



REGULAR MEETING AGENDA

Date: 4/11/2018
Time: 6:30 p.m.
Arrillaga Family Recreation Center – Cypress Room
700 Alma St., Menlo Park, CA 94025

A. Call to Order

B. Roll Call

C. Public Comment

Under “Public Comment,” the public may address the Commission on any subject not listed on the agenda. Each speaker may address the Commission once under Public Comment for a limit of three minutes. Please clearly state your name and address or political jurisdiction in which you live. The Commission cannot act on items not listed on the agenda and, therefore, the Commission cannot respond to non-agenda issues brought up under Public Comment other than to provide general information.

D. Regular Business

- D1. Approve minutes for the Housing Commission meeting of March 14, 2018 ([Attachment](#))
- D2. Consider recommending approval of a Below Market Rate housing agreement term sheet with Peninsula Arts Guild for 949 El Camino Real ([Staff Report #18-004-HC](#))
- D3. Consider recommending approval of a Below Market Rate housing agreement term sheet with Chasen Rapp, 500 SC Partners LLC and 556 SC Partners LLC for 1125 Merrill St., 506 Santa Cruz Ave. and 556 Santa Cruz Ave. ([Staff Report #18-005-HC](#))
- D4. Consider recommending approval of a Below Market Rate housing agreement term sheet with Michal Smulski for 409 Glenwood Ave., 417 Glenwood Ave. and 1357 Laurel St. ([Staff Report #18-006-HC](#))
- D5. Consider recommending that the City Council adopt an ordinance updating the community amenities requirement for bonus level development in the residential mixed-use zoning district ([Staff Report #18-007-HC](#))
- D6. Consider recommending that the City Council amend the Below Market Rate housing impact fee ([Staff Report #18-008-HC](#))

E. Informational Items

- E1. City Council Work Plan Transmittal and CIP memo ([Attachment](#))

F. Reports and Announcements

F1. Subcommittee reports (10 minutes):

- Notice of Funding Availability
- Nexus Fee Study
- Below Market Rate Guidelines
- Housing Policy Committee

F2. Commissioner reports

F3. Staff updates and announcements

G. Adjournment

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At every Regular Meeting of the Commission, in addition to the Public Comment period where the public shall have the right to address the Commission on any matters of public interest not listed on the agenda, members of the public have the right to directly address the Commission on any item listed on the agenda at a time designated by the Chair, either before or during the Commission's consideration of the item.

At every Special Meeting of the Commission, members of the public have the right to directly address the Commission on any item listed on the agenda at a time designated by the Chair, either before or during consideration of the item.

Any writing that is distributed to a majority of the Commission by any person in connection with an agenda item is a public record (subject to any exemption under the Public Records Act) and is available for inspection at the City Clerk's Office, 701 Laurel St., Menlo Park, CA 94025 during regular business hours.

Persons with disabilities, who require auxiliary aids or services in attending or participating in Commission meetings, may call the City Clerk's Office at 650-330-6620.



REGULAR MEETING MINUTES - DRAFT

Date: 3/14/2018
Time: 6:30 p.m.
Arrillaga Family Recreation Center – Cypress Room
700 Alma St., Menlo Park, CA 94025

A. Chair Tate called the meeting to order at 6:32 p.m.

B. Roll Call

Present: Tate, McGraw-Scherer, Dodick, Kennedy, Merriman, Grove and Cadigan
Absent: None
Staff: Housing and Economic Development Manager Jim Cogan, Management Analyst II Mike Noce

C. Public Comment

- Cecilia Taylor spoke in support of making housing a City Council priority.

D. Regular Business

D1. Approve minutes for the Housing Commission meeting of February 14, 2018

ACTION: Motion and second (Cadigan/Grove) to approve the February 14, 2018, Housing Commission meeting minutes, passed unanimously.

D2. Hello Housing Quarterly Activity Report (Staff Report #18-003-HC)

Sarah Shimmin, Senior Program Manager for Hello Housing, highlighted information from the quarterly report.

E. Study Session

E1. Discuss 2018 Notice of Funding Availability preferences

- Julie Shanson, Belle Haven Action, spoke in support of funding housing development that prioritizes safe transportation and young families.

McGraw-Scherer provided the subcommittee update and distributed a handout (Attachment). The Commission discussed possible criteria to address funding priorities, target populations (including family housing), income targeting, experience of developer and geographic dispersion of units throughout the city.

E2. Discuss Nexus Fee Study recommendations from subcommittee

Grove and Merriman made a presentation on financial feasibility results and the subcommittee's proposed fee recommendations (Attachment).

The Commission requested an action item on the next agenda to consider recommending the City Council modify Below Market Rate in lieu fees.

F. Reports and Announcements

F1. Subcommittee reports (10 minutes):

For the Below Market Rate Guidelines subcommittee, Staff Cogan reported staff is working with the subcommittee and the City Attorney's office. This item will return to the Commission at a future meeting for consideration and approval of a recommendation to the City Council.

The Housing Policy subcommittee is planning a meeting in April.

F2. Commissioner reports

No additional reports.

F3. Staff updates and announcements

Staff Cogan reported Facebook will host a community open house on the Willow Village project on Thursday, April 22, 2018, at the Arrillaga Family Recreation Center.

Staff Cogan reported a City Council study session on a potential downtown parking garage is tentatively scheduled for Tuesday, April 24, 2018.

H. Adjournment

Chair Tate adjourned the meeting at 9:05 p.m.



STAFF REPORT

Housing Commission

Meeting Date:

4/11/2018

Staff Report Number:

18-004-HC

Regular Business:

Consider recommending approval of a Below Market Rate housing agreement term sheet with Peninsula Arts Guild for 949 El Camino Real

Recommendation

Staff recommends that the Housing Commission recommend approval of the draft Below Market Rate (BMR) housing agreement term sheet (Attachment A) for the proposed renovation of the existing Guild Theatre cinema facility into a live entertainment venue at 949 El Camino Real.

Policy Issues

Each BMR agreement is considered individually. The Housing Commission should consider whether the proposal would be in compliance with the BMR Housing Program requirement.

Background

The property is located at 949 El Camino Real, between Menlo Avenue and Live Oak Avenue, in the SP-ECR/D (El Camino Real/Downtown Specific Plan) zoning district. Using El Camino Real in a north to south orientation, the surrounding parcels are also in SP-ECR/D zoning district, and are developed with retail uses to the north and south. A parking lot, which is not part of the subject property, is located to the west of the property, and the parcel to the east, across El Camino Real, is developed with office uses. The subject site is currently developed with the Guild Theatre cinema facility. A location map is included as Attachment B.

Analysis

The applicant (The Peninsula Arts Guild 'P.A.G.') is proposing to renovate the existing Guild Theatre cinema facility into a live entertainment venue. Through the construction and addition of a finished basement and a new second floor, the building floor area would increase from approximately 4,200 square feet to approximately 10,662 square feet, resulting in a FAR (floor area ratio) of approximately 2.25. The first floor would contain a lobby, a main viewing and seating area, bar, stage and restrooms. The basement would be utilized primarily as performer gathering and dressing room space as well as storage and mechanical rooms. The facility's second floor would also provide a smaller viewing area, a small bar, office and a vestibule.

The facility is proposed to typically only be operated for one to three events per week, usually on weekend (Friday, Saturday and Sunday) evenings with live performances lasting within a 7pm to 11pm window and for a typical event length of two hours. The venue would employ approximately 20 people in a mix of full-time and contractor positions. The facility would include the on-site sale of alcohol. Select sheets from the project plans are included for reference as Attachment C.

The project would require Specific Plan and Zoning Ordinance Amendments to allow a live performance facility with community benefits, located in a feature building north of Live Oak Avenue in the ECR SW (El Camino Real South-West) sub-district of the SP-ECR/D (El Camino Real/Downtown Specific Plan) zoning district at a public bonus level FAR (floor area ratio) and other associated amendments. The project would also require architectural control approval to construct a basement and a second story at an existing single-story commercial building and a use permit to allow small scale commercial recreation and a bar. As a public benefit, the applicant is proposing the facility be available for community uses that may include the following: City special events, movie showings and festivals, local school events such as plays and concerts, author talks and events, as well as local church events.

BMR Housing Program Requirement

The applicant is required to comply with Municipal Code Chapter 16.96 ("BMR Ordinance"), and with the BMR Housing Program Guidelines adopted by the City Council to implement the BMR Ordinance ("BMR Guidelines") as the project would exceed 10,000 square feet in gross floor area. The BMR Ordinance requires the applicant to submit a Below Market Rate Housing proposal for review by the Housing Commission. The Housing Commission should review the draft BMR in lieu fee agreement term sheet and provide guidance. The draft term sheet would be used to inform the BMR in lieu fee agreement, which would subsequently be reviewed by the Planning Commission and acted on by the City Council along with the main project actions.

The proposed project does not include a residential component, although the zoning designation for the subject site does allow residential uses. However, the existing Guild Theatre cinema facility and its proposed renovation into a live entertainment venue on a small infill site do not allow for the development of residential units on site. Therefore, the applicant is proposing to satisfy the project's BMR obligations through the payment of in lieu fees. The applicant's proposal is included as Attachment D.

The applicant does not own any sites in the city that are available and feasible for construction of a below market rate unit, which in this case is 0.17 unit. Based on the proposed project and the very small residential unit equivalent, staff has found that development of a unit on-site or off-site in accordance with the requirements of the BMR ordinance and guidelines is not feasible.

The developer is required to pay the applicable in lieu fee as provided in the BMR ordinance and guidelines. To streamline the review process for applicants, the draft term sheet is being reviewed at this time. However, the formal BMR in lieu fee agreement would be reviewed by the Planning Commission and acted on by the City Council along with the main project actions. The in lieu fee will be calculated as set forth in the table below. The applicable fee for the project will be based upon the per square foot fee in effect at the time of payment and the proposed square footages at the time of payment.

In Lieu Fee				
Item	Use group	Fee per sq. ft.	Sq. Ft.	Component fees
Existing buildings - Non-office areas	B - Non-office commercial/industrial	\$9.17	4,200	(\$38,514)
Proposed building - Non-office areas	B - Non-office commercial/industrial	\$9.17	10,622	\$97,770.54
Total estimated in lieu fee				\$59,256.54

Correspondence

The applicant indicated that they contacted some of the surrounding properties regarding the proposed development. Staff has not received any correspondence regarding the BMR proposal.

Conclusion

Staff believes that while the site allows for residential uses, site constraints due to the existing Guild Theatre cinema facility and its proposed renovation into a live entertainment venue on a small infill site do not allow for the development of residential units on site. Staff recommends that the Housing Commission recommend to the Planning Commission and the City Council approval of an in lieu fee as identified in the draft BMR Housing Agreement term sheet.

Impact on City Resources

The project sponsor is required to pay Planning, Building and Public Works permit fees, based on the City's Master Fee Schedule, to fully cover the cost of staff time spent on the review of the project. The proposed BMR in lieu fee payment would contribute approximately \$59,256.54 to the City's BMR fund.

Environmental Review

The proposed project will be evaluated with respect to compliance with the California Environmental Quality Act (CEQA) as part of the City Council action. BMR direction is not an action under CEQA, so environmental review is not required by the Housing Commission.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Draft BMR in lieu fee agreement term sheet
- B. Location Map
- C. Excerpts of Project Plans
- D. Applicant's BMR in lieu fee proposal

Report prepared by:

Corinna Sandmeier, Senior Planner

Report reviewed by:

Mark Muenzer, Community Development Director

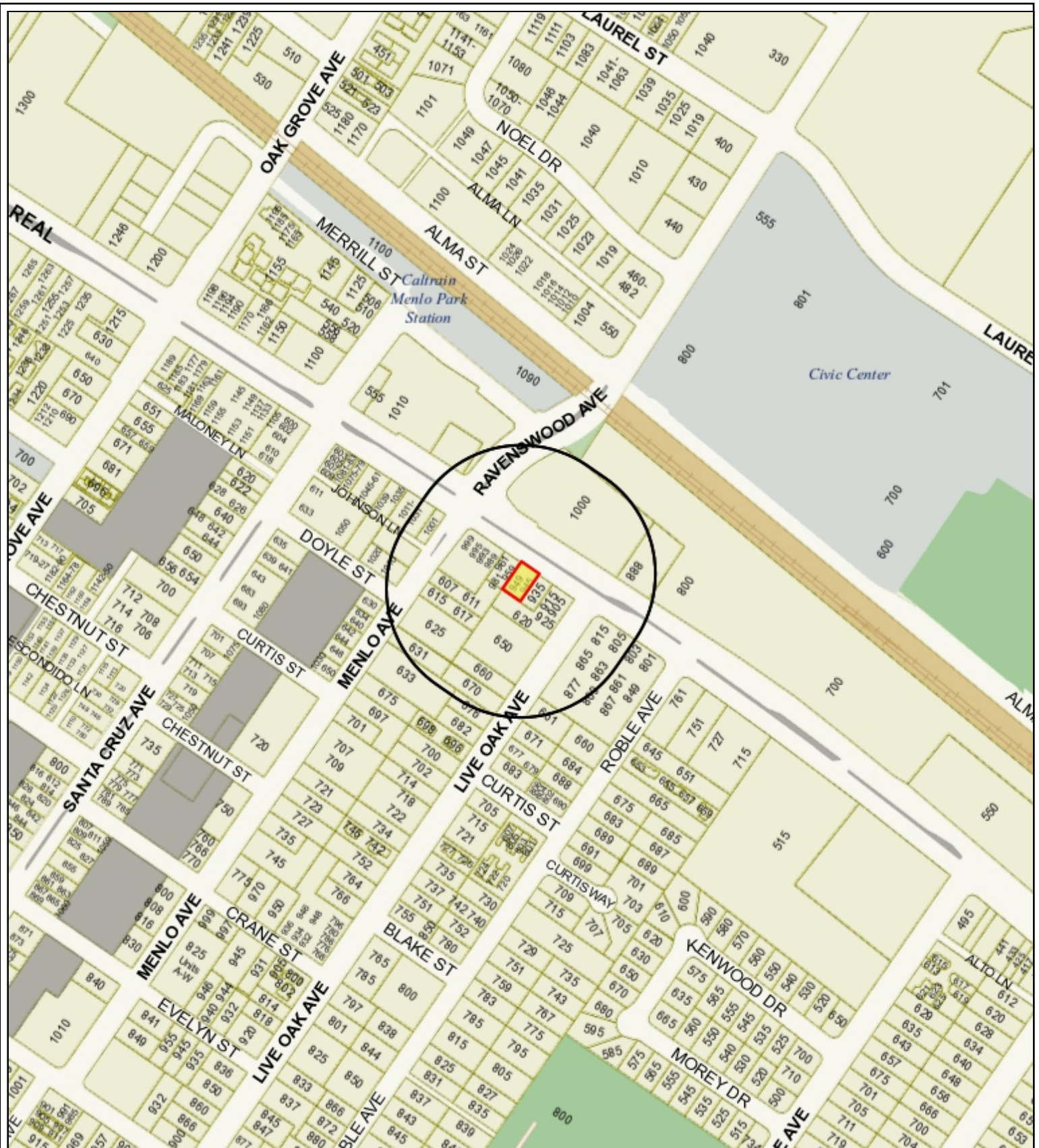
949 El Camino Real

Draft Below Market Housing (BMR) In Lieu Fee Agreement Term Sheet

1. Applicant owns property known as Assessor's Parcel Number: 071-288-570 ("Property"), more commonly known as 949 El Camino Real, Menlo Park.
2. Applicant is requesting Specific Plan and Zoning Ordinance Amendments to allow a live performance facility with community benefits, located in a feature building north of Live Oak Avenue in the ECR SW (El Camino Real South-West) sub-district of the SP-ECR/D (El Camino Real/Downtown Specific Plan) zoning district at a public bonus level FAR (floor area ratio) and other associated amendments. The project would also require architectural control approval to construct a basement and a second story at an existing single-story commercial building and a use permit to allow small scale commercial recreation and a bar, on an approximately 0.1 acre site. The subject building is greater than 10,000 square feet in gross floor area and therefore, Applicant is required to comply with Chapter 16.96 of City's Municipal Code ("BMR Ordinance") and with the Below Market Rate Housing Program Guidelines ("Guidelines") adopted by the City Council to implement the BMR Ordinance;
3. Property is located within the El Camino Real/Downtown Specific Plan General Plan land use designation and the SP-ECR/D (El Camino Real/Downtown Specific Plan) zoning district in the City of Menlo Park;
 - a. Property's General Plan land use and zoning designations permit residential uses;
 - b. Applicant is not proposing to include residential uses as part of the proposed project;
 - c. Site constraints due to the existing Guild Theatre cinema facility and its proposed renovation into a live entertainment venue on a small infill site do not allow for the development of residential units on site.
4. Applicant does not own any sites in the city that are available and feasible for construction of sufficient below market rate units to satisfy the requirements of the BMR Ordinance;
5. Consistent with other recent BMR Housing Agreements, Applicant is permitted to satisfy the BMR requirement for the proposed project by payment of an in lieu fee;
 - a. The BMR in lieu fee is estimated at \$59,256.54;
 - b. The equivalent unit requirement is 0.17 unit;
 - c. Therefore, the Applicant is proposing to pay the in lieu fee, which would be adjusted based on the existing and proposed square footages at the time of building permit issuance. The applicable fee per square foot is adjusted annually on July 1.

6. The table below provides the estimated in lieu fee:

	Use Group	Fee/SF	Square Feet	Component Fees
Existing Buildings – Non-Office Areas	B- Non-Office Commercial/ Industrial	\$9.17	4,200	(\$28,514.00)
Proposed Building – Non-Office Areas	B- Non-Office Commercial/ Industrial	\$9.17	10,622	\$97,770.54
Total Estimated In Lieu Fee				\$59,256.54



City of Menlo Park
Location Map
949 El Camino Real



REGULATORY STANDARDS
1. 2016 CALIFORNIA ADMINISTRATIVE CODE, PART 1
2. 2016 CALIFORNIA BUILDING CODE (CBC) PART 2
3. 2016 CALIFORNIA ELECTRICAL CODE (CEC) PART 3
4. 2016 CALIFORNIA MECHANICAL CODE (CMC) PART 4
5. 2016 CALIFORNIA PLUMBING CODE (CPC) PART 5
6. 2016 CALIFORNIA ENERGY CODE, PART 6
7. 2016 CALIFORNIA HISTORICAL BUILDING CODE, PART 8
8. 2016 CALIFORNIA FIRE CODE, PART 9
9. 2016 CALIFORNIA EXISTING BUILDING CODE, PART 10
10. 2016 CALIFORNIA GREEN BUILDING STANDARDS CODE, PART II
11. 2016 CALIFORNIA REFERENCE STANDARDS CODE, PART 12
12. TITLE 6 C.C.R., CH. 4 SUB-CH. 6 CALIFORNIA ELEVATOR SAFETY ORDERS
13. TITLE 19, C.C.R., PUBLIC SAFETY, SFM REGULATIONS

ABBREVIATIONS
1. NFPA 13 – AUTOMATIC SPRINKLER SYSTEMS, 2016 EDITION (CA AMENDED)
2. NFPA 24 – PRIVATE FIRE SERVICE MAINS, 2016 EDITION (CA AMENDED)
3. NFPA 72 – NATIONAL FIRE ALARM AND SIGNALING CODE, 2016 EDITION (CA AMENDED)
4. NFPA 80 – FIRE DOORS AND OTHER OPENING PROTECTIVES, 2016 EDITION (CA AMENDED)

GENERAL NOTES
1. THE CONTRACTOR IS SOLELY RESPONSIBLE FOR THE CONSTRUCTION MEANS, METHODS, TECHNIQUES, SEQUENCES AND PROCEDURE AND FOR ALL SAFETY PROGRAMS AND PRECAUTIONS IN CONNECTION WITH THE PROJECT. NEITHER THE OWNER NOR THE ARCHITECT IS RESPONSIBLE FOR THE CONTRACTOR'S FAILURE TO FOLLOW PROPER SAFETY PROCEDURES.
2. ALL CODES HAVING JURISDICTION ARE HEREBY MADE A PART OF THIS DOCUMENT AND ARE TO BE STRICTLY OBSERVED BY THE CONTRACTOR IN THE CONSTRUCTION OF THE PROJECT. IN THE EVENT OF CONFLICT BETWEEN THESE DOCUMENTS AND THE CODE, THE CODE SHALL PREVAIL. ANY CONFLICT OR DISCREPANCY SHALL IMMEDIATELY BE BROUGHT TO THE ATTENTION OF THE ARCHITECT.
3. ALL WORK, TO BE ACCEPTABLE, MUST BE IN COMPLIANCE WITH THESE DRAWINGS AND SPECIFICATIONS, AND MUST BE OF A QUALITY EQUAL OR BETTER THAN THE STANDARD OF THE TRADE. FINISHED WORK SHALL BE FIRM, WELL-ANCHORED, IN TRUE ALIGNMENT, PLUMB, LEVEL, WITH SMOOTH, CLEAN, UNIFORM APPEARANCE.
4. CONTRACTOR SHALL AT ALL TIMES PROVIDE PROTECTION AGAINST WEATHER, RAIN, WINDSTORMS, OR HEAT SO AS TO MAINTAIN ALL WORK, MATERIALS, EQUIPMENT AND APPARATUS FREE FROM INJURY OR DAMAGE.
5. CONTRACTOR SHALL VISIT THE SITE OF THE PROJECT, EXAMINE FOR HIMSELF/HERSELF THE NATURE OF THE EXISTING CONDITIONS AND ALL OTHER CONDITIONS RELEVANT TO THE SATISFACTORY COMPLETION OF THE PROJECT. SUBMISSION OF A BID FOR CONSTRUCTION SHALL BE CONSIDERED EVIDENCE OF SUCH EXAMINATION BY THE CONTRACTOR.
6. CONTRACTOR SHALL REMOVE FROM SITE ALL EXISTING CONSTRUCTION AND IMPROVEMENTS NECESSARY FOR COMPLETION OF THE PROJECT, PROTECT FROM DAMAGE OR INJURY ALL EXISTING TREES, LANDSCAPING AND IMPROVEMENTS INDICATED BY THE ARCHITECT.
7. ALL WORK SHALL CONFORM TO THE CONTRACT DOCUMENTS, WHICH INCLUDE THE PROJECT MANUAL WITH SPECIFICATIONS, THE ADDENDA AND MODIFICATIONS ISSUED BY THE ARCHITECT.
8. ALL WORK NOTED "BY OTHERS" OR "N.C." SHALL BE PROVIDED BY THE OWNER UNDER SEPARATE CONTRACT. INCLUDE SCHEDULE REQUIREMENTS FOR THIS "OTHER" WORK IN CONSTRUCTION PROGRESS SCHEDULES AND COORDINATE AS REQUIRED TO ASSURE ORDERLY SEQUENCE OF INSTALLATION.
9. DO NOT SCALE DRAWINGS
10. COLUMN CENTER LINES (OR GRID LINES) ARE SHOWN FOR REFERENCE ONLY.
11. IN CASE OF CONFLICT OR DISCREPANCIES IN CONTRACT DOCUMENTS, CONTRACTOR SHALL NOTIFY THE ARCHITECT IN WRITING PRIOR TO PROCEEDING.
12. PRIOR TO BEGINNING WORK, CONTRACTOR SHALL VERIFY ALL DIMENSIONS AND ENSURE THAT ALL WORK IS BUILDABLE AS SHOWN. CONDITIONS THAT ARE NOT REFLECTIVE OF THAT WHICH IS SHOWN SHALL BE REPORTED TO THE ARCHITECT IN WRITING PRIOR TO COMMENCING CONSTRUCTION.
13. "TYPICAL" OR "TYP." SHALL MEAN THAT THE CONDITION IS REPRESENTATIVE FOR SIMILAR CONDITIONS THROUGHOUT, UNLESS OTHERWISE NOTED (U.O.N.). DETAILS ARE USUALLY KEYED AND NOTED "TYP." ONLY ONCE, WHEN THEY FIRST APPEAR.
14. "ALIGN" SHALL MEAN TO ACCURATELY LOCATE FINISH FACES IN THE SAME PLANE
15. "SIMILAR OR "SIM." MEANS COMPARABLE CHARACTERISTICS FOR THE CONDITIONS NOTED. VERIFY DIMENSIONS AND ORIENTATION ON PLANS AND ELEVATIONS.
16. FEATURES OF CONSTRUCTION NOT FULLY SHOWN SHALL BE OF THE SAME CHARACTER AS SHOWN FOR SIMILAR CONDITIONS.
17. ALL DIMENSIONS MARKED "CLEAR" SHALL BE MAINTAINED AND SHALL ALLOW FOR THICKNESS OF ALL FINISHES.
18. SEE "ABBREVIATIONS & SYMBOLS" ON THIS SHEET FOR GRAPHIC CONVENTIONS OF NEW VERSUS EXISTING CONSTRUCTION. IN ALL NOTES ON ALL DRAWINGS ALL WORK SHALL BE NEW UNLESS SPECIFICALLY LABELED AS EXISTING (E).
19. CONTRACTOR TO PROVIDE BLOCKING AND/OR BRACING PLATES AT ALL WALL HUNG OR WALL BRACED DEVICES.
20. COORDINATE AND COOPERATE WITH OWNER REGARDING ACCESS ROUTE AND SCHEDULING OF MATERIAL DELIVERIES.
21. COORDINATE ALL WORK OCCURRING IN OCCUPIED AREAS WITH OWNER. SCHEDULE WORK AS REQUIRED.
22. SCHEDULE AND COORDINATE ACTIVITIES BY OWNER. ALL ACTIVITIES MUST BE ACCOMMODATED WITHIN THE CONTRACT TIME.
23. ALL INFORMATION SHOWN ON THE DRAWINGS RELATIVE TO EXISTING CONDITIONS IS GIVEN WITH THE BEST PRESENT KNOWLEDGE. WHERE ACTUAL CONDITIONS CONFLICT WITH THE DRAWINGS, THEY SHALL BE REPORTED TO THE ARCHITECT IN WRITING, SO THE PROPER REVISIONS CAN BE MADE.

PROJECT SUMMARY
PROJECT LOCATION: 949 EL CAMINO REAL, MENLO PARK, CA 94025
PROJECT DESCRIPTION: RENOVATION TO (E) THEATRE BUILDING WITH ADDITION OF SECOND FLOOR AND BASEMENT. NEW EXTERIOR RENOVATION TO FACADE, RESTORATION OF MARQUEE SIGNAGE AND ROOF. INTERIOR IMPROVEMENTS INCLUDE NEW STAGE AND LOADING ACCESSIBLE RESTROOMS, SECOND FLOOR BALCONY, DRESSING ROOMS, ELEVATOR, STORAGE, AND BUILDING SUPPORT SPACES. ALSO INCLUDES NEW ACCESSIBILITY MECHANICAL, ELECTRICAL, PLUMBING, FIRE ALARM, AND FIRE SPRINKLER IMPROVEMENTS.
LOT AREA: 4,844
APN: 071-288-570
ZONE DISTRICT: ECR MIXED USE / RESIDENTIAL
HISTORICAL DESIGNATION: NONE
FLOOD ZONE: F
SETBACKS: FRONT 5 FEET INTERIOR SIDES 5 FEET REAR 10 FEET
HEIGHT ALLOWED: 35 FEET AT FACADES, 38 FEET MAX
OCCUPANCY TYPE: A-1
CONSTRUCTION TYPE: III-NO CHANGE
NUMBER OF STORIES: TWO + BASEMENT

INDEX
ARCHITECTURAL
A0.00 COVER SHEET
A0.10 AREA PLAN
A0.20 SITE PLAN
A1.10 EXISTING FLOOR PLAN
A2.00 BASEMENT PLAN
A2.10 FIRST FLOOR PLAN
A2.20 SECOND FLOOR PLAN
A2.30 ROOF PLAN
A2.40 SQUARE FOOTAGE CALCULATION PLANS
A4.10 EXTERIOR ELEVATIONS
A4.20 BUILDING SECTIONS & STREETSCAPE

PROJECT DIRECTORY
Client/Owner: Peninsula Arts Guild
Name/Title: Drew Dunlevie President
Email: dunlevie@gmail.com
Architect: Cory Anderson Wasney Architects
455 Lambert Avenue
Palo Alto, CA 94041
Chris Wasney Principal
Mary Desing
T: 650.328.1818
caw@cwarchitects.com
mdesing@cwarchitects.com

PROJECT NO. 18001
DRAWN BY: M. DESING
CHECKED BY: M. DESING, C. WASNEY
SHEET
COVER SHEET
A0.00

CAW
ARCHITECTS

455 LAMBERT AVENUE PALO ALTO, CA 94301
PH: 650.328.1818 FAX: 650.328.1818

STAMP

CONSULTANTS

MILESTONE

DATE

PLANNING SUBMITTAL

02/23/2018

PROJECT NAME

RENOVATION OF THE

GUILD THEATRE

949 EL CAMINO REAL

MENLO PARK, CA 94025

SHEET TITLE

COVER SHEET

PROJECT NO. 18001

DRAWN BY: M. DESING

CHECKED BY: M. DESING, C. WASNEY

SHEET

A0.00

CONSULTANTS

[illegible]

SHEET





STAMP

CONSULTANTS

△ MILESTONE DATE
PLANNING SUBMITTAL 02/23/2018

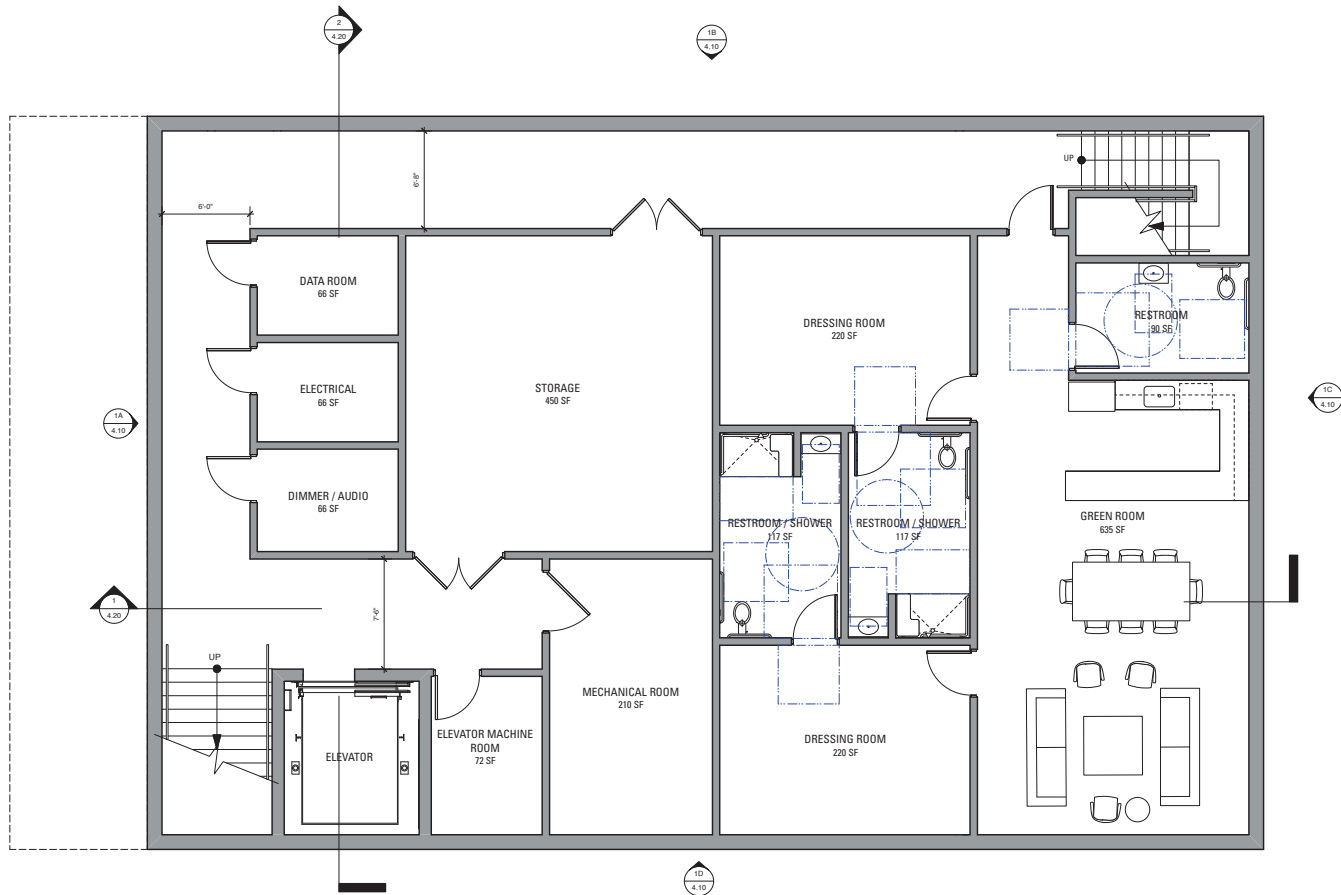
PROJECT NAME
RENOVATION OF THE
GUILD THEATRE
949 EL CAMINO REAL
MENLO PARK, CA 94025

SHEET TITLE
BASEMENT PLAN

PROJECT NO. 18001
DRAWN BY M. DESING
CHECKED BY M. DESING, C. WAGNEY

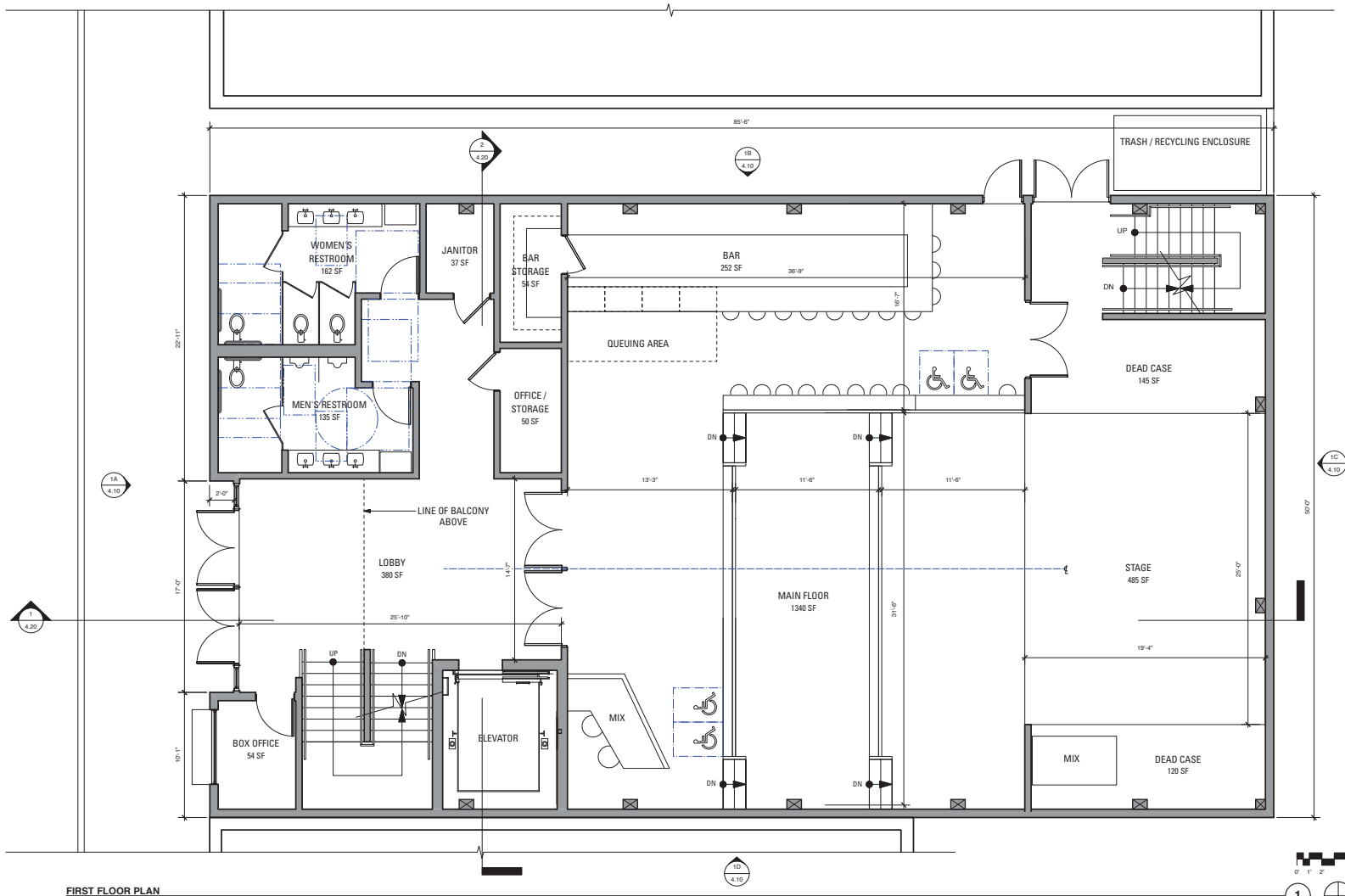
SHEET

A2.00



BASEMENT PLAN
SCALE: 1/4" = 1'-0"





CONSULTANTS

SHEET

SECOND FLOOR PLAN
SCALE: 1/4" = 1'-0"





1D WEST ELEVATION



1C SOUTH ELEVATION



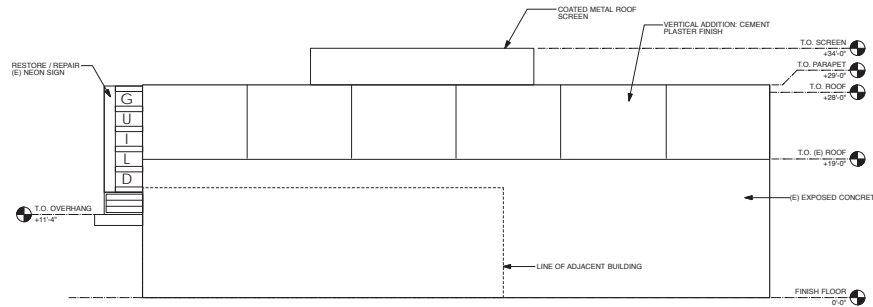
1B EAST ELEVATION



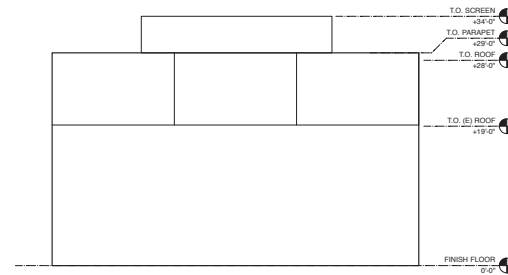
1A NORTH ELEVATION

EXISTING ELEVATION PHOTOS
SCALE: NTS

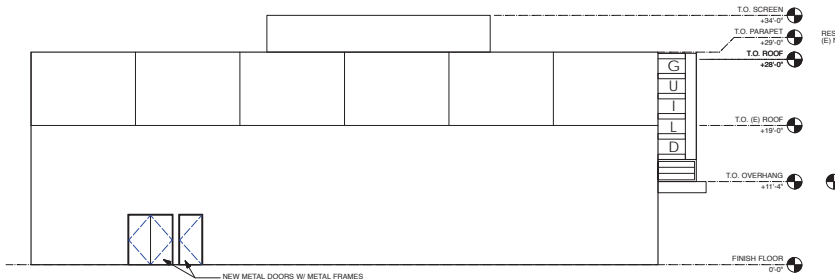
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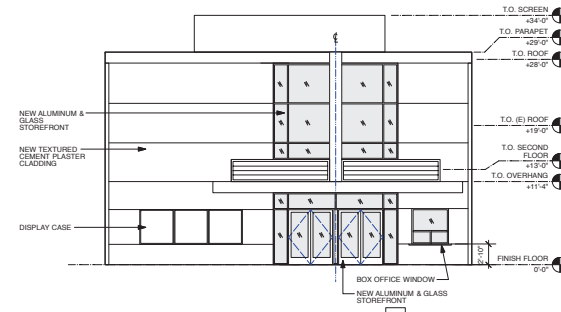
1D WEST ELEVATION



1C SOUTH ELEVATION



1B EAST ELEVATION



1A NORTH ELEVATION

EXTERIOR ELEVATIONS
SCALE: 1/8" = 1'-0"

1

CAW
ARCHITECTS

455 LAMBERT AVENUE PALO ALTO, CA 94306

PHONE: (415) 921-1100 FAX: (415) 921-1101

STAMP

CONSULTANTS

△ MILESTONE DATE

PLANNING SUBMITTAL 02/23/2018

PROJECT NAME

RENOVATION OF THE

GUILD THEATRE

949 EL CAMINO REAL

MENLO PARK, CA 94025

SHEET TITLE

EXTERIOR ELEVATIONS

PROJECT NO. 18001

DRAWN BY M. DESING

CHECKED BY M. DESING, C. WAGNEY

SHEET

A4.10

STAMP

CONSULTANTS

△ MILESTONE DATE
PLANNING SUBMITTAL 02/23/2018

PROJECT NAME

RENOVATION OF THE
GUILD THEATRE
949 EL CAMINO REAL
MENLO PARK, CA 94025

SHEET TITLE

**BUILDING SECTIONS &
STREETSCAPE**

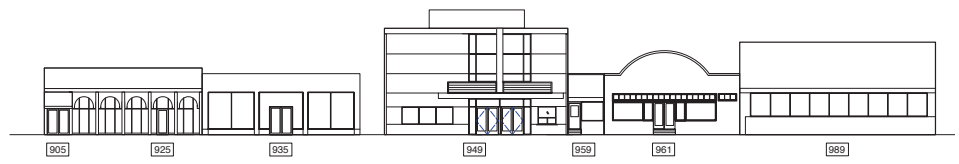
PROJECT NO. 18001

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CHECKED BY M. DESING, C. WAGNEY

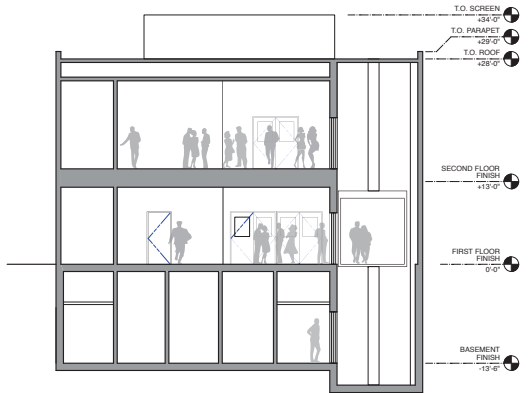
SHEET

A4.20



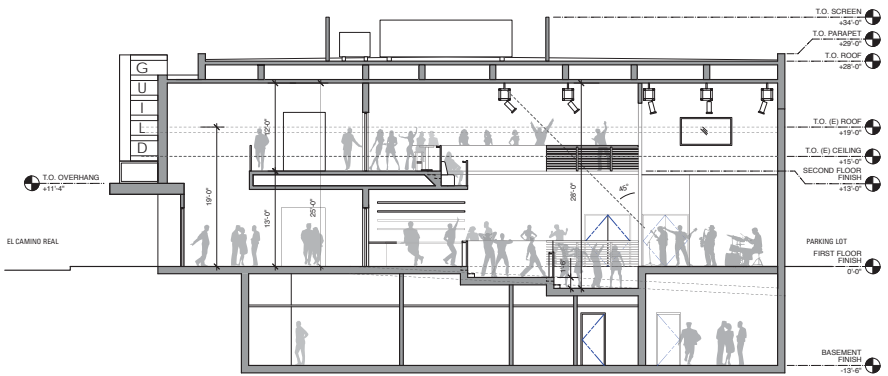
BUILDING STREETSCAPE
SCALE: 1/16" = 1'-0"

3



BUILDING SECTION
SCALE: 1/8" = 1'-0"

2



BUILDING SECTION
SCALE: 1/8" = 1'-0"

1

April 2, 2018

Corinna Sandmeier
Associate Planner
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

Re: **Guild Theatre Below Market Rate Proposal**

Dear Ms. Sandmeier:

As you know, the Peninsula Arts Guild, a nonprofit, is proposing to transform the existing Guild Theatre, located at 949 El Camino Real, from an outdated single-screen cinema to a first-class venue providing live performances, which retains the cinema capability. The goal is to develop a venue that can attract exceptional talent and help stimulate evening activity in the Downtown area. The venue would also be available to the community on a limited basis as a public benefit.

The purpose of this letter is to confirm our commitment to comply with the City's Below Market Rate Housing Program through payment of an in-lieu fee. With respect to commercial projects like the Guild Theatre, the Program requires commercial developments to provide BMR units or to contribute to the BMR Housing Fund. In general, the Program applies to commercial buildings with 10,000 square feet or more of gross floor area.

The Project would increase the gross floor area from 4,200 square feet to 10,662 square feet. According to the City's Below Market Rate Housing Guidelines, commercial development projects of less than 10,000 square feet are exempt from the BMR Housing Program. Since the net change in gross floor area is 6,462 square feet, resulting in a commercial development that is greater than 10,000 square feet, the Project is subject to the Program.

The Program indicates that the provision of actual BMR units is strongly preferred. Unfortunately, it is impossible for us to provide BMR units. As proposed, the Project includes construction of a basement, mezzanine, and other improvements that are specifically designed to create a premier entertainment venue. All of these improvements will be constructed within the existing footprint, which extends to the property lines on all sides. Accordingly, the intended use and site constraints do not afford an opportunity to incorporate a residential unit. Further, the Peninsula Arts Guild does not own any other residential property in the City that could accommodate a BMR unit. For these reasons, we are unable to provide a BMR unit and respectfully request the option of paying the in-lieu fee.

We understand that the commercial in-lieu fee for July 1, 2017 through June 30, 2018 is \$9.17 per square foot of gross floor area for non-office and research and development commercial uses. Based on the net change in gross floor area of 6,462 square feet, the in-lieu fee that we owe is \$59,256.54. We appreciate your confirmation that this contribution would satisfy the City's applicable BMR requirement.

Please feel free to contact me with any questions

Sincerely,

A handwritten signature in black ink, appearing to read 'Drew Dunlevie', with a long horizontal flourish extending to the right.

Drew Dunlevie
President
Peninsula Arts Guild



STAFF REPORT

Housing Commission

Meeting Date:

4/11/2018

Staff Report Number:

18-005-HC

Regular Business:

Consider recommending approval of a Below Market Rate housing agreement term sheet with Chasen Rapp, 500 SC Partners LLC, and 556 SC Partners LLC for the 1125 Merrill St./506 Santa Cruz Ave./556 Santa Cruz Ave. project

Recommendation

Staff recommends that the Housing Commission recommend approval of the draft BMR agreement term sheet (Attachment A) for a coordinated proposal to redevelop 1125 Merrill St., 506 Santa Cruz Ave., and 556 Santa Cruz Ave. with three new mixed-use buildings.

Policy Issues

Each BMR agreement is considered individually. The Housing Commission should consider whether the proposal would be in compliance with the BMR Housing Program requirement.

Background

The project site consists of three contiguous parcels totaling 0.76 acres. Using El Camino Real in a north to south orientation, the subject parcels are located on the northwest corner of Santa Cruz Avenue and Merrill Street, at 1125 Merrill Street, 506-540 Santa Cruz Avenue, and 556-558 Santa Cruz Avenue, in the SP-ECR/D (El Camino Real/Downtown Specific Plan) zoning district. The latter two parcels are referred to as 506 and 556 Santa Cruz Avenue in this report.

The approximately 6,469-square foot 1125 Merrill Street parcel abuts 506 Santa Cruz to its rear (west) and left (south) sides. The approximately 15,611-square foot 506 Santa Cruz Avenue parcel has an L-shaped configuration with frontage on Santa Cruz Avenue and a short frontage on Merrill Street. 556 Santa Cruz Avenue is approximately 11,041 square feet in size, abuts 506 Santa Cruz Avenue on its right (east) side and the McDonald's parking lot on its left (west) side. All three of the parcels abut a residential condominium and commercial mixed-use development known as Menlo Square to the rear (north). The Caltrain station is located directly across the street from 1125 Merrill Street and the Merrill Street frontage of the 506 Santa Cruz Avenue parcel. A location map is included as Attachment B.

The applicant owns 556 Santa Cruz Avenue and 1125 Merrill Street in fee simple (under two separate and individual ownership entities), with a long-term ground lease on the 506 Santa Cruz Avenue property. These three different ownership structures prohibit the merging of the parcels. As such, the applicant is proposing redevelopment as a coordinated proposal with linked elements, such as access.

Recent uses on the subject parcels include residential units, retail and office uses, as well as veterinary hospitals. All three parcels are located in the Station Area East (SA E) sub-district. The properties at 506

and 556 Santa Cruz Avenue have a land use designation of Downtown Station Area “Main Street” Overlay, which requires retail/restaurant uses at the ground level, and permits mixed uses including office and residential on upper levels. 1125 Merrill Street has a land use designation of Downtown Station Area Retail/Mixed Use, which similarly allows residential/office uses, although retail/restaurant is not required at ground level. The SA E district provides for higher densities with a focus on residential development given its location at the train station area and downtown.

Analysis

Project description

The applicant is proposing to demolish all existing structures and redevelop the three parcels with three mixed-use buildings.

The 1125 Merrill Street parcel would be developed with a mixed-use building consisting of nonmedical office, located on both the first and second floors, and two residential units located on the third and fourth floors. The public entry to all uses would be on the Merrill Street side through the main lobby. Parking would be located in the surface level garage set behind the ground floor office and lobby area, accessed (via easement or similar instrument) from the portal in the 506 Santa Cruz Avenue building façade. Most of the parking would be provided in a mechanical parking system.

The 506 Santa Cruz Avenue parcel would be developed with a mixed-use building consisting of a café at the ground level (fronting both Santa Cruz Avenue and Merrill Street), nonmedical office at the second and third levels, and three residential units at the fourth level. Parking would be located in a two-level basement garage with a small number of ground level parking spaces at the rear of the lot. Some of these spaces would serve as the required parking for 556 Santa Cruz Avenue.

The 556 Santa Cruz Avenue parcel would be developed with a mixed-use building consisting of retail at the ground level, covered parking behind the retail, nonmedical office at the second level, and four residential units at the third level. Parking would be located at the surface level garage. Project plan excerpts are included as Attachment C.

Land uses

The three proposed mixed-use buildings reflect the Specific Plan’s objectives for mixed-use urban buildings set close to the street with ground floor commercial/retail storefronts. However, staff has encouraged the applicant to increase the number of residential units, given the parcels’ proximity to transit and the maximum permitted 50 dwelling units per acre or 36 total units (a maximum of seven units at 1125 Merrill Street, 17 units at 506 Santa Cruz Avenue and 12 units at 556 Santa Cruz).

