

July 11, 2016

(via Email) Kyle Perata (ktperata@menlopark.org)
Planning Division
701 Laurel Street
Menlo Park CA 94025

RE: Comments on Facebook Campus Expansion Project Draft EIR

Dear Mr. Perata,

Thank you for the opportunity to comment on the Draft Environmental Impact Report for the proposed expansion of the Facebook campus in Menlo Park. We are commenting as two Professors who have conducted substantial research on the relationship between jobs, housing, and transportation patterns in California, particularly in the Bay Area and Sacramento regions (our CVs are attached). Given this research, it is very clear to us that the Draft EIR is substantially underestimating the housing demand and increased transportation needs associated with the proposed expansion. In what follows, we provide a more detailed description of the research and analysis that leads to this conclusion. We also are attaching a much longer and more detailed report on the impacts of high-wage job growth that we completed for the Bay Area Regional Prosperity Plan Housing Working Group, with funding from the U.S. Department of Housing and Urban Development. This report describes our methodology in more detail, and provides a more detailed analysis of regional impacts and trends.

I. High-Income Job Growth has substantial multiplier effects for population and housing estimates

Before commenting specifically on the estimates of jobs, population and housing associated with the proposed new development, it is important to acknowledge what the research demonstrates occurs when there is a substantial increase in high-wage jobs in a particular location like Menlo Park. Likely impacts include:

- In addition to the direct jobs associated with the project, there are always a substantial number of indirect jobs that are created as a result of both the supplier networks of the primary job location, and the increased consumer demand of people employed in the directly created jobs. These indirect jobs are likely to be spread throughout the region, not just located in Menlo Park and are likely to pay less than those located at the new Facebook campus.
- The housing demands for people employed in these direct and indirect jobs are also likely to be spread throughout the region, not just located in Menlo Park.
- Nearby low-income neighborhoods, like East Palo Alto, are likely to face significant displacement pressures as a result of this increased housing demand across the income spectrum.
- Given existing housing levels and construction constraints limiting infill development across the Bay Area, this growth in housing demand is likely to result in construction of new housing in distant places.

It should be noted that Menlo Park already faces significant affordability challenges and an imbalance in the availability of housing associated with low-income jobs in the city. According to the most recent data, in 2014 there were 3,028 jobs in the city that paid less than \$1,250 a month, and only 663 units that would be affordable to households with 2 workers earning that level. We have attached an article about a “Jobs-Housing Fit” indicator we’ve developed to analyze this relationship between low-wage jobs and affordable rental units, and the full data is available online here: <http://interact.regionalchange.ucdavis.edu/roi/data.html>

II. The DEIR underestimates jobs, associated housing demand, and transportation impacts

There are a number of assumptions in the Draft EIR that result in a significant underestimation of the jobs, housing and transportation impacts of this project.

Jobs: According to the Draft EIR, the proposed project is estimated to result in 6,550 new jobs at full buildout. Yet we know that all new jobs have substantial multiplier effects, and these multiplier effects are larger for the high-wage jobs that will result from this proposed project. The Bay Area Council, for example, estimates that for every job created in the high-tech sector in the region, approximately 4.3 jobs are created in other local goods and services sectors across all income groups.¹ This suggests that the 6,550 new project jobs could contribute more than 24,000 additional indirect jobs in the region. The majority of these jobs would be spread throughout the region, but some will be created in Menlo Park as well. The possible magnitude of this local impact can be estimated by looking at employment changes in Menlo Park between 2012 and 2014, after Facebook first moved their headquarters to the city. Overall, between 2012 and 2014, jobs in the Information and Professional, Scientific and Technical Services industries increased 2,731, from 10,378 to 13,109 (this represented an increase of over 5,000 in the Information sector, which represents Facebook’s growth, but decline in other high-tech employment in the city). Meanwhile, employment in Retail Trade, Administration & Support, and Accommodation and Food Services industries grew over 1,000, from 3,941 to 5,082.² We can expect a similar increase associated with the proposed project, where the growth of 6,550 direct jobs is likely to be associated with another 2,000 indirect jobs in Menlo Park alone.

