0	39	158
2. Increase in available housing from removal of existing on-site jobs, which reduces worker housing demand	0	1	3	1	0	0	5
3. Decrease in available housing from increase in housing demand by new on-site workers	(2)	(2)	(8)	(5)	(4)	(7)	(28)
4. Decrease in available housing from increase in housing demand by off-site workers in services to new residents	(5)	(5)	(11)	(4)	(2)	(2)	(29)
Net Increase in Housing Availability (1)	**(7)**	**(2)**	**(4)**	**95**	**(6)**	**30**	**106**

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

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

(1) *Residential units* – the affordability level of new residential units reflects the Project applicant's proposal for compliance with the City's BMR Program guidelines, which as described above, includes two scenarios regarding the affordability mix of the BMR units. For the market rate units, affordability level is based on estimated market rate rents and the household income necessary to afford these rents. See Section 3 for additional description.

(2) *Increase in available housing from removal of on-site jobs* – The decrease in worker housing demand starts with an estimate of the decrease in employment with removal of the existing commercial building. Ratios derived from the U.S. Census are used to translate the decrease in employment to a decrease in worker housing demand. The decrease in worker housing demand by income category is identified by comparing estimated household incomes of workers to household income limits for the six affordability categories addressed in the analysis. Housing demand by income applicable to the existing commercial building is estimated using publicly available data on worker occupations and is reflective of the existing commercial tenant, Theme Party Productions, a company that designs and produces special events. See Section 4 for additional description.

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

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

1.4 Menlo Park Share of Net Impact on Housing Availability

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

(1) All 158 residential units added by the proposed Project are in the City of Menlo Park; therefore, all 158 units are identified as additional housing supply in Menlo Park.

(2) None of the five total units of increased housing availability from removal of on-site jobs are estimated to be in Menlo Park as application of the existing 5.9% share of Menlo Park workers who live in the City results in fraction that rounds to zero. The City Council has expressed an interest in improving the jobs housing balance and obtaining data to inform the goal of increasing the number of workers who live and work in Menlo Park. Therefore, for informational purposes, the report provides an upper estimate of housing units in Menlo Park based on a 20% commute share, which was a goal identified in the City's 2000 Commercial Linkage Fee Nexus Study. Using this upper estimate, one of the five-unit increase in housing availability from removal of on-site jobs would be estimated to be within Menlo Park.

(3) Two of 28 units of added regional housing demand from new on-site jobs is estimated to be in Menlo Park based on the existing 5.9% share of Menlo Park workers who live in the City. The upper estimate using a 20% commute share would be six units of regional housing demand within Menlo Park.

(4) Two of 29 total units of added regional housing demand from new off-site jobs is estimated to be within Menlo Park based on the existing 5.9% share of Menlo Park workers who live in the City. The upper estimate using a 20% commute share would be six units of regional housing demand within Menlo Park.

The above approach results in a net increase of 154 units of housing availability in Menlo Park, assuming the current commute share is maintained (154 units = 158 new units minus two units of new on-site employee housing demand and two units of new off-site employee housing demand in Menlo park). The upper estimate provided for informational purposes with an increased commute share goal of 20% would result in a net increase in housing availability in Menlo Park of 147 units (147 units = 158 new units plus one unit of added housing availability from removal of on-site jobs minus six units of new on-site employee housing demand and six units of new off-site employee housing demand in Menlo park). The difference between the current commute share and the increased commute share is a total of seven units.

Table 1-5 identifies the breakout of the net impact on housing availability in Menlo Park by income category for the two scenarios regarding provision of BMR units and two commute share alternatives.

Table 1-5. Estimated Menlo Park Share of Net Impacts on Housing Availability							
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
Scenario 1 – Low Income BMR Units							
Current Commute Share (5.9%)	-	-	19	97	-	38	154
Increased Commute Share (20%)	(1)	(2)	18	96	(1)	37	147
Scenario 2 – Very Low, Low and Moderate Income BMR Units							
Current Commute Share (5.9%)	-	4	10	102	-	38	154
Increased Commute Share (20%)	(1)	2	9	101	(1)	37	147

Scenario 1 - Low Income BMR Units

In Scenario 1, with Low Income BMR units and assuming the current 5.9% commute share, the estimated 154-unit net increase in housing availability in Menlo Park consists of 19 Low, 97 Moderate and 38 Over 150% AMI units.

With the upper estimate using a 20% commute share assumption, the estimated 147-unit net increase in housing availability in Menlo Park consists of 18 Low, 96 Moderate and 37 Over 150% AMI units, offset by a net decrease in housing availability in the Extremely Low, Very Low and Above Moderate-Income categories of one, two and one units, respectively. Differences from the current commute share scenario are driven by the greater share of new on- and off-site workers assumed to live in Menlo Park with a 20% commute share.

Scenario 2 – Very Low, Low and Moderate Income BMR Units

In Scenario 2, with Very Low, Low and Moderate Income BMR units, the estimated 154-unit net increase in housing availability in Menlo Park consists of four Very Low, ten Low, 102 Moderate and 38 Over 150% AMI units, assuming the current commute share.

With the upper estimate using a 20% commute share, the 147-unit net increase in housing availability in Menlo Park consists of two Very Low, nine Low, 101 Moderate and 37 Over 150% AMI units, partially offset by a one-unit decrease in both the Extremely Low and Above Moderate Income categories.

See Section 6.2 for the supporting analysis.

1.5 Displacement Analysis

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

domain and increases in housing costs[5, 6, 7]. The HNA is focused on economic drivers of displacement, specifically the potential for the proposed Project to affect the local housing market and contribute to increasing housing costs.

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

The displacement analysis addresses the potential for the proposed Project to contribute to displacement of existing residents in two nearby communities, the City of East Palo Alto (East Palo Alto) and Menlo Park's Belle Haven neighborhood (Belle Haven). These communities have risk factors for displacement based on their relatively lower-income existing population that includes a high percentage of households who spend 35% or more of their income on housing. They are identified by the Urban Displacement Project[8] as experiencing on-going gentrification and/or displacement or being at risk of displacement. Another recent study of baseline housing conditions in the Belle Haven neighborhood, City of East Palo Alto, and North Fair Oaks neighborhood, prepared by the UC Berkeley Center for Community Innovation and its Y-PLAN initiative, identified similar conclusions[9].

Because the proposed Project adds to the supply of market rate and affordable housing and results in a net increase in available housing overall, the proposed Project is not anticipated to contribute to displacement in East Palo Alto or Belle Haven. This conclusion is supported by recent research on localized market effects of new housing development indicating a reduction

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

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

[7] 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.

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

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

or moderating effect on market rents in the vicinity[10]. Increasing the availability of market rate and affordable housing will tend to moderate or counteract displacement pressures to some degree by relieving market pressures on existing housing stock.

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

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2.0 INTRODUCTION

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

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

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

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

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

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

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

2.1 Project Description

Menlo Park Flats Venture, LLC (Project Sponsor) is proposing construction of a new 158-unit multifamily rental apartment building that includes approximately 13,400 square feet of office space and 1,600 square feet of ground floor community amenity. The proposed Project is located on an approximately 1.38 acre site at 165 Jefferson Drive in Menlo Park. The proposed Project replaces an existing commercial building on the Project site encompassing 24,311 square feet of building area. Table 2-1 provides a summary of the proposed Project.

Table 2-1. Project Summary

	Residential Units	Building Area
Proposed		
Apartments	158 Units	154,729 SF
Community Amenity (Café)		1,600 SF
Office		13,400 SF
		169,729 SF
Existing Commercial Building [To Be Demolished]		(24,311 SF)
Net Change With Project	158 Units	145,418 SF

Parking structure is not included in building area totals.

2.2 Income Definitions

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

Per HCD and statewide programs, the analysis includes households earning less than 120% AMI. In addition, an Above Moderate Income tier covering 120% to 150% AMI is presented in this analysis because this income tier also faces affordable housing challenges in Menlo Park and the greater Bay Area. In fact, due to the high cost of housing in Menlo Park, housing affordability challenges even extend to households earning more than 150% of AMI[11], especially

[11] 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 by household size are presented below in Table 2-2.

Table 2-2. 2021 Household Income Limits

		Income Limit by Household Size					
Income Category	**Percent of AMI**	1-person	2-person	3-person	4-person	5-person	6-person
Extremely Low	30% of AMI	$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, San Mateo County 2021
Source: California Department of Housing and Community Development

2.3 Report Organization

This report is organized into seven sections and one appendix:

- Section 1.0 provides an Executive Summary;
- Section 2.0 provides an Introduction;
- Section 3.0 identifies the income categories applicable to the new residential units;
- Section 4.0 provides an analysis of worker housing needs from removal of existing on-site jobs and addition of new on-site jobs;
- Section 5.0 estimates housing demand by income for off-site workers in services to new residents such as restaurants, retail and health care;
- Section 6.0 combines the findings of Sections 3, 4 and 5 to estimate the net impact on housing availability and the share of net impacts occurring within the City of Menlo Park;
- Section 7.0 provides a discussion of the potential for the proposed Project to contribute to displacement of existing residents in East Palo Alto and Belle Haven; and

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

2.4 Data Sources and Qualifications

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

3.0 HOUSING UNITS ADDED BY THE PROJECT BY INCOME CATEGORY

This section estimates how the 158 new residential units added by the proposed Project will be distributed by income or affordability category.

3.1 Below Market Rate Housing Units Required

The proposed Project would include 21 Below Market Rate (BMR) affordable units. The City's Below Market Rate Housing Program codified in Chapter 16.96 of the City's Zoning Code requires residential development projects with twenty or more units to provide 15% BMR affordable units. The 21 required BMR units is determined based on applying the 15% requirement to the 138-unit "base project" before consideration of additional units permitted under density bonus provisions of the City's BMR Program (15% X 138 = 21 BMR units required). Therefore, within the 138-unit base project, there are 117 market rate units and 21 BMR units. The density bonus provisions of the BMR ordinance allow one additional market rate unit for each required BMR unit, resulting in up to 21 bonus market rate units allowed, of which the applicant has proposed 20 bonus market rate units. Therefore, in total, there are 137 market rate units (117 base project + 20 bonus market rate units) and 21 BMR units for a total of 158 units in the proposed Project. Table 3-1 provides a summary.

Table 3-1. Market Rate and BMR Units

	Market Rate Units	BMR Units	Total Units
Zoning Ordinance	117	21 (15% of base project)	138
BMR Density Bonus	20 proposed (of 21 allowed - one for each BMR unit)	0	20
Total	137	21	158

BMR rental units are required by the City's BMR ordinance and guidelines to be affordable to Low Income households. Alternative affordability levels are permitted under the City's BMR guidelines if determined to be roughly equivalent to providing all BMR units at Low Income. The Project applicant has proposed the following two scenarios for the provision of BMR units:

- **Scenario 1** – all BMR units are affordable to Low Income households; and

- **Scenario 2** – a mix of Very Low, Low and Moderate Income BMR units are provided. The City's BMR housing program allows flexibility in the BMR unit affordability mix if it is roughly equivalent to providing all of the units at Low Income. Scenario 2 utilizes this flexibility in proposing a BMR unit mix that consists of four Very Low, 12 Low, and five Moderate Income BMR units.

