

CITY OF
MENLO PARK

BALLOT MEASURE
IMPACT ANALYSIS

Pursuant to Election Code 9212

July 26, 2022

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TABLE OF CONTENTS

Introduction3
Purpose3
Background.....3
Impact Analysis.....5
1. Impact on City’s Ability to Comply with State Housing Law..... 5
2. Internal Consistency of the City’s General and Specific Plans, Housing Element, and Planning and Zoning..... 11
3. Impact on the Availability and Location of Housing, and the Ability of the City to Meet its Regional Housing Needs (RHNA)..... 15
4. Impacts on Public, Vacant Land, and Other Sites Owned by Nonprofit Institutions..... 19
5. Impact on Open Space, Existing Business Districts, and Developed Areas Designated for Revitalization 22
6. Fiscal Impacts 23
7. Impact on Funding for Infrastructure of all Types..... 26
8. Impact on the Community’s Ability to Attract and Retain Business and Employment..... 32
9. Impact on Racial and Economic Equity 34
10. Educational Equity - Impact on Ravenswood City School District (RCSD)..... 45
11. Impact on Climate and Traffic Congestion 48

Attachments:

- Attachment A: Ballot Measure submitted to the City of Menlo Park on April 15, 2022
- Attachment B: Non-Single-Family Sites Affected by the Ballot Measure

INTRODUCTION

This report covers the topics included in the Election Code Section 9212 as well as the topics directed by the City Council at its June 28, 2022 meeting. References in the text to “Ballot Measure” refer to the Ballot Measure submitted to the City of Menlo Park on April 15, 2022 included as **Attachment A**.

The Ballot Measure would amend City’s Land Used Element of the General Plan to prohibit the City Council from changing the General Plan land use designation or rezoning certain properties designated and zoned for single-family detached residences unless first approved by a majority vote of the people of the City of Menlo Park at a general election.

In general, this report describes how the Ballot Measure would impact the following topic areas:

- Ability to comply with State housing laws, including Affirmatively Furthering Fair Housing (AFFH)
- Consistency with adopted planning policies and zoning regulations, including the Housing Element
- Various land uses and potential development sites
- Fiscal impacts, funding for infrastructure, and economic development
- Racial and economic equity
- Climate and transportation

The report finds that while the Ballot Measure would potentially limit new multifamily development in single-family areas, it would likely have a limited impact on the overall number of housing units that can be built in Menlo Park in the near future because the City can rezone other areas to enable new housing development as necessary to meet Regional Housing Needs Allocation (RHNA) requirements under State law. Over time, however, the City would have less flexibility in planning for future housing because the Ballot Measure would limit the ability to plan for housing on certain sites. Additionally, under the Ballot Measure, the future distribution of new housing may be inconsistent with fair housing requirements contained within the AFFH law adopted by the State of California in 2018 (AB 686).

PURPOSE

Within the scope of the election code and as prescribed by the City Council, the purpose of this Report is to provide a professional, factual and objective analysis of the potential impacts of the Ballot Measure to the City of Menlo Park.

BACKGROUND

The city began a comprehensive update of the City’s Housing Element in May 2021. Community meetings were held virtually between May and December 2021 outlining general strategies and policy themes progressing towards specific housing opportunity sites strategies, policies, and programs. Additional public meetings in February of 2022 continued to garner community interest

especially regarding the former James Flood Elementary School site located at 320 Sheridan Drive. A virtual community meeting was directed by the City Council focused on this site with high public interest. This meeting was held on May 3, 2022 and approximately 166 residents and other interested persons attended.

Through the General Plan and Zoning Ordinance, the City Council of the City of Menlo Park has designated certain property in the City of Menlo Park for single family detached homes. Under the General Plan, many such properties have a “Very Low Density Residential” or “Low Density Residential” land use designation.

The Citizen-Sponsored Initiative proposes an amendment to the Land Use Element of the General Plan that would prohibit the City Council of the City of Menlo Park from:

- (1) changing the General Plan designation of properties that were designated Very Low Density Residential or Low Density Residential as of April 15, 2022; and
- (2) re-zoning properties that were zoned Residential Estate (R-E), Residential Estate Suburban (R-E-S), Single Family Suburban Residential (R-1-S), Single Family Suburban Residential (Felton Gables) (R-1-S (FG)), Single Family Urban Residential (R-1-U), or Single-Family Urban Residential (Lorelei Manor) (R-1-U (LM)) as of April 15, 2022.

Under the Citizen-Sponsored Initiative, properties designated Very Low Density Residential or Low Density Residential, and properties zoned R-E, R-E-S, R-1-S, R-1-S (FG), R-1-U or R-1-U (LM) as of April 15, 2022, could only be re-designated or re-zoned for other uses or denser residential uses by a majority vote of the people of the City of Menlo Park at a regular election. The initiative does not impact the City Council’s authority to re-designate or re-zone properties that had other General Plan land use designations and/or zoning as of April 15, 2022.

The “Very Low Density Residential” designation provides for single family detached homes, secondary dwelling units, public and quasi-public uses, and similar and compatible uses at a maximum density of 2.9 units per acre. Properties with a “Very Low Density Residential” designation are zoned Residential Estate (R-E) or Residential Estate Suburban (R-E-S).

The “Low Density Residential” designation provides for single family detached homes, secondary dwelling units, public and quasi-public uses, and similar and compatible uses at a maximum density of 8.9 units per acre. Properties with a “Low Density Residential” designation are zoned Single Family Suburban Residential (R-1-S), Single Family Suburban Residential (Felton Gables) (R-1-S (FG)), Single Family Urban Residential (R-1-U), or Single Family Urban Residential (Lorelei Manor) (R-1-U (LM)).

All properties with Very Low Density Residential or Low Density Residential land use designations and the corresponding zoning described above are referred to as single-family residential properties in this report. A summary of these areas is provided in **Table 2**.

Most of the property in the City of Menlo Park designated Very Low Density Residential or Low Density Residential is improved with single family homes or other residential uses. However, certain properties with these land use designations currently have other uses (such as public utilities, private schools, churches, childcare centers, and a fire station) or are unimproved.

On April 15, 2022, the initiative proponents submitted a Notice of Intent to Circulate a Petition with the City’s Elections Official with a request that a ballot title and summary be prepared for the Ballot Measure. In response, a Ballot Title and Summary was prepared by the City Attorney pursuant to Elections Code section 9203. The Ballot Title and Summary was submitted to the proponents on April 30, 2022. The proponents published the Notice of Intent in The Examiner – Redwood City Tribune May 4, 2022, pursuant to Elections Code section 9205 and filed an Affidavit of Publication with the city clerk May 10, 2022, pursuant to Elections Code section 9206.

The Petition regarding the proposed initiative was filed with the City Clerk on May 24, 2022, bearing 2,976 unverified signatures. Per the Elections Code, the City Clerk’s office, in conjunction with the County of San Mateo’s Office of the Assessor-County Clerk-Recorder & Elections (“County”), examined the signatures the proponents had collected to verify the sufficiency of the Petition. By letter dated June 15, 2022, the County notified the City that “of the 2,976 signatures submitted” in support of the Proposed Initiative, “2,369 were checked and 2,011 signatures were verified as valid.” The 2,011 verified signatures exceed the minimum of 1,984 signatures required to qualify the proposed initiative for the ballot. On June 28, 2022, the City Council accepted the certificate of the sufficiency of the petition for the proposed initiative.

The City Council was required to take one of three actions as required by the California Elections Code section 9215. At their meeting on June 28, 2022, the City Council directed the preparation of this report as authorized under section 9212. The report would need to be presented to the City Council no later than July 28, 2022, and within 10 days of the report being presented, the City Council is required to either adopt the ordinance or order an election.

IMPACT ANALYSIS

1. Impact on City’s Ability to Comply with State Housing Law

Government Code Section 65008

California’s Planning and Zoning Law (Gov. Code, § 65000 *et al.*) prohibits jurisdictions from engaging in discriminatory land use and planning activities. Specifically, Government Code section 65008, subdivision (a), deems any action taken by a city or county to be null and void if such action denies to an individual or group of individuals the enjoyment of residence, landownership, tenancy, or any other land use in the state due to illegal discrimination.

Under the law, it is illegal to discriminate based on protected class such as race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability (including individuals in recovery for drug or alcohol abuse, whether or not they are actively seeking recovery assistance), veteran or military status, or genetic information.

The law further recites multiple categories of actions that are determined to be discriminatory, including the following:

- Enactment or administration of ordinances pursuant to any law that prohibits or discriminates against a protected class (Gov. Code, § 65008, subd. (b)(1)(B));
- Enactment or administration of ordinances pursuant to any law that prohibits or discriminates against residential developments because they are “intended for occupancy by persons and families of very low, low, or moderate income, ... or persons and families of middle income” (Gov. Code, § 65008, subds. (a)(3) and (b)(1)(C)); and
- Imposition of different requirements on a residential use by a protected class or by persons of very low, low, moderate, or middle income, other than those generally imposed upon other residential uses. (Gov. Code, § 65008, subd. (d)(2)(A).)

The Ballot Measure can be considered under a city-wide effect scenario for purposes of an analysis to determine if the Measure would unlawfully prohibit or discriminate against lower and moderate-income housing developments. The Ballot Measure would place a very high barrier to any land use change that would allow higher density residential uses in single family zoned districts and parcels. The barrier would impact the City’s ability to impose its inclusionary requirements which could in turn result in a secondary barrier to the production of affordable housing.

Housing affordability for moderate income households is assumed by state law to start at 20 DU/ac and lower income affordability is accepted at “default densities” of 30 DU/ac or more¹. With the exception of rental-only accessory dwelling units (ADUs) and the 10% or 15% Below Market Rate (BMR) requirement of market rate projects, the single-family residential areas within the City consist of higher cost market rate detached homes. These areas also have the highest household incomes and proximity to the most services and high-quality schools.²

The City has an inclusionary ordinance that requires all residential projects of 5 to 19 units to provide 10% of the units as affordable housing for low income households or provide an alternative equivalent. Projects of 20 units or more are required to provide 15% of the units at the low income level of affordability or equivalent.

There are 53 developable parcels ranging from 0.1 to 41 acres in the City that would be effected by the Ballot Measure that do not have existing single-family residences located on them currently.

As a result, the Ballot Measure would prohibit 53 developable parcels in the City from being rezoned by the City to allow 5 or more units per parcel because the current land use designations allow a density of 2.9 DU/ac or 8.9 DU/ac, which would typically result in low-density single-family developments of less than 5 units per project.

Thus, the City cannot, on its own effectuate land use changes on these 53 parcels sites to allow for the default densities that would allow for the creation of new higher density and affordable housing. The potential for affordable housing thus decreases.

¹ California Department of Housing and Community Development (HCD). Default Density Standard Option – 2020 Census Update memo dated March 21, 2022. <https://hcd.ca.gov/community-development/housing-element/housing-element-memos/docs/defaultdensity2020censusupdate.pdf>

² ABAG/MTC Housing Needs Data Report: Menlo Park, April 2021; U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019)

Government Code Title 7 Chapter 4.2 (Sections 65913-65914.5) – Housing Development Approvals

State laws not only require local governments to affirmatively plan for current and future housing needs but to also avoid and overcome housing discrimination resulting from past and present land use practices. The provision of affordable housing where it has been excluded advances a basic goal of the fair housing and anti-discrimination laws—the elimination of segregation. These policies and objectives are addressed by Government Code section 65913 et seq. This statute and the Ballot Measure’s potential to impact the City’s ability to meet the policies and objectives established by the statute are discussed below.

Government Code section 65913 provides:

(a) The Legislature finds and declares that there exists a severe shortage of affordable housing, especially for persons and families of low and moderate income, and that there is an immediate need to encourage the development of new housing, not only through the provision of financial assistance, but also through changes in law designed to do all of the following:

(1) Expedite the local and state residential development process.

(2) Assure that local governments zone sufficient land at densities high enough for production of affordable housing.

(3) Assure that local governments make a diligent effort through the administration of land use and development controls and the provision of regulatory concessions and incentives to significantly reduce housing development costs and thereby facilitate the development of affordable housing, including housing for elderly persons and families, as defined by Section 50067 of the Health and Safety Code.

These changes in the law are consistent with the responsibility of local government to adopt the program required by subdivision (c) of Section 65583.

(b) The Legislature further finds and declares that the costs of new housing developments have been increased, in part, by the existing permit process and by existing land use regulations and that vitally needed housing developments have been halted or rendered infeasible despite the benefits to the public health, safety, and welfare of those developments and despite the absence of adverse environmental impacts. It is, therefore, necessary to enact this chapter and to amend existing statutes which govern housing development so as to provide greater encouragement for local and state governments to approve needed and sound housing developments.

Section 65913.1 provides, in part:

(a) In exercising its authority to zone for land uses and in revising its housing element pursuant to Article 10.6 (commencing with Section 65580) of Chapter 3, a city, county, or city and county shall designate and zone sufficient vacant land for residential use with appropriate standards, in relation to zoning for nonresidential use, and in relation to growth projections of the general plan to meet housing needs for all income categories as identified in the housing element of the general plan.

Section 65913.2 provides that the City shall:

“(a) Refrain from imposing criteria for design, as defined in Section 66418, or improvements, as defined in Section 66419, for the purpose of rendering infeasible the development of housing for any and all economic segments of the community. However, nothing in this section shall be construed to enlarge or diminish the authority of a city, county, or city and county under other provisions of law to permit a developer to construct such housing.

(b) Consider the effect of ordinances adopted and actions taken by it with respect to the housing needs of the region in which the local jurisdiction is situated.

(c) Refrain from imposing standards and criteria for public improvements including, but not limited to, streets, sewers, fire stations, schools, or parks, which exceed the standards and criteria being applied by the city, county, or city and county at that time to its publicly financed improvements located in similarly zoned districts within that city, county, or city and county.”

This State statute mandates as a general policy matter, that cities take actions to meet the housing needs of all income categories and to refrain from taking actions that render housing production infeasible. The proposed Ballot Measure may operate to render certain housing production more infeasible than housing production would be absent the Ballot Measure. This is because the Ballot Measure reduces the amount of housing that can be built on many parcels throughout the City, without a vote of the people. By prohibiting the City from taking any actions to rezone or re-designate single family zoned districts and parcels throughout the City, the Ballot Measure imposes a hurdle on increasing the amount of allowable housing on such parcels. These potential impacts are discussed in greater detail, below.

Government Code § 65913.1 is a corollary to the Housing Element Law and known as the “least cost zoning law.” (See *Fonseca v. City of Gilroy*, 148 Cal. App. 4th 1174, 1185–86 (2007).) It mandates that localities designate and zone sufficient vacant land for residential development with appropriate standards, in relation to land zoned for non-residential use, to meet the housing needs for all income categories identified in the housing element.

“Appropriate standards” are “densities and requirements with respect to minimum floor areas, building setbacks, rear and side yards, parking, the percentage of a lot that may be occupied by a structure, amenities, and other requirements imposed on residential lots pursuant to the zoning authority which contribute significantly to the economic feasibility of producing housing at the lowest possible cost given economic and environmental factors, the public health and safety, and the need to facilitate the development of housing affordable to persons and families of low or moderate income.” (Gov. Code § 65913.1(a)(1).)

Whereas the Housing Element Law covers the content, preparation, adoption, and implementation of the housing element of the general plan, section 65913.1 establishes minimum requirements for a community's zoning laws. Under the Least Cost Zoning Law the City must ensure sufficient vacant land is zoned to accommodate the needs identified in the housing element in relation to zoning of non-residential vacant land. (*Fonseca v. City of Gilroy, supra*, 148 Cal. App. 4th at 1186.) The Housing Element focuses on identification of sufficient sites for rezoning.