The project went to the Planning Commission for a study session February 5, 2018. At this hearing, the Planning Commission provided design feedback. The Commissioners who spoke on housing also encouraged the provision of additional residential units. Since the Study Session, the applicant has revised the proposal to include an additional residential unit at 556 Santa Cruz, for a total of two units at 1125 Merrill Street, three units at 506 Santa Cruz, and four units at 556 Santa Cruz. The applicant indicates that there is currently one studio apartment located at 1125 Merrill Street and seven studio apartments at 556 Santa Cruz Avenue. Since the three proposed mixed-use buildings would provide nine residential units (which represents a density of 11.8 dwelling units per acre), the total number of residential units on the three subject parcels would only be increased by one unit.

The proposal requires architectural control review by the Planning Commission and approval of a use

permit to allow outdoor seating associated with the proposed café at 506 Santa Cruz Avenue. As part of the proposed project, five heritage trees would be removed. The Housing Commission should note that the proposal is still under staff review, and aspects of the design are subject to change before final project actions.

BMR Housing Program Requirement

The applicant is required to comply with Municipal Code Chapter 16.96 ("BMR Ordinance"), and with the BMR Housing Program Guidelines adopted by the City Council to implement the BMR Ordinance ("BMR Guidelines"), as the commercial portion of the project would exceed 10,000 square feet in gross floor area, and the residential portion of the project includes more than five residential units. For the BMR obligations, the BMR Ordinance requires the applicant to submit a BMR Housing proposal for review by the Housing Commission.

The applicant states he owns the property located at 1162-1170 El Camino Real, which he intends to develop as a residential project with approximately 12 units, and expects to apply for the necessary entitlements in the near future. The applicant states there are financial feasibility and operational challenges associated with providing an on-site BMR unit within the 506 Santa Cruz/556 Santa Cruz/1125 Merrill Street project and so he is proposing to provide two BMR units at the 1162-1170 El Camino Real property, once it is redeveloped, to satisfy the 0.9 unit residential unit obligation of the 506 Santa Cruz/556 Santa Cruz/1125 Merrill Street project. Two units would be provided instead of one due to the delay in the provision of the off-site units versus the timing of a potential on-site unit. The draft term sheet would require the payment of the in-lieu fee for the commercial component of the project, as well as the future BMR requirements for the 1162-1170 El Camino Real project, in addition to the two off-site BMR units. The applicant's proposal is provided as Attachment D.

For the Commission's reference, the existing structures at 1162-1170 El Camino Real have previously been determined to be eligible for listing as historic resources, and this status was called out in the El Camino Real/Downtown Specific Plan EIR (Environmental Impact Report). Specifically, the 1162 El Camino Real building was constructed in 1910 and used for many years as Doughty's Meat Market, and the 1170 El Camino Real building was constructed in 1905 and occupied by Martin J. McCarthy Groceries. The applicant has not yet submitted information indicating whether the proposed residential redevelopment can be conducted in conjunction with the preservation of these structures, or whether a comprehensive redevelopment proposal would be pursued. Either scenario could be time-intensive and may require detailed environmental review, potentially including a project-specific EIR if demolition of historic resources is proposed.

To ensure there aren't significant delays in the fulfillment of the residential BMR obligation for the 506 Santa Cruz/556 Santa Cruz/1125 Merrill Street project, the draft term sheet requires the two BMR units at 1162-1170 El Camino Real to be ready for occupancy by BMR households within two years of receipt of a certificate of occupancy or final inspection for the market rate residential units at the 506 Santa Cruz/556 Santa Cruz/1125 Merrill Street property, or the applicant will be required to pay a residential BMR in-lieu fee equal to the cost of providing two BMR units. The applicant requested that up to two six-month extensions be allowed to the two year timeframe; however, Staff believes these extensions would allow too much time to pass before the residential BMR obligation for the 506 Santa Cruz/556 Santa Cruz/1125 Merrill Street project is fulfilled.

Per the above, the draft term sheet allows the applicant to elect to satisfy the residential BMR requirement by recording a regulatory agreement against the 506 Santa Cruz/556 Santa Cruz/1125 Merrill Street property, restricting one unit in the project as a BMR unit, or by paying a residential BMR in-lieu fee equal

to the cost of providing two BMR units. Additionally, the draft term sheet provides that if the applicant subsequently develops residential units at the 1162-1170 El Camino Real property, he may elect to provide two BMR units at the 1162-1170 El Camino Real property, in addition to any BMR units or in-lieu fees that may be required for the 1162-1170 El Camino Real development, in exchange for the City agreeing to release the regulatory agreement against the 506 Santa Cruz/556 Santa Cruz/1125 Merrill Street property and permitting the BMR unit in the project to be rented at market rent; provided that the BMR unit in the project must either be vacant at the time of the transfer or the applicant must pay relocation expenses for the BMR household in possession of the unit at the time.

Like the 506 Santa Cruz/556 Santa Cruz/1125 Merrill Street parcels, 1162-1170 El Camino Real is located in the SA E sub-district, which allows 50 residential units per acre at the base level and 60 residential units per acre at the public benefit bonus level. Data from the County Assessor's office indicate the 1162-1170 El Camino Real property is approximately 8,373 square feet in size, meaning nine residential units would be allowed at the base density level and 11 units would be allowed if the applicant provides a public benefit that is accepted by the Planning Commission as sufficient to permit additional units. However, the Below Market Rate Housing Ordinance allows a developer one additional market-rate unit for each below market rate unit provided under the ordinance.

The BMR requirements and the applicant's proposal are summarized in the table below.

BMR Requirements	
Net office sq.ft.	22,226 sq.ft.
Net other commercial sq.ft.	-9,866 sq.ft.
Net new sq.ft.	12,360
Commercial BMR requirement	0.8 unit or \$285,148.18 in lieu fee
Total residential units	9 rental units
Residential BMR requirement	0.9 unit
Applicant's proposal	2 off-site BMR units or 1 on-site BMR unit for the residential portion and a commercial in lieu fee of \$285,148.18

Staff believes that the creation of new BMR units is a priority, and that provision of such units in and around the El Camino Real corridor is generally desired. The project would be required to address BMR Guidelines requirements for such units to be of similar characteristics to the market-rate units.

At this time, the Housing Commission should review the draft BMR agreement term sheet (Attachment A) and provide guidance. The draft term sheet would be used to inform the BMR Agreement, which would subsequently be reviewed and acted on by the Planning Commission along with the main project actions.

The draft BMR agreement may be modified before Planning Commission action to include updated building square footages or similar adjustments as the applicant continues to refine the project.

Correspondence

Staff has not received any correspondence regarding the BMR proposal.

Conclusion

Staff believes that the proposal's provision of off-site BMR units and the payment of the commercial in lieu fee would meet the BMR requirements, and that the location of the units in the El Camino Real corridor would be considered a positive. Staff recommends that the Housing Commission recommend approval of

the terms stated in the draft BMR agreement term sheet.

Impact on City Resources

The project sponsor is required to pay Planning, Building and Public Works permit fees, based on the City's Master Fee Schedule, to fully cover the cost of staff time spent on the review of the project.

Environmental Review

The proposed project will be evaluated with respect to compliance with the California Environmental Quality Act (CEQA) as part of the Planning Commission action. BMR direction is not an action under CEQA, so environmental review is not required.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Draft BMR agreement term sheet
- B. Location map
- C. Project plan excerpts
- D. Applicant's BMR proposal

Report prepared by:
Corinna Sandmeier, Senior Planner

Report reviewed by:
Mark Muenzer, Community Development Director

Draft Below Market Rate Housing (BMR) Agreement Term Sheet

1. Applicant has filed separate applications for three properties located at 506 Santa Cruz Avenue, 556 Santa Cruz Avenue, and 1125 Merrill Street in Menlo Park, CA. Applicant owns the properties at 556 Santa Cruz Avenue and 1125 Merrill Street, Assessor Parcel Numbers: 061-441-050 and 061-441-030, respectively. Applicant leases 506 Santa Cruz Avenue, Assessor Parcel Number: 061-441-040, (collectively, the "Property").
2. Applicant is requesting architectural control approvals to demolish existing commercial buildings and construct three, non-medical office and residential mixed-use developments with underground parking and associated site improvements (the "Project").
3. The Project would entail demolition of approximately 14,483 square feet of existing commercial space and the development of approximately 22,226 square feet of office space, 4,617 square feet of non-office commercial space, and nine (9) residential rental units.
4. The aggregated commercial component for the Property would be greater than 10,000 square feet in gross floor area and the aggregate number of residential units is greater than five (5); therefore, Applicant is required to comply with Chapter 16.96 of City's Municipal Code ("BMR Ordinance") and with the Below Market Rate Housing Program Guidelines ("Guidelines") adopted by the City Council to implement the BMR Ordinance. The Project has both a commercial BMR requirement and a residential BMR requirement.
5. Applicant proposes to satisfy the commercial BMR requirement for the Project through payment of an in lieu fee:
 - a. The commercial BMR in lieu fee is estimated at \$285,148.18;
 - b. The equivalent unit requirement is 0.82 for commercial;
 - c. Applicant is proposing to pay the in lieu fee. The table below in Item 6 shows the estimated commercial in lieu fee and its calculation based on current applicable fees. The actual commercial BMR in lieu fee would be adjusted based on the existing and proposed square footages at the time of building permit issuance and the fee levels then in effect. The applicable fee per square foot is adjusted annually on July 1.

6. The table below provides the estimated in lieu fee for commercial uses:

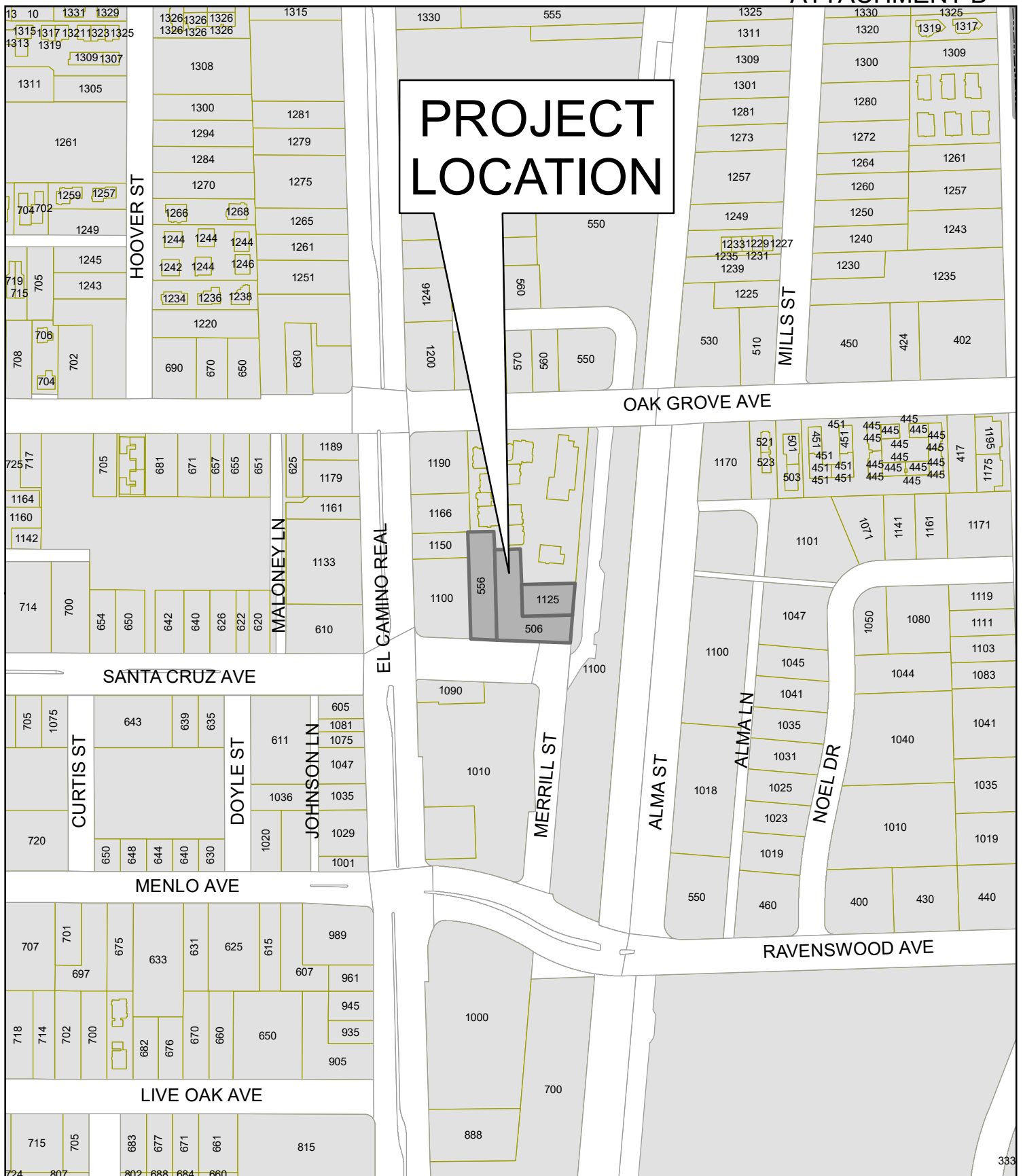
	Use Group	Fee/SF	Square Feet	Component Fees
Existing Buildings—Non-Office Areas	B – Non-Office Commercial/Industrial	\$9.17	(14,483)	(\$132,809.11)
Proposed Buildings--Office	A – Office/Research and Development	\$16.90	22,226	\$375,619.40
Proposed Buildings—Non-Office Areas	B – Non-Office Commercial/Industrial	\$9.17	4,617	\$42,337.89
TOTAL			12,360	\$285,148.18

7. Applicant proposes to satisfy the 0.90 residential BMR requirement by providing one on-site BMR unit or two (2) off-site BMR units.

8. Applicant owns another site within the City that is zoned for residential uses: 1162 El Camino Real (the "Off-Site Property").

- a. If Applicant has received land use entitlements to develop residential units on the Off-Site Property prior to receiving a certificate of occupancy or final inspection for the market rate residential units in the Project, it may elect to satisfy the Project's residential BMR requirement by providing two (2) BMR units on the Off-Site Property, in addition to any BMR units or in-lieu fees that may be required for any proposed development on the Off-Site Property. The two (2) BMR units on the Off-Site Property must be ready for occupancy by BMR households within two (2) years of receipt of a certificate of occupancy or final inspection for the market rate residential units in the Project, or the Applicant will pay a residential BMR in-lieu fee equal to the cost of providing two (2) BMR units, and the Regulatory Agreement will include mechanisms to secure performance and/or payment of the fee.
- b. If applicant has not received land use entitlements to develop residential units on the Off-Site Property prior to receiving a certificate of occupancy or final inspection for the market rate residential units in the Project, it may elect to satisfy the Project's residential BMR requirement by recording a regulatory agreement against the Property restricting one (1) unit in the Project as a BMR unit or by paying a residential BMR in-lieu fee equal to the cost of providing two (2) BMR units.

- c. If applicant subsequently develops residential units on the Off-Site Property, it may elect to provide two (2) BMR units on the Off-Site Property, in addition to any BMR units or in-lieu fees that may be required for the development on the Off-Site Property, in exchange for the City agreeing to release the regulatory agreement against the Property and permitting the BMR unit in the Project to be rented at market rent; provided, however, that the BMR unit in the Project must either be vacant at the time of the transfer or the applicant must pay relocation expenses for the BMR household in possession of the unit at the time.

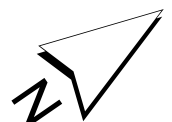


CITY OF MENLO PARK

LOCATION MAP

506 & 556 SANTA CRUZ AVENUE
1125 MERRILL STREET

DRAWN: TAS CHECKED: CDS DATE: 04/11/18 SCALE: 1" = 300' SHEET: 1



506 & 556 SANTA CRUZ

MENLO PARK, CA 94025

PLANNING RESUBMITTAL 03.19.18



HAYES
GROUP
ARCHI
TECTS

HAYES GROUP ARCHITECTS, INC.
2657 SPRING STREET
REDWOOD CITY, CA 94063
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F: 650.365.0670
www.thehayesgroup.com

PROJECT ADDRESS:
506/556 SANTA CRUZ
MENLO PARK, CA
94025

ISSUANCE:
DRY SUBMITTAL
02.02.17
PROGRESS SET
03.15.17
PLANNING SUBMITTAL
05.18.17
PLANNING COMMISSION STUDY GROUP
02.05.18

SHEET REVISIONS
△ PLANNING RESUBMITTAL
12.01.17
△ PLANNING RESUBMITTAL
03.19.18
△
△
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DRAWING CONTENT
DRAWING INDEX,
VICINITY MAP,
PROJECT INFORMATION,
PROJECT CONSULTANTS

STAMP

JOB NUMBER:
155049
SCALE:
As Noted
DRAWN BY:
Initials
All drawings and written materials contained
herein constitute the original & unpublished
work of the Architect and the same may not
be duplicated, used or disclosed without the
written consent of the Architect.
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DRAWING NUMBER

A001

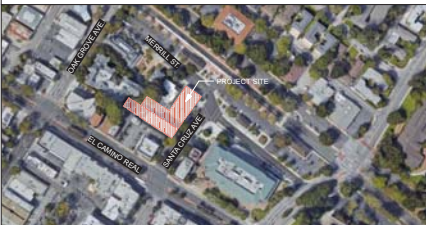
PROJECT CONSULTANTS

CLIENT	500 SC PARTNERS 380 LYTTON AVE, SUITE 303 PALO ALTO, CA 94301 650.115.6969 PH CONTACT: CHASE RAPP chase@scpartners.com	PARKING CONSULTANT	WATRY DESIGN, INC. 2009 GATEWAY PLACE, SUITE 500 SAN JOSE, CA 95110 415.431.4272 PH CONTACT: DAVID LOCOCO dlococo@watrydesign.com
ARCHITECT	HAYES GROUP ARCHITECTS 2657 SPRING STREET REDWOOD CITY, CA 94063 650.365.0600 PH 650.365.0670 FAX CONTACT: KEN HAYES x15 khayes@thehayesgroup.com		
ARBORIST	ARBOR RESOURCES P.O. BOX 25206 SAN MATEO, CA 94402 650.654.3351 PH CONTACT: DAVID BABBY dbabby@arborist.net		
MEP	ALFATECH 1 POST STREET, SUITE 2200 SAN FRANCISCO, CA 94104 415.403.3040 PH CONTACT: TO DAVALLOU tdavallou@alfatech.com		
UTILITIES	URBAN DESIGN CONSULTING ENGINEERS 300 TOWNSEND STREET, SUITE 409 SAN FRANCISCO, CA 94107 415.688.0800 PH CONTACT: JASON LING jasonling@urbandesign.com		
STRUCTURAL	NISHWAN MENNINGER 600 HARRISON ST, SUITE 110 SAN FRANCISCO, CA 94107 415.541.9477 PH CONTACT: TREVOR WONGS, PE twong@nmen.com		
CIVIL/SURVEYOR	BKF 1600 TECHNOLOGY DRIVE, SUITE 650 SAN JOSE, CA 95110 408.467.5187 PH CONTACT: IBAC KONTOROVSKY kontorovsky@bkf.com		
LANDSCAPE	THE GLUZZARDO PARTNERSHIP INC. 181 GREENWICH STREET SAN FRANCISCO, CA 94111 415.431.4272 x118 PH CONTACT: GARY LAYMON glaymon@tgp-inc.com		

PROJECT INFORMATION

PROJECT DESCRIPTION:	SEE A101 AND A201 FOR PROJECT DESCRIPTIONS
ZONING:	SPECR-SA E
OCCUPANCY:	\$2IMB/R2
BUILDING CODES:	2016 CALIFORNIA BUILDING CODE 2016 CALIFORNIA MECHANICAL CODE 2016 CALIFORNIA PLUMBING CODE 2016 CALIFORNIA ELECTRICAL CODE 2016 CALIFORNIA GREEN BUILDING CODE (CAL GREEN) 2016 CALIFORNIA FIRE CODE (WITH LOCAL AMENDMENTS) 2008 STATE OF CALIFORNIA TITLE 24 ENERGY REGULATIONS 2013 NPS 13 ALL APPLICABLE LOCAL, COUNTY, STATE AND FEDERAL CODES, LAWS & REGULATIONS
TRASH/RECYCLE:	LOCATED ON-SITE AT 506 SANTA CRUZ
GREEN BUILDING:	PROJECTS TO COMPLY WITH CITY OF MENLO PARK, LEED SILVER EQUIVALENT STANDARDS

VICINITY MAP



DRAWING INDEX

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SH-3.1	SHORING ELEVATIONS
SH-3.2	SHORING ELEVATIONS
SH-4.0	SECTIONS
SH-4.1	SECTIONS
SH-4.0	INTERNAL BRACING DETAILS 1 OF 2
SH-4.0	INTERNAL BRACING DETAILS 2 OF 2
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LANDSCAPE	
L1-1	GENERAL NOTES AND LEGEND
L1-2	PLANTING NOTES AND LEGEND



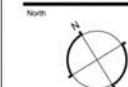
**HAYES
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650.462.3564

**THE GUZZARDO
PARTNERSHIP INC.**
Landscape Architects • Land Planners
181 Greenwich Street
San Francisco, CA 94111
T 415 433 4672
F 415 433 5003



Issue Set / Revisions
No. Description Date
1 Planning Submittal 09/16/2017
2 Planning Resubmittal 12/01/2017
3 Planning Resubmittal 03/19/2018



**1125 MERRILL ST.
506 SANTA CRUZ
556 SANTA CRUZ
MENLO PARK, CA 94025**

Date 03.19.18
Drawn by
Scale

**COMPREHENSIVE
PLAN**

Sheet number

L1.0

Scale: 3/32" = 1'-0"
0 5 10 32



MERRILL ST. STREETSCAPE
SCALE: 1/16" = 1'-0"

2



SANTA CRUZ AVE. STREETSCAPE
SCALE: 1/16" = 1'-0"

1

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PROJECT ADDRESS:
506 SANTA CRUZ
MENLO PARK, CA
94025

ISSUANCE:

DRY SUBMITTAL
02.02.17
PROGRESS SET
03.15.17
PLANNING SUBMITTAL
05.18.17

SHEET REVISIONS

△ PLANNING RESUBMITTAL
12.01.17
△ PLANNING RESUBMITTAL
03.19.18
△
△
△
△

DRAWING CONTENT
CONTEXTUAL
STREETSCAPES,
SITE PHOTOS

STAMP

JOB NUMBER:

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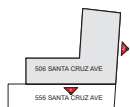


PROPOSED EAST ELEVATION
SCALE: 1/8" = 1'-0"

2

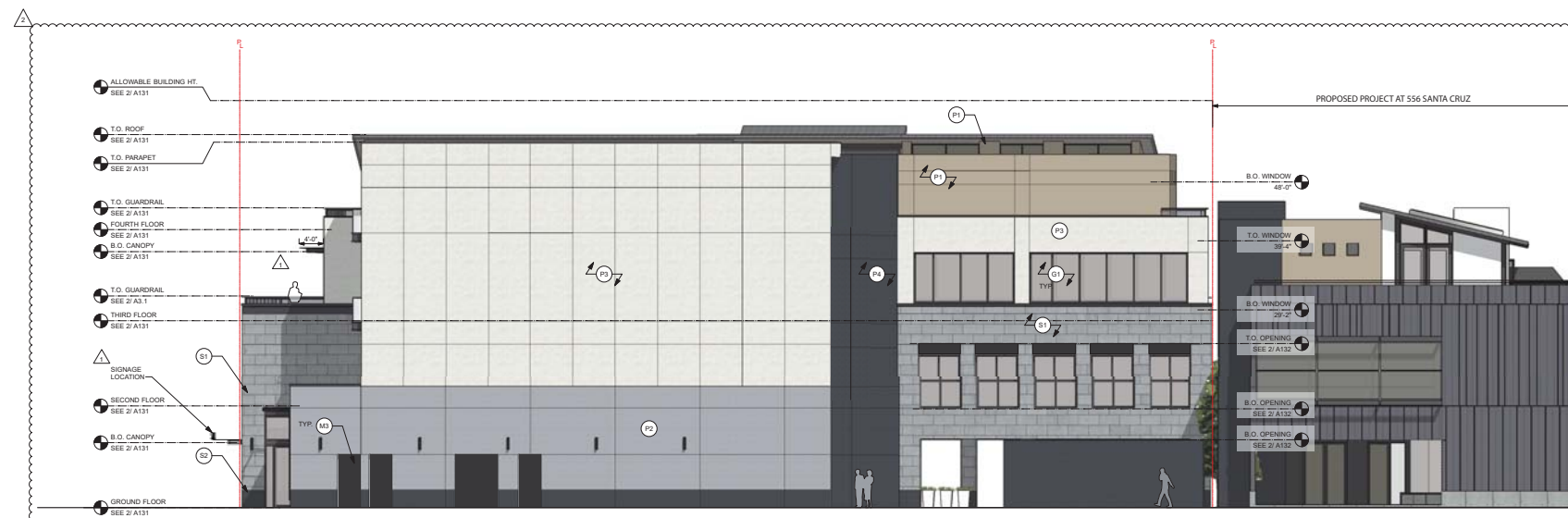
FINISH LEGEND	
(G1)	GLAZING MATCH SOLARBAN 90 CLEAR + CLEAR GLASS INSULATING GLASS UNIT
(M3)	MULLIONS/HAND RAILS/FRAMES MATCH MORIN DARK BRONZE
(MA)	STANDING SEAM METAL ROOF MATCH MORIN WEATHERED ZINC (MICA)
(P1)	SMOOTH CEMENT PLASTER MATCH BENJAMIN MOORE - AF-380 COASTAL PATH
(P2)	SMOOTH CEMENT PLASTER MATCH GLENN PRO FROST GRAY A1942
(P3)	SMOOTH CEMENT PLASTER MATCH SHERWIN WILLIAMS - GREEK VILLA SW 7551
(P4)	SMOOTH CEMENT PLASTER MATCH BENJAMIN MOORE AF-715 DOLPHIN
(S1)	NATURAL STONE HAUSSMANN - COTE D'AZUR FLAMED
(S2)	NATURAL STONE HAUSSMANN - LAUN GRIS FLAMED

KEY MAP



PROPOSED NORTH ELEVATION
SCALE: 1/8" = 1'-0"

1



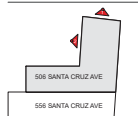
PROPOSED WEST ELEVATION
SCALE: 1/8" = 1'-0"

2

FINISH LEGEND

(G1)	GLAZING MATCH SOLARBAN 90 CLEAR + CLEAR GLASS INSULATING GLASS UNIT
(M3)	MULLIONS: HAND RAIL/S/ FRAMES MATCH MORIN DARK BRONZE
(M4)	STANDING SEAM METAL ROOF MATCH MORIN WEATHERED ZINC (MICA)
(P1)	SMOOTH CEMENT PLASTER MATCH BENJAMIN MOORE - AF-380 COASTAL PATH
(P2)	SMOOTH CEMENT PLASTER MATCH GLENN PRO PROST GRAY A1942
(P3)	SMOOTH CEMENT PLASTER MATCH SHERWIN WILLIAMS - GREEK VILLA SW 7551
(P4)	SMOOTH CEMENT PLASTER MATCH BENJAMIN MOORE AF-715 DOLPHIN
(S1)	NATURAL STONE HAUSSMANN - COTE D'AZUR FLAMED
(S2)	NATURAL STONE HAUSSMANN - LAUN GRIS FLAMED

KEY MAP



PROPOSED SOUTH ELEVATION
SCALE: 1/8" = 1'-0"

1



HAYES GROUP ARCHITECTS, INC.
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F: 650.365.0670
www.thehayesgroup.com

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556 SANTA CRUZ
MENLO PARK, CA
94025

ISSUANCE:
DRY SUBMITTAL
02.02.17
PROGRESS SET
03.15.17
PLANNING SUBMITTAL
05.18.17

SHEET REVISIONS
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05.18.17
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09.18.17
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CONTEXTUAL
STREETSCAPES,
SITE PHOTOS

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SANTA CRUZ AVE. STREETSCAPE
SCALE: 1/16" = 1'-0"

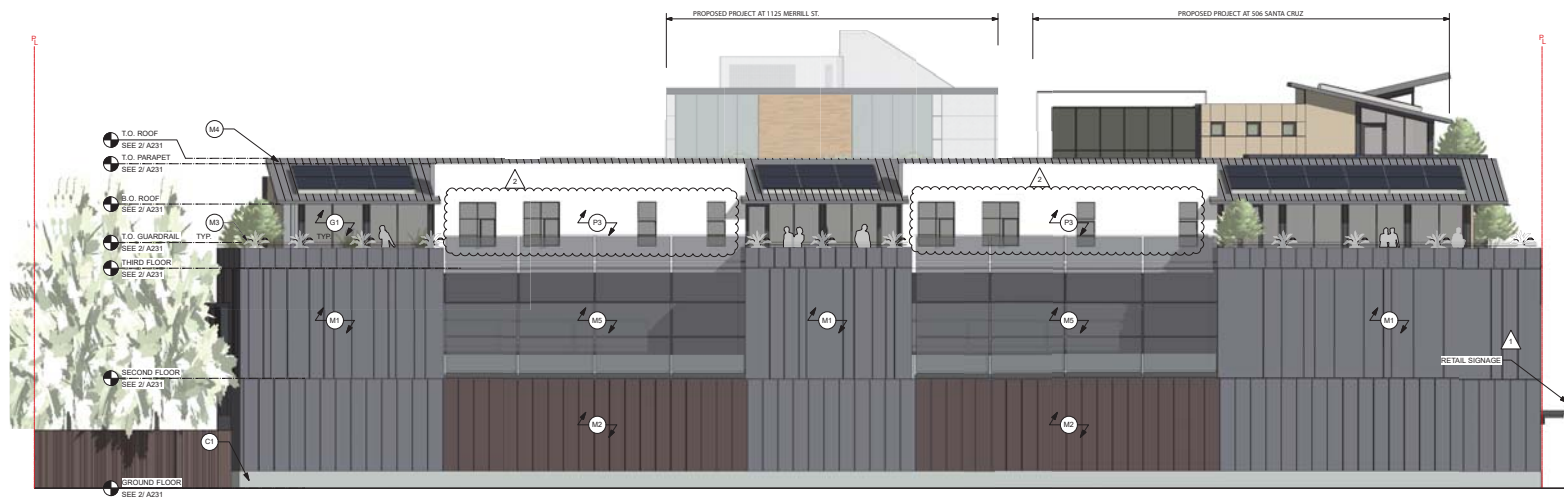
FINISH LEGEND

(C1) GLAZING MATCH SOLARBAN 90 CLEAR + CLEAR GLASS INSULATING GLASS UNIT	(M3) MULLIONS HAND RAILS / FRAMES MATCH MORIN DARK BRONZE	(P1) CEMENT PLASTER MATCH BENJAMIN MOORE - AF-380 LAPLAND	(S2) NATURAL STONE HAUSSMANN - LAJA GRIS FLAMED
(M1) ZINC PANEL MATCH VAZINC QUARTZ-ZINC	(M4) STANDING SEAM METAL ROOF MATCH MORIN WEATHERED ZINC (MCA)	(P3) CEMENT PLASTER MATCH SHERWIN WILLIAMS - GREEK VILLA SW 7551	(C1) CONCRETE SMOOTH CONCRETE
(M2) ZINC PANEL MATCH VAZINC PIGMENTO ROUGERISE - ANTHRA-ZINC	(M5) DEFORMED METAL SCREEN MATCH (M1) COLOR	(P4) CEMENT PLASTER MATCH BENJAMIN MOORE AF-715 DOLPHIN	



PROPOSED EAST ELEVATION
SCALE: 1/8" = 1'-0"

2



PROPOSED NORTH ELEVATION
SCALE: 1/8" = 1'-0"

1

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DRAWING CONTENT
PROPOSED
ELEVATIONS -
556 SANTA CRUZ

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FINISH LEGEND

(G1)	GLAZING MATCH SOLARBAN 90 CLEAR + CLEAR GLASS INSULATING GLASS UNIT	(M3)	MULLIONS HAND RAILS / FRAMES MATCH MORIN DARK BRONZE	(P1)	CEMENT PLASTER MATCH BENJAMIN MOORE - AF-380 LAPLAND	(S2)	NATURAL STONE HAUSSMANN - LAJA GRIS FLAMED
(M1)	ZINC PANEL MATCH VIZINC QUARTZ-ZINC	(M4)	STANDING SEAM METAL ROOF MATCH MORIN WEATHERED ZINC (MICA)	(P3)	CEMENT PLASTER MATCH SHERWIN WILLIAMS - GREEK VILLA SW 7581	(C1)	CONCRETE SMOOTH CONCRETE
(M2)	ZINC PANEL MATCH VIZINC PIGMENTO ROUGE/RED - ANTHRA-ZINC	(M5)	PERFORATED METAL SCREEN MATCH (M1) COLOR	(P4)	CEMENT PLASTER MATCH BENJAMIN MOORE AF-715 DOLPHIN		

506 SANTA CRUZ PROPOSAL



PROPOSED WEST ELEVATION
SCALE: 1/8" = 1'-0"

2



PROPOSED SOUTH ELEVATION
SCALE: 1/8" = 1'-0"

1

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DRAWING CONTENT
PROPOSED
ELEVATIONS -
556 SANTA CRUZ

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A232

Date: 12/21/18
Drawn: [Signature] 1567.00 A241 A242.vrx
Checked: [Signature] 1567.00 A241 A242.vrx
Reviewed: [Signature] 1567.00 A241 A242.vrx



PERSPECTIVE 2



PERSPECTIVE 1



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A241



FIELD
ARCHITECTURE
974 COMMERCIAL ST., STE 104
PALO ALTO, CA 94303
650.462.9554

SCOPE OF WORK

DEMOLITION OF (E) BUILDING ON SITE & NEW CONSTRUCTION OF 4-STORY MIXED USE BUILDING, INCLUDING GROUND FLOOR PARKING WITH 18 STALLS, GROUND FLOOR BUSINESS OFFICES, SECOND FLOOR BUSINESS OFFICES, AND TWO RESIDENTIAL RENTAL UNITS OF 1,000 SF AND 1,000 SF ON THE THIRD AND FOURTH FLOORS. THE PROJECT AREA IS COMPRISED OF 10,469 SF LOT WITH ACCESS FROM MERRILL STREET.



PROJECT DATA

PROJECT NAME: 1125 MERRILL
SITE ADDRESS: 1125 MERRILL STREET, MENLO PARK, CA 94025
OWNER: MERRILL STREET INVESTORS LLC
A.P.N. & PARCEL AREA: 061-441-030, 6469 SF
ZONING DISTRICT: SP-ECRD, STATION AREA EAST
OCCUPANCY GROUP: B / R-3 / U
CONSTRUCTION TYPE: II - A, FULLY-SPRINKLERED
APPLICABLE CODES: 2016 California Building Code
2016 California Electrical Code
2016 California Mechanical Code
2016 California Plumbing Code
2016 California Green Building Code
2016 California Energy Code
2016 California Fire Code

VICINITY MAP



PROJECT DIRECTORY

OWNER: MERRILL STREET INVESTORS LLC
P.O. BOX 1672
PALO ALTO, CA 94302
CHASE@PRINCESTREETPARTNERS.COM
T. 650.324.1529

ARCHITECT: FIELD ARCHITECTURE, INC.
874 COMMERCIAL ST SUITE 104
PALO ALTO, CA 94303
JESS@FIELDARCHITECTURE.COM
T. 650.462.9554

CONTRACTOR: DEVCON CONSTRUCTION
695 GIBBALTAR DRIVE
MILPITAS, CA 95035
T. 408.942.8200

ARBORIST: CITY ARBORIST TREE CARE
325 SHARON PARK DRIVE, #546
MENLO PARK, CA 94025
HENRY ARDULIAN
ARBORIST@CITYARBORIST.COM
T. 650.321.2795

LANDSCAPE ARCHITECT: GUZZARDO PARTNERSHIP INC.
181 GREENWICH STREET
SAN FRANCISCO, CA 94111
GLAYMON@TGP-INC.COM
T. 415.433.4672

STRUCTURAL ENGINEER: MAR STRUCTURAL DESIGN
2629 SEVENTH STREET, SUITE C
BERKELEY, CA 94710
DAVID.MAR@MARSTRUCTURALDESIGN.COM
T. 510.991.1101

MECHANICAL ENGINEER: ALPHA TECH
1101 STREET, SUITE 200
SAN FRANCISCO, CA 94104
TG.DAVALL@ALPHATECH.COM
T. 415.403.3092

CIVIL ENGINEER & SURVEYOR: BKG ENGINEERS
1730 N. FIRST STREET, SUITE 800
SAN JOSE, CA 95132
IKONTORVSKY@BKG.COM
T. 408.469.9187

DRY UTILITIES: URBAN DESIGN CONSULTING ENGINEERS
350 TOWNSEND STREET, SUITE 409
SAN FRANCISCO, CA 94107
JASON@UDCE.COM
T. 415.658.5850

DRAWING INDEX

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A003	MERRILL FRONTAGE - VIEW 3	L2.1	GROUND LEVEL - LANDSCAPE PLAN
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Issue Set / Revisions		
No.	Description	Date
01	PLANNING RESUBMITTAL	12.01.17
02	STUDY SESSION	01.18.18
03	PLANNING RESUBMITTAL 2	03.19.18

North

1125 MERRILL
1125 MERRILL STREET
MENLO PARK, CA 94025

Date: 03.19.18
Drawn by: JCH
Scale:

TITLE SHEET

Sheet number

A000



MERRILL FRONTAGE - VIEW 2

FIELD ARCHITECTURE

974 COMMERCIAL ST. STE 104
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650.402.8554

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MERRILL FRONTAGE - VIEW 2

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A002

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MERRILL FRONTAGE - VIEW 4

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**MERRILL
FRONTAGE -
VIEW 4**

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A004

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SANTA CRUZ - GARAGE VIEW

FIELD ARCHITECTURE

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SANTA CRUZ - GARAGE VIEW

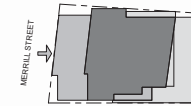
Sheet number

A006

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KEY NOTES

- | | | |
|---|---|--|
| 1A NATURAL STONE - HAUSMAN LONDON GREY LIMESTONE | 8 SS CABLE GUARDRAIL | 12 ELEC & GAS METERS |
| 1B NATURAL STONE - HAUSMAN LAVE NOIRE LIMESTONE | 7 PLANTERS IN MEDIUM GRAY FINISH W/ CLIPS | 13 CIP CONCRETE BENCH W/ WOOD SLAT SEAT |
| 2 INTEGRAL COLOR, SMOOTH TEXTURED STUCCO W/ METAL TRIM DETAIL | 9 PLANTED GREEN WALL - 4" WIRE MESH | 14 MTL SIGNAGE PTD TO MATCH MULLIONS, 5'-10" x 5'-0" |
| 3 WESTERN RED CEDAR SIDING W/ CLEAR COAT BY SIKKENS OR SIM | 9 PERFORATED METAL PANEL PTD TO MATCH STUCCO | 15 MTL CANOPY WITH SIGNAGE BELOW, 5'H X 5'H MAX PER LETTER |
| 4 METAL DOORS & WINDOWS | 10 PERFORATED METAL PANEL AUTOMATIC GARAGE DOOR | |
| 5 BLACKENED STEEL | 11 BACKFLOW PREVENTER & FDC | |



2 KEY PLAN - NORTH
1" = 40'-0"



1 ELEVATION - NORTH/FRONT
1/4" = 1'-0"



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ARCHITECTURE

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North

1125 MERRILL

1125 MERRILL STREET
MENLO PARK, CA 94025

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Scale As indicated

ELEVATION - NORTH/FRONT

Sheet number

A200

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ALLOWABLE AREA OF OPENINGS PER CBC TABLE 705.8

GROUND LEVEL:
SURFACE AREA 92' 3" X 15' = 1384 SF
ALLOWABLE OPENING 5' TO LESS THAN 5' 15% = 206 SF
5' TO LESS THAN 10' 25% = 346 SF
OPENING A (3' to 5') 4' 6" X 7' 1" = 32 SF OK

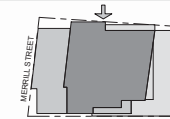
LEVEL 2:
SURFACE AREA 65' 1" X 12' 6" = 825 SF
ALLOWABLE OPENING 5' TO LESS THAN 10' 25% = 206 SF
OPENING B (6' to >10') 2' 6" X 11' 10" = 30 SF OK
OPENING C (2' to >10') 2' 6" X 11' 10" = 30 SF OK
OPENING SURFACE LOCATED 30' OR GREATER FROM PROPERTY LINE. NO LIMIT ON ALLOWABLE AREA OF OPENING

LEVEL 3:
SURFACE AREA 60' 6" X 12' 6" = 767 SF
ALLOWABLE OPENING 15' TO LESS THAN 20' 75% = 575 SF
OPENING D (15' to >20') 2' 6" X 11' 10" = 30 SF OK
LEVEL 4:
SURFACE AREA 60' 6" X 12' 6" = 767 SF
ALLOWABLE OPENING 15' TO LESS THAN 20' 75% = 575 SF
OPENING E (15' to >20') 2' 6" X 11' 10" = 30 SF OK

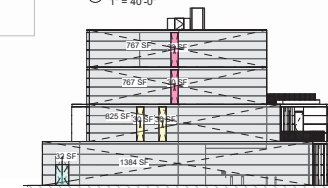
KEY NOTES

- 1A NATURAL STONE - HAUSSMAN LONDON GREY LIMESTONE
- 1B NATURAL STONE - HAUSSMAN LAIVE NOIRE LIMESTONE
- 2 INTEGRAL COLOR, SMOOTH TEXTURED STUCCO W/ METAL TRIM DETAIL
- 3 WESTERN RED CEDAR SIDING W/ CLEAR COAT BY SHIGEMIS OR SIM
- 4 METAL DOORS & WINDOWS
- 5 BLACKENED STEEL
- 6 SS CABLE GUARDRAIL
- 7 PLANTERS IN MEDIUM GRAY FINISH
- 8 PLANTED GREEN WALL - 4" WIRE MESH W/ CLIPS
- 9 PERFORATED METAL PANEL PTD TO MATCH STUCCO
- 10 PERFORATED METAL PANEL AUTOMATIC GARAGE DOOR
- 11 BACKFLOW PREVENTER & FDC
- 12 ELEC & GAS METERS
- 13 CIP CONCRETE BENCH W/ WOOD SLAT SEAT
- 14 MTL SIGNAGE PTD TO MATCH MULLIONS, 3'-10"H X 9'-0"W
- 15 MTL CANOPY WITH SIGNAGE BELOW, 5'H X 5'H MAX PER LETTER

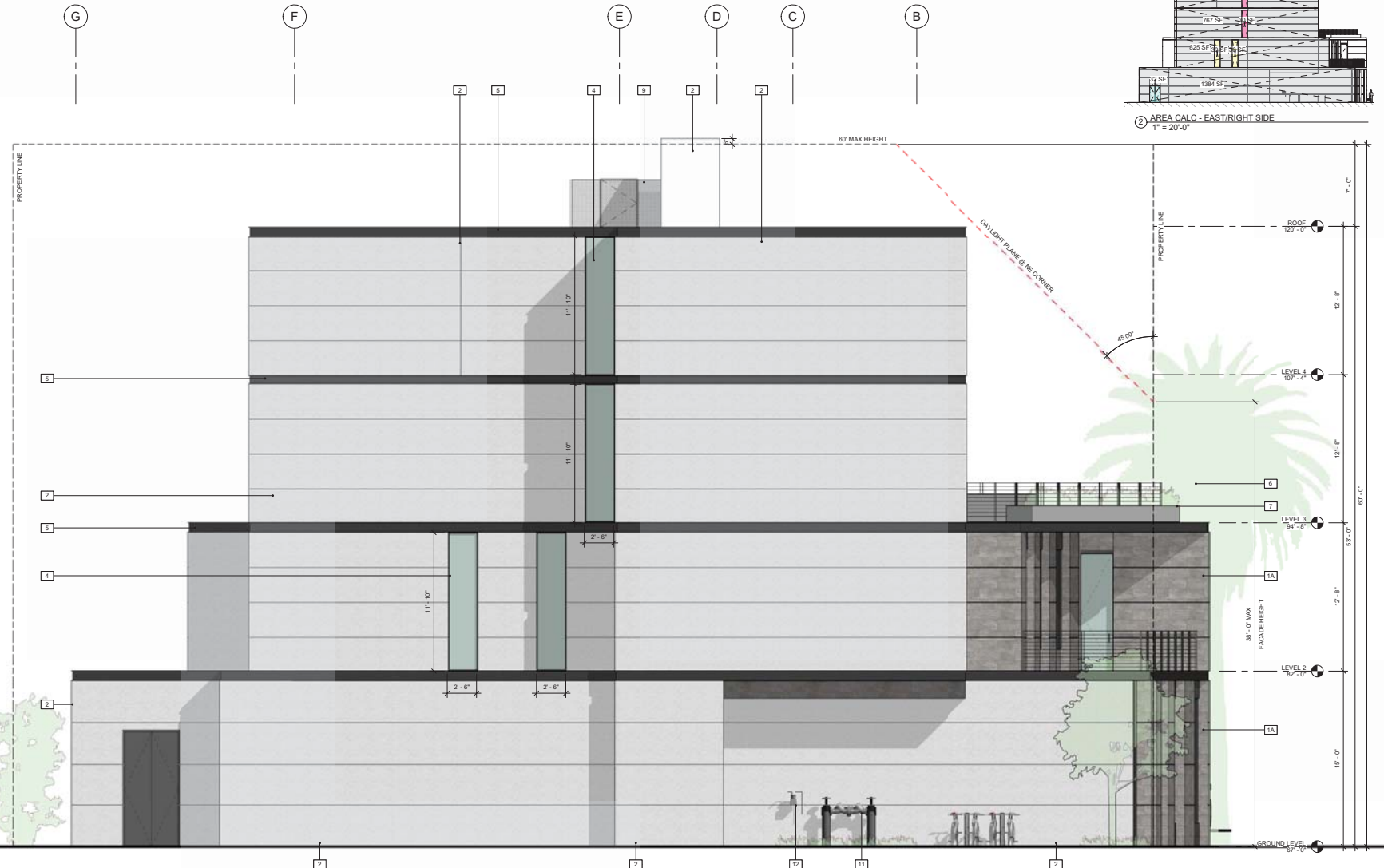
- WALL SURFACE
- OPENING 3' TO LESS THAN 5'
- OPENING 5' TO LESS THAN 10'
- OPENING 15' TO LESS THAN 20'



KEY PLAN - EAST
1" = 40'-0"



AREA CALC - EAST/RIGHT SIDE
1" = 20'-0"



1 ELEVATION - EAST/RIGHT SIDE
1/4" = 1'-0"



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Date 03.19.18
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Scale As Indicated

ELEVATION - EAST/RIGHT SIDE

Sheet number

A201

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ALLOWABLE AREA OF OPENINGS PER CBC TABLE 705.8

GROUND LEVEL:
SURFACE AREA 58' 4" X 15' = 875 SF

ALLOWABLE OPENING
5' TO LESS THAN 10' 25% = 219 SF

OPENING (5' to >10') 22' X 9' 11" = 218 SF

LEVEL 2, 3 & 4:
OPENING SURFACE LOCATED 30' OR GREATER FROM
PROPERTY LINE. NO LIMIT ON ALLOWABLE AREA OF OPENING.