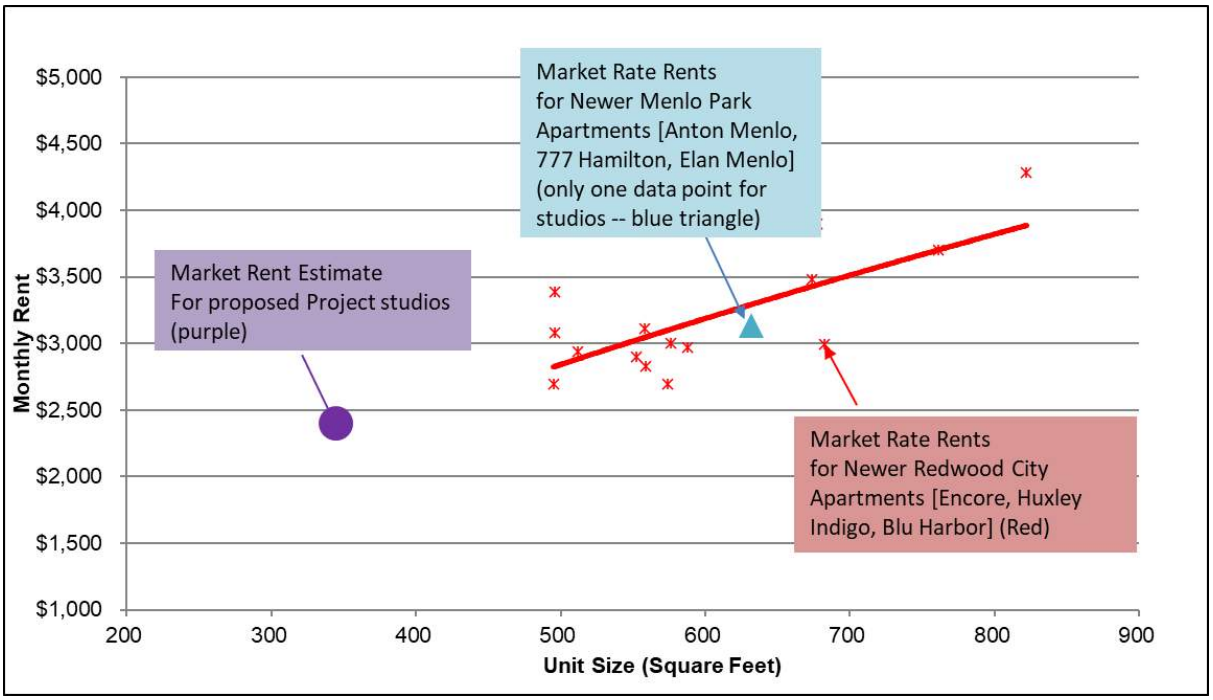
3.2 Affordability Level of Market Rate Units

The proposed Project will include 137 market rate rental units of which 98 are studio units averaging approximately 345 square feet in size and 39 are four-bedroom units averaging approximately 1,625 square feet in size. Market rate studio units are estimated to be affordable to households in the Moderate Income category while market rate four-bedroom units are estimated to be affordable for households over 150% of AMI. Estimated affordability levels are based on estimated market rate rents for the units. Market rate units will not be deed restricted; therefore, the affordability level could change over time as market conditions and the income criteria used to determine affordability level change.

Market rents were estimated by KMA based on three newer rental properties in Menlo Park located on the north side of U.S. 101, the Anton Menlo at 3639 Haven (built 2017), the Elan Menlo at 3645 Haven (built 2017) and 777 Hamilton (built 2016). Data on rents for newer apartment properties in Menlo Park was supplemented with data for newly built apartments in Redwood City including the Encore at 849 Veterans Blvd (built 2019), Huxley at 1355 El Camino Real (built 2018), Indigo at 675 Bradford (built 2016) and Blu Harbor at 1 Blu Harbor Boulevard (built 2017). Market rents reflect data as of June 2020 that was accessed for prior HNAs. From June 2020 through April 2021, rents for available units in the three Menlo Park properties declined an average of 15%. Decreases in rents are consistent with trends experienced for newer apartments elsewhere in the Bay Area and are driven by the work-from-anywhere flexibility many office workers have had during the pandemic. Market rents as of June 2020 are used on the assumption that subsequent decreases in rents are not reflective of longer term conditions and that recent declines in rents will reverse as the pandemic recedes.

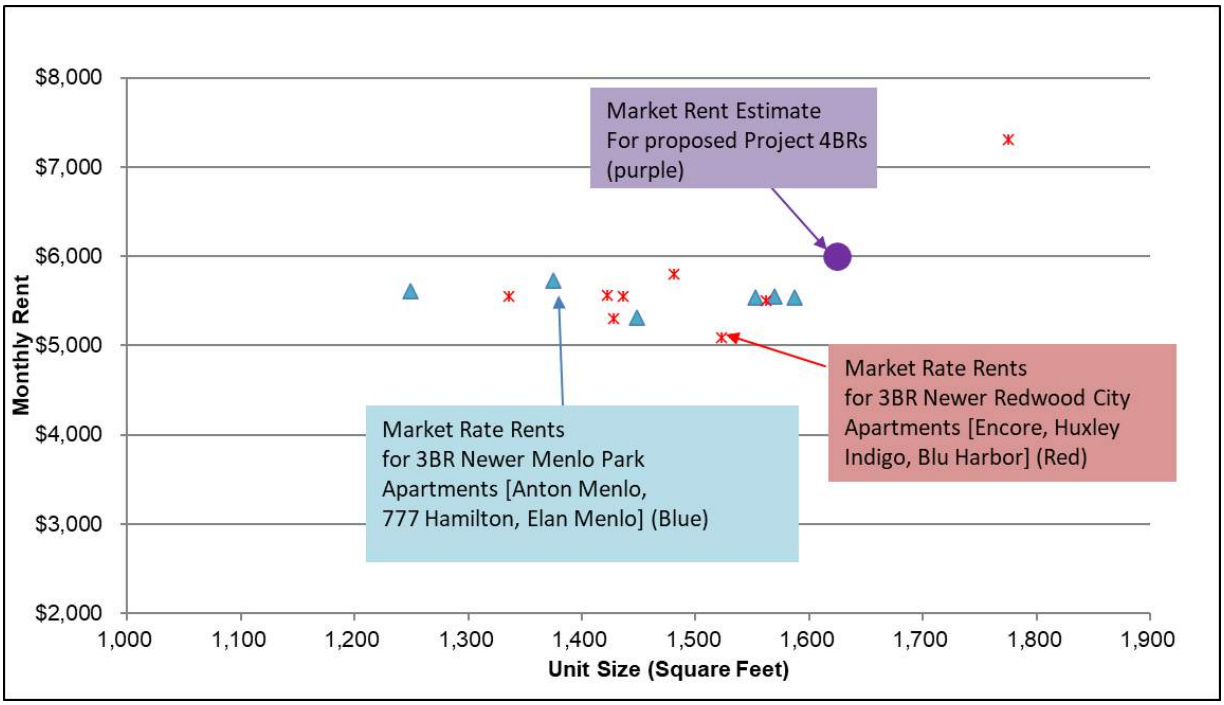
Average rental rates for the comparison properties by bedroom size are shown in Table 3-2 and Charts 1 and 2. Each data point in Charts 1 and 2 represents the average effective market rate rent for units of a specific square footage size. Separate trend lines are fit to actual rents for the Menlo Park comparison properties (blue) and the Redwood City comparison properties (red). Estimated rents for the proposed Project are identified by purple circles. Rents for three bedroom units as used to estimate rents for four bedroom units as there are no four-bedroom units in the comparison properties. Based on the market data and the unit sizes for the proposed Project, studios are estimated to rent for approximately $2,400 per month and four bedrooms for $6,000 per month. Estimated rents for the studios are less than the market comparables due to their smaller size. At an average of 345 square feet, the studios in the proposed Project are approximately 45% smaller on average than the studio units within the comparison properties represented in Table 3-2.

Chart 1 – Newer Studio Apartment Market Rate Rents and Estimated Rents for proposed Project



Source: CoStar and KMA

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



Source: CoStar and KMA. Note: trendlines not shown due to limited data.

Table 3-2. Rents for Comparable Apartments and Estimate for Proposed Project						
	Studios			4-Bedrooms		
	Avg Size	Avg Rent	Avg Rent PSF	Avg Size	Avg Rent	Avg Rent PSF
Estimate for Project	345	$2,400	$6.96	1,625	$6,000	$3.69
Comparable Apartments						
Menlo Park North of US101					(3 Br Units)	
Anton Menlo	632	$3,139	$4.97	1,554	$5,536	$3.56
777 Hamilton				1,391	$5,672	$4.08
Elan Menlo Park				1,249	$5,606	$4.49
Redwood City						
Encore	674	$3,478	$5.16	1,399	$5,561	$3.97
Huxley	646	$3,561	$5.51			
Indigo	547	$2,912	$5.32	1,481	$5,799	$3.92
Blu Harbor	588	$2,968	$5.05	1,547	$5,653	$3.65

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

Market rate rents were then used to estimate the affordability level of the units. As shown in Table 3-3, the market rate studio units are estimated to be affordable to Moderate Income households and four-bedroom units are estimated to be affordable to Over 150% AMI households. While studios are estimated to be affordable at the Moderate Income level, units would not be deed-restricted so it is possible occupants would have incomes that exceed income criteria for Moderate Income and affordability of the units could change over time.

Table 3-3. Estimated Affordability Level Applicable to Market Rate Apartments		
	Studio	4-BR
Estimated Monthly Rent (1)	$2,400	$6,000
Utilities (2)	$118	$265
Total Monthly Rent + Utilities	$2,518	$6,265
Annual Housing Cost	$30,216	$75,180
Percent of Income Spent on Housing (3)	30%	30%
Annual Household Income Required	$100,720	$250,600
2021 Median Income (4)	$104,700	$161,550
Percent of AMI Needed to Afford Market Units	96%	155%
Affordability Level of Market Units	Moderate (not deed restricted)	Over 150% AMI

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

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

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

(4) HCD Income Limits for applicable household size for 2021.

3.3 New Residential Units by Income Level

Table 3-4 provides a summary of the income level applicable to the new residential units, combining the findings of Section 3.1 and 3.2.

Scenario 1 includes 21 Low Income BMR units, 98 market rate studio units affordable to Moderate Income and 39 market rate four-bedroom units in the Over 150% AMI category.

Scenario 2 includes four Very Low, 12 Low, and five Moderate Income BMR units, 98 market rate studio units affordable to Moderate Income and 39 market rate four-bedroom units in the Over 150% AMI category.

Table 3-4. Estimated Affordability Level of New Residential Units

	Very Low	Low	Moderate	Moderate	Above Moderate	Over 150% AMI	Total New Residential Units
	BMR units	*BMR units*	*BMR units*	*Market Rate*	*Market Rate*	*Market Rate*	
Scenario 1 - Low Income BMR Units							
Studio	0	15	0	98	0	0	113
4-Bedroom	0	6	0	0	0	39	45
Total	0	21	0	98	0	39	158
Scenario 2 - Very Low, Low and Moderate Income BMR Units							
Studio	3	12	0	98	0	0	113
4-Bedroom	1	0	5	0	0	39	45
Total	4	12	5	98	0	39	158

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

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

- Removal of existing on-site jobs in the existing commercial building; and
- Addition of new on-site jobs within the new office, ground floor amenity / café space, and on-site property management and maintenance for the new apartments.

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

4.1 Methodology

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

Following is a description of each step in the analysis.

Analysis Step 1 –On-Site Employment

The proposed Project results in removal of an estimated 9 existing jobs and an addition of an estimated 53 new jobs, for a net addition of 44 jobs as summarized in Table 4-1.