Although this report concludes that the actual production of housing units during the City's sixth Housing Element cycle may not be reduced by the Ballot Measure, the City's long term ability to zone for and produce housing may indeed be impeded by the Ballot Measure and may thus be inconsistent with section 65913.1. Sites that are zoned for single family uses but are vacant are considered by the State to be opportunity sites for denser housing development.³ The Ballot Measure would prohibit the City from rezoning vacant sites such as the former Flood School Site for denser multifamily developments thus eliminating the City's ability to impose its inclusionary housing requirements.

The City's inclusionary housing requirements mandate that multifamily developments with 5-19 units provide 10% of the units at low income or equivalent deed restricted levels. Multifamily developments with 20 or more units must provide 15% of the units at low-income or equivalent deed restricted levels. By eliminating the City's ability to increase density on such sites, the Ballot Measure eliminates the City's ability to impose its existing inclusionary housing requirements, thus rendering the production of affordable more infeasible.

In addition to impacting the developability of vacant sites, the Ballot Measure also prohibits the City from rezoning sites with existing single family dwellings. Historically, redevelopment of sites with existing single-family dwellings into denser multifamily dwelling units is less likely than development of vacant sites. However, the Ballot Measure would prohibit the City from considering any rezoning of single-family sites into denser multifamily sites. Absent the Ballot Measure, the City would have the authority (through its police powers related to zoning) to "upzone" single family zoned sites to allow for housing uses that accommodate a greater density of housing units. By prohibiting the City from utilizing such police powers, the Ballot Measure reduces the number of sites within the City upon which denser housing could be located by the City. In doing so, the Ballot Measure renders housing production more infeasible than would be possible without the Ballot Measure.

The Ballot Measure is unlikely to be considered inconsistent with Government Code section 65913.2 which mandates that local agencies are to refrain from imposing criteria for design or improvement for the purpose of rendering infeasible the development of housing, and to refrain from imposing standards or criteria relating to public improvements, such as streets, sewers, fire stations, schools, or parks, that exceed the standards and criteria being applied by the local agency at the time to publicly financed improvements located in similarly zoned districts within the local agency's jurisdiction. The Ballot Measure does not impose development standards that would have the effect of rendering housing production infeasible; rather, the Ballot Measure limits the City's ability to determine where denser housing may be located.

The City is not currently subject to SB 35 and therefore the impacts on the City's ability to comply with Government Code section 65913.4 are not discussed in this report. The Ballot Measure is not inconsistent with Government Code section 65913.5 because it does not purport to prohibit SB 10 developments pursuant to the procedures and requirements set forth in section 65913.5. The Ballot Measure does not directly address religious institution affiliated housing development projects and therefore Government Code section 65913.6 is not discussed in this report. The

³ California Department of Housing and Community Development, Division of Housing Policy Development. Housing Element Site Inventory Guidebook, Government Code Section 65583.2. https://www.hcd.ca.gov/community-development/housing-element/docs/sites_inventory_memo_final06102020.pdf

provisions of Government Code sections 65913.7 through 65913.11 are not implicated by the Ballot Measure and therefore not discussed in this report.

Impact on Production of Affordable Housing and Affirmatively Furthering Fair Housing (AFFH)

The following topic is included at the direction of the City Council on June 28, 2022, and is not specifically identified by Election Code Section 9212.

In the short to medium term during the upcoming eight-year 2023 – 2031 Housing Element time period, the Ballot Measure would very incrementally decrease the City's ability to provide affordable housing and make progress on AFFH.

Longer term, over the next two or three eight-year housing element time periods, the City's options would be considerably reduced and it may become increasingly difficult to both increase the production of affordable housing and make needed progress on affirmatively furthering fair housing. Some of the larger single-family properties that are used by religious organizations may, in the future, be considered good sites for housing but would require voter approval.

This could make future Housing Element updates more difficult to achieve compliance with housing requirements set by the State. This in turn would likely result in less affordable housing production which would also increase the difficulty of achieving fair housing outcomes as required under the AFFH requirements.

The City could consider a more widespread approach by adopting incentives to encourage homeowners in single-family areas to provide affordable housing by utilizing the new State laws such as SB 9 for urban lot splits and duplexes or two detached homes on single family properties. ADUs could be also seen as an avenue for increasing affordable rental housing for smaller households. SB 10 is another new State law that would allow the city to encourage urban infill on any residential parcel with up to 10 units regardless of zoning and made exempt from the California Environmental Quality Act (CEQA).

To further fair housing, results must also include new affordable for-sale housing that can provide a means for previously disadvantaged and discriminated against communities to be able to own property and build generational wealth.

Due to the history of discriminatory housing policy and practice there are significant differences in homeownership rates by race/ethnicity. Across racial/ethnic groups, white households in the Bay Area are most likely to own their homes (63%) — nearly twice as likely as Black households (34%). Homeownership rates are also lower for Latinx (40%), multiracial (45%), and Native American (46%) households.⁴

⁴ Bay Area Equity Atlas website. September 21, 2021 post. Accessed on July 7, 2022, <https://bayareaequityatlas.org/node/65531>.

2. Internal Consistency of the City's General and Specific Plans, Housing Element, and Planning and Zoning

The Ballot Measure would affect the internal consistency of the city's general and specific plans including the adopted 2015 - 2023 Housing Element. The existing General Plan includes several statements that support the continuation of low-density residential neighborhoods, while also allowing and encouraging them to change and evolve to provide varied housing types that would provide more affordable housing. The Land Use element provides the following background text that describes this effort:⁵

“The city’s long-established residential neighborhoods create the strong sense of community found in Menlo Park. Preserving and building on this foundation while also creating new opportunities for a range of housing types is an important focus of the City’s land use policies.”

If the Ballot Measure passes, any General Plan goal or policy that is found to be inconsistent with the Ballot Measure would need to be removed from the General Plan or modified to be consistent with the Ballot Measure.

GOAL LU-2 Maintain and enhance the character, variety and stability of Menlo Park’s residential neighborhoods.

The Ballot Measure would not conflict with this goal (LU-2) to maintain and enhance residential neighborhoods, although it would limit the ability to provide a variety of housing in R-1-U zoning districts.

Policy LU-2.1 - Neighborhood Compatibility. Ensure that new residential development possesses high-quality design that is compatible with the scale, look, and feel of the surrounding neighborhood and that respects the city’s residential character.

The Ballot Measure may not directly conflict with this policy (LU-2.1) to maintain neighborhood compatibility for those properties that are already developed with existing single-family homes. However, for those other vacant or non-single-family properties the Ballot Measure would discourage and in many or most instances prevent from developing, it would be inconsistent with this policy that provides guidance for designing new development, including higher density housing, to be compatible with existing neighborhoods.

The Ballot Measure would be inconsistent with the following Housing Element (H) and Land Use Element (LU) goals and policies:

⁵ *Menlo Park General Plan Land Use Element*. Adopted November 29, 2016. Pages LU-1 and LU-20.

Goal H4 - Use Land Efficiently to Meet Community Housing Needs at a Variety of Income Levels, Implement Sustainable Development Practices and Blend Well-Designed New Housing into the Community.

The Ballot Measure would limit the City's ability to efficiently provide housing at a variety of income levels. Therefore, the Ballot Measure is considered to be inconsistent with this goal (H4).

Policy H1.3 - Neighborhood Responsibilities within Menlo Park. Seek ways, specific to each neighborhood, to provide additional housing as part of each neighborhood's fair share responsibility and commitment to help achieve community-wide housing goals. This may range from in-lieu fees, secondary dwelling units, higher density housing sites, infill housing, mixed-use or other new housing construction.

The Ballot Measure would make it more difficult for each neighborhood to provide additional housing. The Ballot Measure would remove the ability of existing single-family neighborhoods from fully achieving their fair share of housing responsibilities. The Ballot Measure is inconsistent with this policy (H1.3).

Policy H1.6 - Equal Housing Opportunity. Actively support housing opportunities for all persons to the fullest extent possible. The City will ensure that individuals and families seeking housing in Menlo Park are not discriminated against on the basis of race, color, religion, marital status, disability, age, sex, family status (due to the presence of children), national origin, or other arbitrary factors, consistent with the Fair Housing laws.

The Ballot Measure would be inconsistent with this policy (H1.6) to support housing for all persons to the fullest extent possible. The Ballot Measure would add a financial and governmental constraint on developing housing for the full range of household incomes within the community.

Policy H4.1 - Housing Opportunity Areas. Identify housing opportunity areas and sites where a special effort will be made to provide affordable housing consistent with other General Plan policies. Given the diminishing availability of developable land, Housing Opportunity Areas should have the following characteristics:

- a. The site has the potential to deliver sales or rental units at low or below market rate prices or rents.
- b. The site has the potential to meet special housing needs for local workers, single parents, seniors, small families or large families.
- c. The City has opportunities, through ownership or special development review, to facilitate provision of housing units to meet its housing objectives.
- d. The site scores well for Low Income Housing Tax Credits (LIHTC) subsidy or has unique opportunities due to financing and/or financial feasibility.

- e. For sites with significant health and safety concerns, development may be tied to nearby physical improvements, and minimum density requirements may be reduced.
- f. Site development should consider school capacity and the relationship to the types of residential units proposed (i.e., housing seniors, small units, smaller workforce housing, etc. in school capacity impact areas).
- g. Consider incorporating existing viable commercial uses into the development of housing sites.

The Ballot Measure is inconsistent with this policy (H4.1) as it would limit the city's ability to identify opportunity sites (including the former Flood School site) for affordable housing.

Policy H4.2 - Housing to Address Local Housing Needs. Strive to provide opportunities for new housing development to meet the City's share of its RHNA. In doing so, it is the City's intent to provide an adequate supply and variety of housing opportunities to meet the needs of Menlo Park's workforce and special needs populations, striving to match housing types, affordability and location, with household income, and addressing the housing needs of extremely low-income persons, lower income families with children and lower income seniors.

The Ballot Measure is inconsistent with this policy (H4.2) as it would limit the city's ability provide workforce housing and housing at various income levels.

Policy H4.4 - Variety of Housing Choices. Strive to achieve a mix of housing types, densities, affordability levels and designs in response to the broad range of housing needs in Menlo Park. Specific items include:

- a. The City will work with developers of non-traditional and innovative housing approaches in financing, design, construction and types of housing that meet local housing needs.
- b. Housing opportunities for families with children should strive to provide necessary facilities nearby or on site.
- c. The City will encourage a mix of housing types, including: owner and rental housing, single and multiple-family housing, housing close to jobs and transit, mixed use housing, work force housing, special needs housing, single-room occupancy (SRO) housing, shared living and cohousing, mobile-homes, manufactured housing, self-help or "sweat-equity" housing, cooperatives and assisted living.
- d. The City will support development of affordable, alternative living arrangements such as co-housing and "shared housing" (e.g., the Human Investment Project's — HIP Housing — shared housing program).

The Ballot Measure is inconsistent with this policy (H4.4) as it would limit the density and mix of housing types to certain parts of the city.

Policy H 4.12 - Fair Share Distribution of Housing throughout Menlo Park.

Promote the distribution of new, higher density residential developments throughout the city, taking into consideration compatibility with surrounding existing residential uses, particularly near public transit and major transportation corridors in the city.

The Ballot Measure would be inconsistent with this policy (H4.12) as it would limit the ability to rezone and distribute higher density housing throughout the City.

Policy LU-1.6 Infill Development Environmental Review. Streamline the environmental review process for eligible infill projects by focusing the topics subject to review where the effects of infill development have not been addressed in a planning level decision or by “uniformly applicable development policies or standards,” in accordance with CEQA Guidelines Section 15183.3.

Policy S1.D Require Early Investigation of Potential Hazard Conditions. Require that potential geologic, seismic, soils, and/or hydrologic problems confronting public or private development be thoroughly investigated at the earliest stages of the design process, and that these topics be comprehensively evaluated in the environmental review process by persons of competent technical expertise.

These two policies (LU-1.6 and S1.D) would need to be revised to reflect that citizen initiatives and developer-sponsored ballot measures are exempt from CEQA.⁶

Impacts on the Other Existing Housing Sites in the Draft Housing Element

This topic is included at the direction of the City Council on June 28, 2022, and is not specifically identified by Election Code Section 9212.

One site included in the Housing Element Housing Opportunity Sites List – the former Flood School site (Site No. 38) – would be directly impacted by the Ballot Measure. The site would either be removed from the Housing Element Opportunity Sites List altogether or retained on the list with the expected unit count reduced to zero due to the requirement for a citywide voter approval for the needed land use change.

The other sites within the Housing Element are not expected to be directly affected by the Ballot Measure. However, if the City Council desires to make up the “lost” capacity from the former Flood School site, then the other sites could be impacted if the density was increased on one or more of the other sites.

⁶ *Tuolumne Jobs & Small Business Alliance v. Superior Court* (2014) 59 Cal.4th 1029, the California Supreme Court held that CEQA does not apply to “citizen-sponsored” initiatives, even where the initiative is adopted by local officials rather than the voters.

3. Impact on the Availability and Location of Housing, and the Ability of the City to Meet its Regional Housing Needs (RHNA)

The City of Menlo Park's useable land area (not including the Baylands and the Bay itself) is 5.49 square miles or 3,517 acres as shown in **Table 1** below. The land uses designated by the General Plan provide for 1,929 acres of Residential lands, which is 54.9% of all the land in the City. The two land use categories subject to the Ballot Measure are Very Low Density (168 acres) and Low Density Residential (1,372 acres). These two land uses total 1,540 acres which is 43.8% of all the land in the City. However, these two categories represent 79.8% of all residential land in the City. The other remaining land uses are summarized in **Table 1** as shown below. Housing development is also allowed in the Bayfront and Specific Plan Area.