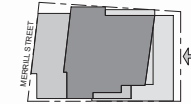
KEY NOTES

- | | | |
|--|--|---|
| 1. NATURAL STONE - HAUSSMAN LONDON GREY LIMESTONE | 6. SS CABLE GUARDRAIL | 12. ELEC & GAS METERS |
| 2. NATURAL STONE - HAUSSMAN LAVE NOIRE LIMESTONE | 7. PLANTERS IN MEDIUM GRAY FINISH W/ GLIPS | 13. CIP CONCRETE BENCH W/ WOOD SLAT SEAT |
| 3. INTEGRAL COLOR, SMOOTH TEXTURED STUCCO W/ METAL TRIM DETAIL | 8. PLANTED GREEN WALL - 4" WIRE MESH W/ GLIPS | 14. MTL SIGNAGE PTD TO MATCH MULLIONS, 3'-10 1/2" X 5'-0 1/2" |
| 4. WESTERN RED CEDAR SIDING W/ CLEAR COAT BY SIKENS OR SIM | 9. PERFORATED METAL PANEL PTD TO MATCH STUCCO | 15. MTL CANOPY WITH SIGNAGE BELOW, 5'H X 5'H MAX PER LETTER |
| 5. METAL DOORS & WINDOWS | 10. PERFORATED METAL PANEL AUTOMATIC GARAGE DOOR | |
| 6. BLACKENED STEEL | 11. BACKFLOW PREVENTER & FDC | |

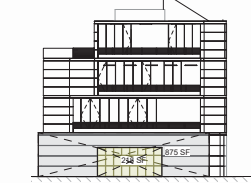
- WALL SURFACE
- OPENING 3' TO LESS THAN 5'
- OPENING 5' TO LESS THAN 10'
- OPENING 15' TO LESS THAN 20'



1 ELEVATION - SOUTH/REAR
1/4" = 1'-0"



3 KEY PLAN - SOUTH
1" = 40'-0"



2 AREA CALC - SOUTH/REAR
1" = 20'-0"

FIELD
ARCHITECTURE

974 COMMERCIAL ST. STE 104
PALO ALTO, CA 94303
(650) 462-8554

Issue Set / Revisions		
No.	Description	Date
01	PLANNING RESUBMITTAL	12.01.17
02	PLANNING RESUBMITTAL 2	03.19.18

North

1125 MERRILL
1125 MERRILL STREET
MENLO PARK, CA 94025

Date	03.19.18
Drawn by	JCH
Scale	As Indicated

ELEVATION -
SOUTH/REAR

Sheet number

A202



ALLOWABLE AREA OF OPENINGS PER CBC TABLE 705.8

LEVEL 2:
SURFACE AREA 84' 1" X 12' 8" = 1065 SF
ALLOWABLE OPENING 10 TO LESS THAN 15' 45% = 479 SF
OPENING A (10' TO <15') 3' 2" X 11' 10" = 37 SF OK

LEVEL 3:
SURFACE AREA 52' 1" X 12' 8" = 660 SF
ALLOWABLE OPENING 10 TO LESS THAN 15' 45% = 297 SF
OPENING B (10' to >15') 3' 2" X 11' 10" = 37 SF OK

LEVEL 4:
SURFACE AREA 50' 4" X 12' 8" = 638 SF
ALLOWABLE OPENING 15 TO LESS THAN 20' 75% = 479 SF
OPENING C (15' to >20') 3' 2" X 11' 10" = 37 SF OK

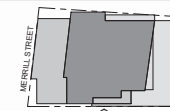
KEY NOTES

- 1A NATURAL STONE - HAUSSMAN LONDON GREY LIMESTONE
- 1B NATURAL STONE - HAUSSMAN LAVE NOIRE LIMESTONE
- 2 INTEGRAL COLOR, SMOOTH TEXTURED STUCCO W/ METAL TRIM DETAIL
- 3 WESTERN RED CEDAR SIDING W/ CLEAR COAT BY SIKKENS OR SIM
- 4 METAL DOORS & WINDOWS
- 5 BLACKENED STEEL

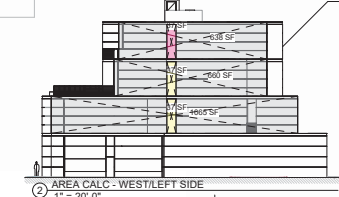
- 6 SS CABLE GUARDRAIL
- 7 PLANTERS IN MEDIUM GRAY FINISH
- 8 PLANTED GREEN WALL - 4" WIRE MESH W/ GLIPS
- 9 PERFORATED METAL PANEL PTD TO MATCH STUCCO
- 10 PERFORATED METAL PANEL AUTOMATIC GARAGE DOOR
- 11 BACKFLOW PREVENTER & FDC

- 12 ELEC & GAS METERS
- 13 CIP CONCRETE BENCH W/ WOOD SLAT SEAT
- 14 MTL SIGNAGE PTD TO MATCH MULLIONS, 3' 10" X 5' 0" W
- 15 MTL CANOPY WITH SIGNAGE BELOW, 5' H X 5' H MAX PER LETTER

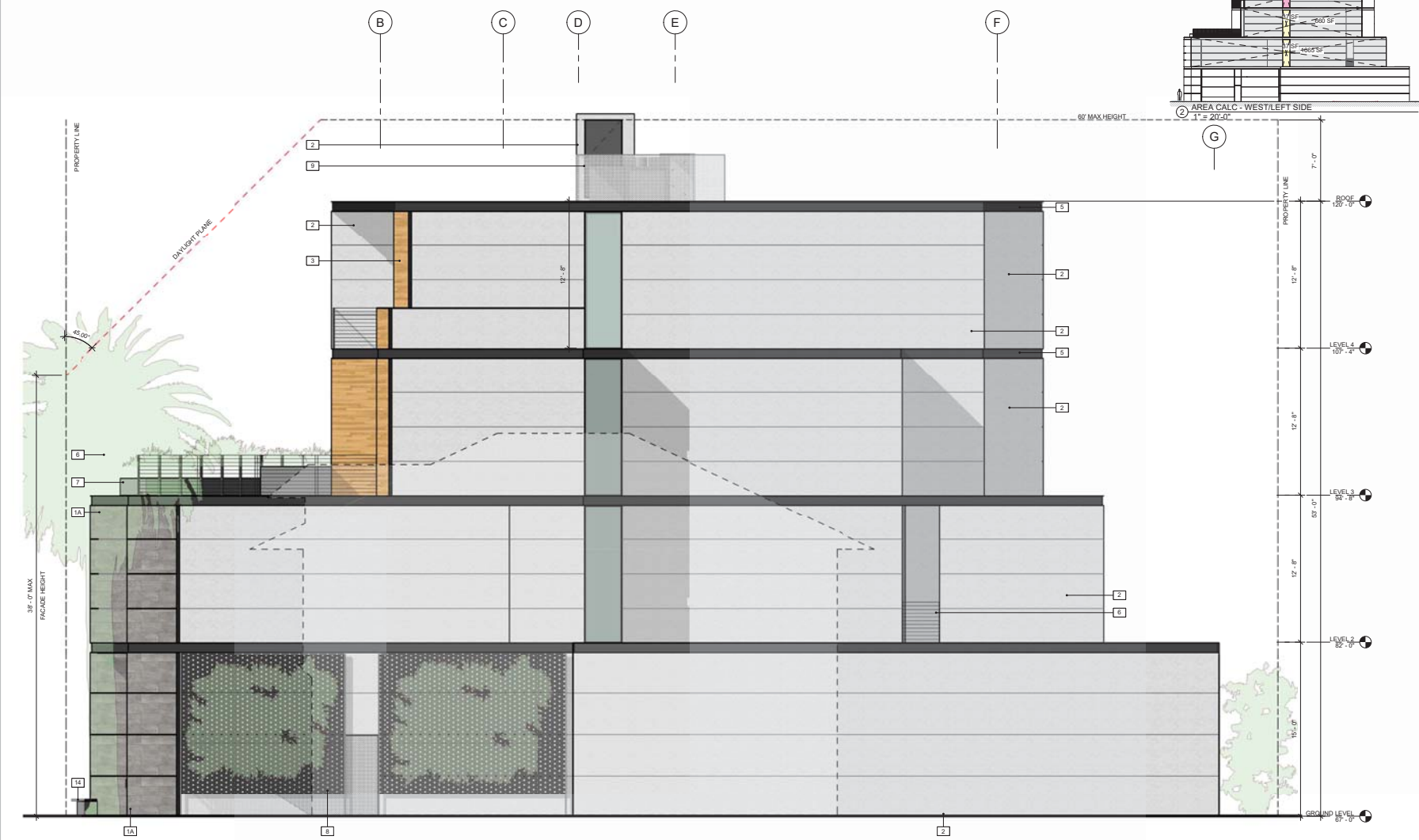
- WALL SURFACE
- OPENING 3' TO LESS THAN 5'
- OPENING 5' TO LESS THAN 10'
- OPENING 15' TO LESS THAN 20'



3 KEY PLAN - WEST
1" = 40'-0"



2 AREA CALC - WEST/LEFT SIDE
1" = 20'-0"



1 ELEVATION - WEST/LEFT SIDE
1/4" = 1'-0"



FIELD
ARCHITECTURE

974 COMMERCIAL ST., STE 104
PALO ALTO, CA 94303
650.462.9554

Issue Set / Revisions		
No.	Description	Date
01	PLANNING RESUBMITTAL	12.01.17
02	PLANNING RESUBMITTAL 2	03.19.18

North

1125 MERRILL
1125 MERRILL STREET
MENLO PARK, CA 94025

Date 03.19.18
Drawn by LV
Scale As Indicated

ELEVATION - WEST/LEFT SIDE

Sheet number

A203

3/19/2018 14:40 PM



Sheppard, Mullin, Richter & Hampton LLP
Four Embarcadero Center, 17th Floor
San Francisco, California 94111-4109
415.434.9100 main
415.434.3947 fax
www.sheppardmullin.com

415.774.3143 direct
JRenk@sheppardmullin.com

March 5, 2018

VIA ELECTRONIC MAIL ONLY

Corinna D. Sandmeier
Associate Planner
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025
E-Mail: cdsandmeier@menlopark.org

Re: 506/556 Santa Cruz Avenue and 1125 Merrill--Draft BMR Term Sheet

Dear Corinna:

We are writing again on behalf of the developers of the three projects located at 506 Santa Cruz Street, 556 Santa Cruz Street, and 1125 Merrill ("Project") in Menlo Park, CA ("City"). We have further revised the Draft BMR Term Sheet submitted in February. Now, the proposed projects would create nine (9) residential rental units and 12,391 square feet of net new commercial gross floor area. The three projects collectively are subject to Chapter 16.96 of the City's Municipal Code ("BMR Ordinance") and the Below Market Rate Housing Program Guidelines ("Guidelines").

Consequently, my clients are required to provide 0.6 units to satisfy the commercial requirements of the BMR Ordinance, as well as 0.8 units to satisfy the residential requirement—for a total of 1.4 BMR units. The BMR Ordinance allows for an applicant to satisfy the residential BMR requirement by providing BMR units off-site on property controlled by the applicant that is zoned for residential uses.

My clients own the property located at 1162 El Camino Real around the corner from the subject sites on Santa Cruz and Merrill Streets ("ECR Property"). They intend to develop the ECR Property as a residential project with approximately 12 units and expect to apply for the necessary entitlements shortly after the Projects are approved. Given the financial feasibility and operational challenges associated with providing the one (1) on-site BMR unit within the Project, my clients are willing to provide an extra BMR unit on the ECR Property, so that the City gets an extra BMR unit, for a total of two (2), directly around the corner from the Project.

Recognizing that there may be some concerns with respect to the timing and ability to deliver these off-site units, my clients are willing to agree to reasonable triggers that would obligate certain performance. For example, my clients would agree to a condition of approval that requires the ECR Property to be entitled for the residential units within two (2) years (with an extension) of pulling building permits for the Project or, alternatively, they would agree to pay double the in lieu fee if they fail to perform. We appreciate the opportunity to work with staff to



Corinna D. Sandmeier
March 5, 2018
Page 2

craft a fair and reasonable mechanism that will give the decision-makers comfort about these off-site units.

We request that staff recommend approval of the off-site BMR units as allowed in the City's BMR Ordinance and under the terms stated in the draft BMR Term Sheet, attached hereto. This alternative will provide an extra BMR unit in furtherance of the City's affordable housing goals.

Thank you for your consideration.

Sincerely,

//signed//

Jennifer E. Renk
for SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

SMRH:485418361.2
Attachment



STAFF REPORT

Housing Commission

Meeting Date:

4/11/2018

Staff Report Number:

18-006-HC

Regular Business:

Consider recommending approval of a Below Market Rate housing agreement term sheet with Michal Smulski for 409 Glenwood Ave., 417 Glenwood Ave., and 1357 Laurel St.

Recommendation

Staff recommends that the Housing Commission recommend approval of the draft Below Market Rate (BMR) term sheet ("Term Sheet") for one on-site BMR rental as part of an eight-unit residential development at 409-417 Glenwood Ave. and 1357 Laurel St., as described in the draft term sheet (Attachment A).

Policy Issues

Each BMR agreement is considered individually. The Housing Commission should consider whether the proposal would be in compliance with the BMR Housing Program requirements and the BMR ordinance.

Background

The subject property is located at 409 Glenwood Ave., 417 Glenwood Ave., and 1357 Laurel St. in the R-3 (Apartment District) zoning district. The subject property is a corner lot with frontages on Glenwood Avenue and Laurel Street. The subject property is currently developed with three residences, including two two-story residences (409 Glenwood Ave. and 417 Glenwood Ave.) and one one-story residence (1357 Laurel St.). The two-story residence addressed 417 Glenwood Ave. is a historic structure that was originally constructed in the 1890s. The residences at 409 Glenwood Ave. and 1357 Laurel St. were constructed at a later date and are not considered historic. The property is currently accessed by a driveway on Glenwood Avenue.

Using Glenwood Avenue in the north to south orientation, properties to the south and east of the subject site are also located in the R-3 zoning district, and are developed with residential uses. The properties to the west and across Glenwood Avenue are located in the R-1-S and R-1-U Single-Family Residential zoning districts and are single-family residences. The properties to the north and across Laurel Street are located in the Town of Atherton and are single-family residences. A location map is included as Attachment B.

Analysis

The applicant's BMR proposal letter and select sheets from the project plans are included as Attachments C and D, respectively.

Project description

The applicant is proposing to demolish the existing two-story and one-story residential buildings, relocate the historic two-story residential building onsite, and construct two new two-story multi-family buildings with an underground parking garage. One building would include three dwelling units and one would include four dwelling units. The project would result in an increase of five units, for a total of eight units at the project site. The residential units would include two one-bedroom units, five two-bedroom units, and one four-bedroom historic home. Parking would be provided by a below-grade parking garage serving all three buildings. Access to the site would be provided by a driveway on Laurel Street.

The proposed buildings are designed in craftsman architectural style. The three-unit building would front Laurel Street and the four-unit building would front Glenwood Avenue. The proposed residential units would be two-story townhouse-style designs, with living area on the first level and bedrooms on the second level. All the units would have private open space and direct access provided by private decks/landings facing the interior of the site. Access to the below grade garage would be provided by a separate stair and elevator along the Laurel Street frontage. The proposal is subject to additional review and refinement prior to Planning Commission action.

BMR Housing Program requirement

The applicant is required to comply with Municipal Code Chapter 16.96 ("BMR Ordinance"), and with the BMR Housing Program Guidelines adopted by the City Council to implement the BMR ordinance ("BMR Guidelines") since the project includes more than five residential units. Previously rental projects were not subject to the City's BMR requirements; however, new state laws require rental housing projects to comply with the same BMR requirements as for-sale projects. In accordance with the City's BMR guidelines, for residential developments of five to nine units it is preferred that the developer provide one unit at below market rates to very low- or low-income households on-site. The BMR ordinance requires the applicant to submit a Below Market Rate housing proposal for review by the Housing Commission.

Residential use of the property is allowed by the applicable zoning regulations, and the project includes eight residential units. The applicant is proposing to satisfy the project's BMR obligation through the provision of one low-income level BMR rental unit on-site. Based on previous comments by the Housing Commission, staff believes that the creation of the new BMR on-site unit (as opposed to payment of an in-lieu fee) is a positive, and that provision of such units in and around the El Camino Real corridor is also generally desired.

The proposed BMR unit would be located in the three unit building fronting Laurel Street and would be a one-bedroom, one-and-a-half-bathroom unit. The total size of the unit would be approximately 825 square feet. According to the applicant, the exteriors of the BMR units would be indistinguishable from those of the market-rate units, and the interiors of the BMR units would be similar to those of the market-rate units. The BMR unit would be assigned parking in the below-grade parking garage. Select plan sheets that include floor plans of the individual units are provided in Attachment D. Since the one-bedroom BMR unit would be equivalent in size as to the market-rate one-bedroom unit, staff believes that the BMR Guidelines requirements for BMR unit characteristics is met.

At this time, the Housing Commission should review the draft term sheet and provide guidance to staff, the applicant, and the Planning Commission. The draft term sheet would be used to inform the draft BMR agreement, which would subsequently be reviewed and acted on by the Planning Commission.

Correspondence

Staff has not received any correspondence regarding the BMR proposal.

Conclusion

Staff believes that the applicant's proposal of one on-site BMR unit would meet the BMR requirements. Further, the location of this BMR unit near the El Camino Real corridor would be generally considered a positive. Staff recommends that the Housing Commission recommend to the Planning Commission approval of the on-site BMR unit under the terms stated in the draft BMR agreement term sheet.

Impact on City Resources

The project sponsor is required to pay Planning, Building and Public Works permit fees, based on the City's Master Fee Schedule, to fully cover the cost of staff time spent on the review of the project.

Environmental Review

The proposed project will be evaluated with respect to compliance with the California Environmental Quality Act (CEQA) as part of the Planning Commission action. BMR direction is not an action under CEQA, so environmental review is not required by the Housing Commission.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Draft BMR agreement term sheet
- B. Location map
- C. 409 Glenwood Ave. BMR proposal
- D. Excerpts of project plans

Report prepared by:

Kaitie Meador, Associate Planner

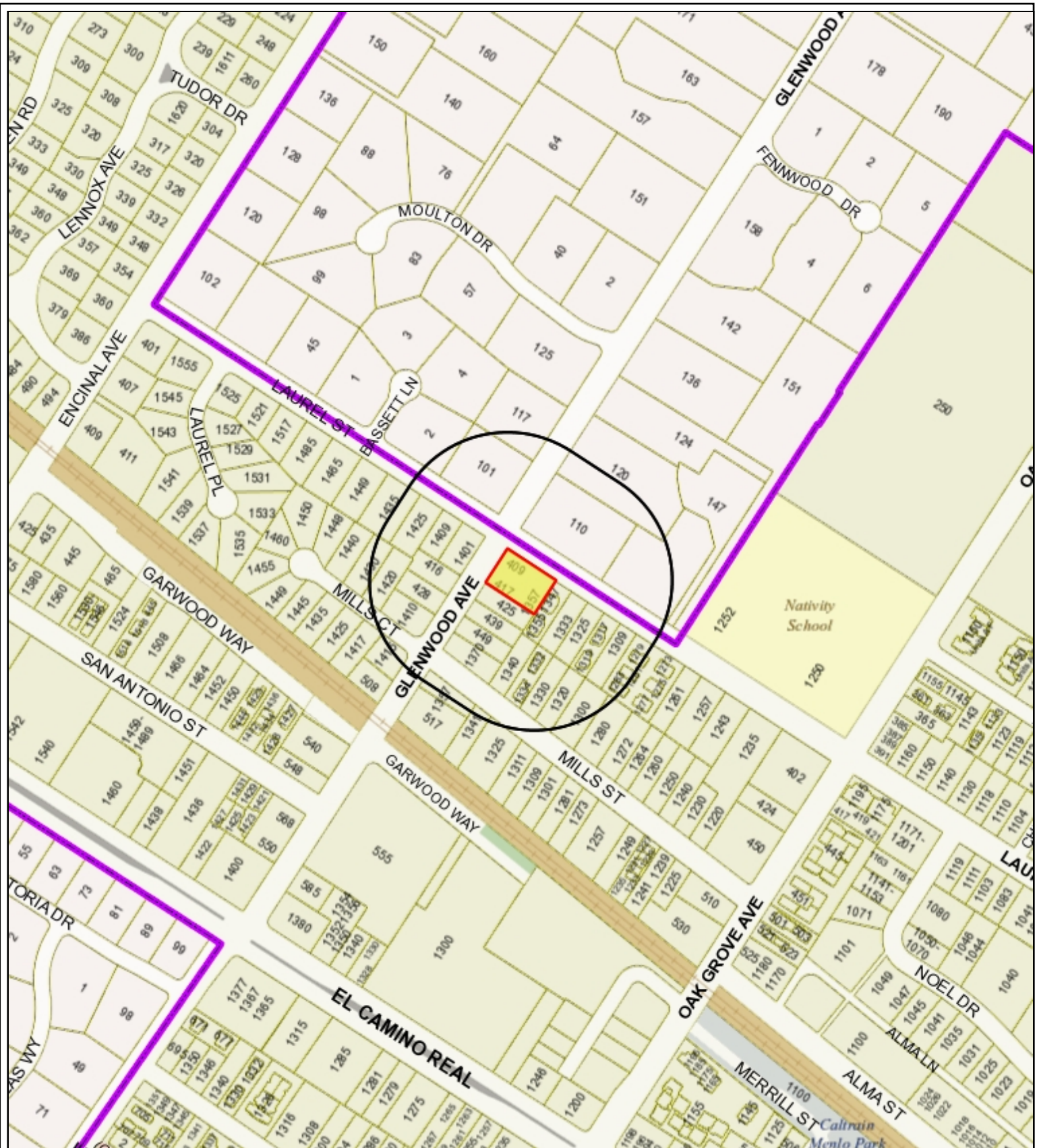
Report reviewed by:

Thomas Rogers, Principal Planner

409 Glenwood Avenue

Draft Below Market Rate (BMR) Housing Proposal

1. Applicant owns property known as Assessor's Parcel Number: 061-401-010 ("Property"), more commonly known as 409 Glenwood Avenue, 417 Glenwood Avenue, and 1357 Laurel Avenue, Menlo Park;
2. Applicant is requesting architectural control approval for the demolition of one, two-story residence and one, one-story residence addressed 409 Glenwood and 1357 Laurel Street, relocation of an existing two-story residence addressed 417 Glenwood on-site, and construction of two new two-story multifamily buildings with an underground parking garage in the R-3 (Apartment District) zoning district. As part of the project, a use permit would be requested for excavation within the required front setback for egress stairs. One heritage tree is proposed for removal as part of the project;
3. The residential units consist of more than five units therefore, Applicant is required to comply with Chapter 16.96 of City's Municipal Code ("BMR Ordinance") and with the Below Market Rate Housing Program Guidelines ("Guidelines") adopted by the City Council to implement the BMR Ordinance;
4. The project would include eight residential rental units which would result in a requirement of one BMR housing unit or in-lieu fee payment;
5. Applicant has elected to satisfy the BMR requirement for the proposed project by providing one on-site BMR unit;
6. The characteristics of the BMR units shall be in conformance with Section 5 of the BMR Guidelines;
7. The eligibility requirements for the BMR units shall be established as set forth in Section 6 of the BMR Guidelines;
8. The BMR waiting list for rental units shall be established as set forth in Section 7 of the BMR Guidelines; and
9. The residential component of the proposal is rental, and as such the BMR units shall meet the rental requirements set forth in Section 11 of the BMR Guidelines.



City of Menlo Park
Location Map
409 Glenwood Avenue



ATTACHMENT C
RECEIVED

January 20, 2018

MAR 19 2018

CITY OF MENLO PARK
BUILDING DIVISION

Kaitie Meador
Associate Planner
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

Subject: BMR Housing Proposal – 409 Glenwood Avenue, Menlo Park, CA

Dear Ms. Meador,

We are pleased to provide this letter with the submittal of our application for our proposed multi-family housing project at 409 Glenwood Avenue, Menlo Park. As previously expressed, our project consists of eight (8) for rent residential units with a mix of two (2) one-bedroom/ 1 ½-bath units, five (5) two-bedroom/ 2 ½-bath units between two new multi-story buildings, and one (1) four-bedroom/ 2-bath historic home, which will change locations on the site to accommodate the remainder.

We would like to offer Below Market Rate (BMR) housing to the City of Menlo Park as a confirmation of our commitment to the local community. We will commit 1 one-bedroom rental unit, or 12.5% of our on-site units as BMR housing for low-income levels.

We believe that our project and BMR proposal will positively benefit Menlo Park, and we are pleased to provide a measure of support for some of your residents. We look forward to working with you and the City staff to create a successful project for everyone.

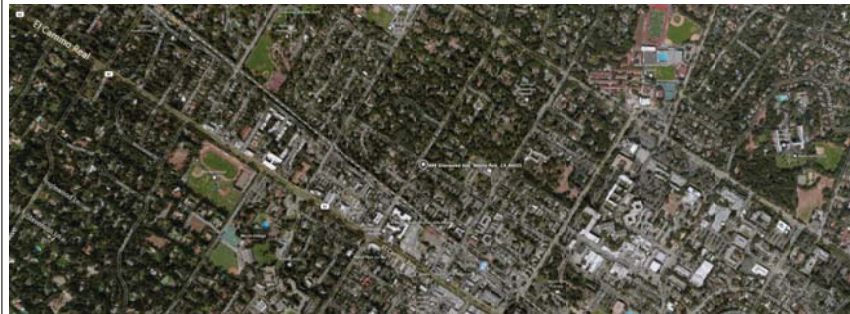
Sincerely,

Michal Smulski
Owner

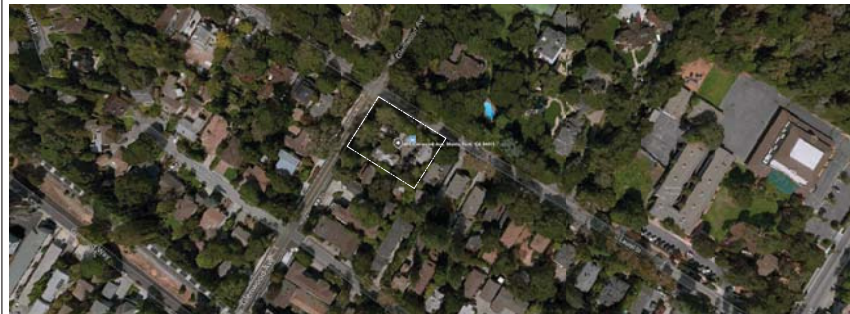
SYMBOL LEGEND

	DETAIL NUMBER/ SHEET		FLUORESCENT STRIP LIGHT
	ELEVATION NUMBER/ SHEET		UNDER CABINET FLUORESCENT
	SECTION NUMBER/ SHEET		SINGLE SWITCH
	ELEVATION REFERENCE		DOUBLE SWITCH
	DOOR NUMBER		3-WAY SWITCH
	WINDOW TYPE		DIMMER
	ROOM NUMBER		RECEPTACLE OUTLET
	DIMENSION		GFI RECEPTACLE OUTLET
	ALIGN		GFI RECEPTACLE OUTLET W/ WEATHER PROOF COVER
	CENTER LINE		SWITCH OPERATED RECEPTACLE OUTLET
	NEW WALL		CABLE
	EXISTING WALL		HARD-WIRED SMOKE DETECTOR W/ BATTERY BACK-UP
	WALL TO BE DEMOLISHED		(E) SMOKE DETECTOR (BATTERY OPERATED)
	PENDANT LIGHT FIXTURE		HOSE BIBB
	WALL MOUNTED FIXTURE		DRYER EXHAUST VENT
	RECESSED DOWNLIGHT		EXHAUST FAN
	REVISION TO DRAWINGS - REVISION NUMBER & AREA OF CHANGE		

PROJECT LOCATION



VICINITY MAP



AREA MAP

DIRECTORY

OWNER: MICHAEL SMULSKI 4249 SUZANNE DRIVE PALO ALTO, CA 94306 msmulski@edvestiv.com	APPLICANT / ARCHITECT: G & S ARCHITECTURE MARK SUTHERLAND, AIA 650.815.9575 RICH GILLERN 415.860.6104 112 GROVELAND ST. PORTOLA VALLEY, CA 94028
ARBORIST: ADVANCED TREE CARE ROBERT WEATHERILL 965 E. SAN CARLOS AVE. SAN CARLOS, CA 94070 650.839.9539 rweather@pacbell.net	HISTORICAL CONSULTANT: RICHARD BRANDI HISTORIC PRESERVATION 125 DORCHESTER WAY. SAN FRANCISCO, CA 94127 415.753.5130 rbrandi@earthlink.net
CIVIL ENGINEER: LEA & BRAZE ENGINEERING, INC. 2495 INDUSTRIAL PARKWAY W. HAYWARD, CA 94545 JIM TOBY 510.887.4086 jtoby@leabrazec.com	LANDSCAPE ARCHITECT: LINN B. WINTERBOTHAM 1134 CRANE STREET, SUITE 216 MENLO PARK, CALIFORNIA 94025 650.823.0291 winterbotham@lps.net
LAND SURVEYING: W E C & ASSOCIATES 2625 MIDDLEFIELD RD #658 PALO ALTO, CA 94306 ED WU 650.823.6466 ed@weceng.com	



GLENWOOD AVENUE ELEVATION

DRAWING INDEX

ARCHITECTURAL PROJECT DATA A001 PROJECT DATA, SITE LOCATION, GENERAL NOTES	
CIVIL C.0 BOUNDARY & TOPOGRAPHIC SURVEY	
ARCHITECTURAL PROJECT DATA A002 ARCHITECTURAL SITE PLAN A003 SITE DEMOLITION PLAN, PHASE I A003.1 SITE CONSTRUCTION PLAN & STAGING PHASE II A003.2 SITE CONSTRUCTION PLAN & STAGING PHASES III & IV A003.3 SITE CONSTRUCTION PLAN & STAGING PHASES V A004 SITE AREA PLAN & ADJACENT BUILDING DIMENSIONS A005 SITE PLAN COVERAGE CALCULATIONS A006 PARKING GARAGE COVERAGE CALCULATIONS A007 BUILDING 1 & EGRESS COVERAGE CALCULATIONS A008 BUILDING 2 COVERAGE CALCULATIONS A009 BUILDING 3 COVERAGE CALCULATIONS A010 STREET COMBINED BUILDING ELEVATIONS A011 MATERIALS BOARD	
ARCHITECTURAL PLANS A100 PARKING GARAGE FLOOR PLAN A103 BUILDING 1 EXISTING / DEMO FLOOR PLANS A104 BUILDING 1 EXISTING / DEMO ROOF PLAN A105 BUILDING 1 PROPOSED FLOOR PLANS A106 BUILDING 1 PROPOSED ROOF PLAN A109 BUILDING 1 EXISTING ELEVATIONS A110 BUILDING 1 PROPOSED ELEVATIONS A111 BUILDING 1 PROPOSED ELEVATIONS A112 BUILDING 1 SECTIONS A200 BUILDING 2 FIRST & SECOND FLOOR PLAN A201 BUILDING 2 ROOF PLAN A204 BUILDING 2 ELEVATIONS A205 BUILDING 2 ELEVATIONS A206 BUILDING 2 SECTIONS A300 BUILDING 3 FIRST & SECOND FLOOR PLAN A301 BUILDING 3 ROOF PLAN A304 BUILDING 3 ELEVATIONS A305 BUILDING 3 ELEVATIONS A306 BUILDING 3 SECTIONS A400 EGRESS BUILDING MAIN FLOOR PLAN & ROOF PLAN A401 EGRESS BUILDING EXTERIOR ELEVATIONS	
LANDSCAPE L001 LANDSCAPE PLAN L002 BUILDING 2 LANDSCAPE ELEVATION 38 TOTAL SHEETS	

PROJECT DATA

PROJECT LOCATION:	409 GLENWOOD AVENUE MENLO PARK, CA 94025
PROJECT DESCRIPTION:	DEMOLISH SINGLE FAMILY HOME AT 409 GLENWOOD AVE. AND 1357 LAUREL STREET, RELOCATE HISTORICAL HOME FROM 417 GLENWOOD AVE. TO 409 GLENWOOD AVE.; REMOVE REAR PORTION, (WHICH IS NOT PART OF THE ORIGINAL HISTORIC HOUSE) REPLACE EXISTING WINDOWS ON SOUTH ELEVATION WITH NEW PATIO DOORS AND NEW LANDING.
PROPOSED 2 MULTI FAMILY RESIDENCES AT 417 GLENWOOD AVE. AND 1357 LAUREL STREET WITH UNDERGROUND PARKING FOR THE THREE PROPOSED BUILDINGS.	
APPLICABLE CODE:	2016 CALIFORNIA BUILDING STANDARDS CODE
APNL:	061-401-010
ZONING:	R-3
LOT AREA:	15,668 SF
OCCUPANCY GROUP:	R-2, R-3 & U
TYPE OF CONSTRUCTION:	TYPE V-B
STORIES:	2 STORY
FIRE SPRINKLER:	BUILDINGS TO BE FULLY SPRINKLERED
FLOOR AREA SUMMARY:	
LOT AREA	= 15,668 SF
BELOW GRADE GARAGE (NOT INCLUDED IN TOTAL F.A.R.)	
RAMP & PARKING	= 7,434.60 SF
BICYCLE PARKING	= 739.89 SF (EXEMPT)
RECYCLOGY / MECH	= 339.89 SF (EXEMPT)
TOTAL	= 8,514.38 SF
BUILDING 1 - 409 GLENWOOD AVE. - RELOCATED HISTORIC RESIDENCE	
1ST FLOOR	= 1,261.33 SF
2ND FLOOR	= 769.10 SF
TOTAL	= 2,030.43 SF
BUILDING 2 - 417 GLENWOOD AVE. - (4 NEW UNITS)	
1ST FLOOR	= 2,026.45 SF
2ND FLOOR	= 4,119.24 SF
TOTAL	= 6,145.69 SF
BUILDING 3 - 1357 LAUREL ST. - (3 NEW UNITS)	
1ST FLOOR	= 1,520.41 SF
2ND FLOOR	= 1,176.88 SF
TOTAL	= 2,697.29 SF
TOTAL FLOOR AREA	= 8,873.91 SF
ALLOWABLE FLOOR AREA	= 8,874.00 SF MAX.
BUILDING COVERAGE SUMMARY:	
LOT AREA	= 15,668 SF
BUILDING 1 - 409 GLENWOOD AVE. - RELOCATED SINGLE FAMILY HOUSE	
1ST FLOOR	= 1,166 SF
COVERED ENTRY PORCH	= 90 SF
TOTAL	= 1,256 SF
BUILDING 2 - 417 GLENWOOD AVE. - (4 NEW UNITS)	
1ST FLOOR	= 2,026 SF
COVERED PORCH	= 113 SF
TOTAL	= 2,139 SF
BUILDING 3 - 1357 LAUREL ST. - (3 NEW UNITS)	
1ST FLOOR	= 1,520 SF
COVERED PORCH	= 147 SF
TOTAL	= 1,667 SF
BUILDING 4 - ELEVATOR & COVERED STAIRS	
COVERED STAIR & ELEVATOR	= 139 SF
TOTAL LOT COVERAGE	= 5,192 SF
TOTAL ALLOWABLE COVERAGE	= 6,267 SF MAX.
LANDSCAPE AREA	
LOT AREA	= 15,668 SF
TOTAL LANDSCAPE AREA	= 7,288 SF
REQUIRED LANDSCAPE AREA	= 3,917 SF
TOTAL DRIVEWAY AREA	= 595 SF
TOTAL DRIVEWAY ALLOWABLE	= 5,483 SF
ALL GRADES TO REMAIN NATURAL	
BUILDING 1:	TWO STORY SINGLE-FAMILY RESIDENCE (4 BEDROOM RESIDENCE, REQUIRING 2 PARKING SPACES)
BUILDING 2:	MULTI-FAMILY RESIDENCE (4) TWO BEDROOM UNITS REQUIRING 8 PARKING SPACES)
BUILDING 3:	MULTI-FAMILY RESIDENCE (1) TWO BEDROOM UNIT + (2) ONE BEDROOM UNITS REQUIRING 5 PARKING SPACES)
BUILDING 4:	COVERED STAIR & ELEVATOR, REQUIRES (0) PARKING SPACES
BELOW GRADE GARAGE:	REQUIRES 15 PARKING SPACES. IN ADDITION, 2% OF TOTAL PARKING SPACES ARE REQUIRED TO BE ACCESSIBLE PARKING SPACES. 2% OF 15 = 1 ACCESSIBLE PARKING SPACE. 15 PARKING SPACES PROVIDED 1 ACCESSIBLE PARKING SPACE PROVIDED 16 TOTAL PARKING SPACES PROVIDED



(949) 210-0870 • www.gandsonline.com
118 Glenwood St. Menlo Park, CA 94025



THIS WORK WAS PREPARED BY ME OR UNDER MY SUPERVISION AND I AM A LICENSED PROFESSIONAL ENGINEER. I WILL BE AVAILABLE FOR CONSULTATION.

SMULSKI FAMILY RESIDENCES
MICHAEL SMULSKI
409 GLENWOOD AVENUE
MENLO PARK, CA 94025

PRINT RECORD

PURPOSE	DATE
Design Review	04/20/2017
Owner Review	04/07/2017
50% Progress	
70% Progress	
Blg. Dept. Submittal	
Initial CD Submittal	
100% Const. Document	
REVISION RECORD	

DRAWN: EPT

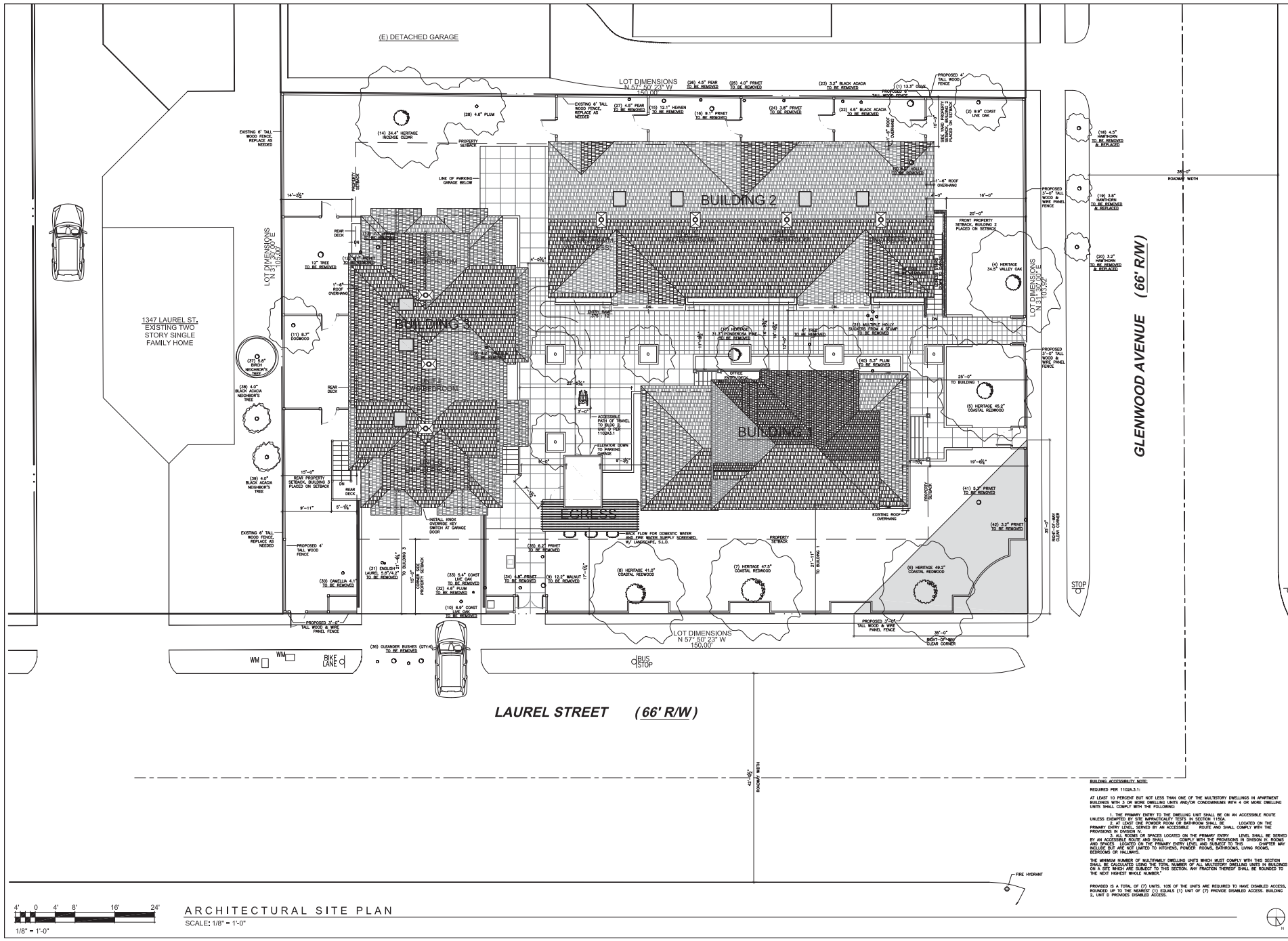
CHECKED: RG

DATE: 3/19/2018

SHEET TITLE:
PROJECT DATA,
SITE LOCATION,
GENERAL NOTES

SHEET

A001



650.310.0878 • www.gundarch.com
113 Greenwood St. Petaluma, CA 94958

THIS PROJECT HAS BEEN PREPARED BY ME OR UNDER MY CLOSE PERSONAL SUPERVISION AND I AM A LICENSED PROFESSIONAL ENGINEER IN THE STATE OF CALIFORNIA.

SMULSKI FAMILY RESIDENCES
MICHAEL SMULSKI
409 GLENWOOD AVENUE
MENLO PARK, CA 94025

PRINT RECORD

PURPOSE	DATE
Design Review	04/20/2017
Owner Review	04/07/2017
50% Progress	
70% Progress	
80% Progress	
90% Progress	
100% Const. Document	

REVISION RECORD

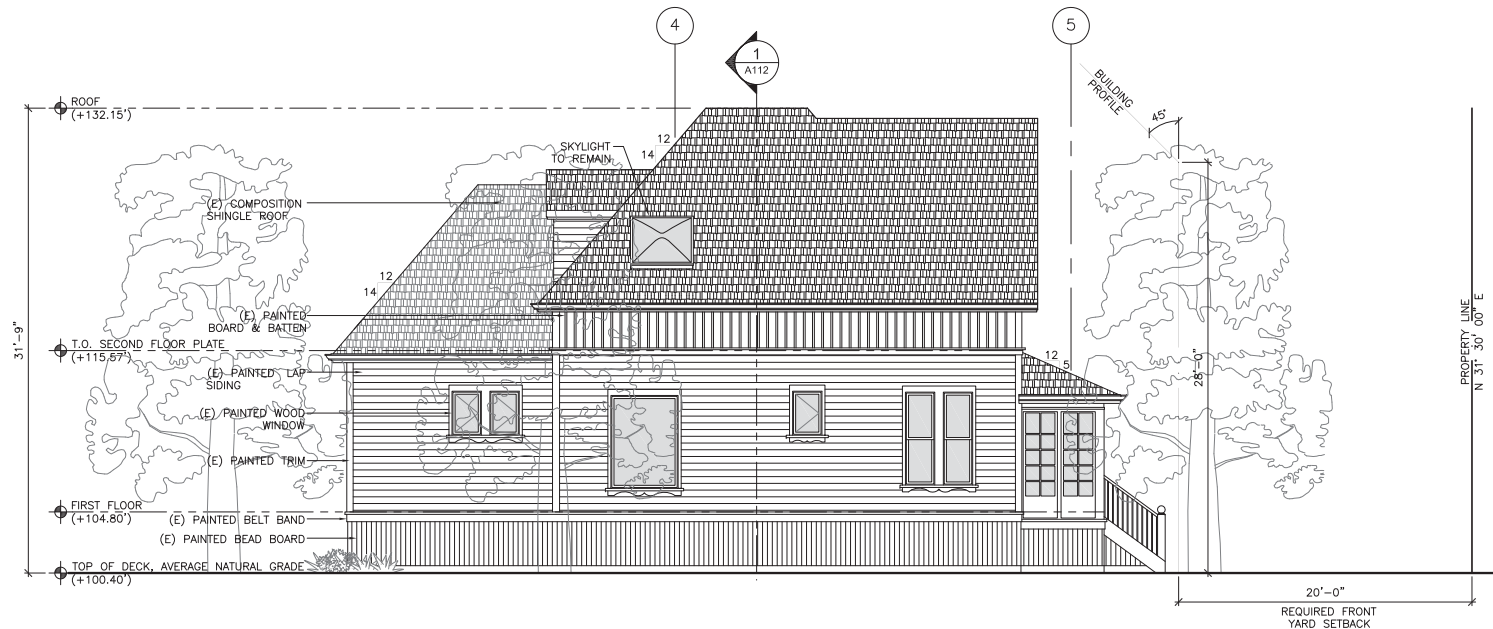
NO.	CHANGE	DATE
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DRAWN: EPT
CHECKED: RG
DATE: 3/19/2018

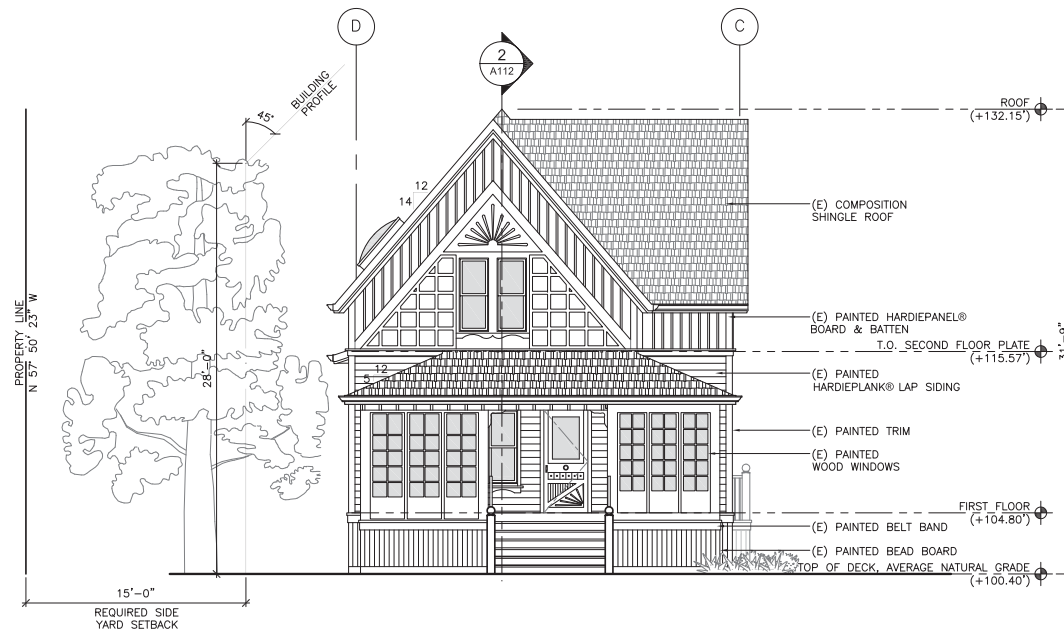
SHEET TITLE:
ARCHITECTURAL
SITE PLAN

SHEET
A002





2 NORTH ELEVATION
SCALE: 1/4" = 1'-0"



1 WEST ELEVATION
SCALE: 1/4" = 1'-0"

NOTE:
ALL EXISTING BUILDING
MATERIALS TO REMAIN OR
IF NEEDED DUE TO
CONDITIONS, REPLACE IN
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SMULSKI FAMILY RESIDENCES
MICHAL SMULSKI
409 GLENWOOD AVENUE
MENLO PARK, CA 94025

PRINT RECORD

PURPOSE	DATE
Design Review	04/20/2017
Owner Review	04/07/2017
50% Progress	
70% Progress	
Bldg. Dept. Submittal	
Initial CD Submittal	
100% Const. Document	
REVISION RECORD	

DRAWN: EPT

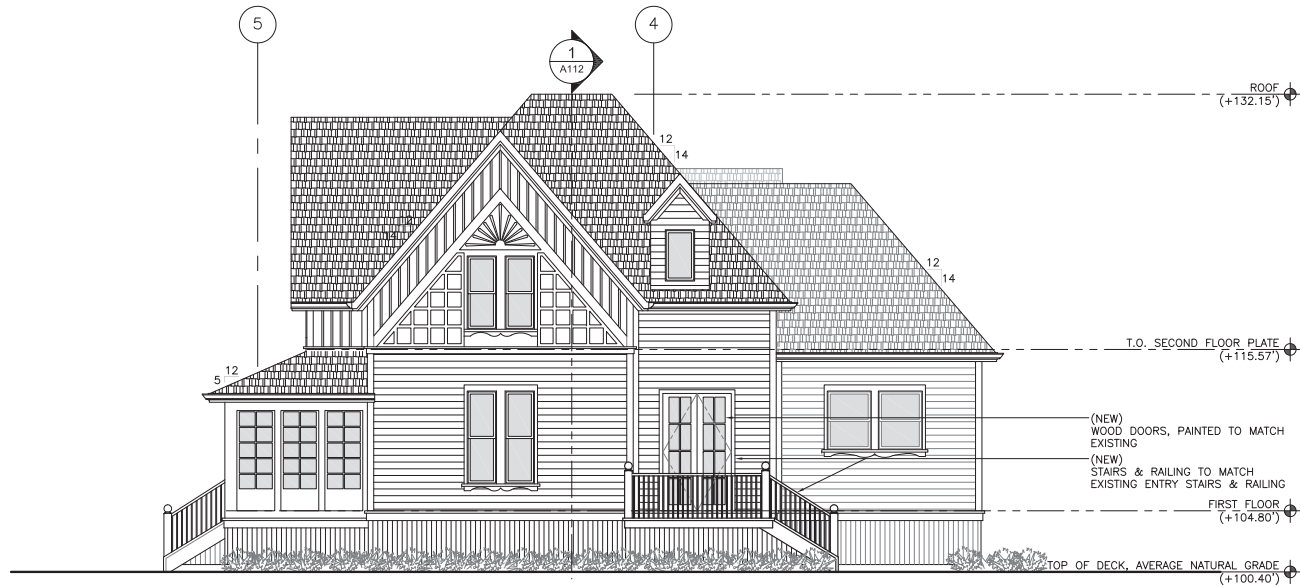
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DATE: 3/19/2018

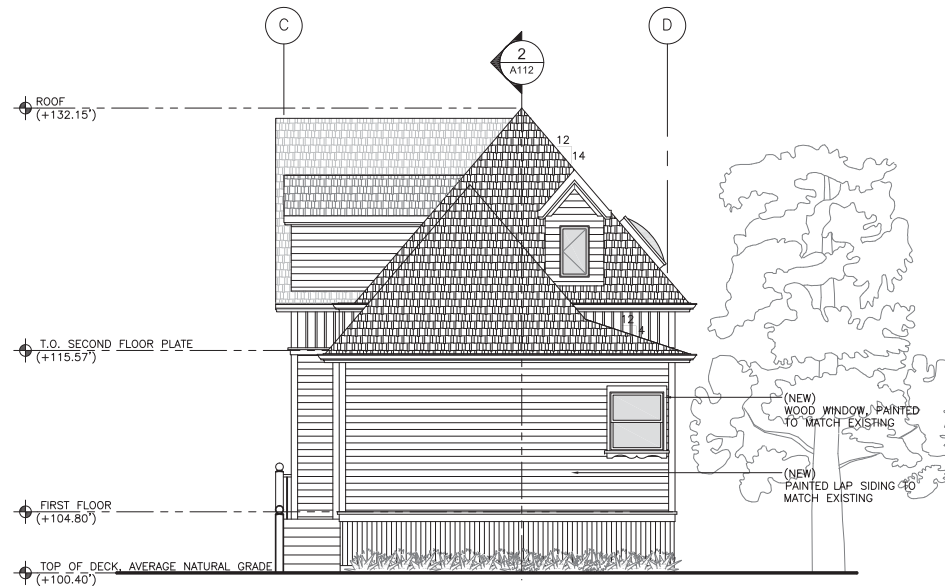
SHEET TITLE:
BUILDING 1
PROPOSED
ELEVATIONS

SHEET

A110



2 SOUTH ELEVATION
SCALE: 1/4" = 1'-0"



1 EAST ELEVATION
SCALE: 1/4" = 1'-0"

NOTE:
ALL EXISTING BUILDING
MATERIALS TO REMAIN OR
IF NEEDED DUE TO
CONDITIONS, REPLACE IN
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SMULSKI FAMILY RESIDENCES
MICHAL SMULSKI
409 GLENWOOD AVENUE
MENLO PARK, CA 94025

PRINT RECORD

PURPOSE	DATE
Design Review	04/20/2017
Owner Review	04/07/2017
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70% Progress	
Bldg. Dept. Submittal	
Initial CD Submittal	
100% Const. Document	
REVISION RECORD	