Existing Employment to be Removed

Demolition of the existing commercial building will remove an estimated 9 on-site jobs including an estimated 8 jobs with the existing tenant in the building and one job in building services including janitorial and maintenance. The existing tenant in the building is Theme Party Productions, a company that designs and produces special events. The tenant's website suggests the subject property is used primarily as storage for props offered for rent for events[12].

[12] Theme Party Productions web page accessed on April 22, 2021 at http://www.themeparty.com/ states "Our 25,000 sq.ft. warehouse is filled with the highest quality props and décor in all of Northern California."

The Project applicant has indicated that Theme Party Productions has “fewer than ten” employees; eight are assumed for the analysis. The number of building services staff is estimated using staffing ratios derived from data reported by the International Facility Management Association (IFMA). Building services workers are evaluated separately because these services are typically provided by separate contract service providers.

New Employment Added by Proposed Project

The proposed Project is estimated to add 53 new on-site jobs. This includes an estimated 43 jobs with tenant(s) in the new office space, two jobs in building services such as janitorial and maintenance for the office space, four jobs in the ground floor amenity / café space, and four jobs in on-site property management and maintenance for the new residential units. The number of office jobs is estimated based on a representative office employment density factor of 300 square feet per employee. This office employment density factor generally aligns with the proposed number of parking spaces. Based on the 38 parking spaces proposed for the non-residential space and the estimated 47 employees, at least 19% of employees would need to walk, bike, or use transit. This is similar to the overall average of 22% for Menlo Park’s workplace population that uses one of these three transportation modes to get to work per the 2015-2019 ACS, not including those who worked out of their homes. The number of building services staff is estimated using staffing ratios derived from data reported by the International Facility Management Association (IFMA). The number of residential property management and maintenance staff are estimated based on a ratio of 39 apartment units per employee derived from the National Apartment Association 2018 Survey of Operating Income and Expenses. The ground floor amenity/café space is estimated to include four additional workers for a total of 53 new on-site workers.

Table 4-1. Estimated Net Change in On-Site Employment				
	Development	Basis for On-Site Employment Estimate	Estimated Net Change in On-Site Employment	
Existing				
Existing Warehouse	24,311 SF	Applicant [4]	(8)	employees
Building Services		1 per 25,000 SF[1]	(1)	employee
Subtotal Existing to be Removed			(9)	employees
Proposed				
Rental Units	158 Units	1 per 39 units[2]	4	employees
Community Amenity / Café	1,600 SF	1 per 400 SF [3]	4	employees
Office Space	13,400 SF	1 per 300 SF [3]	43	employees
Commercial Space / Building Services		1 per 10,000 SF[1]	2	employees
Subtotal Proposed			53	employees
Net Change in On-Site Employment			**44**	**employees**

[1] Building services staff, which includes maintenance, janitorial, and security not expected to be directly employed by the tenant, was estimated by KMA based on a ratio of 1 employee per 25,000 square feet for the existing building and 1 per 10,000 square feet for new building. Estimate was derived from International Facility Management Association (IFMA), Operations and Maintenance Benchmarks Research Report #33 and adjusted by KMA as a reflection of employment density.

[2] Based on National Apartment Association 2018 Survey of Operating Income and Expenses in Rental Apartment Communities, average number of units per employee for projects that are 100 to 199 units in size.

[3] KMA estimate. Will vary depending on tenant. Office employment density generally consist with proposed 38 parking spaces for non-residential uses and would require at a minimum of 19% of employees in the office and cafe space to arrive by alternatives to single occupancy vehicles. Building services employment, accounted for separately, is subtracted from office total.

[4] The Applicant has indicated that the existing tenant has "fewer than 10 employees." For purposes of the analysis, 8 are assumed.

Step 2 – Adjustment from Employees to Employee Households

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

KMA derived the worker per worker household figure from ACS data for 2015 to 2019. The ACS data provide estimates of the total number of workers in San Mateo County, and the total number of households with at least one working household member. The ratio of the two figures for San Mateo County is 1.91 workers per worker household. The San Mateo County figure is used in the analysis because workers will be more similar to the County as a whole than the smaller City of Menlo Park profile, which has an average of 1.73 workers per worker household. The workers per worker household ratio is used to translate the existing and new on-site employment to a change in employee households as shown in Table 4-2. The nine existing jobs

is divided by the 1.91 workers per worker household ratio to estimate the decrease of five existing employee households. Using the same approach, the 53 new jobs translate into an estimated 28 employee households.

Table 4-2. Estimated Change in On-Site Employee Households

	Existing (to be removed)			New				
	Existing Commercial	Building Services	Total Existing	Residential Property Management	Amenity / Café	Office	Building Services / Comm'l	Total New
Employment	(8)	(1)	(9)	4	4	43	2	53
Employee Households (at 1.91 workers per household) (1)	(4)	(1)	(5)	2	2	23	1	28

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

Step 3 – Occupational Distribution

Occupational distribution for employees is based on data from a national survey by the Bureau of Labor Statistics (BLS). Occupation refers to job description, such as management, sales clerk, cashier, etc. The survey provides the occupational distribution for various employment "industries." National statistics are used because local data are not generally available, and for many industries, national data are a good reflection of the occupational distribution that can be expected locally.

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

For building services workers, residential on-site property management and maintenance, the tenant in the existing commercial space, and ground floor amenity/café workers, KMA selected representative occupations from the BLS data as shown in Appendix A Tables 5 to 8.

Table 4-3 provides a summary of worker occupations by major category. Appendix A, Tables 4 to 9 provide a further breakdown of worker occupations by Standard Occupational Classification (SOC) System categories.

Table 4-3. On-Site Employee Households - Occupation Categories										
	Existing Commercial to be Demolished				New Office / Amenity / Café and Residential					
Occupation Category	Comm'l Tenant	Building Services	Total Existing	% of Total	Office	Building Services	Res. Prop Mgmt	Amenity / Café	Total New	% of Total
Management Occupations	(0.4)	0.0	(0.4)	8%	2.9	0.0	0.4	0.0	3.3	12%
Business and Financial	(0.4)	0.0	(0.4)	8%	2.8	0.0	0.0	0.0	2.8	10%
Computer and Mathematical	0.0	0.0	0.0	0%	8.6	0.0	0.0	0.0	8.6	31%
Architecture and Engineering	0.0	0.0	0.0	0%	0.2	0.0	0.0	0.0	0.2	1%
Life, Physical, and Social Science	0.0	0.0	0.0	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%
Legal	0.0	0.0	0.0	0%	0.1	0.0	0.0	0.0	0.1	0%
Education, Training, and Library	0.0	0.0	0.0	0%	0.8	0.0	0.0	0.0	0.8	3%
Arts, Design, Entertainment,	(1.7)	0.0	(1.7)	34%	1.4	0.0	0.0	0.0	1.4	5%
Healthcare Practitioners	0.0	0.0	0.0	0%	0.0	0.0	0.0	0.0	0.0	0%
Healthcare Support	0.0	0.0	0.0	0%	0.0	0.0	0.0	0.0	0.0	0%
Protective Service	0.0	0.0	0.0	0%	0.0	0.0	0.0	0.0	0.0	0%
Food Preparation and Serving	0.0	0.0	0.0	0%	0.0	0.0	0.0	2.1	2.1	8%
Building and Grounds	0.0	(0.4)	(0.4)	8%	0.0	0.8	0.8	0.0	1.6	6%
Personal Care and Service	0.0	0.0	0.0	0%	0.0	0.0	0.0	0.0	0.0	0%
Sales and Related	0.0	0.0	0.0	0%	2.6	0.0	0.0	0.0	2.6	9%
Office and Administrative Support	(0.4)	0.0	(0.4)	8%	2.9	0.0	0.0	0.0	2.9	10%
Farming, Fishing, and Forestry	0.0	0.0	0.0	0%	0.0	0.0	0.0	0.0	0.0	0%
Construction and Extraction	0.0	0.0	0.0	0%	0.0	0.0	0.0	0.0	0.0	0%
Installation, Maint., and Repair	0.0	(0.1)	(0.1)	3%	0.1	0.3	0.8	0.0	1.2	4%
Production	0.0	0.0	0.0	0%	0.1	0.0	0.0	0.0	0.1	0%
Transportation & Material Moving	(1.3)	0.0	(1.3)	25%	0.0	0.0	0.0	0.0	0.0	0%
Totals	(4)	(1)	(5)	100%	23	1	2	2	28	100%

Notes: See Appendix A Tables 4 to 8 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 2020 wage and salary information for each occupation for the San Francisco-Oakland-Hayward metropolitan statistical area, which includes San Mateo County from the BLS Occupational Employment Survey (OES). In addition to the average compensation levels, the analysis also utilizes BLS data regarding the percentile distribution of wages within individual occupation categories in estimating the distribution of worker compensation levels. The data on employee wages and salaries utilized in the analysis is presented in Appendix A Tables 4 to 8.

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 4-4 indicates the percentage distribution utilized in the analysis.

Table 4-4. 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%

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 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 4-5. The ratios adjust employee incomes upward even for households with only one worker in consideration of non-wage/salary income sources such as child support, disability, social security, investment income and others.

Table 4-5. 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 4-6 presents the estimated number of households in each income tier by worker occupation category. It represents the output of the analysis, after completing Step 4 (employee compensation levels), Step 5 (household size distribution of worker households), and Step 6 which uses this information to calculate the number of households that fall into each income category.

TABLE 4-6
OCCUPATION AND INCOME (STEPS 4, 5, AND 6)
MENLO FLATS PROJECT
HOUSING NEEDS ASSESSMENT
MENLO PARK, CA

	Existing Commercial							Building Services / Existing						
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
Step 4, 5, & 6 - Employee Households within Major Occupation Categories														
Management	-	(0.00)	(0.04)	(0.05)	(0.10)	(0.23)	(0.42)	-	-	-	-	-	-	-
Business and Financial Operations	(0.01)	(0.09)	(0.18)	(0.10)	(0.04)	-	(0.42)	-	-	-	-	-	-	-
Computer and Mathematical	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Training and Library	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arts, Design, Entertainment, Sports, & Medi	(0.02)	(0.22)	(0.52)	(0.39)	(0.33)	(0.19)	(1.68)	-	-	-	-	-	-	-
Healthcare Practitioners and Technical	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Healthcare Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Protective Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food Preparation and Serving Related	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Grounds and Maintenance	-	-	-	-	-	-	-	(0.09)	(0.07)	(0.17)	(0.05)	(0.01)	-	(0.39)
Personal Care and Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales and Related	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office and Admin	(0.06)	(0.09)	(0.17)	(0.09)	(0.01)	-	(0.42)	-	-	-	-	-	-	-
Farm, Fishing, and Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction and Extraction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Installation Maintenance and Repair	-	-	-	-	-	-	-	(0.02)	(0.02)	(0.06)	(0.02)	(0.01)	-	(0.13)
Production	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and Material Moving	(0.22)	(0.25)	(0.63)	(0.12)	(0.05)	-	(1.26)	-	-	-	-	-	-	-
Households: Major Occupations	(0.31)	(0.66)	(1.53)	(0.75)	(0.52)	(0.43)	(4.19)	(0.11)	(0.10)	(0.23)	(0.07)	(0.02)	-	(0.52)
Households: all other occupations[(1)]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Households	**(0.31)**	**(0.66)**	**(1.53)**	**(0.75)**	**(0.52)**	**(0.43)**	**(4.19)**	**(0.11)**	**(0.10)**	**(0.23)**	**(0.07)**	**(0.02)**	**-**	**(0.52)**
Total Households - Rounded	-	(1)	(2)	(1)	-	-	(4)	-	-	(1)	-	-	-	(1)

