



Hot Topics
in Menlo Park

Housing Conditions and Trends in Menlo Park

JeffSchmidt
for D3 City Council



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Hot Topics in Menlo Park

Hot Topics in Menlo Park is a series of short, informational presentations that summarize key issues in our community. The goal is to help you gain an increased awareness and understanding of the topics that affect you and your family.

This year, I've been diving deep into everything happening in our city. And I've been knocking on doors and listening to what's on the minds of our neighbors in District 3.

I realized that a tool like this helps fill a gap. Each topic pulls from publicly available documents, some of them with hundreds of pages. But each presentation is short and designed to fit busy schedules.


My hope is that **Hot Topics** gives you a working knowledge of what's happening across the city and helps you stay informed and engaged.



**6TH CYCLE 2023-2031
HOUSING ELEMENT**

CITY OF MENLO PARK

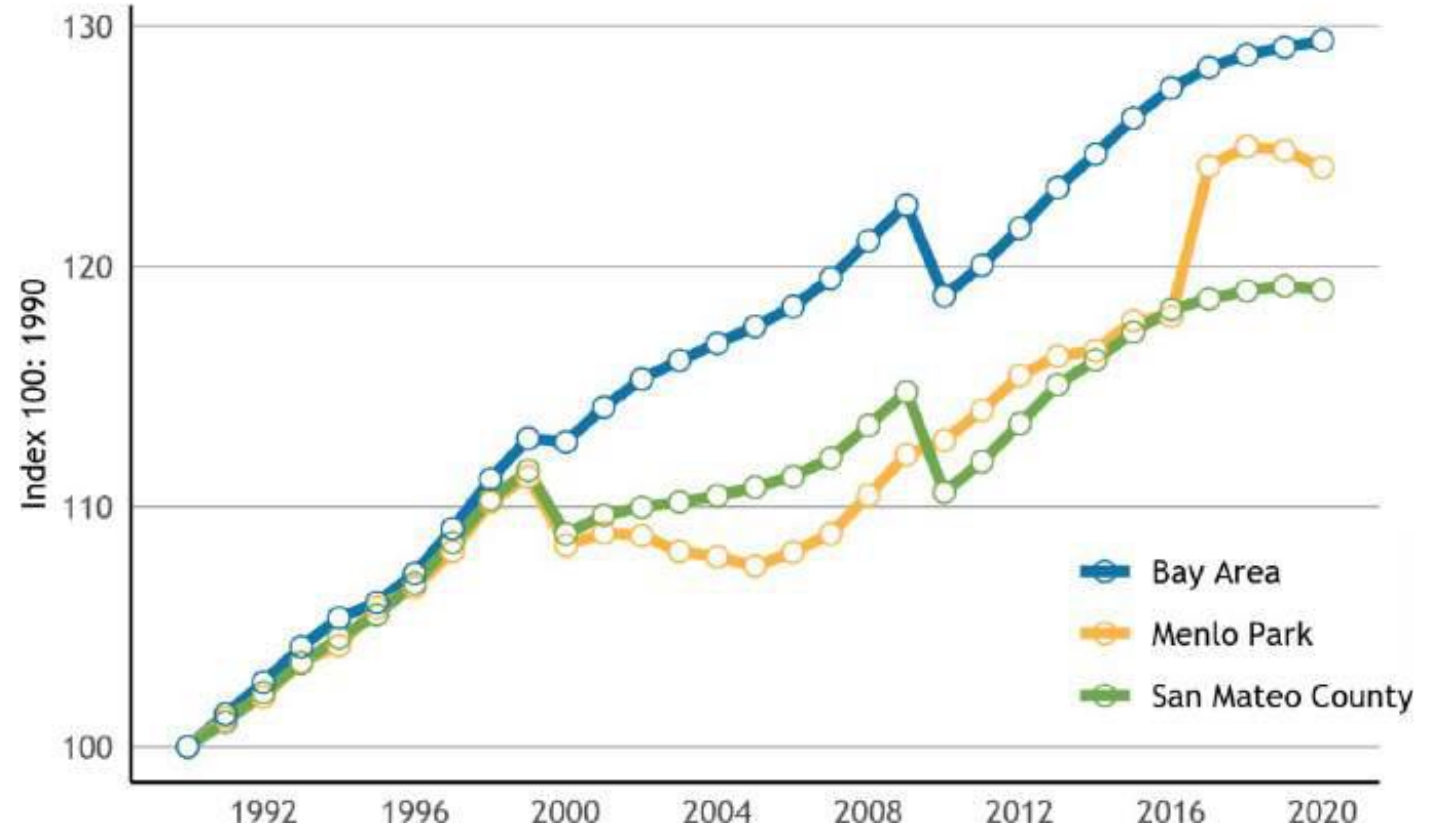
JANUARY 2023



Population

- The Bay Area is the fifth-largest metropolitan area in the nation and has seen a steady increase in population since 1990
- Regional production of housing has largely not kept pace with job and population growth
- Menlo Park's population was estimated at 35,254 in 2020
- The population grew by about 10% from 2010 to 2020, one of the city's fastest growth changes over the past 30 years