DRAWN: EPT

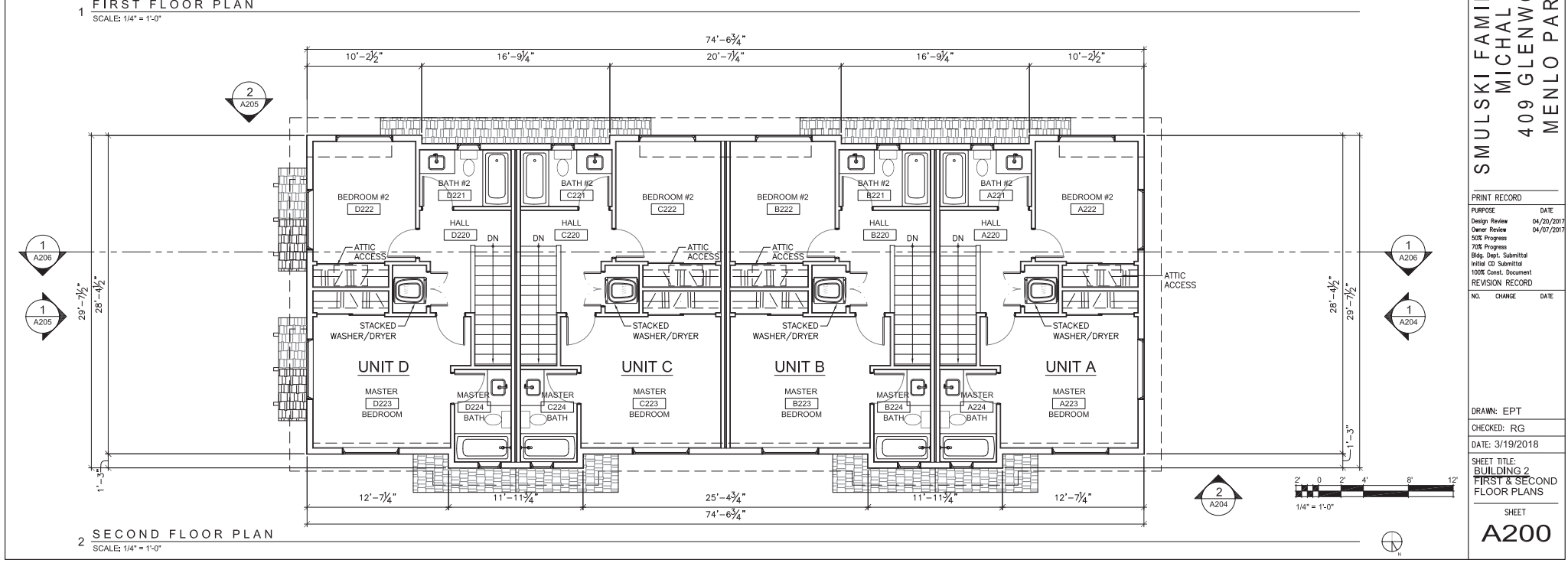
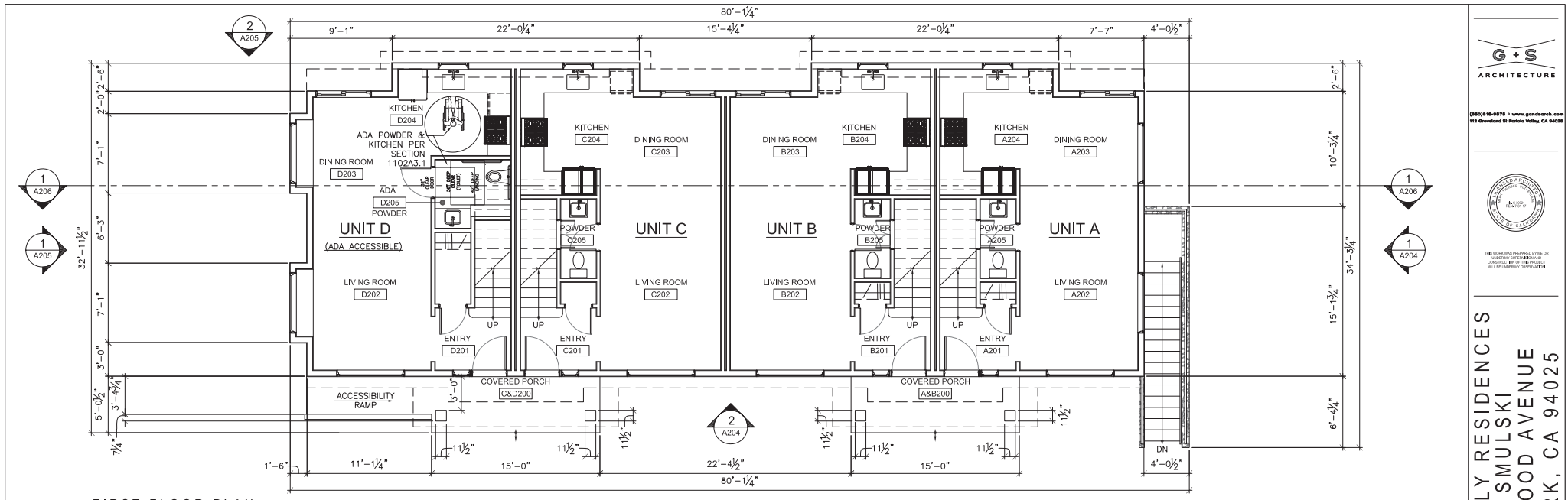
CHECKED: RG

DATE: 3/19/2018

SHEET TITLE:
BUILDING 1
PROPOSED
ELEVATIONS

SHEET

A111





G + S
ARCHITECTURE

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148 HOURS WAS ENDORSED BY THE CA
LICENSED PROFESSIONAL ENGINEER
16.3 SET UNDER THE BOARD OF CALIFORNIA

SMULSKI FAMILY RESIDENCES
MICHAEL SMULSKI
409 GLENWOOD AVENUE
MENLO PARK, CA 94025

PRINT RECORD		
PURPOSE	DATE	
Design Review	04/20/2017	
Owner Review	04/07/2017	
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70% Progress		
Bldg. Dept. Submitted		
Initial CD Submitted		
100% Const. Document		
REVISION RECORD		
NO.	CHANGE	DATE

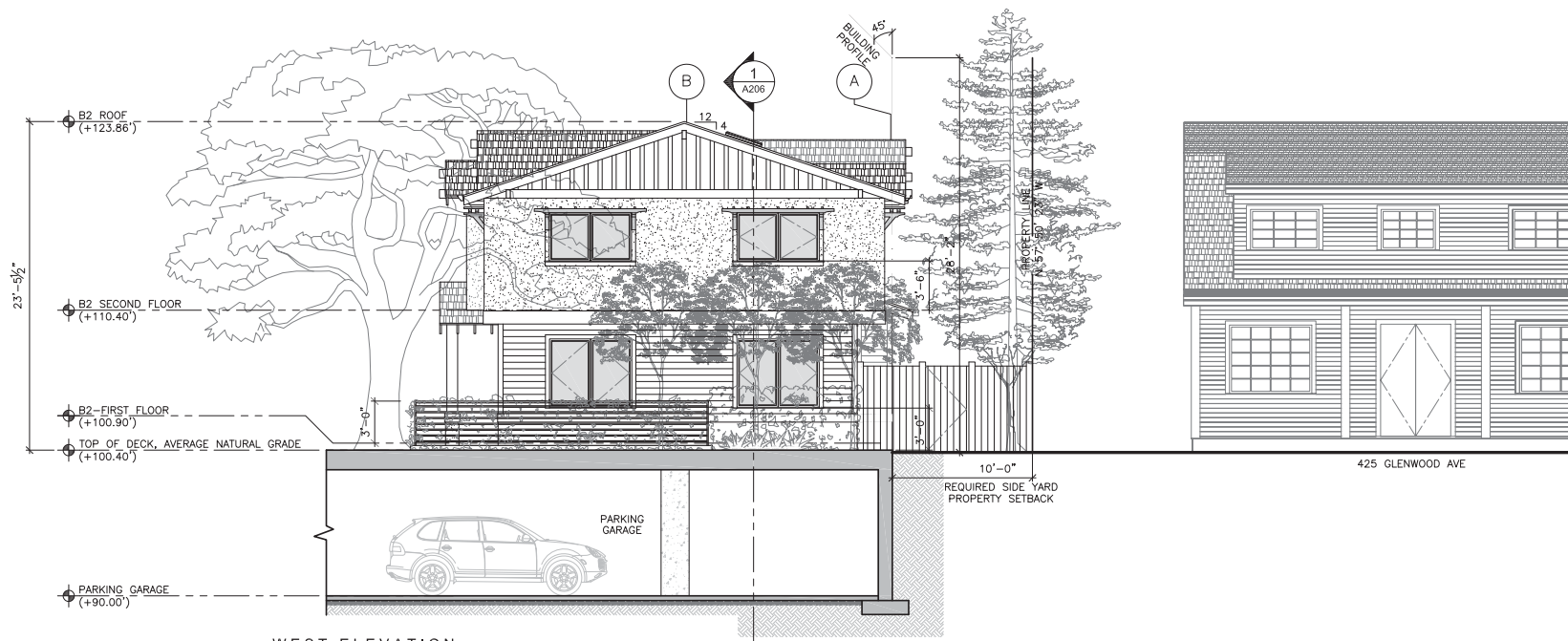
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CHECKED: RG
DATE: 3/19/2018

SHEET TITLE:
FIRST & SECOND FLOOR PLANS

SHEET
A200



2 NORTH ELEVATION
SCALE: 1/4" = 1'-0"



1 WEST ELEVATION
SCALE: 1/4" = 1'-0"



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SMULSKI FAMILY RESIDENCES
MICHAL SMULSKI
409 GLENWOOD AVENUE
MENLO PARK, CA 94025

PRINT RECORD

PURPOSE	DATE
Design Review	04/20/2017
Owner Review	04/07/2017
50% Progress	
70% Progress	
Bldg. Dept. Submittal	
Initial CD Submittal	
100% Const. Document	

REVISION RECORD

NO.	CHANGE	DATE

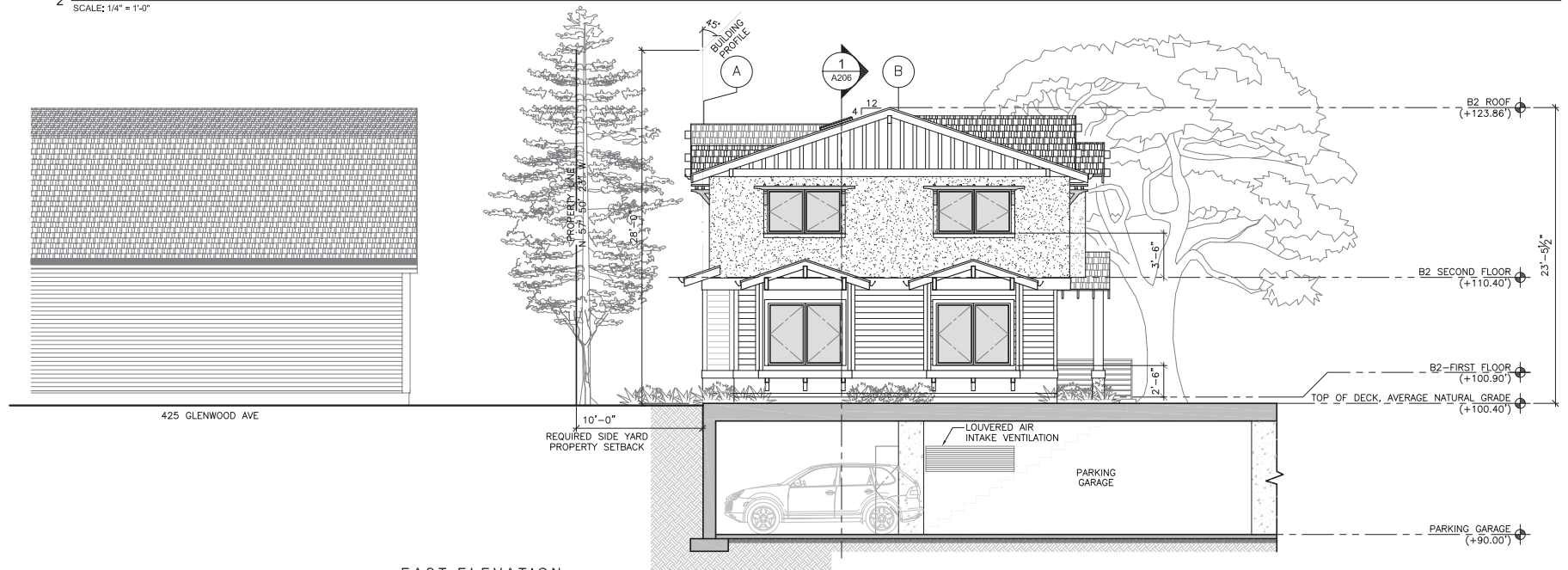
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CHECKED: RG
DATE: 3/19/2018

SHEET TITLE:
BUILDING 2
EXTERIOR ELEVATIONS

SHEET
A204



2 SOUTH ELEVATION
SCALE: 1/4" = 1'-0"



1 EAST ELEVATION
SCALE: 1/4" = 1'-0"

PRINT RECORD

PURPOSE	DATE
Design Review	04/20/2017
Owner Review	04/07/2017
50% Progress	
70% Progress	
Bldg. Dept. Submittal	
Initial CD Submittal	
100% Const. Document	
REVISION RECORD	

DRAWN: EPT

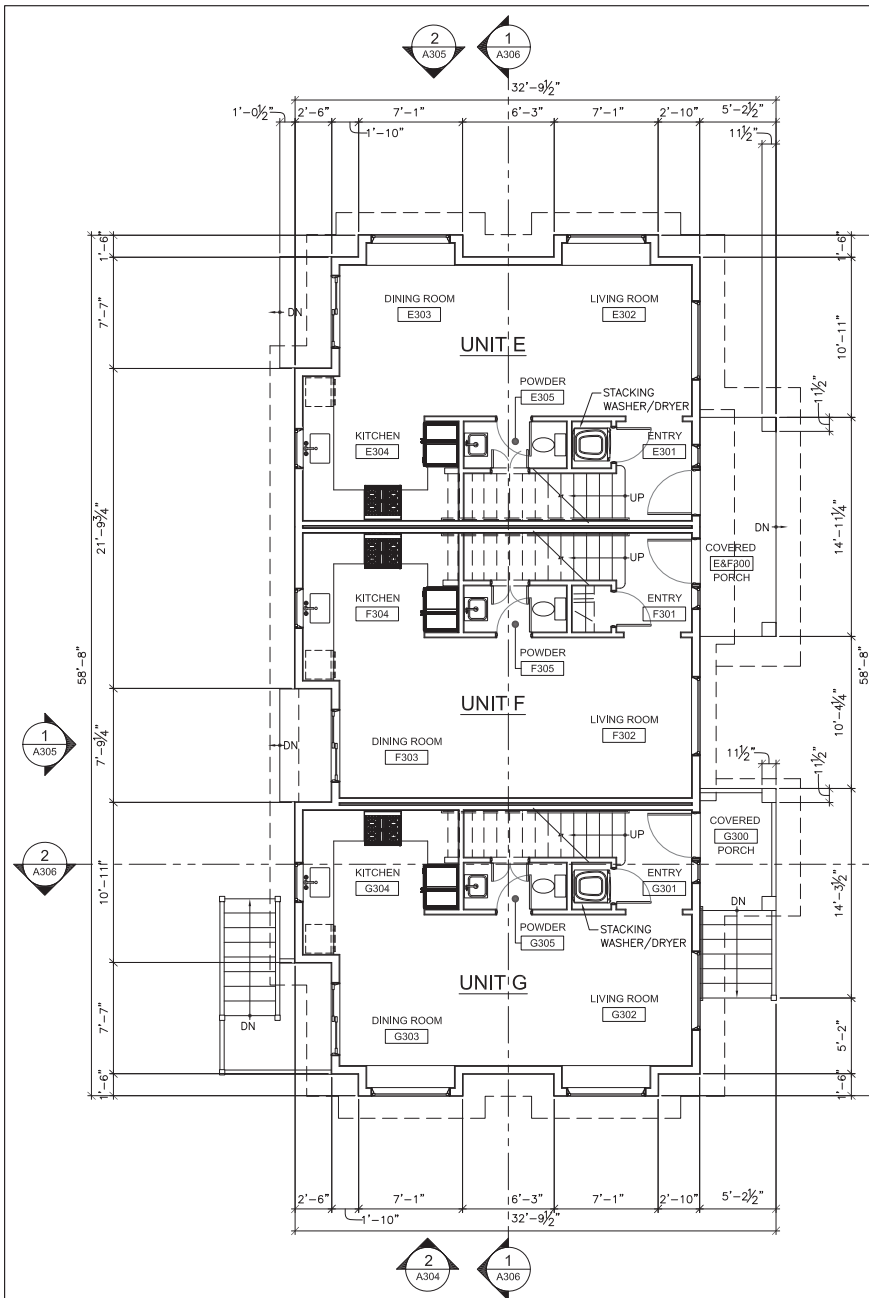
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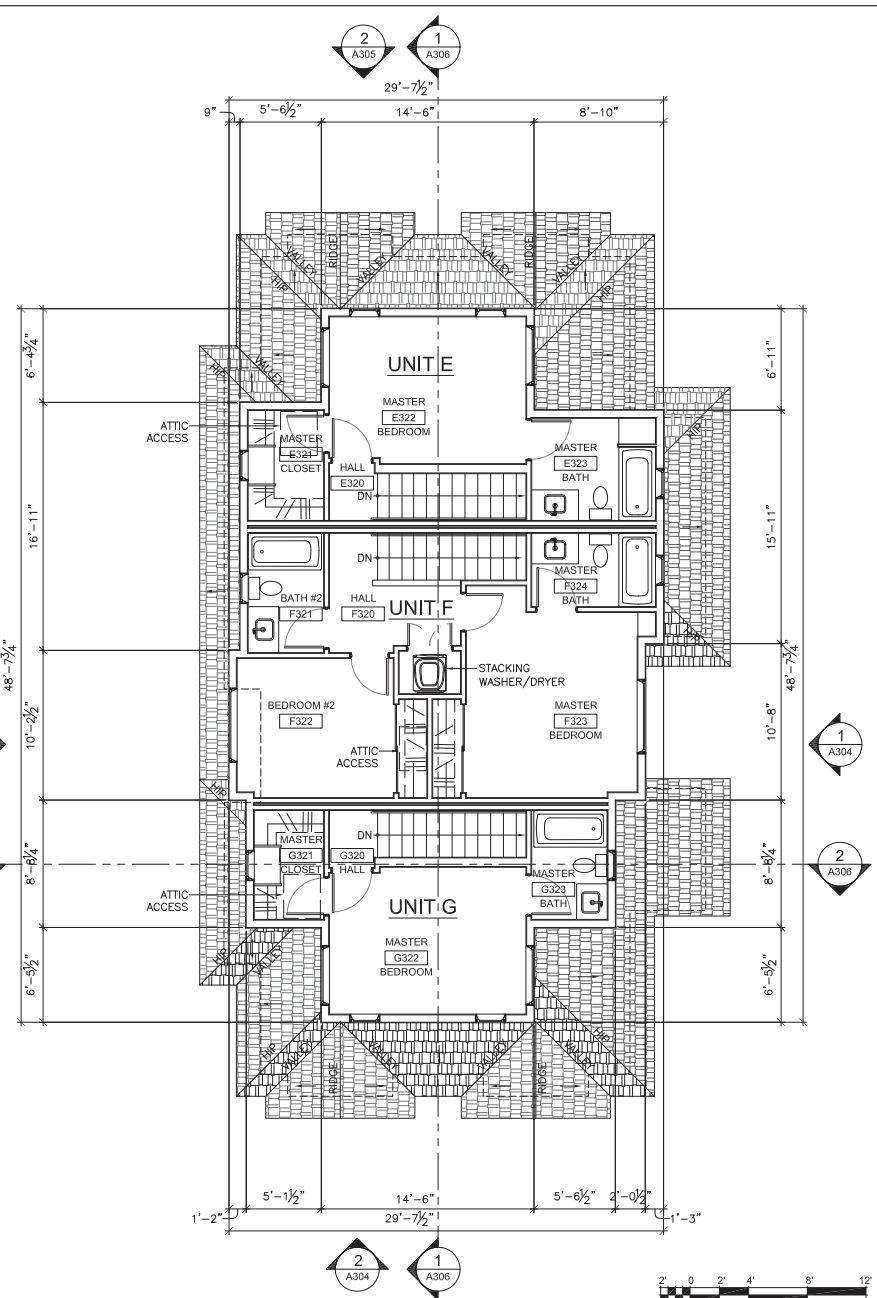
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BUILDING 2
EXTERIOR
ELEVATIONS

SHEET

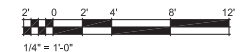
A205



1 FIRST FLOOR PLAN
SCALE: 1/4" = 1'-0"



2 SECOND FLOOR PLAN
SCALE: 1/4" = 1'-0"

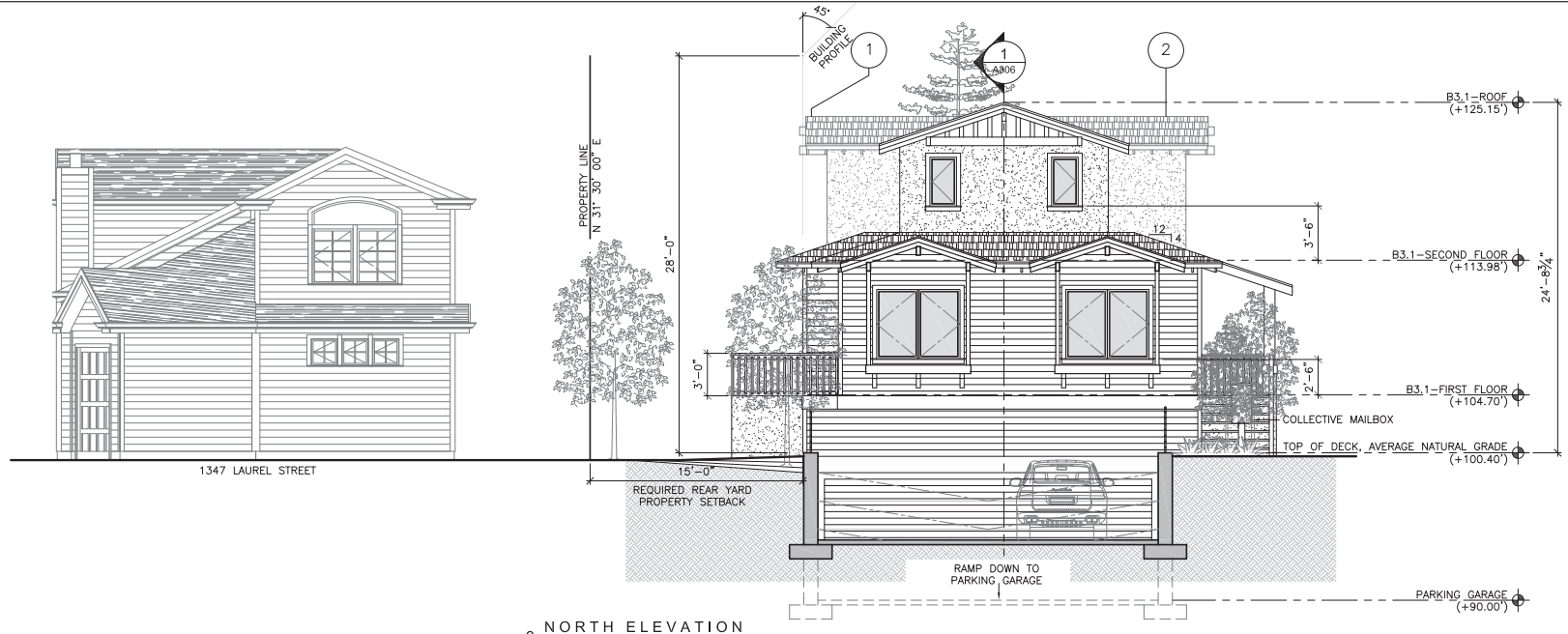


PRINT RECORD	
PURPOSE	DATE
Design Review	04/20/2017
Owner Review	04/07/2017
50% Progress	
70% Progress	
Bldg. Dept. Submitted	
Initial CD Submitted	
100% Const. Document	
REVISION RECORD	
NO.	CHANGE DATE

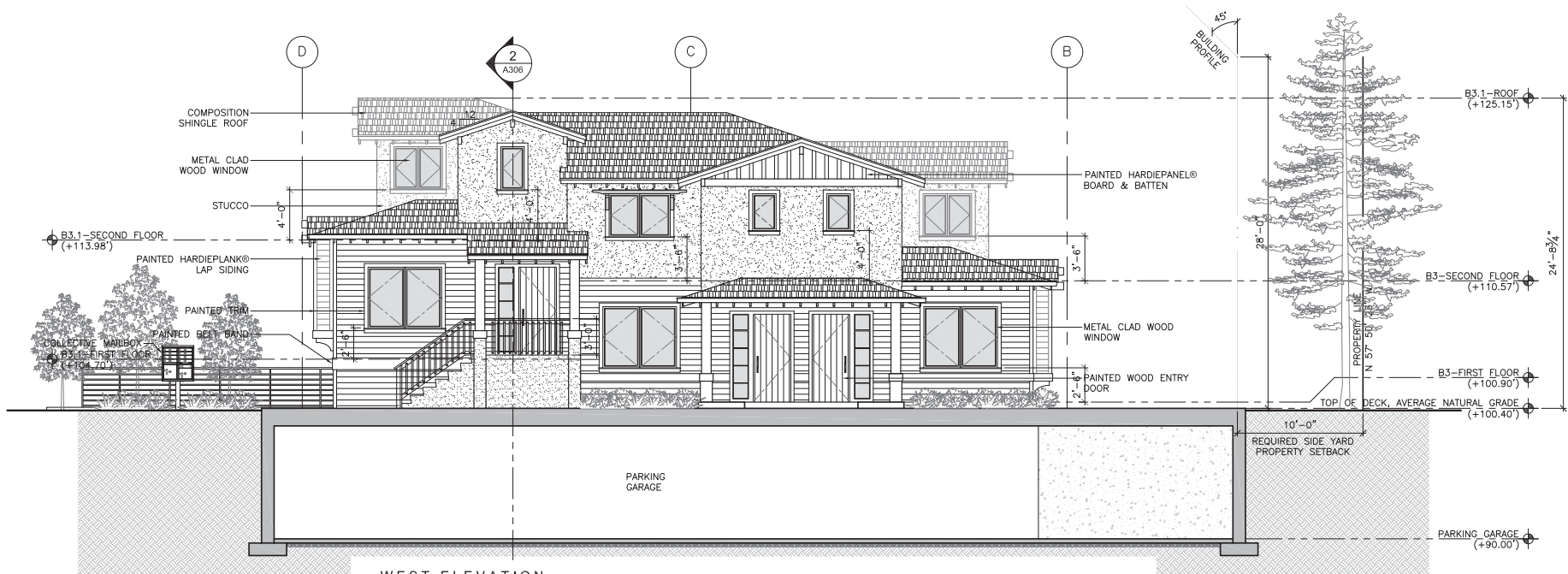
DRAWN: EPT
CHECKED: RG
DATE: 3/19/2018
SHEET TITLE:
BUILDING 3
MAIN & LOWER
FLOOR PLANS

SHEET

A300



2 NORTH ELEVATION
SCALE: 1/4" = 1'-0"



1 WEST ELEVATION
SCALE: 1/4" = 1'-0"

PRINT RECORD

PURPOSE	DATE
Design Review	04/20/2017
Owner Review	04/07/2017
50% Progress	
70% Progress	
Bldg. Dept. Submittal	
Initial CD Submittal	
100% Const. Document	
REVISION RECORD	
NO.	CHANGE
	DATE

DRAWN: EPT

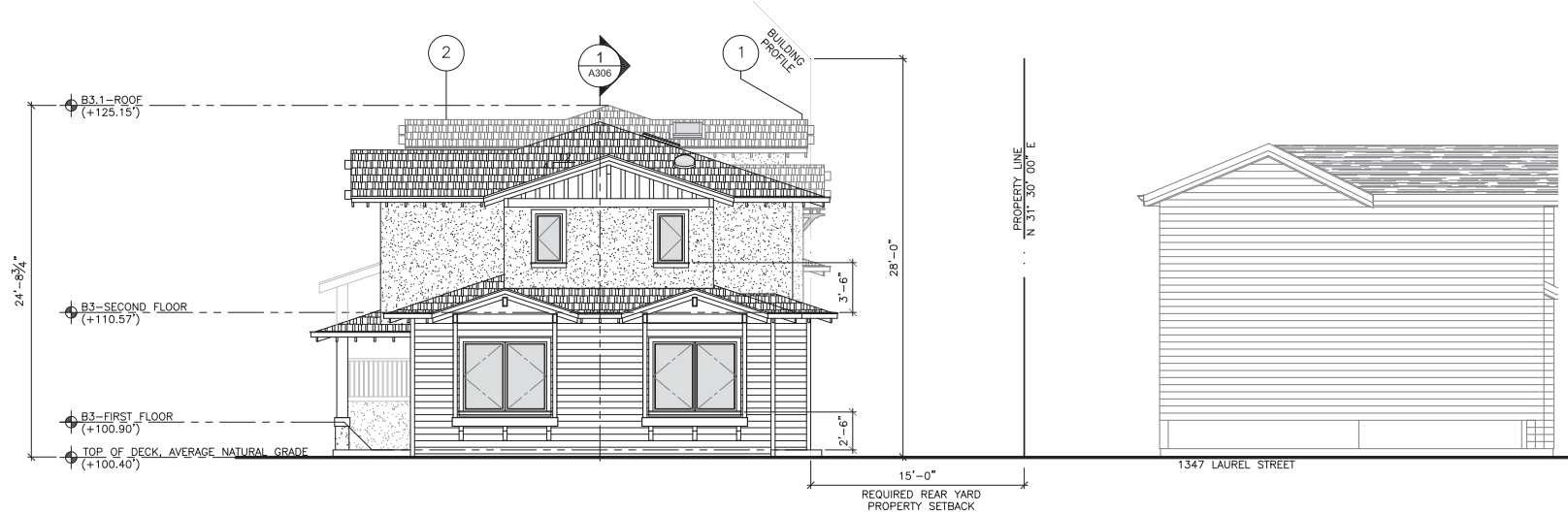
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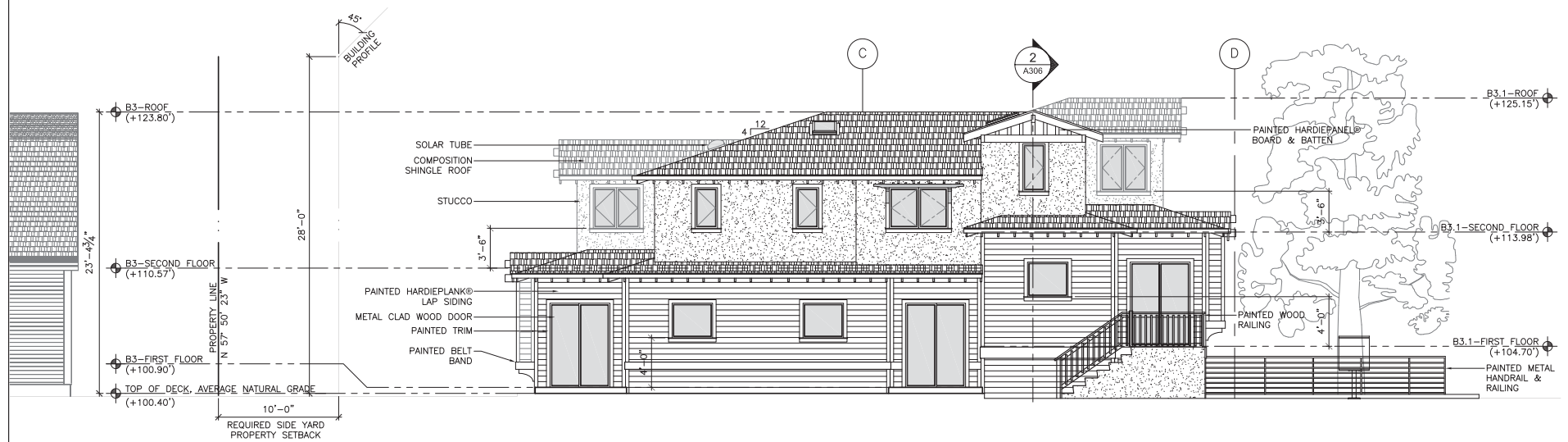
SHEET TITLE:
BUILDING 3
EXTERIOR
ELEVATIONS

SHEET

A304



2 SOUTH ELEVATION
SCALE: 1/4" = 1'-0"



1 EAST ELEVATION
SCALE: 1/4" = 1'-0"



STAFF REPORT

Housing Commission

Meeting Date:

4/11/2018

Staff Report Number:

18-007-HC

Regular Business:

Consider recommending that the City Council adopt an ordinance updating the community amenities requirement for bonus level development in the residential mixed-use zoning district

Recommendation

Staff recommends that in light of the new State of California housing law, Assembly Bill 1505, which allows cities to apply inclusionary housing requirements to rental housing, the Housing Commission recommend that the City Council adopt an ordinance modifying the requirement for affordable housing as a community amenity for bonus level development in the Residential Mixed-Use (R-MU) zoning district.

Policy Issues

Before AB 1505, the City could not impose inclusionary requirements on rental housing projects. At the time the ConnectMenlo General Plan update was adopted, the only way to ensure development of affordable rental housing was to require it as a community amenity in exchange for bonus level development. Therefore, in the R-MU zoning district, where it was anticipated that rental housing would be developed, the City required that the community amenity provided be 15 percent of the total units as affordable. This requirement was in addition to the City's inclusionary housing requirement, which at the time applied only to for-sale housing.

After AB 1505 and the City Council's adoption of an implementing ordinance, inclusionary requirements apply to both for-sale and rental housing projects. Projects with 20 or more units must provide 15 percent of the total units as affordable. At the bonus level in the R-MU zoning district because the 15 percent affordable community amenity units are in addition to the 15 percent inclusionary units, the unanticipated consequence of AB 1505 is that projects at the bonus level would have to provide 30 percent of the total units as affordable. The goal of 15 percent of the total units as affordable in the R-MU zoning district can, after AB 1505, be achieved entirely through inclusionary zoning. Therefore, the R-MU zoning does not need to mandate affordable housing as the community amenity to be provided.

Background

On September 29, 2017, Governor Brown signed 15 housing related bills as part of a landmark housing package designed to respond to the State of California's housing crisis. The most significant bill, AB 1505, was adopted to legislatively override the Court's ruling in *Palmer/Sixth Street Properties LP v. City of Los Angeles* and allow cities to legally impose inclusionary housing requirements on rental units. Upon the recommendations of the Housing Commission and the Planning Commission, the City Council approved an update to the City's Below Market Rate (BMR) Housing Ordinance and BMR Housing Guidelines (BMR Program) to once again impose inclusionary requirements on rental housing throughout the city. As a result, both for-sale and rental residential developments of five or more units must include affordable units along with the market-rate units.

As part of the ConnectMenlo General Plan update, the City Council adopted three new zoning districts, Residential Mixed Use (R-MU), Office (O) and Life Science (LS). Each of these three new zoning districts identified a base level of development and a bonus level of development that allowed increased density, floor area ratio and/or height in exchange for the voluntary provision of community amenities in an amount equal to 50 percent of the fair market value of the additional gross floor area of the bonus level development.

In the R-MU zoning district, which generally includes the property in the area of Menlo Gateway between Constitution Drive and Independence and Jefferson Drives, and the proposed approximate 59-acre Willow Village along Willow Road near Hamilton Avenue, the City Council prioritized the provision of affordable housing as the primary community amenity. Specifically, in the R-MU zoning district community amenities are to be provided in the following order:

1. A minimum of 15 percent of the total units on-site for affordable housing
2. Affordable housing units up to 20 percent of the bonus level development
3. Another amenity from the City Council adopted community amenities list (Attachment A)

The requirement for affordable units as a community amenity was in addition to the City's below BMR Program requirements.

City Council Study Session

On March 13, 2018, the City Council held a study session regarding the impact of AB 1505 on the City's BMR Program and the community amenity requirements for bonus level development in the R-MU zoning district. The City Council directed staff to consider eliminating the 15 percent affordable housing community amenity requirement in the R-MU zoning district. There was, however, interest in preserving a preference for additional affordable housing beyond the inclusionary requirement. The City Council directed staff to pay special attention to whether there were disparate impacts on smaller property owners from any changes to the community amenity language. The City Council also directed staff to adjust the appraisal process in response to the changes in the community amenity requirements.

AB 1505 requires the City to provide an alternative to the provision of on-site inclusionary units, including payment of an in-lieu fee. As the goal of both inclusionary housing and the requirement for affordable housing at the bonus level is to generate units on-site as part of the project, the City Council indicated a preference for requiring bonus level development applicants to build the inclusionary units on-site rather than paying a fee or utilizing an alternative means of compliance. Finally, the City Council directed that any update to the R-MU zoning should retain the preference for those who live in or have been recently displaced from the Belle Haven neighborhood.

Analysis

Staff recommends the following revisions to Section 16.45.060, Bonus Level Development, of the R-MU zoning chapter with additions shown in underline and deletions shown in strike out:

As described in Section 16.45.070, as a threshold requirement for utilizing bonus level development~~the community amenity provided~~ in the residential mixed use-bonus (R-MU-B) zoning district, the applicant must include the provision of construct the below market rate units required pursuant to Chapter 16.96 on-site rather than utilizing an alternative means of compliance per Section 16.96.070, unless otherwise approved by the City Council a minimum of fifteen (15) percent of the total units on-site for affordable housing units for moderate, low, and very low income households. Any such units will be sold or rented with a preference for current or recently displaced Belle Haven residents, followed by the

preferences provided in the City's Below Market Rate Housing Guidelines, and commensurate with the city's regional housing need allocation distribution amongst the income categories at the time of a development application. Units for extremely low, very low, and low income may be substituted for any higher income categories requirement. This affordable unit requirement is in addition to the city's below market rate requirements per Chapter 16.96. If and when Chapter 16.96 becomes void or unenforceable, the community amenity provided must be a minimum of 15 percent of the total units on-site for affordable housing units in accordance with the City's Below Market Rate Housing Ordinance and Guidelines.

The edits to this section are intended to carry out the City Council's directions at the March 13, 2018, study session. Language has been added to indicate that the inclusionary units, which are required pursuant to the City's BMR Program, must be provided on-site, unless otherwise approved by the City Council, with a preference for current or recently displaced Belle Haven residents. Because the preference for Belle Haven residents is specific to the R-MU zoning district, it is appropriate to include it here, rather than adding it to the BMR Guidelines, which govern the preferences applicable to housing developed throughout the city. The requirement that the community amenity must be 15 percent of the total units for affordable housing has been deleted; as has the language that the community amenity affordable unit requirement is in addition to the inclusionary units required by the City's BMR Program. The final sentence has been added such that in the event the City's BMR Program becomes unenforceable again, the requirement for 15 percent affordable as a community amenity is retained.

The affordability of inclusionary units is governed by the BMR Guidelines. The BMR Guidelines have historically required the affordable units be set aside for low or very-low income households. The City Council recently adopted an update to the BMR Guidelines that created some flexibility, where appropriate, for other income categories commensurate with the City's Regional Housing Need Allocation. Given the update to the BMR Guidelines, there is no need for the specific language regarding of income level and distribution in the R-MU zoning language; it has been deleted.

In addition to modifications to Section 16.45.060, amendments are necessary to portions of Section 16.45.070, Community Amenities Required for Bonus Level Development. This report will focus only on those sub-sections where staff is recommending changes in response to the City Council's comments at the March 13, 2018, study session.

(3) Value of Amenity. The value of the community amenities to be provided shall equal fifty percent (50%) of the fair market value of the additional gross floor area of the bonus level development. The value shall be calculated as follows: The applicant shall provide, at their expense, an appraisal performed within ninety (90) days of the application date by a licensed appraisal firm that sets a fair market value in cash of the gross floor area of the bonus level of development ("total bonus"). The form and content of the appraisal, including any appraisal instructions, must be approved by the community development director. ~~The appraisal shall (A) first determine the total bonus without consideration of the community amenities requirement established under Section 16.45.070, and (B) second determine the change in total bonus with consideration of the fifteen percent (15%) affordable housing community amenity requirement ("affordable housing amenity value"). If the affordable housing amenity value is less than fifty percent (50%) of the total bonus value, the value of the community amenities to be provided in addition to the fifteen percent (15%) affordable housing is the difference between those two (2) numbers.~~

This subsection identifies how the value of the community amenities to be provided is calculated. The language has been simplified consistent with the appraisal process in the other two zoning districts (LS and O) in the Bayfront Area where there is no requirement that the community amenity be affordable housing. After AB 1505, the provision of 15 percent of the total units as affordable is a requirement. As it is no longer a community amenity, if the 15 percent affordable housing cost were netted out, the developer would be given credit for the inclusionary requirement and avoid being required to provide the appropriate level of community amenities but still get the benefit of the bonus level development. It should be noted that there could be a monetary impact as a result of the inclusionary requirement that the appraiser would factor into the analysis at the first step in the appraisal process. The suggested deletions remove the second and third steps in the appraisal process and ensure the City will receive the full value of community amenities.

The next edits reflect a change in the required form of the amenities.

(4) Form of Amenity. A community amenity shall be provided utilizing any one (1) of the following mechanisms:

(A) Include the community amenity as part of the project. As a threshold for utilizing bonus level development, any affordable housing required pursuant to Chapter 16.96 shall be The community amenity designed and constructed on-site as part of the project; the applicant shall not be allowed to utilize an alternative means of compliance, unless otherwise approved by the City Council. ~~shall first be the provision of a minimum of fifteen percent (15%) of total units on site for affordable housing units (or with approval of the planning commission in another location) for moderate, low, and very low income households, with~~ These affordable housing units shall be sold or rented with a preference for current or recently displaced Belle Haven residents, followed by the preferences provided in the City's Below Market Rate Housing Guidelines, ~~and commensurate with the city's regional housing need allocation distribution amongst the income categories at the time of a development application, and~~ The community amenity provided as part of the project shall be from the list of communities amenities adopted by city council resolution, with a preference for including ~~shall second be the provision of additional affordable housing units, for example additional housing such that~~ up to twenty percent (20%) of the development is affordable, ~~or third the provision of another amenity from the list of community amenities adopted by city council resolution. Units for extremely low, very low and low income may be substituted for any higher income categories requirement.~~ The value of the community amenity provided shall be at least equivalent to the value calculated pursuant to the formula identified in subsection (3) of this section. Once any one ~~(1)~~ of the community amenities on the list adopted by city council resolution has been provided, with the exception of affordable housing, it will no longer be an option available to other applicants. Before approval of final inspection for the building permit for any portion of the project, the applicant shall complete (or bond for) the construction and installation of the community amenities included in the project and shall provide documentation sufficient for the city manager or his/her designee to certify compliance with this section.

Like the language in Section 16.45.060, the edits to this subsection capture the threshold requirement to build the affordable units on-site as part of the project, unless otherwise approved by the City Council, with a preference for current or recently displaced Belle Haven residents. Flexibility relative to whether the units must be inclusionary or can be part of a stand-alone project when more than 15 percent of the total units are provided as affordable is a concept that the City Council also asked to have addressed as part of the next round of revisions to the BMR Guidelines. The City Council also stated a preference for the community

amenity to be additional affordable housing consistent with the original adopted language; however, it is a preference and is not mandatory. What remains mandatory is that the community amenity provided must be equivalent to the full community amenity value determined through the appraisal process.

One issue raised relative to the appraisal process is the potential for a disparate impact on smaller property owners. Staff consulted with BAE Urban Economics (BAE), the City's economic consultant, about providing proformas and calculations to show how the appraisal process would affect large landowners compared to smaller landowners to make sure there were no unintended consequences. BAE indicated that a complex financial analysis was unnecessary to address the City Council's concern. The appraisal process would address this concern in the way that comparable land sales are selected by the appraiser. For a small project on a small parcel, the appraiser would typically only select sales of like small properties to establish a base value and to value the bonus square footage. If there are any site-specific development constraints for the subject project that make it more expensive to develop in comparison with the sales comps, the appraiser would take that into consideration. In the end, small projects would generate a community amenity with a lower absolute dollar value. The concern may be that there is a higher fixed cost to undertaking and completing a small project compared to a large project and this would be true in most cases, whether or not there is a community benefit requirement. Bonus development, in fact, would enlarge the project allowing any fixed costs to be spread over a larger development envelope. Furthermore, the market would account for any project size effect in the pricing of small development parcels. Thus, based on staff's consultation with BAE, the concern about unintended consequences relative to smaller projects is best addressed through the appraisal process.

Notwithstanding the foregoing, based on continuing public comment, staff is requesting input from the Housing Commission regarding the potential for smaller projects to be specifically allowed to provide all the affordable housing at the moderate-income level. The recent update to the BMR Guidelines created flexibility by allowing the City Council to approve units from very-low to moderate income levels as long as the mix was roughly equivalent to the provision of all of the low-income units. Despite this flexibility, the question continues to be raised as to whether there should be a more explicit statement about smaller projects. Staff would like input on the following policy considerations:

1. How should a small project be defined? Is there a number below which a project is considered small? For example, is a project of less than 20 units, less than 50 units or less than 100 units a small project?
2. Is there a sliding scale for the specific amount of moderate-income units allowed depending on the size of the project? For example, may a 20 unit or smaller project provide all moderate-income units; a 20 to 50 unit project provide half of the affordable units as moderate and half as low income; a larger than 50 unit project provide some other percentage of the affordable units as moderate?
3. Should the allowance for a smaller project to provide moderate-income units be subject to a discretionary approval process or permitted if certain criteria are met?
4. Should the requirement in the BMR Guidelines that the unit mix be roughly equivalent to the provision of all of the low-income units be eliminated for small projects?
5. Should any specific allowance for smaller projects to provide all or a large portion of the affordable units as moderate apply only in the R-MU zoning district to address concerns about the concentration of low and very-low income units in the Bayfront Area or should it apply citywide?

The numbers in the above examples are not a staff recommendation and are merely examples to help frame the conversation. Based on the Housing Commission's direction relative to these policy issues, staff will prepare, if necessary, proposed modifications to the BMR Guidelines for the Planning Commission's consideration along with the recommendation of the Housing Commission on the proposed ordinance modifying the R-MU zoning.

Impact on City Resources

Revisions to the R-MU zoning district are not anticipated to have any impact on City resources.

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines Section 15378 and 15061(b)(3) as it is an organizational structure change that will not result in any direct or indirect physical change in the environment. Furthermore, the City Council certified an environmental impact report (EIR) for ConnectMenlo and related zoning ordinances. It is not anticipated that any changes in the zoning ordinance will fall outside the scope of the certified EIR. No further environmental review is necessary.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

A. Community amenities list

Report prepared by:
Leigh F. Prince, Assistant City Attorney

RESOLUTION NO. 6360**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK APPROVING THE COMMUNITY AMENITIES LIST DEVELOPED THROUGH THE CONNECTMENLO PROCESS**

WHEREAS, the City of Menlo Park recently updated the Housing, Open Space and Conservation, and Safety Elements of the General Plan; and

WHEREAS, the Land Use and Circulation Elements of the General Plan have not been updated since 1994 and the City desires to complete the next phase in its update of the General Plan; and

WHEREAS, in December 2014, the City Council adopted the guiding principles for the ConnectMenlo General Plan Update, which were crafted through a rigorous community outreach and engagement process; and

WHEREAS, subsequent to the adoption of the guiding principles, the City embarked on a multi-year process to update the Land Use and Circulation Elements of the General Plan known as ConnectMenlo; and

WHEREAS, the ConnectMenlo General Plan and M-2 Zoning Update included over 60 organized events including workshops and open houses, mobile tours of the City of Menlo Park and nearby communities, informational symposia, stakeholder interviews, focus groups, recommendations by a General Plan Advisory Committee composed of City commissioners, elected officials, and community members, and consideration by the Planning Commission and City Council at public meetings; and

WHEREAS, the Land Use Element includes a policy and program for bonus level development in exchange for the provision of community amenities; and

WHEREAS, the O (Office), L-S (Life Sciences), and R-MU (Residential, Mixed Use) districts also allow the potential for bonus level development within specific areas defined by the zoning map where denoted by B (Bonus), in exchange for sufficient community amenities provided by the developer; and

WHEREAS, bonus level development allows a project to develop at a greater level of intensity with an increased floor area ratio, density, and/or increased height. There is a reasonable relationship between the increased density and/or intensity of development and the increased effects on the surrounding community. The required community amenities are intended to address identified community needs that result from the effect of the increased development intensity on the surrounding community. The value of the community amenities is a generally applicable legislatively imposed formula; and

WHEREAS, the City developed the Community Amenities List, attached hereto as Exhibit A, through an extensive public outreach and input process that included community members, including residents, property owners, and key stakeholders through outreach meetings, public meetings, GPAC meetings, and public hearings; and

WHEREAS, the Community Amenities List reflects the community's priority of benefits within the M-2 Area as identified through the community outreach and engagement process; and

WHEREAS, the City Council may amend the Community Amenities List from time to time by resolution to reflect potential changes in the community's priorities and desired amenities; and

WHEREAS, all required public notices and public hearings were duly given and held according to law; and

WHEREAS, an Environmental Impact Report was prepared for the project, which includes the bonus development potential and certified by the City Council on November 1, 2016, in accordance with the provisions of the California Environmental Quality Act and CEQA Guidelines. Findings and a statement of overriding considerations were adopted by the City Council on November 1, 2016 by Resolution No.; and

WHEREAS, after notice having been lawfully given, a public hearing was scheduled and held before the Planning Commission of the City of Menlo Park on October 19, 2016 and October 24, 2016 whereat all persons interested therein might appear and be heard; and

WHEREAS, the Planning Commission of the City of Menlo Park having fully reviewed, considered and evaluated all the testimony and evidence submitted in this matter voted affirmatively to recommend to the City Council of the City of Menlo Park to approve the Community Amenities List; and

WHEREAS, after notice having been lawfully given, a public hearing was scheduled and held before the City Council of the City of Menlo Park on November 15, 2016 and November 29, 2016 whereat all persons interested therein might appear and be heard; and

WHEREAS, the City Council of the City of Menlo Park having fully reviewed, considered and evaluated all the testimony and evidence submitted in this matter voted affirmatively to approve the Community Amenities List; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Menlo Park hereby approves the Community amenities List, attached hereto as Exhibit A, incorporated herein by this reference.

I, Pamela Aguilar, City Clerk of Menlo Park, do hereby certify that the above and foregoing Council Resolution was duly and regularly passed and adopted at a meeting by said Council on the 29th day of November, 2016, by the following votes:

AYES: Carlton, Cline, Keith, Mueller, Ohtaki

NOES: None

ABSENT: None

ABSTAIN: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this 29th day of November, 2016.



Pamela Aguilar, CMC
City Clerk

COMMUNITY AMENITY SURVEY RANKINGS

The following is a table of the community amenities that have been requested during the planning process; the categories and the amenities within each category are listed in order of how they were ranked by respondents at a community workshop on March 12, 2015 and in a survey that followed.

