

Introduction

This chapter provides master responses to comments that were raised repeatedly. Responses are thus presented in a single location and in a comprehensive manner that clarifies and elaborates on the analysis in the Draft Environmental Impact Report (EIR). The master responses address the following topics:

- Master Response 1: Notification and CEQA Review Process
- Master Response 2: ConnectMenlo and Facebook Campus Expansion Project
- Master Response 3: Adjustments to the Baseline Conditions for Certain Impact Areas
- Master Response 4: Population and Housing Growth
- Master Response 5: Transportation Analysis

Master Response 1: Notification and the CEQA Process

Several commenters raised concerns and questions about the general review and approval process for the Facebook Campus Expansion Project (Project). Therefore, the following master response addresses comments, including, but not limited to, concerns about the City of Menlo Park's (City's) noticing, public outreach, and California Environmental Quality Act (CEQA) process.

General EIR Process

As of publication of this document, the majority of the environmental review phases have been completed, including release of the Notice of Preparation (NOP), public comment on the NOP, release of the Draft EIR, public comment on the Draft EIR, and release of the Final EIR. Below is an explanation of each of these phases plus the next steps in the CEQA process.

Notice of Preparation. As explained on page 1-3 of the Draft EIR, the City distributed an NOP on June 18, 2015, announcing its intent to prepare an EIR that would analyze the impacts of the Project. As indicated in the NOP, the City provided a 30-day comment period on the NOP, from June 18, 2015, to July 20, 2015. In response to the NOP, public agencies, organizations, and private individuals submitted comment letters to the City. In addition, a public scoping meeting was held, and the City received oral comments at a Planning Commission hearing on July 13, 2015. Comments received during the NOP public review period were considered in the preparation of the Draft EIR. Please see below for a further discussion about the noticing process for the NOP.

Draft EIR. As described on page 1-4 of the Draft EIR, physical impacts that are anticipated to result from the Project are analyzed within the Draft EIR. When identified, the Draft EIR recommends feasible mitigation measures to reduce or eliminate significant impacts and identifies which impacts are unavoidable. Alternatives to the Project are presented in Chapter 5, *Alternatives*, of the document. The Draft EIR is considered a draft under CEQA because it must be reviewed and commented upon by public agencies, organizations, and individuals before being finalized. As explained in more detail below, the

Draft EIR for the Project was released on May 26, 2016, for a 45-day review period, which closed on July 11, 2016. Please see below for more information about the length of the public review period. A public hearing was held in front of the Planning Commission on June 20, 2016, to take oral comments on the Draft EIR. Additional public meetings were held before various City commissions, including the Bicycle Commission, Transportation Commission, Environmental Quality Commission, and the Housing Commission, although oral comments made at those meetings were not recorded due to the lack of a court reporter; instead, participants at those meetings were encouraged to submit their comments in writing. As stated in 14 California Code of Regulations (CEQA Guidelines) Section 15087(i), public hearings during the Draft EIR comment period are encouraged but not required as an element of the CEQA process. Regardless, comments received at the Planning Commission meeting on June 20, 2016, are included as Letter PC in Chapter 4 of this document and responded to accordingly.

Certification and Findings. As the lead agency, the City of Menlo Park City Council must ultimately certify that it has reviewed and considered the information in the EIR, that the EIR has been completed in conformity with the requirements of CEQA, and that the EIR reflects the City's independent judgment and analysis. As required by CEQA Guidelines Section 15091, no public agency shall approve or carry out a project for which an EIR has been certified that identifies one or more significant effects unless appropriate findings are made for each of those significant effects, accompanied by a brief statement regarding the rationale for each finding. Possible findings could pertain to changes that have been incorporated into a project to avoid or substantially lessen a significant environmental effect, alterations that are within the jurisdiction of another public agency, or specific considerations that make infeasible the mitigation measures or alternatives identified. Prior to the City Council's decision, the Planning Commission will have the opportunity to make recommendations regarding the adequacy of the environmental review, the Project, and its alternatives. After consideration of the Planning Commission's recommendations, the entire record of the proceedings, and all public comment, the City Council will use its discretion in making the necessary findings. The Project approved by the City Council could be as proposed in the Draft EIR, an alternative to the Project, or a combination of the Project and different alternatives.

Statement of Overriding Considerations. If the City Council decides to approve the Project and the Project, as approved, would result in significant impacts that could not be mitigated to less-than-significant levels, then the City Council must indicate that any such unavoidable impacts are acceptable because of overriding considerations. Pursuant to CEQA Guidelines Section 15093, a Statement of Overriding Considerations would balance the economic, legal, social, technological, or other benefits of the Project against its unavoidable environmental effects. If City Council finds that the benefits of the Project outweigh the impacts, then the adverse environmental effects may be considered acceptable.

Mitigation Monitoring and Reporting Program (MMRP). As explained on page ES-5 of the Draft EIR, if the City Council decides to approve the Project, then it must adopt an MMRP. Pursuant to CEQA Guidelines Section 15097, an MMRP is a mechanism for monitoring and reporting revisions to the Project or conditions of approval that the public agency has required as mitigation measures to lessen or avoid significant environmental effects. The City can conduct the reporting or monitoring, or it can delegate the responsibilities to another public agency or private entity that accepts the delegation. The MMRP for the Project would identify the specific monitoring action that would occur, the various City departments or other entities that would oversee completion of the measures, and a timeline for when these measures would be implemented. The responsible departments would use due diligence in carrying out implementation of the measures. Execution of the MMRP would reduce the severity of or eliminate the identified significant impacts.

Conditions of Approval. The Conditions of Approval would incorporate the feasible mitigation measures identified in the EIR. The Conditions of Approval would identify the Project Sponsor's payment responsibility, as appropriate, for each required measure. The Conditions of Approval are part of the Conditional Development Permit (CDP), which requires approval by the City Council.

Noticing

The City of Menlo Park values public input and participation in the CEQA process. As required by Public Resources Code Section 21092 and CEQA Guidelines Section 15087, on May 26, 2016, the State Clearinghouse received the Notice of Availability (NOA) and a copy of the Draft EIR for the Project. The NOA of the Draft EIR was published on May 25, 2016, in *The Almanac*, a newspaper of general circulation. On May 26, 2016, the City also posted the NOA and the full text of the Draft EIR on the City-maintained Project page.¹ A Project page update was emailed to all individuals who had subscribed to updates to the Project page. Finally, on May 26, 2016, the City sent the NOA and/or a copy of the Draft EIR to individuals and the following agencies: Bay Area Air Quality Management District, California Department of Transportation, City/County Association of Governments, County of San Mateo, County Recorder, Menlo Park Chamber of Commerce, Menlo Park Fire Protection District, Metropolitan Transportation Commission, Pacific Gas & Electric, Public Utilities Commission, Ravenswood City School District, Regional Water Quality Control Board, San Mateo County Environmental Health, Redwood City Public Works Department, San Mateo County Transit District, San Mateo County Transportation Authority/Joint Powers Board, State Water Resources Control Board, U.S. Army Corps of Engineers, U.S. Fish and Wildlife Service, West Bay Sanitary District, Office of Historic Preservation, Menlo Park Historic Association, and the City of East Palo Alto.

City of East Palo Alto. On June 18, 2015, the City of Menlo Park sent the City of East Palo Alto the NOP, indicating that the City would be preparing an EIR for the Project and requesting comments. The City of Menlo Park received a letter from the City of East Palo Alto on July 20, 2015, that provided comments on the NOP and raised topics that were considered in the preparation of the Draft EIR. In its comment letter, the City of East Palo Alto also requested that Sean Charpentier, Assistant City Manager, be sent all future correspondence on the Project. Upon release of the Draft EIR, the City of Menlo Park sent a copy of the Draft EIR and NOA to the City of East Palo Alto. Although it was not addressed specifically to Mr. Charpentier, the documents were sent to the City Manager's office and signed for on May 27, 2016, at the City of East Palo Alto. This notice to the organization and documentation of delivery to the City Manager's office shows a good-faith effort to provide notice to the City of East Palo Alto, as required by CEQA Guidelines Section 15087, as well as substantial compliance with Section 21092.2 of the Public Resources Code. Further, the City of East Palo Alto provided a thorough and substantial comment letter on the Draft EIR, which demonstrates that the City of East Palo Alto was provided sufficient opportunity to review the Draft EIR and provide comments. Notice is not deficient when the agency did not lose the opportunity to comment on the Draft EIR for the project (*Gilroy Citizens for Responsible Planning v. City of Gilroy* [2006], 140 Cal.App.4th 911).

Envision Transform Build – East Palo Alto (ETB-EPA). During the 45-day review and comment period for the Draft EIR, it was brought to the City of Menlo Park's attention that a comment letter submitted by ETB-EPA and Youth United for Community Action (YUCA) on the NOP for the Project was inadvertently omitted from the appendices to the Draft EIR. This was a clerical oversight but was not prejudicial to the CEQA process. After learning of the inadvertent omission, the City published the

¹ <https://www.menlopark.org/995/Facebook-Campus-Expansion-Project>

ETB-EPA/YUCA comment letter on the Project's web page so that the public would have the benefit of access to the letter. A Draft EIR is required to consider the comments received on the NOP but is not required to include the comments in the document. CEQA Guidelines Section 15084 provides that comments "may" be included in the Draft EIR in whole or in part. Despite the inadvertent omission of a copy of the NOP comment letter from the Draft EIR, the City did receive and consider the ETB-EPA/YUCA comment letter in preparation of the Draft EIR. All issues in the letter were either considered and analyzed in the Draft EIR or were not considered CEQA topics. Although not required by CEQA, the City also prepared and provided, prior to release of the Final EIR, a direct response to the ETB-EPA/YUCA letter. The response, which is part of the administrative record but not part of this response-to-comments document, addressed the concerns raised in the 2015 NOP comment letter and explained that each topic was (1) addressed in the Draft EIR or (2) was not a CEQA topic or (3) was otherwise responded to in a separate document or analysis that is part of consideration of the Project on its merits.

Several commenters also requested that the Draft EIR be recirculated because of the inadvertent omission of the ETB-EPA/YUCA comment letter. Because including a copy of the NOP comment letter is not required in the Draft EIR, there is no procedural error that warrants recirculation. Under CEQA Guidelines Section 15088.5, recirculation is required when significant new information is added to the EIR after public notice is given regarding the availability of the Draft EIR for public review but before certification. Significant new information includes:

- (1) A new significant environmental impact would result from the project or from a new mitigation measure proposed to be implemented.
- (2) A substantial increase in the severity of an environmental impact would result, unless mitigation measures are adopted that reduce the impact to a level of insignificance.
- (3) A feasible project alternative or mitigation measure considerably different from others previously analyzed would clearly lessen the environmental impacts of the project, but the project's proponents decline to adopt it.
- (4) The Draft EIR was so fundamentally and basically inadequate and conclusory in nature that meaningful public review and comment were precluded.

None of those circumstances are present for the Draft EIR. ETB-EPA/YUCA's comment letter on the NOP does not provide significant new information. The specific issues raised in the letter were considered in the preparation of the Draft EIR. Accordingly, the inadvertent omission of the ETB-EPA/YUCA NOP comment letter in the appendices to the Draft EIR does not constitute significant new information that would trigger recirculation.

Length of Public Review Period

Several commenters asserted that the public review process was not sufficient in length and requested that the 45-day comment period for the Draft EIR be extended. Under CEQA Guidelines Section 15105(a), the "public review period for a draft EIR should not be less than 30 days nor longer than 60 days except in unusual circumstances." Further, "[w]hen a draft EIR is submitted to the State Clearinghouse for review by state agencies, the public review period shall not be less than 45 days, unless a shorter period, not less than 30 days, is approved by the State Clearinghouse." Consistent with City practices, the City determined that a 45-day public review period for the Draft EIR was appropriate. As stated above, the review period began on May 26, 2016, when the City submitted the Draft EIR for the Project to the State Clearinghouse and ended on July 11, 2016, at 5:30 p.m.

Although a member of the public or stakeholder organization may request an extension, there is no statute or case law that compels the City to extend the public comment period upon request or otherwise limits the City's discretion in deciding whether or not to grant an extension. The decision regarding whether to extend the review period is at the discretion of the lead agency. Likewise, there is no statute or case law that defines what "unusual circumstances" exist that might justify a longer public review period. In this case, in exercising its discretion, the City determined that an extension of time was not necessary or appropriate.

Several commenters who requested an extension of the public review period identified the proximity in time of the release of the Draft EIR for the Project (May 26, 2016) and the Draft EIR for the City of Menlo Park General Plan (General Plan) and M-2 Area Zoning Update, known as ConnectMenlo (June 1, 2016). However, the City Council reviewed the schedule for both of these projects several times; therefore, the public was aware prior to release of the Draft EIR that the EIRs for these two projects would be released in fairly close proximity. The City's schedule for release of these EIRs was publically available for review and comment as early as November 17, 2015, for the Project and February 9, 2016, for ConnectMenlo. The City Council reviewed the EIR schedule for the Project on two separate occasions and accepted the final updated schedule at its meeting on May 3, 2016. Each version of the Project schedule contained a 45-day comment period on the Draft EIR. No members of the public commented on the schedule for the Project or asked that the City plan for a longer public review period.

On June 20, 2016, the Planning Commission held a public hearing on the Draft EIR. As explained above, although CEQA does not require formal hearings at any stage of the environmental review process (CEQA Guidelines Sections 15087(i) and 15202), this public hearing provided the public with an additional opportunity to provide comments on the Draft EIR, which were recorded and are responded to in this Final EIR. Several commenters expressed concern about the agenda for this Planning Commission hearing on the grounds that it included a public hearing on the Draft EIR and a study session for the Project as well as a public hearing on the Draft EIR for ConnectMenlo. Given the overlapping review periods, the proximity of the two projects, and the potential similarity in questions/comments from the public, the City determined that it was appropriate to conduct a meeting with the two Draft EIRs on the same agenda.

The Planning Commission agenda on June 20, 2016 was limited to these two projects to allow for the Planning Commission and members of the public to focus comments and questions on the two Draft EIRs as well as review and provide input on the Project through a study session. All members of the public who were present at the June 20, 2016 Planning Commission meeting and desired to provide public comment on the Draft EIR, or comment on the Project, were able to speak. At that meeting, the Planning Commission determined that there were no circumstances that would warrant an extension of the review period for the Draft EIR on the Project. However, the Planning Commission voted at the close of the June 20, 2016, meeting to continue its review of the ConnectMenlo Draft EIR to its meeting on July 11, 2016, to allow additional time to review and discuss the Draft EIR and receive public comments. On July 12, 2016, at a special meeting, the City Council extended the comment period on the Draft EIR for ConnectMenlo by 15 days, thereby providing additional time to comment on the ConnectMenlo Draft EIR.

Master Response 2: ConnectMenlo and Facebook Campus Expansion Project

This master response addresses comments concerning the relationship between the Project and the pending City of Menlo Park General Plan and M-2 Area Zoning Update (known as ConnectMenlo).

Background on ConnectMenlo

In 2014, the City initiated the process of updating its General Plan Land Use and Circulation Elements as well as its zoning for the M-2 area. Collectively, this update to the General Plan and zoning is known as ConnectMenlo. In August 2014, the City formed a General Plan Advisory Committee (GPAC) and commenced a series of workshops and community meetings to determine the vision for ConnectMenlo and develop specific goals, policies, and programs to implement that vision. ConnectMenlo focuses primarily on updates to the land uses and zoning in portions of the M-2 area (and otherwise generally reaffirms and readopts the remaining development potential in the city) and an update to the City's circulation system. The ConnectMenlo process, thus far, has included approximately 60 meetings, events, and activities to help educate and inform the community, share ideas, and gather input on the update to the General Plan and zoning. Members of the community, property owners, and other interested parties from various organizations have been involved. Broad community outreach continues to be a key aspect of this multi-year process. ConnectMenlo is a plan-level exercise that, if adopted by the City Council, would update what is often referred to as the City's "constitution," which guides future development. ConnectMenlo does not approve any specific project. It is a separate undertaking from this Project and, as many commenters and the Draft EIR note, is not yet complete.

The City initiated independent environmental review of the proposed update to the City's General Plan Land Use and Circulation Elements and M-2 Area Zoning Update. ConnectMenlo's environmental review is a plan- or program-level EIR. A program-level EIR for a broad planning action, such as adoption of a general plan, requires less specificity than an EIR for a specific development project. ConnectMenlo does not approve any particular project. Project-level environmental review would be conducted for specific projects that implement the plan. Although the EIR for ConnectMenlo is an independent environmental analysis, in certain instances, the technical studies and data that were relied upon in both the Draft EIR for this Project and for ConnectMenlo "overlapped" (e.g., the traffic modeling conducted by TJKM was used for the transportation analysis in both EIRs.) This sharing of technical data does not create an inappropriate connection between the two actions; separate and independent environmental analysis is being conducted by separate consulting teams. Neither EIR is dependent on the other for its analysis or for determining potential significant impacts or mitigation measures. This approach is appropriate and does not affect the adequacy of the Draft EIR's analysis of the Project.

Relationship between ConnectMenlo and Pending Applications in the City

Because the ConnectMenlo process is a multi-year endeavor, the City has continued to process and review development applications in the city consistent with its existing General Plan. The City has obligations to diligently process project applications as they are received. These obligations are found in local law (Menlo Park Municipal Code Chapter 16.82 identifies timelines for hearings on complete project applications) and state law (CEQA and the Permit Streamlining Act). As described in more detail below, the City could not, as commenters suggest, put this Project on hold and require ConnectMenlo, which is a multi-year, robust community planning and visioning process, to precede this Project.

The environmental review process begins with the lead agency's decision to prepare an EIR (Public Resources Code Section 21080.1 and CEQA Guidelines Section 15081). As the lead agency, the City must complete its determination regarding whether to prepare an EIR within 30 days after the application for a permit or other entitlement was accepted as complete (this period may be extended 15 days upon the consent of the lead agency and the project applicant) (Public Resources Code Section 21080.2 and CEQA Guidelines Section 15102). This time limit ensures that CEQA review of an application corresponds with the time limits for determining that an application is complete under the Permit Streamlining Act

(Government Code Sections 65920–65964). Once the application is complete and the decision made to prepare an EIR, the lead agency must generally complete the EIR within 1 year (Public Resources Code Section 21151.5 and CEQA Guidelines Section 15108). Here, the Project Sponsor submitted a complete application for the City approvals identified on pages 2-18 and 2-19 of the Draft EIR on March 31, 2015. As a result, by law, the City was required to initiate environmental review of the Project and complete that review in a timely fashion. There is no basis for deviation from these timelines.

Consistency between the Project and the Current General Plan

As explained in Section 3.1, *Land Use and Planning*, of the Draft EIR, the Project is consistent with the Limited Industry land use designation and the goals, policies, and programs of the current General Plan. The Project is proposing to add approximately 126,600 gross square feet of office uses. This is consistent with the existing zoning's floor area ratio (FAR) limits, which allow a FAR of up to 0.45 for office uses and 0.55 for other uses. The Project also seeks a CDP to permit maximum building heights of up to 75 feet, allow building coverage to potentially exceed 50 percent of the site, identify the expanded construction hours, establish the permitted uses at the site, establish the maximum allowed signage area, and define all other development standards and regulations, consistent with prior project approvals in the M-2 area. To accommodate the hotel use, the Project requires a zoning ordinance text amendment. The proposed text amendment would conditionally permit hotels within the M-2 (General Industrial) zoning district. Although the Limited Industry land use designation of the current General Plan does not specifically identify hotels as permitted uses, the General Plan promotes hotel uses within commercial and industrial zoning districts through Policy I-E-2. As discussed on page 3.1-15 of the Draft EIR, Policy I-E-4 states that hotel uses may be considered in suitable locations within the commercial and industrial zoning districts of the city, such as the M-2 zoning district. Therefore, the Project, including the proposed hotel, does not require a General Plan amendment, and the Project, including the zoning ordinance text amendment, is consistent with the current General Plan.