Population Growth, 1990-2020



	1990	1995	2000	2005	2010	2015	2020
Menlo Park	28,403	30,048	30,785	30,541	32,026	33,440	35,254

Population Age

- The age groups in a city shapes what types of housing the community needs in the future
- An increase in the older population adds to the need for more senior housing options
- Higher numbers of children and young families require more family housing and related services
- Many older adults are "aging-in-place" or downsizing to stay in their communities. This contributes to the demand and need for multifamily and accessible units
- Millennials are less likely to own a home and tend to have fewer savings than previous generations. They may need more support to purchase a new home, particularly as housing prices rise

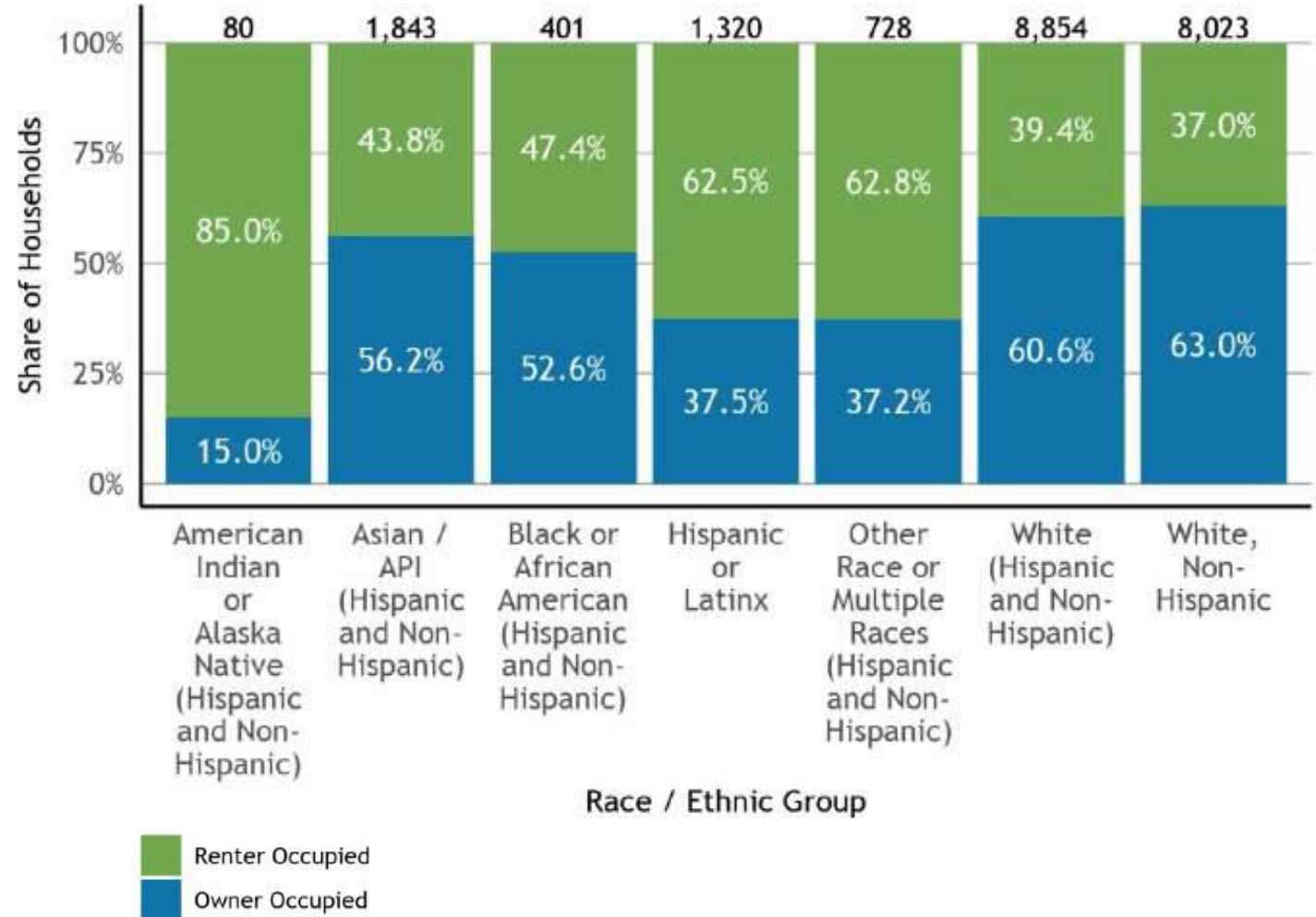
Age of Residents in Menlo Park, 2000-2019