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

TABLE 4-6
OCCUPATION AND INCOME (STEPS 4, 5, AND 6)
MENLO FLATS PROJECT
HOUSING NEEDS ASSESSMENT
MENLO PARK, CA

	New Office Space							Building Services / New Comm'l						
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
Step 4, 5, & 6 - Employee Households within Major Occupation Categories														
Management	-	0.02	0.16	0.22	0.42	2.07	2.89	-	-	-	-	-	-	-
Business and Financial Operations	0.01	0.24	0.60	0.64	0.71	0.56	2.77	-	-	-	-	-	-	-
Computer and Mathematical	0.01	0.22	1.26	1.31	1.98	3.79	8.57	-	-	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Training and Library	0.02	0.11	0.26	0.17	0.20	0.04	0.79	-	-	-	-	-	-	-
Arts, Design, Entertainment, Sports, & Medi	0.03	0.15	0.40	0.33	0.32	0.17	1.40	-	-	-	-	-	-	-
Healthcare Practitioners and Technical	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Healthcare Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Protective Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food Preparation and Serving Related	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Grounds and Maintenance	-	-	-	-	-	-	-	0.19	0.15	0.34	0.09	0.02	-	0.79
Personal Care and Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales and Related	0.13	0.33	0.79	0.50	0.56	0.26	2.57	-	-	-	-	-	-	-
Office and Admin	0.32	0.57	1.06	0.74	0.21	0.02	2.92	-	-	-	-	-	-	-
Farm, Fishing, and Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction and Extraction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Installation Maintenance and Repair	-	-	-	-	-	-	-	0.03	0.05	0.12	0.04	0.02	-	0.26
Production	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and Material Moving	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Households: Major Occupations	0.52	1.65	4.53	3.90	4.40	6.91	21.91	0.22	0.19	0.45	0.13	0.05	-	1.05
Households: all other occupations[(1)]	0.01	0.05	0.13	0.11	0.13	0.20	0.43	-	-	-	-	-	-	-
Total Households	**0.54**	**1.70**	**4.66**	**4.02**	**4.52**	**7.11**	**22.54**	**0.22**	**0.19**	**0.45**	**0.13**	**0.05**	**-**	**1.05**
Total Households - Rounded	1	2	5	4	4	7	23	-	-	1	-	-	-	1

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

TABLE 4-6
OCCUPATION AND INCOME (STEPS 4, 5, AND 6)
MENLO FLATS PROJECT
HOUSING NEEDS ASSESSMENT
MENLO PARK, CA

	Residential Property Management							Community Amenity / Café						
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
Step 4, 5, & 6 - Employee Households within Major Occupation Categories														
Management	0.02	0.05	0.13	0.09	0.07	0.05	0.42	-	-	-	-	-	-	-
Business and Financial Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer and Mathematical	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Training and Library	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arts, Design, Entertainment, Sports, & Medi	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Healthcare Practitioners and Technical	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Healthcare Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Protective Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food Preparation and Serving Related	-	-	-	-	-	-	-	0.55	0.35	1.04	0.15	0.01	-	2.10
Building Grounds and Maintenance	0.18	0.12	0.39	0.14	0.01	-	0.84	-	-	-	-	-	-	-
Personal Care and Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales and Related	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office and Admin	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farm, Fishing, and Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction and Extraction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Installation Maintenance and Repair	0.08	0.16	0.38	0.13	0.09	-	0.84	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and Material Moving	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Households: Major Occupations	0.28	0.33	0.90	0.36	0.17	0.05	2.10	0.55	0.35	1.04	0.15	0.01	-	2.10
Households: all other occupations[(1)]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Households	**0.28**	**0.33**	**0.90**	**0.36**	**0.17**	**0.05**	**2.10**	**0.55**	**0.35**	**1.04**	**0.15**	**0.01**	**-**	**2.10**
Total Households - Rounded	-	-	1	1	-	-	2	1	-	1	-	-	-	2

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

4.2 Summary by Income Level

Table 4-7 presents a summary of the changes in on-site worker housing demand within commuting distance of Menlo Park by affordability level as a result of removal of existing on-site jobs and addition of new on-site jobs.

Table 4-7. Estimated Changes in On-Site Employee Households by Income

	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
Remove Existing Commercial							
Tenant	0	(1)	(2)	(1)	0	0	(4)
Building Services	0	0	(1)	0	0	0	(1)
Total Existing	**0**	**(1)**	**(3)**	**(1)**	**0**	**0**	**(5)**
New Office and Residential							
Office Space	1	2	5	4	4	7	23
Building Services	0	0	1	0	0	0	1
Residential Property Mgmt	0	0	1	1	0	0	2
Commty Amenity / Café	1	0	1	0	0	0	2
Total New	**2**	**2**	**8**	**5**	**4**	**7**	**28**

The removal of existing on-site employment is estimated to result in a reduction in housing demand for five housing units. This five-unit reduction in housing demand consists of an estimated one Very Low Income, three Low Income, and one Moderate Income units.

The addition of new on-site employment in the proposed Project is estimated to result in a demand for 28 housing units consisting of an estimated two Extremely Low, two Very Low Income, eight Low Income, five Moderate Income, four Above Moderate Income and seven Over 150% AMI units.

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

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

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

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

5.1 Estimated Household Incomes of New Residents

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

Table 5-1. Aggregate Household Income of New Residents

	Estimated Household Income (1)		Number of Units		Aggregate Income
	BMR	Market Rate	BMR	Market Rate	
Studios	$83,200	$100,720	15	98	$11,118,560
4-Bedrooms	$128,400	$250,600	6	39	$10,543,800
Total			21	137	$21,662,360
Average Per Household					$137,104

(1) For market rate units, see Table 3-3. For BMR units, estimates are based on the mid-point of the qualifying income range. Scenario 1 is utilized for purposes of this estimate. Section 5 findings are nearly identical under Scenario 2 and round to the same result.

Income Available for Expenditures

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

Table 5-2. Percent of Income Available for Expenditures (1)

Gross Income	100%
Less:	
Federal Income Taxes (2)	11%
State Income Taxes (3)	5%
FICA Tax Rate (4)	7.65%
Savings & other deductions (5)	6%
Subtotal deductions	32%
Percent of Income Available for Expenditures(6)	***70%***

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

(2) Reflects average tax rates (as opposed to marginal) based on U.S. Internal Revenue Services, Tax Statistics, Tables 1.2 and 2.1 for 2018.Tax rates reflect averages for applicable income range. Assumes the standard deduction.

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

(4) For Social Security and Medicare.

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

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

Income available for expenditures is estimated at approximately 70% of gross income. Federal tax rates are estimated at 11% of gross income based upon Internal Revenue Service data. State taxes are estimated to average 5% of gross income based on tax rates per the California Franchise Tax Board. The employee share of FICA payroll taxes for Social Security and Medicare is 7.65% of gross income. A ceiling of $142,800 per employee applies to the 6.3% Social Security portion of this tax rate.

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

household savings and investments. Debt repayment includes auto loans, credit cards, and all other non-mortgage debt. Savings and repayment of debt are estimated to represent a combined 6% of gross income based on the 20-year average derived from United States Bureau of Economic Analysis data.

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

After deducting income taxes, Social Security, Medicare, savings, and repayment of debt, the estimated income available for expenditures is 70% of gross household.

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

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

Table 5-3. Income Available for Expenditures

Aggregate Annual Household Income, New Residents (Table 5-1)	$21,662,360
Percent Available for Expenditure (Table 5-2)	70%
Adjustment for 5% rental vacancy	95%
Aggregate Household Income Available	$14,405,000

The estimated household income available for expenditure associated with the 158 new residential units is the input into the IMPLAN model.

5.2 The IMPLAN Model

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

5.2.1 IMPLAN Model Description

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

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

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

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

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

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

5.2.2 Application of the IMPLAN Model to Estimate Job Growth

The IMPLAN model was applied to link income to household expenditures to job growth. The estimated annual household spending of the residents of the 158 new housing units is the input to the IMPLAN model. The IMPLAN model then distributes spending among various types of goods and services (industry sectors) based on data from the Consumer Expenditure Survey and the Bureau of Economic Analysis Benchmark input-output study, to estimate the number of off-site jobs.

Job creation, driven by increased demand for products and services, was projected for each of the industries that will serve the new households. A total of 55 off-site jobs are estimated to be generated by spending of the residents as summarized in Table 5-4. Estimates in Table 5-4 exclude on-site jobs in the ground floor amenity / café space and in property management and maintenance of the residential units which are already considered as part of the Section 4 analysis.

Table 5-4. Jobs Generated from Household Spending of Residents

Annual Household Expenditures	$14,405,000
Estimated Number of Off-site Jobs	55.4

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

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

Table 5-5. Jobs Generated by Industry from Housing Spending [IMPLAN Output]		
Industry Category	**Number of Jobs**	**Percent**
Full-service restaurants	3.9	7%
Limited-service restaurants	1.3	2%
Subtotal Restaurant	5.4	9%
Retail - Building material and garden equipment stores	0.4	1%
Retail - Clothing and clothing accessories stores	1.2	2%
Retail - Electronics and appliance stores	0.5	1%
Retail - Food and beverage stores	2.2	4%
Retail - Furniture and home furnishings stores	0.5	1%
Retail - Gasoline stores	0.3	1%
Retail - General merchandise stores	1.6	3%
Retail - Health and personal care stores	1.0	2%
Retail - Miscellaneous store retailers	1.1	2%
Retail - Clothing and accessories	0.6	1%
Retail - Nonstore retailers	0.8	1%
Retail - Sporting goods, hobby, musical and bookstores	0.5	1%
Personal care services	1.8	3%
Subtotal Retail and Service	12.6	23%
Offices of dentists	1.3	2%
Offices of other health practitioners	1.8	3%
Outpatient care centers	0.8	2%
Offices of physicians	1.5	3%
Other ambulatory health care services	0.3	0%
Home health care services	1.5	3%
Hospitals	1.7	3%
Subtotal Healthcare	8.9	16%
Elementary and secondary schools	0.7	1%
Junior colleges, colleges, universities	0.4	1%
Other educational services	0.6	1%
Subtotal Education	1.6	3%
Individual and family services	2.7	5%
Other personal services	1.9	3%
Automotive repair and maintenance	1.3	2%
Child day care services	1.3	2%
Other financial investment activities	1.3	2%
Automotive repair and maintenance	0.8	1%
Religious organizations	0.7	1%
Fitness and recreational sports centers	0.6	1%
Transit and ground passenger transportation	0.6	1%
All Other	15.9	29%
Total Number of Jobs Generated	**55.4**	**100%**

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

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

As context for the estimated number of off-site jobs and a secondary cross-check for reasonableness, Table 5-6 provides comparisons to the existing ratio of resident-serving jobs in sectors such as health care, retail, food service and education and the number of residential units within Menlo Park and San Mateo County. In Menlo Park, there are 9,072 existing jobs in resident-serving sectors based on data from the U.S. Census and 14,082 residential units based on data from the California Department of Finance. These figures translate to a ratio of approximately 102 resident-serving jobs for every 158 residential units[13]. The ratio for San Mateo County is similar at 90 resident-serving jobs for every 158 residential units. Based on existing relationships between resident-serving jobs and residential units for both the City and the County, estimates for the proposed Project appear reasonable.