Discussion of ConnectMenlo in the Draft EIR

Although the Project and ConnectMenlo are distinct projects with independent environmental analyses, several commenters assert that the analysis in the Draft EIR for the Project inappropriately relies on ConnectMenlo for mitigation and that the Draft EIR inappropriately includes information about ConnectMenlo or infers that it has already been approved. In addition, some commenters assert that the Project should be deferred, pending approval of ConnectMenlo, because that would allow housing to be incorporated as part of the Project. Alternatively, commenters suggested that the Project should not be approved unless the Project Sponsor commits to building housing on a separate site, which is proposed for rezoning as part of ConnectMenlo. Each of these comments is addressed below.

No Reliance (Provided for Informational Purposes). The Draft EIR is explicit in stating that ConnectMenlo and its goals, policies, and programs as well as related zoning have not yet been adopted and are, instead, identified for informational purposes only. For example, page 3.12-3 of the Draft EIR states that “The City General Plan (Land Use and Circulation Elements) and M-2 Area Zoning Update, also known as ConnectMenlo, is under way. Although not yet adopted, the following draft policies in ConnectMenlo pertain to the Project and are identified for informational purposes....” This language is quoted from a page to which one commenter pointed to illustrate the argument that the Draft EIR referred to ConnectMenlo as though it were enacted. The very text of the Draft EIR undermines this contention. Furthermore, in this context, the word “pertain” simply means “related to” and was not intended to mean that the *draft* policies apply to the Project. Finally, including the discussion of ConnectMenlo under the heading “Existing Conditions” was not intended to suggest that the ConnectMenlo process had been approved. It is an existing condition that ConnectMenlo is under way and not yet adopted.

Another comment suggested that it was inappropriate to state that the updated Land Use Element “will” guide the type, scale, and potential development that may occur in the M-2 area. As described above, the General Plan is the guide for development within the city, and if and when amendments to the Land Use Element are adopted, those will guide development in the M-2 area. The commenter also notes that it is inappropriate to discuss an unadopted plan. The commenter is correct that an EIR need not speculate about potential future legal developments. In *Banning Ranch Conservancy v. City of Newport Beach* (2012), 211 Cal.App.4th 1209, 1234, the court held that an EIR does not need to evaluate a potential habitat designation that has not yet been adopted. *Chapparal Greens v. City of Chula Vista* (1996), 50 Cal.App.4th 1134, 1145, states that an EIR is not required to speculate regarding or rely on proposed draft plans that might apply to the project. Although the law does not require consideration of proposed draft plans, there is no law that *prevents* discussion of such plans. An EIR is the heart of CEQA and, at its core, an informational document (*Laurel Heights Improvement Assn. v. Regents of University of California* [1988], 47 Cal.3d 376). In this Draft EIR, the preparers went above and beyond what is required by law to create a robust, informative document that considered all available information.

In an effort to provide a comprehensive and informative document, the preparers of the Draft EIR evaluated the Project against not only the current General Plan but also the changes proposed by ConnectMenlo. This analysis was included not as part of the Draft EIR’s assessment of the Project’s potential impacts on the environment but, rather, to inform decision-makers and the public of relevant information about the Project. Consistency with ConnectMenlo is not required under CEQA, beyond consideration of ConnectMenlo as a reasonably foreseeable project. However, ConnectMenlo was evaluated in more detail in the Draft EIR to help decision-makers understand how the Project relates to ConnectMenlo, a process that has received significant public input and attention. ConnectMenlo was also considered in the cumulative analysis for the Project in the Draft EIR and vice versa because both projects were reasonably foreseeable projects at the time of the NOP. Thus, the Draft EIR appropriately evaluated the Project’s consistency with draft policies proposed as part of ConnectMenlo for informational purposes only.

Housing. Section 3.12, *Population and Housing*, of the Draft EIR acknowledges that the additional residential development anticipated by ConnectMenlo could accommodate the demand for housing units from the cumulative effects of employment-generating projects in 2040. The Draft EIR does not treat ConnectMenlo as mitigation, nor would doing so be appropriate because ConnectMenlo has not been adopted and, at this time, any discussion of what projects will be proposed under the updated General Plan is speculative. The Draft EIR does not improperly defer mitigation or depend on approval of ConnectMenlo. Information relative to ConnectMenlo is not given to suggest that the Project relies on the changes that the General Plan update may bring, but is provided for informational purposes only.

Certain commenters posed specific questions about the ConnectMenlo process, including whether the proposed inclusion of up to 4,500 residential units in the M-2 area would be available for Belle Haven residents and what percentage of those units would be affordable. Because these comments do not relate to the Project or the Draft EIR’s analysis and speculate about what may happen if and when ConnectMenlo is approved, the comments are beyond the scope of the environmental analysis in this Final EIR. Additionally, it is incorrect that housing would be permitted on the Project site if ConnectMenlo were approved. Although other property owned by the Project Sponsor has been identified for potential rezoning as part of ConnectMenlo to include housing,² ConnectMenlo does not identify the Project site for

² The ConnectMenlo process is currently studying up to 4,500 housing units in the M-2 area, 2,500 of which could be located on the Menlo Technology and Science Park site (also known as the Prologis site), owned by a subsidiary of Facebook.

rezoning to a mixed-use designation that would allow housing; it is identified for rezoning to the office designation. Furthermore, as discussed on page 5-7 of the Draft EIR, an alternative that included housing at the Project site was considered but determined to be infeasible. The Project site is not zoned for residential or mixed use, nor is a residential use permitted by the City's existing General Plan. In 2007, Tyco Electronics (the former owner of the site) and the California Department of Toxic Substances Control (DTSC) entered into a Land Use Covenant (LUC) to protect present and future site users from hazardous materials that remain within the soil and groundwater because of historic site contamination. These recorded restrictions limit use of the site to commercial and industrial land uses and expressly prohibit residential uses (although hotel uses are permitted). For these reasons, housing would not be appropriate or feasible as part of the Project.

Despite the requests of commenters, the City cannot condition approval of the Project upon completion of ConnectMenlo or a requirement that the Project Sponsor develop housing on a separate site. The Draft EIR for the Project focuses on mitigation that can be implemented under the current General Plan and zoning. It is not appropriate to condition approval or require mitigation that includes construction of housing units at a site that may be rezoned if ConnectMenlo is approved. The City cannot force an applicant to apply for a specific project. Such a condition would also violate CEQA's prohibition against pre-commitment or pre-approval of a project without the benefit of environmental review (*Save Tara v. City of W. Hollywood* [2008], 45 Cal.4th 116). It should be noted, however, that the Project Sponsor has offered to plan and design 1,500 housing units on the Prologis site as a separate public benefit under the proposed development agreement for the Project.³

Non-Residential Uses. Several comments stated that no additional non-residential uses or hotels should be permitted until an effective transit system is in place along the Dumbarton Bridge rail corridor and that only housing should be permitted in the M-2 area. These are long-term planning and policy issues and do not require further analysis in this environmental document. The Draft EIR, instead, appropriately focuses on the Project, its potential impacts, and feasible mitigation measures.

Analysis of Cumulative Population and Housing Impacts

One commenter raised concerns about why the Draft EIR's analysis of cumulative impacts for population and housing reached a conclusion different from that of the ConnectMenlo Draft EIR. The Draft EIR for ConnectMenlo, which concerns a plan for long-term growth and development, identified a potentially significant and unavoidable cumulative impact related to population and housing.

The cumulative analysis for the Draft EIR, as described on 3.12-13, considered ConnectMenlo. However, because this is a project-level EIR, the focus is on whether the growth resulting from the Project would result in a cumulatively considerable contribution to growth. The Draft EIR, on page 3.12-14, states that the Project's contribution would represent only 2.4 percent of the total population growth projected for the city between 2015 and 2040. Therefore, the percentage is not regarded as a cumulatively considerable contribution. In addition, the Draft EIR concluded that housing demand generated by the Project would not be cumulatively considerable because it could be met by existing vacant housing units. The Draft EIR, on page 3.13-14, did not rely on the potential increase in the number of housing units under ConnectMenlo but did note that the additional residential development anticipated under ConnectMenlo in the cumulative scenario could also accommodate the demand for housing.

³ Note that the development agreement for the Project includes the plan and design for the 1,500 housing units, not construction. These 1,500 units are included in the 4,500 new residential units considered under ConnectMenlo.

The Draft EIR's analysis did not inappropriately rely on unapproved speculative future development. In reaching the conclusion that the Project's contribution to cumulative growth would be less than significant, the Draft EIR was appropriately focused on the Project's cumulative contribution. The ConnectMenlo Draft EIR, by contrast, appropriately notes that a significant portion of foreseeable cumulative residential growth in 2040 would occur as a result of approval of the development potential identified in ConnectMenlo. The ConnectMenlo Draft EIR, therefore, correctly concluded that cumulative growth associated with ConnectMenlo would be potentially significant and unavoidable (until the ABAG projections are updated). Please refer to Master Response 4 for an additional discussion of population and housing impacts resulting from the Project.

Master Response 3: Adjustments to the Baseline Conditions for Certain Impact Areas

As discussed on page 3-3 of the Draft EIR, in determining whether impacts are significant, an EIR ordinarily compares the potential impacts of a project with pre-project environmental conditions. This "baseline" normally consists of the physical conditions that exist at the time the NOP is published or, if no notice is published, at the time the environmental analysis begins (CEQA Guidelines Sections 15125(a) and 15126.2(a)). The rule governing the date for establishing a baseline is not, however, rigid and inflexible. Under certain circumstances, it is appropriate to deviate from the traditional definition of baseline where supported by substantial evidence.⁴

Lead agencies have significant discretion in determining the appropriate baseline. The goal is to provide the most realistic measure of the project's impact on the environment.⁵ For example, in *Neighbors for Smart Rail v. Exposition Metro Line Constr. Auth.* (2013), 57 Cal.4th 439, 453, the court held that a lead agency may rely on baseline conditions expected at the time the Project would go into operation.

In preparing the Draft EIR for the Project, two considerations supported adjusting the baseline for certain areas of analysis from the physical conditions as they existed on the ground at the time of the NOP's release. These two considerations include the City's prior approval of a use permit for Building 23 and the ministerial approval of demolition of Buildings 307–309, both of which are described in more detail below.

Building 23

In December 2014, the City approved a use permit for Building 23 (formerly Building 300) to convert an existing warehouse and distribution building into office uses with ancillary employee amenities. Based on information regarding vehicle trips to the site, which included Buildings 300–309, the City approved the use permit, with a condition that allocated vehicle trips and associated employee population from the entire site (Buildings 300–309) to Building 23 (formerly Building 300). This condition was imposed to ensure that Building 23, at full occupancy, would not create more trips than the number generated at the site when it was fully occupied by TE Connectivity (TE) and Pentair Thermal Controls and anticipated that the previous uses would wind down as occupancy at Building 23 increased. At the time of application and approval of the use permit for Building 23, in 2014, the Project that is the subject of this EIR was not

⁴ *Communities for a Better Env't v. South Coast Air Quality Mgmt. Dist.* (2010), 48 Cal.4th 310, 328; *Cherry Valley Pass Acres & Neighbors v. City of Beaumont*, (2010), 190 Cal.App.4th 316.

⁵ *Communities for a Better Env't v. South Coast Air Quality Mgmt. Dist.* (2010), 48 Cal.4th at 336.

known. At the time of the NOP for the Project, Building 23 was not yet completed or occupied. Since that time, the Project Sponsor has partially occupied Building 23, while Pentair and other tenants have either vacated the site or are in the process of drawing down their operations. Because TE has a somewhat longer lease, the use permit for Building 23 acknowledges that the Project Sponsor would locate fewer employees at Building 23 until TE has fully vacated the site, at which point Building 23 would become fully occupied. However, at the time the Project is anticipated to go into operation, Building 23 is expected to be fully occupied. Thus, the most realistic baseline would involve a fully occupied Building 23, with the remainder of the site vacant. Therefore, similar to *Neighbors for Smart Rail v. Exposition Metro Line Constr. Auth.* (2013), 57 Cal.4th 439, an adjusted baseline is the most realistic and appropriate approach and will enable decision-makers to best understand the impact of the Project.

Buildings 307–309

The City issued ministerial permits for the demolition of Buildings 307–309. In August 2015, the City received applications from the Project Sponsor to demolish Buildings 307–309. The City issued a demolition permit for Building 308–309 in January 2016 and a permit for demolition of building 307 in June 2016. Demolition permits are ministerial. Ministerial actions are not considered “discretionary” actions, and Public Resources Code Section 21080(b)(1) exempts such projects from independent environmental analysis. Furthermore, demolition of these buildings has independent utility in that the demolition would take place regardless of whether the Project is approved. In *Del Mar Terrace Conservancy, Inc. v. City Council* (1992), 10 Cal.App.4th 712, 736, the court held that an EIR for one section of a proposed freeway need not include a potential later extension because the individual segment served its own purpose by connecting two logical terminus points. The Project Sponsor applied to demolish Buildings 307–309, in part, because these buildings were obsolete, required environmental remediation, and could not have been used given the condition imposed on the site as part of the Building 23 approval. In applying for a demolition permit, the Project Sponsor indicated that its intent was to demolish Buildings 307–309 regardless of approval or denial of this Project. The demolition served its own purpose, with separate independent utility from the Project. As a result, not including these buildings in the baseline provides a more realistic picture of the potential impacts of the Project.

Piecemealing and Segmentation

Certain commenters raised concerns about “segmentation” or “piecemealing” under CEQA, which refers to instances where smaller parts of a larger project are proposed incrementally to avoid full environmental review of the larger project. Piecemealing claims typically focus on a failure to disclose information, such as where an EIR is being prepared for only a portion of a larger project (or not at all). Here, there has been no segmentation because (1) the demolition work was not subject to CEQA, (2) the demolition work has independent utility, and (3) all impacts from the demolition of Buildings 307–309 were considered in the Draft EIR’s cumulative analysis of the Project, which treated the demolition as a reasonably foreseeable project that was known at the time the NOP was issued. The Draft EIR’s cumulative impact analysis, therefore, discloses the combined impacts of the Project and demolition activities, which provides full disclosure for the public and decision-makers. With respect to Building 23, the City approved the conversion of the existing warehouse use to office use in December 2014, at a time when the future redevelopment of the remainder of the Project site was speculative. Building 23, as a self-contained office building, also has independent utility and was implemented independently from the Project.

Trips for Transportation Impact Analysis

Some commenters raised questions about the use of a baseline other than existing conditions for the transportation impact analysis. As described above, in *Neighbors for Smart Rail v. Exposition Metro Line Constr. Auth.* (2013), 57 Cal.4th 439, 453, the court affirmed a lead agency's discretion to use a baseline that comprises "adjusted" existing conditions to evaluate potential environmental impacts at the time the Project would be operational. As part of this Draft EIR, the transportation baseline conditions are defined as the "near-term" conditions expected at the time the Project would be constructed and occupied, which is anticipated to be approximately 2020. This "near-term" baseline includes other approved land use projects within and outside the city as well as the approved transportation improvements that would be required mitigation for those projects (see Draft EIR pages 3.3-20 through 3.3-22).

Further, some commenters raised questions about how the baseline for traffic conditions was calculated and how the baseline relates to the already-approved Building 23. The use permit that allowed the Project Sponsor to convert Building 23 from a warehouse and distribution center to office uses and ancillary employee amenities included a condition of approval that required vehicle trips generated by Building 23 not to exceed the historical number of vehicular trips from the entire site (Buildings 300–309) on a daily trip basis and during the a.m. and p.m. peak periods. A trip generation analysis was conducted that quantified existing trips from the entire site based on 2011 conditions (i.e., when the site was most recently operating at its typical capacity). As shown in Table 3.0-1 on page 3-4 of the Draft EIR, an analysis found that the entire site generated 525 a.m. peak-hour trips, 840 p.m. peak-hour trips, and 3,745 daily trips. These trips were allocated to Building 23 because, once fully occupied, it would consume most of the trips (specifically, the daily trips) and preclude significant office uses at other portions of the site.

As part of this Project, the Project Sponsor has proposed a site-wide vehicle trip cap, which would involve Buildings 20, 21, 22, and 23 as well as the hotel. The Project Sponsor's site-wide vehicle trip cap proposal would mean fewer trips for Building 23 than the number allocated by approval of the 2014 use permit. The Project Sponsor has indicated that, as a result of its aggressive Transportation Demand Management (TDM) program, it anticipates the number of peak-period trips permitted under the Building 23 use permit to exceed the number of trips required for full occupancy of that building. The Project Sponsor has proposed that only 425 vehicle trips during each of the a.m. and p.m. peak hours be "allocated" to Building 23. This means that 100 a.m. peak-hour trips and 415 P.M. peak-hour trips, although permitted and "assigned" to Building 23 under the previous entitlement, would be available for use on the remainder of the Project site and, therefore, would be appropriate to include in the baseline for purposes of the transportation analysis of the Project. This adjusted baseline applies only to the peak periods because the anticipated use of Building 23 would require 3,745 permitted daily trips with the proposed trip cap. Therefore, the baseline for purposes of daily trips is zero. Please refer to page 3-4 of the Draft EIR for further information.

Site Population

As discussed on page 3-4 of the Draft EIR, the worker count for the site (Buildings 300–309) in 2011 was estimated to be 1,098 full-time workers. At full occupancy of Building 23 (formerly Building 300), it is assumed there will be 1,540 workers at the site. Because of the Project Sponsor's unique trip generation rate (due, in part, to its robust TDM program), it is anticipated Building 23 can accommodate an increase in population without exceeding the historic number of 2011 trips for the site or the proposed trip cap. Because the anticipated population of Building 23 would exceed the previous worker count, with approval of the use permit for Building 23, the historic number of workers on the entire site was allocated to

Building 23. Therefore, the most realistic measure of the Project's impact on the environment is a baseline worker population of zero, and any new workers that this Project would bring to the site would be considered net new. This is also why the No Project Alternative presented in Chapter 5, *Alternatives*, of the Draft EIR assumes that the site would remain vacant if the Project is not approved.

Site Water, Natural Gas, and Electricity Usage

The existing water, natural gas, and electricity usage at the Project site are discussed on page 3-5 of the Draft EIR. The baseline assumptions for water usage reflect both the site's existing water usage as well as practical constraints due to there being only a single water meter for the entire site. Historically, the site was used primarily for industrial activities, such as manufacturing, distribution, and warehousing, with some ancillary office uses. Therefore, existing water usage at the site (unlike trips) is more closely related to existing land uses than site population. In addition, all buildings at the site are associated with a single water meter. According to the Water Supply Assessment (WSA) prepared for the Project, average water usage for the site from 2010 to 2015 was 77 million gallons per year. The WSA conservatively projects that anticipated water usage at Building 23 at full occupancy would be 19.1 million gallons per year. The Draft EIR, therefore, considers "baseline" water usage at the site as average water usage at the site from 2010 to 2015 less the conservatively estimated usage for Building 23 in order to provide an accurate depiction of baseline conditions. This results in approximately 58 million gallons per year as the baseline water usage for the Project.