Table 1 – Land Use Designations⁷

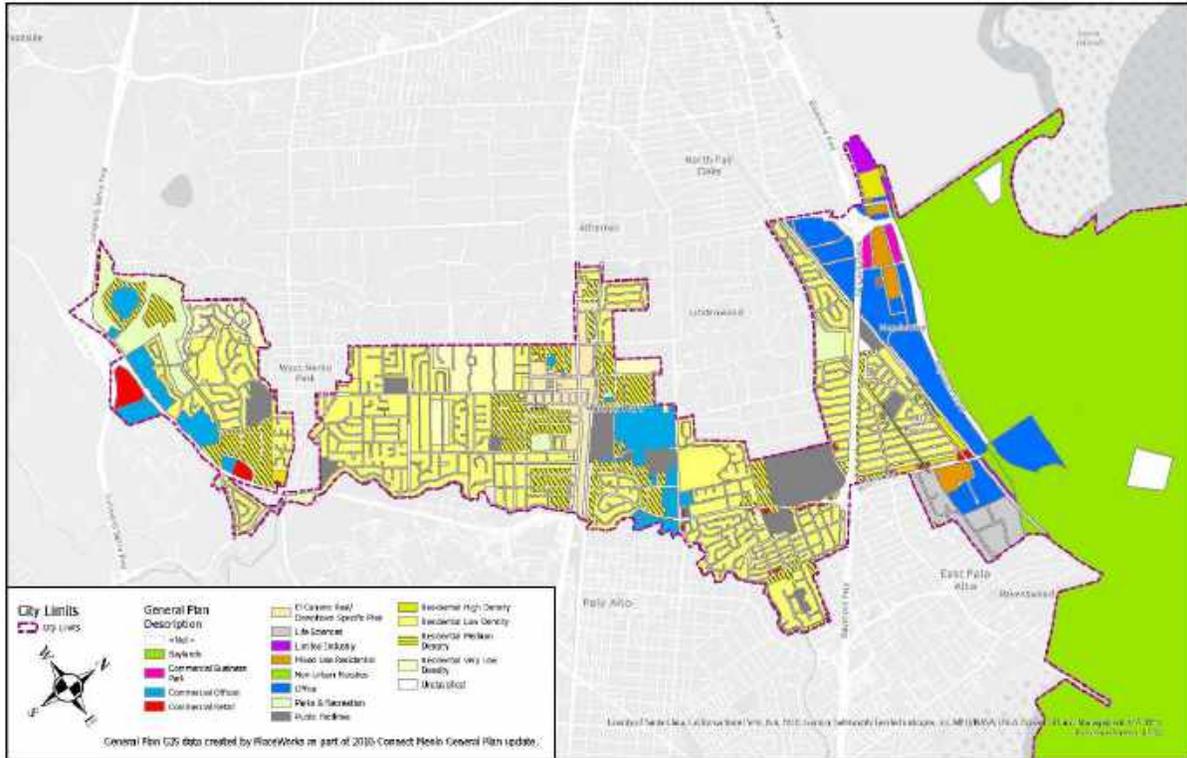
| Land Designation | Use | Acres | Percentage of Land in City | Percentage of Land subject to Ballot Measure |
|------------------------|---------|--------------|----------------------------|--|
| Very Low Residential | Density | 168 | 4.8% | 43.8% |
| Low Residential | Density | 1,372 | 39% | |
| Medium Residential | Density | 355 | 10.1% | 0% |
| High Residential | Density | 35 | 1% | 0% |
| Commercial | | 254 | 7.2% | 0% |
| Bayfront | | 511 | 14.5% | 0% |
| Specific Plan Area | | 122 | 3.5% | 0% |
| Parks & Recreation | | 349 | 9.9% | 0% |
| Public/Quasi-Public | | 231 | 6.6% | 0% |
| Utilities/Railroad ROW | | 121 | 3.4% | 0% |
| TOTAL | | 3,517 | 100% | 43.8% |

Nearly all of the 1,540 acres of Very Low and Low Density Residential lands are currently occupied by single-family housing built primarily over the past 95 years since the City's incorporation in 1927. However, 53 parcels consisting of 116 acres of land are occupied by other

⁷ *Menlo Park General Plan Land Use Element*. Information adapted from Table 1. Page LU-13. November 19, 2016

uses including a fire station, religious facilities, and vacant sites as shown in **Table 4** later in this report. See **Figure 1** for a location map of all the land use designations identified in **Table 1**.

Figure 1: General Plan Land Use Designations



Additionally, capacity for new housing is also located within the ECR/Downtown Specific Plan area and within the Residential Mixed-Use zoned areas within the Bayfront Area that were created as part of the ConnectMenlo General Plan update adopted in 2016.

Table 2 includes the corresponding zoning districts that implement the General Plan land uses affected by the Ballot Measure.

Table 2 – Zoning Districts Affected by the Ballot Measure

| Land Use Designation | Corresponding Zoning Districts |
|---|---|
| Very Low Density Residential (max. 2.9 DU/ac) | Residential Estate (R-E) |
| | Residential Estate Suburban (R-E-S) |
| Low Density Residential (max. 8.9 DU/ac) | Single Family Suburban Residential (R-1-S) |
| | Single Family Suburban Residential (Felton Gables) (R-1-S (FG)) |
| | Single Family Urban Residential (R-1-U) |
| | Single Family Urban Residential (Lorelei Manor) (R-1-U (LM)) |

Future land use decisions will be constrained by the Ballot Measure. Other cities with similar Measures experience very few if any attempted ballot measures to change land uses due to long timeframes, significant expense and uncertain outcomes. For example, the City of Saratoga's Measure G passed in March 1996 and required voter approval for any "intensification" of any residential or commercial land use designation. The City of Saratoga staff has confirmed that the City has not experienced any attempted Ballot Measures for land use changes from 1996 to 2022, a period of over 26 years.⁸

Notably, Saratoga's Measure G does have a provision that exempt changes to residential densities in order comply with State Housing Element law.⁹

As a practical matter, most developed single-family parcels occupied by single family homes are unlikely candidates for a significant land use change due to the high value of the existing houses,¹⁰ multiple property owners over a given area and the planning and zoning framework in place that discourages intensification of existing single-family residential areas.

However, a new State law known as Senate Bill 9 (passed in 2021 and effective January 1, 2022) does allow for ministerial approval of lot splits and two-unit development including attached duplexes and additional detached houses on existing parcels with single-family land use designation and/or zoning.

New State laws also encourage creation of Accessory Dwelling Units (ADUs) by allowing for ministerial approval of both attached and detached ADUs of up to 1,000 square feet and an allowance for an interior Junior ADUs up to 500 square feet.

Additionally, SB 10 provides tools for cities to zone for up to ten homes per parcel on single family zoned parcels in transit rich areas, or urban infill sites. New State housing laws such as SB 9 and SB10 would not be affected by the Ballot Measure.

Effects on Draft 2023 – 2031 Housing Element

As previously stated, passage of the Ballot Measure would result in the removal of the Former Flood School from the Draft Housing Element Opportunity Sites List. This 2.5-acre site is listed as Site No. 38 within the Draft Housing Element. The City Council directed, at their June 6, 2022 meeting, to allow for a base density of 20 dwelling units per acre with an allowance for State density bonus law of up to 80% which would result in a total maximum of 90 new dwelling units on the Flood School site. These density parameters would be consistent with the stated goal of the Ravenswood City School District to construct up to 90 affordable dwelling units for teachers and staff from the School District.

⁸ City of Saratoga. Communication with City Manager. July 9, 2022.

⁹ City of Saratoga Land Use Element. Adopted June 6, 2007. Page 5. Also see Measure G here: https://saratoga.granicus.com/MetaViewer.php?view_id=10&clip_id=731&meta_id=30811. Pages 2, 5 and 6.

¹⁰ Zillow. The typical home value of homes in Menlo Park is \$3,130,968. This value is seasonally adjusted and only includes the middle price tier of homes. Menlo Park home values have gone up 18.2% over the past year. Accessed on July 6, 2022, <https://www.zillow.com/menlo-park-ca/home-values/>.

The requirement to secure voter approval would not necessarily make the project impossible to achieve but it would create a significant barrier or constraint to development. As a result the Housing Element would not be able to utilize the site to show housing capacity under the City’s housing allocation for the 6th Cycle Housing Element as shown below in **Table 3**:

Table 3 – City of Menlo Park Regional Housing Needs Allocation¹¹

| Income Category | Percentage of Area Median Income (AMI) | Number of Units Required |
|------------------------|---|---------------------------------|
| Very Low | 0% to 50% | 740 |
| Low | 51% to 80% | 426 |
| Moderate | 81% to 120% | 496 |
| Above Moderate | Over 120% | 1,284 |
| TOTAL | | 2,946 |

Adequate capacity for 2,946 new housing units must be demonstrated by the Housing Element for the 2023 – 2031 time period. Cities that cannot demonstrate meeting or exceeding their housing requirements during the eight-year planning period may risk not having their housing element certified by HCD. If HCD does not certify a city’s housing element within 180 days after the deadline for final submission of a housing element to HCD, a city will be required to complete all contemplated rezoning within one year of housing element due date instead of three years. Certain rezoning is required to be contemplated in a city’s housing element in order to ensure the city has appropriate zoning in place to meet its regional housing needs allocation.

In Menlo Park, as set forth above, the City must plan for and produce 2,946 housing units within the 6th Cycle housing element period (2023-2031.)

As a result of “credit” provided for housing projects within the existing development process or the “pipeline” as well as the permitting of expected ADUs during the 6th Cycle housing element period, Menlo Park’s adjusted or “net” housing units that is must produce is calculated to be 1,493 affordable units at the very ow, low and moderate income categories. The Draft Housing Element includes a combination of strategies that results in up to 4,000 new housing units. This number may be reduced as the Draft Housing Element goes through the public review and adoption process in late 2022 and early 2023.

Amongst these strategies is a rezoning of the Flood School site in the manner described above. As currently proposed in the City’s Draft Housing Element, the contemplated rezoning of the site would result in up to 90 very low, and moderate income housing units thereby contributing to the City’s requirement of 1,493 affordable units. The Draft Housing Element has an adjusted number

¹¹ Association of Bay Area Governments. Final Regional Housing Needs Allocation (RHNA) Plan: San Francisco Bay Area, 2023-2031. Adopted December 2021, Updated March 2022. https://abag.ca.gov/sites/default/files/documents/2022-04/Final_RHNA_Methodology_Report_2023-2031_March2022_Update.pdf

of 85 very low, and moderate income housing units that are subject to change upon submittal to HCD.

The other single-family residential zoned parcels currently within the Opportunity Sites list in the City's Draft Housing Element and would thus be subject to the Ballot Measure prohibition on City rezoning include:

- Site 40(c) R-1-S - 2650 Sand Hill Road – St. Bede's Episcopal Church
- Site 39(c) R-1-S - 2250 Avy Avenue – St. Denis Church

These two sites are owned and utilized by religious organizations. Inclusion in the Housing Element was predicated not on general plan and zoning changes but through possible utilization of new State laws AB 1851 (2020) and AB 2244 (2022) that allow religious facilities to build housing by reducing by up to 50% of existing or required new parking lots without having to replace the reduced parking. Both of these laws modify section 65913.6 of the California Government Code. The Ballot Measure would require voter approval for any housing proposal beyond these State law parameters or the existing single family zoning designations.

Possible Effects On Future Housing Element Planning Efforts

Looking further out into the future over the next 10, 20 or 30 years, the Ballot Measure would generally direct all new housing into non-single-family areas including Downtown, along El Camino Real, properties zoned Residential Mixed-Use (R-MU) within the Bayfront area, and redevelopment of existing commercial retail, office and industrial lands. The Ballot Measure would incrementally reduce the ability of the city to meet future state housing requirements. This is due to the 53 identified developable sites that could not be considered for conversion, there is an increment of future, otherwise potentially viable housing sites that could not be considered.

4. Impacts on Public, Vacant Land, and Other Sites Owned by Nonprofit Institutions

The following topic is included at the direction of the City Council on June 28, 2022, and is not specifically identified by Election Code Section 9212.

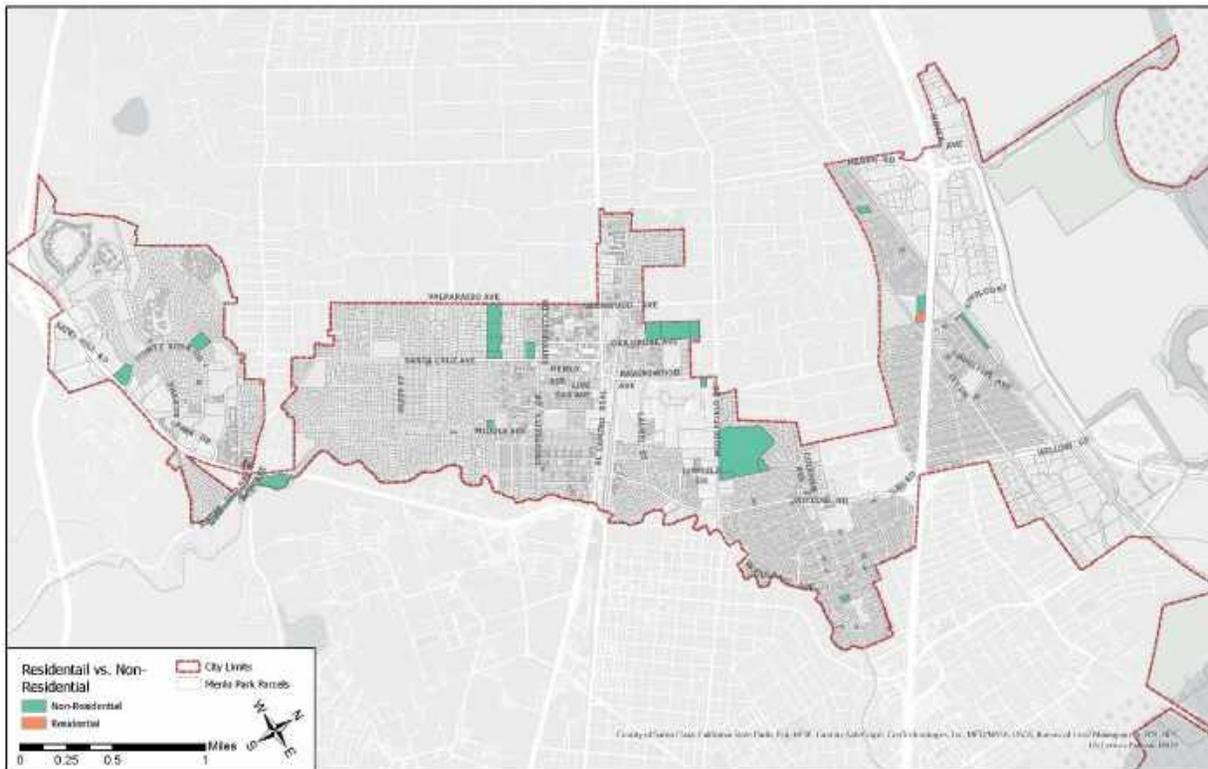
The Ballot Measure would affect properties that do not currently have single family homes located on them but are developed with a variety of other uses. These properties are affected differently based on their existing land uses currently on the property.

The following **Table 4** provides a summary of all the non-single-family properties that would be affected by the Ballot Measure including the number and acreage of the parcels of each type. The land uses are ranked top to bottom based on acreage. The non-single-family planned properties most affected in terms of acreage of land are the educational facility, religious facility, golf course, schools and vacant land categories. All of the residential categories combined equal 14.9 acres. Narrow, undevelopable parcels and single-family lots with two or less existing dwelling units were removed. A map of these sites is shown in **Figure 2** below and a complete list of sites is included as **Attachment B**.

Table 4 – Summary of Non-Single-Family Properties Affected by the Ballot Measure

| Type of Land Use | Number of Parcels | Total Acres | Average Parcel Size (Acres) |
|----------------------------------|-------------------|--------------|-----------------------------|
| Educational Facility | 1 | 41.0 | 41.0 |
| Religious Facilities | 14 | 34.8 | 2.5 |
| Schools | 8 | 18.4 | 2.3 |
| Golf Course | 3 | 10.2 | 3.4 |
| Vacant Land | 7 | 3.7 | 0.5 |
| Civic Facility | 1 | 2.0 | 2.0 |
| Water Company | 2 | 1.3 | .6 |
| Residential: 5 or more units | 1 | 1.6 | 1.6 |
| Residential: Combo of Unit Types | 4 | .8 | 0.2 |
| Residential: Duplex | 4 | .7 | 0.2 |
| Residential: Fourplex | 3 | .7 | 0.2 |
| Convalescent Homes | 3 | 0.7 | 0.2 |
| Highways & Streets | 2 | .2 | .1 |
| TOTALS | 53 | 116.1 | 4.2 |

Figure 2: Non-Single-Family Properties Affected by the Ballot Measure



Impact of the Ballot Measure on the Uses of Vacant Parcels of Land

Based on an analysis of the City’s Geographic Information System (GIS) data there are 7 vacant parcels that would be affected by the Ballot Measure. These parcels are considered vacant in that there are no existing structures on the properties and would be affected by the Ballot Measure due to the existing single-family zoning. These parcels comprise 3.7 acres and are located throughout the City. These parcels range in size from 3,500 square feet to 1.9 acres. The average parcel size is approximately 0.5 acre. Similar to other redevelopment sites, the development potential of these sites in terms of higher density housing would be decreased as a result of the Ballot Measure.

