



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Rosalynn Hughey
Kim Walesh

SUBJECT: EVERGREEN SENIOR HOMES
BALLOT INITIATIVE

DATE: October 27, 2017

Approved

Date

10/27/17

SUPPLEMENTAL

REASON FOR SUPPLEMENTAL

This supplemental memorandum provides Council with information on additional items proposed for study in the Elections Code section 9212 Report (9212 Report) in Councilmember Rocha's memorandum to the Mayor and City Council, dated October 13, 2017 regarding the Evergreen Senior Homes Initiative (Initiative).

The memorandum also identifies that the consultant costs associated with the preparation of the 9212 Report is estimated at an amount not to exceed \$200,000. The Administration plans to initially absorb these costs within existing appropriations and will bring forward recommended budget actions as part of the 2017-2018 Mid-Year Budget Review process to address these costs, as necessary.

BACKGROUND

On September 8, 2017, Sean Welch (Nielsen Merksamer Parrinello Gross & Leoni LLP), submitted to the City a Notice of Intent to Circulate Petition for the purpose of qualifying and enacting the Initiative. The Initiative has both a policy and a project component.

- *Citywide Policy.* The Initiative proposes to amend goals and policies of the Envision San José 2040 General Plan and create a Senior Housing Overlay land use designation, coupled with a process to apply the overlay on "underutilized employment lands" in the City.
- *Development Project.* The Initiative would also add the Senior Housing Overlay that would be created by the Initiative if it qualifies for the ballot and is adopted by the voters to an approximately 200-acre site in the Evergreen area currently designated Industrial Park, make amendments to the Evergreen-East Hills Development Policy (EEHDP) and the Municipal Code (Zoning, Specific Plan, and Inclusionary Housing requirements), and adopt a Specific

Plan, entitled the “Evergreen Senior Homes Specific Plan.” The Specific Plan would allow the development of up to 910 new homes where one resident in each household would need to be at least 55 years of age. The significant number of amendments proposed to the General Plan, EEHDP, and Municipal Code largely create specific exceptions for the proposed Evergreen site and the Senior Housing Overlay to be utilized citywide.

On October 17, 2017, the City Council considered the October 12, 2017 memorandum and recommendation from the City Clerk that City staff be directed by Council to prepare a 9212 Report, including the subject matters that are authorized under Elections Code section 9212 regarding the proposed Initiative. Councilmember Rocha also submitted an October 13, 2017 memorandum to the Mayor and Council requesting staff to analyze four specific items as part of the 9212 Report (see below).

The Council directed staff to move forward with preparing the 9212 Report on the statutory items identified in the City Clerk’s memorandum, and to return to Council on October 31, 2017 for additional consideration of the items requested to be included in the 9212 Report in Councilmember Rocha’s memorandum. The analysis below is made in light of the timing requirement for the 9212 Report. Elections Code section 9212 provides that the report must be completed no later than 30 days after the elections official certifies the sufficiency of the signatures on the Initiative petition.

ANALYSIS

Workload and Consultant Cost of 9212 Report

Completing the 9212 Report on the proposed Initiative in the required timeframe is an extensive, unanticipated work item that will require significant staff effort, consultant expenditure, and re-prioritization of other Council and Department workplan priorities.

Because the ballot initiative has two components—a citywide policy change and a development project—an analysis will need to be developed for each component.

To prepare the 9212 Report on the Initiative, staff anticipates between 660-840 total staff hours utilizing 13-15 different staff from six departments (PBCE, OED, DOT, PW, Housing, CAO) and using consultants to evaluate environmental, transportation and fiscal impacts of the proposed Initiative. Consultant costs are estimated not to exceed \$200,000.

To make staff available to complete the 9212 Report, progress on other Council directives and Department workplan priorities in November/December will be delayed.

Analysis of Potential Additional Direction

Staff has evaluated the four items identified in Councilmember Rocha's memorandum, and offers the considerations below for Council review.