Housing: The Draft EIR uses a figure of 1.8 employees per worker household to estimate that the 6,550 additional direct jobs associated with the proposed project would result in an increased housing demand of 3,638 overall, and 175 in the City of Menlo Park (based on an estimate that 4.8% of existing Facebook employees live in Menlo Park). We believe it is clearly inappropriate to use this 1.8 employees per worker household statistic in this estimate. The 1.8 figure is for *all* households in San Mateo County. It is extremely rare, however, for two members of the same household to work for the same company. Thus, the additional 6,550 new direct jobs is more likely to result in an increased demand of close to 6,550 new housing units in the region, with the

¹ http://www.bayareacouncil.org/community_engagement/new-study-for-every-new-high-tech-job-four-more-created/

² All figures come from the U.S. Census Bureau Longitudinal Employer-Household Dynamics Origin-Destination Employment Statistics (LODES) database.

remaining 0.8 workers per household working in other jobs not directly linked with this project. This would mean *at least* an additional demand for 314 new housing units in Menlo Park just for *direct jobs* (4.8% of 6,550). If indirect jobs are taken into account, this number is likely to increase perhaps by another 100 units within Menlo Park, and well over 10,000 additional units throughout the region.

Transportation: Because the Draft EIR underestimates the number of jobs and associated housing demand in the region, it also substantially underestimates transportation impacts. These transportation impacts are particularly significant for people in low-wage jobs, who in the context of the significant regional lack of affordable housing, have to drive substantially longer distances to work than people in higher wage jobs. We compared the average commute distance for new workers employed in Menlo Park in the 2012-2014 period (compared to the 2008-2010 period). Commute distances for new workers earning less than \$1,250 a month increased by about 25 miles, relative to existing workers earning that amount. Similarly, commute distances for workers earning between \$1,250 and \$3,333 a month increased by about 16 miles. These figures are similar for most cities on the Peninsula. With existing (auto-dependent) transportation systems, these increasing distances mean substantial greenhouse gas emission and congestion impacts.

The estimates above are based on a methodology we developed as part of a study on the relationship between high-wage jobs, low-wage jobs, housing demand and travel patterns in the entire Bay Area, which we have attached.

To summarize, our estimate is the following:

- The 6,550 direct jobs created on the new Facebook campus are likely to result in over 24,000 indirect jobs in the region, with at least 2,000 of those located in Menlo Park.
- In terms of additional demands for housing units, rather than the 3,638 additional units in the region and 314 in Menlo Park estimated in the Draft EIR, we calculate a more accurate figure, estimating that just the direct jobs would result in an increased demand for close to 6,500 additional units, including over 400 in Menlo Park, and just the indirect jobs would add demand for well over 10,000 additional units in the region, and another 100 within Menlo Park.
- Given the lack of affordable housing located in Menlo Park and many nearby communities, new workers, especially those in middle and low-wage jobs are travelling on average much longer distances than existing workers, and thus, in the absence of investments in substantial new transportation alternatives, this proposed project is likely to result in very substantial increase in greenhouse gas emissions and congestion.

III. Options for mitigation

There are a number of ways in which the City of Menlo Park and/or Facebook could help mitigate the environmental impacts of this proposed project. The City of Menlo Park, for example, could substantially increase the provision of affordable housing units in the city, thus reducing displacement and reducing transportation impacts. This could be accomplished through a variety of mechanisms, including: expanding the Below Market Rate housing program;

increasing commercial linkage fees; or even considering a surtax on payroll taxes to fund housing development, like the ““Fair Share – Homeless and Housing Impact Tech Tax” being considered by at least some members of the San Francisco Board of Supervisors.³ Facebook could also make substantial investments in increased workforce and affordable housing production, through for example making major contributions to the Housing Trust of Silicon Valley and/or supporting expanded affordable housing programs and policies of the city. Facebook could also minimize displacement and long commutes, by helping ensure that indirect jobs produced by their expansion pay better wages. This could be done by adopting a responsible contractor policy with substantial wage provisions, or supporting union contracts for all their contracts like they did for their Loop Shuttle drivers.⁴

Our key point is that the estimated impacts of the proposed Facebook expansion—on job creation, housing demand and association transportation impacts—are substantially underestimated in the Draft EIR, and we encourage you to not approve the project without taking into account the actual, broader environmental impacts and adopting very substantial mitigation efforts. We would be happy to talk about these issues with you in more depth.

Sincerely,



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³ <http://www.sfexaminer.com/voters-may-asked-tax-sf-tech-companies/>

⁴ <http://www.latimes.com/business/technology/la-fi-tn-facebook-teamster-union-20150312-story.html>