Age Group	2000	2010	2019
Age 0-4	2,030	2,458	2,580
Age 5-14	3,778	4,275	4,935
Age 15-24	2,825	2,889	3,455
Age 25-34	5,345	4,507	4,540
Age 35-44	5,344	5,056	4,739
Age 45-54	4,100	4,713	4,697
Age 55-64	2,474	3,550	4,412
Age 65-74	2,070	2,138	2,427
Age 75-84	1,935	1,516	1,533
Age 85+	884	924	820
Totals	30,785	32,026	34,138

Tenure of Residents

- The number of residents who own their homes compared to those who rent their homes helps identify the ability for individuals to stay in their homes
- In Menlo Park, more households are homeowners than renters: 57.9% are owners and 42.1% are renters
- Home ownership rates also vary across race and ethnicity. This reflects income and wealth differences and policies that historically limited access to home ownership for communities of color
- In Menlo Park, 37.5% of Hispanic/ Latinx households own their homes and 37.2% of other or multiple races households own their homes compared to 63% of non-Hispanic White households

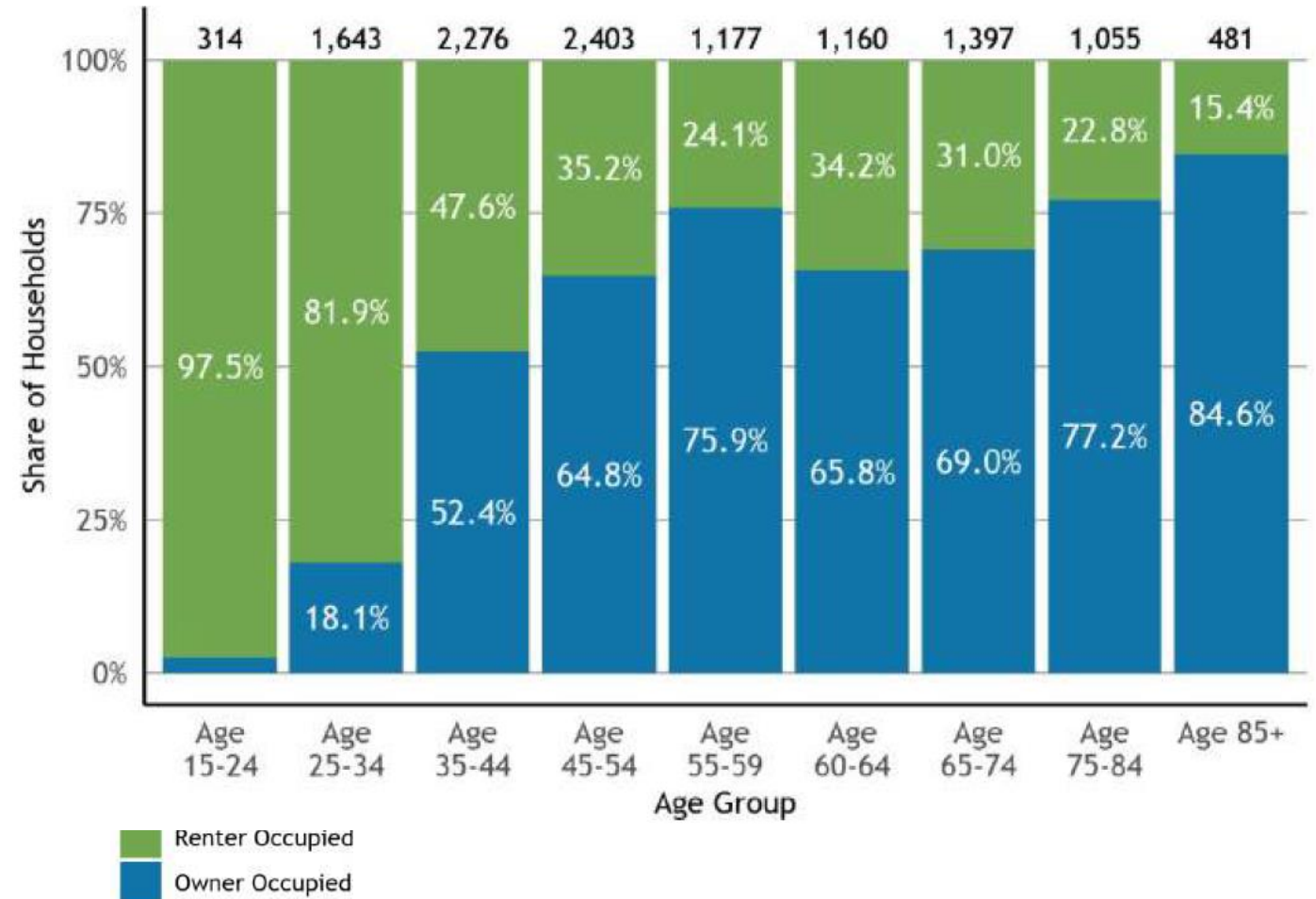
Housing Tenure by Race in Menlo Park



Tenure of Residents by Age

- The age of residents who rent or own their home can also signal the housing challenges a community is experiencing
- Due to high housing costs, younger households tend to rent and struggle to buy a first home in the Bay Area
- Senior homeowners seeking to downsize may also have limited options in an expensive housing market
- In Menlo Park, 62% of householders between the ages of 25 and 44 are renters, compared to 25.5% of householders over 65 who are renters