Religious and other Institutional Facilities

There are several religious facilities or other institutional uses within the city that have a single-family General Plan and/or Zoning designation. Examples of these include St. Denis Church and Church of the Nativity. These facilities are permitted as a conditional use within the single-family zoned areas by both the existing General Plan policies and the zoning regulations. Furthermore, religious facilities can utilize recent State laws AB 1851 and AB 2244 to develop housing. Therefore, these sites would not be directly affected by the Ballot Measure.

However, if the organizations that own the land decided to sell the land, the new use would be limited to a continuation of the existing use, another conditionally allowed use (public utilities,

private schools, churches, child day care centers, and home occupations) or redevelopment under the single-family zoning regulations. Redevelopment of the site requiring a change of use, including, but not limited to, higher density housing, would not be permitted unless the General Plan and Zoning designation changes were approved by a city-wide vote.

Menlo Park Fire Station No. 1

The existing fire station located at 300 Middlefield Road is located on property with a Low-Density Residential land use designation and within a single-family zoning district. The Menlo Park Fire Protection District (MPFPD) has communicated to the City in the past that they plan on replacing the aging fire station with a new structure at some point in the future. The City has previously informed the MPFPD that the new fire station would require a rezone from single-family residential to Public Facilities (P-F).

The existing R-1-S zoning of 300 Middlefield Road allows for single-family dwellings, ADUs, accessory buildings and accessory structures as permitted uses, and public utilities, private schools and churches, childcare centers and home occupations as conditionally permitted uses. Fire stations are not an enumerated use in the R-1-S zoning district. A fire station, similar to other public uses and other facilities operated by other governmental agencies, is more consistent with the P-F (Public Facilities), which provides greater flexibility with respect to development standards than the R-1-S zoning district. The existing use and building are considered to be “legal, nonconforming”. Nonconforming uses and buildings are regulated by Chapter 16.80 of the Menlo Park Zoning Code. While the use is able to remain in its current operation, any future redevelopment or expansion of the building or intensification of the site would need to conform to the zoning district. Rezoning to P-F would allow for such modifications, but the rezoning would require voter approval to change from the current R-1-S zoning district.

The Ballot Measure would result in added time and costs for the fire district because of the requirement for a city-wide vote on the zoning change from R-1-S to P-F. The amount of added costs is unknown but would likely include marketing, advertising, public relations and public outreach events. Even with a well-financed Ballot campaign, there is no guarantee of approval of the project by the voters.

5. Impact on Open Space, Existing Business Districts, and Developed Areas Designated for Revitalization

The city has no agricultural lands so the Ballot Measure would have no impact on this land use. To the extent that the Ballot Measure reduces or eliminates new, higher density forms of housing in or near existing single-family areas, this could put increasing pressure on the City to use open space lands for housing to meet future State housing requirements.

There is no direct impact on existing business districts from the Ballot Measure, however similar to open space, business properties may face a higher rate of conversion to mixed-use or residential only uses that could decrease the amount of available commercial space. Many downtowns suffer from a lack of modern retail or office space. Larger buildings may be converted to mixed use with smaller but more functional commercial spaces that attract new tenants.

This process of ongoing land use changes could also result in more customers and smaller but more modern and better functioning commercial space that could support the revitalization of

existing commercial areas. To the extent the Ballot Measure directs housing development Downtown, it could increase pedestrian traffic and improve the business climate.

6. Fiscal Impacts

Near Term Fiscal Impacts/Impacts Associated with the Flood School Site

In the near term, the most tangible impact of the Ballot Measure that relates to fiscal impacts would be to prevent the City from rezoning the Flood School Site from R-1-U to a higher residential density zoning district to allow for multifamily residential development without voter approval. The Ravenswood City School District owns the property and received proposals from a number of developers for the site. The City has been informed by the School District that it is currently negotiating with a developer. The School District has publicly stated the site is intended to be used for affordable housing to serve District teachers and school staff. A formal development application has not yet been submitted by the School District to the City; as such, the City has no formal information on a development proposal.

Under current zoning and general plan policies, a rezoning would be required for the School District to develop the site at density greater than 8.9 DU/ac. The requirement for voter approval for the rezoning could prevent multifamily residential development from occurring on the site, due either to a lack of voter approval or a decision by the School District to not pursue development at the site because of the cost and uncertainty associated with getting voter approval. The School District has indicated that it is not interested in selling the site or transferring it to another governmental entity, and that it would likely be used for other District purposes if the District is not able to develop the site for multi-family housing. The District has cited a bus or van depot for District use as the most plausible alternative for the site.¹² The Ballot Measure may prohibit the School District from using the site for a bus or van depot without voter approval.

Current Fiscal Impacts of the Flood School Site

In its current state, the Flood School Site has minimal impact on the City of Menlo Park General Fund. The site is owned by a public entity and therefore is not subject to property tax. The site is also vacant, and therefore does not generate any sales tax from activities on site or from worker or resident spending. The site also does not generate any other revenues that residents and workers tend to generate, such as charges for service, fines and forfeitures, or utility user taxes. Furthermore, there are no residents or workers on the site to generate a demand for City services and therefore little to no City service cost associated with the site.

Potential Fiscal Impacts of the Flood School Site if Developed as Multifamily Housing

If the Flood School Site were to be developed as higher density affordable housing, as would be possible in the absence of the Ballot Measure, the development would likely have a net negative fiscal impact on the City of Menlo Park General Fund. This is consistent with findings from several

¹² City of Menlo Park website. Questions and responses summary from May 3, 2022, Flood School Site community meeting (Issue date: July 1, 2022). Accessed on July 7, 2022, <https://beta.menlopark.org/files/sharedassets/public/community-development/documents/flood-school-site-community-meeting-questions-and-responses-summary.pdf>.

recent fiscal impact analyses that were prepared for planned and proposed residential development projects in the Menlo Park, including the 111 Independence Drive, Menlo Uptown, Menlo Portal, and Menlo Flats projects, all of which were either residential projects or mixed-use projects with a residential component.¹³

Fiscal impact analyses demonstrate that each of these projects is projected to have a negative net fiscal impact on the Menlo Park General Fund.

While the specifics of any future residential development at the Flood School Site are unknown, it is possible that a future development on the site would qualify for a property tax exemption as a 100% affordable housing development. A property tax exemption would lead to a larger negative fiscal impact from redevelopment of the site than would be typical of residential development that is not exempt from property tax, as the exemption would prevent the collection of property tax revenue to partially offset the cost of providing services to new residents.

Separate from the direct fiscal impacts associated with any future residential development on the Flood School Site, an affordable housing development on the site could have indirect positive fiscal impacts for the City of Menlo Park by providing workforce housing. To the extent that the site provides housing for the local workforce, it could help to support the attraction and retention of employers in Menlo Park that have an overall positive fiscal impact. Local employers may have a positive impact on the City's General Fund by generating revenue from property tax, retail or business-to-business sales tax, transient occupancy (i.e., hotel room) tax, utility user tax, and other sources.

In addition, workers tend to create a lower level of demand for City services compared to residents, resulting in lower municipal service costs compared to residential development. Furthermore, if the site provides housing for local teachers and/or school staff it could assist with School District employee attraction and retention, which could have a positive impact on school quality. Improvements in school quality tend to lead to increased property values, which would generate additional property tax revenue to the City of Menlo Park as residential properties in districts with improved school quality are sold over time.

Potential Fiscal Impacts of the Ballot Measure Associated with the Former Flood School Site

If the Ballot Measure prevents the development of multifamily housing on the former Flood School site, one of two potential scenarios could occur:

- **Scenario A:** The affordable units that would have been developed on the Flood School site shift to other sites within Menlo Park. In this case, the fiscal impacts associated with these units would be similar to the fiscal impacts if the units were developed on the former Flood School site.
- **Scenario B:** The affordable units that would have been developed on the former Flood School site do not shift to other sites within Menlo Park, and fewer affordable units are developed in Menlo Park. If the Ballot Measure results in a decrease in the overall number of affordable units in Menlo Park, this would prevent the fiscal impacts associated with developing the site for multifamily housing.

¹³ City of Menlo Park website. Community Development Department, Approved Projects. Accessed July 19, 2022, <https://beta.menlopark.org/Government/Departments/Community-Development/Projects/Approved-projects>.

- As described above, affordable housing on the Flood School Site would likely have a negative net fiscal impact from the housing itself. This negative fiscal impact could be fully or partially offset by indirect positive fiscal impacts from non-residential uses that are supported by the availability of workforce housing and/or increases in property tax revenues resulting from improved School District worker retention and resulting improvements in school quality.
- In this scenario, the overall net fiscal impact of preventing the development of multifamily housing at the Flood School Site could be either positive or negative compared to a scenario in which multifamily housing is developed on the site. The net impact would depend on whether indirect positive fiscal impacts outweigh the negative direct fiscal impacts of the units.

Medium- and Long-Term Fiscal Impacts of the Ballot Measure on all Affected Sites

Over the medium and long term, the Ballot Measure could prevent the City from rezoning single-family sites to allow for higher-density residential use or non-residential uses. Most sites that are zoned for single-family residential are currently developed with detached single-family homes and would be unlikely to be rezoned and redeveloped regardless of the outcome of the Ballot Measure. However, there are some sites in Menlo Park with single-family zoning that are vacant, developed with multifamily uses, or developed with non-residential uses, which could be opportunity sites for multifamily development or non-residential development in the future.

If the Ballot Measure passes, it would likely reduce development opportunities for these sites, either because of a lack of voter approval or because the property owners would be deterred from pursuing development due to the expense and uncertainty of going through the voter approval process.

Potential Fiscal Impacts from Limiting Rezoning of Single-Family Sites to Allow Multifamily Uses

As stated above, the Ballot Measure would potentially limit new multifamily development in single-family residential areas but would likely have a limited impact on the overall number of housing units that can be built in Menlo Park because the City will need to rezone other areas to enable multifamily development as necessary to meet RHNA requirements under State law. Therefore, passage of the Ballot Measure would likely limit the number of new multifamily units that could be built on certain single-family zoned sites, but would have little to no effect on the overall number of multifamily units that could be built in Menlo Park over the long term.

The fiscal impacts that new multifamily units will have on the City of Menlo Park's General Fund will likely be relatively similar regardless of the specific location within Menlo Park where the units are built. Future development in Menlo Park will consist largely of infill projects in areas that are already served by infrastructure and City services. As a result, the cost to provide City services to new residents can be anticipated to increase approximately in proportion with increases in the number of persons served citywide, with minimal variation based on the specific location in Menlo Park where new housing is built. New 100 percent affordable developments are generally exempt from property tax, and therefore do not generate property tax revenue for the City of Menlo Park regardless of their location in the City. For new multifamily residential developments that are subject to property tax, the City's General Fund revenues could vary somewhat based the tax rate area (TRA) where new housing is built because the City's share of property tax revenue

differs between tax rate areas. However, this variation is generally small compared to the overall fiscal impact associated with new residential development.

The fiscal impacts to the City could also vary on a site-specific basis depending on the current use of specific properties where new housing would be built. For example, a new market-rate development on a site that currently has a very low assessed value would generate a larger increase in property tax revenue compared to a similar development on a site that currently has a higher assessed value. These site-specific differences are difficult to predict given the range of potential outcomes from the Ballot Measure. However, these differences are likely to be small in relation to the overall fiscal impact associated with new multifamily residential development, and are unlikely to affect whether the overall impact is positive or negative.

Potential Fiscal Impacts from Limiting Rezoning of Single-Family Sites to allow Non-Residential Uses

To the extent that the Ballot Measure prevents rezoning of single-family sites to another zoning district to allow non-residential uses, this action could have a positive, negative, or neutral fiscal impact on the City of Menlo Park. While many non-residential uses generate a positive fiscal impact for the City of Menlo Park, others have a negative or neutral impact. The overall fiscal impact to the City would depend on the specific mix of non-residential uses that would be prevented as a result of the Ballot Measure.

7. Impact on Funding for Infrastructure of all Types

The impact that the Ballot Measure would have on infrastructure funding, costs, and savings will depend largely on the extent to which the Ballot Measure affects the amount of new development (including both residential and non-residential development) in Menlo Park, compared to a scenario in which the Ballot Measure does not pass. Future development opportunities in Menlo Park will consist largely of infill development projects on sites that are served by existing transportation, schools, parks, open space, and utilities, whether on single-family sites or elsewhere in the City. As discussed above, passage of the Ballot Measure could reduce the amount of future development of multifamily projects on sites that currently have the single-family zoning designation. However, any impact would likely be small because the City will continue to be required to identify sites for multifamily residential development in order to meet its 6th cycle Housing Element RHNA requirements, no net loss requirements during the 6th cycle, and RHNA requirements in future Housing Element cycles. Rather, the Ballot initiative would likely shift a greater proportion of the future development of multifamily residential units to areas that are not currently zoned single-family.

There are no similar statutory requirements that the City identify sites for non-residential development, and therefore the Ballot Measure could reduce the overall quantity of future non-residential development that could occur in Menlo Park. In part, this is because any potential future rezonings of single-family sites to allow non-residential uses would require voter approval. In addition, the Ballot Measure would limit rezoning of single-family sites to allow multifamily uses, which could increase pressure to rezone other non-residential sites in Menlo Park to allow multifamily development in order to meet RHNA requirements. This could result in sites that might otherwise be developed as nonresidential uses instead being developed for residential use,

thereby limiting the number of sites available for new nonresidential development. In this case, the Ballot Measure would decrease the amount of new nonresidential development in Menlo Park.

Transportation

The impact that the Ballot Measure would have on roads and transportation infrastructure would depend in part on whether the Ballot Measure leads to an overall decrease in development in Menlo Park compared to a scenario in which the Ballot Measure does not pass. While the Ballot Measure is unlikely to have a significant impact on the amount of residential development in the Menlo Park, it may lead to a decrease in the amount of future nonresidential development in the City, as discussed above.

The City of Menlo Park has a transportation impact fee to finance roadway and transportation infrastructure improvements. This fee is subject to the California Mitigation Fee Act, and as such can only be used to cover the cost of the infrastructure needs that result due to new development. Therefore, any impact of the Ballot Measure on the collection of fees from this source would be accompanied by a commensurate impact on the cost of necessary transportation improvements.

In addition to impact fees, the City funds street, sidewalk, and transportation improvements using funds from the State of California, parking permit sales, special gas tax levies, countywide sales tax levies, and grants. Developers may also construct on-site or off-site transportation improvements as a requirement for new development. Passage of the Ballot Measure is unlikely to have a significant impact on these funding sources. However, some of the funds available from these sources are contingent on a local jurisdiction having a compliant housing element. If the Ballot Measure were to impede the City's ability to have a compliant housing element this could reduce the funding available for transportation infrastructure improvements.

