



STAFF REPORT

City Council

Meeting Date:

7/14/2026

Staff Report Number:

26-122-CC

Informational Item:

Update on Housing Element Regional Housing Needs Allocation capacity and progress, and tentative project schedule for development on Parking Plazas 1, 2 and 3

Recommendation

This is an informational item that does not require City Council action. Staff recommends that City Council receive this update on Housing Element Regional Housing Needs Allocation (RHNA) capacity and progress, and a tentative project schedule for development on downtown Parking Plazas 1, 2 and/or 3.

Policy Issues

This update relates to policy considerations in state law and the City's 2023-2031 Housing Element (Attachment A), including:

1. The Housing Element commitment to meeting the City's assigned RHNA of 2,946 new dwelling units, with an emphasis on creating 1,662 of those units affordable to households at the moderate- and lower-income levels. The City must maintain adequate sites to accommodate its RHNA obligations through the eight-year planning period ending in January 2031.
2. Housing Element program H1.H (Transparency on Progress towards RHNA and Mid-Cycle Review) calls for ongoing transparency regarding progress toward meeting the City's RHNA, annual monitoring of pipeline projects not under construction, and a mid-cycle review of housing production in 2027.
3. Housing Element program H4.G (Prioritize Affordable Housing on City-Owned Parking Lots Downtown) commits the City to prioritize affordable housing development on City-owned downtown parking lots and establishes milestones culminating in a goal of 345 or more affordable units by 2027.

Background

Housing Element RHNA

The Housing Element was developed to meet the City's required 6th Cycle (2023-2031) RHNA of 2,946 units, which includes 740 very low-income, 426 low-income, 496 moderate-income, and 1,284 above moderate-income units. The State Department of Housing and Community Development (HCD) recommended that jurisdictions plan for an additional 30% buffer of units in each income category to maintain a comfortable margin of adequate sites through the end of the Housing Element cycle in Jan. 2031. With the buffer applied, the City planned for at least 3,830 units total.

When the Housing Element was adopted by the City Council in January 2023 and certified by HCD in March 2024, capacity to meet the City's RHNA was demonstrated through three main components:

- Pipeline projects, which were housing and mixed-use development projects in progress when the Housing Element was being developed from 2021 to 2023 and likely to count toward housing production in the 6th Cycle, totaling 3,645 units;
- Accessory dwelling units (ADUs), conservatively projected based on the number of ADUs developed during the previous Housing Element cycle, totaling 85 units; and
- The Housing Element site inventory, included in the Housing Element as Appendix 7-1, which lists sites primarily in City Council Districts 1 through 4 that could be reasonably expected to develop new housing during the eight-year planning period, totaling 2,102 units.

Combined, these three components produced a RHNA capacity of 5,832 units, or 2,886 units more than the City's required RHNA.

Development on downtown Parking Plazas 1, 2 and 3

The Housing Element includes eight City-owned downtown parking plazas as inventory sites for housing development, identified as sites #9/9a, #10, and #14 through #19 (hereinafter the parking plazas). The parking plazas were projected to have capacity for at least 345 affordable housing units based on rezoning of the sites during the Housing Element planning process and applicable development standards. Program H4.G, which sets forth the policies regarding redevelopment of the parking plazas, enables the City to meet a portion of its RHNA and Affirmatively Furthering Fair Housing (AFFH) obligations.

On Jan. 29, 2025, the City released a request for qualifications (RFQ) for development on Parking Plazas 1, 2 and 3. Seven development teams submitted responses by March 31, 2025. On June 3, 2025, the City Council reviewed the RFQ responses and selected six development teams to be invited to submit proposals through a request for proposals (RFP) process: Alliant Communities, Eden Housing, MidPen Housing, PATH Ventures, Presidio Bay Ventures, and Related California/Alta Housing.

On Aug. 26, 2025, the City Council provided feedback on a draft RFP and authorized staff to release the RFP. The RFP was released Sept. 15, 2025, with proposals due Dec. 15, 2025. The RFP included three overarching project priorities that expanded on the information requested in the RFQ:

- Minimum 345 residential units affordable to households earning 15% to 80% of Area Median Income (AMI);
- Replacement of at least 556 parking spaces for public use, to be financed and constructed by the developer without expectation of City financial contributions; and
- Consistency with all applicable City development standards and regulations to enhance the resident experience and livability of the development.