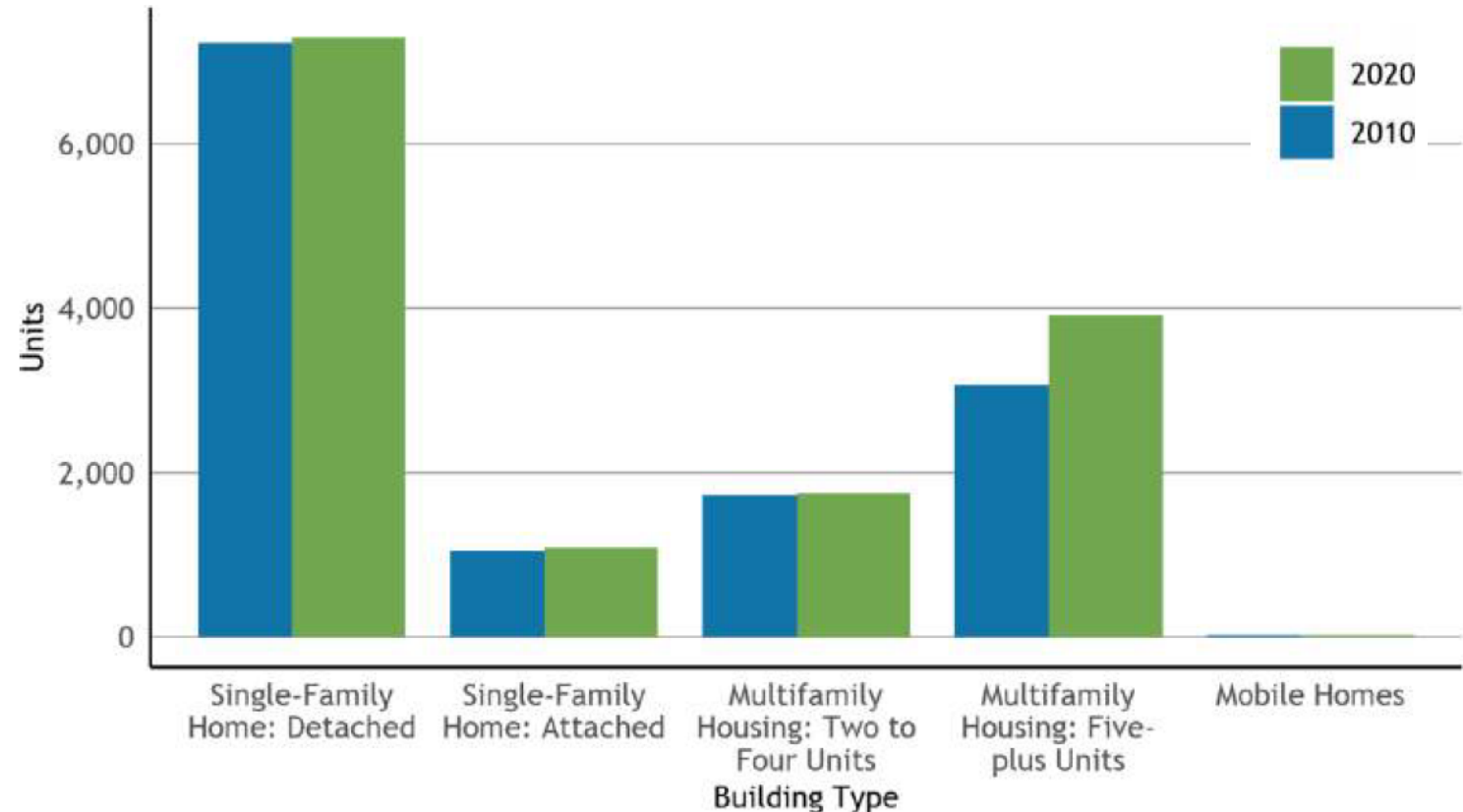
Housing Tenure by Age in Menlo Park



General Housing Characteristics

- There were 14,124 homes in Menlo Park in 2021, approx. an 8% increase from 2010
- Between 2015 and 2019, 1,160 housing units were issued permits, including 81.6% for above moderate-income housing, 0.9% for moderate-income housing, and 17.4% for low- or very-low-income housing
- In recent years, most housing produced in the region and the state was single-family homes and larger multi-unit buildings
- Menlo Park housing in 2020 had 51.8% single family detached homes, 7.8% single-family attached homes, 12.4% multifamily homes with 2 to 4 units, and 27.8% multifamily homes with 5+ units
- In Menlo Park, multifamily housing with five or more units experienced the most growth between 2010 and 2020