Parks and Open Space

Since the Ballot Measure is unlikely to have a significant impact on the amount of residential development in Menlo Park over the long term on a citywide basis, it is not likely to have a significant impact on costs or funding for parks and open space. In contrast to transportation infrastructure, parks and open space tend to be used more intensively by people that live nearby, with comparatively little impact from people that work nearby. Because the Ballot Measure would be unlikely to have a significant impact on the number of residential units built in Menlo Park, it would also be unlikely to have a significant impact on costs and funding for parks and open space. While there may be some slight differences in park usage depending on where new residential development occurs in the City, these differences would be difficult to predict based on what is currently known about the impacts that the Ballot Measure might have on the location of new housing in Menlo Park, and these differences are likely to have a minimal impact on overall costs.

Stormwater

The Ballot Measure is unlikely to have a significant impact on stormwater infrastructure funding or costs. The City of Menlo Park assesses a storm drainage fee on new development at a rate of \$150 per residential unit or \$0.24 per square foot of impervious site square footage. However, this fee only applies to developments that result in a net increase in impervious site square

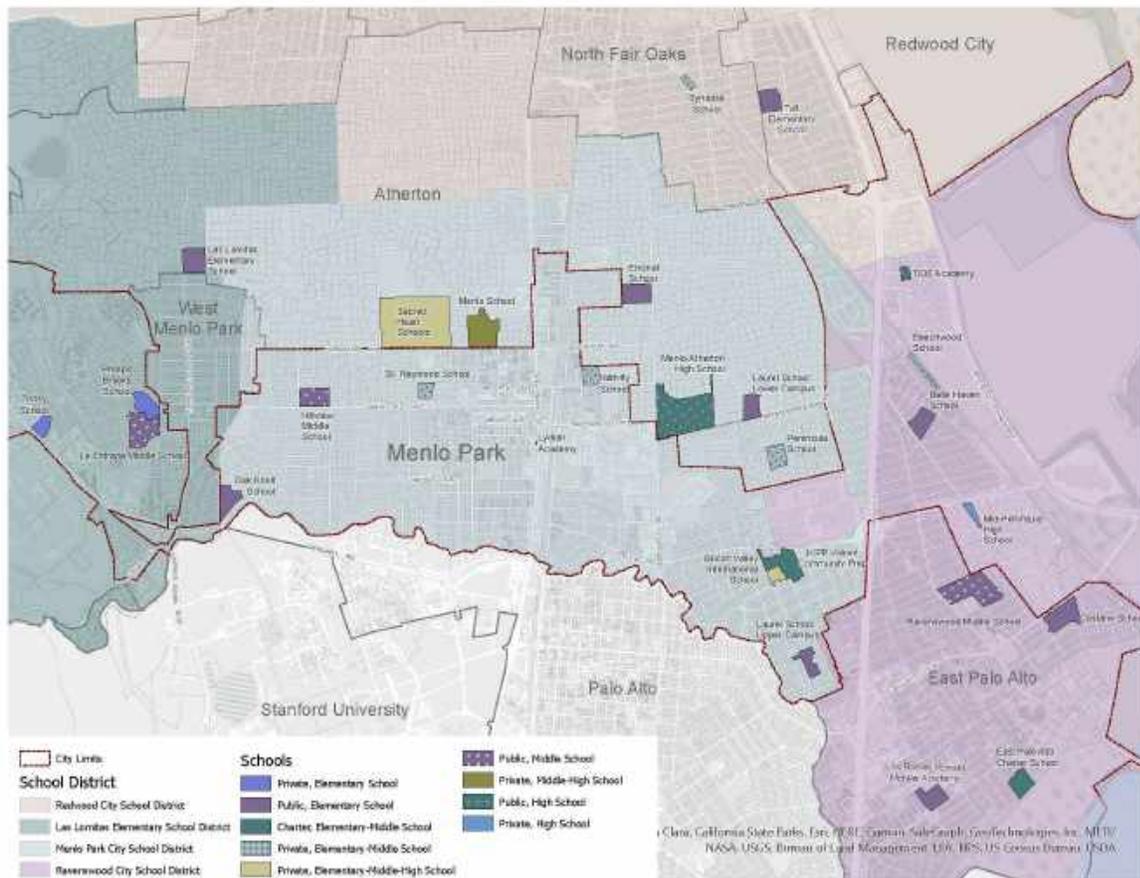
footage. Many new developments in Menlo Park result in a decrease in impervious site square footage, reducing impacts on the City's stormwater system, and therefore are not required to pay the fee. As discussed above, the Ballot Measure is unlikely to significantly impact the amount of future residential development in Menlo Park due to the City's RHNA obligations, but may reduce nonresidential development because nonresidential land could be converted to residential use due to constraints on single-family properties. Nevertheless, any impacts of the Ballot Measure on costs or funding for the City's stormwater system are likely to be small.

In addition to any impact fees, improvements to the City's stormwater system are funded through the General Fund, which could be impacted by the Ballot Measure as described in the fiscal impact section of this report. Other potential funding sources include grants and developing benefit assessment districts. However, the specific impacts that the Ballot Measure could have on any potential future benefit assessment districts are currently uncertain.

Impacts of the Ballot Measure on Public School Facilities

Elementary and middle school students living in Menlo Park attend one of four school districts, all of which serve children in kindergarten through eighth grade: Menlo Park City School District, Las Lomas Elementary School District, Ravenswood City School District, or Redwood City School District as shown on **Figure 3**. The impact that the Ballot Measure would have on each of these districts would depend on the extent to which passage of the Ballot Measure would change the amount of new development that would occur in each district. The Sequoia Union High School District serves high school students throughout Menlo Park.

Figure 3: Menlo Park Area School Districts and Facility Sites



The Ballot Measure could affect the need for school facilities to the extent that it could affect the number of housing units in each of the school districts that serve Menlo Park, with an associated impact on the number of elementary, middle, and high school students living in each district.

Recent enrollment growth has created capacity constraints in the Sequoia Union High School District and the Menlo Park City School District. Both of these districts have recently developed new school facilities to accommodate student enrollment growth. A new high school, TIDE Academy, opened in August 2019 with capacity for approximately 400 students. One other high school in the Sequoia Union High School District, Menlo-Atherton High School, currently serves students residing in Menlo Park and was over capacity as of the 2020-2021 school year. The Menlo Park City School District constructed the new Laurel School Upper Campus to provide increased enrollment capacity in 2016 and previously expanded facilities and increased capacity at Hillview Middle School in 2012. Despite the construction of these new school facilities, the District has indicated that all of its schools are currently at or near maximum programmatic capacity. The Menlo Park City School District anticipates it will be challenging to accommodate the students that could be added to the District through implementation of the City’s 2023-2031 HEU. None of the other elementary school districts in Menlo Park currently face capacity constraints.

Potential Near-Term School Facility Cost Impacts.

In the near term, the most significant impact of the Ballot Measure as it relates to school facilities would be that it would likely prevent the development of higher density housing on the former Flood School site, and result in lower student enrollment for the Ravenswood City School District. Compared to a scenario in which the Ballot Measure does not pass, this could reduce the number of students living in the Ravenswood City School District due to the loss of potential residential units at that site. This could shift at least some of these residential units and students to other sites, and potentially other elementary school districts, within the City.

If the Ballot Measure prevents development of multifamily residential units at the former Flood School site, this would likely lead to less enrollment in the Ravenswood City School District because the site would not have as many residential units that could house families of students. This impact would not affect the District's need for school facilities, as the District has existing capacity regardless of whether residential units are built at the former Flood School site.

If the reduction of residential units at the former Flood School site results in a shifting of those units to other sites within Menlo Park, this could impact the need for facilities in other elementary school districts that serve the City. Preventing the development of residential units at the former Flood School site could create additional demand for multifamily residential development on sites elsewhere in Menlo Park where voter approval would not be required. The Menlo Park City School District covers a substantial portion of Menlo Park and therefore might absorb at least some of any shift in demand for multifamily residential development. Because the Menlo Park City School District is currently facing capacity constraints, this could exacerbate the need for new or expanded school facilities in the School District.

Preventing the redevelopment of the former Flood School site could potentially reduce the need for new or expanded school facilities within the Sequoia Union High School District. If preventing the redevelopment of the site leads to a reduction in residential units in Menlo Park overall, this would reduce the number of students in the Sequoia Union High School District, thereby reducing any impact on the District's facilities. If demand for these units was instead shifted to other sites within Menlo Park, high school students living in those units would attend the Sequoia Union High School District regardless of the location of new residential units within the City.

Potential Near-Term School Facility Funding Impacts.

All of the school districts in Menlo Park levy school impact fees on new development projects to fund the construction or reconstruction of school facilities. Under State law, the maximum school impact fee is \$4.08 per square foot for residential development and \$0.66 per square foot for non-residential development. Sequoia Union High School District collects these fees for all of the elementary feeder school district's within SUHSD's boundaries. Under the existing fee sharing agreement, elementary schools can collect up to 60% of the maximum fees if the school district provides a justification study. **Table 6** below shows the current school impact fee schedule for each of the elementary school districts in Menlo Park.

Table 6 – Current School Impacts Fees by Elementary School District (ESD)

| | Rate (\$/sf) | ESD Share (\$/sf) | SUHSD Share (\$/sf) |
|------------------------|--------------|-------------------|---------------------|
| Las Lomitas | | | |
| Residential | \$4.08 | \$2.016 | \$2.064 |
| Commercial | \$0.66 | \$0.324 | \$0.336 |
| | | | |
| Menlo Park City | | | |
| Residential | \$4.08 | \$2.274 | \$1.806 |
| Commercial | \$0.66 | \$0.366 | \$0.294 |
| | | | |
| Ravenswood | | | |
| Residential | \$4.08 | \$1.780 | \$2.300 |
| Commercial | \$0.66 | \$0.282 | \$0.378 |
| | | | |
| Redwood City | | | |
| Residential | \$4.08 | \$2.274 | \$1.806 |
| Commercial | \$0.66 | \$0.366 | \$0.294 |

Impact fees are often insufficient to construct new or expanded school facilities to accommodate increases in enrollment. School Districts typically depend on voter-approved local bonds to construct new or expanded school facilities.

If the Ballot Measure were to prevent the construction of multifamily units at the former Flood School site, this would mean that the Ravenswood City and Sequoia Union High School Districts would not collect impact fees from the development of the site. If these units were not developed elsewhere in Menlo Park, this would lead to an overall reduction in impact fee revenues for both districts. However, because there would be no housing on the site, there would also be no need for impact fee revenue to address facility needs associated with an increase in student enrollment.

If these units were developed elsewhere in Menlo Park, the Sequoia Union High School District would collect approximately the same amount of impact fee revenue compared to a scenario in which multifamily residential units are developed on the former Flood School site. However, because the Sequoia Union High School District gets a differing share of the impact fee revenue depending on the elementary and middle school district where new development occurs, there

would be some slight variation in the High School District's funding for new facilities depending on the location of new development. The effect on impact fee revenue for the other districts would depend on which districts would receive more residential units, if any.

Potential Medium to Long Term Impacts on School Facilities and Costs.

The medium to long term impact that the Ballot Measure could have on school facility costs and funding is currently uncertain. As noted elsewhere in this report, the Ballot Measure is unlikely to have a significant impact on the amount of future residential development in Menlo Park because the City will be required to plan to accommodate residential growth to meet its Housing Element requirements under State law. However, the Ballot Measure would likely impact the location of new residential development in Menlo Park, which could impact the distribution of students between elementary and middle school districts in Menlo Park and the impact fee revenue generated by future residential development in each district. The impacts that the Ballot Measure would have on each specific elementary and middle school district in Menlo Park would depend on how the Ballot Measure would influence the distribution of residential development between school districts over time, which is currently unknown. The Ballot Measure would be unlikely to have a significant impact on the Sequoia Union High School District in terms of facility impacts or impact fees from residential development because it serves the entire City.

However, school districts in Menlo Park could experience a decrease in impact fee revenue from non-residential development due to the Ballot Measure, compared to a scenario in which the ballot measure does not pass. As discussed above, the Ballot Measure could essentially require the City to increasingly incentivize residential development on sites where voter approval would not be required, possibly prioritizing the development of residential units over nonresidential development to a greater extent than would be required in the absence of the Ballot Measure. Compared to a scenario in which the Ballot Measure does not pass, this would reduce impact fee revenue from nonresidential development and could have little to no effect on the impact fee revenue collected from, or the number of students generated by, residential development. The result in this case would be an overall decrease in the amount of impact fee revenue (i.e., the cumulative total from both residential and nonresidential development) collected for each new student.

8. Impact on the Community's Ability to Attract and Retain Business and Employment

The Ballot Measure could impact Menlo Park's ability to attract and retain businesses due to potential impacts on the availability of housing for the local workforce as well as potential impacts on the availability of sites for nonresidential development.

Potential Workforce Housing Impacts

The Ravenswood City School District, has expressed interest in using the former Flood School site for the development of affordable multifamily housing for teachers and District staff, which would likely be prevented if the Ballot Measure passes as described above. In May 2022, the District conducted a survey of teachers and staff and found that 43 percent of respondents were

considering leaving the District because of the cost of housing or the length of their commute, while over 60 percent responded that housing would make them much more likely to stay with the District.¹⁴ By potentially impacting the District's ability to use the former Flood School Site for multifamily housing, the Ballot Measure could impact the District's worker attraction and retention efforts.

In addition to potential impacts on the Ravenswood City School District, the Ballot Measure could impact the availability of workforce housing citywide. If District staff were able to live in a future housing development on the former Flood School site, this could reduce the extent to which District staff rely on other affordable units in Menlo Park, such as affordable units built pursuant to the City's inclusionary ordinance or units owned and operated by nonprofit affordable housing developers, making affordable units elsewhere available for other members of the City's workforce. In addition, a potential project at the former Flood School site would likely provide a preference for District teachers and staff but would be available to others, including other members of the City's workforce, if not fully occupied by District employees.

Moreover, the Ballot Measure could prevent other single-family sites from being rezoned in the future to allow multifamily housing that could house local workers. Although most sites that are zoned single-family are currently developed with detached single-family homes and would be unlikely to be rezoned and redeveloped regardless of the outcome of the Ballot Measure, there are some sites in Menlo Park with single-family zoning that are vacant or developed with multifamily or nonresidential uses that could be opportunity sites for multifamily development in the future. Due to the high cost of housing in Menlo Park, the Ballot Measure could make it more difficult for local employers to attract and retain workers by impeding the development of higher density housing, especially affordable housing.

Potential Impacts on the Availability of Sites for Nonresidential Development

If the Ballot Measure passes, it would reduce the likelihood that single-family sites would be rezoned to allow nonresidential uses in the future, either because of a lack of voter approval or because the property owners would be deterred from pursuing development due to the expense and uncertainty of going through the voter approval process. As noted above, most sites that are zoned single-family are currently improved with single-family homes and would be unlikely to be rezoned and redeveloped regardless of the outcome of the Ballot Measure due to the high cost of acquiring single-family homes in Menlo Park and challenges associated with assembling individual single-family parcels for redevelopment. However, some sites in Menlo Park with a single-family zoning are vacant or developed with multifamily or nonresidential uses such as the Menlo Park Fire Protection Station No. 1 located at 300 Middlefield Road, the City's Seminary Oaks Park, and St. Patrick's Seminary. The Ballot Measure could prevent these sites from being rezoned to align with their uses without voter approval and potentially deter or delay facility improvements or redevelopment of a site with similar uses. The Ballot Measure would likely impede rezoning of these sites to allow nonresidential uses, at least in some instances, which

¹⁴ City of Menlo Park website. Questions and responses summary from May 3, 2022, Flood School Site community meeting (Issue date: July 1, 2022). Accessed on July 7, 2022, <https://beta.menlopark.org/files/sharedassets/public/community-development/documents/flood-school-site-community-meeting-questions-and-responses-summary.pdf>.

could limit the number of sites available in Menlo Park for attracting new businesses and employment.