General industrial uses associated with the site's historic occupancy by TE and Pentair required natural gas for manufacturing processes. Therefore, natural gas consumption, similar to water usage, was considered to be independent of the onsite population. In addition, the site had only one gas meter for the existing buildings. If the same method that was used to calculate the baseline for water usage is applied to natural gas usage, the baseline is approximately 800,000 therms per year (pro-rated to exclude Building 23's projected demand, based on gross square footage).

Energy usage at the existing campus and the individual buildings onsite is known for 2013 to 2015. Average energy usage during that time at Building 23 (formerly known as Building 300), which was used primarily as a warehouse, with ancillary office uses, was 621,069 kilowatt-hours (kWh) per year. The anticipated energy use at Building 23 following its conversion to office uses is projected to be higher, approximately 2,922,034 kWh per year at full occupancy. This increase is attributable to the significant changes in operations at that building (i.e., conversion/renovation of a warehouse to an office). Therefore, instead of removing average historical usage from existing baseline conditions, removing the projected electricity usage for build out for Building 23 would result in a more conservative analysis. This is consistent with the methodology applied to natural gas and water usage at the site and results in a baseline for electricity of 32,530,676 kWh per year.

Master Response 4: Social and Economic Impacts, Population and Housing, Growth-Inducing Impacts

Several of the comments received on the Draft EIR concern social and economic effects related to the Project, including population and housing growth, housing affordability, the jobs/housing balance, displacement in Belle Haven and East Palo Alto, and others. Some of these comments assert that the Draft EIR engaged in a "sleight of hand" that resulted in an underestimation of the population and housing impacts and growth-inducing impacts. Many of these comments also request additional information and analysis concerning the social and economic merits or effects of the Project.

Many of the comments relate to indirect effects of the Project. An indirect environmental impact is a change to the physical environment that is not immediately related to the Project (California Environmental Quality Act [CEQA] Guidelines 15064(d)(2)). Indirect effects are changes to the physical environment that occur later in time or farther removed in distance (CEQA Guidelines Section 15358(a)(2)). Indirect effects can include growth-inducing effects and other effects related to a change in the pattern of land use, population, or density or a growth rate induced by the Project (CEQA Guidelines Section 15358(a)(2)). An indirect impact should be considered only if it is a reasonably foreseeable impact caused by the Project (CEQA Guidelines Section 15064(d)(3)). An indirect impact can be evaluated at a more general level of detail (see *Save the Plastic Bag Coalition v. City of Manhattan Beach* [2011], 52 Cal.4th 155, 174 [negative declaration stating that remote indirect impacts can be evaluated at a reasonably high level of generality]; see also *Marin Mun. Water Dist. V. KG Land Cal. Corp* [1991], 235 Cal.App.3d 1652, 1663, stating that it was reasonable for the district to decline to speculate about long-term secondary effects.) Thus, CEQA does not require the level of detail requested by many commenters relative to the Project's indirect effects. Also, although many of the comments do not relate to the adequacy of the Draft EIR but to the merits of the Project and therefore do not require additional analysis under CEQA, this master response is intended to provide a good-faith response that addresses concerns regarding the indirect effects of the Project. It begins by addressing CEQA's requirements as they relate to the analysis of socioeconomic issues and then discusses several of the socioeconomic concerns raised by commenters, including housing affordability, the jobs/housing balance, and displacement. It then turns to the assumptions used in the Draft EIR and corresponding studies, growth in the city and the region, indirect housing production, the multiplier effect and growth-inducing impacts, and cumulative impacts.

Relationship Between CEQA and the Social and Economic Effects of a Project

CEQA is an environmental protection statute that is concerned with foreseeable physical changes in the environment. Significant effects on the environment are those that result in a substantial, or potentially substantial, adverse change in any of the physical conditions within the area affected by the Project, including conditions related to land, air, water, mineral resources, flora, fauna, noise, and objects of historic or aesthetic significance.

Economic or social changes alone are not considered significant effects on the environment. CEQA Guidelines Section 15064(e) provides that economic and social changes resulting from a project shall not be treated as significant effects on the environment (see also CEQA Guidelines Sections 15358(b), 15064(e), and 15382). As a result, evidence of social or economic impacts that do not contribute to, or are not caused by, physical impacts on the environment do not provide substantial evidence of a significant impact that require analysis under CEQA. Examples of socioeconomic effects that are typically not evaluated under CEQA include effects on property values, local unemployment, and impacts on specific businesses (see *Preserve Poway v. City of Poway* [2016], 245 Cal.App.4th 560 [a change in community character absent an adverse change in the physical environment was not subject to CEQA]; *Saltonstall v. City of Sacramento* [2015], 234 Cal.App.4th 549, 585 [allegations that a proposed basketball stadium would result in post-event impacts on safety by event crowds and the potential for crowd violence raised a social issue rather than an environmental issue that must be reviewed under CEQA]; *Maintain Our Desert Env't v. Town of Apple Valley* [2004], 124 Cal.App.4th 430 [large national retailer need not be identified as end user in EIR's project description because social, economic, and business competition concerns are not relevant under CEQA unless it is shown that they bear directly in the EIR's analysis of effects on the physical environment]; *Friends of Davis v. City of Davis* [2000], 83 Cal.App.4th 1004 [economic effect of a new store on similar stores was not a CEQA issue, absent substantial

evidence of an adverse physical change]; *Goleta Union School District v. Regents of U.C.* [1995], 37 Cal.App.4th 1025 [school overcrowding was a social impact and not subject to CEQA consideration]; *City of Pasadena v. State* [1993], 14 Cal.App.4th 810 [the social effects of locating a parole office in downtown were not subject to CEQA]).

A social or economic change related to a physical change may, however, be considered in determining whether the physical change is significant (see CEQA Guidelines Section 15382). CEQA requires a discussion of socioeconomic effects only if there is a causal linkage between a project and an adverse physical environmental effect (see *Kaufman & Broad-S. Bay, Inc. v. Morgan Hill Unified Sch. Dist.* [1992], 9 Cal.App.4th 464, 474 [holding that CEQA analysis is only required where an action is “an essential step in a chain of events leading to change in the physical environment”].) CEQA Guidelines Section 15131(a) further provides that “An EIR may trace a chain of cause and effect from a proposed decision on a project through anticipated economic or social changes resulting from the project to physical changes in turn caused by the economic or social changes. The intermediate economic or social changes need not be analyzed in any detail greater than necessary to trace the chain of cause and effect. The focus of the analysis shall be on the physical changes.” An indirect physical change is to be considered only if that change is a reasonably foreseeable impact that may be caused by the Project. A change that is speculative or unlikely to occur as a result of a project is not reasonably foreseeable (see CEQA Guidelines Section 15064(d)(3)).

Where there is substantial evidence that a project’s social or economic impact results in a change in the physical environment, however, analysis under CEQA is required (*Bakersfield Citizens for Local Control v. City of Bakersfield* (2004), 124 Cal.App.4th 1184 [economic competition from a big-box store would result in long-term vacancies in nearby smaller stores that would be forced out of business; the vacancies would result in physical deterioration of the buildings and “urban decay,” which needed to be analyzed under CEQA]). CEQA Guidelines Section 15064 explains that substantial evidence shall include facts, reasonable assumptions predicated upon facts, and expert opinion supported by facts. Argument, speculation, unsubstantiated opinion or narrative, evidence that is inaccurate or erroneous, or evidence that is not credible shall not constitute substantial evidence.

Several comments express concerns regarding the potential social and economic changes that could result from the Project, including concerns pertaining to housing affordability and impacts related to below-market-rate (BMR) housing, environmental justice, displacement, gentrification, and other socioeconomic issues. Other comments focused on public policy issues, fiscal issues, and community benefits from the Project. As explained more fully below, these topics do not require analysis under CEQA, except to the extent that there is substantial evidence to support a finding that they would result in physical environmental effects. However, they may be considered by the Planning Commission and City Council during their deliberations on the merits of the Project.

Reports related to these issues, including the Housing Needs Assessment (HNA) and Displacement Analysis, have been prepared by Keyser Marston and Associates (KMA). The reports, prepared by an expert, provide substantial evidence and are available to aid decision-makers as they consider the merits of the Project. Additional discussion of these topics is provided below for informational purposes only.

Jobs/Housing Balance. Several commenters express concern regarding the “jobs/housing balance” in the city and the Draft EIR’s projections that the jobs/housing ratio in the city would worsen with approval of the Project.

“Jobs/housing balance” refers to the ratio of the total job count in a jurisdiction and the total household count in the same area. Jobs/housing balance is an indicator of the extent to which the workforce may have the opportunity to live and work in that same community, assuming that the occupations of the workers match the occupations and skills required for the jobs and that the housing meets the needs of those workers. Local governments may use it as a planning tool to achieve particular policy outcomes. It is not, however, a regulatory tool. It does not necessarily imply a physical change to the environment or relate to any recognized threshold of significance under CEQA. Today’s mobile society, as well as the right to live in a place of one’s own choosing, results in employees regularly crossing jurisdictional boundaries when going from their place of residence to their place of work. Because of this, no individual community can reasonably be expected to have a perfect jobs/housing balance, and what constitutes an appropriate jobs/housing balance in the first instance is subjective and subject to debate. Even where a theoretical balance does exist, there is no assurance that the people living in a community also work there, both because housing choices are highly individualized and, based on numerous factors, because the nature of the jobs available in the jurisdiction may require different skills and educational backgrounds than the residents possess. As a result, worsening of the jobs/housing ratio, in and of itself, is not a physical impact on the environment. A worsening jobs/housing balance may, however, be an indicator of longer commute times, the associated environmental consequences of which, such as impacts related to transportation, air quality, and greenhouse gas (GHG) emissions, are discussed in other sections of the EIR (i.e., Sections 3.3, 3.4, and 3.5 of the Draft EIR).

The jobs/housing balance may also form the basis for policies in a city’s general plan. Because an EIR is required to analyze a project’s consistency with the general plan, this topic would require discussion in the Draft EIR if the Project would directly conflict with a general plan policy requiring, for example, that the jobs/housing balance be maintained at a certain level. The City’s current General Plan has no policies that require maintaining the jobs/housing balance at a certain level. Therefore, changes in the balance do not conflict with the General Plan. Nevertheless, the jobs/housing ratio is discussed for informational purposes in Section 3.1, *Land Use and Planning*, and Section 3.12, *Population and Housing*, of the Draft EIR.

Some commenters question the Draft EIR’s conclusion that the Project would not induce substantial growth in the city and the region. Commenters cite the decision in *Defend the Bay v. City of Irvine* (2004), 119 Cal.App.4th 1261, for support and appear to assert that a worsening of jobs/housing balance is, by definition, a physical impact on the environment, thereby requiring analysis under CEQA. However, the court in *Defend the Bay* acknowledged that CEQA does not require that an EIR discuss jobs/housing balance in detail:

If a project will create jobs and bring people into the area, the EIR must discuss the resulting housing needs but not in minute detail. It is enough to identify the housing required and its probable location. (citing *Napa Citizens for Honest Government v. Napa County Bd. of Supervisors* [2001], 91 Cal.App.4th 342, 367, 370–371)

In *Defend the Bay*, the impact to be analyzed was not an imbalance in jobs and housing in the city per se. Instead, the case focused on whether the EIR adequately analyzed the project’s potential for a substantial and adverse impact on physical conditions within the area affected by the project. The court rejected the argument that a worsening of jobs/housing balance can, by definition, be regarded as significant and concluded that the EIR’s determination that the project’s impacts on housing would be substantial but not adverse was supported by substantial evidence. The court further rejected the argument that “any project that creates more jobs than housing has a significant adverse impact,” concluding that “reasonable minds can differ about whether a lower jobs-to-housing ratio than that of the City ameliorates the problem or whether a ratio over 0.99 exacerbates it. That does not mean the

City's conclusion lacks support in the record" (*Id.* at 1267–1268). It is up to the lead agency to determine, in its independent judgment and based on substantial evidence, whether a housing impact is both substantial and adverse. As discussed in Section 3.12, *Population and Housing*, of the Draft EIR and below, substantial evidence supports the Draft EIR's conclusion that the Project would not create any significant environmental impacts related to housing because the projected housing demand associated with the Project could be accommodated in the city and region.

Other commenters identify potential conflicts between the Project and Plan Bay Area, the interdisciplinary regional plan intended to, among other things, balance job and housing growth within the region. Plan Bay Area is not a binding document to which cities are required to adhere. Plan Bay Area is aimed at promoting most of the future demand for jobs and housing within Priority Development Areas (PDAs), a designation that is not applicable to the Project site. There is nothing in Plan Bay Area that specifies a particular jobs/housing ratio for Menlo Park, nor is there any specific policy that discourages additional job creation outside the PDAs. Table 14 of Plan Bay Area identifies the top 15 cities for residential growth; it does not include Menlo Park. For these reasons, there is no evidence that the Project would conflict with Plan Bay Area or give rise to significant physical impacts associated with Plan Bay Area. For further discussion of the Project and Plan Bay Area, see the discussion in the Draft EIR starting on page 3.1-12 (*Land Use and Planning*).

Because housing-related issues are regional in nature, the Draft EIR's analysis of population and housing and other environmental impact topics does not assume that an individual project would be required to provide a balance of jobs and housing at every income tier. As discussed in Section 3.12, *Population and Housing*, of the Draft EIR, the Project would not displace any existing housing or people, and no mitigation measures would be required to address population growth on the site because the threshold of significance is not whether a project itself provides a balance between jobs and housing costs but rather whether or not a project would induce "substantial growth" that cannot be accommodated or would exceed growth projections such that physical impacts would result.

As mentioned above, worker commutes resulting from the worsening of the jobs/housing ratio could manifest in substantial traffic, air quality, and GHG impacts. These impacts from the Project are disclosed throughout the Draft EIR (particularly in Sections 3.3, *Transportation*; 3.4, *Air Quality*; and 3.5, *Greenhouse Gas Emissions*). A discussion of secondary environmental impacts outside the city and region due to induced housing growth is presented in Chapter 4, *Other CEQA Considerations*, of the Draft EIR and elaborated upon in more detail below. The level of detail provided in Chapter 4, *Other CEQA Considerations*, satisfies the level of detail required by the court in the *Napa Citizens* decision, which does not require minute detail but an identification of the housing required and its probable location. An indirect impact can be evaluated at a more general level of detail; more would be speculative. Therefore, the Draft EIR provided the appropriate level of detail.

Housing Affordability/Below-Market-Rate Housing. Several commenters raise the affordability of housing as a key concern. Housing affordability is an economic and social issue that informs policy decisions made by the City, but it does not generally require analysis under CEQA and is not treated, per se, as a significant effect on the environment (see CEQA Guidelines Section 15064(e)). A project's effects on a city's existing affordable housing stock would be relevant under CEQA if, for example, a proposed project physically removed existing affordable units and necessitated the construction of replacement housing. A shortfall of affordable units in a jurisdiction is not, however, by itself, a physical impact on the environment, nor is a project's potential effects on property values, unless they result in reasonably foreseeable physical impacts on the environment.

A shortfall in affordable units, including those for low-income workers, within the city is not a physical environmental impact because there is no substantial evidence that the Project would worsen the city's or region's existing shortfall of affordable housing units such that the construction of additional replacement housing units elsewhere would be reasonably foreseeable. Section 3.12, *Population and Housing*, of the Draft EIR, which is based on information from the HNA and the Regional Housing Need Allocation (RHNA), provides a discussion of indirect housing demand according to affordability levels in the city for informational purposes. Employment growth generated by the Project would contribute to housing demand at various income levels throughout the region. The distribution of housing demand is discussed on page 3.12-12 of the Draft EIR. As further explained below, the Project's housing demand would be satisfied by both existing and new housing units within the city and throughout the region..

The Draft EIR concludes at page 3.12-11 that the housing demand generated by the Project would be satisfied by existing vacant units, the number of which would exceed the demand generated by the Project. In addition, Table 3.12-1 in Section 3.12 of the Draft EIR describes the City's RHNA allocation of 655 units. Table 3.12-6 of the Draft EIR illustrates that the Project would generate demand for 175 units across income tiers in Menlo Park. The 655 units that the City planned for in the last Housing Element through the "up zoning" of property would accommodate the need for 175 units generated by the Project. Furthermore, there is a substantial amount of new housing, either under construction or in the approval pipeline, that will be available by the time the Project is built out (anticipated to be mid-2020, as described on page 2-16, *Project Description*, of the Draft EIR). Approximately 1,380 units (of which 90 are senior housing units) are approved and anticipated to be available for occupancy prior to completion of the Project. These will provide new housing, in addition to what was considered in the Draft EIR, to more than satisfy the housing demand generated by the Project in Menlo Park. The remaining housing demand of 3,463 units projected for the Project would be distributed across the region, with the majority in San Mateo, Santa Clara, and San Francisco Counties.

With respect to affordability, the highest demand for housing is in the upper income tier, a total of 1,887 units that would be distributed throughout the region. Table 3.12-6 of the Draft EIR reflects the higher compensation levels that are characteristic of employees in Facebook's industry classification. Employee households that are estimated to fall into the very low-income tier include Facebook direct employees in office and administrative support, sales, and art and design occupations as well as many of the hotel, contract food service, security, and janitorial service workers.

To the extent the concerns relate to affordable housing policy issues, they are noted but do not raise issues warranting study under CEQA because they do not raise environmental concerns related to direct or indirect physical environmental effects of the Project. The City has a variety of programs and policies that promote affordable housing and support non-profit housing organizations. In addition, the Project Sponsor would be required to comply with the City's BMR Ordinance. Compliance with the BMR Ordinance would provide for a number of affordable housing units to be built or financed, contributing to achievement of the City's RHNA goals and promoting consistency with its General Plan.

The BMR Ordinance requires provision of units onsite, provision of units at another site, or payment of an in-lieu fee. As discussed above, residential use of the Project site is not feasible. The Project Sponsor does not own any sites in the city that, at this time and under current General Plan and zoning regulations, are available and feasible for construction of an adequate number of BMR units to satisfy the requirements of the BMR Ordinance. Therefore, the Project Sponsor would pay the required in-lieu fee. Compliance with the BMR Ordinance would provide for a number of affordable housing units to be built or financed, contributing to achievement of the City's RHNA goals and consistency with its General Plan. Furthermore, as part of the development agreement, the Project Sponsor has proposed additional public benefits related to affordable housing, including:

- (1) Commitment to explore opportunities to leverage the BMR housing fees to create the maximum number of affordable units feasible;
- (2) \$350,000 funding commitment to conduct a Housing Inventory and Local Supply Study in partnership with the City of Menlo Park and East Palo Alto to assess local housing conditions and facilitate development of a regional housing strategy;
- (3) \$1.5 million funding commitment to establish a Housing Innovation Fund to identify near-term actions that can be taken within the local community as a direct outcome of the Housing Inventory and Local Supply Study;
- (4) \$1 million commitment to establish a pilot Housing Preservation Fund to identify and purchase housing in the immediate vicinity of the Facebook Campus to protect at-risk populations;
- (5) Commitment to initiate a pilot Workforce Housing Program in the Belle Haven community that will reduce rents for up to 22 units of workforce housing at 777 Hamilton Avenue for 5 years (up to \$430,000 per year for 5 years, or \$2.15 million), with priority being given to local teachers; and
- (6) Commitment to the planning and design of at least 1,500 housing units on the Menlo Science and Technology Park site owned by Facebook, consistent with the General Plan update (if and when ConnectMenlo is approved), and an agreement that any residential project on the site would include 15 percent BMR units and/or workforce housing units (regardless of whether the units are for sale or rentals).