The RFP also specified a priority to ensure that at least 80% of the property is developed with housing, and at least 40% of the housing units are affordable to households with incomes at or below 60% of AMI, with half of those units affordable to households with incomes at or below 50% of AMI to meet the requirements of Government Code Section 37364 and qualify as exempt surplus land under the Surplus Land Act, which would be addressed at a later stage in the selection process.

Three development teams submitted RFP responses by the Dec. 15, 2025, deadline: Alliant Communities, Presidio Bay Ventures, and Related California/Alta Housing. All three proposals were published on the project webpage (Attachment B) Dec. 16, 2025.

On May 7, the City held a community open house for members of the public to review the proposals and meet representatives of the three development teams. The open house featured individual stations where the three development teams shared their concepts for housing, replacement parking, and other potential uses. A total of 106 people signed in to the event, although not all attendees completed the sign-in sheet. Attendees were also provided with the option to complete a survey at the event to register their preferences and interests regarding the development teams and future downtown development.

On June 2, the City Council conducted a special meeting where each of the three development teams gave presentations on their concepts for housing, replacement parking and other aspects of their proposals, and responded to questions from the City Council. The City Council directed staff to seek a financial review of proposals by the three development teams. The financial review will focus on the analysis of project feasibility, financing structures, sources and uses of funds, and financing mechanisms for parking structures, among other financial aspects for all three proposals. The City Council also requested an update on the status of the Housing Element and progress in meeting the City's RHNA.

A complete project timeline with additional background information and documents, including the RFP and development team proposals, is available on the City's project webpage (Attachment B).

Analysis

Housing Element Chapter 7, Site Inventory and Analysis, describes in detail the City's methodology to meet its RHNA with an additional 30% buffer through a combination of opportunity sites in the site inventory, pipeline projects, and ADUs. Staff has prepared an update to the City's RHNA capacity comparing the July 2026 status of development projects against Housing Element assumptions. The update describes changes to Housing Element pipeline projects and new applications and development activity on sites not counted toward the City's RHNA. Those changes are then factored into an estimate of the City's overall current projected RHNA capacity as of July 2026.

Pipeline projects

Of the eight pipeline projects listed in the Housing Element (Chapter 7, Table 7-6), five have continued to advance or been completed, as shown in Table 1 with unit counts broken out by affordability level.

Table 1: Active pipeline projects, July 2026							
Address (Name)	Very Low	Low	Mod.	Above mod.	Total units	Status	Notes
661-687 Partridge Ave.	0	0	1	1	2	Under Construction	Counted in 2023 APR
141 Jefferson Dr. (Menlo Uptown)	7	23	43	410	483	Partially Complete	441 units counted in 2023 APR; 42 townhomes not yet constructed
115 Independence Dr. (Menlo Portal)	3	14	31	287	335	Complete	Counted in 2023 APR
123 Independence Dr.	0	74	0	358	432	Approved / Under Review	Apartment building permits under review; entitlements revisions under review (no change in unit count)
333 Ravenswood Ave. (Parkline)	0	244	7	549	800	Approved	Project approved at double Housing Element estimate of 400 units (60 low income; 340 above moderate)
Total	10	355	82	1,605	2,052		

Of particular note, the Parkline project was approved with 800 total units, double the 400-unit estimate assumed in the Housing Element, including an additional 184 low-income units, seven moderate-income units, and 209 above moderate-income units.

Three projects previously included in the Housing Element pipeline have not had any recent activity or were paused by the developer. Based on staff's current understanding of these projects, the proposed developments in Table 2 may not result in housing production during the 6th Cycle as anticipated when the RHNA capacity projections were prepared. If any of the projects are reinitiated, the units could count toward the current Housing Element cycle if building permits are issued before the end of January 2031.

