



July 11, 2016

*Via E-mail and U.S. Mail*

Kyle Perata, Senior Planner  
City of Menlo Park  
701 Laurel Street  
Menlo Park, CA 94025

**Subject:** Envision Transform Build-East Palo Alto Comment Letter for Facebook Campus Expansion Project Draft Environmental Impact Report

Dear Mr. Perata,

This letter is in response to the Notice of Availability for Public Review for the Facebook Campus Expansion Project (Project) Draft Environmental Impact Report (DEIR). Envision Transform Build-East Palo Alto (ETB-EPA) and its member organizations submit the following comments on the Project DEIR with the expectation that they will be recorded, read, and responded to.<sup>1</sup>

As a coalition of nonprofit, community and faith-based organizations, residents, architects, planners and youth, ETB-EPA has worked on land use, planning, and development issues in southern San Mateo County for over 10 years. We were an active participant and respondent in the Facebook/1601 Willow Road East Campus and 312-314 Constitution Drive West Campus EIR process in 2011-12 and we remain extremely interested and highly engaged in the present Project approval process.

### **Process and Noticing Issues**

ETB-EPA's response to the Notice of Preparation (NOP) for the Project was omitted from the Project DEIR and no response was received acknowledging that the concerns raised in our letter were addressed in the DEIR.<sup>2</sup> As we have stated previously, such a material omission is egregious and has deprived other NOP and Project DEIR respondents of our concerns as a neighboring community to Menlo Park. See July 5, 2016 Community Legal Services letter submitted on behalf of ETB-EPA to City of Menlo Park.

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<sup>1</sup> Public Advocates and the American Civil Liberties Union of Northern California are also submitting a set of comments in which we join as Envision Transform Build-East Palo Alto that will address in detail some of the issues discussed in this letter as well as others issues.

<sup>2</sup> ETB-EPA NOP Response letter was acknowledged as received by Kyle Perata via e-mail on July 20, 2015.

Our NOP comment letter should have been included in the Facebook Expansion DEIR for other agencies and the public to review. Your staff acknowledged receipt of the aforementioned letter within the prescribed deadline. Your NOP stated: "Following the close of the NOP comment period, a draft EIR will be prepared that will consider all NOP comments." Notice of Preparation, p. 4 (June 18, 2015). Nonetheless, neither our letter nor a reference to its receipt and review is contained in the DEIR. Such a grave omission calls into question whether Menlo Park reviewed our concerns and appropriately addressed them within the DEIR. We stand firm that Menlo Park did not.

The Supreme Court of California has emphasized that the CEQA process "must be open to the public, premised upon a full and meaningful disclosure of the scope, purposes, and effect of a consistently described project, with flexibility to respond to unforeseen insights that emerge from the process." *Concerned Citizens of Costa Mesa, Inc. v. 32nd Dist. Agric. Assn.*, 42 Cal. 3d 929, 936 (1986). The CEQA process undertaken by Menlo Park does not appear to be "open to the public" nor premised on a "full and meaningful disclosure of the scope" of the project given the failure to acknowledge, much less address, the scoping concerns raised in ETB-EPA's NOP comment letter. In fact, the omission of ETB-EPA's letter assumes that no "unforeseen insights" could be gleaned by the City or the public from our comments and concerns.

Finally, as it pertains to the required public disclosure as outlined above, Menlo Park failed, despite the omission being brought to its attention,<sup>3</sup> to forward ETB EPA's NOP response to any and all parties interested in the Project and interested in submitting comments on the DEIR.

### **Displacement Impacts in East Palo Alto and Menlo Park's Belle Haven Neighborhood**

ETB-EPA requested in its NOP response for the Project that "the EIR evaluate thoroughly the Project's potential to contribute to the displacement of existing low-income residents residing in East Palo Alto and Belle Haven." See July 18, 2015 ETB-EPA NOP letter submitted to City of Menlo Park.

Such an analysis was not included in the DEIR and no reason was given for not providing it. A separate document, entitled: Evaluation of Potential Displacement Impacts in East Palo Alto and Menlo Park's Belle Haven Neighborhood, was made public on or about June 25 in preparation for a Menlo Park Housing Commission (MPHC) meeting. However, the document was not provided on the Project's website nor was it distributed to persons interested in reviewing the DEIR. ETB-EPA learned of the document's existence on June 29, 2016, the day of the MPHC meeting. No public notice was relayed to ETB-EPA that the document was ready for review or that it would be reviewed on May 29. How was ETB-EPA to know that it should check the calendars of other commissions if it desired to have input on studies requested through its NOP response?