Environmental Justice. The concept of environmental justice relates to whether a project would result in a disproportionate, adverse impact on a low-income or minority population. Generally, the term environmental justice has referred to the effect of siting heavier polluting facilities in or near poor neighborhoods. The Project, an office use, is not siting a heavy polluter in a poor neighborhood. The analysis in the Draft EIR considered the physical environmental impacts of the Project on the surrounding neighborhood regardless of income or population. The EIR discloses the adverse impacts of the Project for all populations and includes mitigation measures for significant impacts where feasible. The potential for upward pressure on the cost of housing from an office development with highly paid workers thus addresses a different topic than the environmental justice concerns of siting more heavily polluting uses in lower-income neighborhoods. The comments relative to environmental justice are concerns about indirect or secondary impacts, which, as discussed above, are not treated as a significant effect on the environment. Because the environmental justice comments relate to social policy issues and are not considered an impact on the environment, no further discussion is warranted in this EIR.

Displacement and Gentrification. A number of commenters expressed concerns regarding the Project's potential to result in indirect economic displacement of low-income residents and tenants in Belle Haven and East Palo Alto and requested additional information, such as modeling displacement information. Commenters also requested information regarding likely displacement trends, including information regarding the areas that are likely to face pressure and the number of households affected. Commenters also speculated that the combination of market pressures and a shortage of affordable housing units would result in lower-income residents moving to other geographic areas where housing is more affordable.

As discussed above, the displacement of housing units or residents is an appropriate subject for study under CEQA to the extent that a project would displace housing onsite and result in a need to construct replacement housing elsewhere. The language of Appendix G of the CEQA Guidelines, which sets forth

the thresholds of significance for evaluating impacts associated with population and housing, asks this question: “Will the project displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere.” At the outset, the threshold provides that, to be a physical impact, existing housing must be displaced (or demolished). This Project is not displacing existing housing; it is redeveloping a light industrial use with office buildings and a hotel. Therefore, the question posed by Appendix G at the outset is answered in the negative, because there would be no displacement of existing housing. The possibility of economic displacement of existing residents by higher-paid office workers represents a social and economic issue that would not be considered an impact on the physical environment.

In *Concerned Citizens of South Central Los Angeles v. Los Angeles Unified School District* (1994), 24 Cal.App.4th 826, the court considered the adequacy of an EIR that evaluated a school project that would require the elimination of 67 units of affordable housing and displace 280 people by tearing down an existing mixed-use building. The court rejected the challenger’s argument that the EIR failed to provide enough information about the displacement, such as identifying where the persons displaced by the project would relocate, and upheld the EIR’s determination that the impacts from the relocations were too speculative to require analysis in the EIR. This case is an example of the lens CEQA applies to displacement—consideration of a project that will demolish housing and replace it with a different use. Unlike the project in *Concerned Citizens of South Central Los Angeles*, and as explained in Section 3.12, *Population and Housing*, of the Draft EIR, the Project would not result in the demolition of any existing housing units and would not result in the displacement of people, necessitating the construction of replacement housing elsewhere. The allegation that upward economic pressure as a result of development would necessitate construction of new housing and where that housing might be built is extremely speculative and, as the court in *Concerned Citizens of South Central Los Angeles* concluded, is not an analysis required by CEQA.

Several commenters also raised concerns about gentrification. The term “gentrification” often arises in conversations about urban inequality and the increased cost of rental or “for sale” housing. In general, gentrification refers to the arrival of wealthier people in an urban area and a related increase in rents, property values, and economic investment, which can then lead to changes in the area’s character or culture. Gentrification can include positive impacts, such as increased revenue to support local public services, new local business activity, improvements to neighborhood infrastructure, and windfalls for property owners who realize an increase in property values. Gentrification is not a topic under CEQA; however, further information is provided below regarding the various contributing factors that influence economic displacement from gentrification.

During the NOP review, the City received a comment letter from the City of East Palo Alto, requesting that the EIR include an evaluation of the potential for displacement in East Palo Alto. In response, the City engaged KMA to conduct an evaluation of potential economic displacement in East Palo Alto and Menlo Park’s Belle Haven neighborhood (Displacement Analysis). The Displacement Analysis considers the issue of gentrification and was prepared to aid decision-makers and the public in their review of the Project merits. As discussed below, it concludes that it is unlikely that Facebook has had or will have a direct influence on rents and home prices in East Palo Alto and the Belle Haven neighborhood because of the limited number of Facebook employees living in those communities. The analysis provides substantial evidence that the Project would not cause displacement in these communities and would not trigger the need to construct additional replacement housing elsewhere.

KMA reviewed real estate trends using eight comparative communities and estimated direct demand from the Project based on the current share of Facebook workers living in East Palo Alto and Menlo Park’s Belle Haven neighborhood. The analysis used the comparative review of real estate trends to

understand the extent to which localized market trends in the two communities varied from broader regional trends since Facebook moved into its Menlo Park Campus in 2011. The analysis also estimated direct demand for housing in East Palo Alto and the Belle Haven neighborhood based on the current number of Facebook employees living in each community.⁶ In addition, new housing construction activity in East Palo Alto was reviewed, the potential for indirect effects on the local housing market was discussed, U.S. Census Bureau information for East Palo Alto and Menlo Park's Belle Haven neighborhood was summarized, and the jobs/housing relationship, historic market rate, and affordable housing construction in Menlo Park were identified per the request of the City of East Palo Alto.

The Displacement Analysis did not find evidence of a localized influence on market conditions that would depart from the broader regional trends of increased home prices and rents. However, with regard to rental housing in East Palo Alto, a major rental property recently saw significant turnover due to rental increases, making the comparison to other cities difficult. The potential direct influence on housing market conditions from the Project was found to be minimal because of the minor share of housing that employees of Facebook currently occupy and would be expected to occupy with full build out of the Project. Of the approximately 7,475 employees at Facebook's Menlo Park Campus, as of March 2016, approximately 28 individuals live in East Palo Alto and 18 individuals live in the Belle Haven neighborhood. This equates to 0.37 percent and 0.24 percent of the current Facebook workforce, respectively. Based on the number of existing residents and total projected employment from the Project (6,550 employees), the direct demand from the Project would be approximately 21 units in East Palo Alto⁷ and approximately 10 units in the Belle Haven neighborhood. This direct demand represents 0.27 percent and 0.67 percent of the existing housing stock in the two communities and between approximately 1 and 2 percent of the units expected to become available through normal turnover over the next 5 years. Therefore, the potential additional employees that may seek housing in East Palo Alto and the Belle Haven neighborhood could very likely be accommodated by typical rental vacancy patterns. The anticipated additional housing stock in the vicinity could attract a higher share of Facebook employees to the area but would still represent a fairly nominal influence on the overall local housing market.

Some commenters suggest that the above-described numbers are small because of the small supply of affordable housing units and that more Facebook employees would live in these communities if more affordable housing units were available. However, housing choices are complex, and rarely do single factors in isolation influence choice. A number of factors influence how people, in general, select the neighborhoods or communities in which to live, including public safety, weather, family, community and cultural factors, housing affordability, quality of schools, access to employment, and unit type.⁸⁻⁹ Also, the demographics of Facebook employees and their ready access to transit influence location choice.

⁶ Although some commenters express concern about reliance on historic data as the basis for forecasting future projections, reliance on historic data is a commonly accepted method for making future projections. Harvard Business Review. 1971. *Forecasting: How to Choose the Right Forecasting Technique*. John C. Chambers, Satinder K. Mullick, and Donald D. Smith (eds.).

⁷ Table 2 indicates a demand for 25 units in East Palo Alto. This slight difference in numbers is due to the commute data being gathered at different times.

⁸ Lautz, Jessica, Meredith Dunn, Brandi Snowden, and Amanda Riggs. 2016. *Home Buyer and Seller Generational Trends Report 2016*. Research Division, National Association of Realtors. March 9.

⁹ National Association of Realtors and Portland State University. 2015. *Community and Transportation Preferences Survey, U.S. Metro Areas*. July 23. Presentation of data.

Although Facebook would continue to contribute to overall job growth in high-wage occupations in the region, it would not make a significant contribution to rising housing costs in East Palo Alto. Even if a larger percentage of Facebook employees seek housing in East Palo Alto and the Belle Haven neighborhood than have historically done so, the Project is anticipated to exert only a modest indirect influence on home prices and rents based on its small contribution to overall future regional employment and income growth. If Facebook employees follow the average percentage of workers seeking housing in the area (which is higher than the Facebook-specific numbers), there is still no evidence that the Project would necessitate the construction of replacement housing elsewhere because those larger numbers could be accommodated within the numbers described above (vacant, pending, and approved). Further, the comparison of real estate trends showed that the percentage increase in home prices in the Belle Haven neighborhood and East Palo Alto is within the range of increases throughout the broader Bay Area and would be occurring regardless of Facebook's presence in Menlo Park. Rents within all comparison communities increased substantially between 2011 (when Facebook moved to Menlo Park from Palo Alto) and 2016.

The displacement analysis found that it is unlikely that Facebook has had a direct influence on the rents and home prices in East Palo Alto and the Belle Haven neighborhood because of the limited number of Facebook employees living in the communities. Based on available and permitted housing units being developed in the area, the report determined that the current and planned housing in the area could absorb the potential housing demand from the Project. The newly available housing in the area could attract a higher number of Facebook employees than would typically be expected to locate in the vicinity of the Project; however, because these employees would be occupying new units rather than units in the existing housing stock, they would very likely not contribute directly to displacement within East Palo Alto or the Belle Haven neighborhood.

According to rental data¹⁰ for the five major Bay Area counties, as well as the compounded annual growth rates for apartment rents between 2008 and 2015, rents nearly doubled. This time frame (2008 to 2015) isolates the advent of what is generally recognized as the second "tech boom." As the data suggest, rent increases are happening throughout the region, not just around Facebook properties or in areas where Facebook employees live.

Although there is evidence that some economic displacement is occurring in the neighborhoods identified by commenters because of numerous regional factors, there is no substantial evidence that significant economic displacement would be directly caused by the Project. Other sources suggest that East Palo Alto has been undergoing displacement at a much lesser rate than other similar communities in the Bay Area.¹¹ Future changes in the housing distribution patterns of residents and tenants in East Palo Alto are not an inevitable outcome of the Project, and it would be speculative for the EIR to assert an environmental impact.

The existence of real estate marketing and online materials that mention Facebook (e.g., "now is the time to consider affordable East Palo Alto apartments... before the rest of Facebook and Google do!") is not evidence of actual displacement caused by Facebook employees. The number of Facebook employees living in East Palo Alto is *de minimis*, in part due to the demographic profiles and housing preferences of Facebook employees who tend to prefer to live in more dense urban environments, such as

¹⁰ RealFact. 2016. *All Classes Annual Rent Trend*. Raw data, adjusted for inflation using CPI adjustments shown at <http://abag.ca.gov/planning/research/cpi.html>.

¹¹ University of California, Berkeley. 2016. *Urban Displacement Project, San Mateo County's East Palo Alto*. Mitchell Crispell, Logan Rockefeller Harris, and Sydney Cespedes (eds.). March.

San Francisco. In addition, no substantial evidence has been provided that demonstrates that rents and home prices in the vicinity would be directly affected by the Project. At most, marketing materials point to the perceived merit of the Project, which is not an environmental impact that would require additional analysis.

Other commenters cite an article entitled “Job Growth, Housing Affordability and Commuting in the Bay Area,” prepared by professors Alex Karner and Chris Benner (May 2015) and funded by the Bay Area Regional Prosperity Plan Housing Working Group (Karner/Benner Report), supporting the assertion that nearby low-income neighborhoods, including East Palo Alto, are likely to face significant displacement. However, the Karner/Benner Report does not actually support that conclusion. For example:

- The report is not a displacement analysis and is focused primarily on San Francisco, San José, and Oakland; it does not include the Mid-Peninsula region (including San Mateo, Palo Alto, Menlo Park, or East Palo Alto) in its analysis.
- The report assumes that all workers would be new to the region, which overestimates the impact.
- The report is based on 2007–2011 Longitudinal Employer-Household Dynamics (LEHD) information, which represents the time frame of the Great Recession and is not representative of historic trends.
- The report assumes one worker per household (per unit per family), which is not representative of the Bay Area and does not hold for high-cost areas.¹²

The report concluded that there was no “statistically significant correlation” between high-wage job growth and low-wage job growth when all jurisdictions were considered and that the number of low-wage jobs gained or lost with each high-wage job “can vary widely by jurisdiction.” It further found that Sunnyvale and Santa Clara, which were included in the study, added low-wage jobs at a much lower rate than they did high-wage jobs. This suggests that the conclusion of some commenters that high-wage jobs added by the Project would create a demand for a substantial number of low-wage jobs is incorrect. Therefore, concerns of some commenters that the Project would add low-wage jobs in an area where there is a shortage of affordable housing units in relation to those jobs and thus drive economic displacement are not supported.

A separate report prepared by Karner/Benner addresses the concept of “jobs-housing fit.” This report similarly is focused primarily on patterns in existing urban areas, such as San Francisco. Although it identifies relationships between driving patterns, income, and the supply of affordable housing that are appropriate for policy makers, the report does not provide a basis to analyze the environmental impacts from a specific project associated with a specific employer. The content is instead focused on economic considerations (based on projecting income and tracing dollars). As the authors recognize, the actual profile of induced/indirect impacts from a given project is dependent upon specific company profiles. Indirect and induced jobs associated with the Project would tend to include a larger number of high-income jobs (i.e., legal services, architects and designers, consultants, etc.) rather than low-wage jobs. The report also does not account for the fact that the economic benefits of a given project often flow to existing businesses with a workforce that already exists in a given area. As a consequence, the report

¹² Cervero, Robert. 1989. Jobs-Housing Balancing and Regional Mobility. *Journal of the American Planning Association* 55, No. 2:136–150, doi:10.1080/01944368908976014.

does not provide an appropriate tool to evaluate the particular effects of the Project, given the particular characteristics that are unique to Facebook and the Project's location in Menlo Park.

Contributing factors for displacement within East Palo Alto and the region are multi-variable in nature and not appropriate for discussion in the context of environmental review. Nevertheless, the following is provided for informational purposes to provide context, given the concerns expressed by commenters.¹³ Examples of contributing factors include, but are not limited to:

- Historic economic and social trends locally,¹⁴ regionally, nationally, and globally, which have transformed the Bay Area into an area of concentrated economic growth;
- Historic housing policy and land use decisions in the region, which have resulted in relatively low levels of housing construction generally and affordably priced homes and apartments specifically;
- State-wide decisions, such as the dissolution of redevelopment agencies in 2012;
- Dropping household incomes in the Bay Area (excluding San Francisco) over the last 20 years due to shifting job patterns and declining or stagnant wages;
- Decreases in available federal and state funding;
- Changes in technology that have shifted how housing is used (e.g., AirBNB);
- Increased foreign investment in the real estate market; and
- Decisions by individual landlords and property owners made in the context of a particular jurisdiction's landlord/tenant rules, among others.

Many commenters express specific concerns about shifting demographics in East Palo Alto as a result of the Project. Since the 1970s, there have been significant demographic shifts in East Palo Alto that suggest highly migratory population patterns over time.^{15,16}

A separate study prepared by University of California, Berkeley¹⁷ also confirms that East Palo Alto has experienced major population growth and demographic shifts over the past few decades. From 1980 to 2013, East Palo Alto's population grew by 75 percent (compared to San Mateo County's average growth of 24 percent). The population growth correlates to an increase in average household size as well as with an increase in the total number of households. The city also experienced a significant decline in its historic African American community. In 1980, African Americans made up 55 percent of East Palo Alto's population; it was just 15 percent in 2013. There is no evidence to suggest that Facebook's presence in Menlo Park since 2011 has caused or been a substantial contributor to these demographic and population changes.

¹³ BondGraham, Darwin. 2016. *Three Causes to Alameda County's Housing Crisis: Declining Wages, Low Supply, No Money*. East Bay Express. May 18, 2016. Available: <http://www.eastbayexpress.com/SevenDays/archives/2016/05/18/three-causes-to-alameda-countys-housing-crisis-declining-wages-low-supply-no-money>.

¹⁴ Brion Economics. 2016. *Census Data Comparative Analysis: EPA, Belle Haven, Menlo Park, San Mateo, and Santa Clara Counties, 2005/2009 Compared with 2010/2014*. August 9.

¹⁵ Bay Area Census. 2000–2010. *City of East Palo Alto, San Mateo County*. Available: <http://www.bayareacensus.ca.gov/cities/EastPaloAlto.htm>. Accessed: August 25, 2016.

¹⁶ The Nielsen Company. 2015. *Demographic Snapshot of East Palo Alto*. Raw data.

¹⁷ University of California, Berkeley. 2015. *East Palo Alto: An Island of Affordability in a Sea of Wealth*. Prepared in association with the Center for Community Innovation. Available: http://www.urbandisplacement.org/sites/default/files/east_palo_alto_final.pdf.

Declines in federal and state funding for affordable housing programs have also substantially impaired local jurisdictions' ability to finance the construction of new affordable housing. In 2010, for example, the federal HOME Investments Partnerships Program, which is a significant source of funding for low-income rental and owner-occupied housing developments, received \$1.8 billion in federal funding. In 2016, the funding was \$950 million.¹⁸ In addition, California has also reduced funding for Supplemental Security Income/State Supplementary Payment (SSI/SSP) grants, which are a critical source of income for 1.3 million low-income seniors and people with disabilities in California. The state made deep cuts to the SSP portion of the grants, cuts that remain in place today. SSI/SSP grants have lost ground to housing costs, and as a result, low-income seniors are at greater risk of displacement because their housing costs account for more than half of their household income.¹⁹

Finally, because the concerns from commenters relate to socioeconomic impacts and not physical environmental impacts, mitigation measures suggested by commenters, such as financial contributions to existing affordable housing funds, acquiring land to dedicate to lower-income housing, direct financing of affordable housing, and assistance to low-income residents, are not warranted under CEQA. As described above, as part of the Project Sponsor's proposed development agreement terms, the Project Sponsor would provide a number of public benefits in the area of affordable housing.

Population and Housing Impacts and the Draft EIR's Discussion of Growth Inducement

Several commenters raised questions regarding how the Association of Bay Area Governments (ABAG) projections were used in the analysis and concerns that the Draft EIR did not appropriately analyze the cumulative impacts of indirect and induced housing demand from the Project outside of Menlo Park. Other comments asserted that the Draft EIR's analysis of growth-inducing impacts did not satisfy the legal standards that apply to an EIR's discussion of growth-inducing impacts under the *Napa Citizens* decision and did not account for the "multiplier effect." These concerns are addressed below.

Legal Standards for an EIR's Discussion of Housing and Population Impacts. As discussed above, an EIR is required to evaluate the impacts of a project on population and housing based on the thresholds of significance provided in Appendix G of the CEQA Guidelines. Appendix G sets forth the threshold of significance by asking whether a project will "displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere." As discussed above, this analysis relates to the physical impact of demolishing existing units such that replacement units would need to be constructed elsewhere (e.g., demolishing existing housing and constructing a commercial development). The economic and social impacts identified by the comments are indirect impacts.