Table 2: Inactive pipeline projects, July 2026							
Address (Name)	Very low	Low	Mod.	Above mod.	Total units	Status	Notes
165 Jefferson Dr. (Menlo Flats)	0	21	0	137	158	No Activity	No building permit activity since 2023
111 Independence Dr.	4	9	5	87	105	No Activity	No building permit activity since 2023
Willow Village (Meta)	119	76	117	1,418	1,730	Project Paused	Meta announced indefinite project pause in May 2026
Total inactive pipeline projects	123	106	122	1,642	1,993		

The Willow Village project accounts for most of the inactive projected units on the pipeline projects list. Meta announced an indefinite pause of the development in May 2026. The remaining two projects have had no building permit activity since 2023. As a result, it is uncertain whether 92% of very low-income units, 23% of low-income units, and 60% of moderate-income units projected in the Housing Element

pipeline are likely to be developed during the 6th Cycle. Inactive pipeline projects account for nearly 2,000 total units that were projected as part of the City's RHNA.

Recent pending and approved projects

Twelve projects with a total of 2,173 proposed units represent medium- to large-scale development activity that was proposed since Housing Element certification, as shown in Table 3. These projects are subject to the City's Below Market Rate (BMR) Housing Program and if developed would contribute toward affordable housing across the city. Four of the sites, 335 Pierce Rd., 800 Oak Grove Ave., 345 Middlefield Rd. (USGS), and 320 Sheridan Dr., are included in the Housing Element opportunity site inventory and have since advanced to pending or approved development applications. The remaining eight sites, including a second phase of the Parkline project at 333 Ravenswood Ave. with 282 additional units, were not included in the housing projections and may be considered additional housing development potential that could supplement Housing Element RHNA capacity.

Table 3: Recent pending and approved projects, July 2026						
Address (Name)	Very low	Low	Mod.	Above mod.	Total units	Status
985 Santa Cruz Ave.	0	1	0	6	7	Pending
888 El Camino Real	5	0	0	36	41	Pending
80 Willow Rd.	0	100	0	565	665	Pending
104 Constitution Dr.	0	28	0	112	140	Pending
624 University Dr.	0	2	0	4	6	Pending
335 Pierce Rd.	0	8	0	0	8	Pending
800 Oak Grove Ave.	1	0	0	14	15	Pending
155 Jefferson Dr.	20	9	0	170	199	Pending
345 Middlefield Rd. (USGS)	31	65	22	552	670	Pending
333 Ravenswood Ave. (Parkline Phase 2)	0	0	42	240	282	Pending
3705 Haven Ave.	10	4	0	38	52	Approved; building permit under review
320 Sheridan Dr.	53	7	27	1	88	Approved; building permit under review
Total	120	224	91	1,738	2,173	

Overall RHNA capacity and housing production

After factoring in changes to pipeline projects and recent pending and approved projects described above, Table 4 (Attachment C) shows that total RHNA capacity increased from 5,832 units at Housing Element certification to 6,244 units as of July 2026, an increase of 412 units. Capacity continues to exceed both the required RHNA and the RHNA plus 30% buffer in every income category. However, the changes are not uniform across income categories. Low-income RHNA capacity increased by 302 units to 727 units above the required RHNA, and above moderate-income capacity increased by 305 units to 2,067 units above the required RHNA, driven primarily by recent pending and approved projects and the increased unit count for

one pipeline project (Parkline). Very low-income capacity decreased by 121 units to 280 units above the required RHNA, and moderate-income capacity decreased by 74 units to 224 units above the required RHNA, primarily from excluding inactive pipeline projects.

The City conducts a yearly review of Housing Element implementation and housing production through an annual progress report (APR). The APR provides a look back at the previous year's achievements and a running total of housing production since the start of the Housing Element cycle. HCD considers housing units that received building permits within a reporting year to be housing production that counts toward meeting the City's RHNA. The 2025 APR was shared at the March 24 City Council meeting, and the staff report is included as Attachment D. Table 5 shows the City's progress in meeting its RHNA through the end of last year.