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<sup>3</sup> See July 5, 2016 Community Legal Services letter submitted on behalf of ETB-EPA to City of Menlo Park.

Moreover, the Staff Report for the MPHIC meeting specifically noted that input from the public on the DEIR and the displacement study would not be accepted at the Housing Commission meeting. See June 29, 2016 Housing Commission Staff Report, p. 1. Furthermore, the May 29 Staff Report stated that “[h]ousing affordability and neighborhood change are socioeconomic issues and not a physical impact to the environment and are therefore reviewed separately from the EIR.” *Id.* at 7. We note that the standard was set by Menlo Park to review these issues within the DEIR process given that Menlo Park included an 81-page Housing Needs Analysis for the Project within the EIR appendices. The displacement study should have been included in the EIR along with the Housing Needs Analysis. By bifurcating the review of housing related issues, ETB-EPA and the public are put at a severe disadvantage because of woefully inadequate public notification by Menlo Park and because these complementary studies cannot be reviewed side by side within the DEIR review.

We are not commenting on the displacement study, which we feel has numerous flaws, in this letter because MP staff indicated that comments are not to be reviewed under the DEIR. Lastly, 12 days is insufficient time to review this document given the over 5,000 pages in the DEIR that have needed reviewing.

### **Health Impact Study**

ETB EPA requested in its NOP response that, “given the socio-economic makeup of Belle Haven and East Palo Alto, the EIR should include a health impact assessment that looks comprehensively at health impacts of the Project.” See July 18, 2015 ETB-EPA NOP letter submitted to City of Menlo Park. The application of existing knowledge and evidence about health impacts to these specific social, economic and community contexts would greatly assist in developing evidence-based recommendations that protect and improve community health and wellbeing.

In a project of similar scope and magnitude—the Stanford University Medical Center (SMUC) Renewal and Replacement Project—such a study was requested and provided. We note that the proximity of this Project is much closer to East Palo Alto than the SMUC project. No study was provided as part of the DEIR nor any reason given as to why it has not been performed. We insist again that such a study be conducted.

### **Inappropriate Reliance on ConnectMenlo**

Menlo Park’s analysis in the DEIR improperly relied upon proposed ConnectMenlo policies which have not been adopted. California’s CEQA guidelines instruct a lead agency producing an EIR to focus on “the existing physical conditions in the affected area as they exist at the time the notice of preparation is published.” 14 Cal. Code Regs. § 15126.2. ConnectMenlo has not been approved or implemented, and thus the proposed ConnectMenlo policies are not existing conditions which Menlo Park should consider in the Facebook DEIR.

Menlo Park improperly relied upon ConnectMenlo in the Facebook DEIR in three major ways. First, Menlo Park repeatedly referred to the ConnectMenlo update as if it were enacted, but the ConnectMenlo DEIR is currently under review and ConnectMenlo has not been approved. In the “Population and Housing” chapter of the Facebook DEIR, for example, Menlo Park listed ConnectMenlo policies under the “Existing Conditions” section. See DEIR 3.12-3. Although the City acknowledged that the ConnectMenlo update is “under way” and “not yet adopted,” DEIR 3.12-3, the inclusion of ConnectMenlo proposals in the “Existing Conditions” section misrepresented the City’s existing conditions. Similarly, in the “Land Use and Planning” chapter of the Facebook DEIR, Menlo Park stated that the ConnectMenlo updates to the City’s Land Use Element “will guide the type and scale of potential development that may occur” at the Facebook Project site, and that the ConnectMenlo updates to the City’s Circulation Element “will address citywide transportation and circulation issues.” DEIR 3.1-2. Menlo Park should not have used the verb, “will,” to describe ConnectMenlo proposals which have not been adopted.

Second, Menlo Park’s analysis of the Facebook Project’s cumulative impacts on housing demand was inappropriate because the analysis assumed that ConnectMenlo had been adopted. The City admitted that, “[c]umulatively, the demand for 889 additional dwelling units (175 from the [Facebook] Project and 714 from cumulative projects) could not be accommodated by the existing vacant housing in the city.” DEIR 3.12-14. But it argued that “the additional residential development anticipated by ConnectMenlo, which is anticipated to be approved on a timeframe similar to that of the Project, could accommodate the demand for housing units from the cumulative employment-generating projects.” *Id.* ConnectMenlo has not been approved, and Menlo Park should not rely on its anticipated effects in evaluating the Facebook Project’s cumulative impacts on housing demand.