MARCH 12 WORKSHOP RANKING	ONLINE - REGISTERED RESPONDENTS	ONLINE - UNREGISTERED RESPONDENTS	PAPER - COLLECTED IN BELLE HAVEN	PAPER - MAILED IN	TOTAL SURVEYS COMBINED
22 RESPONSES	53 RESPONSES	26 RESPONSES	55 RESPONSES	60 RESPONSES	194 SURVEY RESPONSES
Transit and Transportation Improvements	Transit and Transportation Improvements	Transit and Transportation Improvements	Transit and Transportation Improvements	Transit and Transportation Improvements	Transit and Transportation Improvements
Sidewalks, lighting, and landscaping	Sidewalks, lighting, and landscaping	Sidewalks, lighting, and landscaping	Traffic-calming on neighborhood streets	Sidewalks, lighting, and landscaping	Sidewalks, lighting, and landscaping
Bike trails, paths or lanes	Bike trails, paths or lanes	Traffic-calming on neighborhood streets	Sidewalks, lighting, and landscaping	Traffic-calming on neighborhood streets	Traffic-calming on neighborhood streets
Dumbarton Rail	Traffic-calming on neighborhood streets	Bike trails, paths or lanes	Dumbarton Rail	Dumbarton Rail	Bike trails, paths or lanes
Traffic-calming on neighborhood streets	Dumbarton Rail	Dumbarton Rail	Innovative transportation solutions (i.e. personal rapid transit)	Bike trails, paths or lanes	Dumbarton Rail
Bus service and amenities	Bus service and amenities	Bus service and amenities	Bike trails, paths or lanes	Bus service and amenities	Innovative transportation solutions (i.e. personal rapid transit)
Innovative transportation solutions (i.e. personal rapid transit)	Innovative transportation solutions (i.e. personal rapid transit)	Innovative transportation solutions (i.e. personal rapid transit)	Bus service and amenities	Innovative transportation solutions (i.e. personal rapid transit)	Bus service and amenities
Community-serving Retail	Community-serving Retail	Community-serving Retail	Community-serving Retail	Community-serving Retail	Community-serving Retail
Grocery store	Grocery store	Grocery store	Grocery store	Grocery store	Grocery store
Restaurants	Restaurants	Pharmacy	Pharmacy	Pharmacy	Restaurants
Pharmacy	Pharmacy	Restaurants	Restaurants	Restaurants	Pharmacy
Bank/ATM	Bank/ATM	Bank/ATM	Bank/ATM	Bank/ATM	Bank/ATM
Jobs and Training at M-2 Area Companies	Jobs and Training at M-2 Area Companies	Jobs and Training at M-2 Area Companies	Jobs and Training at M-2 Area Companies	Jobs and Training at M-2 Area Companies	Jobs and Training at M-2 Area Companies
Job opportunities for residents	Education and enrichment programs for young adults	Job opportunities for residents	Job opportunities for residents	Job opportunities for residents	Job opportunities for residents
Education and enrichment programs for young adults	Job opportunities for residents	Education and enrichment programs for young adults	Education and enrichment programs for young adults	Education and enrichment programs for young adults	Education and enrichment programs for young adults
Job training programs and education center	Paid internships and scholarships for young adults	Job training programs and education center	Job training programs and education center	Job training programs and education center	Job training programs and education center
Paid internships and scholarships for young adults	Job training programs and education center	Paid internships and scholarships for young adults	Paid internships and scholarships for young adults	Paid internships and scholarships for young adults	Paid internships and scholarships for young adults
Social Service Improvements	Energy, Technology, and Utilities Infrastructure	Social Service Improvements	Social Service Improvements	Social Service Improvements	Social Service Improvements
Education improvements in Belle Haven	Underground power lines	Education improvements in Belle Haven	Education improvements in Belle Haven	Education improvements in Belle Haven	Education improvements in Belle Haven
Library improvements at Belle Haven	Telecommunications investment	Library improvements at Belle Haven	Medical center	Medical center	Medical center
Medical center	Incentives for private home energy upgrades, renewable energy, and water conservation	Medical center	High-Quality Affordable Housing	Senior service improvements	Library improvements at Belle Haven
Senior service improvements	Soundwalls adjacent to Highway 101	High-Quality Affordable Housing	Library improvements at Belle Haven	Library improvements at Belle Haven	High-Quality Affordable Housing
Add restroom at Onetta Harris Community Center		Senior service improvements	Senior service improvements	High-Quality Affordable Housing	Senior service improvements
Pool House remodel in Belle Haven	Social Service Improvements	Add restroom at Onetta Harris Community Center	Add restroom at Onetta Harris Community Center	Add restroom at Onetta Harris Community Center	Add restroom at Onetta Harris Community Center
High-Quality Affordable Housing	Education improvements in Belle Haven	Pool House remodel in Belle Haven	Pool House remodel in Belle Haven	Pool House remodel in Belle Haven	Pool House remodel in Belle Haven
	Library improvements at Belle Haven				
Energy, Technology, and Utilities Infrastructure	Medical center	Energy, Technology, and Utilities Infrastructure	Energy, Technology, and Utilities Infrastructure	Energy, Technology, and Utilities Infrastructure	Energy, Technology, and Utilities Infrastructure
Underground power lines	Senior service improvements	Underground power lines	Incentives for private home energy upgrades, renewable energy, and water conservation	Underground power lines	Underground power lines
Telecommunications investment	High-Quality Affordable Housing	Telecommunications investment	Underground power lines	Incentives for private home energy upgrades, renewable energy, and water conservation	Incentives for private home energy upgrades, renewable energy, and water conservation
Incentives for private home energy upgrades, renewable energy, and water conservation	Pool House remodel in Belle Haven	Incentives for private home energy upgrades, renewable energy, and water conservation	Telecommunications investment	Telecommunications investment	Telecommunications investment
Soundwalls adjacent to Highway 101	Add restroom at Onetta Harris Community Center	Soundwalls adjacent to Highway 101	Soundwalls adjacent to Highway 101	Soundwalls adjacent to Highway 101	Soundwalls adjacent to Highway 101
Park and Open Space Improvements	Park and Open Space Improvements	Park and Open Space Improvements	Park and Open Space Improvements	Park and Open Space Improvements	Park and Open Space Improvements
Bedwell Bayfront Park improvements	Bedwell Bayfront Park improvements	Bedwell Bayfront Park improvements	Tree planting	Bedwell Bayfront Park improvements	Tree planting
Tree planting	Tree planting	Tree planting	Community garden(s)	Tree planting	Bedwell Bayfront Park improvements
Dog park	Dog park	Dog park	Dog park	Community garden(s)	Community garden(s)
Community garden(s)	Community garden(s)	Community garden(s)	Bedwell Bayfront Park improvements	Dog park	Dog park

WHERE SURVEY RESPONDENTS LIVE:

Neighborhood/City					
Belle Haven	136	Pine Forest	1	Palo Alto/ East Palo Alto	2
Central Menlo	1	West Menlo	2	Gilroy	1
Downtown	2	Willows/Willow Road	7	Linfield Oaks	1
East Menlo Park	3	Flood Park	1	Undisclosed	37
				TOTAL	194

REVIEW THE PROPOSED COMMUNITY AMENITIES



CONNECTMENLO
menlo park land use & mobility updates

The amenities described below were identified during the Belle Haven Vision Plan and during the first year of the ConnectMenlo process. They were ranked in this order in a survey in March/April, 2015. Approximate cost estimates have been added for each amenity.

Place a dot to the left of the amenities that you think are most important.

Transit and Transportation Improvements		Jobs and Training at M-2 Area Companies		Social Service Improvements	
A.	Sidewalks, lighting, and landscaping – \$100 per linear foot <i>Enhance landscaping and lighting and fill gaps in sidewalk to improve the overall walkability</i>	A.	Job opportunities for residents – \$10,000 in specialized training per employee <i>Local employers have a hiring preference for qualified residents</i>	A.	Education improvements in Belle Haven – \$10,000 per student <i>Improvements to the quality of student education and experience in Belle Haven</i>
B.	Traffic-calming on neighborhood streets – \$100,000 per block/intersection <i>Address cut-through traffic with design features</i>	B.	Education and enrichment programs for young adults – \$10,000 per participant <i>Provide programs that target students and young adults to be competitive in the job market, including existing tech jobs</i>	B.	Medical center – \$6 million to construct (\$300 per square foot) <i>Medical center providing health care services and out-patient care</i>
C.	Bike trails, paths or lanes – \$100,000/ mile <i>Install new bike lanes and pedestrian paths and connect them to existing facilities and BayTrail</i>	C.	Job training programs and education center – \$10,000 per participant <i>Provide residents with job training programs that prepare them with job skills</i>	C.	Library improvements at Belle Haven – \$300,000 <i>Expand library programs and activities, especially for children</i>
D.	Dumbarton Rail– \$175 million to construct and open trolley <i>Utilize the right-of-way for new transit line between Redwood City and Menlo Park in the near term with stations and a new bike/pedestrian path</i>	D.	Paid internships and scholarships for young adults – \$10,000 per participant <i>Provide internships at local companies and scholarships to local youth to become trained for tech jobs</i>	D.	High-Quality Affordable Housing – \$440,000/unit less land; \$82,000 typical per-unit local gap financing needed for a tax-credit project <i>Integrate quality affordable housing units into new development</i>
E.	Innovative transportation solutions (i.e. personal rapid transit) – PriceVaries <i>Invest in new technology like pod cars and transit that uses separate tracks</i>	Energy, Technology, & Utilities Infrastructure		E.	Senior service improvements – \$100,000 per year <i>Increase the senior services at the Senior Center to include more aides and programs</i>
F.	Bus service and amenities – \$5,000 per rider seat <i>Increase the number of bus stops, bus frequency and shuttles, and bus shelters</i>	A.	Underground power lines – \$200/foot min.; \$50,000/project <i>Remove overhead power lines and install them underground along certain roads</i>	F.	Add restroom at Onetta Harris Community Center – \$100,000 <i>Additional restroom at the community center</i>
Community-serving Retail		B.	Incentives for private home energy upgrades, renewable energy, and water conservation – \$5,000 per home <i>Offer financial assistance or other incentives to help area residents pay for energy-efficient and water conserving home improvements</i>	G.	Pool House remodel in Belle Haven – \$300,000 <i>Remodel pool for year-round use with new heating and changing areas</i>
A.	Grocery store – \$15 million to construct (\$200 per sq ft) plus 25% soft costs, financing, etc.; \$3.7 million for 2 years of subsidized rent <i>A full-service grocery store providing a range of goods, including fresh fruits, vegetables and meat and dairy products</i>	C.	Telecommunications investment – \$250 per linear foot <i>Improve the area's access to wifi, broadband, and other new technologies</i>	Park and Open Space Improvements	
B.	Restaurants – \$1.5 million (3,000 sq ft at \$400 per sq ft plus 25% for soft costs, financing, etc.) <i>A range of dining options, from cafes to sit-down restaurants, serving residents and local employees</i>	D.	Soundwalls adjacent to Highway 101– \$300,000 (\$600/foot) <i>Construct soundwalls between Highway 101 and Kelly Park to reduce sound</i>	A.	Tree planting – \$10,000 per acre <i>Plant trees along streets and parks to increase tree canopy</i>
C.	Pharmacy – \$3.75 million (15,000 sq ft at \$200 per sq ft, plus 25% for soft costs, financing, etc.) <i>A full-service pharmacy that fills prescriptions and offers convenience goods</i>			B.	Bedwell Bayfront Park improvements – \$300,000 <i>Improve access to the park and trails within it</i>
D.	Bank/ATM – \$1.88 million (3,000 sq ft at \$500 per sq ft plus 25% for soft costs, financing, etc.) <i>A bank or credit union branch with an ATM</i>			C.	Community garden(s) – \$26,000 to construct ~0.3 acres, 25 beds, 2 picnic tables <i>Expand space for community to plant their own produce and flower gardens</i>
				D.	Dog park – \$200,000 for 0.5 acre (no land cost included) <i>Provide a dedicated, enclosed place where dogs can run</i>

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STAFF REPORT

Housing Commission

Meeting Date: 4/11/2018
Staff Report Number: 18-008-HC

Regular Business: Consider recommending that the City Council amend the Below Market Rate housing impact fee

Recommendation

Staff recommends that the Housing Commission approve the Nexus Study Subcommittee's recommendation to amend the below market rate (BMR) housing impact fee based on the Commercial Linkage Fee Nexus Study.

Policy Issues

The draft nexus study supports the City's existing BMR Program, is consistent with the approved Housing Element, and the approved Housing Commission work plan.

Background

Current BMR Housing Program

The BMR Housing Program was established in 1987 to increase the housing supply for people who live and/or work in Menlo Park and have very low, low, or moderate incomes as defined by income limits set by San Mateo County.

The primary objective of the program is to create actual housing units rather than generate a capital fund. Developers who build five or more housing units enter into BMR Agreements with the City concerning the BMR units' location, size and other details, including deed restrictions to preserve the BMR units' affordability.

Currently, all residential developments of five or more units must comply with the City's inclusionary zoning requirements to include a percentage of BMR units along with their market-rate units. The City has the discretion to allow a developer of ownership units to meet their BMR requirement through accepting an in-lieu fee, while for rental units that discretion rests with the developer. For ownership units, in-lieu fees are calculated as 3 percent of the sale price for the number of required BMR units.

With the passage of AB1505 in 2017, the City can now apply inclusionary zoning requirements to rental residential projects and staff is currently working to develop rental unit in-lieu fees, which will be based on the actual cost of the unit.

The BMR requirements are summarized in Table 1.

Table 1: In Lieu Fee Calculation	
Number of units	Required BMR units
0-4	exempt
5-9	1 unit
10-19	10%
20 or more	15%

The BMR Housing Program also applies to new commercial developments of 10,000 square feet or more. The current in-lieu fees to mitigate the demand for affordable housing are \$16.90 per square foot of net new gross floor area for most commercial uses and \$9.16 per square foot of net new gross floor area for defined uses that generate fewer employees. Collected in-lieu fees are deposited into the BMR Housing Fund. The fee is adjusted annually on July 1.

The City collaborated with other San Mateo County jurisdictions through the 21 Elements planning project to issue a Request for Proposal (RFP) for the preparation of affordable housing fee nexus and feasibility study. The draft Commercial Linkage Fee Nexus Study (Attachment A) is a result of this partnership. Participation in this process helps the City comply with Housing Element program H4.D:

Update the BMR Fee Nexus Study. Coordinate the update of the BMR fee nexus study with other jurisdictions in San Mateo County as part of the Countywide 21 Elements project, which is a collaborative effort among all 21 jurisdictions in San Mateo County to provide assistance and collaborate on housing element implementation. Modify fees accordingly following the nexus study.

July 19, 2016, City Council Meeting

The City Council hosted a study session on the BMR fee nexus study and heard public comment on the proposed fee structure. Public comment ranged from support to concerns that the increase was too excessive.

To address this concern, the City Council asked staff to research which other cities have instituted BMR fees of similar to those suggested in the Nexus Studies and if these fees have had a chilling effect on development. Unfortunately, while there are municipalities that have instituted BMR fees higher than Menlo Park's current fees, there has not been sufficient time since their institution to assess any impact on development. In addition, without a comprehensive comparison of the total fee schedules it is difficult to suggest a causality between the increase in one fee and a reduction in development applications.

June 21, 2017, Housing Commission Meeting

The Housing Commission reviewed the Commercial Linkage Fee Nexus Study and determined that it would be appropriate to establish a subcommittee to review the issue in greater detail and provide a recommendation to the Housing Commission that could be forwarded to the City Council for action.

March 14, 2018, Housing Commission Meeting

The subcommittee presented their recommendations to the Housing Commission at the Commission's regularly scheduled meeting on March 18. The Subcommittee's recommendation was to amend the commercial linkage fee. The Housing Commission gave direction to staff to return with a recommendation for Commission action at the April 11 regularly scheduled meeting.

Analysis

The methodology for establishing the recommended fee revisions is detailed within the nexus study. The recommended fee revisions of both the nexus study and the subcommittee are summarized in Table 2 by development type and compare the recommended fees to existing fees.

Table 2: Commercial Fees			
Development Type	Existing Fee	Recommended Fee Range per SF	Subcommittee Recommendation per square foot
Hotel	\$9.16	\$10 - \$15	\$15
Retail/Restaurants/Services	\$9.16	\$5 - \$10	\$5
Office/Medical Office/R&D	\$16.90	\$25 - \$50	\$35

Part of the subcommittee's analysis in developing their recommendation is based on a comparison of fees adopted in neighboring cities. Those fees are summarized in Table 3.

Table 3: Commercial Fees By City				
City	Year Established	Hotels	Retail	Medical Offices, R&D
Menlo Park	2017	\$15	\$5	\$35
Mountain View	2015	\$1.41->\$2.81 @ 25,000	\$1.41->\$2.81 @25,000	\$13.14 -> \$26.27 @10,000
Palo Alto	2015	\$20.37	\$20.37	\$35
Redwood City	2015	\$5	\$5	\$20
Sunnyvale	2014	\$8	\$8	\$8 -> \$16 @25,000

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

A. Commercial Linkage Fee Nexus Study

Report prepared by:

Jim Cogan, Housing and Economic Development Manager

Draft Report
Commercial Linkage Fee
Nexus Study

July 2016

prepared for:
City of Menlo Park



VWA

Vernazza Wolfe Associates, Inc.

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I. EXECUTIVE SUMMARY

INTRODUCTION

This report is part of the 21 Elements multi-city nexus study, a collaborative effort to mitigate the impacts of new development on the demand for affordable housing in San Mateo County. In February 2014, the local jurisdictions of San Mateo County hired Strategic Economics and Vernazza Wolfe Associates, Inc. to develop nexus studies for commercial linkage fees and housing impact fees.¹ The project was initiated by 21 Elements, a countywide collaboration among all the cities in San Mateo County on housing issues. Some jurisdictions elected to conduct both fee studies, while others did not. The preparation of these fee studies may result in the adoption of new impact fees on either residential, commercial or both types of developments. This draft report describes the methodology, data sources, and analytical steps required for the nexus analysis.

BACKGROUND

The City of Menlo Park is considering updating its existing commercial linkage fee that is charged on new non-residential development. The purpose of the linkage fee is to mitigate the impacts of an increase in affordable housing demand from new worker households associated with new commercial development. When a city or county adopts impact fees on new development, it must establish a reasonable relationship or connection between the development project and the fee that is charged. Studies undertaken to demonstrate this connection are called nexus studies. This linkage fee nexus study quantifies the connection between the development of commercial hotel, retail/restaurants/services, and office/R&D/medical office projects and the demand for affordable housing units. The funds raised by the linkage fees are deposited into a housing fund specifically reserved for use by a local jurisdiction to increase the supply of affordable housing for the workforce. Commercial linkage fees are one of several funding sources that jurisdictions can use to help meet the affordable housing needs of new workers.

REPORT ORGANIZATION

This executive summary provides an overview of the commercial linkage fee nexus analysis methodology, results, and recommendations. The subsequent chapters of the report contain more detailed information regarding the methodology, data sources and analysis. The report is organized into six sections. Following this executive summary, Section II provides an introduction to the purpose of the study, and an overview of the methodology. Section III presents each of the steps of the commercial linkage fee analysis in detail. Section IV covers the housing affordability gap analysis. Section V presents the maximum fee calculation based on the nexus analysis and affordability gap results. The final section, Section VI, discusses financial feasibility and other policy considerations that jurisdictions typically weigh before implementing a nexus fee.

¹ Participating jurisdictions include: Atherton, Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Millbrae, Pacifica, Portola Valley, Redwood City, San Bruno, San Carlos, San Mateo City, San Mateo County, South San Francisco, and Woodside.

IMPLEMENTATION OPTIONS

The per-square-foot maximum linkage fees are \$154 for the hotel prototype, \$265 for the restaurant/retail/services prototype, and \$255 for the office/medical office/R&D prototype. If Menlo Park elects to update its linkage fees on commercial development, the recommended fee levels are as follows: \$10 to \$15 per square foot for hotels; \$5 to \$10 per square foot for retail/restaurants/services; and between \$25 and \$50 per square foot for office/R&D/medical office. These recommendations are based on the findings of the financial feasibility analysis, a comparison of fees in neighboring jurisdictions, and other factors as explained in the Policy Considerations section, below. The maximum and recommended fee ranges for each prototype are shown in Figure I-1.

Figure I-1. Maximum and Recommended Fee Levels by Prototype

Prototype	Maximum Justified Fee	Recommended Linkage Fee
Hotel	\$154	\$10 - \$15
Retail/ Restaurants / Services	\$265	\$5 - \$10
Office/ Medical Office/ R&D	\$255	\$25 - \$50

Source: Vernazza Wolfe Associates, Inc. and Strategic Economics, 2015.

NEXUS ANALYSIS RESULTS

The principal findings of the nexus analysis are presented below. More detail on each step can be found in other sections of this report.

Prototypes

The first step in this nexus analysis is to establish prototypes of typical commercial development in Menlo Park. These typical developments are called prototypes. This study examined the jobs-housing linkage for three commercial development prototypes:

1. Hotel - includes full-service hotels, limited-service hotels, motels, and other lodging.
2. Retail/ Restaurants/ Services - includes a range of buildings, including retail stores, restaurants, and personal care spaces accommodating businesses like nail salons and drycleaners.
3. Office/ R&D/ Medical Office - includes a range of office and research and development (R&D) uses, including traditional office buildings, medical offices, and specialized spaces for highly advanced manufacturing and research.

The definition of the commercial prototypes was informed by a review of recently completed and proposed development projects in San Mateo County, as well as discussions with City staff. The prototype information is summarized in Figure I-2.

Figure I-2. Commercial Prototypes

	Hotel	Retail/ Restaurants/ Services	Office/R&D/ Medical Office
Prototype Description			
Gross Building Area (GBA)	100,000	100,000	100,000
Podium Parking Area	11,970	30,000	63,000
Gross Building Area including Podium Parking (SF)	111,970	130,000	163,000
Efficiency Ratio (a)	N/A	0.95	0.9
Net Leasable Sq. Ft. (NSF)	N/A	95,000	90,000
Hotel Rooms	133		
Parking Spaces	160	400	300
Podium Parking	40	100	210
Surface Parking	120	300	90
Floor Area Ratio (b)	1.1	0.5	2.0
Land Area (Acres)	2.3	6.0	1.9
Land Area (SF)	101,791	260,000	81,500

Notes:

(a) Refers to ratio of gross building area to net leasable area. An efficiency ratio of 0.9 means that 90% of the gross building area is leasable.

(b) The floor-area-ratio (FAR) is often used as a measure of density. In this analysis, it is calculated as the gross building area (including podium parking) divided by the total land area.

Sources: Vernazza Wolfe Associates, Inc. and Strategic Economics, 2015.

Employment Density

The next step is to determine how many employees will work in each of the three prototypes. While these numbers will vary from building to building, there are sources of information that help researchers define employment “densities.” The employment density measures the number of employees who work in a given amount of space. For each building prototype, an average employment density was defined based on a review of national survey data for existing commercial buildings and a review of recently completed linkage fee nexus studies in the Bay Area. The densities selected were at the lower end of each range. By using slightly lower employment estimates, the conclusions from this study are more conservative. The study uses a slightly lower number of future employees in calculating affordable housing needs.

Worker Household Incomes

Using these prototypes, the nexus analysis estimates the wages of future workers based on industry and occupation data. After the average wage of workers is calculated, the next step is to compute the average household income of worker households. Assuming that there are multiple wage-earners per household, the household income of worker households is estimated. Each worker-household is then classified into area median income (AMI) categories to determine the number of households that would require affordable housing. Figure I-3 summarizes the estimated worker-household incomes for each prototype.

Figure I-3. Calculation of Worker Household Income by Prototype

Prototype	Number of Employee Households
Hotel	
Very Low Income (<=50% AMI)	22.8
Low Income (51-80% AMI)	35.2
Moderate Income (81-120% AMI)	3.2
Above Moderate (>=120%)	4.2
Total	65.4
Retail, Restaurants and Personal Services	
Very Low Income (<=50% AMI)	84.4
Low Income (51-80% AMI)	10.0
Moderate Income (81-120% AMI)	2.3
Above Moderate (>=120%)	1.4
Total	98.0
Office, R&D and Medical Office Land Use	
Very Low Income (<=50% AMI)	34.7
Low Income (51-80% AMI)	52.0
Moderate Income (81-120% AMI)	18.7
Above Moderate (>=120%)	90.7
Total	196.1

Sources: Vernazza Wolfe Associates, Inc; Strategic Economics, 2015.

Affordability Gap

Many of the new worker households will be unable to afford market-rate housing. In order to measure this shortfall, this study has calculated the housing affordability gap, shown in Figure I-4. The housing affordability gap measures the difference between what very low, low, and moderate income households can afford to pay for housing and the cost of building new, modest rental and for-sale housing units.

Figure I-4. Affordable Housing Gap

Income Level	Rental Gap	Ownership Gap	Average Affordability Gap
Very Low Income (50% AMI)	\$280,783	N/A	\$280,783
Low Income (70% - 80% AMI) (a)	\$240,477	N/A	\$240,477
Moderate Income (90% - 110% AMI) (b)	\$187,066	\$164,049	\$175,558

Notes:

(a) Low income households are defined at 70 percent of AMI for renters and 80 percent of AMI for owners.

(b) Moderate income households are defined at 90 percent of AMI for renters and 110 percent AMI for owners.

Acronyms: AMI: Area median income.

Sources: Vernazza Wolfe Associates, Inc.; Strategic Economics, 2015.

Maximum Nexus-Based Fee

To calculate the maximum commercial impact fee, the Consultant Team began by calculating the total affordability gap by prototype, which is obtained by multiplying the average affordability gap at each income level by the number of very low, low and moderate income households for each prototype. The total affordability gap by prototype is then divided by the size of the prototype to obtain the maximum nexus-based fee per square foot (Figure I-5).

The maximum per-square-foot linkage fees are \$154 for hotel, \$265 for retail/restaurants/services, and \$255 for office/R&D/medical office. The maximum fees are not the recommended fees for

adoption. They are the nexus-justified fees that represent the maximum that the City of Menlo Park could charge to mitigate affordable housing demand related to commercial development.

Figure I-5. Maximum Linkage Fees by Prototype

Prototype	Hotel	Retail/ Restaurants/ Personal Services	Office/ R&D/ Medical Office
Square Footage	100,000	100,000	100,000
Total Affordability Gap	\$15,411,161	\$26,497,820	\$25,538,453
Maximum Fee per SF	\$154	\$265	\$255

Sources: Vernazza Wolfe Associates, Inc. & Strategic Economics, 2015.

POLICY CONSIDERATIONS

There are a number of policy considerations that should be taken into account when the City of Menlo Park considers whether to update its commercial linkage fees on new non-residential development. These may include factors such as: the likely financial impact of the proposed linkage fees on development; the additional cost of the new fees on the existing City fee structure; a comparison of the fee scenarios to existing linkage fees in nearby cities; the role of the fee in the City’s overall strategy for affordable housing implementation; and the potential overlap with a residential impact fee, if it is adopted. This section provides a discussion of each of these policy questions for the City of Menlo Park.

Comparison to Neighboring Jurisdictions – A comparison of the nexus fee scenarios to current commercial linkage fees charged in nearby cities is an important element of the policy analysis (Figure I-6). At present, Menlo Park has fees of \$8.76 per square foot for hotel and retail/restaurants/personal services, and a fee of \$16.15 per square foot for office/R&D/medical office development. Menlo Park’s existing fees are similar to the linkage fees adopted in Sunnyvale, San Francisco and Cupertino, which range from \$7.50 to \$24 per square foot, depending on the land use. Similar to Menlo Park, most cities have adopted higher fee levels for office/ R&D/ medical office uses than for retail and hotel uses. For example, in Cupertino, the commercial linkage fee for hotel and retail/ restaurants/ services is \$10 per square foot, compared to \$20 per square foot for office/ R&D/ medical office uses. Menlo Park’s maximum linkage fees, ranging from \$154 to \$265 per square foot, are significantly higher than the existing linkage fees in Bay Area jurisdictions. However, adopting the recommended fee scenarios would place Menlo Park at a somewhat comparable fee level to several neighboring jurisdictions.

- For the hotel prototype, adopting a fee of between \$5 and \$15 per square foot would be comparable to Sunnyvale and Cupertino, but lower than Palo Alto and San Francisco’s fees.
- For the retail/restaurants/services prototype, adopting a fee between \$5 and \$10 per square foot would be fairly similar to the current linkage fee level, and comparable with Sunnyvale’s fee of \$7.50 per square foot and Cupertino’s fee of \$10 per square foot.
- For the office/R&D/medical office prototype, adopting a fee between \$25 and \$50 per square foot would be comparable to Mountain View and San Francisco.

Figure I-6. Comparison of Commercial Linkage Fees in Other Jurisdictions

Jurisdiction	Hotel	Retail/ Restaurant/ Services	Office/R&D/ Medical Office	Date Fee Was Adopted
Menlo Park (a)	\$8.76	\$8.76	\$16.15	2000
Cupertino	\$10	\$10	\$20	2015
Mountain View (b)	\$2.50	\$2.50	\$25	2015
Palo Alto	\$19.31	\$19.31	\$19.31	2002
San Francisco (c)	\$18	\$22	\$16-\$24	2015
Sunnyvale (d)	\$7.50	\$7.50	\$15	2015

Notes:

(a) Churches, schools, public facilities, and commercial buildings of 10,000 SF and under are exempt from fees.

(b) New gross floor area under 25,000 SF pays 50 percent of full fee.

(c) The fee for R&D is \$16.01 and the fee for office is \$24.03. The fee for a small enterprise is \$18.89.

(d) The fee on the first 25,000 SF, for all three commercial uses, is discounted by 50 percent.

Sources: City staff and websites; Nonprofit Housing Association of Northern California, 2015; Vernazza Wolfe Associates, Inc. & Strategic Economics, 2015.

Financial Feasibility – Financial feasibility is just one of several factors to consider in making a decision regarding updating an existing fee. In order to provide the City of Menlo Park with guidance on how different fee levels could influence development, the Consultant Team conducted a pro forma feasibility analysis that tested the impact of the maximum fee and three reduced fee scenarios on developer profit for all the commercial prototypes. The analysis showed that establishing a fee at the maximum fee levels was not financially feasible at this time for any of the prototypes. However, reduced fee scenarios are financially feasible for the hotel and office/ R&D/ medical office prototypes (Figure I-7). The hotel prototype can support a commercial linkage fee of between \$10 and \$15 per square foot. Fee levels between \$25 and \$50 per square foot were found to be financially feasible for the office/ R&D/ medical office prototype.

For the retail/ restaurants/ services prototype, none of the fee scenarios tested was deemed financially feasible under today's market conditions. However, it is possible that the prototype could be feasible if land, construction, or soft costs were slightly lower. The ground-floor retail component of a mixed-use project would also have stronger financial feasibility results, because it would share land costs with the residential or office component.

Figure I-7. Comparison of Existing, Maximum and Feasible Fee Levels by Prototype

Prototype	Existing Linkage Fee per SF	Maximum Justified Fee per SF	Feasible Fee Levels per SF
Hotel	\$8.76	\$154	\$10 - \$15
Restaurants/Retail/Services	\$8.76	\$265	\$5 - \$10
Office/Medical Office/R&D	\$16.15	\$255	\$25 - \$50

Sources: Vernazza Wolfe Associates, Inc. & Strategic Economics, 2015.

Total Development Costs – Currently, the total development costs (including land, building and onsite improvements, parking, indirect costs, financing costs, and developer profit, but excluding the current linkage fee) are \$407 per net square foot for the hotel prototype, \$573 per net square foot for the retail/restaurants/services prototype and \$473 per net square foot for the office/ R&D/ medical office prototype. The maximum nexus-based linkage fee represents approximately 27 percent of total development costs for the hotel prototype, almost 32 percent of total development costs for the retail/ restaurants/ services prototype, and 35 percent of total development costs for the office/ R&D/ medical office prototype (Figure I-8). The existing linkage fees of \$8.76 and \$16.15 per square foot makes up

between 1.5 and three percent of development costs for the prototypes. A fee of \$15 per square foot for the hotel prototype, which is at the higher end of the recommended fee range, represents four percent of total development costs. A fee of \$50 per square foot for the office/R&D/medical office prototype, which is the higher end of the recommended fee range, would represent 9.6 percent of total development costs. A fee of \$10 per square foot for retail/restaurants/services, which is at the high end of the recommended fee range, is equivalent to 1.7 percent of total development costs, which is a modest cost factor for this prototype.

Comparison to Existing City Fees – In addition to the existing commercial linkage fee, the City of Menlo Park has other permits and fees on new development. The City may wish to consider the amount that total fees would increase with an updated commercial linkage fee. Existing permits and fees in Menlo Park for the commercial prototypes (including the existing linkage fees of \$8.76 per square foot for hotel and restaurant/retail/personal services development and \$16.15 per square foot for office/R&D/medical office) are estimated to be \$18 per square foot for the hotel prototype, \$20 per square foot for the retail/ restaurants/ services prototype, and \$26 per square foot for the office/ R&D/ medical office prototype.² If the maximum linkage fees were adopted, the total development fees and permits would be \$172 per square foot for hotel, \$285 per square foot for retail, and \$281 for office, as shown in Figure I-9. Fee scenarios of \$15 per square foot for hotels and \$10 per square foot for retail/restaurants/services would increase total fees to \$32 and \$30 per square foot, respectively. A fee of \$25 per square foot for office/R&D/medical office would increase total fees to \$50 per square foot.

Role of Fee in Menlo Park’s Overall Housing Strategy – Menlo Park currently charges a commercial linkage fee of \$16.15 per square foot on office/R&D development and \$8.76 per square foot on all other non-residential development. Churches, schools, public facilities, and projects under 10,000 square feet are exempt. These fees are payable at the time that the building permit is issued. Fee revenues are used to provide financial assistance for affordable housing developments and preservation. The City also has an inclusionary housing program for for-sale residential development. The program requires that 10 percent of the units in market-rate developments of five to 20 housing units must be sold at affordable sales prices. For projects over 20 units, 15 percent of units must be sold at affordable prices. In some cases, developers have the option of paying an in-lieu fee. Revenues from the updated commercial linkage fees (and from residential impact fees, if they are adopted) would continue to support the City’s existing affordable housing programs. It should be noted that revenues from a commercial linkage fee need to be spent on housing that benefits the workforce since the funds stem from affordable housing impacts related to new employment.

Overlap with Residential Impact Fees - In addition to the commercial linkage fee update described in this report, the City of Menlo Park is also considering implementing new residential impact fees on housing development. There may be a small share of jobs counted in the residential nexus analysis that are also included in this commercial linkage fee analysis. Thus, the two programs may have some overlap in mitigating the affordable housing demand from the same worker households. In order to reduce the potential for overlap between the two programs, it is advisable to set both the commercial linkage fees and housing impact fees at below 100 percent of the nexus-based maximum. In this way, when combined, the programs would mitigate less than 100 percent of the impact even if there were overlap in the jobs counted in the two nexus analyses.

² These fee estimates are the best approximations available, and do not represent the actual cost of a proposed new development project.

Figure I-8. Commercial Linkage Fee Scenarios as Percent of Total Development Costs

Fee Scenario	Hotel		Retail/Restaurants/Services		Office/R&D/Medical Office	
	Fee Amount	Fee as % of TDC	Fee Amount	Fee as % of TDC	Fee Amount	Fee as % of TDC
Existing Linkage Fee	\$8.76	2.11%	\$8.76	1.51%	\$16.15	3.30%
Scenario 1: Max Fee	\$154	27.48%	\$265	31.61%	\$255	35.06%
Scenario 2	\$15	3.56%	\$15	2.55%	\$50	9.56%
Scenario 3	\$10	2.40%	\$10	1.71%	\$35	6.89%
Scenario 4	\$5	1.21%	\$5	0.86%	\$25	5.02%

Sources: Vernazza Wolfe Associates, Inc. & Strategic Economics, 2015.

Figure I-9. Total Fees and Permits per Square Foot

Fee Scenario	Hotel		Retail/Restaurants/Services		Office/R&D/Medical Office	
	Linkage Fee per SF	Total Permits and Fees	Linkage Fee per SF	Total Permits and Fees	Linkage Fee per SF	Total Permits and Fees
Existing Permits and Fees	\$9	\$18	\$9	\$20	\$16	\$26
Scenario 1 (Maximum Fee)	\$154	\$163	\$265	\$277	\$255	\$265
Scenario 2	\$15	\$24	\$15	\$27	\$50	\$60
Scenario 3	\$10	\$19	\$10	\$22	\$35	\$45
Scenario 4	\$5	\$14	\$5	\$17	\$25	\$35

Sources: Vernazza Wolfe Associates, Inc. & Strategic Economics, 2015.

II. INTRODUCTION AND METHODOLOGY

A commercial linkage fee is an impact fee that is charged on new, commercial development to address the affordable housing demand from new workers. The City of Menlo Park currently has a commercial linkage fee of \$8.76 per square foot on new hotel and restaurant/retail/personal services development, and of \$16.15 per square foot on new office/R&D/medical office development. The purpose of this study is to provide a new nexus analysis in the event that Menlo Park decides to adopt an updated commercial linkage fee. The funds raised by the linkage fees are deposited into a housing fund specifically reserved for use by a local jurisdiction to increase the supply of affordable housing for the workforce. Linkage fees are one of several funding sources that jurisdictions can use to help meet the affordable housing needs of new workers. For more than thirty years, California cities and counties have imposed commercial linkage fees on new, non-residential developments.

THE NEXUS CONCEPT

In order to adopt a commercial linkage fee, a nexus study is required to determine the reasonable relationship between the fee's use and the impact of the development project on which the fee is imposed. This commercial linkage fee nexus study establishes and quantifies the linkages or “nexus” between new commercial development and the need for additional housing affordable to new workers. Some of the new workers will have household incomes that qualify them for income-restricted affordable housing. This study quantifies the demand for very low income, low income, and moderate income housing that is created by new development of commercial buildings.

METHODOLOGY

When a city or county adopts a development impact fee, it must establish a reasonable relationship between the development project and the fee being charged. Studies undertaken to demonstrate this connection are called nexus studies. Nexus studies for school impact fees, traffic mitigation fees, and parks are common. For commercial linkage fees, a methodology exists that establishes a connection between the development of commercial space and the need to expand the supply of affordable housing. This study is based on this established methodology.

The purpose of a commercial linkage fee nexus analysis is to quantify the increase in demand for affordable housing that accompanies new non-residential development. There will be a net gain in employment when new commercial space is built. The ability of new workers to pay for housing costs is linked to their occupations (and hence salaries). Given anticipated incomes, there may be an affordability "gap" between what worker households can afford to pay (to rent or to buy) and the actual costs of new housing.

A nexus analysis calculates the relationship between new commercial development and household incomes of employees and then determines the employees' need for affordable housing. These steps provide the rationale for calculating the maximum justified commercial linkage fee that could be levied on non-residential development. These steps are presented in more detail below, and the subsequent sections of this report present the results of each of these steps.

Step 1. Define the commercial prototypes that represent new commercial development in Menlo Park.

The prototypes are defined based on recently completed and proposed development projects in Menlo Park. The purpose of defining prototypes is to estimate future employment linked to the new commercial space. Three prototypes were selected and include Hotels (133 rooms or 100,000 SF), Retail/ Restaurants/ Services (100,000 SF), and Office/ R&D/ Medical Office (100,000 SF). The prototype definitions include information on gross and leasable area, number of rooms (for hotel only), parking, and floor-area-ratio.

Step 2. Estimate the number of workers that will work in the new commercial space.

Based on a national survey data on employment density for commercial land uses, as well as recently completed linkage fee nexus studies in the Bay Area, the estimated employment density in hotels is approximately 0.75 workers per room (average room size of 750 SF), one worker per 667 SF for retail/ restaurants/ services, and one worker per 333 SF for office/ R&D/ medical office. By dividing the square footage of the prototype developments by the employment density figures, the number of workers for each prototype is estimated.

Step 3. Estimate the number of new households represented by these new workers.

Since there are multiple wage earners in a household, the number of new workers will be higher than the number of new households moving into Menlo Park. Therefore, it is necessary to go from projected growth in the number of workers to household growth. This adjustment is based on the average number of wage-earners per worker household for Menlo Park (1.53) according to the U.S. Census Bureau American Community Survey 3-Year Estimates, 2010-2012.

Step 4. Estimate wages of new workers.

The first step in calculating employee wages is to establish a list of the industries that can be associated with each prototype. Using industry data from QCEW, industries (defined by NAICS Codes) were identified that are associated with each prototype, or land use. The next step is to identify all the occupations that are associated with each industry based on data provided by the U.S. Bureau of Labor Statistics (BLS). The national BLS occupational matrix is then calibrated to match the county's employment mix by weighting the national employment distribution to reflect the distribution of employment by industry within San Mateo County. Finally, the average wage by worker is calculated using data on average annual wages by occupation in the San Francisco-Redwood City-San Mateo Metro Division from the California Employment Development Department.

Step 5. Estimate household income of worker households.

Worker wage estimates from the previous step are then converted to household incomes. This step assumes that the income of the second wage-earner is similar to the wage of the first wage-earner. According to the U.S. Census Bureau American Community Survey 3-Year Estimates, 2010-2012, there are 1.53 wage-earners per worker household in the City of Menlo Park. Individual worker wages are multiplied by 1.53 to represent household incomes.

Step 6. Calculate the number of households that would be eligible for affordable housing divided into three categories: very low, low, and moderate income.

The average household size in the City of Menlo Park is estimated to be 2.5, based on the US Census, American Community Survey 5-Year Estimates, 2008-2012. Thus, the income groups are defined for a household size of three persons based on the income categories established by California Department of Housing and Community Development (HCD) for San Mateo County. Households with above-moderate income are removed to determine the number that would require below market rate affordable housing.

Step 7. Estimate the affordability gap of new households requiring affordable housing.

The affordability gap represents the difference between what households can afford to pay for housing and the development cost of a modest housing unit. For very low and low income households, a rental housing gap is used. For moderate income households, the housing affordability gap is calculated separately for renter and owner households, and then the two gaps are combined to derive an average affordability gap for moderate income households.

Step 8. Estimate the total housing affordability gap of new households requiring affordable housing.

The total number of very low, low, and moderate income new worker households for each land use prototype is multiplied by the corresponding affordable housing gap figure.

Step 9. Calculate maximum commercial linkage fees for each prototype.

The total affordability gap is then divided by 100,000 SF, the size of each commercial prototype to generate a maximum fee per square foot.

III. COMMERCIAL LINKAGE FEE NEXUS ANALYSIS

This section discusses each step of the commercial linkage analysis calculations and the maximum nexus-based fees. The analysis presented in this section should be interpreted within the context of the previous sections establishing the overall methodology for this study.

NEXUS ANALYSIS STEPS

Using the methodology described in Section II, the following describes each of the steps to calculate the linkage fees in more detail.

Commercial Prototypes

This study examined the jobs-housing linkage for three commercial development prototypes, which are described below.

1. Hotel – This building prototype includes full-service hotels, limited-service hotels, motels, and other lodging.
2. Retail/ Restaurants/ Services – This building prototype includes a broad range of buildings, including retail stores, restaurants, and personal care spaces accommodating businesses like nail salons and drycleaners.
3. Office/ R&D/ Medical Office – This category includes a wide range of office and R&D users, including traditional office buildings, open floor-plan offices, medical offices, and specialized spaces for highly advanced manufacturing and research commonly found in San Mateo County.

The prototypes defined above represent the types of new commercial buildings recently constructed or proposed in San Mateo County. Each prototype was assumed to be 100,000 square feet in size. The building size is not prescriptive; it is only averaged to illustrate the overall numbers of workers and households associated with new development projects. Many linkage fee nexus studies use the 100,000 square foot number because it can easily be converted into per-square-foot calculations. The per-square-foot linkage fee can be applied to a project of any size. For example, the small ground-floor retail component in a mixed-use building would be charged the same per-square-foot retail linkage fee as a large “big-box” project.

Figure III-1 below describes the building characteristics of each prototype, including factors like floor-area-ratios (FARs) and parking ratios, which were established based on a review of recent commercial development projects in the county.

Figure III-1. Description of Commercial Prototypes

	Hotel	Retail/ Restaurants/ Services	Office/R&D/ Medical Office
Prototype Description			
Gross Building Area (GBA)	100,000	100,000	100,000
Podium Parking Area	11,970	30,000	63,000
Gross Building Area including Podium Parking (SF)	111,970	130,000	163,000
Efficiency Ratio (a)	N/A	0.95	0.9
Net Leasable Sq. Ft. (NSF)	N/A	95,000	90,000
Hotel Rooms	133		
Parking Spaces	160	400	300
Podium Parking	40	100	210
Surface Parking	120	300	90
Floor Area Ratio (b)	1.1	0.5	2.0
Land Area (Acres)	2.3	6.0	1.9
Land Area (SF)	101,791	260,000	81,500

Notes:

(a) Refers to ratio of gross building area to net leasable area. An efficiency ratio of 0.9 means that 90% of the gross building area is leasable.

(b) The floor-area-ratio (FAR) is often used as a measure of density. In this analysis, it is calculated as the gross building area (including podium parking) divided by the total land area.

Sources: Vernazza Wolfe Associates, Inc. and Strategic Economics, 2015.

Average Employment Density and Number of Workers

For each building prototype, an average employment density was defined based on a review of national survey data for existing commercial buildings and a review of recently completed linkage fee nexus studies in the Bay Area. The densities selected were at the lower end of each range. While there is some anecdotal evidence that Silicon Valley technology firms occupy office space at higher densities than those selected in this study, these lower employment estimates are based on published data sources and surveys in order to ensure that the calculated nexus fees are more conservative. Furthermore, the office/R&D/medical office prototype includes a range of building types in addition to technology office space, including R&D buildings and medical offices, which typically have a large amount of building space dedicated to labs and clinics, thereby attaining low overall employment densities. Figure III-2 summarizes the building density data that formed the basis for establishing average employment density for each prototype.

Figure III-3 describes the density for each prototype, measured by the average number of square feet per worker for each prototype. This factor is multiplied by the size of the building (100,000 square feet) to calculate the total number of workers in each commercial prototype. The density factors represent the average density for the prototypes; individual projects and buildings may actually be more or less dense. The hotel prototype is assumed to be the lowest density followed by retail/ restaurant/ services and office/ R&D/ medical office. The density assumption generates the total number of direct workers occupying the commercial space in each prototype.

- **Hotel** – The hotel employment density assumption is 1,000 square feet per worker (or 0.75 workers per room). This density is at the mid-range of the densities shown in Figure III-2, and consistent with the Vallen and Vallen estimate for limited service mid-scale hotels, which are in between full-service “luxury” properties and economy properties. Given that many of the recently constructed and proposed hotel projects in San Mateo County are limited service mid-scale hotels, this density is aligned with market trends. For a 100,000-square-foot hotel (roughly equivalent to 133 rooms), this density assumption results in a total number of 100 workers.

- Retail/ Restaurants/ Services – The average density for retail/ restaurants/ services is estimated at 667 square feet of space per worker. This figure represents a lower density than the figures used in many other commercial linkage fee studies in the Bay Area, but a higher density than national data sources. Using this density, the number of workers in a 100,000 square foot prototype is estimated at 150.
- Office/ R&D/ Medical Office – The average density assumption for office/R&D/medical office is estimated at 333 square feet per worker. This density estimate is slightly lower than some recent linkage fee nexus studies, but higher than the national Energy Information Administration survey. The resulting number of total workers in this prototype is estimated at 300.

Figure III-2. Employment Density Data and Sources

Employee Density Figure	Source
Hotel	
1.5 workers per full-service (luxury) hotel room	Vallen and Vallen, "Chapter 1: The Traditional Hotel Industry," Check-In, Check-Out, 2012
0.5 to 1.0 workers per room for "in-between" hotels	Vallen and Vallen, "Chapter 1: The Traditional Hotel Industry," Check-In, Check-Out, 2012
As few as 0.25 workers per room for "budget" hotels	Vallen and Vallen, "Chapter 1: The Traditional Hotel Industry," Check-In, Check-Out, 2012
2,074 square feet per worker	Energy Information Administration, 2003 Commercial Buildings Energy Consumption Survey, Revised June 2006
720 square feet per worker	A.C. Nelson, "Reshaping Metropolitan America" (based on calculations from EIA survey)
450 square feet per worker	Jobs Housing Impact Fee Draft Nexus Study: City of Napa, CA, Vernazza Wolfe Associates Inc., 2011
2,000 square feet per worker	Housing Impact Fee Nexus Study: Mountain View, CA, KMA, 2012
Retail/ Restaurants/ Services	
528 -1,246 square feet per worker in retail and services	Energy Information Administration, 2003 Commercial Buildings Energy Consumption Survey, Revised June 2006
605 square feet per worker	A.C. Nelson, "Reshaping Metropolitan America," 2013
300 square feet per worker	San Mateo County Housing Needs Study, Economic & Planning Systems, 2006
350 square feet per worker	Jobs Housing Impact Fee Draft Nexus Study: City of Napa, CA, Vernazza Wolfe Associates Inc., 2011
384.6 square feet per worker	Housing Impact Fee Nexus Study: Mountain View, CA, KMA, 2012
Office/ R&D/ Medical Office	
185-340 square feet per employee	Norm Miller, "Estimating Office Space per Worker: Implications for Future Office Space Demand," 2012
306 square feet per worker	Building Owners and Managers Association Survey, 2012
434 square feet per worker	Energy Information Administration, 2003 Commercial Buildings Energy Consumption Survey, Revised June 2006
300 square feet per worker	A.C. Nelson, "Reshaping Metropolitan America," 2013
250-350 square feet per worker	San Mateo County Housing Needs Study, Economic & Planning Systems, 2006
300 square feet per worker	Jobs Housing Impact Fee Draft Nexus Study: City of Napa, CA, Vernazza Wolfe Associates Inc., 2011
312.5 square feet per worker	Housing Impact Fee Nexus Study: Mountain View, CA, KMA, 2012

Figure III-3. Employment Density by Prototype

Commercial Prototype	Prototype Size (SF)	Average Density	Number of Workers in Prototype
Hotel	100,000 SF 133 rooms	1,000 SF per worker 0.75 workers per room	100 workers
Retail/ Restaurant/ Personal Services	100,000 SF	667 square feet per worker	150 workers
Office/ R&D/ Medical Office	100,000 SF	333 square feet per worker	300 workers

Sources: Vernazza Wolfe Associates, Inc.; Strategic Economics, 2015.

Number of Worker Households

Based on the total number of workers directly employed in the prototypes, the total number of worker households is estimated. The number of worker households is calculated by dividing the number of workers by the average number of wage-earners per household in Menlo Park. Based on data from the U.S. Census American Community Survey 3-Year Estimates, 2010-2012, there is an average of 1.53 workers per household in Menlo Park. The calculation of total new worker households is demonstrated in Figure III-4 below. The number of worker households associated with the prototypes is 65 for hotels, 98 for retail/ restaurants/ services; and 196 for office/R&D/medical office.