Table 5: 6 th Cycle housing production progress					
	Very low	Low	Moderate	Above moderate	Total units
6 th Cycle RHNA allocation	740	426	496	1,284	2,946
2025 new units	19	20	18	45	102
Total new units (6 th Cycle through Dec. 2025)	137	119	134	763	1,153
Percent complete	18.5%	27.9%	27.0%	59.4%	39.1%
Remaining RHNA units	603	307	362	521	1,793

In 2027, the City will conduct a RHNA mid-cycle review as described in Housing Element program H1.H. As part of the mid-cycle review, the City will evaluate housing production levels during the current cycle, the effectiveness of City housing policies and programs, the impacts of 2023 zoning changes associated with the Housing Element that increased heights and densities within certain zoning districts, and any governmental constraints affecting housing production. The state will also assess jurisdictions' 6th Cycle progress in June 2027 through its Streamlined Ministerial Approval Process (SMAP), previously referred to as the Senate Bill 35 (SB 35) list, a program that allows developers a streamlined approval process for qualifying developments in localities that have not yet met their housing targets. Menlo Park has not been subject to the SMAP since it was introduced in 2018.

Active pipeline projects, recent pending and approved projects described in this report and new projects on sites in the Housing Element site inventory and/or other locations in the city will need to continue to advance and be issued building permits before the end of the planning period in 2031 to meet the city's RHNA targets. Table 6 shows a summary of total 6th Cycle housing production through the end of 2025, recent pending and approved projects, the remaining number of units that must receive building permits by January 2031 to meet RHNA, and current RHNA capacity projections through the end of the Housing Element cycle.

Table 6: 6th Cycle RHNA and housing production summary

	Very low	Low	Moderate	Above moderate	Total units
Total housing production (6 th Cycle through Dec. 2025)	137	119	134	763	1,153
Recent pending and approved projects	120	224	91	1,738	2,173
Remaining RHNA units	603	307	362	521	1,793
RHNA capacity total units	1,020	1,153	720	3,351	6,244

Downtown development tentative schedule update and next steps

Following the June 2 City Council meeting, staff contacted qualified consultants to gauge cost, schedule, and capacity to conduct a financial review of development proposals from Alliant Communities, Presidio Bay Ventures, and Related California/Alta Housing. The financial review would include an evaluation of developer-submitted pro formas and financial assumptions; analysis of project financial feasibility based on identified funding sources, financing structures, sources and uses of funds, and a level setting comparison of the proposals considering financing requirements such as prevailing wage; and identification of potential financial risks and areas of uncertainty in the proposals. The City Council also requested an overview of financing mechanisms for parking structures, which would be prepared as a separate analysis. Based on initial cost estimates, a contract can be approved by the city manager and the financial analysis will take approximately six weeks to finalize. Staff intends to proceed with the financial analysis in July and return to City Council in September 2026 to share a summary of the proposals including the financial review, feedback from the community open house, and presentations and responses at the June 2 study session, and seek direction on selection of a development team.

If the City Council selects a preferred development team and proposal, staff would begin the formal process required under the state Surplus Land Act (SLA) for the disposition of publicly-owned properties. This would include adoption of an SLA resolution, notification to the California Department of Housing and Community Development (HCD), approval of an exclusive negotiating agreement (ENA) with the selected developer, and ultimately approval of a disposition and development agreement (DDA) following a General Plan conformity determination by the Planning Commission. A DDA is a contract between the City and a housing developer that would govern the sale or long-term lease of the parking plazas. The DDA would establish the terms under which development of the parking plazas must be designed, entitled, and constructed. It would include developer deliverables such as financing, project approvals, and construction timing.

The table below provides an updated tentative project schedule, incorporating the independent financial review of the proposals.

Table 6: Updated downtown development tentative schedule

Date/Sequential Timing	Activity/Action	Details
September 2026	City Council meeting	Results of financial review and summary of proposals; direction on proposal selection
30-60 days	City Council meeting	Adoption of Surplus Land Act (SLA) resolution
1 day	Notification to HCD	Provide resolution to state and complete required 30-day period before entering into exclusive negotiating agreement (ENA)
45-60 days	City Council meeting	Approve ENA
60-120 days	Planning Commission meeting	General Plan conformity determination required by SLA; recommendation on disposition and development agreement (DDA)
30-90 days	City Council meeting	Approve DDA

The above steps and timeline further the City's goals of meeting the timelines set forth in Housing Element program H4.G. Where a city does not implement adopted and certified housing element policies or programs, HCD can revoke its finding that the city's housing element is in compliance with State housing element laws until it determines the city has come into compliance with State laws.