Finally, Menlo Park’s analysis of the Facebook Project’s consistency with the General Plan was inappropriate because the analysis considered unadopted ConnectMenlo policies. Even though Menlo Park explained that “[t]he Project is required to be consistent with the land use designations described in the General Plan,” DEIR 3.1-9, the City’s consistency analysis “consider[ed] the draft goals and policies of ConnectMenlo, even though they are not yet adopted.” 3.1-10. Menlo Park should focus on the Project’s consistency with the current General Plan, not with the proposed ConnectMenlo updates which have not been adopted.

### **Indirect Displacement Ignored**

In ETB-EPA’s four-page NOP comment letter for the Facebook Expansion Project, we requested that the EIR evaluate thoroughly the Project’s potential to contribute to the displacement of existing low-income residents residing in East Palo Alto and Belle Haven neighborhoods. See Notice of Preparation, p. 4 (June 18, 2015). The evaluation was not included as a part of the Draft EIR, but instead a separate Housing Needs Assessment (HNA) for Menlo Park was

conducted by Keyser Marston Associates, Inc.<sup>4</sup> Our comments here on the Draft EIR in no way waive our right to comment on the HNA at a later date.

The DEIR claims that the Project would have no impact related to the displacement of people using the reasoning that there is no housing on site to demolish, and therefore no direct displacement. However, the report contains no analysis of the impact of indirect displacement, i.e., displacement of mostly lower income families that occurs when rents increase due to a new influx of higher wage earners. According to the DEIR, of the 6,550 employees who would work at the Project, only 4.8% of future employees will live in Menlo Park.<sup>5</sup> These estimates erroneously assume that the current rate of 4.8% will continue, which is unlikely given the admitted increase in traffic, the increased demand for housing in San Francisco and surrounding cities, and the continued development of Menlo Park. Given these factors, much more than 4.8% of employees will likely decide to live in Menlo Park.

### **The Local Indirect Job Creation Multiplier Effect Was Not Studied**

The DEIR should have accounted for the nexus between higher income Facebook employees and the subsequent multiplier effect these new jobs have on lower wage job creation. This multiplier effect will add many new jobs to the local economy that pay less than a sufficient wage to house these lower income workers locally. This will require them to travel farther to work thus increasing traffic congestion, vehicle miles traveled and greenhouse gases.

Numerous academic researchers have found significant evidence of the presence of a local multiplier effect. Enrico Moretti, a scholar at UC Berkeley, has determined that for each additional skilled job created, 2.5 jobs were also generated in the local non-tradable goods and services sectors, and an additional unskilled job created 1 job in the local non-tradable sector. *See Moretti, Enrico, Local multipliers American Economic Review: Papers & Proceedings 1-7 (May 2010).* Furthermore, Moretti finds that highly skilled technology workers, such as those at Facebook, have a multiplier effect of five service jobs for each technology job. As an example, he cites Apple Computers employing 13,000 workers but generating 60,000 additional service jobs. 36,000 of those additional 60,000 jobs created are lower paid, unskilled positions, such as restaurant or retail workers. *See Moretti, Enrico, The New Geography Of Jobs.*

By not taking into account the additional low-skilled jobs created by the Project, the DEIR fails to accurately determine the impact on housing needs, indirect residential displacement, traffic congestion, and air quality.

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<sup>4</sup> Keyser Marston Associates, Inc., *Housing Needs Analysis, Menlo Park Facebook Campus Project* (May 2016).

<sup>5</sup> And currently less than 1% of Facebook employees live in Belle Haven and East Palo Alto, which is expected to continue. *See Keyser at 3.12-5.*

### **Traffic Mitigations Do Not Line Up with Future Housing Demand**

Given that the Project traffic mitigation measures rely so heavily on a Transportation Demand Management Program (TDMP) to reduce vehicle miles traveled and traffic congestion, the DEIR fails to analyze how a TDMP will increase pressures on the local and surrounding housing market.

The TDMP itself will cause added housing pressures. For the TDMP to be effective at reducing vehicle trips, biking and walking alternatives will have to be increased. Facebook employees will necessarily need to live near where they work. Thus, mitigation measures such as TRA-1.2: Reduce the Peak-Hour Share of Vehicle Trips Allowable under the Trip Cap, will encourage people to move closer to the Facebook campus. In doing so, increased pressure will occur on the local housing market and produce displacement pressures for lower income residents.