An EIR is required only to analyze the direct impacts and reasonably foreseeable non-speculative indirect impacts on the environment. An EIR is required to evaluate a particular environmental impact only to the extent that it is "reasonably feasible" to do so (CEQA Guidelines Section 15151). More generally, "the adequacy of an EIR is determined in terms of what is reasonably feasible, in light of factors such as the magnitude of the project at issue, the severity of its likely environmental impacts, and the geographic scope of the project" (CEQA Guidelines Section 15204(a)). As a corollary to this rule, CEQA does not require a lead agency to engage in speculative analysis (CEQA Guidelines Section 15145

¹⁸ National Low-Income Housing Coalition. 2016. *HOME Investment Partnerships Program*. Available: <http://nlihc.org/issues/other/HOME>. Accessed: August 29, 2016.

¹⁹ Graves, Scott. 2016. *Due to State Cuts, SSI/SSP Grants Lose Ground to Housing Costs*. Report. California Budget and Policy Center. Sacramento, CA. February. Available: <http://calbudgetcenter.org/wp-content/uploads/Due-to-State-Cuts-SSI-SSP-Grants-Lose-Ground-to-Housing-Costs-02232016.pdf>.

["If, after thorough investigation, a lead agency finds that a particular impact is too speculative for evaluation, the agency should note its conclusion and terminate discussion of the impact"]. As the court in *Citizens for a Sustainable Treasure Island v. City & County of San Francisco* (2014), 227 Cal.App.4th 1036, 1060–61, explained:

An EIR is not required to engage in speculative analysis [CEQA Guidelines Section 15145]. Indeed, this core principle is well established in the guidelines and case law. While a lead agency must use its “best efforts” to evaluate environmental effects, including the use of reasonable forecasting, “foreseeing the unforeseeable” is not required, nor is predicting the unpredictable or quantifying the unquantifiable [CEQA Guidelines Section 15064, subd. (d)(3) (“A change that is speculative or unlikely to occur is not reasonably foreseeable”); *Cadiz Land Co. v. Rail Cycle* (2000), 83 Cal.App.4th 74, 107–108, 99, Cal.Rptr.2d 378 (“agency is required to forecast only to the extent that an activity could be reasonably expected under the circumstances”)].

This rule rests on both economic and practical considerations. It has long been recognized that premature attempts to evaluate effects that are uncertain to occur or whose severity cannot reliably be measured is “a needlessly wasteful drain of the public fisc. [citation]” (*Environmental Council of Sacramento v. City of Sacramento* [2006], 142 Cal.App.4th 1018, 1031; 48 Cal.Rptr.3d 544) (see, e.g., *Save Round Valley Alliance v. County of Inyo* [2007], 157 Cal.App.4th 1437, 1450–1451; 70 Cal.Rptr.3d 59 [an EIR for a subdivision of single-family residences was not deficient in failing to consider the possibility that the future lot owners might build a second dwelling on their lot pursuant to a local ordinance allowing such dwellings, because the possibility was remote and speculative]).

As explained below, the Draft EIR’s analysis of the Project’s potential impacts and population uses reasonable assumptions and is consistent with CEQA’s requirements and thresholds of significance. The analysis of indirect effects and their impact on the environment is extremely speculative and beyond the scope of CEQA.

Assumptions Used in the Draft EIR and Housing Needs Analysis. The potential impacts on population and housing as a result of the Project are discussed in Section 3.12, *Population and Housing*, of the Draft EIR. In addition, because of the scale of the Project and the number of jobs proposed to be added, two separate housing-related analyses were prepared by KMA. The HNA, Appendix 3.12 of the Draft EIR, addresses the aggregate demand for housing by affordability level associated with the Project. In response to concerns regarding the potential for the Project to cause or contribute to displacement of existing residents of East Palo Alto and the Belle Haven neighborhood of Menlo Park, KMA also prepared a Displacement Analysis, which was released on June 22, 2016, separate from the Draft EIR. Neither of these reports is expressly required by CEQA but were instead prepared to help inform decision-makers and provide additional context in response to concerns raised by the public.

Several commenters raised concerns regarding the assumptions used in the Draft EIR analysis. The following provides further clarification and, as needed, additional evidence on why the assumptions are accurate and appropriate. Nothing in the following discussion provides significant new information that would necessitate recirculation of the EIR.

Definition of Employees. Some commenters requested additional information regarding how workers related to the Project are characterized. Section 3.12, *Population and Housing*, of the Draft EIR; the HNA (Appendix 3.12 of the Draft EIR); and the separate Displacement Analysis represent all onsite workers working in Facebook's offices, the hotel, onsite food services and amenities, security, building services, and janitorial positions. A breakout of these estimates is provided in Appendix 3.12 of the Draft EIR on page 12 (Table 8). In total, 6,098 of the Project's workers are estimated to be employed directly in Facebook's offices (and could include vendors and contractors), 150 are estimated to be employed by the hotel operator, and 302 are estimated to represent employees of other onsite contract service providers, such as food service and building services.

The term "employees" refers to full-time employees who are employed by Facebook. The term "vendors" includes a wide variety of third-party suppliers that provide similar products or services to different customers (such as Facebook) as part of their regular business operations. Examples of vendors that provide services to Facebook range from food service, health care, janitorial, security, and shuttle providers, who may be at Facebook on a regular basis, to consultants, architects and designers, legal service providers, and others, who visit Facebook only periodically (if at all). Some vendors do perform substantial services for Facebook, while others provide services on an as-needed basis. Workers who are associated with "long-term onsite functions," such as food service, janitorial, security, and transportation providers, are generally classified as vendors. Similar to vendors, contractors are not Facebook employees. They are workers who provide services under contract on a temporary basis, and most come from and are employed by Facebook vendors.

There is wide variation among contractors, depending on the particular service being provided. Some contractors visit Facebook only periodically and are not onsite every day, while others are assigned work onsite and may be at Facebook regularly (albeit on a temporary basis). Examples range from administrative assistants who are temporarily covering for someone on parental leave to artists who paint murals on Facebook's Campus over a number of weeks. Lastly, there are Facebook interns. Facebook's internship program is a 3-month program that is limited to students who are currently enrolled in higher-education programs. Interns are generally accommodated in corporate housing for the duration of their internships (typically in the summer). None of the corporate housing used to accommodate interns is located within East Palo Alto or Belle Haven. Thus, the analysis in the EIR includes, in the employment number, workers who provide services that traditionally would be provided offsite and would be part of the indirect or induced job growth described by the "multiplier effect."

Housing Distribution. Several commenters suggest that the percentage of Facebook employees who live in Menlo Park seems too low. The percentage of Project employees who would seek and find housing in Menlo Park is estimated at 4.8 percent, based on a weighted average of commute data for Facebook employees and census data, as described in Table 3-2, below, and in Section 3.12, *Population and Housing*, of the Draft EIR. This percentage reflects the best data available for purposes of estimating the share of Facebook workers who would live in Menlo Park. The commute data used in the analysis represent the most Project-specific and current data available for the purpose of estimating the share of Project employees who will live in Menlo Park. The data are specific to Facebook and reflect the existing patterns. Because commute patterns are likely to differ for contract and hotel employees because of their potentially different income brackets, data from the U.S. Census Bureau were used for these employees and combined with data specific to Facebook employees as a weighted average. The rationale for why 4.8 percent provides a reasonable estimate is enumerated in Draft EIR Appendix 3.12 on pages 29 and 30. In short, the reasons are related to:

- Four years of data on commuting patterns can be used as an indicator of future patterns;
- U.S. Census Bureau data since 1980 does not show a correlation between job growth and the number of Menlo Park workers residing locally;
- Large employers that are new to the area have a small percentage of workers living locally, compared with long-established employers; and
- The Project site is accessible from major roadways.

A more conservative analysis that assumes that 7.6 percent of Facebook employees live in Menlo Park, based on the overall U.S. Census Bureau average for Menlo Park workers, is also provided and described on page 3.12-10 of the Draft EIR and pages 29 through 31 of Appendix 3.12.

Although some commenters believe that reliance on historic data to inform future projections is not an appropriate methodology, no commenters have suggested an alternative methodology or other sources of data that could be used. The approach taken in the Draft EIR represents a widely accepted methodology and is supported by substantial evidence.²⁰ Concerns that, in the future, there may be a systemic change in the distribution of Facebook workers are speculative.

Other commenters suggest that the Draft EIR assumptions are incorrect because they do not account for Facebook initiatives that purportedly are intended to incentivize employees to live closer. However, the historic data trends that inform the analysis in the Draft EIR account for any such incentive programs because they consider historic commute patterns. In addition, because the Project Sponsor has, as of July 2016, excluded the communities of East Palo Alto, Belle Haven, and North Fair Oaks from its relocation program, the commenter's concerns that incentive programs would induce more workers to live in East Palo Alto are not supported. In addition, it is important to note that in any metropolitan region such as the Bay Area, numerous individual factors influence how workers, in general, select the neighborhoods or communities in which to live. Social scientists and marketers have been studying the subject for decades. The following factors are contained in such analyses, usually with the explanation that choices are complex, and rarely do single factors in isolation influence choice. (No hierarchy is implied by the order in which factors are presented.)

- Type of Unit – People tend to look for specific kinds of housing—an apartment, a condo, a detached home. These choices are typically tied to stage of life and other factors.
- Affordability – Cost of housing weighed against economic resources.
- Commute to Work – Many people are willing to commute in order to live in a community that better meets individual needs or preferences. In fact, over half of workers in Menlo Park commute 30 minutes or more each way.²¹ In most households, more than one household member works, so a residential location may be a compromise to make commuting in multiple directions acceptable. For Facebook, access to the network of employer-provided shuttles may be a consideration for many workers in their housing preference decisions.
- Family and Community – Proximity to family, friends, and ethnic and religious communities and connections.

²⁰ Harvard Business Review. 1971. *Forecasting: How to Choose the Right Forecasting Technique*. John C. Chambers, Satinder K. Mullick, and Donald D. Smith (eds.).

²¹ U.S. Census Bureau. 2010–2014. *American Community Survey 5-Year Estimates for Menlo Park*. Workplace geography indicates that just over half of existing workers spend 30 minutes or more commuting and 27 percent commute 45 minutes or more each way.

- Spouse's/Partner's Place of Work.
- Accessibility to Recreational Resources – This can be general—such as proximity to parks and playgrounds—or specific to certain recreational interests.
- Quality of Schools – Either indicated by specific measures or individual perception. This is a factor of concern mostly to those with children or seeking housing with future children in mind.
- Accessibility to Culture and Entertainment – For some this means access to the metropolitan center, and for others the local library and cineplex might be enough.
- Public Safety – Similar to schools, this is either based on hard data or simply on individual perceptions and reputation, which may not be supported by hard data.
- Weather – Microclimates in the Bay Area dictate communities of choice for many.

In summary, many factors influence how people select a neighborhood or community in which to live. Proximity to place of work may be highly influential, but other factors often prove ultimately more compelling. Menlo Park's housing stock represents only 5 percent of that of the county and 0.5 percent of the housing stock of the Bay Area;²² this means Menlo Park represents one choice in an array of options available to workers throughout the region. Given the context of the many individual considerations on where to live, combined with the many options available and the evidence cited in the HNA and summarized above, the Draft EIR appropriately utilized 4.8 percent to determine the number of Facebook workers who could live in Menlo Park (with the rest dispersed throughout the Bay Area).

Several factors that could present a potential increase in the share of Facebook workers living in Menlo Park in the future are acknowledged on page 31 of Appendix 3.12 of the Draft EIR, including, for example, housing being constructed in the vicinity of the Project site in the future. However, attempting to predict precisely how commute patterns might be altered in the future based on possible future events would be speculative (see CEQA Guidelines Section 15064(d)(3) [changes that are speculative are not reasonably foreseeable and do not require analysis in an EIR]). The factor that would most likely have the greatest potential to increase the share of Project employees living in Menlo Park would be the addition of employee housing to the Facebook Campus, a possibility specifically acknowledged on page 31 of Appendix 3.12. Were this to occur (and any such project is speculative at this time and would be subject to a separate discretionary approval process, including CEQA review), the project would most likely result in reduced impacts from the levels represented in the Draft EIR by directly adding to the local supply of housing and reducing the level of commuting from that anticipated in the Draft EIR. Thus, no change is necessary to the analysis in the Draft EIR.

Workers per Household. The HNA (Appendix 3.12 of the Draft EIR) and the Population and Housing Analysis (Draft EIR Section 3.12, page 3.12-10) consider multiple earner households in making the translation from the estimated number of Project employees to the estimated number of housing units in demand. Multiple-earner households have two or more workers and take a variety of forms, such as roommates and housemates, couples, and multi-generational households. The analysis makes an adjustment to recognize that if an added employee lives in a household with one or more other workers, that added employee is not responsible for creating demand for an entire additional housing unit, only a portion of an additional unit. There is no implicit assumption in the workers-per-household calculation

²² Computed using 2015 housing unit totals per Draft EIR, page 3.12-5.

that Facebook workers would live with one another. Multiple-earner households are a factor that must be recognized in the analysis, irrespective of where the other working member(s) of the household is employed.

The specific factor of 1.8 is the average number of workers in each working household in San Mateo County and derived from U.S. Census Bureau data (2011–2013 American Community Survey [ACS]), as described on page 15 in Appendix 3.12 of the Draft EIR. The approach and data source used to account for multiple-earner households is consistent with the approach that KMA has used for many nexus studies to determine affordable housing impact fees applicable to residential and non-residential development as well as other major project-specific analyses over the course of more than 25 years. Other firms and associated studies have adopted a similar approach. The City of East Palo Alto, for example, used precisely the same assumption of 1.80 workers per worker household in the recently prepared affordable housing nexus study.²³ Given the concentration of Facebook workers who live in San Francisco, which has a slightly lower ratio of 1.74 for average number of workers per worker household, a sensitivity test was performed to show the outcome using the ratio applicable to San Francisco (see page 38 of Appendix 3.12 of the Draft EIR). Specifically, the total housing need would be about 3 percent more than what was reported in the Draft EIR. This hypothetical increase in housing demand would not change the conclusions in the Draft EIR.

Some commenters suggest that the adjustment for multiple-earner households is appropriate only in the special case of Facebook workers living with one another in the same unit. However, limiting the adjustment to this special case would overstate the housing needs of Project employees by allotting an entire housing unit to a Facebook worker who shares a unit with another worker who is employed elsewhere. There is no evidence that Facebook employees who are not living with another Facebook employee would live alone in a single unit. In essence, the approach being advocated by some commenters results in double counting a portion of the housing demand. Such an approach would depart from established relationships between the number of workers and the number of housing units in demand, which are evidenced by U.S. Census Bureau data and consistent with the approach used by KMA and others. The following two examples provide further illustrations as to why an adjustment to account for multiple-earner households is necessary and appropriate regardless of where the other working member(s) of the household is employed:

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

²³ David Paul Rosen and Associates. 2014. *City of East Palo Alto Affordable Housing Nexus Study*. Final report. July 10. Prepared for the City of East Palo Alto.

Some commenters also suggest that the assumption of 1.8 worker per household is not methodologically consistent with other Facebook-specific housing data, specifically the 4.8 percent projection in the Draft EIR's analysis of housing demand for workers expected to live in Menlo Park, and suggest that the Draft EIR should ascertain the average number of Facebook employees in the average Facebook household. The housing distribution data were based on historic commute data for Facebook employees. The Project Sponsor does not track information about how many of its employees live with other employed persons, nor is there any basis for concluding that the U.S. Census Bureau data upon which the Draft EIR relies is unrepresentative or unreliable.

Vacancy Rate and New Housing Construction. The Draft EIR discusses the current vacancy rate in Menlo Park to create context relative to the city's overall housing supply. Not all employees of the Project are expected to buy new homes; many may choose to rent or buy existing homes. The vacancy rate provides basic information on the availability of existing residential units in the city. The discussion is not intended to imply that all 175 residential units expected to be needed in Menlo Park for new workers from the Project would be accommodated by the existing housing stock. As explained on page 3.12-11 of the Draft EIR, the Project-related housing demand in the city could be met either with vacant units or anticipated housing growth in the city. The discussions in Section 3.12, *Population and Housing*, and the HNA (Appendix 3.12 of the Draft EIR) regarding the availability of new housing demonstrate that new residences can accommodate much of the demand resulting from the Project, regardless of the vacancy rate. The vacancy rate was based on information from the California Department of Finance's 2015 E-5 City/County Population and Housing Estimates. Although some commenters dispute the validity of this number, none provide evidence that the vacancy rate is lower or that the California Department of Finance's information is unreliable. Although some comments identify lower vacancy rates in San José and San Francisco, those communities are large urban metropolitan areas and are not representative of Menlo Park.

Menlo Park also has a substantial amount of new housing, either under construction or in the approval pipeline, that will be available by the time the Project is built out (anticipated to be mid-2020, as described on page 2-16 of the Draft EIR, although the Draft EIR assumes a somewhat more compressed schedule for purposes of analyzing construction-related impacts). Of these new units, approximately 90 are designated for senior housing and would not, therefore, be considered available to accommodate the Project's projected housing demand. Nonetheless, the remaining 1,290 new units would be able to accommodate the 175 units demanded by the Project. The 1,380 current and planned residential units shown in Table 3-1 include 198 units resulting from the BMR Ordinance and 1,182 market-rate units.

Table 3-1. Current and Planned Residential Construction: Menlo Park

No. of Projects	Status	Type	BMR ^a	Market Rate	Total	
<i>Large Scale (> 50 units) In or Near Belle Haven</i>						
In Belle Haven	2	Construction	Multi-family (MF)	90 ^b	195	285
Near Belle Haven	2	Construction	MF	37	503	540
<i>Large Scale (> 50 units) Outside Belle Haven</i>						
	1	Construction	MF	59	1	60
	2	Planning	MF	8	409	417
<i>Midscale (10-50 units)</i>						
	3	Planning	MF	4	35	39
			SRO ^c	—	16	16
<i>Small Scale (< 10 units)</i>						
	6	Planning	MF	—	23	23
Total				198	1,182	1,380

Source: City of Menlo Park

Notes:

a. For projects in planning, allocation of onsite BMR units subject to change.

b. Includes 90 BMR senior housing units in Belle Haven.

c. Proposed boarding house with common kitchen.

Section 3.12 of the Draft EIR, under the subheader “Housing Growth” on page 3.12-11, has been revised to clarify the relationship between vacant housing stock and new units in accommodating Menlo Park’s expected share of the Project’s housing need. There is no change in the conclusion reached. The revisions are as follows:

Housing Growth. As shown in Table 3.12-3, ABAG estimates that the number of households in the city’s sphere of influence will grow by approximately 380 households between 2015 and 2020. As stated above, the Project could generate demand for 175 housing units in the city, assuming, based on current employee housing locations, that 4.8 percent of employees would live in the city. Therefore, the Project-induced housing demand would equate to approximately 46 percent of the anticipated housing growth in the city’s sphere of influence from 2015 to 2020.²⁹ However, there is substantial residential development currently under way or in the planning pipeline within the city, well in excess of the ABAG growth estimate. Specifically, there are currently 795 multi-family units now under construction, including 96 units being built under the city’s BMR program.³⁰ An additional 495 multi-family units are in the planning stage, including 12 units that will be required under the BMR program.

Because Although the Project’s housing demand is not anticipated in regional projections, the city is currently producing housing in excess of those projections. ~~in the city plans or~~ The Project’s housing need is not accounted for in regional planning efforts, and the likely result of the induced housing demand resulting from Project-generated jobs is pressure for additional housing units to be built in the city, the region, and possibly even outside the region.