Effects on nonresidential rezonings could also impact existing employers in Menlo Park. Some nonresidential uses that are currently located on single-family sites may become obsolete over time and will require a rezone to undertake needed facilities improvements. If the Ballot Measure prevents rezoning of these properties, it could cause existing local employers to leave Menlo Park to secure more appropriate facilities.

9. Impact on Racial and Economic Equity

The following topic is included at the direction of the City Council on June 28, 2022, and is not specifically identified by Election Code Section 9212.

Background

Government policies, exclusionary tactics, and disparate treatment have long been key components of the housing system which encouraged spatial inequality based on race. For decades, systematic redlining, restrictive covenants in private land sales, and residential segregation restricted many groups, particularly communities of color, from accessing opportunity and meaningful fair housing choice.

To address this, Congress established the Fair Housing Act in 1968 to prohibit discrimination in the sale, rental, and financing of housing based on race, religion, and national origin. Over time the law expanded its protections to include discrimination based on sex, disability, and familial status. The law also introduced the need to go beyond just prohibiting discrimination to instead creating real housing choice by affirmatively furthering fair housing.

However, while federal mandates prohibited overt forms of housing discrimination, residential segregation has remained through the use of more subtle, discriminatory methods that reinforce patterns of segregation that persist in California today. AB 686 introduces strong State policy to ameliorate this issue.

Assembly Bill 686 (2018) Housing Discrimination: Affirmatively Further Fair Housing is a bill which amended the government code relating to housing, so that it is in compliance with the federal Fair Housing Act.

AB 686 creates new requirements for all State and local agencies (including, but not limited to, all cities, counties, cities and counties, and housing authorities) to ensure that their laws, programs and activities affirmatively further fair housing, and that they take no action inconsistent with this obligation.

When housing choice and access are limited because of someone's race, sexual orientation, or disability status, there are far-reaching impacts on access to job opportunity, access to quality education, and on mental and physical health. As indicated by the California's Department of Housing and Community Development (HCD):

“Past and present discriminatory policies and practices, including long-term disinvestment, have resulted in neighborhoods with concentrated poverty and poor housing stock, limited access to opportunity, unsafe environmental conditions, underfunded schools, dilapidated infrastructure, and other disproportionately experienced problems. In addition, governmental policies have subsidized the development of segregated, high-resourced suburbs in metropolitan areas by constructing new highway systems—often through lower income communities of color— to ensure access to job opportunities in urban centers.”¹⁵

AFFH seeks to combat housing discrimination, eliminate racial bias, undo historic patterns of segregation, and lift barriers that restrict access in order to foster inclusive communities and achieve racial equity, fair housing choice, and opportunity for all Californians.

Unfortunately, there is a long history of planning and zoning in the United States being used as an enforcement mechanism for residential segregation based primarily on race as well as incomes. Land use planning and the implementation of zoning from the early part of the 20th century has had a specific aim to exclude Black people from most areas of many cities and counties. As noted by Richard Rothstein in the: *Color of Law*:

“To prevent lower-income African Americans from living in neighborhoods where middle-class whites resided, local and federal officials began in the 1910s to promote zoning ordinances to reserve middle-class neighborhoods for single-family homes that lower-income families of all races could not afford.”¹⁶

Specifically considering the Menlo Park history, local segregation and creation of isolated pockets of communities of color have been perpetuated as documented by the local community group, MenloTogether:

“In the mid 20th century Black families were barred from buying homes in Menlo Park and other white suburbs through racial covenants that restricted the purchase of homes by people of color. Redlining also restricted who could secure home loans. Later, real estate agents used discriminatory real estate tactics like “block-busting” to scare white residents into selling their homes at a discount. Meanwhile, Black people in San Francisco and Oakland were encouraged to move in so that real estate agents could make a profit from buying at panic sales prices from white families and selling at inflated prices to Black families. With the economic boom since 2009, many Belle Haven families have been displaced by newcomers more equipped to pay rising market prices and rents.”¹⁷

¹⁵ California Department of Housing and Community Development. Affirmatively Furthering Fair Housing: Guidance for All Public Entities and for Housing Elements. April 2021 update. Page 5, https://www.hcd.ca.gov/community-development/affh/docs/affh_document_final_4-27-2021.pdf#page=7.

¹⁶ Rothstein, Richard. *The Color of Law: A Forgotten History of How Our Government Segregated America*. Liveright Publishing Corporation, 2018. Page 48.

¹⁷ Menlo Together website. The Color of Law, Menlo Park Edition: The Local History of Housing Segregation. Accessed on July 12, 2022, <https://www.menlotgether.org/2019/11/27/the-color-of-law-menlo-park-edition-overcoming-systemic-segregation/>.

A continuation of disparate treatment of different areas based on racial and economic factors is evidenced in this background text from the City’s current Land Use Element adopted in 2016:

“FOCUS AREAS: The City Council identified the area generally between US 101 and the Bay adjoining the Belle Haven Neighborhood, where the transition from traditional industrial uses was well underway, as the primary location for potential change in the city over the coming decades.”¹⁸

The land use decisions around the 2016 ConnectMenlo effort were not necessarily explicitly based on racial and economic biases. However, the planning of large new development capacity nearest to the existing community with the least amount of political influence and means of effecting municipal decision-making results in inequity that has been acknowledged by members of the public and public officials during the current public process for the 6th Cycle Housing Element update.¹⁹

Nearly all new development was planned for this one area of the city where the only nearby single-family neighborhood is the predominately lower-income and community of color of Belle Haven. Within the Bayfront Area, consisting of 14.5% of the land area of the City, the General Plan made the following allowance for new development:

- New commercial development of 2.3 million square feet in addition to 1.8 million square feet from the prior General Plan (4.1 million square feet total).
- New residential development up to 4,500 new homes were planned in addition to 1,000 homes previously planned for (5,500 new homes total).
- New hotel rooms up to 400.²⁰

This amount of new growth is an order of magnitude greater than the development planned throughout the remainder of the city comprising over 85% of all the land available for development. For example, the Downtown/ECR Specific Plan covers 3.5% of the City, and is the only area with a specific plan calling for coordinated growth. As the remainder of the city is nearly “built-out” under the existing General Plan, the Specific Plan area serves nearly all new planned development capacity for the remainder of the city. The plan has the following growth “caps”:

- New commercial development of 330,000 square feet.
- New residential development up to 680 new homes were planned.
- New hotel rooms up to 380²¹

The single-family districts are predominantly white, with the exception of the Belle Haven neighborhood in Council District 1. The Ballot Measure would effectively prohibit new affordable housing units in single-family areas. Affordable units will then have to be located elsewhere in the City including in the Bayfront area near Belle Haven which has the most capacity for affordable units because of higher existing densities. The Ballot Measure can then be seen to continue the

¹⁸ *Menlo Park Land Use Element*. Adopted November 29, 2016. Page I-7.

¹⁹ City of Menlo Park. 6th Cycle Housing Element: 2023-2031. Public Review Draft. Published May 11, 2022. <https://beta.menlopark.org/files/sharedassets/public/community-development/documents/housing-element-annual-progress-reports/2023-2031-menlo-park-housing-element-public-review-draft.pdf>

²⁰ *Menlo Park Land Use Element*. Adopted November 29, 2016. Page LU-11.

²¹ *Menlo Park El Camino Real/Downtown Specific Plan*. Adopted July 12, 2012. Pages A4 and C20.

same cycle of putting the highest densities and most affordable units in the area of the community that is predominately lower income, marginalized, and communities of color.²²

To the extent that the Ballot Measure discourages, delays and/or prevents affordable housing to be provided in or near existing single-family areas throughout the entire city, it will function as a continuation of this historic use of strict land use controls to perpetuate unequal and unfair governmental aims by enforcing and “locking in” residential racial and economic segregation.

Impact of the Former Flood School Site on Affirmatively Furthering Fair Housing

Development of affordable housing at the former Flood School site, as envisioned by the Ravenswood City Elementary School District, would help to affirmatively further fair housing in Menlo Park. HCD and the State Tax Credit Allocation Committee (TCAC) convened an independent group of organizations and research institutions under the umbrella of the California Fair Housing Task Force, which produces an annual set of Opportunity Maps. The maps identify areas within every region of the state “whose characteristics have been shown by research to support positive economic, educational, and health outcomes for low-income families – particularly long-term outcomes for children”²³TCAC and HCD created these “Opportunity Maps,” using reliable and publicly available data sources to derive 21 indicators to calculate Opportunity Index scores for Census tracts in each region of California. The TCAC/HCD Opportunity Map categorizes Census tracts into the following five groups based on the Opportunity Index scores:

- Highest Resource
- High Resource
- Moderate Resource/Moderate Resource (Rapidly Changing)
- Low Resource
- High Segregation & Poverty

Before an area receives an Opportunity Index score, some Census tracts are filtered into the High Segregation & Poverty category. The filter identifies Census tracts where at least 30 percent of population is below the federal poverty line and there is a disproportionate share of households of color. After filtering out High Segregation and Poverty areas, the TCAC/HCD Opportunity Map allocates the 20 percent of tracts in each region with the highest relative Opportunity Index scores to the Highest Resource designation and the next 20 percent to the High Resource designation. The remaining non-filtered tracts are then evenly divided into Low Resource and Moderate Resource categories.

As illustrated in **Figure 4**, the former Flood School site is located in a high resource area, with high access to opportunity for residents that live there. Furthermore, the site is located in one of the highest-income Census Block Groups in the City, with an estimated median annual household income over \$175,000 as of 2019, as shown in **Figure 5**. **Figure 6** shows that the site is located in one of the areas of Menlo Park with the lowest proportions of households with incomes below the federal poverty level. As shown in **Figure 7**, the site is also located outside of the areas of

²² ABAG/MTC Housing Needs Data Report: Menlo Park, April 2021; U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019)

²³ California Fair Housing Task Force. December 2020. *Methodology for the 2021 TCAC/HCD Opportunity Map*. Available at: <https://www.treasurer.ca.gov/ctcac/opportunity/2021-hcd-methodology.pdf>

Menlo Park that have the most significant existing concentrations of non-White residents, though it has a relatively racially and ethnically diverse population.

Due to these factors, developing affordable housing on the former Flood School site would help to improve access to opportunity for lower-income households by providing affordable housing in a high-resource area. Affordable housing on the site would also help to overcome existing patterns of economic and racial ethnic segregation by providing affordable housing in an area of Menlo Park where lower-income households and non-White residents are currently underrepresented. By preventing or delaying the construction of affordable housing on the former Flood School site, passage of the Ballot Measure would have a negative impact on racial and economic equity and affirmatively furthering fair housing.

Impact of Other Single-Family Sites on Affirmatively Furthering Fair Housing

In addition to impacting the former Flood School Site, the Ballot Measure would impact the likelihood of future development on other single-family sites throughout Menlo Park in a manner that could have a negative impact on racial and economic equity and affirmatively furthering fair housing. While most sites that are zoned single-family are currently developed with detached single-family homes and would be unlikely to be rezoned and redeveloped regardless of the outcome of the Ballot Measure, there are some sites in Menlo Park with a single-family zoning that are vacant or developed with multifamily and non-residential uses that could be opportunity sites for multifamily development in the future.

As shown in **Table 7** below, single-family sites that are not developed with detached single-family homes and could be potential future sites for multifamily development are concentrated in areas of Menlo Park with high access to opportunity, existing high-income populations, and higher proportions of White residents. These sites are comprised of 53 parcels totaling 116 acres. Of these parcels, those that are located in high-resource areas account for 95 percent of the total acreage, those that are located in Census block groups with an annual household income of \$100,000 or more account for 94 percent of the total acreage, and those are located in Census block groups where White Non-Hispanic residents comprise more than 50 percent of the population account for 97 percent of the total acreage.

These parcels include 23 parcels that are at least half an acre in size, which is a threshold used by HCD to screen sites for the viability of affordable housing development. Of these 23 parcels, all but two are in high resource areas and block groups with an annual median household income of \$100,000 or more. All but one of the parcels that are at least half an acre in size are in block groups where White Non-Hispanic residents comprise more than 50 percent of the population.

This data indicates that passage of the Ballot Measure would primarily impact the potential for future development of multifamily housing on single-family sites in areas of Menlo Park where the development of multifamily housing could help to improve racial and economic equity and affirmatively further fair housing.

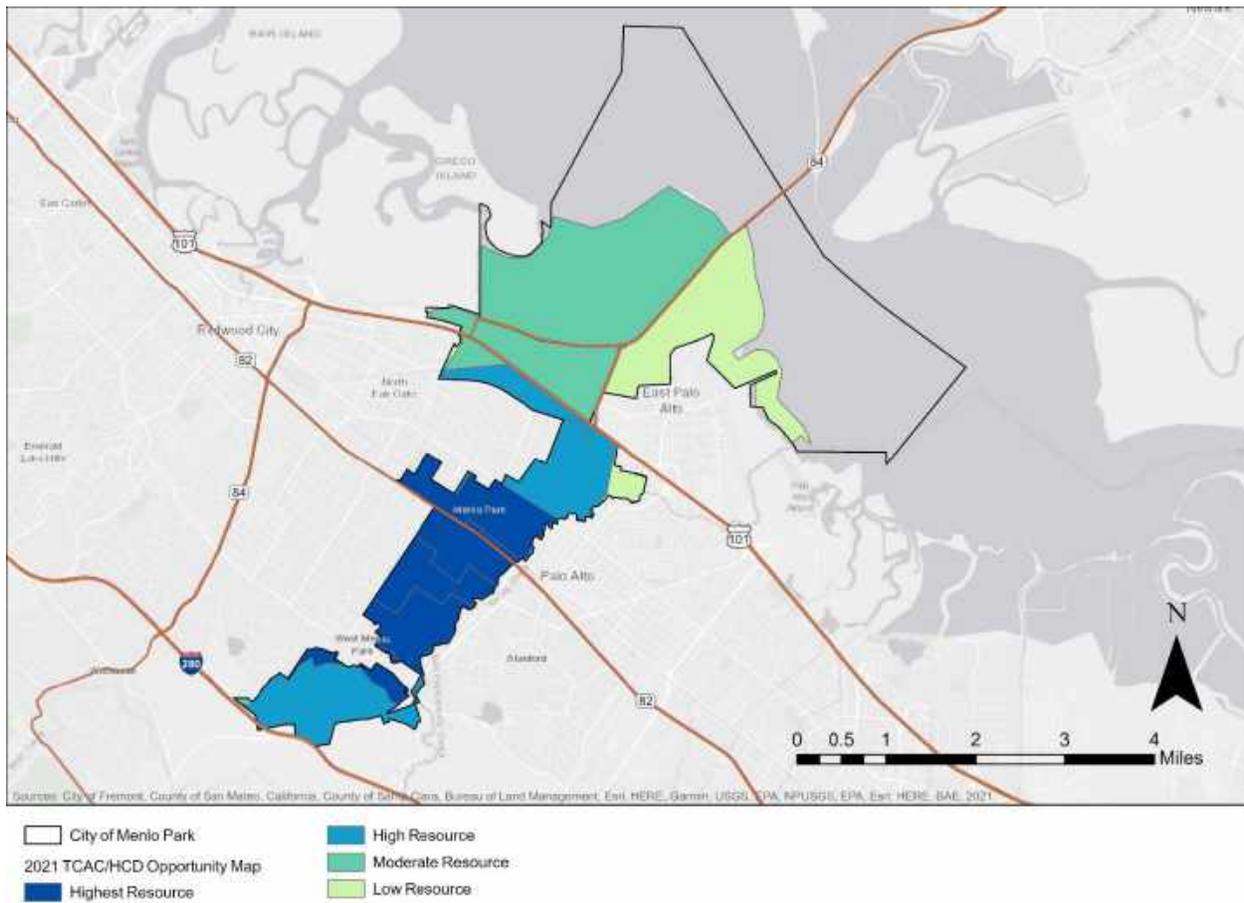
Table 7 – AFFH Characteristics of Sites Zoned Single-Family that are Vacant or Developed with Multifamily or Non-Residential Uses

| | Total # of Parcels | Total Acreage | Average Parcel Size (acres) | Maximum Parcel Size (acres) | # of Parcels Larger than 0.5 acres |
|---|-----------------------|------------------|--------------------------------------|--------------------------------------|--|
| Access to Opportunity | | | | | |
| Low or Moderate Resource Areas | 12 | 5.6 | 0.5 | 2.9 | 2 |
| High or Highest Resource Areas | 41 | 110.3 | 2.7 | 41.0 | 21 |
| Income Characteristics (Median Annual Household Income) | | | | | |
| <\$100,000 | 10 | 6.9 | 0.7 | 2.9 | 2 |
| \$100,000 or more | 43 | 109.0 | 2.5 | 41.0 | 21 |
| Race and Ethnicity Characteristics (% White Non-Hispanic Households) | | | | | |
| 50% or less | 8 | 4.0 | 0.5 | 2.9 | 1 |
| >50% | 45 | 111.9 | 2.5 | 41.0 | 22 |

More generally, **Figures 4, 5, 6, and 7** below demonstrate that the areas of Menlo Park with a single-family land use designation (see **Figure 1, General Plan Land Use Designations**) are primarily located in areas of Menlo Park where the population is predominantly non-Hispanic White and where households tend to have high incomes, as well as in high-resource and higher-resource areas.