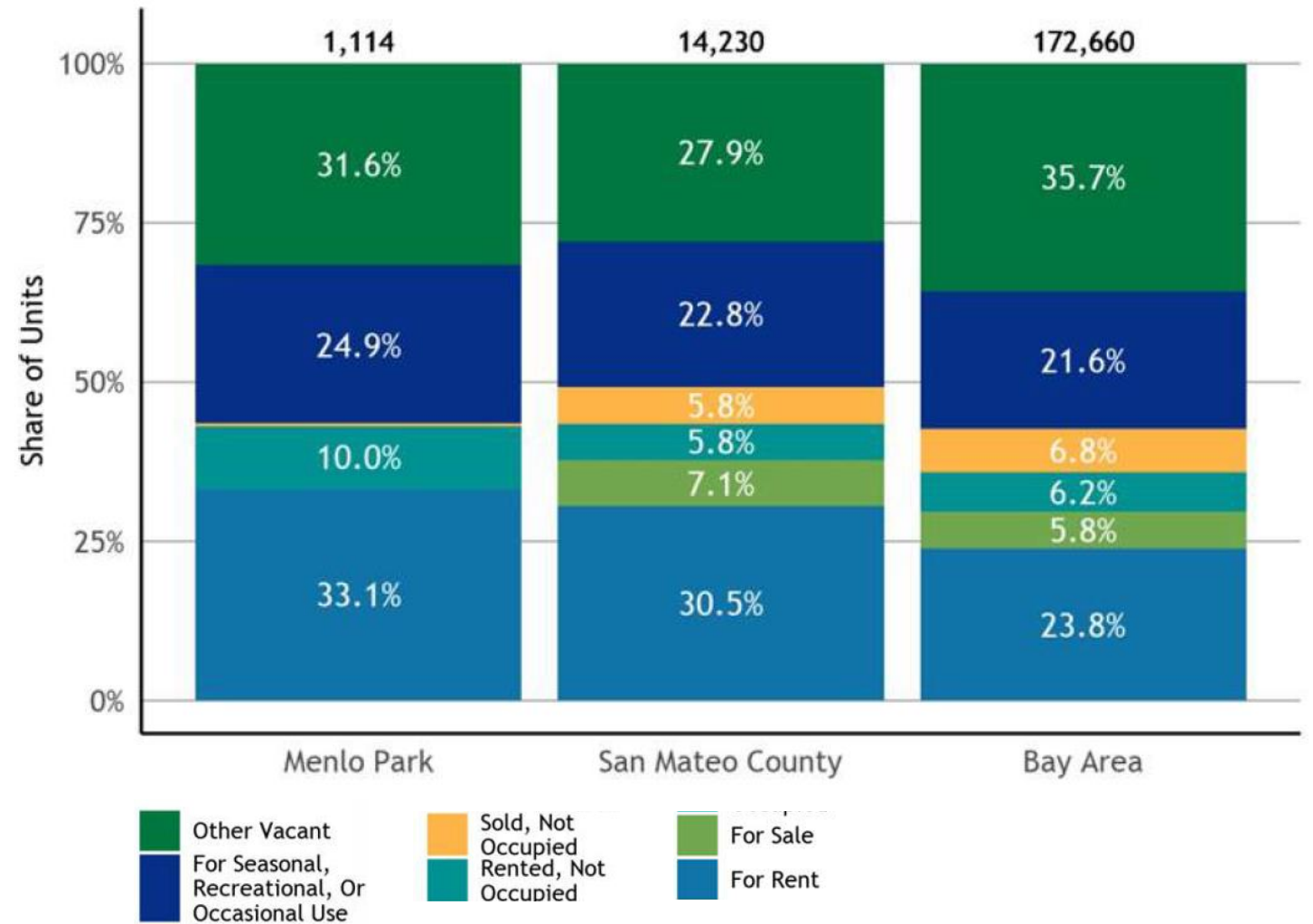
Housing Types in Menlo Park



Vacancy Rates

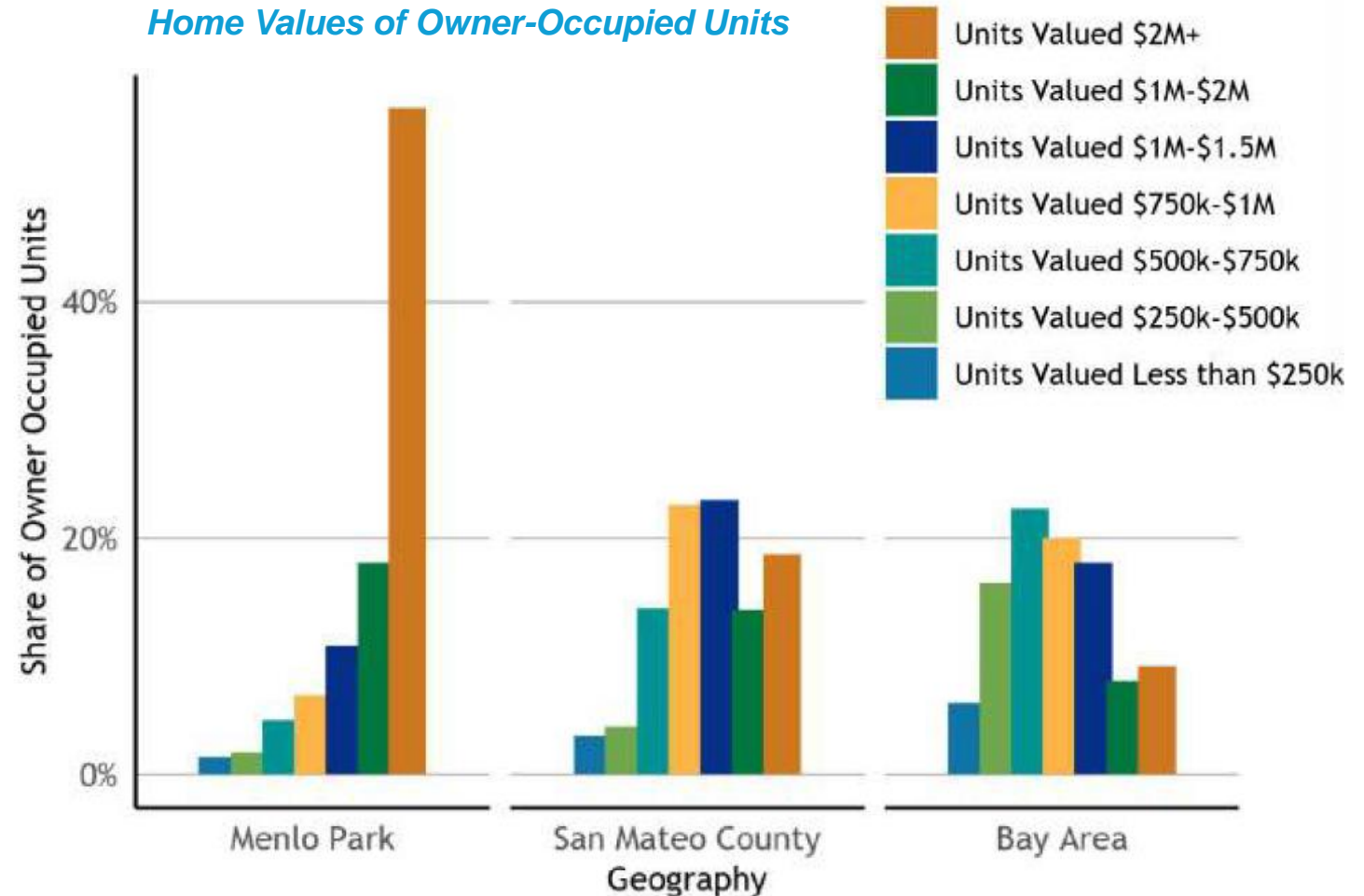
- The rental vacancy stands at 8.7%, while the ownership vacancy rate is 0.1%
- Menlo Park has a higher vacancy rate than the rest of San Mateo County and the greater Bay Area. Approximately 9% of units were vacant in 2010, with the most common type of vacancy being "For Rent"
- Menlo Park's extremely low ownership vacancy rate indicates high demand for housing in the city, correlated with the high house sale prices seen in the city
- By producing more housing units at all income levels, Menlo Park can ease the pressure on home sales. Meeting RHNA would increase the number of housing units by 21% over 2020 levels, which would help address this issue