As discussed in Section 3.1, *Land Use and Planning*, the city's jobs/housing ratio is projected to worsen over the next 5 years. The Project's development of office and hotel uses, rather than housing, in the context of the city's already-high jobs/housing ratio, does not further the balanced growth objectives of Plan Bay Area, the Sustainable Communities Strategy for the region. A discussion that considers, very broadly, the types of impacts that could occur with infill/redevelopment, suburban development, and rural-residential development is included in Chapter 4, *Other CEQA Considerations*.

The current vacancy rate in the city, according to the DOF, is 5.6 percent, as noted above. This represents approximately 738 vacant units in the city.³¹ ~~The A portion of the 175 housing units (or the 277 units at the upper limit) that would be needed to accommodate the estimated new households generated by the Project could be accommodated by the vacant units. Therefore, it is possible that no additional new housing would be required.~~ If no vacant units were to become occupied by employees of the Project, which is unlikely, the 175 required units would represent 46 percent of the anticipated housing growth in the city between 2015 and 2020, as noted above. However, the city's Housing Element estimates that approximately 1,318 housing units will be constructed by 2035,³² and, as an indication of the market for new residences in Menlo Park, 1,380 housing units are currently under construction or in the planning stage. As such, the Project's demand for housing could be accommodated within the city's current housing supply and anticipated housing construction. Therefore, the demand for housing as a result of the Project would be *less than significant*.

²⁹ (175 units demanded by the Project/380 new units in the city's sphere of influence between 2015 and 2020) x 100 = 46 percent of anticipated housing growth in the city's sphere of influence.

³⁰ In addition to these totals, 90 housing units are being constructed for senior housing; however, this would not serve potential Project employees who could live in Menlo Park and, therefore, are not included in the totals.

³¹ The 5.6% vacancy rate x 13,180 existing total housing units in the city as of January 1, 2015 = 738 vacant units in the city.

³² City of Menlo Park. 2014. *Housing Element*. April 1.

In addition, the text in Impact C-POP-2 on page 3.12-14 of the Draft EIR has been revised as follows:

Impact C-POP-2: Cumulative Increase in Housing Demand. Proposed development in the city would increase the demand for housing but would not exceed growth projections. (LTS)

As stated above, the other development projects would result in 4,831,626 gsf of office/retail/commercial/mixed uses, which would result in approximately 16,911 new jobs. Conservatively assuming that 7.6 percent of employees live within the city and assuming that each new employee who lives in the city forms a household (a conservative scenario), the other projects would generate a housing demand of approximately 714 units within the city.³⁷

The city's existing housing supply consists of 13,180 housing units, with a vacancy rate of 5.6 percent. ~~With this vacancy rate, approximately 738 dwelling units are available to house additional residents.~~ As discussed above under Impact POP-1, 175 housing units would be needed to accommodate the estimated number of new households generated by the Project. Cumulatively, the demand for 889 additional dwelling units (175 from the Project and 714 from cumulative projects) could not be accommodated by the existing vacant housing in the city. The Project accounts for 20 percent of the overall cumulative housing demand. However, as

explained above, there is substantial residential development currently under way or in the planning pipeline within the city, well in excess of the ABAG growth estimate. Specifically, there are currently 795 multi-family units (not including senior housing) now under construction, including 96 units being built under the city's BMR program. An additional 495 multi-family units are in the planning stage, including 12 units that will be required under the BMR program. In addition, 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. Overall, cumulative development would not result in an increase in housing demand beyond current development projections. This cumulative impact is *less than significant*.

Relationship Between ABAG Projections and the Draft EIR's Analysis of Population and Housing Impacts throughout the Region. Commenters also suggest that because ABAG's current projections do not include the Project's expected growth, there is no basis for the Draft EIR's conclusion that population and housing impacts would not be considered a significant impact on the environment. Other commenters assert that because the Project's 6,550 workers would exceed ABAG's job projections for the city, there is inherently a "significant" impact on the environment. These concerns appear to be based on a misunderstanding of the purpose of ABAG's projections and the thresholds of significance for population and housing impacts under CEQA. As indicated in the Draft EIR, exceeding employment projections is not, by itself, a significant impact on the environment. Although the Project would exceed ABAG's projections for employment, it would not result in substantial population growth in the city or the region, thereby necessitating the construction of additional housing.

By way of background, ABAG administers the RHNA for the Bay Area. The RHNA adopted by ABAG assigns to each city and county a share of the region's projected housing demand for the period between 2014 and 2022, which corresponds to the planning horizon for Plan Bay Area.²⁴ This share is reflected in the Housing Element of each city or county, which is one element of the adopted general plan. Although development of housing occurs primarily from private investment, each city and county must identify in its Housing Element sufficient sites that have been assigned sufficient development capacity under its general plan to accommodate its RHNA share.²⁵ As stated in the California Department of Housing and Community Development's (HCD's) letter to ABAG, assigning the 2014–2022 RHNA: "The RHNA represents the *minimum* amount of residential development capacity a jurisdiction must plan to accommodate through zoning and appropriate development strategies. RHNA is not to be used within local general plans as a maximum amount or cap of residential development to plan for or approve."²⁶

The RHNA assumes that population growth will continue and generate a need for housing. It is based on regional population projections from the California Department of Finance and HCD.²⁷ These population projections are the result of complex, multi-variable models that take into account a variety of social and economic factors (i.e., base population, births, deaths, net migration projections).²⁸ The population projections are not based on build out of local general plans. In the Bay Area, new RHNA shares are

²⁴ Pursuant to Senate Bill 375 (Chapter 728, Statutes of 2008), the RHNA is to be reflected in the Regional Transportation Plan/Sustainable Communities Strategy (i.e., Plan Bay Area).

²⁵ Government Code Section 65583 describes the Housing Element provisions of planning and zoning law.

²⁶ California Department of Housing and Community Development. 2012. *HCD Letter to ABAG Assigning the 2014–2022 RHNA*.

²⁷ Government Code Section 65584.

²⁸ California Department of Finance. 2014. *P-1: State and County Population Projections*. Demographic Research Unit. Sacramento, CA. December 15.

assigned every 8 years as part of the mandatory update of city and county Housing Elements. California's population is expected to continue to grow in the future. For example, the California Department of Finance's 2014 *P-1: State and County Population Projections* report estimates that the population of San Mateo County (including its cities) will increase by 23,840 between 2020 and 2025, with an additional 21,961 residents between 2025 and 2030. The population of Santa Clara County (including its cities) will increase by 88,958 between 2020 and 2025, with an additional 91,373 residents between 2025 and 2030.²⁹ Other Bay Area counties are projected to grow similarly. The current RHNA for cities and counties in the Bay Area is for the period from 2014 through 2022. After 2022, the RHNA shares can reasonably be expected to increase in line with projected population increases.

Although it is correct that the present 2014–2022 RHNA did not specifically consider employment added by the Project, that does not mean that the Project's housing demand cannot be accommodated within the RHNA numbers. The ABAG population projections and corresponding RHNA are described in the Draft EIR to provide context for the overall housing demand locally and within the region. The RHNA is not intended to be seen as a cap on development capacity.³⁰ Further, the population projections on which the RHNA is based rely on underlying population projections that are not based on current local general plans but, rather, on separate projections that have been based on population and net migration. As explained in Section 3.12 of the Draft EIR, regional housing production, consistent with the RHNA projections, would provide sufficient housing to meet the Project's demand.

Concerns raised by commenters that projected housing growth is already "fully subscribed," based on job projections that the Project would exceed, confuses employment growth with population growth. There is no basis to conclude that projected housing growth is already "fully subscribed."

Draft EIR's Analysis of Project-Related Housing Demand. A project that generates a substantial number of permanent jobs also may generate a need for new housing for those workers. The decision in *Napa Citizens for Honest Government v. Napa County Bd. of Supervisors* (2001), 91 Cal.App.4th 342, held that the potential physical impact of new housing related to a job-rich project, in that case a specific plan for a 2,000-acre industrial/business park near Napa County Airport, is a topic for consideration in an EIR. That court found that the business park's Final Subsequent EIR (FSEIR) is "required to discuss such housing needs as reasonably might be generated by the project, but not in great detail." The court concluded that:

... in order to fulfill its purpose as an informational document, the FSEIR should, at a minimum, identify the number and type of housing units that persons working within the Project area can be anticipated to require, and identify the probable location of those units. The FSEIR also should consider whether the identified communities have sufficient housing units and sufficient services to accommodate the anticipated increase in population. If it is concluded that the communities lack sufficient units and/or services, the FSEIR should identify that fact and explain that action will need to be taken to provide those units or services, or both. Because it cannot be known if the Project will cause growth in any particular area, and because the Project most likely will not be the sole contributor to growth in any particular area, it is not, however, reasonable to require the FSEIR to undertake a detailed analysis of the results of such growth.

²⁹ California Department of Finance. 2014. *P-1: State and County Population Projections*. Demographic Research Unit. Sacramento, CA. December 15.

³⁰ Association of Bay Area Governments and Metropolitan Transportation Commission. 2013. *Plan Bay Area*. Page 3.

In contrast to the comments, the court in *Napa Citizens* did not conclude that an exhaustive analysis of the potential physical impact of new housing related to a job-rich project was necessary or that a detailed analysis of the results of such growth was necessary. As discussed below, the Draft EIR provided the required level of detail relative to this concern.

One commenter suggested a four-step process for evaluating impacts of induced housing growth, based on the *Napa Citizens* case. Step one is identifying the demand for housing units generated by projects. The Draft EIR and HNA adequately identify the number of housing units that persons working in the Project area would require (i.e., 3,638 units) (see Impact POP-1 on pages 3.12-9 through 3.12-12). The second step is identifying the probable location of such units, and the third step is to determine whether the identified communities have sufficient housing units and services. These factors are addressed in the Draft EIR and HNA and expanded upon below. The data provide substantial evidence to support the conclusion that the communities will be able to accommodate the additional housing demand associated with the Project. As indicated on pages 3.12-11 and 3.12-12 of the Draft EIR, ABAG projects that the number of households in the Bay Area region will grow by 4.3 percent, 3.8 percent in San Mateo County, and 2.6 percent in the city. Between 2015 and 2020, the indirect housing demand generated by the Project would be only 3.1 percent of the projected growth in the Bay Area, 8.3 percent of the projected growth in San Mateo County, and 46 percent of the growth in the city (which, as discussed above, will also be adding 1,290 units [currently in the pipeline or under construction]). Therefore, the Draft EIR appropriately concludes that the Project's indirect housing demand would not represent a significant share of the planned growth in the region, and thus, impacts would be considered less than significant. Because the analysis supports the conclusion that the communities would have sufficient capacity to absorb the Project's housing demand, the fourth and final step, identifying what actions would be required to provide sufficient units, is not triggered.

The HNA in Appendix 3.12 of the Draft EIR examines the Project's potential for generating new worker households in detail. The following summarizes the results of that analysis. New jobs associated with the Project would result in new worker households that would need housing within commuting distance of Menlo Park. Using information included in the HNA (Appendix 3.12 of the Draft EIR), Table 3-2 shows a breakdown of the Project's housing demand for 3,638 units across the communities where workers would live. Table 3-2 thus expands upon Table 18-B in the HNA, which identifies the low and high estimates for where the Project's projected housing demand would be allocated throughout the Bay Area region.

Table 3-2 was generated using KMA's jobs/housing nexus model. The model was originally developed approximately 25 years ago to analyze the linkage between land use and housing needs by household affordability level. The model has been refined and updated over the years. In more recent years, it has been modified to analyze specific projects, such as the Project. Thus, contrary to concerns raised by commenters that the EIR fails to identify where the Project's workforce could live, the EIR provides sufficient analysis and satisfies the standards in *Napa Citizens*.

Table 3-2. Project-Related 2020 Housing Demand

	Place of Residence for Project Employees^{a,b}	2015 to 2020 Housing Growth per ABAG Projections^c	Project Housing Demand in 2020^{b,d}	Project Housing Demand as a Percentage of Household Growth 2015–2020^e
San Mateo County				
Atherton	0.4%	50	15	29.1
Belmont	1.0%	250	36	14.6
Burlingame	0.7%	640	25	4.0
Daly City	0.4%	810	15	1.8
East Palo Alto	0.7%	330	25	7.7
Foster City	1.4%	210	51	24.3
Half Moon Bay	0.2%	120	7	6.1
Highlands-Baywood Park	0.0%	—	—	—
Hillsborough	0.2%	50	7	14.6
Menlo Park	4.8%	380	175	46.0
Millbrae	0.2%	510	7	1.4
Pacifica	0.2%	200	7	3.6
Portola Valley	0.2%	40	7	18.2
Redwood City	6.0%	2,140	218	10.2
San Bruno	0.2%	760	7	1.0
San Carlos	1.2%	320	44	13.7
San Mateo	2.8%	1,760	102	5.8
South San Francisco	0.5%	1,180	18	1.5
Woodside	0.3%	50	11	21.8
Balance of County ^f	1.8%	1,020	66	6.4
<i>Subtotal</i>	<i>23.0%</i>	<i>10,050</i>	<i>843</i>	<i>8.3</i>
Santa Clara County				
Campbell	0.5%	550	18	3.3
Cupertino	1.4%	650	51	7.8
Los Altos	1.4%	240	51	21.2
Los Altos Hills	0.3%	80	11	13.7
Los Gatos	0.5%	320	18	5.7
Milpitas	0.6%	2,110	22	1.0
Monte Sereno	0.0%	30	0	0.0
Morgan Hill	0.3%	640	11	1.7
Mountain View	9.4%	1,670	342	20.5
Palo Alto	5.9%	1,380	215	15.6
San José	7.6%	22,380	277	1.2
Santa Clara	2.3%	2,410	84	3.5
Saratoga	0.6%	210	22	10.4
Stanford	0.1%	—	4	—
Sunnyvale	6.6%	3,280	240	7.3
Balance of County ^f	0.2%	560	7	1.3
<i>Subtotal</i>	<i>37.6%</i>	<i>36,510</i>	<i>1,368</i>	<i>3.75</i>

	Place of Residence for Project Employees ^{a,b}	2015 to 2020 Housing Growth per ABAG Projections ^c	Project Housing Demand in 2020 ^{b,d}	Project Housing Demand as a Percentage of Household Growth 2015–2020 ^e
Alameda County				
Alameda	0.2%	1,090	7	0.7
Berkeley	0.4%	1,690	15	0.9
Castro Valley	0.3%	160	11	6.8
Dublin	0.4%	1,460	15	1.0
Fremont	5.5%	3,060	200	6.5
Hayward	0.5%	2,290	18	0.8
Livermore	0.1%	1,930	4	0.2
Newark	1.0%	620	36	5.9
Oakland	1.6%	9,870	58	0.6
Pleasanton	0.5%	1,190	18	1.5
San Leandro	0.2%	1,300	7	0.6
San Lorenzo	0.1%	120	4	3.0
Union City	1.1%	560	40	7.2
Balance of County ^f	0.4%	1,720	15	0.9
<i>Subtotal</i>	<i>12.2%</i>	<i>27,060</i>	<i>444</i>	<i>1.6</i>
San Francisco County	<i>24.3%</i>	<i>17,160</i>	<i>884</i>	<i>5.2</i>
Contra Costa County	<i>0.8%</i>	<i>12,930</i>	<i>29</i>	<i>0.2</i>
Marin, Napa, and Sonoma Counties	<i>0.2%</i>	<i>8,690</i>	<i>7</i>	<i>0.1</i>
Total in Bay Area Region	98.1%^g	117,270	3,575	3.0
Outside the Bay Area Region	1.9%	—	63	—
TOTAL	100%^g		3,638	

Notes:

- ^a Keyser Marston Associates, Inc. 2016. *Housing Needs Analysis Menlo Park Facebook Campus Project*.
- ^b Average of commute patterns for existing Facebook employees and all city workers, weighted in accordance with the proportion of Project employees and contract workers. City commute pattern reflects 2006–2010 ACS special tabulation. Facebook commute pattern reflects information provided by the Project Sponsor. ACS data were used to supplement Facebook data for a small subset of jurisdictions that were aggregated in commute data provided by the Project Sponsor.
- ^c Association of Bay Area Governments. 2013. *Projections 2013*. December.
- ^d Project-related housing demand = total number of households with implementation of the Project (3,638) x the percentage of Project employees who would live in a location. For example, Menlo Park = 3,638 x 4.8% = 175 households.
- ^e Project-related housing demand as a percent of household growth = Project-related housing demand 2020/ABAG projections for housing growth from 2015–2020. For example, Menlo Park = 175 households/380 households = 46.0%.
- ^f “Balance of County” includes workers residing in jurisdictions for which the relevant commute data have been suppressed by the U.S. Census Bureau.
- ^g Individual percentages and numbers of units may not sum to the totals because of rounding.

As described in the Draft EIR and this master response, substantial evidence supports the conclusion that the Project's impacts on population and housing would be less than significant. As the court in *Defend the Bay* made clear, it is up to the lead agency to determine, in its independent judgment and based on substantial evidence, whether a housing impact is both substantial and adverse. As discussed in Section 3.12 of the Draft EIR and below, substantial evidence supports the Draft EIR's conclusion that the Project would not create any significant environmental impacts related to housing because the projected housing demand associated with the Project could be accommodated in the city and region. It is also worth noting that the same conclusion was reached in the EIR prepared for the Apple Campus 2 Project in Cupertino, which was significantly larger than the Project and included significantly more employees.³¹

Multiplier Effect and Growth-Inducing Impacts

Several commenters take issue with the Draft EIR's analysis of growth-inducing impacts, asserting that the analysis is not adequate under the standards in the *Napa Citizens* case and does not account for the "multiplier effect," which commenters assert will create reasonably foreseeable impacts on the environment and require analysis in the EIR.

Legal Standards for an EIR's Discussion of Growth-Inducing Impacts. Public Resources Code Section 2100(b)(5) and CEQA Guidelines Section 15126(d) require an EIR to describe the growth-inducing impacts from a project, including the ways in which a project would directly or indirectly foster economic or population growth or the construction of new housing in the surrounding environment. Growth can be induced in a number of ways, including the elimination of obstacles to growth or encouraging or facilitating other activities that could induce growth. Examples of projects that have growth-inducing impacts include extensions or expansions of infrastructure systems beyond what is needed to serve project-specific demand and development of new residential subdivisions or office complexes in areas that are only sparsely developed or undeveloped (CEQA Guidelines 15126(d); see also *Napa Citizens*, 91 Cal.App.4th 342, 368). According to the CEQA Guidelines, although an analysis of growth-inducing effects is required, it should not be assumed that induced growth is necessarily significant or adverse. As one prominent treatise explains, the level of detail required for growth-inducing impacts is less than what is required for a project's direct impacts on the environment:

Under this standard, an EIR is not required to provide a detailed analysis of a project's effects on growth. A general analysis is sufficient. As the court explained in *Napa Citizens*, "Nothing in the Guidelines, or in the cases, requires more than a general analysis of projected growth" [91 CA4th at 369]. While it may not be difficult to predict the ways in which a project might foster or facilitate growth, the particular growth that can be attributed to a project can be difficult to predict, given the large number of variables at play, including uncertainty about the nature, extent, and location of growth and the effect of other contributors to growth besides the project. As a result, the court in *Napa Citizens* concluded that it would not be reasonable to require the EIR to "undertake a detailed analysis of the results of such growth" [91 CA4th at 369]. The court held that the EIR had adequately addressed growth and housing because it included data on employment expected to be generated by the project and estimated the number of new residential units that would be needed to provide housing for them [91 CA4th at

³¹ https://s3.amazonaws.com/Apple-Campus2-DEIR/Apple_Campus_2_Project_EIR_Public_Review_5c-PopHousing.pdf

371]. A generalized analysis of growth-inducing impacts was also upheld in *Clover Valley Found. v. City of Rocklin* (2011), 197 CA4th 200, 227. See also *Defend the Bay v. City of Irvine* (2004), 119 CA4th 1261, 1266.³²

The requirement to provide a generalized discussion of a project's growth-inducing impacts should not be confused with CEQA's requirements for mitigation. As the Court in *Napa Citizens* explained:

Neither CEQA itself, nor the cases that have interpreted it, require an EIR to anticipate and mitigate the effects of a particular project on growth on other areas. In circumstances such as these, we think that it is enough that the FSEIR warns interested persons and governing bodies of the probability that additional housing will be needed so that they can take steps to prepare for or address that probability. The FSEIR need not forecast the impact that the housing will have on as yet unidentified areas and propose measures to mitigate that impact. That process is best reserved until such time as a particular housing project is proposed. *Napa Citizens* [91 Cal. App. 4th at 371].