Estimates for the proposed Project reflect a lower ratio of resident serving jobs to housing units than overall averages based on the characteristics of the proposed Project which consists of 72% studio units. Households occupying the proposed Project will be smaller[14] than the average household size for the City of 2.64 persons per household and 2.88 persons per household for the County per the California Department of Finance. Smaller household sizes will correspond to lower demand for services compared to overall averages, particularly for services like health care and education that are driven by population. In addition, the proposed Project includes BMR units. Residents of BMR units will have lower household incomes and will drive a lower level of demand for services, particularly in sectors like restaurants that are driven more by discretionary spending. Finally, the City and County averages include employment within the identified sectors associated with serving the business and visitor population as well as residents, resulting in higher ratios than would be the case for jobs associated with residents alone. Therefore, the ratio between the estimated number of resident-serving jobs and the number of residential units for the proposed Project is appropriately less than citywide or countywide averages.

[13] Calculated as 9,072 jobs divided by 14,082 residential units and multiplied by 158 units. This 158-unit figure is selected for ready comparison to the proposed Project.

[14] Based on the unit mix of the proposed Project of 72% studios, 18% four-bedrooms and the HCD standard for relating number of bedrooms to household size of one plus the number of bedrooms, the proposed Project is estimated to correspond to an average household size of approximately 2.14 persons.

Table 5-6. Comparison to Existing City and County Relationships Between Number of Residential Units and Number of Jobs in Key Resident Serving Sectors					
	Existing Jobs [1]		Jobs Per 158 Residential Units		
	City of Menlo Park	San Mateo County	Actual: City of Menlo Park [4]	Actual: San Mateo County [4]	Estimate for Proposed Project
Key Resident-Serving Sectors					
Health Care	3,065	41,812	34.4	23.5	15.0
Retail Trade	1,564	33,825	17.5	19.0	10.7
Food Service	2,005	39,255	22.5	22.1	5.2
Education	1,123	24,010	12.6	13.5	1.6
Other Services[2]	1,040	15,264	11.7	8.6	8.4
Arts, Entertainment, and Recreation	275	6,469	3.1	3.6	1.5
Subtotal Resident-Serving	9,072	160,635	**102**	**90**	**43**
Other Sectors	39,476	257,325	443	145	12
Total All Sectors	48,548	417,960	544.7	235	55
Number of Residential Units[3]	14,082	280,879			

(1) U.S. Census Longitudinal Employer-Household Dynamics, 2018 data for workplace geography.

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

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

(4) Calculated by dividing the total number of jobs by the number of residential units and multiplying by 158 units.

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

5.3 Analysis of Housing Need by Income

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

Step 1 – Adjustment from Employees to Employee Households

This step (Table 5-7) converts the number of employees identified in Table 5-5 to the number of employee households, recognizing that there is, on average, more than one worker per household, and thus the number of housing units in demand for new workers is reduced. The workers-per-worker-household ratio eliminates from the equation all non-working households, such as retired persons and students. The San Mateo County average of 1.91 workers per worker household derived from the U. S. Census Bureau 2015-2019 American Community Survey is used for this step in the analysis, consistent with Section 4. The estimated 55 off-site jobs is divided by 1.91 to estimate the number of worker households of 29.

Table 5-7. Estimated Net Change in On-Site Employee Households	
Off-Site Jobs in Services to New Residents	55.4
Number Employee Households - Off-site workers (at 1.91 workers per household) (1)	29.1

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

Step 2 – Occupational Distribution of Employees

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

Table 5-8. Worker Households by Occupation – Jobs in Off-Site Services to New Residential Units

Occupation Category	Number of Worker Households	% of Jobs
Management Occupations	1.2	4.1%
Business and Financial	1.3	4.3%
Computer and Mathematical	0.4	1.3%
Architecture and Engineering	0.1	0.2%
Sciences	0.1	0.4%
Community & Social Services	0.6	2.1%
Legal	0.2	0.7%
Education, and Library	0.9	3.2%
Arts, Design, Entertainment	0.4	1.4%
Healthcare Practitioners	2.4	8.3%
Healthcare Support	2.8	9.7%
Protective Service	0.2	0.6%
Food Prep and Serving	3.9	13.4%
Building and Grounds.	0.7	2.3%
Personal Care and Service	1.9	6.4%
Sales and Related	4.0	13.8%
Office and Admin Support	3.7	12.6%
Farming, Fishing, Forestry	0.0	0.1%
Construction and Extraction	0.2	0.8%
Installation, Maint. and Repair	1.0	3.5%
Production	0.5	1.6%
Transportation	2.7	9.3%
Totals	**29**	**100.0%**

See Appendix Tables 1 and 2 for additional detail.

Step 3 – Estimates of Employee Households by Income

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

For each occupational category shown in Table 5-8, the OES data provides a distribution of specific occupations within the category. For example, within the Food Preparation and Serving Category, there are Supervisors, Cooks, Bartenders, Waiters and Waitresses, Dishwashers, etc. In total, there are approximately 100 detailed occupation categories included in the analysis, as shown in the Appendix A Table 2. Each of these occupation categories has a different distribution of wages, which was obtained from BLS and is specific to workers in the County as of 2020.

Household incomes are estimated from employee incomes using ratios between individual employee income and household income derived from 2015-2019 ACS data for the San Francisco Bay Area. Ratios used in this section are the same as those used in Section 4 and presented in Table 4-5.

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

Step 4 – Distribution of Household Size and Number of Workers

In this step, we account for the distribution in household sizes and number of workers using local data obtained from the U.S. Census. 2015-2019 ACS data is used to develop a set of percentage factors representing the distribution of household sizes and number of workers within working households. The percentage factors are the same as used in Section 4 and presented in Table 4-4. Application of these percentage factors accounts for the following:

- Households have a range in size and a range in the number of workers.
- Large households generally have more workers than smaller households.

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

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

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

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

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

Table 5-9. Employee Households by Occupation and Income (Steps 3, 4, and 5) for Workers in Off-Site Services to New Residents

Major Occupation Category [1]	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
Management	0.0	0.0	0.1	0.1	0.2	0.6	1.2
Business and Financial Operations	0.0	0.1	0.3	0.2	0.3	0.3	1.3
Computer and Mathematical	-	-	-	-	-	-	-
Architecture and Engineering	-	-	-	-	-	-	-
Life, Physical and Social Science	-	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-
Education Training and Library	0.1	0.2	0.3	0.3	0.1	0.0	0.9
Arts, Design, Entertainment, Sports, & Media	-	-	-	-	-	-	-
Healthcare Practitioners and Technical	0.0	0.1	0.3	0.4	0.6	1.0	2.4
Healthcare Support	0.7	0.5	1.2	0.3	0.0	-	2.8
Protective Service	-	-	-	-	-	-	-
Food Preparation and Serving Related	1.0	0.7	1.9	0.3	0.0	-	3.9
Building Grounds and Maintenance	0.1	0.1	0.3	0.1	0.0	0.0	0.7
Personal Care and Service	0.5	0.3	0.9	0.2	0.0	-	1.9
Sales and Related	0.9	0.6	1.9	0.3	0.1	0.1	4.0
Office and Admin	0.4	0.7	1.4	0.9	0.2	0.0	3.7
Farm, Fishing, and Forestry	-	-	-	-	-	-	-
Construction and Extraction	-	-	-	-	-	-	-
Installation Maintenance and Repair	0.1	0.2	0.3	0.3	0.2	0.0	1.0
Production	-	-	-	-	-	-	-
Transportation and Material Moving	0.5	0.5	1.2	0.3	0.1	-	2.7
Households: Major Occupations	4.4	4.1	10.2	3.8	1.8	2.1	26.4
Households: all other occupations [2]	0.4	0.4	1.0	0.4	0.2	0.2	2.7
Total Households	**4.8**	**4.5**	**11.2**	**4.2**	**2.0**	**2.3**	**29**
Rounded	**5.0**	**5.0**	**11.0**	**4.0**	**2.0**	**2.0**	**29**

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

[2] Represents occupation categories which have a minor amount of employment and for which detailed compensation analysis was not completed. These worker households are assumed to have a similar income distribution to other employees. See Appendix A Tables 1 - 2 for information on major and detailed occupation categories identified for detailed compensation analysis.

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

Table 5-10 summarizes the demand for housing by workers in off-site services to the 158 new residential units by income category.

Table 5-10. Estimated Off-Site Employee Households by Income							
	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
Worker Households by Income	5	5	11	4	2	2	29

As shown in Table 5-10, the 158 residential units are estimated to create a demand for an additional 29 housing units for off-site workers in services such as retail, restaurants, and education. Housing demand for new off-site workers is distributed across the income tiers with the greatest number of households in the Low Income category. The finding that the jobs associated with consumer spending tend to be low-paying jobs where the workers will require housing affordable at the lower income levels is not surprising. As noted above, consumer spending results in employment that is concentrated in lower paid occupations including food preparation, administrative, and retail sales.

6.0 NET IMPACT ON HOUSING AVAILABILITY

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

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

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

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

6.1 Net Impact on Housing Availability Regionally

The proposed Project is estimated to increase the number of available housing units by 106 units as shown in Table 6-1. This estimate reflects the combined effect of:

- Adding 158 new residential units to the housing supply.

- A 5-unit increase in housing availability from removal of existing on-site jobs, which removes existing worker housing demand.

- A 28-unit decrease in housing availability due to added housing demand from new on-site workers.

- A 29-unit decrease in housing availability due to added housing demand by off-site workers who provide services to residents of the proposed Project.

Table 6-1. Estimated Net Impact of Project on Housing Availability	
1. Increase in available housing from construction of new units (Section 3)	158 Units
2. Increase in available housing from removal of existing on-site jobs, which reduces worker housing demand (Section 4)	5 Units
3. Decrease in available housing from increase in housing demand by new on-site workers (Section 4)	(28 Units)
4. Decrease in available housing from increase in housing demand by off-site workers in services to new residents (Section 5)	(29 Units)
Net Increase in Available Housing	106 Units

Scenario 1 – Low Income BMR Units

Table 6-2 provides a breakout of the housing availability findings by income category for Scenario 1, with Low Income BMR units. As shown, the 106-unit net increase in housing availability consists of five Low, 90 Moderate and 30 Over 150% AMI units. Increased housing availability in the Low, Moderate and Over 150% AMI categories is offset by decreases within the Extremely Low, Very Low and Above Moderate categories of seven, six, and six units, respectively, as a result of added housing demand from on- and off-site workers that exceeds added housing availability from construction of new units and removal of on-site jobs within these income categories.

Table 6-2. Net Impacts on Housing Availability by Income Category, Scenario 1 – Low Income BMR Units							
	Extremely Low	**Very Low**	**Low**	**Moderate**	**Above Moderate**	**Over 150% AMI**	**Total**
1. Increase in available housing from construction of new units	0	0	21	98	0	39	158
2. Increase in available housing from removal of existing on-site jobs, which reduces worker housing demand	0	1	3	1	0	0	5
3. Decrease in available housing from increase in housing demand from new on-site workers	(2)	(2)	(8)	(5)	(4)	(7)	(28)
4. Decrease in available housing from increase in housing demand by off-site workers in services to new residents	(5)	(5)	(11)	(4)	(2)	(2)	(29)
Net Increase in Housing Availability (1)	**(7)**	**(6)**	**5**	**90**	**(6)**	**30**	**106**

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

Scenario 2 – Very Low, Low and Moderate Income BMR Units

Table 6-3 provides a summary of housing availability findings by income for Scenario 2, with a mix of Very Low, Low and Moderate Income BMR units. In Scenario 2, the 106-unit net increase in available housing breaks down as 95 Moderate and 30 Over 150% AMI Income units. Increased housing availability in the Moderate and Over 150% AMI categories is offset by decreases within the Extremely Low, Very Low, Low and Above Moderate Income housing categories of seven, two, four, and six units, respectively, due to added housing demand from on-site and off-site workers within these income categories.