Figure III-4. Number of Worker Households by Prototype

Commercial Prototype	Number of New Workers	Workers Per Household	Number of New Worker Households
Office/R&D/Medical Office	300	1.53	196
Retail/Restaurant/Personal Services	150	1.53	98
Hotel	100	1.53	65

Sources: US Census, American Community Survey 3-Year Estimates, 2010-2012; Vernazza Wolfe Associates, Inc.; Strategic Economics, 2015.

Calculate Worker Wages and Household Income

The first step in calculating employee wages is to establish a list of the industries that can be associated with each prototype. Using industry data from Quarterly Census of Employment and Wages (QCEW), industries (defined by NAICS Codes) were identified that are associated with each prototype, or land use. Figure III-5 below describes the industries that are associated with the hotel, retail/ restaurants/ services and office/ R&D/ medical office prototypes. The hotel category shown in Figure III-5 has only one industry attached to it, while the other land uses are associated with a larger number of industries. The industries associated with the retail/ restaurants/ services prototype are defined in Figure III-6. The office/R&D/ medical office industries are shown in Figure III-7.

Figure III-5. Definition of Industries for Hotel Prototype

NAICS Code	Description	Percent Total Workers in Prototype
721	Accommodation	100%
Total		100%

Note: Unlike other prototypes, the hotel prototype only includes one NAICS industry category.
Source: United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), 2013.

Figure III-6. Definition of Industries for Retail/ Restaurants/ Services Prototype

NAICS Code	Description	Percent Total Workers in Prototype
7225	Restaurants	34.1%
4451	Grocery stores	9.8%
4529	Other general merchandise stores	4.9%
8111	Automotive repair and maintenance	4.0%
4411	Automobile dealers	3.9%
4521	Department stores	3.6%
4441	Building material and supplies dealers	3.5%
8129	Other personal services	3.2%
4481	Clothing stores	3.1%
4461	Health and personal care stores	3.0%
8121	Personal care services	2.3%
5321	Automotive equipment rental and leasing	2.3%
8123	Dry-cleaning and laundry services	2.1%
4511	Sporting goods and musical instrument stores	1.8%
4431	Electronics and appliance stores	1.7%
4471	Gasoline stations	1.6%
4532	Office supplies, stationery, and gift stores	1.4%
4541	Electronic shopping and mail-order houses	1.2%
4421	Furniture stores	1.1%
4452	Specialty food stores	1.1%
4413	Auto parts, accessories, and tire stores	1.0%
4539	Other miscellaneous store retailers	1.0%
5322	Consumer goods rental	0.9%
4422	Home furnishings stores	0.7%
8122	Death care services	0.7%
5615	Travel arrangement and reservation services	0.5%
4237	Hardware and plumbing merchant wholesalers	0.5%
4512	Book, periodical, and music stores	0.4%
4482	Shoe stores	0.4%
4453	Beer, wine, and liquor stores	0.4%
7224	Drinking places, alcoholic beverages	0.4%
8113	Commercial machinery repair and maintenance	0.4%
4483	Jewelry, luggage, and leather goods stores	0.4%
4533	Used merchandise stores	0.4%
4231	Motor vehicle and parts merchant wholesalers	0.4%
4233	Lumber and const. supply merchant wholesalers	0.3%
5324	Machinery and equipment rental and leasing	0.3%
4442	Lawn and garden equipment and supplies stores	0.3%
8114	Household goods repair and maintenance	0.3%
4531	Florists	0.2%
5323	General rental centers	0.2%
4543	Direct selling establishments	0.2%
8112	Electronic equipment repair and maintenance	0.1%
4412	Other motor vehicle dealers	0.1%
4542	Vending machine operators	0.0%
Total		100%

Sources: United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), 2013; Vernazza Wolfe Associates, Inc.; Strategic Economics, 2015.

Figure III-7. Definition of Industries for Office/ R&D/ Medical Office Prototype

NAICS Code	Description	Percent Total Workers in Prototype
5415	Computer systems design and related services	12.0%
5417	Scientific research and development services	10.1%
5112	Software publishers	8.7%
5613	Employment services	6.3%
5416	Management and technical consulting services	4.6%
5191	Other information services	4.6%
5617	Services to buildings and dwellings	4.4%
523	Securities, commodity contracts, investments	3.9%
5511	Management of companies and enterprises	2.9%
6211	Offices of physicians	2.8%
6214	Outpatient care centers	2.7%
7223	Special food services	2.5%
5616	Investigation and security services	2.4%
6212	Offices of dentists	2.1%
5411	Legal services	2.1%
3341	Computer and peripheral equipment mfg.	2.1%
5222	Non-depository credit intermediation	2.0%
5412	Accounting and bookkeeping services	1.8%
5221	Depository credit intermediation	1.8%
5242	Insurance agencies and brokerages	1.7%
5182	Data processing, hosting and related services	1.6%
5413	Architectural and engineering services	1.5%
3345	Electronic instrument manufacturing	1.4%
5611	Office administrative services	1.2%
5313	Activities related to real estate	1.2%
517	Telecommunications	1.2%
5311	Lessors of real estate	1.0%
5419	Other professional and technical services	0.9%
5121	Motion picture and video industries	0.9%
5111	Newspaper, book, and directory publishers	0.8%
3344	Semiconductor and electronic component mfg.	0.8%
6213	Offices of other health practitioners	0.8%
5418	Advertising, pr, and related services	0.7%
3391	Medical equipment and supplies manufacturing	0.7%
6215	Medical and diagnostic laboratories	0.7%
5312	Offices of real estate agents and brokers	0.5%
5241	Insurance carriers	0.5%
5619	Other support services	0.4%
515	Broadcasting, except internet	0.4%
5614	Business support services	0.4%
5223	Activities related to credit intermediation	0.3%
3353	Electrical equipment manufacturing	0.2%
5414	Specialized design services	0.2%
3342	Communications equipment manufacturing	0.1%
5331	Lessors of nonfinancial intangible assets	0.0%
5612	Facilities support services	0.0%
5122	Sound recording industries	0.0%
5259	Other investment pools and funds	0.0%
Total		100%

Sources: United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), 2013; Vernazza Wolfe Associates, Inc.; Strategic Economics, 2015

The next step is to identify all the occupations that are associated with each industry based on data provided by the U.S. Bureau of Labor Statistics (BLS). National level data on occupations are the best available; state level industry-occupation data exist but do not include all relevant industries. The national BLS occupational matrix is then calibrated to match the county's employment mix by weighting the national employment distribution to reflect the distribution of employment by industry within San Mateo County. Finally, the average wage by worker is calculated using data on average annual wages by occupation in the San Francisco-Redwood City-San Mateo Metro Division (the smallest geographic level at which wage data are available) from the California Employment Development Department.

Figure III-8 below summarizes the results of these calculations, computing the average weighted wages³ for each prototype. As shown, the average wage is lowest for workers of retail/ restaurants/ services, since the occupations in these industries tend to have the lowest wages. Hotel workers have a slightly higher average wage than retail/restaurant/service workers. Office/R&D/medical office employees have the highest average wage of the three prototypes, due to a larger percentage of occupations in higher wage categories.

Figure III-8. Average Annual Wage by Prototype

Commercial Prototype	Weighted Average Annual Wage (a)
Hotel	\$39,935
Retail/ Restaurants/ Services	\$29,833
Office/ R&D /Medical Office	\$77,342

Notes:

(a) Average wages are weighted to take into account the proportion of jobs in each occupational wage category.

Sources: Bureau of Labor Statistics, Occupational Employment Statistics, 2013 and Quarterly Census of Employment and Wages (QCEW), 2013; California Economic Development Department, OES Employment and Wages by Occupation, 2013; Vernazza Wolfe Associates, Inc.; Strategic Economics, 2015.

The complete occupational mix, and wage data tables for each prototype are presented in Figure III-9, Figure III-10 and Figure III-11.

³ The weighted average wage takes into account the proportion of jobs in each occupational category.

Figure III-9. Occupational Mix and Average Wages for Hotel Industry

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Hotel Workers (c)
11-0000	Management Occupations		
11-9081	Lodging Managers	\$74,498	1.586%
11-1021	General and Operations Managers	\$150,628	0.964%
11-9051	Food Service Managers	\$63,767	0.487%
11-2022	Sales Managers	\$161,570	0.376%
11-3031	Financial Managers	\$169,227	0.201%
11-3011	Administrative Services Managers	\$110,659	0.165%
11-9199	Managers, All Other	\$141,691	0.125%
11-3121	Human Resources Managers	\$136,986	0.092%
11-1011	Chief Executives	\$207,735	0.064%
11-9141	Property, Real Estate, and Community Association Managers	\$85,117	0.056%
11-2021	Marketing Managers	\$175,141	0.054%
11-2011	Advertising and Promotions Managers	\$119,666	0.039%
11-3061	Purchasing Managers	\$146,940	0.026%
11-3021	Computer and Information Systems Managers	\$165,650	0.025%
11-2031	Public Relations and Fundraising Managers	\$133,651	0.008%
11-3111	Compensation and Benefits Managers	\$143,112	0.007%
11-9151	Social and Community Service Managers	\$78,548	0.006%
11-3131	Training and Development Managers	\$152,542	0.003%
11-9041	Architectural and Engineering Managers	\$168,643	0.003%
11-3071	Transportation, Storage, and Distribution Managers	\$119,656	0.003%
11-9021	Construction Managers	\$138,900	0.002%
	Weighted Average Annual Wage	\$112,338	4.293%
13-0000	Business and Financial Operations Occupations		
13-1121	Meeting, Convention, and Event Planners	\$63,284	0.475%
13-2011	Accountants and Auditors	\$86,991	0.457%
13-1071	Human Resources Specialists	\$80,583	0.197%
13-1199	Business Operations Specialists, All Other	\$94,719	0.094%
13-1023	Purchasing Agents, Except Wholesale, Retail, and Farm Products	\$79,939	0.081%
13-1161	Market Research Analysts and Marketing Specialists	\$87,374	0.068%

Figure III-9. Occupational Mix and Average Wages for Hotel Industry, Continued

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Hotel Workers (c)
13-1151	Training and Development Specialists	\$82,770	0.027%
13-1141	Compensation, Benefits, and Job Analysis Specialists	\$81,621	0.018%
13-2051	Financial Analysts	\$124,663	0.017%
13-2099	Financial Specialists, All Other	\$118,407	0.012%
13-1041	Compliance Officers	\$87,616	0.012%
13-1131	Fundraisers	\$59,012	0.011%
13-1075	Labor Relations Specialists	\$83,656	0.009%
13-1111	Management Analysts	\$119,726	0.006%
13-1022	Wholesale and Retail Buyers, Except Farm Products	\$60,856	0.004%
13-2031	Budget Analysts	\$86,457	0.002%
13-2041	Credit Analysts	\$101,611	0.002%
	Weighted Average Annual Wage	\$79,133	1.493%
15-0000	Computer and Mathematical Occupations		
15-1151	Computer User Support Specialists	\$70,345	0.036%
15-1199	Computer Occupations, All Other	\$97,276	0.025%
15-1142	Network and Computer Systems Administrators	\$95,860	0.023%
15-1152	Computer Network Support Specialists	\$82,738	0.015%
15-1121	Computer Systems Analysts	\$104,935	0.009%
15-1134	Web Developers	\$91,692	0.005%
15-1141	Database Administrators	\$105,451	0.005%
15-1131	Computer Programmers	\$100,716	0.003%
15-1132	Software Developers, Applications	\$115,740	0.002%
	Weighted Average Annual Wage	\$88,477	0.124%
17-0000	Architecture and Engineering Occupations		
17-3023	Electrical and Electronics Engineering Technicians	\$68,604	0.004%
17-2051	Civil Engineers	\$108,648	0.003%
17-2141	Mechanical Engineers	\$100,372	0.003%
	Weighted Average Annual Wage	\$91,281	0.011%

Figure III-9. Occupational Mix and Average Wages for Hotel Industry, Continued

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Hotel Workers (c)
19-0000	Life, Physical, and Social Science Occupations	\$96,012	0.006%
	Weighted Average Annual Wage	\$96,012	0.006%
21-0000	Community and Social Service Occupations		
21-1099	Community and Social Service Specialists, All Other	\$53,338	0.003%
	Weighted Average Annual Wage	\$53,338	0.003%
23-0000	Legal Occupations		
23-1011	Lawyers	\$171,324	0.002%
23-2011	Paralegals and Legal Assistants	\$71,528	0.002%
	Weighted Average Annual Wage	\$128,554	0.004%
25-0000	Education, Training, and Library Occupations		
25-3021	Self-Enrichment Education Teachers	\$46,984	0.034%
25-3099	Teachers and Instructors, All Other, Except Substitute Teachers	\$69,029	0.004%
25-2011	Preschool Teachers, Except Special Education	\$37,039	0.003%
25-9031	Instructional Coordinators	\$71,751	0.002%
	Weighted Average Annual Wage	\$49,878	0.043%
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations		
27-4011	Audio and Video Equipment Technicians	\$58,639	0.149%
27-2022	Coaches and Scouts	\$45,133	0.074%
27-3031	Public Relations Specialists	\$83,345	0.053%
27-3099	Media and Communication Workers, All Other	\$60,146	0.021%
27-4099	Media and Communication Equipment Workers, All Other	\$97,539	0.013%
27-1024	Graphic Designers	\$72,419	0.009%
27-1023	Floral Designers	\$36,644	0.008%
27-4014	Sound Engineering Technicians	\$49,190	0.008%
27-2012	Producers and Directors	\$95,971	0.002%

Figure III-9. Occupational Mix and Average Wages for Hotel Industry, Continued

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Hotel Workers (c)
27-1025	Interior Designers	\$76,587	0.002%
	Weighted Average Annual Wage	\$61,155	0.339%
29-0000	Healthcare Practitioners and Technical Occupations		
29-1141	Registered Nurses	\$129,166	0.006%
29-2041	Emergency Medical Technicians and Paramedics	\$57,354	0.006%
29-9011	Occupational Health and Safety Specialists	\$98,501	0.004%
	Weighted Average Annual Wage	\$95,944	0.016%
31-0000	Healthcare Support Occupations		
31-9011	Massage Therapists	\$45,586	0.425%
	Weighted Average Annual Wage	\$45,586	0.425%
33-0000	Protective Service Occupations		
33-9032	Security Guards	\$32,013	1.558%
33-9092	Lifeguards, Ski Patrol, and Other Recreational Protective Service Workers	\$29,746	0.392%
33-1099	First-Line Supervisors of Protective Service Workers, All Other	\$54,040	0.137%
33-9099	Protective Service Workers, All Other	\$56,801	0.062%
33-9021	Private Detectives and Investigators	\$86,255	0.003%
	Weighted Average Annual Wage	\$33,786	2.152%
35-0000	Food Preparation and Serving Related Occupations		
35-3031	Waiters and Waitresses	\$25,413	7.428%
35-2014	Cooks, Restaurant	\$29,161	3.335%
35-9011	Dining Room and Cafeteria Attendants and Bartender Helpers	\$24,284	2.633%
35-3011	Bartenders	\$30,119	2.106%
35-3041	Food Servers, Nonrestaurant	\$33,434	1.813%
35-9021	Dishwashers	\$23,035	1.735%
35-1012	First-Line Supervisors of Food Preparation and Serving Workers	\$40,256	1.268%
35-2021	Food Preparation Workers	\$23,942	1.015%
35-9031	Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	\$26,673	0.900%

Figure III-9. Occupational Mix and Average Wages for Hotel Industry, Continued

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Hotel Workers (c)
35-3021	Combined Food Preparation and Serving Workers, Including Fast Food	\$23,509	0.819%
35-1011	Chefs and Head Cooks	\$60,066	0.733%
35-3022	Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	\$23,710	0.541%
35-2012	Cooks, Institution and Cafeteria	\$38,049	0.322%
35-2015	Cooks, Short Order	\$29,030	0.314%
35-9099	Food Preparation and Serving Related Workers, All Other	\$32,386	0.276%
35-2019	Cooks, All Other	\$36,487	0.094%
35-2011	Cooks, Fast Food	\$25,514	0.086%
	Weighted Average Annual Wage	\$28,537	25.418%
37-0000	Building and Grounds Cleaning and Maintenance Occupations		
37-2012	Maids and Housekeeping Cleaners	\$35,419	24.068%
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$28,396	2.545%
37-1011	First-Line Supervisors of Housekeeping and Janitorial Workers	\$50,352	1.736%
37-3011	Landscaping and Groundskeeping Workers	\$42,100	1.036%
37-1012	First-Line Supervisors of Landscaping, Lawn Service, and Groundskeeping Workers	\$62,696	0.117%
37-3019	Grounds Maintenance Workers, All Other	\$28,819	0.047%
	Weighted Average Annual Wage	\$36,023	29.549%
39-0000	Personal Care and Service Occupations		
39-3011	Gaming Dealers	\$20,999	2.029%
39-6011	Baggage Porters and Bellhops	\$31,257	1.334%
39-6012	Concierges	\$44,649	0.684%
39-3091	Amusement and Recreation Attendants	\$24,899	0.665%
39-1011	Gaming Supervisors	\$55,441	0.617%
39-9032	Recreation Workers	\$29,101	0.600%
39-1021	First-Line Supervisors of Personal Service Workers	\$49,758	0.232%
39-9099	Personal Care and Service Workers, All Other	\$37,948	0.210%
39-3093	Locker Room, Coatroom, and Dressing Room Attendants	\$29,867	0.133%
39-3031	Ushers, Lobby Attendants, and Ticket Takers	\$27,761	0.087%
39-5094	Skincare Specialists	\$47,632	0.082%

Figure III-9. Occupational Mix and Average Wages for Hotel Industry, Continued

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Hotel Workers (c)
39-3012	Gaming and Sports Book Writers and Runners	\$30,159	0.061%
39-9041	Residential Advisors	\$29,887	0.060%
39-5012	Hairdressers, Hairstylists, and Cosmetologists	\$39,520	0.058%
39-5092	Manicurists and Pedicurists	\$23,005	0.057%
39-7011	Tour Guides and Escorts	\$31,761	0.047%
39-9011	Childcare Workers	\$31,540	0.039%
39-2011	Animal Trainers	\$45,123	0.003%
	Weighted Average Annual Wage	\$31,928	7.056%
41-0000	Sales and Related Occupations		
41-3099	Sales Representatives, Services, All Other	\$85,023	0.890%
41-2011	Cashiers	\$26,859	0.790%
41-2031	Retail Salespersons	\$30,457	0.309%
41-1011	First-Line Supervisors of Retail Sales Workers	\$47,883	0.130%
41-2021	Counter and Rental Clerks	\$31,919	0.075%
41-1012	First-Line Supervisors of Non-Retail Sales Workers	\$96,139	0.070%
41-3041	Travel Agents	\$44,829	0.033%
41-9041	Telemarketers	\$29,198	0.029%
41-4012	Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	\$65,591	0.020%
41-9022	Real Estate Sales Agents	\$68,040	0.007%
41-3011	Advertising Sales Agents	\$72,989	0.005%
	Weighted Average Annual Wage	\$53,482	2.358%
43-0000	Office and Administrative Support Occupations		
43-4081	Hotel, Motel, and Resort Desk Clerks	\$35,774	12.525%
43-1011	First-Line Supervisors of Office and Administrative Support Workers	\$66,668	1.466%
43-3031	Bookkeeping, Accounting, and Auditing Clerks	\$50,052	1.084%
43-9061	Office Clerks, General	\$39,997	0.551%
43-6014	Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	\$43,612	0.485%
43-4051	Customer Service Representatives	\$45,657	0.444%
43-4181	Reservation and Transportation Ticket Agents and Travel Clerks	\$35,784	0.442%

Figure III-9. Occupational Mix and Average Wages for Hotel Industry, Continued

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Hotel Workers (c)
43-2011	Switchboard Operators, Including Answering Service	\$37,607	0.361%
43-4171	Receptionists and Information Clerks	\$37,546	0.244%
43-5081	Stock Clerks and Order Fillers	\$32,149	0.215%
43-6011	Executive Secretaries and Executive Administrative Assistants	\$69,716	0.190%
43-5071	Shipping, Receiving, and Traffic Clerks	\$36,220	0.123%
43-3051	Payroll and Timekeeping Clerks	\$53,413	0.092%
43-5032	Dispatchers, Except Police, Fire, and Ambulance	\$44,634	0.074%
43-3021	Billing and Posting Clerks	\$47,723	0.063%
43-3061	Procurement Clerks	\$49,322	0.031%
43-5061	Production, Planning, and Expediting Clerks	\$57,140	0.019%
43-4041	Credit Authorizers, Checkers, and Clerks	\$44,847	0.011%
43-4151	Order Clerks	\$41,890	0.011%
43-3011	Bill and Account Collectors	\$49,221	0.009%
43-9051	Mail Clerks and Mail Machine Operators, Except Postal Service	\$34,184	0.008%
43-4199	Information and Record Clerks, All Other	\$48,826	0.007%
43-4071	File Clerks	\$39,187	0.005%
43-5111	Weighers, Measurers, Checkers, and Samplers, Recordkeeping	\$31,056	0.005%
43-9011	Computer Operators	\$48,685	0.005%
43-9071	Office Machine Operators, Except Computer	\$32,747	0.004%
43-3099	Financial Clerks, All Other	\$43,338	0.003%
	Weighted Average Annual Wage	\$40,271	18.649%
45-0000	Farming, Fishing, and Forestry Occupations		
45-2093	Farmworkers, Farm, Ranch, and Aquacultural Animals	\$26,179	0.032%
45-2092	Farmworkers and Laborers, Crop, Nursery, and Greenhouse	\$25,936	0.003%
45-1011	First-Line Supervisors of Farming, Fishing, and Forestry Workers	\$78,486	0.002%
	Weighted Average Annual Wage	\$29,280	0.037%
47-0000	Construction and Extraction Occupations		
47-2141	Painters, Construction and Maintenance	\$47,652	0.077%
47-2031	Carpenters	\$63,165	0.057%

Figure III-9. Occupational Mix and Average Wages for Hotel Industry, Continued

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Hotel Workers (c)
47-2111	Electricians	\$84,223	0.030%
47-1011	First-Line Supervisors of Construction Trades and Extraction Workers	\$85,954	0.011%
47-2152	Plumbers, Pipefitters, and Steamfitters	\$82,675	0.010%
47-2061	Construction Laborers	\$48,816	0.009%
47-2073	Operating Engineers and Other Construction Equipment Operators	\$77,565	0.008%
47-2041	Carpet Installers	\$53,208	0.003%
47-4051	Highway Maintenance Workers	\$56,618	0.002%
	Weighted Average Annual Wage	\$62,281	0.208%
49-0000	Installation, Maintenance, and Repair Occupations		
49-9071	Maintenance and Repair Workers, General	\$50,605	4.446%
49-1011	First-Line Supervisors of Mechanics, Installers, and Repairers	\$90,340	0.391%
49-9091	Coin, Vending, and Amusement Machine Servicers and Repairers	\$38,422	0.092%
49-9099	Installation, Maintenance, and Repair Workers, All Other	\$51,032	0.043%
49-9021	Heating, Air Conditioning, and Refrigeration Mechanics and Installers	\$56,193	0.027%
49-9098	Helpers--Installation, Maintenance, and Repair Workers	\$48,488	0.023%
49-3053	Outdoor Power Equipment and Other Small Engine Mechanics	\$45,302	0.011%
49-9041	Industrial Machinery Mechanics	\$70,075	0.010%
49-3023	Automotive Service Technicians and Mechanics	\$55,124	0.008%
49-3042	Mobile Heavy Equipment Mechanics, Except Engines	\$58,707	0.007%
49-9043	Maintenance Workers, Machinery	\$42,351	0.007%
49-2022	Telecommunications Equipment Installers and Repairers, Except Line Installers	\$59,633	0.002%
49-2094	Electrical and Electronics Repairers, Commercial and Industrial Equipment	\$65,933	0.002%
	Weighted Average Annual Wage	\$53,515	5.070%
51-0000	Production Occupations		
51-6011	Laundry and Dry-Cleaning Workers	\$28,552	1.573%
51-3011	Bakers	\$29,436	0.175%
51-8021	Stationary Engineers and Boiler Operators	\$75,624	0.053%
51-1011	First-Line Supervisors of Production and Operating Workers	\$67,828	0.049%
51-6052	Tailors, Dressmakers, and Custom Sewers	\$35,179	0.017%
51-9061	Inspectors, Testers, Sorters, Samplers, and Weighers	\$42,183	0.011%

Figure III-9. Occupational Mix and Average Wages for Hotel Industry, Continued

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Hotel Workers (c)
51-3021	Butchers and Meat Cutters	\$34,265	0.008%
51-6031	Sewing Machine Operators	\$26,245	0.006%
51-6021	Pressers, Textile, Garment, and Related Materials	\$24,822	0.006%
51-6093	Upholsterers	\$40,577	0.004%
51-3092	Food Batchmakers	\$28,450	0.002%
51-6051	Sewers, Hand	\$26,031	0.002%
51-9198	Helpers--Production Workers	\$31,286	0.002%
	Weighted Average Annual Wage	\$31,128	1.907%
53-0000	Transportation and Material Moving Occupations		
53-6021	Parking Lot Attendants	\$28,363	0.453%
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	\$30,670	0.290%
53-1031	First-Line Supervisors of Transportation and Material-Moving Machine and Vehicle Operators	\$59,643	0.033%
53-1021	First-Line Supervisors of Helpers, Laborers, and Material Movers, Hand	\$51,208	0.018%
53-3033	Light Truck or Delivery Services Drivers	\$41,869	0.017%
53-7061	Cleaners of Vehicles and Equipment	\$26,168	0.008%
53-7199	Material Moving Workers, All Other	\$58,830	0.005%
53-6031	Automotive and Watercraft Service Attendants	\$26,859	0.004%
53-6061	Transportation Attendants, Except Flight Attendants	\$40,660	0.003%
53-5021	Captains, Mates, and Pilots of Water Vessels	\$83,149	0.003%
53-7051	Industrial Truck and Tractor Operators	\$43,099	0.003%
53-3031	Driver/Sales Workers	\$33,058	0.002%
53-3032	Heavy and Tractor-Trailer Truck Drivers	\$46,595	0.002%
	Weighted Average Annual Wage	\$31,621	0.840%
	Total, Land Use	\$39,935	100.000%

Notes:

(a) Occupational mix by industry was obtained from US Bureau of Labor Statistics, Occupational Employment Statistics, 2013.

(b) Wage data for the San Francisco-Redwood City-San Mateo Metro Division obtained from California Economic Development Department, OES Employment and Wages by Occupation, 2013.

(c) Distribution of workers is calculated based on the existing distribution of employment by industry in San Mateo County, provided by Quarterly Census of Employment and Wages (QCEW), 2013.

Sources: Vernazza Wolfe Associates, Inc.; Strategic Economics, 2015.

Figure III-10. Occupational Mix and Average Wages for Retail/ Restaurants/ Services

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Retail/ Restaurants/ Services Workers (c)
11-0000	Management Occupations		
11-9051	Food Service Managers	\$63,767	1.301%
11-1021	General and Operations Managers	\$150,628	0.820%
11-2022	Sales Managers	\$161,570	0.081%
	Weighted Average Annual Wage	\$99,709	2.202%
13-0000	Business and Financial Operations Occupations		
13-2011	Accountants and Auditors	\$86,991	0.045%
13-1199	Business Operations Specialists, All Other	\$94,719	0.038%
13-1022	Wholesale and Retail Buyers, Except Farm Products	\$60,856	0.037%
13-1071	Human Resources Specialists	\$80,583	0.023%
13-1151	Training and Development Specialists	\$82,770	0.022%
13-1121	Meeting, Convention, and Event Planners	\$63,284	0.020%
13-1051	Cost Estimators	\$87,676	0.020%
13-1161	Market Research Analysts and Marketing Specialists	\$87,374	0.016%
13-1023	Purchasing Agents, Except Wholesale, Retail, and Farm Products	\$79,939	0.012%
13-2072	Loan Officers	\$99,586	0.010%
	Weighted Average Annual Wage	\$81,548	0.243%
15-0000	Computer and Mathematical Occupations		
15-1151	Computer User Support Specialists	\$70,345	0.009%
15-1142	Network and Computer Systems Administrators	\$95,860	0.003%
15-1132	Software Developers, Applications	\$115,740	0.003%
15-1134	Web Developers	\$91,692	0.002%
15-1131	Computer Programmers	\$100,716	0.002%
15-1152	Computer Network Support Specialists	\$82,738	0.002%
15-1121	Computer Systems Analysts	\$104,935	0.001%
15-1133	Software Developers, Systems Software	\$118,614	0.001%
15-1199	Computer Occupations, All Other	\$97,276	0.001%
	Weighted Average Annual Wage	\$89,553	0.026%

Figure III-10. Occupational Mix and Average Wages for Retail/ Restaurants/ Services (Continued)

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Retail/ Restaurants/ Services Workers (c)
17-0000	Architecture and Engineering Occupations		
17-3011	Architectural and Civil Drafters	\$67,421	0.001%
17-2072	Electronics Engineers, Except Computer	\$105,947	0.000%
17-2141	Mechanical Engineers	\$100,372	0.000%
17-3023	Electrical and Electronics Engineering Technicians	\$68,604	0.000%
17-2112	Industrial Engineers	\$107,849	0.000%
17-2071	Electrical Engineers	\$108,982	0.000%
17-2061	Computer Hardware Engineers	\$121,274	0.000%
17-3019	Drafters, All Other	\$62,261	0.000%
17-2199	Engineers, All Other	\$113,444	0.000%
	Weighted Average Annual Wage	\$87,823	0.002%
19-0000	Life, Physical, and Social Science Occupations		
19-4099	Life, Physical, and Social Science Technicians, All Other	\$42,118	0.000%
19-1032	Foresters	\$85,449	0.000%
	Weighted Average Annual Wage	\$50,019	0.000%
21-0000	Community and Social Service Occupations		
21-1019	Counselors, All Other	\$54,835	0.000%
21-1091	Health Educators	\$74,644	0.000%
	Weighted Average Annual Wage	\$63,741	0.000%
23-0000	Legal Occupations		
23-2093	Title Examiners, Abstractors, and Searchers	\$76,809	0.000%
23-2099	Legal Support Workers, All Other	\$64,021	0.000%
23-1011	Lawyers	\$171,324	0.000%
23-2011	Paralegals and Legal Assistants	\$71,528	0.000%
	Weighted Average Annual Wage	\$87,762	0.001%
25-0000	Education, Training, and Library Occupations		
25-3021	Self-Enrichment Education Teachers	\$46,984	0.004%
25-3099	Teachers and Instructors, All Other, Except Substitute Teachers	\$69,029	0.000%

Figure III-10. Occupational Mix and Average Wages for Retail/Restaurants/Services (Continued)

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Retail/ Restaurants/ Services Workers (c)
	Weighted Average Annual Wage	\$47,770	0.004%
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations		
27-1023	Floral Designers	\$36,644	0.025%
27-1026	Merchandise Displayers and Window Trimmers	\$38,931	0.025%
27-3031	Public Relations Specialists	\$83,345	0.008%
27-1024	Graphic Designers	\$72,419	0.006%
27-1025	Interior Designers	\$76,587	0.004%
27-3012	Public Address System and Other Announcers	\$31,566	0.003%
	Weighted Average Annual Wage	\$47,673	0.071%
29-0000	Healthcare Practitioners and Technical Occupations		
29-2052	Pharmacy Technicians	\$46,326	0.291%
29-1051	Pharmacists	\$137,654	0.210%
29-2081	Opticians, Dispensing	\$38,051	0.033%
	Weighted Average Annual Wage	\$81,749	0.534%
31-0000	Healthcare Support Occupations		
31-9095	Pharmacy Aides	\$28,446	0.046%
31-9011	Massage Therapists	\$45,586	0.024%
31-9099	Healthcare Support Workers, All Other	\$44,780	0.003%
	Weighted Average Annual Wage	\$34,717	0.073%
33-0000	Protective Service Occupations		
33-9032	Security Guards	\$32,013	0.047%
33-9099	Protective Service Workers, All Other	\$56,801	0.011%
33-1099	First-Line Supervisors of Protective Service Workers, All Other	\$54,040	0.007%
	Weighted Average Annual Wage	\$38,701	0.065%
35-0000	Food Preparation and Serving Related Occupations		
	Combined Food Preparation and Serving Workers, Including Fast Food		
35-3021	Food	\$23,509	23.920%
35-3031	Waiters and Waitresses	\$25,413	19.241%
35-2014	Cooks, Restaurant	\$29,161	8.873%

Figure III-10. Occupational Mix and Average Wages for Retail/Restaurants/Services (Continued)

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Retail/ Restaurants/ Services Workers (c)
35-1012	First-Line Supervisors of Food Preparation and Serving Workers	\$40,256	5.919%
35-2011	Cooks, Fast Food	\$25,514	4.716%
35-2021	Food Preparation Workers	\$23,942	4.395%
35-9021	Dishwashers	\$23,035	3.592%
35-9031	Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	\$26,673	3.111%
35-9011	Dining Room and Cafeteria Attendants and Bartender Helpers	\$24,284	2.560%
	Weighted Average Annual Wage	\$26,226	76.327%
37-0000	Building and Grounds Cleaning and Maintenance Occupations		
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$28,396	0.485%
37-2012	Maids and Housekeeping Cleaners	\$35,419	0.041%
	Weighted Average Annual Wage	\$28,945	0.527%
39-0000	Personal Care and Service Occupations		
39-5012	Hairdressers, Hairstylists, and Cosmetologists	\$39,520	0.214%
39-2021	Nonfarm Animal Caretakers	\$35,348	0.064%
39-5092	Manicurists and Pedicurists	\$23,005	0.046%
39-3091	Amusement and Recreation Attendants	\$24,899	0.031%
39-1021	First-Line Supervisors of Personal Service Workers	\$49,758	0.019%
39-5094	Skincare Specialists	\$47,632	0.017%
	Weighted Average Annual Wage	\$36,583	0.390%
41-0000	Sales and Related Occupations		
41-2011	Cashiers	\$26,859	6.363%
41-2031	Retail Salespersons	\$30,457	3.344%
41-1011	First-Line Supervisors of Retail Sales Workers	\$47,883	1.214%
	Weighted Average Annual Wage	\$30,298	10.921%
43-0000	Office and Administrative Support Occupations		
43-5081	Stock Clerks and Order Fillers	\$32,149	2.065%
43-4051	Customer Service Representatives	\$45,657	0.446%
43-9061	Office Clerks, General	\$39,997	0.363%

Figure III-10. Occupational Mix and Average Wages for Retail/Restaurants/Services (Continued)

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Retail/ Restaurants/ Services Workers (c)
43-3031	Bookkeeping, Accounting, and Auditing Clerks	\$50,052	0.356%
43-1011	First-Line Supervisors of Office and Administrative Support Workers	\$66,668	0.265%
43-5071	Shipping, Receiving, and Traffic Clerks	\$36,220	0.158%
	Weighted Average Annual Wage	\$39,003	3.653%
45-0000	Farming, Fishing, and Forestry Occupations		
45-2041	Graders and Sorters, Agricultural Products	\$34,254	0.005%
45-2092	Farmworkers and Laborers, Crop, Nursery, and Greenhouse	\$25,936	0.004%
	Weighted Average Annual Wage	\$30,537	0.009%
47-0000	Construction and Extraction Occupations		
47-2121	Glaziers	\$56,415	0.009%
47-2031	Carpenters	\$63,165	0.005%
47-1011	First-Line Supervisors of Construction Trades and Extraction Workers	\$85,954	0.002%
47-2041	Carpet Installers	\$53,208	0.001%
	Weighted Average Annual Wage	\$61,425	0.017%
49-0000	Installation, Maintenance, and Repair Occupations		
49-3023	Automotive Service Technicians and Mechanics	\$55,124	0.521%
49-3021	Automotive Body and Related Repairers	\$52,600	0.141%
49-9071	Maintenance and Repair Workers, General	\$50,605	0.120%
49-1011	First-Line Supervisors of Mechanics, Installers, and Repairers	\$90,340	0.091%
49-3093	Tire Repairers and Changers	\$32,447	0.040%
49-3031	Bus and Truck Mechanics and Diesel Engine Specialists	\$55,399	0.039%
49-9098	Helpers--Installation, Maintenance, and Repair Workers	\$48,488	0.037%
	Weighted Average Annual Wage	\$56,300	0.988%
51-0000	Production Occupations		
51-3011	Bakers	\$29,436	0.392%
51-3021	Butchers and Meat Cutters	\$34,265	0.313%
51-1011	First-Line Supervisors of Production and Operating Workers	\$67,828	0.071%

Figure III-10. Occupational Mix and Average Wages for Retail/Restaurants/Services (Continued)

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Retail/ Restaurants/ Services Workers (c)
51-6011	Laundry and Dry-Cleaning Workers	\$28,552	0.064%
51-3022	Meat, Poultry, and Fish Cutters and Trimmers	\$24,425	0.062%
51-3092	Food Batchmakers	\$28,450	0.047%
	Weighted Average Annual Wage	\$33,458	0.949%
53-0000	Transportation and Material Moving Occupations		
53-3031	Driver/Sales Workers	\$33,058	1.421%
53-7064	Packers and Packagers, Hand	\$26,940	0.434%
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	\$30,670	0.370%
53-3033	Light Truck or Delivery Services Drivers	\$41,869	0.328%
53-7061	Cleaners of Vehicles and Equipment	\$26,168	0.239%
53-6031	Automotive and Watercraft Service Attendants	\$26,859	0.107%
53-6021	Parking Lot Attendants	\$28,363	0.100%
	Weighted Average Annual Wage	\$31,915	2.999%
	Total, Minor Occupation Grouping	\$29,832.77	100.000%

Notes:

(a) Occupational mix by industry was obtained from US Bureau of Labor Statistics, Occupational Employment Statistics, 2013.

(b) Wage data for the San Francisco-Redwood City-San Mateo Metro Division obtained from California Economic Development Department, OES Employment and Wages by Occupation, 2013.

(c) Distribution of workers is calculated based on the existing distribution of employment by industry in San Mateo County, provided by Quarterly Census of Employment and Wages (QCEW), 2013.

Sources: Vernazza Wolfe Associates, Inc.; Strategic Economics, 2015.

Figure III-11. Occupational Mix and Average Wages for Office/ R&D/ Medical Office

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Office/ R&D/ Medical Office Workers (c)
11-0000	Management Occupations		
11-1021	General and Operations Managers	\$150,628	2.410%
11-3021	Computer and Information Systems Managers	\$165,650	1.436%
11-3031	Financial Managers	\$169,227	0.920%
11-9199	Managers, All Other	\$141,691	0.499%
11-2022	Sales Managers	\$161,570	0.494%
11-2021	Marketing Managers	\$175,141	0.469%
11-1011	Chief Executives	\$207,735	0.347%
11-3011	Administrative Services Managers	\$110,659	0.339%
11-9041	Architectural and Engineering Managers	\$168,643	0.336%
	Weighted Average Annual Wage	\$159,380	7.251%
13-0000	Business and Financial Operations Occupations		
13-2011	Accountants and Auditors	\$86,991	2.067%
13-1111	Management Analysts	\$119,726	1.797%
13-1199	Business Operations Specialists, All Other	\$94,719	1.416%
13-1161	Market Research Analysts and Marketing Specialists	\$87,374	1.124%
13-1071	Human Resources Specialists	\$80,583	1.109%
13-2051	Financial Analysts	\$124,663	0.768%
13-2052	Personal Financial Advisors	\$125,077	0.660%
13-2072	Loan Officers	\$99,586	0.579%
13-1151	Training and Development Specialists	\$82,770	0.460%
	Weighted Average Annual Wage	\$99,264	9.980%
15-0000	Computer and Mathematical Occupations		
15-1132	Software Developers, Applications	\$115,740	4.510%
15-1121	Computer Systems Analysts	\$104,935	2.827%
15-1151	Computer User Support Specialists	\$70,345	2.316%
15-1133	Software Developers, Systems Software	\$118,614	2.487%
15-1131	Computer Programmers	\$100,716	2.286%
15-1142	Network and Computer Systems Administrators	\$95,860	1.371%

Figure III-11. Occupational Mix and Average Wages for Office/ R&D/ Medical Office, Continued

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Office/ R&D/ Medical Office Workers (c)
15-1152	Computer Network Support Specialists	\$82,738	0.685%
15-1143	Computer Network Architects	\$125,331	0.732%
	Weighted Average Annual Wage	\$103,790	17.214%
17-0000	Architecture and Engineering Occupations		
17-2141	Mechanical Engineers	\$100,372	0.408%
17-2061	Computer Hardware Engineers	\$121,274	0.396%
17-2071	Electrical Engineers	\$108,982	0.315%
17-2051	Civil Engineers	\$108,648	0.315%
17-2072	Electronics Engineers, Except Computer	\$105,947	0.309%
17-2112	Industrial Engineers	\$107,849	0.300%
17-2199	Engineers, All Other	\$113,444	0.260%
17-3023	Electrical and Electronics Engineering Technicians	\$68,604	0.254%
17-2011	Aerospace Engineers	\$107,788	0.168%
17-1011	Architects, Except Landscape and Naval	\$102,163	0.139%
17-3029	Engineering Technicians, Except Drafters, All Other	\$73,531	0.137%
17-3011	Architectural and Civil Drafters	\$67,421	0.136%
	Weighted Average Annual Wage	\$102,350	3.138%
19-0000	Life, Physical, and Social Science Occupations		
19-1042	Medical Scientists, Except Epidemiologists	\$116,975	0.489%
19-2031	Chemists	\$102,011	0.259%
19-4021	Biological Technicians	\$66,854	0.250%
19-1021	Biochemists and Biophysicists	\$115,416	0.189%
19-2041	Environmental Scientists and Specialists, Including Health	\$103,842	0.176%
19-4099	Life, Physical, and Social Science Technicians, All Other	\$42,118	0.167%
19-4031	Chemical Technicians	\$52,559	0.142%
19-4061	Social Science Research Assistants	\$41,288	0.124%
	Weighted Average Annual Wage	\$89,127	1.795%

Figure III-11. Occupational Mix and Average Wages for Office/ R&D/ Medical Office, Continued

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Office/ R&D/ Medical Office Workers (c)
21-0000	Community and Social Service Occupations		
21-1014	Mental Health Counselors	\$43,140	0.105%
21-1093	Social and Human Service Assistants	\$39,234	0.097%
21-1023	Mental Health and Substance Abuse Social Workers	\$54,987	0.097%
21-1011	Substance Abuse and Behavioral Disorder Counselors	\$44,900	0.072%
21-1022	Healthcare Social Workers	\$79,571	0.059%
21-1021	Child, Family, and School Social Workers	\$53,429	0.046%
21-1091	Health Educators	\$74,644	0.037%
21-1094	Community Health Workers	\$45,861	0.032%
21-1099	Community and Social Service Specialists, All Other	\$53,338	0.029%
21-1015	Rehabilitation Counselors	\$36,442	0.022%
21-1012	Educational, Guidance, School, and Vocational Counselors	\$63,516	0.022%
	Weighted Average Annual Wage	\$51,827	0.618%
23-0000	Legal Occupations		
23-1011	Lawyers	\$171,324	1.165%
23-2011	Paralegals and Legal Assistants	\$71,528	0.572%
23-2093	Title Examiners, Abstractors, and Searchers	\$76,809	0.090%
	Weighted Average Annual Wage	\$135,415	1.827%
25-0000	Education, Training, and Library Occupations		
25-3098	Substitute Teachers	\$36,300	0.247%
25-9041	Teacher Assistants	\$34,995	0.057%
25-4021	Librarians	\$77,396	0.054%
25-4031	Library Technicians	\$53,641	0.037%
25-2021	Elementary School Teachers, Except Special Education	\$67,562	0.035%
25-3099	Teachers and Instructors, All Other, Except Substitute Teachers	\$69,029	0.033%
25-9099	Education, Training, and Library Workers, All Other	\$37,302	0.026%
25-2022	Middle School Teachers, Except Special and Career/Technical Education	\$69,808	0.023%
25-2031	Secondary School Teachers, Except Special and Career/Technical Education	\$70,729	0.023%
	Weighted Average Annual Wage	\$48,507	0.536%

Figure III-11. Occupational Mix and Average Wages for Office/ R&D/ Medical Office, Continued

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Office/ R&D/ Medical Office Workers (c)
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations		
27-3042	Technical Writers	\$85,935	0.228%
27-3031	Public Relations Specialists	\$83,345	0.218%
27-1014	Multimedia Artists and Animators	\$84,934	0.114%
27-2012	Producers and Directors	\$95,971	0.090%
27-3043	Writers and Authors	\$66,197	0.061%
27-3022	Reporters and Correspondents	\$53,510	0.053%
27-1011	Art Directors	\$127,071	0.048%
27-4011	Audio and Video Equipment Technicians	\$58,639	0.033%
	Weighted Average Annual Wage	\$83,997	0.845%
29-0000	Healthcare Practitioners and Technical Occupations		
29-1141	Registered Nurses	\$129,166	1.422%
29-2061	Licensed Practical and Licensed Vocational Nurses	\$63,060	0.602%
29-1069	Physicians and Surgeons, All Other	\$192,701	0.506%
29-2021	Dental Hygienists	\$114,294	0.474%
29-1062	Family and General Practitioners	\$196,758	0.282%
29-1021	Dentists, General	\$167,318	0.231%
29-2071	Medical Records and Health Information Technicians	\$54,359	0.222%
29-1171	Nurse Practitioners	\$127,193	0.212%
29-1071	Physician Assistants	\$112,877	0.199%
	Weighted Average Annual Wage	\$127,464	4.150%
31-0000	Healthcare Support Occupations		
31-9092	Medical Assistants	\$44,014	1.318%
31-9091	Dental Assistants	\$49,244	0.750%
31-1014	Nursing Assistants	\$42,130	0.363%
31-1011	Home Health Aides	\$28,587	0.166%
	Weighted Average Annual Wage	\$44,273	2.598%

Figure III-11. Occupational Mix and Average Wages for Office/ R&D/ Medical Office, Continued

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Office/ R&D/ Medical Office Workers (c)
33-0000	Protective Service Occupations		
33-9032	Security Guards	\$32,013	2.059%
33-1099	First-Line Supervisors of Protective Service Workers, All Other	\$54,040	0.088%
	Weighted Average Annual Wage	\$32,919	2.147%
35-0000	Food Preparation and Serving Related Occupations		
35-3021	Combined Food Preparation and Serving Workers, Including Fast Food	\$23,509	0.389%
35-3031	Waiters and Waitresses	\$25,413	0.305%
35-2021	Food Preparation Workers	\$23,942	0.192%
35-2012	Cooks, Institution and Cafeteria	\$38,049	0.164%
35-3022	Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	\$23,710	0.159%
35-1012	First-Line Supervisors of Food Preparation and Serving Workers	\$40,256	0.139%
35-3041	Food Servers, Nonrestaurant	\$33,434	0.131%
35-9021	Dishwashers	\$23,035	0.113%
35-9011	Dining Room and Cafeteria Attendants and Bartender Helpers	\$24,284	0.108%
35-2014	Cooks, Restaurant	\$29,161	0.068%
35-3011	Bartenders	\$30,119	0.061%
	Weighted Average Annual Wage	\$27,622	1.828%
37-0000	Building and Grounds Cleaning and Maintenance Occupations		
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$28,396	4.662%
37-3011	Landscaping and Groundskeeping Workers	\$42,100	2.565%
37-2012	Maids and Housekeeping Cleaners	\$35,419	0.784%
37-2021	Pest Control Workers	\$53,698	0.316%
37-1011	First-Line Supervisors of Housekeeping and Janitorial Workers	\$50,352	0.307%
37-1012	First-Line Supervisors of Landscaping, Lawn Service, and Groundskeeping Workers	\$62,696	0.303%
	Weighted Average Annual Wage	\$35,758	8.938%

Figure III-11. Occupational Mix and Average Wages for Office/ R&D/ Medical Office, Continued

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Office/ R&D/ Medical Office Workers (c)
39-0000	Personal Care and Service Occupations		
39-9021	Personal Care Aides	\$24,476	0.269%
39-3031	Ushers, Lobby Attendants, and Ticket Takers	\$27,761	0.096%
39-9011	Childcare Workers	\$31,540	0.037%
39-2021	Nonfarm Animal Caretakers	\$35,348	0.032%
39-1021	First-Line Supervisors of Personal Service Workers	\$49,758	0.022%
39-9032	Recreation Workers	\$29,101	0.021%
	Weighted Average Annual Wage	\$27,782	0.476%
41-0000	Sales and Related Occupations		
41-3099	Sales Representatives, Services, All Other	\$85,023	1.745%
41-3031	Securities, Commodities, and Financial Services Sales Agents	\$140,636	1.096%
41-4011	Sales Representatives, Wholesale and Manufacturing, Technical and Scientific Products	\$100,443	0.666%
41-3021	Insurance Sales Agents	\$86,434	0.564%
41-4012	Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	\$65,591	0.388%
41-1012	First-Line Supervisors of Non-Retail Sales Workers	\$96,139	0.292%
41-2031	Retail Salespersons	\$30,457	0.284%
41-9041	Telemarketers	\$29,198	0.256%
	Weighted Average Annual Wage	\$92,201	5.290%
43-0000	Office and Administrative Support Occupations		
43-9061	Office Clerks, General	\$39,997	3.754%
43-4051	Customer Service Representatives	\$45,657	3.408%
43-6014	Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	\$43,612	2.641%
43-3031	Bookkeeping, Accounting, and Auditing Clerks	\$50,052	1.862%
43-1011	First-Line Supervisors of Office and Administrative Support Workers	\$66,668	1.612%
43-4171	Receptionists and Information Clerks	\$37,546	1.585%
43-6011	Executive Secretaries and Executive Administrative Assistants	\$69,716	1.228%
43-3071	Tellers	\$31,987	1.057%
43-6013	Medical Secretaries	\$44,675	0.919%

Figure III-11. Occupational Mix and Average Wages for Office/ R&D/ Medical Office, Continued

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Office/ R&D/ Medical Office Workers (c)
43-3021	Billing and Posting Clerks	\$47,723	0.787%
43-0000	Office and Administrative Support Occupations		
	Weighted Average Annual Wage	\$46,632	18.852%
45-0000	Farming, Fishing, and Forestry Occupations		
45-2092	Farmworkers and Laborers, Crop, Nursery, and Greenhouse	\$25,936	0.020%
45-2093	Farmworkers, Farm, Ranch, and Aquacultural Animals	\$26,179	0.008%
45-1011	First-Line Supervisors of Farming, Fishing, and Forestry Workers	\$78,486	0.004%
45-2011	Agricultural Inspectors	\$66,342	0.002%
45-4011	Forest and Conservation Workers	\$56,628	0.001%
	Weighted Average Annual Wage	\$34,801	0.034%
47-0000	Construction and Extraction Occupations		
47-2031	Carpenters	\$63,165	0.122%
47-2111	Electricians	\$84,223	0.116%
47-4011	Construction and Building Inspectors	\$74,833	0.066%
47-2152	Plumbers, Pipefitters, and Steamfitters	\$82,675	0.044%
47-1011	First-Line Supervisors of Construction Trades and Extraction Workers	\$85,954	0.043%
47-2141	Painters, Construction and Maintenance	\$47,652	0.043%
47-2073	Operating Engineers and Other Construction Equipment Operators	\$77,565	0.040%
	Weighted Average Annual Wage	\$73,634	0.474%
49-0000	Installation, Maintenance, and Repair Occupations		
49-9071	Maintenance and Repair Workers, General	\$50,605	0.826%
49-2022	Telecommunications Equipment Installers and Repairers, Except Line Installers	\$59,633	0.254%
49-2011	Computer, Automated Teller, and Office Machine Repairers	\$51,460	0.185%
49-9099	Installation, Maintenance, and Repair Workers, All Other	\$51,032	0.152%
49-1011	First-Line Supervisors of Mechanics, Installers, and Repairers	\$90,340	0.143%
49-9052	Telecommunications Line Installers and Repairers	\$68,467	0.129%
49-2098	Security and Fire Alarm Systems Installers	\$44,478	0.103%
	Weighted Average Annual Wage	\$56,122	1.792%

Figure III-11. Occupational Mix and Average Wages for Office/ R&D/ Medical Office, Continued

Occupation Code	Occupation Name (a)	Average Annual Wage (b)	% of Total Office/ R&D/ Medical Office Workers (c)
51-0000	Production Occupations		
51-2092	Team Assemblers	\$32,811	1.384%
51-9198	Helpers--Production Workers	\$31,286	0.925%
51-2099	Assemblers and Fabricators, All Other	\$28,796	0.631%
51-9199	Production Workers, All Other	\$35,474	0.511%
51-9111	Packaging and Filling Machine Operators and Tenders	\$34,458	0.477%
51-9061	Inspectors, Testers, Sorters, Samplers, and Weighers	\$42,183	0.428%
51-2022	Electrical and Electronic Equipment Assemblers	\$38,168	0.323%
51-4041	Machinists	\$60,011	0.238%
	Weighted Average Annual Wage	\$34,930	4.916%
53-0000	Transportation and Material Moving Occupations		
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	\$30,670	3.512%
53-7064	Packers and Packagers, Hand	\$26,940	0.932%
53-7051	Industrial Truck and Tractor Operators	\$43,099	0.401%
53-3032	Heavy and Tractor-Trailer Truck Drivers	\$46,595	0.270%
53-3033	Light Truck or Delivery Services Drivers	\$41,869	0.189%
	Weighted Average Annual Wage	\$32,163	5.304%
Total, Office/R&D/Medical Office		\$77,342	100.000%

Notes:

(a) Occupational mix by industry was obtained from US Bureau of Labor Statistics, Occupational Employment Statistics, 2013.