Thus, pursuant to *Napa Citizens*, growth-inducing effects of proposed projects should be acknowledged but discussed in less detail than other, more direct effects resulting from projects (see also *Defend the Bay*, 119 Cal.App.4th 1261, 1266 ["If a project will create jobs and bring people into the area, the EIR must discuss the resulting housing needs, but not in minute detail. It is enough to identify the housing required and its probable location"]). The analysis of growth-inducing impacts, therefore, is necessarily unique and distinct from the analysis in the individual impact chapters, including, for example, population and housing. This is because creating demand for growth does not in and of itself cause a direct physical impact; only a proposed project at a specific location would create physical impacts.

EIR's Analysis of Growth-Inducing Impacts. Section 4.3 in Chapter 4, *Other CEQA Considerations*, of the Draft EIR addresses the Project's potential to cause growth-inducing impacts. It identifies both the direct and growth-inducing impacts associated with the Project's 6,550 workers. It further explains that the Project could result in secondary impacts in areas throughout the region and provides a high-level overview of the potential impacts that could occur (see Table 4-1 of the Draft EIR). The analysis in Section 3.12, *Population and Housing*; Section 3.3, *Transportation*; Section 3.6, *Noise*; Section 3.5, *Greenhouse Gas Emissions*; and other chapters are based on the estimated 6,550 workers associated with the Project, as outlined in the project description. These analyses take into account the impacts associated with employee commutes throughout the region, including, but not limited to, impacts on the transportation system, local air quality, and global GHG emissions, and thus adequately address the impacts associated with the Project's addition of 6,550 workers. To the extent that the Project could result in the construction of new units throughout the region, the Draft EIR also discloses that any discretionary development would be subject to independent CEQA review. Thus, the Draft EIR adequately addresses growth and housing because, as discussed above and in Section 3.12, *Population and Housing*, it includes data on employment expected to be generated by the Project and estimates the number of new residential units that would be needed to provide housing for them and their approximate location. Although some commenters assert that the Draft EIR claims the Project would have no growth-inducing impacts, that is not the case. Instead, the Draft EIR discloses the reasonably foreseeable growth-inducing impacts and satisfies the standards set forth in CEQA Guidelines 15126.2(d) and the *Napa Citizens* case. The discussion provided is adequate with respect to satisfying CEQA requirements, while stopping short of providing misleading speculation.

³² Practice Under the California Environmental Quality Act, 2d.: 2016 update. Section 13.54, pages 13–58.

Comments Concerning the “Multiplier Effect.” Some commenters indicated the Draft EIR analyses should consider how Facebook’s expansion could affect the local economy (i.e., the “multiplier effect”). As explained on page 4-3 of the Draft EIR, the “multiplier effect” refers to potential indirect growth and is tied to the direct and indirect investment and spending associated with a project. Multiplier effects are thus intended to account for economic interrelationships between various businesses, how business activity supports household spending, and how household spending generates sales and economic activity.

Multiplier effects can be used as a tool for evaluating a project’s economic consequences. Such analyses are sometimes prepared for major projects as stand-alone documents, separate from any CEQA analyses. The purpose is usually to inform decision-makers and the public about how the attraction of a particular business is anticipated to stimulate the local and regional economies. The consulting firm, Bay Area Economics (BAE), prepared a Fiscal Impact Analysis regarding the Project for that purpose. Detailed analysis of potential economic multiplier effects, however, are not required by CEQA, nor is it common practice to incorporate such analyses in an EIR. This is because determining how economic effects influence future development in particular locations throughout a region is too speculative to predict or evaluate. Therefore, Table 4-1 in the Draft EIR attempts to provide a broad indicator of the ways in which resources in urban, suburban, and rural areas throughout the Bay Area could be affected by induced growth. The EIR does not, however, attempt to forecast the impact that potential future housing demand would have on as-yet unidentified areas or propose measures to mitigate that impact, consistent with the holding in *Napa Citizens*.

Several commenters assert that the Draft EIR is deficient because it does not attempt to analyze in detail the impacts that would result if the multiplier effect were considered. Specifically, commenters assert that there is an accepted methodology for quantifying the multiplier effect and that the impacts that would arise from the purported increase in indirect and induced jobs are reasonably foreseeable and require detailed evaluation in the EIR. As discussed below, this topic is considerably more complicated than the commenters suggest. A wide number of methodologies are available, and the evidence suggests a high degree of unreliability and variance. In addition, none of the methodologies discussed below account for the fact that Facebook is a unique employer in that many of the indirect or induced jobs that would ordinarily be included in a given multiplier analysis are already included within the identified number of workers onsite because of the amenities Facebook provides onsite (e.g., dining) for employees.

A discussion of local income and employment multipliers, available on the San José State University, Department of Economics, website, explains that “there is a great deal of controversy among economists over the assumptions [a given multiplier model] makes and the methods it uses to determine the components of the model,” and “therefore, though convenient to use, multipliers often rely upon poor data and faulty assumptions.”³³ ABAG’s multiplier study further observes that “there are an infinite number of possible combinations of numerators and denominators and therefore an infinite number of possible multipliers.”³⁴ Several commenters specifically referenced a 2012 Bay Area Council Economic Institute employment multiplier, which estimates that the creation of one job in the high-tech sector of a

³³ San José State University. n.d. *Local Income and Employment Multipliers*. Department of Economics. Available: <http://www.sjsu.edu/faculty/watkins/EPM01.htm>. Accessed: August 28, 2016.

³⁴ Association of Bay Area Governments. 1986. *1982 Input-Output Model and Economic Multipliers for the San Francisco Bay Region*. Report. MetroCenter, Oakland, CA. June.

region is associated with the creation of 4.3 additional jobs in other sectors.³⁵ Despite having been prepared by the Bay Area Council Economic Institute, the report addresses the high-tech sector nationally and is not specific to the Bay Area. Likewise, although not explicitly stated, it is inferred that the multiplier of 4.3 is intended as an average for metropolitan regions throughout the United States and is not specific to the Bay Area. Additionally, the 4.3 multiplier applies to a broad grouping of different industries that could be considered “high tech.” Industries as diverse as aerospace, pharmaceutical, architecture and engineering, semiconductor, and software industries are blended together as part of this multiplier. In addition, the Bay Area Council Economic Institute employment multiplier is based on a methodology developed by Enrico Moretti, a University of California, Berkeley professor, which purports to ascertain “the long-term change in the number of jobs in a city’s tradable and non-tradable sectors generated by an exogenous increase in the number of jobs in the tradable sector, allowing for the endogenous reallocation of factors and adjustment of prices.” However, other academics disagree with Moretti’s framework and have critiqued his methodology as overstating the multiplier effect.³⁶

ABAG has also developed a methodology for analyzing multiplier effects within the Bay Area, based on an input-output model. Because jobs that would be generated directly by the Project would be classified as Management and Administrative from ABAG’s list of industries, ABAG’s methodology would utilize a Type I (i.e., indirect jobs) multiplier of 1.15 and a Type II (i.e., induced jobs) multiplier of 1.52.³⁷ Under ABAG’s methodology, for every one job created, there would be 0.15 indirect and induced jobs created locally and 0.52 jobs created regionally.

Another methodology involves use of the IMPLAN model, an economic analysis software package that is now commercially available through the IMPLAN Group. IMPLAN is based on an input-output accounting of commodity flows within an economy from producers to intermediate and final consumers. The model establishes a matrix of supply-chain relationships between industries and between households and the producers of household goods and services. Assumptions about the portion of inputs or supplies for a given industry that is likely to be met by local suppliers, as well as the portion supplied from outside the region or study area, are derived internally within the model using data on the industrial structure of the region. Although the IMPLAN model has been available since the 1970s, it has also been subject to criticism. A detailed technical critique of input-output models is provided by Dwyer, Forsyth, and Dwyer.³⁸ The primary limitations associated with input-output models, such as IMPLAN, are that:³⁹

1. No allowance for “slack” in the local economy is made, because the models assume the economy is fully stretched, so spending will result in additional jobs and income being generated. In reality, employees of many businesses may not be fully occupied; therefore, increased spending may not require additional workers or labor hours.

³⁵ Bay Area Council Economic Institute. 2012. *Technology Works: High-Tech Employment and Wages in the United States*. Report. December. Commissioned by Engine Advocacy.

³⁶ Van Dijk, Jasper Jacob. 2016. Local Employment Multipliers in U.S. Cities. *Journal of Economic Geography*, doi:10.1093/jeg/lbw010.

³⁷ Association of Bay Area Governments. 2004. *Input-Output Model and Economic Multipliers for the San Francisco Bay Region*. Table 5, 1987 Bay Area Employment Multipliers, p. 20. Center for Analysis and Information Services. March.

³⁸ Dwyer, L., P. Forsyth, and W. Dwyer. 2010. *Tourism Economics and Policy*. Bristol, UK: Channel View.

³⁹ Crompton, J. L., J. Y. Jeong, and R. M. Dudensing. 2015. Sources of Variation in Economic Impact Multipliers. *Journal of Travel Research*, doi:10.1177/0047287515617298.

2. The model assumes prices and purchasing patterns remain constant. In a fully stretched economy, it is likely, however, that additional demand will lead to short-term increases in prices that will consequently bring about substitutions in business inputs and redistribution of income, with related changes in consumption patterns.⁴⁰ Over the longer term, as more capacity emerges, prices most likely will return to their previous levels.
3. Input-output models assume there are no resource constraints or substitutions, so additional resources of land, labor, or capital needed to meet the new demand are simply available.⁴¹ They are not taken from other sectors and do not result in reductions elsewhere. For example, if a major sports stadium is built, it is assumed that construction and other workers are readily available in the economy and that they neither leave other jobs nor move or commute from outside the economy being analyzed.
4. The model does not specify the time it will take for the new inflow of money to generate the additional income and jobs (i.e., will they emerge in 6 weeks, 6 months, or 6 years?).

In addition, input-output models cannot tell whether local industries that appear to have big impacts are profitable or viable. They cannot adjust for market price spikes of goods or labor or supply shortages. And because the economy shifts constantly, it is very difficult to tell whether the projected multiplier effects will actually occur.⁴² The commenters also assume that economic multiplier analyses produce “projections” of net new growth that can be measured in a one-to-one correlation of new jobs added to a region. Various multiplier effect methodologies are instead intended to estimate the economic relationships of economic activities based on what industries are present in a defined economy (such as a county). The input is the direct activity, such as expenditures, and the indirect and induced employment (or output) is the multiplier effect. The output or indirect and induced results can be met in numerous ways, including additional economic business for existing businesses and new jobs and business. It does not automatically imply that all estimated indirect and induced demand results in new jobs or businesses in the city in which growth occurs.

Finally, it is important to note that Facebook is a unique employer in that many of the indirect or induced jobs that would ordinarily be included in a given multiplier analysis are already included within the identified number of workers onsite because of the amenities Facebook provides onsite (e.g., dining) for employees.

CEQA Guidelines Section 15064(d)(3) states that changes that are speculative are not reasonably foreseeable and do not require analysis in an EIR. CEQA Guidelines Section 15145 further provides that, “If, after thorough investigation, a lead agency finds that a particular impact is too speculative for evaluation, the agency should note its conclusion and terminate discussion of the impact.” In *Rialto Citizens for Responsible Growth v. City of Rialto* (2012), 208 Cal.App.4th 899, 941, for example, the court addressed a challenge to an EIR’s conclusion that GHG emissions were too speculative to determine, and upheld the EIR’s conclusion:

⁴⁰ Briassoulis, Helen. 1991. Methodological Issues: Tourism InputOutput Analysis. *Annals of Tourism Research* 18, No. 3: 485–495, doi:10.1016/0160-7383(91)90054-f.

⁴¹ Archer, Brian H. The Value of Multipliers and Their Policy Implications. *Tourism Management* 3, No. 4:236–241, doi:10.1016/0261-5177(82)90044-9.

⁴² Lindall, Scott, founder of Minnesota Implan Group (IMPLAN creator), summarized by Sara Aase. Twin Cities Business. 2008. *The Number Factory*. February 1. Available: <http://tcbmag.com/Lists-and-Research/Research/The-Number-Factory>. Accessed: August 23, 2016.

Given the absence of legal or regulatory standards or accepted methodologies for gauging the project's cumulative impact on global climate change at the time the EIR was certified in July 2008, the City reasonably concluded that the impact was too speculative to determine. . .

To be sure, the absence of a “single methodology” that would provide a “precise” or “universally accepted” quantification of a particular impact does not excuse the lead agency from “do[ing] the necessary work to educate itself about the methodologies that are available” [*Berkeley Keep Jets Over the Bay Com. v. Board of Port Cmrs.* (2001), 91 Cal.App.4th 1344, 1370; 111 Cal.Rptr.2d 598]. Here, however, the City did the necessary work to educate itself about the methodologies that were available. The EIR acknowledges that “several studies are available regarding the overall impacts associated [with] global climate change,” but observes that “the conclusions and predications vary with each report.”

The assertion that the multiplier effect will result in reasonably foreseeable indirect job growth that can be quantified and analyzed in a meaningful way under CEQA is incorrect. The request for this analysis is further complicated by the fact that housing markets are dynamic and extremely complex; they respond to effects from foreign investment, demographic changes in the population, global and national market forces, and factors that influence housing preferences, among numerous other factors. The request by some commenters for a robust analysis of the Project’s indirect effects on the entire Bay Area economy in terms of housing demand is not possible or realistic for a project-level EIR and would be entirely speculative.

As noted above, there are no legal or regulatory standards or accepted methodologies for gauging the Project’s potential for indirect physical impacts that would arise from its economic effects (i.e., induced and indirect effects). The City has educated itself about the methodologies that are available and determined that there is wide variation in the methodologies, which are likely to yield widely varied outcomes. It is not therefore possible to realistically provide the additional analysis requested by some commenters. Nonetheless, in an effort to provide a good-faith response to the concerns raised by commenters, additional information related to the Project’s economic effects, as they might relate to future physical impacts on the environment, is provided below. This analysis does not assume that this growth is beneficial or detrimental (CEQA Guidelines Section 15126.2(d)).

Potential Environmental Effects of Indirect and Induced Housing. Indirect and induced jobs would be expected to be widely dispersed throughout the region, based on the locations of businesses that provide services to Facebook and the locations where employees of both Facebook and indirect workers live and make their household expenditures. The majority of Facebook’s expenditures that support indirect jobs in the economy occur in legal, advertising, employment, management consulting, wireless telecommunications, and internet publishing and broadcasting services. It is anticipated that many or most of the indirect jobs supported by Facebook’s operations already exist in or outside of the Bay Area and are accommodated by persons already living and working in the Bay Area. In addition, the Project would indirectly induce growth from the addition of new employees to the area as well as the associated housing demand that would result. The Project would also provide increased wages and salaries, which would support household spending for a wide variety of goods and services in the areas where workers live throughout the region.

Based on the relative distribution of housing demand throughout the region, Table 4-1 of the Draft EIR identifies some of the broad conclusions that could be reached about the potential environmental effects of the increase in housing demand that could be induced by the Project. These conclusions are not site specific, nor can they reasonably be expected to be site specific without venturing into speculation. This is because the locations, characteristics, density, intensity, and timing of construction of the new residential development generated by the Project are unknown and cannot be ascertained.⁴³ Any future site-specific development proposals would also be subject to their own CEQA review.

Table 4-1 also takes into account the extent to which the existing level of urbanization in a given community would affect future environmental impacts. The type and level of environmental effect within an urban context is different from a suburban or more rural context. In an urban context, the key potential impacts are assumed to be air quality, cultural resources, and traffic. In a suburban context, those potential impacts are joined by biological resources, GHG emissions, and noise.⁴⁴ For cities that are more than 10 miles from Menlo Park, GHG emissions are also considered a potential impact, depending on the number of dwelling units needed as a result of the indirect and induced housing demand of the Project. However, because of the speculation involved in characterizing these broad impacts and the fact that they are secondary effects of the Project, these do not constitute environmental impacts that must be mitigated.

Estimated Location of Indirect and Induced Jobs. Indirect and induced jobs are expected to be dispersed throughout the region. The largest share of indirect jobs is estimated to be in Santa Clara County and San Francisco, each of which contains a significant concentration of technology, advertising, financial, and legal services. Induced jobs associated with or supported by worker spending will reflect the locations where the workers who hold the jobs live and make most of their purchases. They are therefore anticipated to roughly correlate with the regional distribution of the Project's direct workers. Affected areas would include San Francisco, Alameda County, San Mateo County, and Santa Clara County. In addition, it is difficult to determine the number of low-income jobs and services that could result from the Project.

Long-Term Housing Supply. Over the long term, the Project could contribute to the region's anticipated growth in housing. Plan Bay Area's 2013 supplementary report, *Final Forecast of Jobs, Population, and Housing*, forecasts future housing demand by county. This report offers a broad indicator of the future housing that is expected to be developed in the Bay Area by 2040. As shown in Table 3-3, below, substantial new housing is expected in all counties. These numbers reflect, in general terms, the level of housing that will be available for the Bay Area's anticipated population growth. Housing Element law requires ABAG to incorporate future housing demand into the RHNA numbers assigned to each city and county in the Bay Area region at the 8-year general plan Housing Element update cycle. The current allocation is for the period 2014–2022. The housing need projections in this supplementary report can

⁴³ For example, impacts related to hazardous materials, hydrology, geology, and aesthetics are site specific; because the exact locations of the potential housing units are unknown, concluding that impacts would be potentially significant would be speculative.

⁴⁴ For operational criteria air pollutants, GHG, noise, and transportation impacts, Table 3-1 of the BAAQMD screening criteria is used, assuming that all new units are single-family residential units, which have the most conservative screening criteria. Source: Bay Area Air Quality Management District. 2010. *California Environmental Quality Act Air Quality Guidelines*. May. Available: http://www.baaqmd.gov/~media/Files/Planning%20and%20Research/CEQA/Draft_BAAQMD_CEQA_Guidelines_May_2010_Final.ashx?la=en. Accessed: August 18, 2016.

reasonably be expected to be reflected in future RHNA shares for the 2023–2031 and 2032–2040 periods. As part of their obligation under Housing Element law, the Bay Area’s cities and counties will be required to amend their general plans to accommodate the additional housing demand reflected in their RHNA share.