Table 6-3. Net Impacts on Housing Availability by Income Category, Scenario 2 – Very Low, Low, and Moderate Income BMR Units

	Extremely Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
1. Increase in available housing from construction of new units	0	4	12	103	0	39	158
2. Increase in available housing from removal of existing on-site jobs, which reduces worker housing demand	0	1	3	1	0	0	5
3. Decrease in available housing from increase in housing demand from new on-site workers	(2)	(2)	(8)	(5)	(4)	(7)	(28)
4. Decrease in available housing from increase in housing demand by off-site workers in services to new residents	(5)	(5)	(11)	(4)	(2)	(2)	(29)
Net Increase in Housing Availability (1)	**(7)**	**(2)**	**(4)**	**95**	**(6)**	**30**	**106**

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

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

KMA estimated the share of impacts on housing supply and housing demand that would occur within the City of Menlo Park. Estimates represent an allocation of the total housing availability impacts presented in Table 6-2 and 6-3 based on where housing units included in the proposed Project will be constructed (in Menlo Park) and where workers will live (a share in Menlo Park and a share outside of Menlo Park). Two scenarios are presented regarding the share of workers who will seek and find housing within the City of Menlo Park:

A. Current Commute Share (5.9%) – the "Current Commute Share" scenario is based on the existing 5.9% share of Menlo Park workers who live in the City. Section 6.3 provides additional discussion of the existing commute share.

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

The 5.9% and 20% commute shares described above are applied to estimate the number of on- and off-site employees that will live in Menlo Park.

The analysis under the two commute scenarios is described below.

A. Current Commute Share Scenario

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

(1) All residential units added by the proposed Project are in the City of Menlo Park; therefore, all 158 units are identified as additional housing supply in Menlo Park.

(2) None of five total units of added housing availability from removal of on-site jobs is estimated to be within Menlo Park based on the existing 5.9% share of Menlo Park workers who live in the City. Applying the 5.9% factor to the findings by income level from Table 6-2 and 6-3 yields a fraction of a unit that rounds to zero.

(3) Two of the 28 total units of additional housing need for new on-site workers is estimated to be within Menlo Park based on the existing 5.9% share of Menlo Park workers who live in the City. Applying the 5.9% factor to the findings by income level from Table 6-2 and 6-3 yields one unit of additional housing need in both the Low and Over 150% AMI income categories.

(4) Two of the 29 total units of additional housing need for off-site workers is estimated to be within Menlo Park based on the existing 5.9% share of Menlo Park workers who live in the City. One unit of additional housing need is estimated within both the Low and Moderate Income categories.

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

In summary, with the Current Commute Share scenario, the estimated net increase in housing availability in Menlo Park is 154 units based on the 158 new housing units constructed in Menlo Park, minus two units of new housing demand from new on-site workers and two units of new housing demand from new off-site workers.

Table 6-4 presents the findings by income level for Scenario 1, with Low Income BMR units. As shown, the estimated 154-unit net increase in housing availability in Menlo Park consists of 19 Low, 97 Moderate and 38 Over 150% AMI units.

Table 6-4. Estimated Menlo Park Share of Net Housing Availability Impacts, Scenario 1 with Current Commute Share

	Basis for Allocation to Menlo Park	Extr. Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
1. Increase in available housing from construction of new units	*all units are in Menlo Park*	-	-	21	98	-	39	158
2. Increase in available housing from removal of existing on-site jobs, which reduces worker housing demand	*Based on current 5.9% Menlo Park commute share*	-	-	-	-	-	-	-
3. Decrease in available housing from increase in housing demand from new on-site workers	*Based on current 5.9% Menlo Park commute share*	-	-	(1)	-	-	(1)	(2)
4. Decrease in available housing from increase in housing demand by off-site workers in services to new residents	*Based on current 5.9% Menlo Park commute share*	-	-	(1)	(1)	-	-	(2)
Menlo Park Share of Net Increase in Housing Availability		-	-	19	97	-	38	154

Table 6-5 presents the findings by income level for Scenario 2, with Very Low, Low and Moderate Income BMR units. As shown, the estimated 154-unit net increase in housing availability in Menlo Park consists of four Very Low, ten Low, 102 Moderate and 38 Over 150% AMI units.

Table 6-5. Estimated Menlo Park Share of Net Housing Availability Impacts, Scenario 2 with Current Commute Share

	Basis for Allocation to Menlo Park	Extr. Low	Very Low	Low	Moderate	Above Moderate	Over 150% AMI	Total
1. Increase in available housing from construction of new units	*all units are in Menlo Park*	-	4	12	103	-	39	158
2. Increase in available housing from removal of existing on-site jobs, which reduces worker housing demand	*Based on current 5.9% Menlo Park commute share*	-	-	-	-	-	-	-
3. Decrease in available housing from increase in housing demand from new on-site workers	*Based on current 5.9% Menlo Park commute share*	-	-	(1)	-	-	(1)	(2)
4. Decrease in available housing from increase in housing demand by off-site workers in services to new residents	*Based on current 5.9% Menlo Park commute share*	-	-	(1)	(1)	-	-	(2)
Menlo Park Share of Net Increase in Housing Availability		-	4	10	102	-	38	154

B. Increased Commute Share Scenario

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

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

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

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

With the Increased Commute Share scenario, application of the 20% goal-based commute share results in allocation of one out of five units of added housing availably from removal of existing employee housing demand, six of the 28 units of added housing demand from new on-site jobs and six of the 29 units of additional housing need for off-site workers to Menlo Park, rather than two units each with the Current Commute Share scenario. In total, with the Increased Commute Share scenario, the estimated net increase in housing availability in Menlo Park is 147 units, consisting of 158 new housing units constructed in Menlo Park plus one unit of added housing availability from removal of on-site jobs minus 12 units of new housing demand in Menlo Park from on- and off-site workers.

Table 6-6 presents the findings by income level for Scenario 1, with Low Income BMR units and the Increased Commute Share. As shown, the estimated 147-unit net increase in housing availability in Menlo Park with the Increased Commute Share consists of 18 Low, 96 Moderate and 37 Over 150% AMI units, offset by a net decrease in housing availability within the Extremely Low, Very Low and Above Moderate Income categories of one, two and one units, respectively.

Table 6-6. Estimated Menlo Park Share of Net Housing Availability Impacts, Scenario 1 with Increased Commute Share								
	Basis for Allocation to Menlo Park	**Extr. Low**	**Very Low**	**Low**	**Moderate**	**Above Moderate**	**Over 150% AMI**	**Total**
1. Increase in available housing from construction of new units	*all units are in Menlo Park*	-	-	21	98	-	39	158
2. Increase in available housing from removal of existing on-site jobs, which reduces worker housing demand	*2000 Nexus Goal-Based Menlo Park commute share of 20%*	-	-	1	-	-	-	1
3. Decrease in available housing from increase in housing demand from new on-site workers	*2000 Nexus Goal-Based Menlo Park commute share of 20%*	-	(1)	(2)	(1)	(1)	(1)	(6)
4. Decrease in available housing from increase in housing demand by off-site workers in services to new residents	*2000 Nexus Goal-Based Menlo Park commute share of 20%*	(1)	(1)	(2)	(1)	-	(1)	(6)
Menlo Park Share of Net Increase in Housing Availability		(1)	(2)	18	96	(1)	37	147

Table 6-7 presents the findings by income level for Scenario 2, with Very Low, Low and Moderate Income BMR units and the Increased Commute Share. As shown, the estimated 147-unit net increase in housing availability in Menlo Park consists of two Very Low, nine Low, 101 Moderate and 37 Over 150% AMI units offset by a one-unit net decrease in housing availability within both the Extremely Low Income and Above Moderate Income categories.

Table 6-7. Estimated Menlo Park Share of Net Housing Availability Impacts, Scenario 2 with Increased Commute Share								
	Basis for Allocation to Menlo Park	**Extr. Low**	**Very Low**	**Low**	**Moderate**	**Above Moderate**	**Over 150% AMI**	**Total**
1. Increase in available housing from construction of new units	*all units are in Menlo Park*	-	4	12	103	-	39	158
2. Increase in available housing from removal of existing on-site jobs, which reduces worker housing demand	*2000 Nexus Goal-Based Menlo Park commute share of 20%*	-	-	1	-	-	-	1
3. Decrease in available housing from increase in housing demand from new on-site workers	*2000 Nexus Goal-Based Menlo Park commute share of 20%*	-	(1)	(2)	(1)	(1)	(1)	(6)
4. Decrease in available housing from increase in housing demand by off-site workers in services to new residents	*2000 Nexus Goal-Based Menlo Park commute share of 20%*	(1)	(1)	(2)	(1)	-	(1)	(6)
Menlo Park Share of Net Increase in Housing Availability		(1)	2	9	101	(1)	37	147

6.3 Additional Discussion of Commute Share

The share of new on- and off-site workers who will live in Menlo Park is estimated based on a commute share of 5.9% in the Current Commute Share scenario. This percentage is derived from the U.S. Census 2015-2019 American Community Survey and reflects the existing share of those working in Menlo Park who also live in Menlo Park, excluding those who work at home. The remaining 94.1% of the workforce commutes in from outside of the City.

Use of the existing commute share specific to the City of Menlo Park may overstate the share of off-site workers likely to live in Menlo Park as some jobs in off-site services to new residents such as retail, medical care, and restaurants may be in nearby cities rather than in Menlo Park. For those who work in nearby cities, the propensity to live in Menlo Park is expected to be less than the 5.9% commute share for Menlo Park workers[17].

The existing percentage of workers commuting from other jurisdictions to Menlo Park is attributable to a number of factors including the supply of housing relative to the number of jobs and the high cost of housing in Menlo Park. Although many factors influence housing decisions, because the number of workers that both live and work in Menlo Park is so low and the cost of

[17] For example, around 3.9% of those who work in Palo Alto live in Menlo Park based on data from the American Community Survey, lower than the 5.9% share for Menlo Park workers.

housing is high, it is possible that the 5.9% does not reflect the proportion of workers who would live in Menlo Park if they could find housing and could afford it. The share of the workforce that lives in Menlo Park has also been declining over time from 10% in 1990 to 7% as of the 2000 Census to 5.9% per the 2015-2019 ACS. Workers most everywhere tend to commute more in recent years than in the past and, in addition, Menlo Park has become less affordable over time. The possibility that availability and affordability of housing have contributed to a downward trend in Menlo Park's commute share is the primary reason for including the separate goal-based Increased Commute Share scenario.

Construction of new housing can be expected to contribute toward increasing the number of workers that live locally by providing additional housing opportunities in Menlo Park. The 158-unit size of the proposed Project represents an approximately 1.1% increase in the size of the City's existing housing stock of 14,082 units[18]. While the number of units added is small relative to the larger workforce of over 40,000, the proposed Project can be expected to contribute incrementally to housing a greater number of workers locally.

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

7.0 DISPLACEMENT ANALYSIS

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

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

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

Proposed Project, Belle Haven and East Palo Alto Location

Source: Google Maps

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

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

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

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

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

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

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

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

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

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

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

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

7.2 Potential for Proposed Project to Contribute to Displacement

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

(1) The proposed Project adds 158 new units to the housing supply, including 21 BMR units and 98 market rate units estimated to be affordable to Moderate Income, which will make additional housing opportunities available in a very competitive housing market.

(2) The proposed Project results in an estimated net increase in housing availability of 106 units. The basis for this figure is described in Section 6.1 and considers the 158 new units constructed as well as changes in worker housing demand.

