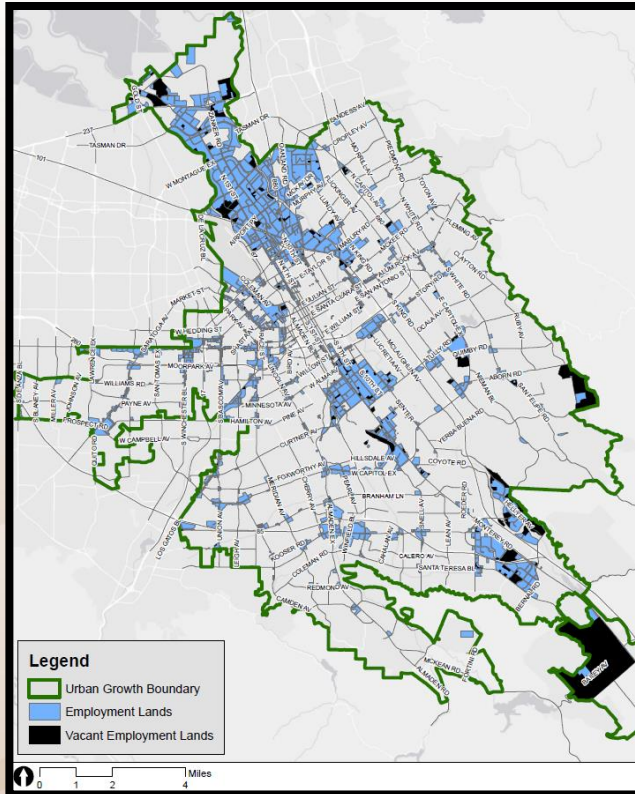


Analysis of Evergreen Senior Homes Initiative
February 13, 2018
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Initiative's Categories of Impact

City Policy Change



Citywide Overlay

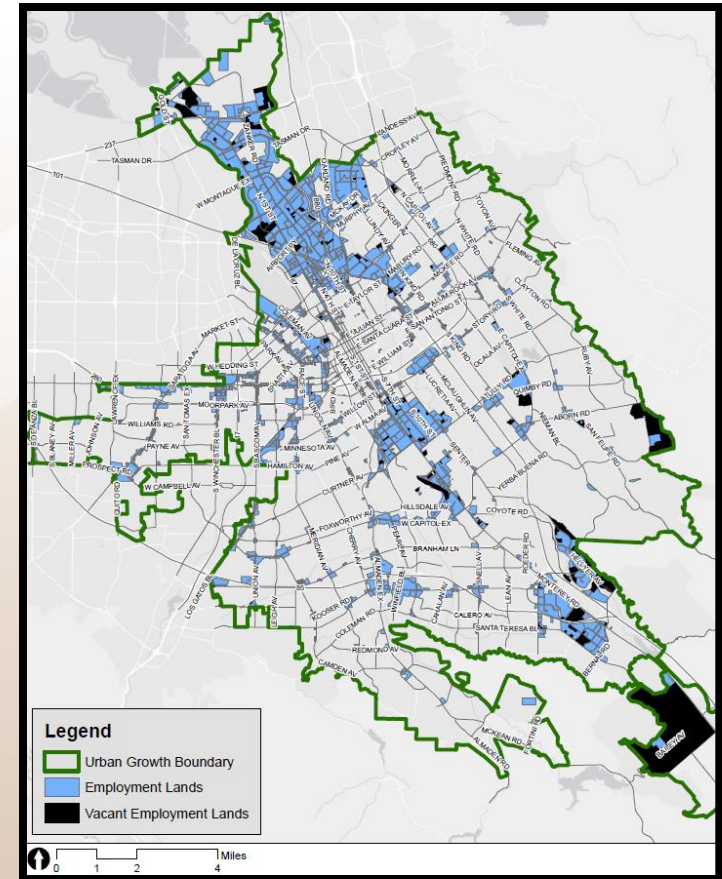
Development Project



ESH Specific Plan

Initiative's Citywide Overlay

- Proposes a new land use designation, the Senior Housing Overlay/Citywide Overlay, in Adopted General Plan
- Allows General Plan Amendments to convert “Underutilized Employment Lands” citywide.
- Initiative does not define “underutilized employment lands”
- 9212 Report assumes underutilized employment lands are vacant lands with General Plan designations that support employment uses.
- 3,247 acres within San Jose are affected—potentially an underestimation of impact



Initiative's Citywide Overlay Inconsistent with Four General Plan Major Strategies

GENERAL PLAN MAJOR STRATEGY	CONSISTENCY
#3 Focused Growth	Not Consistent
#4 Innovation/Regional Employment Center	Not Consistent
#5 Urban Villages	Not Consistent
#8 Fiscally Strong City	Not Consistent

Initiative's Citywide Overlay

Employment Impacts compared to Adopted General Plan

- The 3,247 vacant acres support 129,500 new jobs & is 35% of the planned job growth capacity in the adopted General Plan.
- City's current jobs-to-employed resident (J/ER) ratio is 0.80.
- Under full buildout of the Adopted General Plan, the City's J/ER ratio will be 1.1.
- Citywide Overlay will reduce the maximum possible City's J/ER ratio to 0.80.