Facebook recently terminated an incentive program to get their present Menlo Park campus workers to move within a radius of ten miles of the campus, an area that includes all of East Palo Alto, Belle Haven and Fair Oaks precisely because Facebook realized the displacement impact of this policy. Nevertheless, the significant price differential in rents and property prices in these neighborhoods will serve as a natural incentive to higher income Facebook employees to move into these neighborhoods in the future. One cannot allege that traffic congestion will not worsen because employees will live closer and use alternative forms of transportation and then conversely negate the negative impact a TDMP will have on the local housing market. This is particularly true for existing low-income residents competing for housing in a more competitive housing market caused by the TDMP.

### **Induced Housing Demand and Growth Absorption Are Significantly Understated**

The DEIR asserts 6,500 workers will be employed at the Project when completed and proffers further that 3,638 new household/housing units would be needed to accommodate these new workers. Furthermore, in both the Population and Housing section of the DEIR and in the Housing Needs Analysis by Keyser Marston Associates (KMA), it is incredulously proclaimed that each household will have 1.8 Facebook workers. *See* Keyser Marston Associates, Inc. p. 1. Are we to believe that all Facebook employees are forced to room together, or that Facebook has the empirical evidence to support this assertion? Nothing in the DEIR lends credence to the validity of this baseless assertion. And we are aware of no law that forces employees to room together.

This arithmetic ruse was inserted to reduce the actual household demand derived from the Project. The DEIR must use a more data-driven approach and a more supportable factor for induced housing unit estimation. Based on the lack of supportable evidence to justify the 3,638 housing unit number, we assert the DEIR significantly understates the housing demand for the Project and calls into question the very validity of the DEIR housing analysis and the KMA housing study.

### **Vacancy Rate Is Flatly and Boldly Incorrect**

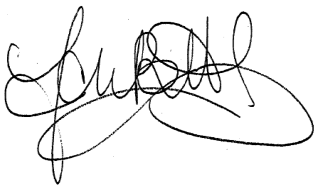
In addition, the DEIR falsely asserts that the vacancy rate for the areas surrounding the Project is a staggering 5.6 percent. Recently, the Wall Street Journal in an April 7, 2016 article noted that the national vacancy rate was 4.5 percent. Given the much tighter rental housing market on the Peninsula, the 5.6 percent rate is grossly inflated. According to Pacific Union, RealtyTrac Data Solutions “put the vacancy rate in the San Jose metro area at 0.2 percent... Demand for housing is equally intense in San Francisco, which has a vacancy rate of 0.3 percent. Those two cities also had among the lowest vacancy rates for investment properties; 0.7 percent in San Jose and 0.9 percent in San Francisco.”

The DEIR’s vacancy rate assumption is massively flawed. As such, it adds significantly more pressure on neighboring jurisdictions to build more housing for the purposes of accommodating the Project’s housing impact. It is untenable to justify the DEIR’s finding of insignificant impact based on neighboring cities having to bear 95% of the Project’s housing burden and by misstating the actual vacancy rate. The vacancy rate must be adjusted to reflect the actual current rate. Doing so will show the neighboring cities’ physical inability to accommodate this housing growth. It is unconscionable to implicitly require that outside cities absorb these housing numbers with no monetary support or assistance, while Menlo Park reaps the benefits of taxes from the Project.

Without significant revisions to the DEIR to address the concerns raised in this letter, and absent the corrections to the aforementioned noticing and process issues, ETB EPA, decision makers, and the public will have been deprived of the opportunity to assess the environmental impacts of the project and will be unable to consider appropriate mitigations. We ask that these flaws in the DEIR be addressed going forward.

Thank you for the opportunity to raise these important issues and comments on the Project DEIR. We look forward to seeing significant revisions the DEIR and additional mitigations.

Sincerely,

A handwritten signature in black ink, appearing to read "Tameeka Bennett". The signature is fluid and cursive, with a large loop at the end.

Tameeka Bennett, on behalf of ETB-EPA and YUCA

A handwritten signature in black ink, appearing to read "Doroteo Garcia", written over a horizontal line.

Doroteo Garcia, on behalf of El Comite de Vecinos

A handwritten signature in black ink, appearing to read "Jennifer Martinez", written in a cursive style.

Jennifer Martinez, on behalf of Faith In Action

A handwritten signature in black ink, appearing to read "Salimah Hankins", written in a cursive style.

Salimah Hankins, on behalf of Community Legal Services of East Palo Alto

A handwritten signature in black ink, appearing to read "Ellen Wu", written in a cursive style.

Ellen Wu, on behalf of Urban Habitat