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

(4) The 158 new units in the proposed Project equate to an approximately 1.1% increase in the existing 14,082-unit Menlo Park housing stock[25] and a 0.06% increase in the 280,879-unit housing stock of San Mateo County.

(5) Several recent studies have explored the effects of new market rate housing development on housing costs and displacement pressures within the immediate vicinity of new housing development[26]. The studies found that new residential development has

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

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

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

Damiano, Anthony, Frenier, Chris. 2020. “Build Baby Build?: Housing Submarkets and the Effects of New Construction on Existing Rents” University of Minnesota CURA Center for Urban and Regional Affairs. https://www.tonydamiano.com/project/new-con/bbb-wp.pdf

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

moderating effects on rents and displacement pressures at the local level. New residential developments were found to decrease rents in the area surrounding the new housing either in absolute terms or relative to market trend.

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

Mast, Evan. 2019. "The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market" Upjohn Institute Working Paper 19-307 W. E. Upjohn Institute for Employment Research. https://research.upjohn.org/cgi/viewcontent.cgi?article=1325&context=up_workingpapers

Pennington, Kate. 2021. "Does Building New Housing Cause Displacement?: The Supply and Demand Effects of Construction in San Francisco." Department of Agricultural and Resource Economics, University of California, Berkeley. https://www.dropbox.com/s/oplls6utgf7z6ih/Pennington_JMP.pdf?dl=0

Phillips, Shane, Manville, Michael, Lens Michael. 2021. "Research Roundup: The Effect of Market-Rate Development on Neighborhood Rents" UCLA Lewis Center for Regional Policy Studies. https://www.lewis.ucla.edu/research/market-rate-development-impacts/

APPENDIX A – WORKER OCCUPATIONS AND COMPENSATION LEVELS

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

Major Occupations (2% or more)	Worker Occupation Distribution[1] Services to Households Earning $100,000 to $150,000
Management Occupations	*4.0%*
Business and Financial Operations Occupations	*4.2%*
Educational Instruction and Library Occupations	*3.1%*
Healthcare Practitioners and Technical Occupations	*8.1%*
Healthcare Support Occupations	*9.5%*
Food Preparation and Serving Related Occupations	*13.0%*
Building and Grounds Cleaning and Maintenance Occupations	*2.2%*
Personal Care and Service Occupations	*6.2%*
Sales and Related Occupations	*13.4%*
Office and Administrative Support Occupations	*12.3%*
Installation, Maintenance, and Repair Occupations	*3.4%*
Transportation and Material Moving Occupations	*9.0%*
All Other Worker Occupations - Services to Households Earning $100,000 to $150,000	*11.6%*
INDUSTRY TOTAL	100.0%

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

Source: Bureau of Labor Statistics, IMPLAN
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APPENDIX A TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2020
SERVICES TO HOUSEHOLDS EARNING $100,000 TO $150,000
HOUSING NEEDS ASSESSMENT - MENLO FLATS PROJECT
MENLO PARK, CA

Occupation [3]	2020 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total No. of Service Workers
Page 1 of 4			
Management Occupations			
General and Operations Managers	$170,200	38.7%	1.5%
Sales Managers	$165,500	4.9%	0.2%
Administrative Services and Facilities Managers	$138,200	3.2%	0.1%
Computer and Information Systems Managers	$209,500	3.2%	0.1%
Financial Managers	$195,300	9.2%	0.4%
Food Service Managers	$73,200	5.4%	0.2%
Medical and Health Services Managers	$159,500	8.3%	0.3%
Social and Community Service Managers	$67,000	3.9%	0.2%
Personal Service Managers, All Other; Entertainment and Recreation Mar	$180,900	3.9%	0.2%
All other Management Occupations (Avg. All Categories)	$161,000	19.3%	0.8%
Weighted Mean Annual Wage	***$161,000***	**100.0%**	**4.0%**
Business and Financial Operations Occupations			
Human Resources Specialists	$94,900	5.8%	0.2%
Management Analysts	$118,500	5.3%	0.2%
Training and Development Specialists	$87,000	3.7%	0.2%
Market Research Analysts and Marketing Specialists	$99,900	8.0%	0.3%
Project Management Specialists and Business Operations Specialists, All	$99,300	10.3%	0.4%
Accountants and Auditors	$96,500	16.7%	0.7%
Personal Financial Advisors	$168,200	11.0%	0.5%
Loan Officers	$80,900	5.6%	0.2%
Financial and Investment Analysts, Financial Risk Specialists, and Financi	$128,200	10.6%	0.4%
All Other Business and Financial Operations Occupations (Avg. All Categ	$111,600	23.0%	1.0%
Weighted Mean Annual Wage	***$111,600***	**100.0%**	**4.2%**
Educational Instruction and Library Occupations			
Preschool Teachers, Except Special Education	$48,800	26.7%	0.8%
Elementary School Teachers, Except Special Education	$90,800	7.1%	0.2%
Secondary School Teachers, Except Special and Career/Technical Educa	$99,800	4.9%	0.2%
Self-Enrichment Teachers	$55,400	9.3%	0.3%
Substitute Teachers, Short-Term	$47,500	3.7%	0.1%
Tutors and Teachers and Instructors, All Other	$47,000	5.8%	0.2%
Teaching Assistants, Except Postsecondary	$41,800	18.7%	0.6%
All Other Educational Instruction and Library Occupations (Avg. All Categ	$54,900	23.7%	0.7%
Weighted Mean Annual Wage	***$54,900***	**100.0%**	**3.1%**

Sources: Bureau of Labor Statistics, IMPLAN
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APPENDIX A TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2020
SERVICES TO HOUSEHOLDS EARNING $100,000 TO $150,000
HOUSING NEEDS ASSESSMENT - MENLO FLATS PROJECT
MENLO PARK, CA

Occupation [3]	2020 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total No. of Service Workers
Page 2 of 4			
Healthcare Practitioners and Technical Occupations			
Pharmacists	$145,100	4.8%	0.4%
Physical Therapists	$110,800	4.9%	0.4%
Registered Nurses	$151,200	24.8%	2.0%
Physicians, All Other; and Ophthalmologists, Except Pediatric	$180,700	3.5%	0.3%
Dental Hygienists	$119,400	6.0%	0.5%
Pharmacy Technicians	$56,000	6.9%	0.6%
Licensed Practical and Licensed Vocational Nurses	$74,600	8.9%	0.7%
All Other Healthcare Practitioners and Technical Occupations (Avg. All Ca	$123,500	40.1%	3.2%
Weighted Mean Annual Wage	***$123,500***	**100.0%**	**8.1%**
Healthcare Support Occupations			
Home Health and Personal Care Aides	$31,900	56.1%	5.3%
Nursing Assistants	$52,700	14.8%	1.4%
Massage Therapists	$50,200	3.7%	0.4%
Dental Assistants	$58,100	7.9%	0.7%
Medical Assistants	$54,800	8.2%	0.8%
All Other Healthcare Support Occupations (Avg. All Categories)	$40,400	9.3%	0.9%
Weighted Mean Annual Wage	***$40,400***	**100.0%**	**9.5%**
Food Preparation and Serving Related Occupations			
First-Line Supervisors of Food Preparation and Serving Workers	$50,600	7.6%	1.0%
Cooks, Fast Food	$29,600	4.6%	0.6%
Cooks, Restaurant	$42,300	11.0%	1.4%
Food Preparation Workers	$34,700	6.5%	0.8%
Bartenders	$42,300	3.5%	0.4%
Fast Food and Counter Workers	$34,200	31.0%	4.0%
Waiters and Waitresses	$44,500	19.6%	2.6%
Dishwashers	$35,600	3.8%	0.5%
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	$36,000	3.4%	0.4%
All Other Food Preparation and Serving Related Occupations (Avg. All Ca	$39,000	9.1%	1.2%
Weighted Mean Annual Wage	***$39,000***	**100.0%**	**13.0%**

Sources: Bureau of Labor Statistics, IMPLAN
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APPENDIX A TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2020
SERVICES TO HOUSEHOLDS EARNING $100,000 TO $150,000
HOUSING NEEDS ASSESSMENT - MENLO FLATS PROJECT
MENLO PARK, CA

Occupation [3]	2020 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total No. of Service Workers
Page 3 of 4			
Building and Grounds Cleaning and Maintenance Occupations			
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	$38,900	51.1%	1.1%
Maids and Housekeeping Cleaners	$43,300	15.4%	0.3%
Pest Control Workers	$49,900	4.1%	0.1%
Landscaping and Groundskeeping Workers	$45,400	20.7%	0.5%
All Other Building and Grounds Cleaning and Maintenance Occupations (A	$41,600	8.7%	0.2%
Weighted Mean Annual Wage	***$41,600***	**100.0%**	**2.2%**
Personal Care and Service Occupations			
First-Line Supervisors of Personal Service and Entertainment and Recrea	$57,500	5.9%	0.4%
Animal Caretakers	$37,400	16.4%	1.0%
Amusement and Recreation Attendants	$32,600	3.0%	0.2%
Hairdressers, Hairstylists, and Cosmetologists	$35,200	23.0%	1.4%
Manicurists and Pedicurists	$31,200	7.5%	0.5%
Childcare Workers	$39,900	14.7%	0.9%
Exercise Trainers and Group Fitness Instructors	$59,700	9.1%	0.6%
Recreation Workers	$41,300	4.6%	0.3%
All Other Personal Care and Service Occupations (Avg. All Categories)	$40,500	15.8%	1.0%
Weighted Mean Annual Wage	***$40,500***	**100.0%**	**6.2%**
Sales and Related Occupations			
First-Line Supervisors of Retail Sales Workers	$50,300	9.8%	1.3%
Cashiers	$35,700	28.7%	3.9%
Retail Salespersons	$38,600	38.9%	5.2%
Securities, Commodities, and Financial Services Sales Agents	$110,500	4.4%	0.6%
Sales Representatives of Services, Except Advertising, Insurance, Financ	$86,400	5.0%	0.7%
Sales Representatives, Wholesale and Manufacturing, Except Technical a	$84,400	3.4%	0.5%
All Other Sales and Related Occupations (Avg. All Categories)	$46,800	9.9%	1.3%
Weighted Mean Annual Wage	***$46,800***	**100.0%**	**13.4%**
Office and Administrative Support Occupations			
First-Line Supervisors of Office and Administrative Support Workers	$75,800	7.5%	0.9%
Billing and Posting Clerks	$54,100	3.1%	0.4%
Bookkeeping, Accounting, and Auditing Clerks	$59,100	7.4%	0.9%
Customer Service Representatives	$53,000	14.6%	1.8%
Receptionists and Information Clerks	$45,400	12.0%	1.5%
Medical Secretaries and Administrative Assistants	$53,900	5.9%	0.7%
Secretaries and Administrative Assistants, Except Legal, Medical, and Exe	$55,900	9.6%	1.2%
Office Clerks, General	$49,700	15.5%	1.7%
All Other Office and Administrative Support Occupations (Avg. All Categor	$54,400	24.5%	3.0%
Weighted Mean Annual Wage	***$54,400***	**100.0%**	**12.1%**

Sources: Bureau of Labor Statistics, IMPLAN
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APPENDIX A TABLE 2
AVERAGE ANNUAL WORKER COMPENSATION, 2020
SERVICES TO HOUSEHOLDS EARNING $100,000 TO $150,000
HOUSING NEEDS ASSESSMENT - MENLO FLATS PROJECT
MENLO PARK, CA