Passage of the Ballot Measure would effectively prohibit affordable units in single-family areas, which would require that affordable units be located elsewhere in the City. Other areas where affordable units could be located include the Bayfront Area, which has existing capacity for affordable units due to higher density zoning and would not be impacted by restrictions on rezoning under the Ballot Measure. As a result, other than the Downtown, the Ballot Measure would redirect the highest residential densities and largest quantities of affordable units into an area of Menlo Park that is predominately lower income and communities of color.

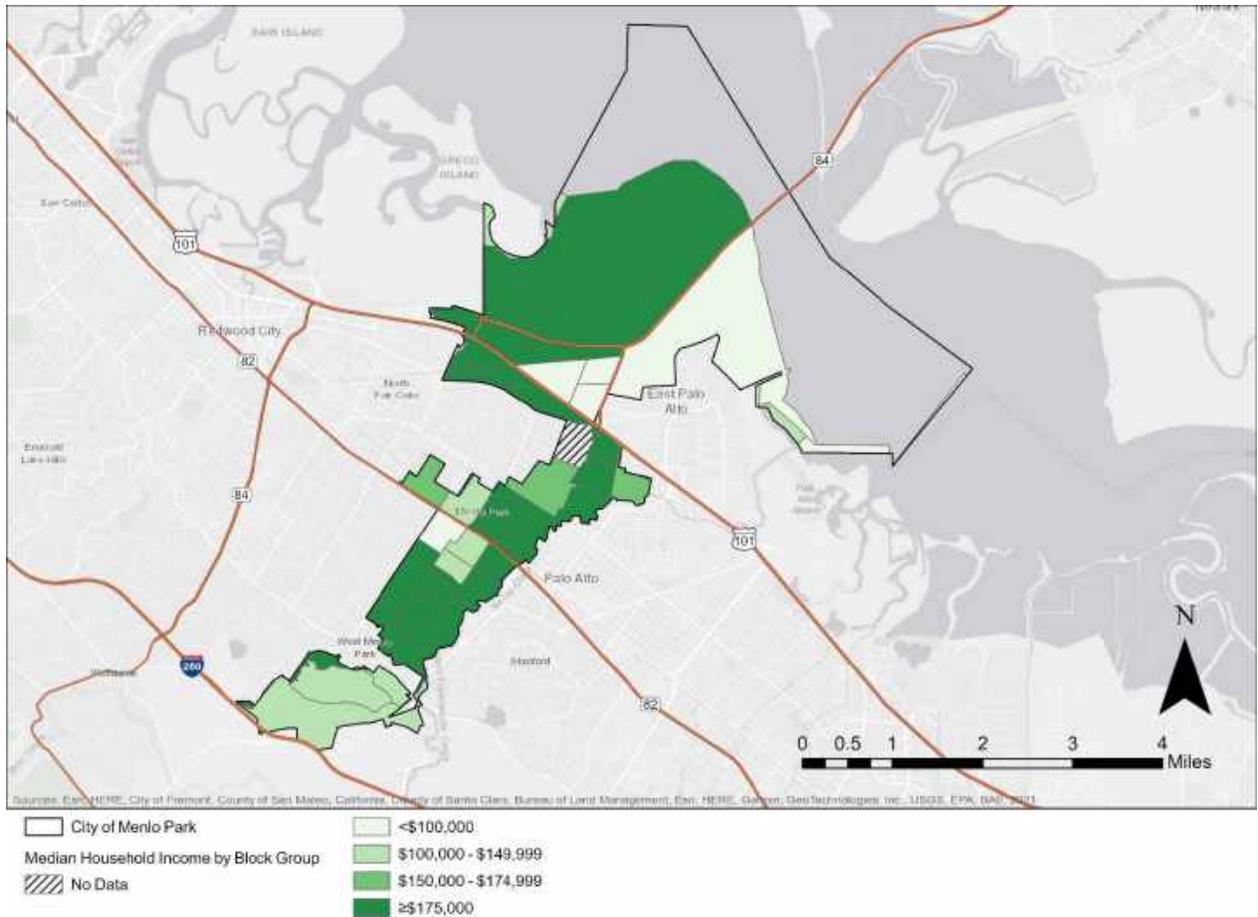
Figure 4: 2021 TCAC/HCD Opportunity Map by Census Tract, Menlo Park



Sources: California Tax Credit Allocation Committee; HCD; U.S. Census Bureau, American Community Survey, 2014-2018 five-year sample data; BAE, 2021.

Figure 4 shows “low resource”, “moderate resource”, “high resource”, and “highest resource” areas across Menlo Park based on maps published by HCD and the California Tax Credit Allocation Committee. The maps identify the extent to which Census Tracts throughout the state have characteristics that have been shown to support positive economic, educational, and health outcomes for low-income families.

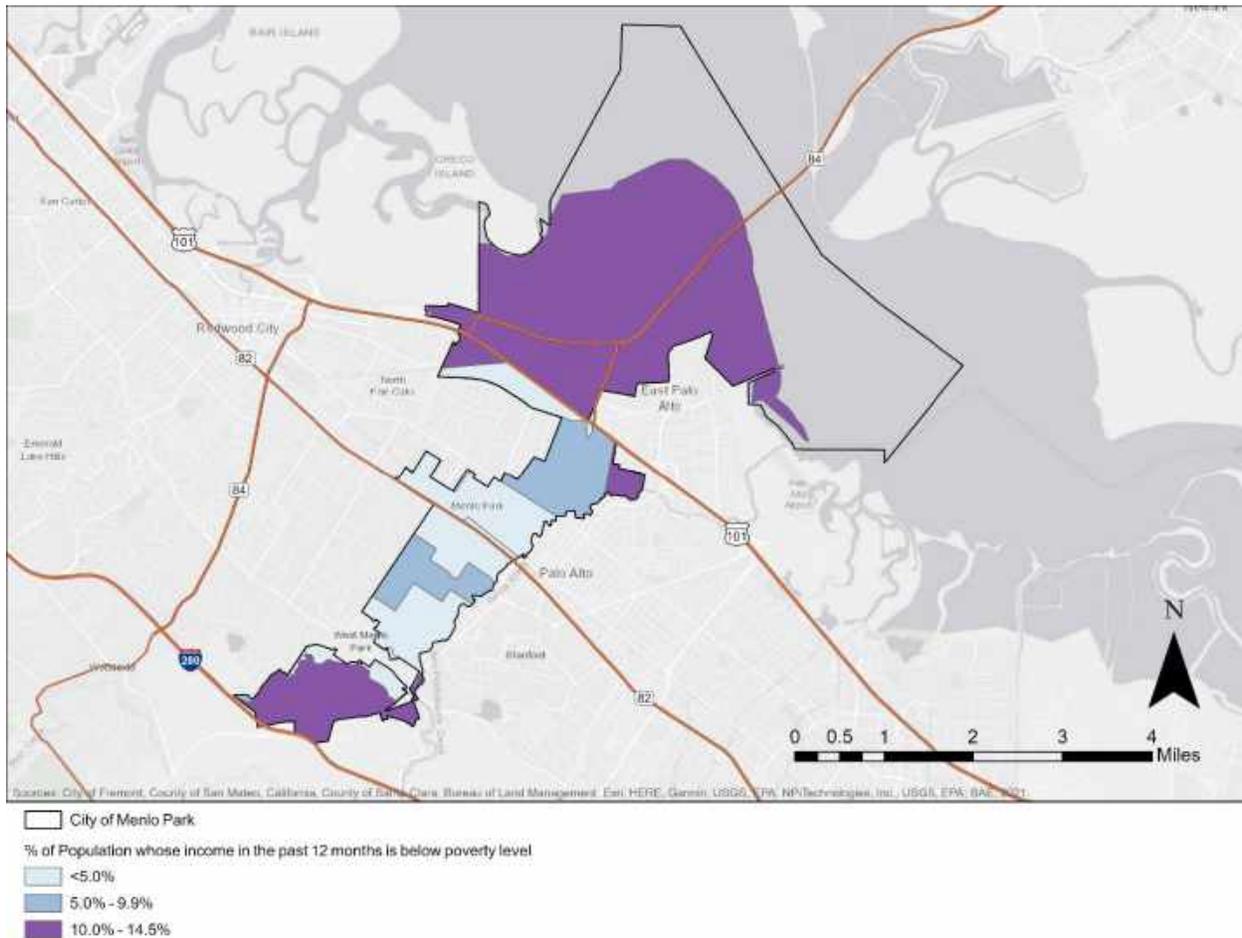
Figure 5: Distribution of Median Household Income by Block Group, Menlo Park



Sources: U.S. Census Bureau, American Community Survey, 2015-2019 five-year sample period; BAE, 2021.

Figure 5 shows the median annual household income in each Census Block Group in Menlo Park based on estimates from the 2015-2019 US Census American Community Survey.

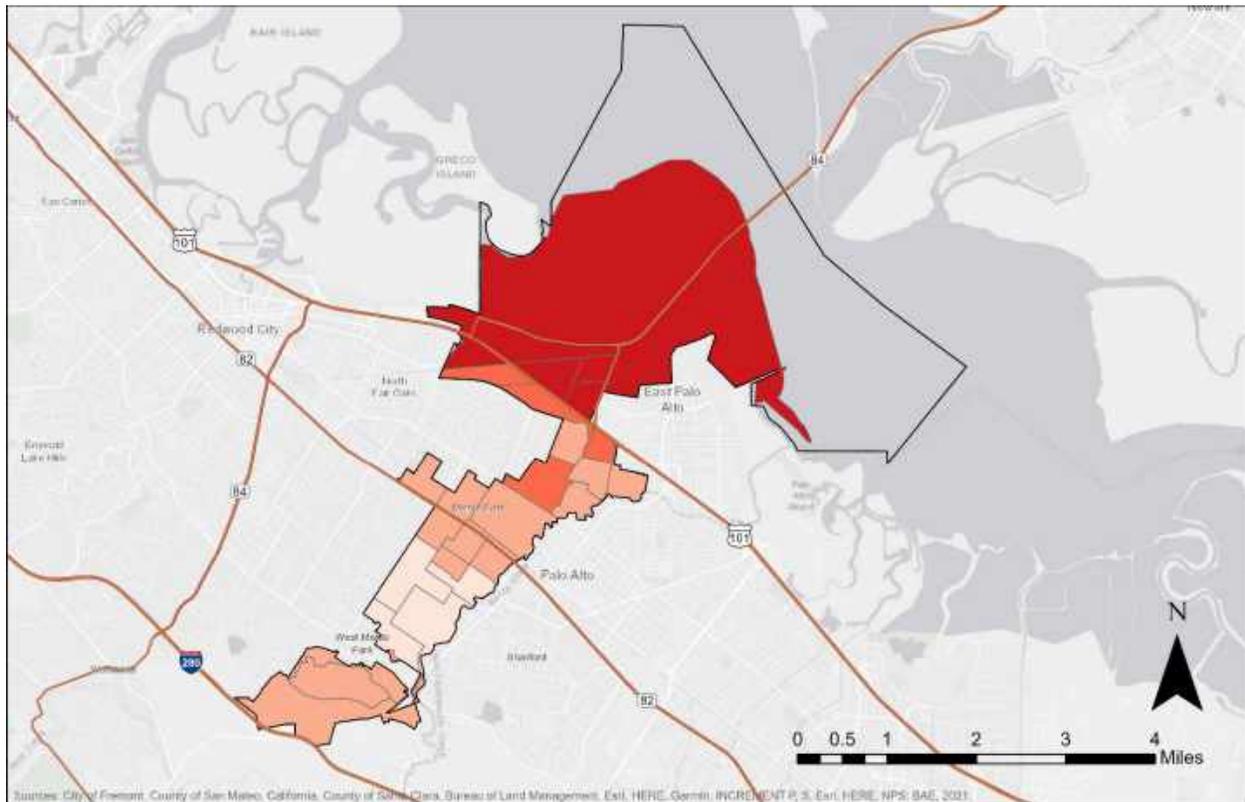
Figure 6: Poverty Status by Census Tract, Menlo Park



Sources: U.S. Census Bureau, American Community Survey, 2015-2019 five-year sample period; BAE, 2021.

Figure 6 shows the proportion of households with incomes below the federal poverty threshold in each Census Tract in Menlo Park based on estimates from the 2015-2019 US Census American Community Survey.

Figure 7: Census Block Groups by Percent Non-White, Menlo Park



Note: Includes all categories except White non-Hispanic persons.
 Sources: U.S. Census Bureau, 2020 Decennial Census; BAE, 2021.

Figure 7 shows the proportion of the population in each Census Block Group in Menlo Park that identifies with any racial or ethnic group other than White non-Hispanic/Latino, based on estimates from the 2015-2019 US Census American Community Survey. This includes Black or African American, Native American Indian or Alaska Native, Asian, and Native Hawaiian or other Pacific Islander residents, as well as individuals identifying with Two or More Races or Some Other Race. It also includes all residents that identify as Hispanic or Latino, regardless of race.

Cost Burdened Households

Cost Burden, as defined by the U.S. Department of Housing and Urban Development, considers housing to be affordable for a household if the household spends less than 30% of its income on housing costs. A household is considered “cost-burdened” if it spends more than 30% of its monthly income on housing costs, while those who spend more than 50% of their income on housing costs are considered “severely cost-burdened.”

In Menlo Park, 17.3% of households spend 30-50% of their income on housing, while 16.3% of households are severely cost burden and use the majority of their income for housing. Low-income residents are the most impacted by high housing costs and experience the highest rates of cost burden. Spending such large portions of their income on housing puts low-income households at higher risk of displacement, eviction, or homelessness.