Initiative's Citywide Overlay Housing Effects

- The 3,427 acres of employment lands could result in the development of 86,010 senior units with a population of 168,160 persons.
- No housing developed under the Citywide Overlay counts toward General Plan's growth capacity of 120,000 housing units.
- Initiative does not help San Jose meet its Regional Housing Need Allocation (RHNA) goals.
- Development would move forward outside of General Plan's Plan Horizons.

Initiative's Citywide Overlay

Annual Fiscal Impacts compared to Adopted General Plan

ANNUAL BUDGET CATEGORY	ADOPTED GENERAL PLAN	INITIATIVE'S CITYWIDE OVERLAY
TOTAL REVENUES	\$206.5 M	\$124.6 M
TOTAL EXPENDITURES	\$116M	\$141.7
NET (COST)/REVENUE	\$89.5 M	(\$17.1M)

Initiative's Citywide Overlay Revenue Shortfall

- Housing generates substantially less sales and business tax
- Decreased Property Taxes from Senior Housing
 - Prop 60 & 90
 - Parent-to-Child reassessment exclusion
 - Based on Santa Clara County data, fiscal analysis reduced assessed values associated with property tax by 15 percent
- Increased Service Demands
 - Senior development requires substantially more services (City expenses) from Fire, Library, & Parks.

Initiative's Citywide Overlay

Transportation Impacts

- Senior trip rates were based on national standards for senior developments.
- Senior housing has fewer trips during the peak hour than employment uses. However, San Jose may be an outlier due to high housing costs and incomes which could result in underestimation of senior trips.
- San Jose commuters will have longer average trips.
- 58% of the vacant 3,247 acres are located both in the City's Planned Growth Areas and within ½ mile of high-quality transit.
- Locating Senior housing in areas designated for employment upsets the balance in the General Plan's to support multimodal options

GHG & Air Quality

- Green House Gas & Air Quality Impacts are connected to the number of project trips generated.
- If driving behaviors are different than assumed through the national standards for traffic, trips from the senior housing maybe underestimated. Thus the GHG & Air Quality impacts would also be underestimated.
- Modifications have been included in the Report to discuss the assumptions for trip generations and its implications for GHG & Air Quality impacts (page 76, 78, 126, & 127).

Initiative's Citywide Overlay Affordable Housing Impacts

- Initiative proposes to modify the existing Inclusionary Housing Ordinance (Municipal Code Chapter 5.08):
 - Allows for rental units built that are not as deeply affordable as currently required. Only moderate and very low levels are proposed. No low income level units are provided and the number of very low income units provided are fewer than currently required.
 - Allows for sale units to be built without resale controls.
 - Removes the requirement for concurrent construction of for-sale affordable units.

Initiative's Citywide Overlay

Parks Impacts

- The Senior Overlay's 168,160 new senior residents would generate the need for 504 new acres of park land.
- Council District 1 & North and East San Jose would have the greatest park impact if residential uses were allowed on employment lands.

Initiative's Citywide Overlay

Veterans Preference

- Initiative states that it will provide a preference for housing for veterans to the extent authorized by law, but includes no implementation plan.
- The Unruh Civil Rights Act (CA Civil Code sections 51 et seq.) prohibits discrimination in “all business establishments,” including housing providers.
- Giving veterans preferential treatment in housing opportunities may result in an unlawful disparate impact if it excludes women or certain racial or ethnic groups.
- Generally, veterans preference is only lawful when provided by a government agency or non-profit to support the goals of the organization (e.g. housing homeless veterans).
- Given cost of Evergreen senior homes, its unclear how veterans preference would be lawful to support legitimate veterans housing goals.

*Analysis of Initiative's
Evergreen Senior Homes Specific Plan
(ESH Specific Plan)*

Initiative's ESH Specific Plan

- 200 acre site with two single family homes
- General Plan Designation is Campus Industrial
- Planned Development Zoning entitles two million square feet of campus industrial development

Initiative Proposes to:

- Replace 200 acres of land entitled for campus industrial development with 910 senior housing units
- Implement Evergreen Senior Homes Specific Plan/ESH Specific Plan—conceptual architecture & site layout
- Exempts itself from Evergreen-East Hills Development Policy Traffic Impact Fee
- Place senior units immediately adjacent to industrial use (former Hitachi campus)



Initiative's ESH Specific Plan Inconsistent with Five General Plan Major Strategies