(b) Wage data for the San Francisco-Redwood City-San Mateo Metro Division obtained from California Economic Development Department, OES Employment and Wages by Occupation, 2013.

(c) Distribution of workers is calculated based on the existing distribution of employment by industry in San Mateo County, provided by Quarterly Census of Employment and Wages (QCEW), 2013.

Sources: Vernazza Wolfe Associates, Inc.; Strategic Economics, 2015.

Household Incomes

Based on the employee wage calculations discussed above, household incomes are estimated for each prototype. This step assumes that the income of the second wage-earner is similar to the wage of the first wage-earner. In order to calculate the annual household income, the average worker wage is multiplied by the number of wage-earners per household. According to the U.S. Census Bureau American Community Survey 3-Year Estimates, 2010-2012, there is an average of 1.53 wage-earners per household in Menlo Park. The average annual wage per employee within each occupation was multiplied by 1.53 in order to determine annual average household income.

Employee households are then categorized as very low, low, moderate, and above moderate income based on the income definitions and cut-offs established by the California Housing and Community Development Department (HCD). According to the U.S. Census Bureau American Community Survey 5-Year Estimates, 2008-2012, the average household size Menlo Park is 2.5. This has been rounded to 3, the nearest whole number, as a conservative estimate, since incomes are higher for three-person households than for two-person households. The income categories for very low, low, moderate, and above moderate income households are therefore based on the household size of three persons, using the California Department of Housing and Community Development's definitions of income thresholds for area median income, as shown in Figure III-12.

Figure III-12. Household Income Categories

Income Category	3-Person Household
Very Low Income (<=50% AMI)	\$50,900
Low Income (51-80% AMI)	\$81,450
Moderate Income (81-120% AMI)	\$111,250
Above Moderate Income (>=120%)	>\$111,250

Source: California Department of Housing and Community Development, "State Income Limits for 2014", February 28, 2014.

Using the income categories described above, the new worker households were sorted into income groups. For example, worker households that earn \$50,900 or less were qualified as very low income households; those earning between \$50,900 and \$81,540 were classified as low income households, and those earning between \$81,450 and \$111,250 were categorized as moderate income households. As shown in Figure III-13 below, most hotel worker households are in very low and low income categories, the vast majority of retail/ restaurants/ services worker households are in the very low income categories, and less than half of office/ R&D/ medical office workers are in very low, low, and moderate income categories. Above moderate income households were removed from the subsequent steps of the nexus analysis, as it is determined that these income groups would be able to afford market-rate housing.

Figure III-13. Number of Worker Households by Income Category

Prototype	Number of Employee Households
Hotel	
Very Low Income (<=50% AMI)	22.8
Low Income (51-80% AMI)	35.2
Moderate Income (81-120% AMI)	3.2
Above Moderate (>=120%)	4.2
Total	65.4
Retail, Restaurants and Personal Services	
Very Low Income (<=50% AMI)	84.4
Low Income (51-80% AMI)	10.0
Moderate Income (81-120% AMI)	2.3
Above Moderate (>=120%)	1.4
Total	98.0
Office, R&D and Medical Office Land Use	
Very Low Income (<=50% AMI)	34.7
Low Income (51-80% AMI)	52.0
Moderate Income (81-120% AMI)	18.7
Above Moderate (>=120%)	90.7
Total	196.1

Sources: Vernazza Wolfe Associates, Inc; Strategic Economics, 2015.

IV. HOUSING AFFORDABILITY GAP

Estimating the housing affordability gap is necessary to calculate the maximum potential housing impact fee. This affordability gap analysis was conducted at the county-wide level so that it can be applied to all the jurisdictions in San Mateo County participating in the multi-city nexus study.⁴ This section summarizes the approach to calculating the housing affordability gap and the results of the analysis.

METHODOLOGY

The housing affordability gap is defined as the difference between what very low, low, and moderate income households can afford to pay for housing and the development cost of new, modest housing units. Calculating the housing affordability gap involves the following three steps:

1. Estimating affordable rents and housing prices for households in target income groups.
2. Estimating development costs of building new, modest housing units, based on current cost and market data.
3. Calculating the difference between what renters and owners can afford to pay for housing and the cost of development of rental and ownership units.

The housing affordability gap is estimated at a countywide level, and assumed to be the same for all the jurisdictions participating in the multi-city nexus studies, for the following reasons:

- Both the California Department of Housing and Community Development Department (HCD) and U.S. Housing and Urban Development Department (HUD) define the ability to pay for housing at the county (rather than the city) level. Existing affordable housing studies and policies in most jurisdictions rely on these countywide area median income (AMI) estimates published by HCD or by HUD. This analysis uses 2014 income limits published by California Department of Housing and Community Development (HCD).
- Construction costs for housing and commercial development do not vary dramatically between different jurisdictions in San Mateo County, because the cost of labor and materials is regional in nature.

Although land costs vary widely in San Mateo County, the study estimated a single land value for the county based on data provided by developers of recently built projects. These costs are at the low end of recent land sales, as described below. Additionally, because the land costs used in the analysis are from 2012 and 2013, and land values have escalated rapidly since then, the resulting affordability gap will be slightly lower than if the analysis incorporated 2014 land costs, providing a conservative estimate of the affordability gap.

⁴ Although there is a single housing affordability gap estimate for all jurisdictions participating in the multi-city nexus studies, the subsequent steps in the fee calculations considers market and household characteristics for the City of Menlo Park, generating a unique maximum fee for each jurisdiction in the county, as described in Section V of this report.

ESTIMATING AFFORDABLE RENTS AND SALES PRICES

The first step in calculating the housing affordability gap is to determine the maximum amount that households at the targeted income levels can afford to pay for housing. For eligibility purposes, most affordable housing programs define very low income households as those earning approximately 50 percent or less of area median income (AMI), low income households as those earning between 51 and 80 percent of AMI, and moderate income households as those earning between 81 and 120 percent of AMI. In order to ensure that the affordability of housing does not use the top incomes in each category, the analysis uses a point within the income ranges for the low and moderate income groups.⁵

Figure IV-1 and Figure IV-2 show the calculations for rental housing. The maximum affordable monthly rent is calculated as 30 percent of gross monthly household income, minus a deduction for utilities. For example, a very low income, three-person household could afford to spend \$1,273 on total monthly housing costs. After deducting for utilities, \$1,220 a month is available to pay for rent. Figure IV-3 and Figure IV-4 demonstrate housing affordability for homeowners. Homeowners are assumed to pay a maximum of 35 percent of gross monthly income on total housing costs, depending on income level. The maximum affordable price for for-sale housing is then calculated based on the total monthly mortgage payment that a homeowner could afford, using standard loan terms used by CalHFA programs and many private lenders for first-time homebuyers, including a five percent down payment (Figure IV-3). For example, a moderate income, three-person household could afford to spend \$2,974 a month on total housing costs, allowing for the purchase of a \$348,526 home.

Key assumptions used to calculate the maximum affordable rents and housing prices are discussed below.

- **Unit types:** For rental housing, the analysis included studios, one-, two-, and three-bedroom units. For for-sale housing, one-, two-, and three-bedroom units were included. These unit types represent the affordable and modest market-rate apartment and condominium units available in San Mateo County. Condominiums were used to represent modest for-sale housing because single-family homes in San Mateo County tend to be significantly more expensive than condominiums.
- **Occupancy and household size assumptions.** Because income levels for affordable housing programs vary by household size, calculating affordable unit prices requires defining household sizes for each unit type. Consistent with California Health and Safety Code Section 50052.5(h), unit occupancy was generally estimated as the number of bedrooms plus one. For example, a studio unit is assumed to be occupied by one person, a one bedroom unit is assumed to be occupied by two people, and so on. Several adjustments to this general assumption were made in order to capture the full range of household sizes. In particular, it is assumed that one-bedroom condominiums could be occupied by one- or two-person households, and three-bedroom apartments and condominiums could be occupied by four- or five-person households.⁶

⁵ For rental housing, 70 percent of AMI is used to represent low income households and 90 percent of AMI is used to represent moderate income households. For ownership housing, it is assumed that moderate income homebuyers may earn slightly less than the maximum for that income category (110 percent of AMI). Higher income limits are used for ownership than for rental housing because ownership housing is more expensive to purchase and maintain.

⁶ For these unit types, the maximum affordable home price (or rent) is calculated as the average price (or rent) that the relevant household sizes can afford to pay. For example, the maximum affordable home price for a one-bedroom condominium is calculated as the average of the maximum affordable home price for one- and two-person households.

- **Targeted income levels for rental housing:** For rental housing, affordable rents were calculated for very low income, low income, and moderate income households (see Figure IV-1 and Figure IV-2). For eligibility purposes, most affordable housing programs define very low income households as those earning 50 percent or less of area median income (AMI), low income households as those earning between 51 and 80 percent of AMI, and moderate income households as those earning between 81 and 120 percent of AMI. However, defining affordable housing expenses based at the top of each income range would result in prices that are not affordable to most of the households in each category. Thus, this analysis does not use the maximum income level for all of the income categories. Instead, for rental housing, 70 percent of AMI is used to represent moderate income households and 90 percent of AMI is used to represent moderate income households.
- **Targeted income levels for ownership housing** For ownership housing, affordable home prices were calculated only for moderate income households. Higher income limits are used for ownership than for rental housing because ownership housing is more expensive to purchase and maintain. It is assumed that moderate income homebuyers may earn slightly less than the maximum for that income category (110 percent of AMI).
- **Maximum monthly housing costs.**⁷ For all renters, maximum monthly housing costs are assumed to be 30 percent of gross household income. For homebuyers, 35 percent of gross income is assumed to be available for monthly housing costs, reflecting the higher incomes of this group.⁸ These standards are based on California's Health & Safety Code Sections 50052.5 and 50053.
- **Utilities.** The monthly utility cost assumptions are based on utility allowances calculated by the U.S. Department of Housing and Urban Development for San Mateo County.⁹ Both renters and owners are assumed to pay for heating, cooking, other electric, and water heating. In addition, owners are assumed to pay for water and trash collection.¹⁰
- **Mortgage terms & costs included for ownership housing.** For ownership housing, the mortgage calculations are based on the terms typically offered to first-time homebuyers (such as the terms offered by the California Housing Finance Authority), which is a 30-year mortgage with a five percent down payment. A five percent down payment standard is also used by many private lenders for first-time homebuyers. Based on recent interest rates to first-time buyers, the analysis assumes a 5.375 percent annual interest rate.¹¹ In addition to mortgage payments and utilities, monthly

⁷ The calculation of homeowner affordability is conservative in that the model accounts for additional costs for buyers (such as utility costs) that might not be considered by all lenders.

⁸ The assumption that homebuyers spend 35 percent of gross household income on housing results in a reduced affordability gap than if 30 percent of gross household income were used instead.

⁹ U.S. Department of Housing and Urban Development, "Allowances for Tenant-Furnished Utilities and Other Services: Housing Authority of San Mateo County," November 2013.

¹⁰ Units are assumed to have natural gas heating, cooking, and water heating systems, as natural gas is the most common fuel for units located in San Mateo County. Sources: U.S. Census Bureau, 2012 American Community Survey, "Table B25117: Tenure by House Heating Fuel," San Mateo County; U.S. Census Bureau, 2011 American Housing Survey, "Table C-03-AH-M, San Francisco-San Mateo-Redwood City: Heating, Air Conditioning, and Appliances – All Housing Units."

¹¹ Sources: CalHFA Mortgage Calculator, accessed March 2014; Zillow.com, "Current Mortgage Rates and Home Loans," accessed March 2014; interviews with California Housing Finance Agency (CalHFA) Preferred Loan Officers, March 2014.

ownership housing costs include homeowner association (HOA) dues,¹² property taxes,¹³ private mortgage insurance,¹⁴ and hazard and casualty insurance.¹⁵

¹² HOA fees are estimated at \$300 per unit per month, based on common HOA fees in San Mateo County as reported in: Polaris Pacific, "Silicon Valley Condominium Market," February 2014.

¹³ The annual property tax rate is estimated at 1.18 percent of the sales price, based on the average total tax rate for San Mateo County (calculated from County of San Mateo, 2008-09 Property Tax Highlights http://www.co.sanmateo.ca.us/Attachments/controller/Files/PTH/PTH_2009.pdf) and discussions with Preferred Loan Officers.

¹⁴ The annual private mortgage insurance premium rate is estimated at 0.89 percent of the total mortgage amount, consistent with standard requirements for conventional loans with a five percent down payment. Sources: Genworth, February 2014; MGIC, December 2013; Radian, April 2014.

¹⁵ The annual hazard and casualty insurance rate is assumed to be 0.35 percent of the sales price, consistent with standard industry practice.

Figure IV-1. Calculation of Affordable Rents in San Mateo County by Household Size, 2014

Persons per Household (HH)	1	2	3	4	5
Very Low Income (50% AMI)					
Maximum Household Income at 50% AMI	\$39,600	\$45,250	\$50,900	\$56,550	\$61,050
Maximum Monthly Housing Cost (a)	\$990	\$1,131	\$1,273	\$1,414	\$1,526
Utility Deduction	\$29	\$40	\$53	\$68	\$68
Maximum Available for Rent (HH Size) (b)	\$961	\$1,091	\$1,220	\$1,346	\$1,458
Low Income (70% AMI)					
Maximum Household Income at 70% AMI	\$50,470	\$57,680	\$64,890	\$72,100	\$77,875
Maximum Monthly Housing Cost (a)	\$1,262	\$1,442	\$1,622	\$1,803	\$1,947
Utility Deduction	\$29	\$40	\$53	\$68	\$68
Maximum Available for Rent (HH Size) (b)	\$1,233	\$1,402	\$1,569	\$1,735	\$1,879
Moderate Income (90% AMI)					
Maximum Household Income at 90% AMI	\$64,890	\$74,160	\$83,430	\$92,700	\$100,125
Maximum Monthly Housing Cost (a)	\$1,622	\$1,854	\$2,086	\$2,318	\$2,503
Utility Deduction	\$29	\$40	\$53	\$68	\$68
Maximum Available for Rent (HH Size) (b)	\$1,593	\$1,814	\$2,033	\$2,250	\$2,435

Notes:

(a) 30 percent of maximum monthly household income.

(b) Maximum monthly housing cost minus utility deduction.

Acronyms:

AMI: Area median income

HH: Household

Sources: California Department of Housing and Community Development, 2014; U.S. Department of Housing and Urban Development, 2013; Vernazza Wolfe Associates, Inc.; Strategic Economics, 2014.

Figure IV-2. Calculation of Affordable Rents in San Mateo County by Unit Type, 2014

Affordable Rents by Unit Type (a)	Studio (1 person)	1 Bedroom (2 persons)	2 Bedroom (3 persons)	3 Bedroom (4 and 5 persons)
Very Low Income (50% AMI)	\$961	\$1,091	\$1,220	\$1,402
Low Income (70% AMI)	\$1,233	\$1,402	\$1,569	\$1,807
Moderate Income (90% AMI)	\$1,593	\$1,814	\$2,033	\$2,342

Notes:

(a) Affordable rents are calculated as follows: Studios are calculated as one-person households; One-bedroom units are calculated as two-person households; Two-bedroom units are calculated as three-person households; Three-bedroom units are calculated as an average of four and five person households.

Sources: California Department of Housing and Community Development, 2014; U.S. Department of Housing and Urban Development, 2013; Vernazza Wolfe Associates, Inc.; Strategic Economics, 2014.

Figure IV-3. Calculation of Affordable Sales Prices in San Mateo County by Household Size, 2014

Persons per Household (HH)	1	2	3	4	5
Moderate Income (110% AMI)					
Maximum Household Income at 110% AMI (a)	\$79,310	\$90,640	\$101,970	\$113,300	\$122,375
Maximum Monthly Housing Cost (b)	\$2,313	\$2,644	\$2,974	\$3,305	\$3,569
Monthly Deductions					
Utilities	\$106	\$106	\$130	\$156	\$156
HOA Dues	\$300	\$300	\$300	\$300	\$300
Property Taxes and Insurance (c)	\$517	\$607	\$690	\$773	\$844
Monthly Income Available for Mortgage Payment (d)	\$1,390	\$1,631	\$1,854	\$2,076	\$2,269
Maximum Mortgage Amount (e)	\$248,195	\$291,274	\$331,100	\$370,795	\$405,155
Maximum Affordable Sales Price - HH Size (f)	\$261,258	\$306,604	\$348,526	\$390,311	\$426,479

Notes:

(a) Calculated as 110 percent of the median household income reported by HCD for each household size.

(b) Maximum housing cost is estimated at 35 percent of household income for homebuyers.

(c) Assumes annual property tax rate of 1.18 percent of sales price; annual private mortgage insurance premium rate of 0.89 percent of mortgage amount; annual hazard and casualty insurance rate of 0.35 percent of sales price.

(d) Maximum monthly housing cost minus deductions

(e) Assumes 5.375 percent interest rate and 30 year loan term

(f) Assumes 5 percent down payment (75 percent loan-to-value ratio)

Acronyms:

AMI: Area median income

HH: Household

HOA: Home owners association

Sources: California Department of Housing and Community Development, 2014; U.S. Department of Housing and Urban Development, 2013; Vernazza Wolfe Associates, Inc. & Strategic Economics, 2014.

Figure IV-4. Calculation of Affordable Sales Prices in San Mateo County by Unit Type, 2014

Affordable Sales Price by Unit Type (a)	1 Bedroom (1 and 2 persons)	2 Bedroom (3 persons)	3 Bedroom (4 and 5 persons)
Moderate Income (110% AMI)	\$283,931	\$348,526	\$408,395

Notes:

(a) Affordable sales prices are calculated as follows: One-bedroom units are calculated as an average of one- and two-person households; Two-bedroom units are calculated as three-person households; Three-bedroom units are calculated as an average of four and five person households.

Sources: California Department of Housing and Community Development, 2014; U.S. Department of Housing and Urban Development, 2013; Vernazza Wolfe Associates, Inc.; Strategic Economics, 2014.

ESTIMATING HOUSING DEVELOPMENT COSTS

The second step in calculating the housing affordability gap is to estimate the cost of developing new, modest housing units. Modest housing is defined slightly differently for rental and ownership housing. For rental housing, the costs and characteristics of modest housing are similar to recent projects developed in San Mateo County by the affordable rental housing sector. Modest for-sale housing is assumed to be non-luxury multifamily (condominium) development because single-family homes in San Mateo County tend to be significantly more expensive than condominiums; many of the new single-family homes in the county are custom-built luxury units that are too costly to meet the standard for modest housing.

The calculation of housing development costs used in the housing affordability gap requires several steps. Because the gap covers both rental housing and for-sale housing, it is necessary to estimate costs for each. The following describes the data sources used to calculate rental and for-sale housing development costs.

Rental Housing

Rental housing development costs were based on pro forma data obtained from three recent affordable housing projects in San Mateo County. Figure IV-5 shows the location and description of these projects and summarizes the information that was used to generate a per-square-foot cost of \$410 used in the cost analysis. These costs include site acquisition costs, hard costs (on- and off-site improvements), soft costs (such as design, city permits and fees, construction interest, and contingencies), and developer fees. The costs from the rental housing pro formas were also cross-referenced against proprietary pro formas available to the consultant team from other private development projects in order to ensure accuracy.

Since these projects assumed state and federal funding, the labor costs included in the original pro formas reflect the prevailing wage requirement imposed by state and local governments. The costs shown in Figure IV-5 have been adjusted to subtract out the prevailing wage requirement because the development cost model used in the housing affordability gap analysis does not assume receipt of government subsidies. A rule of thumb used by local economists who assist affordable housing developers in obtaining public financing, is to estimate that, under the prevailing wage requirement, labor costs are 25 percent higher than would otherwise be the case. Therefore, on-site and off-site improvement costs obtained from the original pro formas are reduced by 25 percent to reflect actual labor costs that would apply to construction projects that do not have these requirements.¹⁶ Finally, on average, land acquisition costs accounted for 20 percent or less of these total adjusted costs.

¹⁶ These prevailing wage requirements refer only to labor cost requirements on construction projects that receive funding from the state or federal government. These are not the same as minimum wage requirements that individual cities may adopt.

Figure IV-5. Affordable Housing Project Pro Forma Data

Project Description	Project 1	Project 2	Project 3
Location	San Mateo	San Mateo	San Bruno
Year Built	2013	2010	2011
Land Area (acres)	1.05	1.0	0.63
Gross Building Area (SF)	106,498	127,718	42,688
Net Building Area (SF)	56,075	67,850	33,297
Number of Units	60	68	42
Parking Type	Podium	Underground	Structure
Parking Spaces/ Unit	1.82	1.55	1.0
Land Acquisition Costs	\$3,157,000 (\$69 per SF of land)	\$5,543,600 (\$127 per SF of land)	\$2,096,500 (\$76 per SF of land)
Project Costs per SF of Net Building Area			
Land Cost (a)	\$56	\$82	\$63
Hard Costs (b)	\$228	\$216	\$187
Soft Costs (c)	\$93	\$99	\$114
Developer Fees	\$25	\$21	\$39
Total Project Costs (d)	\$402	\$417	\$403

Notes:

- (a) Calculated per square foot of net building area.
- (b) Excludes prevailing wage requirements for on-site and off-site hard costs.
- (c) Includes design, engineering, city permits and fees, construction interest, contingencies, legal, etc.
- (d) Total costs include developer fees.

Acronyms:

SF: Square feet

Source: Confidential Pro Forma Data; Vernazza Wolfe Associates, Inc; Strategic Economics, 2014.

To ensure that the land value assumptions used in the rental development cost estimates (ranging from \$69 to \$127 per square foot of land) were reasonable, the consultant team analyzed recent sales of vacant properties in San Mateo County using DataQuick, a commercial vendor that tracks real estate transactions. Cities with fewer than three vacant land transactions were excluded from the analysis. As shown below in Figure IV-6, land values in San Mateo County are highly variable from city to city, ranging from \$45 to \$300 per square foot; the average sales price for the selected sites in the County was \$189 per square foot. The analysis demonstrates the land cost assumptions used to calculate rental housing costs (in Figure IV-5) represent the lower range of current land values, which results in a lower affordability gap estimate. The lower gap estimate is a more conservative approach, because it results in a lower maximum fee calculation, as described in Section V.

Figure IV-6. Sales of Vacant Lands in San Mateo County, 2014

Jurisdiction	Number Transactions	Average Sales Price	Average Site Size (SF)	Average Sales Price/ SF Land
Belmont	4	\$920,000	6,383	\$165
Menlo Park	6	\$1,239,500	5,802	\$220
Pacifica	4	\$487,000	7,221	\$111
San Bruno	13	\$933,769	3,259	\$295
San Mateo	8	\$1,314,188	5,424	\$300
Unincorporated San Mateo County	4	\$224,250	5,194	\$45
Average of Records		\$853,118	5,547	\$189

Notes: Includes data from cities with 3 or more transactions of vacant land in San Mateo County from January through May 2014. Records with missing sales or land area information were eliminated.

Acronyms:

SF: Square feet

Sources: DataQuick, January-May 2014; Vernazza Wolfe Associates, Inc; Strategic Economics, 2014.

For-Sale Housing

Since affordable housing developers do not typically build for-sale housing in San Mateo County, the cost of developing new, modest for-sale housing was estimated using two data methods: the first method used price data for recently built condominium units as a proxy for development costs; the second approach estimated development costs based on published market and cost data for similar projects in San Mateo County. Each of these cost estimate approaches is described in more detail below.

Review of condominium sales data – In this approach, average sales prices from condominium units built in San Mateo County between 2008 and 2012 are used as a proxy for development costs¹⁷ This approach assumes that construction costs, land costs, soft costs, and developer profit are all included in the unit sales price. Using data provided by DataQuick, the consultant team analyzed sales prices of condominium units of various sizes in the seven cities that experienced condominium development that exceeded 10 units in the aggregate between 2008 and 2012. These seven cities included Brisbane, East Palo Alto, Millbrae, Redwood City, San Carlos, San Mateo City, and South San Francisco. The other jurisdictions in San Mateo County experienced little or no condominium development during this time period. Figure IV-7 summarizes the information that was used to generate a per-square-foot cost for condominium development of \$420.

Cost estimate of hypothetical condominium project - The second approach relied on published industry data sources and recent financial feasibility studies to estimate the development costs of a hypothetical condominium project, as described in Figure IV-8.¹⁸ Land costs were estimated based on recent DataQuick land transactions shown in Figure IV-6. RS Means cost data, adjusted for the Bay Area's construction costs, was used to calculate hard costs. Based on a review of recent financial feasibility analyses in the Bay Area, soft costs were estimated at 30 percent of hard costs, and developer fees and profits were estimated at 12 percent of hard and soft costs. Using this second method, the development costs are estimated at \$495 per

¹⁷ Ideally, cost estimates would be based only on projects built in the last year or two. However, the decline in new construction after 2007 necessitated that the analysis use several years' worth of data in order to estimate for-sale housing costs. Since costs are not adjusted for inflation, they may be slightly lower than actual costs required for a new project to be built in 2014 or 2015. This approach is more conservative – and likely more accurate – than applying across-the-board inflation factors to historic costs. Furthermore, the increasing cost of residentially zoned, high density parcels is the main source of development cost increase. Adjusting land costs for inflation is not easily done.

¹⁸ The hypothetical condominium building type is a Type V building with underground parking and floor-area ratio of 1.7. The building characteristics are described in Figure IV-8.

net square foot of building area. In order to ensure that the results of the affordability gap analysis are conservative, the lower development cost estimate of \$420 per net square foot was selected for ownership units.

Figure IV-7. Condominium Sales: Average Unit Characteristics and Prices for Selected Cities in San Mateo County (2008-2012)

Jurisdiction	Average Number of Bathrooms	Average Number of Bedrooms	Average Square Feet	Average Price per Square Foot	Average Unit Price
Brisbane	1.2	1.5	892	\$413	\$368,625
East Palo Alto	1.8	1.3	1,029	\$340	\$349,991
Millbrae	1.9	2	1,290	\$429	\$553,893
Redwood City	2.7	2.9	1,933	\$402	\$776,655
San Carlos	1.8	1.8	1,066	\$508	\$541,932
San Mateo City	2.3	2.2	1,545	\$439	\$677,430
South San Francisco	1.7	1.8	981	\$427	\$418,740
Average	1.9	1.9	1,248	\$423	\$527,401

Sources: DataQuick, Vernazza Wolfe Associates, Inc. & Strategic Economics, 2014.

Figure IV-8. Estimate of Development Costs of Hypothetical Condominium Project

Building Characteristics	
Land Area (SF)	110,727
Gross Building Area (SF)	188,235
Net Building Area (SF)	160,000
Number of Units	100
Parking Type	Underground
Floor-area ratio (FAR)	1.7
Density (units per acre)	39
Average Unit Size	1,600
Land Acquisition Costs per Square Foot (a)	\$189
Development Cost	
Land Cost (b)	\$131
Hard Costs	\$250
Soft Costs (c)	\$75
Developer Fees (d)	\$39
Total Development Costs	\$495

Notes:

(a) Land value is calculated based on DataQuick records of vacant land transactions in the county. See Figure IV-6.

(b) Calculated based on RS Means cost estimates per square foot of net building area.

(c) Estimated at 30 percent of hard costs. Includes design, engineering, city permits and fees, construction interest, contingencies, legal, etc.

(d) Estimated at 12 percent of hard costs and soft costs.

Acronyms:

SF: square feet

Sources: RS Means, 2014; DataQuick 2014; Recent financial feasibility studies; Vernazza Wolfe Associates, Inc. & Strategic Economics, 2014.

Cost Estimates by Unit Size

The data sources described above also provided information on estimated unit sizes. Unit size information is needed to translate costs/sales prices per square foot to unit costs. Unit sizes are estimated separately for

rental and for-sale units. For the rental units, the recent inventory of projects developed by MidPen Housing in San Mateo County was analyzed. For ownership units, the average sizes of recently built condominium units (Figure IV-7) were analyzed.

Figure IV-9 provides the unit sizes and development cost estimates for rental units. Per-unit development costs were calculated by multiplying average unit sizes by the per-square foot development costs of \$410. Rental unit costs range from \$205,000 for studio units to \$479,700 for three-bedroom units.

Figure IV-10 summarizes the costs of condominium units. The per-unit costs were derived by multiplying the average unit size by the development cost per square foot of \$420. Condominium development costs range from \$357,000 for one-bedroom units to \$672,000 for three-bedroom units.

Figure IV-9. Rental Housing Unit Sizes and Development Costs

Unit Type	Estimated Cost per Net SF	Unit Size (net SF)	Development Costs
Studio	\$410	500	\$205,000
One bedroom	\$410	700	\$287,000
Two bedroom	\$410	970	\$397,700
Three bedroom	\$410	1,170	\$479,700

Acronyms:

SF: Square feet

Sources: Confidential Pro Forma Data; Vernazza Wolfe Associates, Inc. & Strategic Economics, 2014.

Figure IV-10. For-Sale Housing Unit Sizes and Development Costs

Unit Type	Estimated Cost per Net SF	Unit Size (net SF)	Development Costs
One bedroom	\$420	850	\$357,000
Two bedroom	\$420	1,200	\$504,000
Three bedroom	\$420	1,600	\$672,000

Acronyms:

SF: Square feet

Sources: DataQuick, 2014; Vernazza Wolfe Associates, Inc. & Strategic Economics, 2014.

CALCULATING THE HOUSING AFFORDABILITY GAP

The final step in the analysis is to calculate the housing affordability gap, or the difference between what renters and owners can afford to pay and the total cost of developing new units. The purpose of the housing affordability gap calculation is to help determine the fee amount that would be necessary to cover the cost of developing housing for very low, low, and moderate income households. The calculation does not assume the availability of any other source of housing subsidy because not all "modest" housing is built with public subsidies, and tax credits and tax-exempt bond financing are highly competitive programs that will not always be available to developers of modest housing units.

Figure IV-11 shows the housing affordability gap calculation for rental units. For each rental housing unit type and income level, the gap is defined as the difference between the per-unit cost of development and the supportable debt per unit. The supportable debt is calculated based on the net operating income generated by an affordable monthly rent, incorporating assumptions about operating expenses (including property taxes, insurance, etc.), reserves, vacancy and collection loss, and mortgage terms based on discussions with local affordable housing developers. Because household sizes are not uniform and the types of units each household may occupy is variable, the average housing affordability gap is calculated by averaging the housing affordability gaps for the various unit sizes.

Figure IV-12 shows the housing affordability gap calculation for ownership units. For each unit type, the gap is calculated as the difference between the per-unit cost of development and the affordable sales price for each income level. As with rental housing, the average housing affordability gap for each income level is calculated by averaging the housing affordability gaps across unit sizes in order to reflect that households in each income group vary in size, and may occupy any of these unit types.

Finally, the tenure-neutral estimates of the housing affordability gap were estimated for very low, low, and moderate income households (Figure IV-13). Because very low and low income households that are looking for housing in today's market are much more likely to be renters, an ownership gap was not calculated for these income groups. The rental gap represents the overall affordability gap for these two income groups. On the other hand, moderate income households could be either renters or owners. Therefore, the rental and ownership gaps are averaged for this income group to calculate the overall affordability gap for moderate income households. The calculated average affordability gap per unit is \$280,783 for very low income households; \$240,477 for low income households, and \$175,558 for moderate income households. The housing affordability gap is highest for very low income households because those households with higher incomes can afford to pay more for housing.

Figure IV-11. Housing Affordability Gap Calculation for Rental Housing

Income Level and Unit Type	Unit Size (SF)	Maximum Monthly Rent (a)	Annual Income	Net Operating Income (b)	Available for Debt Service (c)	Supportable Debt (d)	Development Costs (e)	Affordability Gap
Very Low Income (50% AMI)								
Studio	500	\$961	\$11,532	\$3,455	\$2,764	\$36,552	\$205,000	\$168,448
1 Bedroom	700	\$1,091	\$13,095	\$4,940	\$3,952	\$52,259	\$287,000	\$234,741
2 Bedroom	970	\$1,220	\$14,634	\$6,402	\$5,122	\$67,725	\$397,700	\$329,975
3 Bedroom	1,170	\$1,402	\$16,824	\$8,483	\$6,786	\$89,733	\$479,700	\$389,967
Average Affordability Gap								\$280,783
Low Income (70% AMI)								
Studio	500	\$1,233	\$14,793	\$6,553	\$5,243	\$69,323	\$205,000	\$135,677
1 Bedroom	700	\$1,402	\$16,824	\$8,483	\$6,786	\$89,733	\$287,000	\$197,267
2 Bedroom	970	\$1,569	\$18,831	\$10,389	\$8,312	\$109,902	\$397,700	\$287,798
3 Bedroom	1,170	\$1,807	\$21,680	\$13,096	\$10,477	\$138,535	\$479,700	\$341,165
Average Affordability Gap								\$240,477
Moderate Income (90% AMI)								
Studio	500	\$1,593	\$19,119	\$10,663	\$8,530	\$112,796	\$205,000	\$92,204
1 Bedroom	700	\$1,814	\$21,768	\$13,180	\$10,544	\$139,417	\$287,000	\$147,583
2 Bedroom	970	\$2,033	\$24,393	\$15,673	\$12,539	\$165,796	\$397,700	\$231,904
3 Bedroom	1,170	\$2,342	\$28,108	\$19,202	\$15,362	\$203,127	\$479,700	\$276,573
Average Affordability Gap								\$187,066

Notes:

(a) Affordable rents are based on State of California Housing and Community Development FY 2014 Income Limits for San Mateo County. See Figure IV-2.

(b) Amount available for debt. Assumes 5% vacancy and collection loss and \$7,500 per unit per year for operating expenses and reserves based on recently built (2012-2014) and proposed affordable housing projects in the San Francisco Bay Area.

(c) Assumes 1.25 Debt Coverage Ratio.

(d) Assumes 6.38%, 30 year loan. Calculations based on annual payments.

(e) Assumes \$410/SF for development costs based on comparable project pro formas.

(f) Calculated as the difference between development costs and supportable debt.

Acronyms:

SF: Square feet

AMI: Area median income

Sources: Housing and Community Development, 2014; Selected San Mateo Rental Housing Pro Formas; Vernazza Wolfe Associates, Inc. & Strategic Economics, 2015.

Figure IV-12. Housing Affordability Gap Calculation for For-Sale Condominium Housing

Income Level and Unit Type	Unit Size (SF)	Affordable Sales Price (a)	Development Costs (b)	Affordability Gap (c)
Moderate Income (110% of AMI)				
1 Bedroom	850	\$283,931	\$357,000	\$73,069
2 Bedroom	1,200	\$348,526	\$504,000	\$155,474
3 Bedroom	1,600	\$408,395	\$672,000	\$263,605
Average Affordability Gap				\$164,049

Notes:

(a) See calculation in Figure IV-3.

(b) Assumes \$420/SF for development costs, based on recent condominium sales data.

(c) Calculated as the difference between development cost and affordable sales price.

Acronyms:

SF: Square feet

AMI: Area median income

Sources: DataQuick Sales Data, 2008-2012; Vernazza Wolfe Associates, Inc. & Strategic Economics, 2015.

Figure IV-13. Average Housing Affordability Gap by Income Group

Income Level	Rental Gap	Ownership Gap	Average Affordability Gap
Very Low Income (50% AMI)	\$280,783	N/A	\$280,783
Low Income (70% - 80% AMI) (a)	\$240,477	N/A	\$240,477
Moderate Income (90% - 110% AMI) (b)	\$187,066	\$164,049	\$175,558

Notes:

(a) Low income households are defined at 70 percent of AMI for renters and 80 percent of AMI for owners.

(b) Moderate income households are defined at 90 percent of AMI for renters and 110 percent AMI for owners.

Acronyms: AMI: Area median income.

Source: Vernazza Wolfe Associates, Inc. and Strategic Economics, 2015.

V. MAXIMUM LINKAGE FEES

This section builds on the findings of the previous analytical steps to calculate the maximum justified linkage fees for each commercial prototype.

MAXIMUM FEE CALCULATION

To derive the maximum nexus-based fee, the housing affordability gap (see Section IV) is applied to the number of lower-income worker households linked to the prototypes. This is the basis for developing an estimate of the total affordability gap for each prototype. The total gap for each prototype is then divided by the size of each development prototype to calculate a single maximum fee per square foot.

Figure V-1 presents the results of the linkage fee calculations for each prototype. The calculations shown below assume that 100 percent of the very low, low, and moderate income households linked to the new commercial space would be accommodated in Menlo Park. The maximum fee results are \$154 per square foot for hotel, \$265 per square foot for retail/ restaurants/ services, and \$255 per square foot for office/ R&D/ medical office.

The calculated linkage fees are high for two reasons: 1) the cost of housing development in San Mateo County is high, creating a large affordability gap for very low, low, and moderate income households; 2) many of the workers associated with new commercial development, especially those in the retail and hotel industries, earn low wages and fall into very low and low income household categories. For these reasons, the highest fees are associated with retail/ restaurant/ personal services, generally referred to as service industries. Occupations in these industries offer workers the lowest average wage; hence the total affordability gap is highest for these employee households. Although average wages for hotel workers are similarly low, the density of workers in hotels is lower than in retail and in office/ R&D/ medical office space; therefore maximum linkage fees for hotels are the lowest among the three prototypes. Finally, while office workers earn the highest average wage of all three prototypes, the employment density of this prototype is the highest. Therefore, the calculated fees for the category covering office/ R&D/ medical office are higher than those calculated for hotel developments, and lower than the retail/ restaurants/ services.

The maximum fees shown in Figure V-1 are not the recommended fees for adoption. They are the nexus-justified fees that represent the maximum that the City of Menlo Park could charge to mitigate affordable housing demand related to commercial development.

Figure V-1. Maximum Commercial Linkage Fees

	Worker Households Requiring Affordable Housing	Total Affordability Gap	Size of Prototype (SF)	Maximum Fee per SF
Hotel	61	\$15,411,161	100,000	\$154
Retail, Restaurants and Personal Services	97	\$26,497,820	100,000	\$265
Office, R&D and Medical Office	105	\$25,538,453	100,000	\$255

Sources: Vernazza Wolfe Associates, Inc; Strategic Economics, 2015.

SUMMARY OF CONSERVATIVE ASSUMPTIONS

- **Employment density assumptions.** For each commercial building prototype, an average employment density was applied based on a combination of national survey data for existing commercial buildings and a review of recently completed linkage fee nexus studies in the Bay Area. In order to create conservative assumptions about the number of jobs associated with new commercial development, the lower range of the density figures were selected for the analysis. Though some office developments in the Bay Area have much higher employment densities, particularly for high-technology tenants, the analysis used a lower estimate of density for the office/R&D/medical office prototype, resulting in a lower maximum fee estimate.
- **Cost estimates for affordability gap analysis.** The affordability gap analysis measures the difference between what households can afford to pay for housing and the cost of new housing units. To ensure that the gap is conservative, the development cost estimates are based on the lower range of land and construction costs in San Mateo County. In many sub-areas of the county, including priority-development areas and downtown locations, land costs for housing sites may be higher, particularly under today's market conditions.
- **Exclusion of extremely low income households.** Although new commercial development could potentially have impacts on affordable housing demand from extremely low income households, those impacts are not included in the analysis, thereby reducing the total fee calculation.
- **Affordability gap for owner households.** The calculation of the affordability gap for ownership households only considers moderate-income households. Low and very low income households are not considered in the calculation. This also results in a lower estimate of the maximum fee.
- **Feasibility analysis.** The analysis takes into account the financial feasibility of adding the maximum impact fee and reduced fee levels to the total cost of new development. The financial feasibility component of the analysis incorporates market-supportable assumptions about revenues, costs, land costs, and developer return expectations based on research on recent development trends. The results of financial analysis informed the final recommendations on the linkage fee.
- **Comparison to other jurisdictions.** The Consultant Team researched existing linkage fee in other Bay Area cities to determine the competitiveness of the maximum fee and reduced fee levels. The fee recommendations in this report incorporate the findings from the comparative analysis.
- **Overlap analysis.** The City is undertaking two impact fee nexus studies at the same time: the commercial linkage fee nexus study and the housing impact fee nexus study. To minimize the potential that some jobs could be double-counted by including the same worker households in both studies, the Consultant Team ensured that the recommended fees for the two programs (commercial linkage and housing fees) would – when combined –mitigate less than 100 percent of the total impact.

VI. FEASIBILITY AND POLICY CONSIDERATIONS

There are a number of policy considerations that can be taken into account when a jurisdiction considers an update to its commercial linkage fee. These policy factors include the likely impact of the proposed fee levels on future development, the potential increase to the city's existing fees on commercial development, a comparison of proposed linkage fees with those fees already charged in adjacent jurisdictions, and how potential revenues from new linkage fees can benefit the city's overall affordable housing goals. This section provides a discussion of some of the key financial and policy questions for Menlo Park.

PROTOTYPES AND FEE LEVELS

Commercial Prototypes

As described in Section III, the analysis estimates linkage fees for three commercial prototypes: hotel, retail/restaurants/ services, and office/ R&D/ medical office. The building characteristics, including size, density (floor-area-ratio), and parking assumptions are based on a review of recently built and proposed projects in San Mateo County (Figure VI-1). The financial feasibility of potential fee levels is tested for each of these prototypes.

Figure VI-1. Description of Commercial Prototypes

	Hotel	Retail/ Restaurants/ Services	Office/R&D/ Medical Office
Prototype Description			
Gross Building Area (GBA)	100,000	100,000	100,000
Podium Parking Area	11,970	30,000	63,000
Gross Building Area including Podium Parking (SF)	111,970	130,000	163,000
Efficiency Ratio (a)	N/A	0.95	0.9
Net Leasable Sq. Ft. (NSF)	N/A	95,000	90,000
Hotel Rooms	133		
Parking Spaces	160	400	300
Podium Parking	40	100	210
Surface Parking	120	300	90
Floor Area Ratio (b)	1.1	0.5	2.0
Land Area (Acres)	2.3	6.0	1.9
Land Area (SF)	101,791	260,000	81,500

Notes:

(a) Refers to ratio of gross building area to net leasable area. An efficiency ratio of 0.9 means that 90% of the gross building area is leasable.

(b) The floor-area-ratio (FAR) is often used as a measure of density. In this analysis, it is calculated as the gross building area (including podium parking) divided by the total land area.

Sources: Vernazza Wolfe Associates, Inc. and Strategic Economics, 2015.

Fee Levels

In order to provide Menlo Park with some guidance on how proposed fees could impact development decisions, the Consultant Team conducted a financial feasibility analysis that tested the impact of the maximum linkage fee, the existing fee, and other potential fee levels, on developer profit. Figure VI-2 illustrates the different fee scenarios by prototype.

Figure VI-2. Linkage Fee Scenarios by Prototype

Fee Scenarios	Hotel	Retail/ Restaurants / Services	Office/ R&D/ Medical Office
Existing Fee	\$8.76	\$8.76	\$16.15
Scenario 1 - Maximum Fee	\$154.11	\$264.98	\$255.38
Scenario 2	\$15	\$15	\$50
Scenario 3	\$10	\$10	\$35
Scenario 4	\$5	\$5	\$25

Sources: Vernazza Wolfe Associates, Inc; Strategic Economics, 2015.

METHODOLOGY

Financial feasibility was tested using a pro forma model that measures the return on cost of the commercial prototypes. Return on cost is a commonly used metric indicating the profitability of a commercial project. The pro forma model tallies all development costs, including land, direct construction costs, indirect costs (including financing), and developer fees. Revenues from lease rates or hotel room rates are the basis for calculating annual income from the new commercial development. The total operating costs are subtracted from the total revenues to calculate the annual net operating income. The return on cost is then estimated by dividing the annual net operating income by the total development costs. The fee levels were then added as an additional development cost to measure the resulting change in the developer's return on cost.

KEY INPUTS

The key revenue and cost inputs to the financial pro forma analysis are based on market research and published resources. The data inputs are explained in more detail below.

Revenues

To estimate income from commercial development, the analysis used rental data from Costar for the Southern San Mateo County sub-market for existing retail and office buildings. A 20 percent increase was applied to account for the value premium of new commercial space. Hotel room revenue is estimated based on July 2015 estimates of average daily rates (\$210 per room) and occupancy rates (80 percent) obtained from HVS Consulting and Smith Travel Research for the Silicon Valley market area. A five percent increase in room rates was applied to account for the higher rates achieved in the Menlo Park market. The revenue inputs are shown in Figure VI-3.

Direct and Indirect Costs

Cost estimates for the commercial prototypes include direct construction costs (site work, building costs, and parking), indirect costs, financing costs, and developer overhead and profit. Direct building construction cost estimates for office/ R&D/ medical office and retail/ restaurants/ services are based on RS Means. Hotel costs were estimated based on recent data from HVS Consulting and Smith Travel Research, and include costs for Furniture, Fixtures, and Equipment (FF&E). Direct and indirect cost inputs for the pro forma analysis are shown in Figure VI-4.

Land Costs

One of the critical cost factors for a commercial development project is land cost. To determine the land value of sites zoned for commercial uses, the Consultant Team analyzed recent sales transactions in the county and reviewed third-party property appraisals, with a focus on the Southern San Mateo County submarket (where the City of Menlo Park is located). According to the data, land value for commercially zoned land sold in recent years is \$122 per square foot. Based on this work, the pro forma analysis estimated a land value of \$125 per square foot in Menlo Park (see Figure VI-5). The actual value of any particular site is likely to vary based on its location, amenities, and property owner expectations, among other factors.

Return on Cost Thresholds

In order to understand how the different fee levels impact financial feasibility, the return on cost results can be compared to an investor's expectations for each type of development. The thresholds for this analysis were pegged to investor expectations regarding overall capitalization rates (cap rate) for each product type in the Bay Area. The cap rate, which is measured by dividing net income generated by a property by the total project value, is a commonly used metric to estimate potential returns. Lower cap rates signify high performing markets. In this analysis, the total project value is equivalent to the total development cost. PWC Real Estate Investor Survey (Fourth Quarter 2014) was the primary data source for determining cap rates for office/ R&D/ medical office and retail/restaurant/services uses. For hotel, cap rate data was obtained from HVS, a hotel consulting firm that tracks hotel markets.

To ensure that the financial analysis is conservative and does not reflect peak market conditions, the thresholds selected for determining project feasibility are slightly higher than the published cap rates. It was determined that the threshold for the return on cost is between 6.75 percent and 7.0 percent for office/ R&D/ medical office and retail/ restaurants/ services prototypes, and between 7.0 percent and 7.25 percent for hotel (see Figure VI-6).

Figure VI-3. Pro Forma Revenue Inputs by Prototype

Prototypes	Metric	Input
Hotel		
Average Daily Room Rate	Per Room	\$220
Occupancy Rate	Annual	80%
Revenue per Available Room	Per Room	\$176
Other Revenue per Room	Per Room	\$30
Gross Annual Room Income (a)	RevPAR	\$64,240
Gross Annual Other Revenue	Per Room	\$10,950
Less: Vacancy (b)		\$0
Less: Operating Expenses (c)	70%	\$52,633
Annual Net Operating Income		\$22,557
Retail/Services		
Revenues and Expenses (d)		
Monthly Rent - Triple Net	per NSF	\$43
Operating Expenses	% of Gross	10%
Vacancy Rate	% of Gross	3%
Estimates		
Net Square Footage		95,000
Annual Gross Revenues		\$4,085,000
Operating Expenses		(\$408,500)
Vacancy Rate		(\$122,550)
Annual Net Operating Income		\$3,553,950
Office/R&D		
Revenues and Expenses (d)		
Monthly Rent - Gross	per NSF	\$65
Operating Expenses	% of Gross	28%
Vacancy Rate	% of Gross	5%
Estimates		
Net Square Footage		90,000
Annual Gross Revenues		\$5,850,000
Operating Expenses		(\$1,638,000)
Vacancy Rate		(\$292,500)
Net Operating Income		\$3,919,500

Notes:

(a) RevPAR is a measure of revenue per room, calculated as occupancy percentage times average daily rate.