Occupation [3]	2020 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total No. of Service Workers
Page 4 of 4			
Installation, Maintenance, and Repair Occupations			
First-Line Supervisors of Mechanics, Installers, and Repairers	$91,200	7.8%	0.3%
Automotive Body and Related Repairers	$59,900	11.1%	0.4%
Automotive Service Technicians and Mechanics	$67,800	30.2%	1.0%
Bus and Truck Mechanics and Diesel Engine Specialists	$69,800	6.0%	0.2%
Maintenance and Repair Workers, General	$57,700	14.5%	0.5%
All Other Installation, Maintenance, and Repair Occupations (Avg. All Cate	$67,200	30.4%	1.0%
Weighted Mean Annual Wage	***$67,200***	**100.0%**	**3.4%**
Transportation and Material Moving Occupations			
First-Line Supervisors of Transportation and Material Moving Workers, Ex	$64,400	4.2%	0.4%
Driver/Sales Workers	$38,400	4.7%	0.4%
Heavy and Tractor-Trailer Truck Drivers	$58,200	9.7%	0.9%
Light Truck Drivers	$53,400	6.6%	0.6%
Passenger Vehicle Drivers, Except Bus Drivers, Transit and Intercity	$42,700	9.3%	0.8%
Parking Attendants	$37,900	8.7%	0.8%
Cleaners of Vehicles and Equipment	$35,800	7.3%	0.7%
Laborers and Freight, Stock, and Material Movers, Hand	$43,700	12.4%	1.1%
Packers and Packagers, Hand	$36,700	3.1%	0.3%
Stockers and Order Fillers	$40,000	19.6%	1.8%
All Other Transportation and Material Moving Occupations (Avg. All Categ	$44,400	14.2%	1.3%
Weighted Mean Annual Wage	***$44,400***	**100.0%**	**9.0%**
			88.4%

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

[2] Occupation percentages are based on the 2019 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on Occupational Employment Survey data applicable to San Mateo County as of First Quarter 2020.

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

Sources: Bureau of Labor Statistics, IMPLAN
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APPENDIX A TABLE 3
WORKER OCCUPATION DISTRIBUTION, 2019
OFFICE SPACE
HOUSING NEEDS ASSESSMENT - MENLO FLATS PROJECT
MENLO PARK, CA

	Worker Occupation Distribution[1] Office Space
Management Occupations	*12.8%*
Business and Financial Operations Occupations	*12.3%*
Computer and Mathematical Occupations	*38.0%*
Educational Instruction and Library Occupations	*3.5%*
Arts, Design, Entertainment, Sports, and Media Occupations	*6.2%*
Sales and Related Occupations	*11.4%*
Office and Administrative Support Occupations	*13.0%*
All Other Worker Occupations - Office Space	*2.8%*
INDUSTRY TOTAL	100.0%

[1] Distribution of occupational employment is based on the Bureau of Labor Statistics Occupational Employment Survey.

Source: Bureau of Labor Statistics
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APPENDIX A TABLE 4
AVERAGE ANNUAL WORKER COMPENSATION, 2020
OFFICE SPACE WORKERS
HOUSING NEEDS ASSESSMENT - MENLO FLATS PROJECT
MENLO PARK, CA

Occupation [3]	2020 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Office Workers
Page 1 of 2			
Management Occupations			
General and Operations Managers	$170,200	21.6%	2.8%
Marketing Managers	$187,500	11.7%	1.5%
Sales Managers	$165,500	11.5%	1.5%
Computer and Information Systems Managers	$209,500	27.8%	3.6%
Financial Managers	$195,300	6.4%	0.8%
Personal Service Managers, All Other; Entertainment and Recreation Man	$180,900	7.2%	0.9%
All other Management Occupations (Avg. All Categories)	$187,400	13.9%	1.8%
Weighted Mean Annual Wage	***$187,400***	**100.0%**	**12.8%**
Business and Financial Operations Occupations			
Human Resources Specialists	$94,900	9.0%	1.1%
Management Analysts	$118,500	10.9%	1.3%
Training and Development Specialists	$87,000	5.7%	0.7%
Market Research Analysts and Marketing Specialists	$99,900	29.9%	3.7%
Project Management Specialists and Business Operations Specialists, All	$99,300	18.0%	2.2%
Accountants and Auditors	$96,500	11.2%	1.4%
Financial and Investment Analysts, Financial Risk Specialists, and Financi	$128,200	5.5%	0.7%
All Other Business and Financial Operations Occupations (Avg. All Catego	$102,000	9.8%	1.2%
Weighted Mean Annual Wage	***$102,000***	**100.0%**	**12.3%**
Computer and Mathematical Occupations			
Computer Systems Analysts	$124,400	9.3%	3.5%
Computer User Support Specialists	$79,300	11.4%	4.3%
Network and Computer Systems Administrators	$104,000	4.3%	1.6%
Computer Programmers	$117,100	4.6%	1.7%
Software Developers and Software Quality Assurance Analysts and Tester	$153,800	46.9%	17.8%
Web Developers and Digital Interface Designers	$120,700	6.3%	2.4%
Computer Occupations, All Other	$126,800	6.5%	2.5%
All Other Computer and Mathematical Occupations (Avg. All Categories)	$132,700	10.8%	4.1%
Weighted Mean Annual Wage	***$132,700***	**100.0%**	**38.0%**
Educational Instruction and Library Occupations			
Archivists	$85,800	4.2%	0.1%
Librarians and Media Collections Specialists	$93,000	43.0%	1.5%
Library Technicians	$63,600	40.0%	1.4%
All Other Educational Instruction and Library Occupations (Avg. All Catego	$79,200	12.8%	0.5%
Weighted Mean Annual Wage	***$79,200***	**100.0%**	**3.5%**
Arts, Design, Entertainment, Sports, and Media Occupations			
Art Directors	$139,300	3.1%	0.2%
Special Effects Artists and Animators	$101,800	6.7%	0.4%
Graphic Designers	$82,700	9.3%	0.6%
Producers and Directors	$107,100	9.6%	0.6%
News Analysts, Reporters, and Journalists	$73,900	13.3%	0.8%
Public Relations Specialists	$84,800	8.3%	0.5%
Editors	$90,800	26.6%	1.7%
Technical Writers	$107,900	4.8%	0.3%
Writers and Authors	$98,500	7.3%	0.5%
All Other Arts, Design, Entertainment, Sports, and Media Occupations (Av	$92,700	10.9%	0.7%
Weighted Mean Annual Wage	***$92,700***	**100.0%**	**6.2%**

Source: U.S. Bureau of Labor Statistics
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APPENDIX A TABLE 4
AVERAGE ANNUAL WORKER COMPENSATION, 2020
OFFICE SPACE WORKERS
HOUSING NEEDS ASSESSMENT - MENLO FLATS PROJECT
MENLO PARK, CA

Occupation [3]	2020 Avg. Compensation [1]	% of Total Occupation Group [2]	% of Total Office Workers
Page 2 of 2			
Sales and Related Occupations			
First-Line Supervisors of Non-Retail Sales Workers	$85,200	4.3%	0.5%
Advertising Sales Agents	$98,400	17.3%	2.0%
Sales Representatives of Services, Except Advertising, Insurance, Financi	$86,400	50.7%	5.8%
Sales Representatives, Wholesale and Manufacturing, Technical and Scie	$109,200	10.6%	1.2%
Sales Representatives, Wholesale and Manufacturing, Except Technical a	$84,400	6.0%	0.7%
Telemarketers	$35,200	4.2%	0.5%
All Other Sales and Related Occupations (Avg. All Categories)	$88,700	7.0%	0.8%
Weighted Mean Annual Wage	***$88,700***	**100.0%**	**11.4%**
Office and Administrative Support Occupations			
First-Line Supervisors of Office and Administrative Support Workers	$75,800	8.5%	1.1%
Bookkeeping, Accounting, and Auditing Clerks	$59,100	6.0%	0.8%
Customer Service Representatives	$53,000	35.3%	4.6%
Library Assistants, Clerical	$46,900	9.5%	1.2%
Executive Secretaries and Executive Administrative Assistants	$88,300	5.4%	0.7%
Secretaries and Administrative Assistants, Except Legal, Medical, and Exe	$55,900	6.2%	0.8%
Office Clerks, General	$49,700	11.5%	1.5%
All Other Office and Administrative Support Occupations (Avg. All Categor	$57,200	17.5%	2.3%
Weighted Mean Annual Wage	***$57,200***	**100.0%**	**13.0%**
			97.2%

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

[2] Occupation percentages are based on the 2019 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on Occupational Employment Survey data applicable to San Mateo County as of First Quarter 2020.

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

Source: U.S. Bureau of Labor Statistics
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APPENDIX A TABLE 5
AVERAGE ANNUAL WORKER COMPENSATION, 2020
EXISTING COMMERCIAL
HOUSING NEEDS ASSESSMENT - MENLO FLATS PROJECT
MENLO PARK, CA

Occupation [3]	2020 Avg. Compensation [1]	% of Total Existing Commercial Workers [2]
Sales Managers	$165,500	10.0%
Set and Exhibit Designers	$78,800	20.0%
Lighting Technicians and Media and Communication Equipment Workers, All Other*	$91,300	20.0%
Meeting, Convention, and Event Planners	$67,100	10.0%
Office Clerks, General	$49,700	10.0%
Light Truck Drivers	$53,400	10.0%
Laborers and Freight, Stock, and Material Movers, Hand	$43,700	20.0%
		100.0%

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

[2] Estimated breakdown based upon on the following description from the LinkedIn page for the existing tenant "Theme Party Productions has been designing and producing memorable special events for over 20 years. Theme Party Productions offers a warehouse with over 24,000 sq. ft. of prop rental resources, creative and technically skilled event design staff to meet the needs of our clients."

Source: Bureau of Labor Statistics
Keyser Marston Associates, Inc.
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APPENDIX A TABLE 6
AVERAGE ANNUAL WORKER COMPENSATION, 2020
BUILDING SERVICES
HOUSING NEEDS ASSESSMENT - MENLO FLATS PROJECT
MENLO PARK, CA

Occupation [3]	2020 Avg. Compensation [1]	% of Total Building Services Workers
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	$38,900	75.0%
Maintenance and Repair Workers, General	$57,700	25.0%
		100.0%

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

Source: Bureau of Labor Statistics
Keyser Marston Associates, Inc.
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APPENDIX A TABLE 7
AVERAGE ANNUAL WORKER COMPENSATION, 2020
APARTMENT PROPERTY MANAGEMENT
HOUSING NEEDS ASSESSMENT - MENLO FLATS PROJECT
MENLO PARK, CA

Occupation [3]	2020 Avg. Compensation [1]	% of Total Apartment Property Management Workers
Property, Real Estate, and Community Association Managers	$88,900	20.0%
Maintenance and Repair Workers, General	$57,700	40.0%
Grounds Maintenance Workers, All Other	$42,800	40.0%
		100.0%

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

Source: Bureau of Labor Statistics
Keyser Marston Associates, Inc.
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APPENDIX A TABLE 8
AVERAGE ANNUAL WORKER COMPENSATION, 2020
COMMUNITY AMENITY / CAFÉ SPACE
HOUSING NEEDS ASSESSMENT - MENLO FLATS PROJECT
MENLO PARK, CA

Occupation [3]	Estimated No. On-site workers	2020 Avg. Compensation [1]	% of Total Community Amenity / Café Space Workers
First-Line Supervisors of Food Preparation and Serving Workers	1	$50,600	25.0%
Food Preparation Workers	2	$34,700	50.0%
Food Servers, Nonrestaurant	1	$35,300	25.0%
	4		100.0%

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

Source: U.S. Bureau of Labor Statistics
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