GENERAL PLAN MAJOR STRATEGY	CONSISTENCY
#1 Community Based Planning	Not Consistent
#3 Focused Growth	Not Consistent
#4 Innovation/Regional Employment Center	Not Consistent
#5 Urban Villages	Not Consistent
#7 Measureable Sustainability & Environmental Stewardship	Consistent/Not Consistent
#8 Fiscally Strong City	Not Consistent

Initiative's ESH Specific Plan

Annual Fiscal Impact Compared to Adopted General Plan

ANNUAL BUDGET CATEGORY	CAMPUS INDUSTRIAL/ ADOPTED GENERAL PLAN	INITIATIVE'S ESH SPECIFIC PLAN
TOTAL REVENUES	\$4.62 M	\$1.92M
TOTAL EXPENDITURES	\$3.50M	\$1.96 M
NET (COST)/REVENUE	\$1.12 M	-\$31K

Initiative's ESH Specific Plan

Fire/EMS Expenses

- The Fiscal model for Fire/EMS services is based on standard residential assumptions, not senior housing assumptions.
 - Does not take into account the higher EMS level of service requirements for the senior population.
 - Does not take into account that seniors likely spend more of their day in the development (closer to 3/4 or more of 24 hr period including weekends) than employees of the campus industrial project (1/3 of 24 hr period with no occupancy on weekends).
- Modifications will be made to the Report to discuss the limitations of the fiscal model for Fire/EMS expenditures.

Initiative's ESH Specific Plan

Economic Impacts Compared to Adopted General Plan

Construction phase (5 year period)

- senior housing project will create 776 more temporary jobs than the campus industrial project
- senior housing project would result in \$48.6 million more in labor income and \$1.3 million in business output per year during construction

Operations phase (life of project after construction)

- campus industrial project yields 11,574 more on-going total jobs
- campus industrial project yields \$1.2 billion more annually in labor income and \$3.5 billion more annually in business output

Initiative's ESH Specific Plan Transportation Impacts Compared to Adopted General Plan

- ESH Specific Plan exempts itself from Evergreen East-Hills Development Policy
- ESH SP may result in fewer daily trips than Campus Industrial project
- ESH SP worsens traffic in direction of current congestion
- Campus Industrial generates reverse commute and internalization
- ESH SP causes significant LOS impacts at 4 intersections (6 impacts)
 - Capitol Expressway & Story Road in the PM
 - Capitol Expressway and Silver Creek Road in the AM & PM
 - Capitol Expressway & Aborn Road in the AM & PM
 - Capitol Expressway & Tully Road in the AM
- Campus Industrial cause significant LOS impacts at 2 intersections (2 impacts)
 - Capitol Expressway & Silver Creek Rd PM
 - Nieman Boulevard/Silver Creek Valley Rd and Yerba Buena Rd

Initiative's Limits on City Council & Planning Director Authority

- Initiative limits the Planning Director's discretion to deny Evergreen Senior Homes Specific Plan's subsequent permits.
- The Initiative exempts itself from many areas of the Adopted General Plan it is inconsistent with (60 Amendments to General Plan).
- More difficult for Planning Director or City Council to deny land use applications that utilize the Citywide Overlay.
- Planning Director can still deny Planning Permits utilizing the Citywide Overlay where the appropriate findings cannot be made.
- Any project that requires an EIR will still require Council to provide a statement of overriding considerations.

Summary: Citywide Overlay

Adopted General Plan

- 129,500 jobs
- Annual Net Revenue: **\$89.5 Million**
- J/ER Ratio: **1.1**

Initiative's Citywide Overlay

- 86,010 senior units & 168,160 persons
- Annual Net Revenue: **-\$17.1 Million Deficit**
- J/ER Ratio: **0.8**
- Longer commute times for San Jose commuters
- Need for 504 new acres of park land

Summary: ESH Specific Plan

Adopted GP/Campus Industrial

- 2 million sq ft of campus industrial & 5,000 jobs
- Annual Net Revenue: **\$1.12 Million**
- Operations Phase: 11,574 more jobs & \$1.24 Billion more in wages & \$3.45 Billion more in business output than senior housing
- Transportation: 2 intersections impacted

Initiative's ESH Specific Plan

- 910 senior units & 2,160 persons
- Annual Net Revenue: **-\$31K Deficit**
- Construction Phase: 776 more temporary jobs & \$4.86 Million more in wages & \$1.36 Million more in business output than industrial
- Transportation: 4 intersections impacted
- Affordable Housing: less affordable levels & no resale controls
- Veterans Preference: Potentially illegal

Conclusion

- The Evergreen Senior Homes Initiative would:
 - Create a major policy shift away from the strategies, goals, & policies of the adopted Envision 2040 General Plan.
 - Result in significant fiscal impacts on City budget.
 - Result in reduced employment & economic activity.

Analysis of Evergreen Senior Homes Initiative

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