(b) Expense ratio for limited service and full-service hotels, based on a report from HVS and STR Consulting, July 2015.

(c) Vacancy is already reflected in RevPAR estimate.

(d) Costar Group average rents in the Southern San Mateo County submarket. A premium of 20% is applied to account for newer product.

Sources: Vernazza Wolfe Associates, Inc. and Strategic Economics, 2015.

Figure VI-4. Direct and Indirect Cost Inputs

Development Assumptions	Metric	Hotel	Retail/ Restaurants/ Services	Office/R&D/ Medical Office
Direct Costs (a)				
Building & On-Site Improvements (b)	per sq. ft. of GBA	\$200	\$130	\$200
Parking Costs - Podium	per space	\$25,000	\$25,000	\$25,000
Parking Costs - Surface	per space	\$2,500	\$2,500	\$2,500
Indirect Costs (c)				
A&E & Consulting	% of Direct Costs	8%	8%	8%
Tenant Improvements	per NSF	N/A	\$30	\$40
Permits & Fees (d)	total	vary by city	vary by city	vary by city
Taxes, Insurance, Legal & Accounting	% of Direct Costs	3%	3%	3%
Financing Costs	% of Direct Costs	6%	6%	6%
Developer Overhead & Fee	% of Direct Costs	9%	9%	9%
Contingency	% of Indirect Costs	5%	5%	5%

Notes:

(a) Review of pro formas for similar projects in San Mateo County; RS Means, 2014.

(b) Hotel costs include Furniture, Fixtures & Equipment (FF&E).

(c) Indirect costs (except permits and fees) based on review of pro formas for similar projects in Bay Area.

(d) Permits & Fee provided by County staff.

Sources: Project pro formas; RS Means, 2014; HVS Consulting and Smith Travel Research, 2014; City staff; Strategic Economics, 2015.

Figure VI-5. Recent Commercial Vacant Land Transactions in San Mateo County

Property	City	Site Area	Sale Price/ Appraised Value	Sale Price/ SF	Sale Date
Central San Mateo County					
480 East 4th Ave	San Mateo	50,573	\$5,100,000	\$101	2013
1804 Leslie Street	San Mateo	13,939	\$1,000,000	\$72	2011
900 El Camino Real	Belmont	8,400	\$655,000	\$78	2010
Average		24,304	\$2,251,667	\$84	
Northern San Mateo County					
480 El Camino Real	Millbrae	5,663	\$1,100,000	\$194	On Market
1001-1015 E. Market Street	Daly City	37,897	\$2,250,000	\$59	On Market
6800 Mission Street	Daly City	17,424	\$1,350,000	\$77	2012
7255 Mission Street	Daly City	20,038	\$1,225,000	\$61	2012
Average		20,256	1,481,250	\$98	
Southern San Mateo County					
3264 Haven Ave	Redwood City	27,000	\$3,179,000	\$118	On Market
1706 El Camino Real	Menlo Park	27,007	\$2,200,000	\$81	2011
1300 El Camino Real	Menlo Park	145,490	\$24,500,000	\$168	2012
Average		27,004	\$2,689,500	\$122	

Sources: Property appraisals; Loopnet, 2015; Vernazza Wolfe Associates, Inc. and Strategic Economics, 2015.

Figure VI-6. Feasibility Thresholds for Return on Cost

Prototype	Capitalization Rates	Selected Threshold for Return on Cost
Hotel (a)	6.75% - 7.25%	7.0% - 7.25%
Retail/ Restaurants/ Services (b)	6.21% - 7.05%	6.75% - 7.0%
Office/ R&D/ Medical Office(c)	5.88% - 6.71%	6.75% - 7.0%

Notes:

(a) HVS Consulting, January 2015. Cap rate data was only available at the national level. However, the Bay Area market generally outperforms the rest of the country, so this estimate is likely lower than cap rates for San Mateo County.

(b) PWC Real Estate Investor Survey, National Retail Market, 4th Quarter 2014. Cap rates are lower for regional malls and power centers (under 7%) than for strip shopping centers. The feasibility threshold is set at the higher end of the range to represent smaller retail centers rather than large regional malls.

(c) PWC Real Estate Investor Survey, San Francisco Office Market, 4th Quarter 2014. Because capitalization rates for office may be peaking in the Bay Area market, and R&D and medical office uses have higher cap rates, the financial analysis set the threshold at a higher rate.

Sources: HVS Consulting, January 2015; PWC Real Estate Investor Survey, 4Q2014; Vernazza Wolfe Associates, Inc. and Strategic Economics, 2015.

RESULTS

Hotel

The financial analysis shows that without any commercial linkage fees, the hotel prototype is financially feasible (see Figure VI-7). The annual net operating income is approximately \$3 million (\$22,557 per room). The total development costs, including land, direct and indirect costs total about \$41 million. The net operating income divided by total development costs yields a return on costs of 7.4 percent without the linkage fee. The minimum return on cost required for financial feasibility is 7.0 percent. When the existing BMR In Lieu Fee of \$8.76 per square foot is added to development costs, the calculated return on costs is 7.2 percent. For the other fee scenarios, the results are as follows:

- The maximum fee level (\$154 per square foot) increases total development costs to \$56.1 million. The maximum fee accounts for 27 percent of total development costs. This fee scenario generates a calculated return on cost of 5.4 percent, which is an insufficient return on cost to attract development.
- Fee scenario 2, a lower nexus fee of \$15 per square foot, is equivalent to 3.56 percent of development costs and generates a potential return on costs of 7.1 percent. The project is financially feasible with this return on cost.
- Scenario 3, a fee of \$10 per square foot, would account for 2.4 percent of development costs. At this fee level, the return on cost is estimated at 7.2 percent, which is also financially feasible.
- Scenario 4 is a fee of \$5 per square foot. This fee is 1.21 percent of the project's total development costs. The return on costs is estimated at 7.3 percent, which is also financially feasible.

Retail/ Restaurant/Services

The feasibility analysis indicates that at current market rents, without the addition of new linkage fees, new retail projects would obtain an annual net operating income of approximately \$3.6 million, with a total development cost of \$57.3 million. The net operating income divided by total cost results in a return on cost estimate of 6.2 percent (see Figure VI-7).

A retail prototype that provides this return on cost is not financially feasible in today's market, which would require a return of at least 6.75 percent. However in Menlo Park, most new retail development is likely to be incorporated into a mixed-use project, and would have stronger financial feasibility results, because it would share land costs with the residential or office component. Furthermore, with increased rental rates or reductions in land or construction costs, it is possible that the single-use retail prototype could be feasible in the near future.

To understand the financial burden of the fee scenarios on overall development costs, the pro forma analysis measures the fees as a percent of total development costs. The financial feasibility results for the retail/ restaurants/services prototype are as follows:

- Scenario 1, the maximum linkage fee (\$265 per square foot) reduces the return on cost to 4.2 percent. The maximum fee accounts for almost one-third of total development costs.
- Scenario 2 (\$15 per square foot) would correspond to 2.6 percent of development costs. At this fee level, the retail/restaurant/services prototype generates a return on costs of 6.0 percent.
- Scenario 3, a nexus fee of \$10 per square foot, would be equivalent to 1.7 percent of total development costs. The calculated return on cost is estimated at 6.1 percent. While this is still under the feasibility threshold with today's rental rates, given that the current retail vacancy rate is under five percent, it is likely that the retail market will see growth in rental rates over the short term. With a modest increase in rental rates, a new development project with a linkage fee of \$10 per square foot or less could be financially feasible in the near future.
- Scenario 4, a fee of \$5 per square foot, accounts for less than one percent of total development costs. The return on cost with this linkage fee is estimated at 6.15 percent. For the reasons listed above, it is likely that given the strength of the retail market that a new development project with a linkage fee of \$5 per square foot or less could be financially feasible in the near future.

Office/R&D/Medical Office

Under a base scenario with no commercial linkage fees on office/R&D/medical office development, a prototypical project generates an estimated net operating income of \$3.9 million, with total development costs estimated at \$47.3 million. The net operating income divided by the total development costs results in an estimated return on cost of 8.29 percent. A project that provides this return on cost would be financially attractive, given that the minimum expected return for this product type is between 6.75 and 7.0 percent (see Figure VI -7). When the City's existing BMR In Lieu fee on office/ R&D/ medical office development is applied, the return on cost is still very healthy at over eight percent.

For other fee scenarios, the feasibility analysis yields the following results:

- Scenario 1, a fee set at the maximum level of \$255, would account for over one third of total development costs for the office/R&D/medical office prototype. The return on cost is estimated at 5.4 percent, which would not be financially feasible.

- Scenario 2, a fee level of \$50 per square foot, would amount to 9.6 percent of total development costs. The calculated return on cost is 7.5 percent, which is financially feasible.
- Scenario 3, a fee level of \$35 per square foot, is equivalent to 6.9 percent of total project development costs. Under this scenario, the office/R&D/medical office project generates a return on cost of 7.7 percent, which is financially feasible.
- The fee scenario 4 of \$25 per square foot would be about five percent of total project costs. At this fee level, the prototype is financially feasible, with an estimated return on costs of almost 7.9 percent.

Figure VI-7. Pro Forma Analysis Results

	Hotel		Retail/Restaurants/ Services		Office/R&D/Medical Office	
	per Room	Total	per SF of GBA	Total	per SF of GBA	Total
Development Costs (a)						
Land	\$95,668	\$12,723,864	\$325	\$32,500,000	\$102	\$10,187,500
Direct Costs						
Building & On-Site Improvements	\$150,376	\$20,000,000	\$130	\$13,000,000	\$200	\$20,000,000
Parking	\$9,750	\$1,296,750	\$33	\$3,250,000	\$55	\$5,475,000
Total Direct Costs	\$160,126	\$21,296,750	\$163	\$16,250,000	\$255	\$25,475,000
Indirect Costs						
A&E & Consulting	\$12,810	\$1,703,740	\$13	\$1,300,000	\$20	\$2,038,000
Tenant Improvements			\$29	\$2,850,000	\$36	\$3,600,000
FF&E (b)	\$0	\$0				
Permits & Fees (Excl. BMR In Lieu Fee) (c)	\$6,785	\$902,410	\$12	\$1,165,979	\$10	\$986,716
Taxes, Insurance, Legal & Accounting	\$4,804	\$638,903	\$5	\$487,500	\$8	\$764,250
Financing Costs	\$9,608	\$1,277,805	\$10	\$975,000	\$15	\$1,528,500
Developer Overhead & fee	\$13,611	\$1,810,224	\$14	\$1,381,250	\$22	\$2,165,375
Contingency	\$2,381	\$316,654	\$4	\$407,986	\$6	\$554,142
Total Indirect Costs	\$49,998	\$6,649,735	\$86	\$8,567,715	\$116	\$11,636,983
Total Development Costs (TDC) without Nexus Fees		\$40,670,348		\$57,317,715		\$47,299,483
TDC with Nexus Fees by Fee Scenario	Linkage Fee/SF	TDC incl. Linkage Impact Fee	Linkage Fee/SF	TDC incl. Linkage Impact Fee	Linkage Fee/SF	TDC incl. Linkage Impact Fee
No Fee	\$0.00	\$40,670,348	\$0.00	\$57,317,715	\$0.00	\$47,299,483
Existing BMR In Lieu Fee	\$8.76	\$41,546,348	\$8.76	\$58,193,715	\$16.15	\$48,914,483
Scenario 1: Maximum Fee	\$154.11	\$56,081,510	\$264.98	\$83,815,535	\$255.38	\$72,837,936
Scenario 2	\$15.00	\$42,170,348	\$15.00	\$58,817,715	\$50.00	\$52,299,483
Scenario 3	\$10.00	\$41,670,348	\$10.00	\$58,317,715	\$35.00	\$50,799,483
Scenario 4	\$5.00	\$41,170,348	\$5.00	\$57,817,715	\$25.00	\$49,799,483
Revenues	per Room	Total	per SF of GBA	Total	per SF of GBA	Total
Annual Net Operating Income (d)	\$22,557	\$3,000,081	\$36	\$3,553,950	\$39	\$3,919,500
Return on Cost by Fee	Nexus Fee per SF	Return on Costs	Nexus Fee per SF	Return on Costs	Nexus Fee per SF	Return on Costs
No Fee	\$0.00	7.38%	\$0.00	6.20%	\$0.00	8.29%
Existing BMR In Lieu Fee	\$8.76	7.22%	\$8.76	6.11%	\$16.15	8.01%
Scenario 1: Maximum Fee	\$154.11	5.35%	\$264.98	4.24%	\$255.38	5.38%
Scenario 2	\$15.00	7.11%	\$15.00	6.04%	\$50.00	7.49%
Scenario 3	\$10.00	7.20%	\$10.00	6.09%	\$35.00	7.72%
Scenario 4	\$5.00	7.29%	\$5.00	6.15%	\$25.00	7.87%
Fees as % of TDC	Nexus Fee per SF	Nexus Fee as % of TDC	Nexus Fee per SF	Nexus Fee as % of TDC	Nexus Fee per SF	Nexus Fee as % of TDC
No Fee	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Existing BMR In Lieu Fee	\$8.76	2.11%	\$8.76	1.51%	\$16.15	3.30%
Scenario 1: Maximum Fee	\$154.11	27.48%	\$264.98	31.61%	\$255.38	35.06%
Scenario 2	\$15.00	3.56%	\$15.00	2.55%	\$50.00	9.56%
Scenario 3	\$10.00	2.40%	\$10.00	1.71%	\$35.00	6.89%
Scenario 4	\$5.00	1.21%	\$5.00	0.86%	\$25.00	5.02%
Return on Cost - Threshold for Feasibility		7.0-7.25%		6.75-7.0%		6.75-7.0%

Notes:

(a) See Figure VI-4.

(b) Furniture Fixtures & Equipment for hotel is included in the direct costs.

(c) Permit & fee calculations provided by City Staff. These are estimates for the prototypes created in this analysis; specific development projects may have different results.

(d) See Figure VI-3.

Sources: Vernazza Wolfe Associates, Inc; Strategic Economics, 2015.

POLICY CONSIDERATIONS

While the nexus study provides the necessary economic analysis for the linkage fees, it is up to policymakers to decide what percentage of the maximum fee to charge to new development. Financial feasibility is one important factor to examine. In addition, there are a number of other policy issues to consider, such as:

- How much development fees would increase with a new commercial linkage fee;
- How a commercial linkage fee in Menlo Park would compare with those in neighboring jurisdictions;
- What options exist for establishing alternatives to the payment of fees; and
- How a commercial linkage fee fits into Menlo Park's overall housing strategy

Existing City Fees on Commercial Development

In addition to its existing BMR in lieu fee, the City of Menlo Park has other permits and fees on new development. The City may wish to consider the amount that total fees would increase with an updated commercial linkage fee. Based on the current schedule of fees in Menlo Park, existing fees (including the existing BMR in lieu fees) for the commercial prototypes are estimated to be \$18 per square foot for the hotel prototype, \$20 per square foot for the retail/restaurants/services prototype, and \$26 per square foot for the office/R&D/medical office prototype. If the maximum linkage fees were adopted, the total development fees and permits would be \$163 per square foot for hotel, \$277 per square foot for retail, and \$265 for office, as shown in Figure VI-8.

Figure VI-8. Existing City Fees on Commercial Development by Prototype

	Hotel	Retail/ Restaurants/ Services	Office/R&D/ Medical Office
Existing Fees/ Permits per SF (excl. linkage fee)	\$9	\$12	\$10
Current Linkage Fee	\$9	\$9	\$16
Total Existing Fees Per SF	\$18	\$20	\$26
Fee Scenario 1 (Maximum Fees)			
Nexus Fee Per SF	\$154	\$265	\$255
Combined Fees Per SF	\$163	\$277	\$265
Fee Scenario 2			
Nexus Fee Per SF	\$15	\$15	\$50
Combined Fees Per SF	\$24	\$27	\$60
Fee Scenario 3			
Nexus Fee Per SF	\$10	\$10	\$35
Combined Fees Per SF	\$19	\$22	\$45
Fee Scenario 4			
Nexus Fee Per SF	\$5	\$5	\$25
Combined Fees Per SF	\$14	\$17	\$35

Sources: City of Menlo Park, 2014; Vernazza Wolfe Associates, Inc; Strategic Economics, 2015.

Comparison with Fees Charged in Other Jurisdictions

Figure VI-9 provides comparative information for Menlo Park and other jurisdictions in San Mateo County and Santa Clara County that charge commercial linkage fees.¹⁹ At present, Menlo Park has fees of \$8.76 per square foot for hotel and retail/restaurant/services development, and \$16.15 per square foot for office/R&D/medical office development. Menlo Park's existing fees are similar to the linkage fees adopted in Sunnyvale, San Francisco and Cupertino, which range from \$7.5 to \$24 per square foot, depending on the land use. In most cases, cities have adopted higher fee levels for office/ R&D/ medical office uses than for retail and hotel uses. For example, in Cupertino, the commercial linkage fee for hotel and retail/ restaurants/ services is \$10 per square foot, compared to \$20 per square foot for office/ R&D/ medical office uses. The maximum fees for Menlo Park are significantly higher than adopted linkage fees in the region. The lower fee scenarios (Scenarios 2, 3, and 4) are similar to those in place in nearby communities.

¹⁹ It is important to note that Palo Alto is currently conducting a new nexus study that may result in revised commercial linkage fees.

Figure VI-9. Comparison to Linkage Fees in Neighboring Cities

	Hotel	Retail/ Restaurant/ Services	Office/R&D/ Medical Office	Date Fee Was Adopted
Linkage Fee Scenarios (per SF)				
Existing Linkage Fee	\$9	\$9	\$16	2000
Scenario 1 - Maximum Fee	\$154	\$265	\$255	N/A
Scenario 2	\$15	\$15	\$50	N/A
Scenario 3	\$10	\$10	\$35	N/A
Scenario 4	\$5	\$5	\$25	N/A
Fees in Nearby Cities				
Cupertino	\$10	\$10	\$20	2015
Mountain View (a)	\$2.50	\$2.50	\$25	2015
Palo Alto (b)	\$19	\$19	\$19	2014
San Francisco (c)	\$18	\$22	\$16-\$24	2015
Sunnyvale	\$7.50	\$7.50	\$15 (d)	N/A

Notes:

(a) New gross floor area under 25,000 SF pays 50 percent of full fee.

(b) Palo Alto has a single fee of \$19.31 per SF for commercial and industrial projects and for any new gross square footage. A new nexus study is currently underway that may result in an updated fee.

(c) The fee for R&D is \$16.01 and the fee for office is \$24.03. The fee for a small enterprise is \$18.89.

(d) The fee on the first 25,000 SF is discounted by 50 percent.

Sources: City staff and websites; Nonprofit Housing Association of Northern California, 2015; Vernazza Wolfe Associates, Inc. & Strategic Economics, 2015.

Other cities in the Bay Area outside of San Mateo and Santa Clara counties also have commercial linkage fees that can be compared to the potential fee scenarios for Menlo Park. A summary of some of these existing fees is shown in Figure VI-10, based on the most current information available. The fee amounts vary significantly by jurisdiction. San Francisco has the highest impact fees on commercial development, ranging from \$16 for R&D space to \$24 for office space.

Figure VI-10. Existing Linkage Fees in Bay Area Cities

City	Commercial Development Subject to Fees	Fee Amount
Walnut Creek	All development commercially classified i.e. R&D, for-profit medical offices/hospitals, etc.	\$5.00 per SF
Oakland	Office and Warehouse/Distribution	\$5.24 per SF used for office of warehouse /distribution needs beyond 25,000 SF
San Francisco	Entertainment, Hotel, Office, R&D, Retail, Integrated PDR, Small Enterprise Workspace	Based on type of space and additional gross SF past 25,000 Entertainment/retail: \$22.42 per SF Office: \$24.03 per SF Integrated PDR/small enterprise: \$18.89 per SF Hotel: \$17.99 per SF R&D: \$16.01 per SF
Dublin	Industrial, Office, R&D, Retail, Services & Accommodations	Industrial: \$.048 per SF Office: \$1.24 per SF R&D: \$0.81 per SF Retail: \$1.00 per SF Services & Acc.: \$0.42 per SF * Buildings less than 20,000 SF are exempt.
Pleasanton	All commercial office or industrial development projects	\$2.87 per SF Adjusted annually based on CPI
Alameda	Retail, Office, Warehousing, Manufacturing, Hotel//Motel	Retail: \$2.24 per SF Office: \$4.42 per SF Warehouse & Manufacturing: \$0.77 per SF Hotel/Motel: \$1,108 per room/suite May be adjusted annually based on CPI
Napa	Office, Hotel, Retail, Industrial (Industrial, Warehouse, Wine Production)	Office: \$1.00 per SF Hotel: \$3.00 per SF Retail: \$0.80 per SF Industrial: \$0.50 per SF
San Rafael	Office or R&D, Retail, Restaurant, Personal Service, Manufacturing, Light Industrial, Warehouse, Hotel/Motel	5,000 SF or more to provide affordable housing units or pay a fee * \$254,599 per unit Office & R&D: 0.03 units Retail, Restaurant or Personal Service: 0.0225 units Manufacturing or Light Industrial: 0.01625 units Warehouse: 0.00875 units Hotel/Motel: 0.0075 units

Figure VI-12. Summary of Existing Linkage Fees in Other Bay Area Cities (Continued)

City	Commercial Development Subject to Fees	Fee Amount
Petaluma	Commercial, Retail, Industrial	Commercial: \$2.14 per SF Retail: \$3.69 per SF Industrial: \$2.21 per SF
Emeryville	Any development of non residential uses for which a discretionary permit or building permit is required	\$4.00 per SF
Berkeley	Developments in non-residential and R-4 Zones, except in South Berkeley IX Target Area, over 7,500 SF	Office/Retail/Restaurant/Hotel/Lodging/R&D: \$4.50 per SF Industrial/Manufacturing/Warehouse/Storage: \$2.25 per sq. ft

Sources: The Non-Profit Housing Association of Northern California, Strategic Economics, and Vernazza Wolfe Associates, Inc, 2015.

Options for Establishing Alternatives to Payment of Fees

When Menlo Park updates its ordinance governing commercial linkage fees, it can provide options that developers may choose instead of the payment of fees. For example, one option would be for the developer to provide affordable housing units on- or off-site or to provide a building site for affordable housing. This flexibility is provided to allow development of creative solutions that may provide more affordable housing than would be created by payment of fees. Regardless of whether a commercial developer elects to provide affordable housing or provide a building site, it is necessary to calculate how these alternatives would compare with any fees established by the City.

The first step in establishing options for a specific development project would be for the City to calculate the total fees that are owed by the new development. Then, establishing an alternative compliance method will depend on what is offered by the developer. For example, if the developer offers to provide land for an affordable housing site, a recent site appraisal generally suffices to place a value on a contribution of land. This land value can then be compared with the fees that the developer would normally pay. If, instead of paying a fee, the developer elects to provide affordable housing units, it is also possible to estimate the value of these units by multiplying the number of affordable units to be provided by a current affordability gap estimate per unit. The value of alternative compliance measures needs to be calculated at the time a developer requests one.

Benefit to the City of Menlo Park's Overall Affordable Housing Strategy

The City of Menlo Park adopted its Below Market Rate Housing Ordinance in 1988, which set up an inclusionary housing program for residential development. The inclusionary housing program requires that all residential developments of five or more units provide below-market rate units. Since 2009, due to the Palmer court decision, the City has not enforced BMR requirements on rental residential projects; the requirement only applies to for-sale housing development projects. Projects with 20 units or less are required to provide at least 10 percent of the units at BMR prices, and projects with more than 20 units are required to provide 15 percent of units at BMR prices. In some cases, the payment of in lieu fees is permitted.

In addition to the inclusionary housing program, the ordinance also enabled the establishment of a commercial linkage fee on commercial developments of 10,000 square feet or more (churches, schools, and public facilities are exempt). The fees for the upcoming 2015-2016 fiscal year are approximately \$16 per square foot for office and R&D uses, and \$8 per square foot for retail, hotel, and other commercial uses.

The revenues collected from the commercial linkage fee provide an important source of local funding for affordable housing; however, fee revenues do not generally cover the entire funding gap encountered by sponsors of new affordable housing. Additional funding is almost always required.

Currently, affordable housing in the City of Menlo Park is funded through the use of a variety of sources, including funding provided by the City and San Mateo County, as well as the federal government, e.g., CDBG and HOME. Equity required for affordable housing development is also provided directly by developers and indirectly raised through the allocation and sale of Low Income Housing Tax Credits. Also, a portion of permanent financing comes from conventional loans obtained from private lending institutions.

Commercial linkage fee revenues would continue to be deposited into the City's Housing Fund to support affordable housing for extremely low, very low, low and moderate income households. The City's Housing. The existence of a local revenue source such as linkage fees can also make certain projects more competitive for outside funding. It should be noted that revenues from a commercial linkage fee need to be spent on

housing that benefits the workforce since the funds stem from affordable housing impacts related to new employment.

Potential for Overlap between Residential and Commercial Fees

The Consultant Team has prepared a housing impact fee nexus study simultaneous to this commercial linkage fee nexus study. The City has the option of adopting housing impact fee as well as the commercial linkage fee considered in this report. One issue that may arise if a city considers the adoption of both fees is whether there is any overlap between the two impact fees, resulting in potential “double-counting” of impacts.

The commercial linkage fee study examined jobs located in new commercial buildings including office/ R&D/ medical office buildings, retail/ restaurants/ services, and hotels. The nexus analysis then calculated the average wages of the workers associated with each commercial building to derive the annual income of the new worker households. The analysis determines the area median income (AMI) level of the new worker households to identify the number of worker households that would require affordable housing.

The housing impact fee nexus analysis provided in a separate nexus report to the City examined households buying or renting new market rate units in the jurisdiction. The household expenditures by these new residents have an economic impact in the City, which can be linked to new jobs. The nexus analysis quantified the jobs linked to new household spending, and then calculated the wages of new workers and the household income of new worker households. Each worker household was then categorized by AMI to determine the number of households that require affordable housing.

There may be a share of jobs counted in the commercial linkage fee analysis that are also included in the residential nexus analysis, particularly those in the service sector. Other types of jobs counted in the residential nexus analysis are unique to that analysis, and are not included in the commercial linkage fee analysis (for example, public sector employees). The commercial linkage fee analysis is limited to private sector office/ R&D/ medical office buildings, hotels, and retail/ restaurants/ services space.

There is potential that some jobs could be counted in both analyses, and that the two programs may overlap in mitigating the affordable housing demand from the same worker households. Each of the proposed fees is required to mitigate no more than 100 percent of the demand for affordable units by new worker households. In order to reduce the potential for overlap between the two programs, it is advisable to set both the commercial linkage fees and housing impact fees at below 100 percent of the nexus-based maximum. In this way, when combined, the programs would mitigate less than 100 percent of the impact even if there were overlap in the jobs counted in the two nexus analyses.

Administrative Issues

Similar to any impact fee, the fee should be adjusted annually for inflation and increases in construction costs. Adjustments are also needed due to possible changes in the housing affordability gap. However, the connection between new residential construction and growth in employment derived from employment densities is unlikely to change in the short run.

It is advisable that the City continue adjusting its commercial linkage fee annually by using an annual adjustment mechanism. An adjustment mechanism updates the fees to compensate for inflation in development costs. To simplify annual adjustments, it is recommended that the City select a cost index that is routinely published. While there is no index that tracks changes in the City of Menlo Park's development costs, including land, there are a few other options to consider.

- The first option is the Consumer Price Index (Shelter Only). The shelter component of the index covers costs for rent of primary residence, lodging away from home, owner's equivalent rent of primary residence, and household insurance. Of the total shelter index, costs associated with the owner's equivalent rent of primary residence constitute 70 percent of total costs entered into the index.
- A second option to adjust the fee for annual inflation is the construction cost index published in the Engineering News Record (ENR). This index is routinely used to update other types of impact fees. Cost index information for the San Francisco area, the closest geographical area to Menlo Park, is available on an annual basis. While this index measures inflation in construction costs, it does not incorporate changes in land costs and public fees charged on new development.

While both indices measure changes in housing costs, both understate the magnitude of inflation for the reasons presented above. However, since these indices are readily available and relatively simple to use, it is recommended, that City use these indices for annual adjustments. It is further recommended that the City base its annual adjustment mechanism on the higher of the two indices (CPI or ENR), using a five-year moving average as the inflation factor.

In addition to revising the fee annually for inflation, the City is encouraged to update the commercial linkage fee study every five years, or at the very least, update the housing affordability gap used in the basic model. The purpose of these updates is to insure that the fee is still based on a cost/revenue structure that remains applicable in the Menlo Park housing market. In this way, the fee will more accurately reflect any structural changes between affordable prices/rents and market rate sales prices/development costs.

VII. GLOSSARY OF TERMS AND ACRONYMS

GLOSSARY OF TERMS

Affordable Housing: Under state and federal statutes, housing is defined as affordable if housing costs do not exceed 30 to 35 percent of gross household income.

Annual Adjustment Mechanism: Due to inflation in housing construction costs, it is frequently necessary to adjust impact fees. An index, such as the Consumer Price Index (CPI) or a published construction cost index (for example, from the Engineering News Record) is used to revise housing fees to reflect inflation in housing construction costs.

Assisted Housing: Housing that has received public subsidies (such as low interest loans, density bonuses, direct financial assistance, etc.) from federal, state, or local housing programs in exchange for restrictions requiring a certain number of housing units to be affordable to very low, low, and moderate income households.

Boomerang Funds: Monies returned to the City by the State of California, after dissolution of redevelopment agencies in the State.

Consumer price index (CPI): Index that measures changes in the price level of a market basket of consumer goods and services purchased by households.

Employment Densities: The amount of square feet per employee is calculated for each property use that is subject to a commercial development housing linkage fee. Employment densities are used to estimate the number of employees that will work in a new commercial development.

Household: The US Census Bureau defines a household as all persons living in a housing unit whether or not they are related. A single person living in an apartment as well as a family living in a house is considered a household. Households do not include individuals living in dormitories, prisons, convalescent homes, or other group quarters.

Household Income: The total income of all the persons living in a household. Household income is commonly grouped into income categories based upon household size and income, relative to the regional median family income.

Housing Affordability Gap: The affordability gap is defined as the difference between what a household can afford to spend on housing and the market rate cost of housing. Affordable rents and sales prices are defined as a percentage of gross household income, generally between 30 percent and 35 percent of income.

For renters, rental costs are assumed to include the contract rent as well as the cost of utilities, excluding cable and telephone service. The difference between these gross rents and affordable rents is the housing affordability gap for renters. This calculation assumes that 30% of income is paid for gross rent.

For owners, costs include mortgage payments, mortgage insurance, property taxes, property insurance, and homeowner association dues.²⁰ The difference between these housing expenses and affordable ownership costs is the housing affordability gap for owners. This calculation assumes that 35% of income is paid for housing costs.

Housing Subsidy: Housing subsidies refer to government assistance aimed at reducing housing sales prices or rents to more affordable levels.

Housing Unit: A housing unit can be a room or group of rooms used by one or more individuals living separately from others in the structure, with direct access to the outside or to a public hall and containing separate toilet and kitchen facilities.

Inclusionary Zoning: Inclusionary zoning, also known as inclusionary housing, refers to a planning ordinance that requires that a given percentage of new construction be affordable to households with very low, low, moderate, or workforce incomes.

In-Lieu Fee: A literal definition for an in-lieu fee for inclusionary units would be a fee adopted “in place of” providing affordable units. For the purposes of operating an inclusionary housing program, a public jurisdiction may adopt a fee option for developers that prefer paying fees over providing housing units on- or off-site. A fee study is frequently undertaken to establish the maximum fee that can be charged as an in-lieu fee. This fee study must show that there is a reasonable relationship between the fee and the cost of providing affordable housing.

Market-Rate Housing: Housing which is available on the open market without any public subsidy. The price for housing is determined by the market forces of supply and demand and varies by location.

Nexus Study: In order to adopt a residential housing impact fee or a commercial linkage fee, a nexus study is required. A nexus requires local agencies proposing a fee on a development project to identify the purpose of the fee, the use of the fee, and to determine that there is “a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed.” A Nexus Study establishes and quantifies a causal link or “nexus” between new residential and commercial development and the need for additional housing affordable to new employees.

Non-Residential Development Housing Impact Fee (or Linkage Fee): A fee or charge imposed on commercial developers to pay for a development’s impact on the need for affordable housing. The fee is

²⁰ Mortgage terms for first-time homebuyers typically allow down payment of five percent; these terms require private mortgage insurance.

based on projected household incomes of new employees that will work in newly created space. The fee varies according to the type of property use.

Palmer Case: This civil suit affects rental housing only. It affirmed that the Costa Hawkins Rental Act, passed in 1995 by the California State Legislature, applies to inclusionary rental units. The implication of this finding is that cities or counties cannot require rental property owners to rent inclusionary units that become vacant at below market rents, unless the developer accepted financial assistance (including fee waivers) or received other incentives that lowered development costs.

Patterson Case: This civil suit affects fees for both rental and ownership housing. This decision addressed the way in which in-lieu housing fees were calculated in the City of Patterson, which had been somewhat arbitrary. The Court ruled, that, as long as an in-lieu fee is based on a formula related to the cost of developing inclusionary units, a locality can continue to operate an inclusionary program for for-sale housing that requires either units or payment of an in-lieu fee.

Property Prototypes: Property prototypes are used for residential and commercial developments in order to define housing impact fees. The prototypes generally represent new development projects built in a community and are used to estimate affordable housing impacts associated with new market rate commercial and residential developments. While the prototypes should be “typical” of what is built, for ease of mathematical computation, they are often expressed as larger developments in order to avoid awkward fractions.

Residential Housing Impact Fee: A fee imposed on residential development to pay for a development’s impact on the need for affordable housing. The fee is based on projected incomes of new employees associated with the expansion of market rate developments. Two steps are needed to define the fees. The first step is the completion of a nexus study, and the second step entails selection of the actual fee amount, which can be below the amount justified by the fee study, but not above that amount.

RS Means: Data source of information for construction cost data.

DEFINITION OF ACRONYMS

AMI:	Area Median Income
CBIA:	California Building Industry Association
EDD:	State of California Employment Development Department
FAR:	Floor-area-ratio
FF&E:	Furniture, Fixtures, and Equipment
GBA:	Gross Building Area
HCD:	Department of Housing and Community Development (State of California)
NAICS:	North American Industry Classification System
NSF:	Net Square Feet
QCEW:	Quarterly Census of Employment and Wages
R&D:	Research and development
SF:	Square Feet



MEMORANDUM

Date: 3/19/2018
To: Commission Members
From: Alex McIntyre, City Manager
Re: City Council Work Plan Transmittal and Capital Improvement Program (CIP) process update

The City Council adopted its 2018 work plan at the beginning of the year. The work plan is the guiding document for the initiatives and projects staff will be working on throughout the next 12–18 months. Some of these items are typically not funded until the adoption of the budget later in June. In January 2018, the City Council was provided with an update on the work plan items for 2017. Many of the items on that work plan and many of the currently funded CIP projects for 2017 are ongoing.

The work plan is grouped into themes and priority levels to help categorize the items. The themes are as follows, in no specific order:

- Responding to the development needs of private residential and commercial property owners
- Attracting thoughtful and innovative private investment to Menlo Park
- Furthering efficiency in City service delivery models
- Improving Menlo Park's multimodal transportation system to more efficiently move people and goods through Menlo Park
- Maintaining and enhancing Menlo Park's municipal infrastructure and facilities
- Providing high-quality resident enrichment, recreation, discovery and public safety services
- Realizing Menlo Park's vision of environmental leadership and sustainability

The City Council-approved 2018 work plan includes 57 items, some of which include multiple components. The 2018 work plan is included as Attachment A. This year, the work plan includes a list of the following top-six priority projects:

- Transition to district elections
- Transportation Master Plan
- Citywide Safe Routes to School Program (non-infrastructure)
- Downtown/El Camino Real Specific Plan biennial review implementation
- Downtown parking garage
- The Guild Theatre project – land use entitlement approval

These top-six priority projects would take the highest precedence, and resources would be shifted from the other projects in the work plan as needed to ensure completion of these projects.

In previous years, as a part of the annual budget development process, the City updated its Five-Year Capital Improvement Plan (CIP), even though only the first year of the plan is funded by the City Council during the budget approval process. The CIP

typically represents recommendations for short- and long-range public investment in infrastructure development, maintenance, improvement and acquisition. The CIP provides a link between the City's various master planning documents, and various budgets and funding sources, and provides a means for planning, scheduling, funding and implementing capital projects over the next five years. Typically, a capital project is defined as a project costing more than \$70,000.

At this time, we do not intend to add additional items to the CIP beyond those identified during the 2018 work plan development. The focus for the year is the City Council-approved work plan. It is important to note that some of the items in the work plan are not currently funded and they will be proposed as part of the upcoming budget for fiscal year 2018-19. There may be a few CIP items added for fiscal year 2018-19, but they will mainly be based on legal requirements. Other items previously listed in the CIP for fiscal year 2018-19, but not included in the 2018-19 work plan, may shift to the next fiscal year.

Staff capacity has continued to be a limiting factor to the City Council work plan and CIP implementation. The staffing for work plan and CIP projects comes from a variety of areas and continued vacancies have impacted available resources. This has affected the work plan and CIP schedules for many of the City's projects. We are in the process of filling these positions and finding the right talent to execute the work plan. It should be noted that many of these positions function as high-level project managers who work with contract engineering firms for design and construction of projects.

The CIP process should be a continuous discussion. It is important for the commissions to continually think about projects throughout the year and to discuss the merits of those projects including how they fit into the overall master plans within the City. The City Council will be provided regular updates on the work plan items throughout the year. These updates can serve as an opportunity and check in for the commissions to discuss any future projects that might be important to the City in the context of master plans and issues that arise.

Thank you, as always, for your valuable support of the City Council's efforts to meet its goals of responsible fiscal management of the City's resources and infrastructure.

Priority Projects (as approved on February 6, 2018)		Lead Department	Supporting Departments	06/30/18	Milestones	
Project	Summary				12/31/18	06/30/19
District Elections	Menlo Park is transitioning to a by-district election system effective for the November 2018 City Council election. Demand for election-related staff support is expected to be higher than normal.	City Manager's Office	-	Advisory Districting Committee to recommend district boundary maps and related election sequencing approved in April 2018. City Clerk to submit final maps to the San Mateo County Registrar of Voters in May 2018. Districts identified and submitted to the registrar of voters will be completed by June 2018. Candidates will begin pulling papers in July 2018 to run for elected office from their respective districts.	Completed by midyear.	Completed by midyear.
Transportation Master Plan	<p>The Transportation Master Plan provides a bridge between the policy framework adopted within the Circulation Element and project level efforts to modify the transportation network within Menlo Park.</p> <p>The Plan, when completed, would provide a detailed vision, set goals and performance metrics for network performance, and outline an implementation strategy for both improvements to be implemented locally and for local contributions toward regional improvements. Following development of the Plan, a fee program update would provide a mechanism to modernize the collection of funds toward construction of the improvements identified and prioritized in the Master Plan.</p>	Public Works	City Manager's Office, Community Development, Police	Finalize goals and performance metrics. Develop the draft project and strategy list.	Release draft plan for public review.	Transportation Master Plan adopted in Spring 2019 and Fee Program update initiated.
Citywide Safe Routes to School Program (Non-infrastructure)	<p>Safe Routes to School typically encompasses six program elements: education, encouragement, enforcement, equity, engineering and evaluation (6 E's). The development of a Safe Routes to Schools program would establish a partnership between the City, local schools, and parent groups to ensure issues that discourage students from walking and bicycling to school are addressed.</p> <p>This program would establish a stakeholder group to work collaboratively on Safe Routes issues and solutions, develop incentive and encouragement programs, and outline the framework to build and sustain the program over time. This program would not construct or fund infrastructure improvements, although it would establish a staff liaison to identify infrastructure needs within other capital project planning processes in the City.</p> <p>The Citywide Safe Routes to School Initiative (non-infrastructure) is an ongoing, multi-year program that will require annual funding.</p>	Public Works	Police	Release a request for proposal for consultant services. Authorize a consultant contract. Convene first stakeholder meeting.	Continue implementation. Identify prioritized list and schedule of Safe Routes to School infrastructure plans for each school.	Continue implementation.

Priority Projects (as approved on February 6, 2018)		Lead Department	Supporting Departments	Milestones		
Project	Summary			06/30/18	12/31/18	06/30/19
Implement Downtown/EI Camino Real Specific Plan Biennial Review	Commence the Downtown/EI Camino Real Specific Plan Biennial Review and initiate associated amendments, which may encompass the following items: Revisions to the residential and commercial maximum allowable development levels, modify existing floor area ratio (FAR) and height limits in applicable zoning districts, potentially modify zoning to permit a mixed-use parking facility and possible revisions for the following: required setbacks and sidewalk standards; hotel, personal service and transit station area parking requirements; sign area requirements for larger parcels; and a hotel incentive analysis. Completion of this work with require the retention of a private consultant to assist City staff.	Community Development	City Manager's Office, Public Works	Begin project planning after commencing review of the Guild Theatre project.	City Council approval of a Workplan, budget and consultant contracts.	Complete public outreach; environmental review underway.
Downtown Parking Garage	<p>Determine potential uses, siting, funding and design of a downtown parking structure.</p> <p>Staff has evaluated a number of options for developing a parking structure and/or mixed use development. With that in mind, there is no consensus yet regarding the mix of uses, siting, funding strategy and design of a parking structure.</p> <p>Staff will research options for presentation to City Council with the known limitations and schedule a community meeting in March to pose these question to the business community, residents and other stakeholders and then report out to the City Council in a study session to be scheduled in April.</p>	City Manager's Office	Administrative Services, Community Development, Public Works	Community Meeting in March and Council study session in April.	Additional community outreach based on Council direction, Council funding of next steps.	To be determined - milestones will depend on Council direction.
The Guild Theatre - Land Use Entitlement Approval	<p>Complete the approval of the necessary entitlements for the Guild Theatre. The proposed reuse of the Guild Theatre, by a private non-profit developer, will require an amendment to the EI Camino Real/Downtown Specific Plan.</p> <p>The proposal is to renovate and expand the current facility as a live entertainment venue for music acts, while also allowing for periodic film showings and community events. The facility would be a three-level (finished basement) 11,000 sq. ft. structure. Staff will retain a consultant to identify a new use definition, modify permitted floor area ratio (FAR) for the new use and determine if additional environmental review would be required. Additional analysis would be required for traffic, parking, and historic assessment.</p> <p>The developer would be responsible for construction and operation of the facility.</p>	Community Development	City Manager's Office, Public Works	A City Council Study Session is scheduled for February 13. Assuming development application submitted in February, completion of Planning Commission review and recommendation.	Final action by the City Council expected in July 2018.	Final action by the City Council expected in July 2018.

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*Workplan Staff Report: menlopark.org/DocumentCenter/View/16607

2018 Remaining Workplan (as approved on February 6, 2018)	Lead Department	Supporting Department(s)	06/30/18	Milestones 12/31/18	06/30/19
Responding to the development needs of private residential and commercial property owners					
Enhanced Housing Program	City Manager's Office	Community Development, City Attorney's Office	Presentation of Housing Commission recommendations on housing policies		
Revisions to the 2016 California Green Building Standards Code for Electric Vehicle Chargers	Community Development	-	Complete Planning Commission review of the proposed regulations.	Council adoption of proposed amendments to the Building Code and Zoning Ordinance to implement new EV charging requirements are targeted for September, 2018.	
Single Family Residential Requirements and Guidelines	Community Development	-	Other priority projects will delay this work plan item	Council adoption of a work plan, inclusive of review and recommendations of the Planning Commission.	Conduct public outreach to refine goals for the revisions to the requirements and guidelines.
Stanford University 2018 General Use Permit Review	Public Works	Community Development, City Attorney's Office	Schedule is dependent on an outside agency. Ongoing monitoring.	Schedule is dependent on an outside agency.	Schedule is dependent on an outside agency.
Attracting thoughtful and innovative private investment to Menlo Park					
Downtown Streetscape Improvement Project (Specific Plan)	Public Works	City Manager's Office	Begin/continue project planning.	Release request for proposals/consultant services.	Begin/continue project design.
Furthering efficiency in city service delivery models					
Cost allocation plan and user fee study	Administrative Services	All other departments	Completed by June.		
Development of a Citywide Communications Program	City Manager's Office	All other departments	Developing communications plan.	Present draft Communications Plan to City Council	Ongoing work.
Information Technology Master Plan Implementation	Administrative Services	Community Development, Public Works	Finalize land management system replacement contract negotiations.	Complete initial QA testing and launch alpha testing.	Wrap-up alpha testing and launch beta testing.
Organizational Study for Public Works Maintenance Services	City Manager's Office	Public Works	Release request for proposals/consultant services.	Hire consultant.	Project complete.
Organizational Study for Development Services	City Manager's Office	Community Development, Public Works	Release request for proposals/consultant services.	Hire consultant.	Project complete.
Charter City Initiative	City Attorney's Office	-	First analysis of the Charter City will be heard by Council at the February 6 City Council meeting.	To be determined.	To be determined.
Employee Engagement/Organizational Development	All	-	Plan completed - implementation begins	Second survey complete.	Additional strategies from the plan underway.
West Menlo Triangle Annexation (Subcommittee - information gathering)	City Manager's Office	Community Development, Public Works	Information and data gathering with subcommittee)		
Improving Menlo Park's multimodal transportation system to move people and goods through Menlo Park more efficiently					
Haven Avenue Streetscape Improvement	Public Works	-	Identify funding and phasing strategy to complete project.	Release construction bid package.	Award construction contract.
Create Transportation Management Association	Public Works	-	Release request for proposals/consultant services.	Begin implementation.	Continue implementation.
High Speed Rail Coordination & Environmental Review	Public Works	City Manager's Office, Outside Legal Counsel	Schedule is dependent on an outside agency. Ongoing monitoring.	Schedule is dependent on an outside agency.	Schedule is dependent on an outside agency.
Oak Grove, University, Crane Bicycle Improvement Project	Public Works	-	Continue implementation.	Continue implementation.	Complete trial project evaluation.
Willows Neighborhood Complete Streets	Public Works	Police	Finalize scope of work.	Release request for proposals/consultant services.	Continue project planning.
El Camino Real Corridor Study	Public Works	-	Complete analysis of northbound traffic conditions	Present findings of northbound traffic conditions	Begin design of crossing improvements
Middlefield Rd/Ravenswood and Ringwood Avenues Traffic Signals Modification	Public Works	-	Finalize scope of future improvements.	Release request for proposals/consultant services.	Award a contract/authorize an agreement for consultant services.
Willow/101 Interchange	Public Works	Police	Schedule is dependent on an outside agency. Continued monitoring.	Schedule is dependent on an outside agency. Continued monitoring.	Schedule is dependent on an outside agency. Continued monitoring.
Chilco Streetscape and Sidewalk Installation	Public Works	Community Development	Continue construction/implementation.	Continue construction/implementation.	Complete construction/implementation.

2018 Remaining Workplan (as approved on February 6, 2018)	Lead Department	Supporting Department(s)	06/30/18	Milestones 12/31/18	06/30/19
Ravenswood Avenue/Caltrain Grade Separation Study	Public Works	-	Complete project planning.	N/A	N/A
Middle Avenue Caltrain Crossing Study	Public Works	Community Development	Continue project planning.	Continue project planning.	Complete project planning.
Maintaining and enhancing Menlo Park's municipal infrastructure and facilities					
Arrillaga Family Recreation Center HVAC System Upgrade	Public Works	Community Services	Begin project planning.	Continue project design.	Continue project design.
Burgess Pool Capital Improvements	Public Works	Community Services	Begin project planning.	Continue project planning.	Continue project planning.
Gatehouse Fence Replacement	Public Works	-	Award a contract/authorize an agreement for consultant services.	Begin project design.	Complete project design.
Facilities Maintenance Master Plan	Public Works	Community Services	Release request for proposals/consultant services.	Award a contract/authorize an agreement for consultant	Continue project planning.
Reservoir Reroof and Mixers	Public Works	-	Begin project planning.	Release request for proposals/consultant services.	Continue project design.
Library Landscaping	Public Works	Library	Begin project design.	Continue project design.	Complete project design.
Water System Master Plan	Public Works	Administrative Services	Release the Plan for public review	Begin plan implementation	Continue plan implementation
Chrysler Pump Station Improvements	Public Works	-	Continue project design.	Award construction contract.	Continue construction/implementation.
San Francisquito Creek Upstream of 101 Flood Protection Project	Public Works	City Manager's Office	Schedule is dependent on an outside agency. Ongoing monitoring.	Schedule is dependent on an outside agency.	Schedule is dependent on an outside agency.
Emergency Water Supply	Public Works	-	Release construction bid package.	Award construction contract.	Project complete.
Providing high-quality resident enrichment, recreation, and discovery					
Parks and Recreation Facilities Master Plan Update	Community Services	Administrative Services, Public Works	Begin project planning.	Continue project planning.	Project complete.
Park Playground Equipment	Public Works	Community Services	Release request for proposals/consultant services.	Award construction contract.	Continue construction/implementation.
Jack Lyle Park Restroom	Public Works	Community Services	Release construction bid package.	Begin construction/implementation.	Complete project.
Willow Oaks Park Improvements	Public Works	Community Services	Begin project design.	Continue project design.	Release construction bid package.
Burgess Park Snack Shack	Community Services	Community Development, Public Works	Draft plans approved.	Final plans approved.	Construction started pending funding donation.
Equity in Education Joint Powers Authority <i>The JPA, along with other initiatives, will help to address education and inequality in Menlo Park.</i>	City Manager's Office	-	The JPA intends to address education and inequality in Menlo Park. Prior to June, the draft template of the JPA would be created and circulated for comments from the stakeholders. Other educational initiatives to be developed by the City Council.	Prior to December, comments from stakeholders will be incorporated into the JPA document. Other educational initiatives based on City Council direction.	The JPA document will be considered for approval by the stakeholders in early 2019. Other initiatives based on City Council direction.
Minimum Wage Ordinance	City Manager's Office	Economic Development	No action - There is no staff capacity to work on this effort before June 2018	Per Council direction at goal setting, staff will research ordinances from other Cities and present one for Council action. There is no staff capacity for timely significant public outreach on this topic. Should the Council decide that timely significant public outreach is necessary, then resource augmentation will be necessary or the Council will have to prioritize reducing action on the Enhanced Housing Program, Parking Garage, Sister City Program, or Economic Development participation in the development process.	
Realizing Menlo Park's vision of environmental leadership and sustainability					
Green Infrastructure Plan	Public Works	-	Continue project planning.	Continue project planning.	Release Plan for public review.

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