Citizen initiative

In May 2025, Menlo Park residents filed a notice of intent to circulate an initiative petition regarding the downtown parking plazas. The measure has qualified for the Nov. 3 general election ballot. The initiative would require voter approval before the City could take certain actions that would diminish the availability, access, or convenience of public parking for downtown customers, workers, and visitors.

City staff will continue to evaluate progress in the tentative schedule and potential impacts of the ballot measure, if approved by voters, and provide updates to the City Council as necessary.

Impact on City Resources

The project will continue to require staff time to monitor the City's RHNA progress, and to evaluate proposals and conduct community outreach for development on the downtown parking plazas. Additional consultant services are needed for specialized aspects of the project, such as the financial review of proposals. The City Council approved the fiscal year 2026-27 budget June 23, which includes funding for the financial review by a consultant. Future phases of the project could also require resources to negotiate agreements with any selected development team.

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines Sections 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment. Any future development proposal that is selected through the disposition process for the downtown parking plazas may require environmental review, which could be fully or partially covered by the Housing Element Update Subsequent Environmental Impact Report certified by the City Council Jan. 31, 2023, through Resolution No. 6808. The exact level of environmental review would be determined

based on the specific nature and scope of any selected development proposal.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting. In addition, information about the meeting was included on the project webpage, email notifications to subscribers, and the City's Weekly Digest email.

Attachments

- A. Hyperlink – 2023-2031 Housing Element:
www.menlopark.gov/files/sharedassets/public/v/3/community-development/documents/projects/housing-element-update/2023-2031-city-of-menlo-park-housing-element-clean_010324.pdf
- B. Hyperlink – Project webpage: www.menlopark.gov/downtowndevelopment
- C. RHNA Housing Element Capacity Update, July 2026 table
- D. Hyperlink – March 24 Staff Report #26-041-CC:
www.menlopark.gov/files/sharedassets/public/v/1/agendas-and-minutes/city-council/2026-meetings/20260324/j1-2025-gp-apr.pdf

Report prepared by:
Tom Smith, Principal Planner

Report reviewed by:
Deanna Chow, Community Development Director
Nira Doherty, City Attorney

Table 4: Regional Housing Needs Allocation (RHNA) Housing Element Capacity Update, July 2026

		Very Low 0-50% AMI	Low 51-80% AMI	Moderate 81-120% AMI	Above Moderate >120% AMI	Total Units
Required RHNA + Buffer	6th Cycle Required RHNA	740	426	496	1,284	2,946
	30% Buffer	222	128	149	385	884
	Total	962	554	645	1,669	3,830
Certified Housing Element RHNA Capacity (March 2024)	Pipeline Projects	133	277	197	3,038	3,645
	ADUs	26	25	26	8	85
	Site Inventory	982	549	571	0	2,102
	Total Units	1,141	851	794	3,046	5,832
	Housing Element Surplus above RHNA	401	425	298	1,762	2,886
RHNA Capacity Updates + Assumptions (July 2026)	Pipeline Projects with Updated Assumptions*	10	355	82	1,605	2,052
	ADUs**	26	25	26	8	85
	Available Site Inventory***	864	549	521	0	1,934
	New Pending and Approved Projects Since Housing Element Certification	120	224	91	1,738	2,173
	Total Units	1,020	1,153	720	3,351	6,244
	July 2026 Surplus above RHNA	280	727	224	2,067	3,298

*Assumes 111 Independence Dr., Menlo Flats and Willow Village are not issued permits within 6th Cycle (by 2031); 333 Ravenswood Ave. (Parkline) increased by 400 additional units (inclusive of 184 low income units and 7 moderate income units)

**RHNA projections for ADUs are based on State guidelines and consider the previous Housing Element planning period; they cannot be adjusted. However, actual ADU development has been significantly higher during the current planning period

***Removes Housing Element Site Inventory units projected for sites that currently have pending or approved projects: 320 Sheridan Dr., 335 Pierce Rd., 800 Oak Grove Ave., 345 Middlefield Rd. (USGS)