- 1) *Compare the effects of the proposed ballot initiative with potential industrial development scenarios that could be built on the site under the current Industrial Park General Plan land use designation, including a maximum capacity scenario and potentially for lesser-density scenarios that staff believes may be viable.*

The Initiative's Development Project site is currently designated as Campus Industrial on the Land Use Transportation Diagram of the General Plan and is listed as part of the Major Growth Area entitled the Evergreen Campus Industrial Employment Area. The Development Project site of approximately 200 acres comprises 54% of the land area in this Major Growth Area. The Evergreen Campus Industrial Employment Area has a planned capacity of 10,000 jobs. The site also has a Planned Development Zoning that would allow up to approximately 2.9 million square feet of Campus Industrial uses. Both the Evergreen Specific Plan EIR, adopted in 1991, and the Evergreen-East Hills Development Strategy Project EIR adopted in 2006, analyzed and assumed the build out of the Evergreen Campus Industrial sites, which include the Initiative's Development Project site.

The 9212 Report will describe the development authorized with the current Planned Development Zoning and General Plan designations, which is the maximum capacity industrial development scenario (current entitlements). The 9212 Report will compare the changes and impacts of the Initiative's proposal with the current entitlements.

The 9212 Report will focus on the impacts of the Initiative and will not address other development scenarios that are not proposed. Elections Code 9212 authorizes the Council to refer the proposed Initiative to staff for a report on its impacts. The evaluation by staff compares the currently authorized land use of the property that is the subject of the Initiative with the changes proposed in the Initiative. Since there is no proposal for any lesser-density scenario, an evaluation of that scenario would not provide any information that is relevant to the proposed Initiative and may be misleading or confusing to readers of the Report that somehow a lesser-density scenario is being proposed when that is not an alternative with regard to the Initiative. In addition to staff time which is constrained, the additional analysis requested for a lesser density scenario would require additional investment of economic, environmental, and transportation consultants.

- 2) *Analyze Vehicle Miles Traveled (VMT) generated by the proposed initiative and by any industrial development scenarios that are analyzed.*

Although the City has not yet adopted the VMT Policy (anticipated for consideration in January), if the City's new VMT model is available and validated before the 9212 Report is complete, staff

will run the Evergreen Senior Homes Initiative and the existing Maximum Capacity Industrial Development Scenario through the model. Assuming the model is complete, evaluating and including VMT impact as part of the required transportation impact analysis may reasonably be performed by staff and included if there is sufficient time for submission with the 9212 Report.

- 3) *Analyze the new housing demand, both market-rate and affordable, that would be induced by the proposed initiative and by any industrial development scenarios that are analyzed.*

“Induced” housing demand refers to the secondary need for housing stimulated by the spending for services by new residents in housing developments and new workers in industrial developments. For example, in the case of a housing development, it is the additional demand for housing created by increased employment in support service sectors (such as jobs at grocery stores, dry cleaners, etc.) prompted by new resident purchases.

The work that Keyser Marston completed in 2014 to support adoption of the rental Housing Impact Fee included the development of a model that demonstrates and quantifies the impact of new market rate housing development on the demand for affordable and market-rate housing in San Jose for major types of market-rate residential development (e.g., high rise, single family).

It is not possible to use this model to analyze a particular development project, because the data used is city and county wide data. The data could be used to provide a reasonable estimate if the proposed development is rental. The City did not complete a study for for-sale housing or industrial development projects. This would be a significant undertaking and should be approached as a separate consultant project and investment.

- 4) *Provide information about the amount of industrial capacity currently available in San José, and particularly the amount of industrial development built, amount of development entitled, and the amount of unused development capacity still available in the New Edenvale and Old Edenvale General Plan Growth Areas.*

The Market Overview and Employment Lands Analysis report, prepared in 2016, includes land use data and trends, including industrial capacity in San José. The report also assesses the match between the projected demands for and the existing supply of employment land in San José, and identifies Urban Villages that are most likely to accommodate employment growth in the next decade based on market factors.

Staff recently undertook an accounting of the industrial development capacity available in the Edenvale Growth Areas, and this work is nearly complete. Staff will provide this information to Council when complete, which is expected to be by the end of this year.

HONORABLE MAYOR AND CITY COUNCIL
October 27, 2017
Subject: 9212 Report for Evergreen Ballot Initiative
Page 5

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, Department of Public Works, Housing Department, and Department of Transportation.

/s/
ROSALYN HUGHEY
Interim Director
Planning, Building, and Code Enforcement

/s/
KIM WALESH
Deputy City Manager
Director of Economic Development

For questions please contact Reena Brilliot, Senior Executive Analyst, at (408) 535-3537.