Vacant Unity by Type



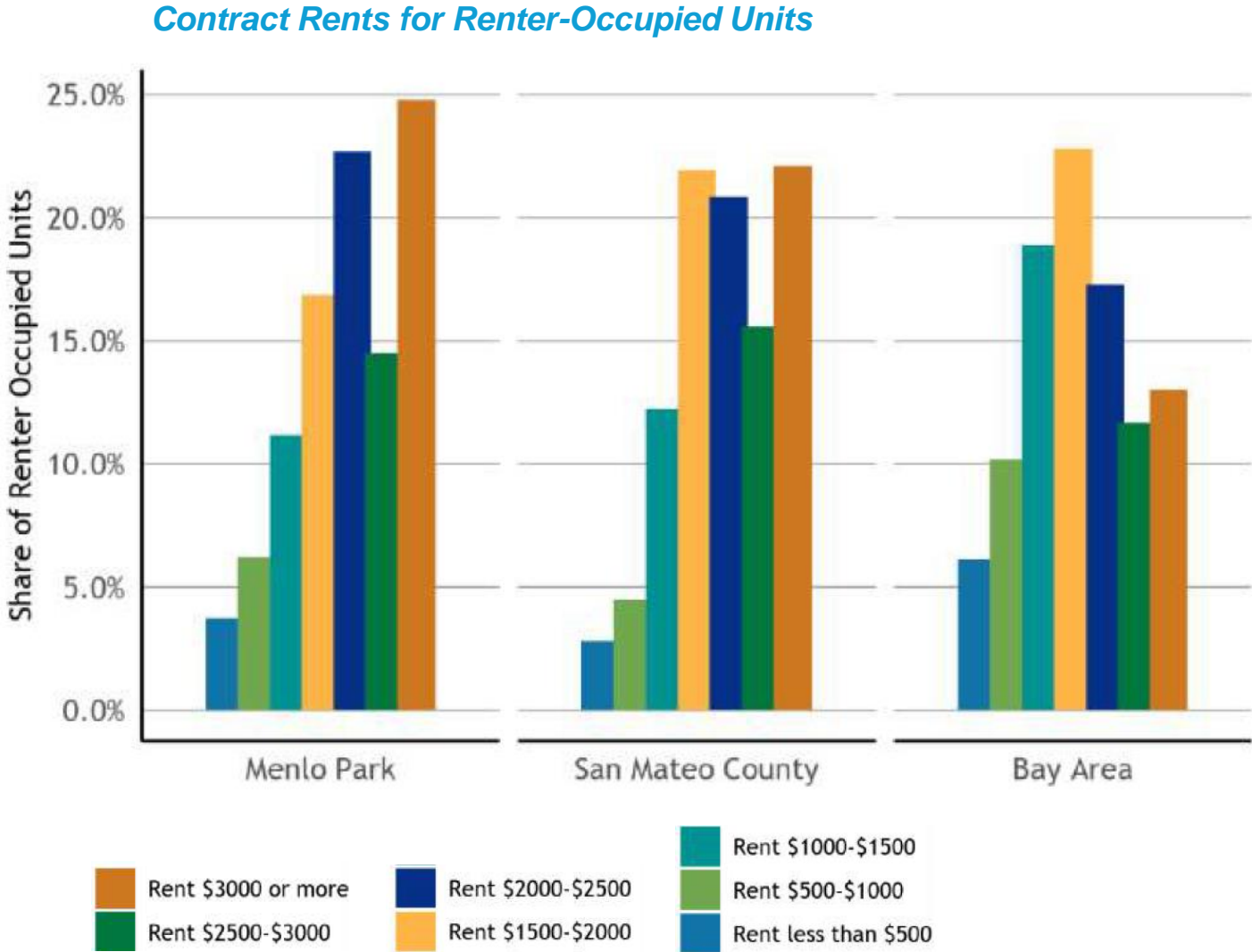
Typical Home Values and Rents

- The region's home values have increased steadily since 2000, besides a decrease during the Great Recession
- The rise in home prices has been very steep since 2012, with the median home value in the Bay Area nearly doubling during this time
- In the last 10 years, the typical home value has increased much more steeply in Menlo Park than in San Mateo County and the greater Bay Area
- Home prices and rents have been steadily increasing the past two decades, but in recent years, the jump has been dramatic
- Since 2009, median rent increased 41% to \$2,200, and median home values have more than doubled to \$1,445,000



Rents

- Rents have also increased dramatically across the Bay Area in recent years. Many renters have been priced out, evicted or displaced, particularly communities of color
- Residents may have had to choose between commuting long distances to their jobs and schools or moving out of the region, and sometimes, out of the state
- Since 2009, the median rent has increased by 43.7% in Menlo Park, from \$1,770 to \$2,260 per month
- In San Mateo County, the median rent has increased 41.1%, from \$1,560 to \$2,200
- The median rent in the region has increased significantly during this time from \$1,200 to \$1,850, a 54% increase



Source: City of Menlo Park's 2023-2031 Housing Element

Affordability

- The cost of housing in Menlo Park is largely unaffordable for workers in Menlo Park and increasingly unaffordable for existing residents
- People who work in the city must commute long distances resulting in increased traffic and carbon emissions
- Young people who grew up in Menlo Park and older residents who seek to age in place may be unable to afford to continue living in the city
- Households that spend more than 30% of their income on housing are considered "cost-burdened" while those who spend more than 50% of their income on housing costs are considered "severely cost-burdened"
- 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

According to US Census data, out of all the households in Menlo Park:

62.5% spend 30% or less of their income on housing

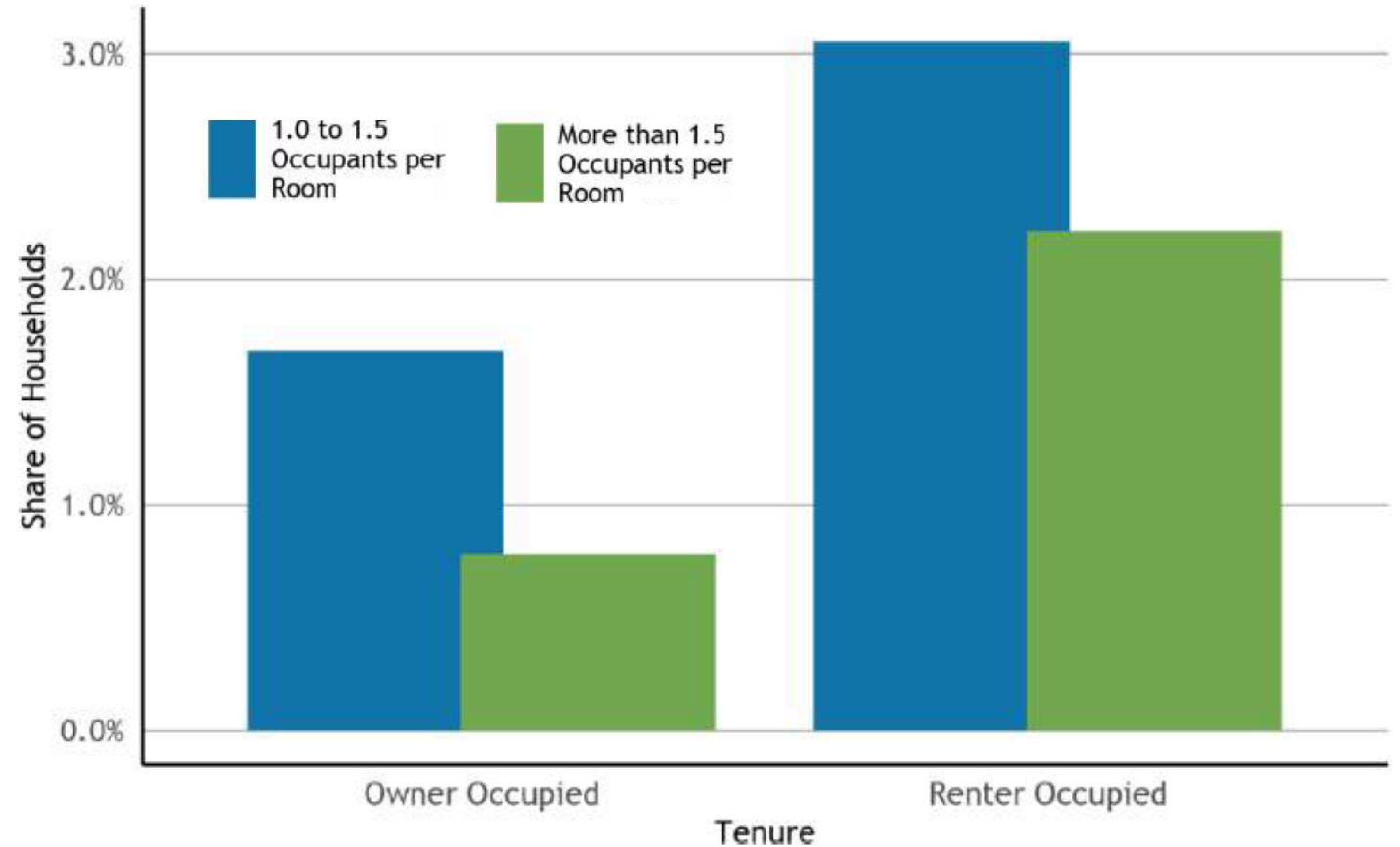
18.2% spend between 30 to 50% of their income on housing

17.2% spend more than 50% of their income on housing

Overcrowding

- One consequence of high housing prices is overcrowding
- Overcrowding is defined as more than one person per room (not including bathrooms or kitchens). Units with more than 1.5 occupants per room are considered severely overcrowded
- Households experiencing overcrowding require larger units with more bedrooms to increase health and safety in their homes
- In Menlo Park, 2.2% of households that rent are severely overcrowded, compared to 0.8% of households that own
- About 3.1% of renters experience moderate overcrowding, compared to 1.7% for those that own

Overcrowding by Tenure and Severity in Menlo Park



Projected Housing Needed for Menlo Park

The 6th Cycle Regional Housing Need Allocation (RHNA) for the City projects a need to plan for 2,946 units for households of various income levels. Menlo Park is required to plan for its fair share allocation of housing units by income group as follows:

Very Low-Income

740 units (25% of RHNA;
0-50% of AMI)

Low-Income

426 units (14% of RHNA;
51-80% of AMI)

Moderate-Income

496 units (17% of RHNA;
81-120% of AMI)

Above Moderate-Income

1,284 units (44% of RHNA;
greater than 120% of AMI)

The City has the following **seven housing goals** for the 2023-2031 Housing Element:

1. **Implementation responsibilities.** Continue to build local government institutional capacity and monitor accomplishments to effectively respond to housing needs
2. **Existing housing and neighborhoods.** Equitably maintain, protect and enhance existing housing and neighborhoods, while also supporting quality schools, city services, and infrastructure
3. **Specialized housing needs.** Provide housing for special needs populations that is coordinated with support services
4. **Affordable housing.** Support the development of a diversity of housing types for people at all income levels, particularly for extremely low-, very low-, and low-income households
5. **Equity.** Ensure equitable access to housing
6. **Sustainable housing.** Implement sustainable and resilient housing development practices
7. **Design of housing.** Ensure new housing is well-designed and addresses the housing needs of the city



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