There is a distinct racial disparity of cost-burdened households, as 50% of Black or African American households and 55% of Hispanic or Latinx households are cost burdened, while 31% of Asian/API households and 29% of white households are cost burdened.²⁴

This disparity and displacement risk was cited overwhelmingly as a concern during the outreach process for the housing element. The Housing Element acknowledges the historic and present-day patterns of segregation that have led to disproportionate housing needs for communities in low-access to opportunity areas and the displacement risk felt by the communities in these areas, which are located north of U.S. 101. Housing production that can allay this risk and provide greater numbers of affordable units is crucial to affirmatively furthering fair housing in Menlo Park.

The Ballot Measure would be expected to have a disparate impact on Black and Brown communities of color. The lack of affordable housing opportunities in high opportunity areas would likely continue into the future as a result of the added Ballot box barrier to adding new housing in the existing single-family, primarily White-occupied areas of the city.

State of California Housing Oversight

To the extent the Ballot Measure is viewed by the general public, housing advocates and/or housing developers as discouraging or preventing new housing to be built in or near existing single-family neighborhoods, additional State-level oversight of the City of Menlo Park may be invited by the Ballot Measure.

The California Department of Housing and Community Development (HCD) has a new unit devoted to enforcement of housing element law. This new unit is called the Housing Accountability Division of HCD. As part of the 2021-2022 State budget, HCD received additional staff to increase its accountability efforts. This led to the creation of the Housing Accountability Unit (HAU). The purpose of this new unit is to increase housing accountability efforts by the State. The HAU is charged with holding jurisdictions accountable for meeting their housing element commitments and complying with applicable State housing laws. Violations of these State laws may lead to

²⁴ ABAG/MTC Housing Needs Data Report: Menlo Park, April 2021; U.S. Census Bureau, American Community Survey 5-Year Data (2015-2019)

consequences including revocation of housing element certification and/or referral to the California Office of the Attorney General.²⁵

10. Educational Equity - Impact on Ravenswood City School District (RCSD)

The following topic is included at the direction of the City Council on June 28, 2022, and is not specifically identified by Election Code Section 9212.

There are four separate elementary (Kindergarten through 8th grade) school districts that serve Menlo Park. **Table 8** below summarizes some key data points for each school district:

Table 8 – Menlo Park K-8 School Districts at a Glance²⁶

| School District (S.D.) | Students | No. of Schools | Percent Proficient - Reading | Percent Proficient - Math | Free or Reduced Lunch (% of students) | Average Teacher Salary | Teachers in 1 st /2 nd Year | Expenses per Student |
|----------------------------|----------|----------------|------------------------------|---------------------------|---------------------------------------|------------------------|---|----------------------|
| Las Lomas Elem. S.D. | 1,208 | 2 | 86% | 82% | 4.2% | \$142,523 | 20.6% | \$24,418 |
| Menlo Park City Elem. S.D. | 2,922 | 4 | 83% | 82% | 7% | \$124,317 | 6.3% | \$20,859 |
| Ravenswood Elem. S.D. | 2,061 | 6 | 18% | 12% | 89.1% | \$82,367 | 31.3% | \$14,889 |
| Redwood City Elem. S.D. | 7,196 | 12 | 54% | 46% | 57.4 | \$87,396 | 23.7% | \$12,362 |

As shown by the table above, there is a considerable disparity between the Ravenswood City School District (RCSD) and the Las Lomas and Menlo Park City School Districts. The RCSD has much lower test scores in both reading and math, and a very high percentage of students receiving free or reduced lunch. The teachers are paid much lower in the Ravenswood district, a

²⁵ HCD website. Accountability and Enforcement. Accessed on July 6, 2022, <https://www.hcd.ca.gov/accountability-and-enforcement>.

²⁶ Source: Niche.com. Accessed on July 6, 2022.

higher percentage of 1st and 2nd year teachers and much less budget available per student. Similar disparities exist between the Ravenswood Elementary School District and the Redwood City School District, though to a lesser extent. Ravenswood Elementary School students are diverse and multilingual as noted by the District on their website:

Ravenswood is proud of our diversity, with 99% of district students identifying as Latinx, African American, Pacific Islander, and/or multiple races - over half of whom are multilingual learners.²⁷

As evidenced by the Tinsley Voluntary Transfer Program, a 1985 settlement order, the educational achievement problem in RCSD is long standing. The settlement order is the result of a 1976 lawsuit that aims to correct educational inequities due to racial isolation of minority students living in RCSD. Under the Voluntary Transfer Program, 24 minority students in RCSD are allowed to transfer to school districts in nearby communities with higher proportions of non-minority students. The six districts include: Las Lomas, Menlo Park City, Palo Alto Unified, Portola Valley, San Carlos, and Woodside. Through the transfer program, non-minority students may also transfer into the RCSD.²⁸

The former Flood School site is owned by the RCSD and the District is planning on entering into a long-term lease with a housing developer. The envisioned project would be 100% affordable housing for teachers and staff from RCSD as well as staff from other school districts located in the County.²⁹ Under the long-term lease, the developer would provide a payment of approximately \$500,000 to the District per year. This represents about 1-2% of the District's annual budget. As noted by the District, the intent is for the funds to go towards closing the salary gap in salaries, especially teaching salaries, between Ravenswood and surrounding districts. The District also sees this as an opportunity to both address funding inequities with the other districts in the County and to address retention of existing teachers and staff.³⁰

The school district conducted a survey of their staff in May 2022 and reported the following results:

- *2% of respondents do not have access to reliable housing, and only a third of respondents report having a "safe, secure and affordable housing option"*
- *43% of respondents are considering leaving the district because of the cost of housing or the length of their commute*
- *Over 70% of respondents indicated an interest in workforce housing; over 60% of those responded that housing would make them "much more likely" to stay with RCSD*

²⁷ Ravenswood City Elementary School District website. About Ravenswood. Accessed on July 7, 2022, <http://www.ravenswoodschools.org/About-Ravenswood/index.html>

²⁸ Menlo Park City School District website. Tinsley Volunteer Transfer Program. Accessed on July 18, 2022, <https://district.mpcsd.org/Page/336>.

²⁹ Ravenswood City School District website. Former Flood School Fact Sheet. Accessed on July 12, 2022, <http://www.ravenswoodschools.org/About-Ravenswood/Facilities/Facilities-Planning/Additional-Information-About-the-Former-Flood-School-Site-/index.html>.

³⁰ City of Menlo Park website. Questions and responses summary from May 3, 2022, Flood School Site community meeting (Issue date: July 1, 2022). Accessed on July 7, 2022, <https://beta.menlopark.org/files/sharedassets/public/community-development/documents/flood-school-site-community-meeting-questions-and-responses-summary.pdf>.

- *85% of respondents had incomes and household sizes that would make them eligible for affordable housing; of those, a further 85% are interested in workforce housing*

RCSD finds they would need over 200 units of affordable housing to meet the needs of staff.

Impact on Ravenswood City School District's Strategic Plan and Budget

The Ballot Measure is likely to have a negative impact on the Ravenswood City School District's Strategic Plan, budget outlook, and staff recruitment and retention. Priority 5 in the Ravenswood City School District's 2019 Five-Year Strategic Plan is to "manage people, time and budget responsibly, equitably and strategically in service of students."

One of the milestones that the Strategic Plan identifies based on Priority 5 is to "conduct a thorough analysis of district properties to identify opportunities for lease revenue...." Accordingly, in 2021 the District identified two properties that offer opportunities for lease revenue: 2120 Euclid Avenue in East Palo Alto and the former Flood School site in Menlo Park.

According to a September 9, 2021 presentation provided by the Ravenswood City School District, lease revenue from these two properties is key to ensuring that the Ravenswood City School District's budget is in line with other districts in San Mateo County. The presentation stated that the District was anticipated to receive a record amount of funding in the 2021-2022 school year, though much of the funding was due to one-time stimulus funds and a significant donation to the Ravenswood Education Foundation.

Even with these one-time funds, after adjusting for student needs the District's per-student funding levels would be approximately average for the County, approximately \$4,700 less than the Menlo Park City School District, approximately \$10,100 less than the Las Lomas School District, and approximately \$3,700 higher than the Redwood City School District. Without the one-time funds, the District would have the lowest per-pupil revenue in the County. The presentation highlighted lease revenue from the Euclid Avenue site and the former Flood School site as a key source of ongoing revenue to support the District's financial stability and to allow the District to compete financially with nearby affluent communities.

According to an email that the Ravenswood City School District submitted to the Menlo Park City Council on April 22, 2022, the District is currently in exclusive negotiations with Alliant Strategic Development regarding a potential ground lease for the former Flood School site, with a plan to construct up to 90 residential units on the site. If the Ballot Measure were to prevent the development of these units on the former Flood School site, it would have a direct negative impact on the implementation of the District's Strategic Plan and on District's ability to lease the site as a potential source of District revenue.

The Ballot Measure is also likely to have a negative impact on the Ravenswood City School District's ability to recruit and retain staff. As noted above, the District conducted a survey of teachers and staff in May 2022 and found that 43% of respondents were considering leaving the District because of the cost of housing or the length of their commute, while over 60% responded that housing would make them much more likely to stay with the District. By potentially impacting the District's ability to use the former Flood School site for multifamily housing, the Ballot Measure could impact the District's worker attraction and retention efforts.

The Ballot Measure would definitely delay or prevent the District's plans for the former Flood School site, possibly make it prohibitively expensive to garner voter approval and possibly be rejected at the ballot box. In any likely scenario, the Ballot Measure represents a significant obstacle that the planned housing project would have to overcome. This has the effect of continuing the inequity that the school district operates under and has a disparate impact on the low-income community of color that is served by the District.

11. Impact on Climate and Traffic Congestion

The following topic is included at the direction of the City Council on June 28, 2022 and is not specifically identified by Election Code Section 9212.

Analysis Scope

This analysis consists of a qualitative analysis on Vehicle-Miles Travelled (VMT), which is the CEQA transportation impact metric, as well as a qualitative analysis on intersection level of service (LOS), which is a non-CEQA operational metric maintained by the City of Menlo Park.

Menlo Park is currently preparing its HEU, which plans for the rezoning of the former Flood School site, currently zoned single-family, to allow multifamily housing. With this initiative, that rezoning may not occur. No other single-family parcels are planned for rezoning within the HEU. Beyond the planning horizon of the HEU, which is year 2031, there could be demand to rezone other single-family parcels that are not currently developed with single-family homes. There are 53 such parcels within Menlo Park, and with this initiative, that rezoning may not occur. The transportation impacts of these two scenarios are discussed below.

Flood School Site

The former Flood School site at 320 Sheridan Drive is the only single-family zoned opportunity site planned for rezoning within the proposed HEU. The Flood School site is assumed with 90 units in the Draft Housing Element. If the Ballot Measure passes and voters do not approve of the proposed development at the former Flood School site, this site would not be developed with higher density residential uses. Without the former Flood School site, the proposed HEU would include adequate units that would still allow the City to meet RHNA 6th cycle Housing Element requirements.

VMT and LOS Effect of the Ballot Measure on the RHNA 6th Cycle

VMT and LOS analysis of the proposed HEU have separately been analyzed. The proposed HEU at a plan-level would lower the citywide average residential VMT per resident. However, the VMT analysis acknowledged that not all parcels within the HEU are located in low residential VMT areas, and some may trigger a VMT impact at a project-level. The former Flood School site is located in a high VMT area and may trigger a VMT impact at a project-level, depending on the characteristics of the development. If there is an impact, it may also be able to be mitigated by a transportation demand management plan for the development. Therefore, if the 85 units associated with this site were removed from the HEU or relocated to another site, the VMT

associated with the HEU may be slightly lower, though because of the small number of units and trips, it would be by a minimal and unnoticeable amount.

The development of 85 residential units on the former Flood School site would generate roughly 30 to 35 trips during the AM and PM commute peak hours, based on the Institute of Transportation Engineers *Trip Generation Manual, 11th Edition*. Whether these units remained at the Flood School site, were removed from the HEU, or reallocated elsewhere in the City, this small number of trips would not be noticeable on the surrounding roadway network. The proposed HEU's LOS analysis would not change in any noticeable way.

Parcels with Non-Single-Family Uses, and Not in the Draft Housing Element

Aside from the Flood School site, there are 52 other single-family-zoned parcels in the City that currently have non-single-family uses (see **Figure 2**). These include churches, golf courses, nursing homes, higher-density residential complexes, schools, and vacant lots. These sites are not identified as opportunity sites in the proposed HEU to meet the RHNA 6th cycle requirements. However, there is likely to be continued demand for new housing in Menlo Park beyond the current HEU, beyond year 2031. If current single-family properties cannot be rezoned, there are two potential future scenarios: housing goals will be met on other sites, or housing goals will not be met. These scenarios are discussed below.

If the City Can Meet Future RHNA Requirements Without These Sites

As discussed above, future RHNA requirements may require these sites to be rezoned to allow for higher residential density. The proposed Ballot Measure would limit residential growth on these parcels if voters do not approve any further development on these parcels. In such a scenario, the City may need to further up-zone other parcels in the City or convert non-residential zoned parcels to allow for residential land use. Sites that can accommodate further up-zoning or rezoning are mostly located near Downtown and El Camino Real, Sharon Heights, and in the northern section of the City (north of U.S. 101 and the Bohannon Business Park District). Sites near El Camino Real are in low residential VMT areas, whereas sites in the northern section of the City are in high residential VMT areas. Therefore, in this scenario, the Ballot Measure's effect on VMT is likely minimal as the two general areas that can accommodate further residential growth average each other out from a residential VMT perspective.

From a LOS perspective, a higher concentration of traffic in one area could lead to further traffic congestion, compared to if traffic were dispersed across the 53 single-family sites.

If the City Cannot Meet Future RHNA Requirements Without These Sites

If the Ballot Measure passes and voters do not approve any non-single-family residential development on these 53 sites, for this analysis, it is possible to consider that the City may not have a sufficient number of parcels (up-zoning, rezoning or not) to meet future RHNA requirements. Any RHNA-required units that cannot be accommodated in the City would still likely occur given the housing demands, just now outside of the City. This would worsen the City's jobs-housing balance and would result in more people commuting into or through the City for jobs. The

increase in trip lengths would result in a potentially significant negative impact on regional VMT and local traffic congestion

Because of significant employment levels in Menlo Park and surrounding communities, a reduction in housing potential in Menlo Park would not result in a reduction in traffic volume on City streets. Given that housing needs would be met elsewhere, Menlo Park would experience an increase in in-commuting to jobs within the City and through traffic from nearby cities. Also, longer trip lengths would provide fewer options for alternative modes of transportation, such as bike, walk or local transit. Finally, reduction of housing opportunities away from employment sites would likely increase traffic congestion and safety issues in other cities due to the expected increase in trip lengths and times.

Transportation Analysis Conclusion

The transportation analysis for the proposed Ballot Measure focused on its potential VMT and LOS effects for the City's future residential development in anticipation of future RHNA requirements. Overall, the following qualitative conclusions can be made if the Ballot Measure passes:

- There would be minimal and likely unnoticeable changes to citywide average residential VMT per resident in the near term.
- There would be minimal and likely unnoticeable effects on traffic congestion and intersection operations in the near term or far term.
- If the Ballot Measure resulted in less citywide residential development in the far term, there would be a negative effect on regional VMT due to resulting longer trip lengths.