These forecasts indicate that the Project’s potential for indirect and induced housing demand would be accommodated by the region’s housing supply; given the relatively high number of new housing units projected to be constructed by 2040, the Project’s share of any indirect and induced housing demand would not represent a substantially large proportion of anticipated long-term growth in the region’s housing supply. As a consequence, the indirect and induced housing that could result from the Project is anticipated to be within the 2014–2022 RHNA allocation.

Table 3-3. Projected Housing Supply Growth by County: 2013 Supplementary Report, Final Forecast of Jobs, Population, and Housing

County	Projected 2040 Housing Supply Growth (2040 projection minus 2010 census) - Dwelling Units (DUs)
San Mateo	55,040
Santa Clara	210,430
San Francisco	92,480
Alameda	147,990
Contra Costa	81,330
Marin, Napa, Sonoma, and Solano Counties	72,730
TOTAL	660,000

Source: Association of Bay Area Governments and Metropolitan Transportation Commission 2013. *2013 Supplementary Report, Final Forecast of Jobs, Population, and Housing.*

Cumulative Population and Housing Impacts. Several commenters also raise concerns about the Draft EIR’s approach to analyzing cumulative impacts on population and housing and take issue with the Draft EIR’s statement that the city represents the geographic context for cumulative analysis. Other commenters question the conclusion that cumulative impacts would be considered less than significant because the Project-induced housing demand amounts to 20 percent of the cumulative housing demand from 2015 to 2020 within the city and because the cumulative housing demand would exceed ABAG’s projections for housing in Menlo Park in 2020. Other commenters question the assumptions used in the cumulative analysis. These topics are responded to below.

Cumulative impacts result from the contribution of past, present, and reasonably probable future projects, including the Project, to a common impact. Although the impacts of individual projects may be less than significant, the sum of their contributions can result in a significant cumulative impact if it is determined to be “cumulatively considerable.” That is, a project’s contribution is significant when that incremental contribution is cumulatively considerable. Even if cumulative impacts of multiple projects are considered significant, that does not mean that an individual project’s incremental contribution to that impact is itself cumulatively considerable (see CEQA Guidelines Section 15064(h)(4) [“the mere existence of significant cumulative impacts caused by other projects alone shall not constitute substantial evidence that the proposed project’s incremental effects are cumulatively considerable”]).

Because the ABAG projections forecast the housing that would be built within each community up to 2020 and 2040, the projections can be treated as cumulative housing development. As such, the cumulative analysis pertaining to indirect housing demand or increases in permanent (residential) population is already provided. Table 3-2, above, demonstrates that the housing demand from the Project would represent a small percentage of the cumulative housing development in 2020 for all affected jurisdictions. The Project is not expected to cumulatively cause a substantial amount of population growth in the city or the region. As explained in Section 3.12, *Population and Housing*, of the Draft EIR, the indirect housing demand generated by the Project in the region (i.e., outside of the city) by 2020 would constitute only 3.1 percent of the projected household growth in the Bay Area and 8.3 percent of the projected household growth in San Mateo County. These estimates are based on conservative assumptions that would very likely over-estimate the number of new residents generated by the Project, because they assume that all workers would be new to the region. Approved and foreseeable development in the region would also increase the population of the city and the region. Table 3-4, below, was prepared to evaluate how the Project's housing demand contribution relates to housing supply growth projections in the Bay Area for 2040. It shows that the Project's contribution would be modest and not cumulatively considerable.

Table 3-4. Project Housing Demand as a Share of Projected Housing Supply Growth through 2040 per the 2013 Supplementary Report, Final Forecast of Jobs, Population, and Housing

County	Projected 2040 Housing Supply Growth (2040 projection minus 2010 census) - Dwelling Units (DUs) ^a	Project Housing Demand^b	Project Housing Demand as Percentage of Projected 2040 Housing Supply Growth ^c
San Mateo	55,040	843	1.5%
Santa Clara	210,430	1,368	0.7%
San Francisco	92,480	884	1.0%
Alameda	147,990	444	0.3%
Contra Costa	81,330	29	0.04%
Other Bay Area Counties	72,730	7	0.01%
Total in Bay Area Region	660,000	3,575	0.5%
Outside the Bay Area Region	—	63	
TOTAL	660,000	3,638	

^a. Association of Bay Area Governments and Metropolitan Transportation Commission 2013. *2013 Supplementary Report, Final Forecast of Jobs, Population, and Housing*.

^b. From Table 3-2.

^c. Project-related housing demand as a percent of housing supply growth = Project-related housing demand/Projected housing growth from 2010–2040. For example, San Mateo County = 843 unit demand/55,040 unit housing supply growth = 1.5%.

Because the Project would account for such a small percentage of the anticipated regional population growth and would not cumulatively exceed the 2020 or 2040 housing supply projections, it would not make a significant contribution to cumulative population growth. In addition, the estimated number of additional residential units could be accommodated within Menlo Park and the region under the 2014–

2022 RHNA and future RHNAs, which are expected to assign additional housing units consistent with housing projections, as reflected in local general plans. Therefore, with the exceptions noted in Table ES-1 of the Draft EIR's Executive Summary, the Project's direct and indirect housing demand would not make a cumulatively considerable contribution to cumulative impacts. As a result, the Project would not make a significant contribution to cumulative impacts related to a shortage of housing. Lastly, as noted above, the Project would not displace people or housing from the site and thus would not contribute to cumulative impacts in those areas.

Comments were also received that asserted that the impacts related to the cumulative housing demand within the city, as discussed in Section 3.12, *Population and Housing*, under Impact C-POP-1 and Impact C-POP-2, should be identified as significant. As discussed on page 3.12-14, the Project would contribute 20 percent to the overall cumulative housing demand of 889 units in the city, which is well within the number of units currently in the development pipeline.

Some commenters also express concern that the Draft EIR relies upon the ConnectMenlo process to accommodate the demand for housing from cumulative employment-generating projects. But the basis for the Draft EIR's conclusion that the Project's contribution to the cumulative housing demand is less than the significant is based on the fact that the Project would account for 20 percent of the projected demand, which was determined not to be cumulatively considerable. The Draft EIR also notes that the additional residential development that could be implemented if ConnectMenlo is approved would also be able to accommodate the demand for housing units from cumulative employment-generating projects, which only reinforces the less-than-significant conclusion. Overall, cumulative development would not result in an increase in housing demand beyond current development projections.

Other commenters question the use of a standard average of 3.5 employees per 1,000 gross square feet (gsf), which is used in the analysis of cumulative housing impacts, and suggest that a different assumption should be used (150 gsf/employee) to reflect more modern practices among high-tech office uses. The assumption used in the Draft EIR is appropriate, however, because the new development that is assumed to occur by 2040 would not be limited to high-tech office uses but would also include research and development, professional services, industrial uses, and biotech and life sciences, which have much lower densities than high-tech companies.⁴⁵

Last, a commenter has stated that the analysis fails to analyze cumulative impacts on population and housing based on different income levels. That analysis does exist in the Draft EIR and is found under "Income Distribution of Housing Demand" in Section 3.12, *Population and Housing*. The distribution of housing demand, by income level, is illustrated for the city and region in Draft EIR Table 3.12-6.

Master Response 5: Transportation Analysis

Because several comments received on the Draft EIR focused on similar transportation questions or concerns, Master Response 5 discusses vehicle trip generation, the proposed trip cap and required trip cap reduction, trip cap monitoring and compliance, the travel demand model, dynamic traffic assignment (DTA), and cut-through traffic in residential neighborhoods.

⁴⁵ U.S. Green Building Council. 2008. *Building Area Per Employee by Business Type*. May 13. Available: <http://www.usgbc.org/Docs/Archive/General/Docs4111.pdf>.

Vehicle Trip Generation and Trip Cap Reduction

Many of the Draft EIR comments expressed concern over the potential volume of daily and peak-hour traffic that would be generated by the Project, which identifies a vehicle trip cap as part of the Project. Project trip generation is described in detail in Section 3.3, *Transportation/Traffic*. Table 3.3-8, on page 3.3-40 of the Draft EIR, shows the net peak-hour trip generation proposed in Chapter 2, *Project Description*, and vehicle trip caps with Mitigation Measure TRA-1.2, which would reduce the number of trips that could occur during the a.m. and p.m. peak hours. Mitigation Measure TRA-1.2 would also be applied to modify the previously approved vehicle trip caps for existing Buildings 10–20, which are not part of the Project. Because of the change in both the existing and proposed Facebook trip caps, this mitigation substantially reduces the Project contribution to future traffic growth at study intersections. The Project as originally proposed (without Mitigation Measure TRA-1.2) would have generated 1,803 a.m. and 1,488 p.m. net new peak-hour vehicle trips. With Mitigation Measure TRA-1.2, Project trip generation is reduced to 438 a.m. and 123 p.m. net new peak-hour vehicle trips.

Vehicle Trip Monitoring

The prior Facebook entitlements at 1601 Willow Road (Buildings 10–19, previously known as the East Campus) and 312–314 Constitution Drive (Building 20, previously known as the West Campus) require adherence to a vehicle trip cap during both the morning and evening peak periods and each 24-hour daily period. These vehicle caps are monitored real time using video and magnetometer technology that counts all entering and exiting vehicles (in 15-minute intervals), and a daily report is provided to the City to ensure compliance.

As stated on page 3.3-25 of the Draft EIR, City of Menlo Park staff members review the monitoring reports daily to ensure compliance with the vehicle trip cap. At the time the Draft EIR was prepared, Facebook was in full compliance with the trip cap. As part of the Project, Facebook proposed a trip cap and a monitoring program similar to those in the prior entitlements, which would limit the allowable number of peak-period and daily trips on weekdays. Mitigation Measure TRA-1.2, on pages 3.3-39 and 3.3-40 of the Draft EIR, is intended to further reduce the number of peak-hour trips associated with the Project by reducing the number of trips that can occur in a single peak hour for both the Project and across Facebook's existing Campus. Therefore, the modified vehicle trip cap for the Project would reduce the number of additional Facebook vehicle trips during the most congested hours of the day.

The Project Sponsor would be responsible for funding the cost of the ongoing monitoring, including development, installation, maintenance, and repair of the monitoring equipment. Compliance with the trip cap would be monitored by the City of Menlo Park, as lead agency, by tracking the number of vehicles entering and leaving the Campuses on weekdays. Counts would be performed daily at each of the driveways that would serve the Project site, and real-time data would be accessible to both the City and Facebook for tracking and monitoring traffic patterns. Periodic review and calibration of the monitoring equipment would be needed to ensure that the system would count property. Monitoring the number of vehicles entering and leaving the Project site and the existing Facebook Campus would ensure that Facebook would be in compliance with its Conditional Development Permit (CDP). If the trip cap were to be exceeded, monetary penalties would be assessed, consistent with the enforcement mechanisms identified in the CDP. The penalty would escalate according to the frequency and/or severity of each violation.

The trip cap would provide several mechanisms to ensure that traffic conditions are not exacerbated by the increased density on the Campus. As mentioned above, monetary penalties would be assessed for violating any of the trip caps. If Facebook fails to meet the trip cap as the company grows, it may not be able to achieve its projected employee densities (i.e., headcount) on the site. Thus, to achieve the projected headcount, operate within the trip cap, and avoid progressive penalties, Facebook must continue to operate under a successful TDM program that facilitates travel by means other than driving alone. Ultimately, if Facebook has continual violations of the trip cap, the City reserves the right to revoke Facebook's CDP.

The proposed mitigation would apply to the Project as well as prior entitlements for Facebook's existing buildings. The proposed net increase in peak-hour vehicle trips with the Project would be reduced from 1,800 a.m. and 1,500 p.m. peak-hour trips (as was proposed) to 438 a.m. and 123 p.m. peak-hour trips (with Mitigation Measure TRA-1.2). The vehicle trip limits, including monitoring requirements, would also apply to future tenants.

Travel Demand Model

The Draft EIR evaluated the cumulative effect of the Project based on anticipated regional and local growth that would also affect the study area. A new citywide travel demand model, the Menlo Park Model (MPM), was developed to generate traffic forecasts for the Project and the ConnectMenlo General Plan Update. The MPM is based on the latest countywide model developed by the San Mateo City and County Association of Governments (C/CAG), which was received on July 19, 2015. The C/CAG model, in turn, is based on the Santa Clara Valley Transportation Authority (VTA) model, which also incorporates regional growth forecasts from the Metropolitan Transportation Commission (MTC) model. The MPM model thus incorporates anticipated growth in adjacent cities and the surrounding region, based on the C/CAG and VTA models, including the Stanford University Medical Center Project and the Ravenswood Business District proposal in East Palo Alto.

Anticipated growth within Menlo Park is based on land use data provided by the City, accounting for future scenarios both with and without the proposed ConnectMenlo General Plan Update. Vehicle trips that would be generated by approved but not-yet-constructed development projects (i.e., at the time that the traffic counts were conducted) were included in each future-year analysis scenario (with and without the Project).

The analysis incorporates new land uses (either approved or proposed) and uses data from the traffic analysis zones (TAZs), including population, age/income demographics, and car ownership data, to predict the number of trips generated by land uses in the zones. It also considers the locations of the land uses relative to the transportation network, accounting for transit service, street capacity, etc., to determine trips, travel mode, destination (e.g., match a residential trip to a school or job), and assign routes. This method better assesses how land uses are integrated in the region and with each other. For example, planned new residential units added to El Camino Real may generate trips that are destined for the approved Menlo Gateway office development. The prior methods of traffic analyses would have assessed these as two separate trips, thereby double counting the effect; the MPM used for this Project and ConnectMenlo could pair the trips to more realistically assess the new traffic patterns. Likewise, the MPM also takes into account the jobs/housing balance locally and in the region. For example, if there are too many jobs in the mid-peninsula region, trips from housing supplies farther away (such as San José, the East Bay, or beyond) will be drawn in to serve the employment areas.

Dynamic Traffic Assignment

As described on page 3-3.20 of the Draft EIR, the assignment of peak-hour vehicle trips employed a methodology known as DTA. This methodology addresses a well-known issue with traditional travel demand models by taking into account physical congestion and capacity constraints in predicting vehicle routing. With conventional methods, it is not unusual to see unrealistic volume/capacity ratios, with predicted volumes sometimes greater than 150 percent under future conditions. As part of the MPM, the new DTA methodology was employed to simulate the progression of vehicles in a network, with physical congestion explicitly considered. This provides a more realistic forecast of vehicle routing under peak-hour congestion.

Because vehicles reroute when a link is blocked, the DTA methodology shows the impact of traffic diversion on alternative routes. Thus, in addition to the C/CAG time-of-day models, the peak-hour DTA model improves the modeling of vehicle speed and vehicle miles traveled (VMT) under congested conditions on local streets. A subarea extraction procedure was conducted to obtain a citywide trip table with origin/destination trips that is consistent with regional origin/destination travel patterns in the C/CAG model. The citywide trip tables were then assigned, using the DTA peak-hour model, to obtain peak-hour link volumes.

The rerouting of traffic using the DTA mimics, to some degree, the real-time effect of Google Maps and similar applications, such as Waze, which provide drivers real-time information concerning delays on specific corridors and segments to avoid congested routes. The net change at intersections is not strictly limited to Project trips; it also reflects potential diversions of non-Project trips to other streets (e.g., cases where Project trips would travel on segments that are already congested such as US 101). For example, without Mitigation Measure TRA-1.2, the DTA model predicted that traffic volumes on El Camino Real in Menlo Park would increase by up to 200 peak-hour vehicles, including diverted trips. With Mitigation Measure TRA-1.2, the likelihood of diversion is substantially reduced.

The model also takes into account the indirect effect of the Project on origin and destination patterns. For instance, the MPM model indicates that the Project would lead to an increase in daily traffic volumes on the Dumbarton Bridge. However, because the bridge is at capacity during the peak hours, the increase in daily traffic via the Dumbarton Bridge is not anticipated to result in increased peak-hour volumes. Rather, consistent with regional models, a greater portion of trips is anticipated to occur outside of the traditional peak hours.

Given the trip diversion, the balancing of trips between origins and destinations, and the indirect effects on the jobs/housing balance, the net change in traffic volumes at specific intersections is more accurately projected by the MPM model compared with conventional methods of analysis because it takes into account the anticipated patterns of planned or potential development and their interactions.

Additional documentation concerning the DTA methodology is provided in *A Primer for Dynamic Traffic Assignment* (Transportation Research Board 2010), which has been added to the transportation appendices.

Cut-through Traffic in Residential Neighborhoods

Cut-through traffic is defined as vehicles traveling on local streets through a neighborhood without a destination or origin within that neighborhood. The Draft EIR recognizes that cut-through traffic represents a key community concern, especially as it relates to safety.

Cut-through traffic near the Project site is a concern. Existing cut-through traffic occurs where motorists seek alternate routes through the M-2 area and Belle Haven to avoid peak-direction congestion due to high volumes of southbound a.m./northbound p.m. traffic on Bayfront Expressway, Willow Road, and University Avenue.

The Project would add traffic to already-congested corridors, which could result in additional cut-through traffic through the Belle Haven neighborhood. Mitigation Measure TRA-3.1, on page 3.3-43 of the Draft EIR, would require the Project Sponsor to fund a Neighborhood Traffic Plan to identify appropriate measures for reducing cut-through traffic in the Belle Haven neighborhood. Following that study, the mitigation would require the Project Sponsor to provide measures to reduce cut-through traffic in the neighborhood, focusing specifically on potential cut-through traffic on Chilco Street, Newbridge Street, and Ivy Drive. Direct and indirect effects on streets such as Hamilton Avenue and Chilco Street would also be considered. Such measures could include prohibiting left-turns from the Project site to Chilco Street during the p.m. peak period. The provision of physical traffic-calming measures could also be included where such measures would not affect emergency access and/or transit service, subject to community consensus and City approval.

Project trips on Willow Road and University Avenue between US 101 and Bayfront Expressway would occur primarily in the reverse-peak direction (northbound a.m./southbound p.m.), which experiences much less delay at most intersections than peak-direction traffic. As a result, the Project is not anticipated to generate a significant volume of cut-through trips between Willow Road and University Avenue in East Palo Alto because there would be limited time savings for most Project trips. Therefore, the Project would not be anticipated to result in the use of East Bayshore Road, Saratoga Avenue, or Kavanaugh Drive as cut-through routes for Project traffic. The use of O'Brien Drive for trips between University Avenue and Willow Road in Menlo Park would not fall into the category of residential cut-through traffic because O'Brien Drive is a collector street that provides access to commercial uses and does not front on residential uses. Nonetheless, O'Brien Drive would serve a low volume of Project trips (i.e., fewer than 30 peak-hour trips).

For similar reasons, the Project is not anticipated to result in the use of local streets through the Willows neighborhood or Crescent Park. The approaches to Willow Road from the Willows neighborhood would result in additional delay that would discourage cut-through traffic.

Because the net increase in traffic would be substantially reduced by Mitigation Measure TRA-1.2, as described above, the effect of Project traffic would be limited primarily to intersections and streets east of US 101. The Project would generate relatively few peak-hour trips on streets west of US 101. For example:

- Middlefield Road carries approximately 1,500 peak-hour vehicles under existing conditions; the Project would add fewer than 20 net peak-hour vehicle trips with Mitigation Measure TRA-1.2.
- El Camino Real carries more than 3,000 peak-hour vehicles; the Project would add fewer than 60 net peak-hour vehicle trips with Mitigation Measure TRA-1.2.

The volume of potential peak-hour traffic on any local street west of US 101 would be fewer than 20 peak-hour vehicle trips—and in many cases, fewer than 10 peak-hour trips. Most local streets would experience no cut-through traffic as a result of the Project.